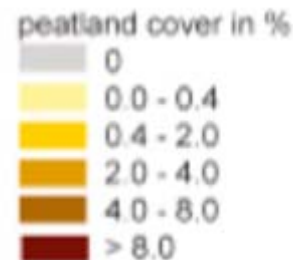


PEATLAND CODE: AN INTRODUCTION



UK PEATLANDS

- 2 million hectares
- In top 10 peatland countries by area
- Blanket bogs, Raised bogs and Fen
- 60% of UK peatland is in Scotland
- Store over 3 billion tonnes of Carbon



OUR VISION

The IUCN UK Peatland Programme has a vision for healthy, wildlife-rich peatlands in the UK, that provide multiple benefits for people.

VALUED PEATLANDS

The value of our peatlands is better understood and prioritised for restoration and conservation.

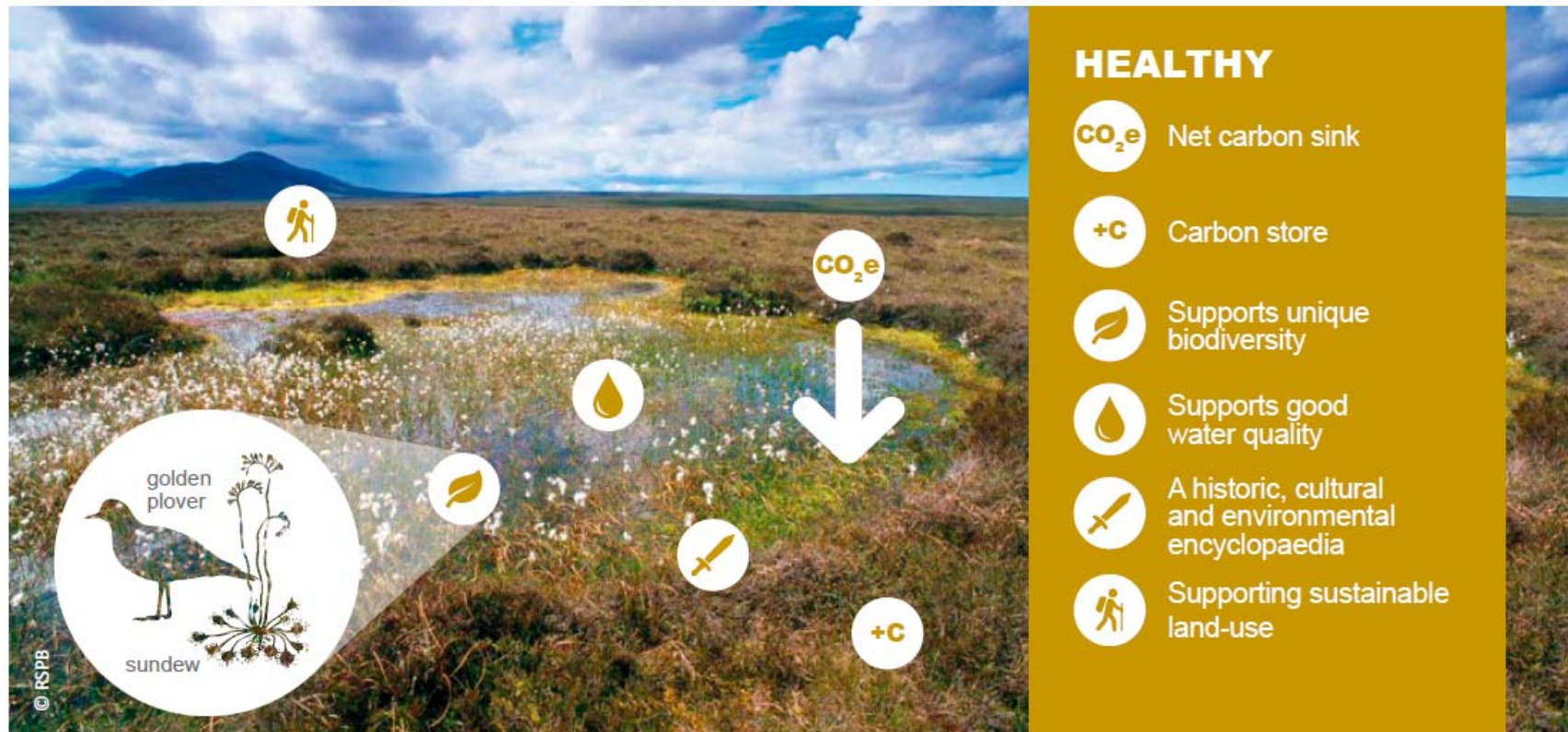
STRONG PARTNERSHIPS

Bring together scientists, practitioners, land managers and policy makers and all those who can help to deliver strategic peatland goals.

ACTION THROUGH KNOWLEDGE EXCHANGE

Provide guidance and promote good practice for peatland management that is underpinned by scientific consensus and monitoring, and is responsive to new evidence.

ECOSYSTEM SERVICES IN A HEALTHY PEATLAND



PEATLAND NATURAL CAPITAL

- 80% of UK Peatlands are in a damaged condition

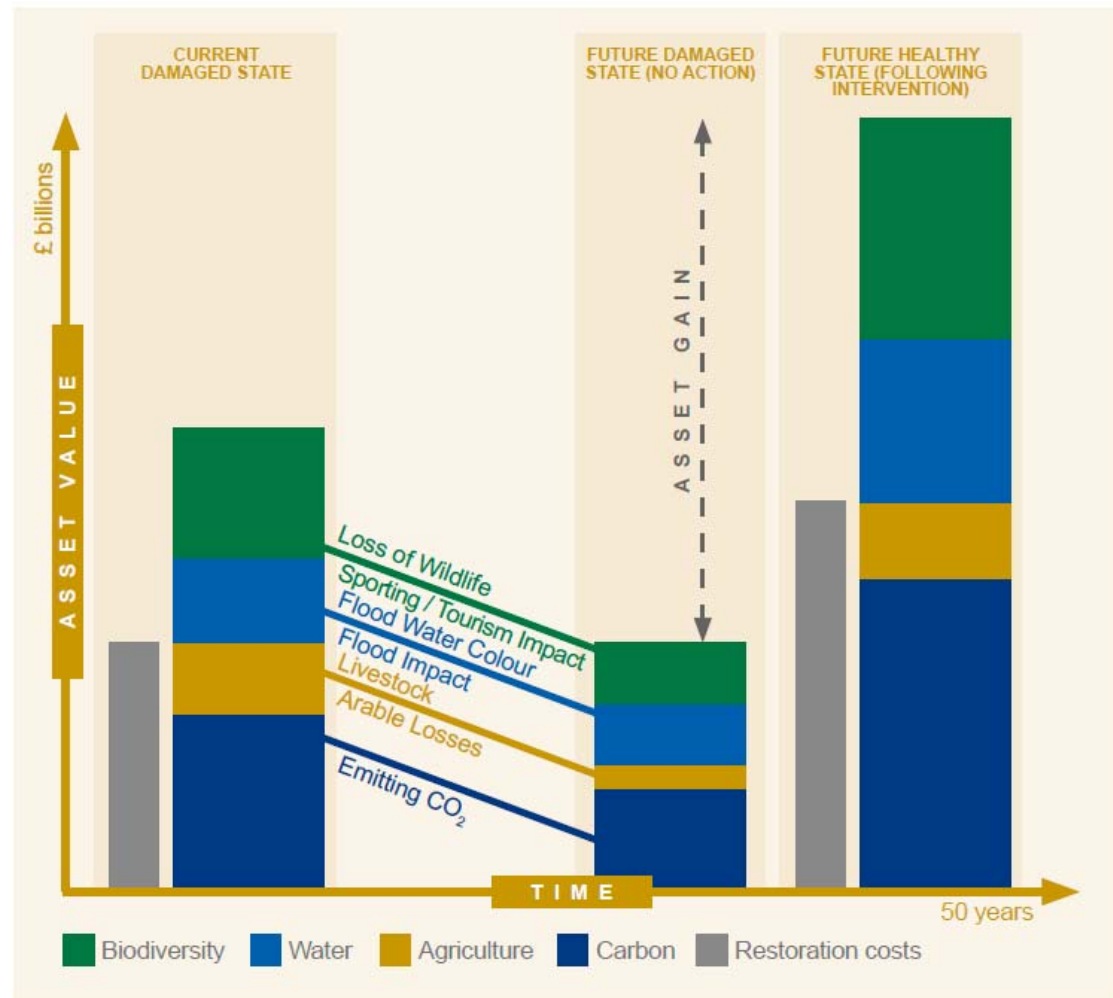


ECOSYSTEM SERVICES IN A DAMAGED PEATLAND



© Penny Anderson

PEATLAND NATURAL CAPITAL



- Leaving peatlands in a damaged state imposes a **HUGE** cost on future generations.
- Challenge – 2 million hectares in good condition or under restoration management by 2050

HOW DO WE FUND THE RESTORATION REQUIRED?

- Public funding via grants and agri-environment payments?
- Private finance via 'Payments for Ecosystem Service' (PES) mechanisms?
- Blended finance initiatives?

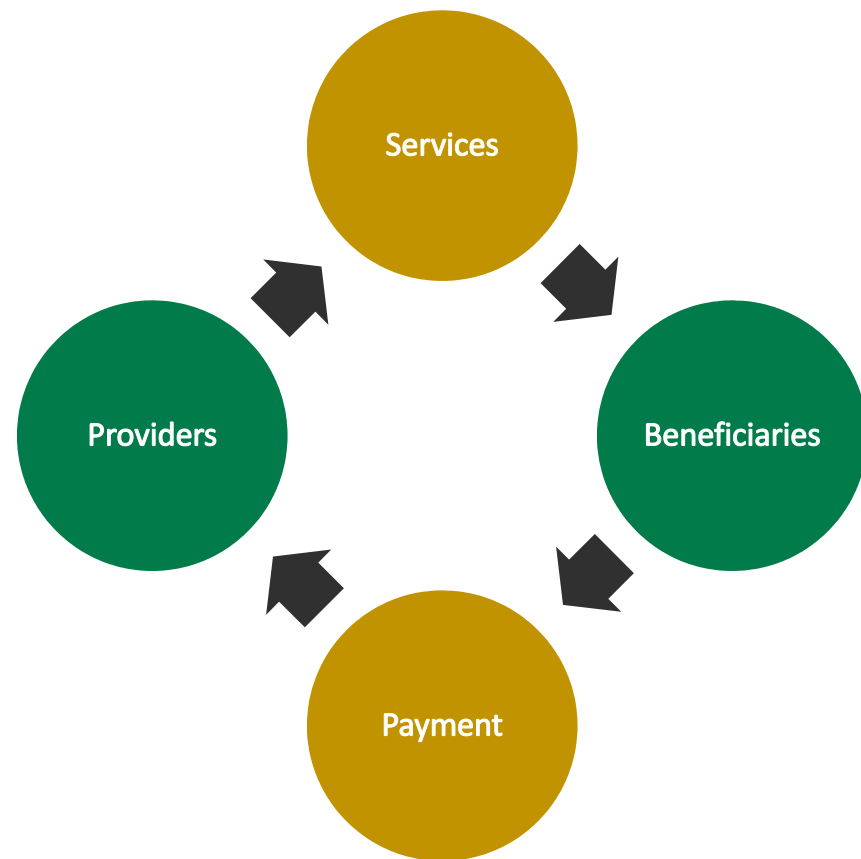


PAYMENTS FOR ECOSYSTEM SERVICES

Payments to the managers of land in exchange for the provision of specified ecosystem services

But...

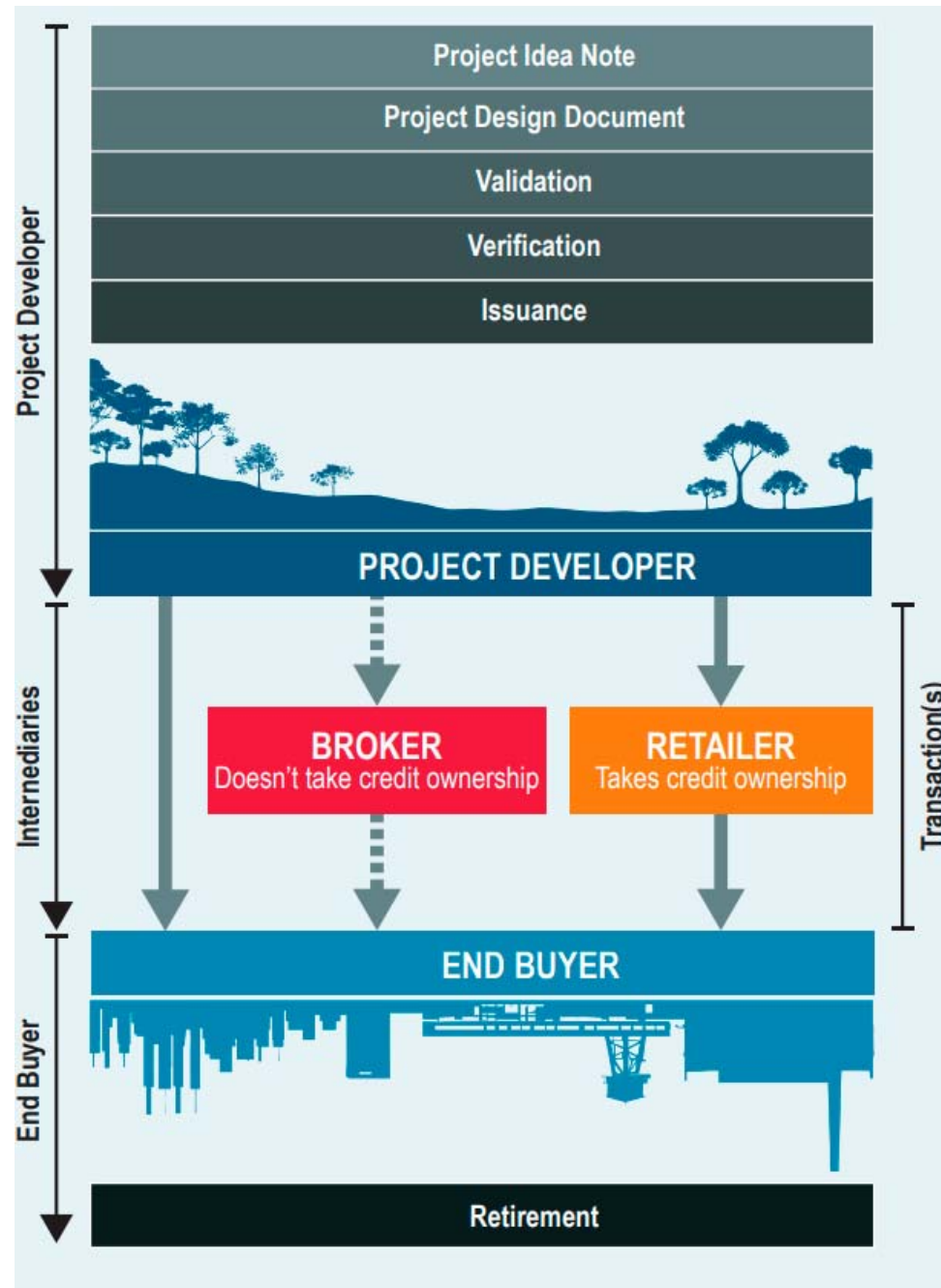
- How do we market an intangible product(s)?
- How do we acquire 'up front' funding - benefits accrue over time?



MARKETING A 'PRODUCT'

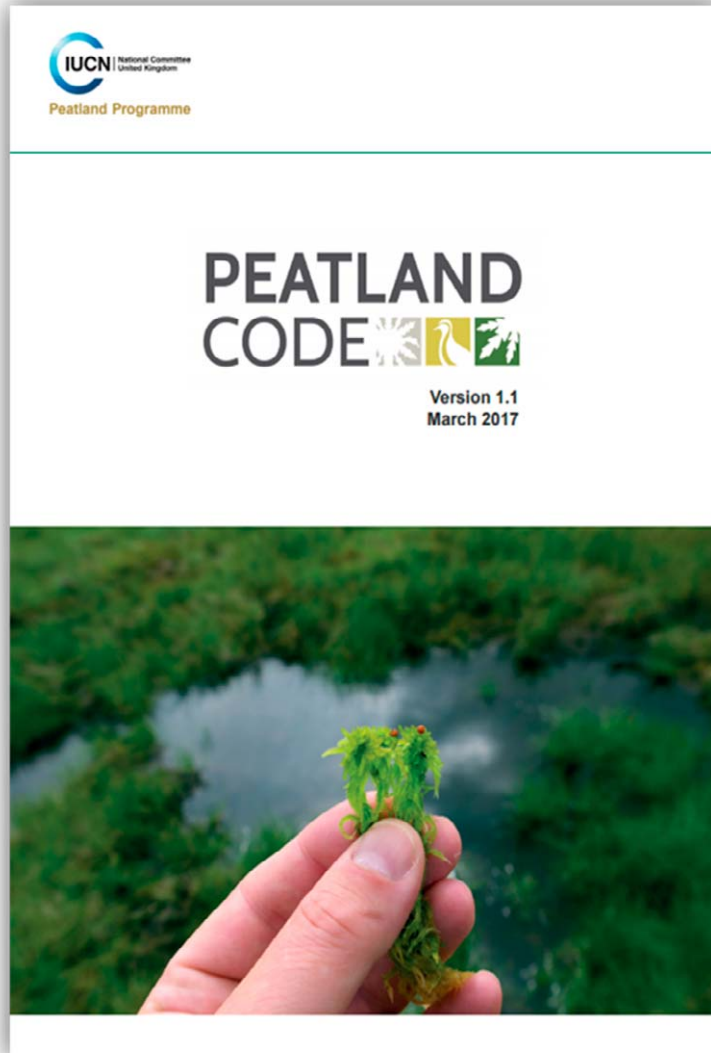
- How do traditional, tangible products convey a message about quality, providence etc.?





The Voluntary Carbon Offset Cycle, from Project Development to Retirement

THE PEATLAND CODE



A voluntary certification
standard

to...

attract private funding for
peatland restoration projects in
exchange for climate benefits

by...

providing assurance to buyers

BARRIERS TO THE CREATION OF THE PEATLAND CODE

Barrier:

- Which ecosystem services do we present for sale and how? Bundled? Layered?

Solution:

- Voluntary Carbon Market established in UK
- Focus = GHG emissions benefit
- One layer quantified, other layers inherent.

BARRIERS TO THE CREATION OF THE PEATLAND CODE

Barrier:

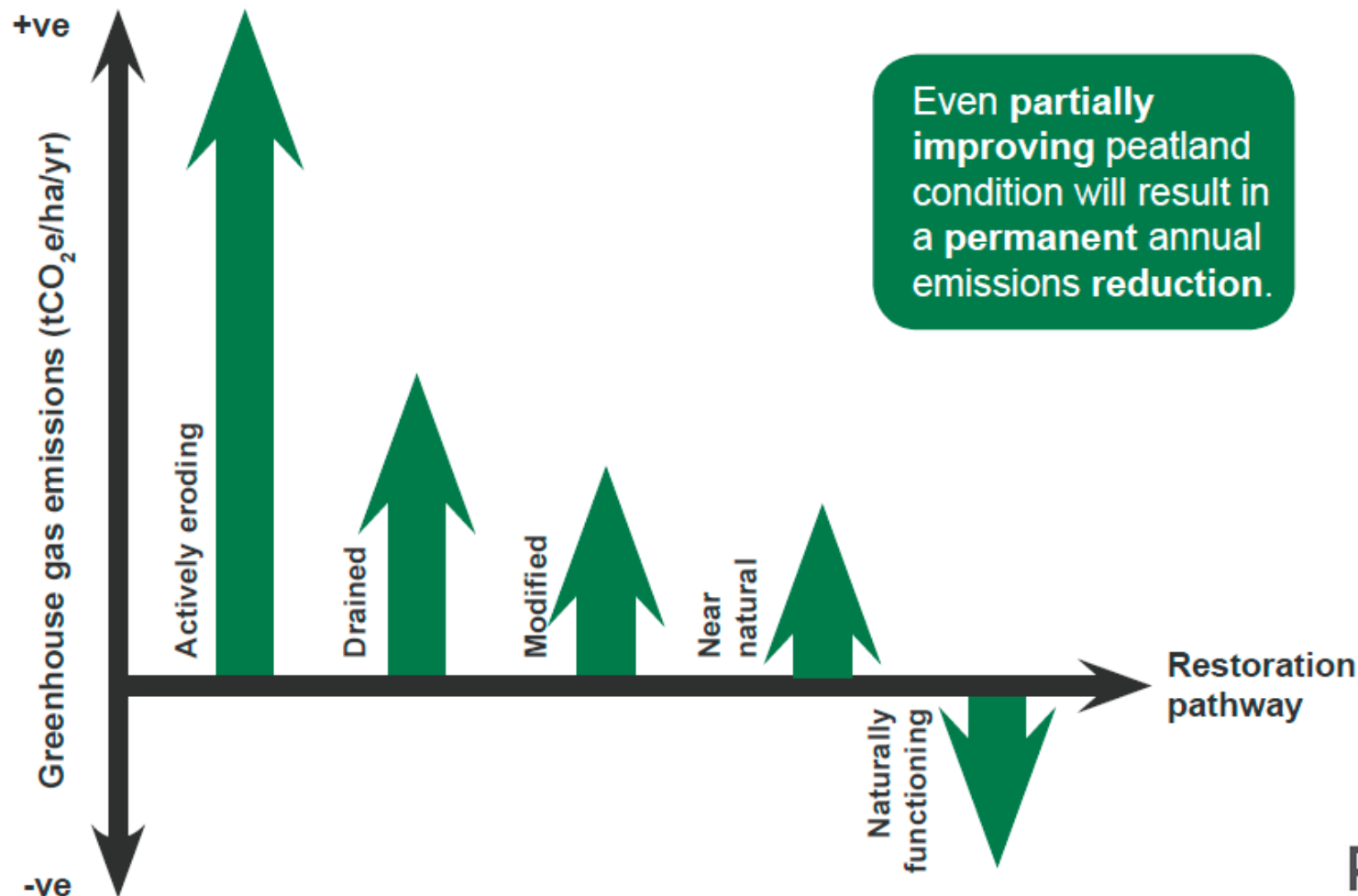
- How do we quantify the ecosystem service benefits of the restoration project over the project duration?

CONDITION CATEGORY AND EMISSIONS FACTOR

Peatland Code Condition Category	Descriptive Statistic	CH ₄	CO ₂	N ₂ O	DOC	POC	Emission Factor
Pristine*	-	-	-	-	-	-	Unknown
Near Natural	Mean (\pm StE)	3.2(1.2)	-3.0(0.7)	0.00(0.0)	0.88 ¹	0	1.08
	Median	1.5	-2.3	0.0			
Modified	Mean (\pm StE)	1.0(0.6)	-0.1(2.3)	0.5(0.3)	1.14 ²	0	2.54
	Median	0.2	0.1	0.5			
Drained	Mean (\pm StE)	2.0(0.8)	1.4(1.8)	0.00(0.00)	1.14 ³	0	4.54
	Median	1.0	-0.9	0.0			
Actively Eroding	Mean (\pm StE)	0.8(0.4)	2.6(2.0)	0.0(0.0)	1.14 ⁴	19.3 (average of 14.67 ⁵ and 23.94 ⁶)	23.84
	Median	0.1	0.4	0.0			

Smyth, M.A., Taylor, E.S., Birnie, R.V., Artz, R.R.E., Dickie, I., Evans, C., Gray, A., Moxey, A., Prior, S., Littlewood, N. and Bonaventura, M. (2015) Developing Peatland Carbon Metrics and Financial Modelling to Inform the Pilot Phase UK Peatland Code. Report to Defra for Project NR0165, Crichton Carbon Centre, Dumfries.

BARRIERS TO THE CREATION OF THE PEATLAND CODE



BARRIERS TO THE CREATION OF THE PEATLAND CODE

Barrier:

- How do we quantify the ecosystem service benefits of the restoration project over the project duration?

Solution:

- Lack of monitoring data – restricted eligibility – fen and afforested peatland not eligible
- Categorise and assign Emission Factor
- Ex-ante sales - restricted claims to reduce risk

BARRIERS TO THE CREATION OF THE PEATLAND CODE

Barrier:

- Will the transaction cost of a certification scheme be prohibitive?

TRANSACTION COST



- External certification body
- Site visit and review of documentation
- Validation statement issued – valid for 3 years

BARRIERS TO THE CREATION OF THE PEATLAND CODE

Barrier:

- Will the transaction cost of a certification scheme be prohibitive?

Solution:

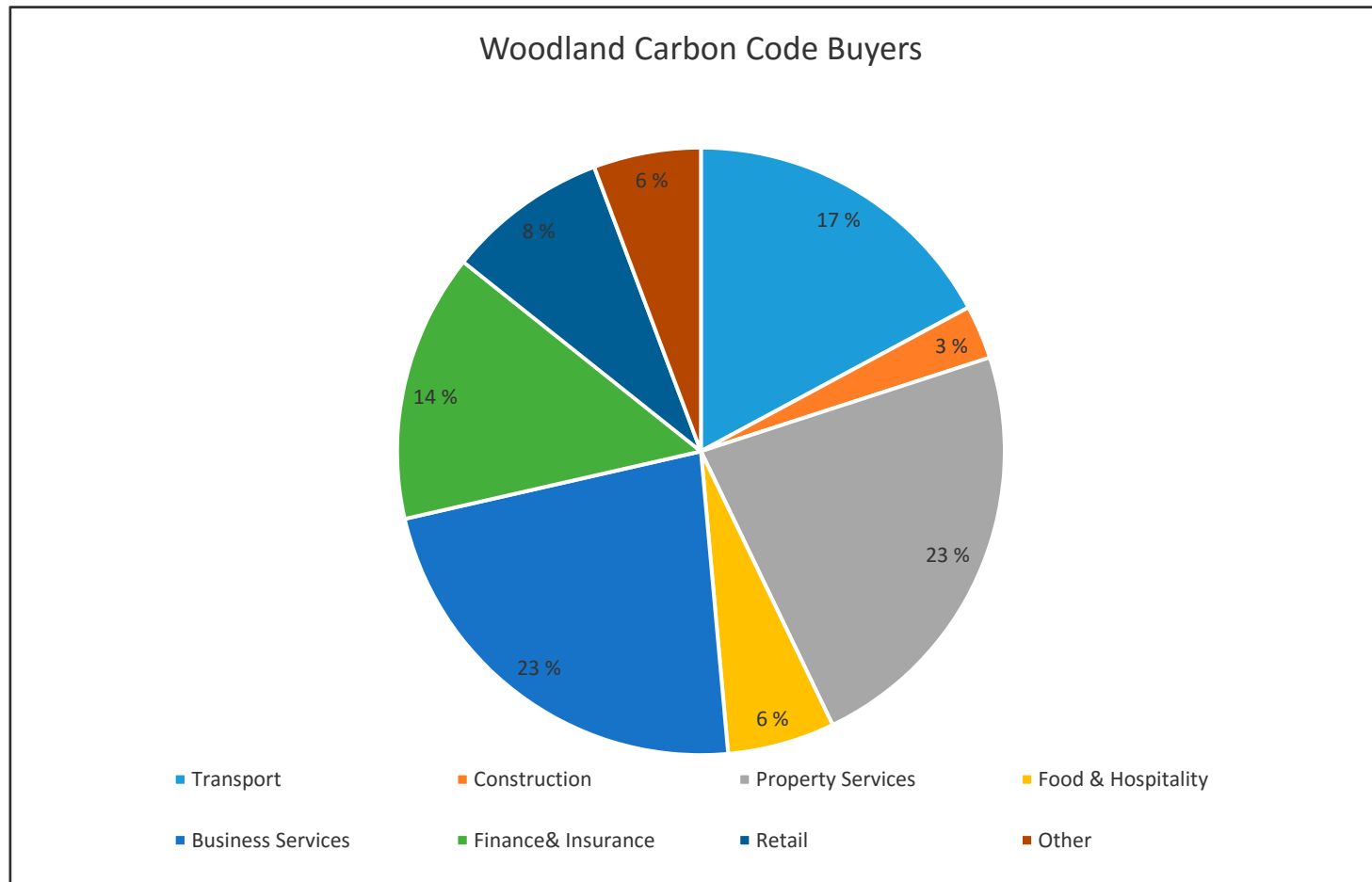
- Use proxies to estimate emissions benefit
- Build in risk buffers to ensure claims are conservative
- Incorporate new technologies to decrease costs further – UAV - PenninePeatLIFE

BARRIERS TO THE CREATION OF THE PEATLAND CODE

Barrier:

- Who will buy the ecosystem services and for what purpose?

BARRIERS TO THE CREATION OF THE PEATLAND CODE



BARRIERS TO THE CREATION OF THE PEATLAND CODE

Barrier:

- Who will buy the ecosystem services and for what purpose?

Solution:

- UK based or operating companies
- CSR actions only – not suitable for official offsetting
- Those interested in the multiple benefits that the project will supply

BARRIERS TO THE CREATION OF THE PEATLAND CODE

Barrier:

- What will the price be per ecosystem service unit? Will it cover the cost of restoration, management and maintenance?

Solution:

- No set price – voluntary market
- Relatively low as no market forces to drive demand
- Blended finance approach necessary

BARRIERS TO THE CREATION OF THE PEATLAND CODE

Barrier:

- How do we ensure that the ecosystem service benefits provided are additional? Would they have occurred anyway?

Solution:

- With difficulty due to the need for blended finance
- Financial and legal tests
- Restricts eligibility

THE PEATLAND CODE DEVELOPMENT

- 2013: Committee formed to develop the Code
- 2013 -2015: Pilot studies undertaken
- 2015: Peatland Code concept standard launched
- 2016: Feedback and revision
- 2017: Peatland Code V1.1 released for use
- 2017: Certification body appointed
- 2018: First project validated and carbon sold

BARRIERS TO THE SUCCESS OF THE PEATLAND CODE

Barrier:

Lack of a direct benefit for land owners leading to a lack of supply

- Blended finance covering only the restoration, management and maintenance costs – no incentive to enter into a long-term management agreement

Progress:

- Working with leading environmental economists to look at the funding systems which could be utilised

BARRIERS TO THE SUCCESS OF THE PEATLAND CODE

Barrier:

Emissions from peatlands not formally accounted for in UK GHG accounting reports

- No government recognition of the GHG benefits of GHG restoration to give buyers confidence

Progress:

- Peatlands to be incorporated in UK accounts within the next 5 years.

BARRIERS TO THE SUCCESS OF THE PEATLAND CODE

Barrier:

Peatland Code emission reduction units are not eligible for companies to use in the compulsory offset market

- Voluntary market only – affects demand

Progress:

- Paris Agreement - opportunities for domestic offsets
- CORSIA – Aviation offsetting

BARRIERS TO THE SUCCESS OF THE PEATLAND CODE

Barrier:

Very few projects produce emissions reductions of the scale required by larger companies

- Small restoration projects (area)
- Restricted emissions claims (Peatland Code)
- Emissions reduction accrues over time (30+ years)

Progress:

- Encouraging partnership projects at the landscape scale

ORIGINAL AIMS OF THE PEATLAND CODE

- Generate a new funding stream for peatland restoration
- Contribute to tackling climate change **and habitat loss**
- Create a lasting legacy for future generations



FUTURE DEVELOPMENTS

- Incorporate forest to bog restoration
- Incorporate fen restoration
- Incorporate biodiversity and water benefits
- Incorporate new technology based monitoring to improve quantification methods



FIND OUT MORE

Web: www.iucn-uk-peatlandprogramme.org

Email: jillian.hoy@iucn.org.uk