

# The Paiter Surui Fund: REDD+ and indigenous communities

**Authors:**

Ângelo dos Santos  
Fernanda Barbosa

**Fund:**

Funbio

**Brazil | 2011**



Latin American and Caribbean  
Network of Environmental Funds

## Case Studies

# The Paiter Surui Fund: REDD+ and indigenous communities

### 1. National context

Although there is not a national REDD regime in Brazil yet, the country has made progress in Payments for Environmental Services (PES) programs, in deforestation control, and in a robust National Policy of Climate Change. Brazil has already established a baseline to reduce 80% of the deforestation in the Amazon forest until 2020, and this is useful for REDD+ projects.

An accomplishment was the approval (by the Environment Commission of the House of Representatives) of a carbon credits law project, which was structured with the wide collaboration of the civil society.

In 2010, the Ministry of Environment conducted the first meetings to define an eventual national REDD regime. These meetings were interrupted by antagonistic progress made by different government bodies, but should be resumed soon.

Below the national level, the Brazilian states have moved further, mostly the states of the Amazon region, which constituted the Governors Working Group in favor of a future carbon market with the government of California. In this context, the state of Acre is the most advanced in terms of defining legal agreements to structure a market with the governments of California and Chiapas (Mexico).

The states of Amazonas, Mato Grosso and Pará have advanced PES and climate change legislation. The state of São Paulo, in the country's southeast region, has promoted the development of an internal cap and trade system, with possibilities of compensating emissions – using also REDD forest credits – with other Brazilian states.

The climate change and REDD agenda is new to Funbio, which has taken the initiative of using its experience with financial mechanisms for biodiversity conservation and adapting it to the REDD context.

### 2. Describing the project/action in which the Environmental Fund is involved

The Suruí territory is located within 249 thousand hectares in the states of Rondonia and Mato Grosso. The Suruí people were contacted by the Brazilian society as late as 1968 and their territories were demarcated in 1983.

Using georeferenced tools such as Google Earth (11oS 63oW), one can note that the Suruí territory ensures the maintenance of the forest: there is deforestation and strong human pressure along the external borders of the indigenous land.

The Suruí is a tribe with 1300 individuals, organized in four clans and 26 villages. They suffered heavy casualties at the time of encounter with the Brazilian society, with a population decline from 5 thousand to 800 individuals. After the demarcation of their territory, they were able to demographically recover.

The Suruí Carbon Project has already obtained its PDD (Project Development Document) and will shortly be validated. The project has unique features that make it distinct from other REDD projects, and outstandingly it goes beyond carbon payments. The tribe has developed a Life Plan for the next 50 years and the carbon project is only one way of financing it. At the COP 16 (Cancun, Mexico), the Suruí Fund was officially launched to raise various types of resources towards the development of the community's Life Plan.

The Project uses two standards: the VCS (carbon related) and the CBA (community and biodiversity related), with a mosaic approach.

At first, it was used a historical baseline, nonetheless this baseline showed no deforestation since 2000, simply because there was nothing left to deforest. A historical baseline, therefore, would not demonstrate the project's additionality. Thus, this approach was combined with the SIMAZONIA model, which also considers the current and projected pressures in the region. The current pressures include the construction of hydroelectric dams, roads and urbanization.

The project expected credits generation corresponds to 8 million tonnes of carbon. These credits will be released in the global market until 2039. The Suruí have decided to wait for the project's validation before offering credits in the market, since the bids received before the validation were too low.

Partners:

- Metareilá Association of the Suruí Indigenous People: project proponents;
- Kanindé Association for Ethnoenvironmental Defense: responsible for the coordination between the Metareilá Association and other partners and for ethno zoning studies in the Suruí land;
- Idesam: carbon project development;
- Forest Trends: studies for the REDD+ project development;
- ACT Brasil: prior informed consent and cartographic base;
- Funbio: financial mechanism for benefits distribution;
- USAID: resources for project development
- National Indian Foundation (Funai): support to the project development

Leadership: Almir Suruí, Suruí Prime-Minister. He has received death threats, because he managed to approve a moratorium on the sales of deforested timber in the Suruí lands, activity which was the community's main source of income.

The project also considered two levels of information: internal, with complete available data on the project development to all members of the Suruí community; and external, with public consultations to local actors such as loggers, farmers, other indigenous groups, organizations of the civil society and the government, in a four-month-long process throughout 2010. This process included meeting minutes, signatures and audiovisual records. Accessible language was used in materials and manuals developed specifically for these actors.

In conclusion, the project has four fundamental aspects:

- Pre-established governance
- Clearly recognized leadership
- Prior informed consent
- Plan for applying the resources

### 3. What does the Environmental Fund do?

Funbio is responsible for designing the project's financial mechanism. As the Climate Change Unit was created within Funbio in 2008, two objectives were established: to create synergy between the Convention on Biological Diversity and the Climate Convention; and to create financing mechanisms for REDD+ projects and programs, in collaboration with the financial mechanisms team. In 2009, Funbio received an invitation from the leader Almir Suruí

to join the Suruí Carbon project as a collaborator. Almir already knew Funbio from the ARPA - Amazon Region Protected Areas Program.

Funbio’s main interest in this initiative is to support the Amazon communities who need robust tools for environmental service projects - in this case, carbon projects. Funbio finances its participation in this project through international grants from private foundations.

To be selected as the manager of financial resources, Funbio presented an operational plan and mechanism concept and received the approval from 25 indigenous leaders.

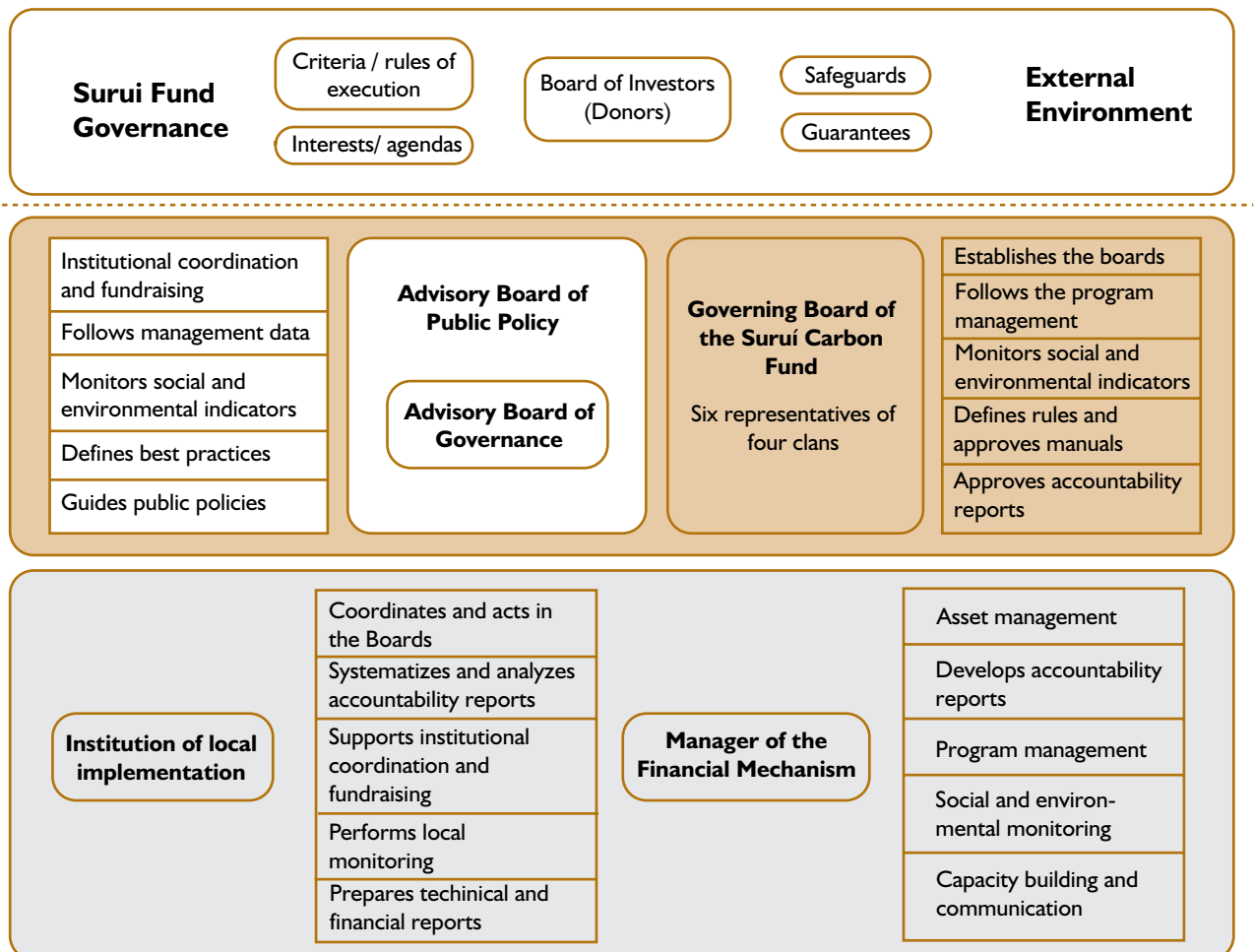
This is a long term project, which means that relationships between partners are also long term. A strong credibility base is necessary between the resources manager (Fund) and the indigenous associations, since these are the players who remain the longest in the project.

The benefits distribution can be made through direct cash remittances, goods or services. The Suruí choose to receive its benefits through goods and services, previously identified in their Life Plan. The Plan's priority areas include: land management, education, health, reforestation and sustainable production. This plan also suggests some alternative sources to potentially attract resources, such as ecotourism and indigenous cultural festivals.

Funbio has established three stages for the resources management:

1. Design of governance structure and manuals
2. Implementation of rules and processes
3. Community capacity building on the financial mechanism management

According to the first stage, the project’s governance structure was clearly defined and can be illustrated in the diagram below:



The **Governing Board of the Suruí Carbon Fund** is the main decision making organ, located within the Suruí community. This ensures that the decisions regarding resources allocation are taken by the indigenous community. This Board has six representatives from the four Suruí clans, which represent the indigenous associations.

The **Advisory Board of Public Policy** includes national actors invited by the Suruí people, such as the Federal Public Ministry, the Funai, the Environmental Secretariat of the Rondonia state, the University of Rondonia and the regional municipalities.

The **Advisory Board of Governance** includes the 26 Suruí leaders, with no decision making power.

The participation of external actors in the **Board of Investors** provides guarantees and safeguards to REDD investors.

The **institution of local implementation**, Kanindé Associação, works with several indigenous groups. It is relevant to notice that the decision making (Suruí) and the local implementation of these decisions (Kanindé) are distinct processes, as a way to avoid conflict of interests.

To ensure credits permanence, the Project has defined a forest buffer equivalent to 25% of generated credits, as well as allocating 15% of the resources generated by credits sales to an endowment fund for 30 years.

Funbio, as **manager of the financial mechanism**, also ensures permanence through a safeguard that allows the institution to hold back project resources and return it to buyers, in case the Governing Board takes decisions that jeopardize the forest.

Despite the previously mentioned safeguards, the Suruí Carbon project faces two main challenges today:

1. **Legal issues:** the Suruí are the carbon credits beneficiaries, but their land is legally owned by Funai (government). It remains unclear if the Suruí are entitled to selling the carbon credits through traders or if only Funai would have this prerogative. Funai has signed a support letter to the project, but there is no formal legislation to clarify this issue.
2. **Market:** the global carbon market may have been overrated and there may not be sufficient demand to these credits. The Suruí take as reference the minimal credit price (USD 5.00) paid by the Norwegian government to the Amazon Fund.

In conclusion, Funbio highly considers its support to REDD+ initiatives in Brazilian indigenous communities and works towards minimizing projects' risks. REDD+ should not be considered as an end in itself, but as an alternative source for leveraging the economic and environmental development of forest communities.

