



A Special Report on Selected Side Events at the Cancún Climate Change Conference

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Events convened on Friday, 10 December 2010

LULUCF Changes Required to Support Mitigation

Presented by Climate Action Network Canada (CAN-Rac)



Chris Henschel, CAN International, said the loophole in LULUCF must be closed.

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This event discussed the loopholes under LULUCF and possible solutions.

Chris Henschel, CAN International, explained that currently developed countries under the Kyoto Protocol are not obligated to account for emissions in the land use sector, which includes forestry. He said the emissions accounting gap must be closed to ensure developed countries account for all emissions from forestry. He referred to another loophole in the biomass and biofuel sector that accounts for cut wood but not burning. He called for these emissions to be accounted for because this practice emits a large amount of CO₂. He stressed that LULUCF should require mandatory accounting of all activities.

Henschel said his organization, which is made up of 500 civil society organizations, is urging parties in the negotiations to address the loopholes in LULUCF. He stressed that a baseline on historical emissions is needed in the emission accounting system, noting that some countries have chosen a point of emissions in the future as their baseline. He said past emission levels provide a more accurate measurement of emissions.

Henschel noted that some countries have chosen baseline years from the past wherein their emission levels were very high, instead of calculating an average from their historical levels. He explained that this gives countries the opportunity to increase their future emissions through for example, increased deforestation. He emphasized the importance of using average emissions during the Kyoto Protocol's first commitment period (2008-2012) as the baseline, as this is consistent with idea that emissions should decrease from the past, rather than increase.

Participants discussed the details of party commitments under LULUCF.

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Indonesia National and Provisional Low Carbon Growth

Presented by Indonesia

Amb. Rachmat Witoelar, Indonesia, delivered opening remarks stressing the importance of low carbon growth and explaining that the event would highlight Indonesia's plans in this regard. Amb. Hamdani Djafar, Indonesia, said his government has agreed to a 26% cut in GHG emissions by 2020 against business as usual (BAU), which could increase to 41% with the "right level of international support." He said his government has undertaken several studies to assess how Indonesia can continue to grow economically while simultaneously meeting these commitments.

Amanda Katili Noide, Indonesia, discussed the results of the Indonesian government's recent studies. She reported that 85% of Indonesia's emissions come from land use-related activities, explaining that most reduction initiatives will focus on slowing deforestation and the decomposition of peatlands, and on reducing clearing of land through burning.

Participants then discussed Indonesia's progress towards implementation of these initiatives. Deddy Hadriyanto, Indonesia, said in East Kalimantan the provincial government is creating emission reductions by reducing high impact logging, reducing degradation of peatlands, rehabilitating land and using zero-burn agriculture. Another participant then asked about the proportion of expected emission reductions between land use sectors. Doddy Sukadri, Indonesia, explained that approximately 56% of Indonesia's expected reductions will come from land use and forestry, and the remainder from energy, transport, agriculture and waste.

Other topics of discussion included, timing of NAMA crediting, strategies for involving local communities and methods for measuring reductions.



Amb. Hamdani Djafar, Indonesia, explained that the new Indonesian government report clarifies the importance of LULUCF in Indonesia's emission reduction strategy.

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What Has Carbon Trade Taught Us About Ecological Markets

Presented by Liechtenstein

This event discussed approaches to developing green markets. Sven Braden, Liechtenstein's Initiative of the Financial Centre in Emissions Trading (LIFE) Climate Foundation, explained that the event presented lessons learned from the carbon market.

Axel Michaelowa, Perspectives GmbH, described how after ten years, the CDM, has proven "attractive" with 5000 projects, while Joint Implementation and Emissions Trading have "stalled and failed." He emphasized the importance of strong market demand, and the need for clear incentives for the private sector and for reduced government interference in market trading.

Renat Heuberger, South Pole Carbon Asset Management, evaluated CDM achievements and challenges. He analyzed four CDM topics: environmental impact; co-benefits; MRV; and governance. He mentioned, *inter alia*: the increased number of methane collection facilities; the value of cookstoves; digital monitoring techniques for micro-hydropower; and the conflict between providing subsidies and ensuring additionality.

Richard Voegeli, University of Liechtenstein, compared microfinance and carbon market value chains, saying they both bring additional revenue to remote areas via small projects. He suggested linking these chains through a third party "enabler" who transfers funds from the carbon chain to the microfinance institution.

Marcel Hanakam, Greentech GmbH, discussed Assigned Amount Units (AAUs) and Green Investment Schemes (GIS). He said GIS can address surplus AAUs by channeling their revenues to green investments in the seller country. In the discussion, panelists commented on crediting NAMAs, among other issues.



Sven Braden, LIFE Climate Foundation, moderated the event.

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