



**Press Kit
February 2010**

Nexus and GERES at the Marketplace on Innovative Financial Solutions for Development

***Aubagne, 15th February 2010.* NEXUS and GERES are finalist of the competition organized by AFD (Agence Française de Développement), the Bill & Melinda Gates Foundation and the World Bank, to be held on March 4-5 at Cité des Sciences et de l'Industrie in Paris**

In the 20 initiatives that were shortlisted out of 800 project proposals, Nexus has been selected for the creation of its ethical and innovative financial mechanism, dedicated to the sustainable development projects supported by its members.

At the Marketplace on Innovative Financial Solutions for Development, Nexus and GERES will present the details of this financial mechanism to an international jury composed of 110 experts from the finance and development sectors. The competition, which seeks to garner and highlight fresh ideas on the use of innovative financing mechanisms to solve development challenges at local, country, regional, or global levels, offers five grants of up to US\$ 100,000 to be awarded to the winners.

Nexus has been selected for its innovative financial approach to addressing projects developer's needs for funding. Indeed, as the first-ever non-profit alliance of pro-poor carbon project developers to enter a carbon market dominated by high profile financial institutions seeking to maximize profits, Nexus is already an innovation in itself. More specifically, it is the use by Nexus of existing financial instruments in a creative way that seduced the jury of the Marketplace.

Access to energy is an essential component of poverty reduction and climate change mitigation strategies. Low-cost clean technologies use less fuel, thus reducing households' energy expenses and emit fewer or no GHG (Greenhouse Gases), thus improving people's health. They also contribute to improving environment sustainability. Yet projects involving technologies such as biogas, improved cooking stoves, water filters, or solar lighting often lack appropriate funding mechanisms for scaling up and mass dissemination.

The carbon market has considerable untapped potential to contribute to the financing of these projects. However, inappropriate methodologies, high transaction costs and cultural gaps between the development world and the finance world can prevent development stakeholders from accessing carbon finance.

Nexus is the first-ever non-profit alliance of pro-poor carbon project developers to enter the carbon market, dominated by high profile financial institutions seeking to maximize profits. Nexus has been selected for its innovative approach to the financing of clean technology projects, in service of development.

Moving away from existing pre-finance deals, **Nexus innovates by combining 2 funds in a creative financing package**, providing long-term sustainability and tailored to developers' needs.

- **An innovation fund** to provide **grant funding** at projects' early stages (feasibility studies, market studies, etc.)
- **An investment fund** providing **loans** to enable mass dissemination of eligible, successful projects

The second innovation consists in leveraging traditional finance through risk reduction

- Nexus oversees carbon asset management, and uses **future carbon credits generated by the projects as collateral for the loans**, protecting investors against the risk of default
- Nexus deposits a percentage of credits generated each year into a reserve account in order to **build a safety net against delivery failure**
- The innovation fund will also reduce **risk in investing in different project types** in different countries

Lastly, Nexus implements a fair trade approach to the carbon market: its direct access to the carbon market allows it to cut down middle men, thus reducing transaction costs and increasing value for Nexus members.

The Nexus investment fund is expected to bring in €20m additional funding in the initial phase, and over €100m after maturity. It will contribute to strengthen local private sectors, creating employment opportunities, south - south technology transfers and capacity building.

As founding member and first operational partner in the implementation of this innovative financing mechanism, GERES will be with Nexus at the Marketplace on Innovative Financial Solutions for Development.



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About NEXUS

Nexus is a global alliance of social ventures (nonprofits, nongovernmental organizations and eco-businesses) whose central mission is to reduce climate change while alleviating poverty, in a sustainable manner.

Nexus offers its members an integrated carbon services platform, encompassing services such as awareness raising, carbon auditing, capacity building, carbon project development, or carbon asset management. The alliance is an incorporated non-profit organization in Singapore.

The members of the alliance are gathered around one vision: create a bridge between the carbon market and the development arena, a gateway designed by and dedicated to development stakeholders. Thus, the objective of the alliance is to channel the resources of the carbon Market in order to scale up best practices which contribute to climate change mitigation, environmental management and poverty alleviation, in a sustainable manner.

Projects eligible for Nexus funding must comply with strict criteria to secure and maximize the value of the Nexus carbon credits. Criteria include, but are not limited to:

- Projects which can demonstrate successful pilot phases and potential for large scale implementation
- Transparent management and accounting practices
- Creation of tangible improvements in people's lives
- Carbon credit verification by an accredited third party held to the highest industry standards
- Annual assessment of project performance, in terms of sustainable development goals, economic and social impacts

Nexus' 8 founding members:

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| • Approtech Asia, Philippines | www.approtech.org |
| • Appropriate Rural Technology Institute (ARTI), India | ww.arti-india.org |
| • Cambodian Center for Study and Development in Agriculture (CEDAC), Cambodia | www.cedac.org.kh |
| • Centre for Rural Technologies (CRT/N), Nepal | www.crtnepal.org |
| • Groupe Energies Renouvelables Environnement et Solidarité (GERES), France | www.geres.eu |
| • Integrated Development Association (IDEA), Sri Lanka | |
| • Yayasan Dian Desa (YDD), Indonesia | www.arecop.org |
| • Village Education Resource Centre (VERC), Bangladesh | www.verc.org |

To know more, visit the Nexus website:

www.nexus-c4d.org



About GERES

To know more:

www.geres.eu



About the Marketplace on Innovative Financial Solution for Development

The MIF seeks to garner and highlight fresh ideas on the use of innovative financing mechanisms to solve development challenges at local, country, regional, or global levels, with the goal that successful innovations may be scaled up and replicated. It is dedicated to smart, fine-tuned, innovative financial mechanisms for mobilizing, channeling, and spending funds for development issues. It will bring together development practitioners, donors, philanthropists, social entrepreneurs, academics, financial experts and policy makers, to exchange experience and ideas on innovative development finance solutions.

The main objectives of the event are to:

- Advance the agenda on innovative financial solutions for development;
- Facilitate knowledge sharing and learning, including South/South learning, on what kinds of innovative financial solutions for development work, what don't, and how to design these solutions to maximize development impact and cost-effectiveness
- Spur the evolution of cutting-edge projects that apply innovative financial mechanisms to development challenges.

The current economic environment points in particular to two major areas where "business as usual" instruments have shown practical limitations: risk management and incentives to achieve development results. The need for better risk management instruments has been outlined by the international financial and economic crisis. Risk is an important determinant of poverty traps, at all levels: individuals, households, enterprises, governments, macroeconomic aggregates. In addition, the instruments that are most widely used in development finance, be it for raising, channeling or spending funds have often poor impact-retrofits. The two topics are also areas where an increasing number of new ideas and solutions have sprouted in recent years.

The MIF will be structured around workshops and a marketplace where innovators can showcase their initiatives and projects. It will provide space for showcasing initiatives, for networking and exchange of ideas and for discussion and policy debate on concrete prospects for further use of innovative technique to finance development.

One of the backbones of the event is a competition launched ahead of the MIF, for innovative financial solutions to concrete development problems. The twenty finalists will be invited to present their proposals at the MIF. Up to five grants will be awarded (\$ 100 000 each).

To know more:

www.fininnov.org



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