

# The FCN Business Plan

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## 1. Preamble

The Fair Climate Network (FCN) is engaged in the business of implementing Climate Mitigation Projects across India in order to reward the poor for not emitting greenhouse gases and adapt to adverse effects of climate change. FCN does so through its holding company, the Fair Climate Services Pvt Ltd (FCS)<sup>1</sup>, in business collaboration with grassroots NGOs/CBOs (hereinafter referred to as Client NGOs) and End User families.

We understand Business as sets of activities that produce concrete, measured, verified and time bound Results. These Results are Money *Plus*.<sup>2</sup>

- During the business collaboration (ERPA period) the entire carbon revenues goes to End Users for implementing and maintaining the technology.
- Once the Carbon Investor has been repaid, revenue proceeds from the sale of CERs/VERs generated through the continued use of the technology are shared between Client NGOs and End Users in ratios committed to in their respective Carbon Revenue Sharing Agreements.
- Though non-monetary Outcomes may take time to realise, concrete activity processes have to be planned, implemented and a timeline still needs to be projected.

The principle parties who engage with each other are the Fair Climate Network, Grassroots NGOs/CBOs in whose name Climate Projects are registered, and End Users and their families (herein, and for a temporary period, represented by the implementing organisation).

Clients in this business, Carbon Investors, occupy a unique position since they do not just “buy” a product; they are fully involved in the planning, implementation and delivery stages.

## 2. FCN Business Plan

Addressing climate change offers an opportunity to provide a unique environmental service that only we can deliver. The business sector is not well suited to engage with the last mile needs to implement Climate Projects. The key characteristics of the FCN business plan is that it is collaborative, exponential, digital and combinatorial – vital ingredients for the success of any Start-up in today’s business environment.

### 2.1. Collaborative

Multiple stakeholders, driven by their own business interests, have successfully collaborated in the Fair Climate Network for over 8 years to demonstrate that the Poor are a part of the solution to address negative impacts of climate change.

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<sup>1</sup> Being an open and welcoming network of climate activists and grassroots NGOs, FCN has no statutory recognition. Therefore the need for a holding company, FCS Pvt Ltd, to operate bank accounts, employ staff, make investments, own property, enter into legally binding contracts with third parties, etc..

<sup>2</sup> These include health, income and biodiversity effects, as well as general socioeconomic and environmental improvement in villages. Econometrics allows us to monetise such impacts and show them as tangible and substantial. E.g. State investment in education have a *Plus* benefit that can be monetised decades later, when a skilled population attracts industry, creates employment and expands the market.

26 Client NGOs have developed 38 Climate Projects that reach out to 366,000 End User families to make an annual reduction of 855,000 tCO<sub>2-e</sub>. 9 of these are currently being implemented.

## 2.1. Exponential

An ever increasing global concern over climate change has made it a business imperative for corporates in non-Annex<sup>3</sup> countries to make a positive contribution to maintaining climate integrity, in spite of not having to meet any compliance target or industry quota.

While national governments work at all levels to find ways to address climate change, the private sector is already on the move. For the business sector, a global market base means that addressing climate change is no longer a luxury or a cost, but a business imperative that offers comparative and competitive advantage.

The number of corporates with a climate consciousness is steadily rising. Situated in a fast growing economy, (Scope 3) emissions<sup>4</sup> of each individual corporate is also on the increase. Thereby an exponential growth in demand for high quality CERs/VERs propelled by a need to demonstrate Corporate Climate Responsibility.

## 2.2. Digital

FCN Members have successfully demonstrated, for over a decade, that digitization enables them to implement and monitor Climate Projects in thousands of diverse locales covering hundreds of square kilometres. All third party verifications conducted thus far corroborate this claim as accurate, real, measured and additional.

Digital monitoring of implementation and CER/VER generation is continually being improved by the network effect – i.e. feedback from the actual users of Tristle® Monitoring Solution. Over time, this will involve not just field staff but also End Users.

## 2.4. Combinatorial

The adverse effects of climate change are not confined to any single facet of human life. The impact is more acutely felt by people who do not have the wherewithal to “adjust” to changes in weather patterns and chain reactions that follow. Climate change triggers “tripping effects”. When the natural environment of a people is suddenly altered, a plethora of negative consequences follow. Coping mechanisms that daughters imbibed from mothers and grandmothers to deal with male cruelty in patriarchal homes become obsolete; rural women who are not able to find firewood and water to cook on time face increased domestic violence in patriarchal society.

Climate change has a propensity to negatively impact certain geographies (low lying islands, drought prone regions, and other precarious ecosystems), and those whose livelihood is already at a subsistence level (250 million small and marginal farmer families who constitute 21% of world population). Survival strategies of poor peasants to subsist in caste-class dominance become out-

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<sup>3</sup> Developing countries whose Carbon footprint is below the threshold of 2 tCO<sub>2-e</sub> per person per annum and therefore have no obligation to reduce emissions under the Kyoto Protocol.

<sup>4</sup> GHG emissions by business enterprises fall under 3 categories:

Scope 1 : Direct GHG emissions from sources that are owned or controlled by the entity – fossil fuels burned on site, vehicles, and other direct sources.

Scope 2 : Indirect GHG emissions from generation of electricity, heating and cooling, steam generated off site but purchased, and transmission and distribution (T&D) losses.

Scope 3 : Indirect GHG emissions from sources not owned or directly controlled – employee travel/commuting, solid waste disposal and wastewater treatment, emissions from leased space, vendor supply chains, outsourced activities, site remediation activities and T&D losses.

dated; continuous drought forces large scale abandonment of village life and drives a desperate population straight into the influence of unsavoury elements.

It is natural that vulnerable populations perceive the *Adaptation* aspect of climate action as more immediate than *Mitigation*. More than any cerebral motivation, this is what drives them to vigorously participate in well planned and executed Climate Projects.

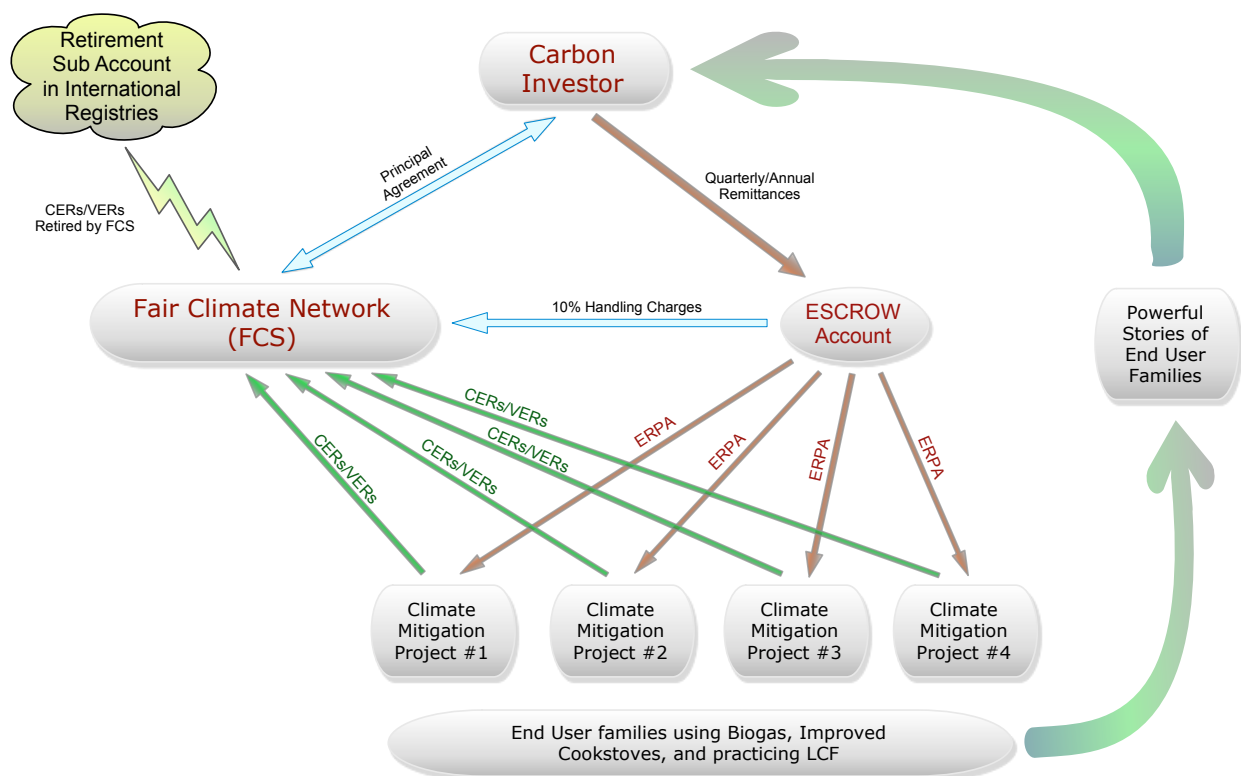
Addressing multifarious consequences needs not just individual Climate technologies that contribute to a carbon neutral environment. It also needs a convergence of technologies, with cutting edge science.

Survival strategies developed by the poor address arduous life processes that comprise several facets – a delicate power balance in village society that deals with socioeconomic manifestations of disparity and discrimination, gendered positions in ascribed family structures, *et al.* Wretchedness caused by climate change is just one more curse that adds to their misery.

“Pure” climate technologies cannot meet these problems when viewed in abstract isolation. Over the years, development NGOs have developed different technologies to empower women, support the girl child, hone survival strategies into viable ventures, etc. Simultaneously, CBOs have developed strategies to foster unity, overcome fatalism and apathy, and create countervailing social institutions to tackle traditional formations that place them at disadvantage.

These two different types of technologies – Climate Mitigation/Adaptation and Sociopolitical – need to be ingeniously intertwined to become combinatorial.<sup>5</sup>

## 2.5. The Model



<sup>5</sup> Some non Climate examples of such a mix and match are:

Cervical cancer cannot be treated with just a medical breakthrough in early detection and simple medication; it also requires the empowerment of women to come out and speak unabashedly about their bodies. So too with putting the girl child through schooling and pushing up marriage age way above the statutory minimum.

## 2.6. Business Processes

1. FCN and Carbon Investors enter into Principle Agreements that define both parties' obligations, choice of technology, geographic preference, broad financial commitment and expected deliveries.
  - Yet-to-be-generated CERs/VERs can be supplied *only* at the actual-cost-of-generation. This includes implementing/installing the technology, repair, maintenance, monitoring, verification and issuance.
  - There will be no mid term pull out on the commitment during the ERPA period, unless due to extenuating circumstances spelt out in the Principle Agreement. CERs/VERs cannot be generated through a "build and forget" approach.
2. FCN then enters into Emission Reduction Purchase Agreements (ERPA's) with Project Proponents to determine price and payment, project operation, monitoring, verification and certification, information, inspection, delivery, events of default, remedies, and termination.
  - In consultation with the Carbon Investor, specific projects are chosen and FCN enters into ERPA's with Client NGOs. Each ERPA is supported by a back-to-back Coextensive Agreement between the Carbon Investor and FCN.
  - FCN and Client NGOs work out this actual-cost-of-generation in a totally open<sup>6</sup> and transparent<sup>7</sup> manner. There will be no arbitrary reduction/increase in the cost of CERs/VERs, based on carbon market fluctuations.
  - Only direct costs of the Climate Project are covered – i.e. not costs pertaining to the general work of the NGOs.
3. Based on the schedule of payments and deliveries, FCN makes monthly/quarterly payments to Project Proponents to implement the technologies and generate CERs/VERs, following a "pay for performance" principle.
  - The Carbon Investor remits moneys to FCN on a quarterly/half yearly basis, as projected in the Coextensive Agreement.
  - Following a "pay for performance" principle, FCN closely monitors investments and returns, and releases moneys to Client NGOs on a monthly/quarterly basis.
  - FCN charges a 10% Handling Fee to oversee utilisation of funds, proper implementation and generation of CERs/VERs, on the basis on actual transfers made to Client NGOs.<sup>8</sup>
4. Project Proponents roll out the technologies in strict adherence to implementation plans spelt out in their respective PDD's and ERPA's – this entails construction/installation, repair, maintenance, monitoring of usage, third party verification by accredited DOEs and issuance into the UNFCCC/GS Registry.
5. Project Proponents hand over verified CERs/VERs to the holding account of FCN with the UNFCCC/GS for the duration of the ERPA, or till agreed upon volumes are fully delivered. FCN retires these CERs/VERs and transfers them to the accounts of the Carbon Investors in the Retirement Registry.

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<sup>6</sup> "open" = constructive suggestions from all quarters are welcome.

<sup>7</sup> "transparent" = all the principle parties (End User families, Client NGOs/project proponents, FCN and Carbon Investors) are fully aware of the numbers.

<sup>8</sup> FCN reserves the right to make some payments directly to suppliers and stakeholders and debit these to the Project Proponents In order to take (price and quality) advantage of scale and/or increase efficiency.

## 3. Investments

### 3.1. Finance Capital

Even at the per input level, the rural poor cannot afford to implement seemingly inexpensive technologies like domestic biogas, fuel efficient woodstoves, water filtration, etc. When in response to a global phenomenon like climate change, scale is imperative. The collaborative and combinatorial business plan we propose, involving hundreds of thousands of End User families, requires upfront cash investment.

The financial model to realise this business plan is to sell yet-to-be-generated CERs/VERs even before the technologies are constructed/installed. Moreover, the actual delivery of CERs/VERs depends on a daily monitoring of usage. Therefore investments need to cover repair, maintenance and monitoring over a longer period, way beyond construction/installation. Climate actions cannot follow the usual “build and forget” approach of charity.

Both considerations, taken together, implies that covering anything less than the actual-cost-of-generation (i.e. construction/installation, repair, maintenance and monitoring) is counterproductive.

In effect, during the ERPA period, the entire carbon revenue goes to End Users, directly and indirectly, for implementing and maintaining the technology.<sup>9</sup> After the ERPA commitment is fully met, all further CERs/VERs that are generated belong to Project Proponents, to be shared with End Users in ratios committed to in their respective Carbon Revenue Sharing Agreements.

Meticulous financial projections are made by stakeholders, based on current costs and prices, in a totally open and transparent manner. These are not "budgets" in the traditional sense of the term; they are estimates of how much capital will be required.

The market mechanism of the FCN kicks into action and presents these financials to corporate investors who do not want to procure questionable Offsets from the carbon market. They want the co-benefits of powerful stories behind their generation, third party impact assessments on health, income and biodiversity, etc. that only a community owned and managed Climate project can offer. This is due to their dual concern to *reduce* a part of their (Scope 3) emissions and, at the same time, *demonstrate* their commitment to maintaining climate integrity.

On the surface, the model appears to not be market based; that it requires a benign market where corporates are willing to buy overpriced Carbon credits. This is not true. Even a cursory look at the compliance and voluntary markets reveals that CER and VER prices have held way above their cost-of-generation.<sup>10</sup> Informed sources predict that reasonably high prices will return. What pro-poor Climate Projects cannot tolerate is *fluctuations* in the market price of carbon credits.

### 3.2. Human Capital

New age business will succeed only with the active and continuing contribution of a large and informed human infrastructure with shared aspirations and shared ambitions. This pool of persons comprises both, secondary stakeholders (project delivery personnel) as well as primary stakeholders (End Users and their families).

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<sup>9</sup> 65% of the ERPA investment goes towards construction/installation, 3% on repair and maintenance, 17% on field staff, 1% on field travel, 4% on verification, and 10% on FCN handling charges to oversee implementation, monitoring, deliveries, aggregation and marketing.

<sup>10</sup> A commercial Carbon Investor has multiplied his investment by nearly 3 times in an 8-9 year period through an ERPA signed with an FCN Member in 2006.

## Climate Teams

Climate Team members in individual Client NGOs, as well as across the board, need to share a common sense of Purpose, take ownership of the total effort, and be excited with the same enthusiasm, even if to different degrees. This can happen only in empowered groups that think, question, learn and imagine. In such an environment, worker output will dramatically increase through Ideation – the hands-on process by which the actual implementers discover novel ways to propagate and scale up a technology.

It just cannot happen in a subservient lot of “jobbers” who are given rigid instructions as to what they should do, even if these directives are disguised as responsibilities. Contrary to out-dated text book management, obedience is not a virtue and mindless execution of repetitive tasks is counter-productive.

Conventional management also speaks of team-building through games and exercises. This is totally misleading. Teams are Impact Indicators; they are the Result of a healthy working environment. Impacts and Indicators are not created; they happen. Teams are social groupings in the workplace, produced when self motivated groups of workers support each other to accomplish common and shared objectives with greater efficiency and effectiveness – i.e. in less time, with less cost, better quality, and higher probability to achieve the desired impact.

A 2 pronged effort is required to create the human infrastructure for Climate Projects:

1. Empowerment of field staff by investing in their personal development.
2. De-schooling middle level management.

Many field staff in Client NGOs are young people who, perhaps due to their own fault, have not taken their schooling very seriously. A rigorous self-discipline needs to be inculcated by them to obtain the modern day equivalent of the 3 R's – Surfing, Emailing and Excel. General knowledge will improve, and dogmatic interpretations that try to “protect the past against the future” will give way to rational thinking.

This is a vital prerequisite to develop the broad pattern framework within which to place everyday happenings and make sense of today's world. By imparting these conceptual and practical skills, field staff will discover their role and contribution, and execute them with greater vigour.

Middle management needs to be de-schooled to discard out-dated control mechanisms that presume that all workers are lazy, dishonest and thieves, and therefore need to be supervised. So-called “check and control” mechanisms, that in reality act as “drags” on performance, need to be discarded. Bureaucratic practices that replace verified ground level results with paper trails and documentation need to be thrown out.

Instead, they should “manage” learning. Their role should be supportive to build self confidence. They should encourage and accompany. Staff empowerment and growth should be viewed as an investment; not a threat to internal hierarchies. Lateral movement by staff into different inter-related activities of the NGO they work in, and even across Client NGOs to learn and share experiential learning, should be encouraged.

This is not *carte blanche* for licentious behaviour. Self governing groups will weed out thieves, liars and those who shirk work.

## End Users

End Users are not “beneficiaries”. This is not just a change in nomenclature. They are not recipients of anybody's gratis. They engage in a core business that is the very foundation of the FCN Business Plan. They produce the commodity which we offer as unique in the market. Over time, End Users will feed into the system to create what business economists call a Network Effect.

### 3.3. Organisational Capital

Most development work is driven by passion, a strong affinity to the poor, and a penchant for quality. Unlike charity, the emphasis is not on the Giver. Development work is not philanthropy. It leads, *de facto*, to empowerment even when that is not an articulated objective.

But at the same time, development organisations are weak in organisation and management. Most NGOs start with the bare minimum structure and procedures that are statutorily prescribed. As time passes, with external inputs from their respective donors, a wide range of *ad hoc* systems and procedures are added on, till the pertinence of this hopscotch setup is impossible to decipher. The larger and more established the NGO, the greater the bureaucracy and more senseless its purpose.

Market based Climate Projects are business activities. Business demands totally different systems and procedures to manage and keep track of investments, returns, and worker productivity. New age business demands the trimming of even these practices. Even the management of investments is relooked at. "Spending" is replaced by *investment* and "Budgets" with *forecasts*. Invoices and centrally managed stock registers are discarded. Workers are given a free hand, not for any altruistic reason, but to invest in the manner they deem fit. It recognises that the productive capacity of workers can be unleashed only when it is unchained from procedure and regulations. New workflow processes are adopted and thrown out in rapid succession, as and when more efficient ones are discovered. Performance is measured and rewarded.

Repetitive tasks, both cognitive and manual, are digitised and a large number of 9-5 jobbers lose their jobs. Bureaucracy is replaced with systems that are readily recognised as pertinent. Compliance by staff is not because it is enforced, but because it is sensible. Hierarchy is minimised to flat organisations where pretentious subservience is conspicuously absent. Creativity, brazen behaviour and even borderline impertinence is tolerated, even encouraged.

This FCN Business Plan does not advocate throwing out the baby with the bathwater. In spite of externally imposed systems, the assembling of development workers creates a cohesive grouping with shared values which we call organisational culture. Actual day to day practices often transcend the dictates of systems and procedures. We only suggest that the pertinence of every current NGO practice be questioned, and the obsolete discarded.

NGOs that have done so for the past decade and more discovered that they were the ones to portend many new age business practices that have today become industry standards. Especially ones that bet on openness, exception-free transparency, worker self-respect, self actualisation, and flat organisations with zero bureaucracy and minimal hierarchy. This promotes a sense of belonging and happening which, in turn, decreases attrition.

These NGOs perceived the "business angle" in every single activity they undertook and implicitly committed themselves to deliver Results to their "customers"; be these protection for oppressed people from caste and class tyranny, making petty businesses succeed, improving cultivation practices, delivering reproductive health services, schooling the girl child, or whatever. These farsighted NGOs refused to be complacent till they could measure, verify and attribute Results. They got into a Data & Systems Driven Development mode at about the same time as a handful of visionary Outliers in the business sector.

Client NGOs now need to articulate relevant systems and procedures that promote their business interest and unabashedly declare them without apology. Systems that empower field staff and increase productivity; those that recognise the vital contribution of End Users. Procedures that do not act as a "drag" on performance.

For most Client NGOs, it requires just a deep and enlightened breath of determination, with facilitation and handholding from other FCN Members, to undertake measures that promote

empowerment, introduce zero bureaucracy and minimal hierarchy. Collectively we can present to the world a model workplace where creativity is encouraged, productivity increased, performance rewarded, and targets exceeded.

### 3.4. Social Capital

Every single Client NGO has a demonstrated staying power. They have worked with the rural poor in their respective regions for 20-30 years, weathering many storms. Most of them have similar goals and objectives – empowerment of the poor to improve their lives – even if the activities *per se* differ due to regional variation and availability of resources. Over the years, all of them have developed a relationship with the communities they work with. They have a reputation in the region, not just with the rural poor, but with the population at large.

Before registering Climate Projects, they chose technologies that would add a layer to their regular work with communities. Nevertheless, there are fundamental differences between the type of work they hitherto did (and presumably will continue doing), and the Climate Project they embark upon. This document has tried to articulate these areas of difference and commonality between traditional development work and a business approach.

It would be a shame if Client NGOs conclude that differences cannot be reconciled and therefore compartmentalise their regular work and departmentalise the Climate Project. Because both would be losers in such a non-integrated approach. The Climate Project would lose out on the wealth of social capital that the NGO has accumulated, and regular NGO work will fail to benefit from new age management and a Data & Systems Driven Development approach.

Apart from obvious physical benefits like strong contacts ensuring the supply of high quality material at the least price, etc. social capital is needed to promote ownership and organise End User families into village and regional formations that can repair, maintain, monitor, and eventually manage the Climate Projects by themselves.

Social capital is needed for one more reason. Delineation of the exact location where the Climate Project will be implemented, selection of villages, and criterion for selection of End User families is the sole responsibility of the Client NGO. Most NGOs have a strong presence only in their core villages. Climate Projects, by definition, require a much larger scale of operation. It is the NGO's reputation and credibility which will permit them to operate outside their core villages.

### 3.5. Technology Capital

In the early days, each pro-poor Climate technology that addressed adaptation needs of rural communities started on a blank slate, with a wild idea. Over the years, several standardised technologies were identified and methodologies developed under CDM and other international Standards. Those painstaking efforts by the pioneers today offer several proven technologies like domestic biogas, fuel efficient woodstoves, solar lighting and cooking, drinking water purification, etc. to meet the energy needs of the rural population.<sup>11</sup> They alleviate hardships faced by rural communities due to changing weather patterns and, at the same time, reduce GHG emissions.

Implementation technologies were simultaneously developed by the early practitioners. Looking over the shoulders of the first ones to implement Climate Projects, detailed activity processes comprising jobs and task were captured by Tristle® Monitoring Solutions. Today, secondary stakeholders are sequentially guided, step by step, start to finish, on how to register and implement Climate Projects.

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<sup>11</sup> Right now, the FCN is trailing the blaze in developing a methodology for Low Carbon Farming whereby small and marginal farmers prove that Sustainable Agriculture makes significant reductions to GHG emissions.



The idea of a paperless office goes beyond saving the environment by reducing the felling of trees. Humungous volumes of information is converted into digital data and analysed in a nanosecond.<sup>12</sup> Decisions taken by stakeholders at all levels –Case Workers to NGO leadership– is based on hard facts. Dependence on intuitive and off-the-cuff responses, often disguised as political decisions, is reduced.

Information pertaining to particular End User families and villages fed into digital systems is instantly aggregated and analysed to provide real-time Online Reports that secondary stakeholders use to better understand their progress. No collated information is entered at a higher level, to artificially demonstrate performance. Tristle Technologies® have fine tuned these Reports to serve the practical day to day information needs of field staff. The very same Reports are globally available at the click of a button, increasing transparency and inviting comment. Authentic measurement and verification is possible without any showcasing of fudged numbers.

Digitization needs the network effect to kick in – i.e. actual users feed large volumes of data. The more the data, the better the software performs. A software programme is only an instruction given to a machine. The more the data, the better the mean and average.

The performance of a Case Worker, for example, needs a common standard to be compared against. She cannot be judged against a whimsical and arbitrary target set by the NGO leadership. So too when making timeline analysis, ranking the prevalence of problems, average time taken to fix them, understanding seasonal fluctuations and attributing them to internal and external factors, etc.

Neither can Case Workers be objective to self-assess their own performance. From the bottom of the pyramid, it is satisfied End Users who build the success of the business as a whole. End User women need to continually rate their satisfaction level, and software solutions have to capture these feedbacks. Quick and responsive iterations of the Tristle® Monitoring Solutions allow these network efforts to play.

Digital tools make it possible to undertake Climate Projects in vast expanses covering thousands of End Users in several hundred square kilometres, at different project sites spread across India.

### 3.6. Infrastructure Capital

The deployment of technology demands a commensurate infrastructure. Client NGOs need office space with broadband Internet, connectivity in the field, hardware, etc. What is often overlooked is that field staff need a place to roost when they return from the villages at all times of the day and night.

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<sup>12</sup> Studies reveal that the compilation of 25,000 family demographic survey forms, for example, into 3-4 major categories and then dividing each lot into another 3-4 sub-categories will take an average worker a full career to complete!

## 4. Stakeholders

STAKEHOLDER	BUSINESS INTEREST
1. End Users (predominantly women) and their families	<ul style="list-style-type: none"> <li>Own and actually use the technology to generate CERs/VERs that are the tangible/fungible products of the business.</li> </ul>
2. Case Workers (at each Client NGO)	<ul style="list-style-type: none"> <li>Technical execution of activity processes to implement the technology.</li> <li>Direct contact and personal rapport with End Users to construct/ install, repair, maintain, and monitor on an everyday basis.</li> </ul>
3. FCN Facilitators	<ul style="list-style-type: none"> <li>Introduce appropriate business practices, systems and procedures through everyday accompaniment and being constantly available.</li> <li>Protect FCN investment by providing feedback on all Project related matters.</li> </ul>
4. Desk Workers (at each Client NGO)	<ul style="list-style-type: none"> <li>Assume financial responsibility of the project by maintaining books of accounts in real time using Transact 2009® linked to the Tristle® Monitoring Solution.</li> <li>Ensure data integrity, minimal down time, and 24x7 information availability.</li> </ul>
5. Coordinators (at each Client NGO)	<ul style="list-style-type: none"> <li>Assume overall responsibility to meet ERPA targets and delivery schedules.</li> <li>Support Case Workers in their pathway to personal development and increased productivity.</li> <li>Promote a sense of ownership in End User families and prepare to transfer project management to Producer Companies.</li> </ul>
6. FCN Projects Managers	<ul style="list-style-type: none"> <li>Keep an oversight on performance targets of the Climate Projects and provide regular updates to FCN and Carbon Investors.</li> <li>Encourage all stakeholders to see the bigger picture, identify themselves with and contribute to the overall FCN Business Plan at the all India effort.</li> </ul>
7. Client NGO Leadership	<ul style="list-style-type: none"> <li>Assume financial and statutory obligations, especially with regard to investments and scheduled deliveries.</li> <li>Percolate a Results Oriented Management culture and Data &amp; Systems Driven Development approach into the entire NGO; make a transition from dated social work to the delivery of measured and verified Results.</li> </ul>
8. Fair Climate Network	<ul style="list-style-type: none"> <li>Set up and manage a marketing arrangement for valuable CERs/VERs generated by pro-poor Climate Projects.</li> <li>Coordinate efforts into a cohesive whole; represent the total effort, improve aggregation, stay attuned to and expand the market.</li> </ul>
9. Carbon Investors	<ul style="list-style-type: none"> <li>Use Carbon Offsets, powerful stories that accompany them, and third party studies that demonstrate a wider impact to achieve their Zero Carbon goals.</li> </ul>

## 5. Rules of Engagement

Being rural development NGOs and Community Based Organisations, Business is a greenfield area for many, in spite of excellent track records vis-à-vis execution and service delivery. Moreover, environmental services are a brand new sector in the market economy. Furthermore, several businesses operating in a collaborative and inter-dependent arrangement, each hostage to the success of the other, is rare. Therefore these Rules of Engagement to abundantly clarify roles and responsibilities.

The fourth compelling argument is to achieve a standard uniformity in all Client NGOs. This will permit lateral movement of ideas and personnel, and promote branding.

The elaborate FCN Business Plan that preceded this section is to abundantly clarify the *raison d'être* for the Rules of Engagement that follow, by arriving at an overall framework within which to contextualise efforts. Without a thought through agreement between collaborating partners, arrangements we get into will be fallacious and opportunistic.

Rules of Engagement are not written in stone. When the overall context changes, they too have to be modified. Based on experience, and as time goes by, they will be discussed and amended through mutual agreement. However, this is subject to two caveats. Firstly, our respective business interests will not be compromised, nor investments put at risk. Secondly, we agree not to make frequent and frivolous changes based on ideological positions.

### 5.1. Roles & Responsibilities

#### 5.1.1. End-Users

- Indicate willingness to participate in the Climate Project by excavating pits to construct Biogas units, destroying traditional chullas, etc.
- Be responsible for material supplied, satisfy themselves on price and quality, safeguard against pilferage and wastage.
- Provide family labour to assist masons/technicians during construction/installation, and offer basic amenities.
- Be in constant contact with Case Workers and contribute to developing repair, maintenance and monitoring systems to ensure that the technology works optimally for the entire Project life – 21 years for Biogas, 10 years for fuel efficient Woodstoves, etc.

#### 5.1.2. Case Workers

- Select End Users in their allotted villages, develop a personal rapport to explain that Climate Projects are for the long haul, and follow self-set targets to implement the technology.
- Immediately on selecting an End User, record family demographic details and photographs into the Tristle® Monitoring Solution; on commencing work, take GPS readings, and record all processes in the Tristle® Monitoring Solution.
- Identify suppliers, negotiate price and quality, and place the information before the Coordinator for final approval.
- Transport/receive the material, "book" masons/technicians by paying advances, and supervise quality.
- Post implementation, operate a repair, maintenance and monitoring system with active End User participation.
- Along with other NGO Staff, organise functional groups at the village level that will be federated into a Producer Company.

- Take time to reflect and glean learning from analytical and comparative Online Reports.
- Suggest unique experiences that Coordinators can use to develop case histories that show the powerful stories behind generation of valuable CERs/VERs.
- Invest on personal development, keep constantly informed on developments at other Client NGOs and the FCN as a whole; stay open to calls for lateral movement and avail opportunities to share experiential learning with others.

### 5.1.3. FCN Facilitators

- Spend a minimum of 15 days every month in Client NGOs allotted to them, and provide day to day guidance to Case Workers, Desk Workers and Coordinators on the nuts and bolts of Project implementation – identifying End Users, negotiating with suppliers, managing masons/ technicians, etc.
- Assist in demystifying the Tristle® Monitoring Solution and provide feedback on software bugs and suggestions for improvement.
- Handhold Case Workers and assist them to acquire technical as well as attitudinal skills and capabilities that contribute to efficient systems which increase worker productivity.
- Encourage Case Workers to invest on their personal development – think, question and learn; assist in developing self organising learning environments (SOLEs).
- Inculcate critical thinking and ideation so that Case Workers may propagate the technology with an ever increasing efficiency, at an exponential rate, maintaining high quality.
- Help Case Workers place their efforts in a larger framework that provides a common Vision and shared sense of Purpose which runs through all FCN efforts throughout India.
- Provide a daily feedback to FCN Projects Managers.
- Spend a minimum of 10 days at the FCN headquarters to rest, recuperate, update on latest developments and new initiatives, and upgrade their own skills and knowledge.

### 5.1.4. Desk Workers

#### *Financial Responsibilities*

- Maintain books of accounts in real time using Transact 2009® linked to the Tristle® Monitoring Solution, with bare minimum paper work that is absolutely essential to meet statutory requirements, financial audit and DOE verification; follow suggestions on financial procedures and protocols prescribed by the FCN Finance Manager in this regard.
- Treat every single expenditure as an *Investment* as opposed to *Spending*; make a transition from conventional social work based budget realisation.
- Follow a fixed timetable to visit construction sites with Case Workers, check quantity/quality of material supplied and make spot payments in cash, at the project sites
- Provide petty cash to Case Workers and ensure that there are no delays in implementation, repair and maintenance; "book" masons/technicians by paying advances.
- Maintain an inventory *only* of bulk purchased hardware.
- Fulfil all statutory obligations; arrange for annual audit, periodic inspection by FCN and Carbon Investors, and send Transact 2009® generated financial reports to FCN on a regular basis.

#### *IT Responsibilities*

- Ensure a steady and constant internet connectivity, maintain the hardware and software, follow a stringent backup regime, liaise with Tristle Technologies®, report bugs, offer feedback, and keep the Tristle® Monitoring Solution updated.

- Train and familiarise Case Workers on using the Tristle® Monitoring Solution in particular, and computer usage in general.
- Give everyone **Read** permission in Transact 2009® and promote total and exception-free transparency in all financial matters; take proactive measures to encourage Case Workers and End User representatives to question and understand the overall financial position.

#### 5.1.4. Coordinators

- Assume administrative responsibility and act as a focal point to provide leadership to the Climate Project in their respective Client NGOs.
- Hold village meetings, explain the Climate project and assess if, after implementation, the technology will be repaired, maintained, and monitored on an everyday basis to generate CERs/VERs for the entire Project life; seek the active involvement of other NGO staff in these introductory meetings and making of informed assessments.
- Allot villages and Gram Panchayats to Case Workers, assign **Write** permission in the Tristle® Monitoring Solution and together set realistic performance targets that will, cumulatively, meet ERPA commitments.
- Crosscheck on suppliers suggested by Case Workers and take a final call on price and quality; arrange for the bulk purchase of certain hardware and construction material.
- Conduct regular working meetings of Case Workers and Desk Workers to assess performance, identify impediments and together find solutions.
- Visit all Project villages on a regular basis to verify the quality of works undertaken; hold village meetings to reemphasise goal and objectives of the Climate Project to End User families and others; encourage feedback on performance and suggestions to improve.
- Compile powerful stories of Herculean efforts made by End Users to generate these Offsets and adapt to adverse impacts of Climate Change.
- Play an enabling role to support Case Workers by recognising their need for self respect, personal growth and development:
  - i. Encourage critical reflection and problem solving, as diametrically opposed to blind obedience.
  - ii. Inculcate a shared sense of Purpose by together examining the *raison d'être* behind every system and procedure.
  - iii. Act as an interface between the Climate Team and the NGO at large; elicit the active cooperation of other field staff, following the principle of “separate but together”.
  - iv. Iron problems and ensure timely availability of resources.
  - v. Create an attractive workplace atmosphere, including logistics for Case Workers to access the internet, meet and reflect.
- Receive FCN Staff, provide basic hospitality, make travel arrangements to Project sites; keep them informed on developments and together seek ways and means to enhance performance.
- Arrange for periodic inspections and third party verifications by external agents.
- Facilitate larger research and long term studies undertaken by external bodies on socioeconomic, gender, nutritional, biodiversity and other impacts of the Climate Project.

#### 5.1.6. FCN Projects Managers

- At the pre-implementation phase:
  - i. Assist Client NGOs prepare open and transparent financial projections that feed into ERPA's.
  - i. Advise on organisational structures, systems and procedures to implement Climate Projects.
  - ii. Assist in setting up their respective Climate Teams.

- After the ERPA is signed, visit each Client NGO at least once every month to keep track of ERPA targets; visit the field to crosscheck on progress, interact with the Climate Team and advise on changes needed to deal with lag.
- Assist the CDM Coordinator to analyse performance, set monthly/quarterly targets and Project financial requirements.
- Receive and analyse Tristle® Monitoring Solution generated Online Reports; comment and provide recommendations to the Client NGO Leadership, FCN and Carbon Investors.

#### 5.1.7. NGO Leadership

- Contribute to the making and acceptance of financial projection; sign the ERPA with FCN; assume financial and statutory obligations, especially with regard to investments and scheduled deliveries.
- Delineate the exact area where the Climate Project will be implemented, select villages and set the criterion for selection of End User families.
- Ensure that the Climate Project is an integral part of the NGO’s work and all staff/functionaries contribute to mainstreaming Climate.
- Critically examine existing systems and procedures to see if they are relevant to a business approach; question “check and controls” that act as a “drag” to performance; introduce systems and procedures that are congenial to new age business requirements, with zero bureaucracy and minimal hierarchy.
- Encourage empowerment of the Climate Team through skill and knowledge development, critical thinking and increased worker productivity.
- Percolate a Results Oriented Management culture and Data & Systems Driven Development approach into the entire NGO, and make a transition from an out-dated social work to the delivery of measured and verified Results.

#### 5.1.8. Fair Climate Services

- Prepare Client NGOs to participate in the Business Plan.
- Arrange for finances through the forward sale of yet-to-be-generated CERs/VERs at their actual-cost-of-generation.
- Enter into Principle Agreements with Carbon Investors, and Coextensive Agreements for each agreed upon Client NGO Project.
- Enter into ERPA’s with Client NGOs and disburse funds in a timely manner, following a “pay for performance” principle.
- Receive the CERs/VERs as per the agreed upon Schedule of Deliveries, retire and transfer to the Account of Carbon Investors with the UNFCCC/GS.

## 5.2. Undertaking

We have read, discussed and understood this Business Plan in letter and spirit. These Rules of Engagement lay the framework for our collaboration with FCN and other Client NGOs, and form a part and parcel of the Emission Reduction Purchase Agreement (ERPA) that we may enter into with the Fair Climate Services Pvt. Ltd., and wholeheartedly agree to follow them.

A copy of the Board Resolution to this effect is herein attached.

Date: \_\_\_\_\_

Place: \_\_\_\_\_

Seal & Signature of Chief Functionary