

		Oregon Forest Carbon Stakeholder Work Group Desired Outcomes/Functions for Leakage				
		Administratively Simple	Measurable and Verifiable	Consistency with National & International Designs	Enforceability	Captures International Market Leakage
<b>Approaches to Leakage Forest Management Project</b>	<p><b>LEAKAGE ASSESSMENT</b> -- An assessment for the project that identifies the types of leakage that the project could incur. The assessment can identify project management controls designed to reduce or eliminate leakage as well as identify appropriate deductions in reported carbon offset benefits for the identified leakage. Usually includes a warranty and a description of the controls in place to ensure there will be no internal activity leakage. Can be done one-time at the time of project initiation, or conducted periodically over the project's duration. Could address <u>Activity and Market Leakage</u>. NOTE: This approach is designed to assess and account for leakage in the project's carbon accounting.</p>	Less so. Annual or periodic requirements to assess and adjust for leakage adds complexity.	Neutral. The assessment could call for a quantification of the leakage.	International and national standards for addressing forest management project leakage do not exist.	More so because the rigor behind an assessment lends itself to review and enforceability.	More so. Assessment should specifically analyze the potential here.
	<p><b>LOOK-UP TABLES (ADJUSTMENT FACTORS)</b> -- Leakage adjustment factors are pre-calculated and prescribed by the protocol based on the project meeting a set of pre-defined conditions. Addresses <u>Market Leakage</u>. NOTE: This approach is designed to assess and account for leakage in the project's carbon accounting.</p>	More so. Project developers just need to determine the set of conditions that fit their project and make the appropriate deduction in reported carbon offsets based on the factor provided.	Neutral. Implicitly, the look-up table was developed using measurable amounts of leakage. Use of the table is defensible to the extent the project fits within the parameters used to develop the table.	International and national standards for addressing forest management project leakage do not exist.	More so. Was the right look up table factor used?	More so. Necessary evaluation and research to explicitly estimate international market research could be conducted.
	<p><b>ENTITY REPORTING</b> -- Offset project developers are required to report their entire greenhouse gas emission footprint for the entity they are a part off in order to be able to report carbon offsets from specific projects. Address <u>Internal Activity Leakage</u>. NOTE: This approach is designed to assess and account for leakage in the project's carbon accounting.</p>	More so, once the entity is defined. Entire carbon footprint of the entity's activity responsible for the project must be calculated and reported.	More so. Most entity reporting protocols require the reporting of greenhouse gases based on measurements and subject to verification.	International and national standards for addressing forest management project leakage do not exist.	More so if controlling interests within the entity is defined and transparent.	Neutral. Disjointed or large entities covering different geographic areas could be managing their greenhouse gas footprint well, but the nature of their structure or locations could lead to unwanted indirect effects.
	<p><b>LEAKAGE MANAGEMENT ZONES</b> -- A defined zone around the project or entity boundary which in which countervailing implementation of the displaced practices defining the project is monitored. Addresses <u>External Activity Leakage by providing for those local needs that if unmet would cause the local community to conduct countervailing actions to the project</u>. NOTE: This approach is designed to assess and account for leakage in the project's carbon accounting.</p>	Neutral. Concept is simple, but determining the correct zone could be difficult.	More so. Provides a defined boundary to assess and measure leakage within.	International and national standards for addressing forest management project leakage do not exist.	Neutral. There is a defined zone where leakage needs to be tracked and accounted for on the structural side but this structure would be difficult to enforce.	Neutral. The leakage management zone would specifically need to be international in scope; but such a broad area would be difficult to monitor.
	<p><b>MULTIPLE BENEFIT PROJECT</b> -- Projects are appropriately designed to generate for the local community social, economic and environmental benefits beyond climate change mitigation. The presumption is that when local community needs are met by the project, risk with respect to permanence (by reversing the project itself) and leakage (countervailing actions outside the project) is reduced. Addresses NOTE: This approach is designed to avoid leakage altogether.</p>	Neutral. Multiple benefits addressed in the project ideally would have been identified in a pre-project leakage assessment.	Less so. The risk of leakage is assumed reduced or avoided. In addition, the added multiple benefits are not necessarily measured and reported so it is not necessarily known or verified that they occur.	International and national standards for addressing forest management project leakage do not exist.	Less so. Multiple benefits are presumptions to occur more than contractual obligations.	Less so. Designed to address leakage driven by local or regional demands.
	<p><b>REQUIREMENT FOR ACTIVE FOREST MANAGEMENT FOR TIMBER HARVEST</b> -- Landowners document that one objective of their management is to provide for sustainable harvest of timber for forest products at a rate approximate to the harvest rate for their geographic area. This is a special case of the Multiple Benefits Project approach. Addresses <u>External Activity Leakage specific to the Displacement of Timber Harvest</u>. NOTE: This approach is designed to avoid leakage altogether.</p>	More so. Deflects the concern about leakage through displaced timber harvest by explicitly meeting local or regional demands for timber.	Less so. The risk of leakage is assumed reduced or avoided. Requiring reporting of actual timber harvest may be considered proprietary so verifying this condition could be difficult.	International and national standards for addressing forest management project leakage do not exist.	Neutral. How can you require a landowner to harvest a prescribed amount? The intent is to enforce the provision but the reality is it will be landowner choice when and how much to harvest.	More so. Captures international leakage unless the entity is large enough to influence international markets.

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