



DEPARTMENT OF AGRICULTURE

Commodity Credit Corporation

[Docket ID: USDA-2021-0010]

Climate-Smart Agriculture and Forestry Partnership Program

AGENCY: Commodity Credit Corporation, Farm Production and Conservation Mission Area, Office of Chief Economist, and Department of Agriculture (USDA).

ACTION: Request for information.

SUMMARY: As part of our (USDA) broader efforts on climate change, we are requesting information (comments) from the public on a Climate-Smart Agriculture and Forestry Partnership Program. In response to the Executive Order titled Tackling the Climate Crisis at Home and Abroad, we published a *Federal Register* notice on March 16, 2021, to request comments on a Climate-Smart Agriculture and Forestry (CSAF) strategy. Based on public comments received and our ongoing stakeholder engagement activities, we published a progress report in May 2021 on the CSAF strategy. As one element of the CSAF strategy, we are considering actions to expand the use of climate-smart farming practices and aid in the marketing of agricultural commodities. The term “climate-smart commodity” is used to refer to an agricultural commodity that is produced using farming practices that reduce greenhouse gas (GHG) emissions or sequester carbon. This requested information is intended to help test development of a Climate-Smart Agriculture and Forestry Partnership Program that could encourage adoption of CSAF practices and promote markets for climate-smart commodities. The Climate-Smart Agriculture and Forestry Partnership Program could be developed under the authority of the Commodity Credit Corporation Charter Act of 1933. This document requests comments on priorities and program design of the Climate-Smart Agriculture and

Forestry Partnership Program that would facilitate the expansion of markets for agricultural commodities.

DATES: We will consider comments received on or before 11:59 p.m. (ET) on

[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: We invite you to submit comments on this notice. You may submit comments by going to <http://www.regulations.gov> and searching for Docket ID: USDA-2021-0010. Follow the online instructions for submitting comments.

Instructions for submitting comments are provided in the **Written Comments** section below.

Comments will be available for inspection online at <https://www.regulations.gov>.

If you have questions, e-mail them to: ccpooce@usda.gov.

SUPPLEMENTARY INFORMATION:

Background

In response to Executive Order 14008, dated January 27, 2021, and titled, Tackling the Climate Crisis at Home and Abroad, we published a *Federal Register* notice on March 16, 2021 (86 FR 14403-14404), to request comments on a CSAF strategy. Based on public comments received and our ongoing stakeholder engagement activities, we published a progress report on the CSAF strategy¹. As one element of this strategy, we are considering actions to expand the use of climate-smart farming practices and aid in the marketing of agricultural commodities. The term “climate-smart commodity” is used to refer to an agricultural commodity that is produced using farming practices that reduce GHG emissions or sequester carbon.

¹The progress report is available at the following link: <https://www.usda.gov/sites/default/files/documents/climate-smart-ag-forestry-strategy-90-day-progress-report.pdf>.

We will use the public comments to inform the possible development of a USDA Climate-Smart Agriculture and Forestry Partnership Program, which could encourage adoption of CSAF practices and promote markets for climate-smart commodities. Through this request for information, we are requesting suggestions for priorities within the Climate-Smart Agriculture and Forestry Partnership Program. The Climate-Smart Agriculture and Forestry Partnership Program could be developed under the authority of the Commodity Credit Corporation Charter Act of 1933 (15 U.S.C. 714 Section 5(e)).

The public comments will provide valuable information to USDA, as well as the private sector and other stakeholders with interest in and expertise relating to the expansion of opportunities for CSAF practices, as well as markets for climate-smart commodities.

New markets for climate-smart commodities provide an opportunity and a challenge for U.S. farmers, ranchers, and forest landowners. Domestic and international consumers are demonstrating a preference for agricultural commodities produced using CSAF practices, creating new market opportunities for producers. Markets for climate-smart commodities include sustainable supply chain initiatives and internal corporate commitments where companies are pledging to reduce emissions within their own supply chains and production facilities. Opportunities also include markets for low-carbon biofuels and renewable energy. Agricultural producers and landowners also have opportunities to market GHG reductions generated as a part of climate-smart commodity production.

Despite the opportunity for new or expanded markets for climate-smart commodities described above, there are barriers that have prevented these markets from reaching scale. The barriers include:

- The lack of standard definitions of climate-smart commodities;

- Lack of clear standards for measurement of climate benefits of CSAF practices;
- Potential for double-counting benefits;
- High transaction costs;
- Limited ability for small producer participation;
- Lack of efficient supply chain traceability; and
- High risk of market entry.

We are exploring options to reduce and remove barriers currently limiting the development of new market opportunities for CSAF practices and climate-smart commodities. USDA is requesting comments on options for promoting CSAF, including systems for quantification, options, and criteria for proposal evaluation, use of information collected, potential protocols, and options for review and verification. Additionally, we are requesting comments on how U.S. Government action might encourage CSAF practices by leveraging private-sector demand and providing new income streams for farmers, ranchers, and forest landowners.

We are requesting comments from the public, including, but not limited to, comments from:

1. Farmers and farmer organizations;
2. Commodity groups;
3. Livestock producer groups;
4. Environmental organizations;
5. Agriculture businesses and technology companies;
6. Environmental market organizations;
7. Renewable energy organizations;
8. Tribal organizations and governments;
9. Organizations representing historically underrepresented producers;

10. Organizations representing historically underrepresented communities, local producers, and micro-producers;
11. Forest landowners and forest landowner organizations; and
12. Private corporations.

Written Comments

Written comments should not exceed 10 pages, inclusive of a 1-page cover page as described below. Attachments or linked resources or documents are not included in the 10-page limit. Please write concisely, in plain language, and in narrative format. You may respond to some or all of the questions listed in this document. Please note the question to which you are responding in your comment. You may also include links to online material or interactive presentations but please ensure all links are publicly available. Each comment should include:

- The name of the individual(s) and organization submitting the comment.
- The question(s) (1, 2, 3, 4, 5, 6, or 7) that your comment supports.
- A brief description of the commenter's (individual(s) or organization's) mission or areas of expertise, including any public-private partnerships with Federal, State, tribal, territorial, or local governments within the past 3 years that are relevant to this document; and
- A contact for questions or other follow-up on your comment.

By commenting in response to this document, each participant (individual, team, or legal entity) warrants that they are the sole author or owner of, or has the right to use, any copyrightable works that are included in the comment, that the works are wholly original (or is an improved version of an existing work that the participant has sufficient rights to use and improve), and that the comment does not infringe any copyright or any other rights of any third party of which the participant is aware.

Participants will not be required to transfer their intellectual property rights to USDA, but by providing the comment, the participant(s) grants to the Federal government a nonexclusive license to apply, share, and use the materials that are included in the comment. By providing the comment to the Federal government, each participant must warrant that there are no legal obstacles to providing the above-referenced nonexclusive licenses of participant's rights to the Federal government.

Interested parties who comment in response to this document may be contacted for a follow-up strategic agency assessment dialogue, discussion, event, crowdsource campaign, or competition.

Questions

We are requesting 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?
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?
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.

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?
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;

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?
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?
7. How should ownership of potential GHG benefits that may be generated be managed?
8. How can USDA ensure that partnership projects are equitable and strive to include a wide range of landowners and producers?
 - a. How can the Climate-Smart Agriculture and Forestry Partnership Program include early adopters of CSAF practices?
 - b. How can the Climate-Smart Agriculture and Forestry Partnership Program be designed to ensure that benefits flow to historically underserved producers?
 - c. How can the Climate-Smart Agriculture and Forestry Partnership Program be designed to ensure that benefits flow to historically underserved communities?
 - d. How can the Climate-Smart Agriculture and Forestry Partnership Program be designed to ensure that benefits are provided to producers?

USDA Non-Discrimination Policy

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conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (for example, braille, large print, audiotape, American Sign Language, etc.) should contact the responsible agency or USDA TARGET Center at (202) 720-2600 or 844-433-2774 (toll-free nationwide). Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at <https://www.usda.gov/oascr/how-to-file-a-program-discrimination-complaint> and at any USDA office or write a letter addressed to USDA, and provide in the letter all the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by mail to: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410 or email: OAC@usda.gov.

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