

TERRITORIAL AND FARMERS FINANCING MECHANISMS

WASHINGTON MEETING
OCTOBER 2022



Forest and Farm Facility

INDEX

A) INTRODUCTION

- Participants..... 2
- Background..... 3
-

B) PERSPECTIVES FROM THE GROUND

- Farmer organisations & indigenous territorial organizations..... 7
 - What are farmers organizations? 8
 - WRF and the national committee of family farming..... 11
- Local funding mechanisms developed by FFPOs
 - Example 1: Experience of the CNOP of Mali in financing youth initiatives 13
 - Example 2: SHANDIA, a platform for direct financing for indigenous people and local communities..... 16
 - Example 3: The Mesoamerican Territorial Fund..... 20
 - Example 4: The NCFE Challenge Fund..... 22
 - Example 5: Assuring Resiliency of Family Farmers amidst COVID19 (ARISE Farmers) 24

C) PERSPECTIVES FROM THE DONORS

- Challenges and opportunities..... 26
 - Learning from the Forest and Farm Facility: developing GEF projects with FFPOS..... 28
 - IPLCs and International Funding instruments: Experience of Dedicated Grant Mechanism (DGM) 30
 - Ford Foundation's reflection on supporting IPLC..... 33

D) DISCUSSION, REFLECTIONS & NEXT STEPS

- Recommendation..... 35
- Next steps 36
 - Strengthen the communication around IPOs/FOs 36
 - Further nurture the relationship among local organisations, donors & other key stakeholders 38

ANNEX

- Exchange of knowledge on community mechanisms for territorial financing 40



SECTION A

INTRODUCTION



PARTICIPANTS

REPRESENTATIVES OF FARMERS OR INDIGENOUS PEOPLES

- Belen Citoler, Deputy Director, World Rural Forum (WRF)
- Denisse Sevilla, Programme Officer, Mesoamerican Alliance of Peoples and Forests (AMPB) / Global Alliance of Territorial Communities' (GATC)
- Ibrahima Coulibaly, President, Network of Peasant and Producers of West Africa (ROPPA in French)
- Lany Regabay, Asian Farmers Association (AFA) for sustainable rural development
- Michel Laforge, Senior Advisor at the Executive Secretariat, Global Alliance of Territorial Communities (GATC)
- Gustavo Sanchez, Mexican Network of Farmers Forestry Organizations (Red MOCAF/AMPB/GATC)
- Marcel Groleau, AgriCord President, UPA-DI President, Farmer Quebec

FOREST AND FARM FACILITY COLLEAGUES AND PARTNERS

- Sophie Grouwels and Jhony Zapata, forest Officers, FAO + liaison officer
- Duncan Macqueen, Principal Researcher and Team Leader - Forests and Prosperity, IIED
- Pauline Buffle, Programme Officer and Chris Buss, Director, IUCN
- Tiina Huvio, Executive Director FFD, FFF Steering Committee

DONOR COMMUNITY

- Kevin Currey, Ford Foundation and Climate and Land Use Alliance
- Marcio Halla, Director of Territorial Governance Facility, Forest Trends
- Sean De Witt - World Resources Institute (WRI)
- Solange Bandiaky Badji, Coordinator, Rights and Resources Initiative (RRI)
- Steven Lang, Systemiq, Special Adviser to Rockefeller Foundation (RF)
- Dinara Besekei Sutton, Natural Resources Management Specialist, Environment, Natural Resources and Blue Economy Global Practice (ENB), World Bank
- Paul Hartmann, Senior Environmental Specialist, Climate Investment Fund (CIF)
- Mia Blakstad, Rockefeller Foundation
- Lucia from ART



BACKGROUND

Almost 1.3 billion people depend on forest and farm landscapes for their livelihoods. Among them, smallholder farmers supply at least one-third of the world's food. For them, increasing temperature extremes, more variable rainfall, droughts, storms, flooding, and pest and disease outbreaks have become the norm¹.

To reverse climate change, biodiversity loss, and persistent rural poverty and inequality, a massive opportunity lies in the contribution of forest and farm producers' organizations (FFPOs).

Yet, despite these considerations, as little as 1.7% reaches local Indigenous Peoples', community and smallholder organisations (IIED). This level of support compromises societal chances to meet the objectives of the agenda 2030 and of the Paris Agreement and must change.

The Forest and Farm Facility (FAO, IIED, IUCN and Agricord) use the term forest and farmer producers organizations or FFPOs to talk about grassroots led self-organized entities, with a formal or informal structure, such as farmers unions, cooperatives, Indigenous Peoples Organizations, producers groups, agroforestry groups, etc. They are specific entities, not NGOs.

FFPOs can mobilise 1.5 billion smallholder producers to aggregate products from multiple smallholdings that mix biodiverse agriculture, agroforestry and natural forests, a vast collective pool of climate change mitigation, adaptation, and resilience. Pursuing market opportunities for diverse product baskets, they frequently also invest in wider goals that are central to sustainability, resilience and equity. Strengthening FFPOs in long term partnership, and channelling more climate finance through them, is a game changer for climate, biodiversity and food system action.



Forest and farm producer organizations from Mesoamerica, Amazonia, Brazil, Africa, Asia and other regions met in Mexico 7-9 October 2022. These organizations, representing indigenous peoples, local communities and farmers, exchanged experiences of indigenous people, community and farmers organisations in the design and implementation of territorial financing mechanisms for the purposes of learning, identifying common problems, exploring possibilities for cooperation, and identifying concrete proposals to significantly increase the level of climate, biodiversity and food system finance that directly support FFPOs. Following up on the Mexican exchange, the meeting in DC aimed at creating a space with potential donors and allies interested in investing in and strengthening the capacities and processes of indigenous, community and farmers organizations financing mechanisms.

This meeting was the first of a series during which we will provide options and solutions to change the current climate, biodiversity and development aid model. The aim is to reverse the trend and get a big proportion of international finance to the ground, where change actually needs to happen but in a way that is relevant for rural communities.



ABOUT THE FOREST AND FARM FACILITY (FFF)

The Forest and Farm Facility provides direct financial support and technical assistance to strengthen forest and farm producer organizations representing smallholders, rural women's groups, local communities and indigenous peoples' institutions. A partnership between FAO, IIED, IUCN and Agricorn, the Forest and Farm Facility is funded by Finland, Germany, Norway through the Flexible Multi-Partner Mechanism of FAO, Sweden, the Netherlands, the United States of America, and IKEA.

FFF offers a range of services to FFPOs including advocacy, sharing information, training in market analyses and development, incubating and supporting business, providing financial access and social programmes for their members. Through learning and exchange visits and links to regional and international federations, FFF also strengthens smallholder organization and capacity at national and global levels.

In 2021 only, the Facility achieved significant milestones, including:

- the improvement of over 80 national and subnational policies, processes and decisions in favour of FFPOs;
- the ongoing restoration of 167 000 ha of forested landscapes;
- the execution of 181 business-related training events with 469 staff trained in business incubation; and
- the deployment of USD 7.6 million, directly to forest and farm organizations.

OUTCOME SNAPSHOT

Key recommendation

To shift towards community-based financing mechanisms
Local communities significantly contribute to the social and environmental development and climate adaptation of food systems. Their key role should therefore be better recognized and reflected in the funding systems with a framework that empowers them.

Community-based financing mechanisms have many benefits

- They are inclusive and collaborative
- They target real needs of communities
- They are efficient
- They are reliable, safe, scalable, and impactful

Internal action points

- Strengthen the communication around IPOs/FOs
- Issue a clear common message.
- Use documentation to strengthen the message.
- Address the donors' perplexity about risk.
- Further nurture the relationship among local organisations, donors and other key stakeholders
- Organise more joint meetings to strengthen collaboration among indigenous people and farmers.
- Expand the network and involve other actors.
- Build trust and collaboration with donors.



SECTION B

PERSPECTIVES FROM THE GROUND



FARMER ORGANISATIONS & INDIGENOUS TERRITORIAL ORGANIZATIONS

WHAT ARE INDIGENOUS TERRITORIAL ORGANIZATIONS?

- Michel Laforge on behalf of GATC -

Indigenous territorial organizations are entities built in order to improve the ability of indigenous peoples to resist aggressions from the outside, through unity. A long history of resistance has taken these organizations to build different levels of aggregation from village to department, then to province, national, regional and now international levels. Their leadership is chosen following their own culture, but all of them have democratic election systems, and leaders' rotation is inherent to all the organizations we work with.

The difference with other indigenous organizations is that our leaders have mandates from their peoples and their territories, and have the legitimacy of democratic representation.

The Global Alliance of Territorial Communities (GATC) is a political platform of indigenous peoples and local communities, representing 35 million people living in forest territories from 24 countries in Asia, Africa, and Latin America. We are defenders of over 958 million hectares of land.

The five organizations composing GATC are the Indonesian Alliance of Indigenous Peoples of the Archipelago (AMAN); the Mesoamerican Alliance of Peoples and Forests (AMPB); the Articulation of Indigenous Peoples of Brazil (APIB); the Coordinator of Indigenous Organizations of the Amazon Basin (COICA); and the Network of Indigenous and Local Populations for the Sustainable Management of Central African Forest Ecosystems (REPALEAC).

WHAT ARE FARMERS ORGANIZATIONS?

- Lany Regabay, AFA -

Farmers organizations (FOs) are autonomous membership-based organizations of smallholder, family farmers and rural producers including pastoralist, artisanal fishers, landless people and Indigenous people organized at different levels (local, national, regional and global). FOs include all form of producers' associations, cooperatives, unions and federation

Farmers organizations (FO) have key roles to play, including:

- Provide wide range of economic services to members such as input supply, storage facilities, collective marketing opportunities, credit access, equipment and agricultural advisory services which enable members to increase productivity, reduce risk, manage their products and increase income.
- Represent members' interests (economic, political, socio-cultural and environment) in the negotiation of contracts with buyers / improving market bargaining power
- Policy negotiation/lobbying with key decision-makers
- Building coalition/platform with broader sector for common development agenda

Farmers organizations are reliable service providers for farmers thanks to:

- Size/scale: Relatively small at the local level; low cost of operation
- Scope: broader scope through federated structure (multi-country/ multi-province)
- Speed: Fast/quick due to presence of aggregating structure/federation at all level
- Established communication network / direct knowledge of the local realities/context (needs, capacities)
- Rootedness to local situation allows FOs to exercise flexibility, use appropriate tools, procedure responsive to farmer
- Information asymmetry is addressed; The intended recipient are well-known to the FO since they have prior record/membership data which makes the Cost of KYC less and more reliable. Less costly service delivery (lesser channels, proximity to farmers)



How can farmers organizations be strengthened?

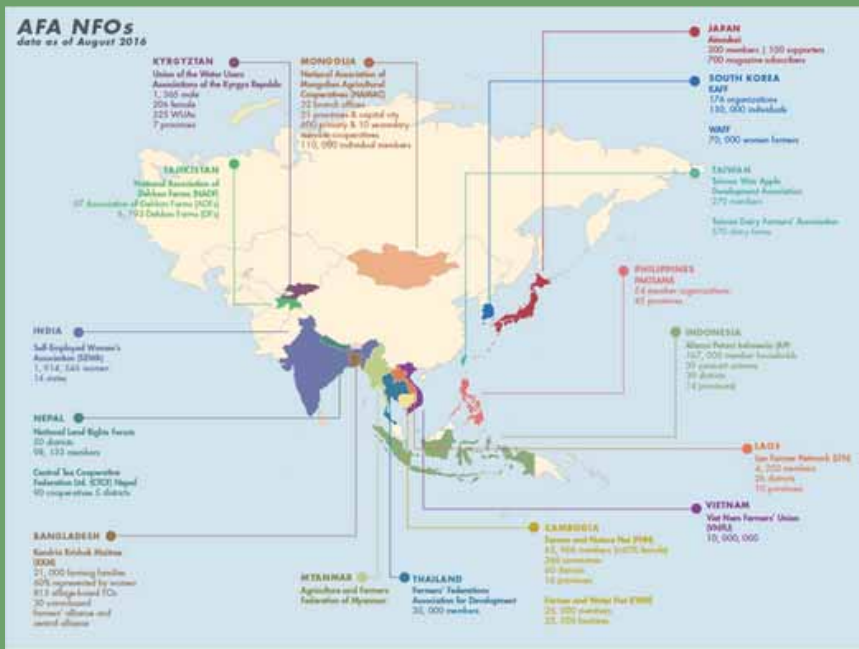
- Practical trainings through Farmer-to-Farmer learning exchanges combining farmers' indigenous knowledge with scientific innovation focusing on improving agricultural productivity and gaining benefit from inclusive value-chain (marketing strategies)
- Strengthen FO structure towards delivery of economic services to members (commodity clustering, Agri. coops, etc.)
- Organizational strengthening
- Strategic Planning
- Leadership and membership meetings
- FO Profiling



ABOUT THE ASIAN FARMERS' ASSOCIATION FOR SUSTAINABLE RURAL DEVELOPMENT (AFA)

AFA 's development agenda is the following.

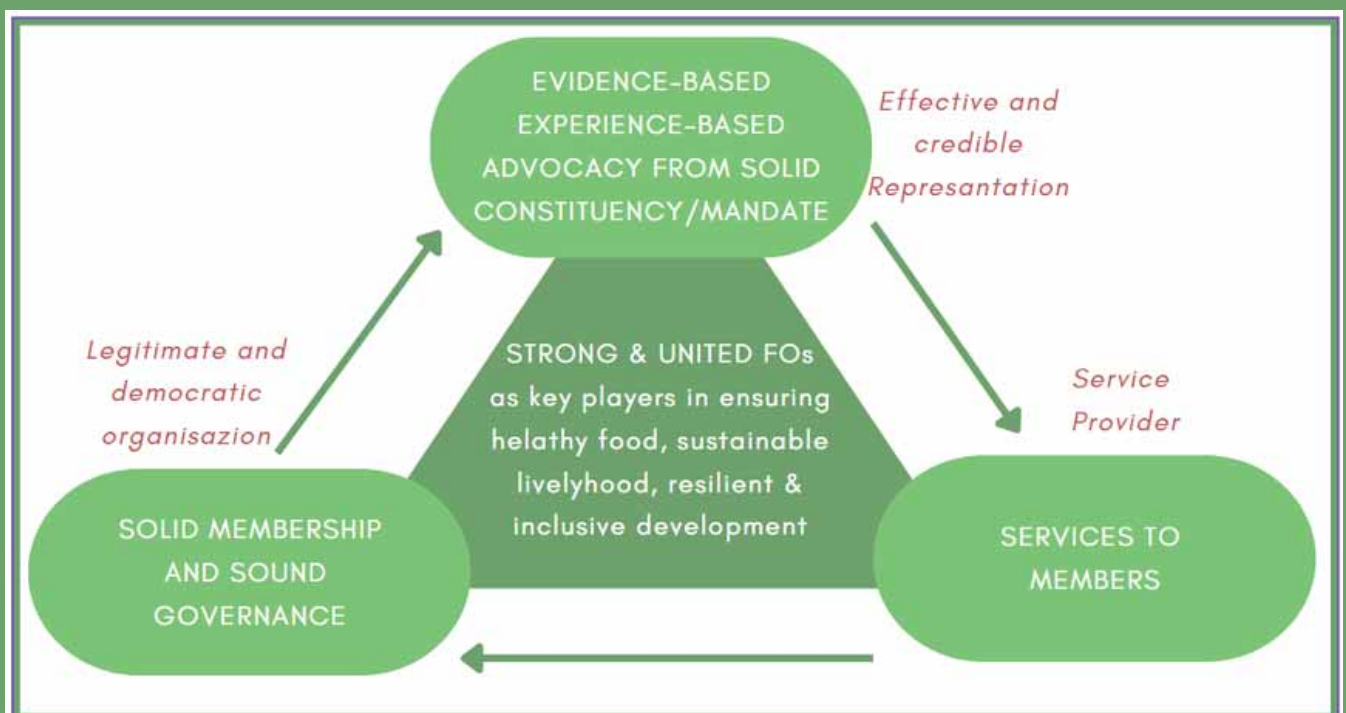
- PROMOTE secure land rights
- PRODUCE diverse and nutritious food through sustainable agroecology, climate resilient practices
- BUILD farmers' cooperatives and their enterprises
- PROMOTE equitable rights and opportunities among women and men farmers
- PROMOTE young farmers



AFA is composed of:

- 15 million** individual member farmers
- 20** National Farmers' Organizations (NFOs)
- 180,000** farmers' organizations, cooperatives & cooperative groups
- 16 countries** (22 countries with partners)
- 4 Sub-regions** (Southeast Asia, South Asia, Northeast, Central Asia)

The three pillars of AFA's work highlights that the bigger the membership is, the stronger the legitimacy to represent and support the constituency.



WRF AND THE NATIONAL COMMITTEE OF FAMILY FARMING

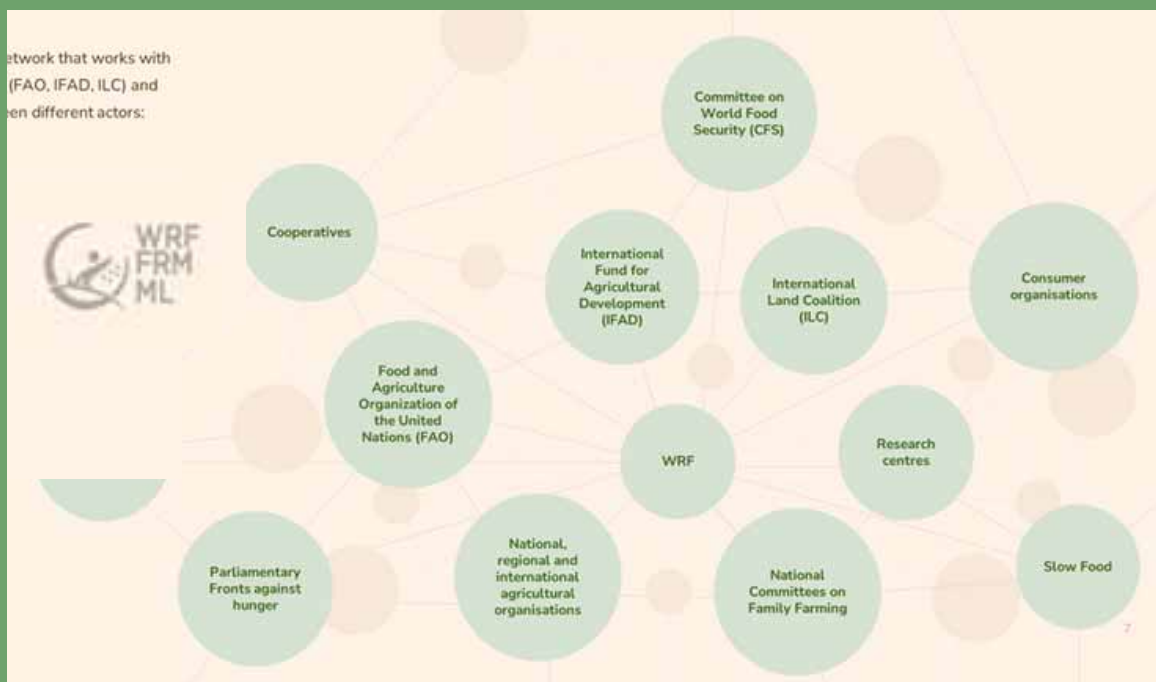
- Belen Citoler, WRF -

The World Rural Forum (WRF) is a plural network promoting Family Farming and Sustainable Rural Development.

It is composed of a variety of networks:

- Family Farming federations and organisations such as AACARI, AFA, COPROFAM, ESAFF, PDRR, PIFON, PROPAC, REFACOF and UMNAGRI [1].
- Cooperatives such as CAE or Konfekoop.
- Development organisations and agricultural research centres such as CIRAD.

The WRF brings together organisations representing more than 35 million family farmers on 5 continents. In addition, it maintains partnerships with hundreds of external (non-member) organisations around the world.



WRF
Networking and
Alliances

[1] Agriculture Alliance of the Caribbean; Asian Farmers Association; Confederación de Organizaciones de Productores Familiares del Mercosur Ampliado; Eastern and Southern Africa small-scale Farmers Forum; Programa de Dialogo Rural Regional; Pacific Island Farmers Organisation Network; Red de Mujeres Africanas para la Gestión Comunitaria de los Bosques; Pacific Island Farmers Organisation Network Union Maghrébine et Nord Africaine des Agriculteurs.

SOCIAL OBJECTIVE OF WRF: PROMOTE FAMILY FARMING AND SUSTAINABLE RURAL DEVELOPMENT

Why family farming?

- Family farmers are key to achieving sustainable, inclusive and resilient food systems
- Family farms occupy around 70-80 percent of farmland and produce more than 80 percent of the world's food in value terms.
- 2.500 million people in the world are linked to family farming.
- Family farming is more productive and more agrobiodiversity diverse than bigger monoculture farms. We need to move towards family farming not away from it.

The United Nations Decade of Family Farming 2019-2028 recognizes the enormous contribution of Family Farming to the achievement of the 2030 Agenda for Sustainable Development and the role that family farms play in ensuring global food security, eradicating poverty, conserving biodiversity and achieving environmental sustainability.

"Due diligence of donors is really a challenge. Regional FFPOs can play a buffer role. From regional to local level we simplify the process but we still have a due diligence to protect ourselves. We can adapt fiduciary rule with easier requirements."
Lany Regabay, AFA



LOCAL FUNDING MECHANISMS DEVELOPED BY FFPOS

Territorial authorities and farmers organizations have already built their own financing structures to ensure that finances are really channelled to the ground.

EXAMPLE 1: EXPERIENCE OF THE NATIONAL COORDINATION OF FARMERS ORGANISATIONS (CNOP) OF MALI IN FINANCING YOUTH INITIATIVES

CONTEXT

In Mali, family farming remains the main mode of production, providing more than 80% of the supply of agricultural and agri-food products. Despite its recognised strategic importance, the agricultural sector in Mali does not benefit from sufficient public support and investment to enable it to contribute fully to national food security, job creation and wealth.

Deficits in local services concern women and young people in particular, even though this group is a strategic lever for the development of the agricultural sector. Women play an important role in the production, processing and marketing of agricultural products; and young people constitute more than 35% of the population and are increasingly better educated than their elders.

Farmers' organisations, thanks to their networking and their anchor at the community level, are an asset for the State and development partners in providing assistance and proximity services. Based on its network, the CNOP Mali has launched an initiative to support its members in improving access to finance for women and young people.

THE SET UP - A COALITION OF PARTNERS

To ensure success of this initiative, CNOP-Mali decided to create synergies between the services of its member federations, those of a microfinance institution and the Investment Agency for the Promotion of family farms (AGIP).

AGIP is an institution created by the CNOP with the following missions:

- to provide the necessary advisory support for the integration of young people and the development of economic activities (processing, conservation, marketing)
- (to support the member federations of the CNOP in the implementation of projects/programmes, in particular those retroceded by the Malian State.

The CNOP identified the National Federation of Rural Women (FENAFER), the National Federation of Rural Youth (FENAJER) and the Association of Professional Peasant Organisations (AOPP) as the most relevant for this initiative. It then set up a collaboration protocol with the Nyèsigiso-Mali savings and a credit union. And finally, the CNOP mobilised the expertise of the investment agency for the promotion of family farms (AGIP).

THE PROCESS

- The amounts of financing range from 50,000 CFA francs (minimum) to 500,000 CFA francs (maximum) depending on the relevance and the sustainability strategy proposed by the beneficiary. The repayment period depends on the activity cycle.
- Interest rate on the loan at 15%.
- Any late payment is penalised by 5 percent (5%) of the due date

CURRENT STATUS OF THE INITIATIVE

- Establishment of a collaboration protocol with the Union des caisses d'épargnes et de crédits du Mali (Union of Savings and Credit Unions of Mali) for assistance to the Nyèsigiso credit union;
- Establishment of a guarantee of 10,000,000 CFA francs (approximately 15,000 euros).
- 10 projects financed to date, of which 01 is led by a woman
- 11 projects being processed by the selection committee)
- Monitoring of funded projects/ field visits
- Recovery rate = 80%.

RECOMMENDATIONS

- Provide support to young people and women in setting up their projects and in preparing applications for loans;
- Involve the young person's family as a means of securing financing;
- Involve the young person's family as a means of securing financing;
- Ensure close monitoring of beneficiaries;
- Have a credible partner to accompany young people in their activities' implementation



“ROPPA was created in 2000 to defend the interest of family farming in West Africa. We wanted to negotiate good policies tailored to our needs. We were successful at national and regional levels and good policies were adopted by parliaments. The problem is that they are not really implemented and there are no results at village level. Similarly, we worked with traditional donors to get more funds to local communities for value chain development. But classical projects organizations don't trickle down well and have little results on the ground.” Ibrahima Coulibaly, ROPPA

EXAMPLE 2:

SHANDIA, A PLATFORM FOR DIRECT FINANCING FOR INDIGENOUS PEOPLE AND LOCAL COMMUNITIES

VISION

"Shandia is a global platform that facilitates territorial financing of Indigenous Peoples and Local Communities. Shandia ensures the protection of Mother Earth by supporting the recognition of tenure rights, strengthening the management of territories, promoting community-based economies, and advancing the fight against climate change, the protection of biodiversity and the reversal of the degradation of nature"

MISSION

The mission of the Shandia platform is to guarantee sustainable and timely access to direct financing for actions to stop climate change and land degradation and for the protection of biodiversity by local organizations from IPs & LCs. These actions include respect for the rights and autonomy of IPs & LCs organizations, strengthening their economic endeavours, and respecting the priorities and aspirations of their representative organizations.



HOW WILL IT WORK

- The GATC is operationalizing the Shandia Platform to begin work immediately, using fiscal sponsors for the 'Global' and 'Readiness' components and financial intermediaries or implementation partners for the regional and national components, where needed.
- The GATC Council will use regular meetings with the Forest Tenure Donor Group and other key stakeholders to identify funding opportunities and negotiate agreements for medium and large projects.
- The GATC is seeking support for a series of regional and global consultation workshops to validate and refine principles, targets, and operational modalities, as well as widen the set of stakeholders involved.
- The Shandia Platform is utilizing a wide range of channels and pathways to get finance to communities, with an emphasis on supporting existing regional and national IPs & LCs funding mechanisms.
- The GATC will take a phased approach to develop the Shandia platform

"We invite you to invest with us to protect the climate, biodiversity and reverse the damage done to Mother Nature. We do not want to replace Governments, we just want to enhance what they are doing. We are calling for co-investment form donors and foundations to get into a horizontal collaboration. " Michel Laforge
- GATC

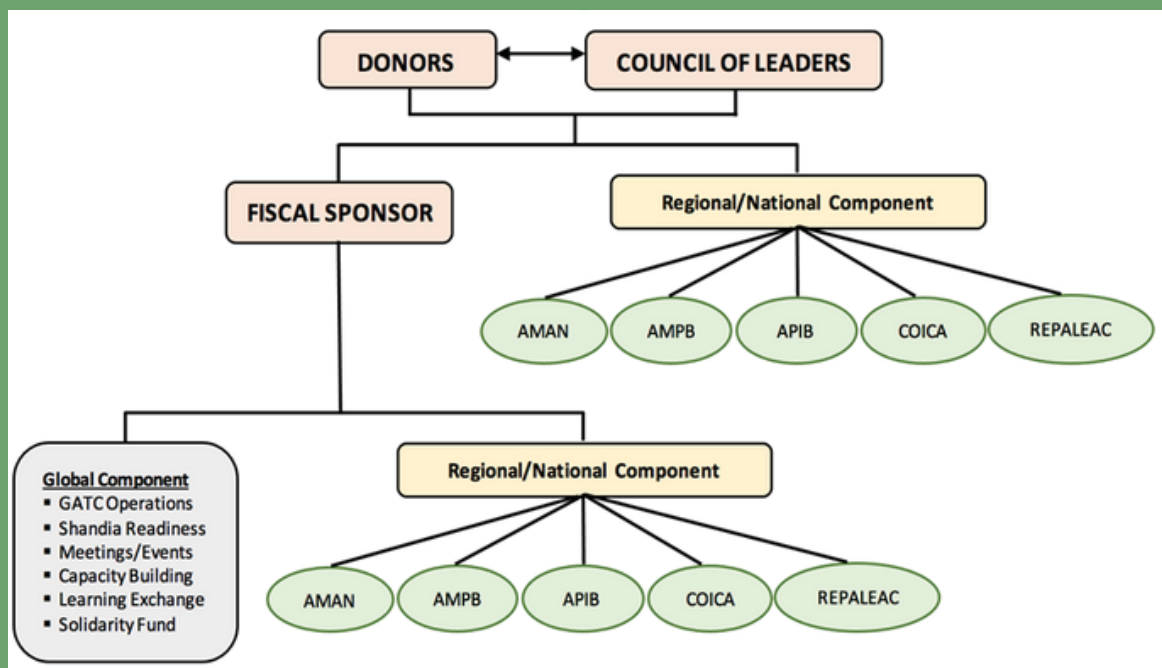


WHY SHANDIA? WHAT'S THE ADDED-VALUE?

- Shandia is a unique global mechanism arising out of a collaboration between IPs & LCs organizations in Mesoamerica, Amazonia, Indonesia and Africa, initiated by the GATC.
- It is governed by IPs & LCs representatives from the GATC.
- It builds on decades of experience generated by IPs & LCs in developing community initiatives and other solutions to fight against climate change.
- Provides a strategy to strengthen livelihoods, respect and recognize IPs & LCs' lifestyle, culture and traditional knowledge, as well as their collective actions that directly contribute to combating land degradation and climate change and protecting biodiversity, while generating benefits for the community itself.
- The Shandia Platform leads a regular roundtable dialogue between donors and IPs & LCs in a spirit of mutual partnership with an equal participation in decision making.

MAIN PRINCIPLES

- Securing rights to land, territories and resources of IPs & LCs.
- Ensuring the sustainability of ecosystems.
- Creating equal partnerships with full and effective participation of IPs & LCs in the governance structure of the Shandia platform.
- Ensuring implementation of Free, Prior, Informed Consent, including the inclusive, full and effective participation of women and youth.
- Ensuring transparency regarding the origin and use of funds.
- Building local capacities from the start.
- Upholding diverse traditional, cultural and local systems, including traditional and local knowledge.



Shandia
Financial Flow



TYPES OF ACTIVITIES TO BE FUNDED

- Strengthening Recognition of Rights
- Strengthening Community Based Decision Making and Capacity Building
- Territorial Management
- IPs & LCs Economies and Energy
- Emergency Response System
- Cultural Identity and Traditional Knowledges

NEXT STEPS

- The Shandia platform is operational and can receive donations from FTFG members and others starting immediately.
- The GATC Council proposes regular meetings with the Forest Tenure Donor Group and other key stakeholders to identify funding opportunities and negotiate agreements for medium and large projects to address mutual priorities.
- The GATC proposes a series of regional and global consultation workshops to validate and refine principles, targets and operational modalities, as well as widen the set of actors involved.

EXAMPLE 3:

THE MESOAMERICAN TERRITORIAL FUND, OF THE MESOAMERICAN ALLIANCE OF PEOPLES AND FORESTS

FTM (Fondo Territorial Mesoamericano)

An alternative financial mechanism, managed directly by Indigenous Peoples and Local Communities (IPCL), who live and sustain the last great forests and natural territories in six countries of Mesoamerica.

An initiative of the Mesoamerican Alliance of Peoples and Forests (AMPB), formed by 11 indigenous and local community organizations

The current climate finance model fails to invest in community territories and protect forests because:

- It has been designed by and for governments and some organizations.
- Focuses almost exclusively on reducing emissions.
- Very costly and bureaucratic financial flow channels.
- Does not take into account the organizational initiatives that already exist in the territories.
- A narrative of respect for rights that is rarely applied.





SHANDIA APPROACH AT FTM

- Territorial communities and their organizations define priorities.
- Rights of indigenous peoples and local communities.
- Seeks territorial alliances with other actors.
- Design of less costly financing channels.
- Measurable and achievable results.
- Transparent use of resources.
- Contribution to the climate agenda, biodiversity and the fight against desertification and degradation.

3 INVESTMENT AXES

GOVERNANCE

- 78 organizational strengthening meetings
- 2 internal virtual communication networks supported
- 9 communities strengthened in land concession processes

RIGHTS

- 27 processes of territorial defense and governance supported
- 16 training events on rights
- 30 meetings for dialogue and advocacy

VENTURES

- 25 ventures supported on food self-sufficiency
- 4 ventures supported on value-added timber products
- 6 ventures supported on alternative tourism
- 8 community forestry initiatives supported

EXAMPLE 4:

THE NCFE CHALLENGE FUND

– Belen Citoler, WRF -

THE NATIONAL COMMITTEES OF FAMILY FARMING (NCFE) CHALLENGE FUND

The goal of the fund (2 million USD) is to enhance the key role of family farmers in building sustainable, inclusive and resilient food systems.

The objective is to strengthen the capacities of the NCFEs^[2] to promote and participate in the elaboration and implementation of UNDEF National Action Plans and other policies in support of Family Farming. It also contributes to the national pathways towards food systems transformation as well as supports South-south + international exchange of knowledge on policies for family farmers.

EVALUATION CRITERIA TO GET A GRANT

- The proposal aims to strengthen the capacities of FOs
- Institutional and technical capacity to manage a grant
- Past experiences of the NCFE and policy results obtained
- Clear and specific objectives activities and outputs
- Contribution to the national pathway for sustainable food systems
- Co-funding mobilization capacities
- Linkages with IFAD, EU, FAO country programs
- Inclusion of gender equality and rural youth issues

[2] The NCFEs are multistakeholder platforms aiming to contribute to an enabling policy environment for family farming. There are 45 NCFEs in Africa, Latin America and the Caribbean, Asia Pacific and Europe, bringing together more than 2,625 farmers' organisations, NGOs, public entities, research centres, UN systems agencies, cooperation agencies, etc. At least 1.853 members of the NCFEs are family farming organisations.



ACHIEVEMENTS

- 35 NCFFs initiatives supported in LAC, Africa and Asia Pacific
- 61 New policy proposals agroecology, financing, access to markets, etc.
- 28 New programmes, laws and regulations in favour of FF
- In 2021:
 - 12 NCFFs supported
 - 2 Family Farming National Action Plans adopted in Sierra Leone and Philippines
 - 5 New Family Farming National Action Plans elaborated in Kyrgyzstan, Togo, Cote d'Ivoire, Kenya, RD Congo
 - 6 Laws, regulations and policy proposals developed in Ecuador, El Salvador, Paraguay and Peru
 - More than 4.450 people and representatives of FOs and other civil society organisations, research centres, government entities, FAO, IFAD, etc
 - 46 workshops, 18 seminars, 55 forums, 12 training sessions, 42 technical meetings

ABOUT AGRICORD

In addition to the partners who presented during the meeting, one of the partners of the Forest and Farm Facility is the AgriCord Alliance. AgriCord is a network of agri-agencies, NGOs leaning on their national farmers' organizations supporting their Southern partners. They collaborate with the regional farmers' organizations including PAFO and its members (ROPPA, PROPAC; UMNAGRI, EAFF, SACAU), Asian Farmers Association for Sustainable Rural Development (AFA) and COPROFAM. AgriCord supports member-based organizations and aims at strengthening these organizations and their services to their members. AgriCord channels funding to FOs (farmers' organizations) in different levels.

- 2 Agri-agencies: Each agri-agency has its unique profile and expertise in advising and supporting Farmer Organisations
- Hundred of FO-partners: Strengthened through various programmes and types of interventions
- 90 Projects: Six ongoing programmes are centrally managed by the secretariat, monitoring and reporting on behalf of the members
- 40 Countries: As an Alliance covers a wide range of countries, each with unique chances and challenges
- 31.265.000 EUR: disbursed to Agri-Agencies in the six programmes



EXAMPLE 5: ASSURING RESILIENCY OF FAMILY FARMERS AMIDST COVID19 (ARISE FARMERS)

- Lany Regabay, AFA -

OVERVIEW

Key Objective: Strengthen capacities of FOs to manage production support to members by expanding 4Ps partnership to address the market access challenges brought about by the pandemic

Key actions: Provision of revolving fund for production and marketing; online communication and Knowledge Management support

Covered countries: Mongolia, Nepal, Pakistan, Sri Lanka, Cambodia, Laos, Philippines, Vietnam

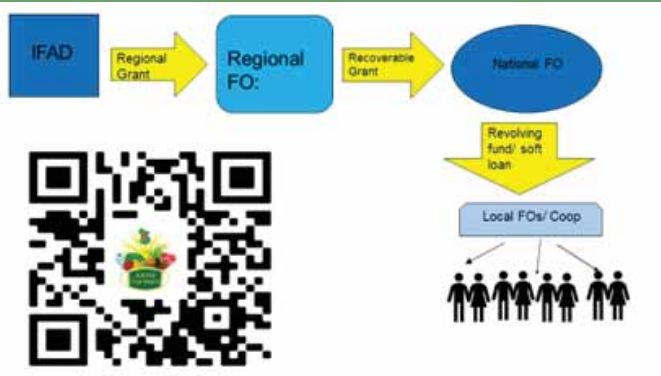
Recipient: 185 Farmer Organizations/ Cooperatives

Project fund: USD 2 million

Asia-Pacific Farmers Program (APFP): co-financing

FINANCING MODEL

This model ensured an excellent repayment status, getting 100% reimbursement under the pandemic. This success has been possible thanks to the size and community-based nature of the initiative: farmers wanted to give the money back to the association to enable others to benefit from it; and they are influenced by the community itself (as they see their peers doing it, they want to align).



Repayment Status

Countries	Total Number of FOs with ARISE	Number of FOs (with Matured Loans)	Loan Amount (Due as of October)	Amount Paid	Balance	Repayment Rate	Number of Cycles	Turnover Rate
Southeast Asia								
Cambodia	10	6	\$ 200,000.00	\$ 191,500.00	\$ 8,500.00*	95.75%	1	100%
Laos	17	9	\$ 149,752.00	\$ 124,033.00	\$ 30,185.00	84.51%	2	161.12%
Philippines	8	2	\$ 21,027.77	\$ 21,027.77	-	100%	2	107.79%
Vietnam	31	11	\$ 65,359.52	\$ 65,359.52	-	100%	1	100%
East, Central & South Asia								
Pakistan	33	26	\$ 201,487	\$ 201,487	-	100%	2	91%
Sri Lanka	62	5	\$ 15,160	\$ 15,160	-	100%	1	72%
Nepal	14	0	-	-	-	-	1	100%
Mongolia	10	8	\$ 385,313	\$ 385,313	-	100%	3	203%
Total	185	66	\$ 1,083,261.29	\$ 1,044,575.29	\$ 38,686.00	96%		118%

* \$8,500 - IFO
Laos - on going repayment from members as per the report submitted last October 2021. 2 FOs not yet paid. 2 FOs with partial payment.
Nepal - No maturing loan due since loan was only released last September 2021.
Turnover Rate: Funds Released to FOs (\$2,183,737) / Total Funds Released to NAs (\$1,850,000)

SECTION C

PERSPECTIVES FROM THE DONORS



CHALLENGES & OPPORTUNITIES

FOR DONORS TO FUND FFPOS AND/OR MAINSTREAM THEM IN THEIR OPERATIONS: EXAMPLES

LEARNING FROM THE FOREST AND FARM FACILITY: DEVELOPING GEF PROJECTS WITH FFPOS

- Duncan Macqueen, IIED -

EVALUATION OF GEF WORK ON SFM

Scope - 640 SFM projects with a value of US\$ 3.654 billion over 30 years

Positives - 78 million ha of new protected area (PA) status; 1.9 million ha of forests restoration, 41% of projects with biodiversity gains; income increases reported in 55%

Recommendations

- Develop SFM strategy and guidance - with metrics on organisational capacity
- Strengthen monitoring, evaluation, learning - with incentives for good performance
- Engage with the drivers of deforestation - political economies of power imbalances
- Support local organizations for policy and action - key agents of change missing
- Scale up and broaden the small grants programme - much appreciated
- Revise implementation procedures - long delays, limited accredited agencies

INTRODUCTION:

GEF DSL IP US\$104 million

Objective: to avoid, reduce, and reverse further degradation, desertification, and deforestation of land and ecosystems in drylands, through the sustainable management of production landscapes.

1. Integrated landscape management
2. Technical and financial capacity for scaling up SLM
3. M&E and knowledge management

OPPORTUNITIES

- Rigorous ProDocs
- Significant budget
- Programmatic approach
- Government ownership
- Very participatory in design

CONSTRAINTS

- Nature not people focus
- Limited direct FFPO financing
- Multiple technical teams
- Expert designed and driven
- Challenge of local ownership



IPLCS AND INTERNATIONAL FUNDING INSTRUMENTS: EXPERIENCE OF DEDICATED GRANT MECHANISM (DGM)

The DGM is a global initiative that supports the full and effective participation of Indigenous Peoples and Local Communities in the international effort to reduce greenhouse gas emissions from deforestation and forest degradation and promote sustainable forest management and forest carbon stocks (REDD+).

The DGM was established in 2010 under one of the CIF programs - FIP, to address the need of active participation of IPLCs in reducing carbon emissions from deforestation and forest degradation. IN 2011 DGM design document was approved, with the focus on: support of IPLC initiatives in FIP countries that support FIP strategies, developing IPLC capacity to participate in national REDD+ processes, provide support to strengthening territorial and user rights, gather lessons from local level experience and share successful REDD+ stories, build partnerships and networks of IPLC and strengthen capacities to address drivers of deforestation, forest degradation and other threats to ecosystem

With the funding from CIFs, implemented by the WB The DGM is investing 80M globally to support community led programs in 12 countries and global chapeau project. All 12 projects are at different stages of the project cycle. Four of these country projects are closed as of now, while 2 - Nepal and additional finance in Brazil will be approved by the Bank board shortly.

DGM project design:

- Policy interventions Capacity building/trainings
- Grants - subprojects





Both REDD and FIP are international mechanisms linked to national-level institutions; the DGM was created to ensure that the priorities and experience of IPLCs' could be included, rather than overlooked, in these processes.

It was also set up in light of a growing acceptance of the need to engage IPLCs if lasting improved forest management is to be achieved. The DGM was written into the FIP in 2010, and over the course of the following three years its design and architecture were developed such that it could meet the financial guidelines of the multilateral development banks (MDBs) while giving IPLCs control over the funds dedicated to them.

There are two broad components of the DGM: first, the provision of grants to IPLCs to develop and implement subprojects of their choice, under their control; and second, capacity building for IPLC organizations.

SUMMARY OF LESSONS (PERU, BRAZIL, MEXICO)

- Indigenous organizations have the capacity to lead the design and implementation of development projects.
- The non-governmental arrangement worked well, and contributed to the exceptionally high stakeholder involvement - highly committed NGO manages the Project, receives the funds and administers community grants
- The role and performance of the NSC as governing body was a key element in securing support for and acceptance of the Project.
- Learning, meeting other communities and executing their own subprojects has caused a transformation of IPLC communities
- Indigenous women are willing to learn production and entrepreneurship activities and are interested in being actively involved in these activities.
- Having in place robust M&E mechanisms from the outset helps ensure smooth and effective implementation.

LESSONS FROM IMPLEMENTATION OF THE COUNTRY DGM

This project in Brazil had an unusually high degree of participation at the grassroots level and through representative organizations of beneficiary communities, not least through the active participation of organizations in the NSC. Stakeholders were involved from the beginning in the design of the Project and were not just offered participation in a project already designed by others. This again is not common practice in projects planned and managed by government.

A significant outcome of the Project was a new-found consciousness and strength of the indigenous, quilombo and traditional populations of the Cerrado biome. They came to feel like actors, protagonists to be respected, acting in unity across ethnic diversity and geographical distances, and as guardians of the natural resources of the territory they live in. They started to believe in the possibility of change, even in the context of influencing land use policies at large.

EXEMPLARY RESULTS (PERU)

- Since 2001, the GoP has recognized 989 native communities in the Amazon in total - 27% of them with Project support.
- The Project supported 266 out of the 310 (85%) remaining native communities that had not yet been recognized in the Peruvian Amazon.
- With direct inputs and in agreement with the NSC, the MINAGRI adopted national guidelines for implementing recognition and registration of native communities, streamlining the procedures, and reducing their cost and duration - which have benefited native communities beyond those covered by the Project.
- Project titled more native lands than all other governmental initiatives since Project effectiveness
- Average annual deforestation rates in titled native communities have been lower than in communities without assigned rights, especially after 2018, when the forest losses in latter increased significantly. (Peru completion report)





WHY INVEST DIRECTLY IN LOCAL ORGANIZATIONS?

- Outcomes delivered more efficiently.
 - In Peru: DGM's participatory inclusive approach has allowed to develop a low-cost approach to land-titling. IP organizations are working alongside local government to facilitate the recognition of communities' claims to their ancestral land.
- Capacity building.
 - Community members & representatives involved in mapping & characterization work.
 - Community members are co-implementers as opposed to being beneficiaries.
- Fundraising/leverage.
 - In Peru the government has leveraged the DGM and its unique design to raise other funds including from several European donors.
- Gender impact.
 - DGM projects clear positive changes to female direct beneficiaries, especially by building women's leadership and agency through training, improved income, and greater participation in both association and community-level decisions. This experience was described in several country-based DGM gender studies

WHY DO YOU THINK THERE IS ONLY LIMITED INTERNATIONAL FINANCE GETTING TO THE FARMERS AND INDIGENOUS PEOPLES?

- Perception: DGM and similar mechanisms are too risky
- Procurement is difficult for grassroots communities with no experience, in remote locations with few if any suppliers for certain goods and services.
- Limited capacity of regional governments and shortcomings in regulations.
- Lack of donor interest in supporting one country project - global mechanism is more attractive to global funding organizations
- Perception: Lack of capacity of IPLCs - e.g., writing subgrants proposal in the required format. In Burkina Faso those without literate persons in their communities or extended families were said to incur additional costs using external proposal writing services

MAIN CHALLENGES TO CHANNEL FUNDS TO THE GROUND

- Willingness (or lack of it) to cooperate between various groups of IP and LCs (competition).
- Complex requirements. Specific outcomes related to emissions reduction and biodiversity conservation, which had to be incorporated into proposals for funding (REDD-related funding requirement)
- (Learning and capacity building) Lack of IPLC's capacity to design proposals to the standard international donors required
- (Perception) Inability to deliver sub-projects in accordance with fiduciary standards acceptable to such donors.

SOLUTIONS PROPOSED BY THE DGM

- DGM dedicated to IPLCs and put IPLCs in control
- Allows for flexible in-country negotiations, builds trust, highly adaptive to local context
- Can provide substantial funding up to \$5M over long timeframe, no co-funding is required
- Simple two-stage application process, lower costs
- National and local architecture, steering committees from IPLCs representatives, with oversight in NEA and GEA





FORD FOUNDATION'S REFLECTION ON SUPPORTING IPLC

Risks and challenges:

- Donors worry about the fact that IPO have political and financial services and wonder how to avoid money creating political division.
- Concerns are also surrounding how results are bundled and aggregated back to donors. There is therefore a big question around finding a balance between finding a strong narrative and heavy reporting.

More details available on demand.

SECTION D

DISCUSSION, REFLECTIONS & NEXT STEPS



RECOMMENDATION

Global food systems must adapt to the substantial climate change we are facing. A shift towards small-scale production and more diverse, low-input agriculture can ensure food security in the long term. Local communities significantly contribute to the social and environmental development and climate adaptation of food systems. Their key role should therefore be better recognized and reflected in the funding systems to ensure a higher impact moving forward. The traditional donor-beneficiary vertical relationship should be replaced by a more balanced partnership among equals. The financial framework should be restructured to empower the local communities: prohibitive bureaucratic caveats should be eliminated, higher trust and more flexibility should be granted to the communities to self-determine priorities. This strategy has already proven to be particularly successful: in fact, the strong social bond within the community brings to a higher rate and rapidity of the repayment, making the whole **investment more reliable, safe, scalable, and impactful.**

Community-based financing mechanisms have unique benefits compared to other financing forms:

- **They are inclusive and collaborative:** they allow access to financial resources and services to a sector of the population that does not have access through other mechanisms. They involve alliances with different actors, not only from the governmental financing sphere, but also from NGOs, the private sector, philanthropy, academia and human rights, among others.
- **They target real needs of communities:** They respond to needs and priorities identified directly by the communities and their organizations, rather than those set by governments, foundations and other partners, however well-intentioned they may be.
- **They are efficient:** These mechanisms can be less costly and bureaucratic and allow a greater percentage of resources to reach communities in a more timely manner.



NEXT STEPS

The following action points have been identified:

STRENGTHEN THE COMMUNICATION AROUND IPOS/FOS

ISSUE A CLEAR COMMON MESSAGE.

Although the various organisations can be very different (i.e. depending on the location, or territorial authorities vs. farmers organizations), they do have common objectives. It is therefore crucial to break the silos they are in and work together to create a new narrative that conveys a strong unified message. Only through mutual support, open dialogue and close collaboration it will be possible to ensure successfully communication of key points and open up opportunities for new dialogues and support.

USE DOCUMENTATION TO STRENGTHEN THE MESSAGE.

The organisations intend to start documenting all funding and support initiatives to Forest and Farm Producers Organisations. In this way, moving forward, it will be possible to provide success stories examples and evidence of the key role of farmers and indigenous communities, which will strengthen the message when approaching new donors. It would be ideal to compile all the information (mapping of funds and detailed documentations) within one repository. For the time being it is possible to find the powerpoints and brochures in the *ForestTenure.Org* website.



ADDRESS THE DONORS' PERPLEXITY ABOUT RISK.

To debunk the donors' fear about financial risk and transform it into a perception of opportunity, a clear and confident vision should be delivered.

Acknowledge that there is an inevitable risk in this field, no matter the type of investment. While in the past the main goal was simply the productivity increase (using better varieties and approaches), now that the need of urgent climate adaptation has entered the equation, farming has become much more complex and requires experimentation that requires time. The results can therefore be expected only in the **long-term**.

Nevertheless, although no proof can be provided beforehand, we can reassure the donors about the willingness and full commitment of the producers, who are the first one to take the risk. Besides, local farmers **play a too central role in guaranteeing global food security, and their engagement is essential**: investments excluding their involvement would be too risky. As such, to ensure an effective collaboration, **trust among parties** must be guaranteed (as this is the foundation of all financial markets). This should be demonstrated through transparent dialogue, alignment of vision and clear definition of a **roadmap that reflects interests of both sides and gives more decisional power to the IP/FOs**.

"We need to change the narrative around risk. They have proven to be trustworthy investment for the COVID responses. What is too risky is not to involve those who change what happens on the land." Duncan Macqueen, IIED





FURTHER NURTURE THE RELATIONSHIP AMONG LOCAL ORGANISATIONS, DONORS & OTHER KEY STAKEHOLDERS

ORGANISE MORE JOINT MEETINGS TO STRENGTHEN COLLABORATION AMONG INDIGENOUS PEOPLE AND FARMERS.

It is important to continue building a strong horizontal line of peer-to-peer collaboration. Meetings have been a useful opportunity to learn from each other's experiences, to identify synergies and develop a new common narrative. The intention is to organise more of these, also introducing regional or thematic focus sessions. These will be useful opportunities to brainstorm on solutions to common problems, answers to frequent donors' questions and concerns.

EXPAND THE NETWORK AND INVOLVE OTHER ACTORS.

These discussions are the beginning of something bigger. There are other actors with similar processes and ideas, who can be involved to create a larger and stronger front. As such, liaising with sister teams in other countries (eg. Brazil) and networking in international events (like COP27 and other relevant global processes) will be important strategies moving forward. Larger teams and broader platforms will help amplifying the message.

BUILD TRUST AND COLLABORATION WITH DONORS.

It is extremely important to bridge the gap between representative organisations and powerful funding systems. Trust must be built over time, by constantly nurturing the dialogue and bringing proof of trust with well documented positive experiences. Support organisations (systems, platforms, technical and financial assistance) can help ground organizations building this bridge. Furthermore, international events like COP27 are precious opportunities to get exposure, articulate the message and nurture the relationship with the donors.

"FFPOs are the impact investment opportunity of the next 20 years. We need to simplify and replace bureaucracy with trust. The capital that needs to be taken into account is the human capital, the network. What we need to do is define the identity of all of that, what is the pitch we are giving to donors. What is the identity we are trying to sell, if we give it an identity we will be capable to sell this to donors." - Steven Lang, Special Advisor to Rockefeller Foundation, Systemiq



EXCHANGE OF KNOWLEDGE ON COMMUNITY MECHANISMS FOR TERRITORIAL FINANCING

MORELIA, MICHOACÁN (MEXICO)
OCTOBER 7-9, 2022

- The outcome: <https://www.alianzamesoamericana.org/en/new-community-territorial-finance-alliance-calls-for-support-of-proposals-from-indigenous-peoples-and-local-communities/>
- Meeting launch: <https://www.alianzamesoamericana.org/en/indigenous-and-local-communities-will-exchange-experiences-of-territorial-financing/>
- Field trip - visit to a cooperative : <https://www.fao.org/forest-farm-facility/news-and-events/news-detail/en/c/1627257/>
- Field trip (en español): <https://ipsnoticias.net/2022/10/indigenas-latinoamericanos-presionan-por-financiamiento-climatico-creativo/>



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