



nexus
Carbon For Development



ACTIVITY REPORT

2007 - 2010



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Dear partners, colleagues and friends,

It is a pleasure to share with you this review of our work that covers the last three years. Before you read about the history of Nexus, let me share with you our vision of today and our plans for the future.

Our World is going through interesting times. Climate change is no longer a remote theoretical issue discussed by scientists and politicians only; it has become an actual threat faced by millions if not billions of people every day coming on top of pressing poverty issues. Most vulnerable populations are and will continue to be first and hardest hit, even though they are least responsible.

Despite numerous public commitments and declaration of intentions, responses proposed at a global level have proven insufficient to tackle the twin challenge of world poverty and climate change. Some progress is made but there is still a long way to go. At the local level, awareness to these issues is raising. New communication channels have enabled the massive dissemination of ideas and debates on the core values of our societies. Today, economic growth and consumerism are questioned by a wider audience.

So, a redefinition of progress and development is happening and our global industrialized civilization is reaching its limits. Part of the solution lies in the resilience capacity of our societies to shift towards a new pattern. Part of the solution also lies in each of us, wherever we live. We can change our behaviors, and make our choices impact on the climate, through the goods we purchase, the transportation modes we use, the food we eat.

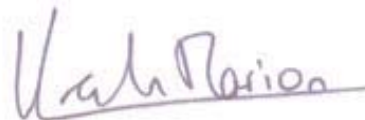
At the developing countries level, the challenge is to create a new development model which would be clean without being dirty first. Our ecosystems simply cannot afford another wave of unsustainable growth. The good thing is that innovations are happening, as often in crisis situations. And carbon finance is one of them. A global commodity has been created to monetize the impact of our activities on the environment – the so called “externalities”. Global warming is now an externality which impacts profit and loss accounts of companies worldwide. In 2009, this global market was worth \$144bn, at the same time net Official Development Assistance was only about \$120bn. If ODA is not expected to grow significantly going forward, the carbon market is – it could reach 2 trillion dollar by 2020.

This world’s “soon to be” biggest commodity market is our new playing field. Indeed, the beauty of carbon finance is that it can turn low carbon projects into investment opportunities. Hence, it is opening up new doors for development practitioners involved in energy related activities.

Precisely, Nexus was created by development practitioners willing to seize this opportunity. Nexus was created by organizations convinced that a new vehicle is needed that would overcome barriers to enter the market and at the same time would shape the market towards transparency and equity. Our “raison d’être” is to drive a bottom up dynamic that will connect development practitioners to global actions, hence increasing their impacts on the international scale.

I hope you will enjoy reading through these pages and finding out how the Nexus Alliance came to life.

Sincerely,



Marion Verles
Executive Director

Dear Friends,

It gives me a great pleasure to write this foreword. I was one of the individuals to sign the founding charter, and even now I remember the feeling of creating history as I put my pen to the paper on that day. Today, as I look back on the amazing progress that has been made over a period of two years, I feel proud and privileged to have been a part of this journey.

Nexus was fortunate to get the foundation of Asia Regional Cookstove Program (ARECOP) to build on, and the nurturing of GERES to help it grow and evolve. Thanks to the vision and unstinting efforts of the entire Nexus team drawing on the collective wisdom of the members, today Nexus has become an independent and autonomous organization. We still have a long way to go to attain financial sustainability, but we certainly have taken the crucial first steps in that direction.

When the Charter was signed it was a unique and novel idea for grassroots level development organizations to come together to not only access but to try and influence the carbon market. I believe that the evolution of Nexus over the last couple of years and the response that it has got from various quarters justifies this approach. At the same time, we must acknowledge that the way forward is not going to be easy. The world is entering into a period of great uncertainty regarding the global response to climate change. I feel that Nexus has an advantage over the more established players in this chaotic period, because it is young, and therefore more adaptable to changes. The publication of this report is very timely. It helps us to take stock of history, draw lessons from it, and with the strength of the experience and knowledge, we can plan and prepare ourselves for the future.

I see a future full of challenge and success! I invite all of you to be a part of this exciting journey.

With best regards,



Priyadarshini Karve

Chairman of the Board of Directors

Chronology

The carbon finance market

1992

Earth Summit in Rio de Janeiro (Brazil).

1997

First negotiations of the Kyoto Protocol (Japan).

2001

The Marrakech Accords define the rules to operate CDM.

2005

The Kyoto Protocol comes into effect February 16th.
Launch of the EU ETS European carbon market.

2007

COP 13 in Bali (Indonesia).
Start of first commitment period under the Kyoto Protocol (until 2012).

2008

Carbon market consolidation by strategic alliances and acquisitions.
JPMorgan acquires Climate Care.
COP 14 in Poznan (Poland).

2009

Global financial crisis. The demand for carbon credits declines. JPMorgan acquires Ecorescurities.
Markit, the financial services giant, purchases the carbon registry operator TZ1.
COP 15 in Copenhagen (Denmark).

2010

Barclays, the first operator on the European carbon credit market, buys Tricorona.
Thomson Reuters, a leader of economic information, acquires Point Carbon.
COP 16 in Cancun (Mexico).
First fraud scandals hit the carbon markets.

Nexus

2003

GERES starts production of the New Lao Stove (NLS), an improved cookstove.

2004

GERES begins the process to register the NLS program on the voluntary carbon market.

2006

The NLS program is registered on the voluntary carbon market.

Carbon finance access study financed by World Bank

April 25-26 : First general assembly.
Birth of Nexus under the name Carbon Solidarity Asia (CSA).
The common values are defined: commitment, solidarity, transparency, equity.

CSA changes its name to Nexus, adopts its Charter and new visual identity.
Completes partnership with Gold Standard.

Nexus is structured into 3 pillars.
Support from the blue moon fund and French Global Environment Fund (FGEF).
The cooperative grows from 8 to 11 members.



Historical overview

The concept of Nexus started in 2006 when the French NGO GERES (Group for the Environment, Renewable Energy and Solidarity) became the first NGO in the world to bring an improved cookstove program, the New Lao Stove, to the voluntary carbon market¹. This achievement opened the door for other field development practitioners, providing an opportunity for innovative financing to expand their pilot programs and, as a result, expand the social, environmental and economic impacts of their programs.

Thus GERES, supported by its membership in the ARECOP (Asia Regional Cookstove Program) network, launched consultations with other Asian development organizations to assess the access barriers to carbon finance. The World Bank financed the study. The discussions, reflection and analysis came to the conclusion that only an association of development organizations would be able to overcome the access barriers to carbon finance. An association would best be able to reduce the imbalance between buyers and sellers, reduce the costs of market access, distribute the risks, and enforce ethical behaviors among its members.

This process interested many other development actors, particularly in the African continent. This shared need drove the establishment of Nexus, with the first general assembly held in Phnom Penh in April 2008. The majority of the eight founding members came from the ARECOP network, and together they defined the values which their members must maintain: commitment, solidarity, transparency, equity. The final Charter was ratified one year later in Singapore during the second general assembly.

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

During the time before the third general assembly, Nexus tackled the complex issues of how to translate theory into practice and the invention of a visual identity. Nexus was structured, worked out a plan for development over the next four years and secured the funding to implement its strategy. Nexus became a tour de force. Gaining momentum, Nexus began to study projects to understand whether they comply with the voluntary carbon market. Nexus also accepted three new members and continues to recruit interested development practitioners who share the Nexus vision. The association also gained visibility on the international stage, a positive sign for all project holders who believe that carbon finance can be reconciled with the struggle against climate change and poverty.

Acronyms and abbreviations

CDM : Clean Development Mechanism
COP : Conference of the Parties
EU ETS : European Union Emission Trading Scheme
GERES : Group for the Environment, Renewable Energy and Solidarity
GHG : Green House Gases
IET : International Emission Trading Association
ODA : Official Development Assistance
OECD : Organisation for Economic Co-operation

and Development
PDD : Project Design Document
UNDP : United Nations Development Programme
UNEP : United Nations Environment Programme
UNFCCC : United Nations Framework Convention on Climate Change
VCS : Voluntary Carbon Standard

1- According to VCS

The Design of Nexus

(2006-2008)



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Context

Climate change worries the world

During the past several years, climate change has become the issue of all people, causing worry. The media often tackle it by citing the most catastrophic aspects (floods, disappearing islands, heat waves, melting glaciers, mass extinctions of animals and plants, pollution, etc.), but they also follow very closely the policies to reduce global warming, particularly the mechanisms established under the Kyoto Protocol to reduce the emissions of greenhouse gases (GHG), the main cause of global warming.

What role for developing countries?

The Clean Development Mechanism (CDM), the flexibility mechanism initiated by the Kyoto Protocol, aims to allow industrial countries to reach their GHG emission reduction targets at a cheaper cost, and developing countries to benefit from investment in low carbon technologies². This mechanism allows the enterprises of industrial countries, which are subject to emission reduction objectives, to invest in public or private "clean" energy projects (which reduce the emissions of GHG) established in developing countries.

In connection with the GHG exchange markets, such as the European market³, or voluntary carbon market, these mechanisms constitute "carbon finance".

The basic principle of carbon finance markets is as follows: an objective to reduce GHG emissions is defined; less polluting consumers (those that emit less than their target) receive credits for their surplus emissions; actors who emit more GHG than their target can choose to offset their extra emissions by buying these credits, or investing in clean energy projects in developing countries⁴. These markets, both regulated and voluntary, are now fully developed.

2- Source: Kyoto Protocol, Article 2
3- EU ETS

4- Mechanism known as "Cap and Trade"

Shortfalls of the system

According to the United Nations Development Programme, the poor are 80 times more likely to be victims of climate change-related disasters⁵. They pay the heaviest price for climate change, but bear the least responsibility, which is why they are the first beneficiaries of the CDM mechanisms in the framework of the Kyoto Protocol. However, the majority of investments made in developing countries are large-scale industrial projects, and are mainly implemented in China, India and Brazil. Clean technologies do not reach most people in the least developed countries. The CDM is generally criticized for its weak impact in terms of sustainable development and technology transfer to the host countries. It fails to resolve the problems of poverty and development, and their link with efficient or renewable energies.

Access to energy: a daily challenge for the poorest people

Every day, for cooking meals, heating, and the transformation and conservation of their agricultural products, the poorest people in the world very often use wood or charcoal, which are cheaper than gas and oil. In sub-Saharan Africa, wood represents 70-90 % of all energy used. In least developed countries, this daily consumption represents by far the main part of the energy used at the national level. The collection of wood for everyday use causes pressure to the environment (land degradation and deforestation). And the rarer the resource is, the harder it is for people to collect, and the more expensive it becomes.

Energy solutions exist

Low carbon energy solutions adapted to the needs of the poor exist, and include improved cookstoves, char-briquettes, clean charcoal, biogas, etc. They not only allow the reduction of GHG, but also prove to be better for the health of consumers. The improved cookstoves, for example, produce less harmful smoke than traditional stoves. Development projects based on these technologies are eligible for carbon finance.

For Nexus-Carbon for Development, the struggles of poverty, climate change, development, and access to low carbon energy solutions are intrinsically linked.

A pioneering concept

The link between carbon credit buyers and developers of projects which address poverty alleviation and climate mitigation impacts did not exist, and must be created. The prevailing idea in the design of Nexus was to connect these actors, and introduce a socially responsible aspect into the world of carbon finance.

Definition

Nexus defines itself as ...

...an alliance of pro-poor project developers whose shared vision is that the carbon market should tackle both climate change and poverty in a fair and transparent way.

Four key words

A bridge. Nexus-Carbon for Development aims to be a bridge between the carbon finance world and the development world, considering that carbon finance has considerable potential to finance sustainable development.

A cooperative. Nexus works as a cooperative, which is an association designed to serve its members and managed by its members. Nexus puts its members and different carbon finance actors together, works to strengthen skills, methodologies, and expertise of its members, and at the same time shares risks, reduces costs and procedural delays and facilitates access to the market.

An ethic. Nexus members share the same values. They aim to introduce ethical practices within the carbon finance markets by linking themselves only to the projects where the social, economic and climate change impact benefits the poorest populations, by empowering carbon credit buyers and promoting solidarity.

A voice. Nexus's members are united and remain independent from the biggest players in the carbon markets. They want to promote their alternative vision of carbon finance for the sake of development and the struggle against poverty. Focusing on small and medium-scaled projects, they aim to become actors who have a voice on the market.

Main challenges

● Encourage innovation

Introducing a clean technology, which is adapted to the needs of the poor, is not always competitive from an economic point of view. The technology is not always accepted socially, and may face some legal barriers. That is why innovation, from the point of view of Nexus members, is not only scientific; it affects wider social and economic issues as well. The technology must be adapted to the social context. When all people accept an innovation, the proposed technology can then be more widely disseminated.

● Capitalizing on a new financing opportunity

In 2009, carbon markets represented 144 billion dollars⁶. These markets are estimated to reach 1.4 trillion dollars in 2020⁷. Entering into this market is an opportunity for projects in developing countries to find important long-term financing. However, the condition is that they must meet the stringent demands of the market.

- **Training development actors for carbon finance**

To improve the capacity of development actors and their integration into carbon finance markets, they must learn how to understand the constraints, the complexity of its methodologies and compulsory procedures, the access costs, the necessary investments and the risks that have to be taken.

- **Large scale dissemination of best practices**

Thanks to this new financing mechanism and project evaluation method, development actors have ways to scale up the technologies and practices which have an immediate impact on the resources and daily life of the poorest populations.

Objective: count the beneficiaries by the millions.



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The key role of GERES

GERES (Group for the Environment, Renewable Energy and Solidarity) was the initiator and leader of Nexus from its inception. This French NGO, created in 1976, has the mission to promote energy efficiency and renewable energy in order to preserve the environment and improve the living conditions of the local populations targeted by its programs.

A pilot program

The Cambodian branch of GERES, which was founded in 1994, launched an improved cookstove dissemination program (called New Lao Stove or NLS program) three years after its installation in the country. The technical improvements that the NLS brought to the traditional stove used by Cambodian households reduce the consumption of fuelwood or charcoal by 22%⁸, the cost of energy for families, health risks (especially toxic smoke), and consequently help to protect the environment. The NLS, which has been produced since 2003, exceeded one million units sold in March, 2010.

The actual reduction of charcoal caused a reduction of greenhouse gas (GHG) emissions, which is what gave GERES the idea to access the voluntary carbon market with its NLS program. The process was initiated in 2004. The Climate Change Unit of GERES supported it through the first French voluntary carbon offset platform, CO2 Solidaire, which was launched in France in the same year by GERES.

A successful bet

To access carbon finance, the real reduction of GHG emissions had to be audited by an appropriate agency. GERES discovered the magnitude of the task, the complexity of the methodologies, the data requirements,

and the length of procedures. In 2006, it became the first project holder in the world to register an improved cookstove program on the carbon market⁹. Its energy and investment were rewarded. It has been a good success and the means to develop GERES programs in Cambodia. In 2009, the revenues from carbon finance represented 31% of the GERES global budget.

A willingness to share

From this experience, GERES concluded that others could follow the same way. They also remembered how difficult it was to go through the obstacles alone. "That made two good reasons to share the concepts and knowledge at the same time," explained Alain Guinebault, Executive Director of GERES. Minh Cuong Lequan, one of the CO2 Solidaire initiators, was at that time heading the GERES Climate Change Unit in Cambodia. He worked on this sharing of experiences and the ways necessary to allow similar projects to access carbon finance.

First draft

A study was carried out in 2006-2007 among the project developers in the fields of energy and poverty alleviation. Financed by the World Bank, this study allowed consultation between the Wood Energy Network of Cambodia (WENETCAM) and ARECOP networks. It ended with the draft of the Cambodia Carbon Facility (CCF) in October, 2007, which became the core of Nexus. At that time, CCF was designed as a services platform. But the study concluded that the field development practitioners are not yet ready for a carbon services platform.

Ahead of its time

The training was urgent, as the study showed that development actors do not know the carbon market and do not measure the opportunities provided by carbon finance. On the market operators' side, the social and public benefits of the projects were not considered priorities.

However, the study confirmed that there was a niche available, and anticipated that the market would absorb the carbon credits coming from such projects.

The support of ARECOP network

The ARECOP network aimed to facilitate the development of fuel-efficient improved cookstoves and biomass energy programs at the family or small-scale industry level. Established in different Asian countries by means of national relay organizations, it was present in Bangladesh, Cambodia, India, Indonesia, Laos, Nepal, the Philippines, Sri Lanka and Vietnam. GERES was also involved closely in ARECOP's activities through its representation in Cambodia. The whole network shared the same willingness to enhance access by the poor to financially sustainable, efficient and affordable energy sources. Since 1991, through ARECOP, they have exchanged information, expertise, and reports on technical advances. Christina Aristanto, coordinator of ARECOP, called for the registration of one of the network's projects on the carbon market in 2004 and 2005, but at that time the situation was rather discouraging. Therefore, GERES launched its project alone.

The revenues from the GERES's NLS carbon finance program have obviously changed perceptions. They proved to those who did not believe that carbon finance is accessible for a sound project if one has the means. So, the ARECOP network became more interested in trying to access carbon finance.

Desire to rebound

Several factors combined to contribute to the refocusing of ARECOP on carbon finance. The network's organizations wanted to learn from the experiences of GERES. They knew that ARECOP was completing its mission at the end of 2008 and that the coordinator, Christina Aristanto, was searching for a strategy which would allow them to continue working together. They wanted to promote their experiences, based on a model of trust and transparency. The network's organizations were used to working together for more than a decade to reach a common goal.

Idea of a cooperative

In September 2007, in the consultation framework made for the World Bank, ARECOP and GERES, who were working hand-in-hand, estimated that to bring carbon finance to small-scale projects, they have to go through a larger cooperative system to defend their collective interests. They proposed to build on this structure to share knowledge, tools, know-how and resources. A cooperative seemed to be the best way for them to reduce the costs and risks of such an undertaking, while at the same time building competencies and networks.

A milestone was reached. The work was organized in order to form the association that would start seven months later under the name Carbon Solidarity Asia (CSA), which would later become Nexus.

Recognizing the difficulty of the challenge and that it required more resources, GERES decided to facilitate the establishment of Nexus. So, GERES recruited Marion Verles in 2008 as manager of the Carbon Solidarity Asia (CSA) project. Located in GERES in Cambodia, she was given the mission to structure the cooperative.

COP 13 in Bali: conscious of being atypical

From 3 to 15 December 2007, the 13th session of the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) was held in Bali, Indonesia. The GERES team which was working on the alliance and cooperative project attended its first COP. While the team thought the alliance would be primarily centered in Asia, they were surprised by the number of requests made by African and South American organizations. In Bali, they came to understand how atypical their project really was.

This institutional meeting was also an opportunity to network, exchange ideas, understand who the other actors are, see how carbon finance evolves and learn how to prepare for the next COP. A COP is a good springboard for making one's name and getting your voice heard.

13

THE FOUNDERS OF NEXUS



MINH CUONG LEQUAN

The crisis of our times invites a rapid and fundamental economic paradigm shift – to redefine the nature of wealth, how it is created, and distributed – in such a way that the most deprived people and degraded environments hold the highest worth. Carbon finance originally carried that promise, but failed to achieve results fast enough. We needed an organisational innovation to fix it; an instrument truly at the service of society and development, a springboard for success stories, and a vehicle of sustained influence, all this to steer carbon finance towards human dignity.

Hence I got started on Nexus, because once you know deep inside what is right to do, there is no escape from doing it.

The birth of Nexus

(April 25-26, 2008)

The first general assembly, a decisive step

Ambitious objectives

The participants of April 25th and 26th, 2008 in Phnom Penh, Cambodia still remember that important moment with strong emotion; some are still moved by what happened during the founding assembly of the Carbon Solidarity Asia (CSA) cooperative.

Eight development organizations from eight different countries came together to define the base of a structure which would allow them to advance up the steep path to carbon finance. Their objectives were to:

- reduce imbalance between sellers and buyers of carbon credits;
- improve the fairness of negotiations and maximize the revenues of carbon credits;
- reduce the costs (of transactions, service suppliers, etc.);
- reduce and distribute the risks;
- speed up the registration process;
- provide more visibility to the projects.

The voluntary market is consolidated

A wave of consolidation swept the carbon markets and marginalized development actors a little bit more.

From 2008 to 2010, the carbon credit market was restructured and consolidated through a significant number of strategic alliances and acquisitions. International financial institutions and commodity dealers were strongly interested in this emerging market, and used acquisitions to enter the market.

Some remarkable examples of these acquisitions:

The investment banking division of the international financial institution JPMorgan acquired Climate Care, a leader in the development of low carbon projects, in March 2008. In November 2009, JPMorgan acquired another market leader, the Ecoscurities group, which is present in 25 countries and specializes in development project and the commercialization of carbon credits.

After acquiring the emissions reduction project specialist CO2e.com in 2007, the commodity brokerage giant Cantor Fitzgerald purchased the "Social Carbon" methodology developed by the Brazilian research institute Instituto Ecologica in May 2008.

Most recently the British bank Bar-

Coming together around common values

It is clear that Nexus was born in April 2008, under the name of CSA. The values defended at that time remain the same and constitute the rich soil where Nexus can take root. All members share these values:

- **commitment**
- **sharing**
- **transparency**
- **equity**

From the first version of the CSA Charter, these values have been carved in stone.

clays, the first operator on the European carbon credit market, acquired the Swedish carbon credits trader Tricorona, specializing in the origination, commercialization and financing of CDM projects, at a price of 100 million pounds sterling in July 2010.

This consolidation phase also expanded to the market infrastructure, with the successive purchases of carbon registry operator TZ1 by the financial services giant Mar-Kit in July 2009, and then the acquisition of the Norwegian information supplier Point Carbon, which specialized in the carbon markets, by the world's leading economic and financial information company Thomson Reuters in May 2010.

Founding members

The community values of Nexus emerged out of a core group of organizations which know and trust each other- the founding members:

- Approtech Asia, Philippines
- Appropriate Rural Technology Institute (ARTI), India
- Cambodian Center for Study and Development in Agriculture (CEDAC), Cambodia
- Centre for Rural Technologies (CRT/N), Nepal
- Group for the Environment, Renewable Energy and Solidarity (GERES), France
- Integrated Development Association (IDEA), Sri Lanka
- Yayasan Dian Desa (YDD), Indonesia
- Village Education Resource Centre (VERC), Bangladesh

The cooperative model

The cooperative model, based on the principles of sharing and equality, naturally corresponds to the members' values, and also seemed most appropriate to achieve the objectives of the group. The cooperative model allows members to share knowledge, competences and services. On this basis, the first general assembly discussed the cooperative's functioning, made a list of members' needs (in terms of services, tools and training) and defined some principal rules, particularly the rights and duties of each member.

From April 2008 the first version of this Charter, approved by the general assembly, was reworked, modified, improved, detailed, completed and refined over several months.

The Asian dimension of Nexus

A happy circumstance

Nexus claims a global range, but at its start the vast majority of its members were obviously Asian, and the first challenge to bring development projects to the voluntary carbon credit market is in Asia.

If Nexus was born in Asia, it was the result of a particular chemistry and a happy coincidence. The NLS pilot project was conducted in Cambodia, and GERES had common interest with other development actors working

on improved cookstove projects in Asia. The ARECOP network was dynamic and unique in the world. Asian actors had a more mature approach concerning carbon finance than actors on other continents.

Registration in Singapore

Nexus is legally registered in Singapore as a nonprofit enterprise and receives support from the Singapore government. The city of Singapore was chosen because it is an international financial hub where corporate law is applied, it provides the best possible quality of banking services, its information technology infrastructures is secure and it is easy to access from any country in the region.

The foundations defined by the Charter

Vision

"Concern about climate change continues to grow and with it a dramatic increase in carbon trading. Compliance and voluntary markets are expanding rapidly. Meanwhile, the vast majority of projects being financed in developing countries are large scale and industrial. The poor, who pay the highest price for climate change, are benefiting very little from these investments, or even suffering negative impacts. We are deeply concerned about this injustice.

We commit to work together to create a new organization called Carbon Solidarity Asia (CSA). This will be a non-profit, independent organization that will accelerate development of projects by our members to use carbon finance to reduce poverty, reduce emissions of greenhouse gases, and where possible achieve other benefits such as improved human health and conservation of biodiversity, in a sustainable manner."

In April 2009, a paragraph was added, which completed this vision:

"We commit to ethical conduct in carbon business in order to ensure the highest possible credibility and quality, fairness in deals to maximize the value for development, and to foster fearless transparency."

Guiding principles

- The projects supported by Nexus must have an impact in terms of both development and poverty alleviation.
- The resources derived from carbon finance must serve the mission that the beneficiary members defined for each other.
- Compliance with the Charter is a condition of membership in Nexus. For-profit organizations can be members of Nexus, but do not have voting rights.
- All members of Nexus must have transparent practices, especially towards their target populations.
- Consensus and dialogue are the preferred functioning methods within Nexus.

Maturation of Nexus

(May 2008 - December 2009)



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COP 14 in Poznan, unveiling the cooperative

The 14th session of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) was held in Poznan, Poland, from December 1st to 12th, 2008. GERES was mobilized to participate in the conference, particularly for the presentation of Nexus. The cooperative model was presented. This was a way to test the concept of "climate solidarity"¹⁰ which found a very interested and receptive public, with organizations from Africa and South America eager to join the discussion. The contact with other carbon finance actors also allowed the members of the GERES team, who were mobilized for the Nexus alliance, to review the next steps. Among the actors who played a role in the evolution of the cooperative: Crédit Coopératif, Caisse des Dépôts et Consignations (CDC), French Development Agency (AFD), and the French Global Environment Fund (FGEF).

ARTI is invited to the COP

For the first time a Nexus member was invited to participate in a COP on the side of the cooperative's representatives. Dr A.D. Karve, from India, was the director of ARTI (Appropriate Rural Technology Institute), a development organization that works on innovative and sustainable technologies to improve the quality of life of rural populations. He concluded that the presence of the cooperative in the COP was important as it provides visibility and contacts with potential investors, donors, buyers of carbon credits, future members, etc.

Critical financial issues

After the cooperative's structure was formalized and the final charter was being ratified by the members, new challenges awaited Nexus. All the founding members and secretariat wished that some projects would be eligible for carbon finance, but they were well aware of the constraints that were imposed.

10- Climate solidarity is a concept created by GERES to describe projects which have the dual role of reducing greenhouse gases in industrialized countries, and mitigating the effects of climate change in developing countries.

The constraints of carbon finance

● Cost of access

The procedures to access carbon finance are complicated. They require precise data collection to measure the reduction of emissions, and the protocols and the audit in order to obtain high quality carbon credits, all of which is extremely expensive. To be effective, the monitoring of the project should be led by experts, whose skills are rare and expensive, which adds another cost. Before getting the first revenues of carbon finance, \$150,000–200,000 has to be invested in the project. A study published by the UNEP in 2007 showed that the cost of writing a project design document (PDD) and carbon credit validation varies between €16,000 to €90,000 for a large-scale CDM project. In addition to this cost, there are expenditures for annual verification and registration fees. Moreover, the dependency on intermediaries, for example to facilitate the sale of carbon credits, reduces the earnings the project holder.

● Risks for the project developers

It is necessary to control many stages before transforming the potential of a project into reality. In general, development organizations don't have a lot of capital or real estate assets; they therefore have no capacity to take financial risks. If they borrow a lot of money in order to go through these stages and do not reach their targets, their existence is threatened. Hence the reason why development organizations exercise extreme caution, even reluctance, to take the plunge into carbon finance.

Moreover, the organization must be financially solid because even in the best case, the revenues from carbon finance take two or three years to arrive.

● A new way : focusing on results

Development organizations generally operate on a system of grants or donations. They design a project, and implement it with the given funds; there is no risk. They respond to a social need. On the contrary, the logic of carbon finance works on performance criteria and a number of requirements: financial stability, excellent management, measurable impacts, program follow-up and long-term planning (5-10 years). This forces the development actors to restructure themselves and modify their project management, as the revenues from carbon finance are proportional to the project's results.

Identified needs

Two financing needs were identified very early within the cooperative:

A need for grant funding for innovative projects which are not mature, to validate their concept, and move them closer to accessing carbon finance.

A need for funding in the form of a repayable advance for some projects which have mature technologies (there is a proven market potential, and already a small-scale dissemination), but which require more investment to scale up and access carbon finance.

The idea of an investment fund

Where can money be found to respond to these two specific financing needs? There's very little chance of accessing this funding from banks. Development organizations seldom receive bank loans. In Poznan, Crédit Coopératif, Caisse des Dépôts et Consignations (CDC) and AFD (which had already raised this option in Bali) recommended the creation of an investment fund.

Over time, a dual strategy would be outlined:

- **An Innovation Fund**, supported by donors and sponsors, to cover the financial needs of projects in their initial phases. The first discussions on this subject were held in 2007, when GERES expressed the need for funding of research and development.

- **An Investment Fund**, supported by committed investors, which would be dedicated to the scale-up of projects and their introduction into carbon finance. The guidelines for these funds were developed in 2009; the institutional support, which appeared in 2010, is allowing these funds to be developed currently.

The second general assembly

A finalized Charter

A finalized version of the Nexus Charter was presented at the general assembly in Singapore on April 10-12, 2009. Ratified by the eight founding members, it clearly establishes the organizational structure and operating principles (including financial decision making), and a method for integration new members as well as member's rights and responsibilities. Nexus established a board of directors which consists of 5 directors elected from among the members for two years each, and up to 4 voluntary outside advisers. The presidency was assumed in 2008 by GERES, as the main founding member.

Member selection

An organization that wants to become a member of Nexus must first share its values with the cooperative. Their application is studied and evaluated by the three board members which make up the Selection Committee. The application is then submitted to the members of Nexus for their review. If the admission criteria are met and no objections are raised, the application is brought to the Board of Directors, and then validated in the next general assembly.

Rights and duties

Nexus does not want to be a simple services platform, but a cooperative which actively involves its members. This takes an investment in time, energy and decision-making by the members themselves. Under established conditions, the members of Nexus can exchange technical support and access to expertise, some reduced-rate services, and possibly financing. The members also commit to develop their carbon credit projects via Nexus, to put their carbon credits on the market via Nexus, and to get involved in the development of the cooperative.

A system to guarantee ethics

The purpose of Nexus is to bring to the market the highest quality carbon credits. This quality ensures the credibility of Nexus and also reflects on the effectiveness of the development projects and the impact on their target population. The transparency of transactions also contributes to strengthening these aspects. The members manage their carbon credits by means of the Nexus "ethical assurance" platform, which ensures that all members respect their commitments. While the principles of this platform have been acquired, the system of implementation remains to be defined.

Building an identity: CSA becomes Nexus

In the second general assembly, the cooperative acquired a new identity. The name of Carbon Solidarity Asia was no longer appropriate: the term "solidarity" refers to a strong social orientation and does not have the same meanings in French and English; also, restricting the cooperative to the Asia region no longer corresponds to the ambitions.

A name

To become a beacon in the world of carbon finance and to be well known and recognized, the cooperative needed a name which better reflects its new vision. By definition, the word nexus evokes links, connections, paths and networks. It also expresses newness, novelty and avant-garde. These ideas are addressed at the same time to both project holders and investors; it sounds like a code word and is easy to remember. The name of the association is endowed with a subtitle which clearly specifies its mission: carbon for development.

A logo

Of course, a name has to be accompanied by a logo. A good logo can build a brand and be easily recognizable. Because various international events were to be held in the following months, the communication must be professional and take advantage of these media opportunities.

In the 15th session of the Conference of the Parties (COP 15) to the United Nations Framework Convention on Climate Change (UNFCCC) in Copenhagen (Denmark), Nexus arrived freshly rebranded. Their website, designed with this new identity, was also designed and ready.

A quality label

Nexus and Gold Standard signed a partnership agreement in October 2009 in order to facilitate access to carbon finance for development projects. Gold Standard promises to promote Nexus in its institutional communication, to collaborate with Nexus to reduce technical and methodological barriers, and to create links between Nexus and a global platform of ethical buyers (ICROA). For its part, Nexus commits to register 51% of its carbon credits under the Gold Standard within five years.

COP 15, limited by political issues

From December 7-18, 2009, the 15th session of the Conference of the Parties (COP 15) to the UN Framework Convention on Climate Change (UNFCCC) in Copenhagen was held. The chaotic progress of the COP, the atmosphere of mistrust, the failure of negotiations and the absence of commitments on climate change all attracted strong media attention.

In spite of this unfavorable atmosphere, the GERES team representing Nexus maintained its objectives of developing its network, meeting with potential investors, and recruiting new members. The results were ultimately very positive since it was at COP15 that discussions with FGEF started.



2009: a year full of dangers

With the international financial crisis, 2009 was the most difficult year for carbon markets since their creation. The contraction of the global economy slowed industrial activity, resulting in a decrease in greenhouse gas emissions, which then lowered the demand for carbon credits. The availability of credit was strongly affected by the contraction of financial liquidity, which reduced the financial investment available and therefore the number of projects initiated.

The international political scene was not much more favorable in 2009, with the failure of negotiations in Copenhagen still remembered today. COP 15 was the most widely publicized COP since the first COP in Berlin in 1995, receiving more than 40,000 participants and ending in a complete breakdown in the face of urgent needs. The very process of negotiation within the UNFCCC was in question after two full weeks of discussions. The main criticisms were the lack of transparency and the pertinence to negotiations when only 2 out of 115 countries (the United States and China) could block the discussions. After COP 15, some experts admitted concerns about the future of the Kyoto Protocol and UNFCCC.



End of 2009, a time of understanding

Tensions around investment mechanisms

Nexus needed credibility in their dealings with financial institutions. It is true that the success of the GERES NLS program established a great showcase for investors, with excellent profit margins and well documented results. But nothing can guarantee investors that this success story would be repeated. As a result they were observers instead of actors, waiting to see if Nexus would work.

As the NLS program is unique in the world of carbon finance, the potential investors had few references on the subject. So it was difficult for them to find financial instruments adapted to the project and its constraints. One of the tension points was related to the share of risk and guarantees legitimately required by investors.

An easier dialogue with development agencies

Nexus put a lot of effort and energy into helping the development agencies understand the problems that the cooperative was facing and tried to solve. In late 2009, those relationships began to bear fruit. The funding agencies began to understand the barriers to carbon finance—the high costs of transactions, the cultural gap between the worlds of carbon finance and development, and access to expertise. On the other hand, the solutions suggested by Nexus, namely the creation of a cooperative and parallel launch of an investment fund, remained abstract for most of them. Instead of being discouraged, Nexus remained motivated to move forward and develop its ideas further, in accordance with its ways.

FGEF takes a chance

At the end of 2009, Denis Vasseur from AFD encouraged Nexus and GERES to apply for grant funding from the French Global Environment Fund (FGEF). Marion Verles, the person in charge of the Nexus project, took the matter in hand and wrote a concept note in which she described the context and the problems experienced by Nexus, as well as the proposals to solve them. She proposed a budget and partners eager to be involved in the project. This concept note was submitted at the beginning of 2010.

As project holder, GERES becomes the incubator

In 2009 and 2010, a strong base for Nexus' independent structure was established. From that time on, part of the GERES team dedicated to Nexus was given autonomy to develop the structure of the alliance. GERES could then position itself as an incubator, and concentrate on partnership projects with Nexus (see below).

THE FOUNDERS OF NEXUS



SAMUEL BRYAN

I wanted to help set up Nexus because it was clear that there was a huge gap in the existing carbon market architecture. Much effort has gone into creating a market for an environmental service which would lead to a win-win situation; cheap emissions reductions for developed countries and sustainable development for developing countries. The only problem is that it's not working. From where we were in Cambodia, because we had one foot in the world of the markets and one foot in the development world, it was obvious to us what the reasons for this were and what would be needed to fix it. Hence we established Nexus to try to address the problems of making carbon markets work for development. We've got a good idea but we still need to make it work, and that's going to be the hard part.

Nexus, from theory to practice

(2010)



FGEF, a structural challenge for Nexus

The concept note submitted to FGEF at the beginning of 2010, was the first success of the year, as they requested the submission of a complete project proposal only one month later.

Nexus plans its future

For Nexus, this was a turning point. The project was built on a logical structure: vision, mission, objectives, implementation, forecasted results, and the indicators which would verify the results. Until now, Nexus had known what to do and why, but had missed the how. The model had to be developed on paper and in detail. The project proposal for FGEF forced Nexus to confront their ideas and theory with reality. Swan Fauveaud, the GERES Climate Change Unit manager, and Alain Guinebault, General Manager of GERES, assisted Marion Verles in crafting the project documents. After several months of work, Nexus had a budget, an organizational structure, and an action plan for the next four years. This process of operational planning, sometimes painful, was mainly structural, shaping the dynamic of 2010.

Strategic choices

This first document, sent in May, intrigued FGEF, which requested a second, more detailed document. The request came in July, with the final deadline in September. Seeing the work required for this type of document, FGEF awarded a funds allocation to cover the document's preparation. For strategic reasons, Nexus chose to use this money to finance a study on the feasibility of its Investment Fund and development strategy. The study was entrusted to Phitrust Active Investors¹¹. These main issues are important because this study became the keystone of Nexus' development. The study report, complete and very useful for Nexus, partly supported the FGEF project document. And, the final version submitted

in February 2011 came to an important conclusion: Nexus was on the right track.

A successful year

March, 2010. International recognition

In March 2010, Nexus became a finalist in the Marketplace on Innovative Financial Solutions for Development competition organized by AFD, Bill & Melinda Gates Foundation and the World Bank to reward some innovative projects in this field. The concept of an ethical investment fund placed Nexus in the top 20 finalists out of 800 candidates. The presentation took place in Paris, at the Cité des Sciences et de l'Industrie. Nexus and GERES participated in this event to support the project. Nexus, as one of three projects involving carbon finance, did not receive the grand prize, but certainly won in terms of credibility and visibility.

June, 2010. The blue moon fund

At the beginning of 2010, the blue moon fund, an American philanthropic organization, visited Cambodia. They had known about Nexus since 2009, shared their vision, and were already interested in the idea of an investment fund for carbon financing. In inquiring about the progress of the project, the blue moon fund representative learned about the selection of Nexus by the Marketplace on Innovative Financial Solutions. He proposed to re-discuss their involvement with Nexus after the results of the competition. In March, Minh Cuong Lequan, the recently appointed director of GERES's mission in Morocco and Chairman of the Nexus Board of Directors, was invited to Washington to participate in a seminar organized by the United Nations Foundation on the topic "Scaling Up Clean Cooking Solutions in the

Developing World". He presented on the success of the NLS program, which had just sold its one millionth improved cookstove. He also took advantage of the opportunity to go to the office of blue moon fund and present Nexus' innovative projects. In June 2010, the philanthropic institution provided a grant of \$152,000 to Nexus. This money would be entirely dedicated to the establishment of the investment fund.

November, 2010. The recognition of FGEF

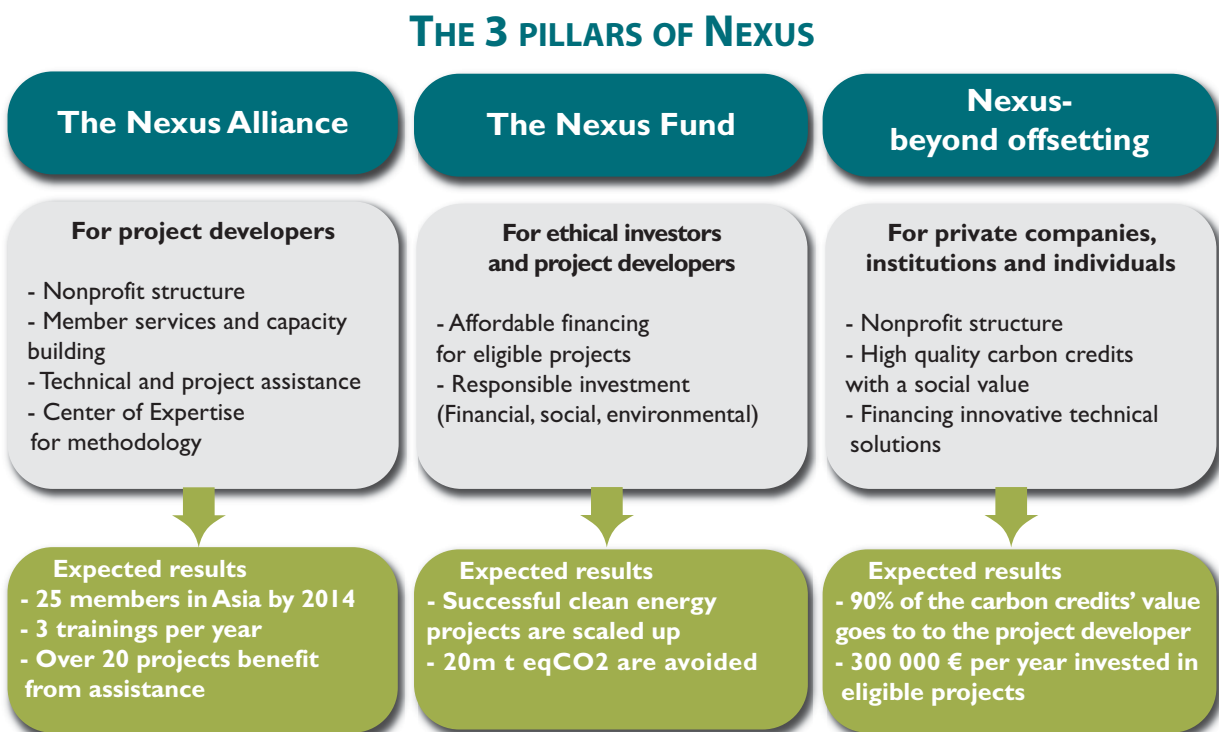
One year of hard work, study and careful planning led to real operational development for Nexus. The cooperative, well aware of the difficulties to come, felt that its position was solid. It had succeeded in finding some financial partners to support it, and its determination and tenacity were finally rewarded by the agreement of FGEF on 27 November 2010 to co-financing for the establishment of Nexus. The result of long work lasting almost one year, the total sum of this co-financing amounted to \$1.9 million (€1.35 million)¹².

The 3 pillars of Nexus

To achieve its objectives, Nexus aims to:

- Accelerate the transfer of technologies and expertise to its members.
- Facilitate the development of low carbon pro poor projects, either by the scaling up of mature projects, or, firstly, by supporting technological innovation for pilot projects.
- Improve access conditions to carbon markets (either by facilitating standards, or by helping to commercialize the carbon credits).

Nexus developed a strategy which revolves around



12- Exchange rate on June 24, 2011: €1 = \$1.4257

these three pillars: the Nexus Alliance, the Nexus Fund, Nexus-beyond offsetting

These three pillars are overseen by a support structure which is in charge of administrative affairs, finance, human resources, communications and the creation of a CDM Center of Expertise.

The Nexus Alliance

The Alliance is aimed at development project holders.

Unity is strength

Managed and run by Nexus, the mission of the Alliance is to better understand the members' projects and technologies, in order to help them estimate their needs as much as their own capabilities, strengthen their capacities, encourage the transfer of competencies between developing countries, and capitalize and improve CDM methodologies. The Alliance also helps spur innovative ideas and collect feedback from the project developers. Currently, the Alliance is consolidating the cooperative, to provide greater attention to its members. The Alliance manager is in charge of the Alliance program, which is the core of the cooperative.

The role of the Alliance is to facilitate trainings for its members, from an evaluation of their capacity to handle a CDM project, to feasibility studies and carbon credit verification, and then personalized follow-up support to improve capacity. These skilled individuals will become technical consultants and CDM resource analysts, who can then share their expertise with the other members of Nexus.

Fulfilling its promises

During the creation of Nexus (2008 to 2010), the members regularly voiced their needs for capacity building services. Because of the lack of time, tools and facilities, Nexus was not able to respond sufficiently to all these requests. Now, Nexus is able to realize its commitments, support its members and assist them with their projects in order to achieve autonomy.

Enhancing the dissemination of information

The quarterly newsletters during 2010 were part of this willingness to structure the dissemination of information to members.

An online forum project discussed in the 2010 General Assembly is also under consideration. The goal is to exchange concrete ideas and techniques among members. The program officer of the Alliance is in charge of sorting, validating and organizing the information in order to strengthen the skills and knowledge of its members, as well as create greater engagement in the cooperative.

Limiting risks

Nexus wants to be a bridge between carbon finance and development projects. If Nexus does not support development projects, it has no reason to exist any longer. Among the founding members of Nexus, very few have taken a decisive step toward carbon finance since

THE FOUNDERS OF NEXUS



MARION VERLES

Social inequalities and damages to the environment have been a matter of deep concern to me since I was very young. At first, I thought I would go into politics in order to implement the policies that would protect the people and the planet. When I grew older, I realized that governments have very limited powers compared to financial markets and the global economy: I believed, "change investment patterns and you'll change the world!" Now, I would also add: "change lifestyles and consumption behaviors and you'll change the world!" Nexus is more than a project – it's an attempt to create a new model reinventing solidarity and global economy.

the cooperative's establishment. To limit the risks of failure, its members' projects must be eligible for investment funds and gain entry into the voluntary carbon market. The Alliance is there to accompany them and push them towards this innovative financing method. It also receives new members (which it selects and recruits) in order to diversify its projects and create internal competition.

Creation of the Innovation Fund

The Innovation Fund is for projects which are not yet ready to engage in the process of accessing carbon finance. This fund is supported by donors and sponsors and is dedicated to financing research on innovative technologies and their development as well as financing of innovations linked to the mechanisms of carbon finance where the Center of Expertise will operate. Allocations from the Innovation Fund will average about \$50,000.

Development of a Center of Expertise

Supported by Nexus and the GERES Climate Change Unit, with which Nexus maintains close ties, the Center of Expertise will work on pioneering subjects to remove access barriers for development projects. For example: research on the development of CDM methodologies; innovative monitoring techniques, etc. It is financed by the Innovation Fund, various fund raisings, and partnerships.

The Nexus Fund

The Nexus Fund is addressed toward ethical investors, and serves to scale up Alliance members' projects.

The investment fund initiated by Nexus (currently under construction), is an independent legal entity of Nexus. It is a tool designed to help its members' projects cover their financing needs. In this way, it is a pillar of Nexus development. It targets ethical investors who are also concerned with the social, economic and climate dimensions of the projects.

Raison d'être

To compensate for the high transaction costs of carbon financing that can cause cash flow problems and put their existence in danger, development project holders need a solid capital base. To scale up, projects need an adapted financing mechanism which can cover the significant cash requirements for the first years. So, Nexus worked on the creation of an investment fund to support its members in these difficult stages.

The Investment Fund finances eligible development projects based on its estimated future revenues from the sales of carbon credits. It also allows interested investors to participate in the financing of these projects with lowered risks and the benefits of economies of scale.

THE FOUNDERS OF NEXUS



SWAN FAUVEAUD

I am the manager of the GERES Climate Change Unit. GERES initiated this alliance in 2006-2007. Incubating alliances or networks, capacity building and more generally speaking, innovation, are core activities of GERES. It was very important for me that GERES is able to push Nexus forward so that it achieves independence and carries on with the general vision of carbon for development. Now I am proud to carry over my work with Nexus in key projects jointly implemented by GERES and Nexus such as EthiCarbone, the Nexus Innovation Fund, the Nexus Center of Expertise for CDM methodologies. I wish Nexus a very bright future and hope the alliance will always remember its strength: a grass roots cooperative with a strong innovative vision supported by its young and promising team.



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Obstacles

On the investor side, an ignorance of the specifics of development projects makes evaluation and follow-up difficult, and distorts the perception of risks (which can also be linked to the political climate or general uncertainties in least developed countries). The investment fund must work on a legal framework which will build the confidence of investors and provide them with guarantees.

Selection of eligible projects

To recruit new members and projects, Nexus appeals to candidates within its networks. Then, a group of experts evaluates the candidates' projects and validates (or not) their design and implementation planning. Afterwards, the necessary studies are carried out to satisfy the requirements of carbon finance. Thanks to the donation of the blue moon fund, identification and selection of the first projects started in July 2010.

Ambitious objectives

The Investment Fund must realize \$28.5 million (€20 million) in its initial phase. If the planned growth of the Investment Fund is respected, the number of development projects will have to be scaled up. In figures, this translates into a reduction of 10 million tons of greenhouse gas emissions (CO₂ equivalents) and increased access to clean energy for 20 million people in the poorest countries by 2020.

Nexus-beyond offsetting (NBO)

The Nexus-beyond offsetting program is designed for the private sector, institutions and individuals.

Rebalancing the negotiations

Isolated projects cannot easily reach the final buyers without going through intermediaries, which are generally large international enterprises which have privileged access to market information, and capabilities (legal, financial and commercial) far stronger than those of the isolated project holders. This imbalance in contract negotiation is obvious as there are few intermediaries for most project holders. For project holders, the shortfall is substantial: less than 50% of the final resale value of carbon credits goes back to the projects. So, the intermediaries are getting the majority part of the cost of the carbon credits. Nexus-beyond offsetting is a support platform for commercialization of carbon credits, to rebalance the relation between the project holder (the development actor or field practitioner) and the carbon credit buyer, similar to CO2 Solidaire which was created by GERES in France.

An example of transparency

Transparency is one of Nexus' core values. To defend and apply it in the field of finance is not simple. But Nexus stands for the transparency of carbon credits sales for the buyers, cooperative members and all the actors who support Nexus. Therefore, the cooperative defined ways to ensure the traceability of carbon credits and to verify that the profits from carbon credits are used appropriately by project developers. The credibility of Nexus and its ability to influence the carbon markets to act on poverty alleviation, at the same time as climate change, depend on this transparency.

THE FOUNDERS OF NEXUS



RAPHAËLE DEAU

I never thought I would be working for an NGO one day. When I came across the GERES-Nexus team back in 2008 though, I had to admit that their model was not even close to any of my pre-conceptions. The alliance of development organizations best practices and an inspired openness towards the private sector really gave Nexus a tremendous potential for its development. I believe this is a wise path for all non profit actors to engage to, at a time when subsidies are shrinking every year more. On top of that, I really found with Nexus an exciting way of exploring field development projects, scientific theories, financial new trends and policy development. And my neurons are thanking me for that every day!

Bringing social responsibility to the carbon market

Nexus-beyond offsetting defends the social value of its carbon credits and educates businesses which want to offset their greenhouse gas emissions by offering a range of services which goes beyond compensation (including training, engagement with the project holders themselves, and skill sharing).

Nexus-beyond offsetting also encourages companies to sponsor the Innovation Fund. Its objective is to guide the private sector towards more responsible behaviors and innovative solutions.

It is through this platform that the carbon credits of Nexus members are sold. Its objective is to transfer 90% of the final resale value of the carbon credits to the project holders.

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The third general assembly: Nexus scales up

The third general assembly of Nexus took place in Phnom Penh from October 11-13, 2010. The program concerned the evolution of Nexus during the last year and items to be voted on. To validate the Nexus development plan, all members endorsed the process to expand the focus of Nexus. They reaffirmed the 2011-2014 project timeline to expand the Alliance, the Investment Fund and the Nexus-beyond offsetting program with a budget of about \$6.2 million (€4.4 million) for 4 years. At the end of these four years, Nexus must be economically viable.

Nexus achieves independence

This development of the Nexus structure allowed Nexus to become independent from GERES, which had accommodated and financially supported it since its creation and contributed to its dynamics and evolution. Since the summer of 2010, both organizations worked on a memorandum of understanding to plan their separation and set up their new working relationship. GERES remains a member of Nexus. The two organizations had to define their roles on strategic issues such as service provisions. New tools were then set up so that both organizations could communicate closely while remaining clearly distinct.

Nexus financial plans

Of course, independence means independent funding. The development plan clarifies the resources of Nexus:

- Revenues from technical assistance to projects will cover the costs of document preparation, project fol-

low-up and evaluation and a part of the structural costs of the alliance.

- A sales commission for carbon credits sold through Nexus will cover the commercialization assistance fees and promotional activities.
- Revenues from service activities (trainings, awareness raising, consultancies, etc.) and members' contributions will cover the alliance's structural costs.

Three new members

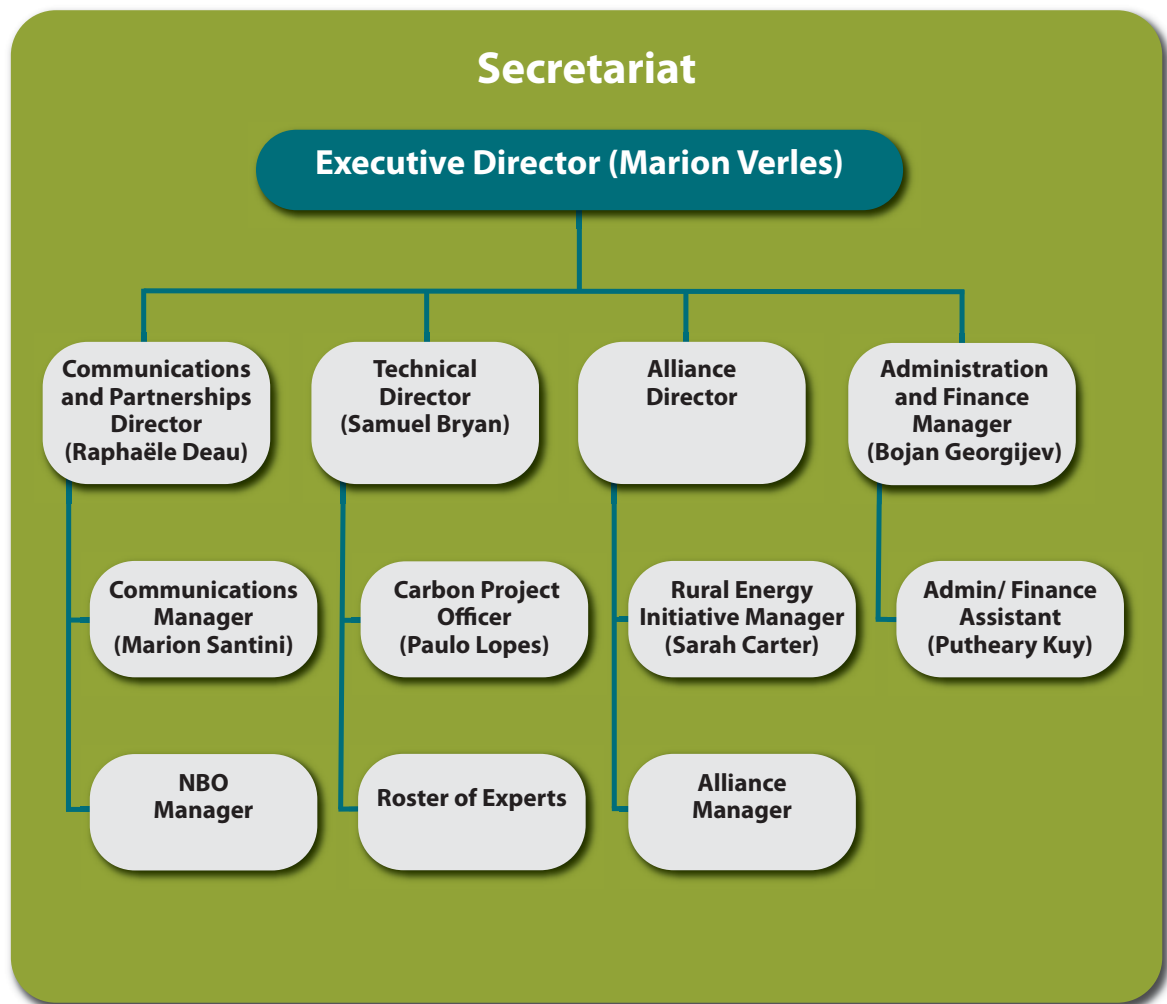
General Assembly elects new members.

- **CCRD** (Center for Rural Communities Research and Development), registered in Vietnam. The Center works particularly on the production of innovative systems and biogas utilization, adapted mainly to small farmers' needs.

- **Hydrologic**, registered in Cambodia, is a social enterprise which commercializes solutions to access clean drinking water, mainly through the development of ceramic water filters. Its integration in Nexus created a lot of questions because the original Charter does not give voting rights to a member which is a for-profit organization. The Board of Directors suggested a modification of the rules in order for social enterprises and eco-enterprises to have the same rights and privileges as non-profit members.

- **GEI (Global Environment Institute)**, registered in China, introduces market methods to solve environmental problems while contributing to sustainable social, economic and environmental development.

The projects of these new members have high potential to access carbon finance, and large-scale dissemination of solutions for vulnerable populations, which corresponds perfectly to the guidelines of Nexus.



A revised organizational chart

The change of scale for Nexus and its three pillar structure led to a new organizational chart and team enlargement which was planned according to the above diagram.

COP 16 in Cancun: Nexus on all fronts

Global communication

The momentum created by the organization of Nexus into three pillars and the creation of a four year action plan encouraged Nexus to widen its communications. Already in September 2010, Nexus was invited to speak at the Asia-Europe Environment Forum Conference in Munich, Germany. In October 2010, Marion Verles traveled to China at the request of a member, GEI, and the blue moon fund, to present the Nexus model during the preparatory meeting of the UNFCCC, the last meeting before the

COP 16 summit. At the end of October 2010, Nexus was also a speaker at Carbon Forum Asia (CFA) in Singapore, organized by IETA (International Emissions Trading Association), an important regional meeting for carbon market actors.

An actor that counts

The Nexus team prepared for the 16th session of the Conference of the Parties to the UNFCCC which was held in Cancun, Mexico, from November 29th to December 10th, 2010, with a complete communications strategy. Nexus worked in close relation with GERES in the planning and at the COP. Three Nexus delegates worked to promote the following topics: innovative financing, CDM, the future of carbon markets, and involvement of the private sector. Negotiations relating to carbon finance for developing countries were certainly a central point for Nexus. The meetings increased (press conferences, seminars, roundtables, interventions in conferences, etc), and the team noted that Nexus had widened its visibility and was consequently becoming a strong voice for carbon finance and climate change.

Future of Nexus

(2011 and after)



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2011, the year of launch

The Nexus action plan for 2011 is organized as follows:

The Secretariat

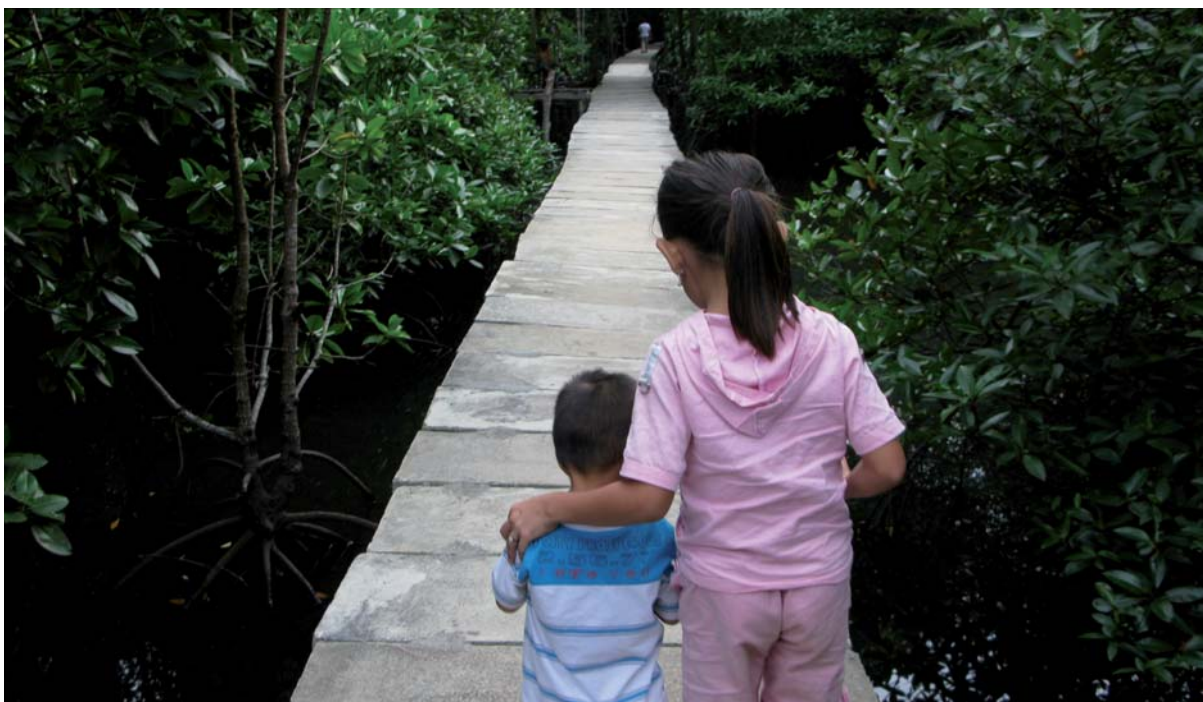
- The secretariat will open one office in Singapore and one in Phnom Penh, in order to organize the team's management and leadership structure.
- Two major events will dominate the year: the 4th general assembly in July, and the planning of an event in Singapore on climate change and development in the second half of the year.
- The secretariat will also identify strategic partners, and define the strategies and action plan of the Center of Expertise on CDM.

The Nexus Alliance

- The cooperative will welcome 15 new members before the end of 2011, and launching an online members' forum.
- Local experts will be trained and provided with individual follow-up support to strengthen their competences on the CDM project cycle.
- A technical desk office will also be opened in Mali, and a training course will be conducted to improve carbon credit sales capacity.
- A workshop will be proposed for COP 17 in Durban, South Africa. Communication will be reinforced by an active presence in the carbon market forums of both Asia and Africa.
- The Innovation Fund will be operational in the second quarter of 2011.
- \$200,000 (€150,000) will be made available to finance innovative projects, and financial partners will be identified within the year.
- The alliance will also initiate an action plan dedicated specifically to the problem of energy access in rural areas.

The Nexus Investment Fund

- The Investment Fund will be operational in the second quarter of 2011.
- Three projects will be selected initially, with five additional projects will be presented to the Investment Fund by the end of 2011.



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Nexus-beyond offsetting

- The Singapore office will make commercial offers to the private sector, find buyers and sell services.
- Detailed work will be completed on the franchise concept and the definition of a legal framework (contractual and financial modalities) which will be applied in Singapore and Mali before the end of the year.
- Case studies will also be done on the topic of transparency, a key point for Nexus. The goal of these studies is to consider the feasibility of carbon credit tracking tools.

Outlook

Nexus aims to focus on 3 areas: project development, lobbying and consulting, and financial innovation.

Project development. Nexus is working to unite project holders for the implementation of integrated programs which can be replicated on a large scale, and which will have an impact equivalent to the need.

Lobbying and consulting. Nexus wants to contribute to the development of a beta version of the current carbon market system. The objective is to develop a new international framework, especially an effective policy framework, which fully recognizes the necessity to finance development projects and reduce poverty. Lobbying action at both the local and international level ensures that the appropriate decisions are made regarding climate change and poverty.

Innovation financial action. Nexus is working to influence the private sector with its vision. For that, it tries hard to create the conditions which will allow investors to finance projects, mobilize funding and stimulate the social responsibility of enterprises, organizations, institutions and individuals.

Carbon markets in 2012

As the Kyoto Protocol ends in 2012, the future of carbon markets remains unclear. But the markets will not disappear; perhaps they will be more fragmented. The greatest uncertainty in the markets is in the evolution of the demand, which is dependent on political decisions made by individual countries.

Currently the demand for carbon credits linked to social development projects exists, and is expected to increase. To prepare for the future changes – particularly for the evolution of the voluntary market that concerns it – Nexus is focusing on the quality of its carbon credits. Being in line with the highest standards limits risks; moreover, it demonstrates the cooperative's continuing commitment to introducing responsible behaviors to the carbon markets.

Nexus, a unique model put to the test

In the long term, the goal is for the members to acquire the necessary competences to function as a true cooperative, reducing the role of the secretariat, by internalizing skills in monitoring, project development, etc.

Nexus is unique because it's proposing a solution which did not exist before, to understand how to finance development through a market mechanism controlled by project developers. If the Investment Fund works, the Nexus model will not be questioned again. It will have the weight of experience on the international stage, and be able to champion the issues of society and development in the complex world of international climate change.

If Nexus can demonstrate that its innovative ideas can be put into practice, then like all successful models, Nexus could become a concept worth replicating.

Nexus' members



Approtech Asia,
Philippines



Hydrologic,
Cambodia



**Appropriate Rural
Technology Institute
(ARTI),**
India



**Integrated
Development
Association
(IDEA),**
Sri Lanka



**Cambodian Center for
Study and Development
in Agriculture (CEDAC),**
Cambodia



**Village
Education
Resource
Centre (VERC),**
Bangladesh



**Center for Rural
Communities
Research and
Development (CCRD),**
Vietnam



**Yayasan
Dian Desa
(YDD),**
Indonesia



**Center for Rural
Technologies
(CRT/N),**
Nepal



**Global Environment
Institute (GEI),**
China



**Groupe Énergies
Renouvelables,
Environnement
et Solidarités (GERES),**
France

Nexus team

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Samuel Bryan Technical Director

Sam's background is in environmental campaigning for Greenpeace and Friends of the Earth, with a specialization in climate change. Following a M.Sc. in Environmental Technology, he joined the GERES Cambodia Climate Change Unit in 2006. As technical director of Nexus, he is responsible for supporting Nexus carbon finance documentation to help projects access carbon revenue.



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Sarah Carter Rural Energy Initiative Project Manager

Sarah has a B.Sc. in Environment, Economics & Ecology and M.Sc. in Resource Management from schools in her native UK. She previously worked as a project coordinator, and socio-economist for Plan Vivo Carbon Forestry Standards, spending time in East Africa. She also worked on various projects as a researcher at the University of Edinburgh; most recently this took her to India and Cambodia to manage biochar field projects.



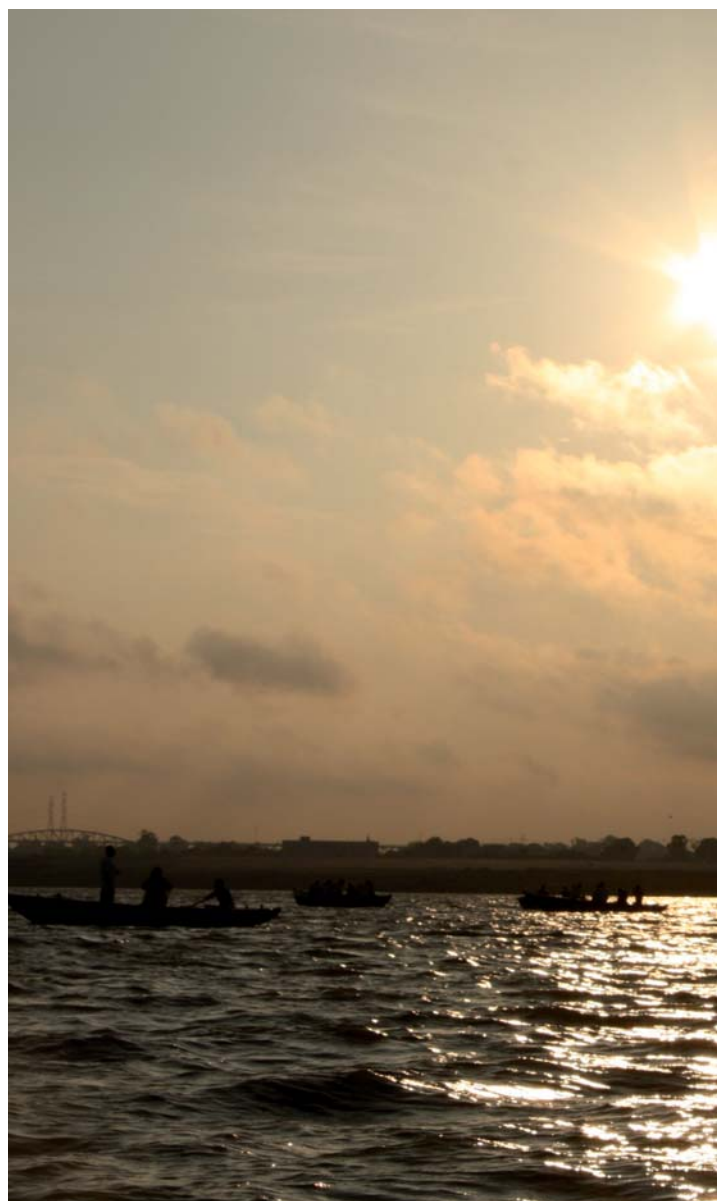
s.carter@nexus-c4d.org

Raphaële Deau Communications and Partnerships Director

With an international relations education background, Raphaële has gained communication and PR skills over the last 10 years as Group Account Director for the communications and advertising company Ogilvy Action, and as Cultural Program Officer in the diplomatic service of France. In 2009, Raphaële joined the Nexus team (when it was a part of GERES) as Communications Manager to raise the international profile of their work. Convinced that the private sector has a role to play in the climate change arena, she took over the position of Communications and Partnerships Director at Nexus in early 2011.



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Bojan Georgijev Administration and Finance Manager

Bojan has over 15 years of national and international experience in humanitarian and development sectors. He has worked for the UN Refugee Agency, as well as for other international NGOs in Europe and South-East Asia. He started his career in his home country of Slovenia at the height of the refugee crisis in the Balkans and was part of a team that was responsible for the delivery of humanitarian relief and protection. Bojan has a degree in international financial management and is in charge of all financial and administrative aspects of Nexus.



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Board of Directors

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M. Pham Van Thanh
Mme Chantheang Tong

Advisors :
Frédéric Crampé
Kavita Rai
David Rapin

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Marion Verles **Executive Director**



While studying at EDHEC business school, Marion took a gap year and worked with social entrepreneurs in developing countries. Her mantra became "Change investment patterns and you'll change the world!" After her M.Sc., she joined the M&A team of Barclays Bank in London, where she worked on the acquisition of Lehman Brothers. While there, she received her CIMA qualification and developed the unique skill set she now uses as Executive Director of Nexus-Carbon for Development. If you ask her about her years in London, she'll say that there is no experience like the one that takes you deep inside the world you are trying to change.

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Putheary Kuy **Administrative** **and Finance Assistant**

Before joining the Nexus team in early 2011, Theary worked for 3 years as administrative assistant of the Climate Change Unit of GERES. There, she gained invaluable experience in organizing logistics. As a Khmer national, Theary is sorting out all administrative and financial issues at the Nexus Cambodia office.

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Marion Santini **Communications Manager**

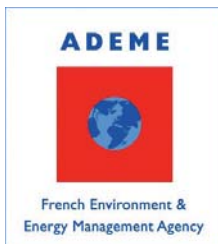
Marion studied political science and public affairs in Strasbourg, France. She worked for 5 years for the conservation organization WWF, on climate-related business partnerships. As part of her job for WWF, she organized large-scale conferences in Europe and Asia and was responsible for coordinating an international business engagement platform. Marion realized that today's environmental challenges are increasingly becoming equity issues, and this is what brought her to the Nexus team.

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Our partners

Financial partners



Technical partners



Nexus is a member of...

- French-Cambodian Chamber of Commerce (CCFC)
- Singapore compact
- SEAS (Sustainable Energy Association of Singapore)

THANKS TO



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