

**Institutional Innovation for Biodiversity Finance with Direct  
Financing from International Foundations to IPLCs**

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## **Executive Summary**

Indigenous Peoples and Local Communities (IPLCs) are pivotal stewards of biodiversity-rich areas, yet they often face significant financial constraints that impede their conservation efforts. This study, conducted in collaboration with the Global Environmental Institute, investigates the funding practices of international philanthropic foundations to identify how these can be enhanced to support IPLCs more effectively. Through interviews with seven international foundations who made commitments to support IPLCs, two intermediary organizations, and one IPLC group, this study explores the challenges within current funding mechanisms aimed at supporting biodiversity conservation by IPLCs.

Our findings illuminate a complex funding landscape where long-term, unrestricted financial support is recognized as crucial yet hindered by several barriers. These include inadequate capacity within IPLC groups, misaligned priorities between donors and IPLCs, persistent language obstacles, trust issues, and hard to satisfy financial reporting demands. We also find that some organizations are already pursuing innovative practices that have the potential to overcome these barriers and serve as reference for other donors.

Our analysis suggests that international foundations should focus on providing long-term, unrestricted funding directly to IPLC organizations while investing more in building their capacity to manage funds and projects, as well as to enhance their decision-making roles. Moreover, they should adopt policies that promote the use of indigenous local languages in their programs to enhance understanding, participation, and effectiveness. Foundations and other donor organizations who want to support IPLCs should also reform their governance structures to enable greater IPLC representation, and set explicit targets for reducing the number of intermediaries while also increasing direct funding to them. It is highly recommended that foundations ought to clearly define and plan to increase direct funding allocations to grassroots communities and local organizations in future funding cycles. They should also reevaluate their risk perceptions related to biodiversity conservation, prioritizing investment over avoidance, and maintain transparency and collaborative practices to strengthen local organizational capacities in alignment with IPLC priorities. Despite ongoing challenges, there is an increasing acknowledgment of the necessity for inclusive strategies and partnerships that align conservation efforts with the unique needs and priorities of IPLCs. This study serves as a reference for optimizing fund distribution to those who are integral to safeguarding global biodiversity.

# Table of Contents

<b>1. Introduction.....</b>	<b>5</b>
<b>2. General Background and Barriers for IPLCs to Access Funding .....</b>	<b>6</b>
2.1 Definition and Presentation of IPLCs .....	6
2.2 Barriers that IPLCs Face in Accessing Funding .....	7
2.3 The Importance of Effective Financial Management in Biodiversity Conservation .....	10
<b>3. Methodology .....</b>	<b>10</b>
3.1 Selection and Recruitment of the Targeted Organizations.....	11
3.2 Interview Process and Analysis.....	11
<b>4. Results &amp; Analysis .....</b>	<b>12</b>
4.1 The Imperative of Long-term and Unrestricted Funding for IPLCs .....	12
4.1.1 Foundations' Commitment to Long-term and Unrestricted Funding .....	12
4.1.2 IPLCs' Need for Long-term and Unrestricted Support.....	14
4.2 The Preference of International Philanthropic Foundations for Utilizing Intermediaries in Funding IPLCs .....	15
4.2.1 Foundations' Reluctance to Provide Direct Funding to IPLCs .....	15
4.2.2 Efforts to Remedy the Above Mentioned Gaps to Facilitate Direct Financing of IPLCs.....	16
4.2.3 Innovative Practices to Channel Funding Directly to IPLCs .....	19
4.3 How Foundations and Intermediaries Navigate and Try to Overcome the Challenges They Face in Carrying Out Projects with IPLCs Directly .....	21
4.3.1 Building Trust and Communication in Donor-IPLC Relationships .....	21
4.3.2 Bringing Flexibility in Reporting Requirements .....	22
4.3.3 Improving Legal and Accounting Capacities for IPLC Fund Reception .....	23
4.3.4 Bridging the Gap between Donor Goals and IPLC Priorities .....	24
4.3.5 Overcoming Language Barriers in Support for IPLCs .....	25
<b>5. Discussion.....</b>	<b>26</b>
5.1 Alignment with Existing Literature.....	26
5.2 New Insights and Areas for Future Improvement .....	27
5.2.1 New Insights into the Funding Strategies.....	27

5.2.2 Areas for Future Improvement .....	28
<b>6. Conclusion and Recommendations .....</b>	<b>29</b>
6.1 Conclusion.....	29
6.2 Recommendations .....	30
<b>7. References.....</b>	<b>32</b>
<b>8. Appendix.....</b>	<b>36</b>

## **1. Introduction**

Amid the global urgency to preserve biodiversity and combat climate change, diverse financing mechanisms have emerged as crucial tools for supporting Indigenous Peoples and Local Communities (IPLCs) in their conservation efforts. IPLCs play a crucial role in global biodiversity conservation and nature-based solutions to climate change, given their ownership or management of extensive land areas, which serve as significant reservoirs of forest carbon and biodiversity. According to the Worldwide Fund for Nature (WWF), IPLCs control approximately 32% of the Earth's terrestrial realm, and 91% of IPLC-managed lands are in excellent ecological condition and overlapping with at least 36% of global land covered by Key Biodiversity Areas (KBAs) (WWF, 2021).

Notably, during the United Convention on Climate Change 26th Conference of the Parties (COP) in Glasgow in 2021, five countries and 17 private donors committed to a substantial five-year investment of \$1.7 billion to support IPLC land rights (Abulu, 2022). At the Convention on Biodiversity COP15 in 2022, it was widely understood that IPLCs play a crucial role as decision-makers and rights-holders in the preservation and sustainable use of natural resources. The Indigenous Women Biodiversity Network (IWBN) and the International Indigenous Forum on Biodiversity (IIFB), both of which have been active for decades, continue to coordinate and improve the complete and effective engagement of IPLCs in these global institutions (CBD, 2022). On August 24, 2023, the Global Environment Facility (GEF) ratified and established the new Global Biodiversity Framework Fund. The new fund has promised to invest 20% of its resources to directly support initiatives led by IPLCs to protect and conserve biodiversity (Spoorthy, 2023). It is evident that IPLCs are gaining international recognition for their crucial role in biodiversity conservation and are increasingly accessing dedicated funding for their initiatives.

International philanthropic foundations, while contributing only 3 percent of total disbursements for IPLC tenure and forest management, have pioneered some innovative practices to provide direct, flexible, and streamlined grants to IPLCs. These efforts can set the foundations for boosting direct support from both private and public sectors. Innovations and advancements in capacity building have expanded the funding avenues for IPLC tenure and forest management, enhancing the mechanisms for direct funding to IPLCs (RFN, 2021).

However, in spite of these efforts, there is a still significant gap between donors' commitments and the reality on the ground. A mere fraction of the funds promised at Glasgow have reached IPLCs directly: of the 19% of the pledged funds that were delivered after 1 year, only 7% was given to IPLCs directly (FTFG, 2022). Yet, this was already considered a significant

achievement, since between 2011 and 2020, IPLCs received an average annual funding of only \$270 million, which is less than 1% of the total climate-related funding (Rainforest Foundation Norway, 2021). This glaring disparity highlights the formidable barriers that IPLCs encounter when attempting to access funding for their community-led conservation initiatives.

This report is a client-based project working with a Chinese NGO Global Environmental Institute, focusing on understanding how IPLCs can access funding from both domestic and international foundations. Therefore, the overarching objective of this paper is to analyse how IPLCs can obtain financial support directly from international foundations, to provide insight for our client, especially to develop recommendations regarding the financing strategies that the Kunming Biodiversity Fund and funding mechanisms for IPLCs in China could endorse and promote. Through a comparative analysis of common barriers encountered by international organizations, intermediaries, and IPLCs in the funding process, this paper seeks to uncover valuable methods that international foundations who have pledged support for IPLCs can use to increase funding to IPLCs. Based on interviews with selected organizations, the paper evaluates foundations' performances and innovative practices. Ultimately, the study aims to serve as a reference for optimizing fund distribution and channeling funds directly to IPLCs, who play a crucial role in safeguarding global biodiversity, and to provide recommendations for international foundations and other donor organizations to better support IPLCs.

## **2. General Background and Barriers for IPLCs to Access Funding**

IPLCs play an important role in worldwide environmental conservation, but they confront a variety of problems when seeking funding for their conservation efforts. Though the UN has recognized various IPLC rights (UN, n.d.), different political systems and ethnic autonomy based on their complex definitions and roles in different countries still hamper their support across the world. As for the GBF Fund's regarding IPLC biodiversity efforts, while IPLCs welcome the initiative and are hopeful that the new allocation will assist them in reaching their targets, they express skepticism about the challenges in accessing the funds, such as delays and lack of information (Spoorthy, 2023). Moreover, it's difficult to see any tangible results in the short term, and an impact assessment of this initiative would be premature at this stage. Effective financial management is crucial for IPLCs to handle the complexities of biodiversity protection funding. Other challenges that the IPLCs faced in managing funding for their projects, for instance, including limited personnel and lack of expertise (Cannon, 2022).

### **2.1 Definition and Presentation of IPLCs**

The term IPLCs refers to people and communities that, on the one hand, self-identify as indigenous and, on the other hand, are members of local communities that sustain

intergenerational connections to place and nature through livelihood, cultural identity and worldviews, institutions, and ecological knowledge. IPLCs are used internationally by representatives, organizations, and conventions (IPBES, n.d.).

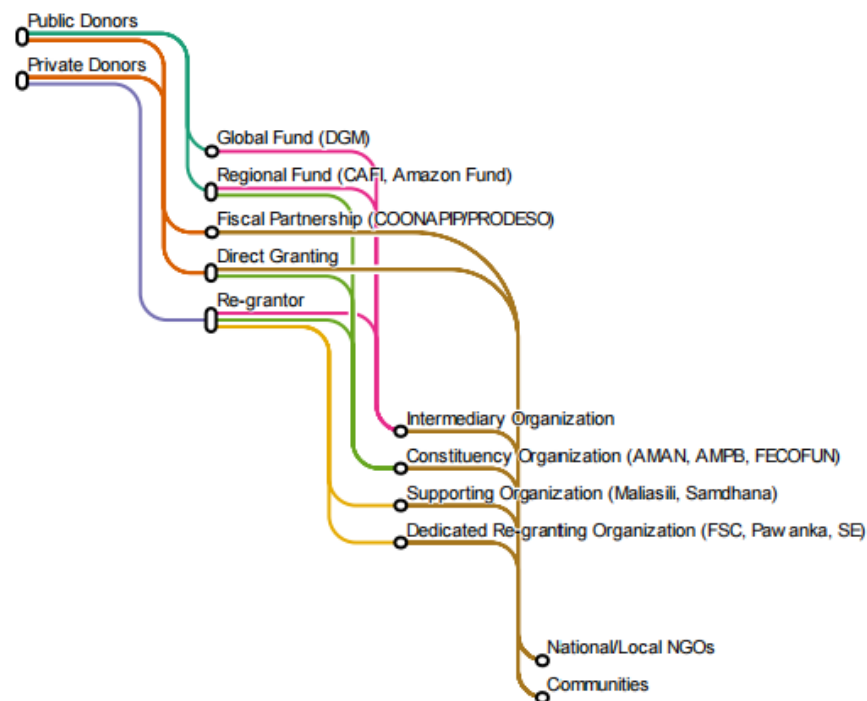
However, parties extrapolate and interpret the term based on convention text and specific country circumstances. This leads to a lack of consensus on their designation in national contexts, due to varying political systems and ethnic autonomy, which hampers the comprehensive implementation of the CBD and the Nagoya Protocol (IPBES, 2020). IPLCs are defined as local communities in Africa, and most Asian nations (IPLC | Ainamomona, n.d.). In contrast, in nations like the United States, Australia, and New Zealand with colonial legacies, IPLCs more often refer to indigenous groups such as aboriginal people, Indians, Australasian Maori, and Australian Aborigines who hold recognized and distinct rights, notably to their ancestral land (Oisika Chakrabarti & Mirian Masaquiza, 2021).

Although various definitions of IPLCs exist around the world, these groups usually face similar challenges: the precious ecosystems that they have preserved for millennia are increasingly threatened by resource extraction and unsustainable development. 60% of IPLCs' lands are moderately to highly threatened by the potential expansion of oil and gas production, renewables, mining, commercial agriculture, and urbanization (The Nature Conservancy, 2023). IPLCs groups also bear a high vulnerability to climate change due to their more direct reliance on ecosystems. This vulnerability is worsened by inequity and marginalization, often stemming from historical and ongoing colonial influences (IIED, 2022). Also, many IPLCs reside in hazard-prone regions like drylands, semi-arid areas, and coastal zones. Mountainous areas, rich in forests and grasslands, are experiencing rising temperatures and melting glaciers from climate change above the global average (IIED, 2022). Consequently, disasters like floods and landslides are increasingly affecting mountain populations and downstream communities. Providing IPLCs with appropriate recognition and support becomes imperative in safeguarding these vulnerable communities and the ecosystems they rely on and protect for the benefit of all.

## **2.2 Barriers that IPLCs face in Accessing Funding**

The barriers that IPLCs meet when trying to access funding support for their conservation efforts are well documented. First, donors often prefer to work with intermediaries to handle burdensome administrative requirements, and overcome communication and trust issues between with IPLC groups (Cannon, 2022). 'Intermediaries' in the context of funding for Indigenous Peoples include diverse NGOs and multilateral agencies that not only channel funds from donors to Indigenous communities but also often provide them with technical assistance to manage the projects. These entities vary greatly in their focus, scale, alignment with

Indigenous rights, and the nature of their support—ranging from advocacy and rights protection to technical assistance in biodiversity or forest conservation, and involvement in international processes. Beyond being mere conduits for funding, intermediaries can significantly add value through their expertise, experience, and alignment with Indigenous peoples' rights and needs (Charapa Consult, 2022). According to Cannon (2022), IPLC groups sometimes prefer to work with intermediaries to relieve them of some of project-management responsibilities and enable them to concentrate on their principal occupation. However, working with intermediaries may have drawbacks. First, some intermediaries may insert their own priorities when they are working on or implementing projects. Second, they may also take disproportionate amounts of the project funding, which cuts down on the amount that actually reaches IPLCs (Cannon, 2022).



Note: Each set of shared links are independent and noted by color, e.g., flows between public and private donors to fiscal partnership and direct granting. Section 4 for Scales A – D provides more detailed example pathways.

**Figure 1.** Indicative Funding Pathways (Land Portal, 2023)

Figure 1 illustrates a simplified set of funding pathways used by public and private donors to channel resources to communities and organizations, including example organizations.

Typically, donors set maximum percentage limits for management costs, like 7% or 9%. However, some private foundations may accept higher percentages, budgeting for actual management costs and covering these costs, even exceeding the usual maximum of 10% agreed



upon by bilateral donors. F Foundation is an example, insists on a 20% to 25% ratio, based on the fact that management costs are often underestimated. The distribution of grant funds involves multiple stages, each with its costs, collectively referred to as "transaction costs." As funds flow through intermediary organizations, each intermediary deducts a portion for their operational costs, the so-called "right-hand side" costs. These costs, often listed on the right-hand side of financial statements, typically include administrative expenses and the resources needed to manage and distribute the funds. These are essential for the functioning of the intermediaries but reduce the total amount available for the intended projects. This is an inevitable part of the donation process and refers to the practical need to cover the operational expenses that enable the distribution of funds to their final destinations. Moreover, the strict tracking and management mechanisms required by donors—ensuring every penny can be traced, complying with various regulations and requirements—are complex and costly tasks. This pursuit of low risk and high transparency results in significant transaction costs. Donations are not merely a transfer of funds; donors expect recipient organizations to engage in organizational strengthening, capacity building, and joint initiatives with partners. These activities are also supported by donation funds, but this portion does not directly flow to local communities or indigenous organizations, the end beneficiaries. Therefore, while donors intend to achieve broader impacts through these institutions, it often leads to a relatively smaller proportion of funds actually reaching local communities and religious organizations.

Another well-known obstacle faced by IPLCs are consist in language and cultural barriers (Bertilsson & Soneryd, 2023). As highlighted by Zurba & Papadopoulou (2021), many international donors operate in English, making it difficult for IPLCs with limited English proficiency to understand international biodiversity financing mechanisms and their associated guidelines, and to submit project proposals. Yet, language limitations are frequently overlooked by donors; for instance, interpreters are not usually arranged specifically for IPLCs (Bertilsson & Soneryd, 2023; Belfer et al., 2019). Moreover, the application processes may incorporate complex terminologies and technical jargon which are difficult to understand without having received a specialized education. These difficulties are compounded by differences in cultural norms and practices, which hinder effective communication and collaboration between IPLCs and foundations (DESA, 2009).

Finally, the lack of representation of IPLCs in the direction of major philanthropies and donor agencies is also recognized as a factor which diminishes IPLCs' ability to shape funding mechanisms and priorities (Parks & Tsioumani, 2023). This lack of meaningful participation also restricts their access to financing resources. The ability of IPLCs to assert and defend their acknowledged rights, including land tenure, resource rights, and access rights, is weakened

when they are not included as equal stakeholders and leaders in the design and implementation of biodiversity policies and projects at the national and international levels.

### **2.3 The Importance of Effective Financial Management in Biodiversity Conservation**

Effective financial management is essential for the smooth implementation of biodiversity conservation projects, both for IPLCs and the organizations giving out the funds. Effective financial management involves the efficient allocation and utilization of financial resources in accordance with established goals and guidelines. It encompasses practices such as budgeting, monitoring, reporting, and decision-making to ensure transparency, accountability, and the achievement of desired outcomes (Pont, 2023). In the context of biodiversity conservation projects, effective financial management ensures that funds are utilized responsibly to support conservation efforts while meeting the needs and priorities of IPLCs, and complying with the requirements of funding organizations. Donors may impose conditions with their grants, such as stringent reporting requirements, or controls over financial decisions, especially when they consider that IPLCs are lacking sufficient financial management capacity with professional fund managers and sufficient knowledge to utilize the fund in line with their requirements (GEF, 2023). As a result, as mentioned above, most international funding is disbursed to IPLCs via (sometimes a cascade of) intermediary organizations, leading to a gap between the amount earmarked for IPLC support and the actual sum that IPLCs ultimately receive.

It is true that IPLCs often lack the knowledge and skills to handle complex financial matters and procedures (Cannon, 2022). Moreover, IPLC groups typically have limited labor force and financial resources, making it challenging to allocate dedicated personnel to managing funds. Also, they are often engaged in multiple occupations besides conservation, which they do mainly on volunteer basis or which simply emerges as an outcome of their traditional lifestyles, leaving little time and capacity for financial management. Yet, insufficient resources can result in inefficient implementation, delays, and difficulties in accounting for expenses and outcomes.

Therefore, we have designed our key research question to make up the research gaps which is “How can international foundations ensure more effective and direct financial support to Indigenous Peoples and Local Communities (IPLCs) for biodiversity conservation projects?” In order to answer this question, we analyze the practices put in place by international philanthropies which have pledged to support IPLCs and considered whether they had introduced innovations aimed at overcoming these known barriers.

### **3. Methodology**

This article is a qualitative research paper based on the analysis of documents collected from

and interviews with international foundations, intermediary organizations, and IPLC groups, utilizing an inductive approach to process the interview data. The primary methods of analysis are thematic analysis and comparative analysis, integrating the interview results with insights from organizations' documents as well as existing grey and academic literature.

### **3.1 Selection and Recruitment of the Targeted Organizations**

First, we browsed all the international foundations that co-initiated or supported initiatives such as the COP 26 IPLC Forest Tenure Joint Donor Statement and the Protecting Our Planet (POP) Challenge, which pledged support for IPLCs. The 'Directing Funds to Rights' report, which outlines principles, standards, and modalities for supporting indigenous peoples' tenure rights and forest guardianship, identified various intermediary organizations and IPLC groups as recipients of international funding (Charapa Consult, 2022). We selected a few potential intermediary organizations from this list for further contact. A total of 10 international foundations and 5 intermediary organizations were selected for the study based on their geographic focus, development direction, funding source, fund size, and project duration. Specifically, the organizations were chosen for their alignment with the research's thematic areas and their significant role in strategically chosen geographic regions of interest, such as Amazonia, Africa, and critical global biodiversity areas. These regions were prioritized for their ecological value, ongoing environmental challenges, and relevance to indigenous populations. Larger fund sizes and longer project durations were favored to ensure that the selected entities had a substantial impact and sustained involvement in their respective areas. In addition to purposeful selection which is used to maximize efficiency and effectiveness (Palinkas et al., 2015), we also implemented a snowball sampling strategy, a recognized non-probability technique (TTA, 2017), where initial interviewees were asked to recommend further participants who met our defined criteria. This method was chosen to leverage the networks of knowledgeable individuals, thereby enriching the depth and breadth of data collected by incorporating diverse perspectives that align with our research goals (TTA, 2017). By employing this strategy, we expanded our network to include a total of four more interviewees.

### **3.2 Interview Process and Analysis**

Ultimately, a total of 11 interviews were conducted with representatives from 10 different organizations. Seven of these organizations are international foundations (donors), while two organizations fit the definition of intermediary bodies according to the Forest Tenure Funders Group (FTFG) report. The FTFG report, detailed in the 'Indigenous Peoples and Local Communities Forest Tenure Pledge Annual Report 2021-2022,' elaborates on the commitments made at COP26 to support the advancement of forest tenure rights for IPs and LCs,

emphasizing their critical role in biodiversity conservation and the challenges in accessing necessary funds (FTFG, 2022). The remaining organization which is recommended by our client GEI is considered to represent the voices of IPLCs.

Interviews were semi-structured and conducted online via zoom. Three sets of interview questions were designed, tailored for the different subjects group: international foundations, intermediary organizations, and IPLC groups. Additionally, the interview questions were adapted to each case based on the situation and preliminary research into the specifics of the organization and the interviewee's specific duties and expertise. All the interviews were recorded with participants' consent, and fully transcribed. Organizations and interviewees were anonymized and coded for confidentiality in accordance with the requirements from DKU's Institutional Review Board.

## **4. Results & Analysis**

### **4.1 The Imperative of Long-term and Unrestricted Funding for IPLCs**

#### ***4.1.1 Foundations' Commitment to Long-term and Unrestricted Funding***

When comparing the various foundations' funding approaches for IPLCs, it is clear that flexibility and long-term support are their key priorities. Flexibility in funding refers to the ability for organizations to use the funds in a way that best suits their needs and goals, without being overly restricted by specific guidelines or requirements. This allows for adaptability and responsiveness to changing circumstances, as well as the freedom to explore new approaches and strategies. CN, CL, F Foundation, J Foundation, D Foundation, and L Foundation all emphasized the importance of providing adequate resources for organizations and communities involved in extended projects. These actors recognize the need for flexibility in funding structures to overcome barriers faced by IPLCs, such as donor expectations, compliance issues, and changing circumstances.

CN and CL both pledged long-term support for the same entity over a period of 10 to 20 years, with flexible grant structures that are less restrictive than normal. Normal restrictions in funding typically refer to rigid guidelines and restrictions placed on how the funds can be used or repurposed compared with the initial budget. This can include specific project objectives, reporting requirements, and limitations on budget (re)allocation. While these constraints provide structure and accountability, they also limit recipients' ability to innovate and respond effectively to unforeseen challenges. Increased flexibility concretely means that IPLCs have more autonomy in decision-making regarding the allocation of funds, allowing them to adapt their strategies and activities as needed to address evolving conservation challenges. This

approach fosters a sense of ownership and empowerment within IPLCs, enabling them to tailor their conservation efforts according to their unique cultural, environmental, and social contexts.

CL is also aware of the dynamic nature of conservation and political landscapes, and have consequently implemented Strategic Response Mechanisms (SRM)<sup>1</sup> (CFN, 2022). CN focuses on funding projects related to rights, land tenure, and natural resource conservation, while CL aims to provide ongoing assistance for administrative and financial capacities. By offering long-term and flexible funding, these foundations aim to support the sustainability and growth of IPLC initiatives.

F Foundation, J Foundation, and D Foundation also prioritize flexibility in their funding approaches. F Foundation's BUILD program<sup>2</sup> offers mostly unrestricted five-year grants with a focus on institutional strengthening (FTFG, 2022), while J Foundation provides unrestricted funding for IPLCs to create representative institutions. D Foundation offers multi-year grants, a significant portion of which is allocated as 'core support', which refers to unrestricted funding that covers essential operational costs, allowing recipient organizations greater flexibility to sustain their everyday activities and adapt to changing circumstances. This includes expenses such as staff salaries, office maintenance, and other administrative costs that are crucial for maintaining the organization's infrastructure and capabilities. These foundations aim to address the specific needs of IPLCs by providing flexible funding options that support their long-term sustainability.

Among the organizations we included in this research, only G Foundation allocated a specific portion of its funding to cover indirect costs and focused funding specifically for activities aligning with conservation goals. By emphasizing strategic outcomes and conservation goals, G Foundation aims to ensure that their funding contributes to a defined pathway leading to conservation and desired outcomes for IPLCs and the environment. According to them, this approach helps maximize their impact and support to IPLCs' efforts to protect and manage their traditional lands and resources, as well as promoting sustainable livelihoods that are in harmony with nature.

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<sup>1</sup> Strategic Response Mechanisms (SRM) is a kind of financial tool to quickly address unexpected threats and opportunities related to Indigenous and community land rights, and to enable flexibility in project timelines and swift adaptation to unforeseen challenges or opportunities (CFN, 2022).

<sup>2</sup> BUILD program aims to strengthen organizations tackling inequality by providing multi-year, general operating support grants. Through BUILD, the foundation seeks to empower nonprofit organizations to enhance their effectiveness, expand their impact, and advance social justice initiatives (F Foundation, 2023).

However, recent research and our interviews with intermediaries and IPLC groups indicate that long-term support and flexibility in funding can better address the diverse and complex needs of IPLCs, as well as help them develop sustainable solutions and improve their capacity to address rights, land tenure, and natural resource conservation issues in the long term.

#### ***4.1.2 IPLCs' Need for Long-term and Unrestricted Support***

In a survey of leading conservation organizations across Africa carried out by Intermediary M, 92% reported that longer-term funding would significantly enhance their delivery capacity. Moreover, 83% of these organizations advocated for more flexible or unrestricted funding, while 77% emphasized the need for grants that focus on long-term outcomes rather than short-term projects. As Executive Director of Rwanda Wildlife Conservation Association Olivier Nsengimana emphasized "Conservation is not a one-year program... Donors should shift to longer-term funding and not one-off [grants]." (MCF, n.d.) It is clear that local organizations see long-term funding as more beneficial for their conservation projects and organizational development. Furthermore, field-based organizations require a dedicated budget for core activities to ensure their survival. Essential functions such as communications, website maintenance, staff training, and succession planning are often unfunded, despite being crucial for efficient operation. Finding donors to fund these activities continues to be a significant challenge, indicating considerable room for improvement in donor support for unrestricted funding (MCF, n.d.).

Intermediary M confirmed these demands from local communities. Their organization aims to provide multi-year funding directly to leading grassroots conservation groups in Africa. The funding is designed to address the core challenges and issues that the local conservation organizations are facing in their work, contributing approximately 10% to 25% of an organization's annual budget over four years. This model of support is intended to foster organizational growth, align with strategic goals, and reduce reporting obligations. Long-term, unrestricted funding is recognized as a core principle of M's funding strategy because it ensures sustainability and enables significant impact on conservation projects led by IPLCs. M provides a four-year intensive support program for funded IPLCs, designed "not just to help partners achieve sustainable income but also to make a lasting impact". This prolonged engagement allows partners, if needed, to discuss new collaborative arrangements after the initial support period, which may include shared costs or partner-funded expenses, differing from the intense support provided in the first four years. According to M, the flexibility of unrestricted funds allows recipient organizations to manage operations effectively, attract and retain talents, and address emergency needs without the constraints typically imposed by project-specific funding. This kind of funding also ensures that IPLC organizations can plan and execute their

conservation strategies according to their own timelines and priorities, which are crucial for maintaining ecological balance and cultural integrity.

Similarly, intermediary R's approach involves signing five-year multi-year agreements with main donors, providing long-term perspective and commitment. According to R, this not only offers security and predictability for long-term project planning but also involves IPLC organizations in an annual cycle of submitting plans, budgets, and reports, fostering an environment of active engagement in advocacy and capacity building. This deeper, more active interaction with partners not only highlights the significant role of unrestricted funding in fostering long-term and sustainable relationships that go beyond mere financial transfers, but also increases the voice of IPLCs in the project design. This funding model respects the autonomy of IPLC groups and enhances their ability to manage and protect biodiversity effectively, ensuring that conservation efforts are fruitful for both the environment and the communities involved.

However, R explained that unrestricted funds remain rare among donors, and funding remains project-based. To counter that, intermediary organizations like R strive to include operational strengthening as one of the project goals to support expected outcomes and bolster grassroots organizational capacity. This adaptation within the constraints of project-specific funding shows their determination to enhance the operational effectiveness of IPLC organizations.

The expectation from IPLC groups to receive unrestricted funds was corroborated by Alliance A's interviewee Y. They claimed that funders need to understand the specifics of their partners and projects to determine the appropriateness of the provided funds. For long-term initiatives, such as those addressing biodiversity and climate change that involve ecosystems, they explained that significant changes are unlikely to be seen in the short term. Thus, it is unreasonable to expect these projects to show significant impacts within one or two years or to cease funding due to a lack of immediate outcomes. This calls for funders to reconsider how to assess project impacts and the suitability of funding. Understanding the long-term nature of working with nature and providing long-term financial support reflects the time needed to realize the true impact of projects.

## **4.2 The Preference of International Philanthropic Foundations for Utilizing Intermediaries in Funding IPLCs**

### ***4.2.1 Foundations' Reluctance to Provide Direct Funding to IPLCs***

Foundations such as G Foundation and L Foundation frequently utilize intermediaries like national or local NGOs and regranting institutions to manage and distribute funds to IPLCs.

This reliance on intermediaries is driven by several challenges associated with direct funding.

**(1) Lack of legal capacity**

IPLCs, particularly in remote areas, often struggle with establishing necessary legal and financial infrastructures, such as legal entities, bank accounts, and effective accounting systems, which are crucial for managing large grants directly.

**(2) Lack of operational / logistical capacity**

G Foundation points out that the capacity of IPLC groups to manage significant funding amounts independently might be limited, suggesting that smaller, more manageable grants through intermediaries could be more appropriate. Similarly, L Foundation opts for intermediaries to ensure that funds are used effectively, given the complexities of direct engagement and financial management in diverse geographical settings.

**(3) Lack of insurance against financial misconduct**

Direct funding to IPLCs is also often associated with potential risks of financial misconduct, which international foundations often emphasize. However, intermediary M's insights revealed that while financial risks are a concern, the overarching risk of inaction - particularly the failure to address critical biodiversity conservation needs - poses a greater threat. As our interviewee said:

“As much as we can address the challenges of funding, I believe the larger issue is redefining our perception of risk. While there exist various kind of risks, they pales in comparison to the ongoing biodiversity losses resulting from the inadequate allocation of funds to those who need it most. We must prioritize ensuring that the right people receive the necessary funding to address these pressing issues.”

**(4) Lack of transparency and accountability**

Foundations often require detailed financial tracking and reporting, which IPLCs might find challenging without the proper systems in place. Intermediaries, therefore, play a crucial role in bridging these gaps, providing the necessary governance frameworks, and ensuring that funds reach the intended projects and communities.

***4.2.2 Efforts to Remedy the Above Mentioned Gaps to Facilitate Direct Financing of IPLCs***

Despite the benefits of intermediaries, there is an ongoing discussion about the effectiveness of this approach. As highlighted by Intermediary M, while intermediaries facilitate the management and distribution of funds, ensuring that foundations can engage with IPLCs without taking on direct funding risks, there is a growing acknowledgment that empowering



IPLCs to handle funding directly could lead to more tailored and impactful conservation efforts. While the use of intermediaries remains a common practice among foundations to manage the complexities and risks associated with funding IPLCs, there is a concerted effort to move towards more direct funding models.

The shift of international foundations towards a more direct funding model for IPLCs is not a goal that can be achieved in the short term; it requires a transition period. Before international foundations are fully prepared, that is, before they have sufficient staff to immerse themselves in local communities and establish close connections, and to directly manage numerous IPLC biodiversity conservation projects, relying on credible intermediary organizations with a history of cooperation is a very good choice (FTFG, 2023). Compared to international foundations, intermediary organizations have established strong, long-standing trust relationships with local organizations. They have a better understanding of the actual capacities of local communities and can provide the urgently needed capacity building. Moreover, they can serve as a bridge between international foundations and IPLCs, facilitating connections between them:

### **(1) Capacity building for IPLCs groups**

Lots of efforts, which are aimed at building the legal and financial capacities of IPLCs, promoting transparency, and ultimately empowering local communities to lead and manage conservation projects effectively on their own terms, have been taken by foundations and intermediaries. Some foundations are taking proactive steps to enhance the capabilities of IPLCs for direct funding. This includes capacity-building efforts by J Foundation and D Foundation, which assist IPLCs in setting up the necessary organizational and financial infrastructures. These initiatives aim to empower IPLCs to manage funding independently in the future, reducing reliance on intermediaries and fostering greater autonomy.

Intermediary M provides its partners with support services that go beyond funding, encompassing organizational development assistance. These services aim to facilitate progress in communication, strategic planning, and clarity of vision, among others. Such assistance may include helping to develop organizational transition plans, restructuring, or offering training to boards of directors. This support is provided in kind, without direct allocation from the funding.

Additionally, while focusing on tangible outcomes in biodiversity conservation, climate change, or livelihoods, M also pays attention to the sustainability indicators of the organizations themselves. This includes the diversity of their funding sources, the ability to attract and retain top talent, and annual income growth. The goal is to ensure that these organizations do not

become overly dependent on M or any single funder, thus promoting their long-term sustainable development.

Beyond meeting funders' financial compliance and follow-up requirements, Intermediary R ensures that strengthening the organization is a robust component of its projects, not just to satisfy donors but to enhance the IPLC organizations' ability to achieve their established goals. Enhancing the operational capacities of IPLC organizations is seen as core to achieving better outcomes in forest conservation and rights recognition. By strengthening local organizational capacities, partnerships and collaborations that transcend the simple intermediary role are formed, jointly realizing objectives.

The interviewee from Alliance A also repeatedly stressed that funding bodies should not refuse to fund organizations on the basis that they lack the capacity to manage funds. Instead, financial support should serve as a means to enhance these organizations' management and operational capabilities. Addressing capacity gaps, rather than avoiding them, enables these organizations to execute funded projects more effectively. He argued,

"If funding is always denied on the basis of 'you lack the capacity,' how can those lacking in capacity ever have the chance to grow? Funders should provide resources to enhance these organizations' capacities. Even though some very small or community-based organizations may not be formally registered, most of our members are. If capacity issues are truly a concern, efforts should be made to bridge these gaps, enabling organizations to manage resources and execute projects effectively."

Y also believes that international foundations should offer funding that is not only for completing a project but also includes resources for capacity building. This is because, according to them, a stronger organization, with systems in place, such as information management systems, can be more effective in execution and reporting. They suggest that international foundations should reevaluate and adjust the components included in their grants to incorporate these capacity-building elements, fostering sustainability.

## **(2) Incorporating IPLCs into decision-making**

Intermediary M's interviewee R shared that they welcome the participation of their grantees in decision-making about project funding allocations or in discussions also attended by potential funders of their organization. However, some grantees, due to limited capacity, are unable to engage in the project discussions as fully as they would like. They lack the time to engage in prolonged discussions due to other work commitments, indicating that the level of participation is constrained by their own circumstances. T, another interviewee from Intermediary R,

expressed an openness to indigenous organizations taking the initiative to contact foundations for additional funding independently or through their organization's support. They encourage indigenous organizations to participate in co-designing projects and are willing to assist so that these projects can receive direct funding.

Interviewee Y pointed out that many funders have established complex relationships with international organizations based in the North (such as Washington or Europe), which often set the agenda, relegating African organizations to implementers rather than agenda-setters. This means that when international organizations set the agenda, they determine the focus of funding and efforts, which may not fully reflect the actual needs and priorities of local communities. Even if some international organizations have offices in Africa, their headquarters in Washington or Europe leads the agenda and discussions on biodiversity conservation. This model often results in funding being more transactional rather than enhancing the overall capabilities of recipient organizations. Funding partners often attribute problems to the lack of capacity of the recipient, rather than reflecting on and changing their own funding conditions and governance systems to allow civil society organizations based in Africa to directly receive funds. Y believes that the issue largely depends on the governance structures of funding partners. The only opportunity for participation might be during the proposal development stage, where local organizations can attempt to influence the direction of funds. However, if the governance system itself does not support the participation of local organizations, they are unable to be involved in the decision-making process.

#### ***4.2.3 Innovative Practices to Channel Funding Directly to IPLCs***

CN and C Foundation prioritize direct funding to IPLCs, recognizing the potential for intermediaries to divert resources and undermine the intended impact. Intermediaries M and R both mentioned the intermediary operation cost deduction in the interviews, which validates the concerns of CN and C Foundation. Intermediary M's interviewee R pointed out that intermediaries can deduct up to 40% in management fees, reducing funds for locals. Additionally, intermediary organizations prioritize their own projects, further limiting funds for locals, affecting fieldwork execution. Therefore, R believes intermediary organizations need to reform their systems, reducing bureaucratic procedures and unnecessary costs to ensure funds more efficiently directly support local organizations, especially those working directly on the ground.

Intermediary M aims and has taken steps to utilize pooled funding mechanisms for more efficient direct support to IPLCs. Although M deducts a portion of the funds for organizational development support, this typically does not exceed 25%, with 15% directly used for IPLCs

support services. These services include strategic planning and team development, aimed at enhancing organizational sustainability and resilience. Furthermore, interviewee R highlighted other organizations' practices, such as the Wildlife Conservation Network's 100% model, where all donations directly support projects without any management fee deduction. However, their funding is limited to programmatic work, not supporting collaborative efforts. In contrast, Intermediary M's fund allows organizations to invest in their teams and organizational development, providing significant support.

T from R Intermediary believes the key issue is the lack of clear expectations or planning from donors and intermediary organizations regarding the final distribution of funds to grassroots communities and local organizations. This leads to uncertainty and misconceptions about the final destination and impact of donation funds. T mentioned a specific example, where \$270 million in donation funds are earmarked annually to support indigenous organizations for land and forest management, but not all of this money directly goes to these organizations. These funds support a variety of activities and projects at different levels, with only a small portion ultimately reaching indigenous organizations. This is not solely due to "erosion" by intermediary organizations but because the donation funds are designed to support a range of activities.

T suggests international foundations need to clearly determine how much direct funding they are willing to provide and the importance of direct funding to them. This involves assessing their acceptable risk level, setting requirements, and directly communicating with intermediary organizations and the organizations that ultimately benefit to understand their preferred systems. He emphasized that it is important to clarify how much of the foundation's actual intention is for funds to directly reach the end beneficiaries, as not all funds should be directly provided. Indirect funding also supports multiple objectives, achieved through intermediary organizations in other ways, crucial for maintaining the entire system's operation.

By emphasizing direct funding, CN and C Foundation aim to minimize administrative overhead and ensure resources reach communities efficiently. However, the choice between funding directly or through an intermediary is made on a case-by-case basis. Some communities may prefer or identify a local NGO or association as an intermediary, while others may not. In these cases, to mitigate the risk of fund retention by the intermediaries, CN engages in upfront agreements with them, specifying their roles and negotiating a percentage (typically less than 10%) for managing the resources. Additionally, CL also acknowledges that certain IPLC groups may face barriers that necessitate working through local NGOs as trust entities to facilitate funding relationships. However, they also insist that even when they work with

intermediaries, it remains paramount that key elements such as priority areas, community participation, and activity implementation are determined at the community level. This approach ensures that decision-making authority remains firmly vested in the hands of the communities rather than intermediaries, thereby safeguarding their autonomy and empowerment.

Similarly, J Foundation highlighted concerns about the potential drawbacks of working through intermediaries, like overshadowing of IPLCs' visibility and prominence. They underscored the need to mitigate the risk of intermediaries diverting resources away from community-driven conservation activities. This perspective aligns with a broader goal of ensuring that IPLCs retain control over their initiatives and are not overshadowed by intermediary organizations.

Recognizing the value that intermediaries can provide in offering services beyond re-granting, such as communications, capacity building, advocacy, and networking, F Foundation takes a more nuanced approach. While aiming to increase direct funding to IPLCs, F Foundation acknowledges the importance of supporting NGOs as part of its core strategy. This approach reflects an understanding of the role that intermediaries can play in bridging gaps in resources and capabilities with IPLCs. By supporting the role of some intermediaries in helping IPLCs, F Foundation aims to enhance the effectiveness of community-led conservation efforts while also addressing capacity constraints and access to expertise.

It can be seen that each foundation's approach reflects its unique perspective and priorities in supporting IPLCs. While CN and C Foundation prioritize direct funding to ensure resource efficiency and community empowerment, J Foundation emphasizes IPLCs' visibility and autonomy, and F Foundation adopts a balanced approach, leveraging intermediaries to address capacity constraints.

### **4.3 How Foundations and Intermediaries Navigate and Try to Overcome the Challenges They Face in Carrying Out Projects with IPLCs Directly**

#### ***4.3.1 Building Trust and Communication in Donor-IPLCs Relationships***

Building trust-based relationships between donors and IPLCs presents significant challenges, particularly when donors are based in developed countries and operate at a distance from project locations. This geographical and cultural distance can hinder understanding and foster mistrust, especially when past interactions have been marked by exploitation or marginalization of IPLCs. G Foundation in California and F Foundation in Indonesia exemplify how logistical and physical remoteness complicates direct engagement with local organizations.

Similarly, the CEO of Intermediary M also experienced communication failures when they tried to secure funding for a local organization from a U.S. foundation. The lack of effective communication and understanding of the local organization's impact and needs led to the establishment of Intermediary M, which now focuses on guiding local organizations towards better communication and fundraising strategies. This intermediary facilitates direct interactions and aims to enhance the capacity of local organizations to attract diverse funding sources, emphasizing the importance of clear communication and relationship-building in securing support.

Foundations such as G, D, J, and L recognize the importance of trust and have implemented various strategies to build and maintain this trust. They engage in extensive interviews, listening sessions, and collaborations with local NGOs to bridge the communication gap. Moreover, some, like F Foundation, support the establishment of funds by IPLCs themselves, empowering them to manage their own funding and conservation initiatives, thereby promoting autonomy and trust.

Intermediary R employs a similar strategy by fostering direct connections between IPLCs and donors, and through regranting, facilitates funding relationships that might not otherwise be possible due to donors' policies or scale of operations. This approach not only helps build direct relationships but also allows donors to see the tangible impacts of their support, contributing to a deeper understanding and stronger partnerships.

By partnering with local NGOs, promoting transparency, and ensuring accountability, foundations and intermediaries can work towards overcoming these challenges. The ultimate goal is to establish meaningful partnerships based on mutual trust and understanding, ensuring that IPLCs' efforts are supported and their self-determination in conservation initiatives is respected.

#### ***4.3.2 Bringing Flexibility in Reporting Requirements***

As highlighted previously, reporting requirements pose significant challenges for IPLCs, particularly those located in remote areas, where limited capacity and lack of resources complicate compliance with stringent demands for detailed financial records and project documentation. These challenges are exacerbated by geographical and cultural diversity, as noted by CN and CL, who report difficulties in standardizing financial practices in regions like the Congo River Basin and the Amazon. Additionally, language barriers can further hinder the reporting process, complicating communication and accurate documentation.

Recognizing these obstacles, many foundations, including L Foundation and F Foundation, have adopted more supportive approaches. They offer training and resources to enhance financial management and reporting capabilities and collaborate with local NGOs or regranting organizations that possess the necessary expertise and infrastructure (Sauls & Illescas, 2023). This not only aids IPLCs in meeting the reporting demands but also alleviates the administrative burden on them.

Intermediary M has implemented a flexible approach, allowing organizations to report based on their strategic plans and objectives. This method prioritizes the organizations' understanding of local needs and their definitions of success, rather than adhering strictly to externally imposed metrics. Such flexibility is crucial as many funders, especially those from the Global North, may not fully grasp the practical realities or expected impacts of fieldwork in diverse settings. But due to the specific requirements of foundations, intermediaries like M could apply this kind of approach only with the funds coming from foundations who allow flexibility.

The approaches taken by CN, CL, L Foundation, F Foundation, and Intermediary M reflect a nuanced understanding of the challenges faced by IPLCs. By adopting flexible reporting practices, providing necessary support, and leveraging partnerships with capable local entities, these foundations and intermediary are working to ensure that their reporting requirements are realistic and supportive of the unique circumstances of each community.

#### ***4.3.3 Improving Legal and Accounting Capacities for IPLCs Fund Reception***

As mentioned above, IPLCs often encounter significant hurdles in setting up legal structures, obtaining bank accounts, and maintaining robust accounting systems necessary to receive and manage funds, especially in remote areas lacking standardized financial practices. Foundations like CN, CL, J, and D have identified these challenges as major barriers to effective funding. CL prioritizes IPLCs' decision-making in the funding process and often works through local NGOs with established legal and financial structures to facilitate project implementation. Similarly, L Foundation addresses the challenge by leveraging NGO partnerships, recognizing that these organizations often provide the necessary governance frameworks and accountability mechanisms for IPLCs to receive and manage funding effectively. By engaging intermediaries, L Foundation ensures effective utilization of funds and facilitates project implementation on the ground. J Foundation and D Foundation focus on enhancing the financial capabilities of IPLCs from the outset of their projects, providing essential training in financial management and helping establish necessary structures like bank accounts.

Despite extensive efforts in capacity building, R Intermediary observes that financial

management remains a significant barrier. IPLC organizations sometimes struggle to meet financial requirements or complete project applications in a timely manner, leading to complications during audits. Instances of poor financial management have led to the suspension of activities until issues are resolved, with major donors enforcing zero-tolerance policies towards corruption, necessitating immediate investigations into any detected financial risk management issues. This can result in delays and disrupt project continuity.

In response, Intermediary M has introduced initiatives to bridge gaps in financial management capabilities among IPLC organizations, such as connecting them with local auditors to facilitate their first audits. They also advocate with donors to accept alternative financial management methods until IPLCs can develop fully auditable accounting, emphasizing that these partners, despite lacking traditional audit records, are legitimate and impactful.

Each foundation and intermediary's approach reflects a commitment to empowering IPLCs by providing the necessary support and resources to establish and enhance their legal and financial structures. This enables them to effectively receive and manage funds, thus ensuring the successful implementation of conservation projects and the sustainability of their operations.

#### ***4.3.4 Bridging the Gap between Donor Goals and IPLCs Priorities***

The divergence in priorities between donors and IPLCs presents a significant challenge in conservation efforts. Both G Foundation and D Foundation recognize the difficulties of aligning their conservation-focused priorities with those of IPLCs, exacerbated by the remote distances between donor headquarters and the communities engaged in conservation projects. While foundations often prioritize biodiversity conservation in areas rich in natural resources, IPLCs place equal importance on broader issues such as land rights recognition and improving local livelihoods and economic development.

Interviewee T further emphasizes these differences, noting that while donors tend to measure success through concrete results like the amount of forest protected, indigenous organizations prioritize the more complex processes of rights recognition and addressing direct threats to their forests and communities. Such processes are not only challenging but inherently political, leading to a mismatch in priorities that can complicate understanding and collaboration.

In response, G Foundation has undertaken extensive interviews and listening sessions to better understand IPLCs' perspectives and integrate their input into funding strategies. Similarly, D Foundation is diversifying its funding portfolio by seeking inputs from grantees and experts, including those led by people of color, and expanding support for organizations like the



Hispanic Access Foundation to broaden the scope of conservation efforts.

This active engagement seeks to bridge the gap between donor objectives and indigenous priorities, ensuring that funding not only targets large-scale conservation projects but also addresses the political and rights-based issues pivotal to IPLC organizations. Through such adaptive strategies, G Foundation and D Foundation aim to foster collaborations that are more attuned to the needs and preferences of IPLCs, thus enhancing the effectiveness and impact of their support in conservation.

#### ***4.3.5 Overcoming Language Barriers in Support for IPLCs***

As mentioned above, effective communication between foundations and IPLCs is often hampered by language barriers. Foundations such as CN, G Foundation, and D Foundation are actively seeking solutions to mitigate these communication challenges. CN employs translators for languages like Spanish, Portuguese, or French, which, while helpful, do not always correspond to the first languages of indigenous communities, potentially missing critical cultural subtleties. G Foundation engages in listening sessions and extensive interviews to build trust and understanding despite linguistic differences. D Foundation has even considered financial stipends as a means to encourage participation from non-English speaking IPLC members in advisory capacities.

The Global Alliance of Territorial Communities' feedback during our interviewee selection process underlined the reality of these challenges, noting the scarcity of fluent English speakers among their members. This confirms that language barriers are a substantive concern, particularly when French, Portuguese, or Spanish are the predominant languages, and English fluency is limited.

In response, Intermediary M has implemented a localized communication strategy in its African operations. By offering translated materials and engaging staff who can converse in local languages and understand cultural contexts, they bridge the language divide more effectively. This approach is confirmed by the experience shared by Interviewee R in Nairobi, who notes the advantages of region-specific engagement. Working within a partner-rich setting like Kenya enables a deeper comprehension of local needs and facilitates outcomes that remote coordination might not achieve.

These insights demonstrate that while language barriers in the sector are widely acknowledged, more comprehensive, culturally sensitive strategies are needed. These may include enhanced translation efforts, recruiting bilingual or multilingual staff, and greater reliance on local

expertise. By prioritizing communication that respects linguistic and cultural diversity, foundations can ensure that their engagement with IPLCs is more inclusive, effective, and truly responsive to the communities' conservation efforts and aspirations.

## **5. Discussion**

The existing literature reveals several key barriers faced by IPLCs in accessing funding for biodiversity conservation projects. These barriers included reliance on intermediaries, language and cultural barriers, lack of representation in funding mechanisms, and challenges in financial management. The findings from our empirical analysis above shed light on how various international foundations are addressing these barriers and the strategies they employ to improve access to funding for IPLCs. This section discusses the alignment between the findings and the literature, identify similarities, and explore areas where the empirical findings offer new insights or diverge from the literature, demonstrating the breakthroughs as well as the limits of the innovative practices adopted by the organizations targeted in this research.

### **5.1 Alignment with Existing Literature**

One key finding from the empirical analysis is the remaining predominance of foundations' reliance on intermediaries channel funding for IPLCs. This aligns with the literature's recognition of intermediaries as essential actors in bridging the gap between donors and IPLCs (Cannon, 2022). Charapa (2022) highlighted how intermediaries, such as NGOs and multilateral agencies, play a crucial role in channeling funds to IPLCs, providing technical assistance, and navigating administrative requirements. Similarly, the empirical findings reveal that foundations prefer working with intermediaries to overcome administrative burdens and ensure effective project implementation. However, the literature also cautioned against the potential drawbacks of intermediaries, such as the diversion of funds and the imposition of their own priorities (Cannon, 2022). This is echoed in our empirical findings, which highlight concerns about intermediaries taking disproportionate amounts of project funding and inserting their own agendas. Therefore, while intermediaries serve as important facilitators, there is a need for greater transparency and accountability to ensure that funds reach IPLCs efficiently.

Another alignment with the literature is the recognition of language and cultural barriers as significant obstacles to accessing funding for IPLCs. Zurba & Papadopoulos (2021) and Belfer et al. (2019) emphasized that how many international foundations operate in English, making it challenging for IPLCs with limited proficiency in the language to navigate funding mechanisms and submit project proposals. Similarly, the empirical findings underscore the importance of overcoming language barriers to facilitate effective communication and collaboration between foundations and IPLCs. Strategies such as providing translation services

and simplifying reporting requirements demonstrate efforts to address these barriers. However, the paper written by Bertilsson & Soneryd (2023) also highlighted the need for culturally sensitive communication to bridge differences in norms and practices. Yet, in our research, while some foundations acknowledge this need, there is still room for improvement in ensuring that communication approaches are tailored to the cultural context of IPLCs.

Financial management capacity was identified in both the literature and the empirical analysis as a critical aspect of biodiversity conservation projects. GEF (2023) believed that IPLCs lack knowledge and skills in managing funds, leading to reliance on intermediaries and challenges in meeting reporting requirements. Similarly, the empirical findings reveal that IPLCs often struggle with complex financial matters and have limited resources to allocate to dedicated personnel for financial management. The reliance on intermediaries to manage funds further exacerbates these challenges, as intermediaries may absorb significant portions of the funding, leaving less available for IPLCs. To address these issues, foundations are implementing strategies such as capacity building and flexible reporting approaches. However, the existing literature by Parks & Tsioumani (2023) also emphasized the need for IPLCs to have a greater say in financial decisions and project management. While some foundations recognize this need and strive to involve IPLCs in decision-making processes, there is still room for improvement in empowering IPLCs to take greater control over financial management.

## **5.2 New Insights and Areas for Future Improvement**

### ***5.2.1 New Insights into the Funding Strategies***

One critical insight is the positive impact of direct funding models on the operational effectiveness of IPLC initiatives. Foundations that have shifted towards direct funding have noticed an improvement in how quickly and efficiently funds are utilized. This approach bypasses traditional intermediaries, allowing funds to reach IPLCs directly, thereby reducing administrative overhead and enhancing transparency. For instance, the Shandia platform has demonstrated how direct funding can be more answerable to community needs and priorities, enhancing the alignment of funding with the actual needs on the ground (Osorio, 2023). Direct funding empowers IPLCs by giving them control over how to allocate resources based on their priorities and immediate needs, which is particularly crucial in rapidly changing environmental contexts.

Another significant insight relates to the foundations' acknowledgement of the strategic importance of and active contribution to capacity building within IPLC organizations. Some foundations have recognized that beyond financial support, strengthening the organizational and managerial capacities of IPLCs is vital for sustaining long-term conservation efforts. This

includes training in financial management, project planning, and legal compliance, which equips IPLC leaders with the skills needed to manage complex projects and navigate bureaucratic and regulatory frameworks effectively. Enhanced capacity building ensures that IPLCs are not only recipients of funds but are also equipped to lead and manage conservation projects independently.

The introduction of localized communication strategies marks another important insight. Recognizing the linguistic and cultural diversity of IPLC communities, some foundations have started implementing communication strategies that are sensitive to local contexts. This includes employing multilingual staff, using culturally appropriate communication methods, and engaging directly with community leaders and members to ensure that project goals and methods are clearly understood and aligned with community values. Such strategies foster a deeper mutual understanding and trust between foundations and IPLCs, which is essential for the successful implementation of projects.

These insights are instrumental for reshaping the way international foundations approach IPLC funding. They underscore the importance of direct engagement, tailored capacity building, and culturally informed communication strategies in enhancing the effectiveness of conservation funding. By building on these insights, foundations can better support IPLC-led conservation efforts, ensuring that they are not only well-funded but also well-equipped to manage their resources and achieve sustainable outcomes.

### ***5.2.2 Areas for Future Improvement***

In discussing the practices of international foundations funding IPLCs, this study reveals several positive practices but also identifies areas needing further improvement. While the endorsement of flexible funding is widespread among the foundations analyzed, the actual implementation of such funding practices varies significantly. This discrepancy highlights a gap between the foundations' stated policies and their practical application, as noted by PEAK Grantmaking, which points out that despite widespread support for more equitable and flexible practices, many foundations struggle to translate this support into actionable changes due to entrenched traditional processes and a culture resistant to change (Sines, 2020). Allowing IPLCs to flexibly use resources according to their needs enables better adaptation to changing environments and the implementation of long-term projects. Foundations should not only continue to support the principle of flexibility but also strive to ensure that these practices are consistently applied across all funding initiatives. By shifting from funding specific projects to providing broader core support, foundations can offer continuous resources that better assist IPLCs in tackling long-term conservation challenges.

Despite a growing awareness of language barriers in engagement with IPLCs, most translation efforts by organizations remain focused on major international languages, which do not address the linguistic diversity of indigenous communities. The translation services provided often overlook indigenous local languages, which are critical for ensuring effective communication and meaningful participation. However, it is equally important to recognize the significant role of indigenous local languages in IPLCs engagement. Many IPLC members primarily communicate in their native tongues, which are often overlooked in formal project communications and documentation. Addressing this gap by incorporating indigenous languages into all aspects of project planning and execution can enhance understanding, increase participation, and improve the effectiveness of initiatives aimed at supporting IPLCs conservation efforts. Foundations must prioritize comprehensive translation support that includes indigenous languages and recruit culturally competent staff to ensure that their engagement with IPLCs is genuinely inclusive and responsive to community needs.

Inclusion IPLC representatives in decision-making within foundation governance structures is still far from sufficient. Increasing their representation would ensure that these communities' voices and priorities influence funding allocation and project selection, promoting more equitable and transparent funding practices. Such reforms would enable foundations to more authentically understand and respond to IPLCs needs and challenges.

While direct funding models are being explored, many foundations still prefer to manage funds through intermediaries. This practice, while seemingly reducing risk in the short term, also incurs additional administrative costs and can lead to opacity in fund allocation. It's important to note that intermediaries such as local NGOs, which work closely with IPLCs and are recognized by them as trusted partners, can be beneficial by facilitating more contextually appropriate and responsive fund management. However, other intermediaries may impose unnecessary burdens, adding layers of bureaucracy that complicate fund delivery rather than facilitate it. Foundations should strive to develop and refine mechanisms for direct funding to IPLCs, reducing intermediary layers to decrease transaction costs, accelerate fund delivery, and enhance transparency and accountability in fund use.

## **6. Conclusion and Recommendations**

### **6.1 Conclusion**

This research set out to investigate the funding practices of international philanthropic foundations concerning IPLCs and their biodiversity conservation efforts, and factors preventing IPLCs from accessing funds directly. Overall, we found that IPLCs face

multifaceted constraints despite their critical role as stewards of biodiversity-rich areas. Our analysis reveals a complex funding landscape characterized by barriers such as inadequate capacity, misaligned priorities, language obstacles, trust issues, and demanding financial reporting requirements. While some innovative practices have been identified, significant challenges persist in ensuring effective support for IPLCs. Recommendations stemming from our analysis offer actionable steps for international foundations and donors to enhance support for IPLC biodiversity conservation efforts, emphasizing the importance of empowering IPLCs and streamlining fund distribution processes. These recommendations aim to facilitate more equitable and sustainable conservation outcomes by aligning funding practices with the unique needs and priorities of IPLCs.

## **6.2 Recommendations**

Based on our analysis, we proposed the following recommendations to international foundations and other funding organizations who wish to support IPLC biodiversity conservation efforts:

- International foundations should strive to provide funding to IPLC organizations under conditions that are long-term and unrestricted as much as possible, focusing more on supporting the organizations themselves rather than merely funding projects.
- International foundations should prioritize the incorporation of indigenous local languages into all aspects of program design, communication, and execution. Recognizing that many IPLC members primarily communicate in their native tongues, foundations need to ensure that project materials, reporting, and documentation are accessible in these languages. This practice will enhance mutual understanding, increase participation, and improve the overall effectiveness of initiatives. Foundations should develop and implement policies that support linguistic inclusivity, training staff and partners to work competently within the linguistic contexts of the communities they serve. Additionally, foundations should establish monitoring mechanisms to evaluate the effectiveness of language-inclusive practices and adjust strategies accordingly to maximize engagement and impact.
- International foundations should thoroughly examine and gradually reform their internal governance structures to improve their operational capabilities for directly funding IPLC organizations. This process should include: 1) Enhancing the representation of IPLC members on decision-making boards, ensuring that their voices are integral in shaping funding strategies. 2) While building capacity for direct funding to IPLC groups; 3) Until direct funding becomes practical, effective and desired by

IPLC recipients, entrusting trustworthy intermediary and regranting organizations remains essential. 4) Supporting more IPLC organizations in establishing their funds will further strengthen their capacity building and organizational development.

- To optimize the efficiency of fund distribution and maximize the direct impact on local communities and indigenous organizations, it is recommended to streamline the number of intermediary organizations involved in the regranting process. By reducing the layers of intermediaries, international foundations can decrease the overall transaction costs associated with fund distribution. This approach not only ensures a larger proportion of the donated funds reaches the intended projects but also enhances transparency and accountability.
- International foundations must clarify their expectations and plans for the ultimate allocation of funds to grassroots communities and local organizations. Specifically, international foundations need to clearly determine how much direct funding they are willing to provide and the importance of this direct funding to them. Additionally, setting targets to gradually increase the proportion of funding reaching the grassroots in the next funding cycle is crucial.
- Donors should strive to reform and adjust their perceptions of and approach to risks associated with funding IPLCs, to strengthen investments or otherwise reduce risks, rather than simply avoiding them.

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## **Appendix**

### **Coding and Overview of the Organizations Studied**

All information regarding the organizations and interviewees has been anonymized and replaced with codes to ensure confidentiality as below:

1. C Foundation is a significant supporter of cultural and ecological diversity conservation worldwide. With a focus on sustainable development, C Foundation actively backs initiatives to protect the rights and territories of Indigenous Peoples and local communities.

C Foundation's contributions include funding regional defense initiatives, especially in Latin America and the Caribbean, significantly bolstering Indigenous territorial defense processes. These efforts empower Indigenous communities in their advocacy for collective rights, territory security, and self-determination. C Foundation's strategic investments further bolster the resilience and empowerment of Indigenous groups, advancing biodiversity conservation and cultural heritage preservation globally.

2. D Foundation is a notable foundation with a strong focus on addressing global social and environmental challenges. Established by prominent philanthropists, D Foundation directs its efforts towards environmental conservation, social equity, health, and education.

D Foundation's contributions to biodiversity finance are exemplified through substantial funding provided to the Climate and Land Use Alliance (CLUA). This support spans initiatives aimed at establishing locally controlled funds for IPLCs, as well as facilitating equitable outcomes in carbon markets engagement. D Foundation's initiatives empower IPLCs while advancing biodiversity conservation on a global scale.

3. F Foundation is a significant foundation dedicated to global social and environmental issues. Established by prominent philanthropists, F Foundation is committed to promoting human progress and addressing systemic issues such as poverty, social justice, democracy, human rights, and environmental sustainability.

In the realm of biodiversity finance, F Foundation has pledged \$100 million to the Indigenous Peoples and Local Communities (IPs and LCs) Forest Tenure Pledge. This funding, sourced from various initiatives including social bonds and grant programs, supports projects aimed at empowering IPs and LCs, protecting land defenders, strengthening advocacy efforts, and promoting women's participation in natural resource management.

4. G Foundation is a significant philanthropic foundation. G Foundation focuses on environmental conservation, scientific research, technological innovation, and community development.

G Foundation supports initiatives such as the Rights and Resources Initiative (RRI), which conducts analysis on rights-based conservation in the Amazon regions of Colombia and Peru. Additionally, G Foundation has been instrumental in the Andes-Amazon Initiative, aiming to conserve the Amazon basin's ecological integrity. Overall, G Foundation's contributions to biodiversity finance play a crucial role in promoting conservation efforts and sustainable land management.

5. L Foundation is an initiative which is a joint effort between a renowned conservation network and a prominent environmental foundation, aimed at wildlife preservation. It focuses on reversing the decline of lions in Africa by funding conservation projects, with an emphasis on direct support for IPLCs. The foundation operates with a commitment that 100% of donations directly fund field projects aimed at protecting lions, their prey, and habitats. This approach ensures a comprehensive conservation strategy that includes habitat restoration, conflict mitigation, and community-based conservation efforts, highlighting the foundation's key role in facilitating biodiversity finance through empowering IPLCs as crucial conservation partners.

6. J Foundation is a charitable entity, dedicated to promoting conservation, wellbeing, education, and innovation worldwide. It engages with IPLCs to tackle environmental challenges, emphasizing sustainable, replicable outcomes. This foundation stands out for its commitment to global community and change, integrating IPLC knowledge and leadership in conservation projects to ensure ecological and community well-being.

7. CN is committed to global biodiversity preservation, aiming for 30% protection by 2030, focusing on substantial international funding and incorporating Indigenous and local community leadership in conservation efforts.

In collaboration with an international coalition devoted to advancing land and resource rights for local peoples, CN co-launched CL to fill a notable gap in conservation funding for Indigenous and community rights. This partnership marries financial resources and rights advocacy, promoting community-driven conservation strategies for sustainable ecosystem management.

8. M intermediary is a non-profit initiative dedicated to ecosystem conservation and the support of IPLCs. It operates on a model of pooled funding to deliver flexible, results-based funding aimed at landscape-scale conservation outcomes. Focusing on organizational support and capacity building, this initiative collaborates with local African conservation organizations, reinforcing their ability to achieve conservation goals and foster community well-being. Through strategic investments and partnerships, it exemplifies a commitment to sustainable environmental stewardship and the empowerment of communities directly involved in conservation efforts.

9. R intermediary is a leading non-profit dedicated to rainforest conservation and the empowerment of indigenous and local communities across the Amazon, Central Africa, and Southeast Asia. Focusing on a rights-based approach, the foundation works collaboratively with local partners to protect ecosystems, promote sustainable livelihoods, and advocate for policy changes that ensure the protection of these critical habitats and the rights of those who depend on them.

10. A Alliance serves as a collaborative platform for numerous African non-governmental organizations dedicated to biodiversity conservation. It unite African civil society organizations in advocating for sustainable nature use, conservation, and equitable benefits from nature. This alliance, representing over 80 organizations across five African subregions, aims to influence biodiversity policy at various levels and foster collaboration among members to share lessons and amplify a unified voice on environmental conservation and community benefits.

### **Interview questions:**

The qualitative interview questions will be adapted to each case depending on the situation and preliminary research into the specifics of the case and interviewee's exact duties and expertise. The questions below are general in nature and correspond to each category of stakeholder that will be included in the research.

### **To the Foundation**

- We know that you mainly invest in local organizations to promote conservation solutions across southern Kenya and northern Tanzania's savannah landscapes. Could you please describe the specific process and mechanism of your foundation's funding for IPLC biodiversity conservation projects? If possible, you could explain it based on your real project.

- What concerns do you have when providing funding to IPLCs for biodiversity conservation? Could you please discuss any challenges or barriers your foundation has encountered in providing and managing financial resources to IPLCs for biodiversity conservation. In addition to the challenges in this respect, do you also have difficulties in project evaluation, in finding IPLCs or in communicating with them? How you've worked to overcome them? If possible, please provide some specific examples, like you may describe the difficulties you encountered with funding and the solutions in a specific project.
- We know that foundations often prefer to find third-party intermediaries, such as local community NGOs or other third parties, to fund IPLCs, and intermediaries help IPLCs to manage finance. Does your organization have this tendency, or do you generally fund IPLCs directly?  
(If fund through intermediaries)  
Why is there a preference for third-party intermediaries? What is their role?  
Are there any concerns about the actual amount of funding that intermediaries provide to the IPLC community? Could you please provide an estimate of the percentage of funding that intermediaries will ultimately give to IPLCs? Under what circumstances would you be willing to directly contact IPLC?
- How does your foundation ensure the active participation of IPLC in decision-making processes related to funding allocation and project planning? We understand that IPLC faces language and cultural barriers, as well as a lack of equal voice in decision-making processes, and they lack capacity in financial management. Do you have ways to help them address these issues?
- Under normal circumstances, is there a gap between the planned donation amount for a funding project and the money you finally donated? Also, do you have calculation that how much funding IPLC actually receives, and is there a discrepancy? What factors contribute to this gap and how do you address it?
- After funding has been donated to IPLC, has there been any follow-up on their satisfaction? in terms of the timeliness and availability of the funds. Have you considered post-project evaluation work? For example, how do you assess the effectiveness and success of the projects you support in terms of biodiversity conservation and sustainable use? and their alignment with the needs and plans for IPLC's autonomous development? Does your foundation have any targeted improvement plans?
- Does your organization have plans to increase funding for IPLC, and if so, how do you intend to increase support for indigenous peoples and local communities.

### **To the intermediary**

- Our project aims to study the funds provided by international foundations for IPLCs' biodiversity conservation projects, and would like to clarify what your organization's role is in this financing process. We know that international foundations usually prefer to fund IPLCs through intermediaries, such as local NGOs or other third parties, rather than funding them directly. We would like to know if your organization lies in the middle of this funding chain and plays the role of an intermediary?
- If so, what is your main role as an intermediary in this funding chain? We understand that some IPLC groups do not want to access funds directly because they lack the capacity to manage and report on donor funds or do not have the legal status to do so, and therefore prefer to work with NGOs or other intermediaries to assist them with the technical aspects of fund management. Is there such a case?  
In addition, how do you define risk when it comes to direct funding of IPLCs, and do you also believe that there should be an intermediary like you to facilitate this to avoid the risks associated with direct funding?
- As an intermediary, has your organization encountered any challenges or obstacles in applying for funds from international foundations and providing funds to IPLCs? For example, the reporting requirements of international foundations are too high resulting in IPLCs not being able to meet their requirements; or the complexity of the international foundation's donation mechanism results in weak timeliness in accessing funds; or IPLCs perceive that the funds they receive are not aligned with their autonomous development needs and plans, etc. How have you overcome these difficulties? If possible, please provide some concrete examples.
- Typically, is it the IPLCs that reach out and ask for help from your organization, or is it the international foundations that contact you? Through what channels do you make contacts? Do you have your own screening process for IPLC groups and projects in need of funding?
- Since you need to help manage and distribute the funds, how do you ensure that the funds are distributed equitably among different groups? Do you have requirements for what IPLC funds can be used for? Are the funds unrestricted?
- As an intermediary, your organization acts as a bridge between the foundations and IPLCs on both sides of their communication. Do you think there is an information asymmetry between the two sides in terms of funding? Did you feel that there were aspects in which their ideas were very different from each other? Or would you say that both parties don't quite understand each other's true situation? Have you noticed any concerns that these two parties had?
- We have learned that there is usually a gap between the amount of donations that international foundations commit to funding projects and the amount of donations that IPLCs actually end up receiving. This is a concern for many foundations, that by using



intermediaries, it prevents the funds from actually reaching the IPLCs side of the equation. What do you think contributes to this gap? What percentage of your organization's funding goes to IPLCs, and where do you spend the rest? (e.g., cost of operating, managing funds) Do you need to negotiate a specific percentage of the funds (which need to be provided to IPLCs directly) in advance with the foundations when accepting the funds from them, and if there are subsequent adjustments that need to be escalated to international foundations.

- After the funds have been provided to the IPLCs, does your organization maintain contact with them and continue to assist them? Also, the IPLCs may need to provide international foundations with stage-by-stage reports (containing information on the use of the funds and the progress of the project), do they need to contact foundations themselves or can your organization be used as an intermediary contact? Considering the language barriers (both written and verbal) that IPLCs may have, can your organization help them with this?
- Do you have higher expectations for the amount of funding provided by international foundations? In what ways do you think can be used to increase the amount of grant funding IPLC receives? Please share specific practices that you believe are feasible.

#### **To IPLCs**

- Since your organization belongs to the IPLCs, are there any international foundations that provide you with donor funds for your biodiversity projects? Whether projects are funded by these foundations for a specific period of time, and are the funds unrestricted? Please describe the process by which you apply for and receive donor funding. If possible, please use specific projects as examples.
- Have your organization encountered any challenges or obstacles in the process of applying for donations and obtaining funding for conservation projects? For example, barriers to contacting and communicating with international foundations, lack of eligibility or entitlement to access funding, legal barriers, deficiencies in international foundation donor mechanisms or processes including complex reporting requirements, etc. If so, how have you overcome these difficulties?
- After receiving the funds, did you find that the amount of the donation was consistent with what the international foundation actually promised? Is there usually a gap between the amount of donations promised by foundations to fund projects and the amount of donations that IPLCs actually ends up receiving? What factors do you think contribute to this gap?
- When communicating with international foundations about issues related to funding, have you noticed that some of their ideas are very different from yours, or that you don't really know each other well enough to understand each other's real situation? Like, for example, you don't actually understand the scale and length of funding that foundations can provide, and foundations don't understand what you really need.

- How do you allocate and utilize the funds you actually receive? Will it all be used for biodiversity conservation, or will some of it be used for other aspects, such as livelihoods of local communities?
- Does your organization participate in decision-making processes regarding the allocation of funds? Through the literature review, we learned that IPLCs face language and cultural barriers and a lack of equal voice in decision-making, as well as a lack of capacity to manage and utilize funds. Do you encounter such difficulties? Have foundations taken any steps to increase your participation and voice?
- Do you have higher expectations or recommendations for the international foundations? For example, are you satisfied with the timeliness and flexibility of their funding? Do you have higher expectations for the amount of funding provided by the foundations? If you would like to increase the amount of donor funding IPLC receives, please provide some suggestions, either for international foundations or for local organizations like yours.