

general trends and issues with
agriculture in carbon markets -
is it advisable to set up a SBSTA work
programme on agriculture?

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The carbon markets are failing

A recent example:

- European Union Emission Trading Scheme ... ETS) is the *largest* multi-national, greenhouse gas emissions *trading* scheme in the world
- **Carbon permits fell for the sixth straight day on Monday 21st November 2011**
- Monday's low was the weakest level seen since February 2009.
- Traders said “now that the psychologically important level at 9 euros had been broken there would be no clear floor for prices”
- Some even predicted it might fall to 3 euros

But World Bank is still pushing hard...

- In a presentation on 30.5.2011 “Carbon Finance at the World Bank” –
- In a section titled “Post-Kyoto Initiatives” the Bank set out its vision for intensified efforts:
 - Carbon Partnership Facility
 - The Forest Carbon Partnership Facility
 - Partnership for Market Readiness (PMR)
 - And a next generation biocarbon fund

Carbon Partnership Facility

- Proposing that governance should be based on a “partnership of buyers and sellers of carbon credits”
- And seeking to link carbon finance with bank programmes
- Extending “low carbon programmes” across the energy sector

Partnership for Market Readiness (PMR)

A grant-based capacity-building fund providing a platform for **collective innovation on new market instruments** including:

- Explore, piloting and testing domestic emissions trading and non-GHG based schemes such as renewable energy & energy efficiency trading
- Explore and test international market instruments such as reformed CDM, sectoral and NAMA crediting – as well as new instruments not yet envisioned

Next generation biocarbon fund

- Afforestation and reforestation, projects on REDD+ and agriculture carbon
- New, revolutionary methodological advances at the landscape level
- And in soil sequestration
- Pilot areas not yet tested to include
 - croplands, grasslands, rice paddies, wetlands and biochar

World Bank support of carbon markets continues

- World Bank supports “market-based instruments to fight climate change”
- Clearly the Bank seeks to massively expand the carbon market so that traders have a large volume of units to trade, in order to attract new interest

New World Bank initiatives in Durban

The World Bank announced earlier in the year its intention of launching a **Carbon Pioneering and Financing Facility (CPaFF)** in Durban

The Bank **did** launch two new initiatives in Durban, in the Africa Pavilion on 5th December:

- The BioCarbon Fund Tranche 3 (BioCF T3) will expand the piloting work of the BioCarbon Fund in the afforestation/ reforestation, project-level REDD+ and soil carbon sectors.
- The Carbon Initiative for Development (Ci-Dev) will support poor countries in accessing the carbon markets to finance low-carbon investments with a focus in energy access.

Climate-smart agriculture

- Agriculture is “the main driver of deforestation”
- This has long been a reason to say agriculture and forests should be treated together
- Now we have climate-smart agriculture being promoted ostensibly:
 - To increase agricultural productivity sustainably (sustainable intensification)
 - To promote climate change adaptation
 - To mitigate by removing and reducing GHG
 - And support food production ...and development goals

Integrated landscape approach

- FAO wants to build bridges between REDD+ and agriculture in order to address agriculture's role as a driver of deforestation
- using what it calls an **integrated landscape approach**
- For the different carbon finance funds, CDM, Green Climate Fund and NAMAs
- **Climate-smart agriculture** seen as the means

Some African governments in support of climate-smart agriculture

- The African Union and South African government policy brief, produced with FAO and the World Bank, plus UNEP, IFAD, and the World Food Programme
- They say climate-smart agriculture is important for Africa
- They want an agriculture programme established in Durban.
- They note that “considerable public and private finance will be needed to implement climate smart agriculture”

Agriculture programme or not?

- An agriculture work programme may sound attractive to those who are concerned about:
 - peasants, small farmers, local food provision and food sovereignty....
- Some call for programme of work on agriculture on condition that such issues are prioritised and that the programme addresses adaptation equally with mitigation.

A few of the many questions/1

- Would somehow including adaptation really help to mitigate the impacts of an agriculture programme in SBSTA, which is mainly focused on mitigation?
- How much does climate-smart agriculture, using a landscape approach, mean the reduction of agriculture and forests – the whole landscape - to carbon accounting for inclusion in the market?
- Can we ever resolve the questions around measuring reporting and verifying (MRV)?
- Who owns the carbon once it is part of an offset?

A few of the many questions/2

Smallscale food providers, including Indigenous Peoples, hunters and gatherers, pastoralists, fisherfolk, the majority of them women, provide 70% of our food

- Can their central importance really be addressed under UNFCCC?
- Can they ever benefit from international or domestic carbon markets?
- Can the UNFCCC actually deliver climate justice?

And finally....

Does agriculture really belong under the UNFCCC?

- Even though climate change and agriculture are so intertwined, can agriculture in its full sense be addressed under the UNFCCC, for example:
 - Food and seed sovereignty, Indigenous and local knowledge and research *in situ*, on their land, their exchange of seeds and knowledge, including cultural knowledge, agricultural systems that are integrated into the ecosystem as a whole....
- Perhaps agriculture is better addressed within the **Committee on World Food Security**, which is now a UN organisation in its own right, separate from FAO...