

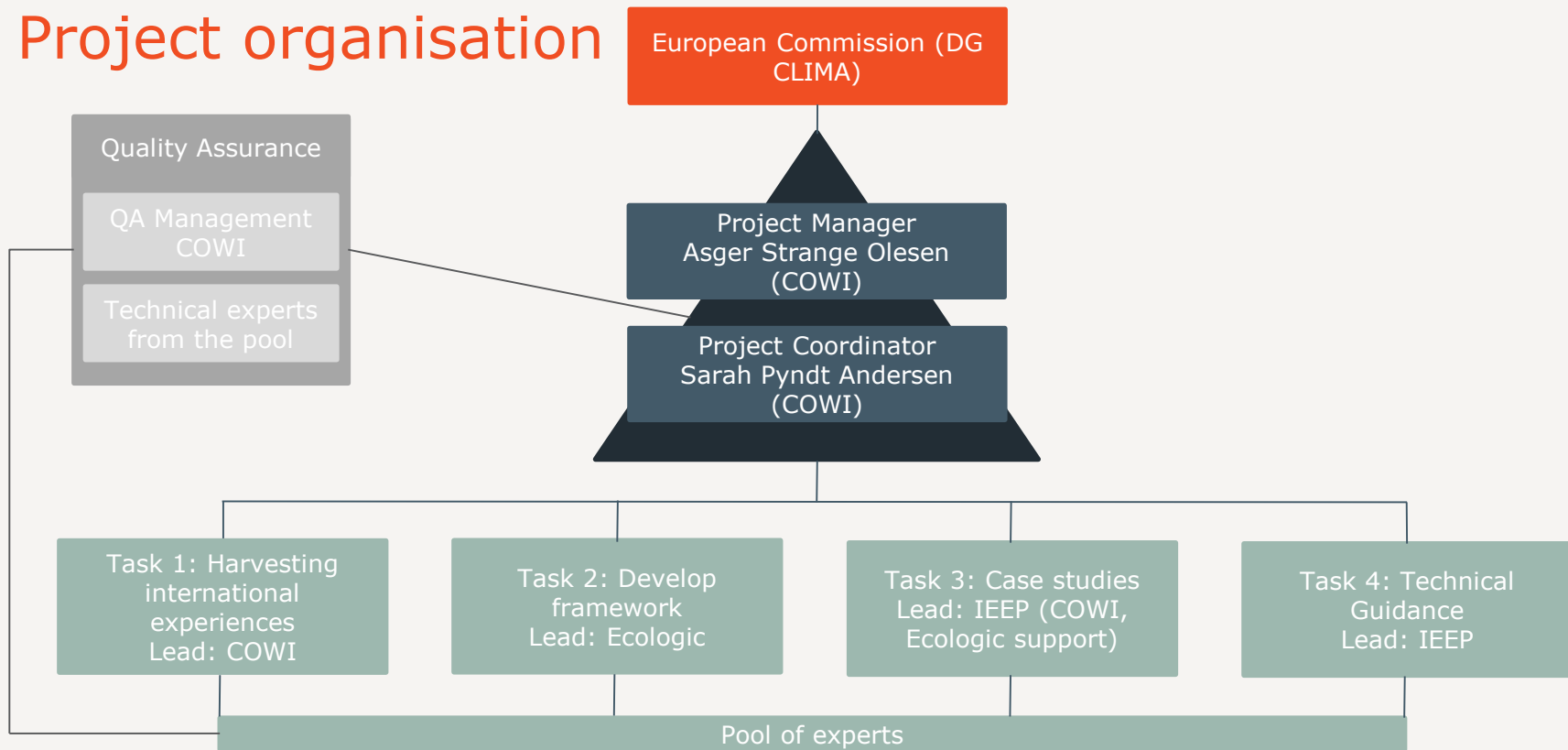
Analytical support for the operationalisation of an EU Carbon Farming Initiative



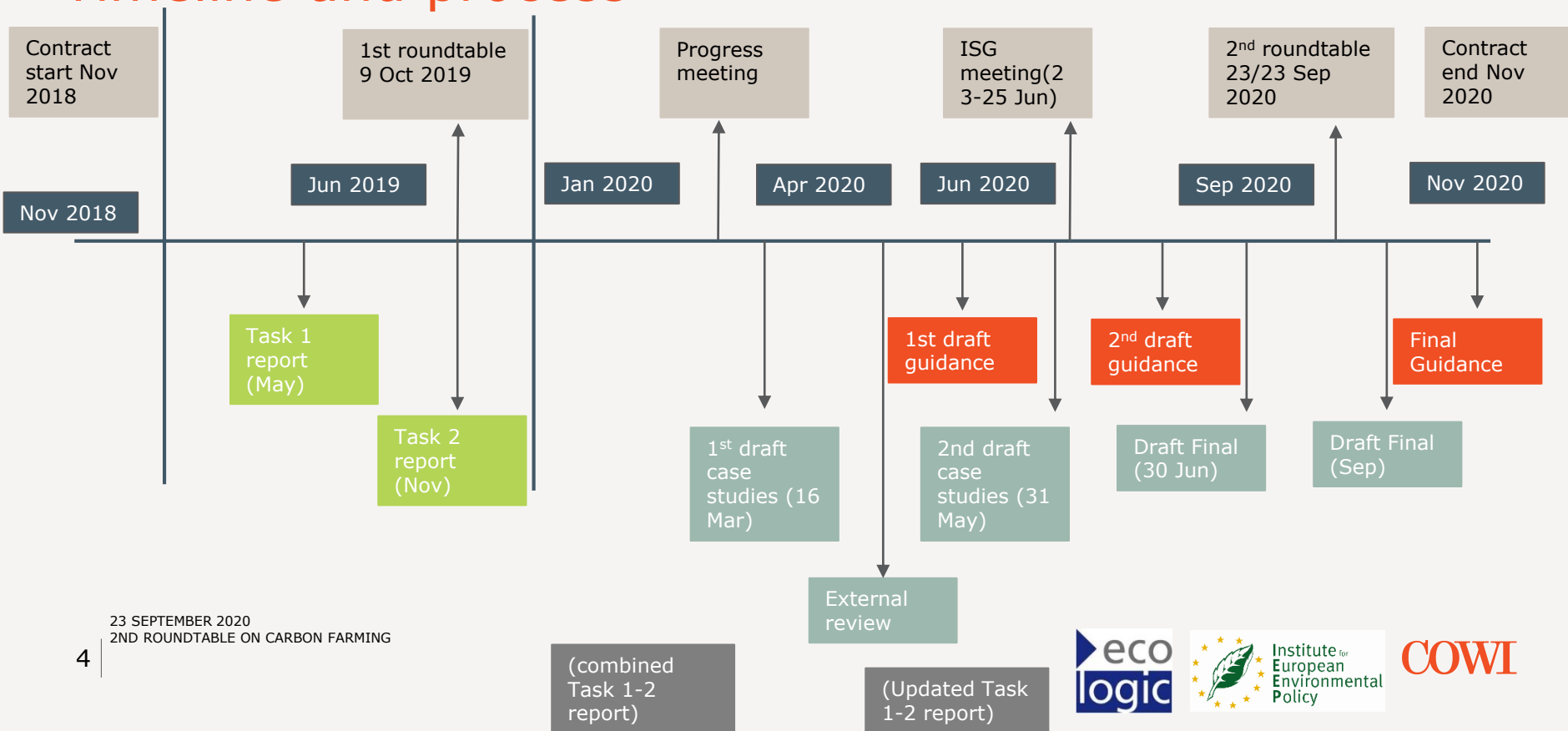
Objective:

"to explore the key to triggering wide-scale adoption of result-based "Carbon Farming" schemes or initiatives linked to climate change mitigation and adaption in the farming sector".

Project organisation

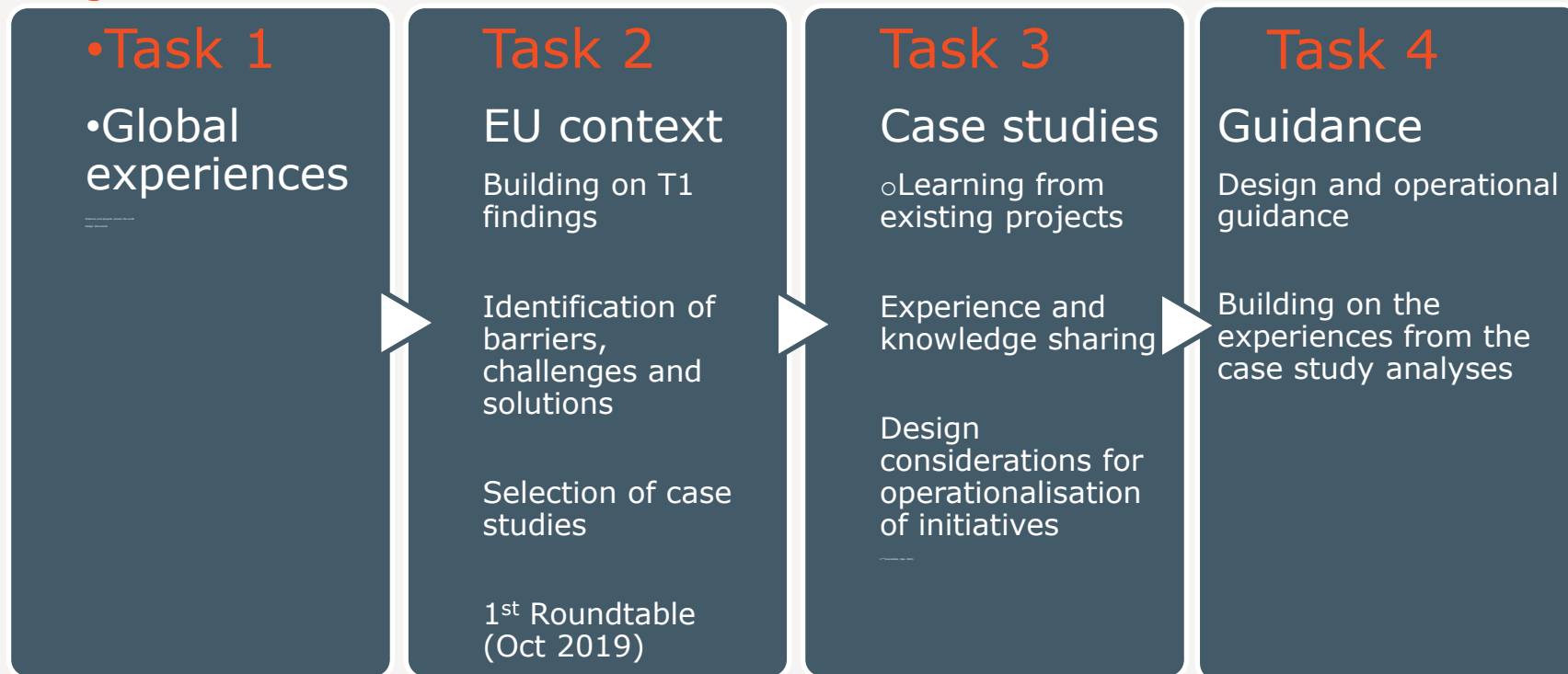


Timeline and process



23 SEPTEMBER 2020
2ND ROUNDTABLE ON CARBON FARMING

Project tasks and flow



Task 1 – Harvesting international practices

Aim

Evaluation of past and current carbon initiatives and schemes aiming to measure their impacts and results.

Output

- Guidance on how to set-up and manage carbon farming schemes which rewards climate mitigation action
- Mapping/Overview of best practices of carbon farming practices focusing on nine design dimensions.

Design dimensions	Schemes/ projects
<ul style="list-style-type: none">• Governance• Coverage & eligibility• Baseline & additionality• MRV• Reward mechanism• Transparency and reporting• Permanence• Risk mechanisms• Acceptance and barriers	<ul style="list-style-type: none">• Joint Implementation• CDM• VCS• NZ-ETS and PFSI• Australian Carbon Farming• California cap-and-trade• MoorFutures• Label Bas Carbone• Healthy Soils for Healthy Food• Voluntary Carbon Land Certification• Ferme Laitière Bas Carbone• Finnish Carbon Action

Task 2 – Framework development

- > **Aim** – Exploring possible Carbon Farming implementation modalities and options in an EU context.

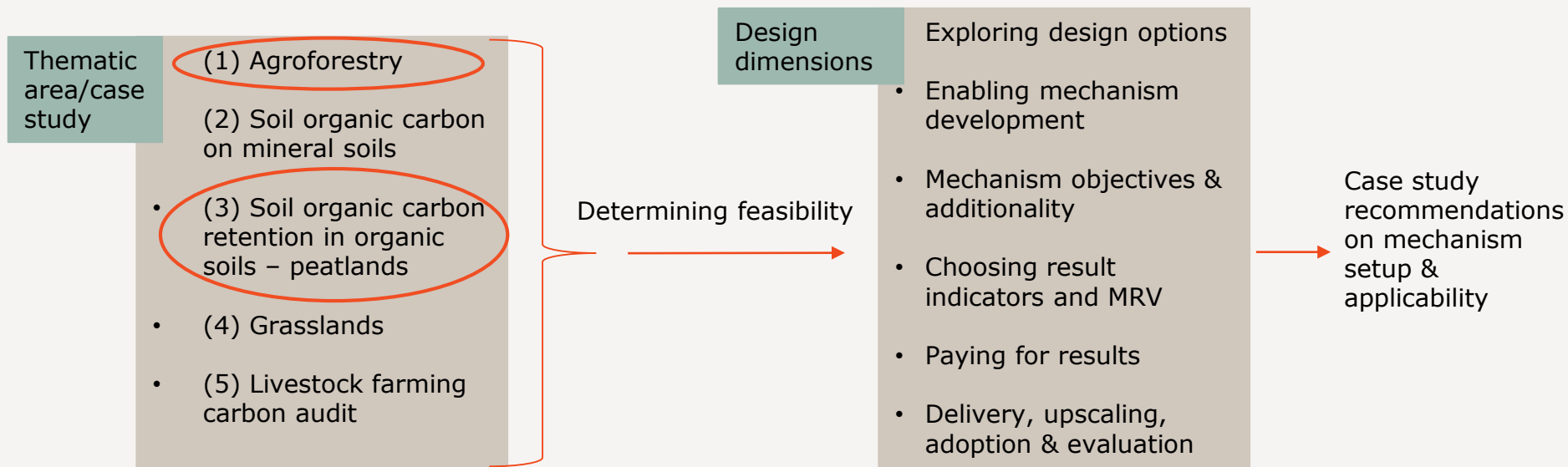


- > **Output** – Report on barriers and solutions for implementation of result-based carbon farming mechanisms in the EU.

Task 3 – Case studies

Aim – To explore and test five potential carbon farming schemes or approaches.

Purpose – To understand how the different potential schemes might be operationalised in different contexts – looking at the challenges, opportunities, limitations and solutions.



Case study – SOC on mineral soils

- > **Objective:** Incentivise the maintenance and enhancement of SOC stocks on mineral soils while also improving the overall GHG balance associated with soil management
- > **Main findings:**
 - > SOC maintenance and sequestration offers significant *co-benefits* for agricultural productivity and ecosystem health while providing an important contribution to increasing carbon sinks
 - > *The MRV costs and uncertainty* associated with sequestration potential and expected impact at farm / field level *increases transaction costs and risks for farmers when payments are purely ex-post*
 - > Ensuring permanence is more challenging than for agro-forestry / peatlands / livestock; full GHG balance not yet monitored in EU existing projects
 - > Several initiatives and technological developments are anticipated to reduce MRV costs over the coming years
 - > Pilots can develop solutions by 'learning-by-doing' and exploring hybrid approaches (combining up-front activity payments with top-up payments based on results) and non-permanence buffers
 - > Advisory and training support increase farmers' interest and uptake

See SOC Case Study Report for mechanism description and discussion.

Contact: Ana Frelih-Larsen, Ecologic Institute ana.frelih-larsen@ecologic.eu

Case study – Livestock Carbon Audit Mechanism

- > **Objective:** Incentivise voluntary GHG emissions reductions on livestock farms using a farm carbon audit tool
- > **Main findings:**
 - > It is possible: There is sufficient knowledge, experience, and technical capacity to develop result-based carbon farming mechanisms to incentivise emissions reductions on European livestock farms using whole-farm carbon audit tools.
 - > However, mechanism designers need to accept some degree of environmental uncertainty in estimated emissions reductions – due to tool estimation, but also to lower MRV costs and ensure farmer uptake. This may mean that the mechanism is inappropriate for offset credits.
 - > There is no one-size-fits-all approach, due to the importance of local context.
 - > Key design principles: 1) *Minimise MRV costs* and (2) *shift costs away from farmers* (to maximise farmer uptake and decrease overall scheme costs); (3) *learning-by-doing*.

See Livestock Carbon Audit Case Study Report for mechanism description and discussion.

Contact: Hugh McDonald, Ecologic Institute - hugh.mcdonald@ecologic.eu

Case study – Grasslands

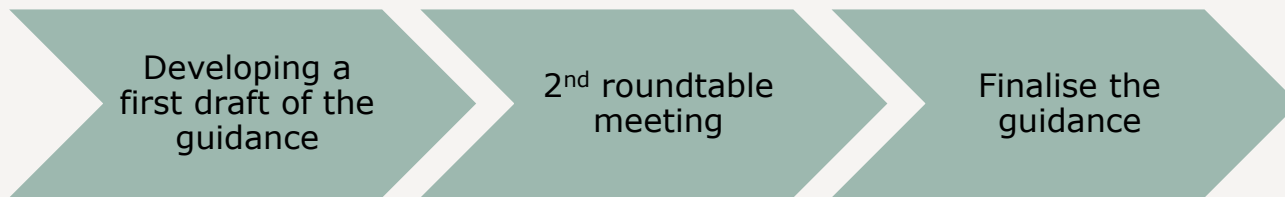
- › **Objective:** *to incentivise avoided emission, maintenance and enhancement of soil organic carbon on grasslands"*
- › **Main findings:**
 - › Action-oriented, farmer-centred design – actively engaging farmers in the actual design of the initiative
 - › Recognizing co-benefits - enhances farmers ability to relate and to see where they can improve their management practices to increase carbon sequestration
 - › Local anchorage with a trusted advisory service as the initiative manager is preferable
 - › Minimising MRV costs
 - › Simplify administrative procedures and shift costs away from farmers (to minimise transaction costs and maximise farmer uptake and permanence)
 - › Action-oriented learning-by-doing – any mechanism set-up needs to be tailored to the local context (socio-economic as well as overall agro-ecological contexts, soils and climate, etc.) - and evaluated and improved based on experience.

See Grasslands Case Study Report for mechanism description and discussion.

Contact: Helle Qwist-Hoffmann, COWI: HEQH@cowi.com

Task 4 – Technical guidance

- > **Aim** - To develop technical guidance to support those seeking to set up result-based mechanisms (or pilot schemes) for carbon farming using public and/or private sources of finance



- > **Output:** The Guidance will include key messages, decision trees summarising critical decision points, examples from the case studies and a list of useful additional resources.

Thank you!