

## 7<sup>TH</sup> CDM MEETING ON 7 & 8 NOVEMBER 2010 – KEYNOTE ADDRESS

Ram Esteves

Friends:

I take pleasure in welcoming each and every one of you for the 7<sup>th</sup> time. Though we are meeting after a gap of 16 months, many of you have visited us several times, along with your colleagues, to familiarise yourselves with CDM and gain confidence to take the plunge. 3 memorable meetings of the FCN-LCF Coalition and a Strategic Planning workshop have been held at Bagepalli. We have had the pleasure to interact with many of your primary stakeholders and those were truly inspirational visits that charged our batteries and recommitted us to the sharing of experiential learning. We have continued to host an average of 2 groups of climate change friends every single week.

This is the largest CDM Meeting we have held to date. A special welcome to 38 new friends who have come for the first time. 16 of the 41 organisations here present are also first timers. I'm certain that you will have a long and mutually beneficial experience with our open and welcoming Network.

In March 2009 we set for ourselves 3 ambitious targets:

1. *Develop 20 pro-poor grassroots CDM Projects and attract a minimum of € 100 million in Carbon revenues.*

To this end, we have set up a Tech Team to facilitate, handhold and assist grassroots NGOs.

2. *Interpret sustainable agriculture practices of small and marginal farmers on 100,000 acres as emission reduction*

A Low Carbon Farming Coalition now operates in 5 diverse agro-climatic zones to assist small, marginal and drought effected farmers interpret their sustainable agriculture as GHG emission reduction and scale up to 20,000 acres.

This path breaking effort is a trail blazer that the entire world is looking to with terrific hope and expectation. When we succeed, we will incentivise sustainable agriculture with carbon revenues, and show the way for small and marginal Farmers to reverse and restore the damage done to their lives, livelihoods and the environment through the pursuit of high external input destructive agriculture.

3. *Promote social entrepreneurs to set up Carbon Investment companies*

We have suggested business principles, provided guidance, and most importantly, given the confidence for 2 social entrepreneurs to invest € 6.33 million in pro-poor CDM Projects. Negotiations for another € 6.3 million are at an advanced stage, awaiting registration of 3 CDM Projects. An investment of another € 2.83 million is in the pipeline. These figures do not include the € 1.1 million that ADATS mobilised for its first Biogas CDM Project. 16.56% of our target is no underachievement, provided we achieve an exponential growth. 2 more such entrepreneurs are lined up and here present amongst us.

Huge efforts are needed to reach our targets, at 3 different levels:

- Herculean tasks at the Project Proponent level with grassroots NGOs and their CBOs making serious organisational changes, reorienting themselves to imbibe a results oriented management culture, and handle commercial moneys.
- The Tech Team has to chase impossible schedules and ever increasing workloads.
- At the coordination level ADATS has devoted a major chunk of time and energy to the Fair Climate Network.

20 months down the line, we have assembled here to critically ask ourselves if this is enough. Are we are doing enough? Platitudes and patting ourselves on our backs will lead us nowhere.

I do hope that the presentations you are going to make in the next session, fortified with discussions that follow, highlight your achievements, stumbling blocks and learning.

I've requested 8 of you to please explain how and why exactly you decided on CDM; what did you want to achieve; how much were you able to pull off; why you couldn't do more; and your plans for the immediate future. This will provide us a good and solid input to critically review the 15 month long performance of the Tech Team, and 3 years of leadership ADATS has provided, using your experiences as Case Studies. This is the Purpose of your presentations – input needed to make our services more effective.

The stark numbers in our online monitoring of the Tech Team also reveal that that there are show stoppers and non starters. We need to know why.

After lunch, a panel comprising 5 Participating NGOs of the FCN-LCF Coalition will make a 20 minute presentation. This will be followed by a 40 minute Q&A session.

Peasant farming by 250 million small holders in developing countries is the most sustainable and non polluting way of life. If they should convert this lifestyle into a paradigm that follows the logic of industries, GHG emissions from agriculture will shoot through the roof to mind boggling levels. Global plans for emission reductions by 2020 will be made meaningless.

The Climate Change world, with an astounding neglect of social sciences, bases its projections on 2 assumptions that are naïve and ethically unacceptable:

1. That capitalisation of agriculture, following mainstream prescriptions, will not penetrate this last frontier of marginal lands through a pauperisation-polarisation process, and
2. That their glorifying and enshrining peasant lifestyles with sweet platitudes will result in small and marginal farmers staying impoverished, albeit with a happy contentment.

If we do not support the sustainable lifestyles inherent in peasant cultivation with material reward and, at the same time, improve its productivity with cutting edge science, the projected numbers for GHG concentrations, temperature increase and seawater rise will pale to insignificance. We will head for abrupt and catastrophic climate change.

Children *have* to go to school on full bellies. Health *has* to be preserved and needless ailments prevented. Comfortable dwelling and the pursuit of entertainment *has* to be ensured. Small and poor peasants cannot be asked to settle for a lower standard of living by cleverly labelling their misery as part of the solution.

- The LCF Coalition will demonstrate that a sustained development is possible while increasing the productivity of peasant cultivation without damaging the fertility of soil.
- Biodiversity will be preserved and monitored alongside an increase in wholesome food production, with a reasonable certainty that these levels can be maintained year after year.
- The cultural wisdom of farmers can be respected in order to restore a balance between crops, trees and livestock.
- We have the science, the methodology and the algorithms to calculate GHG emissions as well as emission reductions. Communities have the organizational wherewithal to execute carbon contracts and aggregate these credits.
- In the voluntary market, our VERs along with powerful stories they tell, will command a decent price.

The Tech Team will then make a 15 minute presentation summing their Annual Report which I hope all of you have had time to download, read and jot your comments.

This will be followed by 30 minutes of discussion, which we have called “Setting Fresh Targets”. We will critically appraise challenges and potential before revisiting our March 2009 targets. After incorporating your comments and suggestions, the Annual Report will be finalised.

Which brings me to reflections on the technologies we promote. At the outset, I must confess that I'm neither proud nor impressed. I do recognise that the expectation that entire implementation costs be financed through carbon revenue poses limitations on the range and choice of technologies.

But I belong to a generation where the CDM process began with a wild idea. It entailed either an existing practice being improved and interpreted as emission reduction, or an undreamt of technological improvement being introduced in the daily lives of the poor.

Low Carbon Farming is an example of the former and Domestic Biogas of the latter. But seriously – woodstoves and photovoltaic lamps?

This is not to belittle the huge strides made by iSquareD in the indigenous development of the *Chulika*. But let's recognise that the *Chulika* is not the best technology for the poor to be locked into for the next 10 years. It is a second best choice for families who do not own land or cattle.

On the positive side, our huge technological breakthroughs have been in the development of an Implementation Technology and Monitoring Solutions.

- In July 2009, we broke the barrier to bring fuel efficient woodstoves into the ambit of CDM by developing a business model to support its proliferation without an overt dependence on ERPA's and forward funding.
- CDM development, implementation and monitoring processes have been demystified and primary stakeholders see these tasks and jobs as totally doable.

- Digitized monitoring is superb, state of the art, pertinent to exact needs, fully comprehended by secondary stakeholders, and uniformly recognised as high quality by DOEs and the EB.  
They also provide valuable information for a good Effects Monitoring and Impact Assessment.

My concern is that we ought to be more imaginative when exploring CDM options for communities. There was a move to bring rag pickers into the ambit through solid waste management. This went nowhere. There is a proposal on the backburner to chill milk in thousands of milk collection cooperative societies owned and run by producers. This has to be taken up. Greenpeace is on a campaign to promote Decentralised Renewable Energy in Bihar. We ought to offer our bit to their laudable effort.

This meeting has to fix targets and responsibilities to take these forward, and the Tech Team reoriented to explore CDM technology options in a more vigorous manner.

The last session for today will be on the draft constitution for the Sec. 25 not-for-profit company that the Core Group has decided to register. This company will “own” Tech Team operations from October 2012, after Icco’s very generous start-up support ends.

For the Core Group to finalise the Memorandum & Articles of Association, we need to discuss 5 sets of issues:

- What will be the function of the Tech Team, post-2012? Will they continue to facilitate, handhold and assist grassroots NGOs develop pro-poor CDM Projects? How much will they charge and who will pay?
- Will they write monitoring reports and assist in verification and issuance? How much will they charge?
- Can the FCN continue as an independent, open and welcoming Network after the Company is registered? Will not Shareholders and Directors become first amongst equals?
- If we still agree to contribute 1% of Carbon revenue to the FCN, it has to be to the Company since the Network cannot even open a bank account. Can we instead work out a system of pledges and direct assistance to one another?
- Can we keep the FCN and the Company separate and connected?

Then follow practical decisions on the name for the Company, and who will be the Shareholders and Directors.

Tomorrow morning, we will start with preparations for CoP16 at Cancun.

Many of you will be in Cancun *vide* various invitations, wearing different hats. The LCF Coalition has booked a side event in the main venue and it would be great if all who are there could join them. I’ll stay glued to my TV and blog sites, and look forward to phone calls from Mexico asking me to explain what’s happening over there.

But more immediately, I look forward to Nafisa D’Souza’s session with great expectations! I truly believe that the time has come for the Fair Climate Network to assert many viewpoints and positions. We have an hour to articulate these. As Richie Ahuja, that American from North India would say, “*We need to get all our ducks in a row*”.

After that, we will discuss my proposal to develop an FCN Standard to certify community ownership and carbon revenue sharing in CDM Projects, *as an addition to CDM and Gold Standard*.

I wouldn't be too concerned as to whether our Standard immediately gets market recognition and shoots up the price of CERs and VERs. We should concern ourselves with continuing conformity to values and principles that have evolved through decades of grassroots involvement, now articulated in the Carbon and climate change context by this Network.

On the one hand, the term *Community* is used as a cliché or catch phrase in CDM. Lip service is paid to End Users being stakeholders. The quality of indicators to gauge their involvement, and even the extent to which they are informed, is shockingly pathetic. Project Proponent intimacy with communities is viewed as an add-on of sorts; a minor prerequisite that could be dispensed with if need be.

On the other hand, NGO proximity to communities, community participation and community ownership are not easy to maintain. We see before us that the milieu has changed in the past decade. A false individualism, based on principles of an amoral *laissez faire*, has come to be the dominant ideology of even the rural poor. When the dominant wisdom claims with disdain that "*Everyone's property is nobody's property*", reliance is placed on impersonal systems that pretend to foresee every eventuality and aim at technical perfection. The Dollar becomes the bottom line, and an expectation of profit supposedly stimulates unquestioned compliance.

With a disappearance of faith in joint responsibility, efforts to promote community actions are on the wane. This is frequently reinforced by NGO programme choice, design, and a mad scramble to "*do something useful, provided resources are available*". That individual identities are shaped and maintained by the community, especially for a section who were not born with a silver spoon, is glossed over.

CDM and carbon resources are seen to be a perfect fit for the application of obsolete management systems based on an archaic logic. The argument goes that large sums of money need to be managed in a commercial setting where the chief concern is Volumes and Deliveries – i.e. the timely issuance of CERs and handing them over to Carbon Investors. Concurrently, End Users will receive an uninterrupted benefit.

The business logic behind this arrangement is presumed to be powerful enough to ensure conformity. As long as the technology can be implemented, maintained and CER generation monitored, it will work. The panacea is seen in the technology itself, as if fuel efficient woodstoves that emit 32% less smoke are a gateway to paradise.

Two anomalies glare me in the face:

1. The rural poor are not an urban middle class who, with some grumbling, will tolerate fluctuations in energy prices for as long as services are efficient and uninterrupted.
2. Energy is NOT compartmentalised and commoditised in their paradigm. It is NOT a goods and service. It is an integral part of their daily lives and total lifestyle. Problems that crop up are not viewed as hiccups in the supply chain of goods and services.

Where such commoditisation has taken place and individuals accept frontier capitalism, the above described business logic and arrangement could work. Efficient systems and

quick response time is all that they expect from the CDM Project. But with another section, it will not.

The philosophical and theoretical framework on which the survival strategies of the vast majority of the poor rests are not based is not Aristotelian logic or even our own version, the *Tarkashastra*. Business logic is alien, suspect, and seen to be short-lived, lasting for as long as the effort of the inductor is alive. An informed capitalism recognises this as a rejection of dated management practices; as a nuanced understanding of the fact that Capitalism does not have the mechanism to provide public good.

For maintenance and monitoring to work for this majority, planned efforts have to be made to integrate technologies into the community's total lifestyle and daily living. Existing traditions have to be enriched with the addition of the new technology.

To do this, properly selected Effects and Impact of the CDM Project (ease of living, higher income, improved health, dignity, *et al*) have to be made a genuine and irreversible reality of their lives. And to do that, our emphasis should NOT be on Biogas or Woodstoves, but on realising Effects and Impacts as the throes and throb of active community participation. Only then will they truly believe that benefits will last.

This is my *raison d'être* for proposing that the Fair Climate Network develops a Standard of it's own. Mine is an unshakeable belief that frontier business logic cannot be blindly exported to the rural environment. Community owned and managed initiatives of state-of-the-art systems are *more pertinent, more efficient and more reliable* than the so called management practices of a factory efficient executive.

This is why I have resisted, tooth and nail, moves at a senseless application of ICT and the automated monitoring of biogas projects. The argument that communities may not be as strong as at Bagepalli does not hold water. It is our job then, *as an integral part of CDM development*, to build strong communities – as many here present have successfully demonstrated.

We have the power and the resources to snub our noses and scoff at the mainstream. Let us not forget that we are the only body, with the only proven strategy, to develop broad based mitigation projects that truly meet the letter and spirit of Kyoto.

These are sentiments that an ever expanding and better informed non-compliance market recognises and cherishes. This should quell the concerns of my market focussed friends.

Post lunch, the Context team will lead a discussion on the role of social entrepreneurs. 20 months back I had shared the outline of a Business Plan which suggested the broad principles within which Carbon Investors could operate.

For the rest, these are bilateral arrangements between Project Proponents and Investors. Neither can we take responsibility for volumes and deliveries, nor is it healthy to interfere, in spite of the fact that I was actively involved in 5 such negotiations.

Since Fons van der Velden has far more in mind than merely investing capital and reaping revenue, I do not have to say:

*“Take then thy bond, take thou thy pound of flesh;  
But, in the cutting it, if thou dost shed a drop of blood...”*

On a more serious note, I would like to share a thought on the development of a marketing strategy.

Climate Change concerns in the North and in the South are not the same. We frame the issues differently. Cop-out mechanisms offered to big emitters by the Marrakesh Accord offends the sensibility of people in the North, and they argue for real cuts in GHG emission through a change in lifestyle.

We in the South are sensitive to this. As I have repeatedly stated, there's a special place reserved in hell for people like me who project our poor, with their (euphemistic) negative footprints, as emitters of GHG, just in order to obtain carbon revenues through CDM.

Our primary concern in the South is no longer with arguments of historic contribution to GHG concentrations. Many of us have moved on. Nor are all of us purists who harp on low discount rates and whether the social cost of carbon is € 50 or € 2,000 per tCO<sub>2</sub>-e

It is now the gross misuse of CDM and outright abuse of Additionality that worries us. We see non-Annex I countries being so labelled precisely because of the low emitting lifestyles of three-quarter their population, while the other quarter wallows in energy at levels equal to the North. And yet, CDM becomes a mechanism for them to overreach their decadent consumption with a vulgarity that surpasses opulence.

These are related concerns, even if framed differently. If a social entrepreneur could develop an effective strategy to bridge the two, I am certain there will be a positive market response.

no2co2 is an unique organisation operating largely from out of Mumbai. They have developed a strategy to reach out to the non-compliance market in India and would like to invest in pro-poor CDM Projects developed by our Network.

This is an effort that is particularly close to all our hearts. It is especially heartening that, like Context International, they place a value in being FCN Members first and Carbon Investors next.

And finally, just as we did in March 2009, it will be time to make commitments. Each of us can state what we have learnt/received, and what we would do immediately after this meeting. These could be to take pipeline projects to fruition, concrete measures that initiate the process, make pre-CDM assessments, train your Staff and primary stakeholder, or whatever.

My co-convenor and close personal friend, Gert de Gans, who gave us the moral support and enthusiasm to initiate the Fair Climate Network, has asked me to convey this message:

*"Please pass on my very warm greetings to all participants. The meetings of FCN are very important. A new international development paradigm is emerging. Thanks to you, Ram, and to all the others".*

Thank you!