



## Institute for Solid Waste Research & Ecological Balance (INSWAREB)

### INSWAREB PRESS RELEASE

#### **Launching Ceremony of FaL-G : CDM Project signed with The World Bank.**

INSWAREB takes the privilege of sharing the information that the carbon credit project, being discussed for the last couple of years, is ultimately signed with The World Bank and going to be launched at 09:30 hrs on 27<sup>th</sup> March, at Hotel Green Park, Visakhapatnam.

Ms Gayathri Ramachandran, Special Chief Secretary & Director General-EPTRI, Government of Andhra Pradesh, and Mr Michael Rathnam, Task Manager-Carbon Finance, The World Bank, Washington, would address and confer the “Certificate of Participation” to the Privileged Entrepreneurs of the FaL-G brick/block Plants, enlisted as Sub-Project Entities (SPEs) in the project.

It may be recalled that, despite holding a patent on FaL-G technology, INSWAREB has been disseminating the technology to tiny sector without any royalties, as a service to Ecology. To accelerate the proliferation through incentive mechanism carbon revenue was considered as an opportunity and, INSWAREB approached World Bank way back in the year 2000, offering carbon credits generated out of FaL-G brick/block production. But the proposal did not come through, as India was not a signatory to the Kyoto Protocol at that time.

Subsequently, India became a signatory to the Protocol in 2002. In the same year The World Bank launched another carbon fund instrument, Community Development Carbon Fund (CDCF). INSWAREB took the opportunity and filed the first project with the World Bank highlighting the following features of FaL-G brick/block activity to serve the community:

- FaL-G bricks replace clay bricks, conserving the precious topsoil, otherwise necessary to protect the fertility of agriculture lands.
- Each FaL-G brick plant in tiny sector can absorb 10-15 workers. Thus over 2500 plants working throughout India have contributed to employment to over 30,000 workers with a further potential for 6 lakhs workers, when the 50,000-unit target could be accomplished.



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- Contrary to the seasonal employment in clay brick industry, FaL-G brick plants provide yearlong employment with handsome wages over clay brick units. Such job security would relieve the worker from the status of bonded-labour, which is more prevalent in clay brick industry.
- By not using thermal energy, each million FaL-G bricks conserve over 200 tons of coal or equivalent fuel. Thus carbon emissions are abated.

In view of holistic compliance to the Sustainable Development indicators and Community Development agenda, the World Bank agreed to take up FaL-G as CDM project. But as there was no specified approved methodology for total energy avoidance, it was opined that a new methodology would be needed, that took considerable time. Ultimately the project is registered with an approved methodology under *Type II-D. Energy Efficiency and Fuel Switching measures for Industrial facilities.*

Promoting a carbon abatement activity as CDM project is a laborious exercise, involving a lot of effort and record work. Keeping in view the consultancy from high profile experts, the transaction costs are very high that deter small scale and tiny sector units in staking their claims for credits, despite virtuous activity to earn them. To overcome this stalemate, INSWAREB opted to avail the scope of 'Bundling' provided by UNFCCC in small scale activity, by which, over 108 micro industrial plants producing FaL-G bricks, each with a potential to generate over 1000 credits every year, are being tied up into a few bundles and offered as CDM projects.

In order to handle the commercial deals and agreements, a separate corporate outfit by name, Eco Carbon Pvt. Ltd., has come into existence, committing to transfer to the World Bank 600,000 tons of CO<sub>2</sub> credits under contractual obligation and 200,000 credits under call option. Back to back agreements were signed with each FaL-G brick plant committing over Rs. 50,000 per each million bricks (equivalent to 1540 cu.m) as the carbon revenue till 2015. In addition to carbon revenue to the entrepreneurs, this activity provides certain privileges to the workers under Community Benefit Program, at a budget of over Rs. 2.80 crores during the project period. These are:



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- Providing self-protection gadgets such as gumboots, helmets, nose masks and gloves to the workers.
- Water purifying systems at each FaL-G plant for serving drinking water to the workers.
- Construction of bathroom cum toilet for workers.
- Health and life insurance to workers every year.
- Health check up once in a year.
- Aids-awareness program.

“Not all FaL-G brick plants can take part in the project. Those units, came into existence on or after 1<sup>st</sup> January 2004, are only eligible to participate. Diligent production practices in maintaining quality and adhering to statutory compliances are additional mandate to enlist the units for this project,” says INSWAREB, who monitors the plants all along the project period for due diligence. Under the ‘Monitoring Plan’, ECPL audits production records of all the accredited entrepreneurs in order to compute Emission Reductions (ERs) annually. These credits are reported to the World Bank vide ‘Annual Emission Reduction Report’.

There upon, the World Bank would get the credits verified by its Designated Verifiers within one and half month, based on which ECPL would submit a ‘Transfer Form’ to the World Bank for transfer of ERs. The carbon proceeds are released to ECPL within 60 days of receipt of Transfer Form, which would, in turn, be transferred to brick units based on their earning of credits.

During this launching ceremony, those entrepreneurs who want to set up FaL-G brick plants would be enrolled into the third bundle. Already the first bundle is registered and the second bundle is due for registration.

“At the ongoing proliferation of over 200-250 FaL-G units every year, not only the World Bank but a couple of more proactive agencies such as JCF, Japan, and KFW, Germany, would be tagged with projects very soon” says INSWAREB.

Visakhapatnam  
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