



## **Issue Paper 6: Benefit sharing mechanisms, including equitable distribution; carbon rights, land, and resources tenure; non-carbon benefits.**

EDF believes non-carbon benefits are NECESSARY for an ER program's success, but they are not SUFFICIENT to secure emissions reductions (ER). Additionally, because there is such a wide spectrum of "benefits" and many of them will relate only to certain country contexts, EDF warns the CF about focusing on a certain set of benefits as more important than others. The most important and relevant benefits will be defined in each particular ER program as the key benefits to be delivered to ensure the program's success. For simplicity and to reduce measurement costs, EDF suggests the CF only focus on Carbon as a proxy for an ER program's success. As we noted before, without the necessary co-benefits, such as land tenure reform, an ER program will not have success. If such a benefit as land tenure reform is necessary in the context of an ER program, it should be monitored and reported as part of the normal reporting back to the financiers on the specific ER program.

Regarding the equitable distribution of benefits, without an equitable distribution, the permanence of any ER from a program will suffer. Thus, because the ER program is an ex-post mechanism, an inequitable distribution will NOT generate the ER projected. "Equitable" and "benefits" are both terms that should be defined at the country level where the ER program will be implemented, not by the Carbon Fund Methodological working group level. Those terms should be defined by the relevant actors through a political process.

*Q1: Should the CF set best practices or other benchmarks for equitable distribution and the design of benefit sharing mechanisms? Or should it simply require that such mechanisms be in place and be transparently proposed?*

The CF should not try to define a set of best practices or benchmarks. Rather, it should allow those systems to be politically discussed at the national and programmatic level with the necessary actors. The benefit distribution mechanism is important for REDD+ success and those financing a project will want to see that the benefits are being distributed in a fair manner in order to ensure permanence. Because REDD+ will occur in many different contexts, the CF should only mandate the mechanism be transparent and agreed to by the necessary actors.

*Q2: How can the CF incentivize ER Programs to make progress on carbon rights and land and resource tenure, within the short timeframe of ER Programs up to 2020?*

Carbon and land rights are inherent for an ER program success. In some cases, those rights already might be defined and might not be necessary to incentivize. An ER program could be based on resolving those issues, especially land and resource tenure.

Without clarity of those rights and land and resource tenure, EDF does not see any demand for credits generated from such an ER program (and would lobby against the CF financing such as program). The inability to develop an ER program that would generate demand for credits should be incentive enough for authorities to resolve those issues prior to submitting an ER program.

*Q3: What non-carbon benefits are most important for ER Programs to consider? Should the CF set best practices or other benchmarks for some or all of the benefits identified in the “Key Elements of the Methodological and Pricing Approach for the FCPF Carbon Fund” provided by the Participants Committee?*

- I.e., “improving local livelihoods, building transparent and effective forest governance structures, making progress on securing land tenure, and enhancing or maintaining biodiversity and/or other ecosystem services”

The CF should NOT set best practices or other benchmarks for some or all non-carbon benefits. Each context where an ER program might be implemented will be different and their indicators for specific benefits will be different, making comparing those benefits to a benchmark difficult. Different benefits will be more important for a specific ER program success. Additionally, to adequately measure many of these benefits such as “improved local livelihoods”, the resources required to adequately measure the ER program actually generated the benefit within a scientific range of certainty would cost too much and reduce the amount of total resources available.

*Q5: Are cost estimates available for addressing key non-carbon benefits; and are potential costs manageable for ER Programs?*

Non-carbon benefits are NECESSARY for an ER program success and thus, yes, the costs are more than manageable. However, an ER program should not be paying for non-carbon benefits that do not generate ER. There are many non-benefits that would be nice to have associated with an ER program, but the CF needs to focus on maximizing ER. Those non-carbon benefits that are desired, but will not necessarily generate ER should be paid for by other sources and not the ER program.