

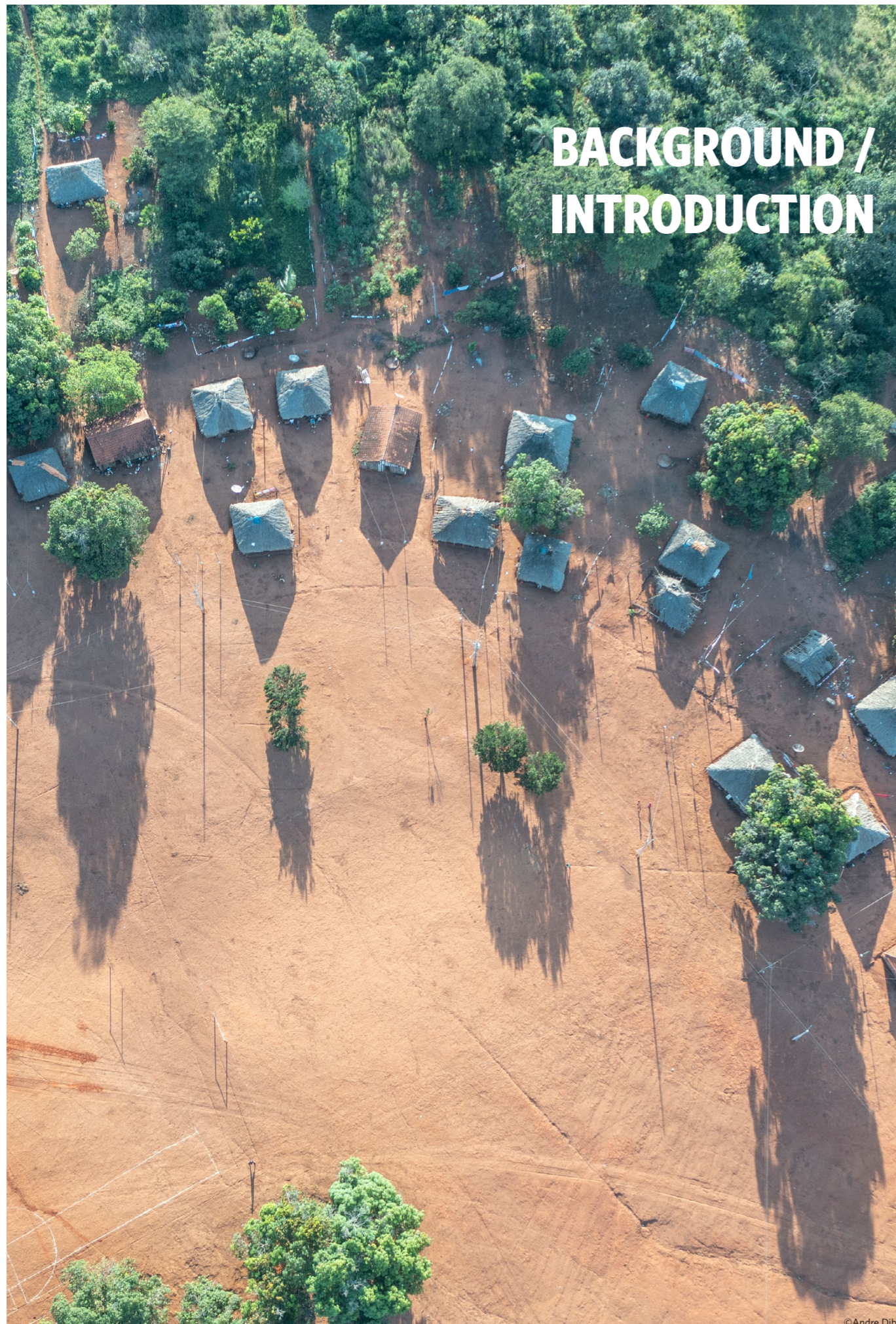


CHANNELING CLIMATE FINANCING DIRECTLY TO INDIGENOUS PEOPLES:

**Lessons Learned from the Podáali Fund and the Xavante People
in the REDD Early Movers Program in Mato Grosso (Brazil)**

SEPTEMBER 2024

© Andre Dib



BACKGROUND / INTRODUCTION

“Our Indigenous territories are exposed to threats and struggle to access financial support due to high bureaucracy. We need a mechanism that simplifies access to resources and effectively meets regional needs.”

VALDEMILSON ARIABO
COORDINATOR, FEPOINTM

Indigenous Peoples are key stewards of the world’s most important ecosystems – worldwide, an estimated 36% of the world’s remaining intact forest landscapes are on Indigenous lands.¹ **In Brazil, Indigenous lands represent 14% of the territory and have the lowest rates of deforestation and landuse change in the country.** Nature managed by Indigenous Peoples is facing increasing pressures – although forest and biodiversity loss are lower on Indigenous lands, it is still occurring along with a loss of traditional knowledge for ecosystem stewardship.²

Despite the benefits of Indigenous land stewardship and the urgent threats they face, **Indigenous Peoples receive only a small fraction of global climate finance.** Projects for Indigenous Peoples’ and Local Communities’ tenure and forest management received less than 1% of ODA for climate change mitigation and adaption between 2011 and 2020.³ An even smaller proportion reaches Indigenous Peoples directly, or in ways they can influence or manage.

To address this gap, **jurisdictional REDD+ programs⁴ can incorporate innovative mechanisms to promote direct access for Indigenous Peoples and local communities.** Indigenous-led funds are emerging as a pathway for the fair distribution of REDD+ benefits and direct investment in Indigenous communities, contributing to the effort to manage and protect their territories using their traditional sciences and techniques, while preserving ancestral knowledge. These funds have made great strides in recent years, and need additional finance and development to expand effectively. This case study examines the partnership between The Nature Conservancy (TNC) Brazil, the Podáali Fund, the Federation of Indigenous Peoples and Organizations of Mato Grosso (FEPOINTM), Coordination of Indigenous Organizations of the Brazilian Amazon (COIAB), and Xavante leaders to channel jurisdictional REDD+ financing towards sustainable development initiatives led by the Xavante people of Mato Grosso.

1. Fa, J. E. et al. 2020. Importance of Indigenous Peoples’ lands for the conservation of Intact Forest Landscapes. *Frontiers in Ecology and the Environment* 18(3):135-140. <https://doi.org/10.1002/fee.2148>

2. IPBES (2019). Summary for policymakers of the global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. <https://doi.org/10.5281/zenodo.3553579>

3. Rainforest Foundation Norway (2021). [Falling Short: Donor funding for Indigenous Peoples and local communities to secure tenure rights and manage forests in tropical countries \(2011-2020\)](https://www.rainforest-foundation.org/en/press-releases/falling-short-donor-funding-for-indigenous-peoples-and-local-communities-to-secure-tenure-rights-and-manage-forests-in-tropical-countries-2011-2020).

4. Jurisdictional REDD+ refers to efforts to reduce emissions from deforestation and forest degradation, implemented at the level of a jurisdiction such as a state or province. Jurisdictions receive results-based payments, and are focused on addressing deforestation across entire regions by integrating policies, incentives, and activities aimed at conserving forests, enhancing carbon stocks, and ensuring sustainable land use while involving local communities, Indigenous Peoples, and governments in the process.



REM MT, PODÁALI FUND, AND THE XAVANTE AWARD

“The most significant aspect is that we’ve built a mechanism allowing an Indigenous-led financial instrument to operate within a climate program like REM Mato Grosso. That’s the real pilot, the real test.”

HÉLCIO SOUZA
LEADER, TNC

DELIVERING CLIMATE FINANCE BENEFITS: REDD EARLY MOVERS

The jurisdictional REDD+ system is implemented at the state level through the REDD Early Movers Mato Grosso Program (REM MT). The REM MT aims to compensate those who contribute to forest conservation – including family farmers, traditional communities, and Indigenous Peoples. Funded by the governments of Germany and the United Kingdom, the program received performance-based payments totaling US\$44 million for its first phase, covering the period from 2018 to 2024. REM MT stands out for its distinct benefit-sharing structure, with a specific subprogram focused on Indigenous Territories. During the first phase of REM MT, the Indigenous subprogram received 13% of the total funds. This subprogram is led by Indigenous organizations, with a decision-making body that includes representatives from the seven ethno-regions that make up the FEPOIMT and the Indigenous Women’s Organization of Mato Grosso (Takiná). FEPOIMT acts as the focal point, facilitating the participation of 43 Indigenous groups through workshops, training, and consultations, ensuring that their voices shaped the goals and priorities of the subprogram.

“The main differentiator of the Podáali Fund is that it’s an Indigenous fund—built by and for Indigenous Peoples. It’s managed by us, allowing us to engage deeply with the processes of philanthropy, fundraising, and financial management in a way that best suits Indigenous realities.”

ROSE APURINĂ
VICE DIRECTOR, FUNDO PODÁALI

PODÁALI FUND: BY INDIGENOUS PEOPLES, FOR INDIGENOUS PEOPLES, WITH INDIGENOUS MANAGEMENT

The Fundo Indígena da Amazônia Brasileira, or Podáali Fund, was launched in 2020, becoming the first fund created and led by Indigenous people that encompasses the Brazilian Amazon. Podáali was established by the Coordination of Indigenous Organizations of the Brazilian Amazon (COIAB) and its network, based on decades of joint work by the Indigenous Movement with the contribution of its partners to strengthen Indigenous peoples, communities, and organizations in the Amazon region. **Podáali directly supports grassroots Indigenous initiatives through collective processes built with the territories, with the goal of promoting self-determination, preserving cultural heritage, and fostering autonomous and sustainable management of Indigenous lands and resources.** Podáali closely monitors these initiatives and engages in discussions with Indigenous peoples to ensure that all forms of resource mobilization and redistribution align with the vision of the communities. The name “Podáali” means celebration, reciprocity, and promotion of sustainability in the language of the Baniwa people. Its mission is to strengthen autonomy, Indigenous rights, and territorial and environmental management.

The Podáali Fund operates through three main approaches, adapted to meet the specific needs of Indigenous communities: calls for proposals, which are broad and structured selection processes for resource distribution; spontaneous demand, which includes awards and is conducted with respect for the social organization of the peoples, as in the case of the Xavante; and the invitation letter modality, which allows for a direct invitation to specific organizations or initiatives. **These approaches provide the Podáali Fund with greater flexibility and adaptability, ensuring that financial support reaches Indigenous**

peoples in a way that is more appropriate and aligned with their cultural and social particularities.

Prior to the award under REM MT, the Podáali Fund launched its first round of funding through an open call for proposals in 2022/2023, with the support and funding from TNC Brazil and other Fund partners. The open call received over 300 proposals, and Podáali successfully supported 32 projects, distributing a total of US\$287 thousand. Additionally, they were able to extend support to 15 more projects, bringing the total to 47 initiatives funded with a total of US\$413 thousand. **The extremely positive response to this first public call demonstrated Podáali’s organizational reach and the trust it has built with Indigenous organizations and communities, as well as highlighting the unmet need for funding to finance Indigenous-led initiatives.** In 2024, Podáali launched its second call – “Amazonia Indígena Resiste: In the defense and care of all lives,” which aims to support 40 Indigenous initiatives across the nine states of the Brazilian Amazon.

An important element of the REM MT Indigenous sub-program was the approval of projects and allocation of resources directly managed by Indigenous Peoples – as exemplified by the program’s relationship with the Podáali Fund. **Podáali aligns with REDD+ policies by promoting forest conservation through direct funding of projects led by Indigenous communities, helping to fill critical gaps in climate finance by directing resources where they are most needed.** One such project was the REM MT partnership with Podáali and the Xavante people, developed in collaboration between Podáali, FEPOIMT, TNC Brazil, and representatives of the Xavante people.

The Cerrado, home to the Xavante people, is the second-largest biogeographical region in South America and is considered the most biodiverse savanna in the world. Since the 1950s, agricultural expansion, particularly soy cultivation, has driven deforestation in the Cerrado, threatening both biodiversity and Indigenous territories. This includes the invasion of Xavante lands, river contamination by agrochemicals, and the cultivation of genetically modified crops near Indigenous areas. The destruction of ecosystems has created severe socio-environmental challenges, isolating Indigenous territories and disrupting traditional agricultural practices.

PUTTING PRINCIPLE INTO PRACTICE: THE XAVANTE AWARD

The Xavante people inhabit the **Cerrado biome** in central Brazil, in a transitional area leading to the Amazon. With a population of over 20,000, the Xavante are known for their rich culture and traditions, passed down from generation to generation. The recognition of Xavante territory was achieved through the demarcation of nine different lands scattered across the Araguaia and Xingu River basins. **In recent decades, commodity agriculture and cattle ranching, followed by illegal logging and mining activities, have increasingly surrounded Xavante lands, transforming the Cerrado and forests into burnt pastures.** As areas for food cultivation, fishing, and hunting have diminished, their territory now consists of green islands surrounded by vast expanses of soy and cattle production.⁵

The Xavante Award emerged as a proposal by the FEPOIMT Network and Xavante leaders to carry out a pilot project within the context of the REM MT program. The initiative aimed to test the Podáali Fund as a model for an Indigenous-led financial mechanism within a jurisdictional REDD+ program. The Xavante chose to collaborate with the Podáali Fund, recognizing it as an opportunity to access REM resources in a more direct and less bureaucratic way, and to create a genuinely Indigenous support system.

The award, which was made possible through the transfer of REM MT funds via TNC Brazil to the Podáali Fund, is part of the Xavante’s regional plan for the sustainable territorial and environmental management of their lands.⁶ The award format supports selected Indigenous initiatives that are already being developed by the Indigenous people themselves in their territories. The small-scale projects help in the autonomous management of territories, promote cultural appreciation, and encourage the leadership of Indigenous Peoples. This initiative is not only about environmental stewardship but also about enabling Indigenous communities to lead the management of their resources and preserve their cultural heritage.

Starting in October 2021, Podáali, Xavante organizations

and leaders, COIAB, and FEPOIMT, with support from TNC, worked to establish the governance structure for the Xavante Award. **Through a series of seminars and workshops, this working group, coordinated by the technical team of the Podáali Fund, aimed to create rules and a process that would be transparent, accessible, and respectful of the cultural and territorial differences of the Xavante People.** The award proposals were outlined, submitted, reviewed, and selected through a rigorous process overseen by a Xavante committee. This committee, made up of 28 representatives from Xavante ethno-regions (14 of whom were women), played a crucial role in defining the rules and processes for the award calls. They also acted as a bridge to the Xavante communities, passing on information and assisting potential initiatives in preparing their proposals.

The strategy for engaging Xavante communities successfully overcame the bureaucratic barriers often associated with traditional calls for proposals, allowing for active and direct participation from the villages in both the design and implementation of their projects. All Xavante communities were inclusively engaged through an invitation approach, ensuring that all voices were heard, and diverse perspectives were considered. The award process encouraged the oral transmission of information in the Xavante people’s native language, especially where writing is less common, and focused on collective contributions rather than individual achievements.

As many Xavante do not speak Portuguese, translators were hired to ensure that all community representatives could effectively participate in the process. An independent and neutral technical selection committee was also formed to review and evaluate the proposals, ultimately selecting 14 initiatives for the Xavante Award. **The selected projects focus on a variety of areas, including strengthening food sovereignty, promoting sustainable practices, and valuing traditional knowledge within Xavante communities. The award funds are being used to strengthen these collective initiatives.**

5. Infoamazonia (2021). [Cercado pelo agronegócio, território Xavante tem alta taxa de letalidade pela Covid.](#)

6. Vision of the Future of the Xavante People: Cerrado / Forest (Rómhõna Áuwe Uptabi Nhimi Ró'Madõ)

	Indigenous Land	Village	Initiative Name
1	Areões	Nova Vida	Upa iwê (sweet cassava)
2	Areões	Jeová	Wederāpo waza wabudzarani da tsada – Baru: from harvesting to food
3	Chão Preto	Chão Preto	Upa rê, duré, itsub' redahã (Cassava planting and flour production)
4	Marãiwatsédé	Madzabdzé, Aõpá, U'wedetsiroptó, Interó, Cristo Rei, Marãiwatsédé, Etetsiri, U'mre'ru, Moonipá, Etewawê, Tsibaazatsi, Abahiwedero, Burupá, Ô'are, Etetsimãrã, Pedaré, U'rebedza'u, Parinaí'a e Suprarasiuce	Pi'õ rómnhã ma'ubumröi'wa - Seed Collecting Women
5	Marechal Rondon	Alvorada	Traditional crop
6	Parabubure	Três Maria	Róbdzawite datsimãpa duré rómnhã abahi na rómhuridzé (Protection of the biome and cerrado fruit extraction)
7	Parabubure	Novo Paraíso	Amnhotebré - Produce, develop, and multiply
8	Parabubure	Santa Rosa	Upa're, itsub'redahã - Cassava planting and flour production
9	Sangradouro	Santo Ângelo	Pibuiwe na a'uwê tsa (Take good care of Xavante traditional food)
10	Sangradouro	Abelhinha, Nossa Senhora da Guia, Ete'rãirã, Santa Julieta, Tsõ'repre	Wate robredza ra aba ri mana (Let's produce in our backyards)
11	Ubawawe	Sete Rios	Family crop
12	São Marcos	São Marcos Sagrada Família Vila Maria, São Lucas	Upa A'uwê uptabi tsadzé (Cassava, traditional food of the Xavante people)
13	São Marcos	Nossa Senhora das dores	Wede'rãto na buru - Stump crop
14	São Marcos	Nossa Senhora de Fátima - Êtênho' repré/ Waradzuhí'ahö	Mra 'Wapé – Fight Against Hunger" Penório Valley



LESSONS LEARNED

“The award has shown that it’s crucial to integrate community needs with conservation goals. For example, the threats of land encroachment by cattle and grain farming are significant, and providing communities with resources to strengthen their traditional practices can help resist these pressures.”

DIANA NASCIMENTO
COORDINATOR, TNC

Through the process of developing the Xavante Awards, Podáali, COIAB, FEPOIMT, and TNC learned valuable lessons that are transferrable to future Indigenous-led climate financing initiatives in Mato Grosso and beyond.

- **The experience demonstrated that it is both possible and highly effective to place Indigenous-led financial funds or mechanisms at the center of financial ecosystems for accessing and distributing benefits from climate programs.** It also showed that the award modality used by the Podáali Fund is a viable way to promote direct access to resources by communities with informal organizational models, in a less bureaucratic and more effective manner.
- **The success of the initiative depended on direct dialogue, flexibility, and adaptability demonstrated by the Podáali Fund mechanism.** The diversity among the Xavante groups and territories required continuous adaptation and active listening to align the process with the unique needs of each community. Due to the lack of digital infrastructure, in-person meetings were crucial for project implementation. Geographic barriers and adverse weather conditions posed logistical challenges to these meetings, necessitating flexible timelines. Recognizing and valuing cultural and logistical specificities while avoiding rigid procedures was key, and the Indigenous Fund demonstrated this capability.
- **The award modalities must be integrated with conservation goals and Indigenous territorial management plans.** An important lesson was the need to align incentives with the overall goals of REM MT, while maintaining Podáali’s core principle of listening and aligning with

the priority needs of the Xavante people. Environmental preservation goals must be connected to the immediate well-being of local communities by providing alternatives for food security and economic development, such as awards for initiatives that revive traditional Xavante agriculture and food, or income generation through sustainable extraction. These alternatives help prevent communities from succumbing to unsustainable pressures, such as leasing land for cattle grazing and agriculture.

- **The initiative revealed a significant need to strengthen infrastructure support within the communities to enable them to participate and access the awards.** This includes improving local resource management structures and access to communication networks. Future efforts should prioritize community capacity-building and organizational development to enhance their ability to access and manage climate funds, ensuring that resources are used effectively and sustainably.
- **Promoting and strengthening governance structures within each Xavante land was fundamental to building trust and transparency among stakeholders.** Although time-consuming, developing a representative governance structure with community members was crucial to ensuring transparency and accountability in the distribution of resources. This approach was also essential for building trust between Indigenous communities and external partners, ultimately contributing to the project’s success.

CONCLUSION AND RECOMMENDATIONS

The Podáali Fund is an innovative model that supports Indigenous peoples, communities, and organizations by creating support processes tailored to the specific needs of Indigenous peoples. The Xavante Award demonstrated that it is feasible to include Indigenous-led financing mechanisms in REDD+-based financing arrangements, respecting and strengthening the diverse Indigenous cultures and realities, while offering a promising approach for equitable distribution, resource management, and the protection of Indigenous territories. As a result, Indigenous organizations in the Brazilian Amazon are considering replicating this model in other ethno-regions in Mato Grosso, as well as in the state of Pará, where discussions are already underway with the state government and the Federation of Indigenous Peoples of Pará (FEPIPA) to share knowledge and assist in the development of new climate finance mechanisms with the direct participation of Indigenous Peoples' own financing mechanisms.



RECOMMENDATIONS FOR CLIMATE FINANCE DECISION-MAKERS AND DONORS:

- **Leverage existing Indigenous networks.** The coordination and outreach capabilities of the COIAB/FEPOIMT Network with the local Xavante networks were central to building trust between the Xavante and the Podáali Fund. In regions where such networks exist, the Xavante Award approach can be replicated and expanded. Priority should be given to supporting organizations working to build and strengthen regional Indigenous networks and Indigenous-led funds. This foundational support is crucial to enabling effective and sustainable community-led financial initiatives.
- **Share successes and lessons to empower donors and governments, and to overcome resistance to non-traditional funding models.** Despite the success of Indigenous fund initiatives like the Xavante Award, many decision-makers and non-Indigenous donors have shown resistance to engaging with funding models that

differ from traditional approaches. The experience of the Podáali Fund with the Xavante demonstrates that new models are viable. Sharing these successes and lessons is essential to educate donors and governments, encouraging them to embrace alternative financing approaches.

- **Evaluate and expand.** Conduct a thorough evaluation of the results from the current award cycle to consolidate lessons learned. Use these insights to seek new financiers and expand similar initiatives to other regions and Indigenous communities.
- **Replicate and refine innovative REDD+ benefit-sharing approaches.** The benefit-sharing approach through Indigenous-led financial mechanisms implemented in the REM MT places Indigenous peoples at the center of resource management and distribution. This approach can be expanded to other subnational jurisdictions and other countries.

RECOMMENDATIONS FOR OTHER INDIGENOUS-LED FUNDS AND THEIR PARTNERS:

- **Tailor awards to local contexts.** These financing models must be designed specifically for the local Indigenous communities and their realities. Invest heavily in establishing a governance structure that is locally led, representative, responsive, inclusive, and sustainable. Strengthening the articulation and outreach of local organizations with regional Indigenous networks brings mutual governance benefits. Early investment in a strong governance structure will build trust with Indigenous communities and support long-term scalability and sustainability.
- **Include funding windows for capacity building, response to extreme climate events, emergency support, and local adaptation initiatives.** Future calls for project support should include greater support for local capacity development, such as training in project management

and the use of technology. An emergency relief fund also has the potential to provide a robust safety net, ensuring that communities can effectively respond to immediate threats while continuing to focus on long-term sustainability.

- **Communicate your successes.** The Podáali Fund's grant-making and accounting processes are widely recognized for their transparency and rigor. Effective communication is essential to promote the credibility of Indigenous-led financing arrangements like the Podáali Fund and Xavante Award. Clearly and transparently present the results achieved to demonstrate that these funds can be as efficient, if not more so, than conventional models. This transparency is key to overcoming resistance from traditional financiers and gaining the trust of new partners.



©Andre Dib