

UNITED NATIONS



NATIONS UNIES

DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
Division for Inclusive Social Development
Indigenous Peoples and Development Branch - Secretariat of the Permanent Forum on Indigenous
Issues

International Expert Group Meeting
“Indigenous Peoples in a Greening Economy”
23 to 25 January 2024, University of Boulder, Colorado, USA
University of Boulder Law School

Inadequate funding as an obstacle for
Indigenous Peoples’ participation in the green economy

Expert paper prepared by:
Birgitte Feiring*¹

* The views expressed in this paper are those of the author and do not necessarily represent those of the United Nations.

Introduction

The UN Declaration on the Rights of Indigenous Peoples (UNDRIP), in article 4, establishes a direct link between the enjoyment of rights by Indigenous Peoples and their access to financial resources to achieve self-determined development. The Declaration further states that: “*Indigenous peoples have the right to have access to financial and technical assistance from States and through international cooperation, for the enjoyment of the rights contained in this Declaration*”, (Article 39).

This paper explores Indigenous Peoples limited access to funds in the context of international climate and development funding, and also identifies the lack of data about funds allocated for and received by Indigenous Peoples as a major systemic gap. Finally, the paper provides a few main recommendations for addressing this situation.

Funding is necessary for a fair green transition

In every society on the planet, the urgent transition towards a greener economy requires major investments and access to funds. This is even more accentuated in the case of Indigenous Peoples, who are in an economically disadvantaged position within most national societies. Moreover, Indigenous Peoples have a special role to play in the green transition, as their territories are key to mitigating climate change and conserving biodiversity. Finally, Indigenous Peoples are at high risk for being negatively impacted by initiatives related to the green transition, if these are not implemented with full respect for their rights. This is, for example, reflected in the violation of rights to lands, territories and resources in the context of green energy projects and mining of transition minerals.

In short, Indigenous Peoples need access to funds, in order to 1) assert their rights in the context of the green transition, 2) adapt to the accumulating consequences of climate change, and 3) sustain their contribution to climate change mitigation and biodiversity protection.

Funding is not provided in a rights-based manner

Many of the recent commitments and opportunities for funding to Indigenous Peoples emerge in the context of global concern for climate change and biodiversity loss. While this is relevant given the particular role of Indigenous Peoples in protecting and sustainably managing critical ecosystems, it also carries inherent risks and challenges. From the outset, Indigenous Peoples are not primarily addressed as a particular group of rightsholders that collectively need funding to overcome discrimination and marginalization and pursue self-determined development and governance. Rather, Indigenous Peoples are addressed from a more instrumentalist point of view; because they protect and manage ecosystems that are essential for combating climate change and biodiversity loss at a global scale, they should be supported in that role. This implies that funding will often reflect donor priorities that are more narrow than Indigenous Peoples’ holistic aspirations for self-determined development.

Moreover, it implies that Indigenous Peoples who inhabit areas of relatively less importance for global sustainability – or who live in poverty within urbanised areas – will be left out. In recent years, the dividing line between those who have the attention of donors and those who have not, is beginning to also create divisions within Indigenous Peoples’ networks and organisations. For example, donors may earmark funds exclusively to forest-dwelling communities but not support adjacent communities from mountainous or savannah areas - even if these belong to the same

Indigenous Peoples' organization. Priorities such as legal and policy reform at national level for recognition of Indigenous Peoples' rights can also not be addressed through an ecosystem approach.

The lack of a clear rights-based approach to funding is also evident in current practices of donors and their development partners. For example, many donors determine funding modalities (often through so-called intermediaries) without proper consultation, participation and consent of Indigenous Peoples.

Given the huge diversity of country contexts, it is not possible to point to a single modality for best supporting or channelling funds to Indigenous Peoples. Moreover, the term 'intermediaries' is so broad and comprises so many different actors that it does not allow for a meaningful and deeper analysis of their respective limitations, contributions, comparative advantages, costs and impacts.

In some country contexts, authoritarian and restrictive governments make it difficult for Indigenous Peoples' organisations to obtain legal recognition, establish bank accounts, obtain government endorsement or permits to receive funds. Further, the process to get approval for receiving foreign funding can be so long, complicated and confusing that most organisations give up beforehand. In some countries, regulations on money laundering, security and terrorism, are used against Indigenous Peoples' organisations. In these circumstances, intermediation from e.g. a UN agency, can be the only viable channel for funding to Indigenous Peoples.

In other cases, in their quest for funds, Indigenous Peoples' organizations are compelled to build up management structures and procedures that provide accountability towards donors but do not respond to the needs and priorities of their own constituents. Thereby, donor requirements can, unknowingly, contribute to diverting the focus of Indigenous Peoples' organizations, and undermine their legitimacy.

Intermediaries can play a positive role in channelling support, offering training in technical skills, supporting institutional strengthening and advocacy, facilitating networking and learning, among others. Intermediaries can also play an important role in buffering the complex compliance requirements attached to some donor funding or acts as fiscal sponsors to guarantee adequate management of funds.

However, many indigenous leaders express strong concerns about the central role of intermediaries in donor strategies for scaling up funding for indigenous peoples, as dialogue and decision-making often exclude Indigenous Peoples' representative institutions, and they experience a lack of transparency with regards to the selection criteria for intermediaries and the transaction costs implied. Failure to identify and involve the relevant representative institutions is unfortunately quite common among donors and "intermediaries" and implies that a given decision or intervention loses legitimacy and adherence to fundamental rights of Indigenous Peoples.

The need for long-term, core support, which strengthen Indigenous Peoples' governance and institutional capacities is evident. When capacity-building and technical assistance needs are defined from the communities, and local capacities are consolidated, it drastically reduces transaction costs. Finally, funding should allow Indigenous Peoples to advocate for their rights at all levels, including pursuing necessary legal and policy reform.

In response to the current funding situation, Indigenous Peoples have started developing their own mechanisms for direct funding. These include, for example, the Ayni Fund for Indigenous women,

the Indigenous Peoples of Asia Solidarity Fund, the Podáali Fund in Brazil and the Nusantara Fund in Indonesia. These mechanisms have inclusive governance mechanisms with a focus on women, persons with disability and youth and are characterized by strong ownership. Their design is based on extensive consultations to align with communities' own priorities and plans and to respond quickly to emergencies and changing situations on the ground. Currently, donor funding to these mechanisms remains small but the increasing capacity of these funding mechanisms provides an obvious opportunity for scaling up direct fund to Indigenous Peoples

Indigenous Peoples remain underfunded

Data about donor allocations remains sparse but, where available, indicate that Indigenous Peoples are not duly considered and supported in the context of international climate and development assistance.

A study by the Rainforest Foundation Norway, published in 2021, estimates that the funding allocated for tenure rights and forest management of Indigenous Peoples and local communities amounted to less than 1% of international climate aid from 2011-2020². The actual amount received by Indigenous Peoples and/or local communities was considerably lower (probably as low as 0.13%³), as most funds were channeled through so-called “intermediaries” (State institutions, UN agencies, development banks, NGOs, among others).

Data about allocations of funds under the 1.7 billion donor pledge launched at COP 28 to support forest tenure and guardianship of Indigenous Peoples and local communities confirms that direct funding is negligible. Only 2% of funding under the Pledge is so far channeled directly to an organization led by Indigenous Peoples and/or local communities.⁴ However, donors only report on the first level of recipient of fund (the “intermediaries”), and the percentage of funds that these organisations pass on to Indigenous Peoples remain unknown. The fact that donors conflate the categories of Indigenous Peoples and local communities makes it even more difficult to estimate the level of funding reaching Indigenous Peoples.

The few data available about the funding that reaches Indigenous Peoples confirm the severe underfunding of their organizations and communities. Data collected by Charapa in 2022⁵. was only able to identify 6 Indigenous Peoples' organizations, networks and funding mechanisms with a budget above 1 million US\$, across the tropical forests of Africa, Asia and Latin America. Among these were three major regional networks, two indigenous-led funding mechanisms and one national organisation. Most organisations reporting receiving small grants, implying that they have multiple donors and projects of short duration. One national organisation reported having small grants from 17 different donors and intermediaries, which obviously multiply the administrative burden and makes it hard to pursue long-term objectives, including related to policy and legal reform. Short timeframes and one-off support, suggests short-term solutions for long- term problems.

While we need much more accurate data, the above illustrates Indigenous Peoples' limited access to funding, which is not sufficient to realize their right to self-determined development, and not commensurate with their critical role in the green transition.

² <https://www.regnskog.no/en/news/less-than-a-fifth-of-iplc-intended-funding-reach-communities>

³ See: <https://charapa.dk/directing-funds-to-rights/>

⁴ See: <https://www.landportal.org/library/resources/indigenous-peoples-and-local-communities-forest-tenure-pledge>

⁵ See: <https://charapa.dk/directing-funds-to-rights/>

Tracking needs to be improved

In general, tracking of funding to Indigenous Peoples is weak and based on estimates, ad hoc methodologies and individual surveys, which are complex and time consuming, and carry a risk of misinterpretation or miscalculation when aggregating diverse data. Therefore, it is currently impossible to answer basic questions about what amounts of funds are going to whom, for what purpose and with what impact. Data on funding is not an end in itself, but is needed to:

- Drive policy change and scale up funding for Indigenous Peoples
- Make funding more efficient, including by assessing the best funding modality in a given context
- Foster collaboration and complementarity between bilateral and philanthropic donors, including at country level
- Hold donors accountable for their commitments, including for specific Pledges and targets (such as the target to allocate 20% of the Global Biodiversity Framework Fund to Indigenous Peoples)
- Avoid double funding and double counting, e.g. across multiple pledges
- Report on impact, also political impact, which will help raise additional funds
- Match funds with needs, to break patterns of systemic inequity
- Measure success in mobilizing more resources and point new donors to funding gaps
- Ensure inclusion of women, youth and persons with disabilities
- Empower Indigenous Peoples through data that is generated, understood and validated by their authorities
- Counter misleading government information, which in some contexts contributes to exclusion of Indigenous Peoples ⁶

Many donors report on their allocation of funds to the Organisation for Economic Co-operation and Development (OECD) and/or to the International Aid Transparency Initiative (IATI). Both organisations have mandates to aggregate and publish data on development finance, but do not have agreed standards or “markers” to specifically track funding for Indigenous Peoples.

In order to address this gap, in 2023, the UN Permanent Forum on Indigenous Issues made a specific recommendation to the OECD-DAC to include a policy marker in its statistical system, to facilitate tracking of funding allocated for Indigenous Peoples across all sectors⁷. This recommendation was further discussed and reaffirmed by the multiple actors present at the international workshop “Tracking of Funds for the Indispensable Partners”, which took place in Paris in November 2023 with support from the UNPFII.

The workshop also noted that data will come from a range of different sources, including bilateral donors, philanthropic funders, multilateral agencies, NGOs and organizations of Indigenous Peoples. However, to ensure validity, aggregation and comparability, data should be generated with reference to a common framework. Such a framework should include common classifications, terms and standards, to be agreed and applied across the multiple actors within the data ecosystem. The classification and description pertaining to Indigenous Peoples should be developed by their representative institutions, with respect for the fundamental right to self-identification, and be aligned with the UN Declaration on the Rights of Indigenous Peoples and the ILO Convention No. 169.

⁶ See full report of the international workshop “Tracking of Funds for the Indispensable Partners”: [here](#)

⁷ UNPFII, 2023, art. 93, available [here](#)

The workshop recommended that in order to improve traceability, donors should tag and report on their funding allocations to Indigenous Peoples against the classifications, terms and standards of the common framework described above. Moreover, they should collaborate and coordinate with the OECD and IATI to build systematic tracking and monitoring into their statistical systems, based on the classifications, terms and standards of the common framework.

The workshop also highlighted the importance of supporting Indigenous Peoples' own monitoring of funding received by their organisations and communities, in a bottom-up approach that will ensure relevance, transparency, empowerment, trust and legitimacy. Any attempt to compile and publish such data must also factor in risks and provisions for data security, specific to the country contexts. Indigenous Peoples' networks, organisations and funding mechanisms have generated valuable experience with community-based monitoring that can inspire such efforts. However, it will require a strong focus on capacity-building, development of methodologies and tools, and institutionalization of efforts, as well as investment and donor support.

Finally, the workshop pointed to the need for the UN-system, multilateral agencies and banks, NGOs and other "intermediaries" to report towards such a common framework. In particular, the Inter-agency Support Group can play a crucial role in furthering a common approach to tracking within the UN-system, by including a specific indicator on funding to Indigenous Peoples into the forthcoming indicator framework for the implementation of the System-Wide Action Plan for implementation of the UNDRIP.

Conclusions and recommendations

This paper has addressed three interrelated problems that obstruct the participation of Indigenous Peoples in the green economy, namely that:

- Funds are often not provided in a rights-based manner that would ensure alignment with Indigenous Peoples' aspirations for self-determined development and governance structures.
- Indigenous Peoples' organisations and communities do not receive the funding they need to contribute, adapt to and uphold their rights in the context of green transition,
- There is no accurate data to monitor if funds are reaching Indigenous Peoples, to guide fundings flows to where the needs and impacts are greatest and to inform decision-making about adequate transfer modalities

The following main recommendations would help address the situation:

Donors and other development partners:

- Fully recognise Indigenous Peoples as rights-holders and as crucial partners in the green economy and explore the operational implications of such a rights-based approach, in collaboration with Indigenous Peoples
- Define assessment criteria and benchmarks to assess the relevance, efficiency and cost-effectiveness of different modalities for transferring funds, in collaboration with Indigenous Peoples
- Ensure the full participation of Indigenous Peoples in decisions regarding the most efficient channel for funding to their specific organizations, territories and communities.

- Scale-up long-term predictable direct funding to Indigenous Peoples, including through their own funding mechanisms
- Increase flexibility and simplification of operational requirements to enhance Indigenous Peoples' access to funds

The UN-system

- Include a specific indicator on funding to Indigenous Peoples into the forthcoming indicator framework for the implementation of the System-Wide Action Plan for implementation of the UNDRIP.

Indigenous Peoples:

- Develop a common framework for reporting, tracking and monitoring of funds allocated to and received by Indigenous Peoples, which can guide reporting and monitoring efforts by donors, UN agencies, NGOs, multilateral banks and Indigenous Peoples

IATI and OECD:

- Include a policy marker in their statistical systems for systematic tracking and monitoring, based on the classifications, terms and standards of the common framework for reporting, tracking and monitoring of funds allocated to and received by Indigenous Peoples