# REWARDING MECHANISM: ENABLING POLICIES (CARBON FARMING POLICIES?)

## Enabling policies

Policies, strategies, and regulations designed to promote synergies between climate change mitigation and environmental protection within the framework of carbon farming. They also aim to enhance governance and transparency by aligning with international standards. Enabling policies can play a crucial role in supporting or facilitating rewarding mechanisms, helping to establish or strengthen payment systems that incentivize farmers for delivering climate and environmental benefits.



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| **Tier 1** | Regulatory/ Policies |
| **Tier 2** | **Enabling policies** |
| **Tier 3** | |
| **Description** | Policies, strategies, and regulations are designed to establish frameworks that promote the adoption of sustainable agricultural practices and/or support rewarding mechanisms linked to those practices. By facilitating the transition to more sustainable farming methods, these measures help enable the implementation of carbon farming techniques, improve farmers' access to carbon markets, and support compliance with sustainability benchmarks increasingly expected by consumers. They can also help generate or facilitate financial compensation for farmers. However, enabling policies alone are not sufficient to ensure that farmers receive payments; additional mechanisms and implementation support are often required. |
| **References** | - ClimateTrade. (2023). *Regulation grows to support carbon farming*. Retrieved from https://climatetrade.com/regulation-grows-to-support-carbon-farming/<br>- European Commission. (2023). *Land use sector*. Retrieved from https://climate.ec.europa.eu/eu-action/land-use-sector_en<br>- van Aaken, A., & Simsek, B. (2021). *Rewarding in international law. American Journal of International Law*, Cambridge University Press. https://doi.org/10.1017/ajil.2021.2 |

| **Advantages** | **Disadvantages** |
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| Establishes a legal and institutional environment that makes it easier for farmers to shift toward sustainable and climate-smart farming practices (Climate Trade, 2023). | Well-designed policies can fail if not properly enforced or if local institutions lack capacity (Raina, N., et al., 2024). |
| Stable and predictable policy environments attract investment from businesses and financial institutions into climate-smart initiatives (Raina, N., et al., 2024). | Shifts in political leadership or priorities can lead to uncertainty or rollback of climate-smart policies (Eichhorn J. & Grabbe H., 2025). |
| | Navigating regulations or accessing benefits can be complex and time-consuming for farmers. |
| | Policies developed without farmer input risk being poorly oriented or perceived as imposed, which reduces stakeholder acceptance (Frelih-Larsen, A., et al., 2023). |

## Example Enabling policies: EU Carbon Removals and Carbon Farming Certification (CRCF)

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| **Tier 1** | Monetary | Supportive | Regulatory |
| **Tier 2** | **Enabling policies** | | |
| **Tier 3** | | | |
| **Example** | EU Carbon Removals and Carbon Farming Certification (CRCF) | | |
| **Summary** | **The Carbon Removal Certification Framework (CRCF)** establishes a voluntary system for certifying carbon removals and carbon farming activities across Europe. Its goal is to scale up high-quality carbon removals by standardizing practices, setting clear quality criteria, and streamlining the certification process. The framework is built around four key certification principles: quantification, additionality, permanence, and sustainability.<br>By certifying carbon credits eligible for trade on carbon markets, the CRCF helps create financial incentives for farmers and land managers who adopt carbon farming practices. It also promotes sustainable farming technologies and encourages investment in innovative approaches, aligning agricultural activity with the EU's broader climate goals.<br>To ensure transparency and credibility, the CRCF requires third-party verification and mandates the inclusion of certification-related data in an EU-wide registry. | | |
| **Type of climate action** | **Carbon removal** | **Emission reduction** | Climate adaptation |
| **Appropriate for:**<br>Who can benefit from this type of rewarding mechanism (in the agricultural sector?) | - Farm advisors<br>- Farmers<br>- Land users | | |
| **Source of rewarding mechanism**:<br>Who provides the rewarding mechanism? | **Public** | Private | Public-Private |
| **Rewarding method**:<br>What is the reward based on? | Result based | | |

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| **Type of on-farm action:**<br>What is the recipient obliged to deliver in return? | - Farmers must implement a range of eligible, verifiable, and sustainable carbon removal practices in line with the core principles of the CRCF.<br>- Apply Monitoring, Reporting, and Verification (MRV) actions<br>  - Collect baseline data,<br>  - Maintain records of implemented practices<br>  - Undergo Third-party verification processes.<br>- Comply with the Do No Significant Harm (DNSH) principle.<br>  - Avoid the negative impact of farming activities on biodiversity, water, or soil health. |
| **Recipient requirements**:<br>What requirements must the recipient meet to receive finance? | - Participate in the CRCF<br>- Voluntary participation<br>- Not defined yet |
| **Timing of rewarding**:<br>When is the reward received? | ex post |
| **Governance:**<br>Who manages the programme, provides the reward, and where does the money come from? | - The European Commission's DG CLIMA<br>- Reward comes from buyer of CRCF-approved credit (not yet determined) |
| **References:** | - European Commission. (2024). *Carbon removals and carbon farming*. Retrieved from https://climate.ec.europa.eu/eu-action/carbon-removals-and-carbon-farming_en<br>- European Commission. (2022). *Proposal for a Regulation of the European Parliament and of the Council establishing a Union certification framework for carbon removals* (SEC(2022) 423 final; SWD(2022) 377 final; SWD(2022) 378 final). |