



**A submission to UNFCCC Secretariat
on non market based mechanisms to enhance mitigation actions**

In response to the invitation to accredited observer organizations to submit to the secretariat, by 21 February 2011, views on non market based mechanisms to enhance mitigation actions (contained in article 86 of Decision FCCC/AWGLCA/2010/L.7), the Food and Agriculture Organization of the United Nations provides below views pertaining to the agriculture, forestry and fishery sectors¹.

1. The agricultural sectors in developing countries are important for mitigation activities

The agricultural sectors in developing countries have considerable potential to contribute to mitigation actions, and in many cases agriculture and forestry are the sectors where current or projected emissions growth is highest. Agricultural mitigation can take diverse forms, e.g. from soil and coastal carbon sequestration, to reduced deforestation and reforestation to improving energy efficiency in fishery operations (FAO 2010; Smith et. al. 2007; IOC 2011). Mitigation actions in the agricultural sector can be highly synergistic with agricultural development and food security, e.g. increases in soil carbon can contribute to increased productivity and resilience, and more efficient fertilizer management to reduced production costs and higher returns, and in some cases to reduced nitrous oxide emissions. The potential to realize both food security and mitigation objectives provides a strong rationale for prioritizing such actions, as can be seen in NAMA submissions to date. However capturing this potential will require significant public investments as well as incentives for farmers and fishers to make needed changes.

2. Market-based mechanisms will not be able to capture the full potential of agricultural mitigation benefits without significant investments that enable smallholders to access such markets

Recent work by FAO on the potential of linking smallholder production systems to market-based carbon financing indicates that there are considerable difficulties to overcome, and there is clearly a need for public sector investments and incentives to capture the full potential of agricultural mitigation (FAO 2010). One of the main barriers is the high transactions costs associated with market-based mechanisms. At present many forms of agricultural mitigation are not included in existing market mechanisms, so only limited development of MRV approaches suitable for the sector has occurred. Agricultural mitigation often takes the form of small emissions reductions spread over a large and highly varied group of farmers, fishers, herders, forest managers etc. Together with a lack of data and institutional capacity, these factors combine to result in high MRV costs relative to benefits for individual producers. While these are barriers that public sector investments may help overcome in time, at present many of the agricultural mitigation opportunities in developing countries are not financially feasible for market-based mechanisms.

3. Non-market mechanisms are essential to realizing synergies between food security and agricultural mitigation in the agricultural sectors

Growth in the agricultural sector is a key means of insuring food security and reducing poverty (FAO 2008). Currently, working to identify and support development pathways that generate lower emissions than the high emission development pathways under a "business as usual" approach is a pressing challenge given the need to respond quickly to both food insecurity and climate change. Mitigation finance

¹ FAO uses the term agricultural sectors to refer collectively to the agriculture, forestry and fisheries sectors

to support actions with a dual food security and mitigation benefit is essential to the development of low emission development pathways. These would involve transformations of smallholder agricultural production systems to generate more secure and profitable livelihoods that are adapted to climate change, also contribute to mitigation, but which are not likely to be attractive under a market mechanism.

In these cases, combining mitigation finance with existing agricultural development programmes will be an important way of operationalizing non-market mechanisms. Measurement, reporting and verification approaches in this context must be adapted to the specificities of the agricultural sector and the urgency of increasing food security. The development, improvement and use of proxies and default values across a range of agro-ecologies and production systems will be key to reducing the costs of such systems to better enable poor producers to benefit from mitigation finance.

FAO 2010 Climate Smart Agriculture Policies, Practices and Financing for Food Security, Adaptation and Mitigation FAO Rome <http://www.fao.org/docrep/013/i1881e/i1881e00.htm>

Intergovernmental Oceanographic Commission (IOC) 2011 Blue Carbon Scientific Working Group I Meeting 15 - 17 February 2011, Paris, France Background Note http://ioc-unesco.org/index.php?option=com_oe&task=viewEventRecord&eventID=847

Smith, P., D. Martino, Z. Cai, D. Gwary, H. Janzen, P. Kumar, B. McCarl, S. Ogle, F. O'Mara, C. Rice, B. Scholes, O. Sirotenko, 2007: Agriculture. In Climate Change 2007: Mitigation. Contribution of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change [B. Metz, O.R. Davidson, P.R. Bosch, R. Dave, L.A. Meyer (eds)], Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA.