

Access to Finance for Climate Action Across Asia

Clean energy – Clean cooking – Clean water



Anniversary
2009 to 2018

Annual Report 2018

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Our Vision and Mission



Nexus for Development accelerates access to finance for clean energy, clean cooking and clean water enterprises operating across Asia.

At Nexus for Development, we focus on financial inclusion by designing and deploying innovative financing solutions that blend traditional development funding, debt finance, impact investment, and climate finance. We collaborate with a range of partners to tackle poverty and climate change with the objective of solving market barriers and financing gaps. Through our work, we seek to serve underserved populations in Asia.

As a core component of our mission, we support capacity building initiatives by providing the expertise and resources needed to support the scale-up and impact of enterprises delivering clean energy, clean cooking and clean water solutions to low-income populations in Southeast Asia. We regularly provide opportunities for engagement and knowledge exchange through events and open source online resources that facilitate dialogue between the ecosystem actors and foster mutual understanding for increased collaboration between implementers and financiers.

For 10 years, Nexus has been developing local connections and strong partner relationships, paving the way with innovative finance tools, supporting low-carbon development, contributing to social impact, and leading activities that result in knowledge sharing and the scale-up of water and renewable energy projects. We leveraged our experience with carbon finance and have evolved over the last decade by first identifying market gaps and then developing the most appropriate services and pilot funds as solutions. The impetus that drives these initiatives is our commitment to providing useful and affordable financial products and services that meet the ecosystem's needs.

Our team's pledge to creating positive impact in a transparent manner over the years has allowed our organization to build a strong reputation and develop a network of partners to help us to scale our reach in pursuit of fulfilling our mission and vision for a world where enterprises can fully access the resources required to broaden the impact of low-carbon technologies benefiting marginalized communities and providing access to clean energy, clean cooking and clean water solutions.

Our Project Portfolio

Laos



Clean water



Clean cooking

Vietnam



Clean energy

Cambodia



Clean energy



Clean cooking



Clean water

Philippines



Clean energy

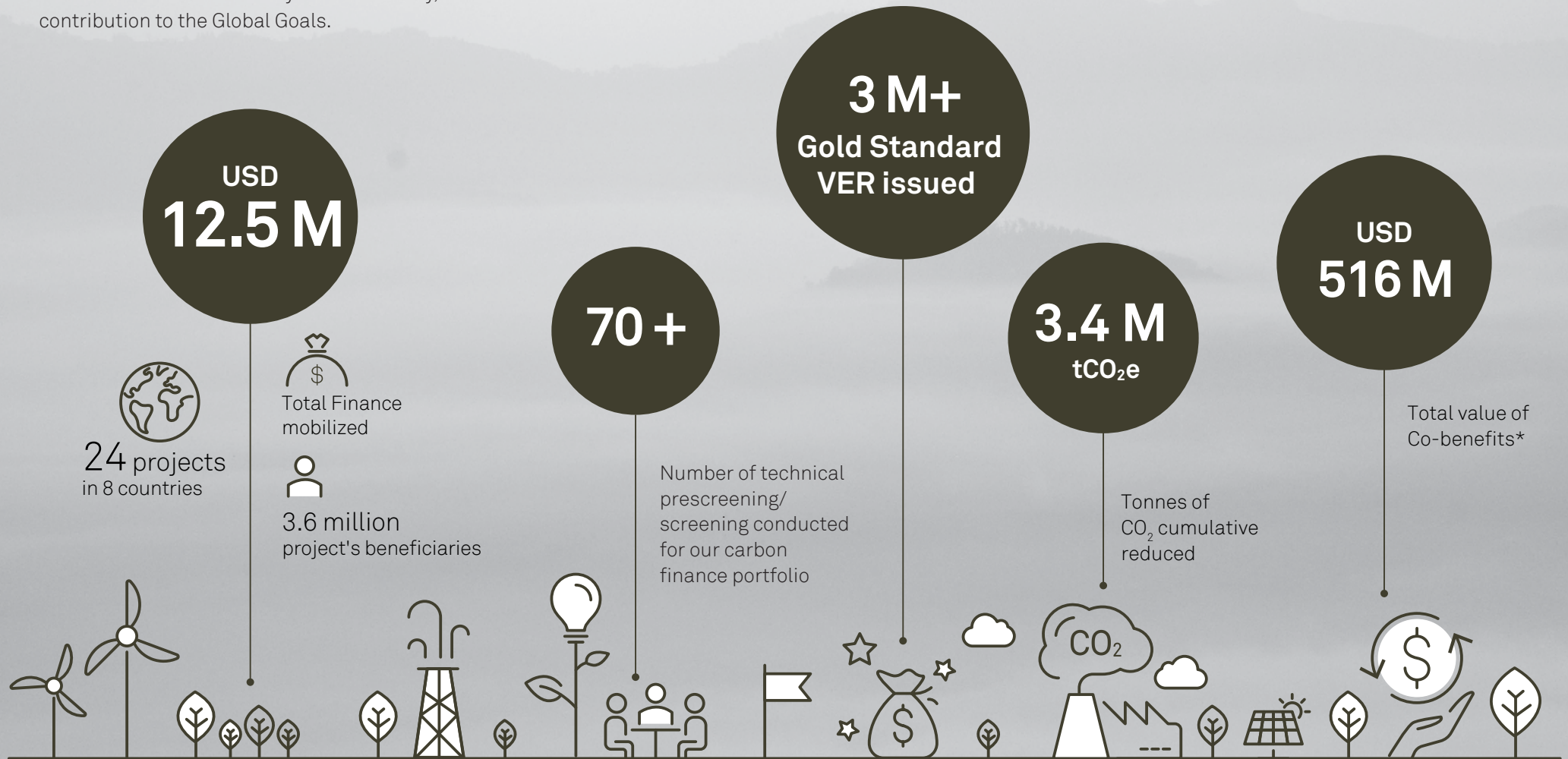
Indonesia



Clean water

10 years at a Glance

As Nexus celebrates its 10-year anniversary, we look back at our activities and contribution to the Global Goals.



*The total Co-benefit mean is the cumulative mean value of time savings, combined total fuel purchase savings, acute lower respiratory infections (ALRI) avoided mortality costs (< 5 Years old), total synthetic fertilizer displacement savings, access to clean water, i.e. avoided mortality costs (< 5 Years old), environmental impact, i.e. reduced deforestation pressure, and ALRI treatment cost savings (< 5 Years old).

Foreword from our Board Chair



Charlotte Nivollet

Ten years ago, the “Nexus Program” team was leaving the premises of GERES to establish “Nexus - Carbon for Development”, an independent Charity registered in Singapore by an alliance of organizations with a common goal to create a dynamic network of development practitioners that would collectively address barriers for NGOs and social enterprises to access carbon finance.

How far we have come since that time, when the clean development mechanisms were the envy of the development world, where only a few rare players had succeeded to bring their projects to this promising market...

Five years later, in 2014, Nexus embarked on an in-depth strategic review exercise, which led it to revisit its mandates and action levers in a changing environment: the poverty gap had continued to widen, the climate risk was more pressing than ever, the poorest people had never been so vulnerable. It was urgent to act faster by opening up new opportunities for all actors of change, in order to diversify the modalities of action, support scaling of relevant solutions and accelerate their impact.

We know that solutions exist; ideas are there, in the hands of talented project developers and entrepreneurs from all over the world, all willing to take action.

We also know that responsible financiers are more and more numerous, looking for impactful projects to invest in.

This is how, in 2015, “Nexus - Carbon for Development” became “Nexus for Development”, with a broader mission to provide agents of change access to finance for their clean energy and water solutions, by creating and managing innovative funds and by fostering mutual understanding and improved collaboration between social enterprises and financiers.

In 2016, Nexus launched the Clean Energy Revolving Fund (CERF), whose loans were specifically designed to support sustainable energy use patterns among small and medium agri-businesses in Cambodia. In 2017, the Pioneer Facility was created to meet the needs of small and medium-sized enterprises requiring critical debt capital to scale, selected based on their commitment to sustainable

economic development through low-carbon solutions across the sustainable energy, clean water, and sanitation sectors.

Today, entrepreneurs can borrow from one of Nexus' innovative funds or through Nexus as a KIVA field partner to accelerate their

We know that solutions exist; ideas are there, in the hands of talented project developers and entrepreneurs from all over the world, all willing to take action.

impact. Organizations and individuals whom are passionate about creating positive outcomes can invest in Nexus' funds or in the development of Nexus' operations. With the expertise of Nexus' Technical Services team, organizations can develop projects generating certified GHG emissions reductions and

become eligible for carbon finance or request a carbon audit and offset emissions whilst supporting impactful projects.

In 2019, Nexus celebrates its 10th anniversary, and is more committed than ever to best meet today's challenges related to climate change and poverty reduction across Asia and the world. With the arrival of Jennifer Louie as its new Executive Director, and the renewal of part of its management team, Nexus is embarking on a new stage in its history, which I hope will be a continuation of what has been achieved thus far, with a reaffirmed desire from the women and men of Nexus to continue to work for the benefit of the poorest, in a spirit of innovation, collaboration and solidarity.

Thank you to the team and all the partners who have contributed to this exciting adventure – wishing a long life to Nexus!

Foreword from our Executive Director



Jennifer Louie

Towards the end of the year, a decision was made to focus our energies and efforts to supporting the development ecosystem in Asia. Throughout 2018 we stuck by our new mandate, and continued to leverage our 10 years of experience of operating in the region to expand upon the breadth and depth of our impact by seeking out new markets and technologies to support. Through two of our debt funds, the Pioneer Facility and Clean Energy Revolving Fund, we mobilized over USD 1.1 million in an effort to provide critical scale-up capital for enterprises across ASEAN and to play a role in energy transition in Cambodia in the agri-food sector. Through our climate finance facilities and related carbon credit sales we connected projects to approximately USD 1.5 million of capital. Our Funds Management team ramped up our internal capabilities, which supported the growth of our portfolio pipeline with promising investment opportunities in the Philippines, Indonesia, and Myanmar. Beyond this, our organization continued to develop and nurture our strong network of international and regional partners.

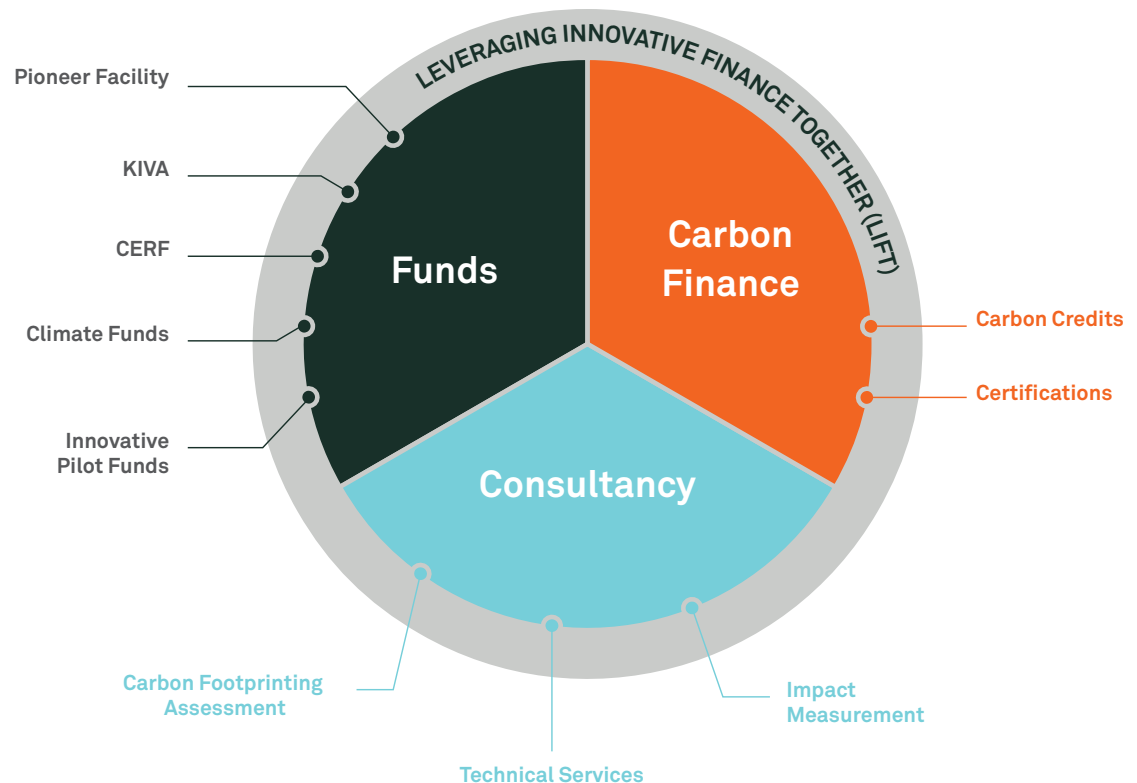
As we look forward to the year ahead, we understand the importance of measuring and communicating our impact and have started to develop new ways to track our own metrics as well as those of the enterprises and organizations that we support. With over 3.6 million people having benefited from our work in 2018, we will continue to strive in pursuit of our mission with a focus on increasing the number of beneficiaries in the coming years. 2019 commenced with a review of our strategy and has resulted in our team taking intentional action to better define our role as an ecosystem actor, with a core focus on development in Asia, and the identification of key activities that will contribute to the scale of our impact.

Although there is still a great deal of work that needs to be done our team is committed to our mission and we thank our partners and Board of Directors for their ongoing support and for staying the course.

Our Work in 2018

2019 marks the 10th anniversary of Nexus for Development. It's an exciting year for us, the perfect time to reflect on what we achieved and define the direction we will pursue in the years to come. 2018 was a great year filled with many achievements and positive changes.






In this report, we review each of our activity streams and present our 2018 key achievements. Our organization is driven by four main areas, namely our Technical Services, Carbon Asset Management, Funds Management, and Consultancy initiatives, all of which is connected by our knowledge sharing initiative - the Leveraging Innovative Finance Together or LIFT program.



Global Goals

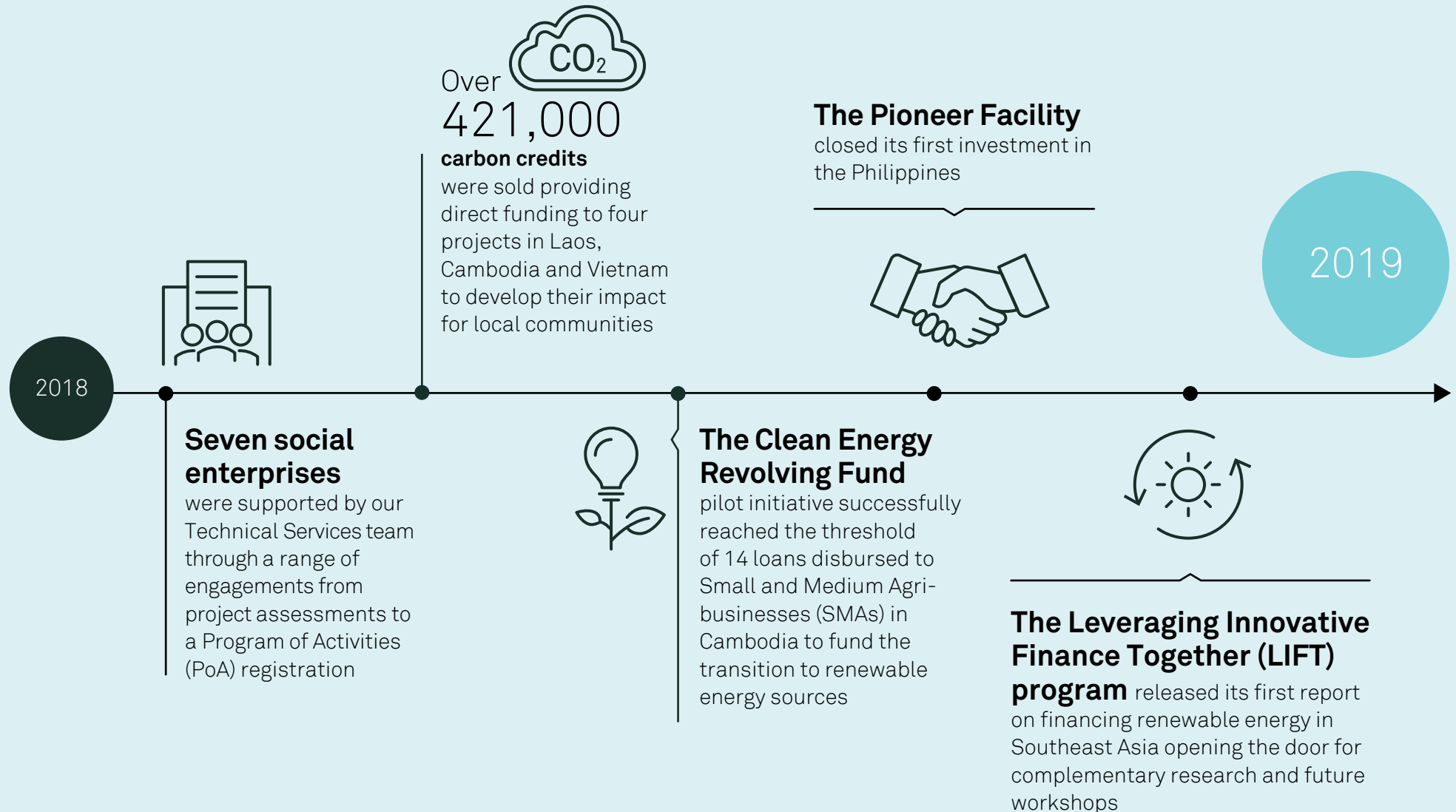
Impacts from 2018 activities*

			Value	Unit
	1.5	Value of avoided illness and mortality	Over 15M	USD
	2.4	Reduced expenditure on synthetic fertilizers	Over 450,000	USD
	3.9	ALRI and diarrheal illness avoided	Over 10,000	cases
	4.3	Trained masons, technicians and employees	Over 200	people
	5.4	Value of time saved by women and girls	Over 16M	USD
	6.1	Clean drinking water supplied	Over 525M	liters

			Value	Unit
	7.1	Reduced expenditure on energy	Over 6M	USD
	8.5	Jobs created	Over 500	jobs
	13.3	CO ₂ emissions avoided	Over 400,000	tCO ₂ e
	15.1	Avoided forest degradation	Over 2,800	Hectares
	17.3	Gross project revenue from carbon credit sales	Over 1.5 M	USD

* Total co-benefits value of the 420,000+ carbon credits sold in 2018 from 4 projects in clean energy, clean water and clean cooking, based on third-party audited data from carbon certification survey and reports (by DOE – Designated Operational Entity). Valuation calculation according to SROI methodology.

2018 Key Milestones





01

Technical Services

Over the last 10 years, more than 70 projects were technically and financially pre-screened or screened as potential carbon development projects. Of these, seven were materialized into actual carbon projects.

The technical services delivered by Nexus support our carbon certification work, which complements our carbon asset management and related project development activities. Although the unit was formed to support carbon asset management, it has evolved into an independent contributor to Nexus' holistic product offerings.

The Technical Services team assesses the carbon emission reduction potential of individual projects and supports an enterprise to progress through the stages of certification for compliance and voluntary carbon standards such as the Gold Standard and Clean Development Mechanism (CDM). The carbon certification services cover a wide range of activities including:

- Feasibility project screening and cost-benefit analysis;
- Design, registration, and carbon standard validation;
- Audit and issuance monitoring compliance (i.e. sampling protocol and survey design), verification assistance, and facilitation of third-party engagements (i.e. auditors).

ATEC in Cambodia

ATEC is an Australian Proprietary Limited Company (LLC) operating as a foreign branch in Cambodia that provides the Cambodian market with high-quality pre-fabricated bio digesters which deliver clean energy, cost savings and positive health impacts to Cambodian households. The ATEC biodigester uses Linear Low-Density Polyethylene (LLDPE) – durable and resistant plastic that has demonstrated its effectiveness in many applications. ATEC has expressed its interest in developing a carbon project under Nexus’ Clean Cooking Loan Fund (CCLF). Nexus has conducted the feasibility study and approved a loan to finance the registration of the project under a Program of Activities (PoA) named “The Accelerating Clean Cooking Solutions in the Greater Mekong Region (GS4978) program of activities” with Gold Standard. Under this Voluntary Project Activity (VPA), ATEC plans to distribute about 66,000 biodigesters in Cambodia through 2026, which is estimated to generate emission reductions of 763,935 tonnes of CO₂e. Under the proposed VPA, biogas stoves will replace traditional cooking devices that use fossil fuels or non-renewable biomass.

The use of the biodigesters reduces non-renewable biomass fuel consumption and improves animal waste management, which in turn results in a reduction of greenhouse gas emissions. The project has passed the Gold Standard preliminary review and will be registered in the PoA by the end of 2019.



Clean energy



Clean water



Clean cooking



Biogas Program for the Animal Husbandry Sector of Vietnam

The Biogas Program for the Animal Husbandry Sector of Vietnam (BPV) is a project implemented by the Livestock Production Department of the Biogas Project Division (BPD) of the Vietnamese government in 2003 in partnership with the Netherlands Development Organization (SNV). The main objectives of the BPV are to effectively utilize biogas technology in order to develop a commercially viable biogas sector in Vietnam. Further to this, the project has the following additional goals:

- contribute to rural development and environmental protection via the provision of clean and affordable energy to rural households,
- improve local sanitation and rural peoples' health,
- create jobs for rural communities and reduce greenhouse gas emissions (GHG).

The BPV project was registered under the Gold Standard (GS) on 28th June 2010. The project prevents over half a million tonnes of CO₂e from entering the atmosphere each year. To date, BPV has trained over 1,100 masons and 790 technicians.



Clean energy



Clean water



Clean cooking

BPV 2018 in figures



1,000,000+
GS VERs issued



171,000+
Active biodigesters



790,000+
Users




55
Provinces throughout
Vietnam

The Improved Cookstoves (ICS) Program in Laos

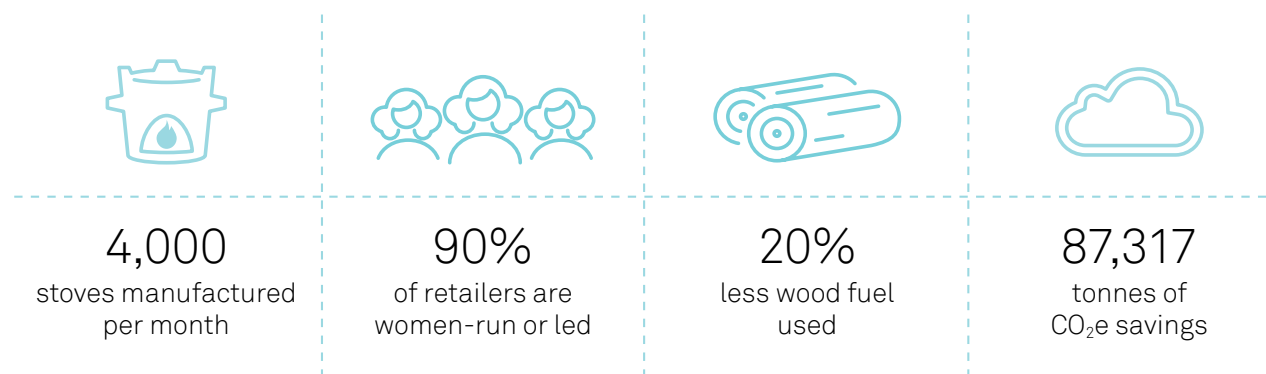
The Improved Cookstoves (ICS) program in Laos is run jointly by the Netherlands Development Organization (SNV) and the Association for Rural Mobilization and Improvement (ARMI). The program contributes towards poverty alleviation in Laos through the development of a sustainable consumption and production chain of cleaner and more fuel-efficient improved cookstoves. Founded in 2013, this program has promoted the efficient use of wood and charcoal resulting in lower greenhouse gas emissions. In collaboration with Nexus, the program has been registered as a carbon project under the Gold Standard (GS) since 2016. In 2018, the program received its second carbon credit issuance of over 46,500 GS VERs, which benefits more than 250,000 people.

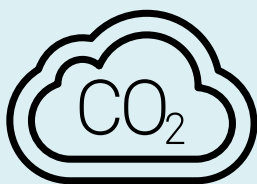
The program is building an inclusive market around healthier, and more affordable technology. Local producers receive training and are now making increased volumes of stoves that are more efficient. As a result, their customers are saving on fuel costs and breathing cleaner air.



Clean energy Clean water Clean cooking

ICS program in figures

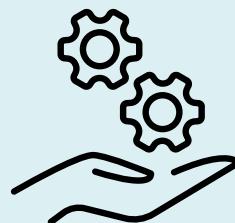




In 2018, Nexus was engaged to develop

7 CARBON PROJECTS

(five at verification stage and two at development stage)



During the year, Nexus facilitated the issuance of over

1,200,000 VERs
from supported projects in Vietnam, Cambodia, and Laos



A major milestone crossed in 2018 with officially

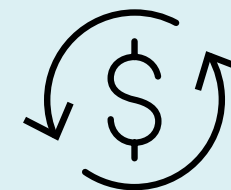
3,082,860 VERs
issued under the rigorous Gold Standard since 2012



The value of co-benefits achieved from issuances in 2018 was over

USD 117,680,000

Co-benefits are quantified financial impacts related to health improvements, avoided deforestation, energy consumption and time savings



Over the last nine years, the cumulative value of co-benefits associated with Nexus supported projects equates to

USD 500 million



02

Carbon Asset Management

The carbon asset management and carbon project development activities of Nexus support project implementers that require a key source of funding for their enterprises and projects.

The unit's activities facilitate access to funding through the sale of carbon credits in the voluntary carbon market. These projects are held accountable and their activities measured against rigorous methodologies and a standard that certifies their emissions reductions. The team behind our carbon asset management work is responsible for the sale of the carbon credits to both direct buyers (such as corporations seeking to offset their carbon footprint) and retailers (who work to bundle different project credits for the ultimate end buyer). Relationship management, advocacy work, and a strong understanding of market dynamics that are influenced by policy, corporate responsibility

trends, geographic and project type factors, are all key to the growth of this area. The team supports knowledge transfer to potential new project implementers to provide objective feedback about the state of the markets and feasibility of a project's potential credit demand in the market. Further to this, for our existing portfolio of projects, our team provides transparent updates on market trends, which are disseminated on a regular basis. Our work is influenced by policy outlook, national policies, and international agreements such as The Paris Agreement.

Clean water filters project in Cambodia

In 2018, carbon revenue accounted for 41% of total gross revenue for Hydrologic. All revenue (carbon included) is reinvested back into the business. The revenue raised through carbon credit sales, allowed Hydrologic to:

- Invest in business growth, in particular by expanding direct sales throughout rural and remote areas in Cambodia ensuring that families in the most underserved communities are reached;
- Invest in training and the development of all staff (over 100 people) as well as the education of customers;
- Offer an extensive warranty program enabling customers to receive free replacement parts if their filter is broken and to invest in additional personnel to follow-up on customer enquiries to ensure proper maintenance at the household level;
- Invest in new technologies and improvements in the working environment at the factory;
- Research and product development to continually improve the quality of the filter and offering to customers.

The carbon credits sold during the year were related to activities of Hydrologic's operations in 2015 and 2016, which supported access to clean water for over 934,000 people in Cambodia.



Clean energy



Clean water



Clean cooking



Biogas Program for the Animal Husbandry Sector of Vietnam (BPV)

In 2018, Nexus supported BPV by providing access to revenues generated from the sale of carbon credits that equated to approximately USD 770,000, and supported over 93,000 people with access to clean energy and clean cooking solutions. The benefits include renewable energy for clean cooking in the household, solving farm household waste problems, creating a new source of fertilizer, improving family health through reduced exposure to smoke, facilitating cost savings from the reduction of fossil fuel use, and time savings.

Carbon revenues cover 30% of costs relating to program management for this project and 70% of the total budget. Simultaneously revenues from carbon finance cover 100% of costs to support a financial subsidy for the construction of biogas plants in low-income districts, improving quality control measures, capacity building, research and development, and community engagement activities.

The increase in revenue recognized by the project resulted from corporate purchases of BPV carbon credits in 2018 and represented a 22% year-on-year increase in sales. This activity has supported an additional 93,000+ people in accessing clean energy and clean cooking.



Clean energy



Clean water



Clean cooking

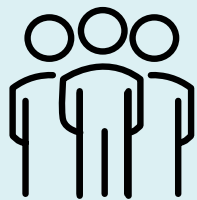




Over 200,000
biodigesters, cookstoves and water
filter units supported



Value of Positive Social and
Environmental impacts:
Over USD 32 million



Over 1 million people
positively impacted by the sale
of carbon credits to corporations



90% increase year-on-year
of revenue for the projects



Our price average
for closed trades increased by
+9% year-on-year



Photo credits: Jeremy Meek

03

Funds Management

A key principle on which Nexus was founded is our mandate to support sustainable development by providing enterprises with the critical funding that they need to grow their business and expand their positive environmental and social impacts.

A decade ago, this principle was supported solely by our work in carbon finance and by connecting renewable energy, water, and sanitation projects to the carbon markets. To support these projects through the time intensive and costly process of registering their projects to be eligible in the voluntary carbon markets, Nexus established two funds which are known as our Climate Funds. These funds provide upfront capital to finance the carbon certification process up until issuance. The capital raised through the carbon markets are transferred back to the projects and serve as an additional stream of revenue. The carbon market dynamics have shifted over the last half decade and with this change Nexus' model has evolved to identify other market-based financing solutions to

support early and growth-stage enterprises. Our team is engaged and committed to our work in carbon finance but our work in funds management is growing and provides a balance to our overall service offering.

Our most recently launched fund, the Pioneer Facility, is a prime example of how our organization is utilizing more traditional debt finance vehicles to provide growth capital at affordable interest rates. The primary goal of the Pioneer Facility is to support enterprises that fall within the 'missing middle' of the capital pyramid, such that they are too large to qualify for microfinance funding but do not yet meet the criteria of the formal banking sector which in many cases does not have the risk appetite to support these businesses.

Nexus also has experience in managing pilot funds, such as our Clean Energy Revolving Fund. With our team's combined experience in debt capital markets, we have married this with our expertise in the agri-food sector. This fund seeks to demonstrate the viability of a new borrower base whilst promoting the transition to clean energy solutions within a sector that has historically been one of the largest carbon emitters - second after the energy sector. As an international NGO, we have historically been able to leverage catalytic capital from our core donors to take on risk that the traditional finance sector does not. Given this unique position, Nexus will continue to identify other areas that may benefit from pilot funds and feasibility activities to help crowd-in capital from both the private and public sector.

The ultimate beneficiaries of all of our financing activities are low-income populations and marginalized communities that are in many cases disconnected from the energy grid and are without access to basic services including energy and water. With the objective of supporting sustainable development, we promote the adoption of clean energy and WASH solutions.



Photo credits: Jeremy Meek

Scale-up of renewable energy in the Philippines

The Pioneer Facility made its first investments with two USD 500,000 loans to the Filipino solar developer One Renewable Energy Enterprise Inc. (OREEI).

OREEI, a growth-stage solar developer in the Philippines, is the first recipient of funding from the Pioneer Facility, Nexus' newest fund designed to support the scaling-up of energy and water SMEs through the provision of affordable, unsecured debt. OREEI was selected for its experienced team, viable business model backed by the successful deliver against prior contracts, and their positive social and environmental impacts. Since August 2018, OREEI has received USD 1 million in funding from the Pioneer Facility to deliver over 143 solar-powered water pumps in rural agricultural communities across the Philippine archipelago.

“The Pioneer Facility fund was exactly what we needed, when we needed it. Nexus and the Pioneer Facility were able to deliver their specialized loan package at a ticket size that usually has limited lenders. The loan allows us to engage in bigger projects that will fuel our growth. Their account officers were very responsive and took the time to visit both our office and the project site enabling Nexus to appreciate the social and business vision of our social enterprise and the challenges that come with finding this balance”

Erel B. Narida, President and CEO,
One Renewable Energy Enterprise, Inc.

Supporting the transition to clean energy for agri-food businesses in Cambodia

Nexus continues to support the local adoption of renewable energy by small and medium sized agriculture businesses and closed a USD 50,000 loan that was raised through the crowdfunding platform, Kiva, for Sok Nalen, a Cambodian pig farmer.

Living in a community without access to the national grid, Nalen previously had no choice but to use diesel to run the water, evaporation, and irrigation systems for his pig farm that requires access to a reliable electricity source around the clock. With the installation of a 41kW solar “fuel saver” system that can be synchronized with his diesel generator, Nalen is able to maintain the same pig production, but with a costs savings of USD 18,000 per year generated from the eliminated need purchasing more than 22,000 liters of diesel fuel for the generator annually. He is now also able to track his electricity consumption through

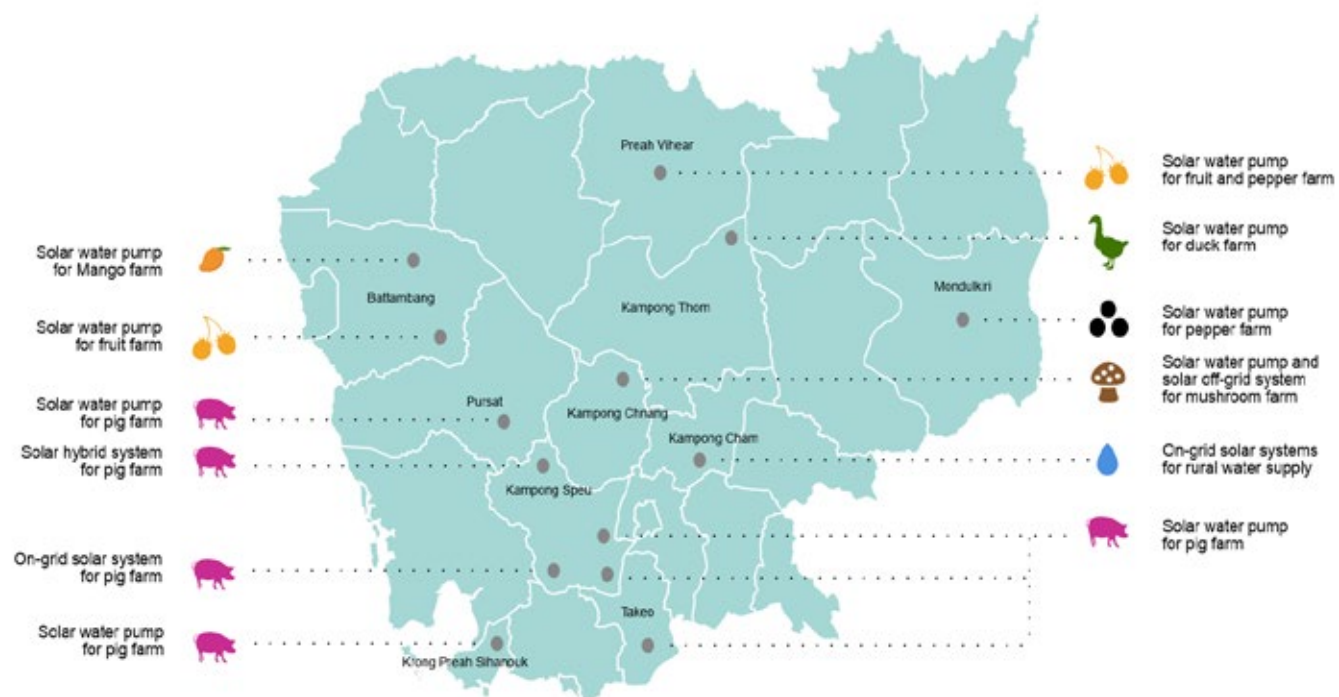


a mobile app and to actively identify other areas for improve efficiencies. Access to alternative funding sources like Kiva has allowed smaller enterprises like Nalen’s to invest in more innovative technology that could significantly improve their operations without the burden of trying to access capital from more traditional funding sources who would likely view the new technology as a much riskier investment.

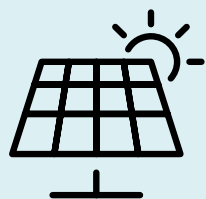
Scaling up access to renewable energy financing in Cambodia

German foundation, Konrad Adenauer Stiftung (KAS) awards Nexus' Clean Energy Revolving Fund (CERF) with a grant to further study the investable opportunities in the nexus between food and renewable energy in Cambodia.

Nexus' efforts to increase the capital made available for renewable energy projects in Cambodia's agri-food sector was recognized by KAS and a grant was awarded to review and summarize the opportunities of expanding energy investments to small and medium agri-food businesses (SMAs). The team at Nexus has commenced work on market research and case studies to present an objective overview and effective demonstration for local financial institutions to take on the responsibility of supporting further renewable energy investments in the country.

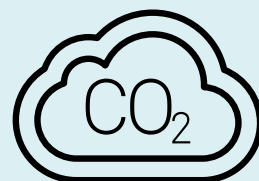


Clean Energy Revolving Fund investments - Snapshot October 2018



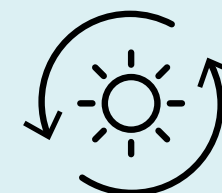
143 solar-powered water pumps

in rural agricultural communities across the Philippine archipelago



268 tonnes CO₂e

avoided from just four months of using OREEI's solar water pumps in the Philippines



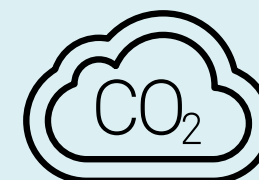
14 small-holder farmers

continue to benefit from their renewable energy equipment (e.g. solar water pumps) funded via Nexus' Clean Energy Revolving Fund (CERF)



Over USD 2.4 million

of funding potential for projects in the pipeline for the Pioneer Facility - funding applications received now exceed existing committed funding for the facility



214 tonnes CO₂e

avoided through the installation of CERF-funded renewable energy technology since the fund's inception in 2016



04

Consultancy

Over the last decade, the team at Nexus has sought to diversify the services that we deliver and our points of engagement with the entrepreneurs and enterprises that we serve.

Nexus has been hired for various types of consultancy projects such as environmental impact studies, market and feasibility studies, carbon footprint assessments and audits, and impact measurements. The majority of this work is delivered by our Technical Services team. The team is comprised of a diverse group of professionals with experience in engineering, sustainability, finance, agriculture, forestry and environmental sciences. Our team leverages industry best practices to deliver upon these mandates and has strong working knowledge of international standards, which complements our regional knowledge.



Carbon footprint assessment and offset strategy design

Dragon Capital Group is a financial institution focused on the emerging financial markets of Vietnam. As a forward-thinking financial institution, Dragon Capital is conscious of its resource consumption and is committed to proactively managing its environmental performance and impacts. Nexus has been advising Dragon Capital in defining their strategy to quantify climate impacts, identify opportunities to minimize their footprint, and further position themselves as an environmental sustainability leader in Vietnam and beyond. Dragon Capital agreed to apply the recommended audit methodology of the Greenhouse Gas Protocol (GHG Protocol) developed by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). This is one of the most reputable and widely applied methodologies for corporate and organizational carbon accounting. Dragon Capital also adopted the proposed offset strategy and as a result purchased carbon credits with Nexus for Development since 2013.



Engaging with local stakeholders for the management of municipal solid waste in Phnom Penh city

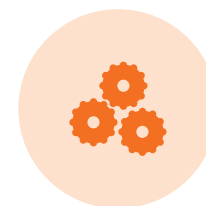
Our historic roots in Phnom Penh, Cambodia, led us to develop strong connections with the local communities. We have seen the city evolving, and we witnessed the challenges arising on the front line. Hence over a two-year period, from 2016 to 2018, Nexus for Development decided to engage along with key partners Institute for Global Environmental Strategies (IGES) and Phnom Penh City Authority (PPCA) on developing a new Strategy and Action Plan for the management of municipal solid waste in Phnom Penh. The project was supported through the funding from Cambodia Climate Change Alliance and United Nations Environmental Program - International Environmental Technology Center. The Phnom Penh Waste Management Strategy and Action Plan was finalized in mid-2018 and

aims to set the direction for the city's waste management on a 17-year time horizon (2018-2035). Programs and actions are developed under the common vision, mission and goal and grouped under 5 major action areas.



Action area 1

Strengthening systematic discharge/collection system and enhancing waste collection service quality.



Action area 4

Management of special waste streams (such as construction and demolition waste, medical waste, e-waste, etc.).



Action area 2

Promoting recycling through waste separation, by involving the private recycling sector, and promotion of the use of recycled products.



Action area 5

Sharing visions and engaging stakeholders for collective action.



Action area 3

Promote environmentally sound management of waste disposal and mitigate impact on environment and human livelihood.

Technical working group and small-scale pilot demonstration projects

The development of a waste management strategy for Phnom Penh city was based on a holistic waste management approach which seeks to address waste in all its forms (solid waste, liquid waste/wastewater and gaseous emissions), but primarily focuses on solid waste as per the mandate of Phnom Penh City Authority (PPCA). The strategy was developed in an institutional, consultative manner by collecting inputs and feedback of involved public stakeholders. Nexus acted as a key facilitator and expert by organizing 10 technical working group sessions in addition to taking an active part in organizing three city-level consultation meetings during the development of the strategy. As part of the technical assistance to PPCA, both Nexus and IGES designed and delivered small-scale pilot demonstration projects aimed at addressing some of the common challenges associated with the city's waste generation or collection. Through a small grant provided



by Nexus, Urban Poor Women Development (a local NGO) implemented community-based waste collection programs in three peri-urban areas of Phnom Penh that previously had no or very limited access to waste collection. Pilot projects supported by IGES worked with several high schools in Phnom Penh to set-up onsite composting and recycling programs while educating the youth about the importance of waste management.





Facilitated

10 Consultative working group meetings

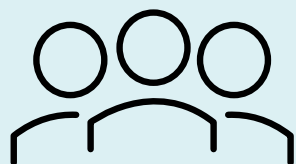
held with city level and private sector
stakeholders throughout the
duration of the consultancy project



1 Inception Workshop and

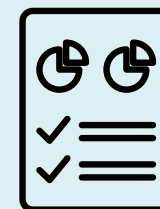
2 Strategy Formulation Workshops

held in Phnom Penh over 2016-2018



273 participants

attended 3 Waste Management
Strategy workshops



2 carbon footprinting assessments



05

Leveraging Innovative Finance Together (LIFT)

The LIFT program is what ties all of our revenue generating activities and work together.

Nexus' mission as an international NGO operating across Asia is to provide access to finance and other resources that entrepreneurs need to scale and grow their businesses. A core component of our value add is delivered through our knowledge exchange and network facilitation activities. These two categories are presented and disseminated to the beneficiaries of our work in various forms and through an array of mediums including but not limited to:

- Webinars
- In-person gatherings such as conferences and workshops
- Published research and insights (e.g. subject matter includes financial products, sector specific information, market insights)
- One-on-one dialogues - Nexus takes pride in the close working relationships that we form with our beneficiaries and partners and we commit a great deal of time to support

entrepreneurs across the region to provide sound and objective guidance

In summary, LIFT's core objective is to foster mutual understanding and to increase collaboration between entrepreneurs and financiers. The program provides a platform with resources that facilitate dialogue between these actors. This work supports the scale up and impact of enterprises delivering sustainable energy, clean cooking and clean water solutions in Asia.


All of the work achieved through the LIFT program is supported by external donors and we thank our partner WISIONS of Sustainability for their generous support in 2018.



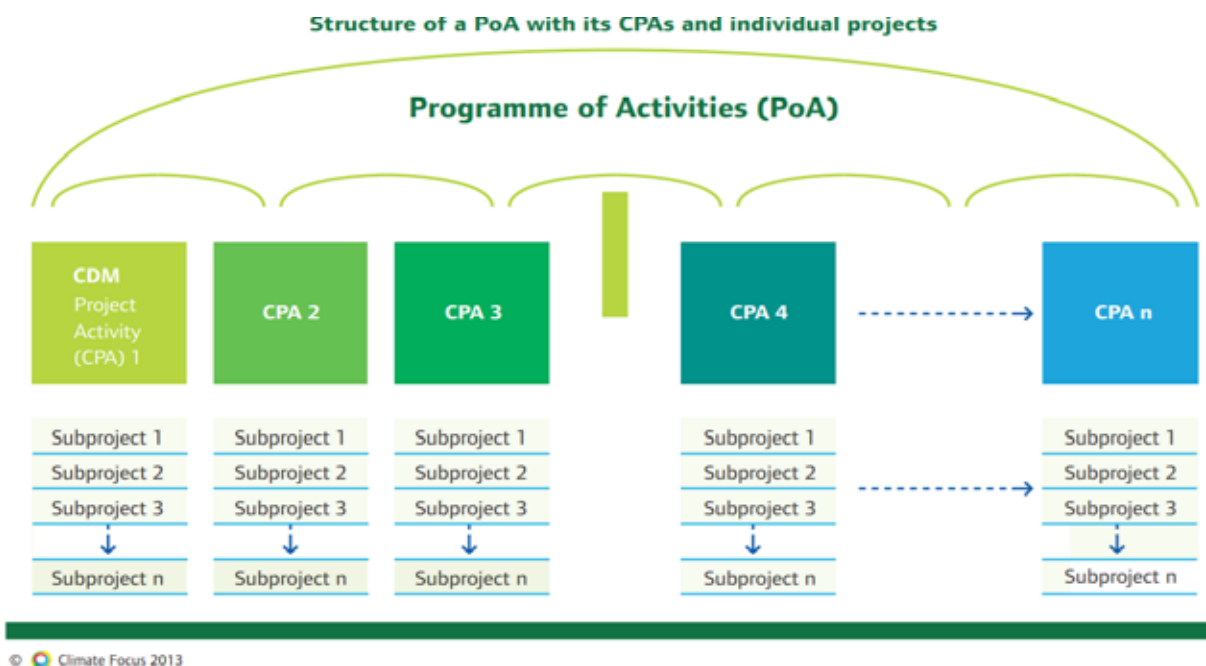
Program of Activities (PoA) webinar, co-hosted with our members SNV, and ATEC

In September 2018, Nexus hosted a knowledge exchange webinar for member organizations. The webinar presented an introduction and overview of Nexus-managed Program of Activities (PoA). In the first half of the webinar, Nexus' Technical Services team provided an overview of the UN Framework Convention for Climate Change as the primary regulatory regime overseeing GHG emissions and the Kyoto Protocol (now succeeded by the Paris Agreement) that created three tools – JI, International Emissions Trading and the Clean Development Mechanism (CDM) designed to implement the UNFCCC mission. The webinar focused on the requirements and the key advantages of the PoA structure and how to design and manage the lifecycle of both voluntary and CDM carbon projects in Asia. Nexus sees webinars as a valuable platform for knowledge sharing between ecosystem actors across the region.

This knowledge exchange activity was particularly interesting for projects curious to understand the benefits and requirements related to accessing climate finance under the PoA structure.



Clean energy Clean water Clean cooking



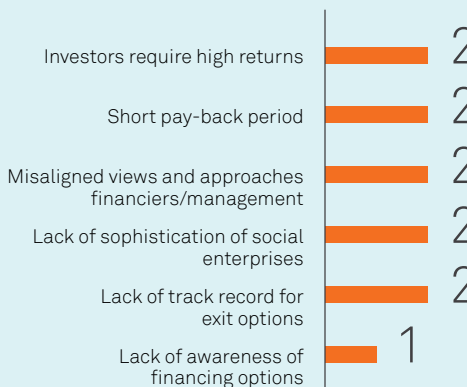
Publication: “Financing Renewable Energy in South East Asia: Insights from Practitioners” Report

In 2018, Nexus published a report, Financing Renewable Energy in South East Asia: Insights from Practitioners. The report compiled a variety of knowledge activities including desktop research, stakeholder interviews, as well as insights from an interactive workshop attended by 65 entrepreneurs and financiers organized in Phnom Penh at the end of 2017. Nexus summarizes research conducted with decentralized solution providers and implementers (entrepreneurs) who were asked to describe their experience with financing and their perceptions of the barriers to accessing finance in Southeast Asia. The report provides an analysis of financial and non-financial tools with an overview of the benefits, challenges, and opportunities for improvement to facilitate replicability of these solutions.

Key findings from the workshop include qualitative data, panel discussions, and breakout group discussions, as well as brief case studies that examine access to finance from the perspective of four social enterprises in the clean energy and clean water sectors.

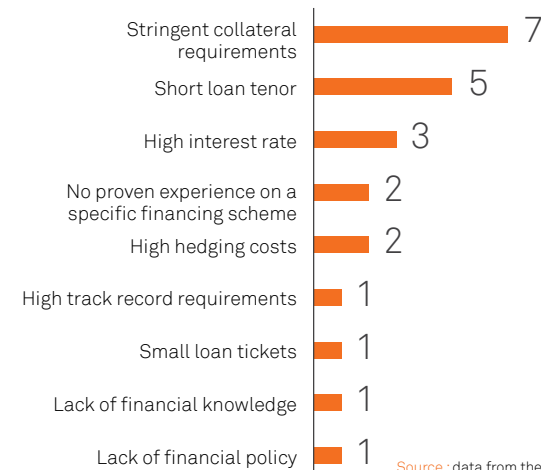


RE Entrepreneurs barriers to accessing equity financing



Source: data from the 10 entrepreneurs, 2017

Top barriers to accessing debt financing for RE Entrepreneurs

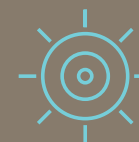


Source: data from the 10 entrepreneurs, 2017

Nexus launches the Leveraging Innovative Finance Together (LIFT) Program

Following the warm welcome received after the publication of the “Financing Renewable Energy in South East Asia: Insights from Practitioners” report, in 2018 Nexus decided to carry on its knowledge exchange and network facilitation activities under the Leveraging Innovative Finance Together (LIFT) program banner. The objective of LIFT is to foster mutual understanding and increase collaboration between entrepreneurs and financiers by providing a platform for resource connectivity, knowledge sharing, and capacity building. LIFT’s activities are designed to accelerate entrepreneurship and the success of impact-driven SMEs. Our work focuses on supporting sustainable energy, clean cooking and clean water solutions in Asia that apply a market-based, bottom of the pyramid approach to provide affordable, locally adapted and low-carbon solutions to vulnerable populations.

The LIFT program explores the financial landscape for sustainable energy, clean cooking and water enterprises in Southeast Asia to accelerate their impact.



Clean energy



Clean water



Clean cooking



Financial Statements

Nexus' financial performance for the year ending 31 December 2018 concluded with total comprehensive income of USD 24,468. The year-on-year improvement was driven by strong project activity and team contributions across the Technical Services, Carbon Asset Management, and Funds Management areas. As an organization, we continued to focus on driving financial discipline with a commitment to becoming more efficient, while ensuring the quality of outputs remained stellar.

The financial statements presented in this section reflect Nexus' consolidated financial position inclusive of project and grant related activities.

Total revenues generated in 2018 were USD 569,658 representing a year-on-year decrease of 5.4%. With the continued focus on implementing cost control measures, our total expenses were USD 545,190 representing a reduction of 12.1%. This supported an

improved ending cash flow position relative to the prior year-end.

Our organization's revenues were supported by solid performance from all core areas, with the largest improvement in year-on-year revenues from our Technical Services business activities (excluding consultancy work, annual revenues were USD 105,812 representing an increase of 64%). Our Carbon Asset Management area, which comprised 42% of our total revenues, increased year-on-year by 56%. The Funds Management area increased by 21% from 2017, contributing revenues of USD 160,255. The decline in total revenues were driven by reduced grant funding.

As we look forward to 2019, we acknowledge the need to diversify our revenues and reduce the existing dependency of income generated from the Carbon Asset Management area. We will accomplish this by developing new and varied business activities.

Statement of comprehensive income

For the Year Ended
31st December 2018

	2018 US\$	2017 US\$
	Unaudited	Audited
Revenues	1,904,502	1,691,405
Cost of sales	(1,515,733)	(1,288,742)
Gross Profit	388,769	402,663
Other income	180,889	199,212
Expenses		
Administrative expenses	(106,573)	(111,672)
Employee compensation	(394,473)	(434,739)
Operating expenses	(44,144)	(73,481)
Total comprehensive profit / (loss) for the year	24,468	(18,016)

Statement of financial position

As at 31 December 2018

	2018 US\$	2017 US\$
	Unaudited	Audited
Assets		
Current assets		
Cash and bank balances	442,488	479,052
Trade and other receivables	1,068,541	720,909
Funds held in trust	859,113	826,966
Non-current assets		
Plant and equipment	709	3,661
Total assets	2,370,851	2,030,588
Liabilities		
Current liabilities - other payables	1,485,951	1,202,376
Non-current liabilities - due to members	148,209	157,224
Total liabilities	1,634,160	1,359,600
Net Assets	736,691	670,988
Funds		
Accumulated deficit	(134,423)	(158,890)
Funds held in trust	871,114	829,878
Total Surplus	736,691	670,988

Report on funding received and distributed

As at 31 December 2018

Funding received

Funds received from carbon sales	1,515,733
Total grant funding received	321,583
Membership and consultancy fees	32,475

Service provided, and funds distributed

Carbon funds distributed to members	1,295,082
Technical assistance services provided to members	101,689
Funds disbursed, and financial services provided	307,871

THANK YOU!

To all our members and partners, those who initiated Nexus 10 years ago and those who joined us along the way, thank you for your support and commitment to our mission to tackle poverty and climate change.





www.nexusfordevelopment.org