Permanent Forum on Indigenous Issues
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Item 5 (g) of the provisional agenda*
Thematic dialogues, including on the financing of Indigenous Peoples’ work and participation in the context of, inter alia, development, climate, environment and biodiversity

Financing the future: the financial needs of Indigenous Peoples to support their actions for biodiversity, climate and the protection of Mother Earth

Note by the Secretariat

Summary

At its twenty-second session, the Permanent Forum on Indigenous Issues appointed Hindou Oumarou Ibrahim, member of the Forum, to undertake a study to examine the financial needs of Indigenous Peoples to support their actions in support of biodiversity, climate and the protection of Mother Earth, to be submitted to the Forum at its twenty-third session. The present note transmits the study as prepared by Ms. Ibrahim.

The study addresses the lack of direct financing to Indigenous Peoples and the inability to track financing through intermediaries. It also contains recommendations for changes and solutions to ensure that bilateral and multilateral funding can reach end users directly.
I. Introduction

1. Indigenous Peoples are the true guardians of the world’s biodiversity, ensuring the survival of nature as first responders on the ground who are fighting against the destruction of ecosystems and natural resources. Because their way of life depends on well-functioning ecosystems, Indigenous Peoples are on the front line of the impacts of climate change and biodiversity degradation. Representing about 5 per cent of the world’s population, and despite being constantly persecuted, undermined and disenfranchised, they protect and conserve around 80 per cent of the remaining biodiversity on the planet and contribute to the conservation of 25 per cent of the world’s carbon sinks. 1 In fact, forests managed by Indigenous Peoples keep an estimated 2.2 tons of carbon dioxide per hectare per year from being released in the atmosphere. 2 As demonstrated in scientific studies in the Sahel, pastoralism led by Indigenous Peoples can contribute to restoring soils and can have a positive impact by generating negative emissions while ensuring food production. 3 According to research carried out by the Rights and Resources Institute, 4 Indigenous Peoples and local communities 5 manage 300,000 million metric tons of carbon in their forests and lands.

2. Indigenous Peoples comprise approximately 5 per cent of the global population but 15 per cent of the world’s poor. 6 They are often the group most affected by climate change and environmental degradation, facing changing weather patterns and floods, droughts and other natural disasters; food insecurity; and chemical pollution and contamination. According to a 2019 report by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, 7 unsustainable production practices around the world and a lack of recognition of, and respect for, Indigenous Peoples’ rights are undermining the ability of communities to protect their lifestyles and livelihoods and, therefore, their ability to continue to protect life on Earth.

3. The negative environmental impacts have extended into the social and political realms, causing severe disputes over resources and increasing conflict. For example, resource-driven conflicts have led to at least 15,000 deaths related to farmer-herder violence in West Africa since 2010 (E/C.19/2022/7). Climate change-induced conflicts have been addressed by the Security Council, which recognizes the adverse effects of climate change on the region’s stability, noting that the intercommunal conflicts that arise from dispute over land and access to water and other resources often drive displacement of entire Indigenous communities. For example, in the Lake Chad basin, which has already lost 90 per cent of its water, conflicts have arisen as communities fight to access and share the remaining water resources. Climate and environmental

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1 See World Bank, “Indigenous Peoples”.
2 Peter Veit, David Gibbs and Katie Reytar, “Indigenous forests are some of the Amazon’s last carbon sinks”, World Resources Institute, 6 January 2023.
4 Rights and Resources, “New analysis reveals that indigenous peoples and local communities manage 300,000 million metric tons of carbon in their trees and soil—33 times energy emissions from 2017”, blog, 9 September 2018.
5 While the Permanent Forum on Indigenous Issues, the Expert Mechanism on the Rights of Indigenous Peoples and the Special Rapporteur on the rights of Indigenous Peoples recommend that use of the term “Indigenous Peoples and local communities” be abandoned because of the difference between the roles and rights of Indigenous peoples and those of local communities, the term continues to be used more broadly in several environment conventions and by international financial institutions and United Nations entities.
6 Australia, Department of Foreign Affairs and Trade, “Indigenous peoples and access to finance”, non-paper by the Australian Department of Foreign Affairs and Trade (n.d.).
changes in ecosystems in Chad have led to the movement of communities from the desert ecosystems in the north to the Sahel or Savanna ecosystems in the centre and the forest ecosystem in the south, creating conflicts between communities and often resulting in deaths. In 2023, a single conflict over resources resulted in the deaths of nearly 200 people, including women and children, the injury of hundreds more and the displacement of thousands, which adds up to thousands of lives lost each year. Furthermore, in 2023, there was also a case in which farmers closed a corridor used for the movement of pastoralist animals, which led to the deaths of many people, including women and children, the deaths of animals and the burning of several villages.

4. With a view to addressing these types of social and environmental challenges, Member States have pursued several strategies, including increasing financial flows to support sustainable activities, climate action and environmental conservation. In multilateral agreements such as the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework, it is recognized that Indigenous Peoples play a crucial role in the implementation of the three Rio conventions (the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity and the United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa). In those agreements, the respective Parties are invited to enhance support for, and inclusion of, Indigenous Peoples in the implementation of domestic strategies on climate, land and biodiversity.

5. It is important to note, however, that despite their central role in conserving biodiversity, Indigenous Peoples still only receive a very small amount of financial resources pledged by donors. At the same time, several activities that are supposed to drive the sustainability agenda, such as the creation of certain protected areas (known to some as “fortress conservation”) and of carbon markets without the participation of Indigenous Peoples, and the emergence and proliferation of mining activities in support of the energy transition have already had direct impacts on Indigenous Peoples’ rights, including their right to self-determination and self-governance and, in particular, their rights over their traditional lands and their natural resources.

6. Indigenous Peoples have produced solid results on the ground despite receiving little support from international finance flows and being largely ignored in the operations of international financial institutions, even as those institutions increasingly recognize the importance of the actions of Indigenous Peoples.

7. There is a need to deeply transform the relationship between international financial institutions and Indigenous Peoples, through such actions as: monitoring the extent to which public policies are, or are not, supportive of Indigenous Peoples’ rights; redesigning investment categories and fiduciary contracts to reflect the views of Indigenous Peoples; enabling direct access to finance for Indigenous Peoples; including policy and legal milestones related to the rights and roles of Indigenous Peoples in the monitoring of the impact of international financial institutions in countries; changing project governance through the creation of equitable governance structures; and facilitating technical discussions, intercultural exchanges and policy dialogues between international financial institutions and Indigenous Peoples.

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10 Simon Counsell, “Fortress conservation is heading for a crisis that can’t come soon enough”, Climate Diplomacy, 4 August 2022.
8. Public and private actors can develop specific tools to support Indigenous Peoples in the sustainable management of ecosystems as a component of domestic plans for climate and biodiversity. Specific mechanisms that ensure direct access to finance for Indigenous communities may contribute to enhancing the climate and nature agenda and removing traditional barriers for access to finance for Indigenous Peoples.

9. A broad-based, multi-stakeholder global evaluation of the state of Indigenous Peoples’ lands\(^\text{12}\) noted that the empowerment of Indigenous Peoples in administrative, legal and financial capacities greatly contributes to sustaining local governance systems, to reinforcing collective rights, benefits and livelihoods, and to peace. Direct access and financial support for Indigenous Peoples is critical to enable this.

10. The challenges mentioned above, including the lack of direct financing for Indigenous Peoples, have been addressed by the international community broadly in the 2030 Agenda for Sustainable Development and the Sustainable Development Goals and more specifically in the Paris Agreement, adopted in December 2015, and in the Kunming-Montreal Global Biodiversity Framework,\(^\text{13}\) adopted in December 2022. The call for direct access to finance for Indigenous Peoples should also be addressed in climate adaptation and mitigation strategies at the national and regional level, including the strategies of the Green Climate Fund, the Global Environment Facility, the Adaptation Fund and the new loss and damage fund. The expected increase in financial flows for climate action agendas presents an opportunity to revisit the manner by which Indigenous Peoples can directly access funding for their proposed strategies and projects while strengthening their self-determination and contributing to global goals in effective ways. The present document provides an overview of the financing needs of Indigenous Peoples and the actions required to ensure that they can participate fully and effectively in biodiversity conservation, climate action, land restauration and the protection of Mother Earth.

II. The clear capacity of Indigenous Peoples to manage funding and deliver results

11. Most financial resources for environmental and climate action are directed to or held by governments or non-governmental organizations, and it is common for financial resources to be channelled to Indigenous Peoples through those actors. In fact, it is estimated that only about 1 per cent of all climate finance reached Indigenous Peoples on the ground in the 2010s.\(^\text{14}\) However, Indigenous Peoples’ organizations at all levels, from community-based organizations to regional ones, are taking the lead in the implementation of tangible projects aimed at protecting lands and natural resources and developing adaptation and resilience strategies.

12. A positive step towards the recognition of Indigenous Peoples and the coupling of financial resources to such recognition was achieved during the twenty-sixth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (2021), when several Governments, private funders and philanthropic organizations pledged $1.7 billion\(^\text{15}\) in financing to “support the advancement of Indigenous Peoples’ and local communities’ forest tenure rights and greater recognition and rewards for their role as guardians of forests and nature”. In


\(^{15}\) Ford Foundation, “Governments and private funders announce historic US$1.7 billion pledge at COP26 in support of indigenous peoples and local communities”, 1 November 2021.
its first annual report, the Forest Tenure Funders Group indicated that pledge donors had already disbursed or provided $321,629,748, or 19 per cent of the $1.7 billion pledged at the twenty-sixth session; a mere 7 per cent of the disbursed funds, however, went directly to organizations led by Indigenous Peoples or local communities. 16

13. The inability of global finance to reach Indigenous Peoples is attributable to several factors, including but not limited to: the dominant models of international project design, including the associated administrative burdens; the sometimes tense relationships between Indigenous Peoples and central governments; centuries-old prejudices that cast doubt on the ability of Indigenous Peoples to handle finances or manage investments (despite their consistent results on the ground); and a lack of representation of Indigenous Peoples in global debates on financing, which hinders awareness among global audiences, and among the community of international financial institutions in particular, of the numerous cases of projects successfully led by Indigenous Peoples worldwide and of how to improve cooperation. In fact, there are already several examples of international funding managed by, and even funds established by, Indigenous Peoples, as set out in the examples from different regions of the world discussed below.

14. Podáali17 is the first Amazon-wide mechanism for gathering and redistributing financial resources to Indigenous Peoples. It was created by Indigenous Peoples, for Indigenous Peoples, with women-led Indigenous management. Podáali comprises more than 400,000 individuals across 110 million hectares of the Brazilian Amazon (23 per cent of the region), and high rates of environmental preservation have been observed in the areas it serves. It channels resources to projects focused on the environmental management and protection of Indigenous territories, sustainable economy and food sovereignty, and institutional strengthening and promotion of rights. Founded in 2020, this organization is currently financing 32 projects and has 74 projects in the pipeline.18

15. The Network of Indigenous and Local Communities for the Sustainable Management of Forest Ecosystems in Central Africa represents 370 organizations of Indigenous Peoples and local communities across eight countries, all fighting for recognition of customary land rights and sustainable management of their territories and resources. The members of the Network have developed sound mechanisms inclusive of women and young people to ensure inclusive and legitimate governance. Funding to the Network has increased in recent years (doubling over the period 2022–2023) but remains low. Out of the 18 member organizations surveyed by the Network, one currently reports a budget above $500,000, while four report budgets below $10,000 per year.19

16. The Indigenous Peoples of Asia Solidarity Fund has been under development since August 2022, when it was conceived by 26 Indigenous Peoples organizations representing 13 countries of Asia. It aims to provide Indigenous Peoples in Asia with direct access to external funds, such as the $1.7 billion forest tenure pledge committed at the twenty-sixth session of the Conference of the Parties in 2021. Its steering committee is gender balanced, and the Fund aims to reach grass-roots organizations led by Indigenous Peoples, including those focused on women, young people and persons with disabilities.20

17 See https://fundopodaali.org.br/.
17. The Seventh Generation Fund for Indigenous Peoples is one of the oldest funds of its kind in North America (46 years), and it is dedicated to Indigenous Peoples’ self-determination and the sovereignty of Native nations. It supports projects by providing an integrated and dynamic programme encompassing small grants, fiscal management, program-related training, peer learning opportunities and leadership development. It has a capacity-building programme for its affiliates, which are emerging programmes (less than five years old) or organizations that lack capacity to run as independent non-profit entities. The Seventh Generation Fund assists affiliates, which cover a wide array of Indigenous Peoples, tribal groups and bioregions, with administration, technical training, fiscal management, programme oversight and organizational development.21

18. The Arctic Indigenous Fund was created by young Indigenous leaders from across the Arctic. It aims to channel philanthropic funding in ways that better support the needs of Northern communities, in alignment with Indigenous-led efforts. In its first year of issuing grants, the Fund supported Indigenous language organizations across the Arctic with seven grants of varying amounts up to $77,000. Its second grant cycle was focused on empowering young people by strengthening integrity, identity, discipline, innovation and entrepreneurship for young people while also healing their community. A total of $454,619 in grants was issued to 20 youth-led organizations in the second cycle.22

19. The Global Greengrants Fund23 works with local grass-roots leaders and communities in Pacific Islands severely affected by climate change to help them gain access to resources for projects focused on sustainable resource use and management and to increase environmental awareness through education programmes and public policy advocacy.24 It funds youth action on climate,25 women’s empowerment in the monitoring of natural resources26 and efforts by civil society organizations to challenge activities that deplete the natural resources of the islands.27

20. International initiatives also exist. Areas conserved by Indigenous Peoples and local communities (ICCA) are supported through a multi-stakeholder effort called the Global Support Initiative, which provides financing for capacity-building and increased governance capacity of Indigenous Peoples and local communities through the Global Environment Facility (GEF) Small Grants Programme.28 The ICCA Consortium provides technical assistance concerning areas conserved by Indigenous Peoples and local communities to all the partners in the initiative.29

21. Other community-based organizations, such as the Association des femmes peules autochtones du Tchad,30 manage subregional and local grants for Indigenous women and communities aimed at developing agroecology, generating revenue for women and community land mapping. Some Indigenous-led organizations are developing models to ensure direct funding for, and management of funding by, communities.

21 See the website of the Seventh Generation Fund for Indigenous Peoples.
22 See the website of the Arctic Indigenous Fund.
24 Global Greengrants Fund, “Pacific Islands”.
28 See the website of the ICCA Global Support Initiative.
29 See the website of the ICCA Consortium.
30 See the website of Association des femmes peules autochtones du Tchad.
III. Enabling Indigenous Peoples’ access to green finance: progress to date and key principles

A. Background

22. In the United Nations Declaration on the Rights of Indigenous Peoples (General Assembly resolution 61/295), adopted by Member States in 2007, the rights of Indigenous Peoples to pursue their economic development, maintain economic institutions and improve their economic conditions are affirmed. Since economic development is a fundamental right for all peoples, it must be enabled and supported not only by international financial institutions but also by States through finance initiatives and mechanisms that allow for and ensure the full realization of Indigenous Peoples’ rights.

23. Those principles are called upon in the Kunming-Montreal Global Biodiversity Framework, in which the important roles and contributions of Indigenous Peoples as custodians of biodiversity and as partners in its conservation, restoration and sustainable use are acknowledged. It is clearly stated in the Framework that its implementation:

> [M]ust ensure that the rights, knowledge, including traditional knowledge associated with biodiversity, innovations, worldviews, values and practices of Indigenous Peoples … are respected, and documented and preserved with their free, prior and informed consent, including through their full and effective participation in decision-making, in accordance with relevant national legislation, international instruments, including the United Nations Declaration on the Rights of Indigenous Peoples, and human rights law. In this regard, nothing in this framework may be construed as diminishing or extinguishing the rights that Indigenous Peoples currently have or may acquire in the future.

That spirit of respect and equal participation is replicated throughout the text of the Framework.

24. More recently, the Permanent Forum on Indigenous Issues has stated that funding for Indigenous Peoples should strengthen the exercise of their right to self-determination,31 including their ability to own, use and manage their lands, territories and resources.

25. Furthermore, according to a July 2023 report on green finance by the Special Rapporteur on the rights of Indigenous Peoples (A/HRC/54/31), green finance initiatives and mechanisms refer to loans and investments from the public and private sectors “for projects, programmes and initiatives that promote environmental sustainability and climate action” aimed at supporting sustainable development priorities. Green finance is therefore critical to achieving national and international goals and targets, including those set out in climate and biodiversity agreements and the 2030 Agenda, whose implementation involves Indigenous Peoples as central actors.

26. The policies of public and multilateral funds have been developed with no guidelines to direct funding to Indigenous Peoples. It is unlikely that bilateral funding channelled to Governments that marginalize Indigenous Peoples would then be directed to support the activities of Indigenous Peoples. In the same context, multilateral sources, such as GEF grants and World Bank funding, have strict conditionalities in which no distinction is made between Indigenous Peoples and the countries where they are located, which may be affected by political crises or under sanctions.

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27. The design of funding mechanisms must also be adapted with a view to overcoming challenges related to financial inclusion, such as access to banking services, as many Indigenous Peoples continue to be excluded.

28. Self-determination must be the underlying objective of any funding opportunity for Indigenous Peoples, beyond their expected participation in climate, biodiversity and desertification actions. By ensuring that the right of Indigenous Peoples to self-determination is upheld and safeguarded, the climate crisis, biodiversity loss, land degradation and desertification will be better addressed, and the role of Indigenous Peoples in fulfilling the Sustainable Development Goals will be strengthened.

B. Progress in financial assistance for Indigenous Peoples

29. At present, there are few financial mechanisms in place that include, to some extent, support for Indigenous Peoples’ environmental and climate strategies, projects and actions, as discussed below.

30. **The Green Climate Fund.** As the world’s largest climate fund, the Green Climate Fund has an Indigenous Peoples policy, under which Indigenous Peoples are considered “unique and a distinct stakeholder”, and the policy is aimed at providing “a structure for ensuring that activities of the [Fund] are developed and implemented in such a way that fosters full respect, promotion and safeguarding of Indigenous Peoples”. An Indigenous Peoples’ advisory group has been established to mainstream the voices of Indigenous Peoples into the Fund’s operations, which may help Indigenous Peoples organizations access funding through their national designated authority and may open the door for such organizations to become accredited entities of the Fund. 32

31. **The GEF Small Grants Programme.** 33 GEF adopted principles and guidelines for engagement with Indigenous Peoples in 2012. 34 Through a grant mechanism implemented by the United Nations Development Programme (UNDP), support is provided to community-led initiatives that address global environmental issues. Under the Programme, local civil society and community-based organizations, including organizations led by women, Indigenous Peoples, young people and persons with disabilities, are empowered by means of a decentralized delivery mechanism at the country level. According to the initiative’s website, over $724.91 million from GEF and other donor funds has been provided to over 26,429 projects around the world. In addition, over $876.94 million has been mobilized to co-finance community-based projects.

32. **The Adaptation Fund.** While the Adaptation Fund lacks a policy exclusively dedicated to Indigenous Peoples, its environmental and social policy 35 contains an explicit mention of the United Nations Declaration on the Rights of Indigenous Peoples aimed at ensuring that initiatives and endeavours backed by the Fund will actively safeguard the rights and well-being of Indigenous Peoples: “The Fund shall not support projects/programmes that are inconsistent with the rights and responsibilities set forth in the United Nations Declaration on the Rights of Indigenous Peoples and other applicable international instruments relating to Indigenous Peoples.”

33. **The Global Commission on Adaptation.** In 2021, after more than a year of consultations, the Global Commission on Adaptation developed a set of principles to strengthen locally led adaptation, which call for devolving access and decision-making

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33 See the website of the GEF Small Grants Programme.
on adaptation finance to the lowest appropriate level. As of November 2022, over 100 organizations had joined in endorsing the principles, committing to make changes and strengthening existing efforts to meet the urgent adaptation agenda, which must include Indigenous Peoples as a priority.

34. **The Global Biodiversity Framework Fund.** The new Global Biodiversity Framework Fund was established on the basis of a decision made at the fifteenth meeting of the Conference of the Parties to the Convention on Biological Diversity. One unprecedented aspect of the Fund is the aspirational target, agreed to by the GEF Assembly, of 20 per cent of resources allocated to Indigenous Peoples and local communities. Furthermore, it is essential that any financial support allocated from the Fund to Indigenous Peoples should be supplementary and aligned with the funding provided by the Small Grants Programme under the eighth replenishment cycle of the GEF. That provision also extends to financial resources earmarked for two recently established initiatives that primarily target young people, women, and Indigenous Peoples and local communities: the civil society organization challenge and the micro, small and medium-sized enterprises pilot programme, which are designed to offer both microfinancing and technical assistance.

35. **The United Nations Voluntary Fund for Indigenous Peoples.** The Fund, established in 1985, offers financial support in the form of grants aimed at helping Indigenous Peoples and their organizations to participate in United Nations mechanisms and processes most relevant to Indigenous issues. Any member of an Indigenous community can apply for a grant. The Fund received contributions of $1,082,247.21 from Member States for the period from January 2020 to May 2022 (A/77/179).

36. **The voluntary funding mechanism for Indigenous and local communities under the Convention on Biological Diversity.** Established during the seventh Conference of the Parties to the Convention on Biological Diversity, the voluntary funding mechanism facilitates the participation of Indigenous Peoples and local communities, giving priority to those from developing countries, countries with economies in transition and small island developing States, in meetings under the Convention. The mechanism remains the only United Nations fund specifically for Indigenous Peoples and local community participation in meetings related to the Convention.

37. **World Intellectual Property Organization Voluntary Fund for Accredited Indigenous and Local Communities.** The Fund facilitates the participation of Indigenous Peoples and local communities in the work of the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore.

38. **The Mesoamerica Territorial Fund.** The Fund promotes community-based, sustainable management of natural resources in forested areas of Mesoamerica, supporting the full recognition of Indigenous and community territorial rights through direct financing of commercial activities, such as ecotourism and community forestry management.

39. **The Indigenous Peoples Assistance Facility.** The International Fund for Agricultural Development (IFAD) has developed a direct financing mechanism called

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41 Mesoamerican Alliance of People and Forests, “Mesoamerican Territorial Fund”.
the Indigenous Peoples Assistance Facility\textsuperscript{42} in support of strengthening local governance and small projects through grants. Project criteria include a focus on Indigenous culture, identity, knowledge, natural resource management within Indigenous lands and the development and strengthening of Indigenous Peoples’ networks. The Facility’s global steering committee is composed of mostly Indigenous leaders, and local committees promote joint management by Indigenous Peoples in project governance.

40. **The World Bank.** The Bank’s Operational Directive 4.20\textsuperscript{43} is aimed at protecting the interests of Indigenous Peoples. The World Bank has three different grant mechanisms through which support is directly provided to Indigenous peoples; those mechanisms have gradually contributed to building capacity and enhancing the participation of Indigenous Peoples in forest management and climate policy dialogue and increasing their participation in the benefits of emissions reductions. Under the Forest Carbon Partnership Facility, about $15 million in grants was issued to support more than 90 organizations in 37 countries with a view to advancing Indigenous Peoples’ access to, and decision-making in, the management of forest ecosystems and the use of results-based finance in forest conservation efforts.\textsuperscript{44} However, the facility is limited to certain countries and does not cover all countries where Indigenous Peoples live in forests.

41. **Shandia platform.** This platform was established to facilitate meeting space for Indigenous Peoples and diverse financial partners to discuss better frameworks for directing funding to Indigenous Peoples.

### C. Improving access of Indigenous Peoples to green finance: key principles

42. In an information note presented by the International Indigenous Peoples’ Forum on Climate Change at the twenty-seventh Conference of the Parties of the United Nations Framework Convention on Climate Change, it is argued that Indigenous Peoples should have direct access to, and direct management of, funding to ensure that resources effectively support their self-determined needs and solutions to environmental crises. Direct access should include direct negotiation and discussions with financial institutions, financial partner countries and funders to determine the level of funding, parameters, and agreements on the funding mechanisms.\textsuperscript{45}

43. Indigenous Peoples’ organizations have developed a series of principles and guidelines for direct access to finance to support their contribution to climate action, biodiversity conservation and the fight against desertification.\textsuperscript{46} The following paragraphs provide a general overview of the current needs of Indigenous Peoples that could be addressed through green finance initiatives and direct access to finance (for more details, see the annex).

44. **Self-determined sustainable development.** To enable Indigenous communities to define their needs for development, protection and sustainable use of Indigenous lands and territories, such communities should be able to set and develop their own

\textsuperscript{44} World Bank, “Empowering indigenous peoples to protect forests”, 9 August 2023.
\textsuperscript{45} World’s Indigenous Peoples. “Principles and guidelines for direct access funding for indigenous peoples’ climate action, biodiversity conservation and fighting desertification for a sustainable planet”, 2022.
\textsuperscript{46} Ibid.
priorities and solutions. A paradigm shift is required in the way development finance is conducted, from a donor-centric approach that defines the areas of support needed to an Indigenous-centric approach that prioritizes Indigenous Peoples’ leadership in defining their economic priorities. In Brazil, for example, under the national policy on territorial and environmental management of Indigenous lands, Indigenous communities are allowed to develop their own territorial and environmental management plan, which includes the areas where financial resources are most needed.

45. **Broader and more inclusive areas of coverage.** Even though climate finance initiatives often prioritize areas with high carbon and biodiversity intensity, like tropical forests, which is characteristic of Indigenous territories, the common practice in green finance is to leave entire Indigenous communities on the sidelines. It is of utmost importance that governments, philanthropic organizations, private entities and financial partners develop mechanisms and commitments to support and enable Indigenous Peoples’ initiatives and consider all seven sociocultural regions of the Indigenous Peoples. In order to achieve global goals and targets, it is essential that climate finance mechanisms move beyond forests, “fortress conservation” and climate change activities that are limited in scope and instead expand their reach by promoting broader and more inclusive areas of coverage that encompass the diversity of Indigenous Peoples’ worldviews, lifeways, and traditional occupations, including but not limited to pastoralism, hunter-gathering, traditional agricultural practices like crop rotation or shifting cultivation, traditional fishing practices and dryland farming across equally diverse ecosystems and landscapes, including rangelands, savannas, mountains, forests, deserts, coastal areas and the Arctic.

46. **Comprehensive capacity-building for development through protection of Indigenous Peoples’ traditional knowledge.** Direct access to finance can support self-determination regarding Indigenous strategies, plans and projects for protection, conservation and restoration of biodiversity, including ecosystems with carbon sink potential and can contribute to strengthening the sharing of traditional knowledge between communities and generations. Self-determination would also enable technical support for information and communications technology, financial management and reporting and accountability systems, among other benefits.

47. **Ensure full legal tenure of Indigenous lands across the globe.** Direct access to finance for Indigenous Peoples intrinsically recognizes and supports the recognition of Indigenous land rights and legal tenure of Indigenous lands and territories. According to a report by the World Resources Institute, in just three countries in the Amazon region (the Plurinational State of Bolivia, Brazil and Colombia), tenure-secure Indigenous lands can generate a net total benefit ranging from $4,888 to $10,784 per hectare in the Plurinational State of Bolivia, $4,636 to $10,402 per hectare in Brazil and $4,610 to $10,344 per hectare in Colombia. Over a 20-year period, that translates into total economic benefits estimated at $54 billion–$119 billion for Bolivia, $523 billion–$1,165 billion for Brazil and $123 billion–$277 billion for Colombia. The total costs of securing those Indigenous lands for 20 years are, at most, 1 per cent of the total derived benefits.

48. **Maximize investments, including through debt swaps.** Debt redirection or debt relief strategies designed to mobilize interest payments towards biodiversity

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47 Brazil, Presidential Decree No. 7.747 of 5 June 2012 (which established the National Policy of Territorial and Environmental Indigenous Land Management).

48 For the Permanent Forum on Indigenous Issues, the seven sociocultural regions of Indigenous Peoples are: Africa; the Arctic; Asia; Central and South America and the Caribbean; Eastern Europe, Russian Federation, Central Asia and Transcaucasia; North America; and the Pacific.

49 Peter Veit and Helen Ding, “Protecting indigenous land rights makes good economic sense”, World Resources Institute, 7 October 2016.
conservation should consider providing Indigenous Peoples direct access to such arrangements, as Indigenous Peoples have an established track record of strategies and projects that efficiently and accurately address what is needed to achieve global, regional and national climate and biodiversity goals. In recognition of the role of Indigenous Peoples as the guardians of the world’s ecosystems, public and private financial institutions should ensure that States pursue such an approach in any debt redirection or debt relief strategy.

49. Loss and damage. The social, environmental and economic relevance of operationalizing direct access to financial resources increases exponentially when consideration is given to climate change impacts that go beyond mitigation and to the fact that some responses to climate impacts can exceed the adaptation capacity of Indigenous communities (especially given their lack of financial resources). Consideration should be also given to the inclusion of intangible and non-economic losses and damages, as many Indigenous communities are already suffering the aggravating effects of climate change.

50. Distinct lifeways and sustainable livelihoods. In the application of the principles described above, consideration should always be given to the diversity of world views and knowledge systems of Indigenous Peoples when the scope includes restoring, protecting or improving sustainable Indigenous lifeways, livelihoods and practices. The narrative surrounding Indigenous Peoples should be redefined, depicting them as partners, not beneficiaries, and as a solution, not victims.

IV. Conclusions and recommendations

51. Projects led by Indigenous Peoples can make a significant contribution to the implementation of multilateral agreements, such as the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework. Accordingly, Indigenous Peoples should receive increased support from public and private sources with a view to enhancing their contribution to the sustainable development agenda.

52. International finance institutions need to reform and change how they interact with Indigenous Peoples. There is evidence that a significant number of initiatives aimed at supporting Indigenous Peoples with seed funding (such as the Small Grants Programme and the Indigenous grants under the Climate Promise initiative at UNDP) do not receive funding at the scale needed to meet investment demand and the potential of the constituency of Indigenous Peoples. In some cases, the problem is a lack of funding; in others, however, it is a question of how to better allocate international funds to better support the leadership of Indigenous Peoples in developing and deploying sustainability solutions across their lands and territories.

53. Investors must change their current funding practices by adopting a human rights-based approach and redress the existing gap in funding for Indigenous Peoples and their renewable energy, climate action and biodiversity conservation projects.

54. The third joint evaluation\(^{50}\) of the Small Grants Programme conducted by GEF and UNDP found that environmental results with economic and social co-benefits were produced consistently and that trust and social innovation were built successfully in projects under the Programme. That performance is significantly higher than the average project performance in the general pool of GEF projects,\(^{51}\) and yet the Programme receives less than 1 per cent of the total available resources


under the eighth replenishment of the GEF.\textsuperscript{52} A fundamental change is needed in the way impact is measured, with a view to incorporating general indicators developed by Indigenous Peoples and specific indicators they have developed for the activities they implement. Those indicators would include ones that address social and cultural aspects of health and well-being relevant to Indigenous Peoples, their concept of effectiveness of adaptation and mitigation responses and trends in ecosystem management and restoration of ecosystem services relevant to Indigenous Peoples’ lifeways.

55. The current paradigm of green finance focused on carbon markets, including nature-based solutions and strict conservation measures conducted by non-governmental organizations, is not fit for purpose for a changing world and does not support the call for Indigenous Peoples’ self-determination. Partnering with Indigenous Peoples on the front lines of the climate emergency, biodiversity loss and desertification would be a much more reliable and sustainable approach to addressing ecosystem collapse globally.

56. The Kunming-Montreal Global Biodiversity Framework addresses Indigenous Peoples’ rights, including the rights to land and self-determination; however, in the ongoing development of the Framework’s reporting and monitoring mechanisms, there has not, to date, been a focus on assessing the full and effective participation of Indigenous Peoples in decision-making, their self-determination or other aspirations addressed, at least in spirit, by the Framework. Furthermore, transparency and compliance mechanisms still lack the strength to effectively review and redesign implementation patterns for successfully achieving the goals and targets of the Kunming-Montreal Global Biodiversity Framework.

57. The fact that the agreed target of 20 per cent of the Global Biodiversity Framework Fund to be allocated to Indigenous Peoples and local communities is qualified as “aspirational” is still worrisome and does nothing to ensure their full and effective participation in the implementation of the Kunming-Montreal Global Biodiversity Framework, especially if carbon sink conservation is taken into account. Nevertheless, States make fast-forward decisions every day to finance transformative projects.

58. Special attention should be given to promoting the activities led by Indigenous women and young people aimed at ensuring equity and equality in access to finance and ensuring the sustainable development of women, girls and young people while tackling climate change.

59. Indigenous Peoples have developed several proposals for guidelines and standards for international finance institutions.\textsuperscript{53} At an event held on the sidelines of the Summit for a New Global Financing Pact in Paris in June 2023, Indigenous Peoples and representatives of development agencies outlined six key reforms that have the potential to transform how Indigenous Peoples and international financial institutions work together, which is the broader challenge that needs to be addressed to enable progress on direct access to finance.

60. \textbf{Changing the role of actors by giving Indigenous Peoples the leadership role in development strategies.} As noted in a 2019 publication by the Organisation for Economic Co-operation and Development (OECD): “Governments need to shift from

\textsuperscript{52} Global Environment Facility, “GEF-8 programming scenarios and global environmental benefits targets”, GEF/R.08/15 (2022).

\textsuperscript{53} For example, see World’s Indigenous Peoples, “Principles and guidelines for direct access funding”.
primarily controlling and administering resources and regulations towards playing a
more supportive and enabling role.”

61. **Changing how investments are made.** The various categories of investment
and associated responsibilities need to be adjusted so that more funds from
international sources can reach Indigenous Peoples. There are already some good
eamples of how this can be achieved, which can be useful for the creation of new
categories of investment. The new categories should connect important issues, such
as landownership, with shared goals for the well-being of Indigenous Peoples, and
those goals and plans could be monitored locally. Those measures will help to close
the gap between traditional categories of investment and what is actually needed to
properly support the rights and knowledge of Indigenous Peoples through activities
approved by international financial institutions.

62. **Changing how impact is measured.** Global finance should have policy and
legal milestones related to the rights and roles of Indigenous Peoples, including those
related to land and territorial tenure, social representation, economic development
and removal of barriers to increasing financial flows directly to the communities with
a view to advancing sustainability solutions and innovations. Such milestones should
include indicators identified and designed by Indigenous Peoples, such as those
related to social and cultural aspects of health and well-being, adaptation and
mitigation responses, and trends in ecosystem management and restoration of
ecosystem services relevant to Indigenous Peoples’ lifeways.

63. **Changing the governance of projects.** Joint management models have been
successfully implemented for protected areas management and fund management,
helping to bridge the trust gap between Indigenous Peoples and international financial
institutions. Self-governance supported through direct access to financing is an
additional step that can reflect the autonomy of Indigenous Peoples and the
predominant role they play as successful conservation stewards. In this context,
financial institutions should consider facilitating Indigenous Peoples’ access to
financial instruments by developing adequate procedures that reduce the
administrative burden and by adapting institutional processes to the specific needs of
Indigenous Peoples. Dedicated instruments that simplify access to finance and
adapted reporting procedures should be considered as options to facilitate Indigenous
Peoples’ access to climate and biodiversity finance.

64. **Changing how these issues are discussed.** Simply put, Indigenous Peoples and
international financial institutions need to get to know each other better, because their
joint efforts are indispensable to advancing sustainability solutions for biodiversity,
iclimate and social justice. There is a need for a cooperative process between
international financial institutions and Indigenous Peoples, which could start in the
form of policy dialogues that could enable a better understanding at international
financial institutions of the needs of Indigenous Peoples and the collectively
identification of mechanisms to put in place to ensure that funding flows address those
needs (such as tenure reforms, direct investment, capacity-building and recognition
of collective subjects).

65. **Changing the narrative.** There is a clear need to redefine the narrative so that
Indigenous Peoples are considered partners, not beneficiaries, and as a solution, not
victims. That redefined narrative can help efforts to codesign and codevelop a
transformation of the financial structure.

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54 OECD, *Linking Indigenous Communities with Regional Development*, OECD Rural Policy

55 See OECD, *Linking Indigenous Communities with Regional Development*; and International
Indigenous Peoples’ Forum on Climate Change, “Principles and guidelines for direct access
funding”.
Annex

Guiding principles and guidelines proposed by Indigenous Peoples to enhance their access to finance

1. **Projects developed by Indigenous Peoples should be prioritized over those submitted by intermediaries.** Affirmative action, quotas or dedicated windows of access, in allocation and access to funding should be applied in support of Indigenous Peoples. Existing Indigenous Peoples’ led initiatives need to be included, with priority given to projects collectively defined through customary and traditional governance structures over individual proposals. This is critical for addressing:
   - **historical marginalization and its continuities;**
   - **power imbalances in representation and decision-making arenas;**
   - **accounting for and accommodating multiple visions of world/development;**
   - **promoting equity, cohesiveness and peace.**

2. **Consistency in promotion, respect and application of the agreed principles for Indigenous Peoples’ self-determined development.** Projects or interventions must align with this objective – whether these are initiated/solicited by communities or are introduced.

3. **Support areas/interventions informed by the self-determination of Indigenous Peoples.** Priority must always be towards interventions that have been designed and solicited by Indigenous Peoples.

4. **Full and effective leadership, including through free, prior and informed consent and community protocols, to support ownership by Indigenous Peoples.** In instances where partners initiate the planning for projects, these processes should allow for the priorities of the communities to be taken into account and create pathways to leadership. While projects can result in multiple benefits for the whole world, the priority should be on meeting the needs of the communities and facilitating community ownership.

5. **Clear and supported safeguards against adverse impacts of interventions in Indigenous Peoples’ territories.** Projects should not just look at “needs” of communities but also the effects of these on the cultures, values and relations of the communities. Effective safeguards are those defined by Indigenous Peoples within their respective territories and not those imposed upon them by other institutions.

6. **Non-discrimination and inclusivity of Indigenous Peoples’ community groups, lifeways, livelihoods and landscapes.** Funding should be equally available for all Indigenous Peoples and not select geographies, ecosystems or organizations, so as not to leave anyone behind. Special focus should be made to ensure equal participation and access of Indigenous women, youth and persons with disabilities.

7. **Transparency regarding the source of the funding.** Financial resources and funding allocated to Indigenous Peoples’ initiatives, specially from private sector and foundations, should not come from activities that violate national or international laws. Transparency on where resources come from activities that extract from, pollute and are environmentally destructive should be clearly disclosed to Indigenous Peoples.

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1 Adapted from World’s Indigenous Peoples. “Principles and guidelines for direct access funding for indigenous peoples’ climate action, biodiversity conservation and fighting desertification for a sustainable planet”, 2022.
8. **Respect for Indigenous Peoples’ cultures and languages.** Projects with Indigenous Peoples should accommodate their cultures and languages whenever possible, in order to ensure that our elders, knowledge holders, youth and all Indigenous Peoples are able to participate effectively, if they so wish. The standardized use of the English language and current cultural practices of the environmental conservation sector are factors that do not always welcome the participation of Indigenous Peoples and their diversity.

9. **Partnership and effective collaboration between Indigenous Peoples and financial partners.** To build competencies and skills that can make Indigenous Peoples’ organizations more effective and sustainable in implementing funds, effective collaboration is needed.

10. **Zero or minimal intermediaries and institutional layering** so that Indigenous Peoples can guide and ensure efficiency in decision-making and reporting and Indigenous Peoples-friendly bureaucracy, avoid unnecessary administrative expenses and maximize resources reaching the ground/community level. When intermediaries are necessary, they must be the choice of the Indigenous Peoples’ organizations, after a thorough vetting process that includes transparency on the costs involved and the track record of such intermediaries.