FiCS Lab Incubator Guidelines
Cycle 3 | September 2026

Overview and Purpose of the Guidelines

The Finance in Common Innovation Lab (FiCS Lab) is launching the third cycle of the FiCS Lab Incubator. The Incubator supports public development banks and/or equivalent public financial institutions (jointly referred to here as PDBs) to develop and pilot innovative financial instruments aimed at increasing their ability to catalyze climate finance by providing direct technical assistance (TA) and procuring external development partners on behalf of the PDBs.

The FiCS Lab invites interested PDBs and their chosen development partners—civil society organizations, think tanks, universities, legal firms, consultants, and/or other entities with an understanding of the local context—to submit proposals for instruments that target climate finance in emerging markets and developing economies (EMDEs) and that demonstrate innovation, actionability, and clear pathways for impact.

Applying consortia must include both a PDB from an EMDE and up to two external development partners to work with Climate Policy Initiative (CPI) in developing the instrument. MDBs, bilateral DFIs, and other public entities not based in EMDEs (international or based in developed economies) may apply if they partner with a national or subnational PDB based in an EMDE, along with a development partner.[1]

Selected proposals will receive up to EUR 350,000 in grant funding, disbursed directly from CPI to the development partner(s), to support the instrument's development. While the funds will be provided to the development partner to support instrument incubation, the ultimate beneficiary of the activity should be a PDB, and the PDB must be deeply engaged in the effort. Successful proposals will also receive TA from a dedicated team of CPI analysts for a period of 9 months to help incubate the proposal, and an additional year of light-touch support to facilitate implementation. The PDB is expected to provide a value-in-kind contribution through staff time and expertise. **We strongly encourage applicants to carefully review section 4** for further details on financial and technical support.

[1] As the FiCS Lab's primary goal is to support EMDE financial institutions, such as regional, national, and subnational development banks, PDBs outside of EMDEs must have an agreed upon EMDE PDB partner. Regional MDBs or development banks, i.e. those serving an EMDE geographic region and smaller than the joint-reporting MDBs, are welcome to apply as a singular entity. Please direct any questions about your eligibility to the FiCS Lab team at FiCSLab@cpiglobal.org.

The process (detailed further in Section 5) starts with a competitive call for proposals, with the following subsequent phases:

- **Call for proposals:** September 14, 2026 – January 17, 2027
- **Selection:** January 2027 – March 2027
- **Awardees announced:** April 2027
- **Contracting:** April 2027 – May 2027
- **Instrument Development:** June 2027 - March 2028
- **Follow-up support:** March 2028 - March 2029

Applications will be accepted in English or Spanish, although CPI communications and support will be conducted in English[2]. Successful applicants will be expected to be able to engage with the development partners and the CPI team in English, including on technical subjects, and to be able to present their project to international audiences.

This Guidelines document provides details on eligibility and criteria for selection, the financial and technical support offered to selected proposals, and components of the incubation phase for selected proposals. Applicants can view a PDF version of the application form on the FiCS Lab website, as well as the link to the application submission platform, called Submittable, opening September 14, 2026.

For questions and/or clarifications, please reach out to the FiCS Lab Secretariat at ficslab@cpiglobal.org

[2] If you would like to submit a proposal in a language OTHER than English or Spanish, please reach out to the FiCS Lab team at FiCSLab@cpiglobal.org to ensure we have proper translation and evaluation abilities.

TABLE OF CONTENTS

1. About the FiCS Lab

Finance in Common (FiCS), the Inter-American Development Bank, and Climate Policy Initiative (CPI) have partnered to operationalize the FiCS Financial Innovation Lab (FiCS Lab), with CPI as the Secretariat and financial support from the Children's Investment Fund Foundation and other philanthropic funders.

The objective of the FiCS Lab is to help public development banks and/or public financial institutions (jointly referred to here as PDBs) address barriers to climate finance by sharing best practices, developing replicable approaches to climate instruments, and providing technical support to move ideas through development to implementation. Based on the FiCS Cartagena Final Communiqué of September 2023, the vision of the FiCS Lab is to bring together PDBs around an action-oriented platform to accelerate the implementation of climate finance by fostering innovation and collaboration among PDBs in mobilizing private capital and expanding climate finance, particularly in emerging markets and developing economies. The FiCS Lab works across three main pillars.

Pillars of operation:

The FiCS Lab works across three main pillars:

- **Pillar 1, Knowledge Sharing:** Disseminating and discussing best practices and innovations in climate finance.
- **Pillar 2, Policy Dialogue:** Supporting a variety of innovative and proven approaches to facilitate the implementation of replicable climate finance instruments and strategies.
- **Pillar 3, Incubation Support:** Providing financial and technical support for the incubation of innovative financial instruments through a competitive call for proposals.

2. Pillar Three: The FiCS Lab Incubator

The FiCS Lab Incubator supports PDBs and other equivalent public financial institutions in EMDEs in developing and implementing innovative financial instruments that will allow them to expand their efforts to drive climate finance and achieve climate mitigation and adaptation goals in their regions. It aims to build capacity and accelerate new financial instruments by providing direct technical assistance (TA) and procuring external experts or services to support the PDB.

There are two elements of support:

1. **Grant funding to procure external services from development partners.** These services could include consulting or advisory services, legal advice, or targeted research. The services can be delivered by a think tank, consultancy or financial advisors, legal advisors,

researchers/academics, or local organizations.[3] The grant funding will be disbursed directly from CPI to these providers. Please note that, due to regranting restrictions, the FiCS Lab Incubator cannot provide financial support directly to PDBs, nor to development partners based in the USA. The development partner model of the FiCS Lab allows CPI to procure the services of a development partner on behalf of the PDB.

2. **TA from the CPI analyst team.** CPI will leverage over 10 years of experience and expertise in running the Global Innovation Lab for Climate Finance (the Lab) to serve PDBs in developing financial instruments suited to their unique contexts. The Lab has supported the launch of 87 such instruments to tackle barriers in critical sectors and regions, with a 54% mobilization rate, totaling a little over USD 5 billion for climate action in EMDEs. Please see section 4.2 for examples of TA provided by the CPI team.

Proposals are sought from consortia consisting of at least one PDB (or other similar public entity) and at least one development partner. The PDB will be considered as lead applicant, and proposals will be evaluated on the instrument's potential impact and benefit for the PDB partner, the expertise and applicability of the PDB(s) and development partner(s), and the instrument's technical strength. Please see section 3.1 Eligibility for further information on the requirements for the consortia.

3. Incubator Proposal Eligibility and Evaluation Criteria

3.1 Eligibility

THE INSTRUMENT

Proposals must feature an innovative financial instrument that aims to increase climate finance flows or adaptation or mitigation impacts in the target region, accompanied by an opportunity for the PDB to pilot the instrument in the near term. For the purposes of the FiCS Lab, climate finance encompasses investment, financial tools, vehicles, and models needed to support mitigation and adaptation activities for a low-carbon and climate-resilient economy.

Innovative financial instruments could be either new instruments or existing instruments that address market challenges more effectively than current solutions but are not currently in use or are outside the PDB's business-as-usual approaches. Examples of relevant financial instruments include, but are not limited to:

[3] Development partners must bring necessary expertise and capacity to the project. A wide variety of institution or consultant types can be accepted, so long as they are applicable to the project. If sub-contracting is necessary by the development partner, we will request detailed information on the type of contractor.

- Bonds and other debt instruments
- Structured funds, equity vehicles
- Insurance products
- Pay-per-service models
- Securitization structures
- Results-based and conditional payment structures
- Hedges/swaps
- Blended finance instruments, e.g. guarantees

The FiCS Lab can also support new approaches to climate finance that impact and support greater climate finance goals, such as investment data tools and platforms, or investment taxonomies tailored to domestic needs.

The FiCS Lab does not support the development of individual, real-sector projects.

Geographic focus: The proposed instrument should target EMDEs, aiming to address specific challenges to the deployment of climate finance and support domestic financial institutions in the target region(s). **Geographic diversification will be sought to the extent that the criteria are met.**

Stage of instrument development: The FiCS Lab is open to proposals for innovative climate finance instruments that have passed initial feasibility or scoping exercises and have internal support. The proposed instrument and supporting institution(s) should be ready to enter a pilot phase within twelve months after the incubation period ends, to leverage CPI's ongoing light-touch support. The list below outlines the various stages that are appropriate for proposals to fall under for the FiCS Lab Incubator.

> **1) Initial development:** Target market may have been identified, but many details on the concept and financial product remain missing. Internal capacity is in place to support development.
>
> **2) Proof of concept:** Target audience has demonstrated interest and initial assessments demonstrate feasibility, yet details on instrument structure and pathway to market are still unclear. Modeling has not been completed.
>
> **3) Pre-pilot:** Instrument has developed a viable product; initial financial modeling is complete, with few details to still be developed.

Topic Focus: The FiCS Lab Incubator is open to financial instruments that address a range of climate topics, and proposals with a focus on adaptation are especially encouraged to apply. Examples of topics include regenerative agriculture, energy transition, renewable energy uptake, water and resource management, and urban adaptation and resilience. Please see the FiCS Lab website for examples of previous instruments.

THE APPLICANTS

The consortia of partners MUST include the following:

1. One PDB or similar public entity (see below), based in an EMDE. MDBs, bilateral DFIs, and other public entities from developed economies are invited to partner with a PDB based in an EMDE. **The lead applicant should be the EMDE-based PDB partner.**
2. At least one but no more than two development partners, such as civil society organizations, consultants, or advisors that will provide essential technical assistance and expertise for the development of the instrument. CPI will also provide an analyst team to support the instrument, leveraging our experience from previous FiCS Lab cycles and 12 cycles of the Global Innovation Lab. The CPI team should be included in the scope of work and roles and responsibilities, for more info see section 4.2.

The PDB partner(s) should be a subnational, national, or smaller regional development bank or equivalent public financial institution based in an EMDE.[4]

MDBs, bilateral DFIs, and other public entities that are not based in EMDEs, instead headquartered in international or developed economies, are eligible to apply ONLY IF they partner with a national or subnational public entity located in an EMDE.[5] At least one of the public finance entities MUST be headquartered in an EMDE. Any partnerships must be agreed upon by all banks ahead of the application.[6]

PDBs that are current or potential members of the FiCS coalition, which includes a diverse range of institutions committed to supporting the alignment of finance with sustainable development goals and the Paris Agreement on climate change, are particularly encouraged to apply. Please direct any questions on this requirement to the FiCS Lab Secretariat at **ficslab@cpiglobal.org.**

For successful proposals, the PDB partner(s) will be required to sign an MOU with CPI and possibly a non-disclosure agreement (NDA) that supports data sharing to facilitate instrument development. The PDB should be prepared to complete all required due diligence and MoU processes within 10 weeks of notification of selection. If these requirements are not completed

[4] Regional development banks, in this context, refer to public financial institutions that work across multiple countries within a specific region, such as in the Caribbean or in West Africa, but are smaller than the main MDBs.
[5] Development banks headquartered in developed economies must have a partner PDB that is a smaller national or sub-national entity headquartered in an EMDE, even if most of the development bank's work takes place in EMDEs, as the aim of the FiCS Lab is to strengthen domestic financial institutions.
[6] Applications that include this kind of MDB/DFI to NDB/sub-NDB partnership will be evaluated with a stronger weight on scale and replicability than on Lab Fit, given the size of MDBs/DFIs.

within this timeframe, the FiCS Lab reserves the right to withdraw the offer of support and proceed with another applicant.

The development partner(s) can be a variety of organizations, including civil society organizations, private sector actors, legal advisors, consultancy firms, academic institutions, and technology providers. The role of the development partners is to provide expertise and knowledge to enhance the design, implementation, and scalability of the proposed innovative financial instrument. Development partners will provide complementary expertise to the TA provided by CPI and the expertise of the public development bank. **Applicants are strongly encouraged to work with development partners whose teams are based locally to the bank/the target region.** Where development partners are not locally based, proposals should clearly demonstrate how the partnership will promote capacity development in the target geography and strengthen PDB expertise. Please note that due to grant restrictions, we cannot provide financial support to any development partner staff based in the USA.

Grants are intended to fund the procurement of additional, specialized capacity to support the PDB applicants and will be disbursed directly to development partners. CPI will hold a sub-grant contract directly with the development partner detailing disbursement schedules and deliverables. As the funding will come directly from CPI, no official procurement procedure should be necessary from the PDB. Please see the budget section for more details on the permitted use of grant funds.

The development partner(s) should be prepared to complete all required due diligence and contracting processes within 10 weeks of notification of selection, and no contracts can be signed before the MOU between CPI and the PDB is complete.

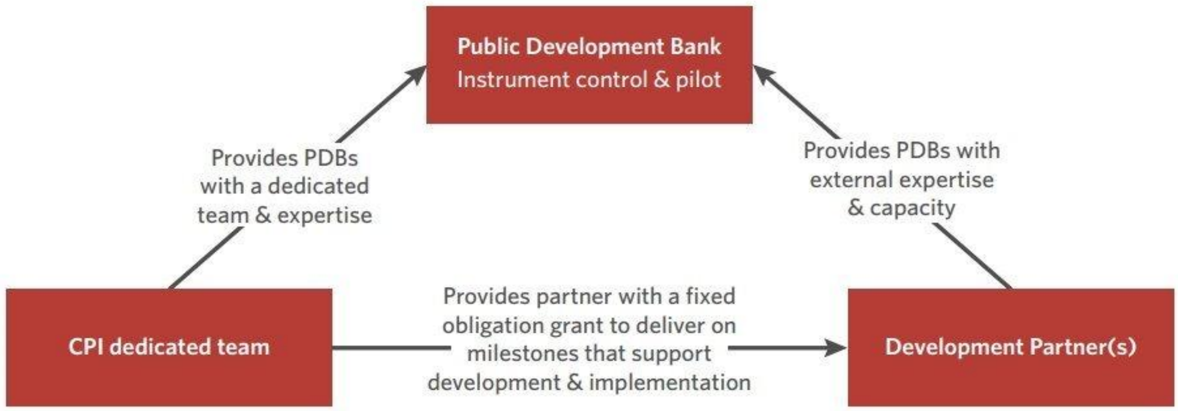
The partnership between the PDB and development partner(s) does not need to be fully formalized (i.e., signed MoU or partnership agreement) at the time of application, but discussions should be sufficiently advanced that all partners agree to be identified in the application. Under exceptional circumstances, it may be possible to modify a partnership between the time of submission and the grant awards, subject to the judgment of the FiCS Lab Selection Committee.

FiCS Lab Incubator Partnership Model

The figure below shows how the PDB(s), development partner(s), and CPI will collaborate on the development of the instrument. Please note that the division of labor will look slightly different if there are multiple PDBs or development partners as part of the consortium.

In conjunction with the development partner, CPI's analyst team will help refine the financial instrument and support the PDB to begin the pilot phase. We expect that selected consortia may benefit from multiple types of TA during the incubation period. Proposals should identify potential kinds of TA required to support the development and piloting of the financial instrument (see section 4.1 Technical Assistance).

Table 1. FiCS Lab Incubator Partnership Model



3.2 Evaluation Criteria

Submitted proposals will be evaluated against four criteria: instrument basics, actionability, financial and operational sustainability, and project team and budget. These criteria are described below. **Geographic diversification will be sought to the extent that the criteria are met.**

INSTRUMENT BASICS

The Instrument Basics section in the application covers the foundational information about the proposed instrument including what challenge/opportunity it is addressing, the mechanics, and how it is innovating beyond existing solutions in the market.

Instrument Overview and Mechanics should include a clear and concise description of what the instrument is, why this instrument is well-positioned to address the challenge or opportunity, and how the instrument would work. The application also requires a graphic of the instrument mechanics, and we kindly request that applicants only upload the requested mechanics graphic and no additional application materials. Any additional written materials will be disregarded during the review.

For the FiCS Lab, instruments are considered innovative if they are either i) a completely novel instrument, ii) an existing market instrument that addresses market concerns in a more effective manner, or iii) an existing instrument intended for use in a new target context or region that requires tailoring to the next context or region. Additionally, an innovative instrument should directly or indirectly tackle barriers to the PDB's ability to attract or provide climate finance. The instrument may address barriers by targeting hurdles to climate finance that are currently unaddressed by the market or by providing solutions that are more effective than existing methods. Overall, the FiCS Lab does not require completely new instruments, but is looking for instruments that demonstrate an innovative aspect to overcome key barriers or characteristics of the target sector or region.

ACTIONABILITY

Actionability refers to the feasibility of developing the proposed financial instrument in the target market(s) within the 9-month allotted time frame of the FiCS lab, and the feasibility of piloting the instrument by the PDB within a year after the incubation support ends.

This section includes questions on what activities, milestones, and tasks would need to be undertaken as part of the incubation period to be able to have a pilot-ready instrument, and who between the PDB partner, development partner(s), and CPI team would be responsible. The proposed work program is not final, and selected proposals will have time to work with the CPI team and development partners to further refine the proposed activities and responsibilities.

In addition, the section requests an overview of any anticipated project pipeline and/or demand for the instrument that has been scoped to date, understanding that additional scoping on demand and project pipeline may be required during the incubation period.

This section in the application survey also requires an overview of the potential risks to the instrument's development and pilot, and whether the existing regulatory environment permits (and does not hinder) the use of the instrument. Please include both internal risks, such as bank approval processes or other potential bureaucratic delays, and external risks. The FiCS Lab acknowledges that there are risks associated with piloting a new financial instrument, and does not require no or low risk environment, but does require an adequate assessment of the risk and an approach to mitigate/address the potential risk(s).

FINANCIAL AND OPERATIONAL SUSTAINABILITY

This section aims to assess the long-term sustainability of the instrument from both an operational and financial perspective and better understand how it will fit into existing bank operations.

For the purposes of the FiCS Lab, financial sustainability refers to whether the instrument will rely on external funding to function, and if so, if the instrument design includes a flow of funds from reliable and predictable sources both for piloting the instrument and for its post-pilot phase. Applicants are requested to include what sources of financing will provide any initial capitalization of the instrument and what stage, if any, of discussion the bank is at with these sources. Applicants are also encouraged to include and/or reiterate from the Instrument Basics section any mechanisms by which the instrument will make any revenue that can be rechanneled into the instrument.

Kindly note that the CPI team is able to support the development of pitch materials and facilitate select and targeted introductions to potential sources of financing after a collaborative assessment during the incubation phase. However, CPI can in no way act as a broker between parties, provide investment advice, or endorse an idea or instrument. CPI will be able to provide selected applicants with a clear policy outlining these limitations to selected applicants.

Operational sustainability refers to whether and how the instrument fits within the PDB's operations and approach to climate finance. The FiCS Lab is looking for proposals for instruments that will have a "home" at the bank and support bank priorities, strategies, and long-term vision on climate finance. In addition, the FiCS Lab is keen to hear whether the instrument contributes to broader national climate goals.

PROJECT TEAM AND BUDGET

Project Team: The FiCS Lab seeks proposals that demonstrate internal commitment within the PDB and development partner, including the time of appropriately qualified staff, to dedicate to the development, piloting, and long-term operation of the instrument. The application will request a list of team members from the PDB(s) and development partner(s) with additional information on each member such as title, location, gender, and whether they are the team lead. Applicants are permitted to include roles that are not currently staffed but will be part of the project if selected (e.g. Sustainability Analyst, TBC).

Within the personnel charts, we request that the time commitment from each team member is included in the chart. This should indicate over the course of the development period how much of their total work time will be dedicated to the project. For example, if it is planned for someone to dedicate around 8 hours a week in a 40-hour work week to the project, their time commitment should be listed at 20%. If there are team members whose time commitment will fluctuate throughout the duration of the development period, please average an appropriate percentage that reflects their proposed contributions. For example, if a technical team member will only be needed for 10 days concentrated in the middle of the development period for a particular deliverable, their commitment can be estimated somewhere between 2-5% to demonstrate their contribution.

Please note that at this time, the FiCS Lab is unable to support development partners or sub-contractors based in the USA.

Budget Narrative: Please use the budget narrative to provide a description of the proposed use of funds, particularly making sure that non-personnel expenses such as travel, events, and subcontractors are clearly described.

Subcontractors: Please ensure that your budget does not include any unnamed sub-contractors over EUR 50,000and kindly use the budget narrative and additional notes section in the budget spreadsheet to provide a brief explanation of the contractor's role in the development period. All sub-contractors will be required to agree to the CIFF code of conduct and all requirements in both the CIFF and CPI contracts.

Budget proposals are required for all development partners. Development partners are instructed to provide budget details for the requested financial assistance by personnel, subcontractors (if applicable), events & workshops, and travel. PDBs are instructed to provide details on **the value-in-kind (ViK)** offered by the PDB through staff time and expertise dedicated to this project. Kindly note that the PDB(s) will not be able to receive any funding from the Incubator grant.

Budget instructions:

- **Percent of Annual Salary:** This is calculated as (salary allocated to this project ÷ total annual salary) x 100. This number should match the Time Commitment percentage in the personnel table earlier in the section.
- **Personnel – Direct**: Costs for individuals directly working on the project.
- **Personnel – Indirect:** Costs that refer to project support staff not directly involved in delivery, but necessary for the implementation, such as finance and HR staff.
- **Subcontractor:** Payments to external individuals or organizations providing specific project services.
- **Events & Workshops:** Costs related to organizing or participating in events/workshops, such as venue, catering, and materials.
- **Travel**: Relevant for necessary in-person coordination between development partner(s) and PDB(s), workshops, and international meetings. Includes airfare, ground transportation, lodging, and per diem related to project activities.
- **Overhead**: General administrative costs necessary for project implementation but not directly tied to a specific activity (e.g., office rent, utilities, internet, supplies). **Overhead cannot exceed 10% of the total project cost.**

Each development partner will be required to produce a budget according to the parameters above using the **Development Partner Budget linked here**. Please download and complete before submitting in the application. The table below is a representation of the budget template found at the link above. The budget template spreadsheet includes three tabs:

- **Instructions**: Covering the parameters listed above. Please review these in detail before completing the budget template.
- **Sample Budget**: Providing a model for the information and formatting we are requesting.
- **Budget Template:** The blank template we request each partner to download, complete, and then provide to the PDB submitting the application for upload to the **Submittable portal** along with the full application.

Table 1. Development Partner Budget Template

Expense Category	Title and Department	EUR Value	% of annual salary	Notes

			(personnel only)	
Personnel – direct total				
(please add rows as needed to list personnel on this project)				
Personnel - indirect total				
(please add rows as needed to list indirect personnel on this project)				
Sub-contractor(s)				
Events & Workshops				
Travel				
Subtotal				
Overhead (10% limit)				
Total				

Original Currency	Exchange Rate to EUR	Source & Date for Exchange Rate

4. Funding and Technical Assistance

The FiCS Lab will support the selected innovative financial instruments with both grant funding to the development partners and TA directly from CPI analysts.

4.1 Grant Funding

For the 2026-2027 cycle, the FiCS Lab will allocate up to three grants to selected proposals. Submitted budgets should be up to EUR 350,000. Final allocation will be determined by CPI based on the number of proposals selected and following consultation with successful applicants. Total grants for each selected proposal will not fall below EUR 100,000 or exceed EUR 350,000.

Permitted Use of Funds

Grant funds are intended to support eligible entities in developing and piloting financial instruments that are additional to existing activity and require specialized resources not available within the PDB's usual operations or capacity. This funding is not meant to provide general budget support or finance business-as-usual operations of the PDB or the development partner. The budgets will be assessed based on the proposed impact versus cost to ensure all selected projects are as impactful and efficient as possible.

Funds will be disbursed directly to the development partner(s) and cannot cover direct or indirect expenses incurred by the PDB. The PDB is expected to provide value-in-kind contributions, e.g., through staff support, although CPI may support travel expenses as needed. If the development partner(s) also plan to attend international events, they are expected to include travel in their budget proposals.

Eligible activities for grant funds could include, for example, the procurement of specialized advisory, consultancy, or legal services necessary for creating a new financial product. This is not an exhaustive list, and any activities that are not explicitly excluded below may be proposed. Selected proposals may receive partial awards, and the FiCS Lab team may remove or modify specific activities in consultation with successful applicants.

Excluded Activities

Selected consortia will be required to confirm that funding will not be used for any political or lobbying activities in the final contract.

- Political and lobbying activities include but are not limited to direct or indirect participation or intervention in any political campaign on behalf of (or in opposition to) any candidate for national, state, or local public office.
- Political activity includes, among others, the publication or distribution of oral or written statements supporting or opposing a candidate, as well as contributions to political parties.
- Lobbying can be either:
    - Direct lobbying through communications with legislators. Any communication with a member or a staff person of a legislative body or any other government official or employee who may participate in the formulation of legislation that both a) refers to legislation, and b) reflects a view on the legislation.
    - Indirect (grassroots) lobbying through communications with the public. Any communication that is addressed to the general public or any part of the public that both a) refers to legislation, b) reflects a view on the legislation, and c) directly or indirectly encourages recipients of the communication to take action regarding the legislation (a "call to action").

Disbursement

Funds will be disbursed directly from CPI to the development partner(s) in tranches following a predetermined schedule of deliverables specified in a Fixed Obligation Grant. Any and all disbursement of funds, as well as the required financial and narrative reporting from development partners, will be conducted directly between CPI and the development partner without the involvement of the PDB.

Development partners of shortlisted applications will be asked to provide a preferred disbursement format and clear rationale for any deviation from the standard process.

Both the PDB partner(s) and development partner(s) are expected to complete CPI's due diligence requirements. Additionally, a Memorandum of Understanding (MoU) will be signed between each PDB partner and CPI. A sub-grant contract will be signed between each development partner and CPI, with all MoU and contract documents directing the funding to the identified services and solidifying expectations and value-in-kind contributions from the PDB. A non-disclosure agreement (NDA) is included in both the MOUs and sub-grants.

4.2 Technical Assistance

In addition to grant funding, selected consortia will receive TA from the CPI team to help incubate and develop their proposed financial instruments. TA teams will include two CPI analysts, each dedicating approximately half of their time for nine months. After this intensive incubation phase, the financial instruments will receive lighter support for an additional 12 months, with two CPI analysts committing 15% of their time to support during the pilot stage.

The CPI analysts can provide a range of support activities, to be agreed with the applying PDB. This includes data analysis and financial modelling, detailed work plans and schedules, and research that leverages specialized knowledge in relevant areas of policy and climate finance. In addition, TA activities may focus on capacity building, stakeholder engagement, and reporting and documentation. When necessary, external experts will be brought in to provide additional knowledge or perspective. Please refer to the list below for examples of potential TA activities from the CPI team:

- Design and testing of financial instrument mechanics
- Target market research and analysis
- Market sounding with expert working group members
- Financial modeling
- Environmental and social impact modeling
- Development of implementation pathways and milestones
- Support the development of investor pitch materials
- Mapping of potential capital mobilization

Applicants are asked to include information about the kinds of TA they are requesting from the CPI team. This is indicative and will form the basis for discussion with the FiCS Lab team. The final TA package will be agreed upon in consultation between successful applicants and the FiCS Lab team and will not be limited to the pre-selected TA options.

The TA provided by CPI and the services provided by the development partner are intended to work collaboratively, with both integral to instrument development. This collaboration can take various forms based on the needs of the project. In different instances:

- CPI and the development partner may distribute different tasks, for example, with one taking the lead on instrument design while the other leads on market research, with each reviewing the others' findings.
- CPI and the development partner may work closely on a single task, such as stress testing a financial instrument or conducting stakeholder outreach.

Selected incubator efforts to date have included a combination of these approaches. In all instances, the PDB is expected to be deeply involved in the instrument development, to ensure the final instrument addresses the bank's needs and fits within bank operations.

TA will not be able to support activities related to addressing regulatory barriers to implementing proposed financial instruments. The application will request a clear outline of any regulatory barriers that may impact the feasibility of the financial instrument.

Kindly note that the CPI team is able to support the development of pitch materials and facilitate select and targeted introductions to potential sources of financing after a collaborative assessment during the incubation phase. However, CPI can in no way act as a broker between parties, provide investment advice, or endorse an idea or instrument. CPI will be able to provide selected applicants with a clear policy outlining these limitations to selected applicants.

5. Selection Process

5.1 Call for Proposals

The call for proposals for the 2026-2027 cycle will launch on September 14, 2026, supported by an series of informational webinars. Please visit the FiCS Lab website for more information on the webinars and to register. Interested applicants are encouraged to attend to learn more about the eligibility requirements, selection criteria, and selection process. PDFs of the application questions, FAQs, and guidelines will be available on the FiCS Lab website.

Applications should be submitted via the Submittable platform through a single application process (no expression of interest necessary). Applicants can find a PDF of the application questions on the FiCS Lab website for reference and will be asked to complete these questions as well as upload the budget and value-in-kind proposals on Submittable. Please note that while the CPI team will be able to provide clarifications and feedback on questions about applications over email, the applications must be submitted through Submittable and not via email.

Interested applicants may contact the CPI Secretariat team at FiCSLab@cpiglobal.org with questions and requests for clarification throughout the application period. During the application period, the FiCS Lab Secretariat team at CPI will be available for 30-minute meetings to provide clarification on the guidelines and application. Interested applicants are encouraged to reach out via email (ficslabs@cpiglobal.org) to schedule a call. **The FiCS Lab team is not able to provide comments or feedback in writing, or to review applications.**

The application window will close at midnight US Pacific Daylight Time on January 17, 2027. Applications received after this deadline will not be accepted.

5.2 Review Process

Proposals submitted in response to the call will be assessed against the FiCS Lab criteria described above.

1. The FiCS Lab Secretariat will screen all submissions using the FiCS Lab selection criteria (outlined in these guidelines) to produce a shortlist of eligible, high-quality ideas.
2. Shortlisted applicants may be contacted to arrange an interview as part of the screening process. Unsuccessful applicants will be informed of the status of their proposal.
3. Shortlisted applications will then be reviewed by the FiCS Lab Selection Committee, consisting of representatives from the FiCS Lab governing committee of Finance in Common, Inter-American Development Bank, and independent, third-party experts. The Selection Committee will identify a small cohort of finalists.
4. Contingent upon successful completion of the due diligence checks and contract finalization, the selected proposals will be notified in early April 2027.

Throughout the process, applicants may be contacted by the FiCS Lab Secretariat to request additional information or provide clarification. We ask that applicants refrain from initiating contact with members of the FiCS Lab Selection Committee regarding their proposals while the assessment is ongoing.

All application materials will be shared within the FiCS Lab Secretariat and with the FiCS Lab Selection Committee. Any Selection Committee members who have a conflict of interest with regard to an applicant will be asked to withdraw themselves from the review of that proposal before application materials are shared. Details of applicants and proposals will only be shared with the selection committee at the finalist stage. Proposals that are rejected before the finalist stage will not be disclosed.

5.3 Due Diligence and Contracting

The FiCS Lab will conduct a due diligence and contracting process to verify the financial integrity, legal compliance, and potential risks associated with each finalist development partner—the grant funding recipient—prior to formalizing an agreement. This will be carried out by CPI on behalf of the FiCS Lab. Any sensitive documents submitted as part of the due diligence process (e.g., financial reports) will not be shared beyond the due diligence team. If needed, CPI can offer an NDA prior to the sharing of any documentation, if requested by the bank or development partner.

During the contracting process, CPI, the PDB, and the development partner will also determine the appropriate timelines, types of deliverables, and monitoring for each selected proposal. These agreed deliverables will be specified in the contract.

Kindly note that the FiCS Lab aims to complete the contracting/MOU process no later than 10 weeks after the accepted applicants are notified of their selection and will work with all partners to ensure that this process is facilitated to meet this timeline. If partners are unable to meet this timeline, selection will move to a runner-up proposal.

Once the due diligence and contracting process is complete, selected proposals will be publicly announced by CPI, IDB, and Finance in Common.

Please see below for a list of documents and policies that will be requested as part of the due diligence process. In cases where a PDB or development partner does not have one or more of the listed documents, the FiCS Lab team will work with the entity to fulfill due diligence requirements with alternative approaches. Current public liability and professional indemnity insurance will be required for all development partners and PDBs.

- Prior 2 years audited financial statements;
- Current annual budget (the contract includes a confidentiality clause, but an interim NDA can be arranged if necessary);
- Legal registration in the countries where the organizations are present and/or acting (if possible) (not required for Public Development Bank);

- Current public liability and professional indemnity insurance (required);
- Security standards certificates (for example, HMG Cyber Essentials or Cyber Essentials Plus);
- Certification for recognized management system standards (for example, ISO 9000, ISO 14000, ISO 27000);
- Policies, codes, or guidelines on the bank's human resources (HR) policies;
- Policies, codes, or guidelines on fraud, anti-corruption and bribery;
- Policies, codes, or guidelines on modern slavery and human trafficking;
- Policies, codes, or guidelines for child protection;
- Policies, codes, or guidelines for zero tolerance on sexual abuse, exploitation or harassment;
- Policies on privacy and data protection;
- Policies and procedures for risk management;
- Policies on Conflict of Interest;
- Policies on Procurement (not required for PDBs).

6. Incubation and Development

During the incubation phase, selected consortia will work with the CPI TA team to develop, test, and finalize the design of their proposed financial instrument. The goals of activities under this phase are to bolster the innovative character of the proposed instrument within its context of operation and clearly identify requirements for its financial sustainability. The incubation phase will span nine months following contracting and initiation of the work. During this time, CPI will provide technical and operational support to the PDB to complement and facilitate the work being carried out by the development partner. This support will entail approximately half of two CPI analysts' time over the course of nine months.

Areas of work during this phase can include:

- **Instrument mechanics:** An in-depth analysis of how the instrument would operate, including the types of organizations and skill sets required to implement the instrument and achieve impact.
- **Assessment of the innovative aspects of the instrument:** Analysis of the risks and barriers faced by investors in the instrument's target markets, highlighting those which are addressed by the instrument, those which may remain unaddressed, and how the instrument would perform compared to existing instruments in target markets.
- **Assessment of financial sustainability and identification of a strategy/approach to achieve it:** An in-depth investigation into how the instrument could be financially sustainable in the long term, mobilize private finance, and address potential challenges to achieving its intended long-term objectives.

- **Identification of the context where the instrument would operate:** Identifying the sectoral and geographical scope of the instrument within PDBs in EMDEs. This assessment is essential for defining the instrument's market test and evaluating its potential to address barriers and mobilize climate finance.

7. Deliverables and Monitoring

Deliverables and monitoring activities are intended to support the selected consortia in meeting milestones and effectively contributing to the broader impact of catalyzing innovative climate finance instruments in EMDEs. During the contracting process, CPI, the PDB, and the development partner(s) will determine the appropriate timelines and types of deliverables and monitoring for each proposal, which will inform the disbursement of funds under the Fixed Obligation Grant. The agreed deliverables, outlined in a milestones document, will be included within the signed contract and will be the foundation for assessing progress throughout the development period

The PDB, development partner(s), and CPI will connect on a weekly basis to discuss instrument development, including progress and challenges. Additional ad-hoc meetings can be expected as work progresses. Halfway through the incubation phase, development partners will be required to submit an interim report outlining work to date and budget spent. Interim report narratives will be 3-4 pages long, and development partner(s) will receive a template for both the narrative and budget report.

At the end of the nine-month incubation period, CPI will work with the development partner and PDB to draft an Incubator Instrument Report. The goal of this report is to provide a high-level overview of the instrument, its development, and its uses, including design feedback and expected market and climate impacts when piloted. This will be shared widely with FiCS members as a tool for knowledge dissemination and potential replication. No proprietary data will be included in this report. Proponents may also be asked to present at events organized by the FiCS Lab, such as the FiCS Summit, on the impact of the instrument and lessons learned.

8. Piloting

The FiCS Lab will select proposals that have the potential to be piloted within 12 months after the incubation period. Following the nine-month development phase, CPI will provide light touch support for a subsequent 12 months after incubation to support the public development bank in piloting the financial instrument. This will include up to 4 hours of support from CPI analysts a week in reviewing materials, facilitating introductions, etc.

9. Resources

Please see below for instrument reports from previous cycles of the FiCS Lab Incubator. These reports provide examples of the kind of activities undertaken during the development period.

- Instrument Report: The Regenerative Agriculture Fund: A scalable blueprint for Agri-innovation in EMDEs
- Instrument Report: DBSA - Financial instrument design for an effective carbon market in South Africa
- Instrument Report: UDB Currency Risk-Sharing Facility

In addition, please see below for a list of FiCS Lab Working Group Knowledge Products, for a sense of the additional work through the FiCS Lab:

- Role of Public Development Banks in Supporting Domestic Carbon Markets
- Climate-Resilient Debt Clauses: A primer for FiCS members
- Debt for Climate Swaps: A primer for FiCS members
- Managing Currency Risk to Catalyze Climate Finance
- Unlocking Climate Risk Insurance: The Role of Public Development Banks