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An effective policy mix for scaling up carbon farming

How does the CRCF fit in with the Common Agricultural Policy, the Soil Monitoring Law, the Nature Restoration Law, and where do public and private funding meet to support its uptake?

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Key messages

- There is considerable scope to restore Europe's degraded soils and build up Soil Organic Carbon, thus contributing to climate change mitigation. This potential should be exploited. It is then a subsequent question of how this will be achieved: through support for holistic changes to farming systems (agroecology, organic, regenerative, etc.), support for specific actions (cover crops, agroforestry as currently supported under the CAP), and/or through generation of carbon credits.
- There are advantages and disadvantages to the activity-based support of the CAP, and the
 result-based incentives of the CRCF. Both have a place, and full integration making the CAP a
 purely result-based system using CRCF methodologies might be feasible in the future, but in
 the short term it would encounter issues, such as regulatory limitations, but also cost of MRV.
 On the other hand, a combination of these funding opportunities could create an enabling mix
 to deliver more effective climate action.
- A compliance mechanism needs to be created to supplement voluntary action and drive investment in agricultural practices that deliver enhanced high-quality emission reduction and carbon sequestration with sustainability co-benefits. While voluntary action is already taking place, relying on it alone will not enable public and private actors to achieve the EU climate targets and a transition of the agricultural sector towards sustainability.

Introduction

Policy environments are complex, and with the Carbon Removals and Carbon Farming Regulation (CRCF), a new and different type of policy is added into the mix of policies that can influence agricultural land management. If the policy mix is to be conducive to the enhanced uptake of carbon farming practices that enhance carbon sequestration in biogenic carbon pools, special attention needs to be paid to the possible interactions, synergies, and tensions between the different policies and frameworks. This document reflects the presentations and discussions held on three separate occasions in January 2025 in the context of Focus Group 2.3 under the Credible project. The areas of focus during these sessions have been the Common Agricultural Policy (CAP), the Soil Monitoring Law (SML), the Nature Restoration Law, and the "CRCF business case" which considers elements from voluntary corporate action and the ongoing discussions around compliance instruments for climate change mitigation action in the agri-food value chain. The overarching question when discussing these policy areas was: what can the CRCF and these other policy elements learn from each other and how can they, maximising synergies, lead to a conducive policy environment for robust carbon farming at scale.





Regulatory Framework

The CRCF is an attempt at creating an enabling framework for carbon farming that can deliver on environmental objectives as well as create an attractive business model to pull private sector funds into the land sectors in the hope of enabling a transition. Permanence, environmental integrity, liability, additionality, and economic viability are all considerations in the framework, but as this Focus Group has discussed, it is unlikely for the CRCF to satisfy all these aspects without using the synergies with other policy instruments. As a result, while everyone agrees that action is needed, many questions remain to be addressed in the efforts to establish a policy environment that is not only conducive to carbon farming, but also addresses challenges across environment, climate, and society in a holistic manner.

Recommendations

- The terms "activity", "practice", and "action" are used across different policies, sometimes interchangeably, sometimes denoting different meanings. The same is true for the terms "output", "result", and "impact". Policy discussions would benefit from greater clarity if terms were properly defined and used consistently.
- Data that is already being gathered, in the CAP, and through other avenues, could be leveraged better to support the operators participating in the CRCF and bring down MRV costs. Therefore, even though policies target different scales and scopes, and occur on different timelines, there needs to be increased attention for the complementarity and interoperability of data from different sources. The recent interest in a "benchmarking" exercise in EU agriculture, though at this stage not yet defined, and likely voluntary, might facilitate the harmonisation of indicators and requirements.
- The indicators under discussion in the SML need to be considered to ensure maximum synergy
 opportunities, such as the CRCF supporting the SML with additional data points, and SML data
 supporting the baselines and the science under the CRCF. While the full implementation of the
 SML will take time, it is important to carefully consider the indicator question in the first CRCF
 methodology, since adjusting it later may be slow, and the updated version may not be
 implemented retroactively.
- Although a balance needs to be struck between the robustness of the certification methodologies and the practical accessibility of the scheme, the CRCF is proposed as a climate instrument and the use case of the units is unclear (compensation of emissions in voluntary and compliance approaches is possible). Therefore, environmental integrity is an absolute priority that cannot be traded off.





- Scientifically robust and cost-effective soil biodiversity indicators need to be developed through living labs that can make measuring below-ground biodiversity an integral part of the CRCF. If farmers get credits for storing more carbon in soil, the biodiversity co-benefit should also be proven in the soil since the correlation between above- and below-ground biodiversity is not always straightforward.
- The CRCF needs to go beyond SOC as an indicator for biodiversity. The Soil Monitoring Law
 proposal includes a specific, albeit incomplete, list of descriptors to measure soil biodiversity
 –
 an aspect that the co-legislators have not disputed but rather improved. Hence, discussions on
 the SML show that descriptors beyond SOC are needed to assess the impact of specific
 practices on taxonomic and functional soil biodiversity, and that it should not be considered the
 only indicator under the CRCF.
- In order to allow for interoperability of data, information gathered under the SML should be accessible in raw and non-aggregated form in order to better support the further development and amendment of the baseline in the CRCF.
- The SML should define a clear objective and implement concrete measures towards achieving healthy soils across the EU by 2050. Achieving and maintaining a good condition of the soil ecosystem is a precondition for long-term carbon storage also for individual projects.
- A compliance mechanism could start with default emission factors to make the scheme accessible and gradually integrate on-farm MRV to increase accuracy and robustness. Such a "default emissions factor scheme" would not require or utilise the CRCF, which has a more complicated (and accurate) quantification approach. The decision to start with a simple default approach would reflect balancing the needs for a robust system that is also implementable. Such a balance should not come at a cost to environmental integrity, hence emission factors should be made sure not to underestimate emissions.
- Agricultural emission reductions need to be separated from carbon sequestration in land and biomass. The same mechanisms could be used for achieving both, but separate targets are needed to ensure there is no fungibility, and no flexibility should be allowed. They are not equivalent in climate terms and hence should not be treated as such.
- Public money use needs to be targeted towards the largest impact on the public good. Strengthening the public provision of farm advisory services and supporting the implementation of proven methods are high-impact, high-integrity, no-regret measures. A carbon credit has no intrinsic value and has in the past not been a guarantee for positive change. Hence, the objective is not to create an enabling environment for CRCF credits per se. What matters is the change on the ground which leads to improved environmental and climate benefits.