



## WEBINAR 7 November 2018

Presented by Climate Policy  
Initiative:

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# Agenda

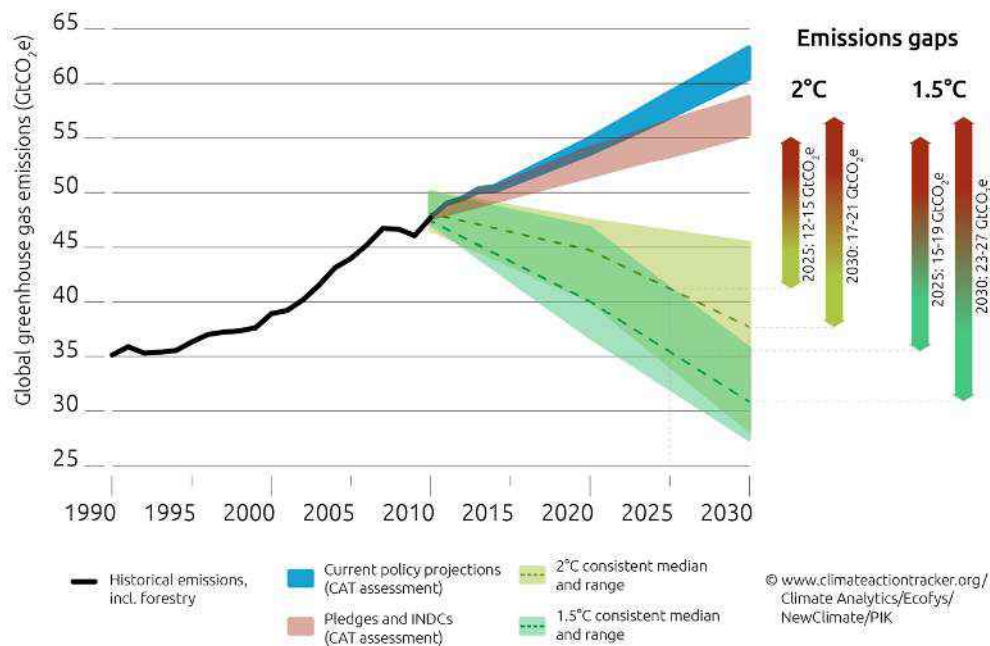
- Introduction to the Lab
- Case studies
- Successes and impact to date
- Call for Ideas 2018-19
- Q&A

# Introduction to the Lab

# Key challenges of the 21st century

## Climate Change

→ Meeting the Paris Agreement goals for mitigation & adaptation

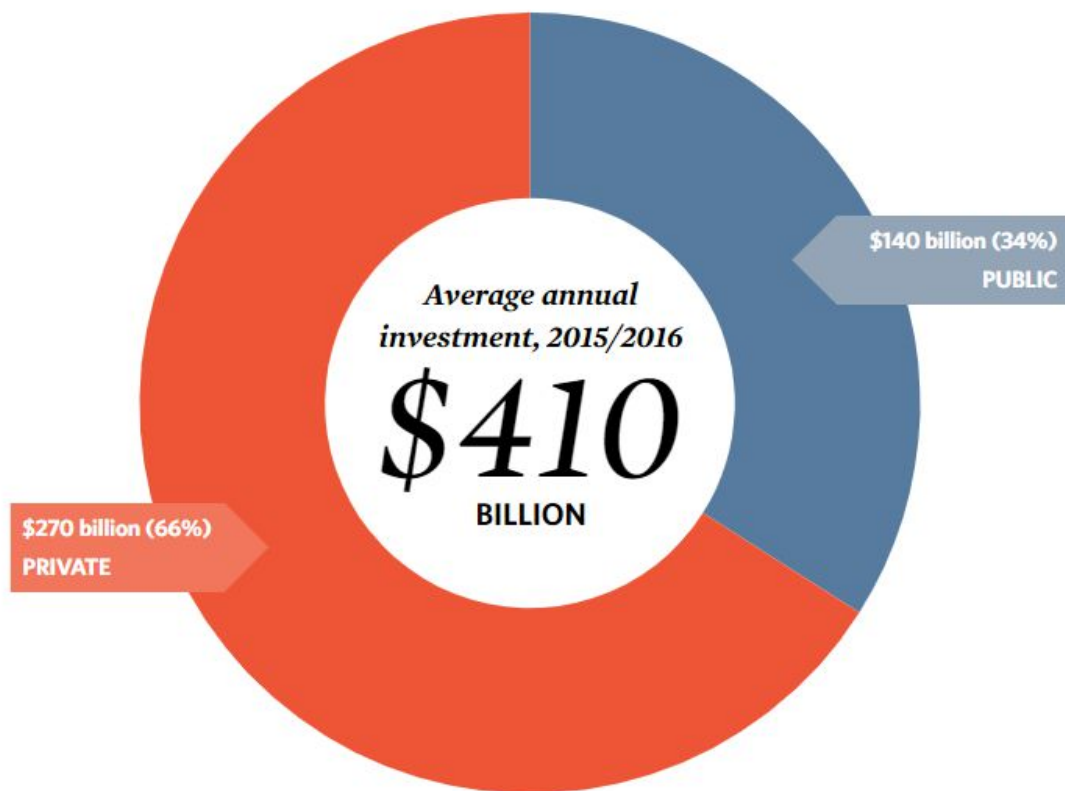


## Sustainable Development

→ Meeting Sustainable Development Goals



# Investment crucial in meeting goals

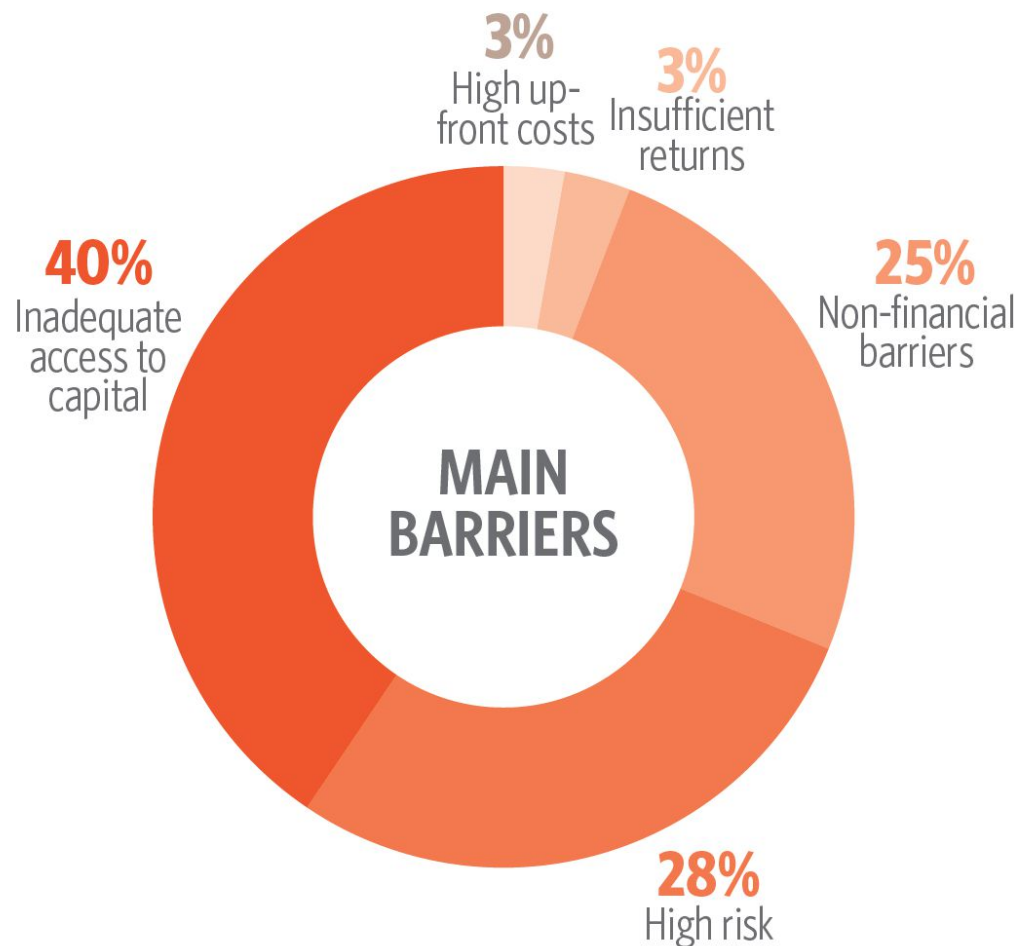


Climate finance is flowing, but much more is needed to achieve global goals.

There is a need for solutions that tackle the finance gap by activating public and private actors and by bringing **innovative, fast moving solutions** to the market.

# Sustainable investment, particularly in developing countries, faces many barriers

Barriers to investment as identified by submissions to the Lab:



# The aim: Unlock finance for low-carbon climate-resilient development

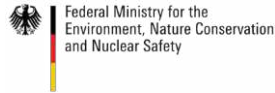
By identifying, developing, and supporting transformative sustainable finance ideas, **the Lab** aims to drive billions of dollars of private investment to the low-carbon, climate resilient economy.



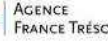
*Driving Sustainable Investment*

# The Lab is a public-private partnership with broad support from institutions around the world

## Funders



## Members



## Secretariat



CLIMATE  
POLICY  
INITIATIVE





# The Lab process

The Lab accelerates well-designed financial instruments that meet four criteria: **actionable**, **innovative**, **catalytic**, and **financially sustainable**

Sep-Dec 2018

Feb 2019

Feb-Aug 2019

Sep 2019

Ongoing



## Call for Ideas

Lab Streams & priority areas are established; open call for innovative sustainable investment solutions

## Selection

Lab members select the most transformative instruments from each of the Lab's Streams

## Development

Selected ideas benefit from analysis, stress-testing, and guidance from experts in the working groups,

## Endorsement & Launch

Lab Members vote to launch the ideas for piloting, based on their innovation, actionability, financial sustainability, and catalytic potential

## Implementation

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

# Case Study:

## Climate Resilience and Adaptation Finance and Technology Transfer Facility (CRAFT)

## Lab Activities

- Fund strategy development
- Impact assessment
- Financial model development and scenario analysis
- Interviews with experts from public and private sector
- Impact case studies
- Working Group meetings to provide feedback on analysis



## Idea

A **global equity fund** that blends commercial and catalytic finance to invest growth equity in companies to accelerate the diffusion of climate intelligence products and resilience building solutions.

## Impact

- Catalyze a global market for climate resilient products and services
- Promote climate resilient development
- Contribute to rapidly evolving resilience standards and metrics

# CRAFT: Post-Lab Support and Successes

Nov-Dec  
2017

Nordic Dev't Fund and Global Env't Facility provide proponents with **US\$1.5m** to start fundraising.

Lab team begins developing strategy paper for the CRAFT **Technical Assistance (TA) Facility**.

Feb-Aug  
2018

Lab team successfully applies for **follow-up funding** to disseminate findings from the strategy paper and arrange a workshop for potential funders.

Oct  
2018

Consulting and preparation support for **\$2m grant proposal** for technical assistance facility

Q1 2019 Target

**First Close of Fund & Announcement of Technical Assistance Funding**

# Case Study: Pay-As-You-Save (PAYS®) for Clean Transport

## Lab Activities

- Instrument mechanics refinement
- Target market analysis
- Financial model development
- Interviews with manufacturers, utilities, capital providers, bus operators, funders
- Case studies for six cities
- Initial engagement with implementation partners



## Idea

A **financing mechanism** for lowering the upfront costs of electric buses to accelerate adoption of clean transit in cities.

The local utility invests in batteries and charging stations, and recovers its costs through a charge on the bus service provider's electric bill paid for using the operating cost savings compared to diesel.

## Impact

Accelerated **bus fleet electrification**, reduced cost of capital, increased utility electricity sales.

Reduced lifecycle emissions of carbon dioxide, elimination of tailpipe emissions of carbon monoxide, nitrogen oxides and particulate matter.

# PAYS: Implementation pathway

Feb-Aug  
2018

Lab team supports full **financial modelling, instrument analysis** and **stakeholder outreach** in key countries

Sept  
2018

PAYS **formally endorsed** by Lab members

Proponents and Lab team sign **memorandum of understanding** with Development Bank of Southern Africa/GreenCape for implementation in **Cape Town**

Oct  
2018

Proponents awarded **feasibility study grant** from Convergence

Q4 2018 – Q1 2019

**Finalize choice of city for feasibility study**

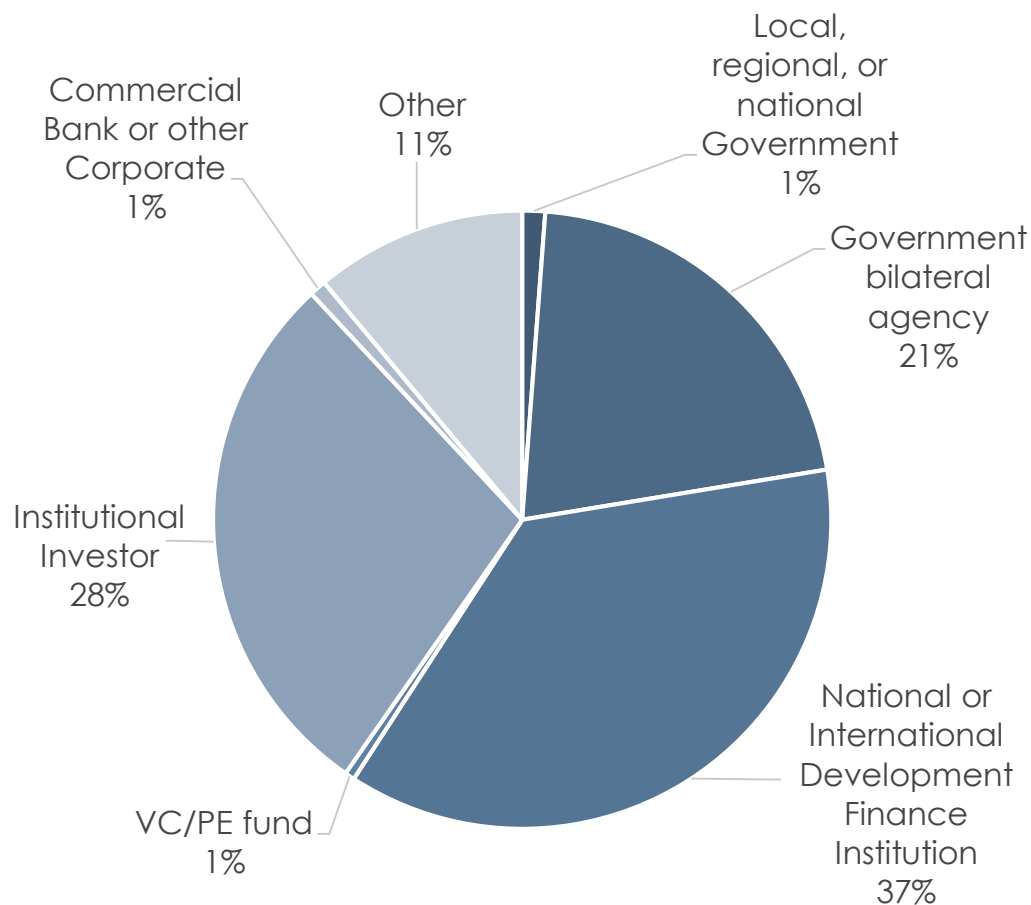
**Implementation in Cape Town** (and Latin American city, currently TBC)

# Successes & impact to date

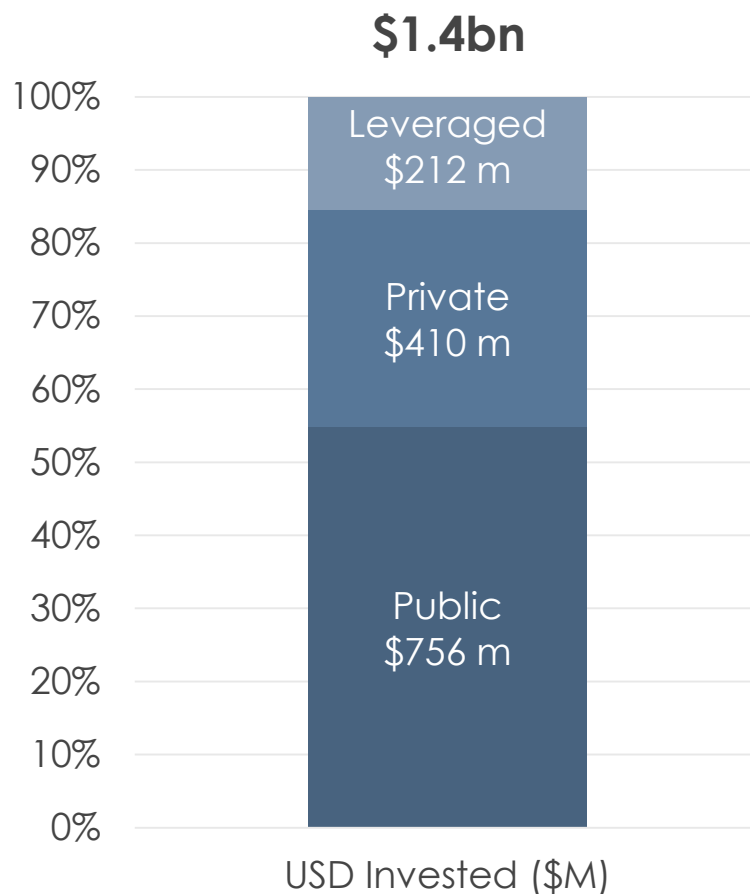


# 35 Lab instruments have mobilized more than \$1.4 bn in sustainable investment

## Investors in Lab Instruments

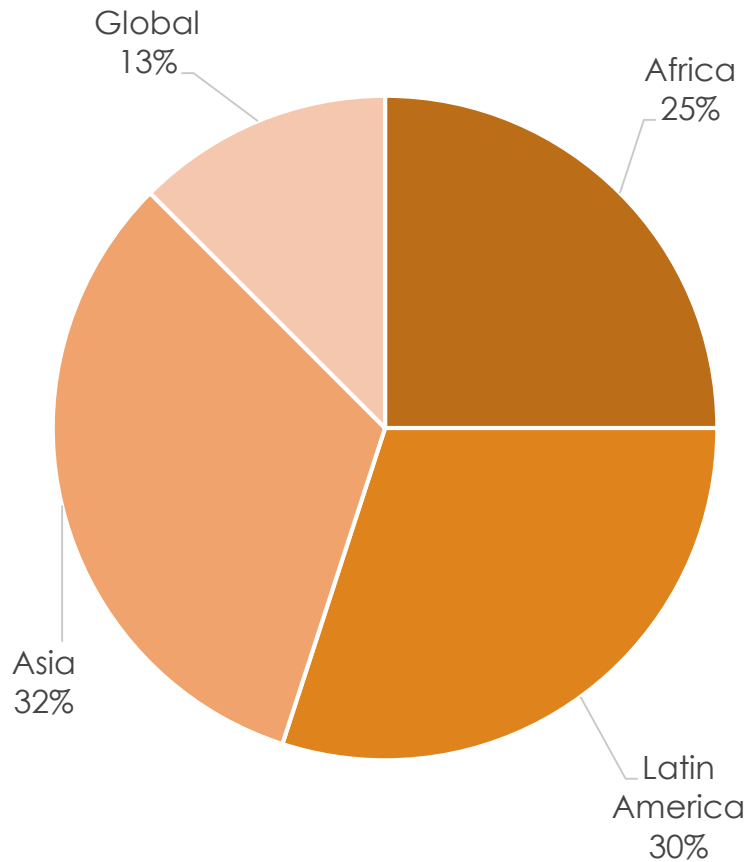


## Investment in Lab Instruments

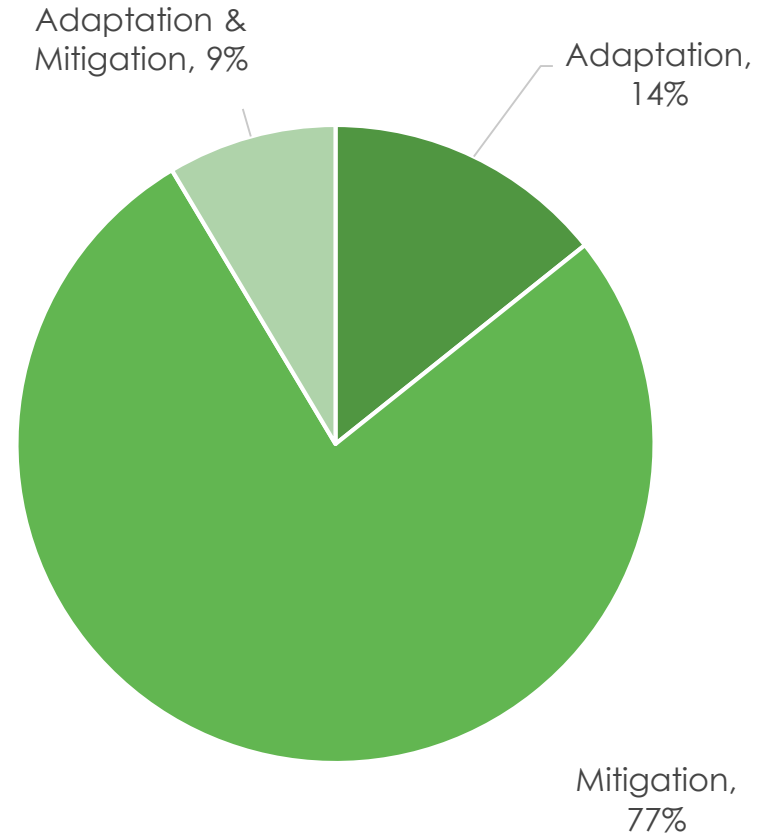


# Instruments to date have targeted multiple regions, with the majority in climate mitigation

Number of Instruments by Region

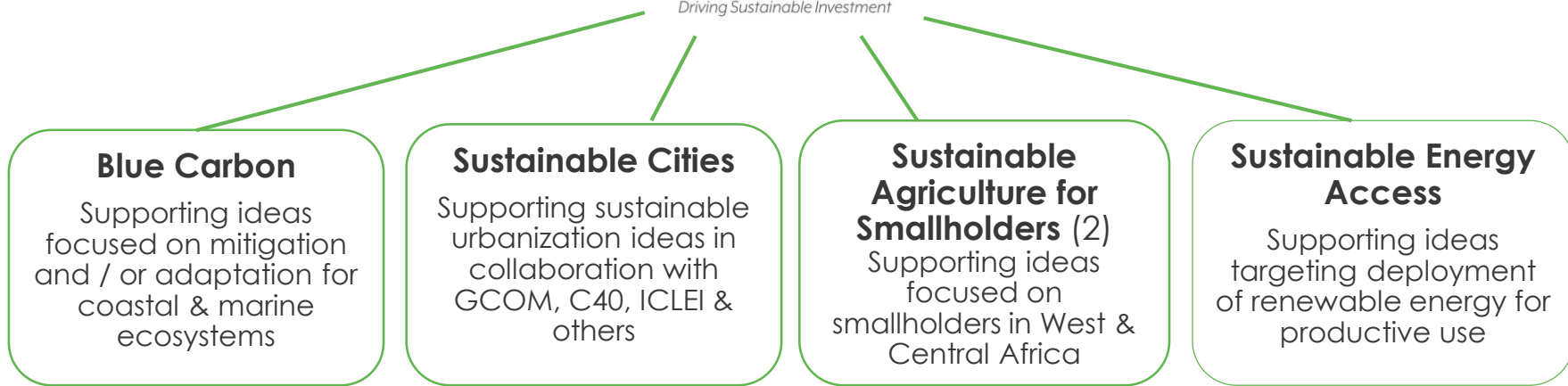


Climate Strategy



# Call for Ideas

# What is the Lab looking for?



Climate mitigation and adaptation finance Ideas that target other sectors will also be considered.

## To apply:

Submit your idea at: [www.climatefinancelab.org](http://www.climatefinancelab.org)

Application deadline: **19 December 2018 23:59 PT**

Notification of selection: February 2019

# Lab Criteria

## Actionability

- Identified **implementation entities**
- **Pathway to implementation**, including timeframe, activities and key milestones
- **Implementation challenges** and strategies to manage them

## Innovation

**Ability to address barriers to private climate finance** (directly or indirectly) that:

- Have not yet been addressed; or
- Will be addressed more effectively compared to other instruments in the market

## Catalytic Potential

Potential to:

- **Mobilize private climate finance** within a sizeable market
- **Be scaled and/or replicated** in other contexts
- Achieve clear **socioeconomic, development, and environmental impacts**

## Financial Sustainability

Strategy to:

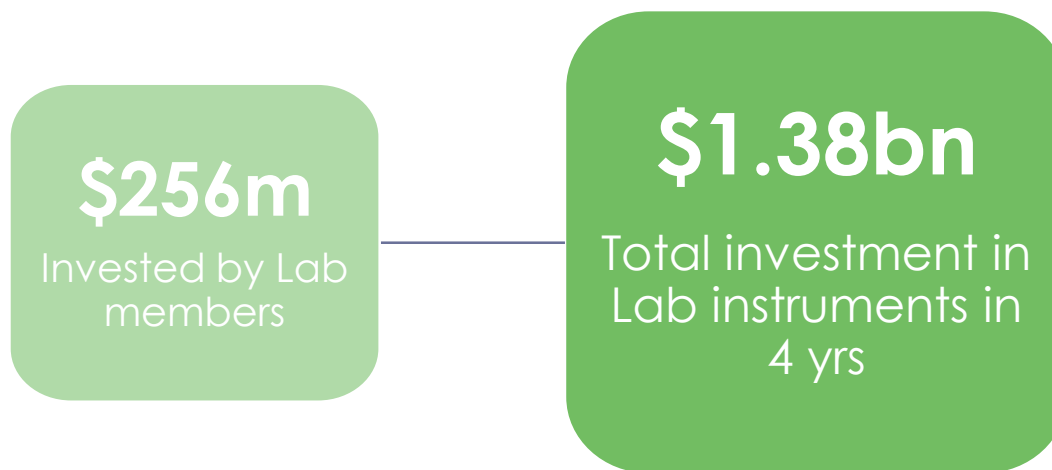
- **Phase out public financial support**
- Achieve market viability

Identification of:

- **Challenges to achieving objectives**
- Strategies to manage them

# Why submit?

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



# Why submit?

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

**\$200k**

Provided in analytical,  
convening & comms  
support

# What happens if your idea is selected?

## 1) Idea Development\*

(Feb – Jul 2019)

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

## 2) Endorsement & Launch

(Sep 2019)

- 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

## 3) Implementation

(Ongoing)

- 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

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



# Questions?

Submit your idea at:

**[www.climatefinancelab.org](http://www.climatefinancelab.org)**

Deadline: **19 Dec**

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CPI's Global Landscape of Climate Finance

Webinar: 27 Nov

**[www.climatepolicyinitiative.org](http://www.climatepolicyinitiative.org)**