

Background Paper

Enhancing Global South Farmers Organisations' Recognition, Capacity and Engagement (FORCE)

Planning for FFCA and Enhancing Access to Climate Finance for Farmers Organisations Workshop (29 April - 2 May 2025, Dar Es Salaam)

The purpose of this paper is to provide input and to help guide the dialogue between farmers organisations and key funders (multilateral, philanthropic, private), and strengthen farmers organisations capacity to engage, navigate and build global, regional, and national climate finance mechanisms. Based on analysis of various global climate funds it provides an overview of the climate finance ecosystems, governance frameworks and processes that can guide farmers organisations to develop ideas on how best to build and access funds at national, regional and global level that are agile and responsive to their needs.

This paper reviewed and extracted key elements from various finance mechanisms drawing on the structure, purpose and delivery models that can be considered or adapted by farmers organisations in the development of their funds, or used to help them shape and influence existing national, regional or global funds.

Funds

Over the last decade there has been a trend towards more direct financing, but generally this has focused on forests and IPLCs, whilst multilateral funds such as GCF and GAFSP have created systems and programmes aimed at getting more finance to smallholders, including through producer organisations. This paper has reviewed 6 global and regional funds that are currently providing either dedicated funds to IPLCs or aim to make more finance available to smallholder farmers.

In looking at such trends the following funds were reviewed with a total portfolio of approx. \$180m available in grants ranging from 70K to approx. 2.5m:

- Climate Investment Funds: Forest Investment Programme, Indigenous Peoples & Local Communities (IPLC) Dedicated Grant Mechanism (FIP DGM):
 - is a funding initiative under the FIP that provides direct grants to IPLCs to support their efforts in sustainable forest management and climate change mitigation.
- Global Environmental Facility: Inclusive Conservation Initiative (GEF ICI):
 - is a programme within GEF 7 (now under design for GEF8) that supports IPLCs in conserving biodiversity and protecting ecosystems through direct access to funding and capacity-building support.

- International Fund for Agricultural Development: Indigenous Peoples Assistance Facility (IFAD IPAF):
 - is a programme in IFAD that provides small grants directly to IP organisations to support their self-driven development, cultural preservation, and sustainable natural resource management
- Global Agriculture and Food Security Programme: Producer Organisation-led grants (GAFSP PO grants):
 - provides direct funding to smallholder farmer organisations to strengthen their capacities, improve food security, and enhance livelihoods through sustainable agricultural practice.
- Adaptation Fund (AF):
 - finances projects and programmes that help vulnerable communities in developing countries adapt to the impacts of climate change, with a focus on country-driven, locally relevant, and sustainable solutions.
- Mesoamerica Territorial Fund (MTF):
 - supports IPLCs in the Mesoamerican region by providing direct financing to strengthen territorial governance, protect forests, and promote sustainable development.

(see also the Nusantara fund the first direct funding mechanism for IPLCs in Asia, and Indigenous Fund of the Brazilian Amazon)

Drawing out the key issues of design

The main section of this paper provides an overview of the elements of the funds from their design and objectives to operational elements as key components to be considered by smallholder farmers when building or accessing more direct finance.

Engagement in design

- The overall design process for IPLC / smallholder funding varies greatly - some are longer term evolution, such as GAFSP, whilst others were purposefully developed and included in overall programme design at the outset (FIP DGM).
- The design of the actual direct funding window itself also varies in the degree of IPLC / smallholder engagement - ranging from "consultation" through to "leading" the design process.
- MTF is a prime example of a fund developed by local groups themselves, managed by themselves and solely serving their members. Initial design and fiduciary support resources were available for the concept and structural development. This enabled learning and constant feedback of members in its design whilst the fund transitions to full autonomy.
 - Support and policy work to build the overall direct financing framework for IPLCs has been under the global IPLC Shandia Platform - MTF is one such regional fund that has developed alongside the platform with funds in Indonesia and Brazil and design processes underway for other funds in Brazil and Congo Basin.

Reflection:

- For a purposeful and focused design process, ensure clarity of the type of fund needed (e.g. a regional dedicated fund), or access to country level funds (such as executing a GCF project), and build partnerships with potential donors to support development / capacity strengthening processes, along with actual financiers of funds.
- The global movement of IPLCs, with clear messaging and demands, has helped attract attention of donors and Governments in parallel to the groundwork that was being undertaken to shape regional and national funds / design processes. This visibility helped with fundraising once funds were launched.

Programmatic framing

- Inherent in many of the funds is the link to wider goals of recipient government led programmes, and alignment with processes in country, particularly within the climate change portfolio. This may limit access and the distribution of funds due to country selection, even at regional level where country restrictions may apply to regional funds / organisations.
- Particularly with multilateral funds, wider (and institutional) outcomes, benefits and learnings are implicit in the design: Whilst the primary focus has been on IPLCs benefits, agencies and programmes benefit through more alignment between the overall programme and locally led and owned actions, whilst building trust and partnerships with IPLCs more broadly.
- Along side defined country programmes, many of the funds have global and / or regional learning platforms. Designed to generate best practices and knowledge for wider dissemination to other groups, these support countries and partners who are within the programme, whilst some funds allow wider participation and dissemination. The global components also provide feedback loops into conceptual design and new programmes (for example FIP DGM to NPC DGM).

Reflection:

- Depending on fund type it is important to draw upon links to country, regional, and global programmes, and wider benefits to the funders (and agencies) agenda.
- In developing a multi-country / regional fund there is a need to draw out the wider benefits beyond the specific target group.
- Build in global component to enhance knowledge and learning, and develop opportunities for scaling up the fund.

Objectives

- The funds all have similar overall objectives in supporting local groups to enhance and strengthen: land rights, livelihoods, sustainable landscape strategies, national policy engagement, organisational capacity, technical skills, and development of tools & knowledge.
- And, across country, regional and global levels to develop and share best practice, knowledge and opportunities for scaling up.

- There are variations in objectives according to funding source: for example, FIP DGM focuses on alignment with national REDD strategies, GEF ICI has a focus on global public goods, and GAFSP on increasing food security and incomes.

Reflection:

- Ensure clarity in the overall objectives and ensure alignment with the niche that farmers organisations provide, whilst flexibly responding to the main objectives of the funding source.

Governance

- Dependent on the type and structure of the fund:
 - Autonomous: MTF Governed by a board comprised of 4 members of AMPB, and 3 independent persons approved by the members of AMPB. With an executive team reporting to the board.
 - National and global: For example, the FIP DGM has a specific fund structure:
 - It has country components, in which IPLC representatives in a National Steering Committee govern country specific project grant-making and engage in national-level REDD+ and FIP processes, with fiduciary and secretariat support by from a National Executing Agency.
 - And the global component, in which IPLC representatives govern the overall DGM as members of a Global Steering Committee and engage in international climate and forest processes, supported by a Global Executing Agency. The global component also shares learning across country projects
 - Global with regional support: IFAD IPAF has a majority IPLC board which provides overall strategic guidance, and review & approve project proposals, with regional IPOs acting as funding flow through and project management.
 - Within existing frameworks: GAFSP projects are selected based on recommendations of an independent review conducted by global agriculture experts (Technical Advisory Committee) and then selected through a competitive process by the Steering Committee of including donors and CSO representatives.
- With access to funds also comes governance challenges - at project level (GEF ICI) some of the initiatives had leadership changes triggered by potential access to significant funds.

Reflection:

- A consistent key point drawn from various fund evaluations is that IPLCs and smallholders are better able to represent the interests of their constituencies, and therefore more able to lead and govern dedicated funds or play a significant role (and receive significant funds) at country or landscape level.
- Even if autonomous - consideration of global, regional and / or national structures will be important; and if the fund is housed in a DFI, consideration should be given as to how to best build that autonomy.

- Bringing members along throughout the journey is key to ensuring that the target stakeholders are involved, own and are engaged in fund development.

Distribution of funds

- All funds use some form of call for proposals - whether that be at national level (and decision making at national level), through to global calls (and decision making at global level). Restrictions may be from thematic or geographic scope of the programme.
- Varying degrees of funding are made available for project development by some funds, and this correlates to project size (larger grants from GEF ICI, GAFSP PO).
- Grant size varies greatly ranging from 70K through to +2.5M although timeframe to access the funds could range from 6 months to 2 years.

Reflection:

- Build principles and process from the outset that clearly show how the fund will distribute and allocate funds, including global and regional bodies as the basis of the fund.
- However, it is important to highlight the role of FOs not only as fund intermediaries but as technical partners within the region.

Delivery structures

- With the exception of MTF all funds use some form of accredited agency, supervising entity, implementing agency framework whether that be at national, regional, or global levels. And, within that there are different degrees of engagement from fund manager through to more technical delivery (reducing funds for POs - such as in GAFSP).
- With the challenges of becoming an accredited agencies - meeting required standards and being supported by governments - there is a shift and development of options for accessing projects as non-accredited agencies:
 - GCF has the Project Specific Assessment Approach (PSAA) which enables non-accredited organisations to apply for funding directly (previously Direct Access Entities)
 - AF is developing more the existing Enhanced Direct Access window for non-accredited agencies.
- To receive grants, in many cases the projects and organisations needed substantial fiscal management support and guidance on the submission process itself. Preparation funds were available that could be used for: setting up new financial systems; strengthening leadership boosting administrative and fiscal management capacities; enhancing transparency in reporting; and strengthening environmental and social safeguards.
- For the MTF initial support was received through a USAID \$2m fund (through Rainforest Foundation US) to help build the necessary structural and fiduciary systems, and support initial grant making.

Reflection:

- Build the evidence of better grant management and governance from FOs that highlights their value addition in programme and project development and management and remove the reliance on global and national agencies.
 - This includes fiscal management, but also challenge the need for global north systems - Nusantara Fund is very explicit in how they have standard systems that meet local needs.
- The need to emphasise cost effectiveness of delivery through local IPLC / farmer led organisations, as it is estimated to be at least 50% cheaper than through other organisations.
- Highlight the potential need for start-up funds to facilitate the strengthening of systems.

Fund size examples

- FIP Funding volume of \$80m across countries and global component. Overall, the DGM was 8% of the FIPs expenditure, and operational coordination weakened over time between DGM and country activities.
- Nature People Climate is the next iteration of the FIP:
 - Brazil, Dominican Republic, Egypt, Ethiopia, Fiji, Kenya, Rwanda, Zambezi Basin Regional (led by Zambia, Malawi, Mozambique, Namibia, and Tanzania)
 - Dedicated Grant Mechanism: \$40m for 8 programs and Global Component
- GEF ICI \$ 20m initiative launched in 2019, moved to full implementation in 2023, so results limited at present. In 2024, \$14.5m of direct access agreements with Indigenous-led initiatives was mobilised; ranging from \$1 million to \$2 million per project, GEF 8 design now underway
- IFAD IPAF - grants generally \$70-80K with 200 projects totalling \$15.5m
- MTF - from 2021-2024 more than 32 projects to IPLCs organizations from Mexico to Panama were funded, investing \$2M and direct benefit approximately 40,765 people (40% women).

Reflections:

- At the outset it is important to clearly articulate what finance is needed and why, and more specifically outlining the size of grant and the sub-projects grant size.
- As part of that justification a comparison with total funding flow would be important - whilst the \$80m FIP DGM seems significant it is only 8% of the broader programme - so fund and grant size could be justified against global, regional and national country programme finance volumes.
- In regional / global components consideration could be given for grants to organisations that are not involved in country programmes for wider exchange of knowledge and learning, whilst supporting scaling up.

References

FIP DGM

https://www.cif.org/sites/cif_enc/files/knowledge-documents/dgm_learning_review_jan26_final_withmanagementstatement.pdf

CIF NPC

https://www.cif.org/sites/cif_enc/files/meeting-documents/scf_tfc.19_agenda-item-3-fip-npc_update.pdf

GEF ICI

<https://www.thegef.org/projects-operations/projects/10404>
<https://inclusiveconservationinitiative.org/wp-content/uploads/2023/08/ICI-Phase-One-Report-2023-FNL-1.pdf>

IFAD IPAF

https://www.dropbox.com/scl/fi/1kxd633y00w0f3xqemqeh/IFAD_UnlockFundingOpportunities.pptx?rlkey=1ryu7mfu78ofusuzgkllwutxu&e=1&dl=0

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GAFSP PO-led grants

<https://www.gafspfund.org/producer-organizations-grants>

<https://www.gafspfund.org/index.php/producer-organizations-grants>

https://www.gafspfund.org/sites/default/files/inline-files/PT2%20MMI%26Operational%20Challenges_Lessons%20learned_0.pdf

Adaptation Fund

<https://www.adaptation-fund.org/apply-funding/locally-led-adaptation/>

Mesoamerica Territorial Fund

<https://fondomesoamericano.org/en/success/>

<https://nusantarafund.org/en/cycle-distribution/>

<https://fundopodaali.org.br/>