

Attachment 2: Concept for a systemic pilot to develop result-based CAP-measures aligned with the CRCF

Through the Carbon Farming Summits and Credible dialogues, the farmers' representatives have maintained the need to adapt farm level strategies in a holistic way, to strengthen the preconditions of productive agriculture. Cultivation practises that build resilience and soil health often align with soil carbon sequestration, and thus the two objectives can be combined. For the CAP, result-based payments are increasingly being advocated by administration and farmers to increase effectiveness of policy (often motivation for the former group) and flexibility at farm level (motivation for the latter group). But, soil carbon as the indicator for result-based payments - does not optimally capture the farm management benefits nor does it alone fully align with farm level sustainability objectives. The Finnish Carbon Action collaboration, drawing from its experience in studying CF practises on 100 pilot farms and contributing i.a. to the EARA study (2025), has put forth a policy pilot concept which tests the feasibility of result-based CAP-payments aligned with CF objectives. Specifically, this proposes to use Gross (or Net) Primary Productivity as an indicator for carbon sequestration with multiple benefits and thereby as an indicator for a result-based CAP payment. The data for the indicator would be drawn from publicly available data sources and converted to GPP/NPP. This value is then compared to a regional and production system-normalized baseline. It is important to acknowledge that here the GPP is not intended as a direct proxy indicator for soil carbon stock increase. Similarly, the sustained soil carbon stock increase is not the KPI for this measure, but rather increased vegetative cover, which consequently could yield favourable results in GHG inventory as well as, in concrete ways result in higher biodiversity and reduced water erosion as described below.

The GPP/NPP as a target is expected to lead to increase of green vegetation in time (as days over a year/cropping cycle) and space (as arable hectares) through, e.g. addition/increase of undersown crops, cover crops, winter crops, legumes, green manuring or grazing, including switching to rotational grazing. In addition to increasing carbon sequestration in the soil through increased photosynthesis, depending on the agricultural system in which - and how - they are applied, these practises are expected to improve soil structure, reduce soil erosion, increase water infiltration and soil's water holding capacity, increase biodiversity below and above ground, increase farm systems resistance to diseases and pests and thereby reducing the need for chemical pesticides and herbicides as well as reduce the need for mineral fertilization.

The incentive payment is calculated considering specific regional objectives, other available incentive schemes and safeguards to avoid unwanted market disturbances. These considerations justify the development of this policy measure through piloting. On the other hand, the territorial delineation of the pilot would help in communication, provision of advisory support to farmers as well as observing (monitoring) the co-benefits such as water quality improvements and biodiversity recovery. The pilot can be designed to run for only one or for multiple years.

Monitoring and incentivizing based on a few key outcome metrics is increasingly also the preferred approach by the food and finance sector to advance sustainability. This is proven by stakeholder workshops carried out within the Carbon Action collaboration as well as the keynotes and discussions in the recent Carbon Farming Summit. The pilot would also help establish complementarity across the CAP and the CRCF. In this

approach, additional carbon sequestration to qualify for CRCF certification would be accounted separately with additional farm level data on yields and carbon inputs and compared to a standardized or a project-based baseline.

The Food Region Communities of Practice would provide an operational, controllable, real-world context to innovate and pilot policy measures in collaboration with farmers, the AKIS and the value chain and tailor measures which would be more efficient from the perspective of using public funds and which would be better in line with farm and the food industry strategies. Taking into consideration, for instance, that different reporting frameworks require carbon/GHG data at different scales (different resolutions and time spans, area vs product based), using the CoPs for this type of policy piloting would facilitate learning also about data sourcing, data sharing and joint data management across reporting frameworks (CAP, CRCF, GHG Protocol Scope 3, national inventories) as well as about operationalizing MRV for CRCF. **Figure 2** below illustrates calculation of GPP and soil carbon sequestration with the Carbon Action MRV developed by the Finnish Meteorological Institute (Vira et al 2025, Liski).

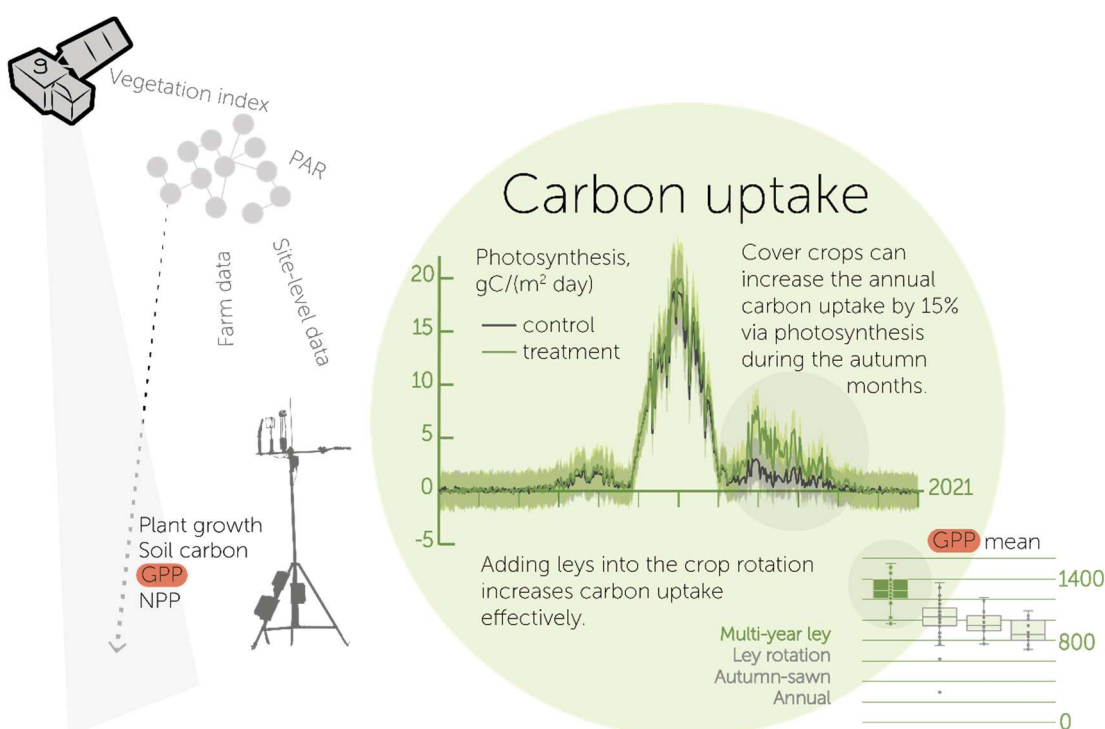


Figure 2. Calculation of GPP and soil carbon sequestration. Graphics by Nuria Altimir. See more about the pilot concept, the MRV and the expected benefits in **Attachment 1**.