PARTNERSHIP AG CARBON

Accelerating Just Transition

# MOBILIZING FINANCE THROUGH CARBON MARKETS: A PUBLIC POLICY PERSPECTIVE

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# PARTNERSHIP AG CARBON

**Accelerating Just Transition**

Regional partnership aimed at accelerating LAC agriculture's access to high-integrity carbon markets.

## Project activities

Work with governments to develop strategies for enabling agriculture carbon markets through policymaking.

Implement a training program to upskill farmers in developing sustainable agriculture projects.

## TIMELINE

- **PAC launches following ministerial direction**
  December 2023
- 1 **Establishment of project aims & governance**
  January to November 2024
- 2 **1st delivery phase, incl. country engagement and Policy Tracker**
  November 2024 to June 2025
- 3 **Scaling of financing and activities**
  **Policymakers course & AgRAP launch**
  June 2025 to November 2026
- **COP30 in Brazil as key milestone for delivery**
  June 2025 to November 2026

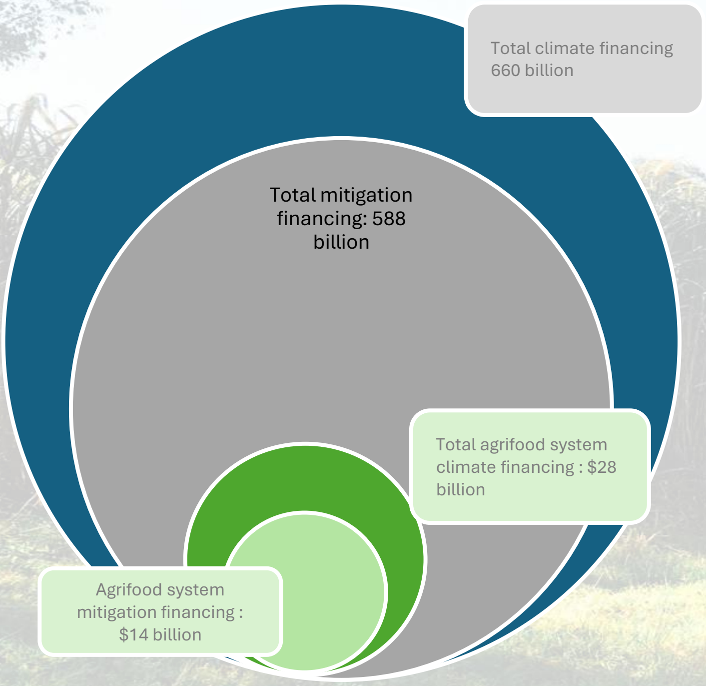
# WHY IS PUBLIC POLICY RELEVANT?

- Finance gap: agrifood systems globally receive only 4.3% of climate finance, and just 2.2% for mitigation.

- Agriculture has high potential but faces barriers. One third of global emissions.

- Carbon markets remain small in agriculture. VCM overall reached ~$2B in 2022 (WB, 2025) and Article 6 arrangements including in some cases agriculture activities.

Bridges climate ambition, integrity, and private finance.
Aligns carbon markets with national climate goals (NDCs).




Sources: World Bank analysis based on data from CPI 2023 and Naran et al. 2022.
Note: Figure shows for 2019/20 global tracked project-level climate finance ($, billions) for adaptation, mitigation, and dual-purpose action economywide and for the agrifood system.

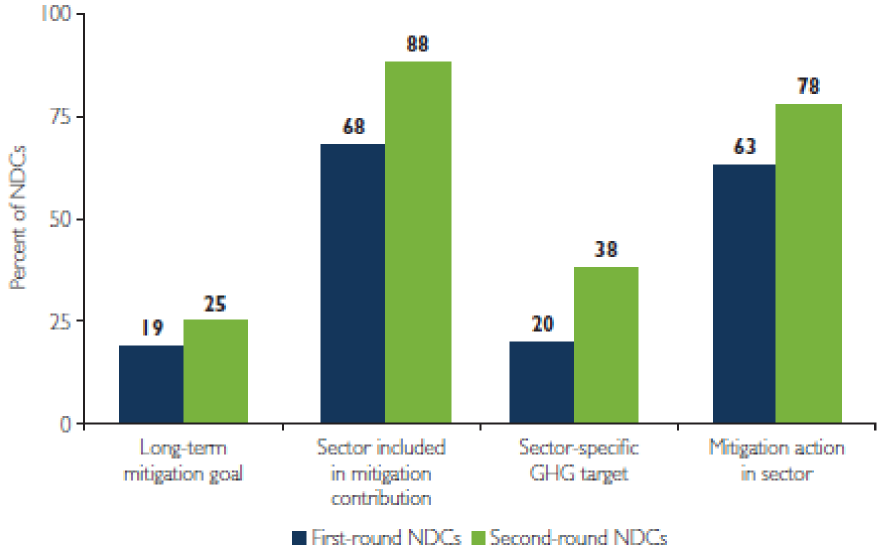
# LAC REGIONAL POTENTIAL AND INTEREST IN CARBON MARKETS

## NDC SCOPE AND INTEREST IN CARBON MARKETS

- Over 80% of LAC countries include agriculture in their NDCs.
- 12 out of 17 LAC countries expressed some in interest Article 6 mechanisms, including Argentina, Chile, Colombia, Panama, Brazil, Costa Rica, and Peru. (CCAP, 2024).

## POTENTIAL IN THE SECTOR

- Strong interest in practices such as sustainable livestock and cocoa/coffee agroforestry, among others, which have high removal potential. Estimated Potential of 0,9 GtCO2 eq LAC




Source: World Bank based on data and original analysis carried out by the Food and Agriculture Organization for this report.
Note: Figure compares NDC mitigation contributions to the agrifood sector in first-round and second-round NDCs. GHG = greenhouse gas; NDCs = Nationally Determined Contributions.

# THE STRATEGY QUESTION: ALIGNING PUBLIC POLICY, INTEGRITY, AND INVESTMENT IN NATURE-BASED SOLUTIONS

**Governments as bridge-builders**:

Link **policy**, **integrity**, and **investment**.

- **National commitments NDC, updating process and carbon pricing instruments**: Design and implement NDC /institutional capacity and finance. National carbon taxes and ETS have emerged in the region but still need further consolidation.

- **Article 6 opportunities and challenges**: Seen as an opportunity, but countries face the strategy question of how and when to engage, gaps in technical expertise, governance frameworks, and negotiation capacity.

- **VCM providing experience and lessons:** methodologies use, stakeholder engagement, and benefit-sharing.

- **Integrity frameworks are progressing** Art 6.4, Global initiatives like ICVCM and VCMI, together with domestic MRV and safeguard systems, are essential to ensure credibility

# THE ROLE OF GOVERNMENTS: TURNING POLICY INTO ACCESS

Access international carbon finance / countries with clear rules and responsibilities in institutions
Guidelines and Enforcement of Safeguards and MRV systems build credibility: transparency, robust data, and third-party verification make projects bankable.
Trained government teams and coordination mechanisms lower barriers: reducing transaction costs for developers and investors.

## Finance

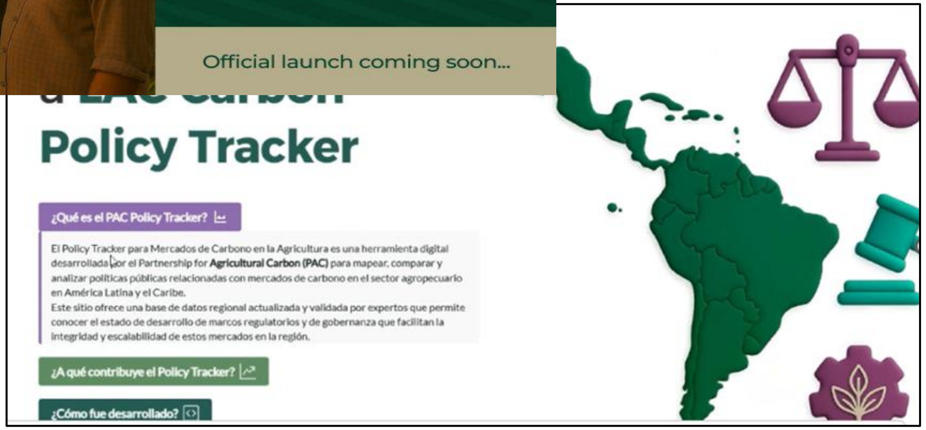
- Create enabling policy frameworks for bankable projects.
    - Provide guarantees and risk-sharing mechanisms.
    - Invest early to signal commitment./Use blended finance to crowd in private capital.
    - Offer fiscal incentives (tax breaks, subsidies).
- Support producer cooperatives and associations to aggregate smallholders and lower transaction costs.
- Link technical assistance with green credit lines
- Act as public aggregator or program-level coordinator

## Integrity

- Encourage VCM projects to register in public national platforms
- Ensure alignment with NDCs and avoid double counting.
- Guidelines and enforcement  social and environmental safeguards, including benefit sharing. Facilitate inclusive stakeholder participation.
- Promote transparency and inclusion
- Use integrity tools: Article 6.4, ICVCM, VCMI

IICA, VCMI, Climate Focus, 2023

# PAC TOOLS TO SUPPORT POLICYMAKERS


- Policy Tracker: maps enabling environments.
- Policymakers Course
- Readiness Index: benchmark countries' readiness for investment in high-integrity, inclusive carbon markets in agriculture
- AgRAP. Implement a system for training farmers in sustainable & regenerative agriculture. Innovative train-the-trainer model

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