

AWG-LCA 5 AND AWG-KP 7 HIGHLIGHTS: SATURDAY, 4 APRIL 2009

On Saturday morning, the AWG-LCA convened an in-session workshop on mitigation in the agricultural sector. Throughout the day, AWG-LCA contact groups were held on technology and finance, adaptation and mitigation. The AWG-KP held various informal consultations, including on Annex I emission reductions, LULUCF, potential consequences and the flexibility mechanisms.

AWG-LCA WORKSHOP

The AWG-LCA workshop on opportunities and challenges for mitigation in the agricultural sector was chaired by Lilian Portillo (Paraguay).

The Secretariat presented a technical paper on challenges and opportunities for mitigation in the sector (FCCC/AWG/LCA/2009/1). Highlighting agriculture's high technical mitigation potential but much lower economic potential, he pointed to challenges, such as limits in the capacity of soils to store carbon and possible reversal, but also to opportunities, including synergies with poverty alleviation and environmental protection.

An IPCC AR4 LEAD AUTHOR noted that two-thirds of mitigation potential in the agricultural sector is in developing countries. He emphasized synergies among sectors and differences in accounting for livestock emissions depending on whether they are accounted for on a per unit of product or per animal basis.

The UN FOOD AND AGRICULTURE ORGANIZATION stressed the need for field testing of methodologies and for flexible approaches to financing.

The EU highlighted possible win-win solutions benefiting both mitigation and adaptation and the need to encourage R&D. He suggested developing countries incorporate agriculture-related NAMAs in their low-carbon development strategies.

NEW ZEALAND emphasized his proposal for a Virtual World Research Center to coordinate R&D, building on New Zealand's Livestock Emissions and Abatement Research Network.

URUGUAY noted that the efficiency of agricultural production could be increased through market instruments, technology transfer, and R&D.

JAPAN highlighted food security and the need for research on effective soil management.

BANGLADESH stressed the need to conduct mitigation and adaptation simultaneously, and suggested measures such as developing new varieties of drought-resistant crops and agricultural practices with economized water use, as well as South-South cooperation on R&D.

MEXICO highlighted important mitigation potential in his country's agricultural sector, saying approximately fifty percent of the emissions could be reduced.

Noting that agriculture and forestry could offset 10-25% of his country's current emissions, the US stressed the importance of including agriculture in the climate regime.

SAMOA presented on co-benefits of the use of solid waste from coconut biomass and said that Samoa aims to become a carbon-neutral holiday destination.

SENEGAL stressed problems caused by the combination of climate change and population growth, highlighting land degradation and food security. She called for mitigation that also promotes adaptation and identified the need for a financing mechanism.

Discussion addressed, *inter alia*, difficulties of measuring soil carbon in developing countries; the importance of organic agriculture, and traditional and indigenous knowledge; the potential for global cooperation and capacity building through the Bali Action Plan and NAMAs; the need to improve capacity for measuring and estimating emissions and removals; and the inclusion of agriculture in carbon trading schemes. They also noted positive correlations between soil organic carbon and resilience to droughts, decreased degradation and reversing soil erosion, and water cycle and soil fertility improvements.

INTERNATIONAL FEDERATION OF AGRICULTURAL PRODUCERS emphasized that agricultural practices that sequester greenhouse gases are a fast and cost-effective way to mitigate emissions. INDIGENOUS PEOPLES' ORGANIZATIONS proposed an expert workshop on indigenous peoples and climate change before the AWG-LCA session in Bangkok. THIRD WORLD NETWORK called for support for organic, sustainable and small-scale farming. UNCCD proposed the inclusion of carbon in soils, particularly biochar, under the Copenhagen agreement.

AWG-LCA CONTACT GROUPS

TECHNOLOGY AND FINANCE: The contact group met in the morning and afternoon to address issues relating to institutional arrangements for finance and technology. Discussions focused on: governance; the creation of new mechanisms and institutions versus the use of existing ones; whether the institutions and mechanisms should be under the COP; and whether they should focus on implementation or assessment.

The G-77/CHINA proposed a mechanism under the Convention that includes technology panels. JAPAN reiterated his country's proposal for an advisory group. The PHILIPPINES urged implementation and said the EGTT already fulfills that advisory role, and GHANA noted that an advisory group is similar to the expert panels proposed by the G-77/China. CHINA supported an action-based, not advisory, mechanism.

JAPAN, AUSTRALIA, SWITZERLAND and others, opposed by BARBADOS, the PHILIPPINES and others, supported enhancing existing institutions. SOUTH AFRICA said discussions should consider reform of the international financial architecture and, noting the financial meltdown, argued that existing institutions have failed both developed and developing countries. INDIA said institutions governed outside the Convention do not comply with the Convention's provisions. NEW ZEALAND said new institutions would add new bureaucracy. The LDCs said the new mechanism must provide easy access for LDCs.

Welcomed by the PHILIPPINES, INDIA and others, the US said financing is crucial for developing countries, and stressed the need for institutions and financial architecture that respond to developing country financing needs and improve developing countries' capacity to benefit from carbon markets. He also highlighted the need for institutional coordination. The EU underscored the Montreal Protocol's Multilateral Fund and noted that their proposed low-carbon development strategies are not a prerequisite for adaptation funding. CLIMATE ACTION NETWORK noted that while the G-20 had committed USD 5 trillion to resolve the economic crisis, the key missing element in the climate negotiations is a strong signal on financing from developed countries.

NORWAY highlighted the need to address carbon emissions leakage. The GAMBIA urged implementation of NAPAs and opposed further planning. CAMBODIA expressed concern with incremental cost requirements as a barrier to adaptation for LDCs. The REPUBLIC OF KOREA proposed crediting NAMAs and discussion under both AWGs.

SWITZERLAND proposed a global carbon tax, with INDIA highlighting difficulties in harmonizing a tax globally. NORWAY differentiated between a tax on energy and a tax on carbon, and opposed proposals that could result in "trade wars." The AFRICAN GROUP underscored geographical representation, direct access, country-driven approaches, and the legally binding nature of financing commitments.

MITIGATION: Several parties highlighted the significant role of global emissions from deforestation and the need to address them. Many also emphasized that REDD is different from other mitigation actions, and highlighted the need for its special treatment to address policies and incentives that complement the SBSTA's methodological discussions. NORWAY, supported by several others, suggested establishing a contact group on REDD.

Parties highlighted, *inter alia*, indigenous peoples and local communities; complex drivers of deforestation; capacity building; MRV; and the importance of financing, both through public finance and market mechanisms. The US noted increasing demand for agricultural commodities and highlighted the need to address demand-side issues. TUVALU drew attention to differences in the treatment of REDD and conservation and suggested reference to the UN Declaration on the Rights of Indigenous Peoples and Prior Informed Consent. BRAZIL stressed the important contribution of REDD to NAMAs within a general framework that includes support. CHINA and INDIA called for inclusion of conservation. The LDCs and others supported a step-wise approach. SURINAME highlighted international displacement of emissions from deforestation.

Recalling that the CDM is covered only by one article in the Kyoto Protocol that lays down the general framework for the CDM, Chair Zammit Cutajar called for focusing on the signal to be given in Copenhagen, and suggested that elaboration of a detailed REDD framework could be part of a "Marrakesh Accords" phase after Copenhagen.

ADAPTATION: On institutional configurations, AUSTRALIA favored enhancing existing mechanisms and stressed cooperation. EGYPT supported national or regional research centers. COLOMBIA called for a flexible framework.

Regarding finance, BANGLADESH called for increasing the LDC Fund from USD 200 million to USD 2 billion, and for an insurance mechanism. The G-77/CHINA called for scaled-up

finance, technology and capacity. With SAUDI ARABIA, he opposed conditionalities. AOSIS called for addressing losses from damages.

SAMOA and the AFRICAN GROUP called for a comprehensive adaptation approach. Regarding incremental costs, AOSIS and the G-77/CHINA highlighted challenges and underscored full costs. EGYPT, with the G-77/CHINA, urged funding of stand-alone projects. TURKEY supported integrating adaptation into all levels of planning. The AFRICAN GROUP outlined concerns with a sole focus on adaptation integration into planning, and, with BRAZIL, differentiated between short- and long-term needs.

TURKEY offered criteria for adaptation finance, including vulnerability, risk, and financial capacity. Highlighting repercussions of response measures, SAUDI ARABIA called for adaptation projects that enhance economic diversification. BHUTAN, the GAMBIA and UGANDA stressed implementation. COLOMBIA, on behalf of several South and Central American countries, underscored ecosystem-based adaptation. The GAMBIA emphasized gender equity.

CLIMATE ACTION NETWORK proposed a framework that, *inter alia*, insures risk management and provides compensation and restitution mechanisms. She called for at least USD 50 billion annually of public finance.

AWG-KP INFORMAL CONSULTATIONS

ANNEX I EMISSION REDUCTIONS: Informal consultations included a discussion of the Secretariat's table compiling existing emission reduction pledges by Annex I parties. Delegates also addressed the South African proposal (FCCC/KP/AWG/2009/CRP.3), which contains, *inter alia*, individual targets for Annex I parties, and discussed the underlying criteria.

LULUCF: During informal consultations, parties continued discussing harvested wood products as outlined in proposals by New Zealand and Tuvalu. They also addressed the land-based approach, which some supported as a long-term goal but felt it was premature, while others favored retaining it as an option. A Co-Chairs' non-paper meant to serve as input for negotiations in June was made available and will be discussed on Monday.

FLEXIBILITY MECHANISMS: Informal consultations focused on the Co-Chairs' non-paper on possible improvements to the flexibility mechanisms. Good progress was reported, with parties agreeing to delete some sub-options related to the CDM.

POTENTIAL CONSEQUENCES: During informal consultations, parties remained divided on whether the reference to consequences should be in regard to all developing countries or to the most vulnerable ones, and on balancing positive and negative consequences.

OTHER ISSUES: During informal consultations, discussions focused on: the possible inclusion of new greenhouse gases; sectoral emissions; and global warming potentials and global temperature potentials.

IN THE CORRIDORS

In the AWG-LCA, a number of delegates expressed a strong desire to discuss REDD at the policy level after two years of methodological work under the SBSTA. However, many worried about time constraints, and were therefore pleased with the Chair's focused and pragmatic approach, which they felt could lead to some agreement. But others were depressed that little could be accomplished substantively with this approach.

With only three working days remaining of the first negotiating session in 2009, some delegates began to look increasingly worried about the amount of work ahead before Copenhagen. Many were confident that two additional meetings would be added to the calendar. While they were almost certain that the first one would be held in Bonn, delegates felt it was premature to finalize their travel arrangements for the second one. "Should I start looking for flights to Barcelona, Warsaw or somewhere else in Europe?" one was overheard. Some NGO participants looked relieved to hear rumors that even if one or both sessions might be "informal," observers could be welcome to attend at least parts of them.