Call for Ideas 2022
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
Introduction to the Lab
Global climate finance flows reached USD 632 billion in 2019/2020, but with tepid growth rate.
Current investment levels are nowhere near enough to limit global warming to 1.5°C
Not a question of capital, but investment direction
The Lab identifies, develops, and launches innovative finance instruments that can drive billions in private investment to action on climate change and sustainable development.

- **55** 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
$3.2+ bn mobilized for climate action in developing countries

$440+ mn invested by Lab Member institutions

$2.5+ bn catalyzed in additional investment

Lab instruments have mobilized 200x what funders have invested in the Lab Secretariat
Lab Process
How it works: An incubator for sustainable finance ideas

**Call for Ideas**
The Lab publicizes an open call for innovative sustainable investment solutions

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

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

**Endorsement & Launch**
Lab Members vote to endorse and launch the ideas for piloting

**Implementation**
The ideas move into action and fundraising to launch pilots, with continued support from the Lab network

- **Phase 1**
  - Oct – Dec
  - Call for Ideas

- **Phase 2 & 3**
  - Jan – Feb
  - Selection
  - Mar – Aug
  - Development

- **Phase 4**
  - September
  - Endorsement & Launch
  - Oct – onward
  - Implementation
Case Studies
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

**IMPACT**
Climate Adaptation Notes (CAN) 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

**IMPACT**

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

Catalytic potential: 350x
The **Restoration Insurance Service Company (RISCO)** 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

**IMPACT**

219x
Selection Process
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.
Priority Areas for 2022
The Lab will develop 6-7 ideas in 2022

**Thematic**
- Climate Adaptation
- Sustainable Food Systems
- Zero Carbon Buildings

**Regional**
- Brazil
- India
- Southern Africa

**Wildcard**
The best idea (if any) regardless of sector and region.

As a reference, the Lab instruments have addressed several sectors in the past, including:
- Climate Smart Agriculture
- Sustainable Energy Access
- Sustainable Cities
- Nature-Based Solutions
Q&A