



*Driving Sustainable Investment*

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# **The Global Innovation Lab for Climate Finance Guidelines**

Sixth Lab Cycle  
2019-2020

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## 1. INTRODUCTION

### 1.1. Purpose of these guidelines

The Lab Guidelines are intended to serve as a key framework for the initiative, providing guidance to Lab Members, participants, and interested parties about the Lab process.

### 1.2. Overview of the Global Innovation Lab for Climate Finance

Developed countries have committed to jointly mobilize \$100bn per year in climate finance to developing countries by 2020, from public, private, and alternative sources, in the context of meaningful mitigation and transparency of action. As nations and businesses work to tackle both climate challenge and development goals, access to finance has emerged as a critical element. Private investors – often supported by public policy and finance – are already channeling significant amounts of money into the low-carbon economy in countries around the world, but much more investment is needed. This is particularly true for developing countries, which often face difficulties attracting private investment at the scale needed to reach their sustainable development and energy access goals.

Established in 2014, the Lab contributes to this collective effort by identifying and launching transformational proposals in developing countries that will mobilize private investment at scale. The Lab network accelerates well-designed financial instruments that can unlock billions for energy efficiency, renewable energy, sustainable transport, climate smart agriculture, and curbing deforestation, while also reducing private investors' risks and improving their financial returns. A public-private partnership, the Lab brings together and catalyzes government and private sector efforts to scale up climate finance.

To expand on and complement the Lab's global efforts, in 2015 an India Lab program was established, followed by a Brazil Lab program in 2016. These regional streams allow the Lab to focus on local contexts and priorities, addressing country-specific investment needs and barriers. In India, ideas that accelerate investment in infrastructure for green growth are sought, while the Brazil Lab program has sought instruments that can drive funds into the country's low carbon economy and work to achieve national climate priorities. In the 2019/2020 Cycle, the Lab is adding a Southern African regional stream.

As of December 2019, the Lab has supported developed and endorsed [41 instruments](#) that have collectively mobilized USD \$2 billion for action on climate change and sustainable development, with \$800 million in private investment. The Lab has been [endorsed](#) by the G7, as well as by Brazil and India.

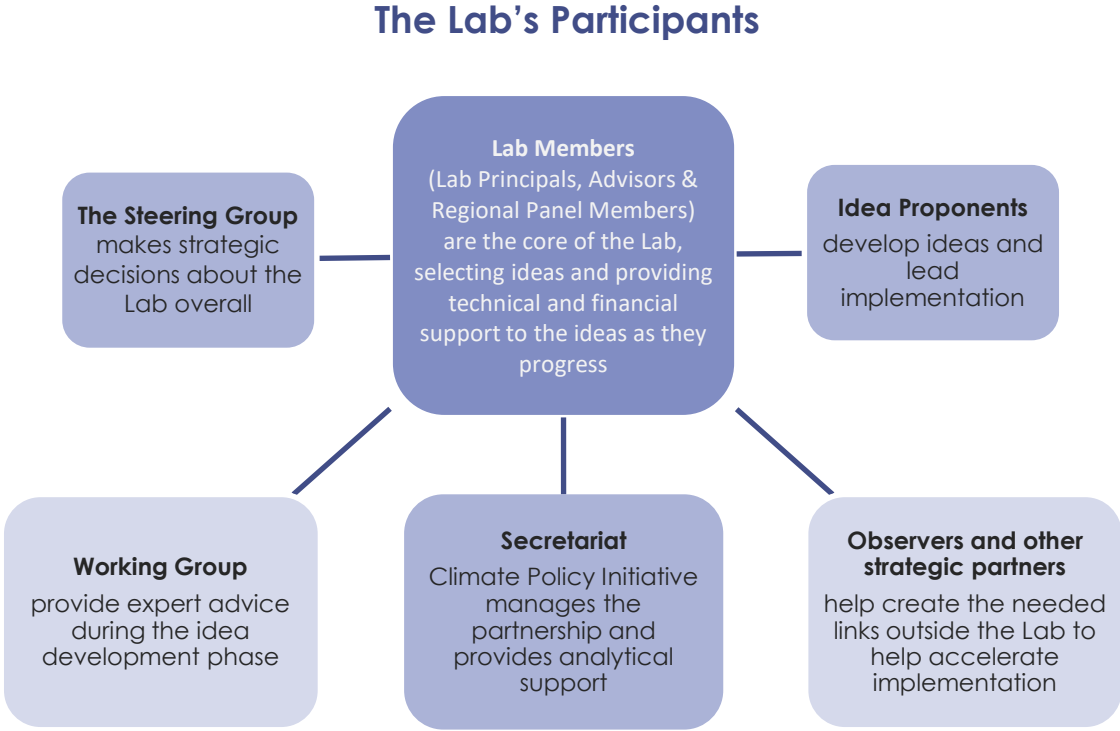
The Lab operates in annual cycles that begin with crowd-sourcing ideas. Selected ideas are then developed, drawing on a combination of political, technical, institutional, and financial resources to turn them into bankable instruments designed to address specific barriers to driving climate finance at scale. Finally, the close of the cycle is marked by the endorsement and launching of these instruments. The Lab also provides technical support post-endorsement to help get the ideas off the ground. Subsequent cycles of the Lab build upon the lessons learned during the preceding cycles, while assuming a continuation of the original established objectives and outcomes.

[Climate Policy Initiative](#) (CPI) acts as the Lab Secretariat and analytical provider. The Lab has now entered its sixth cycle, which is funded by the UK Department for Business, Energy & Industrial Strategy (BEIS), the Netherlands Ministry of Foreign Affairs, the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMU), Shakti Sustainable Energy Foundation, International Fund for Agricultural Development

(IFAD), Australia Department of Foreign Affairs and Trade, The Rockefeller Foundation, and Bloomberg Philanthropies. These funders make up the Lab's Steering Group where they guide and manage the strategic direction of the Lab and/or oversee the work of the Secretariat. The Lab activities are carried out with CPI's in-kind support.

The Lab's model draws heavily on its membership, which includes high-level representatives from governments, investment banks, insurance companies, project developers, and development finance institutions from across the world (see section 2). Lab Members, which include Global Lab Principals and Advisors and regional stream Panel Members, are tasked with selecting ideas and supporting the design and piloting of selected ideas in a number of ways throughout the Lab process. Lab proponents are those that submit an idea to the Lab (and are also the lead implementers), while working group members and observers provide expert advice and build the network for Lab instruments to accelerate implementation (see Figure 1).

Figure 1: The Lab Governance and Organizational Structure



## 2. LAB PROCESS AND METHODOLOGY

The Lab works towards the identification and initial market testing (e.g. launch of pilot or first fund) of *transformative* ideas, which are evaluated as such by their *innovative*, *actionable* and *catalytic* character as well as by their ability to achieve *financial sustainability* over time. These are the core lab criteria used for selecting ideas and for the analysis completed throughout the Lab process. Box 1 describes the criteria in greater detail.

### Box 1 – The Lab Criteria

**Innovative:** An instrument is innovative when it demonstrates the ability to address, directly or indirectly, barriers to private climate finance that are not yet being addressed by the market, or (2) that will be addressed in an improved manner compared to other approaches.<sup>1</sup>

**Actionable:** An instrument is actionable when it clearly identifies (1) the type of entity(ies) that could implement it, (2) a pathway towards setting-up a market test for the idea (e.g. pilot, first fund), including the timeframe, activities and key milestones, and (3) possible challenges to setting-up the market test for the idea and related management strategies.

**Financially sustainable:** An instrument is financially sustainable when it identifies a realistic strategy to (1) operate on a commercial basis, having phased out any public, concessional, or other catalytic financial support and (2) achieve its intended long-term objectives and overcome key implementation challenges.

**Catalytic:** An instrument is catalytic when it demonstrates potential to (1) mobilize private climate capital within a sizeable market (2) be scaled up or replicated in other contexts and, (3) achieves positive climate, development, and environmental impacts.

A complete Lab Cycle operates over the course of a 12-month period (see Figure 2). Lab Members are convened throughout the cycle to fine-tune as well as challenge the selected ideas. The Lab's Sixth Cycle will run from September 2019 to September 2020, with the majority of the analytical work concluding in July 2020. This 12-month cycle includes three distinct analytical phases, concluded with endorsement: Phase 1 (Call for Ideas and Selection); Phase 2 (Instrument Design); Phase 3 (Implementation Pathway and Impact).

Figure 2: An Overview of the Lab Process



<sup>1</sup> i.e. reaching new geographies, beneficiaries, sectors or in terms of financing structure, contractual arrangements, risk allocation, alignment of interests, transaction costs, etc.

## 2.1. Phase 1: Call for ideas and Selection

Lab Cycles commence with an international 'Call for Ideas', launched with the aim to crowd-source and identify innovative ideas for concept development. The call for ideas can include both a general stream and more specialized streams to allow the Lab to direct expertise and resources towards issues identified as being critical by Lab members. In the 2019/2020 cycle, the Lab's four specialized sectoral streams include **sustainable energy access, nature-based solutions, sustainable cities, and sustainable agriculture**. Target geographies in this year's cycle include **India, Brazil, and Southern Africa**. The deadline for submissions this year is December 20, 2019. Submissions received after the official deadline or those that are incomplete are not considered.

Ideas are submitted by idea proponents acting in an individual capacity through a dedicated web site, <https://www.climatefinancelab.org/call-for-ideas/>;<sup>2</sup> proponents can include experts and entrepreneurs from public institutions, the private sector, and civil society such as think-tanks and academics (see *ROLES AND RESPONSIBILITIES* section below for additional detail). The submission form includes the information regarding the mechanism design and how it intends to meet the Lab criteria:

- **Idea description:** A short description of the idea, its purpose, and how it works. For sectoral and regional streams, ideas should make a clear link between these streams and financed activities.
- **Innovation:** A justification as to why the idea is innovative; this includes a description of barriers to private climate finance that the idea will overcome directly and indirectly, evidence as to why barriers may exist and how they may be overcome, and how the idea represents a unique value-add to existing instruments or solutions.
- **Actionability:** The idea proponent should specify if the instrument can be implemented without requiring policy, legal or regulatory changes, and indicate the type of organization that could be an implementer (e.g. development bank, private company, industry association), the timeframe to implementation along with a set of milestones to achieve it. Any challenges to the setting-up the market test for the idea should be identified. Idea Proponents should also indicate if they wish to implement a market test of the idea. If so, they will be required at the start of Phase 2 to set out the resources (human, and financial) they have access to for the preparation of the market and outline the support required from the Lab.
- **Catalytic potential:** The proponent should provide a first estimate of the potential of the idea to catalyze or engage private climate finance at scale, identified through market growth opportunity and/or investment potential.
- **Financial Sustainability:** The proponent should specify how the instrument intends to achieve market viability, becoming self-sustainable once public funding is phased out.

To identify the most promising instruments, ideas submitted through the call for ideas are assessed against the Lab criteria as well as the work stream and region priorities (see Box 2). All submissions are first screened by the Secretariat using the standard Lab criteria and a methodological approach. A shortlist of high-quality and eligible ideas for the regional streams will be submitted to the Regional Panels for a vote, where Panel Members will

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<sup>2</sup> During the submission, Proponents self-select which Lab program and stream they wish to apply for, though the Secretariat reserves the right to suggest re-allocation to one of the other Lab programs which may be more relevant, in accordance with each program's criteria.

meet to refine the shortlist and select the regional ideas that will then move on for final voting by Global Lab Advisors. Globally focused and cross-geography shortlisted ideas will be refined by Lab Advisors and then passed directly to the finalist round. Global Lab Advisors then meet for a final Selection Meeting to vote on all finalist ideas (both cross-geography and regional- see Box 2) to select the instruments that will move forward in the Lab process to Phase 2.

#### *Box 2 – Region-Specific Criteria and Priority Areas*

For the regional streams of the Lab, the specific context and priority areas of the geographical region will be defined and used as guidance for the selection of the ideas. These priority areas are based on input from regional Panel Members as well as from regional team members' experience. Region-specific criteria will be used by the Lab Secretariat in screening submitted ideas and by Regional Panel Members in voting on which of the shortlisted ideas should continue to the finalist round. A one-page guide on these key regional priorities is provided to Global Lab members prior to voting in the finalist round to help inform their decisions on the regional ideas.

For the 2020 Cycle, the India and Brazil Stream Panel Pre-Selection Meetings will tentatively take place on February 7<sup>th</sup> and February 18<sup>th</sup> 2020, respectively, with the Southern Africa Pre-Selection Meeting to be determined. The Global Lab Advisor Selection Meeting to vote on finalist ideas will take place on September 27<sup>th</sup> 2020 in Frankfurt, Germany. Proponents of finalist ideas are encouraged to attend and present at these meetings.

The number of instruments selected at each phase of analysis depends on total funding available per Lab Cycle. High quality, eligible ideas are selected by Lab Members move to the subsequent phases for additional in-depth analysis and development.

## 2.2. Phase 2: Instrument Design

The aim of Phase 2 is to 'stress-test' and finalize the design and mechanism of the instrument concept. This goal is also to assess the *innovative* character of a given instrument within its context of operation, evaluate its *financial sustainability*, and identify the potential target context for the instrument (market test and beyond).

Phase 2 analysis entails:

**Instrument Mechanics:** an in-depth description of how the instrument would operate – at a concept level – outlining the types of organizations and skillsets that are required to implement the concept and achieve impact.

**Assessment of the innovative aspects of the instrument:** identification of the risks and barriers faced by investors in the markets potentially eligible for the instrument, highlighting those which are addressed (and how) by the instrument, those which may remain unaddressed, and how the instrument performs in comparison with existing similar instruments available in identified markets.

**Assessment of financial sustainability and identification of a strategy/approach to achieve it:** an in-depth description of how the instrument's design would phase out public support to ensure its market viability, and address potential challenges to achieving its intended long-term objectives.

**Identification of the context where the instrument would operate:** identifying the sectoral and geographical scope of the instrument as a critical preliminary step for the definition of the instrument's market test and to assess its catalytic potential in Phase 3.

To perform the analysis, the Lab Secretariat establishes and leads collaborative **Working Groups** consisting of the Proponent(s), Lab Advisors, Regional Panel Members, and external experts from the public, private and third sectors. In order to facilitate a collaborative environment, efforts will be made to limit the size of groups to a maximum of approximately 10-15 individuals.

The activities of the Working Groups involve:

- One introductory conference call at the inception of Phase 2 involving all Working Group members with the aim of (i) presenting the instrument concept and design; (ii) receiving feedback on the instrument-specific analytical approach; and (iii) receive suggestions on experts to involve in the analyses.
- Bilateral conversations with selected members of the Working Group.
- One potential conference call towards the end of Phase 2 to validate the analysis which will be shared via slide deck.

It is important to note that during this phase of analysis, Working Groups may make decisions with the express rationale to aid the analytical process and progress the concept development. This could include for example a target country or region to define the boundary of the analysis or a change in design of the instrument to mitigate identified risks. The final outputs from the Phase 2 analytical process may therefore vary from the original submission.

At the conclusion of Phase 2, the Lab Secretariat will compile a slide deck for each instrument outlining key findings from the analysis to be circulated to Lab Members for consideration ahead of a Regional Panel and Lab Advisor Meeting. At this meeting, Advisors will determine whether the idea fits well the Lab criteria examined in Phase 2, identify areas for improvements, and determine the eligibility of a given idea to move to Phase 3.

Where idea proponents do not have the means or the inclination to develop a market test of the instrument, the Secretariat will work to enlist potential implementers willing and capable to develop them from within or outside the Lab. For an idea to pass to Phase 3, the idea needs to have an implementation entity identified.

### 2.3. Phase 3: Implementation Design and Impact

Following the approval of the instrument mechanics and other analytical tasks completed in Phase 2, the instruments will move into the Implementation Design Phase, with an aim to move from 'talk to action' by turning ideas into investment-ready instrument pilots. This involves supporting initial market testing of the initiative, defining key milestones, and in-depth modeling to assess financial, social, and climate impact. At the end of Phase 3, an Endorsement Meeting is held, convening Lab Members to review and endorse the final design of the instruments.

Specifically, Phase 3 analyses entail:

1. **Assessment of the Actionability and definition of pathway for setting-up the market test of the instrument:** identification of the implementing entity(ies) within the



geographical scope identified for market testing the instrument as well as an overview of a timeline with key milestones in order to demonstrate how the instrument is actionable.

2. **Assessment of the market potential for scale-up and replication of the instrument:** estimate of the catalytic potential of the instrument assessed within and beyond the boundary of the initial market test for the instrument (e.g. eligible sectors and/or geographies and/or actors identified at the end of phase 2)
3. **“Modelling work” for impact analysis:** focusing on the boundary of the initial market test for the instrument, quantitative and/or qualitative assessment of (1) the impact of the instrument on specific key barriers addressed in the context of the initial market test for the instrument (e.g. risk mitigation effect) determined against a status quo or business-as-usual scenario the idea intends to improve upon; (2) the catalytic potential of the instrument, including amount of finance needed for setting up the initial market test, the potential catalytic finance mobilization potential and leverage, and estimate of CO<sub>2</sub>e emission reductions and, if appropriate, GW deployed.

The main communications deliverables produced in Phase 3 include:

- Instrument Analysis Report. The main deliverable from the Lab process, this report is a 10-12-page paper that brings together all analysis and information collected during Phase 2 and 3. The report is produced by Lab Analysts in conjunction with Idea Proponents and is structured around the Lab criteria. They provide information on how each instrument is *innovative, financially sustainable, actionable and catalytic* against the status quo. Draft reports are circulated to Lab Members for their inputs in mid/late August, and then finalized in early September before the Endorsement Meeting, to help inform the endorsement decision. An example of a past instrument analysis report can be found [here](#).
- Two-pager instrument overviews. Complementary to the instrument analysis report, the Lab Secretariat also develops a two-page overview of the instrument with basic information relating to the instrument. They are usually used for outreach and can be distributed at events. In terms of Lab cycle timing, final drafts of the two-pager overviews are sent to the Lab communications team in early September. A two-pager overview from a past instrument can be found [here](#).
- Three-minute video. These videos are another communications deliverable produced in Phase 3 of the Lab. They provide short explanations of the instrument, including instrument mechanics and implementation pathways. Analysts and Proponents help with the script and b-roll of these videos, which are shown during the Endorsement Meeting to Lab Members. Instrument videos from the 2018/2019 Lab cycle can be found [here](#).

The Lab Secretariat will provide support and facilitate input to achieving these milestones, ensuring value added and equal support for each Lab Instrument. The Lab itself does not provide public funding for the implementation of pilots. Any eventual provision of funding is achieved on a bilateral basis between public finance institutions or individual Lab Members and pilot implementers. In Phase 3, the Lab Secretariat will informally facilitate these processes.

At the end of Phase 3, the Lab Secretariat convenes Lab Members to determine whether instruments should be endorsed. Endorsement is defined as a signal of support by Lab

Members that the instrument is innovative and transformative and ready to be launched to the wider climate finance community.

Endorsement begins with a technical Lab Advisor review of the final designs of both region-specific and global/cross-geographic instruments. Lab Advisors will review the final instrument designs and provide any inputs. Region-specific instruments will then be reviewed by the Regional Panel for inputs, concerns, and suggestions and then recommended (or not) for endorsement. With this recommendation, all instruments (regional and global) are then brought to the attention of Global Lab Members in late September, at the Lab's annual Endorsement Meeting. Lab Principals, Advisors, and Regional Panel Members (if applicable) convene at this meeting with a goal to endorse these final designs, signaling that the Lab instruments are ready to be launched into the market as official Lab investment vehicles. Lab Members will also have the opportunity to offer support, feedback, and expressions of interest.

#### 2.4. Ongoing Support & Monitoring

The Secretariat will provide bespoke pilot launch support in the months following the conclusion of the Lab Cycle, and light-touch support through the Lab network on a continual basis for the implementation teams of endorsed instruments.

In addition, the progress of pilots will be monitored and reported on by the Secretariat. The Secretariat will maintain contact with pilot implementers and continue to publicize new updates and announcements under the Lab brand. Permission to use Lab materials and branding will be agreed and clarified.

The Lab Secretariat will provide 25 days of bespoke launch and analytical support **within the 12-month period following endorsement**. Proponents will choose from a menu of support options based on specific needs. Bespoke support can include (but is not limited to):

##### **Design fine-tuning**

- Positioning and market research
- Mechanics
- Financial Model

##### **Finance mobilization**

- Strategy
- Investor mapping & profiling
- Business case refinement
- Pitch deck development
- Pitch book design
- Review of funding applications and proposals

##### **Partnerships & Outreach**

- Investor mapping & profiling
- Visibility and communications
- Assist introductions, particularly to Lab Member institutions and network

##### **Ongoing donor coordination and grant support**

- Ensure effective communication with grantors
- High-level review of grant applications

Finally, the Secretariat will provide **light-touch support** to proponents on an ongoing basis following endorsement, which will include:

- Monitoring to ensure progress towards milestones
  - 2 – 3 check-ins per year
- Lesson sharing & reporting
  - Through white papers, webinar, or blogs

### 3. ROLES AND RESPONSIBILITIES

The Lab's governance and membership structure reflects the appetite of current and potential new Members and supports the continuation of a dynamic network responsive to market conditions, policy signals, and global developments, as well as continuous learning from previous cycles and complementary initiatives. A description of key groups involved in the Lab, respective roles and time requirements are outlined below.

#### 3.1. The Lab Steering Group

The Lab's strategic direction and the Secretariat's work is guided and managed by the Lab Steering Group. This group includes representatives from countries providing funding for and overseeing the work of the Secretariat and Analytical Provider.

The Steering Group forms thus the management and governance structure of the Lab, composed of representatives from donor countries and institutions that provide funding, with the following specific roles:

- Oversee the work of the Secretariat, and sets the strategic direction for the work of the Lab;
- Ensure process moves according to timeline and that administrative questions are resolved; and
- Set implementation details of the strategic direction for the work of the Lab, including analytical and communications elements.
- Committed to ensure ongoing financial support, also through outreach to other potential funders, to set the basis for sustained impact of the Lab's work.

This group is brought in at key decision points, relative to its unique duties and expertise, to guide the progress of the Lab and the development of ideas, assist them in preparing for implementation, and build partnerships that ensure ideas have concrete implementation.

#### 3.2. Lab Members

[Membership](#) for the Lab consists of Lab Principals and Lab Advisors at the global level, and expert Panel Members for all regional programs, and as a rule will be reviewed once a year at the end of each Lab Cycle.

##### 3.2.1. Lab Principals

Lab Principals are at CEO, senior executive level or of ministerial stature. They provide high-level endorsement of the Lab, its objectives and recommendations, and commitment to provide institutional expertise. In addition, Lab Principals will support the Lab Secretariat with communication and outreach, and act as a spokesperson for the Lab process and endorse instruments.

Time requirements for Lab Principals include attendance at one targeted high-level event per analytical cycle, to be coordinated with the final Lab meeting in September.

### 3.2.2. *Lab Advisors*

Lab Advisors will contribute institutional expertise to the Lab in order to advise on the identification of ideas, and support instrument design, development and stress testing. Each Lab Principal will have at least one Advisor. The role of Lab Advisors includes:

- Forms the Lab's key working group and represents all Lab Principals at an operational level;
- Ensures progress on administrative issues and resolves questions on Lab design and procedure;
- Contributes to the development of criteria for the identification of ideas;
- Advises on and challenges the design of instruments, task and critique the analytical work;
- Advises on the identification of ideas; and
- Engages in outreach to source, test and ultimately promote endorsed instruments.

Time requirements for Lab Advisors include attendance at three to four meetings at the conclusion of each distinct analytical phase, Advisor update calls every six to eight weeks throughout the Lab Cycle. Time required for input and review of analytical work is concentrated in Phase Two but is not envisaged to total an average of more than 8 hours per month over the Lab Cycle.

### 3.2.3. *Regional Stream Panel Members*

Regional stream membership consists of Panel Members which, among other roles, share Advisor duties at the local level (see Figure 3). There are three regional streams of the Lab in the 2019/2020 cycle: India, Brazil, and Southern Africa. Regional Panel Members' main responsibilities include:

- Sourcing ideas through networks
- Recommending the highest quality ideas with the greatest potential for impact from the region and voting on a shortlist of ideas that then goes to the global level
- Developing instruments by serving on working groups led by the Secretariat and alongside Global Lab Advisors, observers and other experts
- Recommending (or not) endorsement
- Supporting instruments with technical capacity, financial support, or political support post-endorsement, alongside Global Lab Advisors and external groups.

Figure 3: Regional Panel and Global Advisor roles throughout the cycle

| Phase 1 Jan - Feb   |  | Phase 2 March - May  |  | Phase 3 June - Sept  |   |
|---|--|--|--|--|---|
| Regional Panels   | Global Advisors  | Regional Panels  | Global Advisors  | Regional Panels  | Global Advisors   |
| <ul style="list-style-type: none"> <li>•Vote to refine longlist</li> <li>•In-person meeting to reivew shortlist</li> <li>•Vote to select finalists</li> <li>•Option to attend Selection Meeting as Observers</li> </ul> | <ul style="list-style-type: none"> <li>•Review CPI and regional guidance</li> <li>•Convene in-person to select ideas across regions &amp; themes</li> <li>•Appoint regional representatives for WGs</li> </ul> | <ul style="list-style-type: none"> <li>•Lab Member leads for WG &amp; instrument development</li> <li>•Add local market expertise and connections</li> </ul> | <ul style="list-style-type: none"> <li>•Join global WGs &amp; appoint representatives for regional WGs where relevant</li> <li>•Review Panel &amp; WG guidance in Phase 2 meeting</li> </ul> | <ul style="list-style-type: none"> <li>•Phase 3 inputs through WGs</li> <li>•Support pilot-focused partnerships</li> <li>•Early funding or in-kind support commitment</li> <li>•In-person pre Endorsement meeting</li> </ul> | <ul style="list-style-type: none"> <li>•Review Panel &amp; WG guidance in Phase 3 meeting</li> <li>•Vote to Endorse instruments</li> <li>•Funding &amp; continued support to piloting as necessary</li> </ul> |

### 3.3. Lab Secretariat and Analytical Provider

[Climate Policy Initiative](#) (CPI) acts as the Lab's Secretariat and Analytical provider. The structure and operation of the Secretariat has added significant value to the Lab process. Lab Members have decided to delegate greater decision making powers on day-to-day issues to the Secretariat to ensure a timelier process. In addition, commitments at maintaining transparency and openness in the Lab process as far as practical and in light of confidentiality issues are reinforced.

The role of the Secretariat covers a number of facets, outlined below:

#### 3.3.1. Secretariat Services

##### Convening

Lab Advisor calls: CPI will organize and administer Advisor calls every six-eight weeks throughout the Lab Cycle, including the preparation of background and guidance material for the calls and summary notes.

Lab Principal and Advisor Meetings: CPI will organize and administer up to three Lab Meetings throughout each cycle. For example, the Sixth Lab Cycle has set a tentative schedule for these meetings, which includes:

- A pre-selection meeting for Regional Panel Members in India, Brazil, and Southern Africa. Tentative dates are February 7<sup>th</sup> 2020 for India, February 18<sup>th</sup> 2020 for Brazil, Southern Africa TBD.
- A selection meeting for Global Lab members. This is scheduled for September 27<sup>th</sup> 2020 in Frankfurt, Germany.
- Phase 2 outcomes meeting in Q2, in the middle of the Cycle, (likely May 2020 for the 6<sup>th</sup> Cycle)
- A technical Advisor virtual meeting to review the final Lab cycle analysis & instrument designs and to recommend Endorsement or call out key concerns. This meeting is held 1-2 months prior to the Endorsement meeting, (in late- July or August 2020 for the 6<sup>th</sup> Cycle)

- A final high-level meeting with Lab Principals and high-level Observers, with a goal to Endorse the final instruments (late September 2020 for the 6<sup>th</sup> Cycle)

#### *Internal Coordination*

The Secretariat will provide on-going coordination in close interaction with the Lab Steering Group, utilizing the following methods of internal communication:

- Bi-monthly progress updates with the Lab Steering Group by email;
- Monthly progress update calls with the Lab Steering Group
- Email updates to Lab Advisors every six to eight weeks;
- Swift replies to Lab Members' queries by a dedicated staff member; and
- Preparation of briefing materials ahead of meetings.

#### *Communications and outreach*

The Secretariat will be responsible for:

- Outreach to encourage implementation of pilots, helping implementing entities to establish partnerships and source funding;
- Coordination between the Lab and other relevant initiatives, for instance, by identifying other relevant initiatives as platforms to deliver the Lab's messages, and ensuring that the communications plans of other initiatives complement each other; and
- Outreach to relevant stakeholders and media to publicize and promote the work of the Lab in order to maximize its impact.

#### *3.3.2. Analytical Services*

The Secretariat will drive analytical cycles aimed at gathering and developing further innovative approaches that unlock private finance, at scale, in developing countries. The Lab Cycle commences with an international 'call for ideas', including both a general stream that climate mitigation and adaptation activities, and a more specialized stream around key priority sectors.

In addition, the Secretariat as a part of the continuation of analytical services, will conduct tracking and sharing of lessons learned with the implementation of pilots and work resulting from previous Lab Cycles.

The tracking and sharing of lessons learned would be structured to include:

- Keeping track of the implementation of the Lab instruments;
- Targeted convening of pilot partners to share experiences and learning;
- Providing ongoing access to Lab membership as sources of expertise and encouragement;
- Sharing lessons learned via various media (including targeted publications, webinars, or workshops); and
- Providing support in summarizing and sharing in depth evaluations, which are to be conducted and financed through the individual projects.

#### *3.4. Lab Experts and Working Groups*

The analytical work of the Lab Cycle will be conducted by the Secretariat, in consultation with instrument specific Working Groups, experts and/or other analytical organizations.

Working Groups include:

- The proponents of the selected Ideas;
- Lab Advisors;
- Regional Panel Members; and
- External experts and/or other analytical organizations.

Participation in Working Groups will be self-nominated by Lab Advisors, Regional Panel Members, and using a network approach will be established for the purpose of engaging experts and/or other analytical organizations. The engagement of external experts and/or other external organizations is aimed at utilizing their specific technical skills, thematic or geographic expertise for the evaluation of instruments, and will be based on requirements and recommendations.

Working Groups are expected to inform more detailed analysis and provide guidance and review. Time requirements for Working Group members include participation in periodic guidance and review calls, approximately every four weeks during each analytical phase, as well as bilateral calls with the Lab analysts. Estimated time required for involvement in working groups is four hours per month (per instrument) over the Lab cycle, between March and July. The Secretariat will outline specific milestones for each Working Group which will be shared in separate work plans.

### 3.5. Idea Proponents and Implementing Entities

#### 3.5.1. *Idea Proponents*

In submitting an idea to the Lab for consideration, idea proponents are signaling a significant commitment of time and resources to the process of developing promising ideas to implementation-ready projects over a 9-month period, with further expectations of lesser engagement after this initial period. The Lab expects proponents of shortlisted ideas to work closely with the Lab Secretariat to help inform the deeper analysis throughout the Lab Cycle.

Idea proponents in turn, will benefit from the in-depth analysis provided by the Lab, including input and guidance from a wide range of high-level public and private experts, exposure to prominent public and private sector investors, analytical support from the Lab Secretariat equivalent to approximately USD \$150,000 – USD \$200,000 per idea as well as robust marketing and communications support throughout the Lab Cycle. In addition, the Secretariat will provide bespoke pilot launch support in the months following the conclusion of the Lab Cycle, and light-touch support through the Lab network on a continual basis for the implementation teams of endorsed instruments.

#### 3.5.2. *Implementing Entities*

Implementing entities are any organization taking the concept design and developing it for pilot or replication at scale. These entities may be the Idea Proponent, or they could be a separate entity. In the case where Idea Proponents do not have the means or the inclination to develop pilot proposals, the Lab Secretariat has the power to suggest and enlist potential implementers willing to develop them from within or outside the Lab. In some cases, there could be several interested implementing entities for a single instrument. For Proponents who do not have the capacity to

implement the idea, the Lab will seek to identify a suitable implementation partner during the course of Phase 2.

It is recognized that in order to realize pilots of Lab Instruments at the end of the Lab process, a significant amount of preparation and decision-making in Phase 3 needs to be aligned with the interests of the Implementing Entity rather than the collaborative group of Lab Members. These include eventual decisions on target markets, human resources and governance set ups, budgeting, and in-house skills and capacities to be recruited. These decisions are taken in dialogue with potential funders.

### 3.6. Donors and Investors

Donors and Investors may be from within the Lab Membership group or external contacts.

For Donors and Investors from within the Lab Membership group, the Lab Secretariat will seek details of the potential support that could be provided to Implementing Entities, both in terms of financial or in-kind expertise support.

Details for available funding windows for the market testing of selected instruments will also be requested, including the requirements relating to relevant public procurement regulations.

The Lab itself does not guarantee funding for the implementation of instruments. Any eventual provision of funding is achieved on a bilateral basis between finance institutions or individual Lab Members and proponents/implementation partners. Beginning in Phase 3, and through the ongoing support process, the Lab Secretariat will work to facilitate these processes.

## 4. PRINCIPLES OF ENGAGEMENT AND INTELLECTUAL PROPERTY

In submitting an idea to the Lab, the Principles of Engagement as outlined below are understood and agreed to. The purpose of these principles is to clarify expectations related to (1) the use of information and ideas submitted to the Lab by proponents, members and external experts and which is provided for the purpose of developing selected ideas and instrument pilots, and (2) the future use of instruments developed by the Lab's analytical providers in conjunction with Lab Members, proponents and external experts. Information includes all information provided to the Lab whether conveyed through written comments, in soft or hard copy documents, or verbally at meetings.

The work of the Lab and participation in it is based on the following understanding:

- The Lab is a non-proprietary, knowledge sharing initiative. By submitting information and ideas to the Lab, proponents, members and external experts agree that the ideas, information, and associated analysis may be used freely, developed, published, and modified by the Lab and by third parties.
- As a nonprofit organization, Lab Secretariat Climate Policy Initiative (CPI) will ensure that Lab instrument designs, research reports, and other general Lab materials are available on CPI's website for the consumption and benefit of the general public.
- However, as Lab ideas move toward launch, CPI will work with idea Proponents and implementation bodies to ensure confidential information is safeguarded.



- The Lab will publish information on its website, about instrument analysis and decisions taken, transparently and in a timely way. In particular:
  - A current list of Lab Members will be maintained.
  - Agendas and summaries of Lab Meetings and all decisions will be made available.
  - The results of Lab analysis will be published upon completion of Phase 3 of each Lab cycle.
- All Lab Members, Working Group members, and analytical providers, will serve in expert, objective capacities. The Lab analysis will be objective and neutral between instruments.
- It is not incumbent on analytical providers to accept all or any views shared as part of ongoing analysis. Decisions taken by the Lab Steering Group and Lab Members regarding processes, including voting procedures to progress instruments to more advanced analytical phases, are final.
- The Lab will facilitate fundraising for endorsed ideas, but in no way guarantees funding
- While the Lab will offer support as highlighted in paragraph 2 of this document, once endorsed the implementing entity (and/or the proponent) will be chiefly responsible for driving the pilot development and fundraising for the endorsed idea
- The Lab will support pilots by proponents as well as other appropriate implementation partners
- These principles for engagement will be made available on the Lab website.

## 5. EXTERNAL COMMUNICATIONS

The Lab's Secretariat is responsible for coordinating and approving the Lab's external communications. This work includes setting a communications strategy and plan, which covers communications goals, activities, and a timeline for engagement, and is developed and changed as needed with the support and advice of the Lab's funder group and membership.

### 5.1. External communications goals

In general, the Lab has several external communications goals:

- 1 Grow relationships with donor governments, the private sector, developing countries, and complementary initiatives. The Lab's success continues to depend on its ability to empower decision makers to agree on, fund, and implement high-quality climate finance solutions.
- 2 Solicit ideas to feed in to the Lab from the broader climate and development community. As demonstrated in previous cycles, the quality of ideas – and commitment to these ideas by idea proponents and Lab Members – is paramount to the Lab's ability to develop these ideas and eventually see them make change in the world.
- 3 Promote instruments on their path to implementation. The Lab can help amplify the successes from its launched instruments, growing the network for those instruments, and supporting them as they move forward.

- 4 Influence the climate finance conversation by demonstrating real solutions that work on the ground, and share these solutions with the broader sustainable development community in accordance with the aims set out in the Paris Accord and Sustainable Development Goals

## 5.2. External communications activities

In keeping with these goals, external communications activities that are under the Secretariat's responsibility include compiling professional outputs from analytical work, providing email updates and website maintenance, coordinating presence at events, and engaging in outreach to media. In many cases, these activities will also require the support and engagement of Lab Members and their respective institutions, and in particular members of the Steering Group.

## 5.3. Use of the Lab's logo and materials

Any external use of the Lab's logo or 'Endorsed by the Lab' logo must be approved by the Lab Secretariat.

The Lab welcomes the use of its analytical reports and resources for noncommercial purposes, such as policy discussions or educational activities, under a Creative Commons Attribution-Non Commercial-ShareAlike 3.0 Unported License. The Lab Secretariat must approve any commercial use of its materials.