

# Funding with Purpose

## A STUDY TO INFORM DONOR SUPPORT FOR INDIGENOUS AND LOCAL COMMUNITY RIGHTS, CLIMATE, AND CONSERVATION

EXECUTIVE SUMMARY

SEPTEMBER 2022

At the UNFCCC CoP26 in November 2021, leaders from Germany, Norway, the Netherlands, the United Kingdom, the United States, and 17 philanthropic foundations made a historic commitment of USD 1.7 billion over the next five years to support efforts to secure, strengthen, and defend Indigenous Peoples' and local communities' (IPs and LCs) rights to their lands and forests. This Pledge reflects the urgency of the climate and biodiversity crises and recognizes the essential role that IPs and LCs play in protecting forests. Funding to secure and protect IP and LC tenure is one of the most effective, equitable, and efficient means of preserving and restoring tropical forestlands and the invaluable ecosystems they contain. This emerging consensus is the result of decades of mobilization, research, and advocacy led by IPs, LCs, and their allies.

It is no secret that the rights of IPs and LCs are inextricably linked to the preservation of key ecosystems and carbon stores. Research has demonstrated that these groups are essential stewards of over half of the world's land area, with customary claims to many of Earth's last intact forest landscapes and home to millions of at-risk species, ecosystems, and carbon stores. The tropics and the Indigenous and community lands therein—notably the Amazon Basin, the Congo Basin, and insular Southeast Asia—serve as key habitats for threatened species and irreplaceable biodiversity. And yet, IPs and LCs in these geographies receive only a

fraction of the donor funding that other climate and conservation solutions receive.

This report assesses donor funding for IPs' and LCs' tenure and conservation between 2011 and 2020 to learn from historical trends and outline key opportunities to improve the effectiveness of this funding over the next five years. It proposes to make donor funding more *fit for purpose*—which means that climate, conservation, and rights funding is channeled in ways that are relevant and appropriate for IPs and LCs and ensures funding engagements are led by their organizations—and flexible, long-term, gender-inclusive, timely and accessible, and mutually accountable.

The report builds on the 2021 study entitled “Falling Short,” which identified the scale of international donor funding for IP and LC tenure and forest management and made recommendations on how to scale up this funding.

### KEY FINDINGS

- **IP- and LC-led:** Only 17 percent of IP and LC tenure and forest management funding between 2011 and 2020 mentioned an IP organization, indicating that a low share of funding is under leadership of Indigenous organizations.

- **Mutually accountable:** There is a lack of accountability and transparency from donors towards IPs and LCs, inhibiting IP and LCs understanding and influence over donor priorities and decisions. Most private foundations, who represent the majority of the *IPLC Forest Tenure Pledge* donors, do not share data on their projects systematically.
- **Flexible and long-term:** Donors have increasingly been providing funding through long-term funding agreements, which provides IP and LC organizations with much-needed predictability and security. Yet, a lack of flexibility to change or adapt priorities within projects restrict IP and LC organizations in addressing diverse community needs, imminent threats or seize on windows of opportunity.
- **Gender inclusive:** Only 27 percent of IP and LC tenure and forest management funding included gender-related keywords, despite the essential role of women in IP and LC forest management and their notable exclusion from many governance structures and forest management decisions.
- **Timely and accessible:** Due to strict eligibility and administrative requirements of bilateral and multilateral donors, IP and LC organizations must overcome considerable barriers to access funding. Funding for IP and LC tenure and forest management has therefore generally relied on traditional ODA funding structures, with national and international organizations acting as intermediaries.

## CALLS TO ACTION

1. To ensure funding is IP and LC-led, donors should build strong, at-scale relationships with IP and LC organizations and engage trusted intermediaries that frequently partner with these organizations, such as national and local NGOs.
2. To improve their own accountability towards IP and LCs, donors should solicit feedback from IP and LC organizations and align funding strategies with their needs. Private foundation donors should improve their transparency by publicly sharing their funding data to better align with the practice of bilateral and multilateral institutions.
3. To increase flexibility, donors should leverage learnings from the COVID-19 pandemic, where some donors allowed recipients to quickly direct resources toward the most urgent community needs.
4. To improve gender-inclusiveness, donors must incorporate a gender-inclusive lens to existing projects, increase gender-focused programming, and scale up funding for women leaders and their organizations.
5. To improve the accessibility of funding, donors should establish and maintain open communication with IP and LC organizations, work to simplify administrative requirements where they can and support trusted intermediaries to bridge the gap between donor requirements and IP and LC needs.

### WHAT IS A FIT-FOR-PURPOSE APPROACH?

1. **It is led by IPs and LCs:** Such funding prioritizes initiatives and projects that are led by IPs and LCs themselves, and executed with their Free, Prior and Informed consent (FPIC). For donors and intermediaries, this means including IPs and LCs at every stage of the process, from design of funding strategies to the governance of funding mechanisms.
2. **It is mutually accountable:** Systems of accountability are mutual, where donors are accountable to IP and LC organizations and their communities—with full transparency of completed, active, and planned programming—and IP and LC organizations are accountable to both donors and the communities they represent.
3. **It is flexible and long-term:** Flexible funding enables IP and LC organizations to capitalize on moments of opportunity to secure tenure and to rapidly respond to and mitigate emerging threats to their lands and lives. Long-term and predictable funding builds the capacity of the implementing organizations and enables them to effectively represent their communities, manage funding on their own behalf, and maintain their engagements with communities and government actors.
4. **It is gender-inclusive:** Donors promote a gender-inclusive lens for all funding across the IP and LC tenure and forest management sector, ensuring that the rights of Indigenous and community women are recognized and protected and that they have a voice in forest management decisions.
5. **It is timely and accessible:** Funding is delivered quickly and accessed with few administrative hurdles.