



Nexus

ExoTravel  
Carbon Compensation Proposal

April 2016

# Invest in clean water

Purifier projects create clean water and cut carbon in developing world communities



Carbon emissions

Reduce carbon emissions, by reducing reliance on wood and fossil fuels for water boiling



Cost saving

Save households money, by decreasing fuel purchases



Environment

Protect forests, by lessening demand for wood fuel and charcoal



Livelihoods

Create rural employment opportunities, through local production and distribution

# Invest in clean water- TerraClear

## Connecting Laos with clean water



Project developer: [TerraClear](#)

Technology: Regionally made ceramic water purifiers

Carbon credits: [Gold Standard](#) on [Markit Registry](#)

TerraClear is providing households in Laos with access to safe drinking water through the manufacture and distribution of ceramic water purifiers. They are the first and only scalable producer of household water filter products in the country.

TerraClear filters remove up to 99.99% of bacteria, critical in a country where 43% of people lack access to clean drinking water.

## Invest in clean water- TerraClear

### What is TerraClear?

- TerraClear is a social enterprise located in the Lao PDR. TerraClear focuses on overcoming financial, common practice, and technological barriers through community focused education and promotion.
- Eighty percent of households in Lao PDR boil their water to make it safe to drink. TerraClear's goal is to provide 100,000 locally made purifiers by 2019.
- TerraClear's work has won the support of the Kiva crowdfunding community. Through these campaigns, they have purchased two new trucks, allowing them to transport more filters to remote communities. Crowdfunding has also enabled them to offer repayable loans, making the filters more affordable.

## Invest in clean water- TerraClear

### How does TerraClear use their revenue from carbon finance?

<u>Carbon finance breakdown</u>	
Staff costs and professional fees	54.8%
Distribution & logistics	23.2%
Depreciation, Tax & Interest	7.6%
Office, maintenance and admin	6.1%
Marketing and customer Support	4.3%
R&D	2.0%
Miscellaneous	1.4%

Carbon finance is a form of Results Based Financing (RBF), meaning that funding is directly linked to the project achieving measurable, pre-agreed outcomes.

Meeting its climate protection target allows the project to earn more funds that can be used to scale up its impact.

# Invest in clean water- Hydrologic

## Making clean water a reality in Cambodia



Project developer: [Hydrologic](#)

Technology: Locally made ceramic water purifiers

Carbon credits: [Gold Standard](#) on [Markit Registry](#)

Hydrologic Social Enterprise is providing rural households in Cambodia with access to clean, safe drinking water through the manufacture and distribution of ceramic water purifiers.

Hydrologic's filters are providing clean water to nearly two million Cambodians while keeping 95,000 tonnes of CO<sub>2</sub>e out of the atmosphere every year. They also save households money on fuel purchases and save time that would otherwise be spent gathering wood.

# Invest in clean water- Hydrologic

## How does Hydrologic use the revenue from carbon finance?

<u>Carbon finance breakdown</u>	
Staff costs and professional fees	57%
Marketing	16%
Distribution, logistics and travel	10%
Office, maintenance and admin	8%
Depreciation, Tax & Interest	6%
Miscellaneous	3%

### Salaries and Benefits Includes:

15% for senior management and support functions:

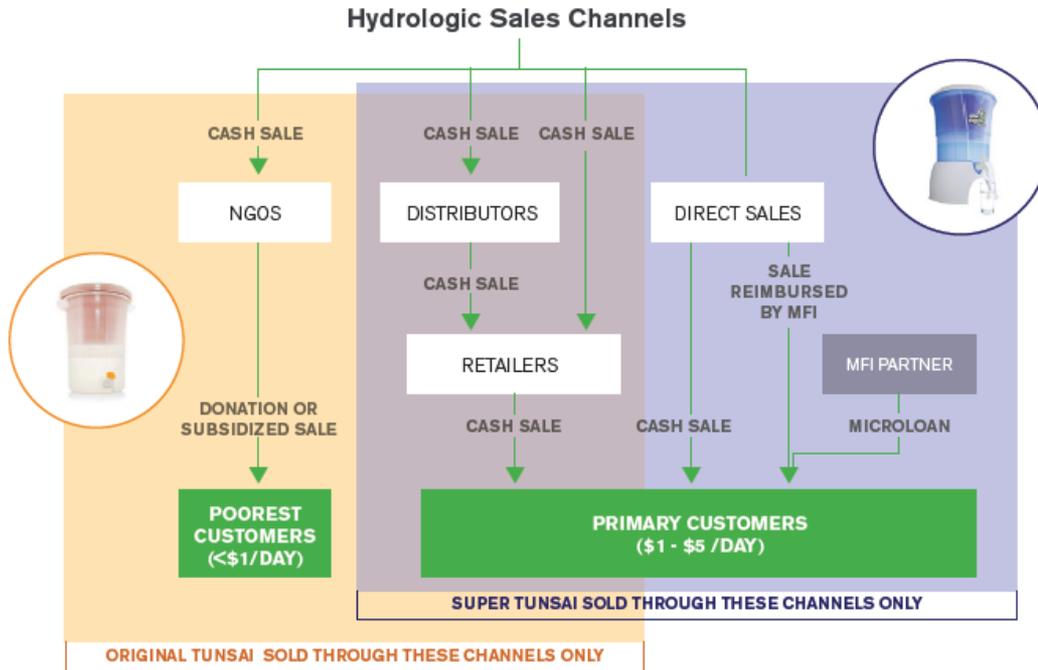
- staff working on logistics, finance, HR and administratio

25% implementation staff:

- staff working on R&D, sales, testing, etc.

# Invest in clean water- Hydrologic

## What is the business model?



Hydrologic uses carbon revenues to fund:

1. Train local producers and distributors.
2. R&D to improve the filter product
3. A warranty policy that allows filter owners to receive one free replacement pot when it is needed

# Invest in clean water- Nazava

## Creating clean water access in Indonesia



Project developer: [Nazava](#)

Technology: Ceramic water purifiers

Carbon credits: [Gold Standard](#) on [Markit Registry](#)

Nazava Water Filters wants everyone, everywhere, to have access to safe and affordable drinking water. The social business, based in Java and Sumatra, has reached over 165,000 people with its water purifier technology.

Their technology has also helped other countries cope with water availability issues including Nepal following the major 2015 earthquake.

## Invest in clean water- Nazava

### How does Nazava use revenue from carbon finance?

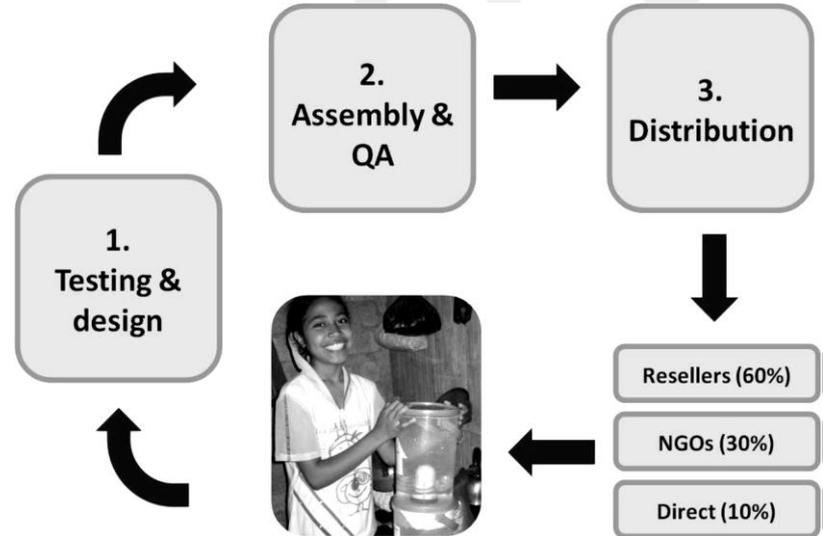
<u>Carbon finance breakdown</u>	
General and Administrative	69%
(including utilities, rent, financial audits etc.)	
Marketing	20%
(including reseller support, promotional materials, exhibitions)	
Research and Development	11%
(including researcher salaries, equipment, certifications)	



# Invest in clean water- Nazava

## What is Nazava's business model?

- Research and development identifies needs of local market
- Product is manufactured and rigorously tested
- Filters are sold through a variety of channels including educational trainings at villages in partnership with local NGOs
- Carbon credit sales support the delivery of these aspects of Nazava's business



# Quality assurance

## Carbon standard

Our entire portfolio of CO<sub>2</sub>e saving projects is validated and verified to market-leading standards. Our projects are regularly audited by accredited third-parties and meet all of the standard's quality requirements, ensuring that all carbon credits are real, measurable, additional, permanent, unique, and traceable.

Nexus developed a pre-screening and screening process in order to assess members' projects before supporting them in accessing carbon finance and issuing carbon credits. We apply rigorous selection criteria and conduct thorough due diligence on all new projects in our portfolio.

Nexus currently supplies Verified Emission Reductions (VERs) that can be used to offset all types of greenhouse gas emissions, issued under the following standard:

The Gold Standard (GS): The Gold Standard trademark represents premium quality carbon credits which have actively contributed to sustainable development.

**Gold Standard**<sup>®</sup>  
*Climate Security & Sustainable Development*

# Quality assurance

## Registries

Our projects' carbon credits are held in [Markit](#) and [APX](#) online registries, ensuring a transparent chain of custody, from issuance through to retirement. All credits listed in registries have unique serial numbers for tracking and management purposes, ensuring traceability.

All credits sold to our clients are subsequently 'retired', a procedure that ensures they can never be re-sold – thus avoiding any risk of double-counting.

Registry - Project Details

### Biogas Program for Animal Husbandry Sector of VN(ID: 103000000001847)

**Account Holder**  
Biogas Program for Animal Husbandry Sector in VN

**Description**  
Project "Biogas Program for the Animal Husbandry Sector in Vietnam" is implemented by Livestock Production Department (under MARD) in cooperation with Netherlands Development Organisation – SNV. Overall objectives of project are (i) exploiting effectively biogas technology and developing a commercial viable biogas sector in Vietnam; and (ii) contributing to rural development and environmental protection via provision of clean and affordable energy to rural households, improvement of community's sanitation and rural people's health, creation of job for rural labour and reduction of greenhouse gas emission.

**Documents**

- (GS) Carbon Monitoring Report
- (GS) Conflict of Interest Report - Verification
- (GS) Conflict of Interest Report - Verification (01 Jan 2012-30 Jun 2013)
- (GS) Gold Standard Passport
- (GS) Monitoring Report
- (GS) Monitoring Report (01 Jan 2012-30 Jun 2013)
- (GS) Project Design Document
- (GS) Validation Report



Map showing the location of Vietnam (indicated by a red pin) in Southeast Asia, surrounded by neighboring countries like Myanmar, Laos, Thailand, Cambodia, and Bangladesh. The map also shows the Bay of Bengal, Andaman Sea, Gulf of Thailand, South China Sea, and East China Sea.

Category	Standard	Project Type	Additional Certification	Linked
Carbon	Gold Standard	Biogas – Heat		No

all,Viet Nam [Details](#)

# Quality assurance

## Industry standards

Nexus is a member of the International Carbon Reduction and Offset Alliance (ICROA), a non-profit industry body promoting best practice in voluntary carbon management and offsetting. ICROA is committed to providing the highest quality carbon reduction solutions for business and public sectors.

ICROA is managed by an independent secretariat housed within the International Emissions Trading Association (IETA), an organization created in 1999 to establish a functional international framework for trading in greenhouse gas emission reductions.



# Partnership proposal

- Nexus proposes a multi-year partnership providing:
  - Investment certainty supporting the scale-up of projects
  - Preferential carbon credit pricing from investor perspective
  - Quality assurance guarantee – of projects and credits validated and verified to international carbon standards, subject to third-party audits
- ExoTravel receives:
  - Credits from a single or combination of Nexus projects, for a fixed unit price
  - Direct, regular updates from project implementation on the ground
  - Quantified environmental, social and economic benefits of investment
  - Certification of credit retirement from registry, with unique serial codes for reporting purposes

# Nexus offsetting certificate



## Certificate

This certificate recognizes that

[Name of purchaser]

has taken action to reduce its environmental impact and improve livelihoods in communities throughout Vietnam.

Nexus acknowledges the following:

CO<sub>2</sub>e emission reductions: [Insert amount] GSVERs

Offsetting purpose: [Insert text from purchaser]

Date of delivery: [Insert date]

GS Market Registry  
GSVER Serial Numbers: [Insert serial numbers]

Claire Dufour, Nexus Executive Director



Thank you for supporting  
the Biogas Program  
in Vietnam

The Biogas Program is transforming waste into opportunity in Vietnam. It provides farming families with access to renewable energy and improved hygiene through the development of a commercially viable biogas sector.

The program keeps half a million tonnes of CO<sub>2</sub>e out of the atmosphere every year and has installed 145,000 digesters while training 2600 people.

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# Project investment



## Project investment proposal for ExoTravel 2015 carbon emissions compensation:

129 tonnes of carbon credits from projects in Indonesia, Cambodia, and Laos:  
17USD\*129= 2,193 USD

**Volume** - 300 tonnes or more of CO<sub>2</sub> equivalent in total, or 100 tonnes or more of CO<sub>2</sub> equivalent per year over 3 years, exact volume to be confirmed by the Buyer when carbon volumes to compensate are known, by the end of April (for the previous calendar year). For the first year (2015), the volume is 129 tonnes of CO<sub>2</sub> equivalent (tonnes of emission reductions).

# Project investment

## ExoTravel investment will support the delivery of:

### Cambodia water filters:

- 43 tonnes of emission reductions;
- 44 water filters produced and in use;
- More than 75 tonnes of woodfuel saved in 1 year.

### Laos water filters:

- 43 tonnes of emission reductions;
- 33 water filters produced and in use;
- 4.6 hectares of avoided deforestation.

### Indonesia water filters:

- 43 tonnes of emission reductions;
- 130 water filters produced and in use.

\* Water filter projects based in different countries generate different amounts of carbon savings due to different fuel usage rates for water boiling (biomass vs. gas). In Cambodia one filter results in 0.98 tonnes of CO<sub>2</sub>e saved, Laos is 1.32, Indonesia is 0.33

# Commercial terms

- Commencement date - The date of the Agreement.
- Termination date - Three years after the date of the Agreement. The Buyer commits to purchase credits (GHG emission reductions/ VERs) each year.
- Contract VERs - All GHG Emission Reductions (each equal to one tonne of CO<sub>2</sub> equivalent) contracted in the Agreement according to the annual confirmed volume from the Buyer.
- Delivery - The delivery of the contract VER will take place according to the following schedule:  
First year, upon signature of the Commercial Terms by both parties, delivery (credit retirement and production of certificate) will be scheduled as follows:  
Hydrologic credits: within one week; TerraClear credits: by 15-May 2016 and Nazava credits: by end-November 2016 (provided no issuance delays take place). Subsequent years, confirmation of exact volume, invoicing and payment should take place in April 2017 and 2018 – with delivery two weeks after.
- Unit price - USD 17 per tonne CO<sub>2</sub> equivalent (plus taxes, bank charges, registry fees as shown in the invoice).
- Payment terms - 50% down payment of the total volume value at signature of the contract, plus yearly reconciliation at invoice term whereby volumes are confirmed to Nexus ahead of processing of invoice.
- Standard – Gold Standard.

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