

# CFA Mexico Participating Projects – Cohort 2

January 2023

Sector	Strong in	Project Shorts Description
	Gender Equality and Social Inclusion	<b>Consorcio Xochicalli:</b> recovery and reuse of wastewater, municipal solid waste and biomass, harnessing renewable energies and available human resources in the municipality Tututepec in the State of Oaxaca.
		<b>Solea Financiera:</b> its goal is to provide tailor-made financing for distributed solar energy projects for companies.
	Social Inclusion	<b>RRG Solutions Mexico:</b> is an impact venture builder deploying capital across food system attractive opportunities in Mexico with regenerative and sustainable practices.
		<b>Government of Tlaxcala:</b> The master project includes 6 wastewater treatment plants, on the on the Zahuapan river route, which are vital to reuse water and recovered subproducts such as nutrients in highly productive areas, as an essential part of an integral development project to improve life quality of the population.
		<b>ECO BIOSIS</b> has created value from waste since 2021. Now it is promoting circularity by clean and renewable power generation from the combustion of a low calorific value pollutant from the food industry with the use of a novel technology.
		<b>MOV-E</b> will deploy fast chargers to allow EV drivers to go further. Mexico City' business and tourist destinations will be serviced by a net of fast chargers enabling the adoption of EV cars.
		<b>Asanté:</b> is the first Latin American company to create plant-based and mycelium meat; an innovative and efficient biotech process to create abundant, delicious and sustainable food. Asanté is currently selling its products in Mexico and the United States.
	Social Inclusion	<b>Forest Power:</b> Utilization of forestry by-products as a source of energy.
	Gender Equality	<b>Optima Energía:</b> implementation of efficient public lighting with LED technology to generate significant energy savings for the country's municipalities, based on performance contracts.
	Gender Equality and Social Inclusion	<b>ReciclApp:</b> Recycling & Upcycling Digital Platform for Circular Waste Management.

# One Pagers CFA Projects

# 1

# Agroecoparque de Recuperación de Recursos en desechos líquidos y sólidos urbanos



Sector: Waste

Consortio Xochicalli  
(public – private consortium)

Greenfield

USD\$ 11.5 M

## Use of proceeds:

- Transport equipment and containers; DSU hall and separation.
- Constructions: buildings, treatment plant, digesters, power system and others.
- Agroecopark
- Capex: USD 8.675M
- Working Capital: USD 2,770M

## Background of the project

**Objective:** collect municipal solid waste (MSW), separate the organic fraction, mix it with ecologically treated wastewater, processing it in a settling digester to obtain biogas, clean water and organic fertilizer, generating energy and CO2 to inject it into very high production greenhouses, agro-industrially transforming the products obtained for sale. Stages of the project: Phase 1 has been all the negotiations, agreements with municipal and communal authorities and the executive projects, including pre-feasibility runs, and the existing land and infrastructure, in order to obtain the resources to start operation in 9 months of equipment, construction and pre-operation. Timeline: February 2023, integration of the company (SAPI)

March 2023 Phase 2, receipt of funds

December 2023 Phase 3 start of operation

## Management Team

Xochicalli has been developing technologies since 1976, integrating the current team since 1992, reinforced in 2010 with solid waste and energy companies. The Consortium has built more than 300 ecological wastewater treatment and recovery plants, hundreds of Xochicalli digesters and is involved in agriculture, agribusiness, MSW management and renewable energy. INSER, sustainable finance strategies, certifications and ESG indicators. Ecosta Yutucui has been working for more than 25 years in the region, with hundreds of works, beneficiaries, etc., including community agribusinesses.

## Finance

USD 11.5m requirement, USD, 30% partner contributions; 70% capital via equity and the balance as shares (common and preferred). Contributions applied to date, Phase 1: USD 6.21M from founders. Phased requirement: USD 1.92M for DSU handling equipment; USD 0.28M for new construction; USD 4.216M for processing, power generation and fertilizer equipment; and USD 2.15M to integrate the Agroecopark. An additional USD 2.93M are for infrastructure, equipment, existing and contributed land, various insurances, as well as all the projects, ESG procedures, necessary certifications and other advisory and consultancy services. Comments on the capital structure: 30% financed by physical assets provided by the local partners. 70% through equity by offering 70 ordinary shares, of which 20 may be preferred shares of USD 115,000 each.

## Investment Rationale

- Established and rapidly expanding product market.
- Over 90% of revenue is through long-term contracts (25 years or more), DSU, water and energy management services to local government, company partner. Fertilizers and water to Bienes Comunales, partners of the company. Energy, water, raw materials to be agro-processed, to the company itself.
- Expansion capital needed to meet demand
- Modular business model: scalable to any location.
- Founders with experience in technology, social, business, governance, industry, and with committed and exercised capital.
- Attractive IRR expectations > 30% if invested through the cycle.
- Highly cash generative business with high social and environmental impact:
- Virtually zero emissions - Recovery of all underutilized and discarded resources in any community - Generation of clean, permanent energy - Recovery of all fertilizer and nutrient value from the organic fraction of liquid and solid urban waste, the LEDA- Creation of wealth and thousands of jobs from inputs today with negative market value - Productive decontamination, CIRCULAR ECONOMY.

## Risks and Mitigants

**Monetary risk:** payment of fertilizer delayed by at least 2 years.

**Mitigation:** Consignment, linked purchase contract of their products for agro-processing in SAPI.

**Political risk:** possible interest in modifying the process. **Mitigation:** both the Municipality and *Bienes Comunales* are part of the company.

**Mitigation:** precisely by being an integral part of SAPI they receive direct benefits, always. Citizens and farmers benefit from the results of the application of organic-natural fertilizers, both economically and environmentally, as well as socially by being directly and indirectly employed, apart from generating other micro-businesses such as tourism and services, benefiting mainly women and low-income inhabitants, among others of indigenous and afro-descendant origin.

**Climate risk and similar:** cyclones and earthquakes.

**Mitigation:** construction technologies, tested and validated in in our 55 years of work. Insurance against hurricanes or any other natural disaster that could affect agricultural production.

# Kantel Capital by Solea

Sector:  
Financial, Solar  
Energy

Brownfield

USD\$ 5 M

## Use of Proceeds:

Financing Solar  
Distributed Generation  
projects for SMEs

Operation Expenses

## Project Background

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Kantel Capital provides tailor-made financing, credit or leasing, to SMEs in Mexico that want to implement Solar Distributed Generation (DG) projects to reduce their electricity bill and mitigate CO2 emissions from the usage of electricity. Going beyond, Kantel donates 2% of its income to climate change and education projects.

In a later stage, we will evolve to provide financing to other sustainable initiatives for companies.

**Project stage:** Seed

**Timeline:** Kantel will be ready to finance projects early 2023.

## Management Team

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We are a diverse team with a wide expertise, from a seasoned executive to young entrepreneurs, with experience in banking, finance, renewables, senior management, entrepreneurship, and conservation of natural areas.

## Finance

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**Requirement:** USD 5M

**Amount raised to date:** 0

**Needs in Phases:** USD 5M that can be provided over the course of the first year via capital calls.

**Comments on capital structure:** X% co-founders, and Y% equity offered.

## Investment Rationale

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Current financing options to Solar DG are limited. We bring a new solution by creating a flexible product that can be adjusted to our customer needs:

- A clear goal to make the **debt service lower than the savings** generated by the project.
- Term of financing: Usually either less than 5 years (with a significant upfront payment) or longer than 10 years (too long for Mexican business owners). We offer something in-between, with a small down payment and **terms between 5 and 10 years**.
- Total grace period for construction are rare. Our financing solutions consider **granting a total grace period** (principal and interest).
- Authorization and deployment of funds take more than 4 months due to inefficient credit analysis. With the use of technology, we will pre-qualify our creditors, decide on a credit committee and give a final **decision in less than 2 weeks**.
- Banks and leasers do not have experts to evaluate the technical aspects of projects. We will **certify EPCs** to be able to access our credit solutions and supervise each project until Commercial Operation Date.

## Risks & Mitigants

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- Credit risk. In a technological way, we will perform financial qualifications of our clients and review their bureau. In some cases, we can require additional collaterals or a guarantor.
- Interest rate. We will mirror the type of interest rate obtained from banks to the one granted to clients.
- Project development risk. We will evaluate and certify the companies who develop the projects for the creditors.

# RRG Solutions Mexico

## Project Background

RRG Solutions Mexico is an impact venture building platform deploying capital across food systems opportunities in Mexico.

Our holistic model leverages blended capital to create value for all stakeholders. Our multidisciplinary team develops agroforestry systems and create inclusive market strategies for small growers.

Our holdings are two regenerative agriculture platforms: Proyecto Hijuelo (agave platform in Oaxaca), Camino Cacao (cacao platform in Tabasco) and Fundación Eco, an NGO empowering small-scale farmers by providing technical skills and community building workshops.

### Project stage:

**Hijuelo - 52 hectares planted in 3 regions in Oaxaca, partnered with 32 small producers in 7 communities**

**Camino Cacao - Currently working with 150 producers averaging 50 tons of dry cacao, fermentation facility ready to start operations**

**Timeline: Both projects are ready to scale, the teams are set up with our model tested and proven. We are seeking 7.5M USD to scale and operate both platforms for the next 5 years.**

## Finance

**Requirement: USD 7.5 M**

**Amount raised to date: 550K USD have been deployed for Hijuelo and 250K USD for Camino Cacao**

**Needs in Phases: 50% 2Q 2023 50% 2Q 2024**

**Comments on capital structure: Both projects are 100% owned by RRG Solutions Mexico.**

## Investment Rationale

At Solutions we are building an ecosystem that places small growers at the center of the Mexican agriculture revolution. We look at all our opportunities through our 3P approach (People, Planet Profit)

### Hijuelo

- 100% ownership
- Regenerative agave sourcing company focused on small growers and local communities
- Mezcal is the fastest growing spirit category in the US (CAGR 19% '14-'19)
- Mezcal demand is forecasted to grow at a 20% CAGR from 2019 to 2024, spurred by rising demand in the U.S, Europe, Australia, China, the UK, and Russia (Internal forecast)

### Camino Cacao

- 100% ownership
- Global cocoa industry is \$10B and growing at 7.3 % CAGR
- Cacao production in México has declined 40% over the past decade; its production is at risk of being lost in the country.
- Regenerative cacao sourcing company focused on small growers and local communities
- Incumbents and emerging confectionery players focusing on traceability/sustainability sourcing elements

## Risks & Mitigants

Considering the risks and doubts that exists when investing into agricultural projects, we defined our first stage as a pilot program to test our business model while crating an operating team that could give maintenance and have the expertise to scale the pilot to the next level.

## Management Team

Solutions has a mission-driven team of experienced operators, investment, agriculture, creative, marketing and impact professionals in the food industry.

The team has the experience to execute business strategies across the Mexican food and agriculture chain – from seed to shelf.

**Sector:  
Agriculture**

**Greenfield**

**USD\$ 7.5 M**

### Use of Proceeds:

#### Hijuelo 59%:

Plant 1,000 hectares (750 in extensive land, 250 with small growers)

#### Camino Cacao 36%:

Grow platform to 3,000 small growers and take fermentation facility up to capacity (250 dry tons)

**RRG Solutions Asset Management fee 5%**

# ***Xicohtzinco Wastewater Treatment Plant (WWTP)*** ***Municipality of Tlaxcala***



**SECTOR: Water, Public**

**Brownfield**

**USD\$ 7 M**

## **Use of proceeds:**

Construction or reconditioning of 6 treatment plants in the municipality of Tlaxcala

## **Project background**

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Status: Wastewater treatment plants are already at an advanced stage, with the required documentation completed and executive projects ready.

Technology readiness:

- The technology is used in the 9 WWTPs run by the State Government.

*Project stage: Investment ready*

## **Team expertise**

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Multidisciplinary team with expertise on this industry. The technical unit that operates the current State water system is Centro de Servicios Integrales para el Tratamiento de Aguas Residuales del Estado de Tlaxcala

## **Finance**

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Requirement: USD 7M

Amount raised to date: 0.0 M

## **Investment Rationale**

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This project will benefit 80% of the state population (1,073,000), which is in direct contact to the river, irrigation district members and small producers in the area.

It is a proven technology currently used in 9 wastewater treatment plants run by the State Government, the proposal is to add 6 wastewater treatment plants.

Opportunity to work in a sector with low carbon footprint, contributing to build resilience and support to local governments' adaptation plans.

## **Risks and Mitigants**

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Risks identified: reorientation of spending and therefore no federal or state contribution in the percentages that correspond to it.

Mitigants: a long-term contract to ensure repayment even if there is a change of government.

Environmental impacts can be measured through the Ministry of Environment and social impacts through the Ministry of Agricultural Impulse.

Addresses basic needs and vulnerabilities of women and marginalized groups (e.i. generation of co-benefits such as health, education, security; economic recovery post COVID-19 for the State).





# Eco Biosis Energy & Water



**Sector:**  
Energy / Waste

**Renewable Energy /  
Wastewater  
treatment**

**Brownfield**

**USD\$ 12 M**

## **Use of Proceeds:**

60% Infrastructure & Fixed Assets as Technology for Vinasse Combustion and thermal energy transfer into steam.

20% Project Development and Design

10% Working Capital

10% Unforeseen Expenses



## **Project Background**

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Through our waste-to-value transformation services, we offer clean electric and thermal energy and reusable clean water to make our clients comply with sustainability and circular economy.

The business model consists of selling the electricity generated, the steam generated and the recovered and treated water to our client so that they can reintegrate them into their production processes and thus be able to generate economic savings, comply with legislation and create a positive socio-environmental impact, with a reduced carbon footprint.

**Project stage: Expansion**

## **Management Team**

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Experienced Team

## **Finance**

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**Requirement:** USD 12M

**Amount raised to date: 0.8 M**

## **Investment Rationale**

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Our potential clients (PC) all generate a highly pollutant liquid waste that is very difficult to treat and that is harmful for our environment and communities when incorrectly disposed of. Even though our PC might have wastewater treatment plants already in place, most of them do not comply with legislation, putting their operation at risk. Even though some have already invested a fortune, for most a multimillion-dollar investment has to be made by them in order to achieve the established discharge levels and the circular economy principles stated by the current law. Our solution offers a service that eliminates the risk of polluting and mitigates our customers operational risk and reduces their need of investing.

Our market is composed by the distillation industry of sugar cane and agave (pharmaceutical alcohol, bioethanol, cosmetics, spirits) and the yeast fermentation industry (for baking, wine and beer) that uses sugar cane molasses as raw material in Mexico and in the World.

Even though many different biological, physical, mechanical and chemical wastewater treatments exist today, non of them, neither individually or collectively, represent a technically viable and economically feasible solution for the relating residue.

## **Risks & Mitigants**

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Strong dependance on client for both the supply of raw material (waste) and product acquisition (energy & water)

The amount of support fuel needed will be low and will allow the economics of the project.

The client is more concerned at protecting the environment, taking care of our natural resources than of making money from their wastes.

The condensates from the vinasse evaporation will be of sufficiently good quality and can be used as re-usable process water

The alternate products will have a pricing that is sufficiently high to create a profit and low enough to compete against other products in different markets.

Eco Biosis will establish a partnership that will invest in the technology needed to burn vinasses and to generate steam from them



# Mexico: MOV-e

**Sector:**  
Electric Mobility

**Brownfield**

**USD\$ 60 M**

## Use of Proceeds:

Development and Construction of a network of charging stations in Mexico.

Operating expenses.

Set up of a Leasing company to lease E-cars to Ride Hailing Drivers.

## Project Background

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The project aims to develop electric vehicle fast charging infrastructure in Mexico.

**Timeline:** The project plans to deploy fast chargers and electric vehicles in Mexico. The objective is to develop an electric vehicle fast charging network in one of Mexican city every year during each of the coming 5 years. A car leasing company will be setup for supporting Hail Ridding drivers to transition to EV. From year 6 to year 20 the intention is to focus in expanding the fast-charging network and be among the market leaders.

## Management Team

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Team leadership :

- experienced in creating sustainable projects and bringing them to operational stages. (more than 1'500 MW of solar and wind projects in MX)
- strong network of suppliers and consultants ready to support growth while ensuring project adherence to legal framework, accounting principles and compliance.

## Finance

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**Requirement:** USD 60 MM

**Amount raised to date:** 0.

**Needs in Phases:** 5 annual phases of 12 MM.

**Comments on capital structure:** 100% Equity

## Investment Rationale

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Early mover advantage. Electric vehicles are expected to represent 10% of all Mexican vehicles by 2035.

Fast charging infrastructure in Mexico is very limited. Competitors have deployed type two charging infrastructure and need to recover their investment.

MOV-e will deploy a fleet of chargers with the best real estate, energy supply and interconnection conditions.

## Risks & Mitigants

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- Risk identified:
- Obsolescence, lack of demand, lack of energy
- Obsolescence: We plan to install the latest generation of chargers and re-locate them to lower capacity charging stations as time passes until they become obsolete.
- Lack of demand: as a risk mitigation measure Mov-e will contract part of its income with ride-hailing app drivers.
- Lack of energy: we plan when feasible to install solar energy on site and interconnect to the national electricity grid to reduce as much as possible the risk.

Sector: Agriculture-  
Food, Biotech

Brownfield

USD\$ 5.5 M in two  
tranches

Use of Proceeds:

Working capital for growth  
and Capex for production  
capacity expansion

i) Optimize current co-  
packer equipment and  
facilities to scale faster:  
\$100k

ii) Launch in B2B: \$100k

iii) Strengthen team to  
optimize inventory, sales,  
operations and marketing:  
\$200k

iv) Design of next stage  
production facility  
including biotech area  
(mycelium fermentation)  
\$100k

v) Construction of  
production facility and  
scale up: \$5M



## Project Background

Asanté is the 1st Latam company to create and sell plant-based and mycelium (mushroom roots) meat to reduce carbon footprint of companies and consumers. Currently selling in Mexico and the US. Producing in a co-packer facility with a capacity to produce the equivalent of up-to \$10M/yr.

Asanté is a C-Corp with a sub-co in Mexico where all the shelf-stable food is manufactured using organic ingredients from local growers.

Asanté's products avoid the energy-hungry refrigerated supply chain using innovative technology and no preservatives and has filed a portfolio of patents for the efficient solid-state fermentation of mycelium (a promising technology for producing meat without animals in a controlled in-door facility). Asanté is contributing to decarbonization of food industry and has validated its impact with an LCA, which indicate that a consumer who eats one pack of 350g of Asanté instead of Beef, saves 45Kg of CO2 eq.

## Finance

**Finance required: \$5.5 m in two tranches.**

**1st as a bridge round of \$500,000 USD at a Valuation Cap of \$8M**

Estimated IRR of 85% and MOIC of 29x

**2nd an investment round of \$5M at a Valuation Cap of \$25M**

Resources of this round would be used to expand production capacity to serve growing demand.

Estimated IRR of 87% and MOIC of 29x

Funding a runway of 36 months to increase sales, increase production facility, improve gross margins, and reach profitability in 36 months

## Climate & Social benefits

Asanté's approach to the incorporation of local suppliers and ingredients (some organic) further increases the sustainability and adaptation of food production to climate change.

Asanté's manufacturing partners include many woman from low- income communities and strives to improve their working conditions.



## Management Team

Asanté's team is comprised of an interdisciplinary team who has developed the expertise of consumer goods, international marketing, biotechnology and finance. Company is led by Iván Jiménez de Sandi (MBA from Kellogg) with over 20years of business experience.

Exponential Foods (Asanté's holding company in the US) has operated and sell plant-based meat since 2019 and has graduated from Proveg and Brinc

## Investment Rationale

- A) Experience in domain and team. Asanté has sold in Mexico and the US.
- B) Technology of plant-based and mycelium – up to 18 months of shelf-life. Post-pandemic corporate world has changed the way people work, with more flexibility and work from home schedules, Asanté has the perfect product to serve this market while granting Carbon Reduction Certificates to affiliated companies
- C) Large addressable market – Global Plant-based \$10Bn – potential B2B \$42Bn
- D) Ability to distribute in different channels and markets
- E) IP is protected with a mix of trade secrets and filed patents
- F) Strong commercial alliances build and ready to scale with new funding
- G) Producing from Mexico and exporting to the US has many cost-advantages that will represent a competitive advantage for Asanté

## Risks & Mitigants

Food safety for complying with FDA is complex. Asanté has already completed the requirements of FDA and has been exporting

B2B and corporate demand of green initiatives could be slower than anticipated. Asanté has a strong plan to raise awareness and increase adoption and category growth.

Current co-packer could go out of business. Asanté has built relationships and make production tests with two other co-packers as plans B and C. And funds would be used to have a more resilient supply chain. Competition will try to copy our approach. While Asanté is not alone in the plan-based industry. It is the only company with a wide range of options from low-cost soy to gluten-free and mycelium options and all options are shelf-stable.



# Wooden pellets. Utilization of forestry by-products as a source of energy.

**Sector:  
Renewable Energy**

**Greenfield**

**USD\$ 34.5 M**

## Use of Proceeds:

A new wood pellet production plant

i) Facilities design, fabrication, equipment purchase: \$21.4 M

ii) Site preparation and construction: \$6.3 M

iii) Operation \$6.8 M

**FOREST POWER, S.A. DE C.V.**

## Project Background

The objective of this project is to use by-products obtained from certified forestry to produce 75,000 metric tons/year of wood pellets as biomass to generate green energy.

Project phases: Preoperative: a) Engagement with forest owners with authorized forestry management, b) acquisition of project operation permits, c) consultancy of Spanish firm PRODESA, a specialist in start-up key on hand pellet production plants, d) develop buyers' catalog.

Timeline: 5 years (2023-2027). Year 0, construction, installation of equipment and facilities; Year 1, up to 60% production capacity; from Year 2, 100% production capacity.

## Management Team

Multidisciplinary team with 25 years of experience on forest management, environmental compliance and project management.

## Finance

### Needs in Phases:

QUARTER (Year 0)	Investment Required (M USD)
1	16.3
2	2.7
3	4.8
4	5.2
Requirement USD	29

**Amount raised to date: The INVICTUS fund is interested in financing up to 80.8%**

Comments on capital structure:

- 80.8% (27.9 M USD ) Invictus
- 10.3 % (3.6 M USD) Forest Power
- 8.9 % (3.1 M USD) Other investors

## Investment Rationale

A one of its kind project in Mexico in terms of availability of raw material obtained from sustainable managed forests.

Located within the Interoceanic Corridor in the Tehuantepec Isthmus (CIIT) providing connectivity to the project, to facilitate exportation to markets in Europe and Asia.

Includes a component of research and development that will enable domestic market for solid biofuel.

## Risks & Mitigants

### Risks:

- Price decline of pellets in the international markets
- Production costs increase (raw materials, electric power)
- Devaluation of national currency
- Social community conflicts not associated to the project.

### Mitigants:

- Establish long term contracts
- Design fiscal plan to account for 10% increase costs
- Secure exportation market as part of Phase 1
- Utilize staff expertise to incorporate project regional communitarian silviculture specialists in Phase 1.

## Climate & Social benefits

Bioenergy contributes to the mitigation of climate change. The Intergovernmental Panel on Climate Change IPCC identifies the difference between slow domain of carbon cycle (10,000 years) and the fast domain (1 to 500 years) with bioenergy operating within the fast domain compared to the fossil fuel carbon cycle.

Biomass burning carbon emission is part of the biogenic carbon cycle. Energy from biomass is positive for climate under a sustainable forestry management and efficient use of biomass.

Silviculture and sustainable biomass are essential factors to preserving forests and limiting global temperature rise.

The economic impact to forests owners of this project is estimated to be \$4 M USD/year proceeding from the sale of communitarian silviculture waste.

Sector:  
STREET LIGHTING

BROWNFIELD

USD\$ 18 M

Use of Proceeds:  
Financial Vehicle to  
Develop Energy  
Efficiency Projects  
(Street Lighting)



# Optima Energía



## Project Background

Lack of financing is the main barrier to develop Energy Efficiency projects in Mexico. We have developed a financial vehicle to facilitate implementation of Energy Efficiency projects (street lighting). This financial vehicle will make possible the development of a US\$22 Billion USD potential Market opportunity.

## Management Team

With 34 year of experience in Energy Efficiency, and 7 Street Lighting projects in Mexico, we have conformed a top team focused on innovation, state of the art energy efficiency solutions and smart cities applications.

## Finance

Finance required: Revolving Credit Facility (RCF)/Equity of **MXN \$360M** to develop projects while the financing with the Bank is processed, leaving around 10% invested in the project.

	Projects	Contract Value	Total Cost	RCF Financing	RCF Equity	Senior Debt	RCF Balance
2023	3	\$ 3,069,697	\$ 455,015	\$ 376,882	\$ 35,796	\$ 257,842	\$ 205,164
2024	2	\$ 2,046,465	\$ 303,343	\$ 251,255	\$ 23,864	\$ 257,842	\$ 187,887
2025	4	\$ 4,092,929	\$ 606,687	\$ 502,510	\$ 47,728	\$ 386,763	\$ 24,412
2026	3	\$ 3,069,697	\$ 455,015	\$ 376,882	\$ 35,796	\$ 515,684	\$ 127,418
2027	3	\$ 3,069,697	\$ 455,015	\$ 376,882	\$ 35,796	\$ 386,763	\$ 101,502
2028		\$ -	\$ -	\$ -	\$ -	\$ 128,921	\$ 230,423
	15	\$ 15,348,484	\$ 2,275,075	\$ 1,884,411	\$ 178,979	\$ 1,933,813	

## Investment Rationale

OE have proved that our clients will pay 100% of the energy efficiency project with electricity and operation savings, solving the number one complain form Mexican citizens maintaining system availability over 99%, due to state-of-the-art technology and systems.

## Risks & Mitigants

We have a validated and Bankable structure to develop our projects, this scheme is fundamentally based within the parameters of the Financial Discipline Law (*Ley de Disciplina Financiera*) and the Public Private Partnership Laws (*Leyes de Asociación Pública Privada*) which creates a very strong legal structure facilitating collection, thought a Trust fund, with risks equivalent as sobering Mexican debt.

## Climate & Social Benefits

Our projects will directly impact security in communities and will impact reduction in CO2 emissions. With this merits we could be able to approach the possibility of a Sustainable Bond in the public market.

**Social**

- More than **50%** of luminosity
- Security Increase
- Generation of Local labor

**Environmental**

- More than **60%** of energy savings
- Reduction of tons of CO<sub>2</sub>
- Mercury free

## Sector: Circular Waste Management

USD\$ 4.6 M

### Use of Proceeds:

Collection and Recycling fleet in Torreon, Mexico

i) Vehicles and Equipment required for collection: \$2.8M

ii) Runway or Administrative costs: \$1.76M



## Climate & Social benefits

Recycling rate 60%. Churn rate 0.11% monthly.  
75% of home-room users recycle every week, 95% minimum once a month.  
2.94 tons of CO2eq prevented for every 1 ton of recyclable waste collected. -41 kg of CO2eq for every 1 ton of organic waste collected.

## Project Background

ReciclApp enables the **transformation of municipal waste management services towards a circular management model** through optimized collection and reuse methods for recyclable and organic waste of commercial, industrial, institutional and domestic origin. ReciclApp efficiency and scalability is achieved thanks to our Platform software app, Reverse Logistics and Systematic Behavior Change with the RANAS Model.

**Project stage:** The **Beta Testing** was successfully completed in Household, School, Business and Institution environments. The obtained results have made ReciclApp winner of multiple national and international awards.

The municipal government of Torreón signed a letter of intent to support ReciclApp's scaling efforts through a fund of \$931,550.00 Mexican pesos and expressed its intention to replace the current waste management system towards the circular model ReciclApp. Also, in pursuit of working with CANIRAC, CANACINTRA and AMCHAM, SCHP and international funds.

**Timeline:** 4 years (2023 – 2026) to replace Torreon city private waste management and start replicating in other cities throughout Mexico.

## Finance

**Finance required: \$4.56M**

**Amounts raised to date:** \$27K - Greenpreneurs 2021, King Hamad Award 2022

**Comments on capital structure:** 30% equity, 68% debt, 2% ReciclApp contribution

	Total Routes (# of trucks)	Total Capacity (recycling tons / year)	Investment needed
1. Stage (2023)	23	1384	\$ 2,405,000.00
2. Stage (2024)	45	2786	\$ 666,000.00
3. Stage (2025)	67	4152	\$ 715,000.00
4. Stage (2026)	89	5536	\$ 781,000.00



## Management Team

Gerardo, Amín and Héctor designed and led organic waste management with black soldier fly at **Hexa Biotech**, being awarded the most innovative initiative in sustainability in 2020 by the United Nations IFAD.

They combined their knowledge on circular economy, sustainable development and project management with Diego and Rodrigo, specialized in software development, databases and data analysis to create **ReciclApp**, a reverse logistics solution for Latin America waste problem.

## Investment Rationale

ReciclApp covers all aspects to make recycling and upcycling a habit by default: facilitate recycling through an app and service (logistics), notifications (display) about the collection schedule (habits reminder/reinforcement), social media sharing of collected tons and prevented CO2eq (community), point rewards and discounts (financial incentives), how to recycle from the app and web (training), free service\*.

Traditional waste management is considered one of the safest investments to preserve wealth. ReciclApp circular waste management in Mexico can generate **as much as 4 times** -5 with government contract- the revenue from collecting sorted recyclable and up cyclable materials with additional benefits for climate mitigation and circular economy by repurposing materials.

Nascent competitor startups focus only on certain recyclables, incapable of competing for municipal solid waste management whereas ReciclApp achieves all kind of recyclables and organic waste.

## Risks & Mitigants

**Financial-Funding:** We must secure financing for scaling. Currently working with the Climate Finance Accelerator as well as international funds to secure capital.

**Legal-Timeframe:** Municipal Solid Waste contract will expire in 2 years. We are collaborating with Torreon city to better suit their needs to secure a contract

**Technical-Revalorization:** The quantity of the organic waste collected will be determined by the results of our pilot plant and subsequent large-scale facility. We continue the R&D in collaboration with local authorities, academia, and consultants from the Danish Technological Institute at Denmark.