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Community Rights and Climate Change: What Future Do We Want?

CLIMATE FUTURES DIALOGUE | SUMMARY REPORT

INTRODUCTION

On September 17, 2023, over 70 rightsholder representatives and their allies joined together for a global dialogue on the ways in which climate finance can or should support their vision for the future in a world impacted by climate change. Thanks to the support of progressive donors and philanthropies, a dedicated space for Indigenous Peoples (IPs), local communities (LCs), Afro-descendant Peoples (ADPs), and the women within these groups was created to reflect on and share their experiences with market and non-market¹ climate financing initiatives and consider the means by which these instruments can better serve their communities.

The dialogue sought to go beyond known gaps and challenges to address the critical needs of rightsholders and begin the process of defining pathways that can support a more just, equitable, inclusive, sustainable, and climate resilient future for all. To these ends, participants were invited to:

1. Share reflections and experiences with market and non-market financing sources, including projects, jurisdictional approaches, and direct financing mechanisms.
2. Assess the adequacy of existing tools and instruments to help them meet their self-determined priorities (and under what conditions).
3. Brainstorm the ideal mechanisms and pathways that would best serve the interests of local peoples, and the advancement of their self-determined futures.

The dialogue was made possible by the joint collaboration of the Rights and Resources Initiative (RRI), Rainforest Foundation US, Rainforest Foundation Norway, and the Forest Peoples Programme. This document provides an overview of shared observations and emerging paths forward. Because the event was held under Chatham House Rules, all references to participants themselves or location-specific details are omitted from this summary. Lastly, because of the interlinked nature of the climate and biodiversity crises, observations and recommendations include reference to biodiversity-related financing initiatives as relevant and applicable.

KEY TAKEAWAYS

Despite nearly two decades of engagement in emission reduction schemes and efforts to improve the sustainable use, management, and restoration of land-based greenhouse gas sinks, the purpose, scope, and benefits of results- and market-based climate financing initiatives remain largely unclear for affected communities. Their ability to access complete and transparent information; ensure meaningful participation in the design and implementation of initiatives; and obtain effective remedies when their rights are violated or abused has thus far been met with persistent and longstanding difficulties that have yet to be remedied by the

Cover Photo: Lake Tamblingan in the customary territory of the Adat Dalem Tamblingan Indigenous community, Bali, Indonesia.
Credit: Rights and Resources Initiative.

¹ Non-market climate financing is used in this text to refer to financing methods that are not traditionally associated with market mechanisms, such as government funding, donations, grants, among others.

institutions, standards, and safeguard systems that are supposed to regulate actions and investments in these arenas.

Although the dialogue sought to address all aspects and sources of climate financing available to IPs, ADPs, and LCs (directly or indirectly), participants were overwhelmingly preoccupied with the growing presence and influence of carbon markets and the pressures that they now exert on communities and national governments alike.

The discussions touched on a broad array of issues, but can be summarized by the following observations:

- Rightsholder experience with market and non-market mechanisms varies across regions, but overall knowledge and understanding of existing approaches (particularly those relating to voluntary carbon markets and jurisdictional REDD+) remains poor and inadequate to ensure informed decision-making and meaningful participation at local, national, and international levels.
- Access to objective, complete, transparent, and locally adapted information on climate financing sources and mechanisms, particularly market-based schemes is limited to non-existent across regions, making it difficult for rightsholders to independently assess the social and environmental integrity of proposed initiatives, value actual and potential benefits, and anticipate likely impacts on community rights to control, use, manage, and otherwise benefit from all customarily-held lands and territories covered by crediting schemes.
- IPs, ADPs, and LCs are seldom considered as equals and partners in the delivery of dedicated climate initiatives, resulting in limited respect for their distinct cultural norms and values, and failure to ensure their meaningful participation in the design, implementation, and monitoring of nature-based climate investments (as opposed to mere beneficiaries). As such, rightsholders remain broadly skeptical of the motives and interests of market-based proponents, hindering opportunities for building mutual trust and collaboration.
- Proponent-led capacity building initiatives on market and results-based financing schemes are generally viewed as counterproductive to the realization of community self-determination and joint problem-solving. Instead of fostering mutual learning and knowledge sharing among equals and addressing the critical information gaps that participants face (for example, climate financing institutions, project proponents, standard bearers, and/or local communities), the technical and top-down nature of capacity building initiatives tend to reinforce power structures that fail to recognize the historical responsibilities of rightsholders as custodians of nature and their essential role in the realization of sustainable, equitable, and just climate solutions.
- Despite increasing political support and established scientific recognition of the importance of secure tenure rights for achieving climate and biodiversity goals, market and other results-based climate financing initiatives have so far failed to champion and advance the customary land and territorial rights of communities beyond what states acknowledge. For IPs, ADPs, LCs, and the women within these groups, tenure security is a fundamental precondition to their ability to assert and exercise their distinct and differentiated rights. This includes peoples' right to self-determination and the collective and individual human rights of communities and their members that can neither be substituted nor compensated for by benefit sharing arrangements or other limited safeguards.

- The distinct and differentiated rights of IPs, ADPs, LCs, and the women within these groups—as recognized in international law²—are inadequately reflected in the standards and protocols applied by carbon crediting programs and the institutions that support them. Failure to uphold international law and recognized best practices³ invariably undermines ambition for the realization of human rights and the specific rights of IPs, ADPs, LCs, and women, in turn weakening the credibility, transparency, and integrity of climate financing initiatives.
- At present, there is no independent convening space or mechanism dedicated to supporting the efforts of IPs, ADPs, and LCs—including those of the women and youth within these groups—to strengthen cross-regional learning, coordination, empowerment, and solidarity around the climate futures they want, and have a right to.

PATHWAYS AND SOLUTIONS

Addressing the many challenges expressed by dialogue participants will require concerted efforts by rightsholders and their allies to advance alternative solutions and create meaningful opportunities for dialogue and engagement with all key constituencies. During the day, participants flagged a wide range of actions that ought to be considered, including the following pathways and solutions.

- Leverage the Climate Futures platform to support bottom-up coordination and learning between IPs, LCs, ADPs, Indigenous and community women's groups, and the next generation of leaders so they can better respond to externally driven climate and biodiversity actions and investments in their lands and territories, and more effectively advance their own solutions and self-determined futures.
- Develop the information base and legal support network that IPs, LCs, and ADPs need to make informed decisions on whether and how to engage with carbon and biodiversity crediting schemes at the project or jurisdictional levels.
- Support broadscale strengthening of Indigenous and community capabilities to engage with climate financing initiatives and institutions on their own terms, support their decision-making needs at local and global levels, and advance solutions that are consistent with their values and priorities. Achieving such ends will require i) coordinated actions by rightsholders and their allies to develop accessible knowledge products and training workshops; ii) foster and scale up horizontal learning opportunities; iii) strengthen access to legal counsel and technical support; and iv) promote dialogue and engagement at national and international levels to advance rights-based perspectives in all climate and biodiversity actions and investments.

² These include, but are not limited to: i) the distinct and differentiated rights of Indigenous Peoples, as affirmed by the UN Declaration on the Rights of Indigenous Peoples and ILO Indigenous and Tribal Peoples Convention, 1989 (No. 169); ii) the rights of local communities, Afro-descendant Peoples, and other marginalized ethnic groups, as affirmed by multiple instruments including ILO Convention No. 169 (applicable to "Tribal Peoples") and the UN Declaration on the Rights of Peasants and Other People Working in Rural Areas; and iii) the equal roles and rights of women within these peoples and communities, as affirmed by the aforementioned legal instruments and the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW).

³ See the Land Rights Standard. Available at: <https://rightsandresources.org/land-rights-standard/>.

- Support national governments in their efforts to advance climate and biodiversity policies and national regulatory reforms that are consistent with international human rights law, and the rights of IPs, ADPs, LCs, and women in particular.
- Support the development and deployment of rightsholder-led mechanisms, standards, and norms to guide and hold the actors and institutions that govern the deployment of climate and biodiversity actions and investments accountable in all customarily held lands and territories.
- Support rightsholder-led dialogues with governments, donors, and the institutions that underwrite carbon and biodiversity crediting schemes to ensure the values, experiences, and priorities of IPs, ADPs, LCs, and the women within these groups are effectively incorporated in the design and implementation of all related actions and investments, thereby increasing the transparency, reliability, and integrity of dedicated investments.
- Strengthen the credibility and transparency of carbon and biodiversity crediting schemes and the accountability of private and public buyers by enabling open tracking and monitoring of investments on the ground.
- Prioritize the development and capitalization of direct financing mechanisms and emerging territorial funds to advance locally defined climate and biodiversity actions and strengthen the decision-making autonomy of rightsholders.
- Per recommendations by the Intergovernmental Panel on Climate Change (IPCC) and the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), promote the realization of integrated social environmental goals by ensuring that all climate and biodiversity financing initiatives uphold international human rights obligations and commitments, and effectively prioritize equity, justice, inclusion, and rights-based approaches as conditional requirements to the pursuit of any and all actions or investments toward adaptation, mitigation, restoration, or conservation results.
- Call on climate and biodiversity financing and crediting schemes to transparently disclose the distribution of monetary flows from all related investments with communities and/or countries.
- Continue efforts to mobilize global action and raise political ambition to address the root causes of climate change and biodiversity loss, accelerate decarbonization, and bring an end to land use and land cover change.

DIALOGUE HIGHLIGHTS

Opening Remarks

Rightsholders everywhere face mounting pressures. Land tenure security remains a key challenge for most communities as governments restrain the recognition of their rights in practice if not on paper. Participants emphasized that the best solution to addressing climate change is to protect the rights of IPs, LCs, ADPs, and those of women and youth within these groups, and investing in their livelihoods. Rightsholders called for a reframing of capacity building, recognizing that multiple forms of capacity exist and that their own capacities and skills as guardians and stewards of the world's natural landscapes need to be better valued, recognized, and protected.

Within this framing, the dialogue opened a space to discuss how climate finance can help address these gaps and obstacles.

Overview of Global Trends

To guide the discussion, the dialogue began with an overview presentation⁴ of current trends in climate finance, reflecting on the architecture, volume, and implications for collective territorial rights agendas.

Key Takeaways

- Notable progress achieved over the past decade on the land and human rights of IPs, ADPs, LCs in the climate arena, with the development of: rights-based frameworks for investments; direct access to climate financing; expanded benefit-sharing agreements; and new funds for land rights and governance. However, prevailing models of economic development and limited political support to address climate change remain an ongoing challenge.
- There is now a broad range of climate finance mechanisms, including dedicated resources (e.g., Amazon Fund, Forest and Climate Leaders' Partnership, LEAF Coalition, Global Environment Facility, Green Climate Fund); indirect funding channels (e.g., Podaali, Mesoamerican Territorial Fund, Shandia, Global Biodiversity Framework Fund, Public support for Indigenous Life Plans); and aspirational goals (e.g., global wealth tax, fossil fuel tax, wall street surcharge, debt relief).
- Non-results-based payments are small in scale (at least US\$1.7 billion committed over five years) but growing, while the carbon market is large scale (US\$1.3 billion in 2022) and likely to grow, but has significant challenges and baggage.
- The territorial expressions of carbon market programs include:
 - Long term land commitments
 - Monitoring, reporting, and verification systems
 - Action to reduce deforestation/degradation or promote removals through restorative action
 - Payment for environmental services
- The presentation reviewed the main characteristics and trends for results-based payment mechanisms (project and jurisdictional) as well as for non-results-based mechanisms, looking at their architecture, potential strategic value for territories, volume, and weaknesses/risks.
- While carbon markets have brought important financial support to communities, there have been a range of challenges associated with the projects and their impacts on communities.
- New forms of climate finance mechanisms are developing outside the existing mechanisms.
- Beyond accessing climate finance mechanisms, it is crucial for IPs, ADPs, and LCs to assess their own territorial and political priorities and see how these mechanisms offer either opportunities or risk for those priorities.

⁴ See "Reflections on climate finance: volume, architecture and implications for collective territorial rights agendas", Andrea Johnson, CLUA | September 2023.

DISCUSSION ON THREATS AND OPPORTUNITIES

The main takeaways regarding the current state of climate financing were as follows.

Key Benefits and Opportunities

- IPs, ADPs, and LCs can use climate finance discussions to increase attention on rights and tenure. Climate finance can be used to help clarify and demarcate IPs', ADPs', and LCs' territories, push for legal reforms, and help communities have a stronger voice in decision making.
- Climate finance can be used to reaffirm the fundamental role and leadership of communities in maintaining and protecting biodiversity and natural resources; support participatory mapping; support building strong IP, ADP, and LC institutions at the local level; strengthen internal governance in communities; support local livelihoods; and finance food security.
- Philanthropic finance has the potential to be more flexible and willing to take risks compared to public finance in providing finance directly to communities.
- Climate finance can support rightsholder coordination; help raise issues related to their rights and self-determined priorities; strengthen dialogue between governments, donors, and communities; and build government capacities to effectively engage with IP, ADP, and LC groups.

Major Threats and Risks

- There is a lack of information and transparency around different climate financing mechanisms, making it difficult for IPs, ADPs, and LCs to access them. Information that is shared with IPs, ADPs, and LCs is often overly technical and not culturally appropriate.
- IPs, ADPs, and LCs are principally viewed as beneficiaries instead of partners and allies in the development and implementation of effective, just, and equitable climate solutions. In the absence of fit-for-purpose funding criteria to better direct resource flows to those who steward the lands and forests we wish to protect, restore and conserve, non-market climate financing tends to be captured by governments and intermediaries who are known for their limited transparency, heavy transaction costs, and poor track records in terms of prioritizing rights or delivering sustainable results.
- Few governments have the necessary legal and regulatory frameworks and/or technical capacities to effectively and transparently engage in market-based carbon transactions. Carbon rights, including their meaning and implications, are ill defined in most tropical forest countries.
- The distinct experiences, priorities, values, and rights of IPs, ADPs, and LCs are inadequately understood or considered by decision-makers at local and national levels. Current avenues for dialogue between governments and rightsholders are broadly insufficient to ensure transparent consultations and effective and meaningful participation in planning, implementation, and monitoring of agreed-to climate actions. Frequent changes in government administration and/or leadership further undermine the long-term sustainability of capacity strengthening initiatives. Furthermore, it is still the case that governments consult or rely on NGOs or so-called experts who claim to represent or have the consent of communities, instead of respecting traditional institutional structures and consulting community leaders directly.

- Climate finance is dividing communities with some rightsholders prioritizing land tenure and rights, while others prioritize livelihood interests. In some communities, money (or the prospect thereof) has been a source of division, competition, and loss of communal solidarity and cultural integrity.
- Most climate finance mechanisms fail to apply the principle of free, prior, and informed consent (FPIC).
- Women experience greater hardships in terms of their ability to actively participate in discussions and have a voice in community decision-making processes.
- Despite ongoing efforts to enhance the integrity, transparency, and reliability of carbon and biodiversity crediting standards, effective implementation of these frameworks remains problematic from a rights-based perspective. Instead of upholding international law and best practice, standards are broadly applicable per national laws only, rendering them ineffective in contexts where rights are limited or inadequately recognized. This is particularly the case for land tenure rights and FPIC where rightsholders are seldom adequately consulted and/or informed of proposed initiatives and even more rarely give their consent to climate finance initiatives on their lands.
- Land rights defenders and frontline communities face increasing threats of criminalization and violence despite state obligations to uphold and protect their rights, thus limiting their ability to engage in political processes safely and effectively.
- Participants emphasized the need for more community-led mechanisms that can channel finance directly to communities in support of their livelihood needs and priorities. More should be done to capture the success of direct financing to demonstrate effectiveness and encourage donors to provide more direct support to communities. Currently, however, most donors do not trust communities or their organizations to manage the funds, thus limiting their potential to demonstrate impact.
- The market-based, capitalistic approach to climate finance does not align with many of the cultures, values, and worldviews of IPs, ADPs, and LCs.

DISCUSSION ON CLIMATE FUTURES

Discussion on how to improve climate finance so that it better reflects the self-determined priorities of IPs, ADPs, LCs, and the women within these groups focused on the following two considerations:

1. How different climate finance instruments can better serve the priorities and needs of rightsholders.
2. How rightsholder organizations and allies can work together to strengthen positions and serve the collective visions of rightsholders for the future.

Priorities for Climate Financing

- All climate finance should include strengthening and securing the customary land tenure rights of IPs, ADPs, and LCs as a central goal.
- Consistent with the demands for fit-for-purpose financing, greater coordination and engagement is needed to harmonize funding streams and priorities (that is, climate, biodiversity, and/or development) and improve

accessibility and consistency of funding to serve multiple goals and commitments while avoiding the duplication of administrative burdens.

- IPs, ADPs, and LCs should be included from the outset in developing financing mechanisms, policies, safeguards, and standards to ensure climate finance will respect traditional knowledge and rights.
- In addition to scaling up rightsholder-led funds and direct financing mechanisms to increase IPs', ADPs', and LCs' access to finance, benefit sharing arrangements around climate finance must become more equitable.

Working Together

- Rightsholders and their allies should ramp up efforts to develop bottom-up climate financing mechanisms that can better respond to the self-determined priorities of IPs, ADPs, LCs, and the women within these groups. This requires a shift in climate finance to ensure IPs, ADPs, and LCs are treated as equal actors in negotiations, not just as beneficiaries.
- There is a need to establish a common space or platform for IPs, ADPs, and LCs to build alliances and discuss issues, challenges, opportunities, and lessons learned within and across regions.
- Greater efforts need to be deployed to ensure women, youth, and ADPs are more visibly and effectively involved in climate and conservation-related discussions.
- There is a need to ensure greater transparency and information sharing around climate finance mechanisms and agreements. This requires increased funding for consultations with communities and full compliance with FPIC as well as ensuring that information is accessible and translated into local languages.
- Intermediaries and allies must learn when to step back to allow rightsholders to be the drivers of discussion and to access funding. Currently, a lot of funding goes to intermediaries rather than community and Indigenous organizations themselves.
- Allies should work with IPs, ADPs, and LCs to develop long-term plans, not just one- or two-year projects. Many priorities require longer term support, and rightsholders should be able to develop these projects with allies together, rather than allies presenting what projects they are willing to support.
- Donors should assess their administrative expectations for community grassroots organizations when implementing projects. Many grassroots organizations do not have the necessary tools, resources, or internet bandwidth to meet donors' specific reporting demands. Donors should work with their IP, ADP, and LC partners to determine ways for the local organizations to monitor and report on projects while also minimizing undue burden on communities. Allies can also support the strengthening of communities' local governance systems and institutions.
- There is a need for technical and legal support for communities around climate finance issues to support rightsholders' decision-making when considering engaging with different mechanisms or entering agreements.
- Governments, donors, allies, and rightsholder organizations should work together to build more effective accountability systems and grievance mechanisms both nationally and internationally.
- The global rights movement now has unprecedented opportunity to help advance, learn from, and further strengthen direct financing initiatives such as Podaali, Nusuntara, Mesoamerican Territorial Fund, and Shandia. More support is needed to secure grants that support Indigenous community governance structures and institutions and help register collective land rights and support the fight for historical land injustice claims for conservation areas.

REFLECTIONS AND CLOSING REMARKS

Reflecting on the discussions over the course of the day, several key themes and recommendations emerged. In their closing remarks, rightsholders emphasized the need to:

- Build Indigenous- and/or community-driven mechanisms, standards, and norms to hold market and non-market financing mechanisms accountable and promote the adoption of just, equitable, inclusive, and rights-based approaches to resolving the climate and biodiversity crisis.
- Develop capacity-sharing tools, strategies, and exchanges that build on the collective knowledge and experiences of rightsholders and support organizations to ensure community leaders and actors—including women and youth—understand the positive and negative aspects of market and non-market financing mechanisms, can weigh options, and make informed decisions on the basis of their self-determined priorities in alignment with the principles of FPIC. The creation of an informal community of practice with access to legal counsel and technical experts should likewise be considered.
- Build government and donor capacities to better understand the realities, experiences, priorities, and values of IPs, ADPs, LCs, and the women within these groups and work with them to align national and international climate and biodiversity financing priorities and strategies.
- Continue Climate Futures Dialogues to support rightsholder-led knowledge exchanges, explore technical topics, strengthen solidarity, and enhance strategic coordination.
- Produce evidence-based guidance on the social and environmental benefits, risks, and drawbacks of market-based financing schemes, drawing on the cross-regional experiences of communities who are engaged or impacted by project or jurisdictional crediting schemes.
- Work with partners and collaborators to explore innovative, community-based solutions to climate and biodiversity crises via rights-based approaches that are consistent with the Science-Based Target Initiative, the need for deep and immediate cuts in GHG emissions, and the need to address the actual drivers of global environmental change.
- Mobilize a global movement to overcome the absence of political ambition, rising fossil emissions, and onslaught of crediting schemes in lieu of actual change.