

# Overview

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The Global Innovation Lab for Climate Finance is a public-private initiative that identifies, develops, and supports delivery of cutting edge climate finance instruments. It aims to drive billions of dollars of private investment into climate change mitigation and adaptation in developing countries.

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*Since launching in 2014, The Lab and its initiatives have been endorsed by the G7 and collectively attracted nearly USD \$200 million in initial funding for the pilots.*

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## KEY ACHIEVEMENTS

The Global Lab has identified, developed, and delivered several initiatives with potential to mobilize private finance at scale. These initiatives were selected from nearly one hundred proposals, based on their innovativeness, catalytic and transformative potential, and actionability.

### Energy Savings Insurance

Energy Savings Insurance is an insurance product that covers the expected value of savings generated by energy efficiency investments for energy service providers and equipment providers. This is in order to encourage business investment in energy efficiency, particularly from small and medium sized businesses in developing countries, by reducing risks. This instrument can absorb up to 80% of underperformance risk.

The pilot is currently underway in Mexico, led by the Inter-American Development Bank with support from the Danish Energy Agency.

*Progress:*

- *Pilot currently in place in Mexico, which will stimulate USD \$25 million in investment in 190 energy efficiency projects by 2020*
- *Expansion underway to replicate in Latin America*

### Climate Investor One

Climate Investor One (formerly The Climate Development and Finance Facility) combines three innovative investment facilities into one to facilitate finance for early-stage development, construction, and refinancing in order to fast-track renewable energy projects in developing countries. The aim is to mobilize at least USD \$2 billion in private finance for wind, solar, and hydro projects out to 2020.

The pilot is being taken forward by FMO, the Netherlands Development Finance Company, in partnership with Phoenix Infracore from South Africa. The pilot will finance nine projects to deploy 300 MW of renewable energy, with 7-21% less capital required than a typical project.

*Progress:*

- *GBP £50 million commitment from the UK government*
- *USD \$450 million in strong interest*

## Agricultural Supply Chain Adaptation Facility

The Agricultural Supply Chain Adaptation Facility partners with agribusiness companies to provide local farmers with technical assistance and access to finance for climate-resilient investments. It is a value chain finance platform, where multilateral development banks partner with agri-business corporations to pass through finance and technical capacity on improving climate resilience and adaptation to farmers.

The Inter-American Development Bank, in partnership with Calvert Investments, is piloting the facility in Latin America and the Caribbean.

*Progress:*

- *Strong interest from potential corporate partners as a first step to a pilot*

## Long-Term Foreign Exchange Risk Management

The Long-Term Foreign Exchange Risk Management instrument provides tools to address currency and interest rate risk for climate relevant projects in developing countries, by locking in long-term finance in local currencies. By addressing a major investment barrier, currency risk, it can support USD \$1.5 billion of clean investment projects.

TCX and IFC (International Finance Corporation) are the implementing agencies for a pilot with the aim of mobilizing up to USD \$2 billion in hedging capacity.

*Progress:*

- *In discussions with the Rwandan government and utility to launch a pilot*
- *Strong interest from development banks to fund a pilot*

## PARTNERS AND FUNDERS

The Global Innovation Lab for Climate Finance's members include high-level representatives from governments, insurance companies, pension funds, investment banks, project developers, and development finance institutions from across the world.

The initial analytical and secretariat work of The Global Lab's first cycle has been funded by the UK Department of Energy & Climate Change (DECC), the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB), and the U.S. Department of State, with in-kind support and management from Climate Policy Initiative (CPI). For the second cycle, additional support will be provided by the Netherlands Ministry for Foreign Affairs, The Rockefeller Foundation, and Bloomberg Philanthropies.