



Rainforest Foundation
Norway



Photo: Johan Wichagen

Falling Short

| *Summary*

Donor funding for Indigenous Peoples and local communities to secure tenure rights and manage forests in tropical countries (2011-2020)

Full report can be found at:
regnskog.no/en/news/falling-short



The world is facing two urgent and interlinked crises – climate change and the accelerating loss of biodiversity. Nowhere are the interlinkages of these two crises, and the solutions to them, clearer than in the tropical rainforests. These vast, complex, ecosystems are carbon rich and host more than half the world’s terrestrial species.

Alarming, tropical rainforests are being destroyed at a rapid pace. Deforestation and degradation of tropical forests represent about 10 percent of annual greenhouse gas emissions. A recent study by Rainforest Foundation Norway found that a third of the original tropical rainforest area has been lost, while another third is degraded, leaving only one third intact.¹ Protecting and restoring what remains must be a key element of any successful strategy to

address the twin climate and biodiversity crises.

Tropical rainforests are also home to Indigenous Peoples and local communities (IPLCs) who have sustainably managed these forests for generations but whose lands and rights are under increasing threat. Research demonstrates that IPLCs with recognized tenure and forest management rights are some of the world’s best forest protectors. The climate, biodiversity, and sustainable development benefits of IPLC management are significant, cost-effective, and with few negative side-effects for nature or people. This is shown by mounting scientific evidence recognized by both the Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem

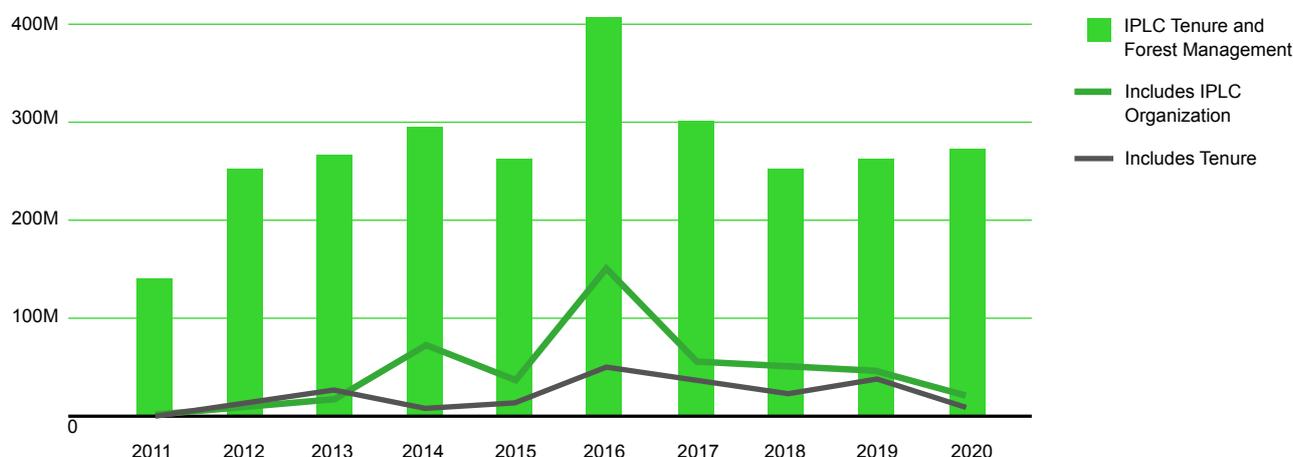
Services (IPBES). IPLCs contribute little to greenhouse gas emissions while maintaining some of the largest carbon stores on Earth within their lands.

In short, IPLCs are essential partners in tackling climate change. At the same time, their lands are under increasing threat. Despite this, IPLC tenure and forest management has received little funding from the international community.

IPLCs tenure rights and forest management received approximately \$2.7 billion between 2011-2020, from bilateral and multilateral donors and private philanthropies – just \$270 million per year. This equals less than 1% of aid for climate mitigation and adaptation, and there was no increase after the adoption of the Paris Agreement.

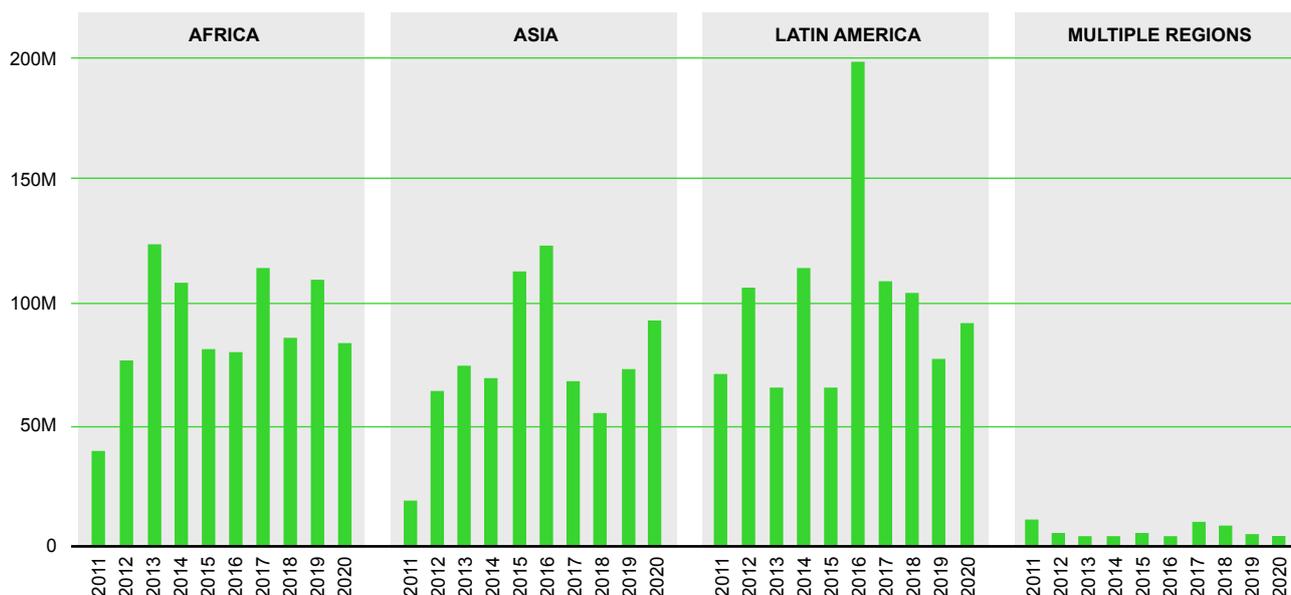
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FIGURE 3: DONOR DISBURSEMENTS TO IPLC TENURE AND FOREST MANAGEMENT PROJECTS IN TROPICAL FORESTED COUNTRIES, US\$, 2011-2020



1) RFN. 2020. “State of the Tropical Rainforest”. <https://d5i6is0eze552.cloudfront.net/documents/Publikasjoner/Andre-rapporter/State-of-the-Tropical-Rainforest-2020-Rainforest-Foundation-Norway.pdf?mtime=20210311130033>

FIGURE 4: TOTAL IPLC TENURE AND FOREST MANAGEMENT DISBURSEMENTS BY REGION, US\$, 2011-2020



Most of the funding disbursed to IPLC tenure and forest management flows through large intermediaries or are part of larger programs, where IPLC organizations may receive smaller sub-grants. Therefore, only a small fraction of the total amount reaches the Indigenous Peoples organizations and communities themselves. **Only 17 percent of the funding went to projects that**

included the name of an IPLC organization in the project implementation description. This amounts to an average of \$46.3 million per year across the tropics.²

The Rights and Resources Initiative (RRI) has identified 24 countries as ready for national or subnational scale projects to implement forest tenure reforms, which is estimated to

require approximately \$8 billion for the mapping, delimitation, and titling of Indigenous and community lands.³ This report identifies that of the \$2.7 billion disbursed for IPLC tenure and forest management, just 11 percent was described as going toward advancing tenure security. This constitutes 3 percent of what RRI has identified as needed for transformational tenure reform.

Tracing funding for IPLC tenure and forest management from donor to the ground

The bulk of international financial support for IPLC tenure and forest management comes through public official development assistance (ODA). These funds are typically channelled through a donor government's development agency to a series of intermediary organizations that provide technical assistance, project development and other support to ensure the funds are spent on activities sanctioned by the donor. Intermediaries then often sub-grant to local NGOs or

IPLC organizations. Donors have many channels available to them. For example, they can make grants directly to an organization working on IPLC tenure and forest management, to an organization that has relationships with many local organizations that can oversee the funding and project implementation, or through multilateral development institutions such as the World Bank. Private foundations typically make grants directly to IPLC organizations.

2) We have also identified disbursements that include the name of an IPLC organization pulled from a list of 350 IPLC organizations headquartered in tropical forested countries.

3) RRI. 2020. "The Opportunity Framework: Identifying Opportunities to Invest in Securing Collective Tenure Rights in the Forest Areas of Low and Middle-Income Countries." RRI. <https://rightsandresources.org/wp-content/uploads/2020/09/Opp-Framework-Final.pdf> and RRI and Tenure Facility. 2021. "Scaling-Up the Recognition of Indigenous and Community Land Rights: Opportunities, Costs and Climate Implications Technical Report." RRI and Tenure Facility.

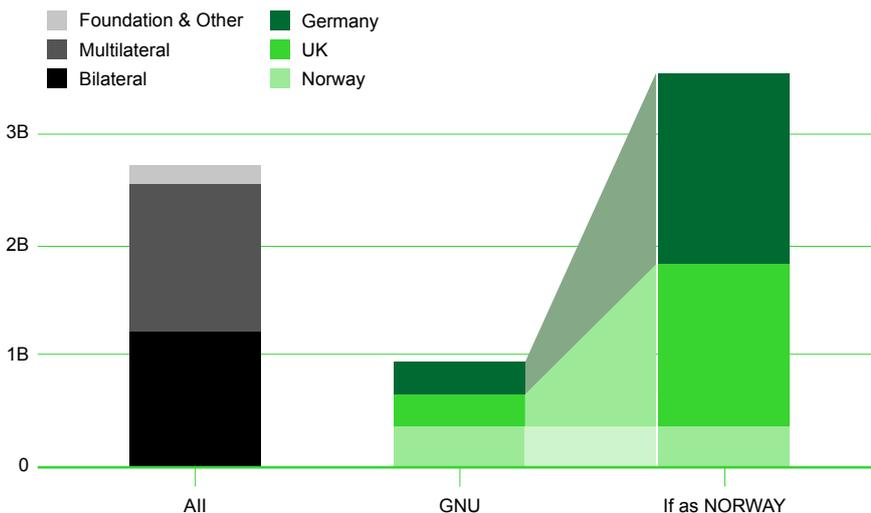
TABLE 2: PROPORTIONAL CALCULATIONS OF ODA TO IPLC TENURE AND FOREST MANAGEMENT

Donor	Total IPLC Tenure and Forest management (2011-2020, US\$ M)	ODA Total (2011-2020; US\$M)	Percent of ODA
United States	\$414.0	\$346,000	0.12%
Norway	\$371.0	\$42,980	0.86%
Germany	\$330.7	\$199,558	0.17%
UK	\$264.9	\$170,198	0.16%
Sweden	\$154.2	\$57,110	0.27%
Finland	\$89.8	\$11,301	0.79%

«Where IPLC rights to manage forestlands are legally recognized, they demonstrate lower deforestation rates compared to lands not under IPLC management.»

more than half of their disbursement to IPLC tenure and forest management goes as direct grants to NGOs and IPOs, while UK and Germany direct most of their funding to governments or the World Bank. Germany, the United Kingdom, and the United States have all signalled that they will increase funding to climate and biodiversity objectives. Increasing support for IPLC tenure and forest management should be a key part of that agenda, and they should increase the share that goes directly to IPOs and NGOs.

FIGURE 6: TOTAL IPLC TENURE AND FOREST MANAGEMENT DISBURSEMENTS BY BILATERAL GROUP



More than half of all the funds disbursed flowed through only five multilateral institutions, the World Bank, African Development Bank, Inter- American Development Bank, Asian Development Bank, and UNDP. Beyond multilateral institutions, the top 10 intermediaries for the largest donors include a mix of large international NGOs, UN agencies, and consulting companies – not IPLC organizations. Multilateral institutions have historically had limited success in reaching IPLCs. For example, the World Bank Forest Carbon Partnership Facility (FCPF) Readiness Fund has disbursed just

one percent of its total funding to IPLC organizations.

Relatively few donors prioritize IPLC tenure and forest management as part of their development aid. The United States and Norway have been the largest contributors in absolute terms, followed by other major donors including Germany, the United Kingdom, and Sweden. **Considering their share of total ODA, Norway supports IPLC tenure and forest management at a far greater rate relative to its peers in Germany and the United Kingdom.** They also stand out in that

NGO intermediaries and private foundations have played a key role in providing direct support to IPLC organizations. Although private philanthropic foundations have only contributed 3 percent of total disbursements supporting IPLC tenure and forest management, they have established best practices in making direct, flexible, and less bureaucratic grants to IPLC organizations. This has laid the groundwork for increased direct support to IPLC organizations. Thanks to innovations and progress in capacity building, there are now more channels available to fund IPLC tenure and forest management and more solutions to fund IPLCs directly.

Relatively few organizations excel at being an intermediary between a donor and an IPLC organization. Those that do play an important role in getting support from bilateral and multilateral donors

TABLE 3: FUNDING DISBURSED BY DONORS TO IPLC TENURE AND FOREST MANAGEMENT THROUGH VARIOUS CHANNELS, US\$ MILLION (2011-2020)⁴⁸

Donor	Direct disbursements to governments	Other direct disbursements*	Amazon Fund	FCPF Readiness Fund	GEF**	CIF/FIP***	Total Disbursements ⁴⁹
United States	0.0	258.0	N/A	0.03	52.7	103.3	414.0
Norway	0.0	221.0	130.2	0.7	5.2	13.9	371.0
Germany	119.8	131.2	7.3	0.8	36.4	35.2	330.7
United Kingdom	7.4	79.7	N/A	0.04	24.9	152.9	264.9
Sweden	17.9	111.9	N/A	N/A	17.2	7.2	154.2
Finland	0.0	84.8	N/A	0.1	4.9	N/A	89.8
Total	145.1	886.6	137.5	1.7	141.3	312.3	1624.7

* To consultancies, NGOs, universities ** Global Environmental Facility *** Climate Investment Funds/Forest Investment Program

to the indigenous organisations and communities. Organizations with deep grassroots connections, especially those with Indigenous leadership or strong histories working with IP communities, are the most responsive to IPLCs needs and priorities, according to our survey respondents.

IPLC land rights should be a cornerstone of rainforest countries strategies to reaching their countries' climate, biodiversity, and sustainable development goals. Yet so far, the potential for rights based and highly cost-effective climate and biodiversity action remains greatly untapped⁴. IPLCs have long endured exclusionary attitudes from their national governments, which has led to a culture of mistrust. Potential for direct funding for IPLCs is limited by how the legal and regulatory frameworks in many countries fail to recognize IPLCs rights to land and forests.

IPLC organisations cite bureaucratic hurdles, limited organizational capacity to meet extensive donor compliance requirements and a lack of mutual understanding between donors and IPLCs as the main barriers for them to receive more funding directly. These constraints lead donors to turn to larger organizations with the project management and administrative capacity needed to meet donor requirements.

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Actions to improve land and ecosystem management and protection are gaining increased attention as solutions to the climate and biodiversity crises, including so-called Nature-Based Solutions (NBS). The largest potential for climate contributions from NBS comes from protecting and restoring tropical forests. With the key role of IPLCs in effectively protecting and sustainably managing tropical forests, practitioners and funders of NBS must work with IPLCs in ways that strengthen rather than undermine their land rights, economic security, and wellbeing.

Decision-makers must put rights, and especially IPLC rights, at the core of Nature-Based Solutions. That includes significantly increasing support for IPLCs, both financially and politically, to enable them to enjoy secure land tenure over their customary lands and to continue to manage their land and forests sustainably.

4) Rainforest Foundation Norway 2018. "Approaching the Point of No Return." https://d5i6is0eze552.cloudfront.net/documents/Publikasjoner/Andre-rapport-er/RF_Point_of_no_return_1218_web.pdf?mtime=20181203131631

RECOMMENDATIONS

The main recommendation emerging from this report are for donors to set higher ambitions for the amount of funding directed towards IPLC tenure and forest management, and the share of this that reaches IPLCs organizations. To do this effectively, all actors in the funding chain must build on the lessons learned and amplify their operations to more strategically and effectively channel funding from donors to the IPLCs that will ultimately make the difference.

Donors

- Prioritize and scale up funding for IPLC tenure and forest management as part of emerging climate and biodiversity initiatives, like Nature Based Solutions.
- Increase direct support to Indigenous Peoples and local community organization. Identify administrative barriers to funding for IPLC organizations directly and remove where possible.
- Develop strategic partnerships with suitable organizations or institutions that can act as intermediaries where needed and increase support through these.
- Provide support to institutional development of IPLC organizations and intermediaries as an integrated part of program support.
- Use the political influence of donors to promote better inclusion of IPLCs tenure and forest management in national climate and biodiversity strategies, and in development programs funded bilaterally or through multilateral development banks.
- Ensure inclusion and equitable benefit sharing of results-based payments in REDD+ programs.
- Increase coordination between donors, including private foundations, to build on each donor's relative strengths, and to harmonize project compliance requirements as much as possible.

Tropical forest country governments

- Prioritize IPLC tenure and forest management in national climate, REDD+ and biodiversity strategies, and in development programs. Integrate IPLCs as key stakeholders and partners in the implementation of these strategies.
- Ensure access to, and fair distribution of, climate and biodiversity funding to IPLCs through, inter alia, benefit sharing mechanisms.
- Include IPLC representatives in decision making of national finance mechanisms.
- Recognize IPLC organizations as legal entities, enabling them to receive funding and participate in projects.

NGO intermediaries

- Embrace the “business” of being an intermediary and seek to improve service delivery for your IPLC partners. Invest in systems, training, and relationship-building so staff are better informed on local contexts and able to provide value to the IPLC partners.
- Coordinate and support capacity development of IPLC organizations
- Increase own capacity to effectively manage funding for IPLCs tenure and forest management.
- Empower IPLCs, increasing the flow of funding and flexibility for decision-making to IPOs themselves. Promote direct funding when capacity building efforts have resulted in strong enough IPLC partners.
- Increase representation of IPLCs on governance bodies to better inform decision-making and policy-setting.

IPLC organizations

- Seek ways to engage with donors and intermediaries that might be remote from your area. Develop a set of trusted intermediaries and donors.
- Enhance networks with in-country intermediaries and donors.
- Prioritize institutional capacity development as program components, including long-term capacity development of core personnel.
- Recognize the strength of your organization vis-à-vis donors and intermediaries and seek to buffer the potential negative impacts of donor funds on communities and community priorities.

Methodology

The study mapped ODA by using funding data reported to the international AID Transparency Initiative (IATI) from bilateral, multilateral, and private foundation donors to map funding flows for IPLCs land tenure and forest management. The IATI data was supplemented with data and other databases to fill reporting gaps where needed.

The data contained 2.7 million transactions between 2011-2020. These were filtered using a group of search word relevant to indigenous peoples and local communities, land tenure rights and forest management. This narrowed down the data to 485 000 transactions relevant to our search. Of this list there were 10,294 transactions that were

classified as relevant to IPLC tenure and forest management in tropical countries. Project budgets were assessed along direct and indirect support to indigenous peoples and local communities. The finding presented feature only disbursements for direct activities.

The quantitative analysis was supplemented by an online survey with responses from 42 key informants from 18 countries representing 33 organizations including Indigenous Peoples Organizations, NGOs, and donors engaged in funding IPLC tenure and forest, to draw insights into funding gaps and opportunities, barriers, trends, lessons, and outlook on funding for IP tenure. 

Rainforest Foundation Norway supports indigenous peoples and traditional populations of the world's rainforests in their efforts to protect their environment and secure their customary rights. RFN was established in 1989 and works with local environmental, indigenous and human rights organisations in the main rainforest countries in the Amazon region, Central Africa, Southeast Asia, and Oceania. RFN is an independent organisation, and part of the international Rainforest Foundation network, with sister organisations in the United Kingdom and the USA.

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