Background paper to the workshop *"Peatlands in the EU Regulatory Environment*

Policy options for improved climate-friendly peatland management"

Elaborated by:

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Silvestrum

Brussels, 19th April 2016

Venue:
Representation of Saxony-Anhalt to the EU
Boulevard Saint Michel 80
B - 1040 Brussels

Agenda:

10:15	*Welcome (Introduction to agenda, Presentation of participants)* (J. Peters, GMC)
10:30	Official opening (C. Gather, UBA; M. Vischer-Leopold, BfN)
10:45	Introduction: Role of peatlands in the EU with special emphasis on climate change (H. Joosten, GMC)
11:15	Presentation of EU Peatland policy project, first draft of policy options (J. Peters, GMC; M. v. Unger, Silvestrum)
11:45	*Coffee break*
12:00	Overview of Policy Perspectives to peatlands in the EU (P. Wehrheim, EU Commission)
12:15	Perspective from peatland-rich Member States (H. Fridolin, MoE Estonia, A. Langowski, GDOS Poland)
12:45	Challenges for peatland utilisation under recent EU framework conditions (W. Wichtmann, CINDERELLA)
13:00	*Lunch with snacks*
13:30	Open workshop: Discuss, complement and adapt policy matrices and consolidate to draw conclusions and recommendations for better peatland management in EU
15:15	*Coffee break*
15:30	Presentation of results from open workshop, Plenum discussion
16:30	Sum up of developed recommendations, Conclusions
17:00	*Closing*

Introduction:

A few months after conclusion of the Paris agreement on Climate Change, the workshop addresses the role of peatlands and organic soils in the European Union and its Member States for nature conservation and climate change.

Peatland ecosystems are still suffering from the Cinderella syndrome – they contain disproportionally more organic carbon than all other terrestrial ecosystems and emit lots of CO_2 when drained. They provide habitats for specially adapted and rare species strictly protected by the bird and habitat directives. And yet, when it comes to policymaking – climate policymaking, in particular – peatlands remain largely out of sight and understudied. This leads to poor protection and conservation. It does not help that the Climate and Energy Package 2020 did not address Greenhouse Gas (GHG) emissions from land use, land-use change and forestry (LULUCF), in general, and peatlands, in particular, at all; and that the EU is struggling to integrate a climate target for the LULUCF sectors in its 2030 commitment.

Findings on the ground, in any case, remain dismal. The EU Biodiversity Strategy 2020 includes the headline target of "halting the loss of biodiversity and the degradation of ecosystem services in the EU by 2020, and restoring them so far as feasible, while stepping up the EU contribution to averting global biodiversity loss. Yet, little has been achieved half-way to the deadline. In its mid-term review of 2015, the European Commission found that "no significant progress" has been made and that "much stronger efforts are needed". 70% of EU species are threatened by habitat loss, with species linked to fragile freshwater, coastal and agricultural ecosystems, in particular, on the decline. Grasslands and wetlands have the highest proportion of habitats in 'unfavourable – bad' conditions. Deteriorating trends are strongest for freshwater habitats, such as rivers, lakes and wetlands; the latter consistently show poorest marks.

The European Commission notes that detrimental practices such as changes in agricultural and forest management use, peat extraction, and continuing changes in hydrological conditions, as well as over-exploitation and pollution of the marine environment, are still widespread. 20% of the continued pressure on ecosystems originates from agriculture alone. Against these findings, the effectiveness of EU law to implement the Biodiversity Strategy needs careful assessment.

Within the project '*Peatlands in the EU Regulatory Environment*' the Michael Succow Foundation, Partner in the Greifswald Mire Centre (GMC), and Silvestrum have assessed the impact of EU law — on the environment, agriculture, and energy — on peatlands and organic soils in Member States, with special emphasis on case studies for Poland and Estonia.

This project is funded by the German Federal Environment Ministry's Advisory Assistance Programme (AAP) for environmental protection in the countries of Central and Eastern Europe, the Caucasus and Central Asia and other countries neighbouring the European Union. It is supervised by the German Federal Agency for Nature Conservation (BfN) and the German Environment Agency (UBA). The responsibility for the content of this document lies with the authors.

Funded by:

Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety

Supervised by:

Bundesamt für Naturschutz

Umwelt Bundesamt

Initial findings and recommendations

The initial findings from the analyses and preliminary recommendations for policy options for improved peatland management, low-emission utilisation and restoration are presented in this position paper separated by different policy fields. It serves as a basis for discussions at this workshop targeting both policymakers and the private sector.

Nature conservation (Natura 2000 & LIFE):

- **Initial Findings:**
  - Policies have positive impact on biodiversity and habitat protection (and restoration (esp. Estonia));
  - The Natura 2000 management and species action plans are mostly developed and provide comprehensive details on conservation status and needs;
  - They create a knowledge space on conservation, restoration, and strategies how to deal with potential conflicts between e.g. biodiversity and restoration or climate targets;
  - Independent, a priori effective EIA procedure for large infrastructure projects as Rail Baltica, power lines, overland roads (some of them certainly (co-)funded by EU) is not consistently implemented;
  - LIFE Nature projects: limited impact for on-the-ground restoration (innovative approach needed), but very important for awareness raising, public participation and education; Co-funding requirements for LIFE Climate peatland projects are too high to be covered by some Member States or local initiatives;
  - Short project duration: As national state expertise (and in some cases EIA) for implementation of rewetting measures takes longer time than project period allows, no drastic measures for rewetting can be realised in a 3-4 years project.

  - Synergies and conflicts with other policy sectors:
    - Cooperation between the Natura network and other regulatory frameworks (see below) are not fully used across Member States and sectors (nature protection, agriculture, energy, etc.);
    - Influence of intensified agriculture and peat extraction neighbouring or even within Natura 2000 sites (e.g. peatland Friedländer Große Wiese, NE-Germany (SPA and FFH), deeply drained, intensively used grassland, in parts corn cultivation) and Life Nature project sites is counteracting goals of conservation policies;
    - Natura 2000 does not include climate change targets which even can counteract biodiversity targets.

- **Preliminary Recommendations:**
  - Climate aspects should be integrated into Natura 2000 management plans where possible with clear guidance how to deal with conflicts and synergies between climate and biodiversity targets;

- EIA framework should be resilient enough to counteract infrastructure projects which involve crossing pristine peatlands and wet forest and destroying green corridors for wildlife;
- Life Climate: Consider lower co-funding thresholds for particularly valuable interventions esp. climate change related, including emission hotspot peatland projects;
- Exchange of knowledge across MS and stakeholders should be incentivized (e.g. Natura 2000 Biogeographical region programme).

Water Framework Directive (& Floods Directive):

- **Initial Findings:**
  - The WFD promotes peatland rewetting as an appropriate measure for nutrients reduction in water flows;
  - Peatlands management and restoration need to be considered as an effective instrument within River Basin Management Plans, still largely neglected by water managers;
  - The directives lack robust implementation and do not provide adequate peatland protection assessments, restoration targets, and overall strategies.

  - Synergies and conflicts with other policy sectors:
    - CAP-subsidised drainage-based agriculture (see below) is responsible for nutrient-rich water inflow into river basin and their negative ecological state;
    - Peatland restoration in many Member States is so far mainly focused on nature conservation objectives and misses out benefits for WDF.

- **Preliminary Recommendations:**
  - Improve knowledge levels about mires and peatlands for water managers beyond existing guidelines;
  - Support cross-border large-scale catchment based implementation;
  - Use WFD for peatland rewetting wherever possible and set funding incentives for peatland restoration as a part in River Basin Management Plans through ERDF, EAFRD.

Common Agricultural Policy:

- **Initial Findings:**
  - Arguably the single most important policy instrument in the context of peatland degradation and conservation across the EU;
  - Good agricultural practices and Cross-compliance (mandatory since 2005) have few references to protection of organic soils, e.g. methodologies for balancing humus contents in mineral soils are not applicable for organic soils;
  - The mechanism also creates the concept of best farming principles (for further definition and implementation by Member States), the Good Agricultural and Environmental Condition (GAEC);
  - The 2013 CAP reform introduced an additional ‘greening’ layer (linked to direct payments) which still lacks references to special requirements of organic soils;

- Under the current agricultural legislation, the receipt of direct payments (CAP, First Pillar) and funding for rural development (CAP, Second Pillar) seems impossible for reed and cattail dominated paludicultures; (already possible if measures have been done within WFD (WDF (EC) 60/2000, Art. 32 Section 2 b i Regulation (EU) 1307/2013);
- When considered as permanent crops, the establishment of paludicultures on permanent grassland can be hampered by the rules protecting permanent grassland.

- Synergies and conflicts with other policy sectors:
    - Good agricultural practices require compliance with the Birds and Habitats Directive, but not with the Water Framework Directive (WFD) and climate strategies;
    - Measures to protect permanent grassland for biodiversity are in conflict with rewetting and paludiculture which benefits climate, ecosystem services and site-specific biodiversity.

- **Preliminary Recommendations:**
    - Good agricultural practice should serve as the key corrective to mitigate ubiquitous drainage and other forms of degradation;
    - Include WFD and climate compliance into the cross compliance /greening mechanism;
    - GAEC needs to integrate emission from soils (including an obligatory GHG audit) and target mitigation activities tailored to organic soils, including rewetting and paludiculture techniques, while incentivising raise of water levels and strictly penalising conversion of permanent grassland on peatlands through a substantial reduction in CAP funding;
    - Introduce at least an equal treatment of paludiculture compared to drainage-based peatland agriculture regarding CAP payments, e.g. cut funding for renewal of amelioration systems via EAFRD (see below) and add a premium layer for rewetting / paludiculture on 2013 greening mechanism;
    - Generally allow conversion from EU protected permanent grassland on organic soils to paludicultures, e.g. cultivation of reed, cattail or peat moss.

Agri-environmental climate schemes:

- **Initial Findings:**
    - Second pillar CAP funding, made available through the European Agricultural Fund for Rural Development (EAFRD), is of particular relevance for peatland conservation and restoration across Europe. Under the EAFRD, Member States are required to base their rural development programmes on at least four out of six common EU priorities, including “restoring, preserving and improving ecosystems related to agriculture and forestry” and “promoting resource efficiency and supporting the shift towards a low-carbon and climate resilient economy in the agricultural, food and forestry sectors”;
    - Available funding under the EAFRD stood at 11 billion EUR in 2014, funding priorities change considerably in consecutive funding periods;
    - Funding is provided to farmers under “agri-environmental schemes” (AES), developed as part of the rural development programmes; several Member States (including Poland)

make ample use of AES to manage valuable peatland habitats, but not to raise water level;
- AES payments, e.g. for permanent grassland management or organic farming, improve/ensure profitability of agriculture on drained peatland in addition to 1st pillar CAP payments.

- **Preliminary Recommendations:**
  - Apply peatland-friendly policies across EAFRD funding options; many Member States also allow funding to go into refurbishing drainage systems ("amelioration systems"), which is counter-productive; funding for implementation / maintenance of drainage systems in organic soils should not be permitted at all or, at least, should require substantial compensation action for peatland restoration;
  - Special schemes have been developed for peatland (biodiversity) management (see Poland, in particular); however, more refined incentive schemes are needed to allow for the raising of water levels and enhanced focus on climate change related aspects;
  - 2nd pillar mechanisms are bureaucratic processes, therefore evolve easier control mechanisms and simplify procedures for small-scale farmers who are often left-out;
  - Simplification can include increased involvement of farmers' associations or cooperatives of small-scale farmers to steer the application and verification process as well as agricultural extension services for small scale farmers (e.g. "*Paludikulturberatung Mecklenburg-Vorpommern*");
  - Support by European agencies, research institutes or independent advisory services to Member States in implementing AES and other funding measures effectively;
  - Long-term guarantees should be given in EU policies to encourage farmers to join programmes, avoid drastic changes from one programming period to another;
  - Financial compensation from 2nd pillar should be granted for supposed loss in value of land by rewetting, e.g. by remunerating provision of ecosystem services depending on national priorities (carbon storage, nutrients, water retention/ space for flooding in river catchments etc.).

Climate regime (UNFCCC, EU climate change targets):

- **Initial Findings:**
  - GHG emissions from land use, land-use change and forestry (LULUCF) have been excluded from the EU climate change regime so far;
  - They are coming slowly under the radar, however, cf. the LULUCF Monitoring Decision (No 529/2013) and the ongoing debate over how to address LULUCF emissions through the Effort Sharing Decision (ESD) or else;
  - There is no mandatory standard to account for peatland related emissions (outside areas used agriculturally); the 2013 LULUCF Monitoring Decision follows the Kyoto Protocol approach and includes accounting for "wetland drainage and rewetting" (WDR) as an option only;

- The LULUCF Monitoring Decision also includes reporting obligations for MS with respect to mitigation measures taken to, inter alia, prevent further drainage of peatlands used or managed (except agriculture) and incentivise rewetting and restoration;
- Note that there is an abundancy of cut-over peat extraction sites from Soviet times (10,000 ha alone in Estonia), which are emitting GHG emissions without any utilisation.

- Synergies and conflicts with other policy sectors:
    - CAP principles (good agricultural practice, cross-compliance, greening) and payments take little attention to GHG emissions from land use practices on organic soils and peatlands, e.g. high emission drainage-based agriculture is highly subsidised, climate-smart rewetting / paludiculture loose CAP payments.

- **Preliminary Recommendations:**
    - Member States have to make use of consistent, comparable calculations for GHG emissions from peatlands (2013 IPCC Wetland supplement, Tier-2 approaches);
    - Provide technical support for MS, where needed, to develop and use Tier 2 and Tier 3 approaches for emissions, make good inventories of mires for science-based decisions and develop strategies for peatland management → research programme (Horizon 2020, JRC);
    - Emissions by LULUCF and by agriculture should be included in EU emissions trading by 2020:
        - Direct coverage of (large- and medium scale) agricultural installations under the EU ETS;
        - Coverage of LULUCF emissions in ESD or separate framework, with peatland rewetting and restoration a recognised category for GHG emission reduction projects (and a credit link to ESD and perhaps EU ETS);
    - Mainstreaming of peatland climate issues in all funding measures (Cohesion Fund, European Regional Development Fund (ERDF), European Agricultural Fund for Rural Development (EAFRD));
    - Support countries to use funds for peatland restoration or to give incentives to use degraded sites in paludiculture after rewetting (in and outside Natura 2000, include cut-over peatlands and agricultural lands).

Energy and Horticulture:

- **Initial Findings:**
    - No clear regulatory framework for energy use from peat and its limits in place, although it is not classified as “renewable energy source”. Nevertheless, peat fuels are considered as regional / local biofuels in some Member States and correspondingly (national) subsidies can be made available;
    - The use of peat as substrate in horticulture is only regulated through a voluntary standard (European Eco-label, Responsible Produced Peat (RPP));

- The EU biofuel policies have increased the pressure on agricultural organic soils with negative impacts on peatland GHG emissions, limited economic support for energy fuels from paludicultures at stage.

- **Preliminary Recommendations:**
  - A target should be agreed to phase out peat-from-energy use and to restrict horticulture sourcing to paludiculture (mandatory regimes);
  - In general, if utilisation of peat cannot be avoided (this should be the total minority of cases), material use of peat and biomass should be preferred before energy use;
  - Evolve strategies for alternative growing media constituents to replace peat in EU's hobby gardening market immediately and to phase out peat utilisation in professional horticulture in medium-terms and fund research on alternatives;
  - Renewable energy regulations should include prevention of additional land-based emissions as priority objective (including indirect land use change impacts (ILUC));
  - Support production and conditions for application of renewables (incl. real biofuels) from paludiculture for replacement of fossils by production of construction materials and fuels.

Funded by:
Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety
Supervised by:
BfN Bundesamt für Naturschutz
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