2021 Call for Ideas
1. Introduction to the Lab
2. Impact to date
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Introduction to the Lab
The Sustainable Investment Gap

$4 Trillion

$3 Trillion

$1.6 to $3.8 Trillion
Range of supply-side energy system investment needed each year in a 1.5°C scenario (IPCC)

$2 Trillion

$1 Trillion

$500 Billion

$0

2012 2013 2014 2015 2016 2017 2018
Sustainable investment, particularly in developing countries, faces many barriers.
Mobilizing Private Investment: Climate Investor One 2014-2015 Lab Cycle

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
- 60+ public and private Lab Member institutions
- 300+ supporting experts, nearly half from developing regions
60+ institutions collaborating to address the sustainable investment gap
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.
The Lab process has five steps

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
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<tr>
<td>1.</td>
<td><strong>Call for Ideas</strong>&lt;br&gt;The Lab publicizes an open call for innovative sustainable investment solutions</td>
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<td>2.</td>
<td><strong>Selection</strong>&lt;br&gt;Lab Members select the most promising ideas to take forward in each annual cycle</td>
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<td>3.</td>
<td><strong>Development</strong>&lt;br&gt;Selected ideas benefit from 7 months of analysis, stress-testing, and guidance from experts and investors</td>
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<td>4.</td>
<td><strong>Endorsement &amp; Launch</strong>&lt;br&gt;Lab Members vote to endorse and launch the ideas for piloting</td>
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<td>5.</td>
<td><strong>Implementation</strong>&lt;br&gt;The ideas move into action and fundraising to launch pilots, with continued support from the Lab network</td>
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Successes & Impact to Date
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
$2.3 bn mobilized by 49 instruments for climate action in emerging markets.

$370+ mn invested by Lab Member institutions.

$1.9+ bn catalyzed in additional investment.

Lab instruments have mobilized 200x what funders have invested in the Lab Secretariat.
Call for Ideas
Lab ideas meet four key selection 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

**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

**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

**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
2021 Lab focus areas

We welcome ideas across sectors, approaches, and geographies that support climate adaptation and/or mitigation investing in emerging economies.

Specialty Areas

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<tr>
<th>Cities</th>
<th>Sustainable urbanization and infrastructure</th>
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<td>Energy Access</td>
<td>Deployment of renewable energy for productive use</td>
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<tr>
<td>Food Systems</td>
<td>Improving sustainability throughout the food system</td>
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Brazil

Any climate adaptation or mitigation issues in Brazil

Southern Africa

Any climate adaptation or mitigation issues in Southern Africa
Focus on Green Recovery

The pandemic & economic crisis have underscored the need to build global resilience. A green recovery that stimulates jobs and economic growth while addressing climate risk is crucial for a sustainable future.

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.

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

+$250k
Provided in analytical, convening, communications and pro bono support

$370m
Invested by Lab members

$1.9 bn
Total investment in Lab instruments in 6 yrs
What happens if your idea is selected?

February - July 2021

Idea development*

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

September 2021

Endorsement & launch

- Produce analytical paper, promo material and web content
- The Lab publicly endorses ideas (if approved by membership)
- Present idea to donors and investors

Ongoing

Implementation

- 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.
Case Studies
Cooling as a Service

Case Study

Morgan Richmond, Analyst

2019 Lab Instrument
Idea
A **pay-per-service model** to decrease energy consumption and greenhouse gas emissions from cooling systems in cities around the world, by making more efficient cooling technologies more accessible to customers.

Impact
- Eliminates upfront investment in clean cooling technology
- Strengthens incentives for efficient consumption
- Increase opportunities for climate adaptation and food waste prevention

Lab Activities
- Financial model development and scenario analysis
- Interviews with experts from public and private sector
- Target market analysis and mapping
- Working Group meetings to provide feedback on analysis
Implementation Pathway - CaaS

Completed steps:

1. Lab team support for financial modelling, instrument analysis and stakeholder outreach in key countries.
2. CaaS Alliance launched to spread the word about the model, build capacity, & implement the model.

Pathway developed:

**Months 1-2**
- **Preparation**
  - Select provider to support implementation and customer

**Months 2-4**
- **Financing**
  - Complete term sheet, sale agreement, or insurance agreement

**Months 4-12**
- **Transaction**
  - Final negotiation, contract signature, and equipment installed

**Years 2-8**
- **Operation**
  - Payments in progress and continual preventive O&M

**Year 8**
- **Close**
  - End of contract and return of equipment ownership
Financing for Low-Carbon Auto Rickshaws

Case Study

Divjot Singh, Senior Analyst

2018 Lab Instrument
Financing for Low-Carbon Auto Rickshaws

Idea
A facility to deploy more electric auto-rickshaws in Indian cities and provide better livelihoods for auto-rickshaw drivers, through a model that provides **up to 100% debt financing** at competitive rates, and opportunities for driver ownership.

Proponent

Impact
- Opportunity to decrease carbon emissions by over 22 million tonnes annually.
- The instrument allows drivers to more than double their daily income when compared to renting.

Lab Activities
- Financial modeling and credit policy formulation.
- Connected with app-based mobility companies.
- Building investment memorandum and advising on grant funding.
Implementation Pathway - FLCAR

Approval/acquisition of NBFC and first loan dispersal

Closed $750k equity and looking to raise additional $8 million

Loan dispersal of 3000 auto-rickshaws with default rate <1%

Scale up to finance 10000 electric auto-rickshaws

Capital Mobilized
$2.5 million raised till date and in the process of raising $8 million Series A funding for deployment of 10,000 electric vehicles.

Investment Type
Equity; Debt; Guarantee

Investment Details
Access to capital to match growing order book remains a challenge.
Idea

**Blended investment vehicle** that increases the flow of capital for mid-size (US $5-75M) sustainable urban infrastructure projects, which often struggle to find financing yet can have strong social and environmental impacts.

Impact

- Mobilizing 4x private finance at the fund level and up to 24x at the project level.
- Estimated SDG impacts:
  - generate 1.8 GWh of renewable energy per year
  - create 20,000 direct jobs
  - avoid 3.8 million tonnes of CO₂ annually
  - improve urban living conditions for 17 million city dwellers

Lab Activities

- Target market and barriers analysis and mapping
- Mapping and assessment of comparable instruments
- Stress-testing of the fund-level model
- Working Group meetings to provide feedback on analysis
Implementation Pathway - SnCF

Completed steps:

- Secured approval for the concessional equity tranche (USD150 million) and Technical Assistance grant (USD 8.5 million) from GCF

Pathway developed:
Type your question in the chat window

We are reviewing them now and will respond momentarily.

Submit your idea
climatefinancelab.com

Deadline
22 December 2020
@ 17:00 PST
CALL FOR SUSTAINABLE INVESTMENT IDEAS

The Lab seeks proposals for innovative ideas that can unlock investment for climate action and sustainable development.

Selected proposal receive seven months of design, development, analysis and expert guidance, as well as access to a network of high-profile public and private investors.

Submit
climatefinancelab.com

Deadline
22 December 2020