Resilient Cities Asia-Pacific 2019

Innovative Financing for Sustainable Urban Development Projects

Crowdfunding

April 2019
The Challenge
Climate Change, Energy Poverty and Limited Natural Resources

1.1 billion people lack access to energy
95% live in Sub-Saharan Africa and Asia

More than 50% of the energy we consume is wasted
Global atmospheric CO₂ levels hit record high

Take a look around you. Is there anything we can do without electricity? Be it lighting, education, healthcare, productive work of almost any kind - everything requires electricity.

Sources: Energy Access Outlook, IEA (2017); Deneff; The Greenhouse Gas Bulletin; the UN weather agency’s annual flagship report.
The Problem
Financing the Gap

• Lack of capital
• High local interest rates
• Overemphasis on large-scale projects
The Solution
Power to the people

Crowdfunding the Global Energy Transition
What is Crowdfunding?
bettervest is uniquely positioned

Many people get involved by making individual small investments in a joint project.

Financial returns + product samples, coupons or discounts

crowdfunding

reward-based crowdfunding

donation-based crowdfunding

lending-based crowdfunding

equity-based crowdfunding

crowdinvesting

Projects
“At US$93 billion in 2018, the potential size of developing world crowdfunding would represent 1.8 times global venture capital investments” (World Bank, 2015)
Complementary services (developing countries)
bettervest vs. traditional banks

- CSR marketing
- Citizen participation
- Customer loyalty
- Social media
- Interest rates
- Financing volume
- Energy expertise
- Bureaucracy
bettervest Business Model
How it works

1. Once bettervest has approved a project for funding, UNDP conducts a pre-assessment of the potential impact of the project.

2. Individual Crowd-investors chose which project(s) to invest in and transfer their funds to an escrow account.

3. Project partners receive the collected funds in the form of a loan and implement the proposed energy measure.

4. After implementation, UNDP measures, monitors and reports on the achieved social and environmental impact.

5. The loan repayment occurs in annual instalments comprised of the principal and the return. Returns usually range from 5 to 10%.

Sustainable Development Projects

The project’s range is from 100,000 to 2.5 m. € in size and are only presented on bettervest.com following financial and technical due diligence processes.

INVESTMENTS

Escrow account

Crowd Investors

returns

bettervest receives a campaign success fee and yearly handling fee

Investors from Germany can invest between 50 € and 10,000 € in projects. Registration as well as investments are free of charge.

United Nations Development Programme
Time Horizon Overview
Cost and Savings for Project Owner

- Current costs
  - Energy costs
    - 10-20% direct savings
    - Returns
    - bettervest fee
    - Financial and Technical Due Diligence costs
    - Implementation costs
  - Long-term savings
    - Projected rise in energy prices

- Future costs
  - 10 years max.

- Funding reached
- Project starts
- All investors have been payed back

Years
bettervest Portfolio
geographical spread

39 International projects

11.5 m € funded

79 projects in total

Impact across 18 countries

Emissions reductions of 326,178 tons of CO₂
bettervest - Organic Growth
Since 2013 till now

• 79 projects
• > 11.5 m Euros invested
• > 6580 users
• > 13,000 investments
• 19,300 Facebook followers
• 100 % financing rate

*as of 23.03.2019
Sustainable Urban Development project
Business Model suggestion – Public, Private, People Partnership (PPPP)

- Project Owner (PO) (Owns and operates all assets and recoups investment through tariffs/fees/savings)
- State and/or City Govt.
- Ministry of X.
- Permits and Licenses
- Tendering and awarding of projects
- Project planning & development
- Land
- Risk mitigation securities
- Guarantees
- Technical Assistance
- Revenue model Backed by MoU with Community and Customer contracts
- Debt Investors, People Crowdfinancing
  on bettervest.com
- Donor/development Agencies, MDBs, Govt.
- Good example of Blended Finance for Sustainable Urban Development Projects

Financing:
- Project Assets
- Erection and commissioning
- O&M
- Bank Loan
- Private Equity investment by PO
- Debt Investors, People Crowdfinancing on bettervest.com
- Urban Community & End users
- Donor/development Agencies, MDBs, Govt.
Project Reference 1
Rooftop-Solar PV project with net-metering for a Hospital in Accra, Ghana

Photovoltaic system for the Family Health Hospital in Accra / Ghana - UMAWA
Solar
reaches in 89 days

- 7% Return
- 0% advance interest
- 7 years running time
- 183.350€ needed
- 26.17t CO₂ savings
- 183.350€ of 272 investors

Funding Threshold: 167000€

REACHED
Project Reference 2
Refinancing 1 MWp Solar PV project with feed-in tariff model, Cairo, Egypt

Megawatt photovoltaic system with grid connection in Egypt
Solar

8th% Return
0.5% advance interest
8 years running time
286,400€ needed
668t CO₂ savings

242,350€ of 337 investors

Funding Threshold: 50€

NOW FROM 50 € INVEST

risk warning
Project Reference 3
Energy Efficiency project for Hotel Magnetberg, Baden Baden, Germany
Local heating network with two CHPs and modernized boilers for the Wilhelmstadt Gymnasium in Berlin

6% Return
0% advance interest
8 years running time
600.350€ needed
621.08t CO₂ savings

418,150€ of 472 investors

Funding Threshold: 300,175€
Project Reference 5
Methane gas project for climate protection in Colombia

Landfill gas climate protection projects in Colombia
Process reached in 19 hours and 1 minute

8th% Return
0% advance interest
3 years duration
110.300€ needed
146.214t CO₂ savings
110.300€ of 195 investors
Funding Threshold: 77210€

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Project Reference 6
Water disinfection project for 60 Hospitals in Hungary

Water disinfection using REDO technology instead of electric boiler for 60 hospitals and schools in Hungary

Process successful in 121 days

7% Return
0% advance interest
7 years running time
279.450€ needed
282.9t CO₂ savings

186.800€ of 312 investors
Funding Threshold: 600,000€

COMPLETED
Partnerships
International Development Organisations

Existing co-operations

- giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
  Market Development, Nigeria
  Private Public Partnership
- UNDP United Nations Development Programme
  Impact Assessment of projects on SDGs
- UKaid from the British people
  Investor Risk Mitigation
- Fraunhofer ISE & Canopus Foundation
  Solar4All Competition & Project Sourcing
- WINROCK INTERNATIONAL
  Tech. & Fin. Due Diligence

Co-operations under development

- United Nations Framework Convention on Climate Change
  Social Impact Evaluation
- Sida SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
  First-Loss Guarantee
Team
Current Organisation
Operative Founders
Marilyn Heib – CEO / Head of Sales Engineer / Energy Expert
Evgenij Terehov, CTO Software Architect
Patrick Mijnals, Co-Founder, Head of marketing Future scientist
Core Members
Sissy
CFO
Olga
Finance
Sara
PR
Astrid
Marketing Manager
Johanna
Project Manager
Rohit
Strategic Cooperation and Business Development Manager
Lawrence
Sales/ Country Manager Nigeria
Christoph
Investor Relations Sales Real Estate
Mariana
Investor Support
Andreas
Sales Key Accounts Germany