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Incentivising peatland restoration and rewetting actions through a result-based EU carbon farming mechanism

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Intact peatland plays an important role for the carbon cycle, climate mitigation and provision of ecosystems services due to their role as a permanent water-locked carbon stock and ongoing sink. However, years of unsustainable land management practices have resulted in degradation of peatlands in the EU and around 220 Mt CO₂ eq. are emitted in the EU per year[1] from peatland drainage alone. New approaches to peatland restoration and rewetting are being explored to ensure effective and efficient climate actions. Learning from and building on already operational sub-national and national result-based payment peatland mechanism and programmes, this study provides recommendations on designing and operating an effective and efficient result-based carbon farming peatland mechanism in the EU. The findings suggest that a results-based carbon farming mechanism offers a promising way to incentivise, e.g. governments, authorities and farmers to develop and implement peatland restoration and rewetting projects. Results-based mechanisms provide new and additional sources of finance to counter high upfront restoration costs, as well as provide an opportunity to valorise GHG emissions from large, geographically confined emission sources based on current carbon credit prices.

[1] Source: Grifswald Mire Centre (2019). https://www.greifswaldmoor.de/files/dokumente/Infopapiere_Briefings/202003_CAP%20Policy%20Brief%20Peatlands%20in%20the%20new%20EU%20Version%204.8.pdf