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# **EXECUTIVE SUMMARY**

Emerging nature markets, such as nature credits, informed by the Kunming-Montreal Global Biodiversity Framework and the Paris Agreement, have the potential to contribute positively to addressing biodiversity loss and climate change. To ensure that the voices of Indigenous Peoples and Local Communities (IPs&LCs), who are key stewards of nature, are heard in these processes, it is of utmost importance that, in implementing these protocols, the rights of nature and those of IPs&LCs are respected and upheld. Only then can nature and people equally benefit from these markets.

Nature credit markets present a significant opportunity to close the nature financing gap, but their success depends on equitable design and high integrity. IPs&LCs inhabit landscapes rich in biodiversity—60% of all terrestrial mammals have more than 10% of their ranges in Indigenous Peoples' land (Forests Peoples Programme, 2020). Given this, IPs&LCs must engage and be engaged effectively in these emerging markets and have their voices heard in order for these markets to succeed. Without effective governance and appropriate safeguards, IPs&LCs will continue to face obstacles to accessing resources and lack recognition of their rights.

This report was developed to inform the creation of nature markets, including nature credit markets, and advocates for greater recognition of IPs&LCs rights, governance systems, and knowledge. The findings are based on a comprehensive multi-regional landscape assessment of IPs&LCs governance in nature-based projects (NbPs) across Asia, Africa, Central and South America and the Caribbean. The assessment highlights governance challenges and good practices and offers actionable recommendations to strengthen IPs&LCs rights and leadership in NbPs and nature markets.

The key findings of this report highlight several critical issues. There are significant policy and regulatory gaps, particularly in recognizing and securing IPs&LCs' (collective) rights for land, waters, and intellectual property. These gaps prevent IPs&LCs from fully participating in and benefiting from nature-based projects. Some groups within IPs&LCs, particularly women, youth, and elders, can sometimes be excluded from governance and decision-making processes, limiting their engagement. Additionally, traditional IPs&LCs governance systems are not adequately integrated into modern policies, which may lead to conflict and undermining the management of NbPs. Weak land and waters tenure security further hampers IPs&LCs participation, as their rights to natural resources are often unrecognized or poorly enforced. The report also highlights the at times, over-reliance on intermediary organizations, which diminishes IPs&LCs autonomy and decision-making power. Moreover, IPs&LCs face significant challenges in accessing funding due to bureaucratic hurdles and complex application processes.

In response to these challenges, the report offers several key recommendations. Governments should align national policies with global biodiversity protocols to protect IPs&LCs (collective) land and waters rights and to ensure the integration of Indigenous Knowledge (IK) and Traditional Knowledge (TK) into nature-based frameworks. Inclusive governance structures that promote the participation of women, youth, and elders in decision-making processes must be developed. Strengthening IPs&LCs governance by incorporating traditional systems into local, national, and global frameworks is essential to support IPs&LCs. Governments must also prioritize securing and guaranteeing land and waters tenure for IPs&LCs, enabling their active participation in nature markets. In addition, other rights also require attention to ensure no other human rights (including cultural rights) are impacted as a result

of policy settings or project development. Focus also must be given to intellectual property rights, genetic resource rights, data sovereignty, ownership and sensitive data management, particularly when working with IK and TK. In addition, consistent with the world views of many IPs&LCs, there are emerging examples of policy instruments that establish legal rights for nature as a vehicle to protect key ecosystems. The role of intermediary organizations should be reduced over time and ideally phased-out eventually where possible, supporting IPs&LCs to exercise greater autonomy in project governance. Finally, simplifying access to funding mechanisms and including IP&LCs in the design, development, and management of funding mechanisms will support IPs&LCs-led initiatives and ensure equitable benefit-sharing in these emerging markets.

To guide the implementation of these recommendations, this report outlines four broad governance scenarios reflecting varying levels of autonomy that IPs&LCs may elect to pursue, pending their individual circumstances, when participating in nature markets. **Scenario 1: Full IPs&LCs Autonomy** involves IPs&LCs leading and implementing projects independently, ensuring that the majority of benefits remain within the community. **Scenario 2: Primary IPs&LCs Control** envisions IPs&LCs partnering with external organizations for technical support while retaining substantial control over the project. **Scenario 3: IPs&LCs as Equal Partners or Co-Managers** involves IPs&LCs co-managing projects with external organizations, sharing responsibilities while ensuring that traditional governance systems are respected. **Scenario 4: IPs&LCs as Stakeholders** sees external organizations leading project design and management, with IPs&LCs participating as stakeholders, their traditional governance systems may or may not be fully integrated. These scenarios offer flexible models for IPs&LCs involvement, allowing governance structures to adapt based on local capacity, expertise, and preferences.

In conclusion, nature markets, including nature credit markets, will only succeed if IPs&LCs are meaningfully included in governance, decision-making, and benefit-sharing. A **Rights-First Approach**<sup>1</sup> is essential to ensure that IPs&LCs can fully participate in and benefit from these emerging markets. By addressing policy gaps, promoting inclusivity, and integrating traditional governance systems, this report provides actionable recommendations that will foster sustainable, equitable, and rights-based nature markets that benefit both people and nature.



Coffee beans picked in Timor-Leste. © UN Photo/Martine Perret

<sup>&</sup>lt;sup>1</sup> See Glossary of Terms

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# INTRODUCTION

IPs&LCs are crucial stewards of the planet's biodiversity. The majority of IPs&LCs lands are in good ecological condition (United Nations 2020). These lands and waters are vital to biodiversity conservation and sustainable use through IPs&LCs ways of life, cultures, traditional governance, and knowledge.

A study analyzing data on forest commons in 15 countries across Africa, Asia, and Latin America confirmed that forests managed by IPs&LCs often support global environmental objectives such as carbon sequestration and biodiversity conservation while also meeting rural livelihood needs (Puskás et al. 2021). Furthermore, 65% of IPs&LCs lands have low levels of human modification, contributing to climate change mitigation (Martin and Watson 2016).

Despite making up less than 5% of the global population, IPs&LCs' contributions to conservation are invaluable (Garnett et al. 2018). Their lands cover at least 32% of the planet's terrestrial surface, with 91% of these territories in good or moderate ecological condition (Gikandi 2021). However, IPs&LCs face significant challenges, including weak recognition of their rights, insufficient financial support, insufficiently recognized traditional governance practices, and discrimination or persecution that hinders their ability to protect biodiversity.

To reverse biodiversity decline by 2030, it is estimated that between US\$722-967 billion will need to be spent annually over the next ten years, leaving an average biodiversity financing gap of US\$711 billion (Paulson Institute et al. 2024). The Kunming-Montreal Global Biodiversity Framework, adopted by 196 countries in 2022, aims to address this gap by reallocating approximately US\$500 billion from harmful subsidies and raising an additional US\$200 billion annually for conservation and restoration (Paulson Institute et al. 2024). Under the right conditions, global demand for nature credits could reach US\$69 billion by 2050 (WEF 2023). IPs&LCs with the support of others as needed must develop strategies to take ownership and management of NbPs under their custodianship.

This Report was developed to inform emerging nature credit markets and advocates for recognizing IPs&LCs governance systems and knowledge in these areas. By promoting a **Rights-First Approach**, this Report calls for the recognition of the crucial role of IPs&LCs and their full participation in decision-making that impacts their lands, waters and resources.

The Report draws on assessments of IPs&LCs governance in NbPs conducted across Asia, Africa, Central and South America, and the Caribbean. The methodology emphasized robust data collection, regional specificity, and stakeholder engagement to ensure that findings reflect the diverse governance practices and challenges faced by IPs&LCs.

# **METHODOLOGY**

This report was informed by a series of regional landscape governance assessments. The design of the assessments sought to ensure that data collection, analysis, and stakeholder engagement were robust, inclusive, and reflective of the diverse governance practices across the regions involved. A six-step approach was followed, focusing on multi-stakeholder engagement, regional specificity, and feedback validation. The key steps included:

- 1. **Literature review:** A regional-level literature review was conducted to provide context and identify existing governance practices, challenges, and opportunities related to IPs&LCs governance in NbPs.
- 2. **Stakeholder Identification and Engagement:** Key stakeholders were identified, including IPs&LCs, community leaders, government agencies, NGOs, research institutions, the private sector, and international organizations. These stakeholders were engaged, virtually and/or as part of community meetings and field visits, to further explore governance examples and to gather diverse perspectives.
- 3. **Compilation of Regional Reports:** Based on the insights gathered from the literature reviews and stakeholder engagements, comprehensive reports were prepared for each region. These reports provided an in-depth analysis of the regional IPs&LCs governance landscape.
- 4. **Consolidation of Regional Reports:** The regional reports were then consolidated. This allowed for a comparative analysis of governance challenges and best practices across different regions, highlighting both commonalities and region-specific issues.
- 5. **Feedback:** A discussion draft was shared with stakeholders for feedback during COP16 in Cali, Colombia.
- 6. Finalization of the Report: The report was finalized incorporating feedback obtained.

# PROJECT STUDY AREAS

The study focused on governance challenges and best practices across Asia, Africa, Central and South America and the Caribbean. These regions were selected to represent diverse IPs&LCs perspectives and explore their different experiences in NbPs. The key focus areas in each region are summarized below:

## **Asia**

In Asia, the study examined governance practices in Indonesia, the Philippines, the Mekong (encompassing Cambodia, Laos, Myanmar, Thailand, and Vietnam) and India. In Indonesia, attention was given to the Danau Tamblingan and Central Kalimantan regions, where Adat communities continue to maintain traditional governance structures. These Indigenous institutions, while fragmented by modern governance systems, still play a key role in managing land use, resolving social disputes, and practising sustainable resource management. In the Philippines, the study focused on Indigenous Peoples and Community Conserved Areas and Territories, where traditional knowledge is central to governing land and biodiversity. The engagement with local IPs&LCs revealed how these traditional governance practices contribute to conservation efforts. In India, the study explored the integration of traditional knowledge into governance practices and nature market policies. The governance structures in India vary widely, with traditional village councils in Northeast India managing forest and water resources, while mainland India features governance forms such as Forest Rights Committees and Joint Forest Management Committees. These systems show varied effectiveness, depending on the region's ability to integrate traditional knowledge and community involvement in resource management. Across the Mekong countries, although there have been advancements in laws and policy frameworks, on the ground implementation requires significant improvement.

## **Africa**

In Africa, the study covered Southern, Central, Eastern, and Northern regions, focusing on Namibia, Zambia, the Democratic Republic of Congo, South Sudan, Kenya and Ghana. In Namibia, community-based natural resource management (CBNRM) has supported IPs&LCs to form strong partnerships with the government and regional networks, ensuring that their rights are safeguarded and that they actively participate in NbPs. In Zambia, the study examined how IPs&LCs engage with both government policies and conservation partners to ensure sustainable biodiversity and resource management. The Ghana study highlighted the country's progressive land tenure policies, which recognize and protect IPs&LCs rights. These policies have enabled more than 70% of the land to be legally held by IPs&LCs, providing a model for resolving land tenure issues in other regions and promoting IPs&LCs participation in nature markets.

## **Central and South America and the Caribbean**

In Central and South America and the Caribbean, the study focused on identifying successful governance approaches and challenges faced by IPs&LCs in NbPs in multiple countries in the region. Governance varies significantly. In the Caribbean, in countries like Jamaica, Antigua and Barbuda, Barbados and Dominica, projects are predominantly led by NGOs, with LCs as the primary beneficiaries. Due to the region's limited presence of IPs, Indigenous or traditional governance structures were not a relevant factor. In contrast, in South American countries such as Brazil, Colombia, Peru, Ecuador, and Bolivia, governance for project implementation is often led by the communities involved, with traditional governance systems and practices, such as local assemblies, playing a central role in conflict resolution and ensuring the sustainable management of biodiversity. In Central America, the study explored the governance systems in countries like Guatemala, Panama, Belize, and Mexico where a blend of local and traditional knowledge is used, incorporating both Indigenous and local approaches, though these may be less formalized compared to those in South America. Lastly, IK and TK practices are present across all regions, demonstrating their key role in the governance of NbPs.

# FINDINGS AND RECOMMENDATIONS

The landscape assessments conducted across Africa, Asia, Central and South America and the Caribbean revealed eight key thematic areas that are critical to informing the emergence of nature markets. Respecting and noting the different cultural diversities and approaches to governance across these regions; the key thematic areas are summarized below and further detailed within Table 1. These thematic areas are critical drivers of recognizing and safeguarding IPs&LCs rights.

## **Findings:**

- 1. **Policy and Regulatory Environment:** There are significant policy gaps, especially concerning IPs&LCs (collective) rights to land, waters, intellectual property, and participation in nature-based projects.
- 2. **Inclusion:** Women, youth, and elders from IPs&LCs are sometimes underrepresented in governance and decision-making processes, hindering comprehensive participation.
- Governance Structures: Traditional governance structures of IPs&LCs are often not
  integrated into modern policies or nature-based frameworks as possible managers of
  resources. This can lead to the need for intermediaries, conflict and inefficiencies in project
  management.
- 4. **Integration of IK/TK:** There is increasing potential for and exploitation of IK/TK, through both bio-exploration and nature markets.
- 5. Land and Waters Tenure: Many IPs&LCs face insecure land and waters rights, impacting their ability to engage in or benefit from nature markets. Without tenure security, any project in these areas remains vulnerable to external threats.
- 6. **IPs&LCs rights:** There is an insufficient understanding of the spectrum of IPs&LCs rights, including customary rights before policymaking and project development. While generally embedded within the world views of many IPs&LCs, there are few examples of where the rights of nature are recognized.
- 7. **Role of Intermediary Organizations:** While sometimes useful, often, intermediary organizations overshadow IPs&LCs ownership and governance models, compromising their autonomy and decision-making capabilities.
- 8. **Access to Funding:** IPs&LCs face difficulties in accessing funding due to bureaucratic barriers and complex application processes.

## **Recommendations:**

- Align Policies with Global Protocols: Governments should ensure that local policies align with international agreements like the Kunming-Montreal Global Biodiversity Framework, emphasizing IPs&LCs rights. Free, Prior, and Informed Consent (FPIC) must be adopted as an overarching strategy to safeguard IPs&LCs rights.
- 2. **Promote Inclusivity:** Special attention should be given to developing inclusive governance structures that involve women, elders, and youth in decision-making processes.
- 3. **Integration of IK/TK:** Mechanisms must be established to protect IPs&LCs intellectual property rights, genetic resource rights and data sovereignty associated with IK/TK. This includes the application of FPIC and benefit sharing models to IK/TK.
- 4. **Strengthen IPs&LCs Governance:** Traditional governance systems should be integrated into policy frameworks, ensuring that IPs&LCs have effective means to fully participate.
- 5. **Secure Land and Waters Tenure:** Governments should accelerate the recognition of IPs&LCs (collective) land and waters rights to facilitate active participation of IPs&LCs in nature markets.
- 6. **Recognize IPs&LCs rights:** IPs&LCs should be engaged early to understand local cultural practices and any customary rights and their implications for policy and project development. In addition, FPIC protocols should be adopted as a platform for ongoing dialogue and partnerships. In addition, capacity building is required for governments and other market actors to better understand the needs and rights of IPs&LCs as part of policy and project development. IPs&LCs also require capacity building so that they can better advocate for their rights during these processes
- 7. **Support for IPs&LCs Organizations:** To respect IPs&LCs autonomy, the role of intermediaries should be reduced over time, and ideally eventually phased out, so that they play a more supportive role for IPs&LCs. When intermediary organizations are needed, ideally these should be IPs&LCs-led.
- 8. **Simplify Access to Funding:** Streamline funding mechanisms to make them more accessible to IPs&LCs-led initiatives, ensuring equitable benefit-sharing and include IP&LCs in the design, development, and management of funding mechanisms.

Overall, the role of government policies is crucial not only for safeguarding IPs&LCs rights but also for recognizing the uniqueness and diversity of cultures across all regions. These policies must provide the necessary frameworks and strategies to ensure a **Rights-First Approach**, compelling developers and key nature market actors to comply with documented guidelines.

More generally, when taking account of the huge variety of contexts, cultures, specificities and historic legacies of IPs&LCs; four scenarios have been proposed from which IPs&LCs may choose when considering their governance approaches and practices:

## Scenario 1: Full IPs&LCs Autonomy

In this scenario, the project is initiated at the grassroots level by IPs&LCs. A strong local leader or organization with an in-depth understanding of both local realities and international requirements, takes the lead. They are formally employed and dedicate their time to bridging local needs with external technical requirements. The project is driven entirely by the IPs&LCs, allowing them to design and implement the initiative. Access to funding not only supports the project's biodiversity goals but also covers core operational costs, ensuring long-term sustainability. Since no intermediaries are involved, the majority of funding directly benefits IPs&LCs, enhancing local impact.

## Scenario 2: Primary IPs&LCs Control

In this case, while IPs&LCs maintain control, they may lack specific expertise, or the time required to meet international standards. To address this, they partner with another organization that offers targeted assistance, such as capacity building, document finalization, or translating technical content into relatable terms. This partnership helps bridge any gaps in expertise, while still ensuring that the IPs&LCs drives the project. A significant portion of the funding remains at the local level, and traditional governance structures are preserved. In some cases, i.e. in cases where the communities lack specific capacity and/or resources, working with a trusted intermediary may even be preferred over total autonomy.

## Scenario 3: IPs&LCs as Equal Partners or Co-Managers

Here, the local community lacks sufficient capacity or traditional governance systems to lead the project fully. Another organization, with deeper experience in project management and external regulations, takes a more prominent role. While the organization provides substantial oversight and support in project design, management, and compliance, it prioritizes building local capacity. The project is designed to maximize benefits for IPs&LCs, even though more external involvement is required compared to scenarios 1 and 2. Some level of funding or benefits are shared with the community. The goal remains to engage the community as co-managers and gradually strengthen their role in governance.

#### Scenario 4: IPs&LCs as Stakeholders

In situations where local capacity is extremely limited, an external organization takes the lead in designing and managing the project. Although IPs&LCs are considered partners, they have a more limited role in decision-making. The external organization ensures that the project meets international standards and secures necessary funding while attempting to incorporate IPs&LCs perspectives. Traditional governance systems may not be fully integrated into the project design, however the project presents an opportunity to support their development. While the majority of funding may stay with the external organization in the first instance, in-kind benefits are provided and as capacity builds this will likely transition to some direct funding. This scenario represents the highest level of external intervention but still seeks to benefit IPs&LCs through engagement and participation.

**Table 1:** Findings and Recommendations from the IPs&LCs Governance Landscape Assessments

Policy and Regulatory Environment			
Findings	Recommendation		
Policy gaps on IPs&LCs rights, including land and waters rights, resource rights and intellectual property rights; recognition of customary practices, participation, benefit sharing, as well as land and waters tenure.	Align government policies to incorporate recognition of IPs&LCs rights, integration of IK/TK and recognition of traditional governance practices. This alignment will help to ensure compliance with the global protocols that protect and safeguard the rights of IPs&LCs.		
Inadequate involvement of IPs&LCs in policy development and implementation.	Assist IPs&LCs networks engage with governments on policy challenges for example through capacity building and/or other technical support.		
Insufficient access and benefit sharing for IPs&LCs in NbPs.	Ensure government policies and regulatory schemes recognize the need for effective access and benefit sharing.		
Enabling Inclusion			
Findings	Recommendation		
Inclusion of women, elders, and youth	Develop inclusive policies that support elders, women, and youth participation in decision-making processes, particularly in community governance structures and NbPs.		
	Provide targeted support for IPs&LCs women and youth capacity- building and leadership development.		
	Seek input from women, elders, and youth so that benefit-sharing mechanisms also take account of their needs.		
Integration of traditional IPs&LCs governance structures and practices			
Findings	Recommendation		
Insufficient recognition of traditional IPs&LCs governance structures as a tool for successful governance, conflict resolution and management of the NbPs.	Promote the recognition of traditional IPs&LCs governance structures as legitimate forms of governance and integrate into relevant policies.		
	Through capacity building and technical assistance, support IPs&LCs networks to participate in broader conservation and development networks and advocate for the use of traditional governance structures.		
	When projects are designed by external actors or organizations partnering with IPs&LCs, they must possess a deep understanding of the local context and the community's needs. Project design should prioritize comprehending local governance structures, cultural practices, and specific requirements. Additionally, it is crucial to understand the socio-political landscape of the country, as the State's organizational and governmental form can significantly influence IPs&LCs governance and traditional decision-making processes. This approach ensures that the project design is tailored to local realities, facilitating more effective implementation and alignment with local IPs&LCs governance practices.		

- Trust remains challenging because of corruption, historical market experiences, power imbalances and colonial tensions.
- Establish forums or an IPs&LCs-led mechanism aimed at facilitating understanding and dialogue of the socio-cultural dynamics that IPs&LCs face to enhance knowledge and capacity of all actors engaging with IPs&LCs and as a step toward greater collaboration.
- Ensure that FPIC is part of the process toward collaboration.
- · Ineffective benefit-sharing mechanisms
- Develop transparent and fair benefit-sharing agreements as part of FPIC processes to ensure that financial returns from nature markets are distributed equitably.
- Co-design with IPs&LCs and implement monitoring and accountability mechanisms, including grievance mechanisms that are transparent, confidential and accessible, to ensure that benefit-sharing agreements are adhered to by all parties.
- Ensure that non-monetary benefits, such as access to natural resources, traditional and spiritual practices, capacity-building opportunities, and recognition of intellectual property rights, are included in benefitsharing mechanisms.

Integration of IK/TK		
Findings	Recommendation	
Potential for exploitation of data sovereignty and intellectual property and other rights through access to IPs&LCs IK/TK.	Ensure mechanisms, including effective data governance processes, are established to protect IPs&LCs intellectual property rights and data sovereignty associated with IK/TK, including the application of FPIC and benefit sharing mechanisms.	
Inadequate inclusion of IK/TK.	<ul> <li>IK/TK should be integrated into nature markets frameworks and methodologies, as appropriate and following processes of FPIC effective data governance, data sovereignty and benefit sharing.</li> <li>Train policymakers and key market actors on the importance of IPs&amp;LCs IK/TK in protecting nature.</li> </ul>	
Limited knowledge of nature-based markets.		
Transfer of IK/TK within IPs&LCs communities can be hindered by undocumented information, informal knowledge transfer processes, and the exclusion of this knowledge from school curricula.	Support programs to record and share IK/TK in ways that are appropriate to IPs&LCs communities and maintain suitable protections for customary purposes, data sovereignty and intellectual property.	

Lands and Waters Tenure		
Findings	Recommendation	
Limited and insecure land and waters tenure hampers the effective participation of IPs&LCs in nature-based market initiatives.	<ul> <li>Create, support, and promote programs that enhance awareness and skills for negotiating land and waters rights.</li> <li>Provide legal support and resources to IPs&amp;LCs for land registration and the protection of land and waters use rights.</li> <li>Governments must prioritize the recognition and formalization of IPs&amp;LCs land and waters rights, which would remove significant participation obstacles for communities.</li> <li>Accelerate land and waters tenure recognition processes by adopting policies that recognize ancestral rights and collective ownership, ensure that there are no contradicting policies, laws and regulations, and that all stakeholders are aware and acknowledge IPs&amp;LCs land and waters rights.</li> </ul>	
Many tenure approaches tend to favour government ownership. This undermines IPs&LCs rights and their negotiating positions.	<ul> <li>Provide support for IPs&amp;LCs to engage with government on tenure matters. This could include</li> <li>Provide capacity building to IPs&amp;LCs networks and local leadership on negotiation skills.</li> <li>Train legal professionals on IPs&amp;LCs rights and efforts.</li> <li>Support governmental and IPs&amp;LCs endeavors to design and develop IPs&amp;LCs titling mechanisms.</li> <li>Support IPs&amp;LCs centered tenure delineation and mapping processes.</li> <li>Support tenure claim processes.</li> <li>Financial support for IPs&amp;LCs to attend negotiations.</li> <li>Provision of letters/documentation/direct statements of support for IPs&amp;LCs tenure titling.</li> </ul>	

Recognition of IPs&LCs rights		
Findings	Recommendation	
Insufficient understanding of the spectrum of IPs&LCs rights including customary rights before policymaking and project development.	Establish forums to build the capacity of governments and other market actors to better understand the needs and rights of IPs&LCs as part of policy and project development. At the same time, establish means to build IPs&LCs capacity building so that they can better advocate for incorporation of their rights in these processes.	
	<ul> <li>Engage IPs&amp;LCs to understand local cultural practices and any customary rights and their implications for policy and project development.</li> </ul>	
	<ul> <li>Adopt FPIC protocols as a platform for ongoing dialogue and partnerships. The FPIC gap was singled out from the Asia report where it is seen as not being an effective tool but rather just a procedural compliance.</li> </ul>	
	Create a reputable platform for benefit-sharing mechanisms. As alluded to in Central and South America and the Caribbean reports, when considering the benefit-sharing of biodiversity credit revenue, it is important to establish a tangible goal. The percentage of the income generated from biodiversity credits that goes back to the communities should be negotiated with IPs&LCs from the beginning	

## **Role of Intermediary Organizations**

#### **Findings**

 Organizations such as International and local Non-Government Organizations (NGOs), community-based organizations, and others function as intermediaries in the design and implementation of nature-based projects sometimes sidelining IPs&LCs participation.

#### Recommendation

- Build capacity of intermediary organizations regarding how best to understand and support IPs&LCs in consideration of their capacities and aspirations.
- Build capacity of IPs&LCs to understand when intermediary organizations may be of assistance and how best to engage with them in consideration of IPs&LCs capacities and aspirations.
- For donors, consideration should be given to allocating resources over a number of years to better support the time required for sustainable outcomes.

#### Access to funding

#### **Findings**

 Due to often complex funding requirements and applications at national and international levels, IPs&LCs find it difficult to access funding.

#### Recommendation

- Strengthen technical assistance to support access to funding.
- Simplify funding processes and include IPs&LCs in the design, development, and management of new funding mechanisms.



Imugan Forest, Nueva Vizcaya, Philippines © Conservation International

# **CASE STUDIES**

**Figure 1** below presents an overview of the regional case studies selected as demonstrations of examples of how the recommendations within this report can be implemented. Each case study is further discussed in the text below.

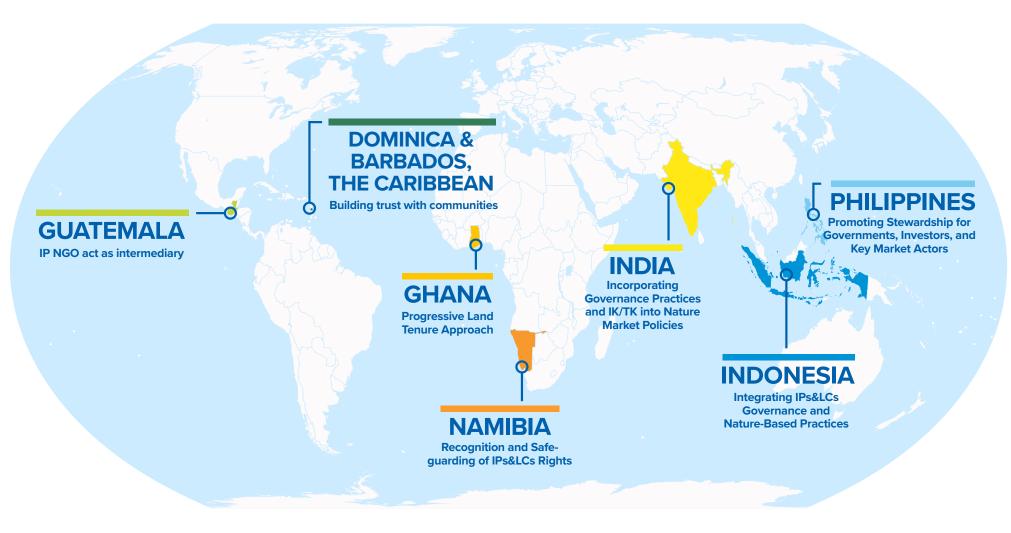


Figure 1: Overview of regional case studies

## Asia

## Indonesia: Integrating IPs&LCs Governance and Nature-Based Practices

In Indonesia, the governance mechanisms of Indigenous Adat communities generally remain intact, although they have been fragmented by the structured systems implemented by the government both before and after independence. Within these communities, Indigenous institutions and leadership play crucial roles in managing relationships among Adat community members, particularly in resolving social disputes among individuals, families, or community units. These Indigenous institutions adapt to the local governance context by collaborating with the formal village governance systems established by the government, earning recognition as credible social structures that are vital for decision-making processes regarding natural resource use and allocation.

Adat communities continue to uphold sustainable natural resource management practices, particularly in land use, which have been essential for their subsistence livelihoods for generations. Their governance reflects a deep-rooted relationship among religious, cultural, and environmental stewardship. This connection is not merely empirical; it has a philosophical significance that shapes the community's beliefs and values, constituting fundamental aspects of their identity and social fabric. The ongoing integration of traditional governance structures into national policies is crucial for enhancing the role of Adat communities in managing their resources sustainably.

# Philippines: Promoting Stewardship for Governments, Investors, and Key Market Actors

This case study exemplifies how governments, investors, and key nature-based market actors can learn from IPs&LCs. The Philippines is currently updating its National Biodiversity Strategy and Action Plan (NBSAP) to align with the Kunming-Montreal Global Biodiversity Framework (GBF), adopted during the fifteenth meeting of the Conference of the Parties (COP 15). The Department of Environment and Natural Resources - Biodiversity Management Bureau (DENR-BMB) is facilitating a participatory consultation process to gather input from various stakeholders.

A national consultation held on August 6-7, 2024, invited representatives from national agencies, development partners, NGOs and community based organizations, and IPs&LCs. During this consultation, the IPs&LCs, supported by the National Commission on Indigenous Peoples (NCIP) and several NGOs focused on Indigenous issues, presented and endorsed two key policy documents: (i) the Indigenous Community Conservation Areas and Territories (ICCAT) Ordinance and (ii) the Indigenous Peoples Biodiversity Strategy and Action Plan (IPBSAP).

The ICCAT Ordinance is a local piece of legislation from the Provincial Government of Nueva Vizcaya, which recognizes and provides funding for ICCAT within the province. The IPBSAP is a groundbreaking document outlining Indigenous Peoples' perspectives, commitments, and action plans to support the targets established by the Kunming-Montreal Global Biodiversity Framework. Notably, this is the first documented strategy of its kind developed by IP communities in the Philippines. The DENR-BMB has expressed appreciation for the IPBSAP, highlighting that it is the first time such a document has been submitted to the government. The DENR-BMB is committed to reviewing the IPBSAP and integrating it into the NBSAP as appropriate.



Sealegacy trip to Timor Leste. © Cristina Mittermeier/sealegacy

## India: Incorporating Governance Practices and IK/TK into Nature Market Policies.

In India, the government is actively developing a comprehensive database of traditional knowledge to combat biopiracy, representing a significant move towards safeguarding the rights of IPs&LCs. The community governance structures in India exhibits considerable diversity. In Northeast India, traditional village councils operate under customary laws recognized by Schedule 6 and Article 371 of the Constitution, effectively managing forest, land, and water resources according to traditional practices.

Conversely, mainland India encompasses various community governance forms, including Forest Rights Committees (FRCs) established under the Forest Rights Act (2006), Joint Forest Management Committees (JFMCs) within the Joint Forest Management framework, and Eco-Development Committees (EDCs) in protected areas. The effectiveness and representation of these governance structures vary significantly. Autonomous systems, such as those in Northeast India, often grant communities greater control and alignment with traditional knowledge, leading to more effective and culturally relevant resource management.

While FRCs confer management rights to communities, the respective Forest Department retains ownership. In JFMCs, community management is combined with government oversight, resulting in variable effectiveness; regions like Odisha have seen positive outcomes due to strong community involvement, while others face inconsistent implementation due to insufficient support for local community participation. EDCs, formed in villages near protected areas, frequently encounter challenges such as limited community involvement in decision-making and inconsistent implementation, which negatively impact their overall effectiveness. Overall, the diverse governance structures in India illustrate how varying degrees of community control and traditional knowledge integration can influence resource management outcomes.

## **Africa**

## Namibia: Recognition and Safeguarding of IPs&LCs Rights

In Namibia, the Namibian Association of Community-Based Natural Resource Management has developed collaborative partnerships with government entities, funding organizations, and regional IPs&LCs networks, such as the Community Leaders Network and the Alliance of Indigenous Peoples and Local Communities for Conservation in Africa. Supported by people- and nature-friendly national policies, these partnerships have yielded significant benefits for IPs&LCs.

These benefits include the ability for IPs&LCs to safeguard and protect their rights with the support of government policies, an increase in trust from nature-based investors and partners both within Africa and internationally, and the support of IPs&LCs to engage in nature-based projects while negotiating fair and equitable benefits. The support of communities at the project level has enabled them to effectively enforce traditional and cultural governance practices, ensuring their rights and interests are respected.

## **Ghana: Progressive Land Tenure Approach**

Ghana's land tenure approach is notably progressive in safeguarding and promoting IPs&LCs rights and self-determination. This model serves as an exemplary case for resolving land tenure issues in other regions. The tenurial legislation in Ghana has facilitated the transfer of over 70% of land to IPs&LCs as legal first title holders. This achievement creates opportunities for nature-based initiatives, attracting investors and enhancing the implementation of an IPs&LCs rights-first approach in nature-based projects. Ghana's legal framework not only promotes self-determination among IPs&LCs but also encourages sustainable land management practices, reinforcing the importance of local governance in conservation efforts.

## Central and South America and the Caribbean

The regional assessment conducted in Central and South America and the Caribbean identified several examples of effective IPs&LCs governance in nature-based projects. Organizations leading successful initiatives that involve various IPs&LCs are typically IPs&LCs-led and focus on supporting IPs&LCs to exercise territorial control and manage their natural resources using community governance structures.

Good governance processes for conflict resolution in IP-led projects primarily rely on traditional community mechanisms, with disputes resolved through local or community assemblies. In Central and South America and the Caribbean, other success factors include making efforts to adequately engage IPs&LCs on the ground, aligning projects with community demands rather than imposing external solutions, supporting communities in obtaining legal recognition of their territories, and leveraging community-based structures (such as local churches and cultural centers) to engage a broader audience. Additionally, these initiatives emphasize the importance of improving livelihoods alongside environmental objectives and documenting projects in ways that reach as many community members as possible.

These approaches highlight the importance of collaborative, rights-based, and culturally sensitive interventions in ensuring the success of nature-based projects while upholding the rights of IPs&LCs. By fostering meaningful engagement with IPs&LCs, these case studies demonstrate that integrating Indigenous and traditional knowledge and practices into governance frameworks can lead to more sustainable and equitable outcomes.



Weaving split cane. © Pete Oxford/iLCP

## **Guatemala: IP NGO act as intermediary organization**

In Guatemala, an IP association transitioned into a formally recognized NGO to meet legal requirements, enabling it to receive funding and operate more effectively. While this transformation was necessary for administrative purposes, the organization continues to identify as an Indigenous association, retaining key aspects of its traditional governance. For instance, while it formally follows the legal requirements of an NGO—such as having a president and a board of directors—its internal governance reflects Indigenous customs, with community leaders, like the "counselor," playing central roles in decision-making. This adaptation has allowed the organization to secure funding and act as an intermediary between Indigenous communities and international donors.

The organization employs a hybrid governance model, combining IK and practices with formal mechanisms typical of NGOs. For example, it integrates conflict resolution approaches rooted in Indigenous practices, while also adhering to transparency protocols as expected by donors. Every project or initiative they support has a different governance model, depending on the specific community involved, but they strive to ensure that communities retain as much of their traditional forms and control over the project as possible. However, due to donor requirements, the communities sometimes cannot retain full autonomy and must adapt their governance and practices to fit formal project requirements.

A key aspect of the organization's work is its commitment to Indigenous cosmovision. Every project they lead incorporates traditional knowledge, ensuring that this knowledge is not only conserved and protected but also actively applied in resource management and conservation efforts. In addition to supporting the design and implementation of community-driven projects, the organization plays a crucial role in advocating for Indigenous rights. Their initiatives focus on natural resource management linked to territorial rights and socio-economic benefits for communities. Every project they work on is demanded, designed, and led by the communities themselves, with the organization acting as administrators and providing technical support. This bottom-up approach supports communities to take full ownership of their projects. The organization aims to ensure that communities can sustain their projects independently in the long term, strengthening their technical capacity to manage NbPs in ways that reflect their values and knowledge systems.

## Dominica and Barbados, the Caribbean: Building trust with communities

In Dominica and Barbados, an international organization partnered with local communities to enhance climate resilience planning. The organization's approach was centered around building trust with the communities, listening to their concerns, and ensuring that they were fully involved in the decision-making process. Their method involved presenting a set of identified challenges and suggested measures to the communities and asking for their input and advice. After adopting this approach, they received strong validation from the communities. It marked the first time an external organization had fully incorporated local perspectives into project design, validating the community's expertise and needs.

This initiative emphasized community leadership and inclusion, ensuring the voices of various community members—youth, women, and elders—were represented in decision-making processes. By working with trusted informal and formal community leaders, the organization facilitated a governance model that combined local knowledge with external technical expertise, resulting in culturally sensitive and sustainable solutions to climate resilience challenges.

A key governance achievement of the project was the creation of an alliance aimed at consolidating resilience efforts within the region under a cohesive framework. This alliance addressed the common issue of multiple organizations operating independently within the region, which sometimes led to duplications or conflicting actions. For example, sustainable development initiatives and disaster resilience projects did not always collaborate, potentially working at cross-purposes. Implementing a single-sector solution could also disrupt the balance and even introduce additional vulnerabilities. Recognizing the interconnections across natural, physical, economic, and governance aspects was essential to developing a coordinated portfolio of responses to address these interdependencies. By uniting these efforts, the initiative ensured that responses to climate challenges were more efficient and aligned with community priorities, increasing the likelihood of achieving their shared objectives. While led by an external organization, the community's deep involvement in decision-making processes ensured the long-term sustainability and success of the resilience measures implemented.

# PROPOSED GOVERNANCE SOLUTIONS

There are many potential solutions to address the governance challenges identified. One central theme being around the need to influence enabling policies through collaborative efforts of IPs&LCs alongside governments, civil society, nature market actors and other private sector interests, development partners, and academia.

In addition, to supporting advocacy and policy discourse, consideration could be given to an IPs&LCs train-the-trainer network. It could be designed and implemented by IPs&LCs leaders at regional levels and go hand in hand with FPIC, rights-first, and "rights analysis" approaches.

IPs&LCs could be trained on key enabling policies for nature markets including IPs&LCs (collective) rights, the rights of nature, the basics of nature markets, safeguarding and governance approaches.

Supporting this, additional efforts will be required to build reliable technical assistance and address funding constraints. It will be important to build a cohort of key stakeholders to work with IPs&LCs networks to design and implement a technical assistance toolkit which may include for example support on rights, rights-first analyses, and the incorporation of IK/TK.

A case study from Indonesia identified in the Asian regional assessment illustrates another possible approach. Drawing from years of experience with Indigenous, environmental, and agrarian movements, three leading organizations in Indonesia—AMAN, WALHI, and KPA (Konsorsium Pembaharuan Agraria) —initiated the Nusantara Fund (NF) in 2023 with an initial capital of USD 3 million. The fund is designed to connect IPs&LCs with funding resources that support their local development causes while respecting their traditional values. The Nusantara Fund operates as a 'movement funder,' leveraging the networks of its founding organizations as valuable social assets to improve the rights and lives of IPs&LCs communities. It adheres to the principle of 'responding with respect,' which emphasizes honoring the IPs&LCs' value systems while being responsive to their needs. The fund utilizes a constituent-based approach, relying on over 2,500 AMAN local chapters, 529 WALHI chapters across 29 provinces, and about 150 KPA branches in four regions. It also maintains inclusivity through a 'solidarity window,' which supports groups and movements outside its core base.

# **CONCLUSIVE REFLECTIONS**

It is well-recognized that IPs&LCs are custodians of many of the world's most valuable ecosystems. Therefore, ensuring their full and effective engagement in nature markets is indispensable for the ongoing stewardship of vital biodiversity reserves. The regional assessments conducted in this report demonstrate that there is no one-size-fits-all approach to ensuring effective and legitimate governance of IPs&LCs-led nature-based projects.

Across the sociocultural regions assessed, the case studies examined highlight a wide variety of contexts, specificities, and regional diversities, alongside country-focused policies and historic legacies. These variations allow for a comparative analysis of the challenges faced by IPs&LCs and the recommendations that may serve as solutions for the design and implementation of nature credits that can be applied across different situations.

The role of government policies is crucial not only for safeguarding IPs&LCs rights but also for recognizing the uniqueness and diversity of cultures across all regions. These policies must provide the necessary frameworks and strategies to ensure a **Rights-First Approach**, compelling developers and key nature market actors to comply with documented guidelines.

To address the project recommendations, including the policy and regulatory environment, recognition of IPs&LCs rights, integration of IK/TK into nature market methodologies, access to funding, inclusivity, and the role of intermediary organizations, governments should embrace three key principles. First, community support is vital for both biodiversity conservation and the protection of rights. It is important to encourage inclusive participation of diverse individuals in decision-making and implementation processes. Second, fostering dialogue within IPs&LCs structures is essential for connecting with communities, creating a sense of belonging and ownership. These systems operate on the understanding that resources are renewable, and that the environment is a shared asset, allowing members to meet their needs while ensuring sustainability through continuous dialogue. The third principle emphasizes the importance of partnerships between nature market actors and IPs&LCs. Sustainable partnerships require mutual respect and understanding, enabling both parties to collaborate effectively towards common goals in biodiversity conservation and resource management.

By implementing these recommendations and principles, nature markets can be designed to support the rights and needs of IPs&LCs, ultimately contributing to more sustainable and equitable outcomes for both people and nature.



Cachoeira da Velha waterfall in Jalapão, Tocantins, Brazil. © Flavio Forner

# **GLOSSARY OF KEY TERMS**

- **Rights-First Approach:** A strategy that prioritizes the recognition and protection of IPs&LCs rights, including recognizing communal land tenure and governance, as a foundation for nature-based solutions.
- Indigenous Peoples (IPs), Local Communities (LCs), and 'IPs&LCs': Currently the Convention on Biological Diversity uses the term 'Indigenous Peoples and Local Communities' to refer to one major group of stakeholders to the Convention; however, this grouping is under consideration and may be updated at the forthcoming COP per decision 15/21. In this Report, we therefore use the term "Indigenous Peoples and Local Communities (IPs& LCs) distinguishing wherever we can to differentiate these as distinct groups where relevant. Note that there is a lot of regional variation and that Indigenous Peoples are sometimes considered local communities, and local communities can sometimes contain Indigenous individuals, yet the two groups are not identical and may have different levels of rights or voice in a particular society. The term local communities are far broader and doesn't necessarily have the same association with traditional ecological knowledge or biodiversity conservation. These groups may want and/or need different things from nature markets, and eventually, guidance on the theme of this discussion paper should address these matters with more granularity. Each regional report uses these terms in a way that accords with the acceptability and legality of the terms in their regions.
- Nature-Based Projects (NbPs): NbPs encompass a wide range of initiatives aimed at conservation, restoration, carbon sequestration, and the sustainable use or stewardship of biodiversity and natural resources. These projects often involve some form of funding or financial mechanism, but their scope is broad and flexible. Examples of NbPs include biodiversity or conservation projects, community-based natural resource management (CBNRM) enterprises, and carbon offset initiatives like reforestation or mangrove restoration projects. Many of these projects are led by or heavily involved IPs&LCs. The Biodiversity Credit Alliance (BCA) (2023) outlines a taxonomy of financial, social, and environmental risks that IPs&LCs may face in nature markets, alongside strategies for mitigating these risks to ensure fair and sustainable participation.
- **Governance:** The term 'governance' is multifaceted but in a general sense, it describes the way a group of people organize themselves to achieve goals and share responsibilities. Governance takes place through institutions (Commons, 1931). Because the term is difficult to define in different contexts, it is worth including a discussion of governance principles as they apply to IPs&LCs and how these are defined by different global frameworks. When discussing the relationship between indigenous peoples and governance, the term 'cultural governance' is also used.

#### Cultural governance can include:

- **Indigenous governance:** The institutions, systems, and processes an indigenous community uses to make decisions, engage in economic and social activities, and define the roles and responsibilities of its leaders.
- **Corporate governance:** The structures, systems, and processes those responsible for a company use to manage operations and achieve particular objectives (www.atns.net.au/indigenous-governance).

Any form of governance must be both effective and legitimate. Effective governance means having rules, structures, and processes capable of achieving your objectives. Effective governance gets things done. Legitimate governance means members see set rules, structures, and processes as credible and worthy. They match their ideas about how authority should be organized and how power is exercised. Legitimate governance gets things done 'properly' (www.aigi.org.au/toolkit/).

- Legitimate governance is about who decides what the objectives are, what to do to pursue them, and with what means, how those decisions are taken, who holds power, authority, and responsibility, and who is (or should be) held accountable. Some principles of governance are outlined below:
- Transparency: Governance requires honesty and openness without fear of being seen and/ or questioned on how one performs one's duties. This principle dictates that records of the organization's important information are accessible to affected stakeholders.
- **Responsibility:** Decision makers who are answerable to affected stakeholders should at all times act in defense of other stakeholders' interests.
- **Responsiveness:** Decision makers in the governance structures should have planned measures to deal with urgent controversies and scandals that may have the potential to tarnish the organization's reputation
- Fairness: Affected stakeholders should be treated fairly irrespective of their seniority in the organization
- **Risk management:** This principle dictates that decision-makers should think logically with a risk plan supported by risk-mitigating measures
- Equitable and inclusivity: Even when decision-makers differ in opinions, they should feel supported and safe to share their experiences, opinions, and philosophies without fear of being victimized
- Rule of Law: Decision makers should at all times act and make decisions that are within the ambit of the applicable laws.
- Accountability: Decision makers in the structure are held responsible by anyone who is
  affected by their decision such as shareholders, beneficiaries, customers, and any other
  grouping of affected stakeholders.
- **Consensus:** oriented participants in the structure should be given the opportunity for participatory, informed debate which can lead to the most insightful solutions.
- **Impartiality:** Decision makers should approach all discussions about the organization with an open mindset without prioritizing conflict of interest.
- **Effectiveness and Efficiency:** Decision makers should have plans in place that enable them to act promptly to save organizational resources and reputation.
- Participation: ensuring full and effective participation of relevant rights holders and stakeholders, including Indigenous peoples, local communities, and actors entitled because of their customary rights and considerations of gender and social equity, in national reviews

of suitable forms of conservation; site-based planning and decision-making; development of national policies; and identification of relevant knowledge, resources, and institutions. Where necessary, this should include removing barriers to participation by introducing legislation, policies, capacities, and resources so that all rights holders and stakeholders can participate effectively, if they wish.

- Innovation: opening the way for new types of governance for protected areas to be legally recognized, effectively managed, and promoted through policy, financial, institutional, and community mechanisms. The types include protected areas governed by government agencies at various levels; protected areas under shared governance; private protected areas; and IPs and community-conserved territories and areas. All of them have the potential to achieve biodiversity conservation.
- **Respect:** ensuring attention and respect for the rights, livelihood needs, and conservation capacities and contributions of people living in and around protected areas, and especially for the local knowledge, practices, and institutions of Indigenous peoples and local communities.
- Indigenous Knowledge (IK) and Traditional Knowledge (TK): IK refers to the knowledge systems that are unique to Indigenous Peoples. It is deeply rooted in the cultural practices, worldviews, and spiritual traditions of specific Indigenous communities. This knowledge is often passed down orally through generations and is closely tied to the land, environment, and history of the Indigenous groups who hold it. IK encompasses a wide range of subjects, including sustainable land management, medicinal practices, ecological understanding, and social structures. TK is broader and refers to the cumulative and evolving knowledge held by communities, including both IPs&LCs. It may or may not be associated with a specific IP group. TK includes the wisdom, innovations, and practices developed over time and passed down through generations, often within a specific cultural or geographical context. While TK includes IK, it can also involve knowledge systems from other long-established communities. ITK is critical for biodiversity conservation, sustainable resource management, and climate resilience, noting GBF target 20 on traditional knowledge.
- Data governance and sovereignty: Data Governance refers to the framework and processes that enable IPs&LCs to control the collection, access, use and management of data related to communities, resources and their territories. It involves the establishment of policies, practices and structures that ensure data is managed in accordance with cultural values, principles and governance systems. Data Sovereignty is the inherent right of IPs&LCs to govern data about their communities. It emphasises the ownership and control of data ensuring that it is used to benefit IPs&LCs and support self-determination. It is important to distinguish between governance structures that manage data and the sovereign rights that empower IPs&LCs to assert control over data.

Recognising and implementing both Indigenous Data Governance and Sovereignty is vital for:

- ensuring ethical research practices by involving Indigenous communities in decisions about how data is collected, used and shared
- acknowledging Data Sovereignty that supports the self-determination and autonomy of IPs&LCs by affirming the right to manage and benefit from data.

Free, Prior, and Informed Consent (FPIC): a principle derived from the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), which emphasizes the rights of IP to make decisions about their lands, territories, and resources. Here's a breakdown of the definition and context of FPIC based on UNDRIP:

#### **Definition of FPIC**

- **Free:** Consent is given voluntarily, without coercion, intimidation, or undue pressure. It respects the autonomy of IPs to make their own decisions.
- **Prior:** Consent must be obtained before any project or action affecting Indigenous lands, territories, or resources is initiated. This means that communities should be informed and consulted well in advance.
- **Informed:** IPs must have access to all relevant information regarding the proposed activities that may impact their rights and interests. This information should be clear, comprehensive, and understandable, enabling them to make a knowledgeable decision.
- **Consent:** IPs have the right to give or withhold their consent. If consent is not granted, the project cannot proceed. The process must allow for negotiation and dialogue between the parties involved.

Context in UNDRIP: FPIC is articulated in various articles of the UNDRIP, particularly:

- **Article 10:** States that IPs shall not be forcibly removed from their lands or territories. No relocation shall take place without the free, prior, and informed consent of IPs concerned.
- Article 19: Affirms that States shall consult and cooperate in good faith with IPs to obtain their free, prior, and informed consent before adopting and implementing legislative or administrative measures that may affect them.
- Article 28: Ensures that IPs have the right to redress for any action that adversely affects their rights. This includes ensuring that they have the opportunity to participate in decisions that affect their rights and that these decisions are made based on FPIC.

FPIC is a crucial aspect of respecting and upholding the rights of IPs in relation to development, resource extraction, and conservation efforts. It recognizes their right to self-determination and supports them to control their lands and resources.



Aerial of men in boat crossing the Abrolhos Marine National Park, Bahia, Brazil. © Luciano Candisani/iLCP

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