FEDERAÇÃO DOS POVOS E ORGANIZAÇÕES INDÍGENAS DE MATO GROSSO

The Nature Conservancy Brasil

FUNDING INDIGENOUS PEOPLES' CLIMATE EFFORTS THROUGH JURISDICTIONAL REDD+:

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

WORKING PAPER | NOVEMBER 10, 2022
EXECUTIVE SUMMARY

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.

Indigenous Peoples and Local Communities with recognized forest tenure and management rights are among the best forest stewards in the world: 80% of the world's remaining biodiversity is on Indigenous homelands.[1] Yet, in Brazil, less than 1% of Official Development Assistance (ODA) provided for climate change mitigation and adaptation has been used to directly support forest management and land tenure projects led by Indigenous Peoples and local communities.

Over the last 30 years, lands owned by them have lost only 1% of their native forests, while the same rate for lands in private areas has reached 20.6%. Government-led initiatives, such as Jurisdictional REDD+ programs, offer important tools for the protection of these territories and the people who inhabit them, but they require effective coordination between national and subnational enforcement policies and funding mechanisms in order to work.

REDD+ (Reducing Emissions from Deforestation and Forest Degradation) is a framework created by the United Nations Framework Convention on Climate Change (UNFCCC) to guide land use activities in the forest sector to reduce emissions from deforestation and forest degradation, promote the sustainable management of forests, and preserve and enhance forest carbon stocks in developing countries. In line with Brazil's national efforts on this front, the state of Mato Grosso in 2013 enacted its State REDD+ System (SisREDD+ MT), created to monitor enforcement of the environmental safeguards established by the Cancun Convention. Later, in 2017, Mato Grosso enacted its Climate Change Policy, which defined the state's principles and objectives on the area and set mandatory participatory governance requirements for any REDD+-related initiatives. **These policy developments enable the establishment of Mato Grosso's state-level REDD Early Movers (REM) Program.**

The initiative secured around €44 million for the state from the German and UK governments, namely through Germany's KfW and the UK's Department for Business, Energy and Industrial Strategy (BEIS), to be disbursed over four years starting in 2019. The state will only receive these resources if it keeps deforestation levels below the limit of 1,788 km² per year.[2] **The REM MT program stands out for having developed a distinct benefit-sharing structure, with a specific subprogram that places Indigenous Peoples at the center of governance and resource allocation decisions.**

The REM MT Program is aligned with multiple policies at the federal level, including Brazil's National Climate Change Policy, national REDD+ Strategy, and the National Policy for Territorial and Environmental Management of Indigenous Lands. A specific subprogram was added to the REM Program's governance structure that helps direct investments specific to Indigenous

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. FUNBIO. REM Mato Grosso: Project description.

Peoples. The 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.[3]

The Indigenous Peoples Territories subprogram emerges from a highly participatory process led by the Federation of Mato Grosso Indigenous Peoples (FEPOIMT) with the support of GIZ and the Instituto Centro de Vida (ICV). In all, 42 of the state's 43 Indigenous Peoples were consulted in the process, allowing for unprecedented dialogue between the state government and Indigenous Peoples organizations, and significantly contributing to the consolidation of FEPOIMT as a political force in the state.[4]

One of the core differentiating factors of this initiative is that the governance structure of the Subprogram is led by Indigenous organizations themselves. Its main deliberative body is the Governance Committee of the Indigenous Peoples Territories Subprogram. Although there are various types of organizations on the Committee, only Indigenous representatives have the right to deliberate on matters related to the Subprogram. In addition to the Technical Committees (Governance and Evaluation), NGOs such as Instituto Raoni, the Xingu Indigenous People Lands Association (ATIX), Instituto Centro de Vida and The Nature Conservancy (TNC) all act as **supporting entities** for the program and the IIndigenous communities.

Disbursement of REM resources is managed through project calls issued under the Indigenous Peoples Subprogram and following FEPOIMT guidelines. Eligibility for projects must fit within at least one of the 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. So far, there have been four calls focused on: i) emergency response to COVID-19; ii) structuring projects (requiring adherence to at least six of the above themes and allowing for larger-scale projects); iii) local projects (requiring adherence to at least two themes, focused on reaching communities and supporting their activities); and iv) creation of fire brigades. The stakeholders involved highlight that the responsive and flexible framework is essential to the success of the program.

Key lessons learned from Indigenous People-led REM efforts in Mato Grosso

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:

	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.

3. GIZ (2018). Technical Cooperation for the REDD Early Movers (REM) Program - Mato Grosso and Acre - Brazil.
4. EDF (2021). Jurisdictional Forest Protection and Indigenous Peoples: evidence from Acre and Mato Grosso REDD Early Movers Programs.

	Success Factors	Local Context
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.

Helcio Marcelo de Souza, IPLC Strategy Manager at TNC Brazil, explains that "ensuring innovative funding mechanisms can reach and be effectively managed by Indigenous Peoples and local communities is a way to support the implementation of Indigenous- and Traditional Community-established management plans and priorities and, in turn, helps ensure avoided deforestation of tropical forests". The REM Project has been moving precisely in this direction. One of the projects approved under the Master Project Call of the 2022 REM-MT Indigenous Peoples Subprogram will pilot the implementation of initiatives in Indigenous lands through the Podáali Fund – the culmination of three years of discussions toward that goal between the Podáali Fund and FEPOIMT. Implementation will begin in 2023, with the support of The Nature Conservancy.

The Podáali Fund was created in 2019, after nearly a decade of planning, to support the life plans and projects of Indigenous Peoples, empowering their efforts towards self-determination and supporting autonomous management of territories and natural resources. Managed and led entirely by Indigenous Peoples, the Fund is the first Amazon-wide fundraising and redistribution mechanism for Indigenous Peoples, their organizations and communities. Mr. Souza adds: "Efforts like this can help guarantee social, environmental and territorial rights by supporting more inclusive participation in relevant decision-making processes that directly affect Indigenous Peoples and local communities' lives, empowering them with more agency over 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.

GENERAL COORDINATION
Rony Brodsky, Director of Indigenous- and Community-Led Finance, The Nature Conservancy

TECHNICAL COORDINATION
Hélcio Marcelo de Souza, Brazil Indigenous Peoples and Local Communities Strategy Lead, The Nature Conservancy
Julia Mangueira, Director for Cerrado - Araguaia Iconic Place, The Nature Conservancy
Marina Aragao, Sustainable Finance Specialist, The Nature Conservancy

SUPERVISION
Crizanto Rudzo Tseremey Wá, President, Federação dos Povos e Organizações Indígenas do Mato Grosso (FEPOIMT)
Marcos Antonio Camargo Ferreira, Indigenous Territories Subprogram Coordinator – REM-MT Program

CORE WRITING TEAM
Priscilla Santos, Advisor, Indufor
Julia Mangueira, Director for Cerrado - Araguaia Iconic Place, The Nature Conservancy
Hélcio Marcelo de Souza, Brazil Indigenous Peoples and Local Communities Strategy Lead, The Nature Conservancy
Rony Brodsky, Director of Indigenous- and Community-Led Finance, The Nature Conservancy
Jeffrey Hatcher, Managing Director, Indufor

CONCEPTION
The Nature Conservancy

WITH SINCERE THANKS TO THE REPORT WORKING GROUP WHO PROVIDED CRITICAL GUIDANCE, PERSPECTIVES, IDEAS, INFORMATIONAL RESOURCES, AND DRAFT REVIEWS:

FEDERAÇÃO DOS POVOS E ORGANIZAÇÕES INDÍGENAS DO MATO GROSSO (FEPOIMT)
Crizanto Rudzo Tseremey Wá, President
Kaiana Kamaiura, Institutional Advisor
Eliane Xunakalo, Institutional Advisor

SECRETARIA DE ESTADO DE MEIO AMBIENTE DE MATO GROSSO (SEMA-MT)
Marcos Antonio Camargo Ferreira, Indigenous Territories Subprogram Coordinator – REM-MT Program
Ligia Nara Vendramin, REM Program Coordinator
Mauricio Moleiro Phillip, Mato Grosso Climate Change Coordinator

FUNDO PODÁALI
Valéria Paye, Executive Director

INSTITUTO CENTRO DE VIDA (ICV)
Alice Thuault, Executive Director

DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GMBH
Renata Oliveira Costa, Technical Advisor, "REDD Early Movers" – REM Cooperation Program

THE NATURE CONSERVANCY
Marina Aragao, Sustainable Finance Specialist
Eduardo Barnes, Indigenous Peoples and Local Communities Strategy Access Coordinator
Jill Blockhus, Climate Policy and Practice Director
Andrea Burgess, Global Director of Conservation in Partnership with Indigenous Peoples and Local Communities
Roberta Cantinho, Climate Policy Specialist
Rane G. Cortez, Global Natural Climate Solutions Director
Beatriz Machado Granziera, International Climate Policy Advisor
Karen Oliveira, Brazil External Affairs Director

Suggested citation: The Nature Conservancy and Federação dos Povos e Organizações Indígenas do Mato Grosso (2022). Funding Indigenous Peoples' Climate Efforts through Jurisdictional REDD+: Emerging Lessons from the REDD Early Movers Program in Mato Grosso, Brazil. Executive Summary. Working Paper. Brasília.