



14th February 2022

To whom it may concern,

Natural Capital Ireland (NCI) welcomes the opportunity to input into the Public Consultation on the EU Just Transition Fund. NCI is a not-for-profit organisation leading the national conversation on natural capital (view our website [here](#)). We are a group of organisations and individuals from academia and public, private and NGO sectors interested in the development and application of the natural capital agenda in Ireland.

NCI's vision is for an Ireland in which natural capital and ecosystem goods and services are valued, protected and restored. Our mission is to help to value, protect and restore Ireland's natural capital and ecosystem services. We do this by supporting the adoption of natural capital concepts in public policy and corporate strategy, promoting informed public and private sector decision-making and assisting in the establishment of a national natural capital accounting standard as required by the EU [see below].

Natural capital approaches, and natural capital accounting specifically, present a means to support policy and decision-making with a much wider range of analysis/data than that offered by conventional approaches, because it builds in the fullest possible range of environmental – and cultural – costs and benefits in the assessment of any policy. It is also valuable because it can be used continuously to monitor the full cost-benefit performance of any policy into the future.

Natural capital accounting is relevant to policies fostering a just transition following the cessation of peat extraction specifically because it makes the full extent of benefits and costs to all the stakeholders transparent and visible at every stage of the process. Natural capital accounting can be used to demonstrate that environmental benefits which were hitherto often seen as nebulous, are often of significant economic and social value, both tangible and less tangible. Awareness of these values can inform public debate and engagement on the subject of the cessation of peat harvesting. So while natural capital accounting fully acknowledges the very significant economic, social and cultural costs of ceasing peat extraction, but it also ensures that the benefits of the cessation of harvesting are considered alongside the costs so that the interests of the stakeholders most directly affected are protected, and alternative sustainable futures fully are examined.

The main aim of our submission is to advise on the value of a natural capital approach for policy relating to the move away from peat extraction for power generation in the Midland region. The cessation of commercial peat extraction has become necessary because of the need for Ireland to reduce its greenhouse gas emissions and to meet its climate change obligations. This change will have very considerable economic and social benefits for the current and future generations by replacing former CO₂ emissions with the protecting of the stock of carbon in the ground in commercial peatlands that had not yet been fully exploited. It also provides an opportunity for the rewetting and ultimate restoration of peatlands in the Midlands which could provide for carbon sequestration in the future. These actions will contribute to the mitigation of global CO₂ emissions, they will help us to adapt to

climate change and to minimise the huge economic cost that climate change will place on everybody, from people living in the Midlands, across Ireland and, of course, globally. The Climate Action Plan 2021 sets out a just transition policy framework to ensure that Ireland effectively monitors and manages its transition to a climate neutral economy.

There are, though, potential direct benefits from this move away from peat-based carbon fuels, and also from large-scale horticultural extraction. The restoration of Midland peatlands provides an opportunity to attract international finance to Ireland in return for carbon offsetting as industry is encouraged to make the transition to carbon neutrality. Ireland has one of Europe's largest peatland resources and is well-positioned to attract these financial flows. These funds can be invested in restoration, complementing the Government's own financial commitment in this area. The potential for employment creation associated with restoration is, to some extent, already being realised through the redeployment of a portion of former Bord na Móna workers. Large-scale restoration can attract more such investment and employment. It will permit the return of biodiversity and other ecosystem services providing for protection of water quality and water retention, reducing the risk and cost of downstream flooding. Peatland restoration, biodiversity and cleaner rivers all have the capacity to restore the cultural landscape and environmental quality to attract amenity and tourism, to contribute to local people's sense of place and quality of life, and to provide the basis of a reversal of the daily outward migration of people outside of the region.

Why natural capital?

The topic of natural capital is growing in importance at the European level and nationally:

- In late 2019, the European Green Deal was announced, which states that *"all EU policies should contribute to preserving and restoring Europe's natural capital"*. In June 2020, the EU published its new Biodiversity Strategy, which states that by 2050, *"the EU's natural capital will be protected, valued and appropriately restored"*. Further, the Strategy sets a target to bring at least 10% of agricultural land under management for biodiversity.
- The economic benefits delivered by natural capital remain very undervalued and underrepresented in government policy. Properly accounting for natural capital can help make these values visible, revealing Ireland's hidden wealth, and the hitherto invisible factors that impoverish us. Natural capital concepts are already found in a range of flagship national policies, including the National Planning Framework, the National Biodiversity Action Plan 2017-2021, the National Adaptation Framework, and Heritage Ireland 2030 – but much more can be done to embed natural capital thinking in decision making. The 4th National Biodiversity Action Plan 2022-2026 is currently being drafted and it is anticipated that the natural capital approach and natural capital accounting will be incorporated into the Plan, in line with EU-wide adoption of the UN System of Environmental Economic Accounting ([SEEA](#)) (information on the SEEA in the next section), and proposed changes to the EU Regulation on Environmental Economic Accounts.
- The recent World Economic Forum's Global Risks Report (2022), states that the top three most severe global risks are climate inaction, extreme weather, and biodiversity loss; all of which are inter-related risks that compound each other. These risks are a direct threat to our natural capital.

How can the natural capital agenda support the Department’s Public Consultation on the EU Just Transition Fund?

In order to protect, restore and enhance our natural capital, we must first understand the extent and condition of existing natural assets. In other words, we must establish a baseline upon which targets for improvement can be set.

NCI is a partner on the pioneering EPA-funded [INCASE project](#), which is the first project to apply Natural Capital Accounting principles to catchments in Ireland. Natural Capital Accounting reports across four main sets of ecosystem accounts – extent, condition, services and benefits - and presents a standardised platform to collate information and regularly report on progress in relation to climate actions, biodiversity conservation and restoration, protection of waterbodies, and general good environmental practices (as identified in cross-sectoral areas such as agriculture, energy, environment, forestry, nature, marine, planning and water supply/use policies).

The [INCASE project](#) is piloting this “natural capital accounting” approach in four river catchments across Ireland. The prevailing natural capital accounting approach at country level is the System of Environmental Economic Accounting ([SEEA](#)), which has been adopted by the UN and is in use by about 90 countries worldwide. The SEEA is a guide to integrating economic, environmental and social data into a single, coherent framework for holistic decision-making. There is a range of articles, blogs and supporting videos available from the INCASE website [here](#). Evidence supporting the approach has been gathered through the [INCASE](#) project and five articles published that are relevant to this Consultation on the EU Just Transition Fund in terms of the natural capital approach and natural capital accounting are listed below:

- 1.1. Farrell C, Aronson J, Daily G, Hein L, Obst C, Woodworth P, Stout J (2021) Natural capital approaches: shifting the UN Decade on Ecosystem Restoration from aspiration to reality. *Restoration Ecology* <https://doi.org/10.1111/rec.13613> (accessed 2nd February 2022).

This article highlights a number of initiatives globally that are applying natural capital approaches for national accounting, land use, business support and health and wellbeing.

- 1.2. Farrell CA, Coleman L, Kelly-Quinn M, Obst CG, Eigenraam M, Norton D, O’Donoghue C, Kinsella S, Delargy O, Stout JC (2021) Applying the System of Environmental Economic Accounting-Ecosystem Accounting (SEEA-EA) framework at catchment scale to develop ecosystem extent and condition accounts. *One Ecosystem* 6: e65582. <https://doi.org/10.3897/oneeco.6.e65582> (accessed 4 February 2022).

This article outlines the approach to gathering data to develop extent (developing an asset register) and ecosystem condition accounts at catchment scale.

- 1.3. Farrell CA, Coleman L, Norton D, Kelly-Quinn M, Obst C, Eigenraam M, O’Donoghue C, Kinsella S, Smith F, Sheehy I, Stout JC (2021) Developing peatland ecosystem accounts to guide targets for restoration. *One Ecosystem* 6: e76838. <https://doi.org/10.3897/oneeco.6.e76838> (accessed 4 February 2022).

This article outlines the approach to developing peatland extent and condition accounts at catchment scale to prioritise areas for restoration.

1.4. Farrell CA, Stout JC (2020) Irish Natural Capital Accounting for Sustainable Environments: Stage 1 Feasibility Report. www.incaseproject.com URL: <https://www.epa.ie/publications/research/biodiversity/research-322.php> (accessed 4 February 2022).

This report presents a good overview of the UN System of Environmental Economic Accounting Ecosystem Accounting and potential applications in the Irish context.

1.5 Farrell CA, Coleman L, Norton D, Kelly-Quinn M, Obst C, Eigenraam M, O'Donoghue C, Kinsella S, Smith F, Sheehy I, Stout JC (2022, *in press*) Applying ecosystem accounting to develop a risk register for peatlands and inform restoration targets at catchment scale: a case study from the European region. *Restoration Ecology* (Accepted, *in press*).

This article outlines the approach to developing peatland services and benefits accounts and developing a risk register of flows to prioritise areas for restoration

The [INCASE project](#) pilot can be built upon to develop a national strategy for the management and enhancement of Ireland's natural capital. This would closely align with current government initiatives such as the National Land Use Review, the development of a National Soil Strategy, revision of the National Biodiversity Action Plan, and expansion of Ireland's Marine Protected Areas network; and Department priorities such as sustainable, balanced development and sustainable management of water resources from source to sea under the EU Water Framework Directive.

There are further relevant publications listed in Appendix 1 of this document relating to peatlands, with details briefly outlined below:

- Ó Caoimh *et al.* 2020- example from the [KerryLIFE Project](#) of progress in ecological restoration leading to social and economic restoration
- Renou-Wilson *et al.* 2022 – Peatland properties influencing GHG emissions and removal
- Renou-Wilson *et al.* 2019 – Rewetting degraded peatlands for climate and biodiversity benefits
- Renou-Wilson *et al.* 2016 – Four years GHG balances and vegetation composition from drained and rewetted organic soil under grassland
- Wilson *et al.* 2016 – Multi-year GHG gas balances at rewetted temperate peatland
- Wilson *et al.* 2015 - CO₂ emission factors for domestic and industrial peat extraction

Natural capital is highly relevant to many of the areas under the Department's remit, including planning and sustainable development, the National Parks and Wildlife Service, water management, emergency planning, the gathering of weather and climate information. Given the wide range of policy areas covered by the Department, a natural capital framing could provide the holistic, whole-of-government approach that would strengthen policies and avoid duplication across policy areas.

The NCI calls on the Department to embed the natural capital approach as a core decision-making tool across government, and as part of broader cross-departmental co-ordination on the conservation and sustainable use of biodiversity. This could include the establishment of an Irish equivalent to the UK's [Natural Capital Committee](#), or inclusion of natural capital approaches in the remit of a cross-departmental working group on biodiversity. This cross-departmental working group could operate in the same way as the Senior Officials Group on SDGs, to deliver a national register of natural capital assets.

The UK government established their Natural Capital Committee (NCC) in 2012. The Committee of experts provides advice to all government departments on the sustainable use of natural capital. The NCC has provided advice to the UK government on a range of policy areas including:

- Advice on how to use natural capital to appraise and evaluate policies, projects and programmes (HM Treasury's "Green Book");
- Advice on establishing an environmental baseline census of natural capital stocks;
- Advice on marine management;
- Advice on improving cost benefit analysis of projects that affect the natural environment.

The NCI believes that the establishment of a similar Natural Capital advisory group would support the Department in balancing environmental, social and economic considerations in its decision-making.

We hope you find the points above offer opportunities to expand, deepen and co-ordinate policies across the whole range of economic, environmental, social and cultural values, and we look forward to working closely with your Department to deliver on the EU Just Transition Fund over the coming years. Please contact us for clarifications, and further information at info@naturalcapitalireland.com.

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APPENDIX 1

ADDITIONAL RELEVANT PUBLICATIONS:

- Ó Caoimh B, Keaveney K and Crowley C (2020) KerryLIFE socio-economic evaluation. Report for the LIFE Programme, EU Commission. <https://www.southkerry.ie/wp-content/uploads/2021/06/Kerrylife-Socio-Economic-Evaluation-Report.pdf> (accessed 19th January 2022)
- Renou-Wilson, F., Byrne, K. A., Flynn, R., Premrov, A., Riondato, E., Saunders, M., Walz, K. & Wilson, D. (2022). *Peatland properties influencing greenhouse gas emissions and removal (AUGER Project)*. EPA Research Report No. 401 Johnstown Castle, Ireland. <https://www.epa.ie/publications/research/climate-change/research-401.php> (accessed 4 February 2022).
- Renou-Wilson, F., Moser, G., Fallon, D., Farrell, C. A., Müller, C., & Wilson, D. (2019). Rewetting degraded peatlands for climate and biodiversity benefits: Results from two raised bogs. *Ecological Engineering*, 127, 547-560. doi:<https://doi.org/10.1016/j.ecoleng.2018.02.014> (accessed 7 February 2022).
- Renou-Wilson, F., Müller, C., Moser, G., & Wilson, D. (2016). To graze or not to graze? Four years GHG balances and vegetation composition from a drained and a rewetted organic soil under grassland. *Agriculture, Ecosystem and the Environment*, 222, 156-170. doi:<http://dx.doi.org/10.1016/j.agee.2016.02.011> (accessed 7 February 2022).
- Wilson, D., Dixon, S. D., Artz, R. R. E., Smith, T. E. L., Evans, C. D., Owen, H. J. F., Archer, E. & Renou-Wilson, F. (2015). Derivation of greenhouse gas emission factors for peatlands managed for extraction in the Republic of Ireland and the United Kingdom. *Biogeosciences*, 12(18), 5291-5308. <https://bg.copernicus.org/articles/12/5291/2015/> (accessed 7 February 2022).
- Wilson, D., Farrell, C., Fallon, D., Moser, G., Muller, C., & Renou-Wilson, F. (2016). Multi-year greenhouse gas balances at a rewetted temperate peatland. *Global Change Biology*, 22, 4080-4095, <https://onlinelibrary.wiley.com/doi/abs/10.1111/gcb.13325> (accessed 7 February 2022).