

ANALYSIS

POSITION PAPER ON THE “LABEL BAS-CARBONE” AND ITS METHODS FOR THE AGRICULTURAL SECTOR

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ET L'HOMME



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This document by Climate Action Network France and its member organizations seeks to present the positions and needs for improvement of the Label Bas-Carbone and its methodologies for the agricultural sector. It was produced by Climate Action Network France, CCFD-Terre Solidaire, Fondation pour la Nature et l'Homme, and France Nature Environnement. Fédération des Conservatoires d'Espaces Naturels provided support and proofreading.

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SUMMARY

The Label Bas-Carbone (“Low-Carbon Label”) was created by the French Ministry for Ecological and Solidarity Transition in 2018. It provides for certification of projects to reduce greenhouse gas (GHG) emissions and of projects to promote carbon sequestration, by enhancing their value through carbon credits. The Label seeks to achieve the objectives of France’s National Low-Carbon Strategy while at the same time meeting the demand of businesses, local authorities and individuals wanting to voluntarily offset their emissions via quality projects developed in France. The Label is currently applicable in five sectors (forestry, agriculture, construction, transport and natural areas) and should soon be extended to the waste sector as well. To date, 358 projects have been certified, representing a total of 1,300,000 teqCO₂ of emission reduction or storage. Of that volume, 55% is covered by the Label’s 13 agricultural projects, which together include nearly 1,300 farms.

This paper focuses on the six methods of the agricultural sector (see **Table 1**) and is a follow-up to the first analysis of the Label Bas-Carbone published in 2020 by Climate Action Network France. The shortcomings and distortions of the Label were already brought to light in that report.¹ Among the 13 recommendations made in 2020, just one has been effectively taken into account to date (**Table 2**). **In its current state, there is thus still a risk that the Label Bas-Carbone acts as a greenwashing tool, as it allows private companies to claim to be carbon neutral by financing of projects that can – on the contrary – have a negative impact on the environment and even produce an increase in GHG emissions.**

The Label also insinuates that there is net climate contribution from agriculture as a carbon sink. Yet, the 4p1000 report is categorical: implementation of all the levers of sequestration in the agricultural sector would offset only 41% of its own emissions (without guarantees over the long term), thereby disqualifying its physical ability to offset the emissions of the other sectors².

The Label Bas-Carbone should therefore remain outside the speculative mechanisms of the carbon market. But that’s not all: it must also stop being used for carbon offsetting and instead be used only for properly supervised “carbon contributing”³.

Improvement in the transparency of financial transactions is also urgent, to limit the share of remuneration for intermediaries to the detriment of project owners (farmers) who sometimes struggle to recoup the implementation costs of their project.

Finally, the Label Bas-Carbon has many limitations, making it a tool for optimization. Consequently, it does not encourage systemic transformation in the agricultural sector, which is needed to address climate change and the biodiversity crisis. For this reason, the Label’s environmental ambition must be raised, in particular by:

- **not using the measurement system which promotes intensification of practices;**
- **making absolute reduction of project emissions mandatory;**
- **shifting from optional co-benefits to mandatory ones; and**
- **taking better into account the transition to extensive free-range livestock production.**

The Label Bas-Carbone could be a tool to support the transition if it were to mainstream the recommendations put forward in this publication and if it included suitable safeguards. On the other hand, it **cannot replace sustainable, ambitious and equitable public policies, and it should not act as a pretence for reducing the ambition of existing public policies.** Priority must be given to reducing the emissions and the carbon footprint of each sector, including agriculture. This is all the more clear when we consider that, according to the Government’s own calculations⁴, the National Strategic Plan for the new 2023-2027 CAP would reduce GHG emissions from the agricultural sector by only 9 to 11% by 2030, in comparison to France’s National Low-Carbon Strategy, which requires a reduction of -18%.

¹ https://reseauactionclimat.org/wp-content/uploads/2022/04/plan_bas_carbone_22_03_21_en.pdf

² Sylvain Pellerin et al, 2020. *Stocker du carbone dans les sols français, Quel potentiel au regard de l’objectif 4 pour 1000 et à quel coût ?* Scientific report of the study, INRA (France).

³ <https://www.carbone4.com/en/stop-saying-carbon-offset-from-offsetting-to-contributing>

The firm Carbone4 seeks to have businesses work toward reaching neutrality in their local area, in a way separate from their own carbon footprint. This way, each organization would have to conduct independent and non-deductible accounting simultaneously for the following three elements:

1. Its GHG emissions throughout the value chain, which it must manage and reduce to levels compatible with the 1.5°C/2°C emission trajectories
2. Its contributions to reduction by other stakeholders
3. Its contributions to the development of global carbon sinks

⁴ *Plan Stratégique National de la PAC 2023-2027*, p.168.

Methods	Method developer	Target
CARBON AGRI	IDELE, CNIEL, Interbev, CNE	Cattle and field crops
Hedges	Pays de la Loire Chamber of Agriculture	Sustainable management of hedges
Orchard Planting	La Compagnie des Amandes	Planting of orchards
SOBAC'ECO-TMM	SOBAC	Input management
EcoMethane	Bleu-Blanc-Cœur	Enteric methane via dairy cattle feed
Field Crop	Arvalis, Inovia Lands, Beet Technical Institute, ARTB	Field-crop farms

Table 1: Presentation of the 6 Label Bas-Carbone agricultural methods

Recommendations from the 2020 analysis	Incorporation into Label Bas-Carbone
The Label must focus on absolute reduction of GHG emissions.	No
The Label must be a tool for helping to reach France's climate objective, not an offsetting tool.	No
The Label must make a distinction between emission reduction (i.e., a decrease in the quantities of GHG emitted) and sequestration.	No
The Label must define what an avoided emission is.	No
Funders* must work to reduce emissions at the source before using the Label Bas-Carbone.	Partial (no requirement for compatibility with a 1.5°C trajectory)
The Label must not reward practices that have negative externalities.	No
Frame the terms of the contract so that the burden is shared fairly in the event that the farmer faces problems beyond their control in meeting the contract.	No
The local State services must verify the independence and competencies of the auditor when they are different from those stated by the certification.	Yes
Establish a centralized public register to ensure the traceability of contributions/credits.	In progress
Conduct an impact study on the consequences of such certification on the socioeconomic, environmental and animal-welfare aspects.	No
For ruminant sectors, certification must be conditional on the transition to pasture farms which have a minimum self-sufficiency in feed production and no off-land units.	No
The CARBON AGRI method must count all scope 1, 2 and 3 emissions from the farm.	No
The CARBON AGRI method must, like the Label, provide for an impact study on the consequences on land prices and on socioeconomic, biodiversity and animal-welfare aspects.	No

Table 2: How the recommendations made during the first analysis published in 2020 have been included in the Label Bas-Carbone

* The terms marked by an asterisk (*) can be found in the glossary at the end of this document.

I - OVERALL CONSIDERATIONS ON THE LABEL BAS-CARBONE AND RECOMMENDATIONS ON HOW IT SHOULD IMPROVE

I-1. THE LABEL BAS-CARBONE ALLOWS FOR CARBON OFFSETTING BY BUSINESSES OR LOCAL AUTHORITIES WITHOUT PRECONDITIONS FOR THEIR OWN EMISSION REDUCTIONS

In its National Low-Carbon Strategy, France invokes the Avoid, Reduce, Offset sequence and defines offsetting as “*all financial or technical measures that help offset, in part or in full, greenhouse gas (GHG) emissions in the atmosphere that are due to a specific activity and could not be avoided or limited.*” Carbon offsetting is therefore based on the principle of “carbon neutrality”, which cannot be applied on a company or community level, but only on that of the planet or countries coordinated through the Paris Agreement⁵. Thus, the use of carbon offsetting, which is authorized excessively to businesses and communities, is a diversion by which they can avoid striving to work towards their own emission reductions⁶.

The problem is that the Label Bas-Carbone proposes an offset mechanism without the funder* being obliged

to provide proof that its decarbonization strategy follows a trajectory compatible with a maximum global warming of 1.5°C. In addition, financing via the Label Bas-Carbone currently covers only part of the costs of setting up projects, while the funders* can claim each ton of CO₂ reduced or sequestered via these same projects. There is thus dual improper use – in climate and economic terms – by the funders* of emission reductions* permitted by carbon offset. Priority should thus be given chiefly to reducing emissions by businesses and local authorities. Subsequently, these stakeholders could make a financial contribution to low-carbon projects without appropriating the emission reductions of another stakeholder, and this would prevent the double counting that is currently taking place.

RECOMMENDATIONS

- **Communication should be thought through more clearly. The Label must be a tool for helping to reach France’s climate objective, not an offsetting tool³.** This is crucial to ensure that businesses and local authorities do not stop their efforts at emission reduction, and to avoid the Label being a tool for greenwashing.
- **The regulations^{7,8} governing the quality of credits and projects as well as the communication on “carbon offsetting” should be extended to “carbon contributing”.**
- To avoid the risks of greenwashing carbon offsetting and carbon contributing, **fundes* should use them only if they have already implemented the crucial task of a reduction of emissions at the source compatible with a maximum global warming of 1.5°C.** It should be pointed out that the Decree governing the Label Bas-Carbone already regulates communication carried out by the offsetting beneficiaries, which must be “*combined with communication on the actions previously implemented by the beneficiaries to avoid and reduce their GHG emissions*”. However, the Decree sets no requirements as to stating either the ambition of the actions or whether they were really implemented and meet the international commitments to limit global warming to 1.5°C.

⁵ Les avis de l’ADEME: La neutralité carbone: <https://www.ademe.fr/avis-lademe-neutralite-carbone>

⁶ <https://reseauactionclimat.org/wp-content/uploads/2022/11/position-reseau-action-climat-sur-la-compensation-carbone.pdf>

⁷ Order of 11 February 2022 amending the order of 28 November 2018 defining the reference system of the Label Bas-Carbone.

⁸ Decree No. 2022-539 of 13 April 2022 on carbon offsetting and carbon neutrality claims in advertising.

I-2. ABUSIVE MARGINS: BIG CUTS FOR INTERMEDIARIES AND LACK OF TRANSPARENCY

The financing of a low-carbon project is negotiated based more or less on the nature and location of the project, on the amount of carbon, or on the co-benefits*, depending on its importance for the funder*. For example, a company will be more inclined to fund a project better if it is located in its own region, establishes tangible levers (e.g. planting an orchard is more attention-getting than modifying crop rotation), or involves conversion to organic farming. Ultimately, the price per ton of CO₂ is confidential, as is the share of reward due to the various stakeholders involved in the negotiations (Figure 1). An exception is the projects commissioned by France Carbon Agri, which makes its financial arrangements public.

Despite such opaque arrangements, the number of businesses and associations being created or formed in relation to the Label Bas-Carbone is growing. While the Label Bas-Carbone Decree officially defines only three categories of stakeholders involved (project owners*, authorized representatives* and intermediaries*), the reality on the ground is quite different. In addition to these basic stakeholders, interprofessional bodies bring together projects at the local level with consulting organizations and tool developers (operators whose margins sometimes remain secret). They hence reduce the final earnings

of the project owner and risk making the Label Bas-Carbone become a huge convoluted system.

With regard to the agricultural methods, the technical costs (e.g. of analysis and monitoring by an agricultural adviser using a calculation tool) and administrative and financial costs can be very high⁹. This is especially true for the CarbonAgri, Field Crop and Hedges methods. They lead to commissions for the intermediaries that can reach up to 40% of the carbon credit.

The resulting economic inefficiency generates broad mistrust among farmers, for whom the Label Bas-Carbone rarely covers investment costs. What's more, some authorized representatives determine prior to the project the amount to be paid to the farmer for each ton of CO₂ sold. France Carbon Agri, for example, pays them between 30 and 35 €/teqCO₂). Thus, each ton of CO₂ is sold at the same price to the farmer, regardless of the cost of the practices implemented during the project, the trends in carbon market prices, and the final sale price of the tons of CO₂ negotiated with the funder* (Figure 1). This financial arrangement thus does not encourage implementation of more expensive levers (e.g. purchase of a seeder, introduction of legumes that are less lucrative than the crops replaced, etc.), which can nevertheless be crucial to transformation of good practices.

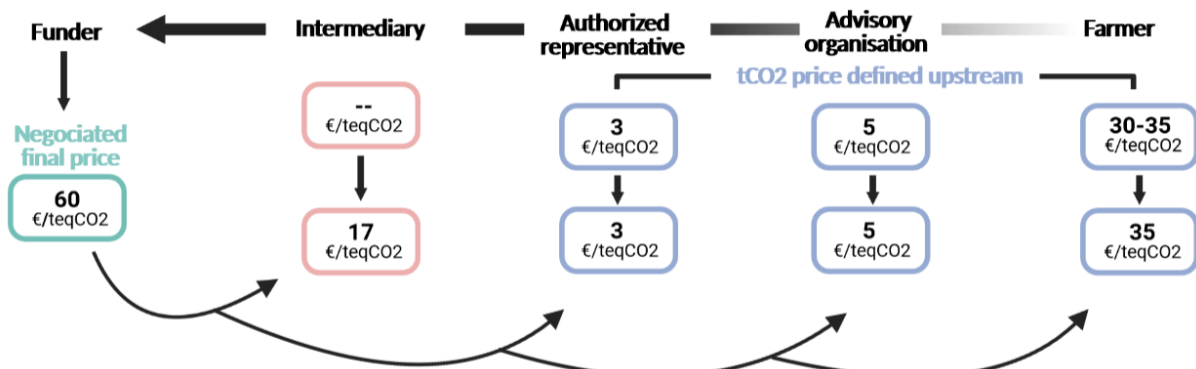


Figure 1: Typical financial arrangement for a Label Bas-Carbone agricultural project by France Carbon Agri. The return rate per ton of CO₂ for the authorized representative, the advisory organization and the farmer (in blue), while that for the intermediaries (in red) depends on the purchase price negotiated with the funders* (in green).

RECOMMENDATIONS

- **A centralized public register should be established to ensure the traceability of credits, and requirements on the transparency of transactions should be made stronger.** In accordance with article R. 229-102-1 of the Environmental Code on mandatory and voluntary offsetting, it must make the following mandatory: publication of the **identity of the funders*, sale price per ton of CO₂ and the rate of return for the various beneficiaries of the sale of credits.**
- **The Label should establish a minimum rate of return of 75% on the sale per ton of CO₂ allocated to project owners.** This is essential to ensure that the Label does not reproduce the dysfunctional imbalances that exist in negotiations on traditional agricultural products and that result in very low prices for farmers under obscure conditions.

⁹ For example, Terrasolis has estimated the costs of supporting projects according to the Field Crop method in its most comprehensive option, at 4,000 euros in technical costs and 1,125 euros in administrative and financial costs.

I-3. THE OFFSETTING REQUIREMENT TERMS FOR THE AVIATION SECTOR RISK DRAGGING DOWN THE PRICES OF THE LABEL PROJECTS

Article 147 of the French Climate and Resilience Act has required airlines to offset the emissions of their domestic flights since 2022. From 2024, at least 50% of their carbon credits will have to be purchased within the European Union (EU). It will thus still be possible to offset the remaining 50% by purchasing the credits abroad, in particular through the carbon offsetting and reduction scheme for international aviation (Corsia). However, this scheme offers a potentially unlimited reserve of carbon credits at less than 1 euro per unit, and even the European Commission considers it

ineffective in reducing the negative effects of the aviation sector on the climate¹⁰. In addition, the Act exempts airlines from the obligation to offset within the EU if they cannot find any projects costing less than 40 €/teqCO₂. While this “ceiling” theoretically doesn’t prevent airlines from purchasing more expensive European projects, it’s a major risk because it could encourage project owners to lower their prices so as not to be outcompeted by other projects outside the EU.

RECOMMENDATIONS

- **All projects for offsetting GHG emissions of domestic flights should be located in the European Union from 2025 onwards, and the ceiling price exempting the EU offsetting obligation should be abolished.**
- **The country of origin of offsetting projects should be communicated by aircraft operators in order to promote domestic offsetting.**

I-4. THE LABEL DOES NOT DISTINGUISH BETWEEN REDUCED, SEQUESTERED AND SUBSTITUTED EMISSIONS

According to the Decree defining the Bas-Carbon Label, the term “emission reductions” refers indifferently to the quantities of GHGs whose emission has been avoided and to the quantities of GHGs sequestered or substituted. The vocabulary used for the Label thus leads to confusion of terms, by making an equivalence between sequestration, which is difficult to assess and control over time, and the real emission reductions that are urgently needed. Moreover, putting real emission reductions and sequestration together under the same term “emission reduction” can lead to misuse in communication by the funders*. For example, the French Ministry of Agriculture and Food Sovereignty declares on its

website that *“actions financed to offset ones’ emissions must help reduce emissions in the fields of agriculture and forestry”*, even though these projects, particularly in forestry, consist only of sequestration. In addition, the Label allows to produce renewable energy (e.g. anaerobic digestion and wood fuel) as a substitute for fossil fuels to be counted as indirect emission reductions. Such appropriation of “substituted emissions” by farmers or foresters is nonetheless inconceivable, because *“control of the substitution effect [...] is only in the hands of energy buyers (who would for example switch from oil to wood pellets)”*, as WWF mentioned in its report on forestry projects of the Label Bas-Carbone¹¹.

RECOMMENDATIONS

- **The Label should make a distinction between emission reduction (meaning a decrease in the quantities of GHG emitted) and sequestration.** Thus, in the project description and monitoring document, there could be a reference to the project’s “carbon footprint” which includes and differentiates between “emission reductions” and “sequestration”.
- **The Label’s accounting methods should not take into account the quantities of carbon claimed via the substitution effect of other materials and energies by stakeholders who cannot guarantee the substitution effect (e.g. farmers and foresters).**

¹⁰ European Commission, 2020, “Assessment of ICAO’s Global Market-Based Measure (CORSIA) Pursuant to Article 28b and for Studying Cost Pass-through Pursuant to Article 3d of the EU ETS Directive”

¹¹ https://www.wwf.fr/sites/default/files/doc-2021-10/20211028_Rapport_Analyse-projets-forestiers-label-bas-carbone_WWF.pdf

I-5. CONTRACTS DO NOT SUFFICIENTLY TAKE INTO ACCOUNT THE RISKS FOR PROJECT OWNERS

What if the project owner cannot honour their part of the contract due to events beyond their control? (The summer of 2022 with its fires and losses of crops and hedges provides a striking example.) The consequences will depend on the terms of the contract signed. Indeed, there is the risk that a project owner will have to repay part of the money they received in

the event that the anticipated emission reductions are not achieved in the end. Currently, the terms of the contract provided for in the Label do not stipulate a guarantee of minimum protection for the project owner in the event of unforeseen events, which can potentially plunge the farmers into financial insecurity.

RECOMMENDATIONS

- **The contract terms of the Label should provide for sharing the burden fairly in the event of problems** beyond the control of the farmer (e.g. fires, natural disasters, etc.).

I-6. LACK OF RIGOUR IN CERTIFICATION CRITERIA AND IN VERIFICATION OF EMISSION REDUCTIONS CALLS INTO QUESTION THE ENVIRONMENTAL CREDIBILITY OF THE LABEL

The Label Bas-Carbone Decree states that “*absence of a response from the competent authority after the appraisal period [2 months] constitutes acceptance of the certification application*”. This scenario seriously discredits the project selection and certification process. Furthermore, the auditor criteria are weak, leading to the lowest bidders or to auditors without the necessary expertise being accepted.

The Decree provides for “*a list of auditors meeting the conditions of independence and competence [...] or, failing that, precise criteria for selecting auditors*”. However, currently only the SOBAC'ECO-MMT method provides a non-exhaustive list of auditing organizations, with the other five requiring only an “external”, “independent” and/or “competent” auditor, without specifying what is needed to prove these criteria (Table 3). Moreover, the Orchard Planting method allows the expert in charge of monitoring and the auditor to be one and the same person, which is completely in conflict with the verification principle.

Finally, the auditor must prepare an audit report, but no reliable verification framework is specified. Only three methods require field checks, but none of them provide the aspects to be checked and the methods for their verification (Table 3). The Hedges method does not provide for any obligation as to the expected state of young hedges guaranteeing an increase in storage. All this can result in a weak level of confidence in the audits, which, moreover, are conducted only on a sample of farms after five years, thereby discrediting the Label Bas-Carbone projects. The Field Crop method has even simply given up its initial plan for evaluation based on soil samples and now prefers a modelling tool fuelled by declared data on practices. In any event, a duration of five years for a project is too short for an increase of carbon in soils to be observed, thereby calling into question its accounting and rewarding via the Label.

RECOMMENDATIONS

- **Absence of a response from the competent authority for certification must absolutely not constitute acceptance of the project.** Valid certification in the event of absence of response undermines the credibility of the Label Bas-Carbone and would lead to automatic project certification if the services in charge of evaluating applications are overburdened.
- **The criteria for auditor selection and for verification criteria and procedures should be stipulated in the methods.** In particular, the person who monitors the project must not be the same person who verifies it.
- **Feedback should be requested from the Regional Departments of the Environment, Planning and Housing (DREAL) following the verification of the first audits of agricultural projects.**

I-7. COLLECTIVE PROJECTS LACK THE TRANSPARENCY OF INDIVIDUAL PROJECTS AND ARE SUBJECT TO LIMITED CONTROLS

At present, all the agricultural methods allow the setting up of collective projects. In this case, the Label provides for a sample of individual projects to be studied during the DREAL's appraisal for the certification of the collective projects and during the drafting of the auditor's verification report. However, the Label does not stipulate the minimum size of the samples of individual projects to be evaluated, either for the DREAL or for the auditor. In its current form, the agricultural methods themselves determine this audit sample with the $0.5 \cdot \sqrt{n}$ rule, according to which the audit of 16 individual projects is sufficient to verify a collective project consisting of 1,000 individual projects. This very low level of sampling is an invitation to abuse. Only the SOBAC'ECO method provides for more stringent sampling (Table 3).

The CARBON AGRI method also provides the possibility for collective projects to carry out emission reduction calculations based on a baseline scenario*

not specific to the farm but based on the best practices of a sample of farms. While the realization of such a baseline scenario by sampling could help reduce the significant administrative costs of the certification (by limiting the number of initial analyses), the current lack of control mechanisms leaves the method developers total freedom in its application. The CARBON AGRI method for example states that *"the sampling method must guarantee a difference of less than 5% between the results of the total population of the project and the results of the sample"*, but without specifying how this difference will be evaluated.

Finally, for collective projects, the same level of transparency in monitoring individual projects cannot be guaranteed. The project description sets out the project objectives, but in a collective project these may be only averages. In this case, it's not possible to identify the ambition and evolution of each separate project in terms of its emission reductions, co-benefits and levers it puts in place.

RECOMMENDATIONS

- **The Label must be more demanding about the sampling of individual projects audited as part of a collective project.**
- **The Label Bas-Carbone Decree should stipulate how to produce a baseline scenario by sampling.** In particular, it should specify the definition and relevance of the samples used, as well as stipulate the **application of a correction mechanism*** to account for uncertainties in the emission reduction monitoring calculations.
- **In the case of a collective project, the Label must make public the project description and monitoring documents of each individual project.** The publication of this monitoring is also essential for feedback and hindsight on the efficiency of the various levers it contains, and which would make it possible to fine-tune the methods of the Label Bas-Carbone.

Methods	Auditor selection criteria	Form of audit	Sampling	On-site evaluation criteria
CARBON AGRI	"external"	document-based	yes (between 1% and 5% of farms)	"Implementation of these actions can be verified on-site by the external auditor."
		field visit (optional)	yes (between 1% and 5%)	
Hedges	"competent and independent"	document-based	yes (between 1% and 6%)	"The auditor will validate the fact that the actions indicated as having been achieved [...] have actually been achieved."
		field visit	yes (between 1% and 6%)	
Orchard Planting	"independent, impartial and competent" <u>can be the expert in charge of monitoring</u>	document-based	no	"more in-depth additional verifications"
		field visit	yes (between 1% and 5%)	
SOBAC'ECO-TMM	"competent and independent" <u>non-exhaustive list of organizations</u>	document-based	yes (between 2.5% and 50%)	
EcoMethane	"external"	document-based	yes (between 1% and 5%)	
Field Crop	"independent, impartial and competent"	document-based	yes (between 1% and 5%)	

Table 3: Forms of audit according to the 6 agricultural methods of the Label Bas-Carbone

II- CONSIDERATIONS AND RECOMMENDATIONS ON THE AGRICULTURAL METHODS OF THE LABEL BAS-CARBONE

Since 2019, six agricultural methods have been approved by the French Ministry of Ecological Transition. They concern cattle raising, hedge management, orchard planting, input management, cattle feeding and field crops (Table 1). Other methods on the raising of pigs, sheep and goats; viticulture and agroforestry are currently being developed.

II-1. THE LABEL IS BASED ON A DISTORTED INDICATOR WHICH CAN PROMOTE AND REWARD PROFITABLE INTENSIFICATION PRACTICES

The carbon intensity metric is still used as the reference basis for emission reduction accounting for the CARBON AGRI. This metric, which we criticized in our first analysis of the Label Bas-Carbone and the CARBON AGRI method¹², is on track to become that of the future “Pork” method. This metric counts quantities of GHGs per production volume (teqCO₂/litre of milk rather than teqCO₂/ha), making it possible to optimize production emissions without necessarily reducing the total quantities of GHGs emitted. Such an indicator favours the most intensive farms and allows the financing of production-optimization practices that are profitable, while it penalizes smaller farms and farms with fewer livestock per hectare (Figure 2). Yet, it is these smaller farms that are compatible with the agricultural models we need to strive towards to meet our climate objectives¹³.

In addition, in the case of livestock production, the fact that these farms have relatively small herds and an extensive farming model places them in the “less and better” trajectory, i.e. that of reducing the number of

heads of livestock while producing quality meat. This sustainable livestock model also provides a number of co-benefits: it promotes agroecological infrastructure that contributes to carbon sequestration, improves animal welfare and biodiversity, and provides fair remuneration for farmers. Thus, this carbon intensity indicator does not make it possible to count emission reductions linked to the decrease in the size of herds (the primary factor of GHG emissions from livestock), and in fact excludes this lever from the CARBON AGRI method.

Moreover, significant decrease in the number of heads of livestock is provided for in the National Low-Carbon Strategy. It is also key to 12 of the 16 transition scenarios compared by the French Environment and Energy Management Agency (ADEME)¹⁴. Meanwhile, the European Court of Auditors is now calling for “effective incentives to reduce greenhouse gas emissions from livestock” and criticizing the fact that “the CAP does not seek to limit livestock numbers”¹⁵.

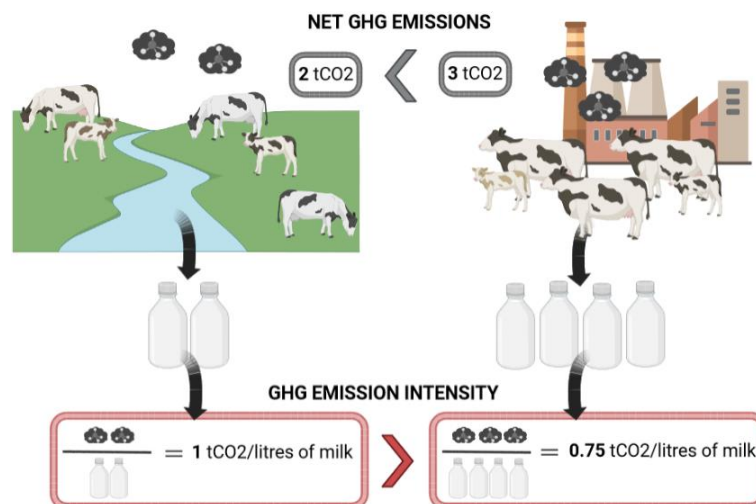


Figure 2: Representation of the environmental distortion caused by the carbon intensity metric, which can favour more intensive projects whose net emissions increase.

Left: non-intensive farm promoting free-range livestock. Right: intensive farm promoting animal productivity.

¹² https://reseauactionclimat.org/wp-content/uploads/2022/04/plan_bas_carbone_22_03_21_en.pdf

¹³ Solagro, Couturier C., Charru M., Doublet S. & Pointereau P., (2016). *Le scénario Afterres 2050*, 2016 version.

¹⁴ Couturier Christian, Solagro; Aubert Pierre-Marie, IDDR; Duru Michel, INRAE. 2021. *Quels systèmes alimentaires durables demain ? Analyse comparée de 16 scénarios compatibles avec les objectifs de neutralité climatique* (ADEME).

¹⁵ European Court of Auditors. Special Report No. 16/2021. “Common Agricultural Policy and climate - Half of EU climate spending but farm emissions are not decreasing”.

RECOMMENDATIONS

- **The CARBON AGRI method should stop using the carbon intensity metric; instead, the Label should use a single per-hectare metric in agricultural methods.** This measure is also recommended by I4CE for the future European carbon certification framework, because “*per-hectare intensity may promote a shift from intensive to more extensive agriculture, whereas per-product intensity may promote optimization*”¹⁶.
- **For the livestock sectors, certification must be conditional on the transition to free-range farms which have a minimum self-sufficiency in feed production and no off-land units:** this would help avoid the excessive intensification supported in the current method.
- **Livestock farming methods must not prevent the accounting of emission reductions associated with structural changes in livestock numbers or the cessation of a production activity.**

II-2. THE LABEL TAKES INTO LITTLE ACCOUNT THE ENVIRONMENT, BIODIVERSITY AND ANIMAL WELFARE

The Label's methods, as defined in the current Decree, must not lead to negative environmental or social impacts. In addition to taking carbon sequestration into account, it seeks to identify and monitor possible co-benefits generated by the low-carbon projects. However, the monitoring of indicators of these co-benefits can be optional and is never binding. (One exception is the SOBAC'ECO method, which conditions the recognition of emission reductions to the improvement of co-benefits, such as the reduction of herbicides by 10%, non-herbicide phytosanitary products by 30% and irrigation by 30%).

Under these conditions, large-scale anaerobic digestion projects or agricultural systems that, for example, increase their use of synthetic pesticides or imported soybeans can receive certification. Meanwhile, animal welfare is still largely neglected in livestock production methods. For example, the consequences that lowering the age of first calving can have on animal welfare are hardly considered. Lowering the age of first calving may require modifications of some livestock farm practices to accelerate the insemination of heifers, i.e. closer monitoring of their weight, feeding behaviour and period when in heat. Obtaining earlier puberty for

heifers may in fact require increasing quantities of concentrates, minerals and cereals. In concrete terms, there have been reported cases of using protein powdered milk, increasing maize ration by 50 per cent, and doubling the ration of soybean and rapeseed cakes¹⁷. This intensive diet based on cereals and supplements not only puts into question animal welfare but is also contradictory to promoting free-range pasturing, which should be the priority lever for livestock farming.

This same approach of intensification at the expense of animal welfare seems to have been adopted in the future “Pork” method developed by the Institut du Porc (Pork Institute - IFIP), which relies on the “*constant improvement of productivity*” by increasing the number of porkers produced by sows, to reduce their carbon impact¹⁸. Another point of uncertainty is whether decrease in the age of first calving has an impact on the size of the herd, the turnover rate, and on the number of calves born and what ultimately happens to them. The fattening of beef cattle is the blind spot of the beef cattle sector: while cows do in fact often enjoy free-range grazing, their calves are often fattened industrially abroad.

RECOMMENDATIONS

- **Co-benefit indicators should be transformed into eco-conditionalities. Maintaining or improving these indicators at the individual project level should be a precondition for the recognition of emission reductions.** For the livestock sectors, certification must be conditional on the transition to free-range farming, with greater consideration of animal welfare and a minimum of self-sufficiency in feed production.
- **The Label should provide for an impact study on the changes in GHG emissions at farm level and on the consequences that the various agricultural methods have on land prices, biodiversity and animal welfare.** The impact that lowering the age of first calving has on changes in the number of heifers, calves, and the renewal rate of farms should be investigated.
- **There should be mandatory recording and monitoring of the rate of herd renewal in the event that lowering the age at calving is used as a lever.** An increase in this rate would mean an increase in the size of the herd, and a **100% reduction via a correction mechanism** should be applied to the milk unit.

¹⁶ <https://www.i4ce.org/publication/recommandations-cadre-europeen-certification-carbone/>

¹⁷ Landes Chamber of Agriculture. *Enquêtes – Témoignages d'éleveurs landais : Tout savoir sur le rajeunissement de l'âge au premier vêlage.*

¹⁸ TechPORC. *Dossier Bas Carbone*, May 2023.

II-3. AGRICULTURAL METHODS WHICH ALLOW FOR CERTIFICATION OF PROJECTS WHOSE EMISSIONS ARE INCREASING

At present, agricultural projects whose net GHG emissions are increasing can receive Label Bas-Carbone certification, and this for several reasons.

- **Accounting of “emission reductions” is performed in relation to an underlying baseline scenario which charts the climate impact if the project had not been implemented.** For example, a project whose emissions increase each year can be considered as enabling emission reductions as long as those emissions are below those provided for in the “business as usual” baseline scenario. In this case, it can be entitled to certification (Figure 3).
- **The metric for “emission reductions” accounting can mask net increase at the farm level.** This is the case of the carbon intensity metric, which should be discontinued (see II-1).
- **Soil carbon sequestration and biomass can mask an increase in GHG emissions.** This is because it is possible, in the methods for measuring real emission reductions and carbon sequestration (CARBON AGRI, Field Crop and Orchard Planting) to attain reduction of carbon footprint because sequestration counterbalances GHG emission increase (Figure 4, project B). However, while emission increases have direct harmful consequences on the environment, the sequestration that is supposed to counterbalance them is not guaranteed over time, and projects that have received Label Bas-Carbone certification but whose emissions increase could thus have a negative impact on the environment in the long term.

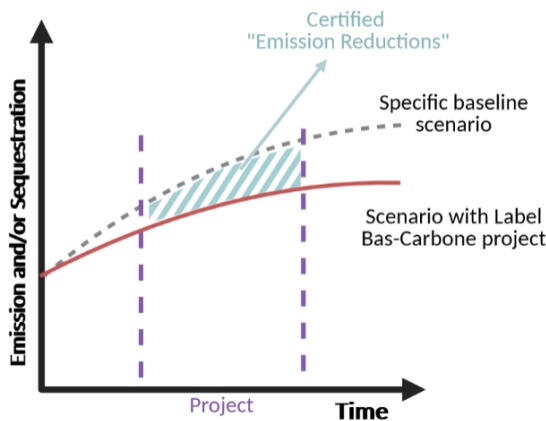


Figure 3 (left): Accounting of “emission reductions” in relation to a baseline scenario allows certification of projects whose net carbon footprint increases.

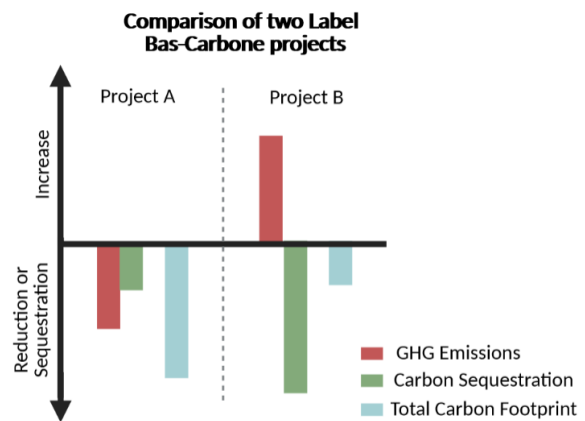


Figure 4 (right): Comparison of emissions and sequestration of two projects whose net carbon footprint decreases.

- **Imported emissions are hardly taken into account.** According to the annex to the Decree, the methods must nonetheless include indirect emissions, through the reduction of emissions related to the manufacture of nitrogen fertilizers or by counting reductions in the purchase of fuel or electricity. However, the main indirect emissions related to livestock farming (e.g. imports of food generating imported deforestation) are not counted in the livestock farming method, even though the Field Crop method specifies that “*in addition to biodiversity issues, we know that the*

emissions of imported soybean meal are 1.6 kgeqCO₂/t compared to values below 0.7 kgeqCO₂/t for all protein-rich raw materials produced in France”. And while protein autonomy is encouraged, no minimum threshold has been set for the certification. Thus, certification is conceivable for a project which maintains or even increases its importations of soybean meal whose production has directly contributed to the deforestation of fragile ecosystems in Latin America.

RECOMMENDATIONS

- Eligibility criteria* of agricultural methods should include **the obligation for absolute reduction of emissions independent of sequestration in the project** ($ER(\text{emission}) > 0$), **compared to the emissions of the year of assessment and not to the baseline scenario.**
- **The CARBON AGRI method should count all scope 1, 2 and 3 emissions**, and certification of livestock projects must be **conditioned to a minimum threshold of protein self-sufficiency.**

II-4. A “POLLUTER IS PAID” LABEL WHICH REWARDS THE FARMS LEAST FAVOURABLE TO THE CLIMATE AND WHICH IS NOT AT ODDS WITH CONCENTRATION OF LAND CAPITAL

As the Label is based on the implementation of additional practices* and comparison with a baseline scenario, it is primarily aimed at farmers who have a lot of progress to make. Thus, farmers who have already made their transition and a change of practices are excluded from the Label Bas-Carbone, whose financing system is more along the lines of “polluter is paid”. We say this because a farmer operating a large-size farm with polluting agricultural practices has more opportunities for making headway in reducing emissions, for benefiting from the Label, and for generating carbon credits (Figure 5, project 1). The Label can even reward production-optimization practices which increase the profitability of the farm because of the distortion introduced by the carbon

intensity metric in livestock farming (see II-1). Conversely, a farmer who has already implemented virtuous and truly “low-carbon” practices will have trouble implementing additional practices* and will not be able to generate enough carbon credits for a project to be profitable (Figure 5, project 2).

In addition, the Label is not at odds with – and could even encourage – the concentration of land capital on farms, as the more hectares a farmer cultivates, the more carbon they can sequester. In addition, the price per carbon ton is generally around €35 and only profitable above a certain surface area. The Label Bas-Carbone therefore favours larger farms, which are also those that receive the most public aid.

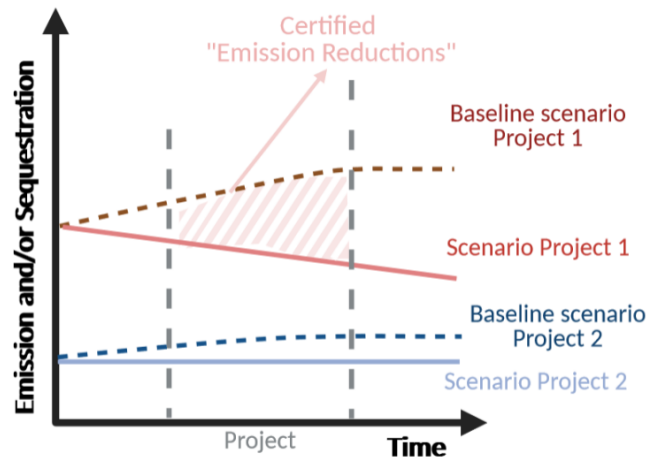


Figure 5: Comparison of two farms and their low-carbon project.

RECOMMENDATIONS

- **The agricultural methods of the Label Bas-Carbone should take carbon storage in existing permanent grasslands better into account.** Only the conversion of cropland to grassland is currently considered in the CARBON AGRICULTURE method, and the Field Crop method counts only sequestration in temporary grassland. This measure could therefore enable certification for farmers who have been sequestering carbon for decades and whose carbon stock must be maintained to achieve the objectives of the National Low-Carbon Strategy. In order to include best practices for the environment in the accounting, it is also crucial to supplement data on carbon storage in grasslands and soil, notably by taking into account the various agricultural practices (e.g. mowing; low-intensity pasture systems; and conventional, conservation or organic agriculture).
- **The Label Bas-Carbone must incorporate the concept of additionality adopted by the European Commission (EC) for the future carbon certification plan that will sooner or later establish framework for the Label.** According to the EC, “Carbon removal activities must go beyond standard practices and what is required by law. The preferred way to prove additionality is to set a ‘standardised’ baseline that accurately reflects the standard practices and the regulatory and market conditions in which the activity takes place. A standardised baseline facilitates a cost-effective and objective demonstration of additionality, and also has the advantage of recognising the early efforts of land managers and industries that already engaged in carbon removal activities in the past. In order to ensure ambition over time, the standardised baseline should be periodically updated.”

II-5. THE CONSEQUENCES OF LACK OF FRAMEWORK: DIFFICULTY INTERPRETING THE LABEL, MONOPOLIES FOR SOME PRIVATE PLAYERS AND INCONSISTENCY IN THE AGRICULTURAL METHODS

The Label's regulatory framework delegates its implementation to the private sector at all stages of the process. The private sector is thus in charge of the Label's method design, development and sales of the tools to implement the methods, administrative paperwork for projects, support for project owners and negotiation with funders* (Figure 6). This raises legitimate questions about the convoluted system and the monopolies which could be generated for players, which sometimes take on several roles. This is the case of the Institut de l'Élevage (Livestock Institute – IDELE) which both drafted the CARBON AGRICULTURE method and

currently develops and markets the CAP'2ER assessment tool associated with this method. In addition, IDELE is involved in the France Carbon Agri company, which provides administrative support to farmers and thus proposes certification in the livestock sector. As for IDELE's objective, it is currently clear: "It's not a question of changing production system but of optimizing existing systems."¹⁹ This is a far cry from the agroecological transition promoted by the Label Bas-Carbone²⁰, which is the only transition that can achieve France's climate objectives.

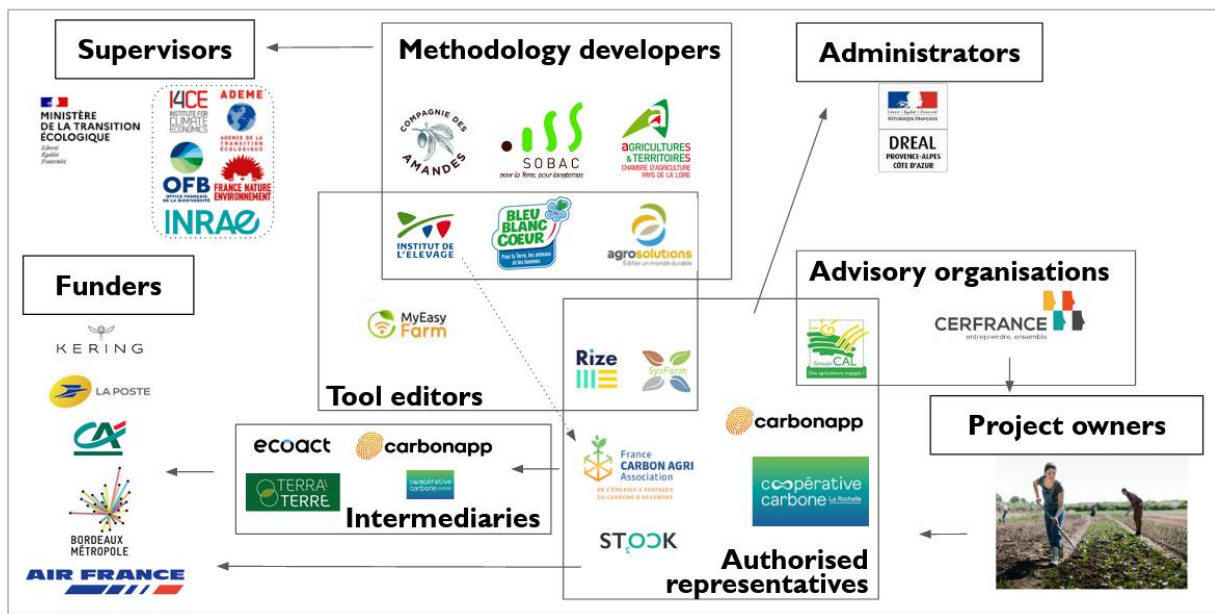


Figure 6: Non-exhaustive mapping of the various players of the Label Bas-Carbone.

Any natural or legal person may develop and submit a method for the Label. Currently, the method developers are mainly large agricultural technical institutes or companies, each seeking to promote their sector, their clientele or their product. This lack of a framework for the Label leads to a high degree of variety and inconsistency in agricultural methods, which are sometimes contradictory to each other and

which all define very different ways for designing a low-carbon project (Table 4). This is the case, for example, of liming, which is used as a lever to reduce emissions in the Field Crop method, even though elimination of this practice is an indispensable condition for certification in the SOBAC'ECO-TMM method, which states that "liming is the result of agronomic practices rich in inputs of chemical fertilizers".

RECOMMENDATIONS

- The agricultural methods of the Label Bas-Carbone should be harmonized to facilitate better readability of the Label in the agricultural sector and of how to apply for certification for agricultural projects.

¹⁹ Round table on the carbon market in agriculture, La France Agricole, November 2022.

²⁰ <https://agriculture.gouv.fr/le-label-bas-carbone-comment-ca-marche>

	CARBON AGRI	Hedges	Orchard Planting	SOBAC ^{ECO}	EcoMethane	Field Crop
Eligibility criteria	<ul style="list-style-type: none"> Compliance with the Nitrate Directive Maintain or increase carbon storage No cessation of activity (e.g. livestock farming) 	<ul style="list-style-type: none"> Set up a sustainable hedge management plan No clear cutting, chemical treatment, residue burning Protection of grassland hedges Suitable and diversified species Non-additional with some AECMs 	<ul style="list-style-type: none"> Minimum density Net increase in UAA of orchards Net increase in carbon storage Min. 50% grass cover 		<ul style="list-style-type: none"> Do not feed exclusively with non-vegetable products Do not feed with palm oil, copra, rapeseed, soybean, fish 150 g daily limit on soy/rapeseed/sunfl over fat 	<ul style="list-style-type: none"> Compliance with the Nitrate Directive, CAP conditionalities and irrigation quotas Use of tools for calculating certified ERs ER(emission) + ER(sequestration) > 0
Proof of additionality	No demonstration needed except in case of white certificates or anaerobic digestion projects	No demonstration needed	Demonstrate that existing public subsidies are less than 50% of cost <i>Otherwise, project ineligible</i>	No demonstration needed unless future AECM or organic conversion <i>In which case, correction mechanism applying a reduction of 20%</i>	No demonstration needed	Demonstrate that existing aid is "insufficient" <i>in which case, correction mechanism applying a reduction of 20%</i>
Project duration	5 years	15 years	20 years	5 years	5 years	5 years
Baseline scenario	<ul style="list-style-type: none"> generic or specific (CAP2^{ER}) 	<ul style="list-style-type: none"> specific 	<ul style="list-style-type: none"> specific (crop rotation over 3 pre-project years) 	<ul style="list-style-type: none"> specific (inputs over 5 pre-project years) 	<ul style="list-style-type: none"> generic or specific (analyses over past 12 months) 	<ul style="list-style-type: none"> generic or specific (crop rotation over 3 pre-project years)
Reduction levers	Multi-lever (choice of additional practices)	Multi-lever (choice of management scenario)	Single lever (Orchard planting)	Single lever (Reduction of nitrogen inputs)	Single lever (Cattle feed modification)	Multi-lever (choice of additional practices)
Minimum threshold of "emission reduction"	No	No	No	Yes (30% reduction in N inputs and 100% reduction in PK and CaMg inputs)	No	No
Type of emissions counted	Emission reduction Sequestration	Sequestration Substituted emissions	Emission reduction Sequestration Substituted emissions	Emission reduction	Emission reduction	Emission reduction Sequestration
Verified or anticipated emissions	Verified emissions (Year 5)	Verified emissions (every 5 years)	Verified and anticipated emissions for sequestration (Year 5)	Verified emissions (Year 5)	Verified emissions (Year 5)	Verified emissions (Year 5)
Co-benefits	<ul style="list-style-type: none"> 8 monitoring indicators Non-binding 	<ul style="list-style-type: none"> Optional Non-binding 	<ul style="list-style-type: none"> Optional Non-binding 	<ul style="list-style-type: none"> 3 monitoring indicators Binding (thresholds to reach) 	<ul style="list-style-type: none"> 4 monitoring indicators Non-binding 	<ul style="list-style-type: none"> 6 monitoring indicators + 5 optional Non-binding
Associated tools	CAP ² ER®, Horizon 360®	Excel spreadsheet available online	Excel spreadsheet available online	Excel spreadsheet available online	Excel spreadsheet available online	CarbonExtract®, MyEasyCarbon®, SysFarm®

Table 4: Comparison of form of Label Bas-Carbone project according to the different agricultural methods.

LABEL BAS-CARBONE GLOSSARY

- * **Additionality and additional practices**: Project-related emission reductions are said to be “additional” when they would not have occurred under the baseline scenario. The project is said to provide “additionality” if it would not have taken place without certification of the project.
- * **Co-benefits**: Possible positive impacts of projects on issues other than GHG emission reduction (e.g. environmental, social or economic). They are mandatory in only one method (SOBAC'ECO) and optional in the other agricultural methods.
- * **Eligibility criteria**: Must be verified by the projects in order to be eligible for certification. They are defined in each method and cover the past situation or the carrying out of the project.
- * **Funder**: Provides all or part of the financing of a project in exchange for recognized “emission reductions” (i.e. carbon credits) which it can use as a voluntary contribution or to offset its own emissions.
- * **Intermediary**: Connects or aggregates funds from several natural or legal persons wishing to participate in the financing of the project. Can assist a representative and also appoint the authorized representative.
- * **Authorized representative**: Administratively represents one or more project owners as part of an individual or collective project.
- * **Project owner**: A natural or legal person with the legal capacity to implement the project. In the agricultural sector, this the farmer.
- * **Correction mechanism**: It determines the percentage by which the “emission reduction” (ER) calculation should be reduced according to the level of uncertainty in the ER estimate. When a generic baseline scenario is used, or when there is a risk of non-permanence linked to carbon sequestration in biomass and soil, the correction mechanism is applied to lower the ER estimate.
- * **Emission reductions (ER)**: Refers indiscriminately to the quantities of greenhouse gases (GHGs) whose emission has been avoided and to the quantities of GHGs sequestered or substituted. A distinction is made between direct (“scope 1”) and indirect (“scope 2 and 3”) ERs. These emission reductions can be calculated after verification (**emissions made**) or before they occur (**anticipated emissions**).
- * **Baseline scenario**: Corresponds to the emission scenario if the certified project had not taken place. The emission reductions recognized at the end of the project correspond to the difference between the emissions of the project and those that would have occurred in the baseline scenario. This baseline scenario can be analysed at project level (**specific scenario**) or assessed using geographic data (**generic scenario**).

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