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SUBJECT: Notice of Request for Public Comment on the Climate-Smart Agriculture and Forestry (CSAF) Partnership Program (Docket ID: USDA-2021-0010)

ESMC appreciates the opportunity to comment on the Commodity Credit Corporation's (CCC) Request for Information regarding the proposed Climate-Smart Agriculture and Forestry Partnership Program (Docket ID: USDA-2021-0010). The Ecosystem Services Market Consortium (ESMC) is a member-based, not-for-profit organization launching a national scale voluntary ecosystem services market for agriculture to recognize and reward farmers and ranchers for their environmental services to society. Over 80 members, funders and additional stakeholder organizations participate and contribute to ESMC's public-private partnership, including a wide range of agricultural businesses, farmer-led organizations, farmer check-offs, farmer cooperatives, conservation organizations, foundations, land-grant universities and research institutes, as well as the U.S. Department of Agriculture (USDA).

ESMC's voluntary market program operates in existing private voluntary markets, adheres to existing market standards and rules, and financially rewards farmers and ranchers who voluntarily adjust crop and livestock production systems in ways that increase soil carbon sequestration and retention, reduce GHG emissions, improve water quality, conserve water, and provide many additional ecosystem service outcomes, such as enhanced biodiversity and habitat conservation. Together with our members and funders across the agricultural supply- and value-chain, we have pilot tested the entire program, invested in critical RDD&D to create a national scale ecosystem services market program and infrastructure for the agricultural sector, and are refining the business model and other aspects of our program prior to full national-scale market launch in 2022. ESMC, and our research arm the Ecosystem Services Market Research Consortium (ESMRC), received a $10.3M grant from the Foundation for Food and Agriculture Research (FFAR) that we are matching with an additional $10.3M in funding from our public-private partnership, to continue building out our innovative market program. ESMC has also raised additional funds to build a robust and innovative program to enable collective success across the agricultural supply chain. Our market infrastructure supports not just buyers with needs in voluntary markets, but also agricultural producers who act as sellers, providing educational materials and training programs that create opportunities to engage in markets using advanced and user-friendly tools and technologies.

ESMC applauds USDA for continuing to work with constituents and other stakeholders across the agricultural value chain who are also seeking to scale beneficial climate outcomes from agriculture. We are grateful to see USDA working to leverage and not duplicate private sector investments in private voluntary markets and market-based approaches as the agency considers action on climate issues. In establishing our agricultural market program, ESMC/ESMRC and our members have given considerable thought to and engaged in extensive dialogues about many of the issues identified in this request for information, including identifying challenges and obstacles which USDA investments could help producers overcome. We appreciate the opportunity to share our responses.

Significant efforts are underway by ESMC/ESMRC and the private sector to fully develop private markets focusing on providing soil carbon sequestration, reduced net GHG, and water quality and water quantity credit sales to recognize and reward farmers and ranchers for their ecosystem services. Private markets operating at scale can do so in a manner that produces scaled, quantified, verified outcomes in a cost effective, efficient manner that adheres to market standards, rules and accounting and reporting requirements of buyers operating in these markets, while providing additional revenue streams to American farmers and ranchers.

The following comments reflect the official thoughts and positions of ESMC and do not necessarily represent the positions of ESMC's entire membership. Many of ESMC's member organizations plan to submit separate comments to this same solicitation.

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

ESMC recommends that any proposed USDA program should support both existing voluntary and compliance markets without creating new market standards or other policies that would conflict with, cause confusion or otherwise undermine these markets. Producers seeking to participate in these markets face multiple obstacles but three stand out as the greatest challenges:

1. Lack of sufficient place-based and system-specific conservation technical assistance that can help agricultural producers maximize environmental outcomes that generate credits and increase financial returns for farmers and ranchers in ecosystem services markets;
2. Few up-front financing options that can help producers purchase new equipment, pay for cover-crops and/or other practice changes necessary to meet market additionality requirements; and
3. Limited access to insurance mechanisms that protect farmers who experience yield drops or other negative impacts as they transition their production systems to adopt practices that can generate credits in these markets.

Additionally, market programs and project developers would greatly benefit from the following USDA support:

- Data sharing from USDA agricultural research that can help to calibrate and validate models used to quantify carbon and GHG impacts needed to generate environmental credits;
- Financial assistance to support soil sampling to quantify soil carbon removals which can lead to the generation of GHG removal credits in private markets;
- Data collection and sharing on agricultural practices used by producers at a granular scale (e.g. by county) to enable more accurate creation of practice baselines in market programs;

- Information on new practice adoption and adoption rates across all agriculture production systems to enable market programs and project developers to identify areas of greatest potential to promote adoption of CSAF practices; and
- Additional funding for place-based and system-specific conservation technical assistance.

In his comments announcing the creation of the USDA Climate-Smart Agriculture and Forestry Partnership Program, Secretary Vilsack noted the aim of this program was not to establish a new government-led "Carbon Bank" or carbon market, but to "create new market opportunities for commodities produced using climate-smart practices." Many USDA programs under existing authorities that encourage the adoption of such climate-smart practices can unlock existing opportunities to access new markets that reward the types of outcomes sought by the CSAF Partnership Program. Because these markets pay for outcomes – and exclusively new outcomes (i.e. not past outcomes) – USDA can provide up-front financing, research and research data to inform the best opportunities for producers, and perhaps most critical of all to producer success in these markets, conservation technical assistance.

For example, USDA-NRCS conservation and cost-share programs can provide valuable up-front financing for producers who are seeking to make changes to their productions systems in ways that could generate carbon and other ecosystem services credits from agriculture. USDA research data, if made publicly available, can improve process models and quantification tools being utilized in private voluntary and compliance markets by helping to calibrate and validate these tools to improve accuracy. USDA could use its significant scientific expertise and convening power to develop common criteria and methodologies for soil carbon sampling and stratification methodologies to establish soil carbon baselines and changes in soil carbon over time, including specific criteria for how sampling and laboratory analysis is completed.

USDA leadership should support and house at the Agricultural Research Service's (ARS) National Agricultural Library an opensource, national research data set repository(ies) to enable calibration and validation of all process-based GHG models. To this end, the technical guidelines should set transparent, standardized, and harmonized criteria and methodologies for future data collection, formatting, storage, and access to ensure that modelers have access to consistent, harmonized, high-quality data to improve the performance of all relevant process-based models. These criteria and methodologies should include, among other things, criteria and guidelines for soil sampling frequency, depth increments, and analysis requirements; for soil chamber placement, deployment timing, and measurement frequencies; and for data collection, formatting, entry, and quality control, including automation wherever and whenever possible to remove human error.

It is important to note that compliance and voluntary market standards already exist to determine producer eligibility criteria as well as accounting and reporting methodologies and requirements for how credits are quantified, verified and reported to meet buyer needs and demands. New USDA standards or eligibility criteria or requirements would only serve to create significant confusion in markets, and potentially create producer expectations that would not meet buyer demands, resulting in credits that would not be purchased. Private voluntary and compliance market programs already require adherence to existing accounting and reporting guidance detailed in the Greenhouse Gas Protocols (GHGP) and international standard-setting bodies, such as the International Carbon Reduction & Offset Alliance (ICROA)[1], which is the internationally recognized best practice for managing, using and sourcing carbon offsets. The International

[1] https://www.icroa.org/

Organization for Standardization (ISO)[2] and the American National Standards Institute (ANSI)[3] provide reference for these market standards and can ensure compliance through their programs.

Additionally, many corporate food and beverage companies have made Science Based Targets initiative (SBTi) commitments which require adherence to that organization's accounting and reporting standards (which are also tied to GHGP and ICROA) in order to achieve their carbon neutral and Net Zero commitments.

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?

According to the USDA, there are more than 14,000 soil types in the United States. With climate and weather variations and unique farming histories and systems of two million farms and ranches in the US, there are many unique agricultural production systems, but also many commonalities. Any federal commodity program should be able to account for all US agricultural production systems and geographies to be truly equitable and accessible to all producers.

ESMC has built a market program to deliver credits across all major cropping systems nation-wide but throughout the course of our work, we have found that there is a dearth of data needed to calibrate and validate quantification tools to meet market standards for specialty crops, many canning and vegetable crops, and for most livestock production systems. Particularly for livestock production systems, there is little quantification data for ranching practices beyond rotational grazing, leading to limited adoption of other ranching practices that could generate market-based rewards. A USDA focus on providing information and research data for all of production systems and regions, including the ones identified, would go a long way towards leveling the playing field for all US farmers and ranchers. Additionally, public sector efforts to reward operators on public lands who do not own their underlying assets, could be a definite area of needed focus for USDA, and one that private markets cannot tap.

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;

Supply chain accounting guidance and rules already exist and have been undergoing extensive further development by public and private actors in voluntary markets. Private voluntary markets are currently working with standard-setting organizations and third-party verifiers to determine accounting principles aligned with the GHGP. Registries that certify programs to align with the Paris Agreement have already developed 'book and claim' systems for carbon insets utilized in supply chain reporting as well. Food and beverage companies that purchase credits to meet their GHG reduction commitments, whether under their Science Based Targets (SBT) or separately, have accounting and reporting rules for both inventory reporting and supply chain interventions. USDA programs or policies that would undermine these activities – which are global in scope –

[2] https://www.iso.org/home.html
[3] https://www.ansi.org/

would only sow confusion in markets and potentially create expectations on behalf of producers that USDA standards should be utilized when the reality is that corporations must adhere to the existing standards to make credible claims and utilize existing carbon inset instruments. New USDA instruments that do not meet those standards or that could potentially undermine the standard-setting bodies and their work would not change buyer requirements under supply chain reporting rules.

b. Activities that supply grants, loans, and loan guarantees to producers for equipment needed to implement CSAF practices, or for capital-intensive CSAF technologies

ESMC's FFAR-funded research has already led to the development, demonstration and deployment of technologies to better quantify, monitor and verify the environmental impacts of agricultural producers' conservation efforts to recognize and pay them through private ecosystem services markets. This public-private sector work to better quantify and track environmental impacts of agricultural practices is ongoing. There continues to be a need for more scientific data on GHG and economic impacts of various agricultural production systems in varied geographies to better advise farmers and ranchers on how to cost-effectively achieve desired outcomes and to inform program development opportunities. USDA could provide aggregated data on conservation practice adoption and management systems to better inform private markets and project developers to support dedicated efforts to better scale impact.

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?

The concept of producing hybrid crediting instruments, as suggested by USDA – e.g. 'not carbon offsets, not carbon insets, but a hybrid thereof' – would create confusion and would likely lead to producer expectations that do not meet buyer requirements and needs, as well as potentially lead to counterproductive double counting of overall emissions reductions.

Private voluntary and compliance market programs require adherence to existing accounting and reporting guidance outlined by GHGP and ICROA. Additionally, many corporate food and beverage companies have made SBTi commitments which require adherence to that organization's accounting and reporting standards in order to achieve their carbon neutral and Net Zero commitments.

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;

For a rapid and successful launch of pilot projects intended to expand markets, USDA should prioritize applications for projects with existing programmatic infrastructure and credit generation opportunities that provide tools and resources for producers to participate and should ensure that public financing is used to support the success of producers in these markets. ESMC's program has invested in a state-of-the-art system to enroll producers, connect them with technical assistance providers to undertake necessary practice and systems changes, and then generate science-based, standards-based credits via quantification, verification and monitoring in a cost-effective program created to operate at scale. We are currently automating our entire system, which was built, tested and evaluated with our members, including buyers, sellers and other partners in credit generation and delivery.

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.

ESMC believes all of these elements should be added as criteria, but perhaps weigh them differently such that the ability to benefit underserved producers and those with structural, economic and other barriers to participation in private markets receive higher potential scoring or weighting for projects.

If USDA is to award funds for projects in 2022 or 2023, we believe demonstrated capability to ensure success is a requisite. The many details of how to deliver science-based, standardized credits that meet market standards and rules to ensure the resulting credits have value to buyers – and will be purchased – takes time and development.

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?

In private voluntary markets, price discovery between buyers and sellers and on open markets will determine the payment per ton of GHG reduced or removed. Unless USDA is considering purchasing credits on existing markets, it is unclear why the agency would set a price on GHG. Given the significant demand for GHG offsets and insets in markets that generate validated and high-quality credits – demand that currently outstrips supply – ESMC does not believe USDA should compete with private sector buyers in these markets, and thus should not be setting prices or purchasing credits.

ESMC suggests USDA avoid influencing prices in private voluntary markets. USDA interventions that affect pricing or payments are not likely to have an impact on buyers but may well create expectations for agricultural producers that may not be supported by markets. Alternatively, USDA could set a price for what it would be willing to pay for credits in a national compliance market, though that does not yet exist.

Alternatively, USDA could act as a buyer of last resort in which stranded assets – those created but not purchased by a certain date – are paid for by USDA. In this case a stated price per ton, or perhaps a price floor, could be established by USDA. Since sellers (agricultural producers) are

only paid after credits are sold, producers could be left bearing most of the risk of stranded assets. USDA could reduce or limit this risk to farmers and ranchers by acting as a buyer of last resort.

If USDA were to purchase credits, it would need to explicitly detail which markets it would be purchasing from and under what conditions since the markets are different. Existing voluntary private markets exist for carbon offsets and carbon insets. In both, agricultural credits are in high demand, but also under a great deal of scrutiny, scientifically and in terms of how they are quantified and whether and by whom they are verified and/or certified. To ensure the credibility of agricultural credits in carbon and ecosystem services markets, ESMC urges that only credits quantified, verified, and certified to existing third party standards be utilized for purchase by USDA.

A second instance in which USDA might pay for 'credits' is to support so-called early adopters, as outlined in our comments related to question **8a** below.

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?

Metrics should include measurable increases in Soil Organic Carbon (SOC) and real reductions in other GHG such as nitrous oxide, methane and carbon dioxide. These reductions can be achieved through various systems changes, and all new practices for which reliable and quantifiable outcomes within established confidence levels (certainty) can be shown should qualify. While there are many US production systems with adequate data to allow quantification and credit generation with enough certainty to generate credits in voluntary market programs, USDA should focus on those production systems and practices without enough data to generate credits.

ESMC envisions how such a USDA program could estimate removals and reductions from these systems as part of a research and development effort that measured outcomes. The research data collected can be used to calibrate and validate models so that, in the future, these production systems will have enough certainty to allow them to participate in carbon markets.

To further elaborate, our program generates credits for corn, soy, wheat, alfalfa, and other high acreage row crops in the US. Where we have found difficulty to adequately quantify outcomes – due to a lack of science-based data – is in the following systems:

- Potatoes, sugar beets and other root cropping systems;
- Many perennials and 'newer' grains producers are starting to produce;
- Specialty crop systems, including citrus trees, smaller acreage orchard and cropping systems, including for many canning vegetables; and
- Livestock, grassland, grazing land and pastureland systems.

A USDA research focus on these systems could enable them to be paid in pilots now (with adequate USDA funding), taking into consideration the high uncertainty of quantification, while generating the necessary research data to improve quantification outcomes in private voluntary and compliance carbon markets in future.

b. What should the quantification, monitoring, reporting, and verification requirements for projects funded through the Climate-Smart Agriculture and Forestry Partnership Program be?

To ensure credits generated from a CSAF program have buyers and meet existing and growing market demand and create high quality, credible credits, the quantification, monitoring, reporting and verification (MRV) requirements for projects should follow aforementioned accepted standards and requirements in carbon offset and carbon inset markets.

c. What types of systems should be used or supported to track participation, implementation, and potential benefits generated?

The most scalable, efficient and cost-effective systems are those that have been developed to streamline buyer and seller participation, project implementation, and credit generation in advanced technology MRV systems. Advanced MRV systems include dedicated platforms that collect data and that are automated to reduce quantification timelines and costs. These systems include the use of direct measurement when necessary (e.g. for soil carbon quantification) and modeling as appropriate. Data from sensors, remote and satellite imagery that has been appropriately ground-truthed is also being assessed and incorporated where adequate science supports their use. MRV systems that capture this evidence and other irrefutable evidence that can be shared with verifiers will eventually reduce verification costs significantly. ESMC has designed its program in this manner, and has pilot tested it and will be applying it at scale in projects beginning in 2022 across the US. Programs with this infrastructure methodically and reliably remove risks of credit generation along the entire project-to-credit validation and sales value chain, and can thus achieve scale at the lowest possible cost and risk

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?

ESMC supports a strong government role to provide science-based data, research, technical assistance, and other information to ensure private markets have access to the best scientific and agricultural sector data available. Process-based models that are peer reviewed and can adequately quantify GHG outcomes (removals and reductions) should be used as the basis for advanced, cost-effective quantification of impacts and outcomes at scale. USDA should not pick model winners or losers, but instead support all models that are peer reviewed and can meet market standards for calculating uncertainty. All such models can be improved if the modeling community unifies behind standardized criteria for data collection and data sharing to populate, calibrate, validate and run such models. ESMC urges USDA to not select specific tools, models or methodologies to utilize in estimating or measuring GHG emissions and emissions reductions and increased sequestration from agriculture.

USDA support to ensure producers can participate successfully in markets – through upfront financing, appropriate insurance projects, to pay for soil carbon sampling, and for place-specific technical assistance is needed. Additionally, criteria for soil sampling and data collection relative to soil sampling is not uniform or uniformly agreed to, even within USDA or among federal soil scientists. Leadership supporting an open, transparent, inclusive scientific dialogue and effort to develop standardized, harmonized criteria and protocols should include, among other things, criteria and guidelines for soil sampling frequency, depth increments, and analysis requirements; and for data collection, formatting, entry, and quality control, including automation wherever and whenever possible to remove human error.

Also, all soil carbon sampling data that is publicly funded should be made available to all stakeholders, including private sector modelers to calibrate and validate their tools. This data should be immediately available to all modeling communities operating in the private voluntary market space in order to benefit U.S. agricultural producers operating in these markets.

From a scientific perspective, harnessing existing research data is the key to unlocking the climate-smart agriculture strategies of the future. Farmers, researchers, authorities and stakeholders are united in their need for the most up-to-date data, without which they cannot coordinate and innovate. The USDA should prioritize research database accessibility and ensure that information collected across publicly funded research is made immediately available to and can be easily accessed by stakeholders. Stakeholders should also be consulted for suggestions on how to streamline and improve USDA's research database(s). ESMC considers data accessibility and streamlining to be part of a larger strategy to grow the use of climate resilient practices on American farms.

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

Private voluntary and compliance markets already address ownership of GHG benefits, for both carbon offsets and carbon insets, which serve different purposes and have different use cases and 'ownership' criteria as dictated by their purposes. USDA need not address ownership issues, or risks creating confusion in markets that will hamper rather than support their scaling and expansion.

Quantified, verified, and certified carbon credits are maintained on ledgers managed by Impact Registries such as Gold Standard, Verra/VCS, the American Carbon Registry (ACR), and Climate Action Reserve (CAR). These registries only track and list credits that have been verified by their third-party analysis, which is subject to peer review and uphold the most up-to-date climate science available. Certification by these types of registries ensure the generation of credible, high-quality credits that reporting entities can use for purchase, maximizing value for the farmers who generate them. These registries also ensure that the accounting practices are followed and reduce instances of double-counting.

For verified and certified Scope 1 offsets, the purchaser of the offset credit would own the value of its GHG benefit until the credit is either traded to another buyer or retired. Scope 3 'inset' credits are not tradeable and cannot be retired and can only be applied to corporate emissions reporting within the year they are generated and must be generated according to established rules and standards, as previously indicated.

These international standards underpin global carbon markets and ensure fungibility of credits across markets, which in turn ensure integrity of the markets and the credits. If credits generated in the United States by American farmers are to be internationally recognized and accepted, including as a means of ensuring compliance with sustainable and GHG-specific outcomes desired by multinational corporate buyers of these credits, it is imperative that credits generated follow internationally recognized standards.

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?

Since markets cannot pay for practices and outcomes that have already taken place, the USDA could provide valuable support to so-called 'early adopters' of CSAF practices. Since there is an acute and well-documented need for conservation technical assistance, USDA could provide an income stream for early adopters by making them the peers from whom others can learn in their regions. A program that rewards producers for providing a valuable service to the farming community would be a welcome development and could lead to new practices and systems adoption through collaboration. ESMC suggests creating a USDA program that is established with rules and methodologies that are set up to pay early adopters for a set period of past actions – for instance five years – based on back-modeling to estimate increased soil carbon removals and GHG emissions reductions.

b. How can the Climate-Smart Agriculture and Forestry Partnership Program be designed to ensure that benefits flow to historically underserved producers?

Any future USDA climate-smart commodity program must be accessible to all of agriculture, including farms and ranches of all sizes, socially and economically disadvantaged producers, and BIPOC farmers and ranchers. Currently, many USDA programs are not adequately accessible or appropriately designed to meet the needs of BIPOC and other underserved producers. Conservation programs can provide needed financing in these communities for the adoption of production systems that generate climate-smart commodities and represent a steppingstone for producers towards participation in ecosystem services markets. Lack of access to USDA programs for BIPOC and other underserved agricultural communities can therefore limit their opportunities in these new markets and create other barriers to adopting climate-smart agriculture practices, further leaving behind these communities in our national and global efforts to address climate change. ESMC urges USDA to resolve equity and accessibility issues with BIPOC farmers and ranchers who have been largely excluded from USDA programs in the past. Resolving issues of access and participation begins with incorporating equity considerations into the development of all programs, from design to implementation and reporting, which we believe will further enable Black, Brown, Indigenous, and other underserved farmers and ranchers to participate in private, voluntary ecosystem services markets.

For purposes of a pilot program, we also highly recommend that USDA consider greater funding be made available for BIPOC producers and BIPOC projects in order to overcome some of the structural and societal racial inequities still in place today. Financial support for BIPOC producers and projects should not be held to the same criteria as non-BIPOC producers and projects for this reason.

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

The best way to accrue the benefits of private voluntary markets to producers is to ensure public support is used to overcome the many challenges faced by producers in accessing private voluntary and compliance markets, including place-specific conservation technical assistance, markets that benefit from public research to enable all production systems and regions to generate credits in these markets; and producer practice information at county scales that can help establish practice baselines and track changes in adoption rates of new practices.

Additionally, support should only be provided for credible, standards-based market programs and methodologies that create fungible, high quality high-value credits that buyers demand. New market instruments or 'standards' that do not meet existing market standards can cause confusion

in the markets, create producer expectations that credits generated according to these instruments or standards will have buyer demand, and can undermine the integrity of these global markets.

All parties could benefit from a more collaborative approach to supporting the adoption at scale of climate-smart practices by farmers and ranchers. Many organizations and private companies are already incentivizing sustainable practices among their suppliers and producers, and many more have made public sustainability pledges. Where industry is currently leading, they should be encouraged to continue to lead. The adoption of climate resilient practices can be accelerated by these private-sector-led initiatives – particularly where they are meeting market standards for generating credits.

Thank you again for the opportunity to provide input to USDA's proposed Climate-Smart Agriculture and Forestry Partnership Program. ESMC believes the agricultural sector can have an outsized ability to reduce and remove GHG while providing other ecosystem services that mitigate the negative impacts of climate change and benefit society. ESMC looks forward to working closely with USDA to implement voluntary climate-smart agriculture policies that benefit producers while improving our environment.

Sincerely,

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