



Summit for a New Global Financing Pact  
Paris, 22-23 June 2023

# **Indigenous Peoples and Global Finance:** Five key reforms to enable sustainability solutions and advance justice

Recommendations from the official side event “Including indigenous peoples and local communities in the New Global Financing Pact: from whys to hows” – OECD, Thursday 22 June 2023

## Context



**In discussion at the OECD.** From left to right: Josep Gari (Senior Policy Advisor, Climate Hub, United Nations Development Program), Gilles Kleitz (Executive Director for Sustainable Development Solutions, Agence Française de Développement (AFD)), Dario José Mejía Montalvo (Chair, United Nations Permanent Forum on Indigenous Issues)

The leadership of indigenous peoples in climate and biodiversity action is increasingly well established scientifically and it was, for instance, well documented in the latest official climate and biodiversity reports (IPCC and IPBES). For example, indigenous peoples manage territories and unique ecosystems that host 80% of forest biodiversity and that represent a major buffer to the climate disorder<sup>1</sup>. Other reports by major international institutions (from the UN to WRI) have also documented this in recent years, highlighting for instance that supporting tenure rights for indigenous peoples is a very cost-effective climate and biodiversity solution<sup>2</sup>.

Yet, at the same time, evidence also shows that indigenous peoples have received less than 1% of climate funding during the last decade<sup>3</sup>. Worse, despite an important pledge made during UNFCCC COP26, research published before COP27 showed that only 7% of the global funding intended for indigenous peoples actually reached communities on the ground<sup>4</sup>. A number of initiatives to support indigenous peoples with seed funding (such as the SGP and the indigenous grants scheme of the UNDP Climate Promise) do not get the funding scale that is needed to meet both the investment demand and potential from the indigenous peoples' constituency.

This is due to, *e.g.*, the dominant models of international project design, sometimes tense relationships between in-

digenous peoples and central governments, centuries-old prejudices casting indigenous peoples as incapable of handling finance or managing investments (despite their consistent results on the ground), to the lack of representation of indigenous peoples in global debates on financing which prevents the global audience, and especially the community of international financial institutions (IFIs), to better know the numerous successful cases of projects led by indigenous peoples worldwide and how to improve cooperation.

The question here is not about fetishizing money. Indigenous peoples have been doing this work on the ground without much financial support and despite facing ferocious threats for centuries.

Rather, the key question is how to better allocate international funds so that they further support the leadership of indigenous peoples in devising and deploying sustainability solutions across their lands and territories. In some cases, this could mean that more funding is needed for these communities; but more generally, it is about spending better, for the better, and in particular so that investments support the recognition and respect of the rights of indigenous peoples.

In recent years, indigenous peoples have developed several proposals of guidelines and standards<sup>5</sup>, and some actors in IFIs have tried new approaches too. But the situation is deeply unsatisfying to everyone.

1 See a short summary: Zapata, J., & Grouwels, S. (2022). Climate Finance Needs Rethinking to Reach Indigenous Peoples on the Ground. IISD-SDG Knowledge Hub. Available [here](#).

2 Ding, H., Veit, P., Gray, E., Reyntar, K., et al (2016). Climate Benefits, Tenure Costs: The Economic Case For Securing Indigenous Land Rights in the Amazon. Available [here](#).

3 Hatcher, J., Owen, M., Yin, D. (2021). Falling Short. Donor funding for Indigenous Peoples and local communities to secure tenure rights and manage forests in tropical countries (2011-2020). Rainforest Foundation Norway. Available [here](#).

4 Mongabay.com (2022). "Small share of land rights pledge went to Indigenous groups: Progress report". Available [here](#).

5 See for instance: World's Indigenous Peoples (2022). Principles & Guidelines for Direct Access Funding for Indigenous Peoples' Climate Action, Biodiversity Conservation and Fighting Desertification for a Sustainable Planet. Available [here](#). See also a presentation of the Shandia Vision [here](#).

## Recommendations

The side event helped identify **five key reforms** that have the potential to fundamentally transform how indigenous peoples and IFIs work together to support sustainability for the whole planet.

- **Changing the role of actors and who leads in development strategies.** Much progress is still needed to support the self-determination of indigenous peoples and this can be advanced if indigenous peoples have a leadership role in, e.g., regional and rural development strategies<sup>6</sup>. As the OECD itself has identified: “Governments need to shift from primarily controlling and administrating resources and regulations toward playing a more supportive and enabling role”<sup>7</sup>. This would also enable, notably, supporting the rights of indigenous peoples, bringing reparation to the historical marginalization of indigenous peoples and its continuities, promoting equity, and fighting against power imbalances in representation and decision-making arenas.
  - **Changing how we invest.** Investment categories and fiduciary responsibilities also need to be modified to increase both the impact and the volume of funds to indigenous peoples from international finance. There are already several examples that might be useful to classify the new investment categories needed to link issues such as land-tenure security with jointly developed indicators on indigenous peoples’ well-being priorities and strategies that can be monitored locally. This would help bridge the gap between what is traditionally accepted as investment categories, and what is needed to adequately express collective rights and collective knowledge as an eligible activity for IFIs<sup>8</sup>.
  - **Changing how we measure impact.** Global finance should have policy and legal milestones related to the rights and roles of indigenous peoples, such as on land and territorial tenure, social representation, economic development and removal of barriers to increasing financial flows directly to the communities for advancing sustainability solutions &
- innovations. These should include indicators that have already been identified by indigenous peoples, such as the social and cultural aspects of health and wellbeing important to indigenous peoples, number of effective adaptation and mitigation responses, and trends in ecosystem management and restoration of ecosystem services relevant to indigenous peoples’ lifeways, among others<sup>9</sup>.
- **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 IFIs. Self-governance supported through direct access to financing is an additional step that can reflect both autonomy and the predominant role that indigenous peoples exercise as successful conservation stewards. This success is based in part on the effectiveness of their own governance systems, so such a change in governance<sup>10</sup> should not be seen as a leap of faith by financiers, rather as a good investment practice.
  - **Changing how we discuss about these issues.** Simply put, indigenous peoples and IFIs need to know each other better, as their joint endeavor is indispensable to advance sustainability solutions for biodiversity, climate, and social justice. There is a need for a co-operative process between IFIs and indigenous peoples, starting in the form of policy dialogues that could help IFIs better understand the needs of IFIs and to collectively identify the mechanisms to put in place so that funding flows indeed address these needs (such as tenure reforms, direct investments, capacity building, recognition as collective subjects). This is as much a technical discussion as an inter-cultural exchange that is necessary to jumpstart the required transition<sup>11</sup>.
- All these changes, at a fundamental level, require a change of thinking to accept and enact a worldview that assigns a value of all forms of life as important, both for the conservation and use of ecosystems. But working towards the changes above will also be a way to enable this necessary deep shift in values.

6 Catacora-Vargas, et al. (2022). *Governance approaches and practices in Latin America and the Caribbean for transformative change for biodiversity*. United Nations Economic Commission for Latin America and the Caribbean (ECLAC). Available [here](#).

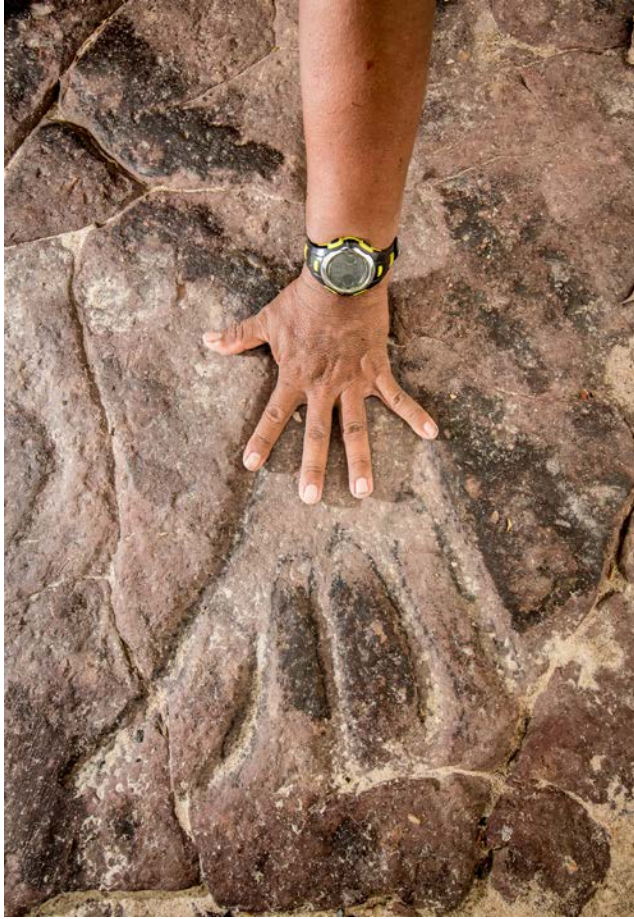
7 OECD (2019), *Linking Indigenous Communities with Regional Development*, OECD Rural Policy Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/3203c082-en>.

8 World Bank (2022). A favorable Forest Investment Program for Environment and Sustainable Development. Available [here](#). See also [here](#) the work of the Forest Investment Program.

9 See OECD (2019) and World’s Indigenous Peoples (2022), *ibid*.

10 See Larson et al. (2022). A place at the table is not enough: Accountability for Indigenous Peoples and local communities in multi-stakeholder platforms. *World Development*, 155, 105907. Available [here](#).

11 For instance, the next Finance in Common Summit (Cartagena, Colombia, 4 - 6 September 2023) could be an ideal opportunity to hold such a dialogue. See the summit webpage [here](#).



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