Acknowledgments

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# Nexus – Carbon for Development

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Dear members and partners,

I am glad to share the successes of last year as they will provide the foundation for our future achievements.

Thanks to your work and ongoing support, Nexus has opened more doors to development by improving access to clean energy and water services for vulnerable communities in developing countries.

Two new members joined our cooperative and more than 15 projects were assessed by our Technical team to determine their viability and eligibility for carbon finance. For the most promising of these, Nexus was able to maximize their potential by providing technical assistance and access to finance.

Five projects benefited from this support through our two funds - the Clean Cooking Loan Fund and the Revolving Fund. Nexus joined forces with The Global Alliance for Clean Cookstoves and The Gold Standard Foundation to create the Clean Cooking Loan Fund (CCLF), which aims to provide loans to clean cookstove and fuel enterprises to help finance carbon certification costs. The CCLF is administered by Nexus and has helped us strengthen our experience with fund management.

In addition, despite the challenging condition of the carbon market, Nexus successfully demonstrated its ability to unlock carbon finance - leveraging over US$1.7 million for member projects.

Looking beyond carbon, we are exploring innovative ways to provide our members with additional revenue streams. Our first experience with crowdfunding platform Kiva was extremely promising and we look forward to further utilizing this innovative approach to mobilize finance. Nexus also helped members to mobilize over US$800,000 in grants to support the delivery of products and services to low income populations.

Finally, our members and partners expressed the view that access to affordable working capital is needed if they are to accelerate the growth of their programs and maximize revenue from carbon finance. Nexus is actively supporting them with new funding mechanisms that integrate impact measurement, which not only report and value a project’s environmental impact but also the various poverty alleviation benefits created.

2015 will be a pivotal year for Nexus to deploy these new funding vehicles, increase our membership and knowledge transfer between members and further develop relationships with corporates and funders.

I would like to take the opportunity to thank my team for their commitment and wish you pleasant reading.

Warm regards,

Claire Dufour
Executive Director
Dear friends and colleagues,

It gives me great pleasure to present our fifth Annual Report. 2014 marked the five-year anniversary of Nexus, which we celebrated with an Innovative Finance for Sustainable Development Conference (IFSD) in Singapore in November. This milestone deserves celebration, but also reflection on where we have come from and where we want to go.

In 2009, Nexus’s original aim was to use carbon finance as a means to scale-up poverty alleviation and climate mitigation projects in Asia. We have succeeded in demonstrating this potential. For example, we succeeded, in collaboration with our members, Hydrologic, SNV, and the Project Management Unit of Vietnam, to get two pioneering programs certified by The Gold Standard Foundation. The first projects in the Nexus cooperative to issue credits have benefited from over US$3.8 million in carbon revenues to scale up their activities. Thanks to this success, our pipeline is continuing to grow with new projects that will issue high quality Gold Standard VERs from programs in Laos, Cambodia, and Indonesia to name a few.

Given the challenging conditions of the carbon markets we need to look further. In 2014, after analyzing needs, we opened the door for our members to access new and innovative financing mechanisms, which will stage future growth during the next five years. Leveraging the knowledge and growth of our experienced membership, which comprises of over 20 pioneering organizations, we now know more today about what we can do to address the challenges of poverty and climate change than ever before. Not only do projects need the right approach to development, there is also a need for access to appropriate and affordable finance.

We also know that with the right financing and technical assistance, projects using simple, innovative technologies and approaches can provide development opportunities to the people who need them the most. Our job at Nexus is to connect these projects to sources of funding and expertise that enable them to maximize their potential and scale-up their impact. It is encouraging to see the success we have had in moving to these new mechanisms: TerraClear received their first loan of US$35,000 to purchase a new truck through crowdfunding. Our Clean Cooking Loan Fund, launched with The Gold Standard Foundation and the Global Alliance for Clean Cookstoves, also got off the ground to provide loans to cover carbon transaction costs.

2014 has set a strong foundation to open new doors to effective finance for our members. Collaboration with our partners, members, and funders, among many others has been the key to our success. I am particularly excited to see how our collaborative network is growing and strengthening as we continue to show what was thought of as only a possibility, to reality.

Thank you for your continued support.

Warm regards,

Priyadarshini Karve
Chair of the Board
Nexus is a cooperative of 21 development organizations that support vulnerable communities by scaling up successful climate-friendly projects. We exist to open doors for development projects so they have the resources they need to maximize their impact. We are a nonprofit with a collaborative structure, which enables our members to share expertise and services, and access the technical assistance and international funding opportunities they need to grow.

**We build meaningful connections**
We unlock new opportunities by connecting people, ideas and action

**We find better ways**
Financing and encouraging climate friendly development is always changing, and we’re devoted to finding ever better ways to tackle these issues

**We see the big picture**
Our bold vision for development is based on enabling change that lasts

**We show our impact**
By showing our impact we can change what people think is possible

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1.3 billion people, or approximately one in five, lack electricity to light homes or conduct business

2.7 billion people, nearly 40% rely on wood, charcoal, animal, crop waste or other solid fuels to cook their food and heat their homes

**Indoor air pollution**
from cooking with solid fuels kills 4 million people a year, many of whom are women and children

748 million people currently lack access to improved drinking water and a further 1.8 billion people are utilizing sources that are unsafe to drink
The need for Nexus

Universal access to clean energy and safe water is crucial to alleviate poverty. Functional and energy-efficient solutions to meet local needs exist, but remain out of reach for the most vulnerable populations.

Development organizations have extensive experience designing projects that enhance access to these solutions while providing long-term opportunities for local producers and distributors. Although carbon finance can help disseminate energy-efficient technologies to more vulnerable populations, few development organizations have the necessary resources and expertise to effectively deal with the high transaction costs, complex methodologies and inequitable financial risks. Developing such expertise internally would be prohibitively expensive for development organizations whose key focus is the scaling up of projects and the delivery of improved outcomes.

To pursue the development aims of its members, Nexus, through its cooperative structure, helps to pool resources and share the risks involved in accessing carbon finance. The cooperative has committed to provide clean energy to 20 million people in developing countries by 2020, while reducing greenhouse gas emissions by 10 million tons CO2-e (carbon dioxide equivalent).

The Nexus difference

Nexus is the first cooperative formed by development organizations to use carbon finance to support vulnerable communities. Nexus uses private sector tools to achieve development benefits, providing members with the support, resources and guidance needed to maximize their impact on the ground. Prioritizing transparency and fairness, Nexus utilizes a cooperative model that gives members a stronger voice in the carbon market and provides them with the necessary tools to achieve their goals.

Nexus promotes a fair approach to carbon offsetting. Organizations that purchase carbon credits to offset their greenhouse gas emissions often ignore the percent of the purchase price that is actually paid to the project itself. Nexus allows companies and public institutions to purchase carbon credits directly from our cooperative of project developers. This fair approach to offsetting ensures that 85-90% of the revenues are directed to the project and its beneficiaries.

Nexus activities

Nexus helps members scale up successful climate-friendly projects through a variety of activities and services:

Knowledge sharing and expertise
As a community of development organizations focused on capacity building and knowledge sharing, members have access to pooled technical and project development services.

Access to finance
We provide members with an innovative range of financing options that blend traditional development funding and impact investment with carbon finance support, adapted to each step of project development.

Carbon asset management
We provide a platform for our members to engage companies, public institutions, and other carbon credit buyers in a fair approach to offsetting. Carbon credit revenue directly benefits development projects.

Research and advocacy
Nexus conducts research and advocacy activities to ensure the long-term financing of member projects, encourage the transfer of knowledge and best practice and to influence and shape future climate finance mechanisms.

Our Goal
By 2020, enable 20 million people to access clean energy and reduce GHG emissions by 10 million tons CO2-e
The Cooperative

Members

The key feature of the Nexus model is its cooperative structure, which allows members to share expertise and services to pursue development goals. Members benefit from pooled technical services which decreases the transaction cost of accessing results-based finance. These services can be provided by Nexus’ technical team or by staff from other member organizations that have become experts.

Nexus members are award-winning development organizations, including social enterprises and NGOs, recognized for their impacts in the field. Active projects include promoting climate-friendly agriculture, empowering farmer co-operatives, and distributing household products such as improved cookstoves, water purification systems and household biogas digesters.

Members

**APPROPRIATE RURAL TECHNOLOGY INSTITUTE (ARTI), INDIA**

**FOUNDRING MEMBER**

ARTI is an NGO based in Maharashtra, founded by a group of scientists and social workers in 1996. Its mission is to serve as an instrument of sustainable rural development through the application of scientific and technological knowledge.

**AGRONOMES ET VÉTÉRINAIRES SANS FRONTIÈRES (AVSF), FRANCE**

**MEMBER SINCE 2012**

AVSF is an international NGO acting for rural development by supporting family farming in underprivileged regions and to contribute to advocacy actions in the North and South in favor of family farming by sharing skills in the fields of agriculture, livestock and animal health.

**THE BIOGAS PROGRAM FOR ANIMAL HUSBANDRY SECTOR OF VIETNAM (BP)**

**MEMBER SINCE 2012**

In 2003, the Biogas Program for Animal Husbandry Sector of Vietnam was launched in cooperation with SNV Netherlands Development Organization and financed by the Netherlands government. The program aims to develop a commercially viable biogas sector in Vietnam. Through the provision of clean and affordable energy to rural households, the Biogas Program will improve community’s sanitation and health, create rural employment opportunities, and reduce greenhouse gas emissions, thereby contributing to rural development and environmental protection.
Cambodian Center for Study and Development in Agriculture (CEDAC), Cambodia

**Founding Member**

CEDAC is a Cambodian NGO created in 1997 that specializes in ecological agriculture and rural development. CEDAC has formed a strong network of 1,140 village-based, grassroots farmers associations, and provided facilitation and support for capacity building. It currently employs more than 200 national staff, most of them based in the field.

Eco-Watch Institute (EWI), China

**Member Since 2012**

Founded in 2006, EWI is a non-profit organization. The aim is to undertake pro-poor activities on energy, environment and ecology issues in China’s rural areas to help the poor increase their income, and improve the quality of their environments and agricultural-ecological systems, and to ultimately realize sustainable socio-economic development in rural areas.

Global Environmental Institute (GEI), China

**Member Since 2010**

GEI is a Chinese non-profit, non-governmental organization that was established in Beijing, China in 2004. Its mission is to design and implement market-based models for solving environmental problems in order to achieve development that is economically, ecologically, and socially sustainable.

Group for the Environment, Renewable Energy and Solidarity (GERES), France

**Founding Member**

For over 40 years, the NGO GERES has developed innovative solutions to preserve the environment and improve people’s livelihoods. GERES offers energy solutions as both vectors of economic and social development, and as alternatives to current systems harmful to the environment. With a team of over 200 professionals worldwide, all solutions developed by GERES are transferred to local actors through capacity building, in order to give them ownership of their own resources.

Humanist Institute for Cooperation with Developing Countries (HIVOS), Netherlands

**Member Since 2011**

Hivos is a Dutch development organization guided by humanist values. Together with local organizations in developing countries, Hivos strives for a world in which all citizens, both men and women, have equal access to resources and opportunities for development and can participate actively and equally in decision-making processes that determine their lives, their society and their future.

Hydrologic Social Enterprise, Cambodia

**Member Since 2010**

Hydrologic is a social enterprise created and wholly owned by International Development Enterprises (iDE). It introduced a low-cost Ceramic Water Purifier technology in Cambodia, setting up local manufacturing and distribution networks and stimulating demand through social marketing campaigns.
INTEGRATED DEVELOPMENT ASSOCIATION (IDEA), SRI LANKA

FOUNDBING MEMBER

IDEA is a registered non-profit, non-governmental organization based in Kandy. A multi-disciplinary Board consisting of six non-related members manages it on a voluntary basis. It was established in March 1990 with the aim of playing an active role in contributing towards sustainable development efforts in the field of natural resource in development, management and conservation.

THE SMALL SCALE SUSTAINABLE INFRASTRUCTURE DEVELOPMENT FUND (S3IDF), INDIA/U.S.A

MEMBER SINCE 2011

S3IDF fosters small explicitly pro-poor investments and associated small enterprises by providing integrated technical, financial and business organizational assistance, using innovations common in large infrastructure projects. S3IDF calls this enterprise-centric approach to infrastructure development its Social Merchant Bank Approach (SMBA).

SAMUCHIT ENVIRO-TECH PVT LTD, INDIA

MEMBER SINCE 2011

Samuchit Enviro Tech is a private limited company registered in India. The company was established in 2005, with the aim to work as a commercial associate of Appropriate Rural Technology Institute (ARTI), an internationally acclaimed NGO based in India.

SNV NETHERLANDS DEVELOPMENT ORGANIZATION (SNV), NETHERLANDS

MEMBER SINCE 2013

SNV Netherlands Development Organization is an international not-for-profit development organization working in 39 of the poorest countries worldwide. SNV’s global team of local and international advisors work with local partners to equip communities, businesses and organizations with the tools, knowledge and connections they need to increase their incomes and gain access to basic services – empowering them to break the cycle of poverty and guide their own development.

SUSTAINTECH INDIA PVT. LTD. (SUSTAINTECH), INDIA

MEMBER SINCE 2013

Sustaintech is a social enterprise which manufactures and sells sustainable energy products, primarily fuel-efficient commercial cook stoves. It is an offshoot of Technology Informatics Design Endeavour (TIDE), a non-profit organization devoted to promoting sustainable development through technological interventions.

TERRACLEAR, LAO

MEMBER SINCE 2011

TerraClear is a social enterprise located in the Lao PDR with an aim to see clean drinking water made a reality for all Laotian families. Commencing in 2010, the Lao Ceramic water filter has been sold in every province of the country with some communities seeing a 40% or greater uptake through individual purchases. Growing the sales network for the Lao Ceramic water filter is the primary strategy in expanding services nationwide. TerraClear is the first and only scalable producer of household water filter products in the Lao PDR.
Established in 2000, the CCRD is a non-governmental and not-for-profit organization working in research and development of sustainable livelihoods of the poor and marginalized groups. The CCRD objective is to work for food security and poverty reduction based on VAC Integrated system and sustainable agriculture development in Vietnam.

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The Bureau was created to provide practical advice and support to project developers, carbon credit buyers, development agencies, financiers and others wanting a better understanding about climate change, global warming and the carbon emissions trading markets. The Bureau has a special knowledge about carbon project activities in Uganda and across East Africa, and works closely with the private sector and public agencies.

Waste Enterprisers is built around harnessing economic value from human waste. By re-branding human waste as a needed input instead of a waste output, waste-based businesses create both a physical and financial demand for waste – completely reinventing the economics of sanitation.

The mission of VERC is to establish and promote a dynamic and participatory sustainable process towards human development.
Two organizations were in their probation period for Nexus membership and will be presented at the annual general meeting in 2015.

iDE

iDE is a U.S.-based not-for-profit organization with a unique business approach to fighting poverty. iDE’s mission is to create income and livelihood opportunities for poor rural households. For 30 years around the world, iDE has pioneered innovative market-based approaches to increase agricultural incomes and improve access to safe water and sanitation. Today iDE has 19 country offices worldwide and has reached more than 22.8 million people with improved agricultural, safe water and sanitation solutions.

PT Holland for Water (PTH) started a social enterprise that distributes ceramic candle water filters across Indonesia in 2013, targeting low-income households in rural and urban areas through a wide network of resellers or micro-entrepreneurs under the brand name Nazava Water Filters which means “cleanliness” in Arabic. The vision is to provide safe and affordable drinking water to everyone, everywhere. PTH’s mission is to be Indonesia’s premier water filter company of safe and affordable household water filters.
The Nexus Secretariat identifies potential new members and projects through member network referrals, event attendance, calls for proposals and Nexus communications. Once an opportunity is made known to Nexus it goes through an eligibility check, with three criteria:

- Alignment of project/organization’s vision and mission with Nexus
- Clear poverty alleviation and climate impacts
- Opportunity for collaboration with existing membership and use of Nexus services

To assess the potential for collaboration and ensure high quality members and projects, the Secretariat has developed a two-phase due diligence process. This process is adapted based on the level of engagement anticipated.

**Pre-screening**

Based on information provided in the Pre-Screening Form, the Nexus Secretariat will conduct a desk review of the application and any supporting documentation, focusing on 4 dimensions:

- Organization
- Technology/service
- Impacts
- Financing

The pre-screening report makes a recommendation for potential collaborations with Nexus to the Secretariat. If the organization has potential to access Nexus services, the project is recommended for a full screening.
Screening

The screening stage is the last stage before an investment decision is made. The in-depth assessment addresses any concerns raised at the pre-screening stage, conducts financial and feasibility analysis, recommends financial services, creates a road-map for engagement, and identifies performance indicators and milestones. While its scope is clearly defined, the amount of work involved may significantly vary as some organizations with an existing relationship with Nexus will have already gone through a similar process.

The screening report is presented to the Secretariat, which decides whether or not to proceed with the investment and approves the proposed performance milestones (financial and non-financial) and the monitoring plan.

2014 Pipeline

While Nexus engages with numerous potential partners, 16 pre-screenings were conducted in 2014, five of which were recommended for a full screening. The Nexus team completed four full screenings in 2014. Two Nexus members were in the validation/registration phase. Three member projects were monitoring, verifying and issuing carbon credits.

New service development

In 2014 Nexus began to pilot new forms of member engagement and financing, including debt-finance and crowdfunding. Nexus established a working relationship with Kiva.org and piloted a US$35,000 loan for TerraClear to purchase a delivery truck. In response to member needs, the Secretariat also began working to provide uncollateralized debt finance for projects which were in the “Pioneer Gap.” While many members have been able to secure seed funding or initial grants, they are unable to access impact investment as they are seen as too early, too small, or too risky. Nexus is working to design a Pioneer Facility to address these needs.

Next steps

Nexus will look to grow the project pipeline substantially and expand its services in 2015. In the last quarter of 2014, Nexus created a new role dedicated to originating strong projects and attracting members to join the cooperative and utilize Nexus services. In addition, Nexus plans to extend its services beyond that of carbon finance, including the relationship with Kiva.org and the creation of the Pioneer Facility. These activities will ensure the growth and sustainability of the cooperative in the future.
Nexus Funds

Nexus is developing an innovative range of financing options that blend traditional development funding, debt finance, impact investment, and climate finance.

Revolving Fund

Nexus’ Revolving Fund covers the financial gap faced by Project Developers to meet carbon transaction costs. Revenue from the sale of carbon credits is used to pay back the fund, which can then be used to support other Nexus members’ projects. The Vietnam Biogas Program in partnership with SNV, and Hydrologic’s ceramic water filter project in Cambodia have both been recipients of loans from the fund. In 2013, the Blue Moon Fund provided additional capital for the Revolving Fund.

In 2014, two member projects were approved for loans from the Revolving Fund. SNV Laos along with their Lao partner Association for Rural Mobilisation and Improvement (ARMI) successfully launched the carbon component of their improved cookstove project in Laos. The second loan approved in 2014 was for a new Nexus’ member PT Holland for Water (PTH). PTH is a social enterprise that distributes ceramic candle water filters to low-income households across Indonesia under the brand name Nazava Water Filter.

The Revolving Fund is available to members in 2015 for financing carbon transactions at competitive rates of interest. Nexus is exploring other potential funding opportunities to offer to members to finance new activities and initiatives and we will continue to pursue these in 2015.
Clean Cooking Loan Fund

The Global Alliance for Clean Cookstoves (the “Alliance”), The Gold Standard Foundation (“Gold Standard”) and Nexus joined forces in 2014 to create the Clean Cooking Loan Fund (“CCLF”). The purpose of the CCLF is to provide loans to clean cookstove and fuels enterprises to help finance carbon certification costs. Nexus administers the CCLF, managing project origination, technical due diligence, performance monitoring, and repayments.

The CCLF has provided loans to Uganda Carbon Bureau (UCB) to fund transaction costs for its carbon finance Programme of Activities (PoA) in Africa. This loan agreement is unique as it allows UCB to on-lend the funds to individual projects joining the PoA to access carbon finance. UCB signed loan agreements with the following projects:

- Ugastove
- Coffee-A-Cup
- Solar Sisters

In addition, the CCLF launched a Call for Proposals in April 2014. The CCLF received a total of 44 applications. The CCLF Investment Committee met in June 2014 and shortlisted five candidates in Zimbabwe, Mongolia, Zambia, Nigeria, and Myanmar for pre-screening. Subsequently, two projects were selected for full screening, and the Investment Committee set out milestones for the other three projects and these projects will be reassessed in early 2015.

The first full screening took place in November-December 2014, and preliminary results were shared with the Investment Committee in December 2014. The final screening report will be finalized and presented to the Investment Committee in January 2015.
Innovative Finance

Kiva.org

In 2014 Nexus became a Kiva field partner to pilot the extension of low-interest loans to small and medium enterprises funded by “the crowd”. In less than 24 hours, over 1,100 Kiva lenders fully funded a US$35,000 Kiva loan for Nexus member organization, TerraClear, to purchase a new truck for the distribution of locally produced water purifying technology to rural communities in Laos.

Leveraging Kiva’s innovative crowdfunding approach to micro finance, Nexus hopes to replicate the success of its first Kiva campaign to provide finance needed by other member organizations to implement and scale-up future climate-friendly development projects.

The Kiva partnership presents new opportunities for our members and represents a powerful tool to leverage funds for social enterprises in the developing world. The initial fundraising success of this partnership will allow Nexus to expand its lending capacity on the Kiva website in 2015, providing Nexus members access to a potential of US$400,000 in low-interest loans.

The Kiva platform - an innovative crowdfunding, micro-finance mechanism - allowed people around the world to pledge support for the TerraClear social enterprise, which provides access to clean, safe drinking water to some of the most isolated and vulnerable communities in Laos.

“We are so pleased to partner with Nexus and Kiva in the development, posting, and ultimately the funding of this loan. Not only will the financing for a truck help us to be more efficient with our resources as we deliver product, but the truck will also help us provide many thousands of families over the next several years with affordable clean water via the TerraClear Ceramic Water Purifier.”

TerraClear
Deputy Director
Matt Nieswender

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Grants for Innovation

The Grants for Innovation ("G4I") is designed to support the development of an outstanding innovation that both mitigates climate change and meets the needs of poor populations.

G4I encourages innovation to scale up low-carbon technologies that contribute towards the Millennium Development Goals, including innovations which enable such projects to overcome financial, social and legal barriers. Innovations are expected to:

- Have strong potential for social impact, as defined by the Millennium Development Goals
- Be feasible for scale-up or replication in other areas or countries
- Be built on a sound and viable business model to enable scalability and self-sustainability

Innovations that are eligible for carbon finance under existing voluntary or compliance markets are preferred.

G4I Finalist Activities Update

The Small-Scale Sustainable Infrastructure Development Fund (S3IDF): Social Merchant Bank Approach ® (SMBA): Opportunities for Dissemination to Cambodia

S3IDF was awarded a Nexus Grant for Innovation in early June 2014. The aim of the project is to address the need for scalable approaches that fill the gap for affordable, small-scale, pro-poor and pro-environment energy and other infrastructure technologies in Cambodia. The project timeline is divided into three stages, the first of which ran from mid-June 2014 to mid-January 2015.

During Stage 1 of the project (Background research and preparatory work), S3IDF investigated whether the minimum conditions necessary for SMBA implementation were present in Cambodia, including amenable legal and regulatory conditions ("rules of the game"), possible market potential of selected technologies (especially those with carbon finance potential), and strong partnership options.

Specific activities carried out included:
- Research on legal and regulatory conditions
- Identification of relevant financial institutions
- Investigation into potential project and other partners
- Selection of initial priority technologies
- Preparation for Cambodia-based workshop (in January 2015)
Samuchit Enviro Tech Pvt Ltd: Clean and Green Kitchens for Institutional Cooking (India)

Samuchit was awarded a Nexus Grant for Innovation in early June 2014. Using G4I funds, Samuchit began promoting their innovative Electricity-Less Forced Draft (ELFD) Gasifier cookstoves in September 2014. This new stove offers smoke-free (clean) and renewable biomass-fuelled energy for cooking to institutional or commercial kitchens. The focus of the project activities is on institutional kitchens providing free or subsidized meals to weaker and vulnerable sections of society. Two commercial prototypes have been designed – one for cooking up to 50 kg of food at a time, and the other for cooking up to 100 kg of food at a time. The brand name selected for the stove is: Samuchit ELFD Sampada Smokeless Stove.

Since then, Samuchit has displayed the stoves at various exhibitions in Maharashtra and Goa states and demonstrated its effectiveness at several locations in the three target states. Three kitchens have used the demonstration stoves for several days, and have given useful feedback for further improvement from user friendliness perspective. Samuchit has also carried out baseline surveys on cooking practices, and cooking energy sources in commercial and community kitchens in Maharashtra and Karnataka states. Samuchit is working to simplify the operating process for the ELFD stove to the maximum extent possible. A video showing the operation is being developed, the current version is available on Samuchit Enviro Tech’s YouTube Channel.
Partnerships

Nexus aims to leverage results-based finance as a sustainable solution to financing for our membership. Carbon finance continues to be the main form of results-based finance for the membership. Nexus engages the public and private sectors as partners to purchase the results of our member projects.

Financial partners

**Blue Moon Fund**

Based in the United States, Blue Moon Fund emerged in 2002 after the restructuring of the W. Alton Jones Foundation. The fund seeks to protect landscapes and livelihoods threatened by climate change through its strategic, initiative-based philanthropy, focusing on high-biodiversity regions in Asia, North America and tropical Americas. Blue Moon Fund also recognizes that each region has its own unique natural, social, and financial assets. Putting these to work locally increases the ability of communities and ecosystems to weather environmental and economic change. Blue Moon Fund has provided years of support to Nexus and Nexus members, with majority sponsorship of the 2014 Innovative Finance for Sustainable Development conference in Singapore and the capitalization of the Nexus Revolving Fund.

**French Global Environment Facility (FFEM)**

Created by the French government in 1994 after the Rio Summit, FFEM’s objective is to promote the protection of the environment in developing countries. FFEM’s program of activities also includes implementing sustainable development strategies, running programs and projects that address climate change, biodiversity, international waters, land degradation, persistent organic pollutants, and stratospheric ozone layer. FFEM supports Nexus’ four-year plan (2011-2014) with co-financing.

**Global Alliance for Clean Cookstoves (GACC)**

GACC is a public-private partnership hosted by the UN Foundation to save lives, improve livelihoods, empower women, and protect the environment by creating a thriving global market for clean and efficient household cooking solutions. The Alliance’s 100 by ‘20 goal calls for 100 million households to adopt clean and efficient cookstoves and fuels by 2020. GACC are working with a strong network of public, private and non-profit partners to help overcome the market barriers that currently impede the production, deployment, and use of clean cookstoves in developing countries. The Global Alliance for Clean Cookstoves provided Nexus with capital to manage the Clean Cooking Loan Fund (CCLF).
**Gold Standard Foundation**

For ten years, The Gold Standard Foundation has pioneered the way climate change is addressed. Their Reward for Results approach has channelled billions of Euros into 1000 low carbon development projects. To receive the prestigious stamp of approval all Gold Standard projects must be implemented following best practice rules, consult with local stakeholders, continually reduce greenhouse gas emissions and improve the environment and people’s lives. Once certified by The Gold Standard, projects are issued credits annually against independently audited climate and sustainable development outcomes. The purchase of these credits – by governments, business, impact investors and individuals – provides on-going funding to project activities.

**Nordic Climate Facility**

Nexus, two of its member organizations, TerraClear and Hydrologic Social Enterprise, and the Finland Futures Research Center, have been selected by the Nordic Climate Facility (NCF) to scale up water purification activities in Cambodia and Laos. NCF is financed by the Nordic Development Fund (NDF) and administered by the Nordic Environment Finance Corporation (NEFCO).

**Singapore Economic Development Board (EDB)**

EDB is the lead government agency for planning and executing strategies to enhance Singapore’s position as a global business center. They dream, design and deliver solutions that create value for investors and companies in Singapore. Their mission is to create for Singapore, sustainable economic growth with vibrant business and good job opportunities. EDB has supported Nexus establishment in Singapore and on-going operating costs over 3 years.
Corporate partners

Next steps

In 2015, Nexus Partnerships and Communications teams will be working together to deliver more communications and project material to Nexus carbon offset partners. This will include Nexus Project Updates using innovative ways to measure and value environmental, economic, and social benefits of Nexus members.
Nexus Impacts

Facilitating access to finance

As of the end of 2014, members working with Nexus certified and issued 694,392 Gold Standard Voluntary Emission Reductions. Funds leveraged by Nexus to members totaled over US$2.6 million and came from three main sources: results-based finance, grants, and debt finance.

Summary of RBF funds

Despite a challenging market where supply of credits outweighed demand, Nexus was able to grow overall revenues from carbon finance for Nexus members’ projects in 2014. The Nexus Secretariat team provided regular briefings to members and shared critical carbon market information otherwise difficult to access. Thanks to this information and to regular meetings, members were able to make informed choices about carbon credit sales.

Nexus member projects that currently receive carbon asset management services include the Biogas Program in Vietnam, (SNV and the Project Management Unit of Vietnam), the Ceramic Water Purifier Program in Cambodia (Hydrologic Social Enterprise and iDE), and the New Lao Stove Program in Cambodia (GERES).

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1 Certification and issuance of credits is delayed due to auditing timeframes.
Overall carbon revenues, including Nexus commission, increased from US$1.3 million in 2013, to US$1.7 million in 2014. The Biogas Program in Vietnam significantly increased carbon revenues from approximately US$585,000 in 2013 to US$1.1 million in 2014. Nexus’s overall commission revenues from carbon sales subsequently increased by 22% in 2014 compared to 2013.

<table>
<thead>
<tr>
<th>CARBON REVENUES TO PROJECTS</th>
<th>TONS</th>
<th>USD*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>77,655</td>
<td>777,669</td>
</tr>
<tr>
<td>2013</td>
<td>203,439</td>
<td>1,346,470</td>
</tr>
<tr>
<td>2014</td>
<td>448,449</td>
<td>1,732,171</td>
</tr>
</tbody>
</table>

Although overall carbon revenues increased, there was a decrease in individual project revenues for both of the New Lao Stove program and Hydrologic due to decreasing prices for Gold Standard credits and the decrease in the exchange rate between Euros and US dollars. Although some transactions were confirmed in early 2014, with EUR/USD exchange rates at 1.37, delivery and payment did not occur until the end of 2014 where the EUR/USD exchange rate dropped below 1.20. As projects in Asia are generally reliant on US dollars and a majority of carbon revenues are reliant on European partners, Nexus is currently looking into ways to mitigate against exchange rate exposure and risk in 2015.

Summary of grants to membership
Nexus assists members to compete for international funding by providing grant application services to members. In 2014, Nexus assisted Waste Enterprisers and iDE Nicaragua (iDEal Tecnologias Nicaragua) to secure over €600,000 in grants from Fonds Français pour l’Environnement Mondial (FFEM) and the Renewable Energy and Energy Efficiency Partnership (REEEP), respectively. The Grants for Innovation funded by Nexus also dispersed US$133,500 to Samuchit and S3IDF. TerraClear and Hydrologic Social Enterprise also continue to benefit from a grant awarded by the Nordic Climate Facility in 2012.

Summary of debt finance
2014 also saw the disbursement of debt finance through the Clean Cooking Loan Fund and the Kiva.org platform. Nexus provided loans to UCB and TerraClear, totaling US$80,000.

Building capacity and fostering the sharing of expertise
Member organizations have different needs in terms of improving their capacity to access finance. A number of capacity building activities took place in 2014, including general briefings, specific training modules and coaching. Strengthening relationships within the membership has been identified as a key priority to maximize our positive impact, ensure sustained growth and create opportunities for members. Members were invited to the Innovative Finance for Sustainable Development event in Singapore. In addition, several informal networking events were organized in Phnom Penh, Cambodia.

The Global Environment Institute (GEI) seconded one member of their staff to Nexus early in 2014 to build her capacity in carbon finance. Duan Huan Yun worked with Senior Carbon Project Officer Ha Hoang to study the methodology and monitoring for the biogas program in Vietnam.

Nexus has also facilitated knowledge sharing between members. A good example of this is the engagement between Nexus members TerraClear and Hydrologic Social Enterprise, who have been able to share production best practices, sales approaches and techniques, and recently even ceramic water filters. As TerraClear is rapidly expanding its sales, production has not kept pace, and Hydrologic was able to fill that gap with a shipment of ceramic elements. By facilitating and encouraging knowledge sharing between our members we are able to improve development outcomes while strengthening and adding value to the cooperative.
The Biogas Program for Animal Husbandry Sector of Vietnam was launched in 2003 by SNV Netherlands Development Organization in cooperation with the Ministry of Agriculture and Rural Development of Vietnam. The project is financed by the Netherlands government.

The aim of the program is the development of a commercially viable domestic biogas sector by the development, training and support of over 1,000 biogas micro-enterprises nationwide and quality control processes to ensure long-term operation of the digesters.

The program creates long-term employment opportunities in rural areas and improves the livelihoods of rural farmers. Converting animal waste to energy via biogas digesters produces clean and affordable energy for cooking, lighting and other purposes while reducing health and environmental problems associated with animal waste and the use of wood fuel for cooking.

Since its inception, carbon finance has been considered a necessary step towards the long-term financial sustainability of the program. Nexus provided financial assistance through its Revolving Fund, which covered the financial needs for carbon transaction costs. This project issued over 500,000 Gold Standard Voluntary Emission Reductions in 2013, with a second issuance of credits expected in the first half of 2015. Nexus worked exclusively with the program to sell all of the first issuance. These funds were used to fund project activities, pay back the Revolving Fund and finance the second monitoring and verification period. Nexus continues to provide technical assistance to progress the program through the carbon cycle and monetize carbon assets.
In 2001, iDE, an international non-profit development organization, introduced an affordable ceramic water filter technology to Cambodia as a way to provide safe drinking water for low-income households. The water filters treat contaminated drinking water, and reduce the need for the conventional water treatment method of boiling water. The filters can be manufactured using locally available materials and labor and are simple, low-cost and easy to use. From 2002 through 2009, iDE managed the water filter program on a partial cost recovery basis with revenue from filter sales covering the cost of production and distribution and donor funds covering demand-creation and overhead costs. In 2009, iDE spun off the filter program as Hydrologic Social Enterprise with a goal to provide a million Cambodian households with clean water, sanitation, and hygiene products by 2020. It became clear that reaching this goal while maintaining a pro-poor focus would not be financially sustainable unless Hydrologic could access revenue sources beyond traditional sales margins.

Hydrologic first approached Nexus in February 2010 to assess the feasibility of accessing carbon finance. A feasibility study was completed in July 2010, assessing the project’s eligibility, potential emissions reductions and financial feasibility. It forecasted that the production of filters would generate sufficient revenue to cover the carbon finance transaction costs as well as a share of the marketing and distribution costs. Nexus has provided technical and financial assistance to the project from validation to its third issuance in December 2014, and has successfully secured sales at premium prices directly to end-buyers.

<table>
<thead>
<tr>
<th>MONITORING PERIOD</th>
<th>DATES</th>
<th>tCO2e (GS-VERs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>28/06/2010-31/12/2011</td>
<td>510,952</td>
</tr>
<tr>
<td>2</td>
<td>01/01/2012-30/06/2013</td>
<td>772,272*</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,283,224</td>
</tr>
</tbody>
</table>

* Verification is on-going; issuance expected in early 2015

Social Return on Investment

In 2014, Nexus undertook a study to estimate the monetary value of the environmental, livelihood and social co-benefits associated with the Biogas Programme, as well as the activities of Nexus members Hydrologic and TerraClear. The study examines, quantifies and values the co-benefits and Social Return on Investment (SROI) for the period January 2011 – September 2014. The aim of the study was to capture a project’s underlining value to enable partners and stakeholders to fully realise the impact of their investment and support. The results and distribution of co-benefits are highlighted below.

The distribution of co-benefits is heavily weighted towards livelihood benefits, including reduced energy expenditure (biomass and electricity) (34%) and time savings in the collection and purchase of fuels (33%). The reduction in mortality due to Acute Lower Respiratory Infection (ALRI) in children under five years is also significant (31%) due to the relatively high proportional displacement of biomass fuels with cleaner biogas fuel.
Social Return on Investment

The figure presents the breakdown of mean co-benefits by value and type. Avoided mortality due to access to clean water is the largest contributor to the total co-benefits at 60%, followed by avoided mortality due to reduced household air pollution at 15%, and fuel expenditure reduction at 17%.

<table>
<thead>
<tr>
<th>SOCIAL BENEFITS</th>
<th>SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALRI Treatment Costs (Under 5 Years)</td>
<td>17%</td>
</tr>
<tr>
<td>ALRI Mortality Costs (Under 5 Years)</td>
<td>7%</td>
</tr>
<tr>
<td>Access to Clean Water-Mortality Costs (Under 5 Years)</td>
<td>59%</td>
</tr>
<tr>
<td>Reduced Deforestation</td>
<td>1%</td>
</tr>
<tr>
<td>Livelihood Benefits - Displaced Fuel Purchases</td>
<td>1%</td>
</tr>
<tr>
<td>Livelihood Benefits - Fuel Collection Time Savings</td>
<td>15%</td>
</tr>
</tbody>
</table>

The local production of ceramic filters creates employment in rural Kampong Cham province, Cambodia.
TerraClear is a social enterprise located in the Lao People’s Democratic Republic (Lao PDR) with a vision to improve access to safe water for all Lao people. While Lao PDR has seen strong growth over the last 30 years, 43% percent of the population still lacks adequate access to clean drinking water. Drinking untreated water often results in serious illness and may even cause death. Nearly 81.3% of households in Lao PDR boil their water using wood or charcoal as fuel for their daily cooking and drinking purposes. In addition to creating household air pollution, the use of wood and charcoal has a direct negative effect on local forest resources and creates an additional burden for women and children who are mainly responsible for collecting wood fuel.

The TerraClear Ceramic Water Purifier (CWP) is the ideal form of water treatment for rural households concerned about the health and safety of their drinking water because it is easy to use and maintain without being dependent on a source of fuel. The TerraClear water filter is available in Southern and Central Lao PDR. TerraClear is on track to expand into Northern Lao PDR by 2016. Through carbon finance, TerraClear aims to scale up this project so it can reach a wider group of beneficiaries.

In 2014, with funding from the Nordic Climate Facility (NCF), Nexus assisted TerraClear to continue the validation and registration process and execute the monitoring for the 1st verification period. TerraClear expects to register in early 2015 and issue credits by the middle of the year.

<table>
<thead>
<tr>
<th>MONITORING PERIOD</th>
<th>DATES</th>
<th>tCO2e (GS-VERs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>16/07/2012-30/06/2014</td>
<td>11,349*</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>11,349</td>
</tr>
</tbody>
</table>

*Not yet verified; issuance is expected in the first half of 2015

Social Return on Investment

Similar to Hydrologic, as would be expected for a water purification technology, avoided mortality due to access to clean water is the most significant co-benefit category at 56%, however the proportional contribution of this co-benefit is less than in the Hydrologic project due to a lower assumed rate of consumption of untreated water in the Lao PDR. Avoided mortality due to household air pollution (21%), fuel collection time savings (11%) and avoided deforestation due to reduced biomass demand (11%) also make substantial contributions to total co-benefits. Fuel purchase expenditure savings are only a minor contributor to co-benefits in the TerraClear project since the overwhelming majority of households report collecting, rather than purchasing, the biomass fuel they consume.
Improved Cookstove Program in Lao PDR

More than 90% of rural households and around 60% of urban households in Lao PDR still rely on wood and charcoal for their primary energy needs. The Association for Rural Mobilization and Improvement (ARMI), in partnership with SNV Lao aims to disseminate 550,000 Improved Cook Stoves (ICS) in Laos PDR in the coming years. The Improved Cookstove Program in Lao PDR aims to develop the cook stove market by enhancing the performance of all the actors in the ‘ICS value chain’ (producers, retailers, and users). ARMI manages the overall project activities such as training, knowledge exchange, and monitoring. The project has developed a stove that uses up to 25% less wood and charcoal than traditional stoves. In the future, the program aims to introduce various models of fuel-efficient stoves to ensure households are moving towards cleaner and more efficient technologies.

The program will provide improved stove design to stove producers, train them in improved production techniques and business management in order to raise the quality and performance of stoves to meet new standards. The producers will manufacture more stoves and of higher quality. The stoves will be sold by retailers following an effective marketing and sales strategy. Through village workshops users are becoming aware of the advantages of ICS over traditional stoves.

The Improved Cookstove Program in Lao PDR will certify emission reductions achieved through the Gold Standard. Nexus has been contributing to this project since April 2012 when it undertook a carbon feasibility assessment. The program will finance the transaction costs for developing the carbon project through the Nexus Revolving Fund, which will be repaid through the sale of credits. Nexus will continue to provide technical assistance and capacity building to enable the program to access carbon finance. The program is expected to register in 2015.

<table>
<thead>
<tr>
<th>MONITORING PERIOD</th>
<th>DATES</th>
<th>tCO2e (GS-VERs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>01/01/2013 - 31/12/2014</td>
<td>14,770 *</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>14,770</td>
</tr>
</tbody>
</table>

*Estimated volume; validation is ongoing

PT Holland for Water/Nazava Water Filter Project (Nazava)

For rural Indonesians, virtually all water sources available to households (wells, piped water, and rain collection) are unsuitable for consumption without some form of treatment. In rural areas, 93.6% of the population boils drinking water - an expensive process. Even in urban areas, 88.3% of households boil. The average household spends an estimated 8% of their income on drinking water including fuel for boiling or buying water. Despite these efforts, more than 150,000 children in Indonesia still die from water-related diseases like diarrhea every year.

In 2013, PT Holland for Water (PTH) started a social enterprise that distributes ceramic candle water filters across Indonesia, targeting low-income households in rural and urban areas through a wide network of resellers or micro-entrepreneurs under the name Nazava Water Filters – meaning “cleanliness” in Arabic. The vision is to provide safe and affordable drinking water to everyone, everywhere. PTH’s mission is to be Indonesia’s premier water filter company, providing safe and affordable household water filters. PTH wants to ensure that everybody in Indonesia has access to a PTH water filter.
Nazava’s core product is the Tulip, a ceramic filter candle that is mixed with colloidal silver and filled with activated carbon. Tulip ceramic water filters have been shown to effectively reduce diarrhea diseases. Since the starting date of the Nazava project (November 2011), PTH has sold 25,000 water filters through a network of 45 micro-entrepreneurs in over 30 cities throughout the country. These entrepreneurs have provided 65,000 people with access to safe and more affordable drinking water. Water from a Nazava purifier is estimated to be three to nine times more economic than boiling water.

Nexus completed an initial pre-screening of Nazava in mid-2013 and completed a full screening in May 2014. The feasibility assessment slated Nazava for access to the Nexus Revolving Fund and carbon finance work will begin in 2015.

### Waste to Energy in Southeast Asian Least Developed Countries

Cambodian Center for Study and Development in Agriculture (CEDAC) is a Cambodian NGO created in 1997 that specializes in ecological agriculture and rural development. CEDAC has implemented the “Improving Farmers’ Livelihood through Rice Value Chain - ILR” project. This project will contribute to the development of a holistic Cooperative Rice Mill (CRM) model in Cambodia. The overall development objective is to alleviate poverty of subsistence rice farmers, enhance climate-smart agriculture practices through encouraging biomass gasification for organic farmers, and to mitigate climate change through reducing dependence on diesel for rice milling. This is achieved by enabling small, subsistence-level, organic rice producers in Cambodia to improve their living conditions through the added value of shared ownership in a rice mill cooperative.

This mill utilizes biomass gasification, thus contributing to environmental sustainability and climate change mitigation. Gasification is a process which converts rice husk or biomass waste into a combustible gas component by heating the husks in an oxygen starved atmosphere. These gases when mixed with air are burnt at high temperatures and used for generating mechanical energy for the rice mill.

In conjunction with CEDAC and with funding from German Development Bank (KfW), Nexus is registering the Waste to Energy in Southeast Asian Least Developed Countries Programme of Activities (PoA). CEDAC will install three gasification units to provide mechanical energy to rice mills in two provinces of Cambodia. These units will be the first registered Component Project Activity (CPA) under the PoA.

<table>
<thead>
<tr>
<th>MONITORING PERIOD</th>
<th>DATES</th>
<th>tCO2e (GS-CERS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>01/07/2013 - 29/06/2015</td>
<td>9,461 *</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>9,461</td>
</tr>
</tbody>
</table>

*Estimated Volume; Validation is ongoing
Waste Enterprisers

Waste Enterprisers (WE) is an urban sanitation company that recently began a subsidiary company called Pivot Fuel in Rwanda. WE’s business model is to transform the solids component of waste water (fecal) sludge into a product suitable for use as a fuel for kilns and boilers. The energy value is higher than other biomass fuels and is an attractive alternative to cement plants and other industries that burn solid fuel. WE’s mission is to provide comprehensive human waste management in cities without placing a financial burden on local governments and households.

The basis for this project is to treat human waste as a resource rather than a disposal problem. WE aims to take what is considered a waste to be disposed of at high costs to the community and transform it into a renewable fuel that attracts a price. The end product, the fuel, of WE’s process is called “Pivot fuel” (PV). PV is comprised of dried fecal sludge that is a combustible fuel that is suitable for boilers and kilns.

Nexus completed a full screening of Waste Enterprisers in 2013 and assisted the organization to receive additional funds from Le Fonds Français pour l’Environnement Mondial (FFEM). In 2015, WE is anticipated to engage Nexus for technical assistance to develop a Program of Activities for Waste to Energy in southern Africa.

Next Steps

In 2015, efforts will focus on supporting projects with additional financial services and building the pipeline of projects. As interest in membership continues to rise, additional pre-screenings and membership applications will be processed and the project portfolio will expand.
Nexus influences carbon and climate finance frameworks with the aim to improve their efficiency and accessibility.

**Improving Monitoring and Monetization of Co-benefits**

Nexus was established with the aim of “speeding up the implementation of clean development to the benefit of poor populations in developing countries” and “to maximize the value of carbon credits for social and sustainable development, to improve poor people’s lives.”

The linkages between poverty and climate change provide opportunities to address these issues simultaneously, as has been demonstrated by members’ projects and other actors operating in the carbon and sustainable development sectors. As the issues of poverty and climate change increasingly move to the center of the international agenda, new mechanisms and tools will be required to demonstrate impacts.

In 2014, Nexus staff conducted research on the feasibility of measuring poverty dynamics of its member’s projects. Two broad research questions were examined.

- What is the appetite of potential funders for poverty alleviation outputs and outcomes?
- What existing approaches to measuring poverty alleviation would be most suitable for results-based financing?

In response to the first research question, the report concluded that there is unmet demand for impact monitoring amongst multi-lateral, donor agencies and corporates. The objectives of impact monitoring are to improve communication of co-benefits to stakeholders, funders and corporates and to maximize project impacts. Results-based finance generally focuses on grant disbursements via subsidies or payment milestones and carbon finance. Although there are opportunities to obtain premiums from carbon finance, at this time there are no clear motives for stakeholders to directly purchase poverty alleviation outcomes.
The research on the second question concluded that while there is no universally accepted method of framing or measuring poverty, poverty measurement should relate to the various strategies for building livelihoods and enabling development. There is a body of knowledge on poverty measurement, driven by development practitioner interest, to measure poverty outreach (the proportion of technology users who are classified as poor or extremely poor) and assess the performance of their interventions among the poor. These developments have not been integrated into climate finance which, despite the marketing of credits as being pro-poor, continues to rely on anecdotal and inferred evidence of poverty related co-benefits.

The study reviewed 13 evaluative approaches which might be applied to carbon finance. The approaches have their respective strengths and weakness depending on the purpose for which they are being deployed. Four approaches were selected as being the most suitable. These were:

- Progress Out Of Poverty Index
- Alkarie Foster method (such as Multi-dimensional Energy Poverty Index)
- Basic Needs Survey
- Social Return on Investment

The evaluative approaches selected were applied to a case study project – Hydrologic’s Ceramic Water Purifiers for the Kingdom of Cambodia. The results illustrate that the filters disseminated by Hydrologic are widely used by low-income households. This confirms that Hydrologic’s current marketing and sales strategies are targeting the intended beneficiaries of the project. The application of the methods to the case study project demonstrates that the monitoring burden is comparatively light and that the methods can be easily integrated into existing monitoring systems, although further work is required to assess statistical validity of the results. The evaluative approaches have the advantage that the analysis can be constructed from similar data sets depending on the communications and analytical needs of the project.

**Myanmar Cookstove Market Assessment**

Nexus is providing technical inputs to a Myanmar cookstove market assessment conducted by GERES and Emerging Market Consulting. The study will consist of stakeholder interviews, a national household survey, and a fuel and cook-stove supply chain analysis. Nexus staff participated in stakeholder interviews in December 2014. The study is expected to be complete by May 2015.

**Next Steps**

Nexus will complete work on the Myanmar study by May 2015. Nexus will continue to engage in research on improving monitoring and monetization of project impacts. As the first phase of the work is complete, the Nexus Secretariat’s focus in 2015 will be threefold:

- Fundraising for additional work on methodologies
- Integrate methodologies into existing projects to report on poverty outcomes
- Iterate and test approach with partners and networks
Advocacy

Innovative Finance for Sustainable Development Conference

In November 2014, Nexus launched the inaugural Innovative Finance for Sustainable Development (IFSD) conference at the National Library of Singapore. The first event of its kind in Asia, IFSD successfully pushed the conversation on the various financial mechanisms available to sustainable and scalable development projects in order to maximize economic, social and environmental outcomes (co-benefits). The conference was co-organized with The Gold Standard Foundation and sponsored by the Blue Moon Fund.

The conference gathered multi-level stakeholders from the public and private sector connected by efforts towards climate change mitigation and poverty alleviation. During this interactive conference investors, donors, corporates, and non-profit leaders discussed how co-benefits could be quantified, valued and integrated into results-based finance as well as exploring the range of innovative financial mechanisms available to project developers.

Over two days, approximately 100 participants discussed relevant topics such as managing and sharing risk, monitoring and reporting for results-based finance, and the potential to value and measure outcomes for poverty alleviation and climate change mitigation projects. The second day focused more on how individual stakeholder groups including governments, philanthropy, corporates, and impact investors are incorporating results-based finance and the related challenges they are currently tackling. The conference also allowed a forum for Nexus members to showcase their projects to potential funders and partners.

The conference received significant positive feedback and succeeded in elevating Nexus’s profile in the market as a key organization opening doors to bridging the gap between funders and practitioners to maximize the potential of sustainable development projects.

Nexus advocacy work has focused on improving opportunities to monetize outcomes of member projects through market based mechanisms. During 2014 prevalent conditions in carbon markets have led to advocacy efforts to improve the quality of monitoring and evaluation in an effort to stabilize market prices and to extend learnings of carbon markets to other development sectors to stimulate demand. This is well illustrated by Nexus advocacy activities in Fairtrade Carbon Credits scheme and the Gold Standard Water Benefits Certificates initiative.

Fairtrade

The Fairtrade Carbon Credit (FCC) standard is designed to enable greater access and participation in the carbon market for the most disadvantaged communities and to drive a greater proportion of carbon income to them. It will provide producers with a new climate change mitigation opportunity and help them generate additional revenue through the selling of Fairtrade Carbon Credits in the voluntary carbon market.
Fairtrade is helping to empower producers and increase resilience to the effects of climate change.

Fairtrade Carbon Credits will be generated through a range of different activities related to agriculture, renewable energy, energy efficiency, and forest management. Through the FCC, Fairtrade aims to empower producers to address climate change and build a path on which producers can increase their resilience to the effects of climate change.

The Nexus secretariat has contributed to the formation of the standard through regional consultations in Asia and as a member of the expert working group. Nexus member UCB has participated independently in the process and has been selected for one of the first pilot initiatives. The Fairtrade Carbon Standard is due to be approved for release in early 2015.

**Gold Standard Water Benefit Certificate**

As part of their CSR strategy, Gold Standard has developed the Water Benefit Certificate (WBC), a novel mechanism that links water conservation efforts in the private sector with opportunities to reduce pressure on water-stressed environments. The Gold Standard aims to provide incentives for financing water projects globally through the certification and sale of a project’s water benefits in the form of WBCs. Based on a market approach, the WBC mechanism will facilitate additional, beyond business-as-usual investments in water projects, especially in areas where water-stress and water quality issues are particularly pressing and financing is urgently needed.

The key advantages of the WBC mechanism are that quantifiable water benefits are standardized, transparent and credible, greatly enhancing their suitability as investment instruments for a wide variety of target groups. Prospective buyers include private corporations, public institutions and individuals who want to help address global water problems. The certification cycle of WBC project activities is following to a large extent the certification cycle of Gold Standard carbon project activities.

The Nexus secretariat has participated in the formation of the WBC through involvement in a Technical Advisory Committee with the aim of ensuring the standard is suitable for pro-poor project development.

**Global Alliance of Clean Cook-stoves Social Impact Steering Committee**

Nexus secretariat participated in the cooperative’s social impact steering committee meeting held last October in Washington, DC. Since that meeting, we have provided feedback on the M&E conceptual framework and list of uniform indicators that will guide the sector in measuring and reporting on its social impact. The next phase of this project will include developing and testing methodologies to measure these indicators in the field.
Presentations and events

In March 2014, Nexus presented and showcased member project activities at “The Adoption Gap: Exploring Social Dimensions of Design, Development and Diffusion of Household Energy Technologies”, a conference organized by Yale University to address challenges in mass dissemination and long-term adoption of technologies such as those providing access to clean cooking and clean water.

Nexus attended the Asia and Pacific Regional workshop from 13-15 October 2014 in Bangkok, Thailand, which focused on “Promoting the CDM and Market mechanisms”. Nexus shared experiences and knowledge about practical application of the approved standardized baselines and Nexus Waste to Energy Programme of Activities.

Nexus’ former Executive Director, Marion Verles, spoke at the Base of the Pyramid (BoP) World Convention & Expo 2014 during the plenary session entitled “Collaborative Models for Innovation,” The event, which took place at ITE Central College, Singapore from the 28th to 30th of August 2014, was a forum to encourage key stakeholders from multiple sectors and industries to share knowledge, engage with issues, and explore partnerships to bring sustainable and affordable solutions for those at the bottom of the pyramid.

We actively participated in a number of additional events including the Asian Business Families Conference; Asian Venture Philanthropy Network Conference; Climate Change Finance Framework Conference; COP20 Lima; Clean Technology Initiative Private Financing Advisory Network Asia Forum for Clean Energy Financing; Fairtrade Carbon Credit Workshops; BDP Conference; EuroCham Cambodia Green Business Committee Workshops; Gold Standard Results Based Finance Conference; IIX Impact Forum.

Next steps

In 2015 Nexus will focus on:

- Creating approaches to measure the development impacts of carbon projects
- Present at the Renewable Energy World Asia 2015 and other events
- Continue to be active in the development of new results-based finance mechanisms
- Participate in the COP21 in Paris
### Nexus Carbon for Development Limited

**STATEMENT OF FINANCIAL POSITION**

**As at 31 December 2014**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
<td>US$</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents *</td>
<td>669,602</td>
<td>445,869</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>967,145</td>
<td>1,058,360</td>
</tr>
<tr>
<td>Inventories</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>1,636,747</td>
<td>1,504,229</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>401,841</td>
<td>-</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>-</td>
<td>741</td>
</tr>
<tr>
<td>Managed Investment Funds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amount due from members</td>
<td>98,448</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,137,036</td>
<td>1,504,970</td>
</tr>
</tbody>
</table>

| **LIABILITIES** |        |            |
| Current liabilities |      |            |
| Trade and other payables  | 1,455,324 | 1,310,887 |
| Non-current liabilities |      |            |
| Amount due to member  | 629,592  | 257,787    |
| **Total liabilities** | 2,084,916 | 1,568,674 |

| **NET (LIABILITIES) / ASSETS** | 52,120 | (63,704) |
| **FUNDS**         |        |            |
| (Accumulated loss) / Retained profits  | 52,120  | (63,704) |
| **Total accumulated funds** | 52,120  | (63,704) |

* Note: amounts included in cash & cash equivalents includes US$371,170 that was transferred to members in January 2015*
Nexus Carbon for Development Limited

STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31st December 2014

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$</td>
<td>US$</td>
</tr>
<tr>
<td></td>
<td>Unaudited</td>
<td>Audited</td>
</tr>
<tr>
<td>REVENUE</td>
<td>1,474,544</td>
<td>2,022,313</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>(552,059)</td>
<td>(859,303)</td>
</tr>
<tr>
<td>Gross profit</td>
<td>922,485</td>
<td>1,163,010</td>
</tr>
<tr>
<td>Other income</td>
<td>149,048</td>
<td>71,597</td>
</tr>
<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative</td>
<td>(311,163)</td>
<td>(427,931)</td>
</tr>
<tr>
<td>Employee compensation</td>
<td>(472,981)</td>
<td>(651,143)</td>
</tr>
<tr>
<td>Operating</td>
<td>(171,564)</td>
<td>(252,336)</td>
</tr>
<tr>
<td>Total (loss) / profit</td>
<td>115,824</td>
<td>(96,803)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive (loss) / income</td>
<td>115,824</td>
<td>(96,803)</td>
</tr>
</tbody>
</table>

* Note: amounts included in cash & cash equivalents includes US$371,170 that was transferred to members in January 2015
Nexus’ structure and governance follow the rules set out in the Articles of Association (Singapore Law, The Companies Act, CAP.50).

Board of directors
The governing body of Nexus is the Board of Directors. The Board is made of a maximum of nine directors; five of them are representatives of member organizations and up to four are external directors acting on the board in their individual capacity. The directors are all volunteers, and are elected for two years by the members at the General Assembly. The Board approves the long-term strategy presented by the secretariat, elects the Executive Director, and approves budgets and plans annual activities. The Board also reviews potential new members and partnerships.

As of February 2015, the directors were:

**Member representative directors**
- Priyadarshini Karve (Chair) Project Coordinator, Appropriate Rural Technology Institute (ARTI), India
- Michael Roberts Country Director iDE, Cambodia (Retired at the 2014 AGM)
- Rachel Pringle General Manager, Hydrologic, Cambodia (Appointed to replace Mike Roberts at the 2014 AGM)
- Nathan Cole Managing Director, TerraClear, Laos PDR
- Yakub Hossain Deputy Director, Village Education Centre (VERC), Bangladesh
- Russell deLucia (Observer) President and Executive Director of The Small-Scale Sustainable Infrastructure Development Fund (S3IDF)

**External (non-member) directors**
- Jochen Nimtschek Strategic and Corporate Advisor, Singapore
- Sean Saminathan Legal Advisor, Singapore
- Rafael Melo Finance Advisor, Singapore
- Jasmine Hyman Academic and Research Advisor, PhD Candidate Yale University, USA

**Secretariat representative**
- Marion Verles, Executive Director, Nexus Carbon for Development (Resigned from Nexus in November 2014)
- Clair Dufour, Executive Director, Nexus Carbon for Development (Joined Nexus in November 2014)

**Board meetings**
The Board met five times during 2014, two new members were approved to apply for membership to Nexus, International Development Enterprises (IDE) and PT Holland for Water. They will complete the final membership probation in 2015, with final approval to be voted on at the 2015 Annual General Meeting.

**Nexus annual general meeting of members**
The General Assembly, gathering all representatives from Nexus member organizations, takes place annually, and is responsible for:
- Electing Board members for two year mandates
- Approving changes to Nexus Charter
- Controlling the application of the Nexus Charter
- Approving the selection of new members

One member from the General Assembly is appointed as an observer to the Board. As of February, 2013, this role was covered by Russell deLucia from S3IDF.

The 2014 Annual General Meeting (AGM), was held using an on-line platform for the first time, twenty members attended the meeting from thirteen different countries.
History

Nexus was initiated by the French NGO GERES (Group for the Environment, Renewable Energy and Solidarity) in 2007 and launched by eight NGOs from seven different countries in April, 2008.

In 2006, GERES became the first NGO in the world to bring an improved cookstove program, the New Lao Stove, to voluntary carbon markets. This achievement opened the door for other field development practitioners and provided an opportunity for innovative financing to expand their pilot programs, and as a result, expand the social and environmental impacts of their programs.

Supported by the ARECOP network (Asia Regional Cookstoves Program) GERES carried out consultations with other Asian development organizations to assess the barriers to carbon finance. This study was financed by a grant from the World Bank. The discussions, reflections and analysis led to the conclusion that only an association of development organizations would be able to overcome the barriers of accessing carbon finance. Therefore, an association would best be able to reduce the imbalance between buyers and sellers, reduce the costs of market access, distribute the risks involved, and enforce ethical behavior among its members.

This process interested many other development groups, particularly on the African continent. This shared need drove the establishment of Nexus, with the first General Assembly held in Phnom Penh in April, 2008. The final Charter was ratified one year later in Singapore during the second General Assembly, together with the creation of an action plan and framework.

Throughout the establishment of Nexus from 2006 to 2010, the founding members provided continuous support and contributions to further Nexus’ vision. GERES in particular was vital in mobilizing the support necessary for the incubation of the cooperative over this period.

Nexus now operates as a standalone entity, a fully fledged services platform and a set of financial mechanisms. Nexus is registered as a charity in Singapore and as an NGO in Cambodia, with offices in Singapore, Phnom Penh (Cambodia), and Bristol (United Kingdom).
Mission, Vision and Objectives

Mission

Nexus’ mission is to scale up and replicate its members’ successful projects by facilitating their access to appropriate financing such as carbon finance.

Vision

Nexus is a cooperative of development organization acting for a better world, by identifying, educating, and enabling the poor to have a real and improved access to and control over energy and other natural resources and services, while ensuring that the natural resources are managed sustainably and responsibly. It will also influence global, regional and national players in climate finance and development sectors to embrace its values and vision, through action and dialogue.

Values

Nexus and its members are committed to the following values:

- Cooperation and Solidarity
- Transparency and Fairness
- Responsibility and Reliability
- Creativity and Innovation

Objectives

As a cooperative of development organizations, Nexus’ central objective is to scale up successful climate-friendly projects that benefit the most vulnerable populations in developing countries. The expected results include: reduction of greenhouse gas emissions, improvement of living standards of the populations in target countries, reduction of energy poverty and access to clean energy. This central objective can be broken down into three specific objectives:

**OBJECTIVE 1**

**Speed up the transfer of technology and expertise**

- Bring development players together in a global cooperative
- Establish a Center of Expertise based around members and technical partner

**OBJECTIVE 2**

**Facilitate the scaling up of low carbon development projects**

- Finance the scaling up of mature technologies
- Identify, evaluate and support low carbon development project for this fund
- Support technological innovation that will enable the emergence of mature technologies for tomorrow (five to ten years)

**OBJECTIVE 3**

**Improve market access conditions for low carbon development projects**

- Encourage carbon markets players to take development project constraints into consideration
- Reduce the independence of project developers on credit trading intermediaries
Becoming a member

To become a member of Nexus, organizations must fulfill the following conditions:

- Demonstrate a track record of developing low carbon projects targeting the poorest populations
- Show alignment with the objectives, vision, and mission of the Nexus Charter
- Demonstrate their commitment towards sustainable development, environmental protection, and the necessity for projects to have positive social impacts
- Follow strict and transparent procedures in registering their projects and their organizations

In addition, projects that would be brought to the alliance by a new member are analyzed and screened according to the following criteria:

- Organization – the structure must have the capacity to deliver a carbon project
- Technology – must be able to adapt, which means that it must meet the identified needs of the community
- Sustainable development – the project must produce sustainable results
- Carbon finance – carbon finance is additional and must allow the project to be realized
- Sustainability – the project must be financially viable
- Monitoring and Evaluation elements are integrated in the project.

Nexus reserves the right to withdraw a project which does not adhere to its values or mission, including fairness, transparency, and ethical conduct.
Nexus is a cooperative of development organizations that support vulnerable communities by scaling up successful climate-friendly projects. This nonprofit and collaborative structure enables members to share expertise and services, access technical assistance and international funding opportunities such as carbon finance. Acting together and committing to a common vision, Nexus members benefit from economies of scale, reduced risks, and a strong voice in the global community.