European Living Lakes Association (ELLA)

Position on the Proposal of the European Commission for the regulation on Carbon Removal Certification Framework

ELLA welcomes the proposal of the European Commission to regulate Carbon Removal via an EU-level certification scheme in order to significantly improve the EU's capacity to quantify, monitor and verify carbon removals.

The proposal for the EU-wide framework is an important step forward – if sound guarantees are considered to effectively protect and restore nature, to achieve high quality credits to permit adequate habitat restoration and to strictly avoid unintended consequences on the carbon removal sector in Europe and other regions.

The importance of blue carbon and wetlands ecosystems, for long-term carbon sequestration is particularly significant when compared to terrestrial ecosystems. On global level, coastal ecosystems and wetlands are more efficient carbon sinks than most terrestrial forests. Contrary to terrestrial habitats, carbon sequestered in the below-ground in wetlands, particularly in salt marshes and seagrass meadows, can remain accumulated through centuries. This has been confirmed by various scientific studies and experts.

Wetlands – and particularly peatlands - are the most efficient terrestrial carbon sink. But degraded wetlands are a source of continuous carbon emissions. Most wetlands have very carbon rich soils – consisting of decomposing vegetation that has accumulated over millennia - that continue to emit GHG upon conversion and degradation or that continue to sequester GHG (albeit slowly) when restored. Therefore, in order to reduce emissions and advance on climate mitigation, the conservation of wetlands is key to keep carbon stored, while the restoration of altered wetlands is key for reducing carbon emissions and may also result in emission removals.

High potential to contribute to CO2 targets of the European Commission

A meta-analysis of peer reviewed scientific articles1 shows that, despite the relatively small coverage of wetlands in Europe (around 8% EU and the UK land areas), their carbon stock capacity is enormous. If all major European wetland habitats assessed in this study are maintained healthy in the European Union, the EU wetland related carbon stock capacity of their overall area is estimated to be between 12 - 31 Gt CO2-eq, corresponding to an overall value ranging between 3 and 8 years of EU GHG emissions. Moreover, the carbon sequestration potential of healthy EU Wetlands per year is calculated to range between 24,352 and 143,719 kt CO2 eq yr-1, equivalent to “neutralising” between 1 and 4 % of the total GHG emissions registered in the EU27 and the UK.

[1] Abdul Malak, D., Marin, A.I., Trombetti, M., San Roman, S., Carbon pools and sequestration potential of wetlands in the European Union, European Topic Centre on Urban, Land and Soil Systems, Viena and Malaga, 2021, ISBN 978-3-200-07433-0, accessible at https://www.eionet.europa.eu/etcs/etc-di/products/etc-uls-report-10-2021-carbon-pools-and-sequestration-potential-of-wetlands-in-the-european-union

Carbon removal certifications for wetlands protection and restoration

Taking into account that degraded wetlands emit GHG and intact wetlands can act as a carbon sink and considering that worldwide about 85 % of the wetlands have been destroyed or heavily degraded in the last 300 years (IPBES 2019), there is an urgent need to protect and to restore wetlands and peatlands – worldwide and also in Europe.

An enormous amount of financing will be needed to restore degraded wetlands and to improve the protection of wetlands which are still more or less intact. Financial resources of governments will be not sufficient and therefore, mobilization of additional funds is urgently needed. The certification scheme for carbon removals related to wetlands would be an important step to mobilize private funds.

The Spanish NGO Fundación Global Nature is member of ELLA and coordinates the EU-LIFE funded project Wetlands4Climate. One of the objectives is the elaboration of a proposal for a certification scheme for carbon sequestration in wetlands.
LIFE Wetlands4Climate (LIFE19/CCM/ES/001234)

In the case of wetlands, the certification scheme should differentiate conservation and restoration activities, which operate on a different timescale:

- For conservation activities: carbon removal impacts are direct/immediate where existing wetlands are conserved, and conversion and degradation do not take place. Conservation activities range from preventing that a wetland is drained (for agricultural use), exploited (for energy or horticulture use), converted (to settlements or infrastructure) degraded (due to infrastructure that changes hydrology and sediment dynamics) or eutrophicated (due to lixiviates coming from intense or bad agrarian practices around the wetlands). The conservation of wetlands avoids GHG emissions from the carbon stock in the sediments of the wetland, while GHG sequestration takes place, at different scales depending on the type of wetland.

- For restoration activities: carbon removal benefits are sensed on a longer timeframe through the restoration of currently degraded areas. Certifying wetland restoration/management activities highly sequester GHG (particularly, for Mediterranean wetlands as coastal wetlands and marshes, and to a lesser extent, peatlands) and reduces GHG emissions.

Effective contribution of carbon removal certifications to protect and restore wetlands

The following aspects should be considered by the European Commission:

Securing adequate definitions: Some elements of the current proposal and of the upcoming related acts will need clarifications and improvements.

- Definition of carbon removal, Art. 2, a)

The Commission proposes to define carbon removal as “the storage of atmospheric or biogenic carbon within geological carbon pools, biogenic carbon pools, long-lasting products and materials, and the marine environment, or the reduction of carbon release from a biogenic carbon pool to the atmosphere”.

For wetlands restoration, the definition is welcomed. Indeed, the definition should encompass activities enhancing carbon storage, capture, removal, absorption from the atmosphere to wetlands. This means including activities aiming at the conservation as well

as the restoration of wetlands, including peatlands. Wetlands' simultaneous potential to reduce GHG emission and to sequester carbon should be acknowledged and supported.

- Scope of the definition for carbon farming, Art. 2, h)

The Commission proposes to define carbon farming as "means a carbon removal activity related to land management that results in the increase of carbon storage in living biomass, dead organic matter and soils by enhancing carbon capture and/or reducing the release of carbon to the atmosphere;"

The recitals should clarify that carbon farming encompasses different carbon farming techniques, such as: Mediterranean wetlands restoration/management (actions on water, soil and vegetation), paludiculture, etc.

- Definition of permanence, Art. 2, g):

The Commission proposes to define permanent carbon storage' as "a carbon removal activity that, under normal circumstances and using appropriate management practices, stores atmospheric or biogenic carbon for several centuries, including bioenergy with carbon capture and storage and direct air carbon capture and storage;"

Addressing physical risks: leakage and permanence

Monitoring and mitigating the risks of leakage. Projects may lead to a direct or indirect increase in emissions or, to decrease in removals of greenhouse gases outside of the project area. The Commission requires the monitoring and mitigating of these risks, which is a welcomed approach but we regret the lack of further precisions on that end. Likewise, the Commission's proposal recognizes liability for leakage and permanence of the carbon removal activities, but as a framework legislation, falls short of further precising these essential elements.

ELLA calls for emissions linked directly or indirectly to the removal activity, even in the case of carbon farming, to be accounted for to ensure that only net removals are certified**.**

Preventing reversals by securing permanence. Reversals occur when emissions increase or a decrease in removals occurs. Reversal of land sector mitigation is a possibility, but the risks of reversal can be controlled and reduced – a feature that is shared with mitigation in all other sectors.

By developing standard methodologies, voluntary standards have developed ways to handle the risk of reversals in land-use projects and resource managers have long-established techniques and approaches for managing risks to carbon stocks in the land sector.

Carbon crediting programs have dealt with this risk of non-reversal through various approaches and instruments, notably: temporary crediting, buffers and discounting.

Several approaches may be used and combined for that purpose: discounting, buffer pools, temporary crediting. For approaches leading to the issuance of credits deemed permanently valid – the vast majority of the current market - the VCM approach focuses on three separate criteria that contribute equally to this level of assurance:

- The duration of commitment to monitor and compensate for emission reversals. All things equal, one could say that the longer the commitment to monitor, the stronger the level of assurance provided by the carbon-crediting program. This desire to extend the duration of this commitment period will nevertheless meet very practical issues of institutional and legal stability, as most institutions are unlikely to run into contractual obligations for such long durations.

- The strength of mechanisms and incentives to compensate for reversals: through the use of buffer pools, which pool the risk of non-reversals across a particular set of credits, discounts or insurance, the risk of reversal may be adequately compensated.
- The appropriate use of legal liability and other provisions that ensure the compensation of reversal over the long term, these instruments can also contribute to addressing the risk of non- permanence.

For wetlands conservation/restoration/management projects, the baseline calculation for is much less error-prone than the baseline calculation for dynamic deforestation events. However, as risks may still arise, the reversal of a project should be subsequently followed by the revoking of certification by the appropriate use of legal liability.

Maximizing benefits for nature and local communities: securing integrity and high-quality credits

Adequate criteria and high-quality credits to certify carbon removals can benefit nature, and local communities. Guaranteeing social and environmental integrity implies securing high-quality credits. Among the guarantees needed, the certification must: 1. guarantee the accurate value of credits; 2. the financing must be result-based; 3. be adaptable to the type of projects in the EU, and 4. it should ensure the participation of civil society to decision making.

1. High quality credits. The value of a credit should reflect the actual interventions on the area (conservation or restoration).
2. The financing of the activity must be result-based**.** To ensure high quality (with pre-defined, achieved and verified criteria).
3. Adaptability to small-scale projects. Projects in Europe are rather small and high Monitoring Report and Verification (MRV) costs and processes can discourage project developers. The EU should ensure the adaptation of the framework to small scale-projects. Simplification and innovative ways to lower costs have already been developed by some standards, with the attention of not undermining the framework credibility. Dealing with land use specificities is another challenge for the development of the Voluntary Carbon Market (VCM). Specific tools (ex-ante credits, buffer pool, discount rates) should be developed to deal with these constraints and not let uncertainty justify climate inaction.
4. Participation of civil society in the processes. To ensure fair governance and local acceptance of the projects, the participation of civil society to develop and revise certification criteria for specific sectors (i.e. at expert group level) and community engagement (i.e. at local level) should be secured throughout the processes.

Baseline setting and consideration for existing methodologies

Existing certification schemes for wetlands and peatlands conservation and restoration should be recognized, where criteria are similar or equivalent to the quality of the certification scheme developed at EU level (e.g. MoorFutures, Peatland Code, Max Moor, Blue Carbon methodology in SACE, Spanish Standard “Registro Huella de carbono” from the Spanish Ministry of Ecological Transition (MITECO) , etc.)*

To establish a robust scheme, the Commission’s proposal should be improved, and elements of the current proposal should be maintained in the final proposal.

Strengthening transparency for accountability. The proposal includes efforts to secure transparency of process and methodologies of certification or by ensuring full transparent interoperability among registries under the CRCF. However, to build a reliable and accountable scheme and truly prevent greenwashing, transparency on the removal units must also be guaranteed.

To propose an accountable scheme, all carbon removal units should be tracked on the registry, not only the generation of carbon removal certificates, but also the end fate of all carbon removal units. **This would also prevent double use and/or double registration**, as each registry operating under the CRCF umbrella would record how each unit of certified removal is used in a transparent way.

ELLA agrees to the following aspects of the proposal

Validation methods

The expert group and the certification body should ensure that the Voluntary Carbon Market fulfils its primary purpose, establishes, hosts and maintains eligibility guidelines for the core carbon principles and oversees the standard-setting organizations.

The supervision of Audit Certification bodies by Member States is welcomed as the involvement of public actors contributes to establish a trustworthy framework: domestic standards present the specificity of being developed and carried out in part by public actors (local government or ministries), contributing to create a trustworthy context for carbon projects. One notable risk is that the dedicated human resources can be limited, and national ministries are often unable or reluctant to bear the costs for monitoring. Therefore, the involvement of local intermediaries can be envisaged.

Co-benefits are mandatory for certification, Art. 7.

A carbon removal activity shall have “neutral impact on or generate co-benefits for all sustainability objectives”, ranging notably from climate change mitigation and adaptation, to sustainable use of water and marine resources, to pollution prevention and control, and protection and conservation of biodiversity and ecosystems.

This provision is very much welcomed. ELLA also calls for the inclusion of methods to demonstrate, measure an verify these co-benefits, so that the carbon credits for this kind of projects could be valorized in the VCM.

Additionality

ELLA welcomes that the Commission proposes to certify units generated only by carbon removal activities that generate an additional carbon removal benefit and that status quo is not incentivized by this scheme.

We highlight that some methodologies use pre-defined ‘positive lists’ of project types or project conditions that are deemed additional. These positive lists are a means to clarify and simplify how to deal with this aspect of environmental integrity.

European Living Lakes Association (ELLA)

ELLA was created in 2022 by five European NGOs with a long term curriculum on the protection and restoration of wetlands and sustainable development of lake regions.

The association serves the goal of protecting lakes and wetlands in Europe and - within the framework of legally permissible regulations - makes a contribution to the protection of habitats, their biological diversity and climate protection that is relevant to society as a whole.

The purpose of the association are:

- The promotion of nature conservation and landscape management, environmental protection, including climate protection, coastal protection, flood protection, and nature based solutions;
- the promotion of rural development and sustainable agriculture
- promoting education on environmental protection issues
- the promotion of animal protection and animal welfare;
- the promotion of science and research;
- the promotion of development cooperation;

ELLA is part of the International Living Lakes Network, created in 1999 by Global Nature Fund. In 2023, the International Living Lakes Network includes 112 lakes and wetlands all over the world – represented by 135 organisations.

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Co-funded by the European Union