CERTIFYING EU ACTIVITIES

TO INCREASE CARBON REMOVALS FROM LAND

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For agricultural and forested land, the aims of the European Commission's proposed voluntary EU Carbon Removal Certification Framework (CRCF) include:

- **Increasing carbon removals by establishing EU criteria and methods to approve land use activities that lead to carbon sequestration, thereby generating new funding.**
- **Achieving the new targets set by the Land Use, Land Use Change, and Forestry (LULUCF) Regulation.**

The proposal's scope goes beyond land-based activities and includes scant details about how best to integrate the land use sector. It does not adequately address the differences between technological and land-based carbon sequestration. For example, it introduces the concept of "carbon farming" as a category of land-based climate mitigation activity, but it does not define it beyond saying it could be a "new business model" linked to public or private payments to farmers and foresters.

As currently framed, the CRCF could incentivise practices that fail to contribute to either biodiversity or climate targets by relying on well-known but flawed methodologies used in voluntary carbon markets. Many carbon offset methodologies allow activities that actually harm the environment, without reducing emissions.[1] Forestry and agricultural practices, such as close-to-nature forestry, agroecology and organic agriculture, that meaningfully contribute to multiple environmental, climate and social objectives are not the focus of carbon market activities. Such activities require stronger environmental and social criteria than are seen in most carbon offset methodologies.

KEY RECOMMENDATIONS

- Ban carbon offsetting and only allow the certification of land-use activities (activity-based as opposed to results-based) that meet a strict set of criteria including consideration of social and biodiversity benefits.
- Require activities to have a positive environmental impact, based on ambitious criteria in the Nature Restoration Law, the Soil Health Law and the Green Claims initiative. These laws should be finalised before land use certification methods are developed.
- Contribute to a just transition of the land sector and provide finance to small land owners so as to prevent adverse social outcomes.
- Monitoring, Reporting and Verification (MRV) of land-based activities to remove carbon should be used to improve the accuracy and accountability of countries' GHG inventories used in the Land Use, Land Use Change and Forestry Regulation.
- Exclude emissions reductions from the definition of carbon farming removals and address them under other policies.
- Don't certify products, such as wood, as this may increase consumption, which could have a negative effect on achieving carbon removals in the long-term.
- Ensure the process is transparent, inclusive and prevents conflicts of interest.

[1] *The Carbon Con – How offsetting claims are vastly inflated, Source Material article, 2023*

To be successful, the CRCF needs to have clear, robust and holistic environmental and social criteria for evaluating land-based activities so as to ensure it supports foresters and farmers to transition to and/or continue practices that remove carbon dioxide from the atmosphere, increase biodiversity, and make forests and land more resilient to the effects of the climate crisis.

This briefing advances seven recommendations for how to improve the proposed CRCF so that it does not greenwash existing harmful land use, and instead promotes activities that mitigate the climate crisis whilst helping forests and agricultural lands adapt to it. To achieve this, the CRCF must turn away from offsetting. ■

SEVEN WAYS TO IMPROVE THE CRCF

1 Ban carbon offsetting and only allow the certification of land use activities (activity-based as opposed to results-based) that meet a strict set of criteria including consideration of social and biodiversity benefits.

To achieve the goal of storing more carbon in land, it is necessary for land managers in the forestry and agricultural sectors to focus on both ecosystem restoration and climate resilience. Such a holistic approach would help mitigate climate change but also deliver on multiple critical environmental and social objectives.

Despite old[2,3,4] and new[5] critiques of the failures of both regulatory and voluntary carbon markets, especially those that focus on land-based carbon credits, the CRCF does not rule out carbon offsets or certification schemes. The proposed CRCF is framed in such a way that it will encourage the market-based approach used by many carbon offset standards, even though this approach has already been shown to encourage financial support for the wrong types of project.

In a results-based system, carbon removal activity should demonstrate additionality and permanence with credible baselines and a strong system for Monitoring, Reporting and Verifying (MRV). Such a system would have to ensure that there has been no leakage and that claimed emissions removals have not been counted elsewhere. Because the carbon stored in land-based activities is not reliably quantifiable, easily reversed and never permanent, an activity-based approach is needed.

Another reason that the voluntary carbon market has failed to deliver financing for positive land use activities is that reliable MRV is relatively expensive. Farmers and foresters cannot cover this cost without putting themselves at significant financial risk. Carbon markets are price volatile, and forests could, for example, burn down. If the CRCF was to move away

[2] *JP Morgan, Disney, Blackrock Buy Nature Conservancy's Useless Carbon Offsets - Bloomberg article, 2020*
[3] *An (Even More) Inconvenient Truth - ProPublica article, 2019*
[4] *How additional is the Clean Development Mechanism? Oko Institute study, 2016*
[5] *Revealed: more than 90% of rainforest carbon offsets by biggest certifier are worthless, analysis shows - Guardian article, 2023*

from market-based funding, money could be used to support farmers and foresters to transition their management practices, instead of being used to pay for carbon consultants and project aggregators.

A narrow focus on only maximising carbon removal in land-based practices can also lead to biodiversity harming activities such as dense monoculture tree plantations.[6] An activity-based approach is therefore far better suited to support land-based activities that not only support the build-up of carbon stocks but also deliver social, environmental, nature and climate adaptation benefits.

[6] *Forest Projects in the French low-carbon label (in French) WWF France report*

2 Require activities to have a positive environmental impact, based on ambitious criteria in the Nature Restoration Law, the Soil Health Law and the Green Claims initiative. These laws should be finalised before land use certification methods are developed.

The unprecedented climate and biodiversity crises are intrinsically linked. This is not adequately reflected in the proposal's sustainability criteria, which allow activities to be judged based on a "neutral" impact on the environment.

The CRCF must build from and achieve synergies with other EU tools in the European Green Deal. To decide criteria for CRCF activities, it will be necessary to look at legislation such as the Organic Regulation, which contains clear requirements for sustainable agricultural production; the proposed Nature Restoration Law, which includes criteria for agricultural and forest ecosystem restoration; and the forthcoming Soil Health Law, which should include robust indicators for healthy soil functions and sustainable soil management.

These laws must serve as a foundation for the CRCF to promote activities that increase the resilience of the land sector while supporting foresters and farmers.

In order to be able to receive funds for carbon removals, activities would need to meet **criteria that show they would have favourable biodiversity and other environmental impacts**. These criteria could be based on those proposed under the Nature Restoration Law (Article 8, 9 and 10), which screen for activities that promote ecosystem restoration. This could include, for example, ensuring high-diversity landscape features on agricultural land, and increased deadwood and uneven-aged structure for forests.

Clear criteria on the sustainable use of soils should also be defined, learning from the upcoming Soil Health Law, which should establish a clear definition of soil health with indicators reflecting the full range of soil functions, most importantly being the habitat for diverse and flourishing soil biodiversity. Including such criteria would be a reversal in current thinking that prioritises quantifying carbon over measuring environmental benefits. This change should mean that activities like close-to-nature forestry, agroforestry, organic farming and agroecological practices will become front runners for support.

There should also be obligations to avoid greenwashing. The Green Claims Initiative should set out ambitious rules for making voluntary environmental claims, including around climate neutrality. The CRCF should prohibit any claims that land-based activities make a company or product climate neutral.

Carbon removals generated by these activities would be considered a co-benefit. These can be monitored as part of LULUCF reporting and accounting rather than as tradable units and quantifiable assets as is presently the case with offsetting (see point 4). Given the essential need for robust environmental and climate criteria, as well as guardrails for green

claims made by non-state actors, it is critical that ambitious Nature Restoration and Soil Health laws be passed and the Green Claims Initiative results in a ban on climate neutrality claims before the CRCF agrees on land-based methods.

3 Contribute to a just transition of the land sector and provide finance to small land owners so as to prevent adverse social outcomes.

The proposed CRCF states that carbon farming would be a new green business model for land managers, yet it does not explain how it would address potential negative social impacts such as land speculation, land grabbing and additional financial risks for land managers.

Such impacts are likely results of carbon offsets as they increase the value of agricultural lands. Communities in the United Kingdom[7] and Australia[8] are already experiencing high land prices as investors have swept in to buy land-based credits following the establishment of national carbon credit schemes. The commodification of land also reduces the amount of land accessible to farmers, which especially affects young, new and small farmers in the EU who already lack access to land.

Carbon credit certifiers are generally more interested in projects that generate a large number of credits. Smaller farms are pushed out due to high implementation costs and lower potential revenue. This is reflected in the revenue distribution of credits from the French "low carbon certification" (Label Bas Carbone), where intermediaries can take up to 40% of the carbon credit price, often preventing such certification from covering the investment costs farmers would have to take on.[9] The CRCF must ensure that fair, reliable and predictable payments for farmers and foresters are a critical element of the legislation.

The CRCF must also complement the Common Agricultural Policy (CAP), the EU's central tool to transform the agriculture sector. The CRCF must not undermine the greater social and environmental ambition that is necessary in the next CAP reform to contribute to a just transition. Public funding should support land managers to deliver public goods while achieving the European Green Deal's objectives.

[7] *Carbon capture pitches smallholders against big business - Financial Times article, 2022*
[8] *Out of the woods? The trouble with Australia's carbon farming industry - Independent article, 2023*
[9] *CAN France updated position on the French carbon certification label (in French)*

4 Monitoring, Reporting and Verification (MRV) of land-based activities to remove carbon should be used to improve the accuracy and accountability of countries' Greenhouse gas inventories used in the Land Use, Land Use Change and Forestry Regulation.

Land-based carbon sequestration is not permanent and easily reversible. It is difficult to reliably quantify carbon removals from land use activities and it requires expensive measurement of fluctuating and highly reversible carbon storage, which is the case for example for soil carbon sequestration. Taking an activity-based approach relieves land managers from the complex and demanding MRV system required for quantified carbon certification.

However, monitoring and reporting and verification of land use is a requirement of countries under the Paris Agreement. A publicly administered MRV system should serve the purpose of strengthening

knowledge about the most effective activities in different environments, so as to improve the accuracy of reporting and accounting in the EU LULUCF Regulation, as well as the Soil Health Law.

5 Exclude emissions reductions from the definition of carbon farming removals and address them under other policies.

There is a huge difference between reduction of emissions and removals of carbon dioxide already in the atmosphere. Practices that stop or reduce the addition of greenhouse gases to the atmosphere, such as reducing methane and fossil fuel emissions on farms, are critical. However, they are different from carbon dioxide removals. The proposed definition of carbon farming in the CRCF states that such farming must deliver a "reduction of carbon release from a biogenic carbon pool to the atmosphere." This part of the definition must be removed and replaced with text to ensure only activities that remove emissions are supported.

It is important to differentiate between activities that deliver permanent or semi-permanent carbon removals and activities that reduce emissions, as the latter should fall under other land-use policies.

For example, the reduction and avoidance of emissions from agriculture should not fall under the CRCF, and a practice such as peatland rewetting should only consider the carbon dioxide absorbed, not the emissions that would also be reduced.

6 Don't certify products, such as wood, as this may increase consumption which could have a negative effect on achieving carbon removals in the long-term.

One of the best ways to increase carbon sequestration on land is to decrease the intensity of management practices with the aim of producing food and forest products in ways that restore ecosystems. This will mean reducing rather than increasing production, especially of short-lived products.

There is a general belief that wood products store carbon, but much of this carbon is actually stored for a very short time. The EU should not count these products, as most of them will release carbon back in the atmosphere in less than 30 years. Additionally, as an increase in wood production might lead to replacing other wood products, it should not be said that further incentivizing these products will lead to less carbon in the atmosphere.[10]

One product explicitly mentioned in the explanatory text accompanying the proposed CRCF is bioenergy. This is important as it represents about 40% of the energy labelled as "renewable" by the EU. Bioenergy is already subsidised by billions of euros and the results have been tragic,[11] destroying ancient forests in and outside Europe, worsening the climate[12] and biodiversity crises, increasing carbon dioxide emissions and air pollution, and reducing forests' ability to capture and store carbon. The CRCF should therefore include text to ensure it reduces rather than increases the use of forests for bioenergy.

As the climate and environmental impact of wood products depends on how they are produced, the CRFC can be most effective by focussing on improving land management activities.

[10] *The climate impact of forest and land management in the EU and the role of current reporting and accounting rules - Oeko Institute report*

[11] *Tweet of New York Times article "Europe Is Sacrificing Its Ancient Forests for Energy"*

[12] *What is Bioenergy? - Fern*

7 Ensure the process is transparent, inclusive and prevents conflicts of interest.

Discussions around the scope of the framework and rules regarding permanence, measurement and liability related to carbon removals are not presently open to public debate but left to an "expert group" to elaborate behind the scenes.

The problem is that this "expert group, includes powerful corporate lobbies, from the oil and gas industry (IOGP Europe), the chemical industry (Cefic), agribusiness (FoodDrinkEurope, COGECA), the forest industry (CEPF, Cepi, CEI-Bois) and more. Industry has been given significant power to develop criteria and scope for the types of projects that could be certified as removals and how to address fundamental problems, such as who should be held liable for carbon loss and how baselines for and progress towards achieving carbon removals are set.

There is always a fundamental conflict of interest problem when lobby groups are allowed to help set the rules that govern them. The expert group's final decisions are proposed to be enacted through "delegated acts," which means they will circumvent the accountability and democratic checks and balances of the trilogue process with the European Parliament and Council.

Critical decisions about the scope of the CRCF, financing and critical cross-cutting elements of the legislation, such as details of the quality criteria should be decided in the trilogue process and not through delegated acts. To ensure that the integrity of the CRCF is not undermined, it is crucial to open the expert group discussion on the approach and methodologies for land use activities to the public and to set and implement strict conflict-of-interest policies.

CONCLUSION

The proposed CRCF is presently not fit for purpose and cannot be improved without wholesale change such as abandoning ineffective finance methods like offsetting and a move towards measuring the extent to which small scale farmers and foresters are supported to transition to or implement restorative practices.

In addition, it is important to reevaluate the EU legislation best placed to encourage positive change. "Carbon farming" is a broad term and some activities that fit under it will need to be grounded in and promoted through the various EU laws in consideration under the European Green Deal. Carbon farming is only relevant to the CRCF when it is encouraging removals, not reductions. As with other activities, it will be important to not focus on carbon quantification, but ecosystem restoration that benefits the climate, communities and biodiversity.

The CRCF must aim to incentivise good land management practices and consider carbon dioxide sequestration as a co-benefit. This means disqualifying certifiers that allow trading of carbon offsets and prioritising activities such as agroforestry, close-to-nature forest management, organic farming and agroecology. Other land use activities should be promoted through EU instruments that align more with restorative practices.