



LIVELIHOODS

Act today for a better future

Submission of a Project Idea Note on Rural Energy

Version 2.1(November 2014)

1. Introduction
2. About Livelihoods
3. Submission of a PIN
4. General conditions of eligibility
5. Project investment phases
6. The Livelihoods selection process

1. Introduction

The Livelihoods Fund aims to invest new projects in household rural energy: COOKSTOVES & BIOMASS, to preserve and restore ecosystems that are crucial to the carbon cycle and food securities for the communities, in various locations.

The project is intended to benefit local communities. It not only generates carbon benefits, but also secure ecosystem goods and services, which are essential for the livelihoods of the communities who live in these areas. The local communities are offered the opportunity to become involved with conservation, energy management and ecosystem rebuilding operations. All projects aim at gathering off-takers, local communities and local authorities. The contribution of each of them under aligned targets (funding, labor, land, expertise, payments) is the key lever for project success.

Importantly, the programs financed by Livelihoods Fund must be ready to withstand scrutiny from one of the standards recognized by the international carbon offsetting community.

Finally, Livelihoods-eligible projects should be financially sustainable. In other words, they must demonstrate that they are likely to provide an adequate flow of funds for project implementation and to achieve the anticipated climate, and community impacts over the long-term.

2. About Livelihoods

The Livelihoods Fund finances upfront a range of different programs and activities from 10 to 20 years, which are in line with the partnership's stated mission and objectives. Initial capital is entrusted to a local project developer who runs projects with small-holders.

Livelihoods Fund consists of 10 European investors from the private sector (Danone, Crédit Agricole, Schneider Electric, Hermès International, SAP, La Poste, Firmenich, Caisse des Dépôts Climat, Voyageurs du Monde, Michelin) with a total size of €34m. To date, the Fund has invested in 7 large-scale carbon projects in reforestation, agroforestry and rural energy in Senegal, India, Indonesia, Kenya, Guatemala, and Burkina Faso. The investments have resulted in the plantation of 150 million trees spanning 30,000 hectares, and the distribution of 90 000 cookstoves with a positive impact on the revenues of more than 1,000,000 rural people. The projects will result in the generation of nearly 8m carbon offsets that will be distributed back among the investors.

3. Submission of a PIN

Please submit a PIN in confidence to:

JP Renaud, Livelihoods Venture
contact@livelihoods.eu
+33 646315869

This section provides general guidance for the preparation of a Livelihoods carbon Project Idea Note (PIN) for consideration by the Livelihoods Fund. On the basis of the PIN, project proponents may be invited, and receive financial or technical support, to develop a detailed project plan.

The PIN should be no longer than 3 pages in length and include the following sections:

1) WHO - Details of the project proponent(s)

- a) Contact details
- b) Summary information on the organization, the organization structure and the organization history
- c) Overview of relevant expertise and experience
- d) Short description of other project partners, if any

2) WHERE – Location

- a) Project location and size of the project area
- b) Organization of the social groups and main local activities
- c) Current environmental situation, issues and threats

3) HOW - Project description

- a) Project summary
- b) Methods and technologies to be used, including: where and how the units are produced, how do you distribute them, how do you raise awareness, how do you involve the people?
- c) Current achievements: how many units have you distributed so far? To who?
- d) Project schedule and milestones on 10 years, including your goals (with figures)
- e) Project team
- f) Community participation and benefits
- g) Overview of any previous or on-going rural energy initiatives in the project area

4) WHY - Expected project outcomes

- a) Goals, objectives and projected outcomes of the project in the following areas:
 - Impacts on communities: creation and/or capacity, benefits
 - Added value: creation of jobs, improved nutrition, gender equality, marketable products generated etc.
 - Environmental impacts: how will the project address ecosystem threats and what are the expected impacts on the provision of ecosystem good and services
 - Carbon impacts: expected quantities of carbon credits over the lifetime of the project
- b) What are your current results? What benefits your projects already lead to? What are the achievements you have already observed? For how many households?
- c) Risks and threats to achieving outcomes

5) HOW MUCH – Project finance

- a) At what price do you sell your solutions? What is the financial solution the project propose for the beneficiaries? What are the economic benefits of the project?
- b) Estimation of total project cost (supplies, implementation, management & team, side-costs etc.)
- c) Total Livelihoods investment sought
- d) Sources of co-financing, if any (both secured and under application)
- e) Current budget and financing of your organization

4. General conditions of eligibility

Livelihoods is calling for investments in large scale rural energy projects (cookstoves & Biomass), which deliver tangible socio-economic benefits for poor people, and generate a significant amount of certified carbon credits for Livelihoods investors.

4.1 The following main criteria are essential regarding the impact of the project

Sustainability for energy management and ecosystems	Well-managed implementation of sustainable energy practices will be set to create opportunities for local communities, for at least 10 years, on -training, capacity and institutional building, transfer of techniques and tools to upgrade human capital and resilience. -units production and distribution with positive social effects.
Improvement of the life of the farmers	The project has to be driven as broad impacted community-based rural energy project. The specific challenges to investing in small-holders: aggregating communities of thousands of people, properly assessing and mitigating local specific risks, structuring and implementing large scale projects, carrying out results-based program measurement, securing long-term management of the projects and aligning the objectives of all stakeholders and off-takers.
Generating added value	The project create jobs and value in rural area as well as conditions for improved nutrition, gender equality and overall poverty reduction.
Environmental impact	The projects will always have a net positive environmental impact (biodiversity, forest cover protection, fight against desertification, soil erosion etc...) that will be "purchased" by local or international agencies, nature trusts or foundations;
Result driven project	This projects is guided by a cost and results-driven management approach
Geography	The project has to be driven in poor rural areas and priority will be given to African countries

4.2 The Carbone criteria below are essential regarding the choice of the project:

Additionality	The recourse to the Livelihoods financing is accessible if ,and only if ,this financing makes the project possible, despite this financing the project could not be carried out. In financial term: Livelihoods cannot finance actions a posteriori
Biodiversity	The preserved ecosystem is recognized by the local communities as necessary to maintain, to develop their local activities. The preserved ecosystem brings a positive impact on the environment taking into consideration standard of the UICN and the Convention of RAMSAR, and main international standards (see references sources)
Methodologies	The eligible activities to the Livelihoods financing correspond mainly to rural energy activities (cookstoves and biomass). All these activities being covered by approved methodologies VCS and/or Gold Standard Foundation.
Sizing	Because of the fixed costs related to the carbon registration and the validation , the rural energy projects require 30.000 units installed minimum.
Carbon ownership	It's needed to identify the owner of carbon credits, and if the owner can reassign these credits as a counterpart of the upfront financing of Livelihoods.

4.3 The following criteria are required concerning the choice of the project developer:

Processability	A pilot project is already implemented and makes it possible to qualify the capacity of mobilization and intervention of the project developer close to the communities. The pilot project made it possible to establish a process (technical and organizational sequences) potentially scalable.
Background	The project developer already has experiences, competences and networks of intervention supporting the development of its activity either in the field of sales or in the economic development of rural activities.
Temporality	Project actors commit themselves over the duration fixed by methodologies (10 years minimum for the energy projects) bringing means for maintaining and monitoring the ecosystems.
Financial Viability	Because of financial governance of the majority of the eligible organizations (not-profit organizations), the organization must be solvable and provide the 3 years proof of financial balanced assessment.

5 .Project investment phases

Project investment is divided into three main phases and endorsed by Livelihoods' investment decision body:

- i) **Origination / preparation:** this phase is completed when (i) the project is selected, (ii) the community recognizes the role of the project developer and understands its duties and benefits under the project, (iii) the project scenario is understood and agreed by all parties and (iv) the project realization budget is fully secured.
- ii) **Investment decision:** the Livelihoods Investment Committee may either: approve the project proposal, request modifications, or refuse it. Furthermore, the committee has the prerogative to call a meeting at any point in time to examine a particular aspect of an ongoing project.
- iii) **Investment phase:** the investment phase is staircase-shaped. The first investment round is limited as a means to confirm the investment strategy while maintaining risks at a minimum level. The subsequent rounds are larger, once the process is proven under control by the project manager and local communities. All investment rounds are split into several portions that correspond to specific milestones. The money is only released once each milestone has been reached.
- iv) **Monitoring and results-measurement phase:** at this point, the project starts a new phase in which its results and outcomes are carefully monitored and measured. The measurements are then compared to the baseline and other targets and serve as the basis for payments by the off-takers.

6. The Livelihoods selection process

The project selection process includes the following steps.

- Step 1: Submission of project idea notes

The Livelihoods Fund will accept a carbon Project Idea Notes (PIN) either in response to a call for proposals or by invitation.

- Step 2: Review of project ideas

Each project idea note will be reviewed with respect to the eligibility criteria described in chapter 4 and submit recommendations by Livelihoods Venture.

- Step 3: Approval of project ideas : detailed project plan

Based on this review, Livelihoods Venture will propose to the Livelihoods Investment Committee on whether to approve a project idea and to support, as appropriate, a set of actions required to develop a detailed project plan.

- Step 4: Due diligence

Approved project ideas will then be subject to a rigorous due diligence review organized by livelihoods Venture including a site visit, consultations with relevant stakeholders and risk assessment (see procedure "25. Livelihood risk assessment tool"), and a detailed project plan will be set.

- Step 5: Submission of a detailed project plan

The detailed project plan will be submitted to the livelihoods investment committee for its approval, including:

- An executive summary
- The detailed business plan (provisional profit and loss account, projected treasury flows, risk analysis)
- Status and financial accounts of the project developer
- A technical and environmental expertise report
- Permits and/or licenses needed for the project development (carbon credits cession etc.)

- Step 6: Project implementation contract

Based on the detailed project plan, a project implementation contract will then be agreed between the project proponent and the Livelihoods Fund. This plan will include monitoring and evaluation of the project as required by the carbon markets.