

EXECUTIVE SUMMARY

I 4 E I

The Institute For Environmental Innovation

T I S T

The International Small Group and Tree Planting Program

BACKGROUND

Deforestation is the second largest contributor to global carbon dioxide emissions and accounts for over 20%*¹ of all anthropogenic emissions. An area the size of the State of New York is cut down each year. Deforestation has three main causes: logging for building materials; conversion of forests to agricultural land; and household use (cooking and heating). Forest loss is most rapid in developing countries, particularly in Africa and South America.² Deforestation destroys habitat for multiple species, reduces biodiversity, degrades soil fertility and water quality, and forces conversion to fossil fuels due to scarce supplies of wood and charcoal.

Domestic and international climate change programs recognize the importance of slowing, and then reversing, deforestation as an essential requirement for success in controlling carbon dioxide emissions. Conservation and wildlife groups also strongly support both protection of existing forests and developing new sources of fuel-wood for the farmers, who surround the forests, protected areas, and wildlife refuges. Foreign aid organizations (DFID, USAID, UN, The World Bank, etc.) also consider biodiversity, reforestation and avoiding further deforestation as one of their most important challenges.

I4EI and TIST

The Institute for Environmental Innovation (I4EI), a Public Charity, was organized in 2001. I4EI funds the sustainable development activities of The International Small Group and Tree Planting Program (TIST).

TIST empowers a rapidly expanding group of subsistence farmers in Africa, Central America and India to counteract the devastating effects of climate change, deforestation, disease, poverty and drought through an innovative yet simple solution: planting millions of trees. Trees sequester carbon dioxide as they grow, can create Greenhouse Gas (GhG)

¹ Intergovernmental Panel on Climate Change, "Working Group I Contribution to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change," Climate Change 2007: The Physical Science Basis (2007). <http://ipcc-wg1.ucar.edu/wg1/wg1-report.html>

² Global Forest Resources Assessment 2010. Food and Agriculture Organization of the United Nations. <http://www.fao.org/docrep/013/i1757e/i1757e.pdf> Rome, 2010

Credits for decades and generate long-term income for participants. TIST currently conducts operations in India, Kenya, Tanzania, Uganda, Nicaragua and Honduras, where participants identify and implement local sustainable development goals such as tree planting and agriculture. TIST has created a communication and administrative structure that addresses a variety of issues including health, education, nutrition and fuel efficiency. TIST health training includes HIV/AIDS, malaria and the use and construction of fuel-efficient stoves that specifically benefit women and children by venting harmful smoke outside the cooking area. It is anticipated the efforts of TIST will provide long-term revenue for the Small Group participants through the sale of GhG credits.

TIST activities have resulted in the current participation of over 60,000 farmers throughout its operational areas, who have planted in excess of 10,000,000 quantified trees. The present groups' activities will result in an estimated five million tons of carbon sequestered by 2020, coupled with improved yields from agricultural activities. In sum, TIST fosters sustainable development, a healthier environment and sustainable income for its participating farmers, as well as quantifiable and verifiable GhG reductions.

An important element of I4EI's financial viability and evidence of its stature is shown by the commitment of the Dow Chemical Company Foundation. Dow donated \$1.2 million to I4EI, dedicated to the expansion of TIST Tanzania program and its replication in other geographic locations. In addition, USAID has provided substantial biodiversity and sustainable development funding, and The World Bank and various carbon investment firms have purchased offsets created by TIST. I4EI is now partnering with Catholic Relief Services (CRS) in expanding the program in Central America.

CLEAN AIR ACTION CORPORATION

Clean Air Action Corporation (CAAC), a Delaware corporation, was incorporated in 1993. Since Clean Air's inception, it has engaged in the development of innovative environmental programs and the concomitant creation of viable trading platforms. The company has one subsidiary, Clean Air Registry, Inc, which was formed to track and publish emission reduction credit activity. I4EI has entered into a Management Agreement with CAAC, the terms of which provide for most of I4EI's operational activities to be conducted on its behalf by CAAC. Among other items, the Agreement with Clean Air Action provides for the provision of professional services by Clean Air Action to TIST for its operations, including reporting and quantification processes, mentoring and guidance, initial and ongoing training for subsistence farmers and related financial operations. Clean Air Action is compensated by I4EI for its professional services rendered to I4EI on a commercially reasonable basis consistent with generally accepted industry practices. In addition to its operational functions, I4EI and TIST have been the beneficiaries of Clean Air Action's internationally recognized, award-winning method of quantifying and verifying the GhGs. Just as important, Clean Air Action has invested in excess of \$6 million in TIST's various programs.

THE CARBON MARKET

The “carbon market” has been created to reduce GhG emissions in cost-effective ways. The “market” ranges from the Kyoto Protocol, to the European Union Emission Trading System, State and Provincial programs, to universities pledging to go “Carbon Neutral,” to individuals offsetting the emissions from their vacation or their wedding. Each of these market segments has shown explosive growth over the past few years. Such growth is expected for decades. Current prices range from a low of \$4 per ton to over \$15 per ton in the voluntary systems and to over \$20 per ton in compliance based systems.

TIST is able to supply any of these markets because of its high quality quantification and verification and its low long-term costs. Clean Air Action's present markets include voluntary offset sales in the United Kingdom, the European Union and the United States, as well as compliance sales under the Clean Development Mechanism of the Kyoto Protocol.

MANAGEMENT

I4EI and CAAC have the proven capacity to develop, replicate, and operate the TIST Program and produce low cost carbon dioxide sequestration, while providing a new ‘cash crop’ (GhGs) for thousands upon thousands of the poorest people in the world. On the ground, TIST expands through word-of-mouth from one successful farmer to another. International expansion relies on in-country capacity building, sharing of best practices, a Palm based data acquisition system and a website that creates the global operations, verification, and accounting infrastructure. The TIST website provides sophisticated data to carbon buyers, development agencies and host country governments. ComputerWorld Foundation named the system a “2007 Laureate” for its use of Information Technology in the service of mankind.

One of the members of I4EI's Board of Trustees, together with her spouse, owns a majority interest in Clean Air Action. In addition, the Treasurer of I4EI is an officer and a principal shareholder of Clean Air Action. The remaining members of I4EI's Board of Trustees are independent and have no interest, financial or otherwise, in Clean Air Action. Members of the Board of Trustees of I4EI and its officers receive no compensation for such service, although they are reimbursed for reasonable out-of-pocket expenses incurred in connection with attendance at Board Meetings.

The Officers and Trustees of I4EI are as follows:

Sir J. K. Chande, Chairman Emeritus
andychande@yahoo.com
Dar es Salaam, Tanzania

Ken Ogilvie, Chairman of the Board

Ken.B.Ogilvie@gmail.com
Toronto, Ontario

Vannesa Henneke, Executive Director and Trustee

vannesahenneke@i4ei.org
Vinalhaven, Maine

Claudette Selph, Secretary and Trustee

claudette@selphandassociates.com
Sand Springs, Oklahoma

Charlie Williams, Treasurer and Trustee

charliewilliams@cleanairaction.com
Tulsa, Oklahoma

William B. Morgan, Trustee

wmorganaz@gmail.com
Chandler, Arizona

NEED FOR DONATIVE FUNDS and TAX STATUS

The demand for reforestation is large and growing and there are few scaleable projects. Most replicable projects have been sponsored by pulp and paper companies for their own use, and have contributed little benefit to climate change, wildlife, or biodiversity. The costs of reforestation are relatively low, but a long growing period ensues before the newly planted trees sequester large carbon dioxide amounts. This creates a working capital requirement for all forestry projects. Historically, the TIST Program has grown at a rate in excess of 50% per year at the grassroots. In order to continue this growth rate, additional capital is needed to fund development and operational costs incurred prior to initial sales of GhG credits.

I4EI is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). As a result, donations to I4EI are tax deductible in accordance with the provisions of Section 170 of the Code.

For additional information, please refer to the TIST website at www.tist.org or contact Vannesa Henneke at vannesahenneke@i4ei.org or 918-712-1866.