

# UNDP Innovation Facility | 2018 Call for proposals

## Proposal General Information



Empowered lives.  
Resilient nations.

Country / Region Office or HQ Unit	Lebanon Country Office, RBAS
Title of Initiative	Development of Impact Investment Platform LiveLebanon 2.0 with crowdinvesting and blockchain technology: CedarCoin
Requested Amount	80,000 USD
Initiative Contact Person	Rawad Rizk, UNDP Lebanon
Is this initiative part of an existing project / programme?	Yes. The Lebanese Expatriate Project Live Lebanon 72567
Funding Window	Development Impact: <b>DEarly Stage</b>
Stage of Initiative	<b>DEarly stage: idea generation phase up to first prototypes created and initial user-feedback collected to further develop them</b>
Will further/other funding be available?	Yes, with 80,000 USD from our side; we got confirmed 143,000 USD from local counterparts mostly in-kind and through free airing time, boosting on social networks and tree seeds (media station MTV, Ministry of Foreign Affairs and Emigrants, Lebanon Reforestation Initiative, Live Love Beirut NGO, crowdfunding platforms);  As platform established, it will be able to raise: 490,000 USD additional through crowdinvesting; 200,000 USD from private sector and diaspora investments through
Which SDGs will this initiative help to meet?[select up to 3]	<ul style="list-style-type: none"> <li>- SDG 7: Affordable and clean energy</li> <li>- SDG 8: Decent work and economic growth</li> <li>- SDG 11: Sustainable cities and communities</li> </ul>
What is the expected impact?	<b>DMore cost-effective in delivering the product/service</b> <b>DMore targeted, in reaching the identified group</b> <b>DMore inclusive processes in specifying development problems / designing solutions</b> <b>DNew ways of financing unlocked</b>

**1. What problem does your innovation respond to? Please share evidence and/or data to support the problem statement (up to 200 words)**

One of the **key issues facing Lebanon is the economic and social impact of the Syrian crisis**, now in its seventh year. The presence of 1.5 million Syrians has strained Lebanon's infrastructure, public finances, service delivery, and the environment. There is the lack of sufficient funds to cope with the crisis and according to the World Bank incurred losses reached 5.6 billion USD in 2015 alone (over 11% of GDP).

The Lebanese Ministry of Foreign Affairs and Emigrants (MOFAE) estimates the number of diaspora at around 10 Million, and the inflows of expatriates' remittances to Lebanon reached \$7.9 billion in 2017.

**Live Lebanon is a UNDP** donation based crowdfunding platform bridging between the Lebanese Diaspora and the development efforts in Lebanon. Since its launch in 2009 it has implemented 67 projects by raising funds from the Lebanese communities abroad which **resulted in 4,2 million USD collected donations**.

The support of the Lebanese Diaspora is crucial to the survival of Lebanon.

Currently **Live Lebanon platform is based only on donations which reached its limitations as it doesn't allow contributors to become investors and thus channel more private financing**. New crowdinvesting models are needed.

**2. What is the desired change you want to achieve? (up to 200 words)**

Project yourself 7-10 years in the future and imagine the success of this initiative: what does change look like? Please describe the desired outcome and formulate it with measurable indicators. Make sure to formulate a development outcome and not a successful solution. For example "X number of formal and informal new jobs created for X many women and X many men" instead of "X number of women and men participated in our entrepreneur trainings". Think about impact at scale and how your work can contribute to systems-change. Think also ahead, imagine you will apply for scaling funding next year – what evidence will you produce to demonstrate the success of your initiative?

This project aims to transform donation based fundraising platform Live Lebanon **to an impact investment platform, Live Lebanon 2.0, that would be bringing at least US\$ 10 million annually in 5 years from now** (20x time increase from today's amounts), through crowdinvesting campaigns hosted on external platforms; and through investments in CedarCoins.

Project will enable sustainable impact investments addressing key development challenges compounded by the crisis in areas such as reforestation/nature conservation, solar energy, social entrepreneurship, and health.

**By established the platform** providing transparency and ensuring proper support of Government and private sector when needed – it will be possible for diaspora to become impact investors

Within 3 years from now, it is **expected to reach at least 10% of diaspora** offering a sustainable mechanism for financing impact investment projects. Support will be **annually provided** to 10 NGOS /SocialEnterprises/ImpactStartUps bringing at least 40 new jobs; and annually investing in solar energy for additional 5,000 households. Through CedarCoins, it is expected to collect at least 1 million US\$ for reforestation; and enabling using of impact coins for other development purposes.

Such model would be further expanded to the region by providing a successful case.

### **3. Formulate a Hypothesis (up to 75 words)**

IF we expand the platform LiveLebanon to become **impact investment platform** by co-developing and hosting projects with crowdinvesting platforms;

and IF we develop CedarCoins as digital impact investment currency,

and IF we connect diaspora through mobile app and enable them to become impact investors,

THEN UNDP will unlock viral private and sustainable diaspora financing for social entrepreneurship, nature conservation, installations for solar energy generation and similar; and enable replication of this model throughout the region.

### **4. What is your proposed idea? What is its added value? (up to 300 words)**

The proposed idea is to **develop and test digital platform that would be crowdinvesting impact investment platform**; in a way to aggregate various crowdinvesting projects hosted on external platforms on an upgraded UNDP platform "Live Lebanon 2.0". External crowdinvesting platforms are already connected with their own investment communities, but through the project this focus will be shifted to Lebanese diaspora as an additional community.

Direct contact with diaspora and citizens will be achieved by **expanding the Mobile App Lebanon Connect** (together with Ministry of Foreign Affairs and Emigrants, MOFAE) and promoting it through Embassies to give diaspora possibility to directly invest in development projects; and connecting them in a large community that exchanges ideas and signalizes in which priorities it would like to contribute with its investments.

Through collaborative solutions seeking, engaging citizens and other stakeholders in the process of priority setting, these projects will be supported by UNDP and diaspora funding (by using one or more crowdfunding platforms as appropriate). First priorities to be tested will be projects with social entrepreneurs, solar energy, health and nature conservation.

By developing a digital coin CedarCoin, blockchain based technology will be used to provide investments in reforestation for cedar forests, and by using digital market place Lykke and similar; CedarCoins will be able to be used for financing further development projects.

Digital impact investment platform "Live Lebanon 2.0" tends to provide sustainable alternative financing solution to development priorities; focusing on many smaller investors and creating a stable impact investment community; and not depending only on international donors.

By serving as a **bridge between diaspora as impact investors and development needs** the platform ensures transparency for investors and high level of involvement with all relevant domestic stakeholders and external platforms and partners.

### **5. What is the process to test your idea and monitor the roll out? (up to 300 words)**

**Digital platform Live Lebanon will be expanded through this project to move from donations to impact investments**; by serving as a landing page for promoting crowdinvesting campaigns supported by UNDP Lebanon which are hosted

on external platforms. Platform will enable collaboration between diaspora, private sector and government; by connecting to already existing crowdinvesting platforms and their communities.

In order to **unlock crowdinvesting markets; idea will be tested by supporting campaigns on (with investment targets):**

- social entrepreneurship (US\$ 30,000)
- solar (US\$ 100,000)
- health (US\$ 120,000)
- recycling (US\$ 240,000)

In cooperation with GenBlue and Lykke team (who developed TreeCoins); using blockchain technology **CedarCoins will be developed as digital impact coins** - enabling investments in planting new trees, or having protected cedar trees areas, by assigning one CedarCoin to each specific tree. CedarCoins will also have a function of diaspora bonds - enabling fresh financing to make a difference by purchasing cedar trees stock.

**Mobile app Lebanon Connect will be expanded** to enable direct contributions to crowdinvesting campaigns on LiveLebanon and to enable purchase of CedarCoins by connecting it to digital wallets such as Lykke. Its main purpose is to create a community of impact investors among diaspora; enabling every citizen no matter where they live, to invest as little as 20 USD in creating positive impact in Lebanon.

**For reaching out to Lebanese diaspora**, campaigns will be promoted with additional Goodwill Ambassadors and in cooperation with our media partners MTV & Live Love Beirut. By bringing in the financing from diaspora, this project wants to strengthen responsiveness, openness and efficiency of institutions, as well as to stimulate innovation and cross-sectoral collaboration with the private sector. Moreover, this seeks to strengthen civic actors to demand transparency and accountability and thus increase the effectiveness of civic actors.

## **6. Design for scale! What is the scalability potential? (up to 300 words)**

**The project is scalable once that first campaigns are promoted and successful on Live Lebanon 2.0 platform;** this can be easily replicated taken into account lessons learnt from pilot experiment.

**Ministry of Foreign Affairs and Emigrants (MOFAE)** is supporting the project and will help in promotion of platform, mobile app and campaigns; as they see it as a potentially great way to ensure diaspora funding for development.

**During the first year of the project;** platform is expected to get at least US\$ 490,000 from first 4 campaigns. Due to the significant potential for social entrepreneurship and potential to increase solar energy production focus will be set on these campaigns first; on enabling moto ambulances, recycling plastic waste, paper and cardboards. By creating CedarCoins, it is expected to raise at least US\$ 200,000 invested in planting and conservation cedar trees. CedarCoin as a digital asset will be tested in Lebanon and among diaspora, and linked to digital wallets such as Lykke. Mobile app Lebanon Connect is expected to have 30,000 downloads and 5,000 people from diaspora registered. More than 1,000 citizens and diaspora will become impact investors.

During this period, platform will be establishing cooperation between crowdinvesting platforms and would unlock possibilities for UNDP to raise further capital, exports solutions, gain competitive advantages and similar.

**After four years of the project, impact investment platform is expected to sustainably deliver US\$ 10 million annually** by unlocking the crowdinvesting market for solar energy, social entrepreneurship and blockchain based investment in

cedar forests. This will happen by further scaling up projects and campaigns on external platforms. CedarCoins will be further developed to the value of US\$ 5 million so they can be used for financing other development issues such as recycling plastic; thus consisting a blockchain-based diaspora bonds for development.

**7. Manage risks** (up to 200 words)

- 1) **Lack of trust of communities to engage in the process** - UNDP has ongoing initiatives in solar energy, on social entrepreneurship, recycling and in reforesting cedar forest, which will support open communication with communities and regular communications.
- 2) **Lack of willingness of partners to be a part of the platform**- UNDP Alternative Finance Lab has developed a wide range of crowdfunding platforms and networks and has already tested their interest; and will support by designing a consultative participatory process which will enable consensus building and generating buy-in for the partners in the platform.
- 3) **Lack of interest from diaspora and private sector to become impact investors** on the platform – since its launch, donations collected on LiveLebanon platform were over US\$ 4 million; which gives strong foundation to move to impact investment business model that creates more opportunities for investors;
- 4) **Lack of expertise to design CedarCoins** - during the project preparation, intention to create CedarCoins was communicated with developers of TreeCoin and digital wallet Lykke, which all expressed interest to contribute in-kind to support development of this digital impact coin.

**8. Introduce the team!** (up to 150 words)

**UNDP team from Live Lebanon project:**

Rawad Rizk is supervising the team, responsible for budgeting and contacts to donors;  
 Shereen Abou Hassan is responsible for events, administrative process and budgeting;  
 Bassam Al Kantar is leading environmental and reforestation projects.

**GenBlue and D41M team** who will support the project with creation of CedarCoin led by Alan Laubsch.

The team is working closely with **UNDP Alternative Finance Lab from Istanbul Regional Hub** – to support the work with crowdfunding and blockchain based solutions (Robert Pasicko and Marina Petrovic).

**9. Propose a budget**

Item	Cost (US\$) InnoFac	Co-financing
Expanding Live Lebanon 2.0 to become aggregating platform for projects from partnering crowdfunding platforms		
Digital development for setting up the platform, connecting crowdfunding platforms; connection with CedarCoins and mobile app Lebanon Connect and continues support during the project	8,000	3,000 (MOFAE, in-kind)

Legislative support for foreign crowdfunding platforms	4,000	5,000 Bettervest platform cofinancing for lawyers
Promotion for crowdfunding through Live Lebanon 2.0 platform	5,000	10,000 MTV station as a media partner providing air time; 10,000 in kind from MOFAE promoting on diaspora gatherings abroad; 10,000 Live Love Beirut promotion costs on social media
Creation of CedarCoin		
Setting up the CedarCoin with the support of GenBlue and D41M (legislation costs)	8,000	10,000 in-kind contribution by GenBlue and D41M
Creating marketing campaign for CedarCoin and building the ecosystem for launching the coin	5,000	10,000 USD MTV station as a media partner providing air time; 10,000 USD in-kind from MOFAE promoting on diaspora gatherings abroad; 10,000 USD Live Love Beirut promotion costs on social media
Reforestation efforts to be connected with issued CedarCoins	3,000	20,000 USD - Lebanon Reforestation Initiative - providing trees for free 200,000 USD - additional cofinancing from citizens and private sector for selling CedarCoins
Supporting crowdfunding campaigns on LiveLebanon 2.0		
Prioritizing and preparing development of 4 crowdfunding campaigns on external platforms		5,000 USD from Live Lebanon donors
Supporting at least 4 campaigns on external crowdfunding platforms (includes local travel; visual and other materials; lawyer costs)	20,000	10,000 USD MTV station as a media partner providing air time; 10,000 USD Live Love Beirut promotion costs on social media 490,000 USD gathered from citizens and private sector through crowdfunding
Mobile app Lebanon Connect for reaching out to diaspora		

Further development of mobile app and connecting it to projects from Live Lebanon 2.0 and digital wallet Lykke	10,000	10,000 USD in-kind from MOFAE
Promotion of mobile app among diaspora with the support of Goodwil Ambassadors to reach 30,000 downloads	3,600	10,000 USD in-kind from MOFAE 5,000 USD Live Love Beirut promotion costs on social media
Total 73,600 USD		
GMS (8%)	6,400	
Total	75,000	143,000 USD from partners 490,000 USD from crowdfunding campaigns 200,000 USD from CedarCoin