



IMPACT

2021 REPORT

Building Forest-based
Value Chains

We Know What Indigenous and
Local Communities Can Do for
Forests. Here's What Climate
Finance Can Do for Them.

Making Strides for Women
Leaders in Water

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Going Low-Carbon

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Peru's Journey Towards
Water Security

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We partner with indigenous communities in Brazil's Tupi Mosaic to develop economic enterprises that promote forest conservation. Together, we're building sustainable value chains for açai, cacao, artisan products, and Brazil nuts.

Pictured: Seedling care at Ecooporé Nursery, Rondônia, Brazil.



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Credit: Illich Apurteski

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Credit: William César Medina Idrogo

Going Low-Carbon

The world needs to cut emissions in half by 2030 and be fully carbon neutral by 2050. Wondering what you can do as an individual about your own carbon footprint? Forest Trends experts answer some common questions.

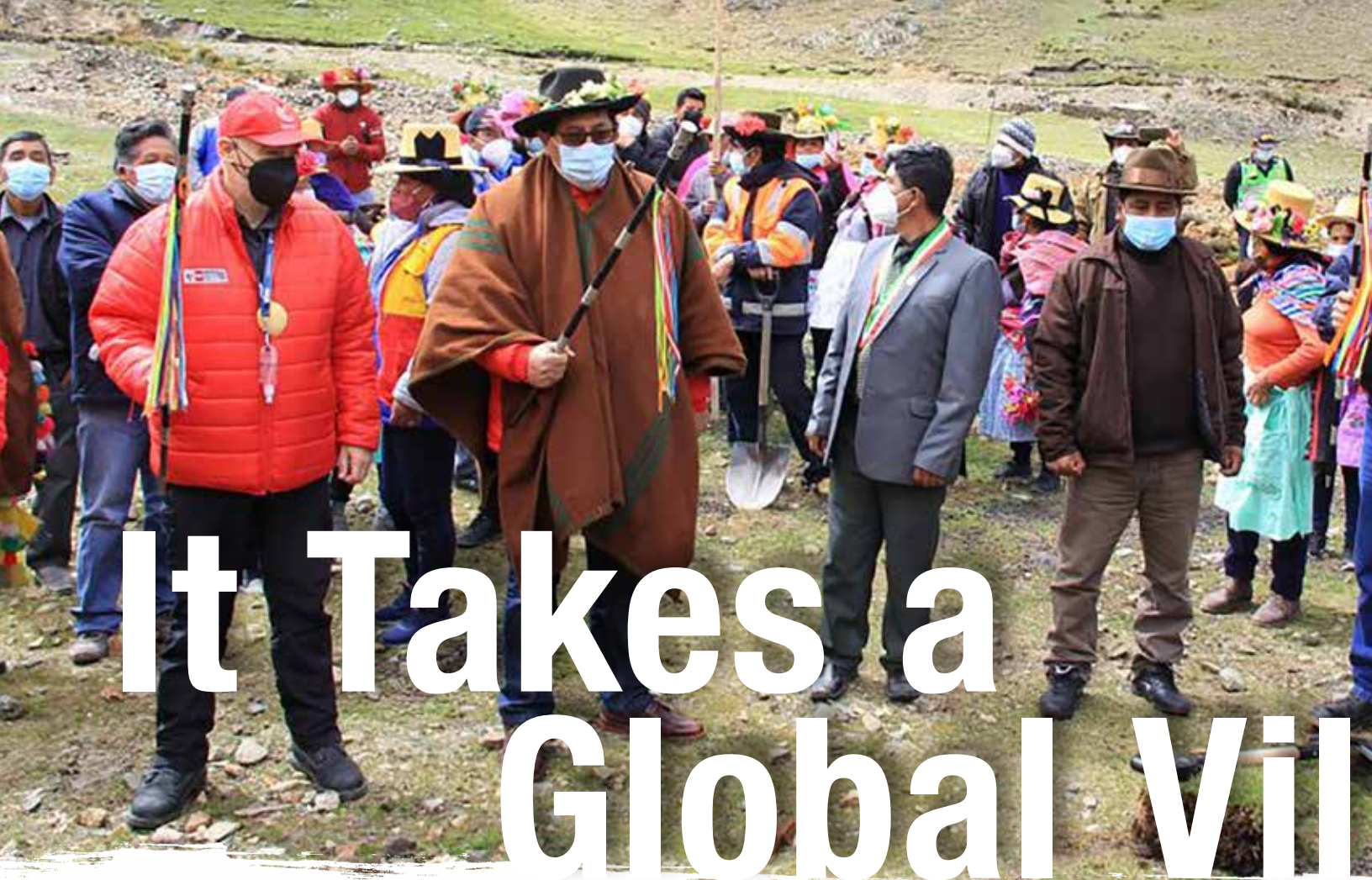
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Peru’s Journey Towards Water Security

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It Takes a Global Village

▲ An “earth-laying” ceremony in March 2021 to celebrate a new wetlands restoration project near Carampoma, Peru. The project will safeguard water supplies for the city of Lima downstream, and generate local jobs.

I HAVE TO ADMIT, I HAD NO BIG EXPECTATIONS en route to Glasgow, Scotland for the COP26 international climate talks last month. As late as September, it wasn’t even clear that the talks would be happening in person. And while some climate negotiations have produced major achievements, like the 2015 Paris Agreement on Climate Change, others have been incredibly frustrating in their failure to produce much at all.

Things felt different this year. For the most part countries came through with stronger climate plans. They’ll need to be even stronger for the next round of negotiations, but we are headed in a good direction. For Forest Trends, what was really exciting was the focus on nature and what people call “nature-based solutions” to climate change. We saw major announcements in the first few days of talks, including a pledge by over 100 countries to end deforestation by 2030.

I also heard a deeper conversation than usually happens at these events on issues of equity, accountability, and inclusiveness.

We are a conservation organization. But as you turn the pages of this Impact Report, you’ll find not untouched natural landscapes, but people – the faces of the people we work with every day. “Conservation,” in the sense of putting up a fence around a pristine area, is a 20th-century idea. That approach may still be appropriate in a few special cases, but it’s not scalable. Often it is not ethical, either. Traditional and indigenous communities have



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You've heard the old adage, "It takes a village." Today, it will take a whole planet, but we will be the better for it.

long been part of these landscapes. Eighty percent of the world's remaining biodiversity is found on their lands.

In the 21st century, I predict that we will find ourselves looking anew at ancient traditions of caring for the land, re-imagined for a modern, globalized economy. In this report, you'll find stories about a new Amazon "bioeconomy," and forest-based value chains that redirect economic forces away from environmental destruction and toward regeneration. You'll read about re-thinking infrastructure investments to work with nature, rather than against it, to manage climate and water risks. And you'll learn about the everyday people doing this important work.

No more powerful example can be found than in Myanmar, where environmental issues are intimately woven into ethnic groups' resistance against a brutal military regime. Our colleague Esther Wah (real name redacted for safety) shares how in the face of murder, beatings, and arrests, communities have stepped up to create their own conservation programs and fight back against mega-dams, palm oil plantations, and illegal logging. We are doing what we can to support our partners and allies in Myanmar. We make an equal commitment to our community partners everywhere.

Forest Trends was designed from day one to be a flexible, partnership-driven organization. This makes us a little different from others. We don't set up an office in a foreign country and send our own team out to be the "shovels in the ground" when we launch projects. Instead, we find local partners who can lead, and we become a channel. We help find finance. We provide technical assistance and training where it is needed. We connect local sustainable enterprises to investors and buyers. We get our partners meetings with national decision-makers, interviews with reporters, or a spot at the podium at events like the Glasgow climate talks. We work like this because we believe it is the way to have durable impact, and to put power in the hands of communities who will be long-term stewards.

I am proud of the reputation Forest Trends has built for being great collaborators, and for our ability to look over the horizon to see new paradigms and new opportunities. Speaking of partnerships, we have a number of exciting announcements coming early next year — please stay tuned!

I look forward to continuing to build this global community. You've heard the old adage, "It takes a village." Today, it will take a whole planet, but we will be the better for it. I am incredibly proud of the work we've done together this year. A special thank you to the Forest Trends team, our many partners (see page 42 for a list), our Board, our Fellows, our Evergreen Society members, and all who have supported us in ways large and small this year. My best wishes to you and your loved ones for a happy, healthy, and safe 2022.

Michael Jenkins, CEO and Founding President

What Happened At The Climate Talks?



ALMOST 40,000 PEOPLE TRAVELED TO GLASGOW, Scotland last month for climate talks. Events included both formal negotiations on climate action between governments, as well as hundreds of side events hosted by NGOs, companies, activists, and artists. This was the 26th such set of negotiations in a long process that dates all the back to the 1992 Rio Earth Summit. Forest Trends staff have attended many of the previous meetings. Progress often feels agonizingly slow. But frankly, things felt a little different this year. Real commitments were made that – if realized – bring us much closer to a greener, safer, and more prosperous planet for our children and grandchildren.

In mid-November 2021, Forest Trends and our Board hosted a special post-COP26 briefing for our Evergreen Society members, featuring global experts Manuel Pulgar-Vidal (Global Leader on Climate and Energy for WWF and President of the COP20 climate talks), Solange Bandiaky-Badji (President of Rights and Resources Group), and Hans Mehn (Partner at Generation Investment Management). **Here are four key takeaways from that briefing.**

- 1 Five years out from the Paris Agreement, what we were looking for was more ambition from countries. We saw that.**
The climate plans presented by countries (known as Nationally Determined Contributions) are stronger than previous iterations. We had a new agreement on methane. The US and China have signaled willingness to work together. Importantly, the Glasgow Declaration on Forests brought 137 countries together in committing to end deforestation by 2030. Negotiators finally reached agreement on Article 6, which governs international carbon markets and cooperation to cut emissions. Countries' plans are still not quite strong enough to hold warming to safe levels. But with each round of talks, the idea is to “ratchet” ambition ever-higher – and we saw that happen this year.

2 Indigenous peoples and local communities — especially women and youth leaders — were a much more visible part of the COP than in the past.

As well they should be: indigenous and traditional communities manage as much of half of the Earth's land (though they hold legal title only to about 10%), one-fifth of its forest carbon, and 80% of its biodiversity. We will not meet Paris goals without their contributions. As Solange Bandiakya-Badji pointed out, this year indigenous and community representatives came armed with evidence and compelling calls to action: They wanted decisions at Glasgow to include recognitions of human rights and indigenous rights. They wanted to participate in the design and rollout of carbon market mechanisms. And they wanted a fairer share of climate finance.

3 But the real energy was outside the negotiating rooms.

Business and finance are making real commitments. “Net zero” has, in just a few short years, become “the law of the land,” as Hans Mehn put it. The newly launched Glasgow Financial Alliance for Net Zero announced it has over \$130 trillion of private capital already committed to transforming the economy for net zero emissions. But while some initiatives — like the Science Based Targets Initiative — are clearly aligned with international agreements and show willingness to be validated by outside parties, other corporate and investor commitments are harder to evaluate or track. That is cause for concern. Protestors at Glasgow frequently expressed a lack of trust that companies' commitments are credible, and a lack of faith in the negotiating process. They have a point; pledges similar to the ones heard at Glasgow have been made — and broken — in the past. We need not only more ambition, but also more accountability and transparency.

4 The weakest outcomes at Glasgow, according to our experts? Developing countries still need more help dealing with the effects of climate change.

Rich countries have still not fulfilled their promise of \$100 billion in adaptation funding for developing countries. A proposed financing facility for losses and damages from climate change didn't materialize this year either. This is a major gap to close in 2022; rich countries' history of emissions created the problem of climate change, but developing countries today are the most vulnerable to its negative effects.

The next round of talks takes place in 2022 in Egypt. We are still not on track for the Paris Agreement goal of holding warming below 1.5 degrees. But we are heading in the right direction, after years of uncertainty and lost time.

Importantly, international climate talks are far from the only place that progress is made. As Manuel Pulgar-Vidal pointed out, the real energy is to be found outside of negotiating rooms. We saw in Glasgow that governments and investors step up when the pressure is on. We hope everyone reading this makes a commitment, right now, to help keep up this pressure. 🌱



OUR IMPACT



Investments

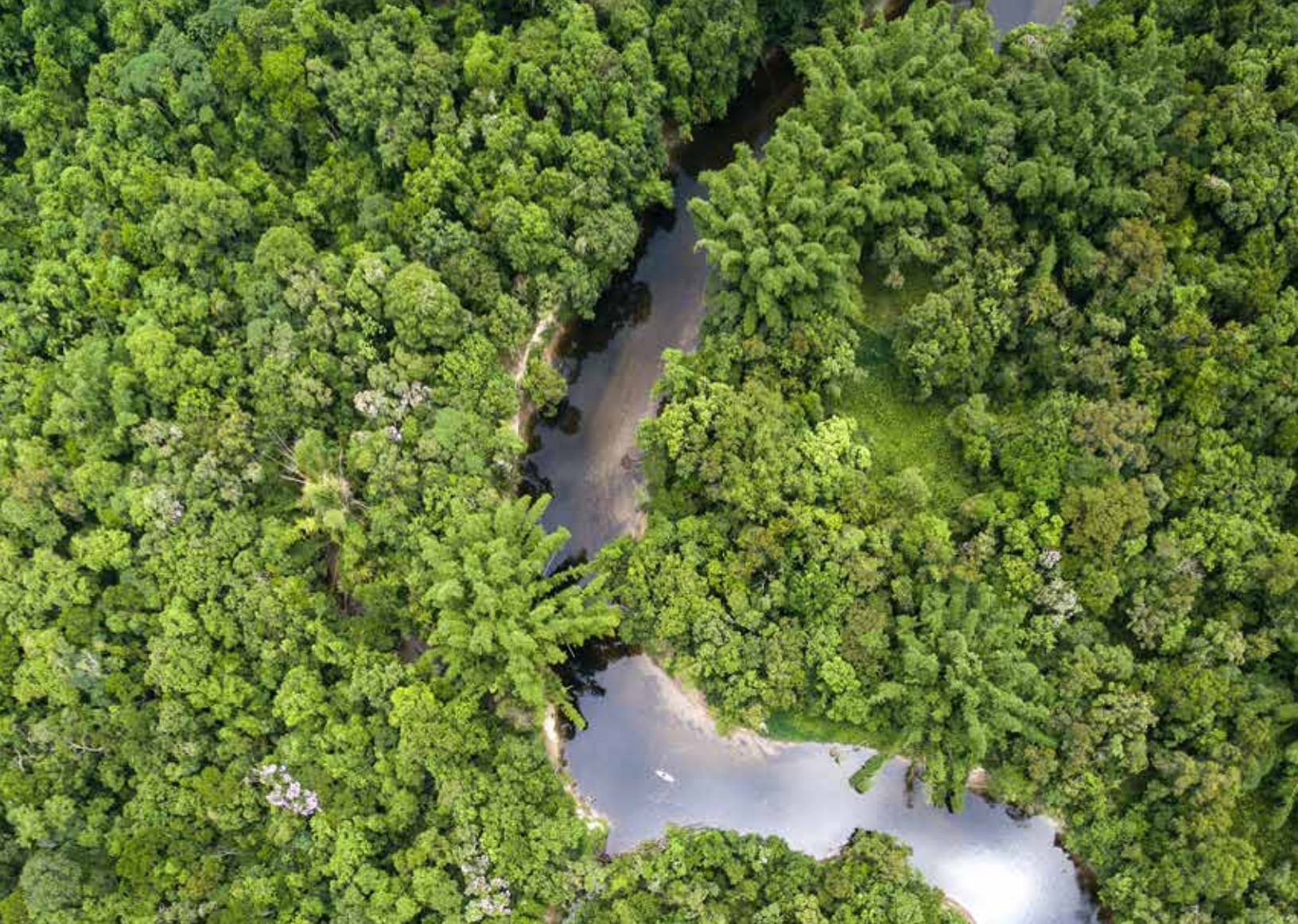
JANUARY 2021 As voluntary carbon markets continue to surge, our Ecosystem Marketplace initiative announces a new suite of data services to provide more timely information on pricing, transactions, and other market dynamics to support greater transparency and quality in the carbon markets.

APRIL 2021 A free-to-the-public version 1.0 of the Ecosystem Marketplace Data Intelligence & Analytics Dashboard launches alongside a redesigned Global Carbon Survey platform — all part of a suite of investments made in 2021 in our public outreach and back-end data infrastructure to keep pace with increasingly sophisticated carbon markets.

JUNE 2021 Ecosystem Marketplace releases new data showing that while public and private forest carbon finance has more than doubled between 2016 and 2019, it still falls far short of what's needed to counter global forest loss and support increased climate ambition.

AUGUST 2021 We sign a new MOU with the International Civil Aviation Organization that establishes Ecosystem Marketplace

Credit: Carlos Palacios Núñez



as the primary carbon markets data provider for ICAO's new Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

SEPTEMBER 2021 The Taskforce on Scaling Voluntary Carbon Markets, an initiative launched by former Bank of England Governor Mark Carney, selects us to join its new governance body providing oversight to ensure that carbon markets will grow with the highest level of quality and integrity possible. CEO Michael Jenkins will serve as a member of the Senior Advisory Council, and our Ecosystem Marketplace initiative will be a Founding Sponsor.

NOVEMBER 2021 Together with companies, investors, indigenous leaders, and conservation groups, we launch the Peoples Forests Partnership at COP26 in Glasgow. The PFP will provide an industry-first platform for mobilizing private finance directly to indigenous and local communities for forest conservation, with a goal of \$20 billion in funds committed annually by 2030.

NOVEMBER 2021 The LEAF Coalition announces at COP26 that it has secured \$1 billion in public and private commitments to support countries and states in reducing emissions from deforestation and degradation of forests — a milestone in climate finance, and for the Green Gigaton Challenge global goal of securing finance for 1 gigaton of verified emissions reductions from forests per year by 2025. Forest Trends, together with LEAF Coalition coordinator Emergent, UN-REDD, the Environmental Defense Fund, and the Architecture for REDD+ Transactions, launched the Green Gigaton Challenge just a year earlier, in November 2020.

NOVEMBER 2021 Ecosystem Marketplace Director Stephen Donofrio goes on BBC World News live to discuss voluntary carbon markets' reaching the \$1 billion mark for the first time ever for 2021, positioning carbon finance "as a serious source of finance for green projects around the world," as Donofrio says. 🌱

A conversation with filmmaker Estêvão Ciavatta on forest conflict in the Amazon

“I saw
the
collision
of two
worlds.”



Scan to watch
a preview of
Amazonia
Undercover

Beto Borges, Director of Forest Trends' Communities and Territorial Governance Initiative, talks with award-winning Brazilian screenwriter, director, and film producer Estêvão Ciavatta on conflicting visions for development in the Amazon, land grabbing, and the role he hopes his film, Amazonia Undercover, can play in spotlighting these tensions and environmental destruction in Brazil.

BETO BORGES: Thank you, Estêvão, for making the time to talk to us. Your film, *Amazonia Undercover*, recently won the 2021 Environmental Impact Award from One World Media. How was the idea for *Amazonia Undercover* born?

ESTÊVÃO CIAVATTA: In 2004, I did a specific Amazon season for *Um Pé de Quê?* (What Tree Is It?), the TV show I was making at the time. We did ten episodes, each about a different tree. I think this was very important for me because I traveled through all the states of the Amazon and learned the scale of forest destruction. And after I thought, “I have to do something about the Amazon, about its importance to Brazil.”

Early 2014, a friend of mine called me, said, “Look, I have a project to make an Amazon TV series. I think that you are the perfect guy to do this.” So I said, “Okay, let’s do it.” So back to the Amazon. One of the goals of the series is to document land grabbing in Brazil. I was not seeing anyone else working on the scale of public unprotected forest in Brazil. The numbers range from 60 to 90 million hectares, a huge part of the Amazon forest that is still unprotected because the use of the land is not defined [legally].



Estêvão Ciavatta

Credit: Daniel Matter

These are not indigenous areas, not conservation units, so they are available for land grabbing. And land grabbing itself was and is responsible for a great part of deforestation in the Amazon.

And the second thing I felt was frustration at how easy it is to be distracted from this issue. Even though the show was presented on Sunday, primetime, and 50 to 60 million people watched it, the series unfortunately came out at the same time as a corruption scandal in Brazil. All the things that we raised were overshadowed by this other issue in the news at the time. So I got a little bit frustrated with the results and I felt the land grabbers were taking advantage of this moment. That's why I decided to make the film *Amazonia Undercover*, using the series material and continuing the shootings for the following five years.

With the film released in 2020, a really important shift has happened: we now see land grabbing in the Amazon being covered [by media in Brazil]. And this was not the case a year or two ago. We wanted to put land grabbing onstage, to say, "Look, we have a problem here." And now we see the three major banks

in Brazil implementing financial restrictions over business in the area, and one of their rules is to not finance land grabbing.

BETO BORGES: So you helped raise the issue of land grabbing to a public stage. It's great to hear how work like yours can start to make a difference, even if it's only a few hearts and minds at a time.

This brings up a critical question for me: What kind of development is right for the Amazon? What is being proposed now, and what do we think it should look like so that it is as equitable as possible and minimizes environmental impact?

ESTÊVÃO CIAVATTA: The thing is, we could solve great parts of the problem with land tenure legislation that already exists but is not being utilized. The legalization of smaller properties or landholders and honoring indigenous claims and rights, for example. But politicians in the Brazilian Congress want to expand the benefits of land tenure legislation to land grabbers. This is not acceptable.

What we don't have in place are public policies that guide land use planning and sustainable development for the cities in the Amazon. This is a problem because there are millions of people in the Amazon that don't have work. Almost 80% of the Amazon's population lives in the cities, which have the most poverty and lowest wellbeing of Brazil. And that pressure is causing careful planning to fall through the cracks and forest resources to be overexploited.

BETO BORGES: My understanding is that your film also documents how indigenous peoples are affected by

land grabbing and other activities in the Amazon. Could you tell us more about what you've seen?

ESTÊVÃO CIAVATTA: I saw the collision of two worlds. One idea of development of the Amazon region has led us to almost 1 million square kilometers deforested in 45 years. And most people have not benefited much from that — there is a lot of poverty in cities near deforested areas.

And on the other side, indigenous peoples have had a relationship with the forest for around 14,000 years. And they not only do not destroy the forest, but help the forest be what it is today. They are defending the forest, defending Brazil. And we wanted to put them in the center, portray them this way. The film presents these two visions and how they are in opposition.

There is a vicious and unsustainable cycle in the Amazon. [Vulnerable people] have to use forest resources because they don't have work. And they don't have work because we don't have a plan. Let's make one. Let's fortify familial agriculture. Let's empower these communities to produce their own products, something with great value so they can deal within the international or the national market. Let's work with the forest, not destroy it. 🌱

This conversation has been edited and condensed from its original version.



Beto Borges, Forest Trends

FOLLOWING COUP, MYANMAR'S INDIGENOUS VOW TO PROTECT FORESTS

“Until the end of the world”

By Esther Wah (real name redacted for safety), an Indigenous Karen activist from Myanmar

THE TANINTHARYI REGION IN southern Myanmar is a beautiful and rich expanse of rainforest, ocean, and mangroves where we still have wild tigers and elephants, and where the forest provides all that we need in life. It is my homeland. Our Indigenous communities depend on the forest for food, water, medicine, and our forests depend on Indigenous communities, who manage, conserve, and protect them with great care.

The Myanmar military coup risks all our recent progress after 10 years of rebuilding our lives, following 70 years of civil war. Our people plan to fight to protect our lands and win back our lives. We want the rest of the world to understand why.

Our territory and our struggle

Though it is a rich, green land, our territory and our communities have also been terrorized and traumatized by decades of armed conflict at the hands of the Myanmar military. In 1948, our Karen people began

- The Tanintharyi Region in southern Myanmar contains an expanse of rainforest, ocean, and mangroves where a range of wildlife — from tigers and elephants to tapirs — roam, and the Indigenous Karen people consider themselves stewards of this richness.
- In 2012, the Karen and the Myanmar military signed a ceasefire to end 70 years of war in their territory, allowing the Indigenous communities an opportunity to develop new institutions, campaigns, and programs to conserve their resources and forests from destruction by outside interests.
- That ended with the military coup of 2021: “Attacks by the military on Indigenous peoples and environmental defenders means that the forests are at risk — and for this reason we want to say to the world ‘this coup doesn’t just affect our country, but the future of the globe.’”

our fight for greater autonomy, for self-determination, and for our basic rights against fascist oppression by the Myanmar military. The resulting civil war saw villages

burned, people were killed, raped and tortured, and over 80,000 were displaced into the forest and along the Thai-Myanmar border. Relentless oppression of our people and our Karen identity meant that we never had a chance to develop, to forge our own destiny, to manage and protect our territory.

In 2012, the Karen National Liberation Army (KNLA) and the Myanmar military signed a ceasefire agreement, bringing to a halt 70 years of brutal civil war in our territory. During this time of relative peace, communities were able to re-establish their livelihoods, manage and protect their lands and forests, participate in political processes, and finally live and breathe without the fear of being shot, abducted, and tortured. We were able to mobilize our communities, develop

Without forests, we cannot survive, and without us, our forests cannot survive.

new institutions, and create new ideas for a collective and peaceful future.

While the ceasefire stopped the bullets flying and the soldiers destroying our villages, we experienced a barrage of new challenges. Suddenly new laws, concessions, development projects, and national parks threatened to confiscate our

lands – the lands that we had already been displaced from so many times before. 1.7 million acres of land were handed to crony companies for oil palm concessions, 3.5 million acres were earmarked for the Ridge to Reef project, a large-scale conservation program funded by the GEF, and other parts of our region were taken for special economic zones, infrastructure development, and mining operations. For us, it felt like the rug was being pulled from under our feet, just when we could finally stand.

In response to these new challenges, Indigenous communities and civil society organizations started to create their own conservation areas – proving their ability to conserve their own resources and protect their lands and forests from

those who wished to destroy them. Communities across the region mobilized, strengthened their customary tenure systems, and documented their boundaries and land use systems. We showed policy makers how we govern our territories, and sought to have our rights recognized, and respected. We built networks with Indigenous communities throughout the country, creating new spaces of inter-ethnic solidarity, and started to join international platforms with other Indigenous activists from across the globe. We campaigned against mega projects with great success – our campaigns halted mining operations, suspended palm oil concessions and cancelled conservation projects. We knew that united, we could win.

Together with my community, we developed new visions for what our territory should look like, and how conservation and development should be carried out. We developed a grassroots alternative to the Ridge to Reef Project, a Landscape of Life that proved that communities were best placed to protect and conserve our territory, and that a peaceful future would include harmony between our Karen people and their forests and biodiversity.

Our futures are again uncertain

On February 1st 2021, however, the military staged a coup, arrested members of the elected NLD government, and brutally cracked down on resistance. According to the Assistance Association for Political Prisoners (Burma) site, over 1,000 people have been killed and nearly 7,000 have been detained or arrested, and the military has started brutal campaigns in ethnic areas once more, dropping bombs on our forests and burning down our villages.

▼ Bengal tigers are among the rare, threatened wildlife protected by the Indigenous and local peoples in Myanmar.



Following Coup, Myanmar's Indigenous Vow to Protect Forests

*Our fight
is for the future
of our people,
our nation,
our forests,
our world.*

work that they have done protecting their lands from theft and destruction by military companies and their cronies. Recently, Kyaw Min Htut, a forest defender from Sagaing region was arrested and beaten, along with his family, because of his leading role in organizing his community and protecting surrounding natural resources.

Further, in Tanintharyi Region the offices of many environmental civil society groups have been raided and many environmental defenders have had to flee, hiding from arrest or murder at the hands of the junta. Defending forests and the environment in Myanmar in 2021 is a crime punishable by death.

Despite attacks by the military and decades of destructive development, we still have a lot of forest in our Indigenous territories in Myanmar. Without forests, we cannot survive, and without us, our forests cannot survive. We contribute a lot to climate change mitigation internationally, and our efforts to protect our

Under the military regime, we cannot protect our land, forest, and biodiversity – those who attempt to defend their territories will be detained, tortured, or killed – and we cannot protect ourselves. Environmental defenders have been targeted by the military for the

forests are clear. Attacks by the military on Indigenous peoples and environmental defenders means that the forests are at risk – and for this reason we want to say to the world “this coup doesn’t just affect our country, but the future of the globe.”

Since the coup, our divided nation has become united. We have united in revolution against the military who has stolen our futures from us. We stand together to change the path of history, and until the end of the world we will not give up our efforts. Over 400,000 workers have joined the civil disobedience movement – going on permanent strike, youth from across the country have joined the armed resistance, and ethnic armed groups are continuing the struggle to defend their territories – together we cannot and must not lose. Our fight is for the future of our people, our nation, our forests, our world.

While our struggle has disappeared from international headlines, we call upon international governments, global social movements, international Indigenous organizations and the international community to stand in solidarity with us and help us to raise our voice – the world depends upon it.

If we do not speak out, our futures will be lost, and our forests will be destroyed. Until the end of the world, we will not let it happen. 🌿

This commentary by Esther Wah was originally published by Mongabay on 27 September 2021. Mongabay.com





Credit: Teodomiro Rely Ortiz Mendoza

AN AMAZON BIOECONOMY

A Path Forward for Brazil

Attacks on indigenous territories by land grabbers in Brazil increased alarmingly in the summer of 2021. Land conflicts in general also reached a troubling level — 1,576 cases in 2020 — the most since the Pastoral Land Commission, an initiative of the Brazilian Catholic Church, began recording in 1985.

Land invasions too broke records, more than doubling in 2020, with indigenous lands representing 72% of reported cases. The resignation of Brazil’s Minister of Environment, Ricardo Salles, this year following allegations of illegal timber smuggling further highlights just how volatile and urgent things have become on the forest frontier of the Amazon.

As deforestation rates continue to soar in the Amazon, regional governments are under pressure to control forest loss *and* deliver economic growth. The problem is that right now growth relies on forest conversion for agriculture and livestock production. This puts immense pressure on the forest and the indigenous communities living in it.

As the frontline against forest loss, indigenous peoples are critical contributors to global goals for biodiversity protection and climate action. One-third of the Amazon’s carbon stocks are located in indigenous territories. Indigenous territories experienced 0.1% net carbon loss from 2003 to 2016 – the lowest rates anywhere in the Amazon.

The current development model in the Amazon is based on single-product economies, such as beef, soy, or palm oil. But alternative development trajectories are possible. As a prominent economic force and the world’s largest forest country, Brazil is strategically positioned to be a global leader in shaping and modeling a new way of doing business.

Traditional Amazon systems have been based on diversity, not monoculture, taking advantage of a multitude of crops and wild-harvested foods, drawing carefully on different forest types and cultivated areas, and keeping the overall landscape intact. The “Amazon Bioeconomy” we are proposing mimics traditional Amazon management systems, creating a diversity of supply chains based on the incredible natural wealth of the region.

Over two decades partnering with indigenous peoples has taught Forest Trends that long-term collaboration with indigenous communities is the best way to stabilize the forest frontier. Doing so both helps them defend their forests from illegal activities and strengthens sustainable forest economies of their choosing.



AN AMAZON BIOECONOMY

Forest-based Value Chain

We partner with indigenous communities in Brazil's Tupi Mosaic to develop economic enterprises that promote forest conservation. We're focusing on building sustainable value chains for four products: açai, cacao, artisan goods, and Brazil nuts.



Açaí

Indigenous açai production is a key product in the Amazon bioeconomy. The açai market has been growing, which has led us to seek several strategic commercial partnerships, including one with Agroindústria Dallan Açai, which it made its first purchase of indigenous açai in September 2021. The agreement included differentiated, higher values for fruit grown in the region, removing a longstanding barrier for indigenous producers, who have often had to rely on middlemen buyers who mark up prices in regional markets, cutting them out of profits.

Artisan Products

Indigenous handicraft production in the Tupi Mosaic is led by women. With our support, artisans have been working to expand their marketing opportunities and sales channels through Tecê-AGIR, a store created by the Association of Indigenous Women Warriors of Rondônia, whose mission is to curate and sell artisan work from all over the state. Our team also helped Tecê-AGIR promote training for store managers on online commerce so artisans had alternative ways to sell their products online to foreign markets during the COVID-19 pandemic and into the future.

ins

Brazil Nuts

We provide technical assistance to design, implement, and scale economic plans for Brazil nut production. One recent venture is COOPAITER, an indigenous economic initiative that's secured backing from NESST, a prominent social investment company. The 2021-2022 harvest starts in December and ends in March and is already expected to produce approximately 300 tons of natural Brazil nuts from the Tis Sete de Setembro and Zoró peoples and their partners.



Cacao

We have partnered with the chocolatier César De Mendes, enabling Paiter Suruí cacao farmers to benefit from a commercial relationship that respects their culture and way of life. César De Mendes will launch a new line of chocolate made from Paiter-produced cacao in late 2021. We also provide virtual and in-person training to communities on managing their lands to optimize cacao cultivation and post-harvest processing techniques, including cacao fermentation, drying, and storage.

- ▶ *Field visit to indigenous territories to assess potential restoration areas.*
- ▶ *Necklace made by the Cinta Larga People, Brazil. Modeled by Luciel Tupari.*
- ▶ *Soil is collected for laboratory analysis to determine its contents, health, and suitability for certain native species.*



Credito: Fabricação Sabané for Tocó, AGIR



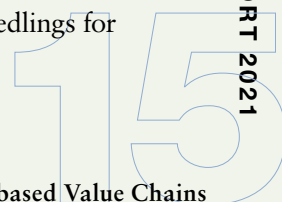
Credito: Fabricação Sabané for Tocó, AGIR

▶ *Earrings made by the Aikanã-Kwazá People, Brazil. Modeled by Marciely Ayap Tupari.*



Restoring Forests in the Amazon

Using agroforestry methods, we're working to plant one million trees in eight indigenous territories of the Tupi Mosaic in Brazil, together with the Arbor Day Foundation, Ecoporé, and Xingu Seed Network Association. This year, together with the Zoró and Paiter Suruí peoples, we've mapped planting sites, held virtual training workshops on planting methods, and cultivated over 300,000 native plant seedlings for planting in the coming months. 🌱





We Know What Indigenous and Local Communities Can Do for Forests.

Here's What Climate Finance Can Do for Them.

The Peoples Forests Partnership, announced November 7th at the United Nations climate summit (COP26) in Glasgow, aims to fix a fundamental flaw in carbon finance by directing significant private funding to forest communities to reward their efforts to successfully stop deforestation.

ON NOVEMBER 1ST, 2021, OVER 100 COUNTRIES signed a landmark agreement to end and reverse deforestation by 2030 and pledged \$19.2 billion to meet that goal. It's an ambitious pledge, but actually not a new one: in 2014, the New York Declaration on Forests got a similar commitment from many of the same leaders that pledged to halve deforestation by 2020 and stop it by 2030. It failed. Deforestation actually accelerated in the years that followed the declaration in New York.

What went wrong? Forests today are still worth more dead than alive, logged for their timber or cleared for other land uses. At the time of the New York Declaration on Forests, no substantive alternatives to the economic drivers of deforestation were offered, and so destruction won out.

Tropical deforestation and degradation are some of the biggest contributors to a looming climate catastrophe. If Earth loses its great natural carbon stores, we won't meet the Paris goals no matter what else we do. We need to solve this problem. And we cannot do it without our Indigenous and traditional community partners who manage as much as half of the world's land (though only having formal legal rights to about 10%) and more than one-fifth of forest carbon. Our collective failure to recognize and partner with these forest guardians will result in a monumental failure that accelerates the Sixth Mass Extinction and overshooting Paris goals for warming.



▲ Satellite image of the Paiter Suruí territory, the Sete de Setembro. Within the territory, forests are largely intact, compared to the surrounding lands.



▲ Peoples Forests Partnership members Beto Borges (Forest Trends, left) and Anna Lehmann (right, Wildlife Works) at COP26 Glasgow with Francisca Arara (center), President of the Regional Committee for Indigenous Peoples and Traditional Communities, Governors' Climate and Task Force (GCF) and Bill Winters (center), Chief Executive of Standard Chartered and previous co-head of JP Morgan Chase. November 2021.

Look at a map of the Amazon. You'll see dark green blocks of intact forests on Indigenous territories, surrounded by bare lands. The latter are owned by private entities and or are even protected areas where deforestation is nevertheless running rampant.

Indigenous and forest communities protect their lands despite accelerating pressures from illegally set fires to clear forests for agriculture, logging, mining, land grabbing, and other illegal activities. They frequently face violence — including death — when they resist. According to Global Witness, murders of activists defending the environment and land rights hit a record high last year: 227 environmental defenders were killed in 2020, one-third of which are Indigenous people.

These communities and their rights must be globally recognized if we want to avoid catastrophic harm to the environment and human health that will be impossible to reverse. The Peoples Forests Partnership aims to do that. Today less than 1% of international assistance for

forests targets indigenous peoples and local communities (IPLC), and even less — roughly \$46 million a year — reaches them directly. After three-plus decades working with communities in the Amazon and seeing firsthand how a lack of support and resources leaves them defending their forests on their own, the November 1 commitment from governments and philanthropists to drive \$1.7 billion in new funding to indigenous and traditional communities for forest conservation was incredible news for me.

But the fact is that climate financing is not set up to support these communities. Basic safeguards like free, prior, and informed consent (FPIC) and meaningful consultation too often exist only on paper. Mechanisms like REDD+ are incredibly bureaucratic and hard to navigate. There haven't been enough efforts to put credible benefits-sharing programs in place that are designed with IPLC participation and culturally appropriate. Sometimes IPLC are even arrested and removed from their lands. While there are solutions, these

“The root of the problem is this: whoever deforests the most, earns the most. And whoever preserves, sometimes they don't earn anything. This situation exposes the problems of climate funding. It is difficult for indigenous peoples to access these resources. Indigenous women receive even less. The world needs to know the work we do in the forests, for the climate, for the planet, and for the world.”

— Francisca Arara, President of the Regional Committee for Indigenous Peoples and Traditional Communities, Governors' Climate and Forests Task Force & former Political Advisor for the Association of the Movement of Indigenous Agroforestry Agents of the State of Acre, Brazil



▲ Peoples Forests Partnership panel at COP26 Glasgow, “Making Climate Finance Work for Indigenous Peoples and Local Communities: Securing Safeguards & Direct Climate Finance.” November 2021. Left to right: Beto Borges (moderator, Forest Trends), Harol Rincon (Organization of Indigenous Peoples of the Colombian Amazon), Veronica Inmunda (Confederation of Indigenous Nationalities of the Ecuadorian Amazon), Wrays Perez (Autonomous Territorial Government of Wampis Nation), Francisca Arara (Regional Committee for Indigenous Peoples and Traditional Communities of the Governors’ Climate Task Force), Nonette Royo (The Tenure Facility, Asia), Gustavo Sánchez (Commission of the Mesoamerican Alliance of Peoples Forests), Marina Mayer (Forest Trends, acting as a translator).

problems continue to contribute to fuel community mistrust of governments, international funders, and systems like REDD+.

The Peoples Forests Partnership, launched last month at COP26, was created to address these challenges. It is based on the need for a platform to mobilize funding for community-based, values-driven climate and conservation finance projects. We want to fill the need for financing guidance and governance criteria, so companies and other investors that *want* to do the right thing will know how to partner with IPLC on projects that align with communities’ rights to their territories, economic self-determination, and cultural traditions. This includes draft principles of engagement for partnerships with IPLC on forest conservation and restoration projects, authored by our partner Mateo Estrada of the Organization of Indigenous Peoples of the Colombian Amazon (OPIAC).

The Partnership includes members from Indigenous communities, the private sector, and the conservation community. Together, we represent

active projects in over a dozen Forest Nations in the Global South that represent more than two million hectares of tropical forests and market finance already benefiting a quarter million community members.

The Peoples Forests Partnership aims to support COP26’s no-deforestation by 2030 goal, and function as a private sector-focused counterpart to government and donor commitments to mobilize finance to IPLC. Our goal is to secure commitments for \$20 billion per year by 2030. Our members have financing already in place for a portfolio of 20 community-based forest conservation projects that will generate \$2 billion in private investment and 20 million tonnes per year of Verified Emission Reductions.

We know that voluntary climate commitments are a powerful tool for partnering with forest communities to stop and reverse forest loss and protect biodiversity while supporting their cultures. Designed well, carbon finance can work. The choice is not between carbon markets and Indigenous

rights. The former can support the latter. I have seen this firsthand. More than a decade ago, Forest Trends partnered with the Suruí Indigenous Peoples in Brazil on the Suruí Forest Carbon Project, the first Indigenous-led conservation project financed through the sale of carbon offsets. While the project was operating, it dramatically reduced deforestation within the territory during its first five years (2009-2014). It also generated revenue for sustainable community development initiatives that provided local income and supported traditional practices, such as the harvesting of medicinal plants, the creation of artisanal handicrafts, and other activities that enabled the Suruí to live off the land while maintaining the forest.

A key lesson is that new finance for climate mitigation needs to be accompanied by support for governance: indigenous peoples need resources and capacity to manage and defend their territories. The Suruí Forest Carbon Project had to deal with illegal intrusions onto the Suruí territory for logging,



▲ Nonette Royo, *The Tenure Facility, Asia*. Panelist at Peoples Forests Partnership's first public talk, "Making Climate Finance Work for Indigenous Peoples and Local Communities: Securing Safeguards & Direct Climate Finance." COP26, November 2021.

alluvial mining, and cattle grazing. It underscored for me how a lack of law enforcement and criminality can undermine good projects. These problems can only be overcome through investments in governance. On indigenous and traditional lands, this certainly includes securing tenure rights, but investments in governance are also needed to support political advocacy and engagement, pursuing economic development that aligns with their values, and safeguarding their cultures.

Tenure rights can be thought of as a title that shows you own a boat. These other elements of governance (political, economic, cultural) are the wind in your sails that gets you where you need to go. Forest Trends has been working for the past 20 years partnering with communities to build capacity for strong territorial governance, and we will bring this experience and knowledge to the Partnership's work.

The Partnership is a big tent: we welcome and encourage Indigenous Peoples, traditional owners, and local communities, corporates, NGOs, climate financiers, forest

"[We] have decided to coordinate with the Peoples Forests Partnership in their work to drive resources directly to indigenous management, so that [indigenous peoples] can improve their quality of life, improve their economy, improve their health, improve their vocation, so that women can participate, and so young people can have a better future."

— Mateo Estrada, Organization of Indigenous Peoples of the Colombian Amazon (OPIAC), lead author of the Peoples Forests Partnership's consultation document, *Working with Indigenous Peoples, Traditional Owners, and Local Communities on Climate & Conservation Finance Projects*

governments, donors, members of the public, and all willing stakeholders to join us in this effort.

We have launched a public consultation period on our membership criteria and operating principles for stakeholders and invite interested parties to help us refine and improve these documents. We also actively seek additional voluntary commitments

and action from private-sector entities and other actors who share our vision.

The fate of humanity rests on our ability to succeed in being better partners for our planet's forest guardians. In doing so, not only will future generations recognize us for being good stewards of the land, they will recognize us for being good stewards of one another. 🌱

Article originally published on Nature4Climate, November 2021. <https://nature4climate.org>

For more information on the Peoples Forests Partnership, visit www.peoplesforestspartnership.org

▼ Attendees of Peoples Forests Partnership evening launch event in Glasgow. Festivities included dinner, cocktails, and special live performances by indigenous artists DJ Eric Marky Terena and Daniela Procopio & Trio. November 2021.



Making Strides for Women Leaders in Water



IN OUR WORK ON WATER SECURITY IN PERU, we see gender equity as an essential part of the mission. Women bear primary responsibility for providing drinking water to their families and often for maintaining water sources on the landscape. But they're a deeply unrecognized and underutilized source of knowledge and leadership when it comes to being included in decision-making about water. That's why we are working to close gender gaps in Peru's water sector and create new opportunities for women to lead on water security. Here's what we've accomplished this year:

With support from Forest Trends and our partners, Peru's national drinking water regulator (SUNASS), approved the first Gender Equality Policy in the Peruvian water sector.

In 2021, SUNASS became the third Peruvian institution to approve an Institutional Gender Equality Policy, which contains specific commitments to prevent sexual harassment, prioritize training and development for women, and promote equal pay. It also emphasizes the inclusion of a gender approach in the design and implementation of hydrological payment for ecosystem services programs by drinking water utilities.

▲ *Community matriarchs gather to discuss how to address dwindling water supply in their local river.*





Credit: Luis Enrique Valle, f110

“The Leadership Program has been very enriching. The transfer of knowledge has been very important, and the most valuable thing has been developing proposals to reduce gaps in each of the areas we work in. While it has not been easy to take the course in the context of a pandemic — splitting our time between responsibilities for work, home, and our children, and adapting to the use of technology – we did it with great enthusiasm.”

— Lorena Lisboa, Technical Secretary of the Chira Piura Watershed Resource Council

We’re organizing women to take action against climate change.

Through our *Natural Infrastructure for Water Security* project, we supported the Ministry of Environment of Peru in establishing a National Committee for Women and Climate Change to integrate gender equality in the development of climate policies in Peru. This commission has wide representation, including 36 women’s organizations from the coast, the Andes, and the Amazon. We also worked with the Ministry of Environment to ensure a representative from women’s organizations was included as part of the National Commission for Climate Change.

We’ve launched an innovative Womens' Leadership Program for Water Management.

We’re strengthening the technical, political, and leadership capacities of 72 women who are in key positions in local and regional governments, civil servants of public entities, and young academics involved in water resource management. Our leadership program is endorsed by the Ministry of Women and Vulnerable Populations. 🌱

▼ Traveling to Coropuna. Water scarcity drives many women to walk great distances to collect water.




Credit: Renny Daniél Díaz Aguilera

▼ Community members in La Perla with maps of proposed reforestation sites to help restabilize hillsides and restore native plant species that help the landscape retain and filter water before it flows downstream for community use.



IMPACT REPORT 2021

Credit: Carlos Palacios Núñez



How can we stop the runaway train that is deforestation

THE DANCE BETWEEN REGULATION AND VOLUNTARY CHANGES

SCIENTISTS RELEASED NEW RESEARCH THIS SUMMER SHOWING THAT DEFORESTATION in Brazil is widespread enough to be *actually changing rainfall patterns*. The rainy season is beginning eleven days later, on average, than it did three decades ago. This does not have good implications for Brazil's agriculture-dependent economy. In neighboring Paraguay, the Paraná River hit its lowest levels in almost eight decades. This left Paraguay in dire straits. As a landlocked country, it depends on river transport to move 96% of its imports and exports.

The disturbing news out of Brazil and Paraguay came a few months after we released a major study showing that at least 95% of the tropical forest loss driven by agriculture that happened between 2013 and 2019 in Brazil was actually *illegal*. What do we mean by illegal? Forests were cut down in protected areas, bribes were paid (or taxes *not* paid), illegal fires were set, or people living there were attacked or forcibly removed from their lands. We put out this study because whether or not deforestation is legal is not an academic point: illicit forest clearing requires a different set of strategies to stop than deforestation taking place above-the-board. It is also not a victimless crime.

What power does the rest of the world have to stop the runaway train that is deforestation? As consumers, we can try to avoid buying products linked to deforestation

that make us all complicit in the loss of tropical forests. But it's not easy to trace the palm oil or soy in your box of cereal back to a particular patch of destroyed forest halfway around the world. (To learn which companies are taking steps to purge deforestation from their supply chains, visit our Supply Change platform at supply-change.org.) Meanwhile, companies trying to do the right thing have to compete with companies that are not.

“Sustainable and legal producers face stiff competition from the cheaper illegal and unsustainable products that are flooding global markets...There are just too many heel-draggers, many of whom are not highly exposed to public pressure to change,” as US Senator Brian Schatz and Michael Jenkins, CEO and Founding President of Forest Trends, pointed out to the World Economic Forum during its annual meeting last year.



CORPORATE SUSTAINABILITY

This is where regulation can come in. In October 2021, US Senator Brian Schatz (D-HI) and Representatives Earl Blumenauer (D-OR) and Brian Fitzpatrick (R-PA) introduced the *Fostering Overseas Rule of Law and Environmentally Sound Trade* (FOREST) Act to Congress. This bipartisan bill would keep agricultural commodities produced on illegal deforested land out of the US market. We already have similar laws in place for illegally trafficked timber and wildlife here in the US; the FOREST Act would cover products including palm oil, soy, beef, and cocoa. Similar efforts are under way in the European Union and United Kingdom.

Regulation like this sets a minimum standard, while leaders in the private sector then voluntarily raise the bar and innovate new approaches. Through this dance between voluntary and regulatory action, we squeeze out bad actors and shift the overall market toward sustainability. This is a story we've seen before, with illegal timber, with conflict minerals, and with illegally harvested seafood.

Twenty years ago, Forest Trends was focused on stopping the trade in illegal timber. Evidence shows that the timber import legislation we've influenced is helping

“I think most U.S. consumers would strongly agree that it’s immoral, outdated, and preposterous that products sold on supermarket shelves can be traced back to illegally deforested land. [Forest Trends’ report] offers more evidence as to why we need to crack down on illegal deforestation from commercial agriculture.”

— US Representative Earl Blumenauer

keep illegally harvested wood off the market in the EU and the US and has sparked similar policy reforms in other countries including in Japan, Australia, and the Republic of Korea. We advise policymakers around the world on crafting and enforcing effective policy and regulation to stamp out illegal trade in timber and other forest commodities.

Meanwhile, we work to encourage private leaders to keep moving the bar higher through our Supply Change initiative, which increases transparency around company commitments to ending deforestation. And on the ground, we support a portfolio of proven “integrity mechanisms” so that citizens in forest countries can hold authorities accountable for corruption and make illegal business models just plain bad business. And so the dance goes on. 🌱

If illegal deforestation for agriculture were a country, it would be the third largest in the world after China and the US by fossil fuel emissions.

A Necessary Investment from All of Us

The next ten years will be critical in combating global climate change and biodiversity loss.

It will require a serious investment of resources to continuously advance innovative work in finance for conservation—promoting healthy forests, sustainable agriculture, clean water, robust climate action, protected biodiversity, and strong communities.

Forest Trends is committed to meeting this call to action, which is why your support is so vital. Our pioneering conservation solutions can have long-term positive effect on the world we share. With your support, we can advance our work conducting timely research, publishing analysis, bringing together diverse actors, and applying innovative approaches to make a real difference on the ground—often blazing trails for bold and far-reaching policies in the process.

Please take a moment to join us in this critical work and make your tax-deductible gift today by visiting forest-trends.org/support-us/ or returning the enclosed reply form.



Introducing THE EVERGREEN SOCIETY

BUILDING A LEGACY OF HEALTHY ECOSYSTEMS, sustainable agriculture, clean water, robust science, and strong communities requires sustained commitment to this crucial effort.

We need supporters who are “evergreen,” too. The Evergreen Society is our leadership circle of annual donors who are in it for the long haul. They make a remarkable commitment to our ongoing work and shared mission of a healthy and resilient planet.

Today, we are extending this invitation to join the Forest Trends Major Gift Club as a charter member. **Your tax-deductible contribution of \$1,000, \$5,000, \$10,000, or most generously, \$25,000, will establish your charter membership in the Forest Trends Evergreen Society.**

To accept our invitation, simply use the enclosed envelope to send a check, or visit www.forest-trends.org/evergreen-society to make your generous gift online today.

In thanks, we offer our Evergreen Society members a number of special benefits:

- Membership in a leading group of donors who have made a meaningful personal commitment to our ongoing programs and legacy of an “evergreen” planet.
- Special Society travel opportunities with our team and conservation leaders on once-in-a-lifetime trips to the field, such as a Rainforest to Table sustainable gastronomy tour of the Peruvian Amazon.
- Special invitations and content, including access to events like movie screenings, briefings, and early previews of our publications and other content tailored to your interests.
- Opportunities to advise Forest Trends’ strategic direction through Evergreen Society thought leadership events and roundtables.
- Charter Membership welcome gifts, including gourmet rainforest foods and other unique items developed with our Cumari Rainforest to Table business partners. 🌿



OUR IMPACT

Communities

APRIL 2021 We kick off field work and trainings in eight indigenous territories in Brazil that had earlier been delayed by COVID-19. The goal of this work, supported by Arbor Day Foundation, and carried out under strict safety protocols, is to plant one million trees in the Tupi Mosaic using agroforestry systems that will support sustainable livelihoods, food security, and biodiversity. Communities who are interested receive technical support and training on agroforestry methods, as well as the native plant seeds and seedlings they need to get started.

AUGUST 2021 We wrap up the three latest sessions of an intensive training program for indigenous leaders in the Amazon on territorial governance, which covers issues like political advocacy and economic development planning.

SUMMER 2021 We offer more than 20 workshops for indigenous communities on topics, including network building and cultural exchanges with other communities, business and resource use planning, and agroforestry production.

OCTOBER 2021 We secure the first investment to incubate a new Territorial Governance Facility. Restructuring our current work supporting indigenous and local communities as a multistakeholder financing facility will allow us to achieve far larger impact.

NOVEMBER 2021 With a coalition of indigenous peoples, companies, investors, and conservation NGOs, we launch the Peoples Forests Partnership with the goal of closing the gap in climate finance flowing directly to forest communities. Our goal is to mobilize \$20 billion in project finance by 2030. 🌱



Naturaleza que Cuida

AWARD-WINNING PHOTOGRAPHY

Naturaleza que Cuida: Award-winning Photography

IMPACT REPORT 2021
Credit: Víctor Neper Contreras Barales

Our *Natural Infrastructure for Water Security* project in Peru sponsored a national photography contest for professional and amateur photographers on the theme “*Naturaleza que cuida*,” which translates roughly to “Nature that cares.” The subject was chosen to capture the central role nature plays — when managed well — in protecting us from natural disasters, its value to traditional cultures and human wellbeing, and our dependence upon the Earth for life-sustaining processes such as providing clean, safe water. The work is scattered throughout this report, but here are a few favorite selections. 🌿

Page 27: *Inkwasina* woman spinning wool she has hand dyed using natural plant pigments.

- ▶ *These potatoes are grown in rotation with beans, corn, and other native species to help prevent biodiversity loss, support food security, and preserve Incan cultural practices.*
- ▼ *Infiltration canal maintenance helps ensure cleaner water at the times of year communities most need it and slows the flow of water during rainy season.*





Credit: Eliana Lorenz Sangay Tucto



▼ Teófila lives in the highlands of Huaraz, Peru, where every day, she goes out onto the land to check her cattle. She is 64 years old.



Credit: Frank Egoavil Gramados

Credit: Denis Justo Mayhua Coacuirra



Credit: Miguel Yovera Nole



▲ A portrait of Esperanza Coaquira

“We do not have much water, and the queñua gives us water for our consumption and for the crops. That is why we are carrying out a reforestation of queñuales; due to ignorance we have degraded our own forest.”

—Esperanza Coaquira

◀ Wildfire burn scar near the community of Tambomachay in Cusco.



▲ Women throughout the Mantaro Valley, Peru have a leading role in caring for their livestock, which are each baptized with their own name in appreciation of the services they provide people and to strive for balance with nature.

▼ People and water sources are not the only victims of wildfire – wildlife of all kinds, like the vicuñas pictured, are also threatened by more frequent, larger fires that are increasing with climate change.





Credit: Yolanda Fatima Yarango Alcocer



Credit: Luis Enrique Valle Effio



Credit: Cesar Macedo Von Banceles

Boys playing in the river, Belén, Peru.

OUR IMPACT

Water

MARCH 2021 Ground is broken in Carampoma, Peru for the first nature-based solutions project funded by SEDAPAL, Lima's water utility. The project will begin to protect and restore the Milloc micro-watershed, which has been degraded by the illegal extraction of peat. The investment totals around 850,000 USD, of which one-third will go towards generating local jobs.

MARCH 2021 We provide technical and logistical support to the Organization for Economic Cooperation and Development (OECD), in partnership with the Peruvian Society for Environmental Law, as it published its final report on Water Governance in Peru, culminating a two-year process of the Policy Dialogues on Water Governance process led by the Ministry of Environment (MINAM). We also influence the OECD's recommendations on the strategic role of natural infrastructure for water governance and promotion of significant innovations in public investment in water risk management.

MAY 2021 With our support, Peru's national water utility regulator (SUNASS), approves the first Gender Equality Policy in the Peruvian water sector. SUNASS is now the third Peruvian

“Few times have three national ministers come together to start a project promoted by SEDAPAL that will generate 12,000 jobs. What we are doing is paying the communities that live in this upper watershed to harvest water, in order to sustain the lives of those of us who live in the capital.”

—Francisco Dumler, Chairman of the Board of SEDAPAL,
Lima's water utility

institution to approve an Institutional Gender Equality Policy, which contains specific commitments to prevent sexual harassment, prioritize training and development for women, and promote equal pay.

JULY 2021 The new book *Nature-based Solutions and Water Security: An Action Agenda for the 21st Century* is published by Elsevier. Water Initiative Director, Jan Cassin, is co-editor with colleagues from ICATALIST and the Alliance for Global Water Adaptation. She and other members of our Water Initiative team co-author nine chapters covering topics such as, institutional change in Peru's water sector, Indigenous Peoples and Local Community technologies, climate change and adaptation, and source water protection in North and Latin America. This comprehensive new book is a synthesis by global experts on nature-based solutions, providing a practical reference on the current state of science, policy, and practice.

AUGUST 2021 We publish an article in the prestigious academic journal, *Integrated Environmental Assessment and Management*. "Producing valuable information from hydrologic models of nature-based solutions for water." Building a strong

evidence base for natural infrastructure is an important part of our strategy to mainstream these solutions.

SEPTEMBER 2021 "Progress in understanding the hydrology of high-elevation Andean grasslands under changing land use" is accepted into the prestigious academic journal *Science of the Total Environment*, further building the credible knowledge base for natural infrastructure solutions.

SEPTEMBER 2021 Over 2,800 professionals, 41% of which are women, are trained to date to develop, evaluate, and communicate investments in natural infrastructure for water security. Our new Massive Open Online Course, developed with Peru's National Public Administration School and SUNASS, was so popular it was extended and will soon be offered regionally.

OCTOBER 2021 The project portfolio developed by Forest Trends and its many public, private, local, and civil society partners in Peru is valued at more than \$275 million. \$195 million in new natural infrastructure project design approvals are secured in 2021 alone. Projects cover 147 communities, 20 watersheds, and 14 regions of Peru. 🌱



Peru's Journey TOWARDS WATER SECURITY



Credit: Jesús Jhovany Mamani Velásquez

OVER THE LAST DECADE, PERU HAS GARNERED international attention for leading a paradigm shift to incorporate natural infrastructure as a central solution to water risks. Beginning in 2013, a series of groundbreaking laws and regulatory reforms allowed water utilities to spend their funds — for the first time ever — on the landscapes where water originates: what we call Peru’s “natural infrastructure.” These advances laid the groundwork for a US\$130 million public funding mechanism in 2015 to drive investments in natural infrastructure for water security and climate resilience. In 2018, USAID and the Government of Canada made a major \$27.5 million commitment to the *Natural Infrastructure for Water Security* (NIWS) project in Peru to build on these efforts, led by Forest Trends, together with Condesan, SPDA, EcoDecision, and Imperial College London.

It’s one thing to pass a law or award a grant to transform a country’s water sector. But it’s another thing to *actually* transform a country’s water sector. Since 2017, Forest Trends has led the multi-partner NIWS project in Peru. The project’s goals are to build the necessary coalitions, scientific evidence, technical capacity, and a portfolio of investment-ready projects to truly revolutionize the way Peru manages its incredible resources. Here’s an update on our work in 2021.

We’ve developed a portfolio of natural infrastructure investments valued at more than US\$275 million — ten times the initial funding for the NIWS project.

Through technical and financial assistance, capacity building, tool development, and strategic support to key institutions, Forest Trends and our partners have developed a project portfolio at the scale needed for natural water infrastructure in Peru. We take a demand-driven approach, working with regional governments, water utilities, the national “Build Back Better” (*Reconstrucción con Cambios*), and the private sector to design

Peru's Portfolio

50+
Projects to safeguard water supplies and prevent erosion and landslides using nature-based solutions

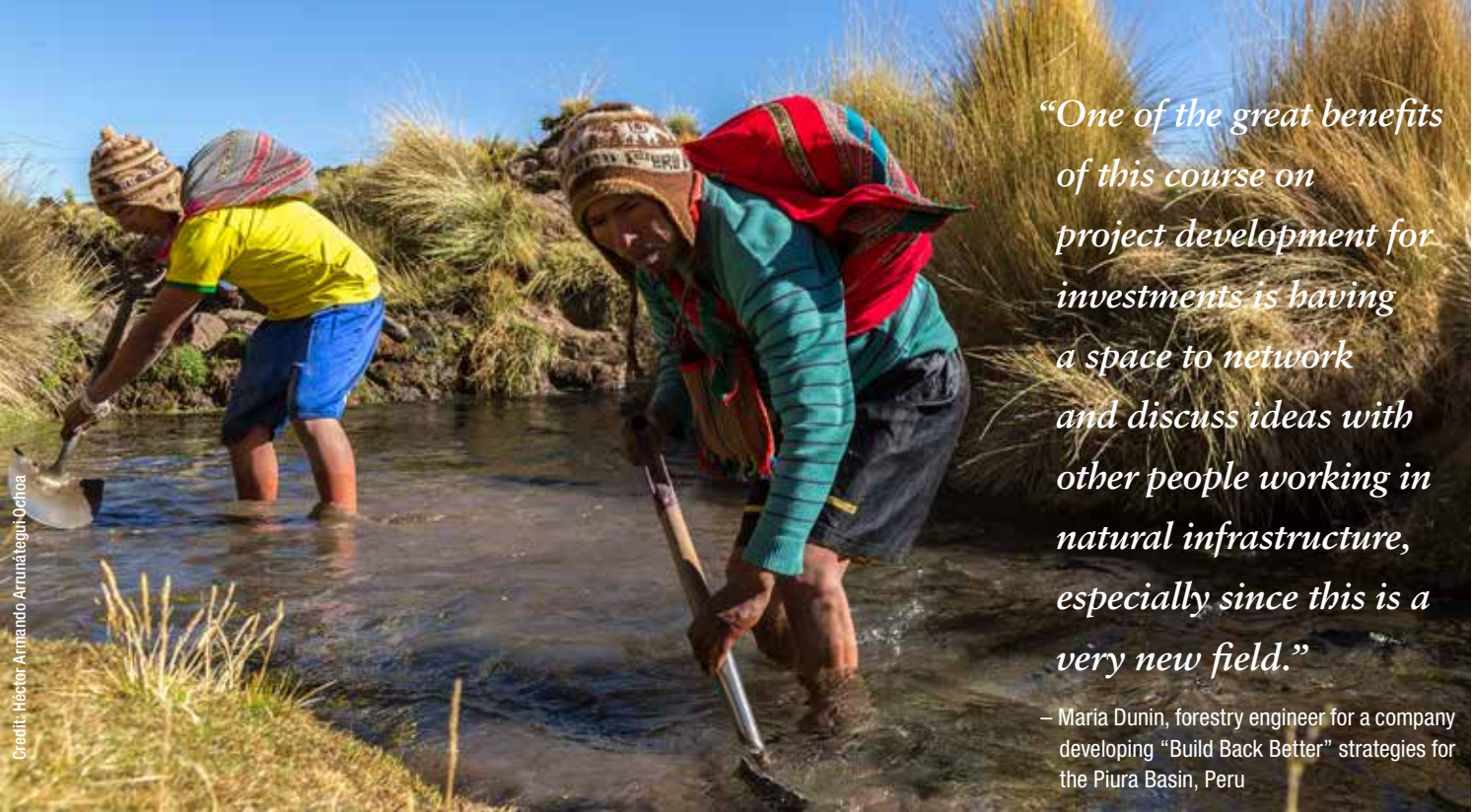
\$200 million+
New natural infrastructure investment project designs or plans approved

\$3.5 million
In investments ready for or already undergoing implementation

solutions to their priority water and climate risks.

The value of this portfolio is 27 times the value of viable investments in Peru that existed when we began in 2017.

We’ve generated new tools, knowledge, and capacities needed to design, justify, and sustain effective investments in natural infrastructure for water security.



“One of the great benefits of this course on project development for investments is having a space to network and discuss ideas with other people working in natural infrastructure, especially since this is a very new field.”

– Maria Dunin, forestry engineer for a company developing “Build Back Better” strategies for the Piura Basin, Peru

▲ Infiltration canal maintenance helps ensure cleaner, more plentiful water at the times of year communities most need it and slows the flow of water during rainy season.

For investments in natural infrastructure to contribute substantially to water security, it’s not only about *quantity* but also about *quality*: investments must also be designed and managed to be effective, sustainable, and equitable – especially with regards to gender (see page 20 for more on how we’re promoting gender equity through our water work in Peru). At the beginning of the NIWS project, there was a lack of capacity to design and deploy natural infrastructure projects that met these criteria.

Now project developers, decision-makers, and stakeholders have new tools, information, and capacities that enable them to make better decisions on natural infrastructure to take investments further and better protect and sustain communities.

One of the more slow-moving, but essential, efforts we have championed is to advance a common vision for natural infrastructure across the many

government bodies, industries, community institutions, and other groups that manage water resources in Peru. In practice, different sectors have worked in isolation, which has inhibited opportunities for cross-sector collaboration, leading to obstacles, delays, gaps, and duplicated projects. After a multi-year (and often behind-the-scenes) process, we have been able to draw

political and public awareness to the most pressing needs and build a preliminary multi-sector roadmap for natural infrastructure and water governance. We have also made progress on specific cultural and institutional changes, which are already improving the path for those who come after us. We are *haciendo el camino*: charting the path together. 🌱

▼ The town of Garbanzal, Peru deals with frequent floods from the Tumbes River, which limits its growth and threatens livelihoods and lives.





Going Low-Carbon

The world needs to cut emissions in half by 2030 and be fully carbon neutral by 2050. Wondering what you can do as an individual about your own carbon footprint? Forest Trends experts answer some common questions, including how to calculate your footprint and whether carbon offsets can help you shrink it.

How do I calculate my carbon footprint?

There are a lot of online tools that can help you calculate your greenhouse gas emissions. All are pretty self-explanatory and most use the same formulas to estimate your footprint. Some Forest Trends staff members use CarbonFootprint.com. We also like the EPA Carbon Footprint Calculator (epa.gov/carbon-footprint-calculator) if you live in the US. You'll enter basic information about your household energy usage, consumption, transportation, and waste. It'll probably take about twenty minutes. If you want to go further, you can even check the green bona fides of your investment portfolio through new tools like Sugi.earth.

Once you know your footprint, you can investigate the best ways to shrink it. Many tools, including the EPA Carbon Footprint Calculator, will let you see how small steps (like washing laundry in cold water) or larger adjustments (like driving a different car) reduce your footprint.

If you're trying to reduce the carbon footprint of your company or organization, it can be a little more complicated. We suggest starting with the Science Based Targets Initiative (sciencebasedtargets.org) to learn how to set targets that are in line with a 1.5-degree Celsius pathway, which is also the goal of the international Paris Agreement on climate change.

Once you've done everything you can to directly reduce your emissions, you can look into offsets for emissions that you have less control over (for example, air travel required for your job).

Where do I buy carbon offsets? How much do they cost?

There are plenty of places to buy carbon offsets. We don't recommend any one in particular and you might find it interesting to shop around to see what kinds of projects are out there that you'd like to support. Just make sure that offsets are verified by a reputable

standard. Some of the leading standards include Verra, the Gold Standard, Climate Action Reserve, American Carbon Registry, and Plan Vivo.

You can expect to pay anywhere in the range of \$3-25 per tonne of carbon dioxide (or carbon dioxide equivalent), depending on the kind of project you support. Generally renewable energy offsets are cheaper, while projects that deliver multiple benefits beyond carbon (such as job creation, biodiversity protection, or benefits to women) cost a little more. Offsets from projects in developed countries are usually more expensive than those in developing countries.

Here are a few offset providers that Forest Trends staff have purchased from in the past. Calculators like CarbonFootprint.com also often suggest some options.

- **Cool Effect** (cooleffect.org) focuses on projects that reduce emissions by helping farmers recycle their methane (turning “poo into power” as one project description puts it) or switch to clean-burning stoves (which can have major health and labor-saving benefits for women in particular). All projects are certified to the highest standards and 90% of your money goes to the project developers. The group provides detailed project descriptions and monthly updates on project developments.
- **Stand for Trees** (standfortrees.org) aggregates offsets from multiple projects around the world that reduce emissions by protecting forests from destruction and degradation. You can support efforts to protect critical bonobo and forest elephant habitat in Mai Ndombe province in the Democratic Republic of Congo, indigenous-led community forest management in Nii Kaniti, Peru, and more. All projects hold special certifications for protecting ecosystems and wildlife, reducing poverty, and creating sustainable livelihoods.
- **Wildlife Works** (wildlifeworks.com) specializes in forest projects that protect wildlife and create regenerative economic development pathways for and by rural communities. Their conservation strategy is heavily focused on job creation, to create viable alternatives for people that have previously had to destroy their environment just to survive. All projects are certified to the highest standards and meet multiple Sustainable Development Goals.

How can I be sure that offsets are really delivering on their promised benefits?

This is why it’s important to make sure you’re only buying from projects verified by reputable third-party standards. Standards organizations make sure that emission reductions are real and “additional” – meaning they would not have been achieved without carbon finance. They require projects to go through a series of steps to demonstrate expected emissions impacts, consult with communities if needed, identify risks, and prove that they’re operating as planned in the long term. Auditors require extensive documentation and site visits. Critically, up to 20% of a project’s offsets go into a buffer pool. These work like an insurance fund: even a disaster occurs (such as a wildfire) or a project runs into trouble, buyers are assured of the environmental integrity of their purchase. Finally, offset project registries assign a serial number to each offset so it can’t be resold to multiple buyers.

Still, it’s important to note that this is not a regulated market, but a voluntary certification, similar to Forest Stewardship Council (FSC) or Fair Trade certification. As demand for carbon offsets grows, it’s crucial to hold the market to a very high bar. Forest Trends has been active in efforts to push for high quality and transparency in voluntary carbon markets through our participation in initiatives like the Voluntary Carbon Markets Integrity Initiative and the Taskforce for Scaling Voluntary Carbon Markets’ governance body.

Can’t people or companies just buy offsets instead of reducing their emissions?

Emphatically, they should not. There is no path to a sustainable future that does not involve *first* cutting and/or limiting greenhouse gas emissions directly as much as possible. Offsets should only come into the picture after those options have been exhausted. The Science Based Targets Initiative, for example, requires that companies directly cut their emissions 90-95% by 2050 and only use offsets to neutralize the remaining 5-10%.

Here at Forest Trends, we think that offsets, responsibly used, have a role to play in the climate solutions portfolio. We know we need to cut global emissions *now* to reach the 2030 goal of a 50% drawdown in emissions. But decarbonizing your life or your business can take time. Offsets can help people or companies get



Credit: Wildlife Works

▲ Wildlife Works rangers removing a poacher's snare, Kasigau carbon project, Kenya.

to carbon-neutral quickly, while they are putting into place the longer-term solutions that may be expensive or complicated (such as switching to renewable energy or making your next vehicle an electric one).

The airline industry is a good example. Airlines plan to purchase offsets heavily in the near term to bring down net emissions in the sector to meet its Paris Agreement-aligned targets. But by the middle of this century, airlines plan to meet roughly 80% of their decarbonization targets through zero-carbon fuels and new technologies like electrification. A mix of offsets, and possibly carbon capture, will then bring emissions down to net zero, but they'll be a much smaller piece of the puzzle.

Offsets also provide an economic signal that can get us to a zero-carbon future faster. As offset prices rise, companies and people will have additional incentives to cut emissions directly – and thus buy fewer offsets. Our data show that corporate offset buyers are nearly five times more likely to also use an internal price on carbon within their company, compared to companies that don't purchase any offsets. With an internal carbon price, a company charges itself for every tonne of carbon it produces and can use that income to buy offsets to achieve carbon neutrality. The idea is that incorporating carbon into the company's bottom line will focus attention on emissions and accelerate reductions.

Offsetting is also a growing source of green finance worldwide, especially for smaller community projects. Carbon offset sales generated more than \$1 billion in 2021 for sustainable agriculture, forestry, efficiency and fuel switching projects, and a variety of other ventures. So when you buy an offset, you help to fund green initiatives that wouldn't have happened otherwise. 🌱

By The Numbers

\$1.0 billion

Value of voluntary carbon offsets transacted in 2021

298+ million tonnes

Volume of greenhouse gas emissions avoided or removed from the atmosphere in 2021 represented by offset transactions – equal to taking 75 coal power plants offline for a year

+54%

Offsets issued (a measure of supply) in 2021, compared to 2020

+72%

Offsets retired (a measure of demand) in 2021, compared to 2020

61%

Share of offsets transacted in 2021 generated by forestry and sustainable land use projects

38%

Share of offsets transacted in 2021 generated by renewable energy projects

5X

Greater likelihood that companies purchasing offsets also set an internal price on carbon, compared to companies who don't purchase offsets, according to Forest Trends analysis

OUR IMPACT

Forests

FEBRUARY 2021 Our Supply Change platform adds cocoa to the list of corporate zero-deforestation pledges it tracks, joining palm, soy, cattle, and timber/pulp. Cocoa is a major driver of deforestation, especially in West Africa — and given its importance as an export crop, it's a commodity where companies and consumers have a lot of leverage to demand sustainable production. Our cocoa data informs industry guidance on sourcing cocoa responsibly through organizations like the Accountability Framework.

APRIL 2021 Building on successful partnerships with the timber industry in Vietnam, we begin to forge new connections to and between rubber industry groups in China, Cambodia, and Laos to help support more sustainable rubber sourcing and trade that also supports local livelihoods. Rubber is a significant driver of forest loss in Southeast Asia.

MAY 2021 We publish new data showing that an area of tropical forest the size of Denmark is illegally cleared every year for commercial crops exported worldwide, throwing light on the pervasive problem of illegal deforestation. Our findings are cited in proposed legislation in the US Congress, USAID's new draft climate strategy, and major news outlets.

OCTOBER 2021 Together with a coalition of conservation and business groups, we help to shape a new bipartisan bill to keep agricultural commodities produced on illegal deforested land out of US markets, the Fostering Overseas Rule of Law and Environmentally Sound Trade (FOREST) Act, introduced in the Senate by Brian Schatz (D-HI) and in the House by Representatives Earl Blumenauer (D-OR) and Brian Fitzpatrick (R-PA).

THROUGHOUT THE YEAR We advise the UK Department for Environment, Food, and Rural Affairs on new regulatory and enforcement measures aimed at blocking imports of commodities produced on illegally deforested lands into the United Kingdom. 🌱





Credit: Nadia Cruz Porras

Thank You to Our Partners

FOR MORE THAN TWO DECADES, WE'VE BEEN CONVENING diverse coalitions, partners, and communities of practice that have shaped the way forests and other ecosystems are managed across the world. Partnership takes work, but we wouldn't have it any other way. We'd like to thank the following organizations who have joined us in our work in the last three years. They are absolutely crucial to the impacts we've highlighted in this report.

AGRICULTURE

CDP
Ceres
Center for International Forestry Research (CIFOR)
Climate Bonds Initiative
Agriculture Working Group
Climate Focus
Consumer Goods Forum
Earth Innovation Institute
Good Growth Partnership
Global Environment Facility
Innovation Forum
ISEAL Alliance
International Finance Corporation, a member of the World Bank Group
Lafayette College
LandScale (LS)
Lestari Capital

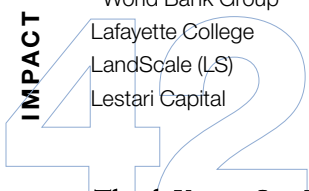
Meridian Institute
Nature4Climate
New York Declaration on Forests (NYDF) Progress Assessment
Rainforest Alliance
Raven Bay
The Accountability Framework Initiative
Tropical Forest Alliance
United Nations Development Programme (UNDP)
United Nations Environment Programme – Finance Initiative (UNEP–FI)
WWF – US

CLIMATE

3Degrees
American Carbon Registry
Arbor Day Foundation

Boifilica Ambipar Environment
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Green Climate Fund
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International Civil Aviation Organization (ICAO)
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IUCN – International Union for Conservation of Nature
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Total Nature Based Solutions s.a.s.
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The World Bank Group
Tundi Agardy
UN Environment Programme (UNEP)
US Department of Agriculture, Office of Environmental Markets
Verra
Vertis Environmental Finance
Voluntary Carbon Markets Global Dialogue
Yale University



COMMUNITIES

Amazon Conservation Team (ECAM) – Brazil
Arbor Day Foundation
Association of Indigenous Women Warriors of Rondônia (AGIR)
Autonomous Territorial Government of the Wampís Nation (GTNAW)
Brazilian Agricultural Research Corporation (EMBRAPA)
Canopy Bridge
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INVESTMENTS

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The Architecture for REDD+
Transactions (ART)
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Programme (UN-REDD)
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WATER

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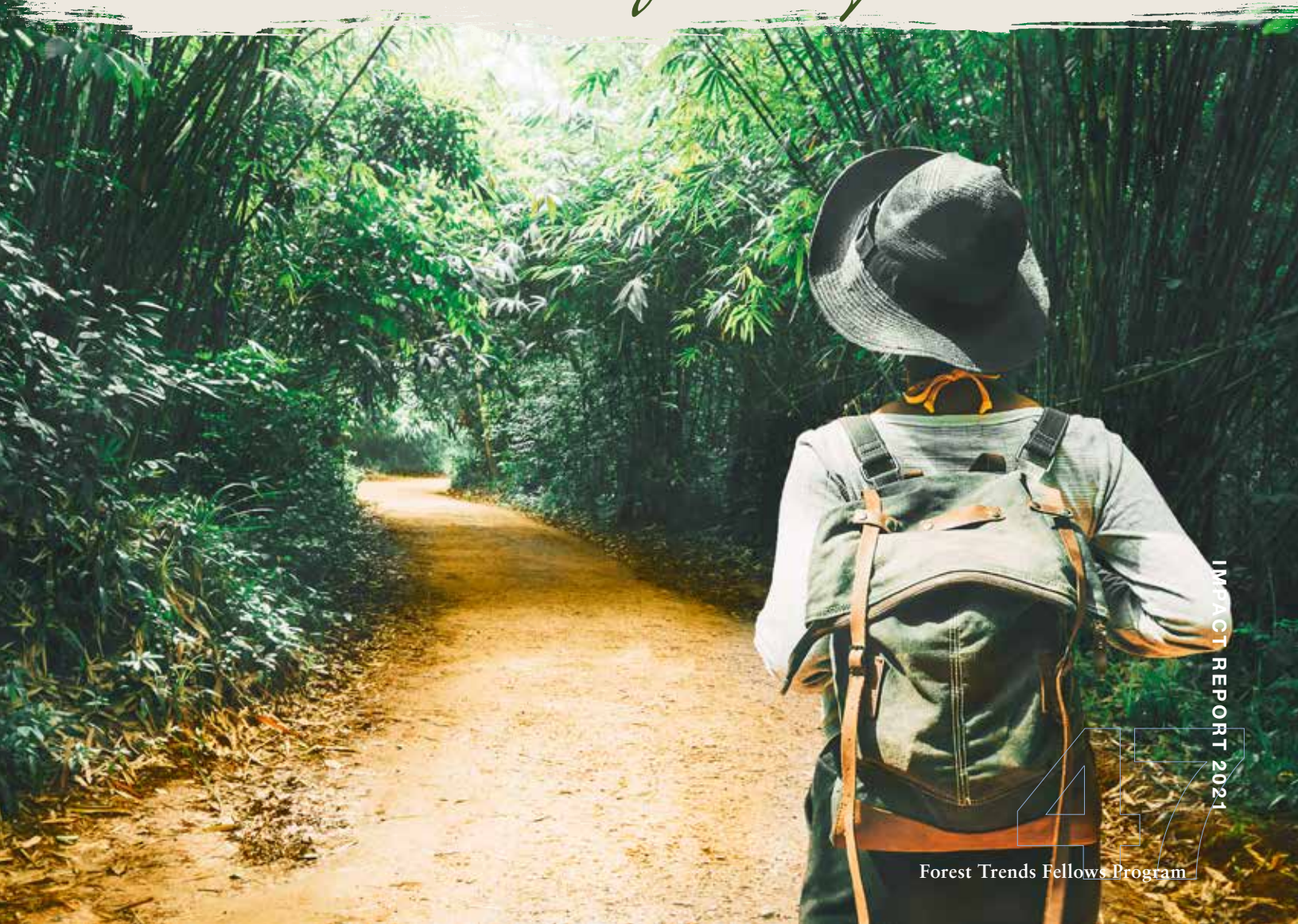
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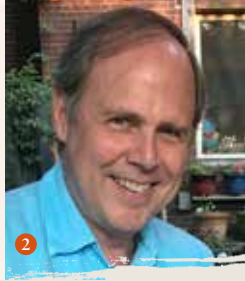
Forest Trends Fellows Program

TO DATE, WE HAVE ENGAGED MORE THAN 30 LEADERS through the Forest Trends Fellows Program, which has become a critical way we form flexible, mutually beneficial collaborations with internationally recognized leaders and experts in conservation, climate policy, technology, and finance. Fellows have gone on to join the Forest Trends Board of Directors, contribute as thought leaders on our initiative teams, join our staff, or become key implementation partners around the world. Still others accompany us on special field visits to the Amazon and Mekong, help us promote our work, or remain steady collaborators and co-authors on papers and reports. They are an extraordinary group of change makers and visionaries, including community leaders, entrepreneurs, philanthropists, scientists, lawyers, and financiers.

*An Extraordinary Group
of Change Makers*



Current Fellows



1 **Alice Ruhweza** has served as Regional Director for Africa at WWF since July 2019. Previously, she led portfolios at Conservation International and led the UNDP's Global Environment Finance Unit in South Africa. A multicultural leader, Alice has worked for organizations such as the National Environment Management Authority in Uganda, Forest Trends, Sprint Corp., the World Bank, the Foundation for International Environmental Law and Development, and others, on a wide range of issues ranging from the economics of ecosystems and biodiversity to innovative finance.

2 **Brad Gentry** is the F.K. Weyerhaeuser Professor in the Practice at the Yale School of the Environment and the Yale School of Management, Senior Associate Dean for Professional Practice at the Yale School of the Environment, and a Director of the Yale Center for Business and the Environment. As both a biologist and a lawyer, his work focuses on strengthening the links between private investment and improved environmental performance, with a particular focus on increasing investment in natural areas.

3 **Clark Binkley** has been involved in forestry for over forty years, first as an academic at Yale

University and the University of British Columbia, and then in the timberland investment business as Chief Investment Officer for both the Hancock Timber Resource Group and GreenWood Resources. In 2005, he founded International Forestry Investment Advisors (IFIA) to develop and implement innovative, socially responsible high-return timberland investment strategies.

4 **Eugene Linden** is an author whose non-fiction books have covered topics ranging from animal intelligence to the forces that will shape our future. He has written for many magazines and journals, including TIME, The New York Times, Foreign Affairs, and National Geographic. Linden also served for fifteen years as Chief Investment Strategist for Bennett Management, a family of investment funds specializing in distressed investments and bankruptcies.

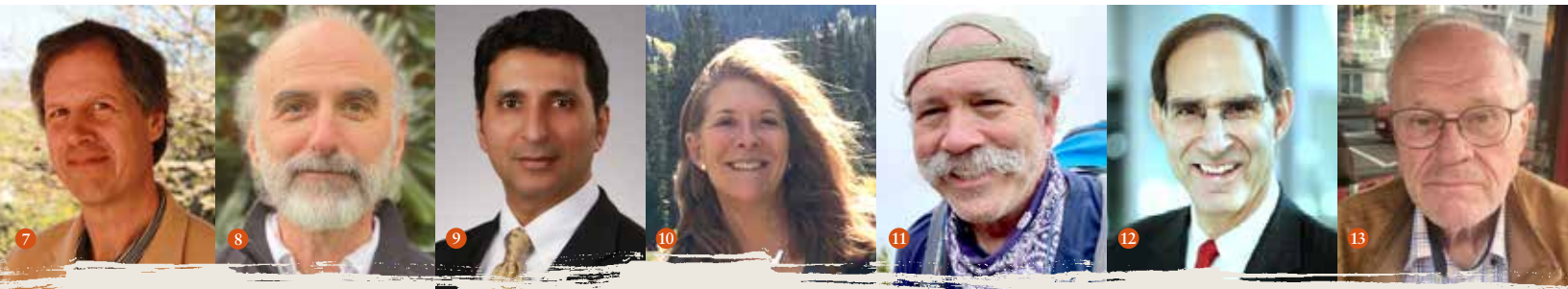
5 **Holt Thrasher** is Founder of Synovia Capital, where he currently focuses on investing in the information technology sector supporting advanced ecosystem data analytics. Holt is an active conservationist and currently serves as Trustee and Treasurer of the National Marine Sanctuaries Foundation, an advisory board member of the Lincoln Land Institutes Center for Geospatial

Solutions, a member of the President's Council of Ceres, and Board Chair of Mongabay. He was formerly Chairman of the National Audubon Society and Audubon Connecticut.

6 **Tundi Agardy** is a leader in marine conservation, with extensive field and policy experience in Africa, Asia, the Caribbean, the Mediterranean, North America, and the Pacific. Her work has focused first and foremost on articulating the value of the ocean for humanity and the planet.

7 **Jim Salzman** is the Donald Bren Distinguished Professor of Environmental Law, with joint appointments at the UCLA School of Law and the UCSB Bren School of Environmental Science and Management. He is a leading international authority on the laws and institutions supporting payments for ecosystem services.

8 **Michael Cantor** is Co-Founder and Managing Partner Equator Capital Group, a Washington DC-based private equity firm investing in renewable energy projects, plant-based solutions, historic assets, and sustainable real estate development. He also serves on the Board of Directors for Carbon Nation and China Folk House Retreat, Inc.



9 Sudip Thakor is a senior financial and investment executive with 25 years of international experience in sourcing, structuring, and investing in private debt and equity transactions. Sudip founded Pumori Capital in 2014, an Investment and Advisory boutique focusing on impact and emerging market transactions and serves as Managing Partner. Prior to founding Pumori Capital, Sudip held several leadership positions at Credit Suisse, including Managing Director of Emerging Markets Products, contributor to the Asset Management Operating Committee, co-lead of Emerging Markets and High Grade Credit Businesses, and leader of the Global Structuring Group.

10 Susan McIntire has experience in international and domestic sales and management, primarily with IBM, and in the finance, engineering, and manufacturing industries. She has served on a wide range

of philanthropic boards and is currently a Trustee at the Denver Museum of Nature & Science, on the board of the Biennial of the Americas, and a fellow at the Aspen Institute Mexico.

11 Victor Bullen recently retired as the Agency Environmental Coordinator at USAID, following a 28-year career there. During that time, Victor was also the Regional Environmental Advisor for South America, the Bureau Environmental Officer for Latin America and the Caribbean, served on the National Invasive Species Council, and represented USAID at the President's Council on Environmental Quality, among other roles. Previously, he was a natural resource management consultant at the Organization of American States, Senior Program Officer at World Wildlife Fund - USA, and served as a Peace Corps Volunteer/National Park Specialist in Paraguay.

12 Whitney Debevoise is a partner at the law firm of Arnold & Porter and a specialist in sovereign finance and US international economic policy. He served as US Executive Director at the World Bank and is a member of the Advisory Council of the Bretton Woods Committee.

13 Wouter Veening is Co-Founder, Chairman, and President of the Institute for Environmental Security, where he promotes environmental protection from an international law and security perspective. His current foci are: preparing an overview (cartographic) of the global hotspots where ecological disruption affects security and stability, advocating the adoption and prosecution of ecocide by the International Criminal Court, and promoting a Global Ecological Investment & Management Agenda based upon the obligations from international law and long-term financial arrangements. 🌱

Thank you



Forest Trends Fellows Program



IMPACT

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Make Your Impact

This decade will be critical to combating the global climate and biodiversity crises. It will require a serious investment of resources to advance innovative finance for conservation to promote healthy forests, sustainable agriculture, clean water, robust climate action, biodiverse landscapes, and strong communities.

Forest Trends is committed to meeting this call to action, which is why your support is so vital to having a long term positive effect on the world we share. With your support, we can advance our work publishing timely research, bringing together diverse actors, and applying innovative approaches to make a real difference on the ground — often blazing trails for bold and far-reaching policies in the process.

Please take a moment to join us in this critical work and make your tax-deductible gift today by visiting www.forest-trends.org/support-us/ or returning the enclosed reply form. 🌱



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2021

