



Global Innovation Lab for Climate Finance

BACKGROUND

One of this century's biggest challenges is achieving economic growth that lifts people out of poverty while dramatically reducing environmental harm. To avert major and irreversible consequences of climate change - which disproportionately hurt the world's poorest - we must reduce greenhouse gas emissions by 80% by 2050.

Technologies, businesses, and development models already exist that can address this challenge but they require trillions of dollars to scale and achieve economy-wide transformation. Many of the measures underpinning this transition, including energy efficiency, renewable energy, sustainable transport, climate-smart agriculture, and curbing deforestation, face specific barriers to attracting investment. And while climate investment is increasing, it falls far short of global needs under a 1.5 °C scenario. The annual average tracked finance for climate change mitigation and adaptation grew 24% in 2017-18, reaching USD 574 billion (CPI 2020). However, estimates of the investment required to achieve the low-carbon transition range from USD 1.6 trillion to USD 3.8 trillion annually, for supply-side energy system investments alone (IPCC 2018).

DRIVING SUSTAINABLE INVESTMENT

Established in 2014, the Global Innovation Lab for Climate Finance (the Lab) is a network of some of the world's largest investors that identifies, develops, and launches transformative and sustainable financial solutions and businesses.

Each year through a highly-competitive open call, the Lab selects the most promising sustainable finance ideas to tackle some of the most difficult sustainable development challenges and provides an unparalleled program to drive ideas from concept to reality.

The selected ideas receive guidance and support from the Lab Members, high-level leaders from both the public and private sectors, who offer their expertise, political capital, and financial capital. We also give proponents extensive technical support, in-kind resources and investor visibility to accelerate their idea and build credibility.

In six years, the Lab has launched 49 initiatives that have mobilized USD 2.4 bn, representing a leverage ratio of USD 200 for every USD 1 funders have invested in the Lab Secretariat. We want to scale this proven approach to more regions and sectors to rapidly address one of the most pressing issues of our time.

THE OPPORTUNITY

The Lab seeks USD 10 mn to support the development of 40 new sustainable finance instruments. They have the potential to collectively mobilize USD 2 bn in investments for climate change mitigation and adaptation in developing countries.

GRANT SUPPORT	USD 1 mn	USD 5 mn	USD 10 mn
SUSTAINABLE FINANCE INSTRUMENTS	4	20	20
POTENTIAL CATALYZED INVESTMENT	USD 200 mn	USD 1 bn	USD 2 bn

GLOBAL AND REGIONAL SYNERGIES

The Lab has focused extensively on building networks and solutions within the emerging economies vulnerable to climate change.

Regional programs have been active in India, Brazil and Southern Africa.



THE LAB IN ACTION

The initiatives below were incubated by the Lab and are now having major impacts around the world, solving key financing challenges and mobilizing millions in investment for mitigation and adaptation projects.

CLIMATE INVESTOR ONE



A financing facility that raised USD 988.6 mn for early-stage development of renewable energy projects in developing countries, including a 116MW rooftop solar project and a 42MW run-of-river hydro project.

THE WATER FINANCING FACILITY



A bond to mobilize domestic investment into climate compatible water sector projects through the local market, to shift the way the water sector is being financed in order to increase global access to water and sanitation. It has secured USD 17.5 mn in investment from seven sources.

LONG-TERM FX RISK MANAGEMENT



A mechanism to address currency and interest rate risk - helping overcome major barriers to investment in renewable energy and climate-relevant projects in developing countries. It has hedged USD 253 mn of climate-related investment in 11 countries.

ENERGY SAVINGS INSURANCE



A product for projected energy savings for efficiency projects undertaken by small and medium enterprises. Energy Savings Insurance now has projects in nine Latin American countries that will target thousands of businesses.

CRAFT



Climate Resilience and Adaptation Finance and Technology Transfer Facility (CRAFT) is the first commercial investment vehicle to focus on technologies and solutions for climate adaptation. It reached first close at more than USD 82.6 mn.

GREEN FIDC



A tool that allows clean energy and energy efficiency projects to secure financing based on future cash flows from energy sales. The team has launched two instruments based on the model, which have secured USD 50 mn in investments in Brazil.