



MAKE CLIMATE SOLUTIONS COUNT  
TOWARD THE GLOBAL GOALS.

## **Nexus Climate Funds**

Leveraging private sector finance to scale up the roll out of clean cooking and access to clean water solutions

**Workshop on Clean Cooking**

**June 5<sup>th</sup>, 2018**

**ACEF, Manila**

## What we do

- Nexus opens doors for development. We connect development projects and social businesses to sources of funding and expertise that enable both of them to maximize their potential and scale up their impact.



## Why we are different



Developing world but with a global  
acts as a bridge between  
Australia and Asia with our local  
edge and bottom-up approach. We  
ize connections and knowledge  
members and funders.

Organization using private sector tools  
development benefits and bridge  
Nexus challenges traditional  
models to make affordable capital  
use who create impacts.

of technical and financial  
turnkey solutions for impactful  
, offering a fair approach to

offsetting for corporates

# Our members

Nexus gathers 19 NGOs and social businesses working to deliver low-carbon solutions to meet energy, water and sanitation needs in Asia and Africa



## Nexus Members

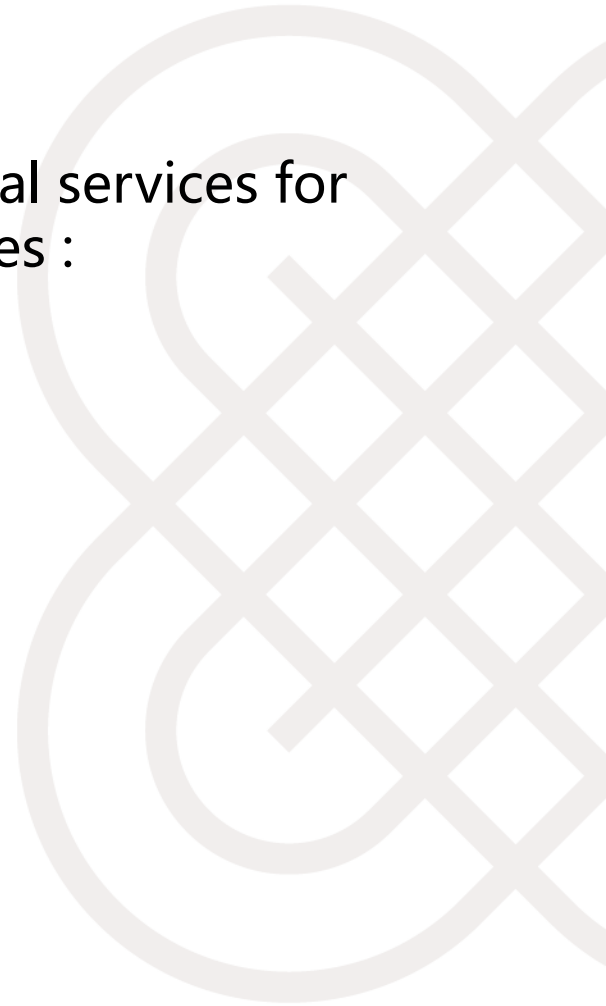
Our members are working to deliver low-carbon solutions to meet energy, water, sanitation or agriculture needs in Asia and Africa.



## Financial services

Nexus has developed a unique range of financial services for projects developers, SMEs, and social enterprises :

1. Climate Finance Funds for project developers
2. Debt Finance for SMEs and social entrepreneurs
3. Carbon Asset Management



Nexus Climate Funds:  
How they work & Achievements to date



## Background

- To meet the ambition of the Paris Agreement to keep global warming well below 2° C and achieve the Sustainable Development Goals, climate action cannot be one-dimensional. Efforts to reduce greenhouse gas emissions must also help the world develop on a sustainable pathway – providing access to clean energy and water, good health and nutrition, secure livelihoods, and thriving ecosystems.
- Projects which are not only reducing carbon emissions but are also delivering other impacts related to the SDGs (e.g. gender, health) can use result-based finance to provide assurance to investors that the impacts are real and additional.
- However, these projects face two main barriers:
  - Upfront finance: they struggle to finance the certification process, especially when they target low-income, rural beneficiaries as they are often cash-constrained.
  - Outcome finance: while there is interest from the private sector to pay for certified development outcomes (non carbon), there is an opportunity to significantly scale this demand.

## The opportunity

- **Nexus climate finance revolving funds** have been successfully addressing the upfront financing issue since 2011.
  - The funds are starting to revolve, but don't have enough capital to meet the demand
- **Gold Standard** has evolved its standard to allow a broad range of climate and development initiatives to quantify, certify, and maximize their impacts.
  - GS is working with financial institutions to build the demand for new certified outcomes
- There is an opportunity to build on these efforts to scale impacts through innovative market-based projects:
  - Nexus is looking for donors to increase the capital in the Climate Finance Funds to support more carbon projects and pilot new GS certifications



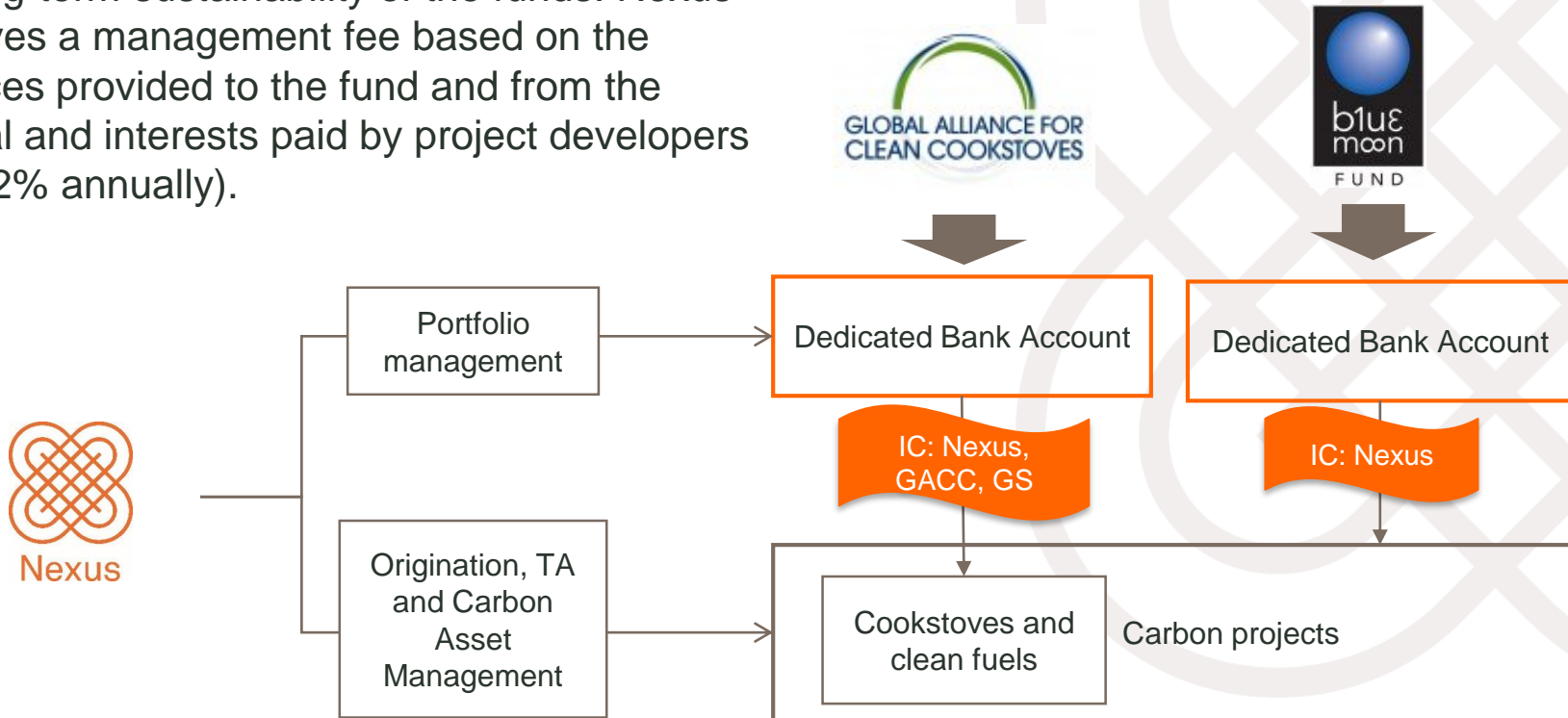
## ClimateFunds managed by Nexus

Following a successful pilot and the implementation of two carbon projects supported by Nexus in 2011/2012, Nexus set up and now manages two revolving funds:

	<u>Clean Cooking Loan Fund (CCLF)</u>	<u>BMF Climate Finance Fund (BMF)</u>
Funder	GACC (Global Alliance for Clean Cookstoves)	Blue Moon Fund
Amount and type of funding	290'000 USD Grant	300'000 USD Program Related Investment, payback due Dec 2020
Focus	Certification of projects reducing emissions through clean cooking technologies and clean fuels	Certification of projects reducing emissions and contributing to poverty reductions

## How the funds are governed

- For both funds, an Investment Committee (IC) review and approve the projects
- Long-term sustainability of the funds: Nexus receives a management fee based on the services provided to the fund and from the capital and interests paid by project developers (10-12% annually).



## How the funds work- due diligence process



# Toyola

7 AFFORDABLE AND  
CLEAN ENERGY



1 NO  
POVERTY



3 GOOD HEALTH  
AND WELL-BEING



8 DECENT WORK AND  
ECONOMIC GROWTH



13 CLIMATE  
ACTION



Country(ies) of operation	Ghana, Togo and Nigeria
Project type and impacts	Toyola is West Africa's leading supplier of improved biomass stoves to households and small businesses. Toyola Energy was set up in 2006 to supply better stoves and other energy systems to low-income households in Ghana. Since then, the company has grown and expanded to other countries, built local capacity and skills and achieved multiple economic and health co-benefits.
Loan amount	58k USD
Status of the loan	Toyola got a VER issuance and repaid the full loan including interest in Q2 2017.

# TerraClear



1 NO POVERTY



5 GENDER EQUALITY



6 CLEAN WATER AND SANITATION



13 CLIMATE ACTION



Country of operation	Lao PDR
Project type and impacts	TerraClear is a social enterprise based in Lao PDR. They provide rural households in Laos with access to safe drinking water through the manufacture and distribution of ceramic water purifiers. More than 8,400 rural households have now access to safe drinking water.
Loan amount	28k USD (2016), 33k USD (2018)
Status of the loan	First loan is repaid in early 2018.

# Emerging Cooking Solutions (ECS)



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13 CLIMATE ACTION



Country of operation	Zambia
Project type and impacts	Zambian private limited company, ECS aims to scale-up the dissemination of efficient gasifier stoves which use locally produced biomass pellets as fuel to low-income households in Zambia. The company has pioneered the use of pellets for cooking in Africa while building the Zambia's first pellet-factory, sold thousands of efficient stoves to households and developed cost effective institutional stoves now used by Zambia's largest kitchens.
Loan amount	First tranche ok 33kUSD disbursed, second tranche cancelled.
Status of the loan	ECS is the only project which has not been able to go through carbon certification due to several difficulties in the implementation of the project. The loan has been converted to a working capital loan and now that the company is doing well with sales increasing steadily, discussions are ongoing for the project to join a Program of Activity in 2018.

# Accelerating Clean Cooking Solutions PoA in the Mekong Region

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# SNV



Country of operation	Cambodia and Vietnam (other countries possible)
Project type and impacts	<p>SNV plans to distribute <b>46,000</b> advanced clean cookstove units in Vietnam and <b>20,000</b> units Cambodia until 2019.</p> <p>The proposed VPAs will replace traditional cooking devices using non-renewable biomass with higher energy efficiency technologies, thereby reducing non-renewable biomass fuel consumption and reducing greenhouse gas emissions.</p>
Loan amount	Over 120k USD
Status of the loan	Nexus is the CME of the PoA and is currently submitting the project for validation under GS for Global Goals

## Impacts achieved to date

- Proven success with 10 projects supported:
  - Cumulative 4.4M tons of CO2 avoided until the end of 2017
  - Unlocked millions of private finance
  - Starting to revolve: donor money is recycled and used by multiple projects

	Before 2014	2014	2015	2016	2017	2018 (proj.)	2019 (proj.)
Money lent/committed (USD)							
Pilot (grant)	233,000						
BMF			92,313	41,103	75,203	67,818	60,410
CCLF		41,400	132,998	58,388			
<b>Total money disbursed USD (cumulative)</b>	<b>233,000</b>	<b>274,400</b>	<b>499,711</b>	<b>599,202</b>	<b>674,405</b>	<b>742,223</b>	<b>802,633</b>
Number of projects supported (cumulative)	2	3	7	9	10		
Estimated annual average tCO2 avoided from projects supported (cumulative)	661,612	928,036	2,022,950	3,178,578	4,403,723	5,587,350	6,834,483

Nb: the table includes two pilots supported with grants before the set up of the funds



Thank you

Nodira Akhmedkhodjaeva  
Programs Director

nodira@nexusfordevelopment.org  
Skype: nodirasan

+855 23 990 591  
contact@nexusfordevelopment.org  
nexusfordevelopment.org

#33 E3, Sothearos Blvd,  
Sangkat Chey Chomnas, Daun Penh,  
Phnom Penh, Cambodia

