IUCN National Committee United Kingdom

Peatland Programme

A new business opportunity to support UK Peatland restoration

Briefing for the business community

DRAFT August 2013

Why Peatlands?

We are at a major turning point with World leaders now recognising the pivotal role of peatlands in tackling climate change, water regulation and biodiversity conservation.

Our peatland landscapes are a repository for over 3 billion tonnes of carbon – twenty times that found in all of Britain's forests combined. Representing the UK's single largest carbon store on land, these fragile and ancient layers of peat could be fundamental to shaping the future of our economy.

"Peatland conservation and restoration are the low hanging fruit for climate change mitigation' –

Achim Steiner, United Nations"

Damaged UK peatland habitats, degraded through human activity, are emitting 10 million tonnes of carbon dioxide each year into the atmosphere. Urgent action is required to retain and increase the remaining 3 billion tonnes of stored carbon beneath our feet. .

The International Union for Conservation of Nature (IUCN) Peatland Programme[1] wishes to offer a solution-led opportunity for businesses to tackle this climate change issue. This paper outlines a proposed new mechanism to enable the business community to make a measurable and valuable CSR contribution to tackling climate change, through a quality-assured UK-wide programme of peatland restoration.

[1] Founded in 1948, The IUCN is the world's oldest global environmental organization, comprising the largest professional global conservation network. With official Observer Status at the United Nations General Assembly, it exists to provide a neutral forum for governments, NGOs, scientists, business and local communities to find practical solutions to conservation and development challenges. The IUCN UK Peatland Programme promotes peatland restoration in the UK and advocates the multiple benefits of peatlands through partnerships, strong science, sound policy and effective practice.

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The Concept:
Establishing a UK Peatland Code

A commission of inquiry on peatlands identified a potential for 1 million hectares to be in good condition or under restoration management by 2020.

We believe this presents significant opportunities for the business community to help meet an urgent funding need that demonstrates tangible, positive environmental results to UK stakeholders and customers.

Our proposition is for business to help fund peatland restoration projects in the UK under an innovative scheme – The UK Peatland Code - designed to ensure the highest environmental standards and assurances on the carbon and other benefits of the work. This scheme could have the potential to grow across the UK and globally, as well as attract and lever further public funds.

Defra's Ecosystem Markets Taskforce describes the UK Peatland Code concept as:

"A logical next step for the carbon market, in line with recent global and EU trends towards regionalisation of carbon markets. [A UK Peatland Code] would deliver significant resources to restore peatlands which are among the UK's most degraded habitats"

By sponsoring these projects, businesses will have an opportunity to further enhance their brand integrity and value, deliver corporate sustainability objectives and contribute strategically to the long-term protection and enhancement of the UK natural environment.

Whilst open to all businesses, it is anticipated that this opportunity will be particularly relevant to businesses with a significant operational presence in the UK who wish to enhance relationships with UK based customers, staff and other key stakeholder groups.

Blanket bog of the Flow Country, Forsinard © RSPB

The sponsorship proposition

Businesses are invited to support a series of IUCN quality-assured UK pilot peatland restoration projects. Funding is being sought to cover the full costs of restoration, including on-going costs for land managers to maintain sites in good condition.

Sponsors will be provided with quantification and official recognition of the climate and other benefits arising from the pilot projects they fund through a Peatland Code designed to allow validation and assurance of high standards. In addition, every effort will be made to publicise sponsor involvement with this highly innovative area of conservation management. It is anticipated private sector sponsorship of the projects will stimulate further public funds and charitable grant providers.

The initiative has been designed to be flexible to appeal to a broad range of potential business sponsor requirements:

- Sponsors can support a profile of projects across the UK, or focus on specific projects in iconic local landscapes that link to their respective brands. Sites on offer include those managed by well-known national and local environmental charities
- It is possible to jointly fund restoration with other sponsors, or for larger contributions, an entire project/site may be funded by a single sponsor
- There are on-site branding opportunities with some projects, depending on the level of sponsorship, and on-site publicity and team-building activities can be arranged
- Restoration will be carried out under the UK Peatland Code (see below)..

A coordinated approach to private funding of peatland restoration within a robust Code is a **new concept within the UK**. To avoid confusion surrounding the quantification of restoration benefits and to establish a practical quality control mechanism for restoration projects, a pilot UK Peatland Code has been established under which projects will be administered. The Code will operate in a similar manner to the Woodland Carbon Code which has already been established for woodland projects in the UK. Importantly, the Code sets out principles, requirements and guidance for the eligibility of projects, how projects are governed and documented, and how Greenhouse Gas emission savings and other benefits of restoration should be monitored. Pilot projects will help to inform a final version of the Code, which will guide future peatland restoration projects in the UK.

Natural England and Defra have published preliminary methods for measuring Greenhouse Gas emission savings from restoration projects through changes in vegetation composition. This can be done via simple field surveys and is a cost-effective way of determining the climate benefits of sponsorship. During the pilot phase, we will further test and refine monitoring protocols, develop a project registry and develop accreditation procedures for validation/verification bodies to follow.

This will be done in collaboration with pilot restoration sites and sponsors, with whom we will work towards validation and certification of projects.

There is the potential for this initiative to have considerable extra leverage of public and private funds. Establishing the Peatland Code could facilitate speedier inclusion of peatlands under Government obligations on businesses to account for carbon and ultimately contribute to national greenhouse gas accounting. The work could also support wider inclusion of peatlands in carbon markets and other ecosystem service markets which are under development.

Worked example of the Code in practice, based on figures from the technical appendix of Defra report NE0136 by Smyth & Birnie (2013)[2]

The Costs:	
Capital cost to restore the peat bog, depending on degree of damage.	£257-£400 per hectare
Cost of monitoring over a 30 year contract	£126 per hectare
Management costs over the 30 years	£180 per hectare
Total cost for a 100 hectare site	**£56,300-£70,600**
A £72,435[3] Corporate Social Responsibility (CSR) restoration project would be equivalent to paying £7.50 per tonne CO_2-eq (including a 25% carbon buffer). NB for some projects the costs may be higher – up to £15 per tonne CO2-eq.	
The Benefits:	
Expected Greenhouse Gas emission reduction benefits depending on type of restoration and state of damaged peatland.	3.9-4.2 tonnes of CO_2-equivalent per hectare per year,
Total Greenhouse Gas emission reductions for a 100 hectare site, over 30 years.	**11,700-12,600 tonnes of CO_2** (equivalent to a year's CO_2 emissions of over 7000 average family cars)
If this CSR investment were turned into an asset, the investment would break even by the end of the contract, with a projected carbon market value of £7.50 per tonne between 2020-2030. Further returns on investment would be possible under higher market values.	

[2] The costs and benefits in this example are for illustrative purposes and make a number of assumptions. Detailed financial modeling is being commissioned by Defra to provide more detailed information about costs and benefits over the full life-cycle of an investment under a range of scenarios

[3] This includes a 10% levy to support ongoing development of the Peatland Code, and does not include fees for an intermediary, should such a service be used

What makes this peatland proposal special?

This unique coordinated initiative offers the potential to deliver multiple benefits and contribute towards high level obligations on climate, water and biodiversity recognised as a priority by Governments and environmental organisations across the globe. Conversely without action, our damaged peatlands become a liability as over 3 billion tonnes of stored carbon in the UK are at risk of being lost to the atmosphere.

Combining the **considerable expertise** now available on peatland management in the UK together with a demonstrated support from a broad range of land managing organisations means we stand ready to deliver one of the most significant environmental outcomes of our time.

Early involvement in this pioneering work will give businesses the chance to establish relationships with peatland experts and restoration projects **giving advantage in future engagement with carbon markets** for peatlands and Government obligations on carbon accounting.

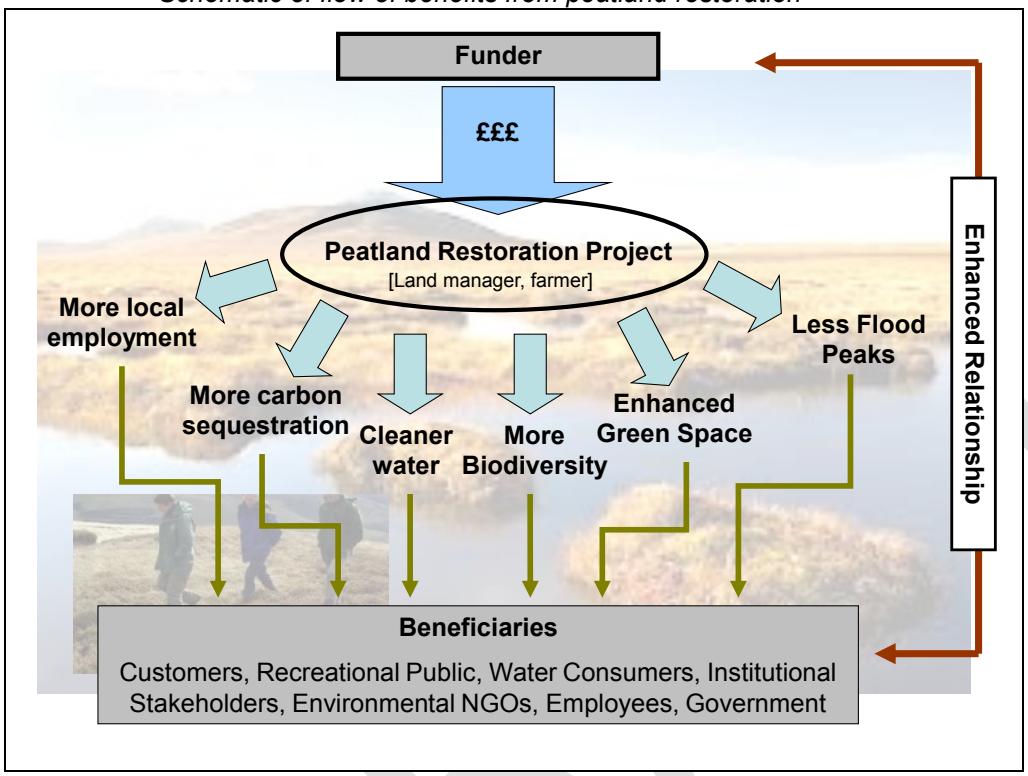
Option for legal title to carbon credits – Sponsors may be able to arrange legal title to any future carbon credits arising from the project contract period. Depending on the nature of future markets these credits could provide potential assets, or be retired to support Government in meeting climate change targets.

Peatlands are an important visitor attraction

What are the benefits to your business of sponsoring peatland restoration?

Based on market research undertaken with representatives from the business and conservation community, a number of opportunities have been identified.

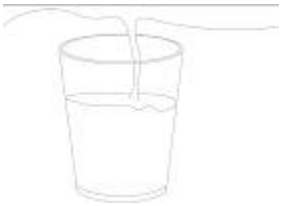
Schematic of flow of benefits from peatland restoration



An ability to appeal to a broad range of stakeholder interests through a single sponsorship

Properly functioning peatlands deliver many environmental services simultaneously. Sponsorship of peatlands can, therefore, appeal to a number of different internal and external stakeholder environmental interests in one hit. Some of the main benefits are outlined below:

- **Carbon sequestration** – peatlands are the earth's greatest natural stores of carbon, which can be retained for millions of years but rapidly released when a peatland is damaged. Covering an estimated 3 million hectares in the UK (12% of the UK land area), peat provides a store of at least 3000 million tonnes of carbon (twenty times more than the UK's forest biomass). In a healthy condition, the UK's peatlands could be delivering over 3 million tonnes of carbon dioxide sequestration annually. However, 10 million tonnes of carbon dioxide are being lost to the atmosphere from the UK's damaged peatlands, every year.



- **Drinking water supply**
  Peatlands act as natural drinking water reserves, storing water in their boggy soils which can be extracted for municipal drinking water supplies. In the UK, **70% of all drinking water** is derived from surface water, which comes predominantly from upland often peat-dominated catchments. In a natural state, peatlands acts as a natural filter helping to break down water born pollutants harmful to humans. However, over the last 30 years, the amount of dissolved organic carbon within peatland water has doubled, due to the drying out of the peat caused by drainage and the removal of vegetation by overgrazing and inappropriate burning regimes. Dissolved organic carbon has to be removed during the processing of drinking water, as later chlorination results in the formation of carcinogen substances. This removal process adds considerable cost to domestic water bills.

- **Flood mitigation and protection of watercourses in dry conditions**
  Appropriately managed peatlands can help to prevent flooding by slowing down the speed with which water reaches rivers and streams in times of high rainfall. Conversely, in periods of dry weather, peatlands provide a much needed slow release of water to rivers and streams helping to prevent these from drying up. Maintaining natural peatland vegetation cover is crucial to reducing the flow of flood water during high rainfall events.

Engaging people © Peak District National Park Authority

- **Building relationships with local communities**
  Peatland restoration projects offer an ideal opportunity for businesses wishing to build relationships with customers and external stakeholders within a given geographical location of a peatland site. Sponsorship of a local environmental asset has the ability to resonate with local people in a way sponsorship further afield cannot hope to achieve. There will be on-site branding opportunities at many of the project sites promoted by the IUCN Peatland Programme.

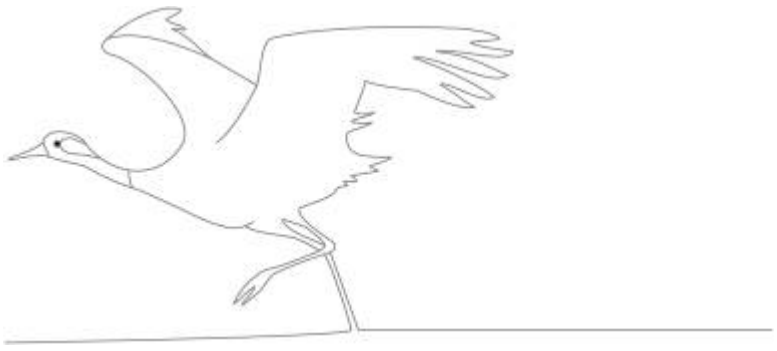
- **Demonstrating environmental responsibility for particular product lines**
  Businesses such as those in the food and drink sector using significant quantities of water, either directly in their operations or embedded within the products they sell, are increasingly keen to demonstrate they are taking action to mitigate adverse impacts on the aquatic environment. Similarly utility companies providing water or renewable energy may wish to support the water and carbon benefits of peatland restoration.

- **An opportunity to deliver social benefits to marginal communities**
  Peatland restoration work can also contribute towards the social wellbeing of communities in peatland areas, providing much needed employment and generating income in rural areas. Provision of jobs and economic benefits can be derived from the restoration and management of the peatlands as well as public interpretation and associated visitor spending. There will also be an option for funds allocated to social projects near restoration sites, for example via the Princes Countryside Fund. There are options to support projects working in the local region where a given peatland is being restored; to improve rural service provision, develop rural enterprises and provide training opportunities for young people.

- **Sponsorship of an environmental project which can be easily visited** Peatlands exist across the UK close to major urban centres and in remote rural areas The variety of UK peatland sites presents an opportunity for staff to become involved with project implementation and management e.g team building days structured around visits to a given sponsored site to undertake hands-on habitat restoration work. The sites also provide the opportunity to demonstrate the local value of the sponsorship to UK customers and stakeholders.

- **Green space** – peatland habitats can be places of scenic beauty, providing green space for recreational activity such a walking and bird watching. Many Local Authorities are increasingly recognising peatland areas within their Green Infrastructure Plans as vitally important spaces for public engagement with the natural environment.

- **Provision of biodiversity** – peatlands have unique physical, chemical and biological characteristics which result in these habitats supporting a wide range of rare flora and fauna. Some peatland plant assemblages are better represented in the UK than anywhere else in the world. In addition, UK peatlands, especially blanket bogs, have a rich and important breeding bird population with legal protection under UK and European conservation law. Iconic species include golden plover, greenshank, red-throated diver, dunlin and common scoter.



Informing future markets for carbon and other Ecosystem Services

Carbon markets and other emerging ecosystem service markets have the potential to offer considerable long term funding for peatlands and reverse centuries of market failure to support the valuable services that healthy peatlands provide. At present the relationship between peatlands and these markets is not mature enough to secure appropriate funding. It is envisaged that the pioneering work on a Peatland code will help speed up the development of these market opportunities.

Carbon benefits derived from the pilot projects will therefore not initially be eligible to be traded on carbon markets. However, the code is being developed in anticipation that UK peatland carbon benefits generated under the Code will be able to be traded as carbon credits at some point in the future.

UK peatland restoration projects underpinned by the Code do provide an immediate opportunity for businesses to meet Corporate Social Responsibility goals by investing in climate change mitigation, alongside a range of additional environmental and social benefits. By sponsoring projects governed by the Code, benefits will be recognised by reputable authorities and quantified, so businesses can confidently communicate specific mitigation benefits from their sponsorship to relevant stakeholders.

Contributing to Government Carbon Accounting Schemes for Business

It will not initially be possible for businesses to officially include GHG emissions benefits from peatland restoration within the Government's current Greenhouse Gas Accounting Guidelines. However, once the Code is in place, Defra will consider peatland restoration for inclusion in the Accounting Guidelines. Talks are underway to explore a timetable for implementing this option.

Monitoring in the Flow Country

Further information

For further information relating to sponsoring UK peatland restoration, please contact Mark Reed or Clifton Bain at the IUCN Peatland Restoration Programme who will be happy to discuss any aspect of the initiative. Relevant technical and policy background information on peatland restoration can be found at http://www.iucn-uk-peatlandprogramme.org.

More information on the code: http://www.iucn-uk-peatlandprogramme.org/initiatives/PeatlandCode

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