



# Application Guidance for the Adaptation Finance Innovation Lab

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# Introduction

## 1 Purpose of the AFIL

The purpose of the AFIL is to unlock the potential of increasing regional adaptation finance flows by facilitating the ideation and development of financing approaches for innovative public or private sector financial instruments (and their associated business models). In doing so, we seek to develop new funding approaches that address some of the financial and economic barriers that European regions (and in particular, those participating in the Pathways2Resilience project) are facing and which cannot simply be removed through technical assistance alone.

These six concepts will be shortlisted from an open call for proposals to be launched on the 15th of January 2026, after which they will undergo 13 months of hands-on support that seeks to increase their bankability and set them up for success in securing investments after graduation.

Innovation in this context is defined as the creation of entirely new instruments or programmes, or the deployment of existing ones for the first time in the context of climate adaptation or for the first time in Europe. The experiment of running this Lab as part of the P2R project will seek to serve as a proof of concept for whether a service and a facility of this kind could be replicated and scaled.

## 2 Overview of how the AFIL will operate

During the lifetime of P2R, the Lab will operate over the course of two years, including a 13-month dedicated programme of support and “incubation activities”. This will involve four stages, summarised in the graph below:

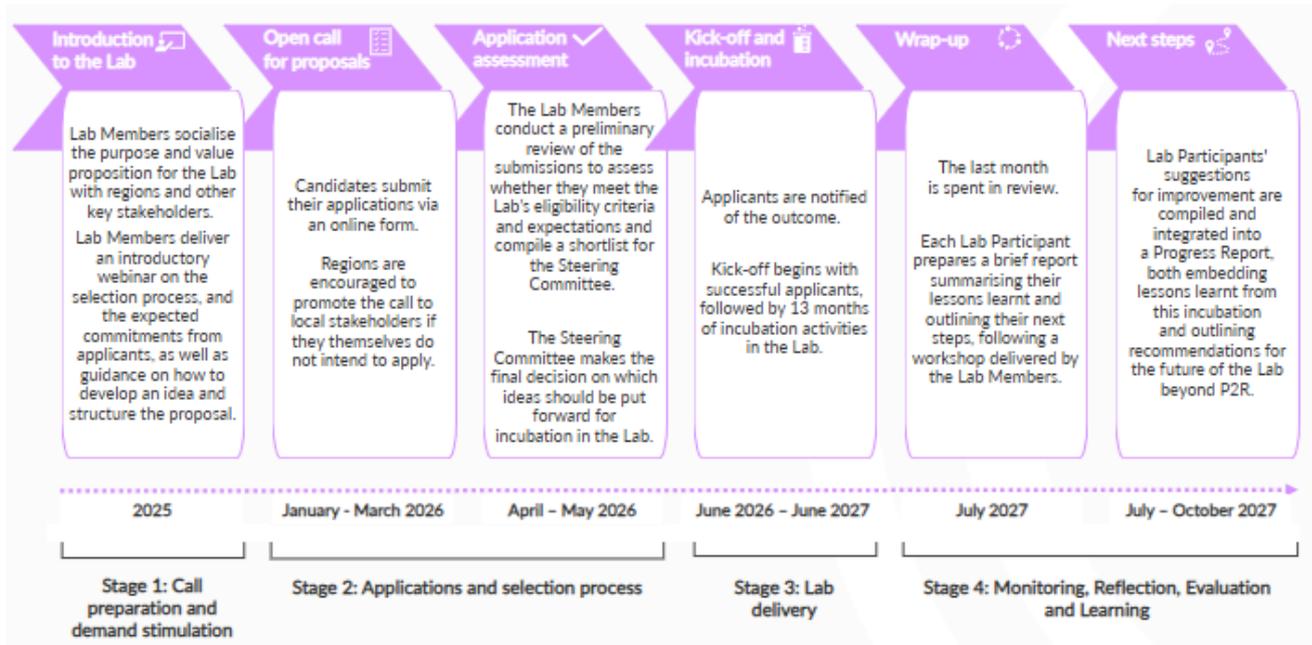


Figure 1: Overview of the four stages of the Lab's lifecycle during the P2R project.

### 2.1 Incubation Deep-Dive

Following a formal kick-off, the successful applicants will go through 13 months of “incubation” support, where they will develop, refine and validate their ideas. Figure 2 below provides an overview of the different phases comprising the Lab's incubation period and the activities that

underpin them, their format and sequence, as well as the specific asks from Lab participants and the expected outputs of each phase. Figure 3 further explains the different formats in which these activities will be undertaken and their advantages.

Phase & Objectives	Phase 1: Definition and development of idea (June 2026) Develop the initial idea in more detail based on targeted questions related to the deep-dive sessions in Phase 2. Provide a baseline for evaluation of the progress and learning that will be achieved in the Lab.	Phase 2: Understanding the core elements of the adaptation business model (July-September 2026) Equip participants with an understanding of the core elements involved in developing a new financing approach and enable them to begin to undertake those activities.	Phase 3: Defining and documenting the business model in detail and investor engagement (October 2026 – March 2027) Draft or revise the business model based on Phase 2. Improve the bankability of the projects through stakeholder engagement.	Phase 4: Finalising the business model (April 2027 – June 2027) Make final amendments to the business model based on all feedback gathered in Phase 3. Reflect on the whole Lab process and compare the final outcomes to the initial Baseline Reports completed in Phase 1.
Lab Activities and Format	Phase 1 Bootcamp Peer-to-peer Workshop: True innovation for sustainability & climate resilience Workshop: Introduction to financing adaptation: Common challenges, barriers and solutions	Phase 2 Bootcamp Peer-to-peer Workshop: From incremental projects to transformative instruments (practical examples) Workshop: Identifying and appraising possible Sources and Instruments Workshop: Stakeholder mapping (power/influence) Workshop: Quantification of impact Workshop: State of the art mapping Workshop: Benefits mapping Workshop: Costing and cashflows	Phase 3 Bootcamp Peer-to-peer Mentoring Pitch Day Networking: Regional engagement Networking: Project beneficiaries Networking: Possible sources Additional concept-focused engagement Workshop: Mapping barriers and enabling conditions Workshop: Approaches to refining and structuring projects to optimise bankability	Phase 4 Bootcamp Peer-to-peer Public dissemination webinar Feedback to P2R regions- e.g. IPGs / Capacity-building webinar
Participant Activities	<ul style="list-style-type: none"> <li>Familiarise themselves with the Lab process, its phases and key activities</li> <li>Undertake some initial awareness raising with key stakeholders</li> <li>Complete their baseline reports</li> </ul>	<ul style="list-style-type: none"> <li>Attend the workshops, prepare for them in advance where required, and undertake the activities they focus on</li> </ul>	<ul style="list-style-type: none"> <li>Undertake the activities taught in the Workshops in Phase 2 and Phase 3</li> </ul>	<ul style="list-style-type: none"> <li>Update business model based on feedback received in Phase 2, and develop next steps</li> <li>Share learnings and reflections on the whole Lab process</li> </ul>
Outputs	<ul style="list-style-type: none"> <li>Baseline Reports from Lab participants</li> </ul>	<ul style="list-style-type: none"> <li>Templates for Lab participants to facilitate their undertaking of the activities taught in the workshops</li> </ul>	<ul style="list-style-type: none"> <li>Business model canvas</li> </ul>	<ul style="list-style-type: none"> <li>Updated and finalised business models, including learnings from the Lab and next steps</li> <li>Lab Progress Report</li> </ul>

Figure 2: High-level summary of the four phases of the Lab’s incubation period and the activities that underpin them.

<p><b>Bootcamp:</b> An introductory session at the beginning of each phase, seeking to provide an overview of the learning objectives for that phase, the activities that will take place, and the expectations from participants.</p>	<p><b>Networking:</b> Curating and facilitating opportunities to meet and interact with key stakeholder groups essential for the successful deployment of the proposed concept.</p>	<p><b>Mentoring:</b> One-to-one tailored mentorship support sessions to the Lab participants, providing the space and time to deep-dive into the specific challenges of each concept development. Other technical experts may be pulled in to provide their insights and expertise.</p>	<p><b>Public dissemination webinar:</b> After the Lab participants have had a chance to make final amendments to their concepts based on the feedback received in Phase 3, there will be a public dissemination webinar showcasing the six graduates from the Lab.</p>
<p><b>Workshop:</b> Interactive, online training sessions on different technical topics that are fundamental for designing a successful business model.</p>	<p><b>Peer-to-peer:</b> Curated online sessions where participants can share their reflections on the Lab process to-date, raise questions in a group setting, and provide and receive feedback on their progress between themselves or with the Secretariat.</p>	<p><b>Pitch Day:</b> An opportunity for Lab participants to present their proposed instruments in front of investors, challenge-owners or other relevant stakeholders and get feedback.</p>	<p><b>Feedback to P2R regions:</b> P2R-specific dissemination activities, either through the IPGs or through focused capacity-building webinars, with a view to evaluate in which additional P2R regions the graduated concepts could also be applicable and beneficial.</p>

Figure 3: Summary of the different format of activities during the Lab’s incubation period.

### 3 Application Overview

#### 3.1 Scope

The Lab will focus on developing concepts that will be applied to or directly benefit P2R regions. In this sense, applicants should ideally propose concepts for instruments and business models which unlock finance to address the specific climate risks faced by the particular P2R region where they intend to pilot that concept.

In more general terms, applicants should propose concepts which can ultimately help to address one or more of the eight risks deemed as needing “urgent” action by the [European Climate Risk Assessment](#) (EUCRA). The rationale behind this is that whilst the EUCRA did not undertake a detailed assessment of the finance needs and flows for individual risks, the urgency scores broadly indicate a need to boost the supply of finance and to address barriers and constraints. These are listed below:



Figure 3: The eight risks categorised as needing urgent action by the EUCRA. Note: Risks marked with an asterisk (\*) were evaluated with the high urgency score because of their severity in southern Europe. Source: Authors based on EEA, 2024.

## 3.2 Eligible entities

A wide range of public, private and third sectors will be eligible to apply for support from the Lab. Private sector companies, SMEs, entrepreneurs, think-tanks or academic institutions, research bodies and charities will all be eligible applicants alongside regional governments, local municipalities and public bodies. P2R Regional Governments will be equally welcome to apply, as long as they can commit the time and resources needed to co-develop and implement these concepts. Consortia comprised of different types of actors are also welcome and encouraged.

## 3.3 Eligibility & selection criteria

The basic eligibility criteria require applicants to be a registered European entity, and to be proposing to work in/with a P2R region.

Projects themselves are not eligible; rather, it is the business models and financial instruments that enable them that fall within the Lab’s scope. For example, the financing approach to developing a climate resilient school is eligible, but the project of designing and implementing the school itself is not. The project serves only as a by-product - a practical testing ground for piloting the innovative financial instrument or business model.

Although the Lab focuses on the instrument or model, having a concrete project example greatly enhances the design and development process. We therefore strongly encourage applicants to provide details about the projects they envision linking to their proposed financial instrument, regardless of whether those project plans are still emerging or are already well-developed.

Once the members of the Lab Secretariat conducting the review process have confirmed that these requirements have been met, they will evaluate each proposal based on the following selection criteria:

- **Innovativeness:** Applications will be scored based on whether the challenges they seek to address can be tackled through other existing initiatives for climate adaptation.

- **Alignment with thematic focus:** The extent to which the proposal addresses the 8 urgent risks identified by the EUCRA and/or the specific climate risks faced by the P2R region where the proposed instrument would be piloted.
- **Benefit to/impact in P2R regions:** The extent to which the applicants' proposed concept can benefit P2R subgrantee(s) and their geographies, including the alignment with regions' Climate Resilience Strategies and Investment Plans, which they are developing as part of their participation in the P2R project.
- **Impact and Scalability:** Proposed or potential impact of the proposal, including the ability to scale, replicability to other geographies/sectors.
- **Need:** Demonstrated need for the specific support offered by the Lab.
- **Ability to participate:** Demonstrated experience and technical capabilities to co-design their proposition in the Lab and to deploy it after. They also need to confirm that they can commit at least 0.5 FTE days per week to the process.

Additional weight will be given to proposals which secure the explicit endorsement and support of a P2R subgrantee.

An online application form will be uploaded on the day the call for proposals launches. Below is a detailed breakdown of the application format.

## 3.4 Application format

### 3.4.1 General

### information

Please provide the following information for the AFIL applicant:

- Name of applicant organisation
- Name of contact person
- Email for contact person
- Telephone for contact person
- Organisation type
  - Financial institution
  - Corporate
  - Non-profit
  - Asset manager
  - Other (*please specify*)
- Organisation country
- *Additional partners and associated general information*

### 3.4.2 Instrument Overview

- Provide an overview of the financing idea you are keen to explore – please include any potential sources you intend to target or instruments you envisage using. (Free text)
- Geographic scope
  1. Current
  2. Potential
- P2R endorsement: If you have received formal interest and/or are co-developing this financial instrument or business model with at least one of P2R's subgrantees:
  1. *Upload supporting documentation*

2. *Include how this financial instrument relates to P2R's deliverables*

- Which of the 8 urgent EUCRA risks will your proposal target?
  - Coastal ecosystems
  - Marine ecosystems
  - Biodiversity/carbon sinks due to wildfires
  - Crop production
  - Heat stress – general population
  - Population/built environment due to wildfires
  - Pluvial and fluvial flooding
  - European solidarity mechanisms
- Which additional climate risks will this concept address? (Multiple choice, multiple answers)

1. **Ecosystem:**

- Coastal ecosystems
- Marine ecosystems
- Biodiversity/carbon sinks due to wildfires
- Species distribution shifts
- Ecosystems/society due to invasive species
- Soil health
- Aquatic and wetland ecosystems
- Biodiversity/carbon sinks due to droughts and pests
- Cascading impacts from forest disturbances

2. **Food:**

- Crop production
- Fisheries and aquaculture
- Food security due to higher food prices
- Food security due to climate impacts outside Europe
- Livestock production

3. **Health:**

- Heat stress – general population
- Population/built environment due to wildfires
- Wellbeing due to non-adapted buildings
- Pathogens in coastal waters
- Health systems and infrastructure
- Infectious diseases
- Heat stress – outdoor workers

4. **Infrastructure:**

- Land-based transport
- Marine transport
- Energy disruption due to flooding
- Energy disruption due to heat and drought
- Damage to infrastructure and buildings
- Coastal flooding
- Pluvial and fluvial flooding

5. **Economy and finance:**

- Winter tourism
- Financial markets

- Supply chains for raw materials and components
  - Pharmaceutical supply chains
  - Population/economy due to water scarcity
  - Property and insurance markets
  - Public finances
  - European solidarity mechanisms
- Current development stage: (Multiple choice, single answer)
    1. **Basic Idea:** The idea is in an early-stage concept. Preliminary research has been done, but instrument structure, target market, and/or implementing partners have not been identified or defined.
    2. **Initial development:** The idea is undergoing research and testing but is not yet at a point which they can reasonably be deemed 'feasible'. Concept has been shown potential to work in practice, yet details on instrument structure and pathway to market are still unclear.
    3. **Proof of Concept:** The idea has been developed and tested to the point that it is in theory feasible, with further activity required to make the next commercial steps (pilot, product development, required agreements etc) happen. Instrument has developed a viable product, with few details to still be developed.
    4. **Pilot Instrument:** A pilot has been tested and financial vehicle development is nearly (or fully) complete.
    5. **Expansion:** Instrument is active and in scale-up mode, refining model, seeking out additional funding or operational partners.
    6. **Scale-up:** Instrument is already active and in scale-up mode, seeking out additional funding or operational partners, and/or replication in new sectors or regions.
    7. **Replication:** The instrument has been shown to work and is being replicated in sectors and/or geographies.

### 3.4.3 Support

**needed**

- Which of the AFIL's support offers are most valuable for you? (Multiple choice, multiple answers)
  - Quantifying the impact of the proposed concept.
  - Identifying the beneficiaries of the proposed concept and mapping its benefits to them.
  - Identifying the key stakeholders needed for the successful implementation of the proposed concept.
  - Benchmarking the proposed concept against similar ideas / initiatives / instruments.
  - Identifying the barriers and enabling conditions for the implementation of the proposed concept.
  - Quantifying costings and cashflows.
  - Identifying and appraising possible sources and instruments.
  - Developing an instrument or business model which delivers transformational and sustainable adaptation.

### 3.4.4 Instrument description in detail

All answers below limited to 500 words per question:

- **Define the problem statement.** Describe existing barriers that prevent finance from addressing the targeted climate risks in the targeted geographies. Argue why a new financial approach is needed.
- **Describe the financial instrument(s) or business model(s)** proposed, and how it shall overcome existing barriers and increase climate resilience. Highlight its innovativeness, complementarity and improvement – particularly in relation to existing options and initiatives, referencing all other relevant instruments/schemes already in place.
- **Identify the stakeholders who will be involved** in the development and implementation of the proposed financial instrument(s) and define what their roles are. In particular, detail the connections to the relevant local actors (e.g.: public institutions). Include technical expertise available in the involved organisation(s), as well as how it fits within their operations.
- **Detail the current stage of development**, describing achieved milestones and current work in progress. Also include future and past support received (e.g.: technical assistance from the EU Adaptation Mission), as well as other external validation (demonstrated interest by investors). Describe how the Lab's support can be relevant for the next steps.

## 4 Tips and next steps

The call for proposals will launch on the **15<sup>th</sup> of January 2026**. We also recommend consulting the Adaptation Finance Innovation Lab page on the [Pathways2Resilience website](#) periodically and consulting our social media channels for timely updates and news.

We also recommend that you consult the [Pathways2Resilience Visual Platform](#) to find out which regions are participating in the project, what their most pressing adaptation risks are and how to contact them.

We strongly encourage you to get in touch with the region where you plan to deploy your proposed concept in order to find out what their priorities are for their Climate Resilience Strategies and Investment Plans. Greater weight will be given to applications which can demonstrate collaboration with their host region.

For practical examples of the types of solutions that could be developed in a facility of this kind, you may wish to consult the reports from CPI's [Global Innovation Lab for Climate Finance](#). P2R's AFIL has a different scope and focus than the CPI's Lab, but it is nevertheless a helpful resource to exemplify the kinds of innovative financial instruments that can be developed to address key barriers to climate investment in emerging markets, and what the final outputs will be after graduation from the lab.

For more adaptation-focused innovative financing approaches in Europe, you may wish to consult [Glasgow City Region's Climate Adaptation Strategy and Action Plan](#).

For further queries and questions, please do not hesitate to reach out to [afil\\_p2r@climate-kic.org](mailto:afil_p2r@climate-kic.org)