

Label bas-carbone : lessons learned

French certification framework for carbon farming

03/23





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WHERE... TO IMPROVE ?

What did we miss, lessons learned

Channeling carbon finance money to Ag low-C transition

A certification framework as a public service to boost efficiency

- 2015
 - Paris Agreement → Neutrality as a target → Focus on carbon sinks
 - 4 for 1000 INRAE study → cultivated soils potential carbon sinks, can significantly contribute to carbon neutrality if activated

▶ Agriculture (and forests) become a government target to achieve Paris Agreement commitment.
- 2016 - 2017
 - How to boost Ag low carbon transition / activation of ag soil carbon sink ?
 - Practice changes expensive to the farmers, Ag sector economically fragile, enforcement by law not possible → need to find money
 - Carbon finance is booming → how to channel it to compensate Ag low-c transition cost and stimulate transition ?
 - Carbon Certification Framework is a solution, but existing ones are costly and not applicable in France (double counting risk)
 - Benchmark of existing carbon certification framework (by I4CE)
- 2018
 - Creation of Label bas-carbone : Certification framework as a public service
 - All “regalian” services free (registration, credit validation, account holding...)
 - Project audit by third party (Bureau Veritas...)
 - Sectorial methods to be submitted by sectorial actors > Validation by LBC and its scientific committee > field applicability
 - (Agrosolutions writer of many Ag methods for sectorial bodies)



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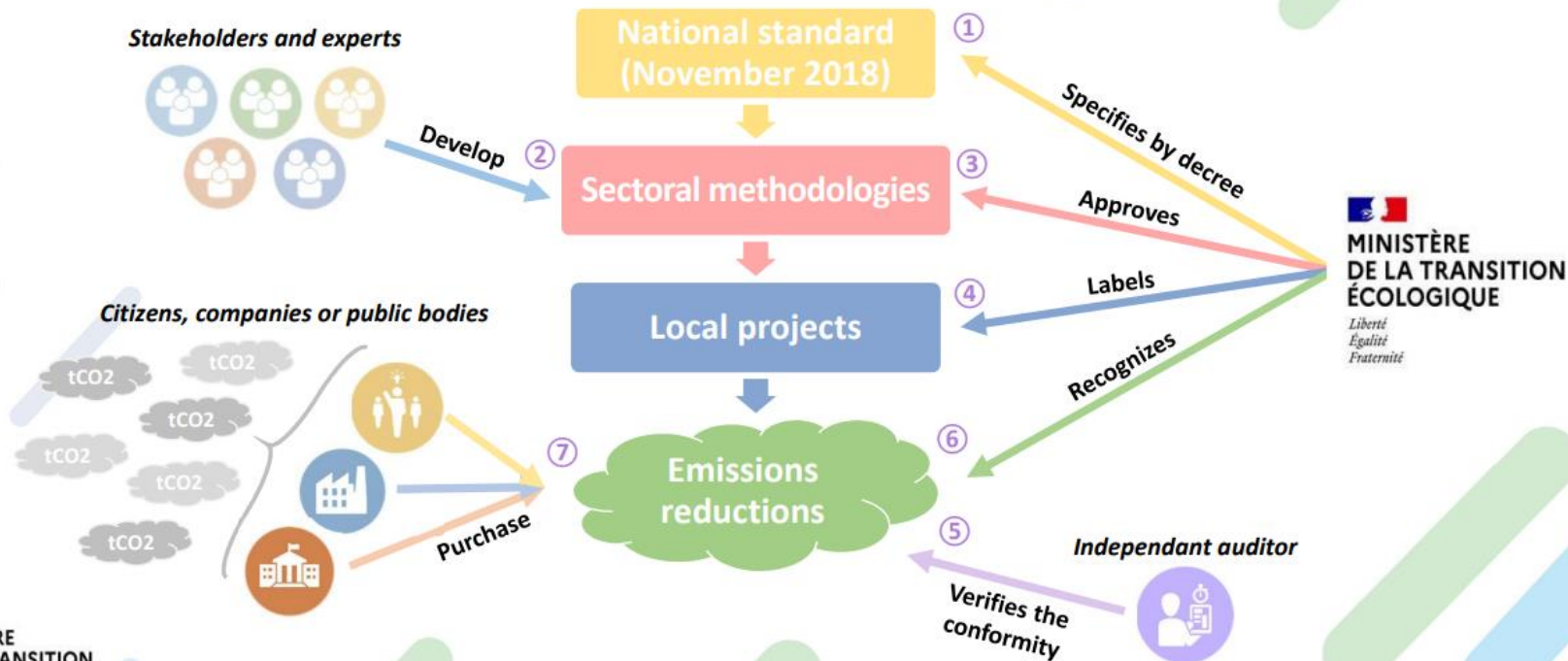
Functioning of the system

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WHERE... TO IMPROVE ?

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II. Functioning of the label



- ❖ The scheme is open to all types of investors (public or private, national or foreign) but projects must be located in France (mainland or overseas)

List of methods validated

Agriculture

- Field crops in rotation
- Cattle
- Orchards
- Hedgerows
- Inputs management
- Animal feed vs. methane emissions

In progress

-
- Vineyards
 - Perfume crops

Forest management

3 methods
validated

Building sector

In progress

Transportation sector

In progress

Focus on the method « field crops in rotation »



II. Scope of emissions and removals

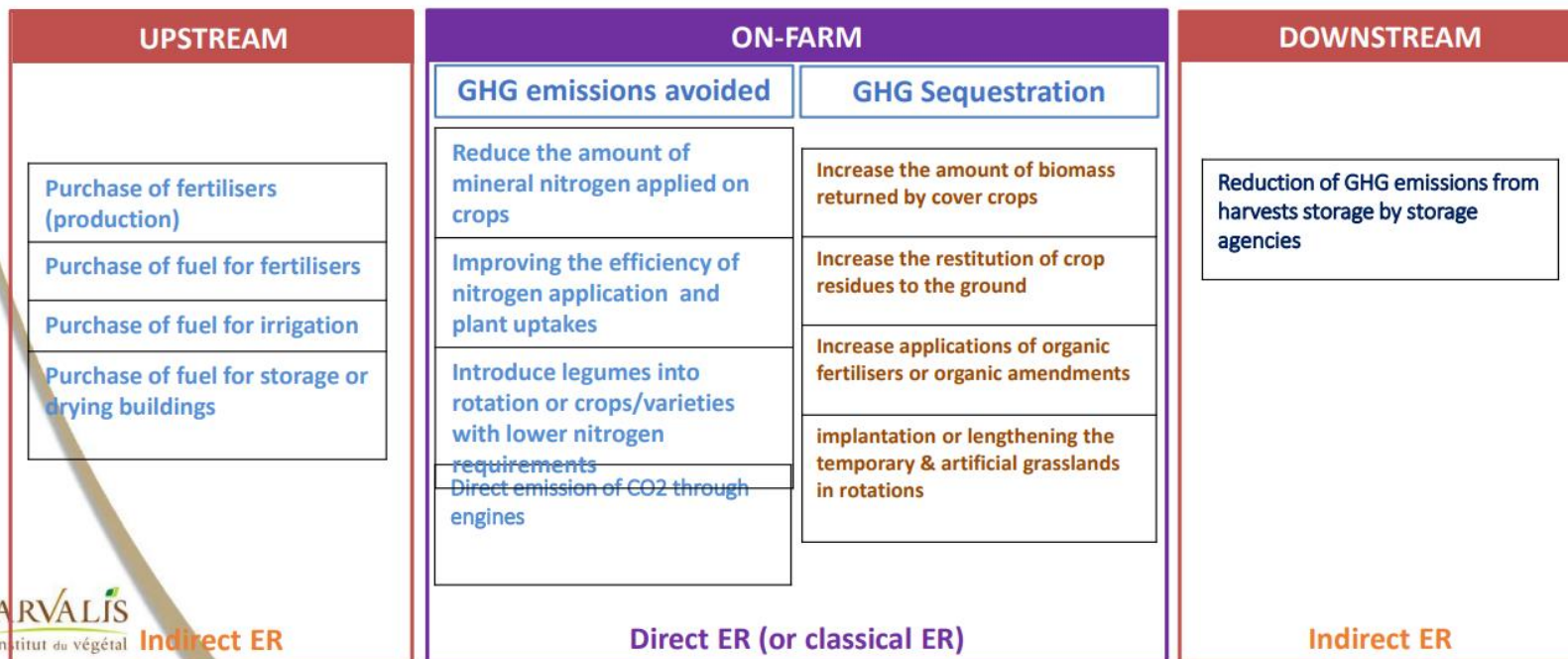
- **Emissions avoided** and **removals** are included but calculation are separate
- Possibility to include scope 2 and 3 of GHG emissions of the projects if the methodology is robust (ex: emission factor of the production of synthetic fertilizer)
- **Tier 3 method / Compliant with SBTi Flag / GHG Protocol land sector /**
- **Very close to Verra VM0042 (LBC GC more exhaustive : farm scale vs. plot scale)**

Focus on the method « field crops in rotation »



Accounted emission reductions

✓ The eligible levers can be chosen for each project:

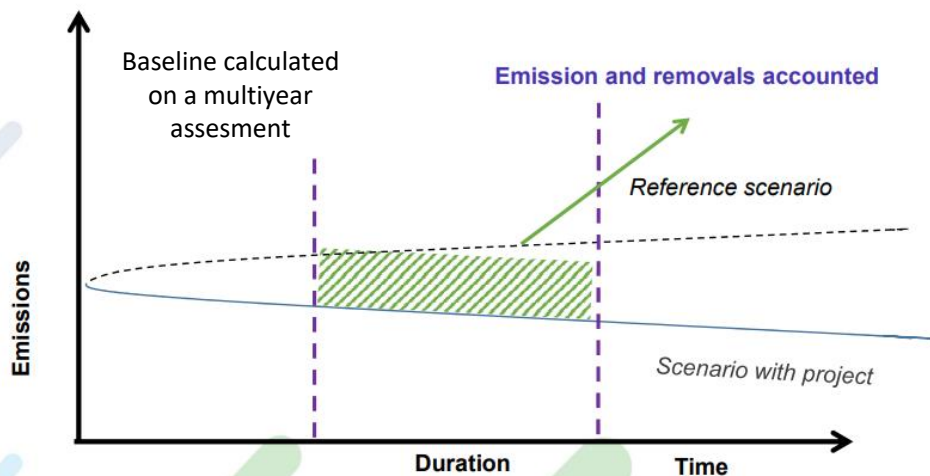


Focus on the method « field crops in rotation »



II. Reference scenario and additionality

- A project that reduce more emissions or remove more carbon in comparison with a reference scenario



Automated by tier 3 MRV digital tool :

**carbon
extract!**

<https://monbilan-carbonextract.com/accueil>

Focus on the method « field crops in rotation »



References also available for co-benefits

✓ Estimation of other impacts and co-benefits of the projects

Pressure on resources and air or water quality

- ✓ Amount of nonrenewable (or low) resources
- ✓ Soil quality
- ✓ Air quality
- ✓ Water quality

A set of indicators proposed

- ✓ Soil erosion in medium- or high-erosion hazard zones
- ✓ Non-renewable energy consumption
- ✓ Ammonia emissions (air quality)
- ✓ Risks of nitrate leaching (water quality)

Biodiversity

- ✓ Aerial biodiversity (cultivated or uncultivated areas)
- ✓ Underground Biodiversity

A set of indicators combined
if the stakeholder wants to follow
biodiversity

Socio-economic and societal impacts

- ✓ For the producer
- ✓ For the territory
- ✓ For society

Several indicators to
choose according the local
challenges

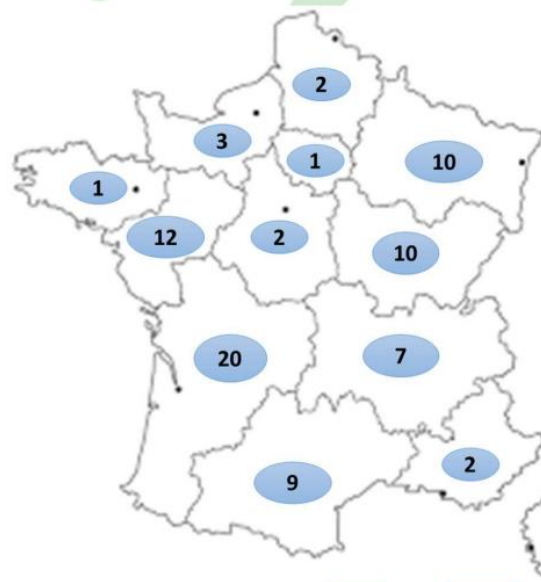
✓ *To highlight additional services provided by
the climate projects*

> 100 project launched, mainly in forest and cattle, field crops projects in struggle

LABEL BAS CARBONE

III. Projects : 88 certified projects (May)

- **87 forest projects** are labeled
 - Corresponds to **130 000 tCO2**
 - Corresponds to 600 ha
- **+ 1 collective agriculture project** is labeled
 - a collective project of **300 farms**
 - Corresponds to **140 000 tCO2**
- **73 projects** are currently under examination





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A contrasted balance from the field crop sector perspective

The rapid development of a few projects should not delude us: the initial objective, which was to channel carbon finance money to AG transition, has not yet been achieved.

The vast majority of Label bas-carbon projects are financed by newcomers to carbon finance: French companies mostly investing small tickets as « love money ».

We don't really see significant investments with hope of large scale replication.

Most of the players who make the 2 B\$ yearly carbon finance market remain wary of LBC projects.

Field crop projects (the only one to provide soil carbon sequestration) are expensive and have difficulty finding buyers at the required price. Less than 10% of audited farmers interested.

What is missing to truly make the link between carbon finance and the financing needs of the agricultural sector for its transition?

What lessons for improvement ?

A contrasted balance from the field crop sector perspective

Writing a carbon farming method is an equilibrium exercise between 1) **robustness** (of the rules, to fit additionality, no double counting and permanence and of the method, for scientific robustness) and 2) **“field-proofness”** (needs to be easy to the farmers)

Apparently, we missed something here



Maybe the rules are to be changed...

Structural limits

Agriculture needs its own dedicated carbon finance system

Carbon finance as such is structurally not adapted to agriculture, it has been designed according to the energy and forest sector realities.

The golden rules of carbon finance are: additionality, no double counting, permanence.

This fit well with energy and forestry sectors but it does not work with agriculture.

Additionality

Permanent evolution of Ag practices regulation constantly raise the limits of additionality

Agriculture is a highly complex economy, multicyclic and farms are multi-financed

Strict additionality is a massive challenge to demonstrate on an Ag project > costly

Permanence

Soil carbon is not permanent

Strict long term permanence is impossible to demonstrate

Double counting

Raising demand of scope 3 reporting by agroindustry willing to reach SBTi compliance

Biofuels low-carbon program not harmonized with LBC (1st source of carbon revenue in France for the farmers)

Double counting highly challenging to guarantee at start, and impossible to guarantee on the long term with current processes

Functional limits

Running a carbon farming scheme takes time and needs dedicated (costly) bodies

- Label bas-carbon has underestimated the time needed to run the system, at list two dedicated body to end-users' relationship and method update would be needed.
- In Field crops this work is done by the unofficial volunteer group composed by the writers of the method (Arvalis, Agrosolutions, TerresInnovia, ARTB...)

End-users questions & remarks

- Project implementation
- Project process inaccuracies regarding local specificities
- Way of taking into account special local crops of Ag practices
 - ...

Methods update

- Evolution of scientific references
- News products with new impacts
 - Model updates
 - Database updates
- Evolution of tools and carbon monitoring IoT

Need to permanently update the project process and the methods
Lack of a dedicated scientific committee, and end-users committee in LBC

Lessons learned to improve the system

Adapt carbon finance rules to
Agriculture

*(additionality, double counting and
permanence)*

Harmonize methodological
approaches.

Simplify measuring methods towards
better “field-proofness”

Harmonize carbon accounting
systems, standards and regulations...
(especially carbon credits vs. scope
3) to sort double counting issues

Power the system with
sufficient means to make it run
on a daily basis and to
constantly adapt the methods

Needs to be achieved at top political level :
European Commission and/or USDA
in collaboration with private standards (WBCSD for SBTi / GHG)