

The Fridays for Future Fund

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'Achieving sustainability through innovation!' You'll find that sort of thing in the strategy papers of many big industrial companies, who have realised that sustainability is no longer a niche concern. In order to tackle climate change, we need technical innovations that make our society more eco-friendly. They also need to be profitable, so that they can succeed on the market. And we need them quickly. That's where the problem arises.

AGILITY AS AN INNOVATION ADVANTAGE

Transformation processes in big companies take a long time. Often too long. You just need to look at German automakers and how they dragged their feet over electric cars for years on end. A start-up like Tesla was able to move more quickly and left the rest of the German car industry in the dust. Start-ups are more agile than established businesses. They don't have any baggage and so are well placed to drive change – including when it comes to action on the environment.

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Of course, nobody needs the two-hundredth sustainable coffee cup or yet another recyclable yoga mat. What we need are deep techs: start-ups whose products and services are based on highly complex technology and exceptional innovation. Their products are mainly aimed at commercial customers rather than end consumers. They might develop smart batteries like the south German start-up Sonnen, they might sell flexible, organic solar films like Heliatek from Dresden or they might, like the Berlin-based deep tech Infarm, enable restaurants and retailers to cut out the supply chains and grow their own vertically

farmed produce right in the middle of the city. These companies' innovations play a key role in the fight against climate change. But in Germany, they are the exception rather than the rule. There's a lack of investors with the courage to fund research and development that can sometimes take years. It took the German biotech company CureVac over a decade of research to develop the technology underpinning its current vaccine development efforts.

THE „FRIDAYS FOR FUTURE“ FUND WOULD FILL A GAP

Germany lags far behind countries like the USA and China when it comes to risk capital, as shown by figures compiled by the German development bank KfW on investment in deep techs between 2017 and 2019. In Germany, a mere 0.3 billion dollars was invested in cutting-edge clean technology, compared with 7.7 billion dollars in the USA and 12.2 billion in China. It was a similar story when it came to risk capital for electric and hybrid vehicles. Many good ideas never make it past the drawing board in Germany due to lack of capital. That's where the German climate movement comes into play: why don't climate activists work with venture capitalists to found a Fridays for Future Fund (FFFF for short)? That would be a way to help close some of the gap.

It does sound like a crazy idea, admittedly. But there's nothing to stop the climate movement Fridays for Future setting up a fund for company founders who want to develop revolutionary technology to protect the environment. Founders who want to drive forward innovations in fields like carbon-neutral construction, energy production and storage or agriculture.

A FUND FOR CLIMATE-CONSCIOUS SMALL INVESTORS

So why not do it? It could be financed by crowdfunding. The ability of the internet to mobilise incredible sums of money on finance markets was recently demonstrated when the surging stock price of video game chain GameStop hit the headlines: small investors arranged

on the online forum Reddit to buy GameStop shares in large quantities so as to apply pressure to powerful hedge funds that had hedged on the stock price falling; instead, it skyrocketed. Moreover, the climate movement has many famous and affluent supporters who would back this experiment.

A GREAT EFFORT THAT COULD BE WORTH IT

It would take a huge amount of work, of course. Regional organisations would need to set up collaborative project groups. Experts would need to be brought on board to help with the implementation of such a complex undertaking. Regulatory and legal questions would need to be clarified and organisational structures devised. But it would be worth it. The core of the concept could be something like an Eco-Dragons' Den. A panel of experts comprising trusted scientists from various fields could assess how innovative the pitched ideas are and whether they could actually make a significant contribution to protecting the environment, while experienced venture capitalists could assess the business potential.

IN THE LONG TERM, IDEAS THAT ARE ALSO ECONOMICAL- LY SUCCESSFUL WILL PREVAIL

The fund could eventually be self-financing after the first investments have proved successful. The money earned could then be funnelled back into new promising ideas. That doesn't mean the FFFF should focus on ultra-short-term profit. But only ideas that are economically successful can have legs over the longer term. It doesn't detract from a green idea just because a company makes money off it. And if a sustainable idea is a clear economic success, big companies will be quick to jump on the bandwagon too. That would benefit both the economy and the environment.



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