
20 October 2014

The Global Innovation Lab for Climate Finance: Lab Advisor Meeting

Background

Since the inaugural meeting of the Global Innovation Lab for Climate Finance (The Lab) in London on 3 June 2014, The Lab has made good progress toward delivering its analytical and outreach objectives:

- The Lab has welcomed one new member (representing the Moroccan Agency for Solar Energy).
- The Lab Secretariat was invited to present an overview of The Lab's work and process at the Capital Markets Climate Initiative hosted by DECC in London on 11 September 2014, and also at the Climate Finance Ministerial hosted by the United States in the margins of Climate Week in New York on 21 September 2014.
- The Lab has launched a clear brand and strong web presence.
- 160 out of more than 300 registered participants joined a webinar on 7 October 2014, at which the Secretariat introduced The Lab, its objectives and timeframe, and a brief summary of the seven instruments included in Phase 2. Participants included representatives from the public and private sectors in both the developed and developing world.

The Lab has completed the second analytic phase – an in-depth analysis of seven instruments selected by Principals from more than 90 proposals received. These seven include ideas to:

- facilitate more climate-friendly investment opportunities in developing countries;
- create project aggregation platforms to make smaller projects attractive to large institutions;
- improve the risk-return profile of green investments; and
- promote climate resilient agriculture.

The second phase of analysis has been underway since June and concludes with this Second Lab Advisor Meeting. During this phase, and with invaluable guidance of working groups, analytical providers Climate Policy Initiative and Bloomberg New Energy Finance have been working to apply a common analytic framework across the seven instruments to identify:

- **the context in which each proposed instrument will eventually operate.** This includes consideration of policy frameworks, planned timeframes and types of public finance/support needed, technology/service stage to which the instrument is applied, private finance providers that might be targeted, an overview of further stakeholders, lessons from existing instruments, and potential indirect impacts;
- **the barriers instruments aim to address** using the Private Finance Barrier Framework that sets out common barriers for different financial, technology and policy contexts;
- **potential challenges to implementation** such as unforeseen transaction costs or reliance upon non-existing infrastructure or capacity; and
- **instruments' alignment with the overarching criteria of The Lab**, including feasibility, innovation, and catalytic and transformative potential, as measured by their performance over a set of common indicators.

Meeting Objectives

The Lab Advisor Meeting on 20 October 2014 is the milestone that marks the end of Phase 2 and beginning of Phase 3 of The Lab. In preparation, the Secretariat distributed draft reports on each instrument on 13 October 2014. At the 20 October meeting Advisors will be asked for views to further shorten the list of instruments to the three to four most promising.

The objectives for the Lab Advisor Meeting are:

1. To present and discuss the preliminary results outlined in the draft reports; and
2. For Lab Advisors, in consultation with their Principals, to select the most promising three to four instruments for further detailed analysis and development.

The Lab Advisor Meeting will be **co-chaired by Barbara K. Buchner**, Senior Director, Climate Policy Initiative and **Itamar Orlandi**, Associate, European Power and Carbon markets, Bloomberg New Energy Finance.

A written report summarizing the analytic findings for the seven instruments will be published at the end of November 2014.

In Phase 3 (starting end-October 2014), more detailed analysis will continue on the selected instruments until spring 2015, focusing on questions left open in the previous analytical phase and utilizing more refined analytical tools. This process will be informed by the San Giorgio Group case study approach, including stakeholders' analysis, financial modelling and risk assessment. The final aim is to suggest improvements on the instrument design, identify remaining risks that have to be addressed, and pathways for implementation.

At the next Lab Principals Meeting in spring 2015, Principals will be asked to endorse the top 2-3 instruments and consider recommendations on how, and where, the most promising instruments could be specifically piloted through Lab-backed public-private partnerships.