

February 21, 2023

Greetings Members of the Vermont House and Senate,

My name is Julie Davenson.

A little about myself. For 7 years I ran a small scale organic dairy farm and educational center. I currently serve as the board chair of NOFA NH. I was most recently employed by the Southshire Farms located in southern VT. Southshire Farms was owned by a family investment firm called Ambata Capital also known as The Regenerative Food Network. Southshire Farms operated 3 subsidiaries, Higley Hill Meat Processing, Vermont Natural Tannery, and Southshire Meats.

Ambata Capital's main objective was to create an Ecological Asset Trust pilot in VT and eventually a Natural Asset Company on the NYSE's once approved by the SEC. To accomplish this goal, they needed to aggregate a minimum of 20,000 acres of farm and forests, facilitated by their regional infrastructure investments, into an asset trust. The asset trust would sell the ecosystem services generated by regenerative practices on the farms to private investors. They later sought to create a Real Estate Asset Trust anchored by the assets of Southshire Farms and carbon credits.

I also participated briefly in the VT based Regenerative Agriculture Investment Solutions (RAIS) measurement working group. This pilot group (RAIS) sought to attract private/public investment to fund the transition to regenerative practices in Vermont.

I learned through these experiences that private investment in, and the valuation of nature, is not the solution to building soil health, clean water or creating biodiversity and resilience in Vermont. Rather, it is a dangerous distraction moving us further away from our goals of transitioning our region to a more just, equitable and climate resilient food system.

Regenerative Agriculture was proclaimed the biggest investment opportunity ever at an investing conference I attended last fall with representatives from major firms including Goldman Sachs. I will provide a brief explanation of these financing schemes that are rapidly being promoted and deployed by the finance and tech sectors as innovative solutions to climate change.

- **Payment for Ecosystem Services:** PES is an incentive scheme that places economic value on ecosystem services and provides payments to the people that provide these services. The term "ecosystem services" refers to the diverse benefits that are derived from the natural environment including supply of food, water and timber (provisioning services); the regulation of air quality, climate and flood risk (regulating services); opportunities for recreation, tourism and education (cultural services); and essential underlying functions such as soil formation and nutrient cycling (supporting services).

- **Carbon Markets:** In a nutshell, carbon markets are trading systems in which carbon credits or offsets are sold. The money should be used to fund action somewhere in the world that removes the same amount of carbon out of the air, or to prevent carbon emissions. Carbon credits generally represent a reduction in greenhouse gas emissions, whereas carbon offsets can represent greenhouse gas removal. Carbon credits are typically associated with cap-and-trade systems in which governments limit the carbon emissions that specific industries can release. Companies exceeding their allowances must buy new credits to increase their cap. On the other hand, carbon offsets are traded on the voluntary market and include carbon sequestering efforts, renewable energy, and other projects that remove greenhouse gasses from the atmosphere.
- **Natural Asset Companies and Trusts:** A new class of publicly tradable securities that hold rights to, and manage the *productivity* and *ecological benefits* of, natural assets such as forests, marine areas and farmland. NACs will attempt to assign value to services – such as carbon retention, freshwater generation, pest control, groundwater storage and erosion prevention. An accounting methodology that will supplement GAAP financial statements has been proposed to account for the ecological value of the NACs.

NACs claim that by valuating these ecosystem services we are able to protect them from further degradation. In reality, they are justifying their attempts to create new markets by commodifying nature in pursuit of endless growth. Indigenous peoples had for millennia valued, honored and respected nature without assigning a monetary value to it. Today's financial systems are built on an endless growth continuum and PES, NACs and Carbon Credits are designed to extract as much wealth as possible from nature.

The Task Force on Nature Markets report reveals the emerging sector could be equivalent in size to the world's third largest economy. Nature-based markets, including agriculture, voluntary carbon credits, conservation projects, and nature-based solutions for carbon sequestration, could be worth more than \$7tr a year, making them equivalent to 8.6 per cent of global GDP. The Task Force on Nature Markets presents Nature Based Solutions as a greenwashing tool that allows polluters to profit from the financialization of nature, while continuing to burn fossil fuels and avoid accountability for the climate crisis. It is imperative to see through the greenwashed agenda of NBS and resist this false solution.

NBS projects also work as a cash cow for corporations to accumulate even more power and profits. The most mature forms of NBS with the vast amounts of corporate funding are based in commodity markets, particularly timber, agriculture and water sectors. For this reason, the UN, large development institutions, corporations, governmental conservation agencies and NGOs are taking advantage of the lack of boundaries in NBS to confound, conflate, and proliferate a range of monetized and financialized actions to expand markets in carbon trading in order to capture more profits out of destructive practices. These projects have been underway in the southern hemisphere for the past two decades and are now expanding to place like Vermont. Undressed, it is simply an attempt to profit off the climate crisis and exploitation of indigenous peoples and small holding farmers while avoiding regulation and taxation.

Some More Red Flags

- There is a lack of transparency and regulation in these markets. It is unclear how pricing works, who assumes liability, and how much profit the buyers, brokers and project developers are earning especially in comparison to the farmers who are the ones providing the actual services.
- These markets add another level of regulation and complexity for farmers to manage while not significantly changing their bottom line.
- There are lots of risk provisions for buyers and traders shifting liability and risk to the farmer who realizes the least economic benefit from these transactions. There is very little information available on the types of contracts being offered to farmers. As in commodity markets, farmers who have executed contracts are bound by confidentiality clauses prohibiting them from speaking out or seeking legal action in some cases.
- There are many farmers on the verge of losing their farms and could fall prey to the new army of sales forces being organized to recruit farmers for projects. There is little protection, awareness or safeguards to protect farmers from predatory practices and bad contracts.
- Most evaluations of payments for environmental services programs focus on immediate environmental impacts, and do not measure the effects on socioeconomic outcomes or on other land use activities (leakage).

Key Take Aways

- Carbon capture cannot be the centerpiece of any serious climate plan. Its track record makes it appear to be a handout to fossil fuel corporations, publicly financing their attempts to keep their harmful product viable.
- Greenpeace accurately characterizes these markets as a [bookkeeping trick](#) intended to obscure climate wrecking-emissions and as a [tree planting](#) window dressing aimed at distracting from ecosystem destruction.
- These financial schemes strengthen the feudal practices of contracting with farmers removing rights to negotiate price and returns the vast majority of the fruits of their labor to bankers, investors and corporations.
- Monetization of nature further perpetuates the colonist construct and exploitative power dynamics that has given rise to our current systems. It preys on fear, driven by greed, feigns on compassion, takes advantage of uncertainty and the vulnerable.
- These systems are not transformational. They are really distracting us from putting in place regulations and taxation policy that could then fund a just transitions for farmers.

Finally, I would like to offer some responses to Rural Work's framing question for the day, "What can be done now to improve Vermont's landscape, field and forests and the livelihoods of those who provide that care?"

According to the newly published report by the Croatan Report titled, *Soil Wealth Areas*, "Supporting regenerative farms and the food, agricultural, and manufacturing businesses that work with them can have a significant impact on addressing the climate crisis. Improved on-farm resilience contributes in turn to the wider resilience of rural places and regional food systems and value chains."

- If we want to support farmers in their transition to more regenerative, organic and agroecological practices we must invest in America's "missing middle" infrastructure that will support farm viability.
- Rebuild our local food system. Build the capacity of local and diverse food hubs, rebuild on farm and community infrastructure, and develop local markets.
- Support farmer to farmer peer learning networks to foster shared knowledge and technical support systems.
- If we want to incentivize change, we need to break up consolidation in agriculture, support farmers' rights to negotiate a fair pay price, and eliminate subsidies for the commodities market.
- Tax polluting industries in Vermont and use that funding to support transitions and healthy soil practices.
- Focus on REAL ZERO not NET ZERO solutions.

If Vermont want to lead the way in innovative solutions to climate change let's start by assigning nature rights instead of selling it to Wall Street.

- Rights of Nature (RoN) encompasses a range of legal mechanisms giving nature a right to have its interests be argued before the law and found in favor of by courts, as though it were a human litigant. It has been adopted in countries globally over the last decade and a half.
- **Principle 1 of the Stockholm Declaration recognized the link between the health of an environment that an individual finds themselves in and the degree to which their human rights are fulfilled.** In other words, a polluted environment can lead to violated human rights, such as the right to health, to life, or to privacy.
- There is a campaign underway in Rome to include ecocide in Rome Statute where it will be adopted by the International Crime Court Assembly and put it on equal footing with the 4 crimes against peace.

In closing I would like to quote the Indigenous principles for a just transition.

“We must recognize, reject, and resist the greenwashing agendas perpetuated by colonialism, capitalism and patriarchy. “

Respectfully,

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