

Using Indigenous Design Paradigms to Link Production and Protection

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Comments by Rebecca Adamson

Our panel is fortunate to have Navin Rai (Lead Social Development Specialist, The World Bank) as our presenter to tell you about the scope and breadth of Indigenous Peoples: 22% of the Earth's land surface, 80% of Earth's remaining biodiversity and 90% of the cultural diversity we have on this planet is protected and cared for by Indigenous Peoples. Navin also told of the historical role Indigenous Peoples played with the environment. He emphasized our active role as stewards with full enforcement regime by way of customary practice and traditional institutions.

I am not an expert in conservation sciences or climate change technologies. However, I know of no one better than Dennis Martinez, Founder of Indigenous Peoples' Restoration Network and trained in Traditional Ecological Knowledge (TEK), to share and explain the brilliance of traditional knowledge and bridge the differing conceptual frameworks behind TEK and Western science. Dennis can stun non-believers with examples of hundreds of low cost local technologies developed by Indigenous Peoples with thousands of years of empirical data proving their efficacy.

Yesterday, Dennis expressed concerns about protecting the intellectual property of Indigenous Peoples represented by this low cost technology – which, after all, could prove to be very valuable in this current market climate – all puns intended. This brings me a little closer to what I do know – economics; more specifically, asset based development. First Peoples Worldwide works with Indigenous Peoples to control, leverage, retain, utilize, create, increase and accumulate their assets. Dennis, like most Indigenous Peoples, knows more about “asset stripping” than wealth creation. And, like so many stories of the developed nations, climate change is a story of asset stripping – The Last Great Asset Stripping – A Land Grab on a Global Scale.

Indigenous Peoples have been too long at the margins of this debate on climate change. Yet, we seem to be the only people with a proven understanding of the social engineering and technology that is needed to live in a productive protective balance with the planet. To paraphrase a saying of Einstein's: It is real unlikely that the folks who brought you the problem will be the same minds that solve it.

Getting the Paradigm Right:

Indigenous Peoples hold a profound paradigm of **protection AND production – production AND protection**, dual prerequisites, non-separable and intricately tied together across all sectors of Indigenous societies: conservation, economics, natural resource management, health, education and development. Production and protection are directly accountable for place. You did not ruin your environment because it provided for you. And, it provided for you because you took care of it.

Using the Western paradigm of protection as conservation science, a recent Oxford study calculated the annual costs for NGOs conserving the sub-Sahara network of protected areas in their pristine state would be \$1.5 billion. The sub-Sahara Protected Areas make up almost 6% of a much larger global network of protected areas. If we use the sub-Sahara figures to calculate the total annual management costs for conservation NGOs to maintain our global

parks it would be \$25.5 billion. I am sure the costs vary by country and ecosystems, but these figures did not include national or local government agencies and funding. Also, it is important to note, these are all recurring non-productive costs.

The current climate change paradigm of mitigation and adaptation will not solve today's problem. Not only because we can't afford the current capitalization structure for conservation protection by which it is completely separated from production; but, because it does not address the FUNDAMENTAL need for all of us to be accountable for place and because it is not fair. Indigenous societies have proven that systems designed for protection and production RELY upon structures that maintain fairness and uphold accountability as a key and immutable design principle. All sectors of society, conservation, economics, finance, education, natural resource management, development must be designed for their part in achieving the best productive and protective balance for Life. Accountability is a prerequisite for protection. In addition, it is the starting point for how we fix this problem. We fix it by being VERY ACCOUNTABLE FOR PLACE. This place called Mother Earth, and each and every place on Earth, is important to the whole. We will have to give up many of our SUVs, our water parks and our golf courses. The solutions are going to come from our communities, from the bottom up, from each individual and institution being accountable and responding - Not from some elite groups of scientists, governments and private sector leaders.

As one of our earlier presenters so presciently noted, it was that local people and local institutions (including informal institutions) that frequently had the most potent solutions for adapting to and mitigating climate change. Yet these voices were consistently excluded from the policy debate. In a study of about 140 cases, all the solutions that were working were launched by local governments or local institutions. Not a single success story was attributable to the private sector. It seems pretty clear that local/grassroot/community solutions were working. Yet despite these successes, only 15% of the local governments or local institutions were involved in crafting of national policy. In other words, policy-making continues to exclude the grassroots and Indigenous Peoples. Another speaker made an interesting point that national governments are anti-informal and anti-flexible. When a government sees an informal institution, it wants to formalize it; and when a government sees flexible rules, it wants to codify them. Many of the adaptations to climate change often come from informal institutions that spring into action during periods of stress and crisis (such as drought) and then recede into the background of daily life when more normal times return. Governments don't know what to do with such institutions.

We have to get the **paradigm right**.

Just as **the Indigenous paradigm of protection and production** allowed for tremendous decentralized innovation and low cost technologies to develop at the grassroots level, protection AND production are a paradigm that require systems of **accountability** and **fairness** in order to operate. This brings me to today's conference and how we can start to redesign our economic institutions and retool our financial systems to achieve the dual goals of production and protection.

Our first step is to stop pretending there are no costs when we displace entire communities, stripping families of their assets, impoverishing their livelihoods, destroying their homes, all to benefit some corporation's profit margin or to maintain the current standards and irresponsible patterns of consumption.

A good role for the Bank would be to step in with much needed powerful research on the impact climate change will have on the asset devaluation and poor people's wealth. The Bank could establish the REAL costs of climate change using their extensive resettlement models and livelihood models, calculating the risk and vulnerabilities at a minimum to determine the markets' real costs and the depreciated values of poor peoples' assets. Caroline Moser is here. Caroline has done excellent research on the devaluation of assets during times of conflict, violence and war. Paul Siegel at the Bank has been looking at household asset accumulation. Poor people will be facing massive devaluation of their assets due to the climate change brought on by other countries' behaviors and actions. There must be some notion of parity, not victimhood in the dialogue. The assets of poor people and their accumulated wealth will undergo systematic devaluation on massive scales due to climate change. Liability for this devaluation of the poor's wealth resides within the markets and behaviors of the developing countries – not the poor people or communities. Research into the impact of climate change on poor people's assets can begin to enter the debate and even reform the solutions. Such asset research can provide a threshold whereby poor communities can be made whole – without it they will be made a whole lot poorer.

A New Role for the Bank:

This is a once in a lifetime opportunity to make the markets liable or **accountable** for the real costs of production. We then will need the financial structures to accumulate these market dividends, which brings me to what I think is possibly a new role for the Bank.

We know who and where the liability resides. There can no longer be any more free rides to the carbon dump called our atmosphere. We must begin designing our systems so they can be absolutely accountable for ALL the costs of our production. We absolutely have to look to each sector through the **production and protective paradigm** and begin to revamp all our institutions and systems. Today, I am just talking about our financial system and how we can RE-connect capital to community. We are at The World Bank, right? So in banking terms, the tendency is to always think of the capital markets, so the question becomes – How can the Bank use this opportunity to capitalize the low end of the market? What would a global network and financial infrastructures for poor people and communities look like? What are some of the types of financial products (like micro) or financial structures (like Community Development Financial Institutions)? What would capital accumulation vehicles and community institutions (like community foundations) look like? The Bank has to rethink its role in capitalizing the low end of the market and connecting capital to poor communities from the bottom up.

Can the Bank listen bottom up? Think bottom up? Design bottom up?

The Bank will have to rethink its key design principles and be flexible enough to loosen its preference for top down solutions and instead to begin to incorporate designs that emanate from the bottom up. New skills will need to be honed: including listening to and trusting poor people to guide the decisions that most affect their lives.

The costs of doing business will also need to be seen in a new light. The aggregate transaction costs for numerous small deals versus the current large deal flows (that supposedly provide cost efficiencies) may not be any higher when compared to the 70% to 90% overheads that intermediaries capture from current funding flows that are supposedly going to benefit communities now. Embracing a bottom-up paradigm will increase the chances that more money will reach the communities directly.

Think about the Forest Carbon Partnership Facility, only think of grassroots local communities – not governments and huge special interest intermediaries – being the drives, designers, deciders and beneficiaries. The Bank would facilitate the fund, so it is capitalized by the relevant markets' entities and deposits held via the Bank. Here, the wealth that was lost by way of climate change and devaluation of assets is re-accumulated by way of the funds and then wealth is transferred back to control by the poor.

We are running out of time or I would share a story about how one mutual fund got the financial paradigm right – CONNECTING CAPITAL TO COMMUNITY – and it changed the industry. However, let me just say that while the paradigm is essential, so are the design principles. I have spent my career designing financial products and systems for connecting capital to low income communities. I KNOW it can be done. One, all cost and liabilities associated with production must be fully accounted for and paid by the appropriate entities, be they public or private. Two, there needs to be clear, inclusive, transparent, fair principles for designing the systems and directly connecting capital to community. Three, equivalency and fairness in resources, particularly with regard to resource deployment and utilization. Four, accountability is upheld by a fiscal paradigm that protects everyone's assets, livelihoods, homes, lands, cultures, communities and Place – while at the same time, increasing capital productivity as it circulates and connects back to capitalize community, households, businesses, financial institutions and the vibrant economies of the poor—someday to eliminate absolute poverty. Providing and producing livelihoods for the poor and protecting place and planet for all.