

CARBON FINANCE OPPORTUNITIES IN THE AGRICULTURE SECTOR

-

How can we create the “carbon asset” to the benefit of smallholder farmers?

TUESDAY, MARCH 3
11:00 a.m. – 12:30 p.m.
JB1-080



ARD WEEK 2009
AGRICULTURE IN A CHANGING WORLD

ARD
AGRICULTURE
AND RURAL
DEVELOPMENT

What are the potential benefits of supporting agricultural carbon finance?

- Significant revenues from GHG mitigation for smallholder farmers in developing countries
 - SSA's economic mitigation potential of 265m tons CO₂e per year by 2030 (IPCC, 2007)
 - Assuming price of \$10/ton: income stream of \$2.65 billion/year (twice as high as annual ODA flow to African agriculture between 1996-2004)
- Positive correlation between soil C content and crop yield (strong scientific consensus)



Estimated increase in food production in Africa by increase in SOC pool by 1 ton C/ha/year

	Total Annual Increase (m tons/year)
Grains	3.3 – 5.4
Roots and Tubers	3.0 – 6.2
TOTAL	6.3 – 11.6

Source: Lal, 2006



What are the potential benefits of supporting agricultural carbon finance?

- Carbon is integral part of sustainable land, water and biodiversity management (e.g. soil structure, reduced erosion, water availability, storage of plant nutrients, biodiversity)
 - From 1945-90, productivity loss from soil degradation in SSA: 25% for cropland
- Carbon sequestration can enhance capacity of farmers to adapt to climate change (strong scientific consensus)
 - Better retention of water – 86% of land in SSA is moisture-stressed
- Agricultural GHG mitigation options are cost-competitive (e.g. IPCC, McKinsey)
- Our clients want it!
(11 SSA countries made a submission to the UNFCCC)



What needs to be done?

- What is the agricultural GHG mitigation potential?
- How can we operationalize the potential?
- How do we measure soil C?
- How can we maximize synergies between productivity, climate change adaptation, and mitigation?
- What are the market opportunities (compliance market vs. voluntary market)?
- What should be the role of the World Bank and other DPs with regard to the post-Kyoto negotiation process?



Program

- Overview of global agricultural GHG mitigation potential (Pete Smith)
- Carbon Finance Project Development and Carbon Accounting Procedures (Timm Tennigkeit)
- Introduction to the Western Kenya Smallholder Carbon Project (Bo Lager)
- Future Market Opportunities for Agricultural Carbon Assets (Ken Newcombe)

