



EU Green Week

How investors see innovative circular projects?

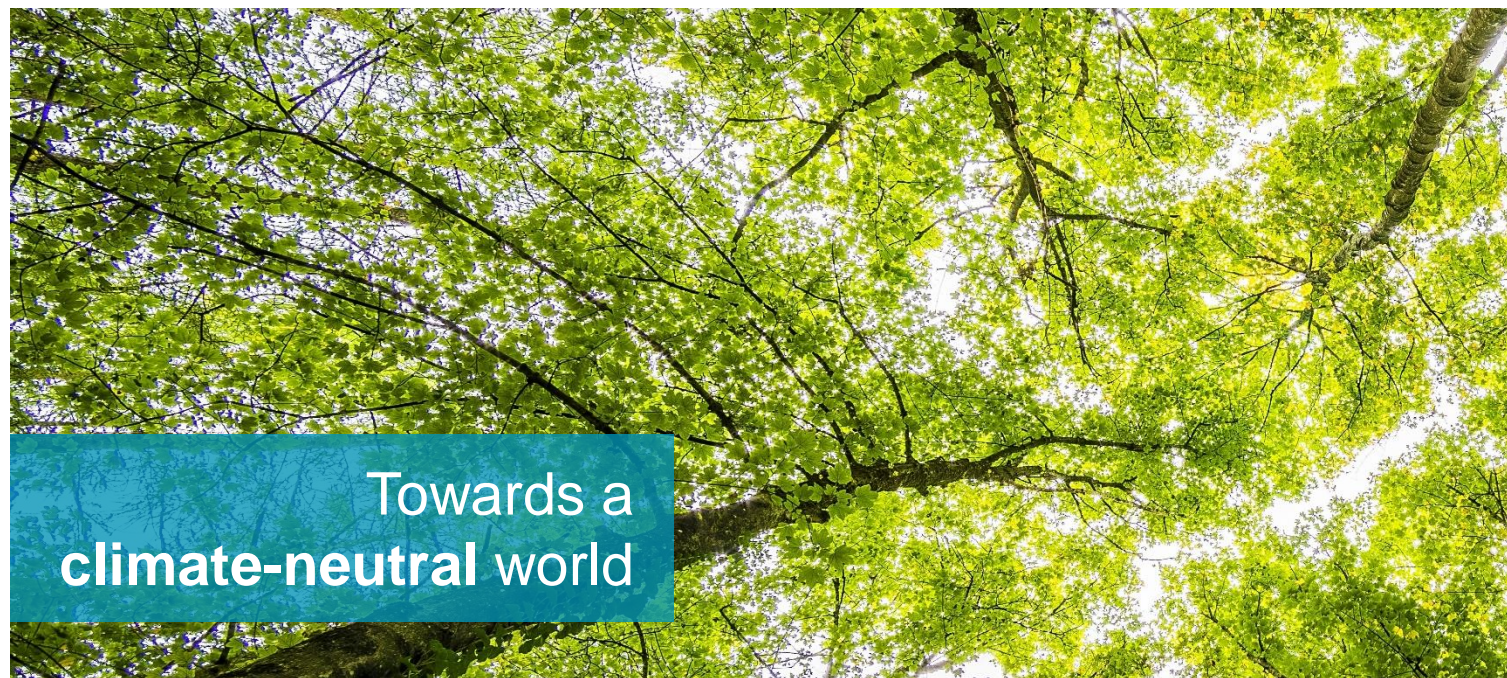
Jorge Rodrigues de Almeida



The HOOP project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement N°101000836

RdA Climate Solutions

RdA Climate Solutions is a Portuguese advisory boutique focused in bridging **finance** with **projects**.

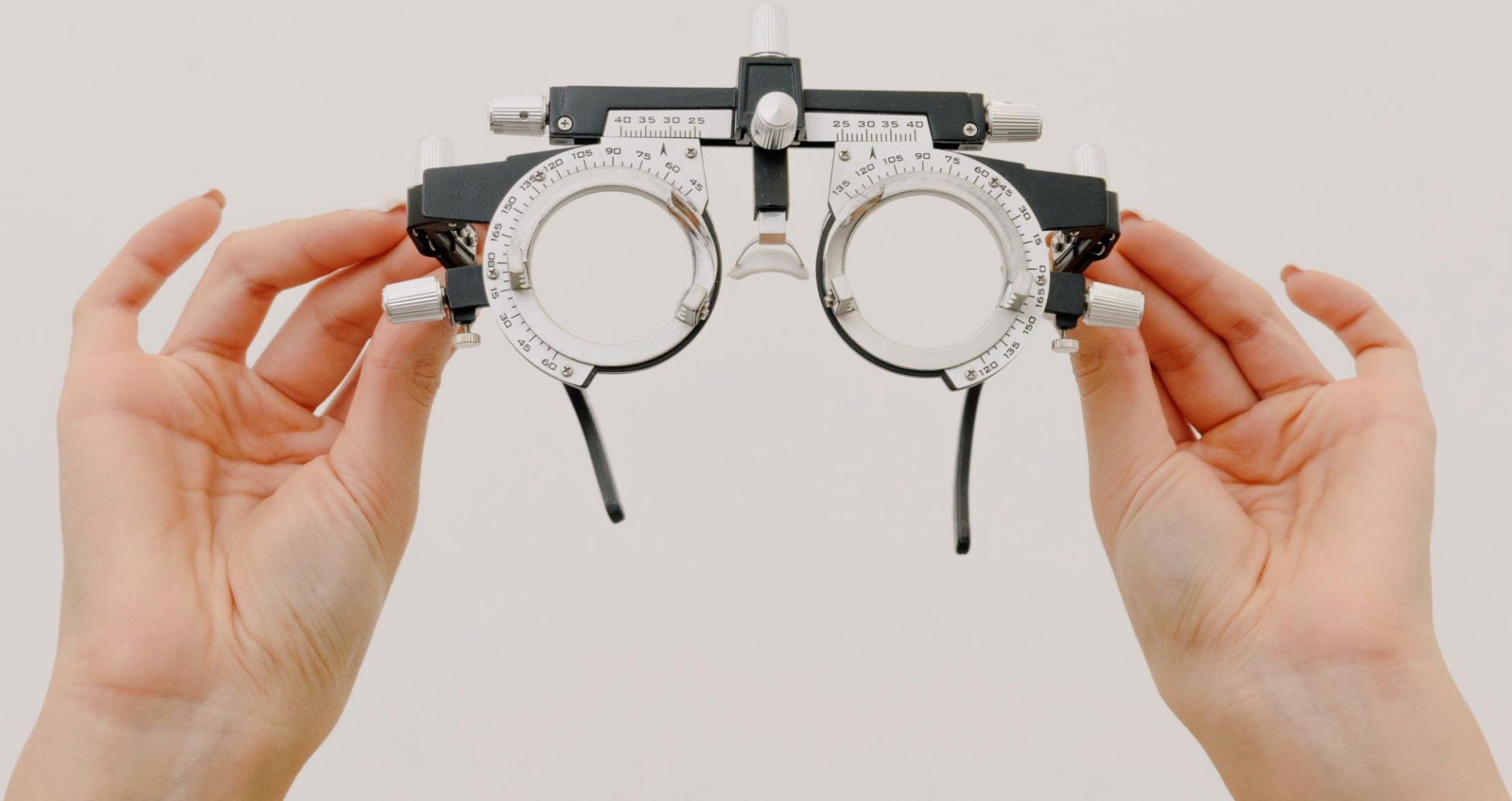


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CLIMATE SOLUTIONS
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How investors see innovative circular projects?







Financial gap

We've got projects,
but... we're looking
for money!

project developers



MIND THE GAP

We've got money,
but... we're looking
for projects!

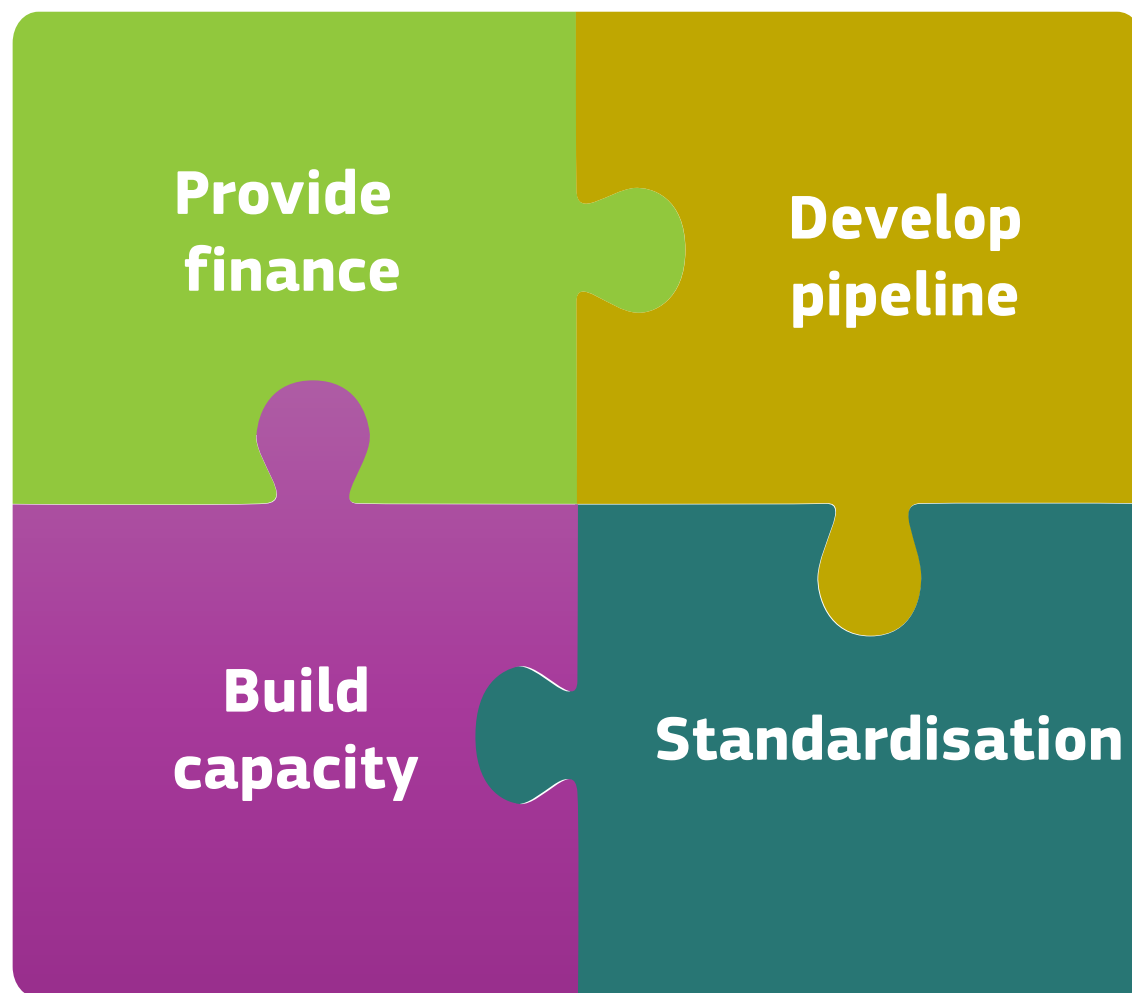
Financial sector



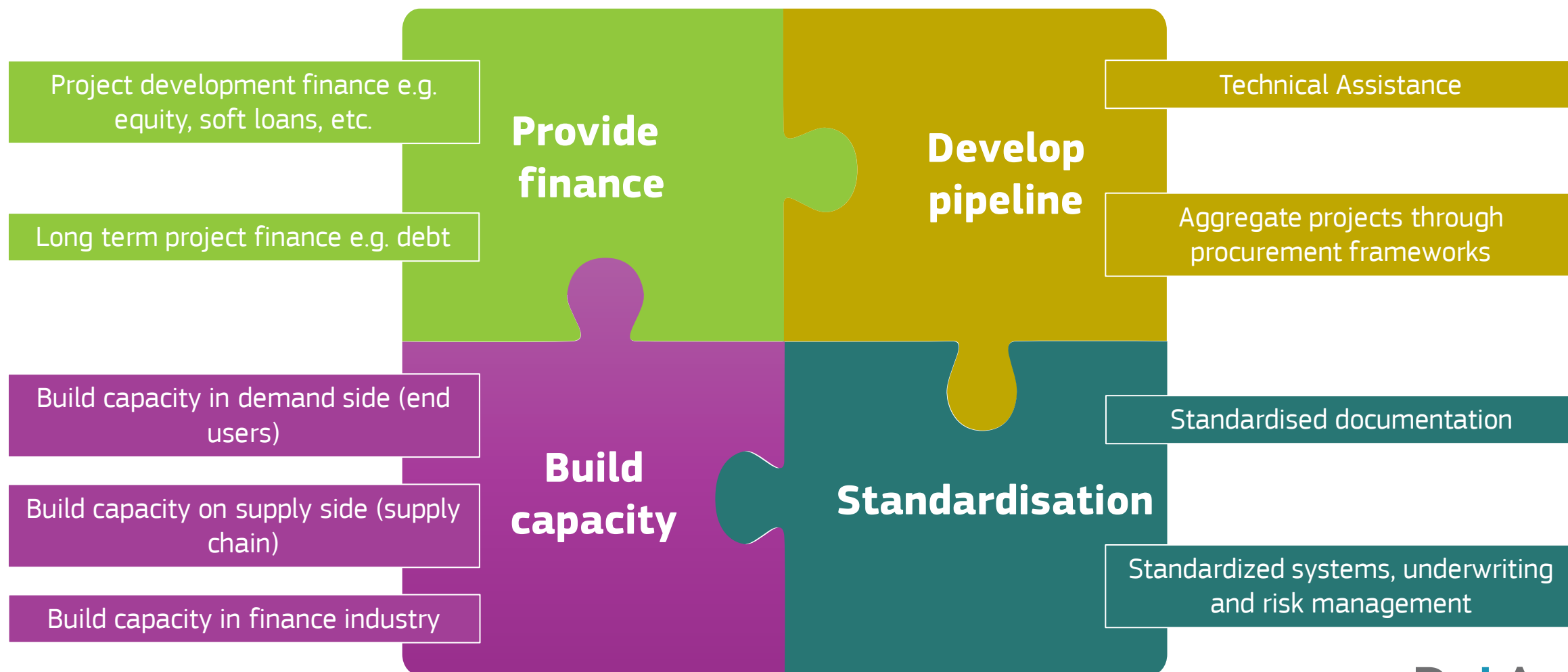
Why?

- **Circular business model innovation** can involve developing a completely new business model, or introducing a business model that is new to a company, even if it is considered fairly common in other companies or sectors.
- There is a lack of **financing tools** (e.g. standard evaluation methods or due diligence schemes) **for circular economy projects** in the market.

The sustainable finance puzzle



The sustainable finance puzzle



Business models - risk management

- From a risk perspective, observations in the financial sector demonstrate a **higher perceived risk of circular business models** as some are new-kid-on-the block

Circular business models are considered risky with uncertain returns and require de-risking tools This is due to the higher (perceived) risks of innovative business models in general

- **Financial institutions** need to **understand and integrate CE terminology and indicators into operations**, including **risk models**, in order to mitigate risks, as well as to identify business opportunities.

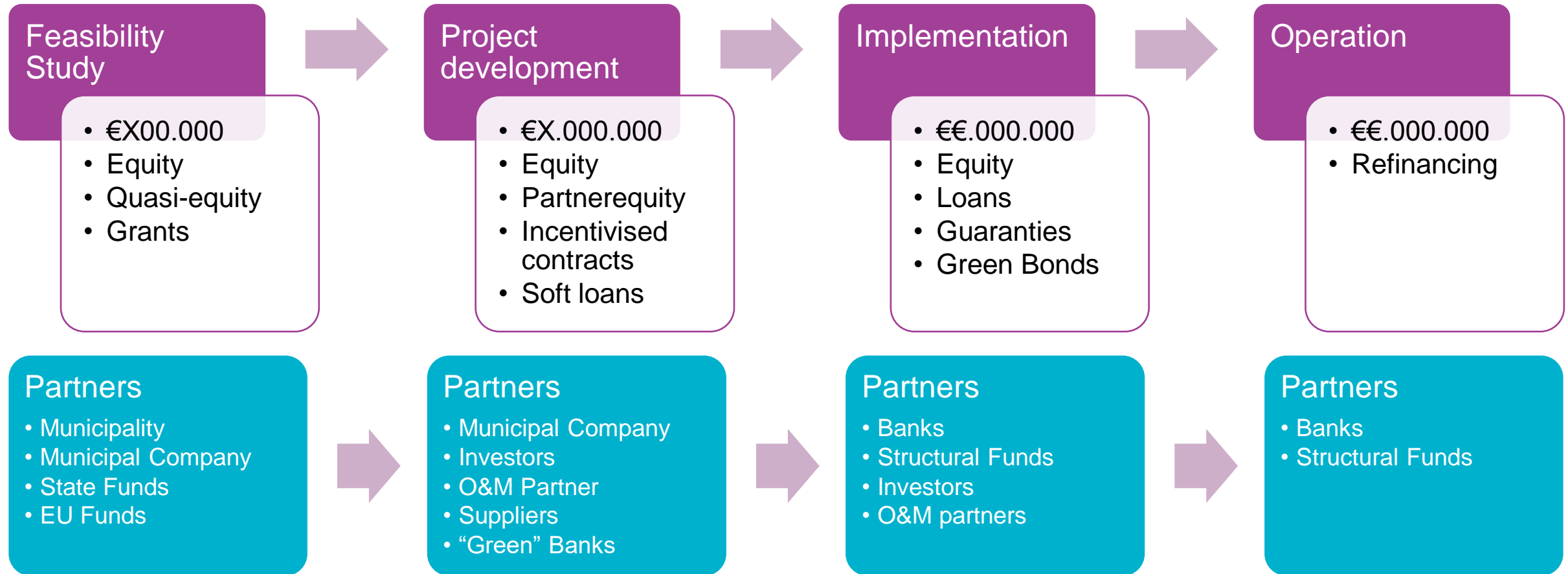
Business models - risk management

- Risk to be analysed / mitigated:



- Credit risk promoter/contractor
- Credit risk implementor/end client
- Regulatory risk
- Market risk
- Currency risk
- Technical risk
- Performance risk
- O&M risk
- Prepayment and payment risk
- Management risk
- Construction risk
- ...

Finance (e.g. depending on the development stage)



Finance



Alternative funding: alternative forms of funding such as crowd funding, leasing, etcetera.



Equity: funder invests money for a share in a project/company, earning a return from dividends or sale or share at increased value.



Grants: funder gives money to support a project and stimulate a certain development.



Guarantees: funder takes over (part of) the obligations if the debt cannot be repaid.

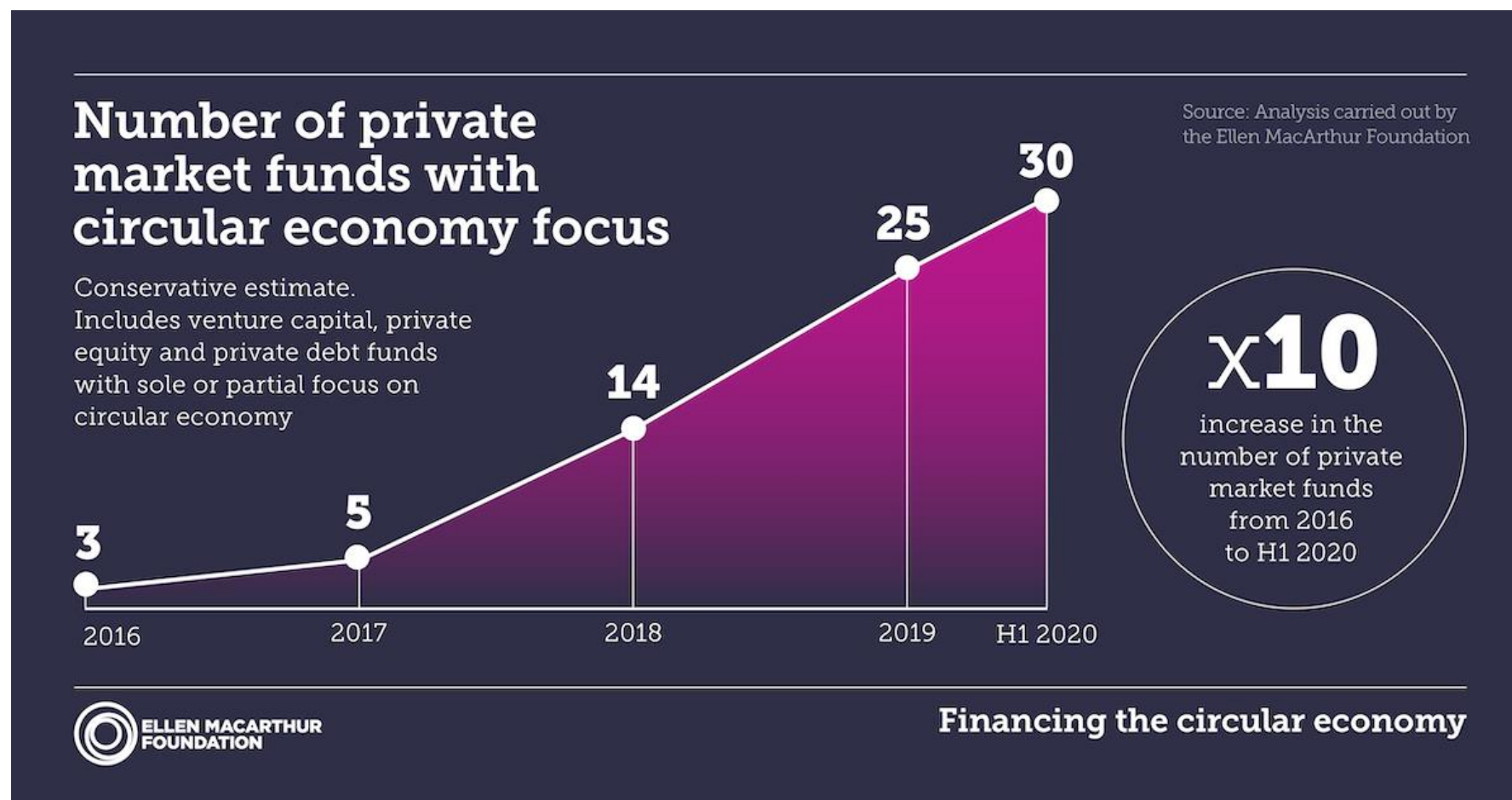


Debt: funder lends money to project/company that is repaid in instalments with interest.

Financial instruments

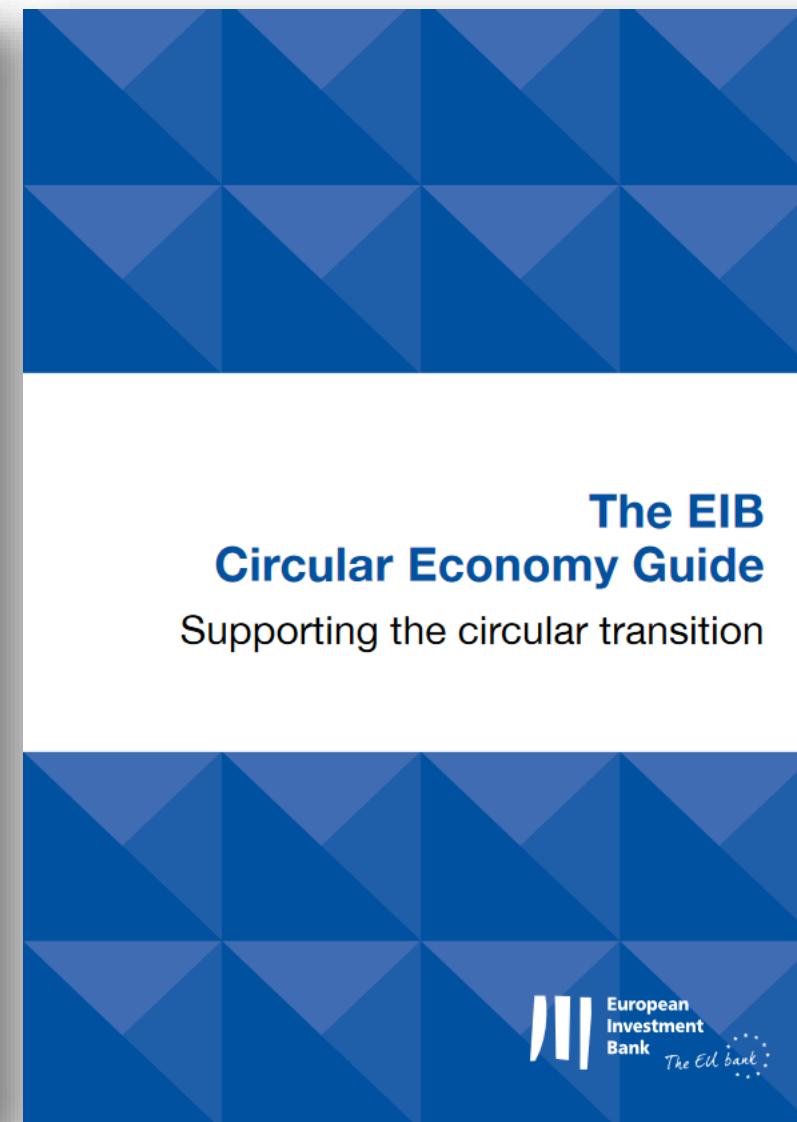
Financial instruments can provide additional opportunities for project promoters to finance their circular city projects. Some of these instruments have been developed recently, while others are well established. It should be noted, however, that there is little practical experience with applying these instruments in the circular context.

Circular economy financing market is taking off

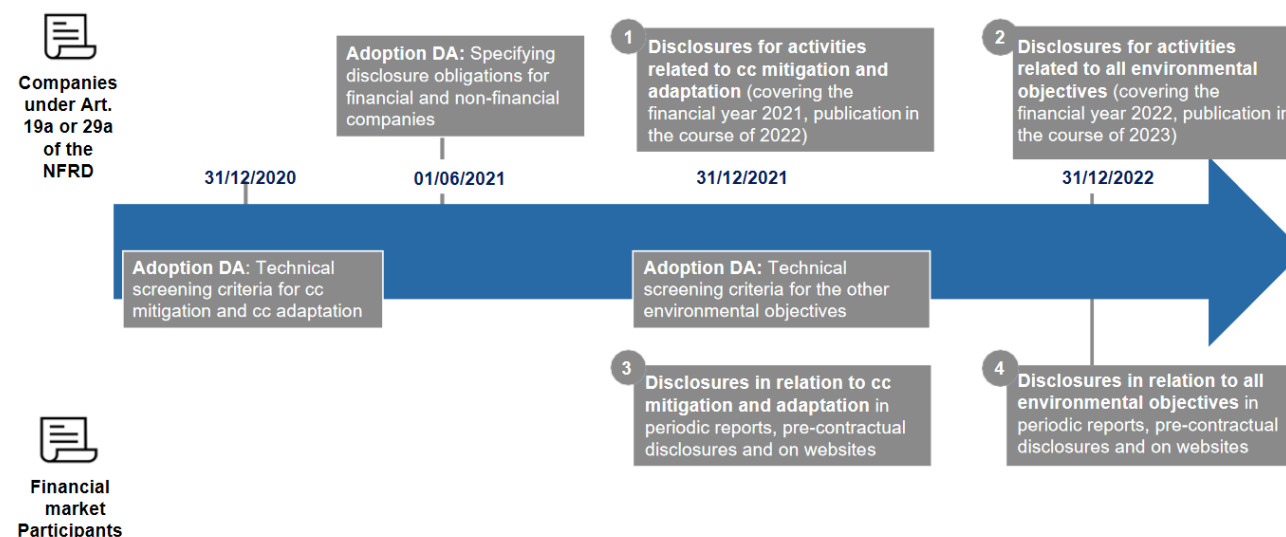


Don't reinvent the wheel













EU taxonomy for sustainable activities

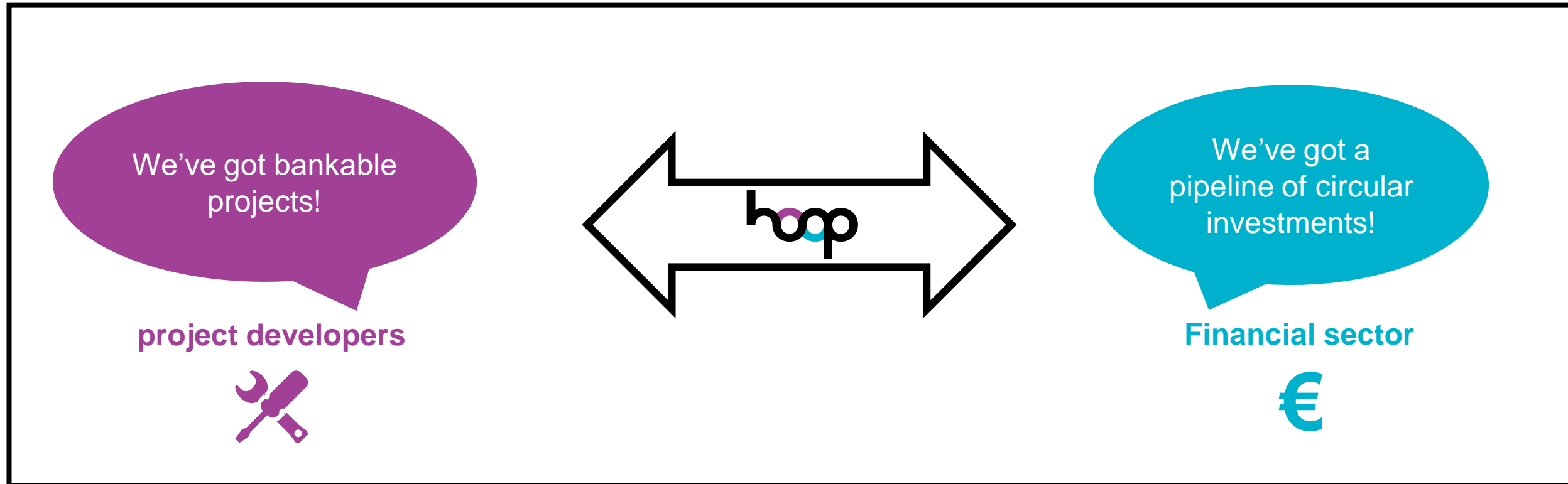


EU taxonomy

List of **economic activities** that make a **substantial contribution** to climate change mitigation

Classification		Environmental Contributions							
NACE Macro-sector	NACE Activity	1. Climate change mitigation (Substantial Contribution)			2. Climate change adaptation (DNSH)	3. Water (DNSH)	4. Circular economy (DNSH)	5. Pollution (DNSH)	6. Ecosystems (DNSH)
		Own performance	Enabling activities	Transitional activities					
	Water collection, treatment and supply	✓			✓	✓			✓
	Centralized waste-water treatment	✓			✓			✓	✓
	Anaerobic Digestion of Sewage sludge	✓			✓			✓	
	Separate collection and transport of non-hazardous waste in source segregated fractions	✓			✓		✓	✓	
	Anaerobic digestion of bio-waste	✓			✓			✓	
	Composting of bio-waste	✓			✓			✓	
	Material recovery from non-hazardous waste	✓			✓				
	Landfill gas capture and utilization	✓			✓			✓	

Financial gap



Circular Investor Board

- A group of **European banks, financiers, investors**, etc. as a sounding board for the development of tools for valuing and prioritizing initiatives, projects and business plans.


Join the Circular Investors Board

The HOOP project emerges to help unlock bio-based investments and deploy local bioeconomies in Europe through a systemic and cross-cutting approach.


HOOP will support a group of 8 lighthouse cities and regions with a variety of sizes, geographical distribution throughout Europe and different socio-economic context with **Product Development Assistance** building expertise to develop concrete investments to valorise Organic fraction of Municipal Solid Waste or Urban Waste Water Sludge with the aim of obtaining safe and sustainable bio-based products.

As part of the Circular Investors Board (CIB) of HOOP you can:


- help mainstream sustainable investments towards urban circular bioeconomy.
- co-develop tools and advise on requirements of investments.
- learn with peer-to-peer knowledge exchange.
- be involved in a cutting edge project and find investment opportunities.



1. Be part of the development of EU-level projects on the topic of urban biowaste and wastewater revaluation.



2. Collaborate with other leading financial Environmental, Social, and Corporate Governance (ESG) experts.




3. Shape EU wide investment opportunities and boost sustainable development.


Interested to join the CIB?

Go to hooproject.eu/circular-investors-board


Partners behind the Circular Investors Board:





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Innovation



BAX
& COMPANY
YOUR SUSTAINABLE AND TECHNOLOGY



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Questions





Thank you for your attention!

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