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Landscape-Scale Agricultural Carbon Projects: Reducing Transaction Costs



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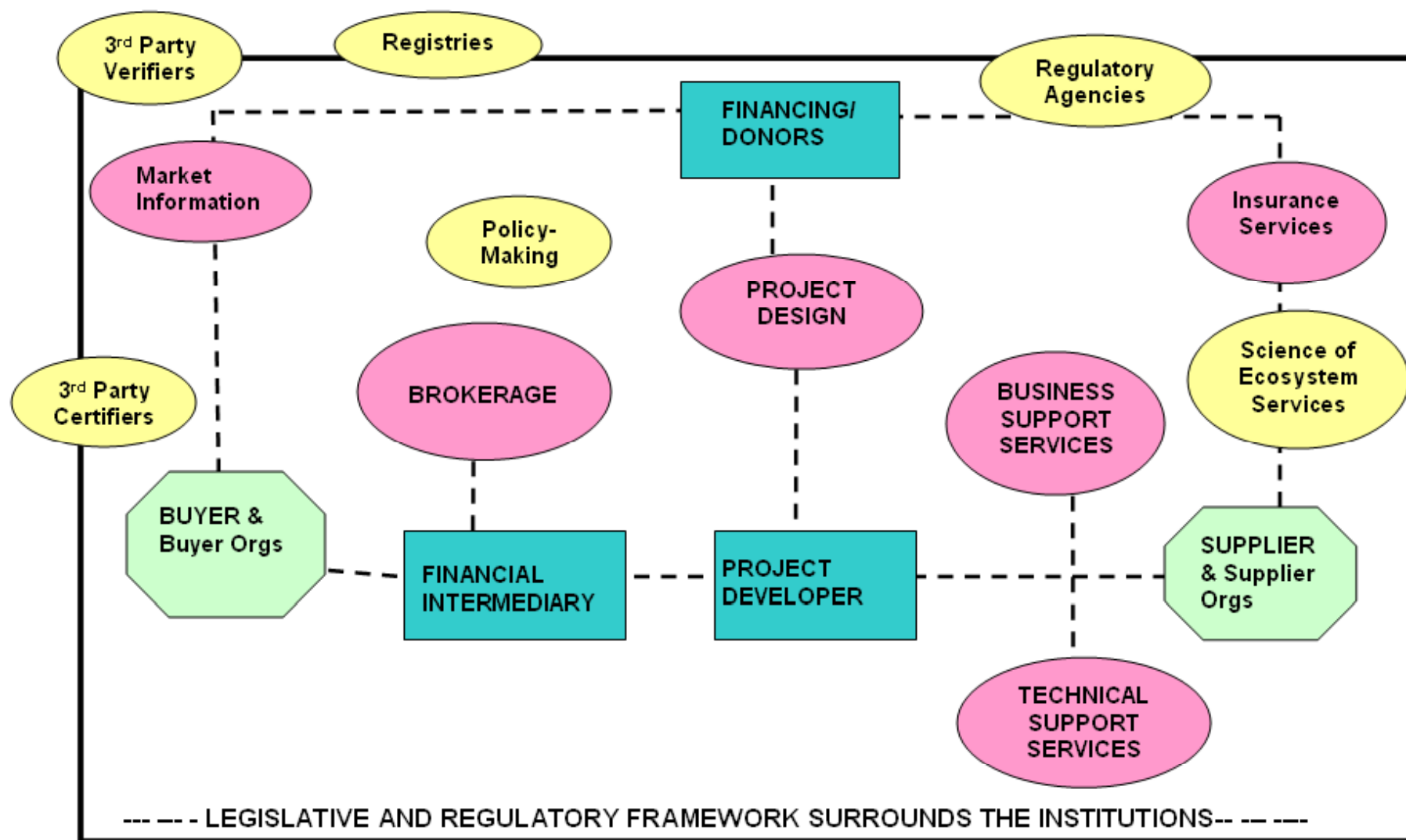
Obstacles for African smallholders to engage with carbon markets



- Lack of clear, reliable info for both sellers and buyers
- Uncertainties regarding:
 - Eligibility of activities
 - Baseline and monitoring methodologies
 - Certification and verification standards
 - Carbon/land tenure
- Gaps in the value chain for particular functions



Value chain of an agricultural carbon project



Build on existing stakeholder platforms and processes (leadership + legitimacy)



- ❖ Large-scale government programs for restoring degraded lands and forests (e.g., South Africa, Nigeria)
- ❖ Large-scale projects on sustainable land management (e.g., IFAD, Sahel)
- ❖ National platforms for coordinating action on SLM (e.g., TerrAfrica)
- ❖ Territorial management initiatives
- ❖ NGO, farmer, agribusiness networks (e.g., IFAP, EAFF, dairy networks)



Take advantage of landscape scale



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- ❖ Negotiate for least-cost solutions for reducing/sequestering among land users
 - ❖ Enable different communities to choose different solutions
 - ❖ Maintain large buffers within landscape
 - ❖ Choose carbon-rich land use & management changes that maximize co-benefits for groups within the landscape

Select appropriate mechanism to reward farming communities for carbon benefits



- * **Benefits through increased productivity/SLM impacts**

- * **Cash payments**

 - Donor to Government to Local Government Programmes

 - Private sector directly to communities

 - Private sector to contracted farmers

 - Government through Savings and Credits Organisations

 - Cooperatives

 - Directly through village banks

 - Private sector to NGOs

 - Private donations to farmers – e.g. ViAfroforestry Foundation

 - Through Farmer Groups or Village Development Committees

 - Collaborative arrangements –cost sharing

 - Competitive bidding – farmers submit proposals to donors

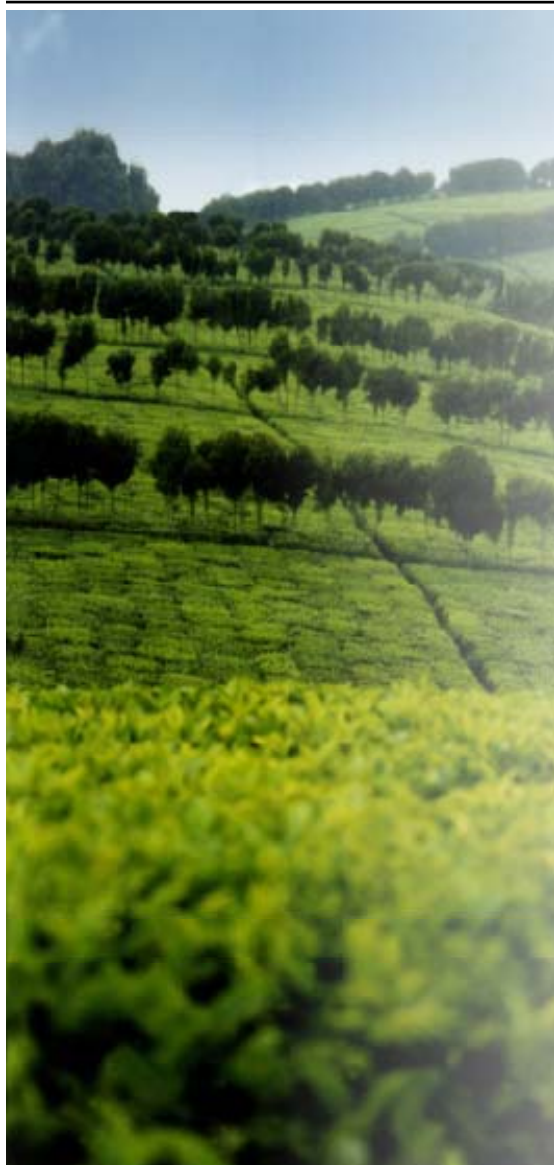
- * **Non-cash benefits**

 - Given in form of inputs – seeds, cows etc & or advisory services

 - Through churches

 - Borrowing and lending (microfinance)

Reduce costs along the value chain for climate transactions with farmers



- ❖ Institutionalize intermediary & bundling services, accountable to farmer clients (e.g., build on farmer coop models)
- ❖ “Bundle” agricultural products with climate regulation services (agribusiness or farmer marketing cooperatives)
- ❖ Incorporate C into outgrower schemes
- ❖ Utilize reverse debit cards for farmer payments
- ❖ Utilize micro-finance networks
- ❖ Train and certify local carbon consultants

Mobilize farmer and community organizations for climate planning and investment



- ❖ Initiate climate action with organized & tenure-secure communities
- ❖ Build capacity of farmer and local/landscape organizations (numerous landscape initiatives)
- ❖ Small grant facilities for local analysis, planning, assistance, mapping (e.g., Google Earth)
- ❖ Ensure community representatives are 'at the table' to set PES rules (including UNFCCC)



Regional carbon finance facilities: Economies of scale for project development and finance

