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Brasil

FUNDING INDIGENOUS PEOPLES' CLIMATE EFFORTS THROUGH JURISDICTIONAL REDD+:

**Emerging lessons from the REDD Early Movers
Program in Mato Grosso, Brazil**

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This document presents preliminary findings from an ongoing case study on the Mato Grosso REDD Early Movers Program (REM MT), focusing on benefit sharing structures that channel funding to Indigenous Peoples in the state. The study examines key steps and enabling factors, including the Free, Prior and Informed Consent (FPIC) processes, public policy arrangements, and administrative structures, for successful engagement with Indigenous Peoples on benefit sharing and direct access financing in REM MT. The Mato Grosso experience offers insights and lessons to advance inclusive, Indigenous Peoples- and local communities-led financing in REDD+ and carbon programs, ultimately with the aim of funding critical climate efforts of Indigenous Peoples and local communities.

This case study, due for completion in 2023, is being prepared by The Nature Conservancy (TNC) in partnership with the Federation of Mato Grosso Indigenous Peoples (FEPOIMT) and the Mato Grosso State Government.



1. CONTEXT

1.1 Indigenous Peoples and Traditional Communities have a crucial role in combating climate change, but their efforts are underfunded

Indigenous Peoples and Traditional Communities with recognized tenure and forest management rights are some of the world's best forest protectors; 80% of the world's remaining biodiversity is on Indigenous homelands.¹ However, only a small fraction of these communities hold legally-recognized rights to their territories or have access to adequate finance for sustainable livelihoods.²

Evidence shows that Indigenous Peoples and Traditional Communities' territorial and natural resources management is an effective way to tackle climate change and an efficient approach with numerous associated benefits for communities and society.³ Considering Indigenous Peoples and Traditional Communities are disproportionately affected by climate change and that threats against their lives and territories are increasing, enhancing

their level of access to funding and capacity development is also a matter of climate justice.

In response to the Glasgow Leaders' Declaration on Forests and Land Use, public and private donors pledged over \$19.2 billion at COP26 in 2021 to end deforestation by 2030, and donors pledged \$1.7 billion to directly support Indigenous Peoples' land and forest tenure. Although Indigenous Peoples have welcomed these commitments, they demand inclusive, just, and equitable governance and financial structures to execute the additional funding.⁴ From 2011-2020, less than one percent of Official Development Assistance (ODA) for climate change mitigation and adaptation directly supported Indigenous Peoples and local communities land tenure and forest management projects.

1. Intergovernmental Panel on Climate Change (2022). Climate Change 2022: Impacts, Adaptation and Vulnerability. Working Group II Contribution to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

2. COP26 IP&LC Forest Tenure Joint Donor Statement (2021). Advancing Support for Indigenous Peoples' and Local Communities' Tenure Rights and their Forest Guardianship.

3. WRI (2016). Climate benefits, tenure costs: the economic case for securing indigenous land rights in the Amazon.

4. International Indigenous Peoples Forum on Climate Change (2021). Redefining Our Standards and Narratives on Climate Finance: The Perspective of Indigenous Peoples

1.2 Brazil's fight against deforestation continues while Indigenous Peoples and Traditional Communities are under increasing threat

Indigenous lands represent one of Brazil's most effective land uses to conserve native vegetation, losing only 1% of their native forests in the last 30 years, while private areas experienced a 20.6% loss. In Brazil, deforestation reached a fifteen-year high in 2021, and in the same year, the State of Mato Grosso was the third most affected by deforestation, with more than 11.5% of its forests destroyed.

Indigenous Peoples and Traditional Communities in Brazil have faced rising levels of land invasions, illegal exploitation of

resources, death threats, and other types of violence.⁵ Brazil's Federal Constitution makes it a federal responsibility to protect Indigenous Peoples, their lands, and their ways of living. However, state and local governments are closer to territorial dynamics. In this context, implementing government-led initiatives, such as jurisdictional REDD+ programs, requires effective coordination between national and subnational enforcement policies and finance mechanisms to protect these territories and the peoples who live there.

Jurisdictional approaches to REDD+ refer to a government-led, comprehensive approach to forest and land use across one or more administrative units. Subnational jurisdictional REDD+ is particularly relevant because states, provinces, districts, counties, and municipalities have critical land use and forest governance responsibilities. Particularly for large countries, the national scale may be too expansive, heterogeneous, and distant from land users to support feasible policy implementation. Subnational governments are closer to the farmers and communities who often have substantial powers to shape land use decisions and governance across a jurisdiction or territory.⁶



5. Conselho Indigenista Missionário (CIMI) (2022). *Relatório Violência Contra os Povos Indígenas no Brasil (data from 2021)*.

6. Boyd, W. et al. (2018). *Jurisdictional approaches to REDD+ and low emissions development: Progress and prospects*. Washington, DC: World Resources Institute, 1-14.

An aerial photograph showing a rural settlement with several small houses and a larger building, surrounded by a mix of cleared land and dense forest. The landscape is hilly, and the sky is filled with white clouds. The text is overlaid on the left side of the image.

2. MATO GROSSO'S LEGAL AND INSTITUTIONAL FRAMEWORK: PROVIDING A BASIS FOR ENGAGING INDIGENOUS PEOPLES AND TRADITIONAL COMMUNITIES IN JURISDICTIONAL REDD+

2.1 From the global to the state level

The Reduced Emissions from Deforestation and Degradation (REDD+) framework created by the United National Framework Convention on Climate Change (UNFCCC) aims to guide land-use activities to reduce deforestation and forest degradation emissions, support the sustainable management of forests, and conserve and enhance forest carbon stocks in developing countries. Brazil has developed a legal and policy framework for receiving results-based payments for REDD+ at the national level. The framework includes the [National Policy on Climate Change](#), the [National REDD+ Strategy](#)⁷, the National Commission for REDD+ (CONAREDD+)⁸, the establishment of social and environmental safeguards, and climate finance mechanisms. These mechanisms, however, have been paralyzed under the current Brazilian administration. The current situation demonstrates the need to put in place diversified approaches that are not solely dependent on one administrative level.

In line with national efforts, the State of Mato Grosso enacted its [REDD+ State System](#) (SisREDD+ MT) in 2013,⁹ which addresses environmental safeguards established by

Cancun's Convention.¹⁰ REDD+ implementation and development are managed by the Secretariat of State of the Environment of Mato Grosso (SEMA/MT) through the Superintendence of Climate Change and Biodiversity. In addition, SisREDD+ MT has governance bodies such as a Management Council and the Mato Grosso Forum on Climate Change.

In 2015, the State [launched the Produce, Conserve and Include \(PCI\) Strategy](#)¹¹, which focused on sustainability commitments in supply chains, creating opportunities around REDD+ and promoting economic development and social inclusion¹². In 2017, Mato Grosso's [Climate Change Policy](#) was approved¹³, setting the State's principles and objectives and making participatory governance mandatory for any REDD+-related initiatives. In 2021, the State created the Carbon Neutral Program MT¹⁴ to strengthen actions that contribute to sustainable development, generating a balance between emissions and removals of greenhouse gases by 2035. **These policy developments enabled establishing the REDD Early Movers (REM) Program at the state level.**

7. Ministério do Meio Ambiente (2016). [A Estratégia Nacional para REDD+ do Brasil](#).

8. Brasil (2015). [Presidential Decree 8576/2015](#).

9. Mato Grosso (2013). State Law 9878/2013.

10. UN (2018). [REDD+ Web Platform: Safeguards](#).

11. Mato Grosso (2016). State Decree 468/2016.

12. PCI. [The PCI Strategy](#).

13. Mato Grosso (2017). State Law 582/2017.

14. Mato Grosso (2021). State Decree 1160/2021.

2.2 The REDD Early Movers (REM) Program in Mato Grosso, Brazil

The REM Program is a global initiative that rewards forest protection and climate change mitigation pioneers. The program was launched at the Rio+20 Conference after being established in 2011. The program targets countries or regions that have already taken measures to protect forests and provides performance-based payments for verified emission reductions from deforestation prevention. It provides the overarching framework for the REM country programs, jointly implemented by the German Development Bank (KfW) and development cooperation agency (GIZ). In Brazil, the program is implemented in Acre and Mato Grosso in collaboration with the Ministry of Environment.¹⁵

After extensive negotiations, debates held by the Mato Grosso Forum on Climate Change, and validation through the REDD+ Management Council, the REM Mato Grosso (REM MT)

Program began its development phase in 2016, with a contract signing at COP-23 in 2017. The initiative has secured approximately €44 million for Mato Grosso from the governments of Germany and the United Kingdom, through KfW and the Department for Business, Energy & Industrial Strategy (BEIS), to be disbursed over four years starting in 2019.¹⁶ The State only receives funding by keeping deforestation levels below the threshold of 1,788 km² per year.¹⁷

Since initial negotiations in 2015, the Mato Grosso State government has taken steps to structure a REM governance system and results-based funding mechanism that reflect the State's priorities. **Mato Grosso's REM Program (REM MT) stands out for having developed a distinct benefit-sharing structure, with a specific subprogram focused on Indigenous Peoples, where they are at the center of governance and fund allocation decisions.**

Indigenous Peoples mobilization in Mato Grosso

In 2016, following an assembly gathering around 500 indigenous individuals from 39 ethnicities from Mato Grosso, the Federação dos Povos e Organizações Indígenas do Mato Grosso (FEPOIMT) was established. It is the culmination of a long-envisioned effort to mobilize the original peoples of the State in order to strengthen their voice and representation in the State. In the context of the REM MT and REDD+ policy in the State, FEPOIMT has proven to be a key player in representing Indigenous interests. The REM MT indigenous territories subprogram received its current governance structure based on FEPOIMT's guidance. Before that, indigenous matters were solely addressed through the government's Superintendence of Indigenous Affairs (SAI), with limited indigenous participation.

The Podáali Fund was created in 2019, after almost a decade of planning, to support the life plans and projects of Indigenous Peoples, enhancing their efforts for self-determination and promoting autonomous management of territories and natural resources. The Fund was built in collaboration with FEPOIMT, the Coordination of Indigenous Organizations of the Brazilian Amazon (COIAB), and other Indigenous organizations. Managed and led entirely by Indigenous Peoples, the Fund is the first Amazon-wide mechanism for capturing and redistributing resources to Indigenous Peoples, organizations and communities.

15. KfW. REDD Early Movers (REM) Program.

16. REM Mato Grosso (2021). [REM Mato Grosso ganha projeção internacional durante a COP-26](#)

17. FUNBIO. [REM Mato Grosso: Project description](#).

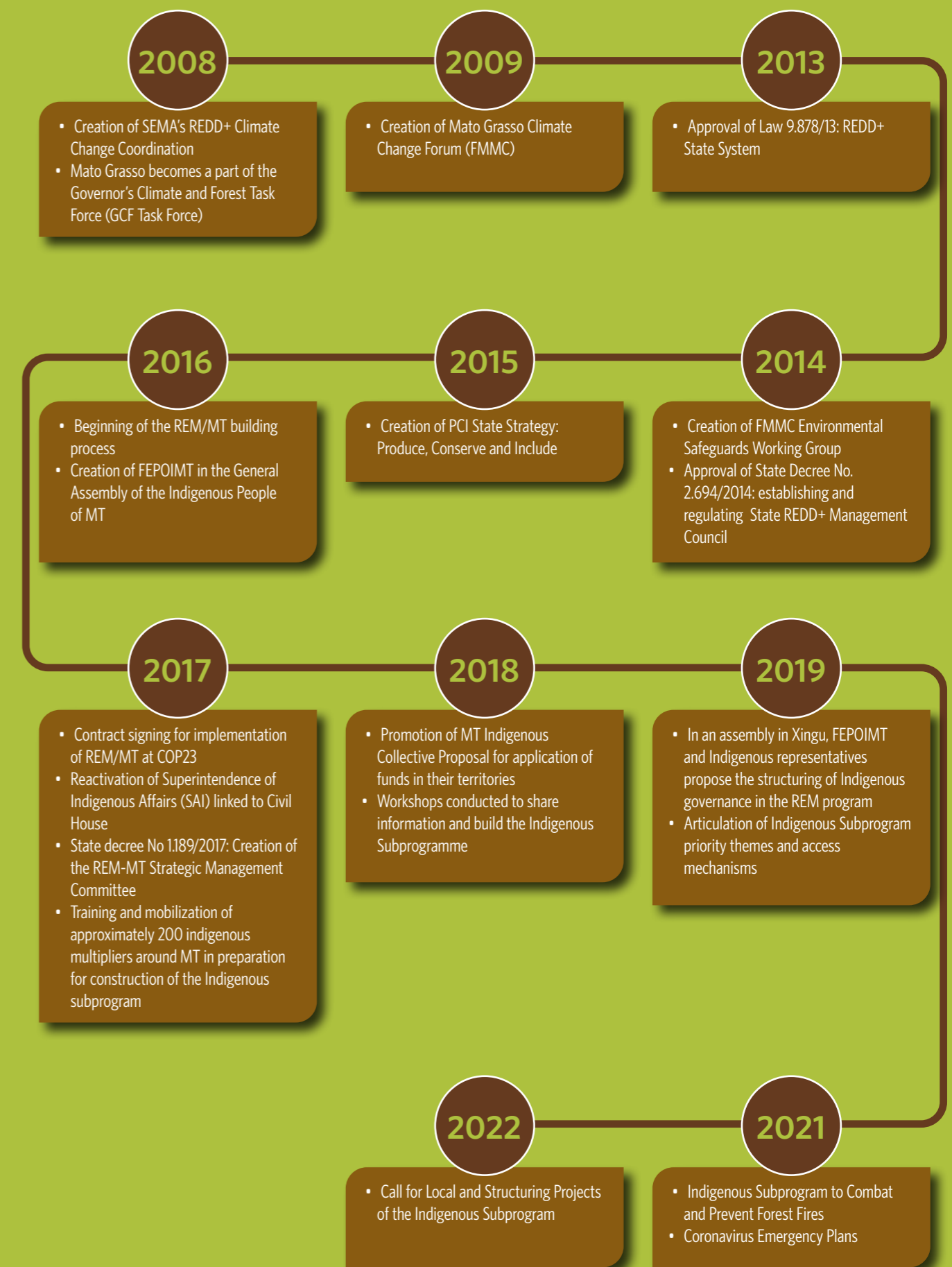


Figure 1. Timeline of milestones of MT's Climate Policy and the REM MT Program implementation



3. REM MT'S GOVERNANCE AND PROGRAMS

3.1 REM MT governance and benefit sharing structure

The REM MT Program is aligned with multiple policies at the federal level, including the National Climate Change Policy, the REDD+ Strategy, and the National Policy on Territorial and Environmental Management of Indigenous Lands. At the state level, the program was strategically developed to boost environmental policies that nurture sustainable development in rural regions, aligning with Mato Grosso's deforestation, fire control, and family agriculture policies.¹⁸

REM MT governance comprises four bodies: i) Strategic Management Committee; ii) Climate Change Forum; iii) REDD+ Management Council, and iv) Scientific Committee. The program's participatory structure sits in Mato Grosso's Climate Change Forum, which provides a basis for continuous dialogue with civil society and Indigenous Peoples. It also includes Mato Grosso's REDD+ Management Council, which provides a framework for discussion and

follow-up including FEPOIMT and other civil society organizations with experience in REDD+ policies, such as Indigenous Peoples, family agriculture, and forest-based economies.¹⁹

The Program's General Coordination operates under the State Secretariat for Environment (SEMA) and is responsible for planning and monitoring the program's execution. It is supported by the REM MT Program Working Group, composed of public officials, with technical assistance from commissions and Funbio.²⁰ The REM MT Program is subdivided into four subprograms, with budget allocations based on the carbon stock-flow breakdown methodology^{21 22}: a) Institutional Strengthening and Structural Public Policies (40%); b) Family Agriculture, Traditional Peoples and Communities (37%); c) Indigenous Territories (13%); and d) Sustainable Production, Innovation, and Markets.²³

18. Mato Grosso. Sistema Estadual de REDD+: Estratégia de Repartição de Benefícios.

19. Mato Grosso (2014). State Decree 2694/14.

20. The Brazilian Biodiversity Fund (FUNBIO) is an innovative financial mechanism created to drive the implementation of the Convention on Biological Diversity (CBD) in Brazil.

21. That allocation respecting a vision based on the carbon stock-flow breakdown established in June 2017 via the Group of Work on sharing the benefits of the REM of the State Forum on Climate Change.

22. Mato Grosso (2022). Chamada para o Apoio a Projetos Estruturantes em TIs no Mato Grosso.

23. REM MT's Benefit Sharing structure subdivides the resources allocating 40% to the state government towards Institutional Strengthening and Structural Public Policies, and 60% towards other three subprograms. The percentages given to the other subprograms, in the original document, refers to this 60% allocation, that is b) Family Agriculture, Traditional Peoples and Communities - 61%, c) Indigenous Territories - 22% and d) Sustainable Production, Innovation, and Markets - 17%. In the present document, however, we opted to provide percentages from the total in order to put them in perspective of the program as a whole.

3.2 Indigenous Territories Subprogram

To help direct investments specific to Indigenous Peoples, a specific subprogram was added to the REM Program's governance structure. Its goals are to better align the investments made with legislative frameworks, ensure they are responsive to the forms of organization of Indigenous Peoples, and guarantee compliance of the program with ILO Convention 169, which requires the free, prior, and informed consent (FPIC) of Indigenous Peoples for such initiatives.²⁴

The Indigenous Territories subprogram emerged from a highly participatory process led by FEPOIMT and supported by GIZ and the Instituto Centro de Vida (ICV) in consultation with 42 of the 43 Indigenous Peoples of the State. **Some observers noted that the REM design process enabled unprecedented dialogue between the state government and Indigenous organizations, as this was a donor requirement. According to these observers,**

this process was an important factor in the consolidation of FEPOIMT as a political force in the state.²⁵

The subprogram governance structure is led by Indigenous organizations. Its main deliberative body is the Indigenous Territories Subprogram Governance Commission. The commission has a two-year mandate and is currently comprised of representatives of FEPOIMT and its seven regional representations covering the entire State; Mato Grosso's Indigenous Women Organization (Takiná); public officials from various state agencies; Funbio as the financial manager; the federal Indigenous Peoples agency FUNAI; and GIZ, as the technical cooperation partner.²⁶

Although there are multiple types of organizations in the committee, only Indigenous representatives have the right to deliberate on matters related to the Subprogram. Other institutions in the governance structure,

including SEMA, serve to support discussions and implement and execute what was decided by Indigenous representatives. To mitigate conflicts of interest, an Evaluation Technical Committee composed of government representatives, civil society organizations, and members of academia approve projects submitted to the calls for proposals. Apart from the Governance and Evaluation Technical Committees, NGOs - such as Instituto Raoni, Indigenous Land Association of the Xingu (ATIX), ICV, and The Nature Conservancy (TNC) serve as **supporting organizations** to the program and Indigenous communities. NGOs are mobilized upon Indigenous Peoples' request to provide technical assistance and administrative and financial management for specific approved projects; (in this case, the NGOs play an essential cohesion role, "aglutinadoras"). Funbio handles the financial management of the REM Program including the Indigenous Territories Subprogram.

Eligibility for projects must fit within ten

themes selected by Indigenous representatives, including cultural strengthening, environment and sustainability, land security, food security, income generation, land management, infrastructure, women's rights, forest fire fighting and prevention, and COVID-19 pandemic emergency response. Calls for projects are launched under FEPOIMT's guidelines. So far, there have been four calls, focused on: i) Emergency COVID-19 responses; ii) Structural projects (which require adherence to at least six from the themes above and allow for higher scale projects); iii) Local projects (which require adherence to at least two themes and are focused on reaching the communities and supporting their activities); iv) Creation of fire brigades.

According to stakeholders, the responsive and flexible structure is essential to the program's success. A summary of the subprogram's implementation arrangements can be seen in Figure 2.

24. GIZ (2018). *Technical Cooperation for the REDD Early Movers (REM) Program - Mato Grosso and Acre - Brazil*.

25. EDF (2021). *Jurisdictional Forest Protection and Indigenous Peoples: evidence from Acre and Mato Grosso REDD Early Movers Programs*.

26. Mato Grosso (2022). *PROTAGONISMO: Definida nova Comissão de Governança Indígena do REM MT*.



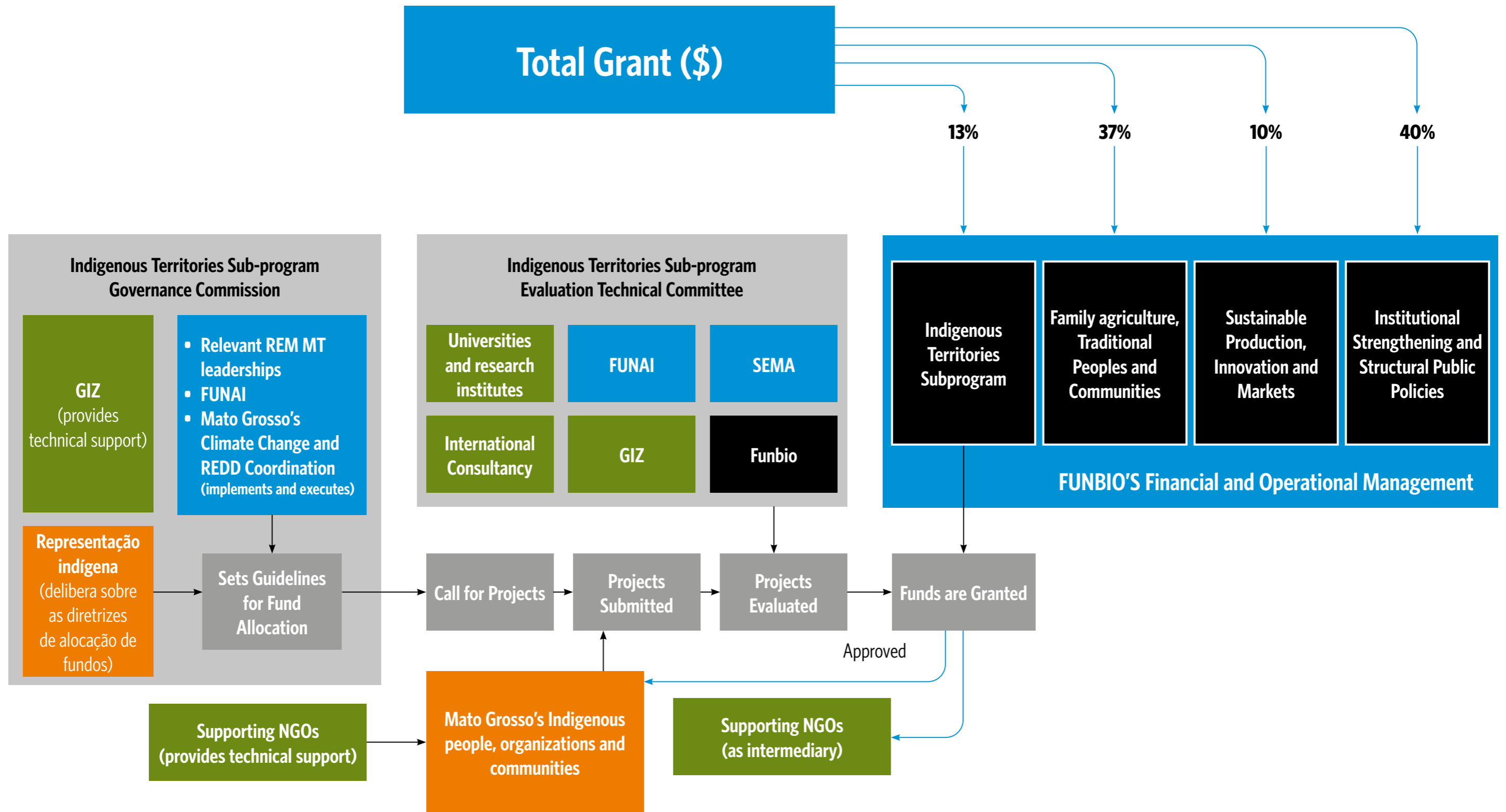


Figure 2. REM MT Indigenous Territories Sub-program flowchart



4. REM MT IMPLEMENTATION: PROGRESS AND NEXT STEPS

The Indigenous Territories Subprogram is in effect for the period 2019-2023, focusing on institutional development, governance structuring, and Indigenous Peoples' projects. Activities began through a consultation process designed with the technical support of GIZ and ICV, with FEPOIMT as the focal point to promote the participation of the 43 Indigenous groups of Mato Grosso through workshops, training, and consultations to specify the subprogram objectives and priority themes. When the COVID-19 pandemic struck the world, it was decided that the program would employ supporting civil society organizations to assist Indigenous-led organizations in their projects while limiting the access of non-Indigenous individuals to Indigenous territories.

Later, funding went toward the institutional development of FEPOIMT itself and to Indigenous Peoples projects, approved in a thematic call for proposals, which delivered important results in reaching the communities. As of January 2022, more than 383 communities from all of the State's 43 Indigenous Peoples have benefited from the program, using the resources to establish Indigenous fire brigades, strengthen Indigenous associations, increase food security and agricultural production, improve land management, and otherwise enhance community healthcare. The program's first phase is expected to be concluded in 2023, though some projects will continue beyond this date.

While measurable emissions reductions and avoided deforestation results are not yet quantified, **the success of the subprogram rests in its ability to direct financing responsive to Indigenous Peoples needs while strengthening the ecosystem of Indigenous-led organizations.** Important progress milestones include the development of indicators to measure the implementation of social and environmental safeguards as part of the REM MT program. Another development of note is the increasing approval of projects directly managed by Indigenous Peoples. For example, the Podáli Fund has partnered with TNC to implement a structural project at the Xavante people's request. The recently approved project enables the Podáli Fund to manage and freely allocate funds as they see fit. The expectation is that this will be an opportunity to strengthen the Indigenous Peoples Fund's activities and to advance lessons learned. The Podáli Fund encourages innovation, as it will fund initiatives supported by the Xavante people.

In parallel with preparations for the next phase of REM MT, FEPOIMT has carried out initial strategic planning with the support of GIZ. Should funds be secured, the next stage will occur between 2023 and 2027 and should have a new specific construction process. In addition to the first phase's objectives, it will aim to expand the program's reach and provide continuous organizational development to Indigenous-led institutions.



5. KEY LESSONS LEARNED FROM MATO GROSSO'S INDIGENOUS-LED REM EFFORTS

One of the most important lessons learned from Mato Grosso's Indigenous-led REM efforts is that institutional development and capacity building of Indigenous Peoples and organizations must be a continuous process. Expecting short-term investment to overcome challenging political contexts and historically unmet demands is unrealistic. Overall, Indigenous Peoples have previously been alienated from processes such as design and implementation, administrative and financial management, and monitoring and evaluation of policies and programs. To increase Indigenous Peoples' autonomy over time and their capacity to reach out to other financing mechanisms, financial mechanisms must be adaptive and build Indigenous Peoples capabilities.

While most eligibility considerations were decided by Indigenous Peoples, technical requirements and procedures, such as those connected to financial operations and due diligence, were not determined by Indigenous Peoples, nor did Indigenous Peoples participate in their development. Since Funbio serves as the financial manager, the administrative procedures, financial management, and documentation requirements follow Funbio's guidance. Although these procedures and measures are implemented with the aim of risk mitigation, they have often limited Indigenous Peoples' direct access to resources. **FEPOINTM asserts that developing a financial operating manual that is more adapted to Indigenous Peoples realities should be an important development in implementing jurisdictional**

programs and climate financing. One step to piloting a solution is that one of the projects approved by the Structuring call for proposals (2022) will test the implementation of projects in Indigenous lands through the Podáali Fund, bringing to reality a discussion that has been in place between Podáali and FEPOINTM for the past three years. This approach will be implemented in 2023 and will have the support of The Nature Conservancy.

A significant challenge is guaranteeing the representation of communities that have collective decision-making processes. Indigenous Peoples typically need more time to validate decisions in their communities, and their traditional cultures and organizing forms should be respected. However, balancing those FPIC requirements with the expectations of donors and state agencies is often challenging. Donor requirements and expectations need to be closely examined and, in many cases, adapted in consideration of the invaluable environmental services offered by Indigenous Peoples and Traditional Communities to society and in consideration of the need to democratize access to finance. In addition, finance mechanisms need to enhance support for projects that focus on sustainable, productive activities that generate income, focusing on socio-bioeconomy supply chains.

The case study of Indigenous Peoples' participation in the Mato Grosso REM Program identified a number of crucial success factors and lessons learned that may be transferable to other geographic contexts and stakeholders wishing to implement similar arrangements:

Table 1. Success factors for establishing an Indigenous Peoples- and Traditional Communities-led financing mechanism in Mato Grosso

	Success Factors	Local Context
Enabling Environment	Indigenous Peoples' land tenure and resource management rights are recognized and effectively enforced	Indigenous Peoples' lands are protected by national legislation, with right of use exclusively assigned to Indigenous inhabitants.
	Strong Indigenous Peoples organizational structures and leadership	Creation and strengthening of FEPOIMT through a process led by Indigenous Peoples local to the state
	Social and environmental safeguards adapted to the territory	Mato Grosso's REDD+ legislation incorporates the Cancun safeguards, and the REM MT has developed indicators to ensure they are respected.
	Consultation processes with Indigenous Peoples are carried out in compliance with the principles for FPIC defined in ILO Convention 169	The Mato Grosso state government worked with strategic and technical partners with a history of involvement with Indigenous Peoples, such as GIZ and ICV, to ensure consultation processes were carried out in compliance with the principles for FPIC.
Programmatic Decision-Making	Robust and participatory governance	The REM MT's governance structure and the state's institutional framework are inclusive and promote participation. State-level governance bodies for REDD+ also include Indigenous organizations in their composition.
	Indigenous Peoples included in all levels of program development	A thorough consultation process with Indigenous Peoples was carried out as part of the implementation stage of the REM MT Indigenous Peoples Territories Subprogram, ensuring that communities legitimized decisions through more than solely the participation of their leadership representatives.
	Continuous investment in institutional development and capacity building for Indigenous organizations and state agencies engaged with Indigenous Peoples	A portion of REDD+ rewards were allocated to state agencies, and the Indigenous Peoples Territories Subprogram invests in strengthening institutional capacity of Indigenous organizations.
	Flexible funding schemes to adapt to the emerging needs of Indigenous Peoples	Indigenous Peoples play a central role in the governance of the REM MT Indigenous Peoples Territories Subprogram, allowing resources to be quickly allocated to address emerging issues, such as forest fires and the COVID-19 pandemic.
	Adequate budgeting for the financial and logistical costs of engaging Indigenous Peoples and local communities	Financial and logistical activities received enough budget allocation by the program.
	A clear benefit-sharing strategy allocates funds for Indigenous Peoples according to their priorities and with the division of allocation funds based on the carbon stock-flow breakdown methodology	The Indigenous Peoples Territories Subprogram receives 13% of the funds allocated to the REM MT Program (22% of the amount allocated to non-state actors).

Scaling up climate finance and access to funding mechanisms for Indigenous Peoples and local communities is key to meeting the goals of the Paris Agreement. By ensuring inclusive governance and benefit-sharing arrangements, the REM-MT Subprograms allowed different stakeholder groups to benefit from the program's resources, particularly those who have traditionally protected the forests and need support and encouragement for sustainable production on the deforestation frontier.

Ensuring that funding mechanisms effectively reach and are managed by Indigenous Peoples and local communities is an important way to support the

implementation of Indigenous- and local community-established management plans and priorities. It has the potential to contribute to securing social, environmental, and territorial rights by supporting more inclusive participation in decision-making processes that directly affect Indigenous Peoples and local community lives, empowering them with more autonomy in determining their futures. Despite important differences in legal frameworks, institutional capacities, and other context-specific challenges, stakeholders interested in developing similar programs elsewhere at jurisdictional and national levels should look to the important insights and lessons learned from Mato Grosso's experience.





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