Waste2Worth Fund

Making money by limiting the negative externalities from post-consumer plastic waste generation

The Waste2Worth Fund tackles the issue of (bio-)plastics by financing upstream abatement activities such as the construction of industrial composting and recycling facilities. To enhance the financial feasibility of our investments, we are monetizing a solution that has been ignored by the markets for too long: Plastic Waste Offsets.

OPPORTUNITY

Our oceans and coasts are plagued by plastic pollution, and will soon be threatened anew by biodegradable, compostable plastic. Campaigns across the globe have brought the issue of conventional plastic to the forefront, with single-use plastic bans quickly spreading across coastal and island nations. Despite the promise of these efforts, we anticipate unintended consequences of such legislation. Namely, the flood of compostable plastics into countries with little understanding of or ability to finance the industrial processes required to break them down (since bioplastics cannot be recycled). Therefore in order to ensure sustainable management of the bioplastic lifecycle, external funding needs to be provided to finance waste management projects. Herein lies the challenge: ensure such investment opportunities are attractive and possess desirable risk-return profiles.

STAKEHOLDERS

Private Equity Investors: Seek impact investment opportunities with attractive risk-adjusted returns. Include family offices, HNWIs, foundations, sovereign wealth funds, and pension funds.

International Corporations: Seek a solution to tackle post-consumer plastic waste. Corporations such as BASF, Dow and P&G have committed to raise more than 1.5 billion to fight plastic waste by 2025.

Governments from Developing Countries: Seek infrastructure and systems to process bio- and conventional plastics.

SOLUTION

Funds raised by private equity investors will be used for:

1. Installing New Waste Management Infrastructure
2. Waste Collection and Sorting Systems
3. Community Education, Employment, and Empowerment

Local operators realize the optimized system, which eventually yields **four** streams of revenue:

1. Sale of Output Products: Recycled materials, compost or other valuable products and services

2. Gate Fees: Collected by local governments

3. Sale of Carbon Offsets: Issued to carbon-intensive global companies to meet net-zero targets

4. Sale of Plastic Waste Offsets: Issued to plastic waste-intensive international corporations

We are convinced that many projects that tackle plastic waste are currently undervalued by the market. Following our approach, stopping plastic pollution at the source might yield an economic net benefit of 25 billion by 2025. Ultimately, the plastic offset market is likely to become bigger than the voluntary carbon offset market by 2030.

INVESTMENT APPROACH

Fee Structure: 2% Management Fee, 15% Incentive Fee (12% Hurdle Rate)

Investment Pipeline

- Additional infrastructure investments in the Caribbean region (Fund 1)
- Expansion to South East Asia (Fund 2)

INNOVATION

1. We monetize novel Plastic Waste Offsets to enhance the financial feasibility of plastic waste management projects
2. We access new investment opportunities that are currently undervalued by the market
3. We showcase how incorporating sustainability contributes to project risk mitigation
4. We create public-private partnerships to ensure that the desired results are achieved

IMPACT

Environmental: Less waste from (bio-)plastics is disposed of improperly, reducing negative environmental impacts.

Social: Less pollution caused by poorly managed waste. Local economies stimulated with opportunities for low-skilled workers.

Alignment: All stakeholders are incentivized to scale impact and collaborate in project execution:

- Investor returns increase with higher profit expectations from the sales proceeds of the facility's operations.
- International Corporations reduce the impacts of downstream waste generation, resulting in reputational benefits.
- Governments obtain solutions at a fraction of normal costs thanks to access to external capital from the private sector.

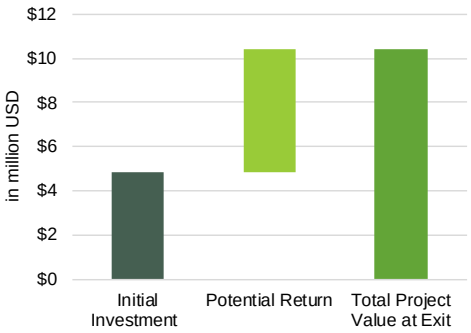
Impact Metrics: For each initiative, specific impact metrics will be developed to reflect appropriate targets. We will leverage third-party impact tools (e.g. GIIN's IRIS+) to inform design of impact metrics and report against evolving industry standards, as well as consider how our progress furthers the UN SDGs.

1ST INVESTMENT PROPOSITION: BUILDING AN IN-VESSEL COMPOSTING FACILITY IN BELIZE

Of the 265 million plastic items imported yearly in Belize, a large proportion will likely be replaced by bioplastics, for which adequate waste processing infrastructure does not yet exist. This provides an ideal environment to realize our first innovatively-financed project: an in-vessel composting facility, which has the potential to address both bioplastic and food waste disposal issues.

FINANCIAL INFORMATION

Investment Valuation



Projected 10-Year Performance

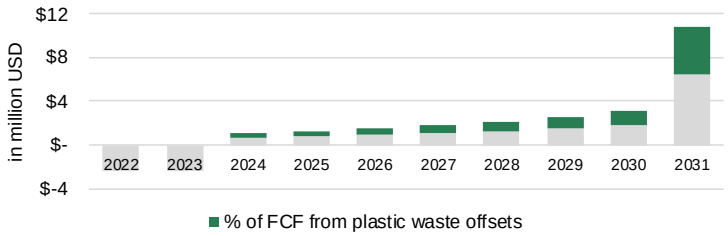
Financial		Environmental	
NPV	$7,200,000 (Discount Rate 10%)	GHG emissions avoided	48+ Mt CO_2e
Payback Period	6.5 years	Plastic waste pollution avoided	56+ Mt
IRR	19%		

Social

Jobs Created	50+
% of young people employed	80%

PROJECTIONS

Free Cash Flows



- Diversified revenue streams allow us to achieve attractive risk-adjusted returns.
- Environmentally sound operations and cooperation with local communities further stabilizes operations.
- Exit to be realized through trade-sale in year 10 to a bigger waste management operator such as Veolia, Suez or Viridor.

SCALABILITY – PRIVATE EQUITY FUND

Our investment period is 10 years, which begins with the financing of our pilot project in Belize to continue building our expertise and therefore credibility among investors. From there, we invest in projects across the Caribbean that face similar underlying contexts regarding plastic bans and risks. The long-term vision is to then develop other funds that serve other geographical locations facing plastic waste management issues.

Projected Fund Performance

Financial	Environmental	Social
Fund size: USD 50 million	Avoided GHG emissions: 950 Mt CO_2e	Direct jobs created: 525+
Fund IRR: 30%	Waste pollution avoided: 1,050 Mt	% of young people employed: 80%

DUE DILIGENCE

Impact Assessment

- Real Impact (plastic waste prevented?)
- Additionality (does our contribution matter?)
- Measurability (how much did we avoid?)
- Verifiability (can the project be verified?)

Investment Attractiveness

- Market Potential (urgent need and support?
- Operational Experience (does track-record exist?)
- ESG Risk Exposure (sustainability at the core?)
- Access to Land (connected to infrastructure?)

RISK MITIGATION

Value Stream Pricing

Probability High
Materiality High
Mitigation Measure Set up clear contracts and PPAs; create a diversified partner network; encourage government partnership to provide security and visibility

Plastic Waste Offset Uptake

Probability Medium
Materiality High
Mitigation Measure Proactively promote plastic offsets; raise awareness through stakeholder education and engagement to promote buyership

Construction Supply Chain

Probability Medium
Materiality Medium
Mitigation Measure Risk due to reliance on imports can be mitigated through meticulous planning and organization of supply needs and project schedule

References: [1]UNEP (2018), [2]WorldBank (2018), [3]Belize Tourism (2018), [4]Belize Solid Waste (2018), [6]AAPW (2019)