BRIEFING NOTE

MAKING THE GCF IP POLICY WORK FOR IPs: EXPLORING BENEFITS & RESOURCE ACCESS MODALITIES FOR INDIGENOUS PEOPLES

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Written by:

Kimaren ole Riamit, Executive Director, Indigenous Livelihoods Enhancement Partners (ILEPA)

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Background

Indigenous Peoples’ clarion call on climate finance under the United Nations Framework Convention on Climate Change (UNFCCC) has been establishment of a specially dedicated fund (funding arrangement) to be directly accessed by Indigenous Peoples from developing and developed countries to support climate change response actions undertaken by indigenous peoples within their territories.

It is now an empirically established fact that the last remaining natural forests (which are part of the solution to climate change), are home to many of the world’s Indigenous peoples. Indigenous Peoples traditional natural resource management systems and traditional ecological knowledge have also been recognized as an important source of resiliency and adaptation. It follows that, since their livelihoods are natural resources and climate dependent, IPs are in the frontline of the negative impacts of climate. Access to sustained and predictable direct access resources to mitigate and adapt to impacts of climate change therefore become a critical question.

Climate financing from developed to developing countries is a commitment enshrined in the UNFCCC convention art. 4.3. Of the numerous existing Climate finance arrangements - national, bilateral and multilateral - including the two main UNFCCC operating entities of the Financial Mechanism - the Global Environment Facility (GEF) and the Green Climate Fund (GCF), and other specialized funds¹, very little is directly reaching Indigenous Peoples of the world.

While a growing number of non-state actors at the national and international² arena have responded to the clarion call by global IPs’ movement to establish dedicated financial mechanisms for scaling up natural resource management to halt drivers of deforestation, increase resiliency and to advance adaptation action on the ground – these are often far too small grants and narrow in scope and reach.

I. Why a Dedicated climate financing Arrangement for Indigenous Peoples?

As guardians of Mother earth, Indigenous Peoples are the natural Champions for the proposed nature-based climate solutions, focused on forests and land-based ecosystems. For sustained contribution of Indigenous peoples in climate mitigation and adaptation actions, dedicated, scaled-up and predictable financing to support the following is critical:

- **Land tenure Security:** Land Tenure security for IPs, is at the heart of all mitigation and adaptation efforts. Despite holding rights to more than half of the world’s land mass, Indigenous Peoples and local communities legally own only 10 percent of global lands. Many IPs’ groups are engaged in the fight of their lives to secure recognition and respect of their land and territories rights - financial support for Participatory land and resource mapping and titling is critical and urgent.

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¹ The Least Developed Countries Fund and the Special Climate Change Fund hosted within the GEF; and the Adaptation Fund (AF) under the Kyoto Protocol
² FIP Dedicated Grant Mechanism for IPs, UNDP Community Based REDD+; FCPF Capacity Building Program, IFAD-IPAF and FFF- and GEF- biodiversity conservation MSPs
- **Indigenous Knowledge Systems and Practices**: Dedicated financing for IPs is essential to facilitate realization of the aspiration of the Paris Agreement, art. 7 para. 5 on Indigenous Knowledge and par. 135 on the Local Communities and Indigenous Peoples Platform (LCIP) and Community Based Monitoring Systems (CBMIS) as per the Warsaw and Cancun decisions on forests. This would include sustained research and documentation of Indigenous Knowledge systems and its contribution to mitigation and adaptation and application of CBMIS. This would also enable sustained practices of climate resilience adaptation strategies and intergenerational transfer of indigenous knowledge that have sustained IPs’ managed ecosystems for eons.

- **Enhancing respect for Rights and Safeguards**: Support for the realization of the preambular commitment of the Paris Agreement on respecting rights and ecosystems integrity is essential for a people-nature climate resilient future. IPs are facing mounting violence, intimidation, harassment and in some cases murder from the continued and heightened externally driven land-use schemes such as extractive industries. Resources necessary to give meaning to the Indigenous Peoples’ targeted policies on human rights and safeguards within multilateral agencies such as the European Commission, World bank and the Green Climate fund, National constitutions and legislations; among others, are crucial to avoid the unintended adverse impacts of unsafeguarded climate change response actions and promote the ‘do good approaches’ climate change related development actions.

- **Giving Voice and Presence to IPs**: The sorry state of Indigenous Peoples globally and nationally, is an outcome of exclusionary flawed development pathways, that sidelined and silenced IPs for ages. IPs’ targeted climate financing is a pre-requisite for living true to the SDGs’ slogan of ‘Leaving no one Behind’, through strengthening the full and effective participation, and representation of IPs, including through Free, Prior and Informed Consent (FPIC); legal defense and policy coherence and support. The contemplated support will also entail targeted capacity building, Institutional support and transfer of appropriate climate smart technologies to IPs.

II. **The Green Climate Fund IPs Policy and the Access to GCF Resources**

The GCF is essentially a new development pathway within the context of Climate change. The fund aspires to be transformational, paradigm shifting and value addition in funding interventions that contribute to low emissions and enhancement of resiliency to impacts of climate change. To what extent does the GCF depart from the history of exclusion with respect to IPs’ rights and interests, and how exactly is it transformational in terms of IPs’ access its resources?

Different from many other climate financing entities, the GCF pursues a country-driven approach that on paper should promote engagement of relevant stakeholders and institutions. Governed and supervised by the board, the Fund aims to provide ‘simplified’ and ‘improved’ access to funding, including through direct access, with a commitment to promote the involvement of relevant stakeholders, including Indigenous peoples and ensure gender inclusivity and responsiveness.

One key impact area of the GCF that is of interest to Indigenous Peoples, is the one targeted at increased resiliency of livelihoods and of people and communities (as collectivities). Under these results area, the
fund endeavors to promote environmental, social, economic and development co-benefits, taking a gender sensitive approach.

**IPs Policy Specific provision related to access to GCF Resources**

- **a) In-Country and Project level Benefits**

The GCF IPs policy is partly founded on the recognition that IPs’ capacities to access development benefits, including from the GCF is weak due to several factors. First, is their disadvantaged economic, social and legal status within their national spaces. Second, benefits are not devised or delivered in a form that is culturally appropriate. Third, IPs are not always adequately consulted about the design or implementation of activities that would profoundly affect their lives/communities.³

The aspiration of the IP policy in addressing GCF’s resource access modalities for IPs is mainstreamed within the entire policy elements – objectives, scope, application, definitions, guiding principles, implementation and in the designated roles and responsibilities of the relevant actors within the GCF delivery chain.

One of the GCF’s IP policy objectives is “to RECOGNIZE and OPERATIONALIZE indigenous peoples’ EQUITABLE ACCESS to the benefits of GCF-funded activities”.⁴

On definitions, “Involuntary resettlement”, for example, entails “… economic displacement (loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood), or both, caused by project-related land acquisition or restrictions on land”.⁵ The approach here is to ensure that benefits already accruing to IPs prior to introduction of a GCF-finance initiative, should not be curtailed,

On scope of application, the policy will be triggered whenever IPs are present within the project area, and “the nature and extent of vulnerability will be a key variable in designing plans to promote equitable access to benefits or to mitigate adverse impacts”.⁶

Under the Guiding Principles of the GCF’s IP policy, the GCF is unequivocal in its aspirations to facilitate access to its resources for indigenous peoples. Firstly, national designated authorities and accredited entities are encouraged to engage with and be inclusive of indigenous peoples. Second, GCF is called upon to “consider taking actions to better meet the needs and priorities of indigenous peoples to support their initiatives and efforts for climate change actions”. Third, the GCF is called upon to “promote respect for the right of indigenous communities to freely pursue their economic, social and cultural development” as well as ways and means for financing their autonomous functions.⁷ In all these efforts the GCF commits to respect IPs’ rights to autonomy or self-government in matters relating to their internal and local affairs.

Accredited entities and executing entities are required to “proactively engage with the relevant indigenous peoples to ensure their ownership, buy-in and participation in the design, implementation, equitable benefit sharing, monitoring and evaluation of GCF-financed activities”. The consultation

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³ GCF IP Policy, par.3. pg1
⁴ Ibid, par. 11(m) pg. 4
⁵ Ibid, par. 9(j) pg.3
⁶ Ibid, par. 20 pg.6
⁷ Ibid, par. 20(g), (h) pg.7 and Par. 44 pg.12
envisioned within the project cycle is meant to ensure cultural appropriateness of proposed services or facilities, and “seek to identify and address any economic, social or capacity constraints (including those relating to gender, the elderly, youth, and persons with disabilities) that may limit opportunities to benefit” (par. 42).

Where GCF financed activities are associated with Impacts on Land and natural resources occupied by IPs, due process including FPIC and compensation with culturally appropriate sustainable development opportunities must be guaranteed. The policy gives priority to ensuring continued access to natural resources, identifying the equivalent replacement resources, or, as a last option, providing compensation and identifying alternative livelihoods if project development results in the loss of access to or the loss of natural resources independent of project land acquisition (par. 59, p15).

Ordinarily, the GCF will not finance activities that would result in the involuntary resettlement of indigenous peoples or any activity that would result in “loss of assets or access to assets that leads to loss of income sources or means of livelihood” (par. 60). Resettlement and or displacement of IPs is only contemplated under exceptional circumstances subject to a stringent criteria that respects FPIC, national law, implicated state’s international obligations, reasonable as determined by GCF, consistent with Environmental and Social standards of GCF and other actors in the delivery chain and designed so as to “ensure full and fair compensation and rehabilitation as well as right of return, if applicable” (par. 61).

The IP policy places responsibility to ensure that IPs share equitably in the access to benefits derived from commercial development of their cultural heritage - consistent with the customs and traditions of concerned indigenous peoples - on accredited entities (par. 64)

The policy principles on safeguarding the interests of IPs and enhancing access to benefits accrued from GCF financed activities are wholly applicable in the context of Reducing emissions from deforestation and forest degradation, REDD-plus actions, including the readiness phase, results-based payments, and any access and financing modalities developed by GCF with respect to REDD-plus actions (Par. 92, pg21).

b) Potential Direct Access Arrangements of GCF resources by IPs, Board Level

Understanding the broader landscape of the established diverse avenues and instruments through which GCF resources are to be accessed by developing countries and their partners, is critical in accessing potential access avenues for IPs.

GCF does not implement projects directly itself, but through partnerships with Accredited Entities. Accredited Entities comprise the core of GCF’s funding proposal cycle. They are responsible for presenting funding applications to GCF, and then overseeing, supervising, managing and monitoring the overall GCF-approved projects and programmes.⁸

In addition, Executing Entities (EEs) can also implement projects on behalf of Accredited Entities by channeling funds and carrying out the funded activity, but Accredited Entities must maintain oversight of EEs' GCF-related activities. Every project the GCF Board agrees to fund must be endorsed, expressed via a no objection letter, by the National Designated Authorities (NDA) or focal point.

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⁸ https://www.greenclimate.fund/gcf101/funding-projects/project-funding#p_p_id_56_INSTANCE_sBRZr8HS84JY_
The Fund utilizes a variety of financial instruments to realize the projects. These include grants, concessional debt financing, equity and guarantees. In addition, several GCF funds access modalities exist. The funding access modalities are also varied.

First, the Green Climate Fund Readiness Programme seeks to build the institutional capacity of national entities, with a focus on enabling direct access to climate finance. This is critical, as it is through the joint work of National Designated Authorities (NDAs) and Accredited Entities (AEs) that a developing country’s projects and programmes are proposed, with accredited entities channeling funding for such projects.

Second, the Fund has established the Project Preparation Facility to provide financial support to help Accredited Entities prepare projects and programmes, and address capacity constraints in developing climate finance proposal. The facility is specially targeted to support Direct Access Entities, and micro-to-small size category projects.

Third, Accredited Entities can also respond to Requests for Proposals (RfP) issued by GCF to fill current gaps in climate financing. In this case, non-accredited entities are granted a possibility to team-up with Accredited Entities in response to the RfP when formally submitting funding proposals to GCF.

Fourth, under the Simplified Approval Process (SAP), Concept notes from Accredited Entities, NDAs and their partners for some small-scale projects may also be submitted for consideration by the GCF. Projects to be considered under the SAP, must be of low or minimal environmental and social risks, funds requested should not exceed USD 10 million of the total project budget and should demonstrate transformational and scalability potential.

It's evident from the foregoing that GCF resources at the Fund level can only be accessed through accreditation and letter of no objection from the NDA. While the non-IP specific GCF landscape of access modalities is silent on IPs’ direct access, the GCF IP policy provides some placeholders for potential direct access arrangements.

To begin with, states and direct access entities, are granted an opportunity to ‘request readiness and preparatory support’ from GCF to enhance their capacity to implement the IP Policy (par. 97, pg.21). In addition, the GCF will pro-actively ‘give consideration to activities proposed for GCF financing that are tailored to meet the needs and priorities of indigenous peoples’ in the context of climate change actions.

Specifically, par. 99 of the IP policy, hints at potential direct access arrangements of GCF funds by IPs to address inequalities associated with climate change impacts and access to GCF resources … “GCF may target funds to support indigenous peoples’ climate change adaptation and mitigation initiatives”’ and , “the Board may consider giving additional weight to activities proposed for GCF financing with well-designed components to promote indigenous peoples engagements and benefits” (art.100. page.23).

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9 Micro- Small-, and Medium-Sized Enterprises Pilot Programme - Private Sector associated Facility, which aims to support for micro-, small-, and medium-sized Enterprises in addressing mitigation and adaptation challenges.; Enhancing Direct Access - supports projects that adopt Enhance Direct Access implementation modalities; Mobilising Funding at Scale Pilot Programme – which aims to identify innovative, high-impact projects and programmes that mobilize private sector investment in climate change activity.
III. ENHANCING EFFORTS TOWARDS SECURING IPs’ DIRECT ACCESS AND MAXIMIZED PROJECT BENEFITS OF GCF SUPPORTED INITIATIVES

Enhancing IPs’ Capacity to Effectively engage with GCF Processes: The topic of climate change financing more generally, and the GCF in particular, is both technical and highly dynamic. Hence, the need for sustained awareness creation and training within and across IPs’ networks, down to the communities. Enhanced capacity will ensure IPs’ meaningful engagement at project, national and global levels, including lobbying for the GCF funds to reach to those most affected by climate change at grassroots or at least minimize potential negative impacts of activities supported by the Fund. Capacity related needs in the context of Climate change financing include but not limited to:

- In-country IPs’ needs assessment exercise with respect to GCF mandate, and access modalities, including country ownership to facilitate need-informed and targeted capacity building interventions is highly recommended.
- This relates to capacity needs in terms of human resources, awareness and knowledge of climate change measures and reporting requirements and frameworks.
- Identifying and operationalizing strategies and tools to track climate change financing in-country and across the region, in order to determine level of access by indigenous peoples,
- Need to strengthen contracting and negotiations capacities of IPOs, and communities in the context of payment for environmental services related to climate change such as REDD+
- Strengthening Institutional capacities related to proposal writing, financial and administrative Project management among IPOs’ to competently submit bankable project proposals to the NDAs/NIEs/GCF and manage large amounts of funding
- Need to enhance the capacities of the National Designated Authority/Focal point, the National Implementing entities, subnational authorities and key private sector actors on the unique circumstances of IPs, existing instruments on stakeholder engagement in-Country, including Free Prior Informed Consent (FPIC) as enshrined in the GCF IP policy

- Promoting and enhancing a Broader and deeper view of ‘Country ownership: Given the centrality of the concept of Country ownership and country-drivenness of the GCF related interventions, the place of IPs in national GCF processes such as the multi-stakeholder engagement process, design and implementation of GCF related policies and in access to GCF funding is critical. Country ownership should be understood as something beyond ownership by government ministries/agencies, private sector and international NGOs. Rather, in order to achieve sustainability and ensure that the needs of recipients and communities are met, it should be understood as being broad-based ownership of all stakeholders, citizens including indigenous peoples and local communities in the country.

- Hinging IPs’ Climate Needs into Country Programming: Country GCF Readiness programs provides the initial critical opportunity for any stakeholders to bring their interests and perspectives on the table. The readiness process sets the country’s priority areas of intervention, identifies stakeholders and their respective capacity needs, establishes action plans and institutional frameworks to coordinate and implement GCF supported activities. The NDAs and the NIEs should therefore establish deliberate and clear mechanisms for IPs’ engagement, and incorporate community-based monitoring information systems (CBMIS) in the evolving national M&E frameworks.
- **Adding IPs’ Voice to No objection Process**: Candidates seeking the ‘Letter of no objection’ from the NDA to support their accreditation with the GCF as implementing entities in the country should be vetted against their historical responsiveness to IPs’ rights and interests, and on gender responsiveness and sensitivity. This could be strengthened by creating mechanisms through which organized networks of IPs could submit their views for consideration in the vetting process.

- **Exploring and Enhancing IPs’ Benefits through AE/Project level**: While the GCF board is yet to respond to demands being made by indigenous peoples for consideration of either a dedicated window or an arrangement for direct access of funds from GCF to IPs, existing potential access modalities of the fund should be explored. The GCF policy guidelines and in the GCF IP policy, indicate commitment to enhanced direct access (EDA), including to non-state local actors, directly addressing needs and benefitting vulnerable people and communities, especially in supporting adaptation activities to reduce climate-related vulnerabilities. One of the responsibilities of NDAs is to “support small scale activities with local actors that directly address needs and benefits of vulnerable people and communities”, including scaling up of effective community-based adaptation (CBA) actions. The NDA and NIE should therefore assess, explore and encourage possibilities for IPs engagement as implementers at subnational and or community level, to enable application of both national constitutional provisions on affirmative action in access to resources and GCF related guidelines on enhancing inclusivity.

- **Translating aspirations of Direct access arrangements into reality**: Realization of direct access arrangement for IPs under the GCF IP Policy is pegged on demonstrated disproportionate climate change impacts on IPs, and unequal access and benefits of GCF finance activities under the existing arrangements. It’s therefore imperative to document climate change impacts on IPs, monitor the nature of projects supported by the GCF especially the balance between adaptation and mitigation, including impacts of such interventions on local livelihoods and ultimately establish a clear mechanisms to ensure costs, risks and benefit sharing arrangements do not disenfranchise IPs.

- **Networking, Solidarity and Coordination**: Modalities guiding/regulating access and safeguarding potential negative impacts of climate change financing are often negotiated, developed and established through multilateral global and international processes. Equally, national level policy and programmatic initiatives such GCF readiness and access to funding are often far removed from IPs’ familiar local spaces. This makes IPs’ participation to climate change financing related processes across levels, constrained.

- It is therefore critical that the global IPs movement form the South, and national movements strategically and consistently engage with the IPs’ GCF Advocacy team, the Indigenous Peoples Advisory Group (IPAG), and the Focal Point on Indigenous Peoples, at the GCF Secretariat to bring on board ideas on direct access arrangements and influence Project approval and feedback on application of the IP Policy.