

Peatland Code – Update Briefing - October 2014

Summary

The Peatland Code is an initiative aimed at providing the necessary standards and principles to verify the benefits of peatland restoration and support private sponsorship. Work on developing the Code has been started by the IUCN UK Peatland Programme and is being overseen by a steering group comprising the four UK governments and countryside agencies as well as representatives of the land managing community¹. The first phase of testing the Peatland Code is underway with Defra funded research to develop standard values for the carbon savings from restored peatlands and is due to report in mid 2015.

Background

Markets for carbon from peatland projects are being progressed across the World. The various rules and policies that apply to formal, international carbon markets (e.g. Joint Implementation, Clean Development Mechanism and Emissions Trading Scheme) currently make it difficult for landuse projects in the UK to benefit from these arrangements. This is partly because the UK Government has not yet met its Climate Change targets and therefore has no surplus carbon to trade and also the rules for some of the schemes only permit funding of landuse projects in developing countries. There are moves across the EU to support more regionalised formal markets, which could apply at the level of the UK or Scotland. An informal, voluntary carbon market also exists but the safeguards to ensure robustness are considerably less well developed. To work effectively in the UK such initiatives require a Peatland Code supported by agreed scientific protocols and formal endorsement by the UK and devolved Governments. It is important that the Code is developed along agreed rules for carbon markets and demonstrates a high credibility to ensure investor confidence and avoid the scheme being undermined by bad reputation.

There are also opportunities for funding under corporate social responsibility (CSR), where companies pay for projects that help benefit climate change/biodiversity, with no trading of the carbon involved. These would also benefit from a Peatland Carbon Code to give the companies confidence that projects are of a high standard and legitimate.

One of the main features of the carbon markets is that projects must show they are additional, over and above already planned or required activity. This means that only peatland restoration projects are eligible and that there is no funding for the ongoing sequestration of an undamaged peatland or for existing carbon stores.

The Peatland Code is just one initiative in the suite of potential funding for peatlands. It has been recognised by the IUCN UK Peatland Programme that the ambition to secure 1million ha of UK peatlands in good condition or under restoration management will require a combination of public and private funding. The aim is to ensure that the benefits to society from healthy functioning peatlands and the costs savings from restoring damaged peatlands are reflected in the support given to land managers. To date, the public funding largely under EU CAP payments, has been limited to supporting the costs of capital works and profit foregone rather than providing an ongoing payment

¹ <http://www.iucn-uk-peatlandprogramme.org/peatland-gateway/uk/peatland-code>

that recognises the benefit of maintaining a major carbon store and wildlife habitat in good condition. Changing this approach will require support at the EU level and there is potential for a joined up effort across land managing bodies , government and NGO to present a shared view on the need for a better long term funding mechanism for peatlands.

In the meantime the Peatland Code funded work can help demonstrate the viability of peatland restoration and through proper monitoring and research can help quantify the benefits for carbon water and biodiversity.

Development of the Code

Establishing a credible code will take several years. There is considerable scrutiny of the carbon markets from organisations concerned with climate change and an established basis for creating standards and methods of verification. The Peatland Code must be developed carefully with expert advice to ensure it complies with international rules. In addition work is required to provide sufficient quantification of the carbon benefits under different peatland management conditions. Research is underway to help compile this data and to provide proxy models that will reduce the costs of assessing the carbon benefits for projects.

A second factor in developing the Code is that the market price for carbon is currently low and the cost of peatland restoration projects does not make them a competitive option for many buyers. Efforts by governments to help increase the market price of carbon are underway and it is highly likely that long term peatland projects will show a return on investment within the next decade.

In order to make progress over the next few years, the Peatland Code is looking to develop an initial suite of projects based on Corporate Social Responsibility where business sponsors pay for the overall environmental benefits essentially as good PR or a genuine desire to help deliver an environmental legacy. Securing funding in this way will help pay for restoration projects that can be studied in order to improve the science and demonstrate the credibility of peatland restoration work. From this early phase the Code can then more rapidly move into a wider market based scheme once the markets mature. For this early phase, a suite of readily achievable peatland projects have been identified as pilots collectively called the 'Peatland Alliance' which it is hoped will present an attractive proposition for major private sponsors under CSR.

As additional sponsors are identified, the range of projects can extend more widely until such time as the market place becomes suitable for peatland projects.

The technical details of the Code are available to view on the IUCN UK Peatland Programme website and this will be supported by additional documents which will identify good peatland restoration practice. At the end of the pilot phase proposals will be presented by the Steering group for establishing the Code formally along with the necessary administrative structures.

Taking the Code forward in Scotland

It makes sense for the Code to be coordinated as a partnership initiative across the four UK countries to help share workload and develop a consistent approach for businesses whilst allowing country specific activity to help take the Code forward. In Scotland the Scottish Forum on Natural Capital provides a platform for business and environment interests and has agreed to promote peatland

restoration and to raise awareness among potential business sponsors. In addition it is proposed that a number of strategic demonstration restoration projects are established with a combination of public and private funds with purpose built research activity designed to quantify the ecosystem service benefits of these projects.

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