November 1, 2021

Robert Ibarra
Commodity Credit Corporation
United States Department of Agriculture
1400 Independence Avenue, S.W.
Washington, DC 20250

Re: Climate-Smart Agriculture and Forestry Partnership Program [Docket USDA-2021-0010]

Dear Mr. Ibarra:

The Sustainable Food Policy Alliance (SFPA) seeks to accelerate the pace of change in the food industry through individual company leadership and collective support for public policies that raise the bar and inspire further action. Since its inception, SFPA – which is comprised of Danone North America, Mars, Incorporated, Nestlé USA, and Unilever United States – has advocated for innovative, science-based solutions to take action against the costly impacts of climate change, more resilient communities, renewable energy, and sustainable agriculture systems. Our commitment to these policy goals are outlined in our Climate Policy Principles and Priorities, which were updated and revised in 2021 to account for the changing political and corporate landscape and our members' own ambitious company-specific goals.

The SFPA applauds USDA's Request for Information on Climate-Smart Agriculture and Forestry Partnership Initiative as it aligns government programs and initiatives with how non-governmental and private industry is engaging with farmers on sustainable and carbon initiatives in agriculture.

While our companies all are learning and experimenting with different approaches, all of us are investing in climate-smart agriculture now. We are currently engaging various types of farms and agricultural systems spanning hundreds of thousands of acres across our supply chains. However, we have a long way to go to enact meaningful change across our supply chains that impacts overall greenhouse gas (GHG) footprints while also measuring outcomes for water, biodiversity, and farm economics. Our platforms and strategies will continue to evolve and vary, but adhere to some basic principles, shared below, which we believe may be helpful guidance for USDA's approach for climate-smart agriculture and forestry. USDA's Climate-Smart Agriculture and Forestry Partnership Initiative allows companies such as ours to build upon our early investments in this critical area, and also help pave the way for others to learn from our experience and create their own strategies to invest in farms and positive climate outcomes.

Overall, we recommend that the USDA consider the following principles to guide future investment of USDA funds to accelerate strategies that:

- Expand markets to drive added value to farm operations and increase overall acceptance of adopting climate-smart practices.
- Collect and analyze aggregated farm-level data over multiple years to ensure the highest possible quality and integrity of quantified outcomes.

- Include the use of existing and emerging third-party verification to ensure the integrity of quantified outcomes, including the use of transparent methodologies such as integrating field-level data with COMET-farm and other USDA tools.
- Allow for the creation of multiple, defined environmental attributes so that farm operations can optimize the value of their work and buyers or investors can use an attribute to substantiate legal claims and/or reporting.
- Amplify and build strategies for broad industry acceptance throughout the value chain.

We believe that our strategies can meet these principles and continue to evolve. USDA financing can help amplify and scale our approaches to touch more farms and create better outcomes, more quickly.

We are providing comments relating to the following questions:

1. How would existing private sector and state compliance markets for carbon offsets be impacted from this potential federal program?

- Our companies are focused on reductions within our food-agriculture supply chains. Compliance markets that generate carbon offsets for industries outside of food/agriculture – if not framed correctly – may impact private companies from communicating with consumers about the value of reduction of GHGs within our supply chains. If food companies are not able to communicate the value to consumers, this limitation could impact expanded markets and new markets for farmers in the food sector. This is something being discussed with global protocol entities, such as Science Based Targets, GHG Protocol and the Value Chain Initiative.

2. In order to expand markets, what should the scope of the Climate-Smart Agriculture and Forestry Partnership Program be, including in terms of geography, scale, project focus, and project activities supported?

- We believe that any agriculture system – size, geography, etc. – should be eligible as long as the work via the program meet the above principles (e.g., verified, quantitative outcomes).
- We believe that USDA and participants in the programs should view a wide variety of emerging and new market opportunities to benefit farms, implementation partners and, of course, the climate.

3. In order to expand markets, what types of CSAF project activities should be eligible for funding through the Climate-Smart Agriculture and Forestry Partnership Program? Projects should promote the production of climate-smart commodities and support adoption of CSAF practices.

- Any activity in which it is possible to quantify verified outcomes should be eligible.
- Projects can take different approaches for climate-smart commodities; for example, they can contribute towards building supplies of environmental attributes or "credits" via third-party standards or lowering the carbon intensity of a supply chain for which verified third-party claims can be made.
- The program should consider a variety of technical assistance and financial assistance tools from grants, loans, and pay-for-performance contracting, which ever a strategy proposes to use as long as the outcomes are quantified and verified.

- The program should take into account producers that implement multiple strategies to achieve the highest rate of carbon reduction or sequestration and support such efforts.

Examples may include:
a. Activities that develop standardized supply chain accounting for carbon-friendly products; activities that provide supply chain traceability; innovative financing for low-carbon fuel from agricultural feedstocks; or green labeling efforts, among others;
b. Activities that supply grants, loans, and loan guarantees to producers for equipment needed to implement CSAF practices, or for capital-intensive CSAF technologies;
c. Activities that test and evaluate standardized protocols that define eligible CSAF practices, quantification methodologies, and verification requirements, with an emphasis on minimizing transaction costs and operating at scale;
d. Activities that evaluate options for tracking climate-smart commodities, including book-and-claim systems and systems to record and register the GHG benefits generated through CSAF practices;
e. Activities that generate voluntary carbon offsets through CSAF practices. Within carbon offset markets, the GHG benefit is separated from the commodity and sold as a carbon offset credit. Should the USDA consider hybrid approaches where the GHG benefit could be assigned to a climate-smart commodity, or separated and sold as a voluntary carbon offset?

- Yes, as stated above, climate-smart commodities and CSAF activities could be significant approaches to drive new value to farms and create verified outcomes. USDA can leverage non-federal reporting regimes and "credit" standards that already exist, and where funding can help create learnings on how such reporting and standard bodies may improve for the benefit of farms and participants. We are supportive of Scope 3 GHG credit approaches.

4. In order to expand markets, what entities should be eligible to apply for funding through the Climate-Smart Agriculture and Forestry Partnership Program? Given that the administrative costs of the Climate-Smart Agriculture and Forestry Partnership Program could be high if USDA were to contract with individual producers or landowners, it makes more sense to work with groups of producers and landowners. For example, eligible entities may include an agricultural producer association or other group of producers; State, Tribe, or unit of local government; a farmer cooperative; a carbon offset project developer; an organization or entity with an established history of working cooperatively with producers on agricultural land, as determined by USDA (for example, a non-governmental organization); a conservation district; and an institution of higher education, including cooperative extension.

- USDA should consider any non-federal entity willing and able to execute a strategy which meets the principles above (e.g., drives benefits and acceptances with farms and created verified, quantified outcomes).
- In addition to the entities outlined above, we would include food processors in the Climate-Smart Agriculture and Forestry Partnership Program as small to large food processors are a key constituency that will drive the adoption of climate smart agriculture.

5. In order to expand markets, what criteria should be used to evaluate project proposals for receiving funding through the Climate-Smart Agriculture and Forestry Partnership Program?

a. For example, potential criteria may include estimated GHG or carbon sequestration benefits; estimated costs; potential for addressing identified barriers for producers; ability to benefit underserved producers and early adopters; environmental justice benefits; and demonstrated capability to ensure success.
b. Should USDA establish a consistent payment per ton of GHG generated through these partnership projects as part of the project payment structure, or evaluate a range of incentive options?

- The five principles stated above could be integrated into a robust set of criteria which USDA can use to develop a broad set of strategies for all stakeholders to learn about what works and what may need to be improved to grow carbon-related markets for farms.
- The primary role for USDA in this process is to ensure a high-quality standard and methodology to quantify outcomes. We would caution against the creation and perception of a regulated market. It is our sense that there are many opportunities to work with the private sector on this effort.

6. In order to expand markets, which CSAF practices should be eligible for inclusion?
a. What systems for quantification and key metrics should be used to assess the benefits of projects funded through the Climate-Smart Agriculture and Forestry Partnership Program?
b. What should the quantification, monitoring, reporting, and verification requirements for projects funded through the Climate-Smart Agriculture and Forestry Partnership Program be?
c. What types of systems should be used or supported to track participation, implementation, and potential benefits generated?
d. What types of data and metrics should be collected and reported to determine project success and GHG benefits delivered? How should the data and metrics be analyzed to inform future decisions?

- Because farm systems are so varied across the U.S., we would like to see incorporation of existing methodologies and transparent practices to quantify verified outcomes. Emerging methodologies should also be evaluated and incorporated efficiently so farmers can advance innovation quickly to achieve climate goals.

7. How should ownership of potential GHG benefits that may be generated be managed?

- Ownership of any environmental attribute should belong to the farm, in which the owners/managers may decide to convey them to another party per valid, legal contracts.

8. How can USDA ensure that partnership projects are equitable and strive to include a wide range of landowners and producers?

- USDA should encourage different approaches in their request for proposals, and test valid proposed strategies from all types of entities to evaluate different approaches with different types of farms and agricultural systems. While there should be a requirement for quantified and verified outcomes, there can be various approaches with multiple types of parties to pick up different responsibilities, and USDA can ultimately use this initiative to pilot and test different approaches and their efficacy with different types and sizes of farms. This approach encourages investment and innovation for all producers and would ensure broad industry adoption.

8a. How can the Climate-Smart Agriculture and Forestry Partnership Program include early adopters of CSAF practices?

- Supply chain approaches which measure the carbon intensity of a commodity do not typically exclude historical practices, and in the cases of early actors where there is a strong standard of "additionality," there are often still new practices which may be established with leading, early actor farms. Rapidly incorporating effective innovations can help include early adopters, so long as there are quantified, verified outcomes.
- And in most, if not all cases, government funding can easily apply to reward past actions that have a quantified and verified outcome.

8d. How can the Climate-Smart Agriculture and Forestry Partnership Program be designed to ensure that benefits are provided to producers?

- USDA should encourage different approaches in their request for proposals and test various valid proposed strategies from varying types of entities to assess different approaches with different types of farms and agricultural systems. This type of varied approach encourages investment and innovation for all producers and would ensure broad industry adoption.

We sincerely thank you for USDA's comprehensive efforts to address climate change along with your diligence to implement these substantial opportunities for farmers and producers in the Climate-Smart Agriculture and Forestry Partnership Program. While SFPA's specific comments are laid out above, we are aligned with other coalitions and larger industry efforts on these issues, such as Ceres' Climate Smart Agriculture and Healthy Soils Working Group, which also submitted detailed comments on this RFI.

SFPA is eager to further assist you as an Alliance and in partnership with other players from industry and USDA. Please do not hesitate to reach out with any questions.

Sincerely,

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