



# Unconditional Cash Transfers (UCTs) for Rainforest Protection

Strategy 2022-2026

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# 1. Executive summary

Cool Earth is embarking on an innovative five year plan to establish a cash giving programme which will provide unconditional cash transfers (UCTs) to rainforest villages in the three largest expanses of tropical forest; the Amazon and Congo Basin and New Guinea, and provide the evidence needed to expand this approach beyond Cool Earth.

This is central to Cool Earth's strategic priority of transferring leadership, planning and implementation to the people who live in the rainforest. Lessons from the Covid-19 pandemic and the small number of cash-only partnerships have demonstrated that UCTs can present a just, transparent and effective way of backing people to protect rainforest.

Such unconditional transfers represent a very small proportion of charitable activity and are used primarily in the development, humanitarian and social policy arenas, and have never been used in a rainforest context to address climate injustices and protect ecosystems, simultaneously.

Our first phase is to implement three 12- to 18-month pilots in the Amazon, Congo and New Guinea rainforests. These pilots will test the concept of UCTs as a locally implementable programme that fully adheres to the highest standards of Free, Prior and Informed Consent (FPIC). It will address such issues as the delivery of cash, monitoring impact on local economies and impact on existing power structures. Most importantly, it will assess how Indigenous Peoples and Local Communities (IPLC) view such interventions in order to make them central partners in the long-term design of this programme.

The second phase, which runs alongside the three pilot projects, is to design an impact evaluation methodology with independent experts to test and deliver proof of concept of the model.

Combining this with the learnings from the phase one pilots, in phase three we will implement a series of trials with the aim of demonstrating that the delivery of UCTs are fair, flexible and scalable mechanisms to ensure rainforests remain essential carbon sinks.

Ultimately, this will help shape the final phase - phase four - which is an advocacy strategy to convince others of the benefits of using such an approach for people-powered conservation in the rainforest, so that this approach is scaled up far beyond Cool Earth's ability to deliver alone.

## 2. Future state (end of 2026)

Cool Earth's unconditional cash giving model for rainforest villages is about navigating an ever more complex – and too often unjust – world and thriving in it. It's much more than a cash payment, it takes into account the choices, control, leadership and dignity that people in the rainforest want and will need to tackle the greatest crisis of all. Protecting the rainforest is complex. Ensuring that its best guardians have the choice, the tools and the foresight to continue doing so is even harder. There is no-one-size fits all approach to rainforest protection. Cool Earth's unconditional cash payment programme recognises and

supports the diversity of approaches and innovations required to prevent and reduce tropical deforestation and degradation.

Ensuring Cool Earth's values of collaboration, innovation, effectiveness and accountability are upheld is key to the success of this programme. Working closely with cash recipients and impact evaluators, we will demonstrate that direct finance to the people who call the rainforest home is a viable and just alternative to mainstream rainforest conservation interventions.

There is a real urgency to scale up Cool Earth's approach. Not only because the climate crisis continues to rage at breakneck speed but also because, for decades, the people who live in the rainforest have been demanding that decision-makers review their ambitions when it comes to funding allocations. In an era in which calls for climate justice and community-led innovations are intensifying, radically democratising climate finance so that it supports the livelihoods and development of the people living at the frontline of tropical deforestation will be one of the smartest climate actions this coming decade.

Ultimately, using our learnings and data in the three largest expanses of tropical rainforest for the period 2022 - 2026 and working closely with Cool Earth's policy department, we will be able to advocate for this approach to be adopted at scale by actors with a far greater and more reliable source of funds than Cool Earth has the capacity to deliver.

## 3. Strategic plan

### a. 5-year (2026/27)

By the end of year 5, phase three, in which we run a series of projects to test and deliver evidence that UCTs for rainforest conservation are an effective climate action, will be underway in Peru. The number of villages to which we will disburse funds, the timeframe of the study and its M&E plan will have been decided during phase two.

Although not definitive, there is an argument for developing our cash giving programme first in the Amazon, then in the Congo rainforest and finally in New Guinea. It is still too soon to base our strategy on this order without a proper situational analysis of the Congo and New Guinea rainforests. This exercise will be ongoing from year 1 as we begin to build our organisational knowledge and learning of the Congo rainforest<sup>1</sup> and lay the foundations for a new Cool Earth leadership team in Papua New Guinea<sup>2</sup>.

Nonetheless, the points below give an overview of the current thinking:

- Indigenous rights and governance systems, as well as land and tropical rainforest data and information, seem to be most solid in Latin America. We also have good networks and 14 years experience working in Peru.

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<sup>1</sup> See Rainforest Network strategy

<sup>2</sup> See Papua New Guinea strategy

- The epicentre of UCTs as effective interventions to address poverty is Africa. Although we wish to work in complex areas of the Congo Basin where this type of programme has never been trialled, we believe that the cash transfer culture and the resulting networks in the region might be favourable for the launch of Cool Earth's second feasibility pilot.
- Cool Earth's most remote partnerships lie in Papua New Guinea and the greater New Guinea rainforest. Despite having operated in the country since 2014, working there is complex for multiple reasons, ranging from cultural differences to lack of connectivity. A plan to reshape and reorganise Cool Earth's leadership in-country is currently being drafted and will take time to develop. Finally, and although more of an opportunity than an obstacle, the literature shows no precedence of UCT programmes in PNG which might imply more time needed to identify and develop the right networks.

Under the assumption that we follow this order, the feasibility pilot in the Congo rainforest will have been completed and phase three will have commenced. Whether we use the same impact evaluators as the ones analysing the data in the Peru project will have been determined during conversations held in years 3 and 4, and informed by input from cash recipients in the Congo rainforest. It is important to remember that programme designs will be intimately tied to the different contexts in which we work.

In years 3 and 4, we will have followed similar processes as the ones used in the Amazon and Congo rainforests to launch a feasibility pilot in New Guinea.

Regardless of the order of the feasibility pilots, we aim to have unconditional cash giving initiatives, with some still at the pilot stage, in the three largest expanses of tropical rainforest by year 5.

To sum up, the objectives for year 5 are as follows:

1. Phase three in Peru is underway.
2. Implement phase two (or launch phase three) in the Congo rainforest.
3. Launch phase one in the New Guinea rainforest.

## b. 3-year (2024/25)

By the end of year 3, we will have completed the feasibility pilot in Peru to test operational delivery and will have incorporated the views and attitudes of cash recipients toward this intervention in the study methodology to achieve our long-term goal (proof of concept).

In Peru, this will be a crucial year in which we begin to implement phase three of this programme in order to prove the validity of this intervention as an effective and just way to tackle climate change. Given that proofs of concept depend on large sample sizes to provide sufficient evidence, we will evaluate the recommendations of the impact evaluator to

determine the level of resources required (funding, organisational capacity, etc.) in order to successfully deliver UCTs in multiple communities of the Peruvian Amazon.

We are determined to consider cash recipients as partners at all stages of programme design. Therefore, the recommended study methodology will need to have carefully incorporated ethical, cultural and contextual specificities. Budgets will vary according to the chosen methodology as it will determine the number of communities we will need to include, and the logistics that go with this.

This will be a significant test for Cool Earth's fundraising team. Thanks to the feasibility pilot, we will have a good understanding of the costs required to deliver a UCT initiative in one community. We would expect costs to be fairly similar when replicating elsewhere in the Peruvian Amazon.

In addition, we expect to have made progress during years 1 and 2 to decide where to launch next. Based on the reasoning in the above section, we would be aiming to have a feasibility pilot underway in the Congo rainforest. In Africa we would be seeking to learn from and potentially use networks and infrastructure already established, given the growing popularity of UCT development initiatives.

To sum up, the objectives for year 3 are as follows:

1. Agreed proof of concept methodology with impact evaluation partner based on evaluation of Peru feasibility pilot.
2. Implement phase 3 in the Peruvian Amazon.
3. Launch Congo rainforest feasibility pilot (phase one).

### c. 1-year (2022/23)

Based on fundraising projections for 2022/23, a budget envelope of £750,000 has been assigned to the first year of the programme. The innovative nature of UCTs for rainforest conservation implies a certain level of budget speculation. As we learn and develop our networks, we expect to refine the budget so it is not entirely reliant on fundraising capacity but on the actual costs of delivering this programme.

Kicking off in February 2022, two tasks will be developed simultaneously in order to launch a 12- to 18-month feasibility pilot with one indigenous community in the Peruvian Amazon. We expect to launch the pilot by the end of the third quarter of 2022/23.

Working alongside the Country Director in Peru and with support from the Senior Programmes Manager, the Cash Giving Programme Manager will build a project team in Peru. We expect to have recruited a Cash Giving Project Manager by the end of May 2022. Acting as the eyes and ears of the Cash Giving team in Peru (currently composed of the Cash Giving Programme Manager and Impacts Analyst in the UK, and the Peru Country Director), they will have a good knowledge of the indigenous landscape in the Peruvian

Amazon, proven experience of impact evaluation to build scalable operations, proven ability to anticipate areas of risk and create mitigation plans, as well as the ability to access and maintain a network of partners. Their short-term objective will be to identify the pilot community we will deliver the project with by developing relationships with and seeking authorization from both indigenous representatives (i.e. [AIDSESEP](#) or more local) and local governments.

Working closely with the Cash Giving Project Manager, we also recommend recruiting an M&E role in Peru whose responsibilities will go beyond the cash giving project. The Community-led Design & Evaluation Manager will drive the accountability process and ensure that the voices and experiences of cash recipients are fed back into the operational delivery of future UCT initiatives and the long-term impact evaluation design. The information we are looking for is extensive and context-dependent. It will cover such things as validating the payment amounts to reflect living costs, levels of giving, payment frequency, legal and fiscal requirements to comply with national frameworks, impact on village life and wider networks, impacts on marginalisation and ecosystem. Collecting and analysing this data will be crucial for the development of the subsequent phases.

Alongside recruitment, the current Cash Giving Project team will begin to scope out third-party impact evaluation partners whose values, principles and vision align with ours. This is an exciting opportunity to redefine impact evaluation frameworks so that those on the receiving end of charitable activities are seen as partners rather than experimental subjects. Given that the design of the study depends on feedback from UCT recipients and their understanding of the long-term goals of this programme, the deadline for outsourcing impact evaluation hasn't been defined. It would, however, be wise to have a partner in place when the feasibility pilot launches, by the end of the third quarter.

The learnings we gather from the process to launch a pilot in Peru will inform the Cash Giving Programme Manager in the UK as they begin to scope out feasibility projects in the Congo and New Guinea rainforests in the following years.

To sum up, the objective for year 1 are as follows:

1. Recruitment & team roles and responsibilities (end of Q1)
2. Identification of one community to launch feasibility pilot (end of Q3)
3. Partnering with third-party impact evaluator (end of Q3)
4. Information and learning gathering, alongside desk-based situational analyses, to inform the launch of feasibility pilots in the Congo and New Guinea rainforests (ongoing).

## 4. Current state

Providing communal cash grants to rainforest villages with some level of conditionality has been the cornerstone of Cool Earth's model since 2008 and its first partnership with an indigenous community of the Peruvian Amazon. Fifteen years on and with eight more partnerships in both Peru and Papua New Guinea, we are still convinced that this is an

effective approach to halt tropical deforestation. Whether the cash is used to improve communal assets and infrastructure, enhance individual wellbeing or respond to emergencies such as the coronavirus pandemic, it ultimately enables IPLCs to continue living in and shaping their forest lands.

In Peru, between 2008 and 2020, Cool Earth donated approximately US \$1,300,000 in committee giving (whereby the villages' own governance structures manage, allocate and report on the funding on the condition that a forest agreement is signed with Cool Earth) to the Asháninka communities of Camantavishi, Cutivireni, Oviri and Parijaro, and the Awajún communities of Huaracayo and Urakuza. Initial amounts and subsequent increases were loosely calculated based on size of population and territory, as well as Cool Earth's yearly fundraising capacity. Thorough threat (proximity), needs and socio-economic assessments (variations in cost of living) were not conducted, nor were communities involved in verifying the validity of these amounts. These will be central to Cool Earth's improved cash giving model.

In PNG, Cool Earth donated approximately US\$ 210,000 in cash to the Milne Bay Province partnerships of Gadaisu, Wabumari and Sololo in the period 2016 to 2020. Amounts and increases were calculated as in the Peruvian partnerships. An exception to committee giving was made in 2019 whereby approximately US\$10,000 was donated as household giving to the families of Gadaisu, principally as a response to elite capture in 2018.

Satellite analyses over the last 20 years show that Cool Earth partnerships in both Peru and PNG experience on average three times lower deforestation rates than in comparable areas, likely not managed by IPLCs. The reasons for this success are multiple and rooted in contextual and cultural specificities. Although it is impossible to attribute direct impact on the forest to Cool Earth's current cash giving model, there is a probability that it contributes to sustaining the contextual and cultural specificities mentioned above that, in turn, protect the forest.

With payments for ecosystem services (PES) initiatives too rarely delivering socio-economic and environmental gains ([Chan, K.M.A., 2017](#)), with only a fraction of climate finance reaching people on the ground ([International Institute for Environment and Development, 2017](#)), with calls for climate justice intensifying and with the window for climate action now being measured in months rather than decades, Cool Earth is more determined than ever to refine its cash giving model, innovate, scale its impact and advocate for more cash-only initiatives.

Supporting documents:

- a. [Review of cash giving in Peru 2008-2020](#)
- b. [Review of cash giving in PNG 2016-2020](#)

## 5. Additional resources

- [Cash Giving Dropbox folder](#)

- [Cash Giving Trello Board & Gantt Chart](#)
- [Cash Giving Programme Board meetings](#)
- [Internal intellectual context & rationale for cash giving](#) (developed by Ellie Green)
- [Does cash lead to conservation? An exploration of the views of conservation professionals on the use of cash giving for environmental protection](#) (Callum Sheehan, 2021, MSc dissertation - collaboration between Cool Earth and the University of Leeds).



# Appendix - Strategy timeline

