

# LESSONS FROM AN INNOVATIVE FINANCE MECHANISM TO SUPPORT INDIGENOUS PEOPLES AND LOCAL COMMUNITIES (IPLCS)



## BACKGROUND

A learning review was commissioned by the Climate Investment Funds (CIF) Evaluation and Learning (E&L) Initiative and undertaken by Itad to capture the experience of the CIF's Forest Investment Program (FIP) in encouraging greater involvement of Indigenous Peoples and local communities (IPLCs) in financial and policy processes that relate to forests.

It focuses on the use of an innovative Dedicated Grant Mechanism (DGM) and serves as a resource for stakeholders – including forest-dependent communities, DGM practitioners, donors, multilateral development banks and climate funds – to understand the early outcomes of the DGM and identify useful lessons and insights to guide current and future DGM implementation.

## WHAT IS THE DEDICATED GRANT MECHANISM (DGM)?

**A special initiative under the CIF FIP to support the full and effective participation of IPLCs in the effort to:**

**Promote sustainable forest management and forest carbon stocks**, a global process known as REDD+ (reduced emissions from deforestation and forest degradation).

**Reduce greenhouse gas emissions** from deforestation and forest degradation.

### Facts:

Established in 2010	\$80M grant funding
Implemented by the World Bank	Designed by and for IPLCs themselves
Governed by self-selected national and global steering committees	Fiduciary operations managed by national and global executing agencies

### Active DGM countries & funding (million USD)



Brazil 6.5	Ghana 5.5	Mozambique 4.5
Burkina Faso 4.5	Indonesia 6.5	Peru 5.5
DRC 6	Mexico 6	Global 5

### Two broad components of the DGM:

1. The provision of grants to IPLCs to develop and implement sub-projects of their choice.
2. Capacity building for IPLC organizations.

**Through the DGM, sustainable forest-use practices led by IPLCs are supported, shared and elevated to the national and global policy arena.**

## WHAT WAS THE DGM LEARNING REVIEW PROCESS?

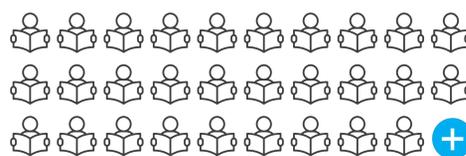
CIF and the DGM's funders shared an understanding that the DGM's origins and effects held interesting lessons but these were under-served by an absence of independent research or evaluation.

Thus, in 2017, Itad used an Institutional Histories approach to produce a formative exploration of how, over a nine-year period, the DGM came into being and evolved into what it is in 2018. Itad used a participatory evaluation method, by developing learning questions with internal and external DGM stakeholders. They responded to these questions using a combination of country visits, qualitative interviews and document review.

### 3 country visits



### Over 30 docs reviewed



### 5 learning events

1. FIP Pilot Countries Meeting
2. SGM Global Exchange
3. DGM Second Regional Exchange
4. DMG GSC meeting
5. FIP Sub-Committee meeting

### 3 other countries reviewed



### 250 people consulted, including

**30** NSC members - **10** GSC members - **11** TTLs  
**6** Executing Agencies (**1** Global; **5** National)  
**59** community members involved in **6** sub-projects

## WHAT ARE EARLY OUTCOMES OF THE DGM?

DGM is leading to broader and potentially more transformational effects than initially predicted (benefiting both IPLCs and the wider community involved in the DGM and REDD+).

The review identified **two key pathways** to arrive at desired outcomes:

The project pathways through the cumulative contribution of sub-projects

The empowerment pathway through capacity building and creation of platforms where IPLCs can raise issues at national and global levels.

### The DGM outcomes

#### A new dedicated fund

- Transparent governance
- Sustained trust
- Sense of ownership and aspiration to sustain and scale-up the DGM

#### Substantive outcomes for IPLCs

- IPLCs designing and implementing better projects
  - Better meeting community needs
  - Greater inclusion of marginalised groups
  - Outcomes delivered more cost effectively
- Greater capacity
  - Improved technical capacity
  - Better grant management and governance
- Outcomes from sub-projects
  - Improved land rights
  - Outcomes from NRM
- IPLCs better able to represent their constituencies
- Greater political recognition of IPLC issues

#### Outcomes for World Bank and FIP

- IPLCs more engaged with REDD+
- Greater IPLC acceptance of FIP projects
- Improved relationships with IPLCs

#### Outcomes for GEA

- GEA better able to respond to IPLC issues
- Improved relationships with IPLCs

#### Outcomes for NEAs

- Reputational risk
- New projects
- Improved relationships with IPLCs
- Enabling outcomes for IPLCs



## WHAT HAS HAPPENED SINCE THE LEARNING REVIEW?

**In a Management Response to the Learning Review, World Bank management strongly agreed with the main findings, including that DGM is at a pivotal juncture and that ensuring its continuation is critical so that gains made are not lost.** They acknowledged that the empowerment of IPLCs is a long process and requires sustained efforts. As a result, they ratified their intention to work closely with the international community to maintain this momentum reached through the initial years of the DGM. The recently-approved World Bank \$250M Pro-Green fund has used the lessons from DGM in their proposed engagement with IPLCs.

**The findings were presented to the DGM Global Steering Committee (GSC) and jump-started discussions about the long-term objectives of the DGM beyond the original FIP support.** As a result, the GSC decided to operationalize a GSC subcommittee and working group on DGM Sustainability. GSC Sustainability Working Group members engaged negotiators during COP24.

**CIF has shared the review findings with other climate change funds that also work on forestry issues,** including the Forest Carbon Partnership Facility (FCPF), the Global Environmental Facility (GEF), and Green Climate Fund (GCF).

Over the past few years, there has been exponential growth in IPLC-led projects contributing to sustainable livelihoods, climate and sustainable development. **In 2019 alone, the DGM reached over 400 subprojects and more than 200,000 beneficiaries in 6 countries.**