

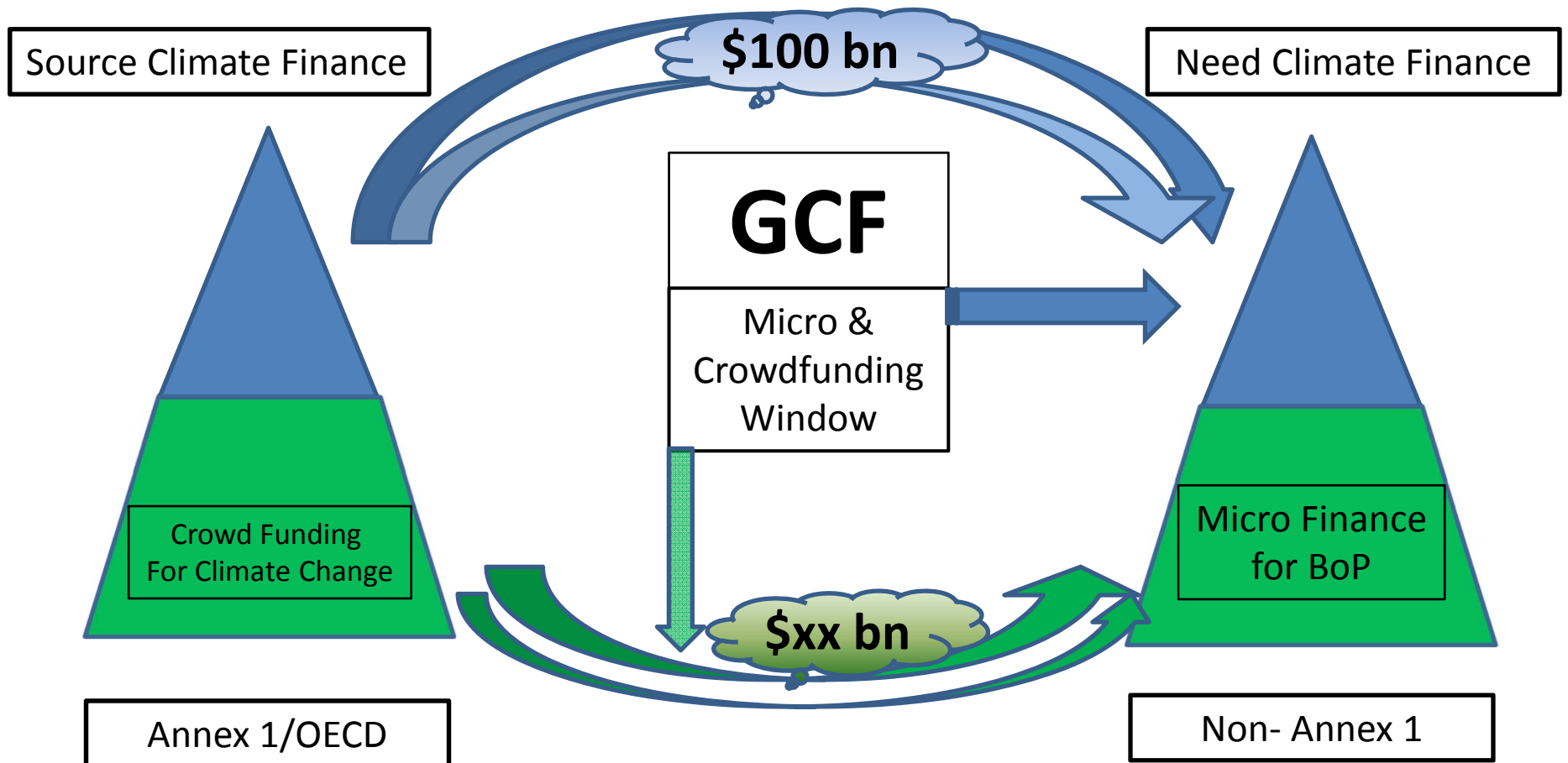
# **Crowd-Funding for Climate Change**

A new source of finance for climate action at  
the Base of the Pyramid (BoP)?

Second Meeting of Experts on Long-term Finance  
Bonn, Aug 19th, 2013

Konrad von Ritter  
Diann Black-Layne

# From the „Crowd“ to the „Base“ A complementary Climate Finance Stream!



# Relevance to WP on LT Finance

## Pillar I:

- CF - New and additional source of financing
- Pathway complementary to official Gov – Gov
- Largely untapped Private Source

## Pillar II:

- NA1: Enable financing BoP with co-benefits
- A1: Facilitating Crowd Funding Mobilization
- GCF: Window to derisk and match CF4CC

# From the ,Crowd' to the ,Base' of the Pyramid: a practical example

I need a credit  
of \$375 for a  
bicycle cart



Pedro Luis in Barranquilla

# From the ,Crowd' to the ,Base' (of the Pyramid)



The screenshot shows the KIVA website interface. At the top is the KIVA logo and navigation links: Lend, About, Community, Updates, My Portfolio. Below this is a section titled "Check out some available loans that are similar to this one!" featuring three loan cards for Avaro Enrique (Food), Luis Eduardo (Retail), and Efraín Enrique (Retail), each with a "Lend Now" button. The main profile is for Pedro Luis, a lender from Barranquilla, Colombia, who lends in the Food | Soft Drinks category. The profile includes social media sharing options (Like, Tweet, Share) and tabs for LOAN OVERVIEW, REPAYMENT SCHEDULE, and LENDER COMMENTS. The LOAN OVERVIEW tab is active, showing a photo of Pedro Luis on a bicycle cart and a success message: "Success!! The loan was 100% repaid". Below the photo, it states: "A loan of \$375 helped Pedro Luis to buy a bicycle cart." A progress bar indicates "100% repaid" and a "Find a Loan" button is present. A table of loan details is shown at the bottom right:

Repayment Term:	15 months (more info)
Repayment Schedule:	Monthly
Pre-Disbursed:	Jul 29, 2011
Listed:	Aug 13, 2011
Currency Exchange Loss:	Covered
Default Protection:	Not Covered
Ended:	Jul 15, 2012



# From the ,Crowd' to the ,Base' (of the Pyramid)

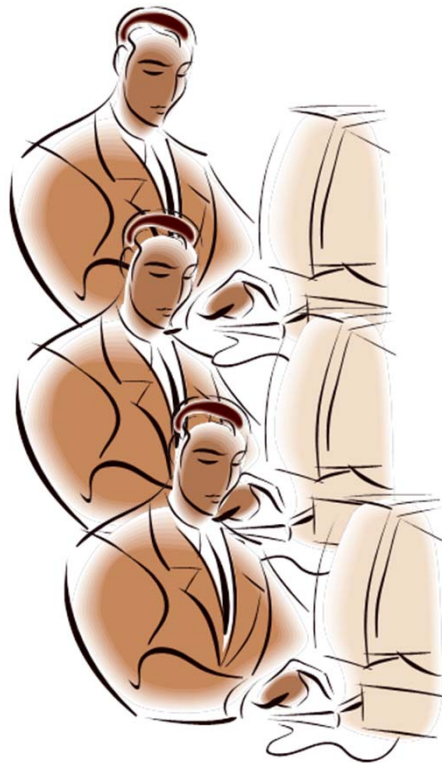


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# From the ,Crowd' to the ,Base' (of the Pyramid)



**KIVA** Lend About Community Updates My Portfolio

Check out some available loans that are similar to this one!

- Alvaro Enrique** Colombia Food [Lend Now](#)
- Luis Eduardo** Colombia Retail [Lend Now](#)
- Etrain Enrique** Colombia Retail [Lend Now](#)

**Pedro Luis** ★  
Barranquilla, Colombia Food | Soft Drinks

LOAN OVERVIEW REPAYMENT SCHEDULE LENDER COMMENTS

**Success!! The loan was 100% repaid**  
A loan of \$375 helped Pedro Luis to buy a bicycle cart.

100% repaid

[Find a Loan](#)

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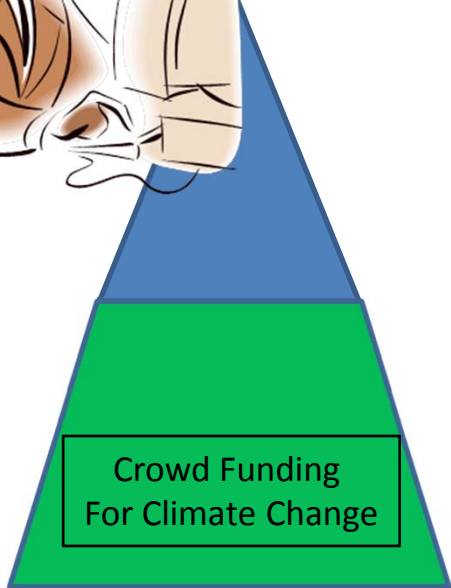


Micro Finance Institution

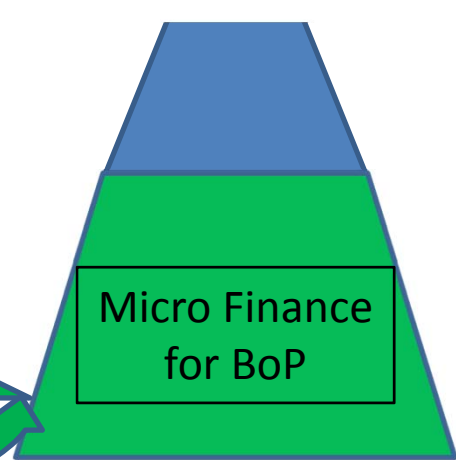
\$100 +25+250



# From the ,Crowd‘ to the ,Base‘ (of the Pyramid): Many Small Make Big...



~ 1 million lenders

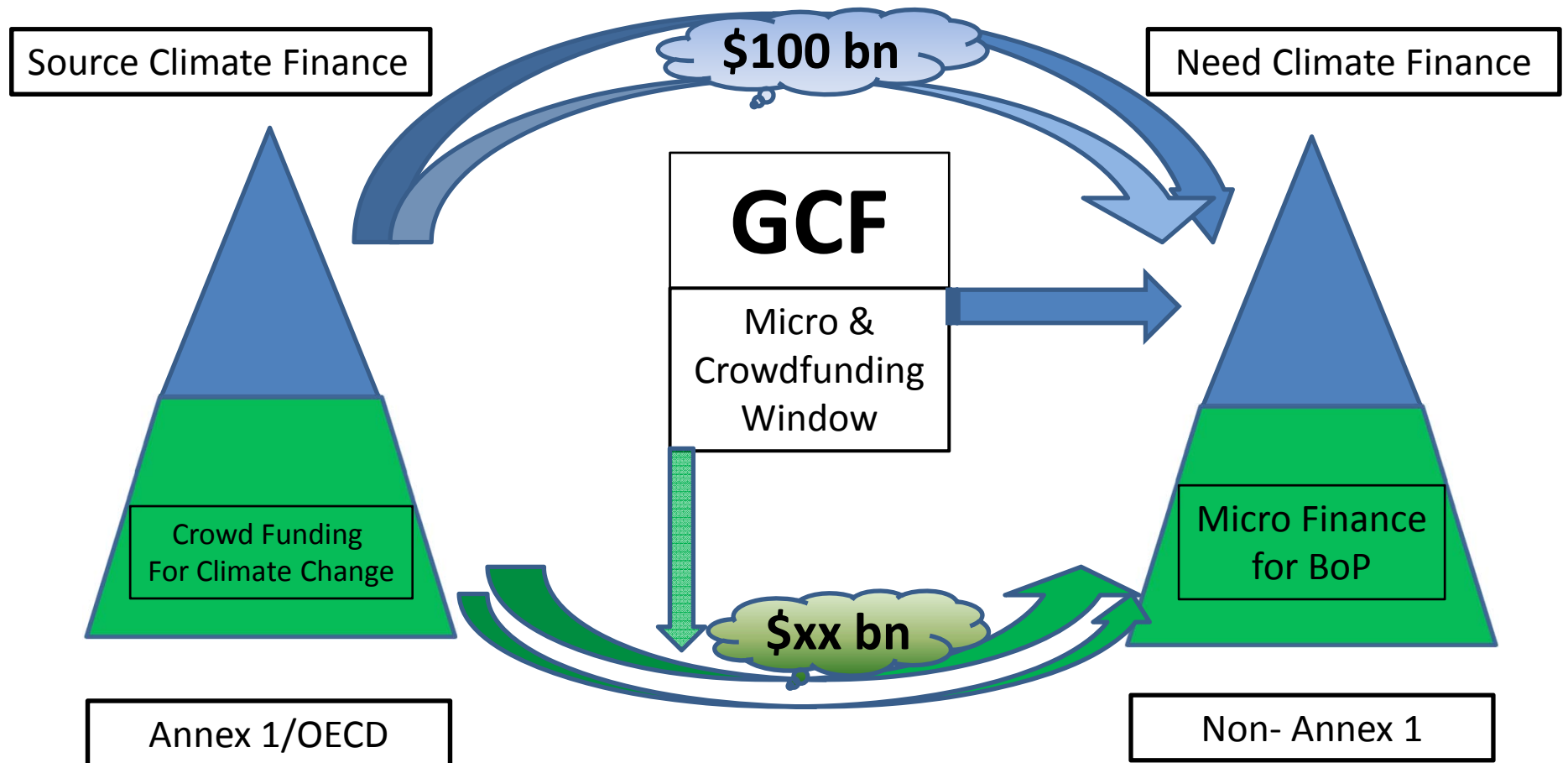


~ 1 million borrowers

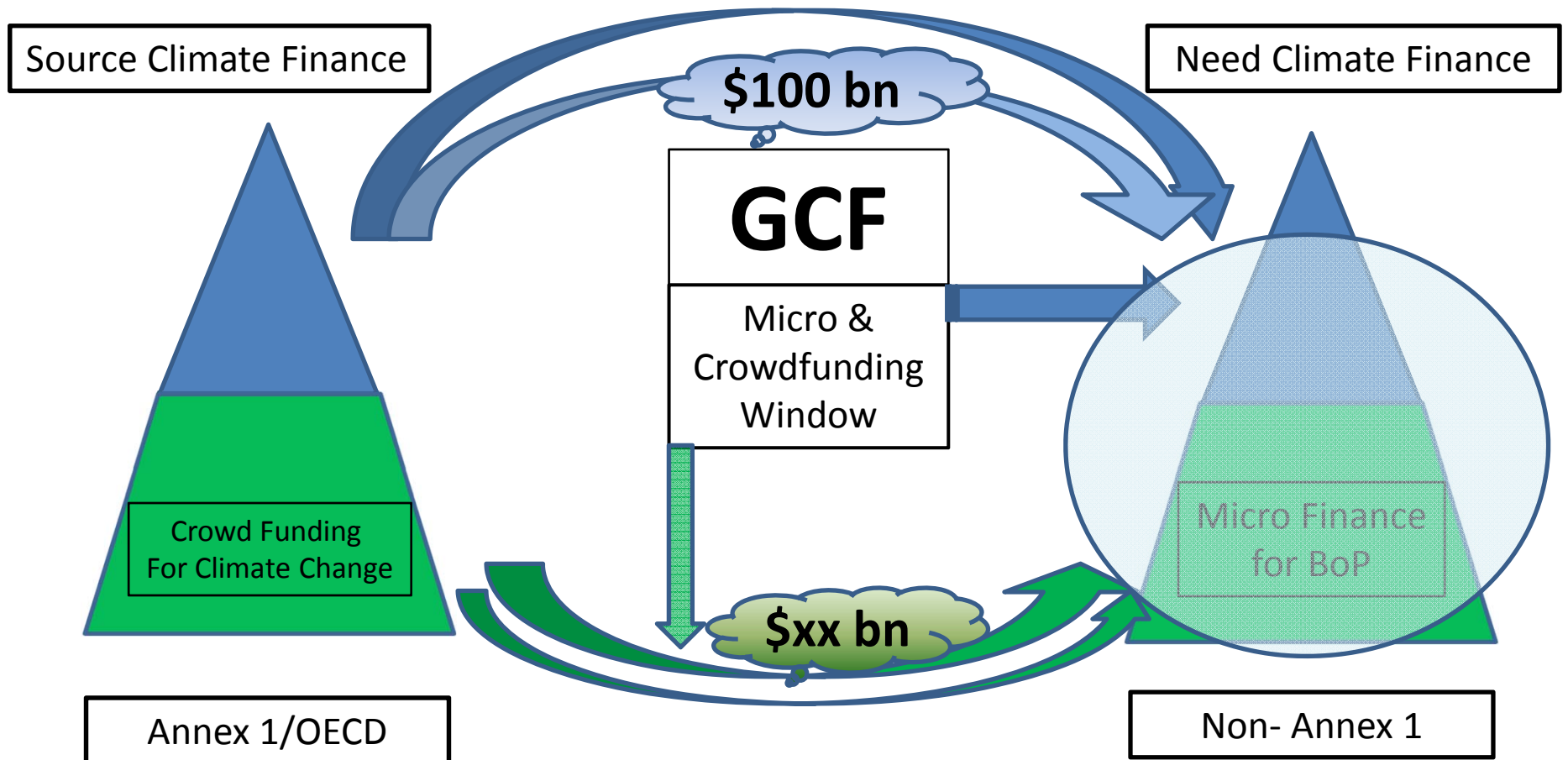




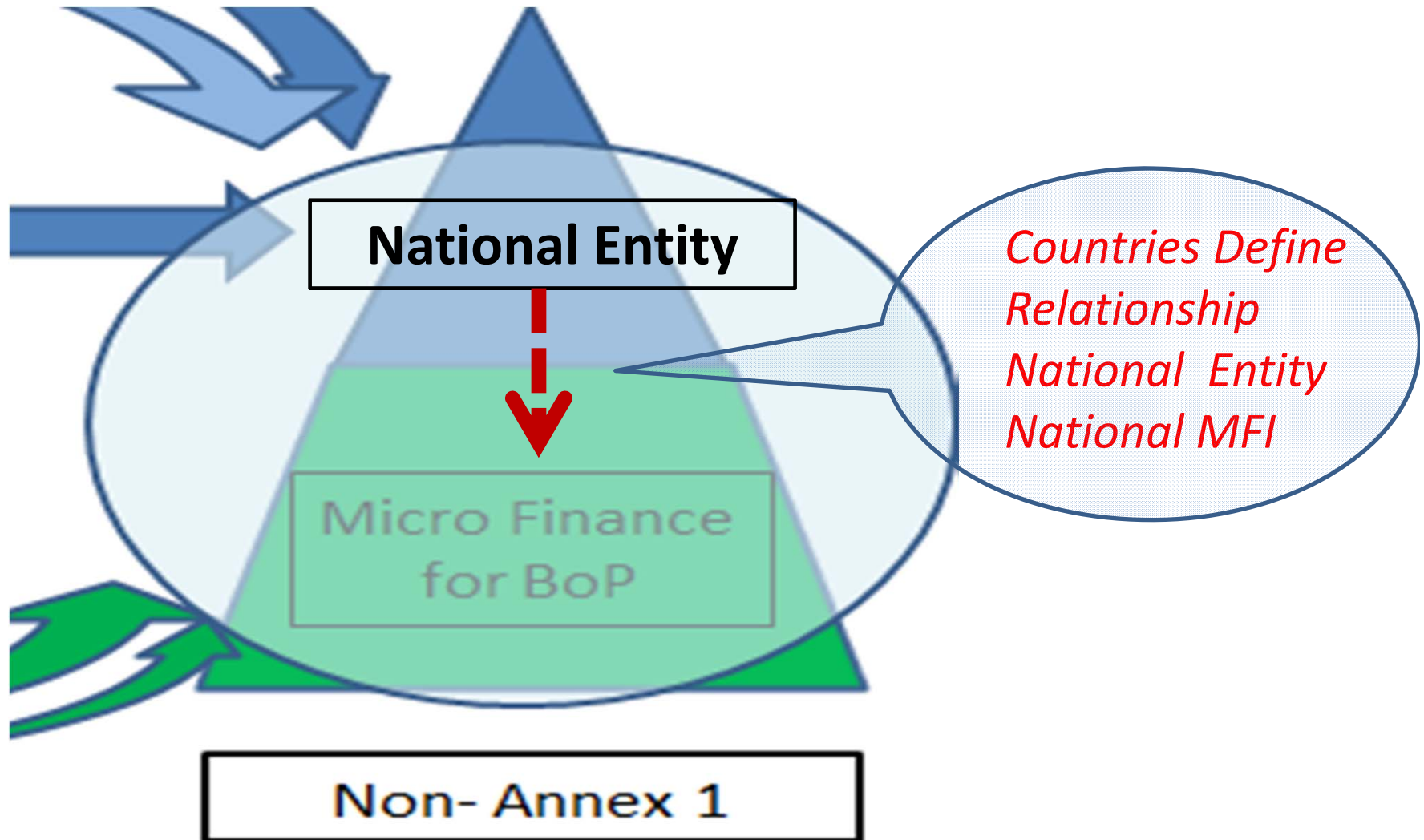
# Crowd Funding for Micro Climate Finance: A complementary Climate Finance Stream!



# Micro Climate Finance: Create Enabling Environment



# National Entities as Bridge between GCF and Micro Finance Sector



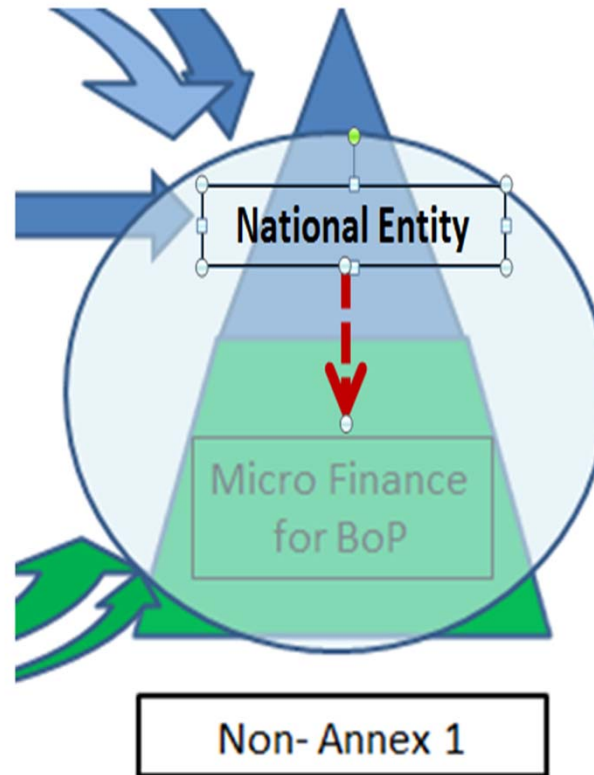
# Enabling Environment Measures

## GCF Support:

De-risk

Match Funding

Practical MRV



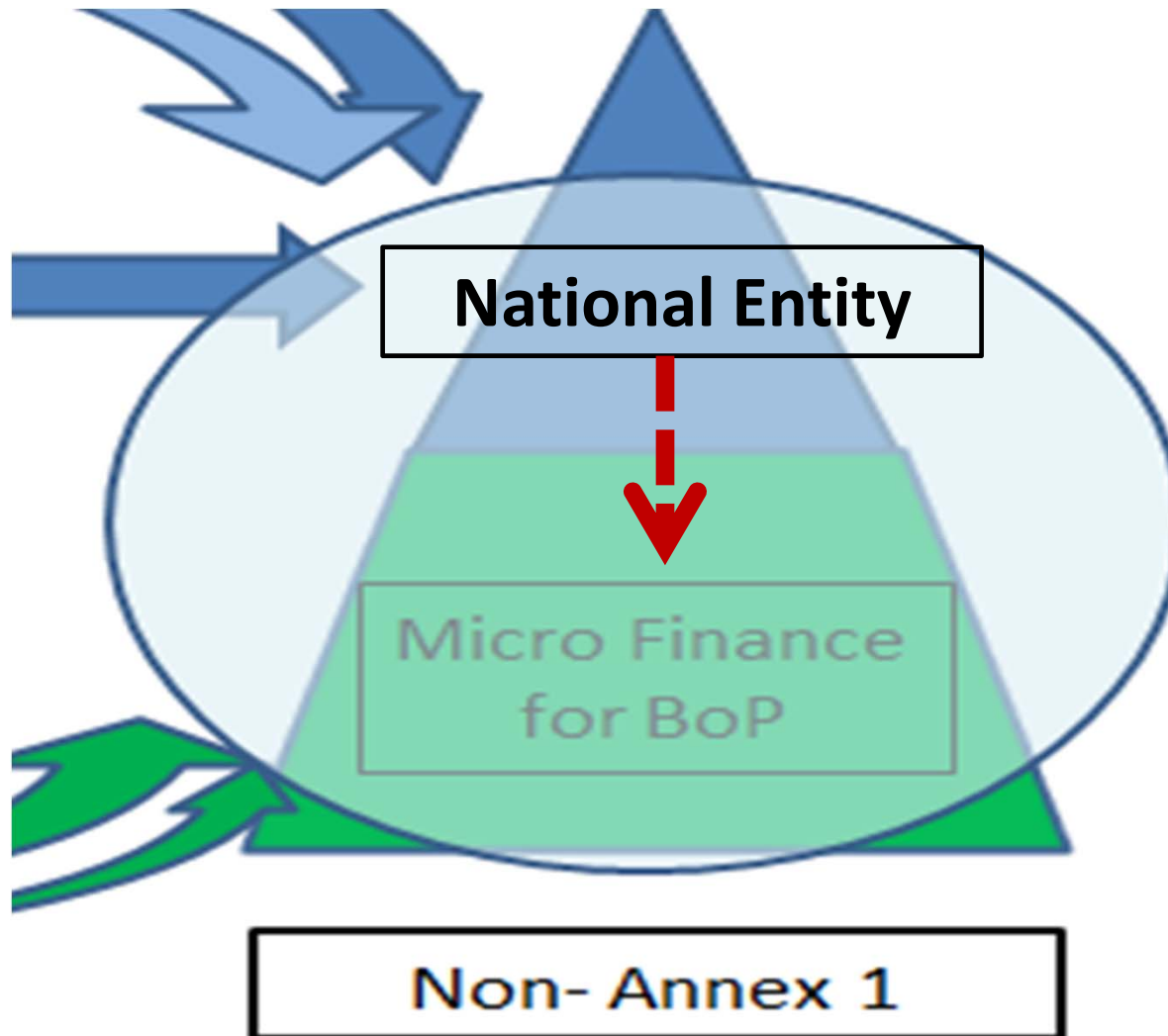
## Country Support:

Tax Exempt

Subsidy

Capacity

# National Entities as Bridge between GCF and Micro Finance Sector



# Micro Climate Finance: Create an Enabling Environment

## Strategy

‘Favorable Policies

Mainstream into financial  
sector

Greening Micro Finance  
Portfolios

## Instrument

- Tax Exemptions (import duties for solar equipment)
- Link to regular banking activity, e.g. of credit unions
- Technical Assistance to pilot new viable business models
- Subsidies to reduce investment and financing costs of new technology

# Micro Climate Finance: Supportive Role of GCF

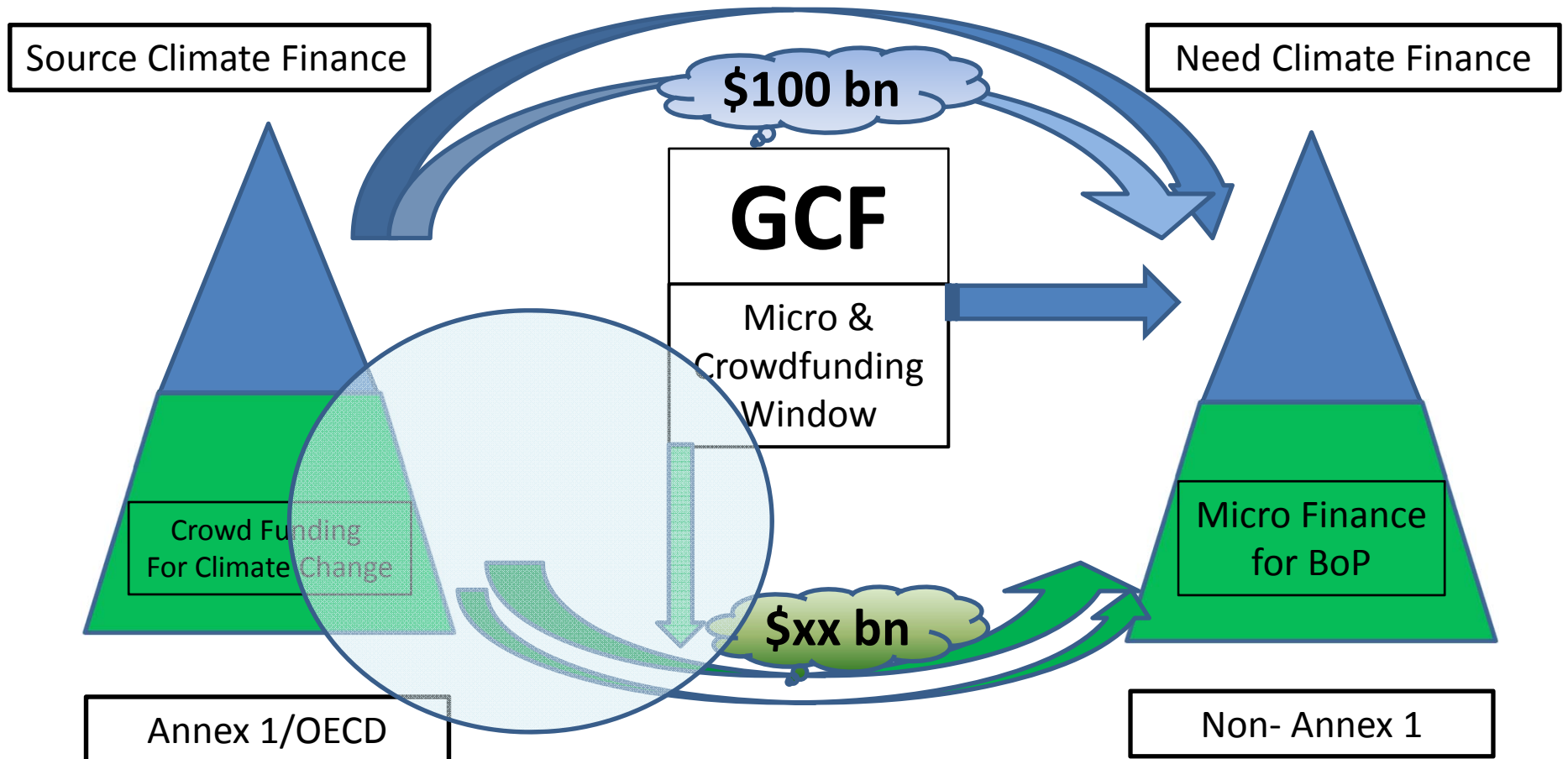
## **GCF Value Added for MFIs**

- Visibility
- Credibility
- De-Risk
- Funding

## **Instrument**

- Micro Climate Finance Portal for exchange on good practice.
- Encourage uniform practical MRV
- Foreign Exchange loss guarantee facility
- Matching/Challenge Funds

# Crowd Funding for Climate Change: Create Enabling Environment





# Crowd Funding for Climate Change: Scale Up and Leverage

## Strategy

Greening Micro Finance  
Portfolios → more demand for  
CFP

Attract more Individuals to  
Crowdfunding Platforms (CFP)

Attract more Institutional  
Investors

## Instrument

- Credibility through CFP Rating and Transparency Rules for Reporting
- Guarantee Facility to Reduce Investor Risks
- Matching/Challenge Funding to leverage
- Link to regular banking activity
- Regulation to ease participation of small investors

# Crowd Funding for Climate Change

## Supportive Role of GCF

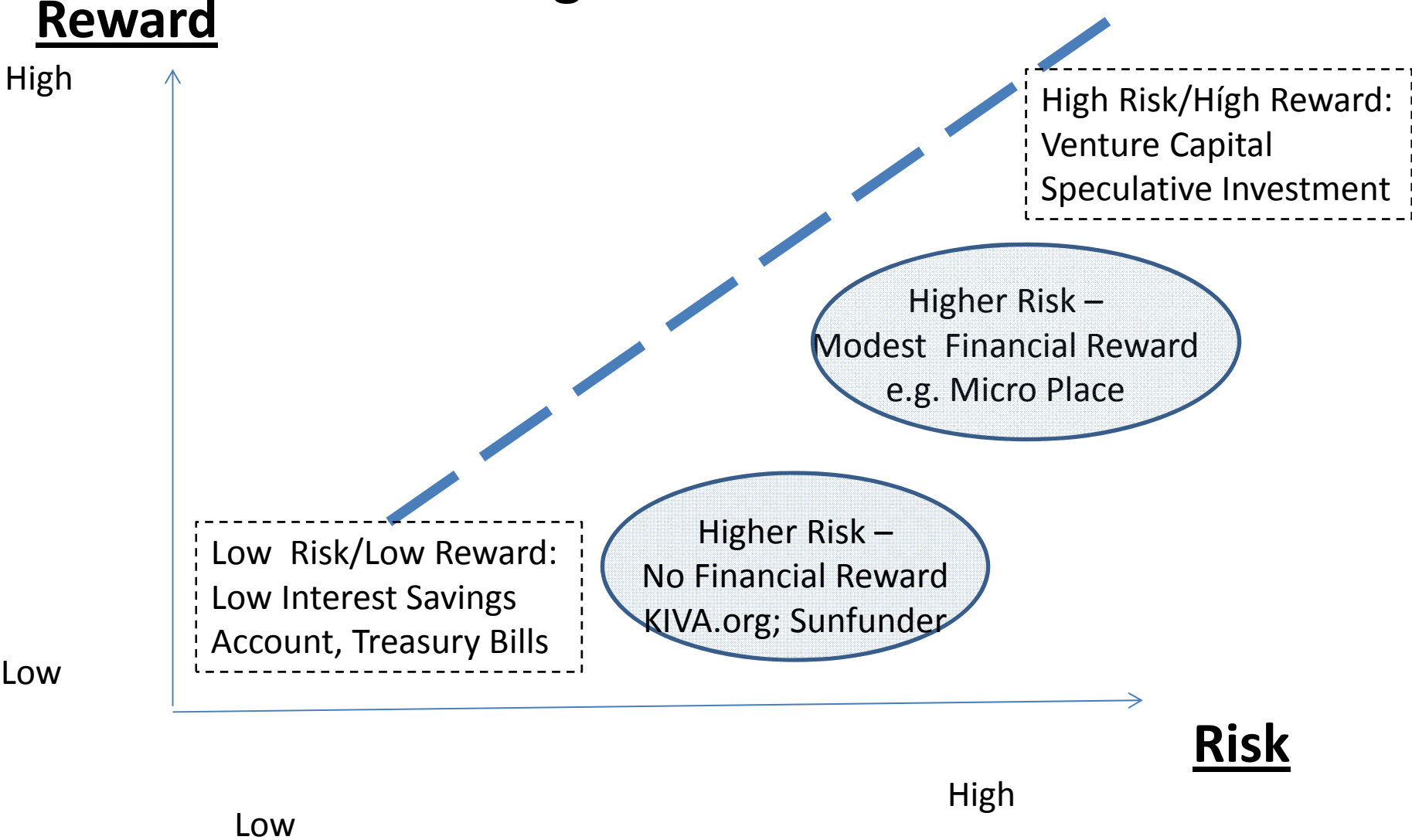
### **GCF Value Added for CFPs**

- Visibility
- Credibility
- De-Risk
- Funding

### **Instrument**

- Crowd Funding Portal
- Accreditation of CFPs for eligibility of GCF support.
- First-loss guarantee facility
- Matching/Challenge Funds

# Risk-Reward: Crowd Funding often is lower cost and higher risk tolerant



# Comments are Welcome

- Link to draft document:

<http://www.eurocapacity.org/downloads/CF4CC.pdf>

- Link to the MIT Co-Lab Proposal: please review and Vote before Aug 31st!

<http://climatecolab.org/plans/-/plans/contestId/23/planId/1303925#.Uex7qGiwjMU.email>

- Contacts

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[Diann Black-Layne <dcblack11@yahoo.com>](mailto:dcblack11@yahoo.com)