



Climate Smart Commodities Program

Talking Points and Updates

Strengthening Grassroots Leadership + Capacity to Scale Climate-Smart Production Systems and Facilitate Producers' Access to Markets

Market demand for climate-smart commodities shapes supply. Producers are more likely to implement climate-smart production systems if transition risks are mitigated and they have ready access to profitable market opportunities. USDA's historic investment in the production of climate-smart commodities will spur demand; however, markets must be developed and sustained over time. NACD, through its project partners and network of 3,000 conservation districts, will advance grassroots efforts that ensure producers and local communities are prepared to meet growing demand and have access to climate-smart commodity markets.

1. **Generate Interest & Momentum**: Organizations like NACD and the Conservation Districts can generate and sustain momentum within individual communities across the nation. Their extensive outreach and education efforts keep producers informed of evolving trends, standards, and profitable market opportunities so they are prepared to supply growing climate-smart markets.
2. **Spur Action**: One-on-one technical assistance and conservation planning helps producers understand the exact steps needed to implement climate-smart practices. NACD also proposes providing financial assistance to further incentivize action.
3. **Informed Decision Making**: Producers need sound data to inform decision-making. Our proposal provides producers with integrated financial/conservation planning to set expectations and help them understand the returns associated with their plans. We also propose an innovative pilot with HabiTerre to provide producers with custom reports (for over 2.8 million acres) that summarize their GHG emissions and carbon budget. Reports will also provide related technical guidance on how improved management practices can increase GHG benefits and economic returns on their farmlands. This reporting and data will help encourage action and inform decision-making.
4. **Trust Building & Growth**: All producers, especially those who are historically underserved, must have direct access to markets and realize profits in a reasonable timeframe. This builds trust in the system and spurs growth of climate-smart practices. NACD's market development and facilitation plans support this goal and our efforts will generate momentum that can be sustained well beyond the period of this grant.

Partners:

- Rural Coalition, including their members the Kansas Black Farmers Association (KS) and Rural Advancement Fund of the National Sharecroppers Fund (SC)
- Indian Nations Conservation Alliance (INCA)
- HabiTerre
- Field to Market
- Ecosystem Services Market Consortium (ESMC)
- Cornell Atkinson Center for Sustainability



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Frequently Asked Questions

1. What are the award details?

- Up to \$90 million for capacity building, market facilitation, technical and financial assistance.
- We are currently in the process of reworking our budget estimates, as our proposal was for \$100 million.
- Our negotiation session with USDA is scheduled for late October. We have heard that other awardees have negotiation sessions throughout November.
- We do not expect an official award until 2023, as we have seen it take even 6-8 months for awards and obligations to be processed.
- We are not authorized to incur pre-award costs, so we cannot begin in earnest until the official award has been made.

2. Will this program be like NACD's TA grant program?

There will be similarities, with a few key differences:

- NACD can now offer financial assistance to producers for practice implementation.
- There will be a much greater emphasis on outreach and measuring outcomes (e.g., carbon sequestration rates based on relevant models).
- We are piloting an enhanced Technical Assistance model that delivers integrated financial/business and conservation planning.

3. How much financial assistance will be offered?

- We are negotiating our scope and budget with USDA in late October, so this is TBD.

4. How will FA be allocated across states or subgrants?

- Subgrants will be competitively awarded based on the applicant's ability to achieve the goals set forth in the solicitation.
- We will develop the specific procedures for allocating FA and release details as early as is appropriate.

5. Who will be eligible for FA?

- USDA has required that participants obtain a farm/tract # from FSA. We will be working closely with them to understand the specific requirements for FA.
- We will be refining and finalizing our FA policy and procedures upon award. Please know, however, that we are strong advocates for historically underserved producers and recognize the existing barriers. We will be working with USDA to understand the flexibilities in offering FA and getting folks signed up for Farm/Tract #s.

6. How will your payments be structured? Is there cost share?

- Payment schedules and policies will largely be modeled on EQIP and CSP, but we will be refining these policies and procedures. This includes cost-share for practices, as well as leveraging existing payment schedules.
- We are interested in funding cultural or ethnic practices for which NRCS standards do not exist. We will be refining this policy in conjunction with USDA, to ensure compliance with program terms and our agreement.

7. Will NACD be centrally administering FA payments? Who will receive payments?

- FA are payments that will be made directly to producers for practice implementation and centrally managed by NACD.
- This provides for a consistent, audit-ready process and alleviates the administrative burden from the field.

8. What is the new TA model?



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- While our traditional TA models will continue to be the foundation for locally-led conservation, we heard our federal partners loud and clear over the last several years.
 - Federal partners, such as USDA, EPA, and many others, are establishing technical assistance centers that provide greater emphasis on developing business/financial acumen.
 - TA cannot be limited to conservation planning and practice implementation.
- We have always recognized that conservation must be economical and profitable to producers.
 - Producers need a compelling business case to voluntarily implement climate-smart production systems.
 - NACD is pleased to partner with Cornell University to develop a series of educational materials, tools, and templates that can be used with producers to **deliver integrated financial and conservation planning, with the goal of advancing climate-smart operations and supporting producers' financial viability.**
 - Materials will acknowledge and address the array of social, cultural, and other systemic barriers that new or historically underserved producers face. Faculty will provide training to districts, partners, and producer groups who can then work directly with farmers to provide this blended technical assistance.
- Conservation Districts interested in participating in this pilot will integrate business and financial planning into "Climate-Smart Conservation Plans" developed with this funding. At minimum, we expect this will include:
 - Use of COMET-Planner and/or other data models (e.g., Truterra Sustainability Tool, SYMFONI) to identify practice options that maximize carbon sequestration;
 - Estimated cost of the conservation plan options, including a three to five-year forecast that estimates fixed and variable costs;
 - Revenue scenario planning to include forecasted yield, potential market incentives (e.g., stacked benefits within ecosystem service markets), etc.
 - Profit/cost comparisons of new practices vs. status quo operations;
 - Identification of financial assistance options, including NACD financial assistance, USDA programs, private financing options.