

Food and Agriculture Climate Alliance Carbon Bank Recommendations

Objectives, Goals and Pilot Project Focus Areas

Preface

Farmers, ranchers and forest owners must be at the table and active participants in conversations on policies and programs that affect them and their operations. The Food and Agriculture Climate Alliance (FACA) has called for voluntary policies that achieve the highest adoption of appropriate climate-smart practices on the greatest number of acres in order to sequester carbon, reduce greenhouse gas emissions and build climate resilience. A carbon bank led by the U.S. Department of Agriculture (USDA) is one of many policy mechanisms to help make progress toward these goals.

Now more than 70-members strong, FACA has developed more detailed recommendations for how a USDA-led voluntary carbon bank could help reduce barriers that may prevent participation in voluntary carbon markets and the deployment of critical climate infrastructure on working lands. These consensus recommendations build on the core recommendations released in November 2020. This document outlines goals and objectives for a USDA-led carbon bank. FACA recommend that a USDA-led carbon bank begin by pursuing those objectives through pilot projects focused on the following four areas:

- Developing, improving and scaling climate-smart agriculture practices.
- Encouraging widespread adoption of climate-smart practices and critical climate infrastructure.
- Establishing carbon accounting criteria and guidelines for endorsing standards.
- Engaging with and providing equitable opportunities for minority, socially disadvantaged and small-scale producers.

See the end of this document for detailed definitions of climate-smart practices and critical climate infrastructure.



Inquiries about FACA membership, as well as comments and questions about FACA recommendations, should be directed to inquiries@agclimatealliance.com.

Carbon Bank Objectives and Goals

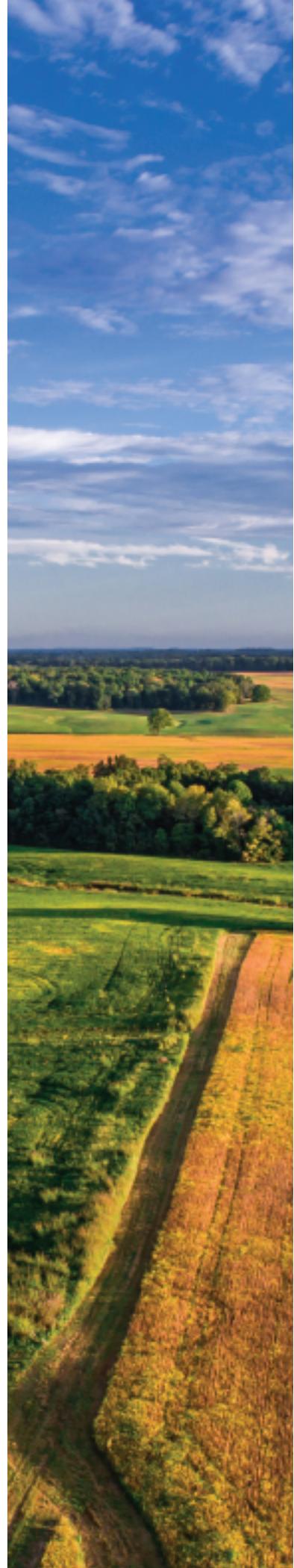
Information gained from the pilots should be used by USDA to work with Congress and stakeholders to create a durable foundation for a carbon bank¹ that gains bipartisan support and would be contingent upon a significant increase in the Commodity Credit Corporation (CCC) borrowing authority to ensure that the establishment of such a bank would not impede critically important ongoing operations of the CCC, including farm programs and mandatory conservation programs. When developing the program, USDA should mitigate potential market impacts and ensure that the program is not overly complicated or burdensome. It should also leverage private investment for agricultural and forest land-based carbon sequestration and greenhouse gas emission reductions.

The carbon bank should work to scale voluntary adoption of climate-smart agricultural and forestry practices to promote climate change resilience and mitigation across public and private, natural and working lands. The carbon bank should invest in approaches that reduce barriers to participation by farmers, ranchers and forest owners in carbon credit trading programs, and provide confidence in the practices and verification of sequestration and reduction activities.

A USDA carbon bank should advance the following objectives:

- 1. Maintain the confidence of farmers, ranchers, forest owners and carbon credit purchasers in the value of climate-smart agricultural and forestry practices across the diversity of agricultural and forest production types, regions and sizes.**
 - a. Build and maintain confidence in climate-smart agricultural and forestry practices to allow carbon markets to mature.
 - b. Ensure maximum financial benefits for farmers, ranchers, producers and forest owners.
 - c. Develop and improve measurement, modeling and verification tools for climate-smart practices.
 - d. Require robust, transparent standards for data collection, privacy and analysis.

¹ For the purposes of this document, the terms “carbon markets” and “carbon bank” include both carbon equivalents and greenhouse gas emissions reductions.





2. Ensure opportunities for participation in the carbon bank by all interested farmers, ranchers and forest owners.

- a. Distribute the benefits of USDA policies and financial incentives equitably, and incorporate active measures to increase the participation and resilience of farmers, ranchers and forest owners, including Black, Indigenous and producers of color as well as producers who are socially disadvantaged, manage small operations or are traditionally underserved.
- b. Develop and improve climate-smart agricultural and forestry practices and critical climate infrastructure that have the highest return on investment and apply to as many crops and cropping systems, livestock, forestry and production types as possible across all regions.
- c. Reduce barriers to participation in climate-smart agricultural and forestry practices.
- d. Address how practices, programs and other resources can be used by producers under different land ownership and land use models, including but not limited to rented land, joint ventures, cooperatives, heirs' property, employee stock ownership plans, and state and federal public lands.
- e. Develop meaningful opportunities and financial incentives for early adopters of climate-smart agricultural and forestry practices that recognize producers' contributions and support advancement of their work.
- f. The financial benefits of participating in USDA's carbon bank programs must go to the persons or entities who bear the financial risk and financial burden of implementation, regardless of the land ownership or the land use model.

3. Encourage coordination, cooperation and consistency across federal agencies and departments, and with states, public research institutions and other stakeholders.

- a. Coordinate across agencies within USDA and across all relevant parts of the federal government to avoid disparate policies.
- b. Identify consistent guidelines regarding carbon and carbon equivalent protocols, payment rates and other appropriate rules across USDA carbon programs to the greatest degree practical.
- c. Engage whenever possible and appropriate with state departments of agriculture, state foresters, the land-grant university system — including 1890 and 1994 institutions — historically Black colleges and universities, and other institutions of higher education that traditionally serve communities of color.
- d. Work with and gain input from farmers, ranchers and forest owners, as well as conservation and environmental organizations.
- e. Streamline the development and expedite the deployment of climate-smart agricultural and forestry practices and critical climate infrastructure.

Pilot Projects

Areas of Focus

As a critical first step toward the development of a carbon bank, USDA should act quickly to establish pilot projects that advance the objectives above and address key issues and barriers that farmers, ranchers and forest owners face as they implement practices to sequester carbon, reduce emissions and increase the resilience of their land. Those efforts and information about them can help inform voluntary carbon markets and a USDA-led carbon bank as it develops.

Pilot projects should be prioritized to build out critical climate infrastructure and enable participation by all producers and landowners. Existing carbon markets may not provide opportunities to all farmers, growers, ranchers and forest owners due to regional differences, crop and production types, total acreage under crop production, farm and forest size, and other factors.

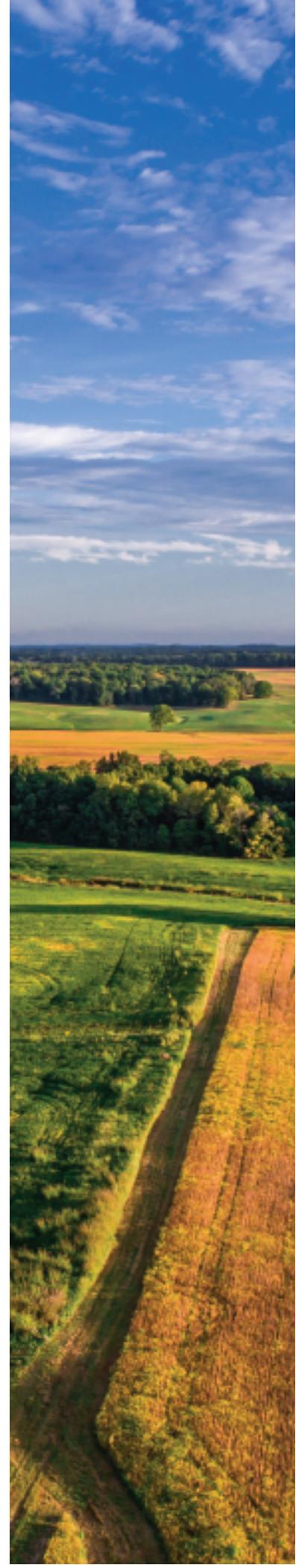
Pilot projects should focus on the following four areas:

1. Develop, improve and scale critical climate infrastructure and climate-smart practices.

- a. Deploy critical climate infrastructure, which includes soil health and livestock management systems, carbon and carbon equivalent data gathering and analytical tools, access to improved genetics, nursery and seedling production capacity development and cover crop seed production.
- b. Scale climate-smart agricultural practices that reduce, directly capture or sequester greenhouse gas emissions. Examples of such practices include improved energy efficiency, increased supply chain efficiency, enhanced manure management, new technologies such as feed additives and improved genetics and other livestock, soil, crop and forest management practices.

2. Encourage widespread adoption of climate-smart practices and critical climate infrastructure.

- a. Facilitate short- and long-term financial and technical support for farmers, ranchers and forest owners who adopt climate-smart practices and critical climate infrastructure.
- b. Support and promote projects that have important climate benefits but are not well suited to a carbon market.





- c. Reduce producer risk, disincentives and barriers to engaging in climate-smart agricultural and forestry practices.
- d. Ensure producers have information about the benefits of climate-smart practices, as well as information and assistance for the adoption of climate-smart practices.

3. Establish carbon accounting criteria and guidelines for endorsing standards.

- a. Develop consistent and credible criteria for permanence, reversal risks, additionality, leakage, uncertainty and project aggregation. Use these criteria to account for the carbon impacts of climate-smart agricultural and forestry practices and project types, set minimum standards to provide needed benchmarking of protocols, and embed flexible mechanisms to update standards over time as better approaches become widely available.
- b. Use the best available science to foster innovation in programs and protocols to scale landowner and producer participation in carbon bank projects and broader carbon markets and programs. This can be accomplished by setting parameters to maintain rigor in carbon outcomes while reducing unnecessary burdens on landowners and producers. Ensure periodic reviews and updates to the minimum standards.
- c. Make aggregate data from carbon banks and other USDA and federal agricultural carbon sequestration and emissions reductions programs centrally located and publicly available, while also maintaining high protections for producer privacy.

4. Engage with and provide equitable opportunities for minority, socially disadvantaged and small-scale producers.

- a. Provide targeted technical support, land ownership and legal support, aggregation mechanisms and assistance for overcoming other barriers to participation faced by small, minority, traditionally underserved farmers, ranchers and forest owners.

Definitions

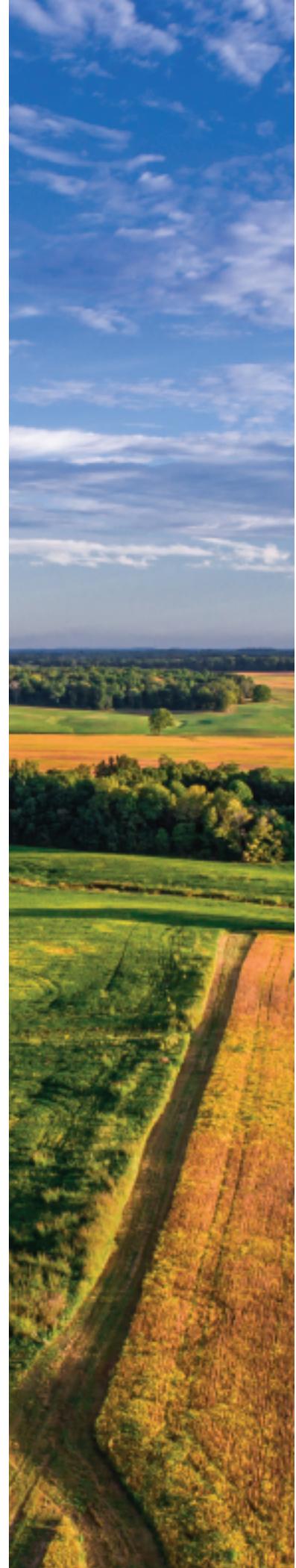
Climate-smart² practices are those that:

- Provide climate benefits, including increased sequestration and/or reduced greenhouse gas emissions.
- Meet the growing demand for food, fiber and fuel, despite the changing climate and fewer opportunities for agricultural expansion onto additional lands.
- Contribute to economic development, poverty reduction and food security.
- Maintain and enhance the productivity and resilience of natural, agricultural and forest ecosystem functions, thus building natural capital.
- Develop adaptation and mitigation approaches.
- Reduce tradeoffs encountered in the pursuit of these goals.

Critical climate infrastructure for agriculture and forestry are the:

- Systems, capacities and assets that are vital to the ability of America's farmers, ranchers and forest owners to adapt to and mitigate the effects of climate change and ensure our nation's food and agricultural supply and economic security.
- Examples of critical climate infrastructure include:
 - Systems: Functioning benefit-risk assessments for regulatory, performance and practice-based financing systems to facilitate innovations for achieving climate objectives.
 - Capacities: Development, improvement and deployment of climate adaptation and mitigation research, resources and technologies through USDA, the Extension service and other trusted service providers to facilitate the expansion and adoption of climate-smart agricultural and forestry practices. Capacity building can include

²Climate-smart management systems reflect the harmonious adoption of multiple climate-smart practices.



information, knowledge and technology about: soil health and livestock management systems; carbon and carbon-equivalent data gathering and analytical tools; consistent evaluation of carbon credit market monitoring, reporting and verification procedures; production of planting and seed stocks; development of tools to better understand and improve the soil microbiome; and improved genetics developed using a range of breeding methods, including conventional, gene editing, genomic-enabled predictive breeding and genetic engineering.

- Assets: Physical infrastructure that enables the development and adoption of climate-smart practices such as agricultural research facilities, experiment centers and USDA Climate Hubs.

