

16 April 2015

## The Global Innovation Lab for Climate Finance: Lab Principal Meeting

### Background

**The Global Innovation Lab for Climate Finance (The Lab) is a global initiative that aims to drive billions of dollars of private investment into climate change mitigation and adaptation in developing countries. As the conclusion of the first Lab cycle approaches, signs for achieving The Lab goal of moving quickly from talk to action are promising, but it is vital that the Principals demonstrate concrete progress.**

The Lab has pooled a unique combination of political, technical, institutional and financial resources in a way that fast-tracks the development of promising ideas to implementation-ready projects that address investor and recipient country needs.

22 Principals and their Advisors, who include representatives from governments, pension funds, investment banks, project development, and development finance institutions across the world, have guided the work of The Lab through this first cycle.

Since its inauguration in May 2014, The Lab has concluded two distinct analytical phases, and is nearing completion of a third. More than 90 proposals were received and screened by The Lab against several overarching objectives: their actionability, innovativeness, as well as catalytic and transformative potential (Phase 1). Based on these findings, Lab Principals selected seven instruments for detailed analysis in Phase 2 at the inaugural meeting on 3 June 2014 in London, and narrowed these to four instruments to move forward to Phase 3 'in-depth' analysis;

- Climate Development & Finance Facility (CDFF)
- Agricultural Supply Chain Adaptation Facility (ASCAF)
- Long-term Currency Swap
- Energy Savings Insurance

The final phase of in-depth analysis is focused on improving the instrument design, identifying remaining risks that have to be addressed, and outlining pathways for implementation. The Secretariat will present findings to Principals at the Second Lab Principal Meeting on 16 April 2015 in New York, for their endorsement and concrete support.

Throughout its lifecycle The Lab has attracted strong interest from a broad range of actors from developed and developing countries interested in participating in and supporting its work. This interest has exceeded expectations and includes;

- More than 300 participants from both developed and developing countries joining two webinars, from a total 614 that registered;
- A 'From Talk to Action' meeting at the margins of COP20 in Lima, to brief donor countries on the potential to partner The Lab to help realize fully funded pilots;
- High-level support from senior officials including Secretary Edward Davey from the UK and Special Envoy for Climate Change at the State Department Todd Stern of the U.S.,

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both of whom referenced The Lab as a model for effective climate finance at the UNFCCC COP20 in Lima; and

- Capacity attendance at a COP20 side-event hosted by the UK, U.S., and German partners where high-level panelists shared views on The Lab's potential to negotiators and delegates interested in climate finance.

## Meeting Objectives

This Lab Principal Meeting on the 16<sup>th</sup> of April 2015, hosted by Bank of America Merrill Lynch in New York, **marks the end of Phase 3 and the end of the first full cycle of The Lab.**

At this meeting, Lab Principals will endorse instruments and support recommendations on how, and where, these could be specifically piloted through Lab-backed public-private partnerships that demonstrate concrete solutions to financing challenges. This in turn can build new markets, attract new investors, and help to unlock billions of dollars in new climate-friendly investment in developing countries.

The **overarching objectives** for the Second Lab Principal Meeting are:

1. For Lab Principals in consultation with their Advisors, to endorse their top instruments, describe how they will offer support, and to make recommendations on how, and where, the most promising instruments could be specifically piloted through Lab-backed public-private partnerships;
  - The Secretariat and proponents/implementing entities will present the latest updates on the instruments implementation and/or pilot plans, and clarify concrete offers of support and outstanding financial needs/implementation challenges.
2. For Lab Members to agree the next steps of The Lab;
  - The Secretariat will clarify ongoing arrangements for The Lab, including potential role of The Lab in taking pilots forward, including a possible second analytic cycle.

To assist Principals, The Lab Secretariat in consultation with the Project Management Group, has defined key terminology;

- **Endorsement**, the public approval (linking to a media announcement) of the technical design of instruments, noting their readiness for implementation, and where possible, highlighting potential partnerships that will make this possible. Public endorsements may also recognize the instrument's potential but recommending additional analysis or partnership building before implementation.
- **Support** refers to the range of concrete commitments Lab Members undertook to provide to support moving from talk to action and can include specific institutional, technical, political and financial support.

Since The Lab's inauguration, there has been considerable focus on what would constitute 'success'. The success of The Lab will be largely defined by the outcomes of this meeting and public perceptions that The Lab has met, or is well on its way toward meeting, its stated goal of moving quickly from talk to action. There are strong expectations that at this stage, ideas for instruments have progressed from concept and design phases, through to pilot ready projects backed by real money. A final push to take ideas from concepts to pilots is needed to fully realize 'success'.

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Consistent with commitments for institutional specific support made by all Lab Members one year ago, the hope is that:

- Members from governments will actively support implementing and piloting Lab endorsed instruments, for example, in the context of existing bilateral and/or multilateral funds, or through other avenues of financial or political support;
- Members from private entities will offer concrete support including potential financial engagements among their peer institutions or technical assistance;
- Members from institutions responsible for offering various financial instruments are open to promote and support instruments identified for piloting, as appropriate.

Consideration for options to support a successful continuation of The Lab's work beyond the first Lab cycle is also crucial, to ensure adequate support is available to encourage implementation of pilots once instruments are endorsed.

The meeting will convene Lab Principals and Lab Advisors, along with instrument proponents, key contributors and observers (for example representatives of the Green Climate Fund, European Commission and the philanthropic community have been invited). Roundtable discussions will be informal and will include Members, proponents, implementing entities and the Lab Secretariat.

In preparation for the meeting, the Secretariat will distribute the final reports for each instrument on 2 April 2015.