Carbon markets and Agricultural Offsets – An International Perspective

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Kyoto Lays the Foundation

International Emissions Trading

Clean Development Mechanism (CDM)

Joint Implementation

Kyoto Protocol
How prevalent are carbon markets?

Early adopters have paved the way for a new generation of carbon markets. Members of the Partnership for Market Readiness are among these leaders with markets planned or underway.
Similar, but different
Different types of offsets

**How They Work:**
- Carbon market rules vary.
- Cap-and-trade schemes set a cap on emissions and then distribute or sell permits which allow companies within targeted sectors to emit greenhouse gases up to that limit. Some trading schemes set high initial limits based on historic emissions and then lower them over time.
- Greenhouse gas emitters that exceed the limit must then buy permits from other companies that have kept their emissions low or utilize offsets from emissions-reducing projects. Establishing a market encourages lowering emissions.

**Examples of Offsets:**
- Destroying industrial pollutants
- Methane collection
- Preserving forests
- Renewable energy
- Energy efficiency
Problems – setting the right price
The right price for farmers

Kenya Agricultural Carbon Project: estimates of revenues, costs and benefits to farmers

<table>
<thead>
<tr>
<th>FARMERS’ INVOLVEMENT</th>
<th>ASSUMPTIONS</th>
<th>REVENUES AND COSTS</th>
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<tbody>
<tr>
<td>60,000 farmers on 45,000 hectares, rolled out over 9 years.</td>
<td>1.2 million tons of Co2 sequestered over 20 years</td>
<td>$2.48 million USD in carbon revenue</td>
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<td>618,000 credits to be sold, with 60% discount for leakage and impermanence</td>
<td>Less $1.05 million for transaction costs</td>
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<td>$23.83 per farmer over 20 years</td>
<td>Assumes $4/tCo2</td>
<td>Leaves $1.43 million</td>
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Fraud

Ten Ways to Game the Carbon Market

Friends of the Earth

Risks of poor regulation

The Big Banks

Oil and Energy Industry

Agribusiness
Offshoring pollution - leakage
Shaky measurement for land-based offsets

- Additionality
- Precision
- Permanence
Agriculture only as carbon
Other options for funding agriculture

- Green Climate Fund
- Adaptation Fund
- Less explored, other climate policies
Resources

• Misleading Numbers: The Case for Separating Land and Fossil Based Carbon Emissions, FERN http://www.fern.org/misleadingnumbers
• NRCS Webinar – May 21 – Environmental Benefits of Organic Agriculture: Energy and Climate Change
• Carbontradewatch.org