CAR Mexico Forest Stakeholder's Working Group
Baseline and Leakage Subcommittee

Presentation of Leakage Considerations

September 29th, 2010

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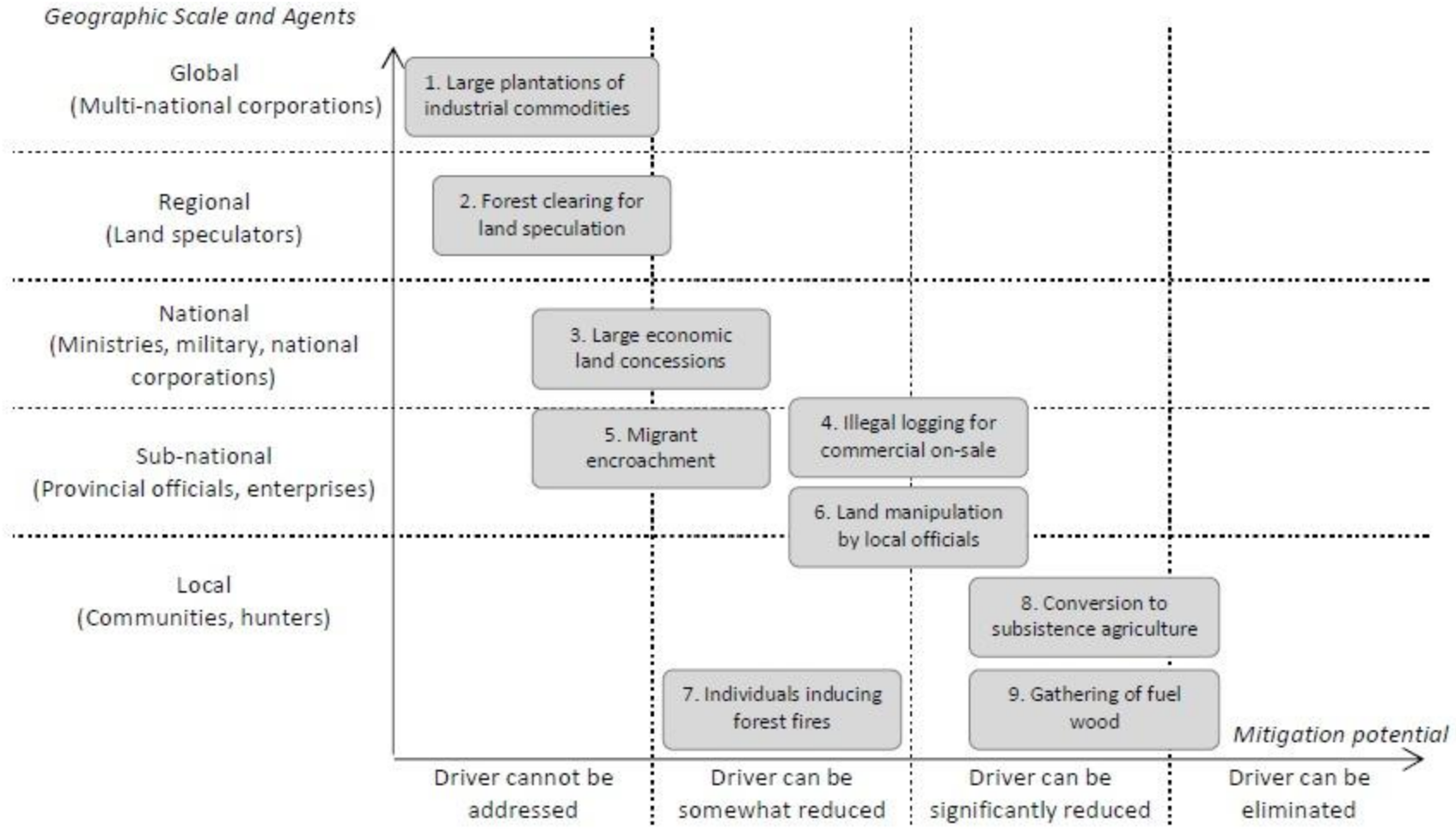
Summary of Previous Technical Comments

- The Reserve strives to develop protocols that are "standardized" in nature, meaning they apply standardized factors and eligibility rules to the extent possible while maintaining sufficient rigor and accuracy.
- Current standardized approach in CAR possible in the US, where there is considerable scientific and academic literature available to parametize models and equations
- With less studies available in Mexico, project proponents will have to gather primary data to quantify GHG removals and emission reductions (esp. for quantifying leakage and common practice baselines). The Mexican Protocols will have to contain more guidance on acceptable data collection and analysis methods
- Among the critical areas where CAR will need adaptation is a re-assessment of the activity shifting leakage deduction factor
- The leakage risk may vary significantly depending on not only the risk of deforestation, but also the driver underlying that risk.
- As an initial step, the group will work on fleshing out the baseline drivers and available standardized data, and will subsequently use that as a jumping off point to assess differentiated levels of expected leakage.

Geographic Scale and Agents of Drivers of Deforestation



Geographic Scale of Effectiveness of Project Actions

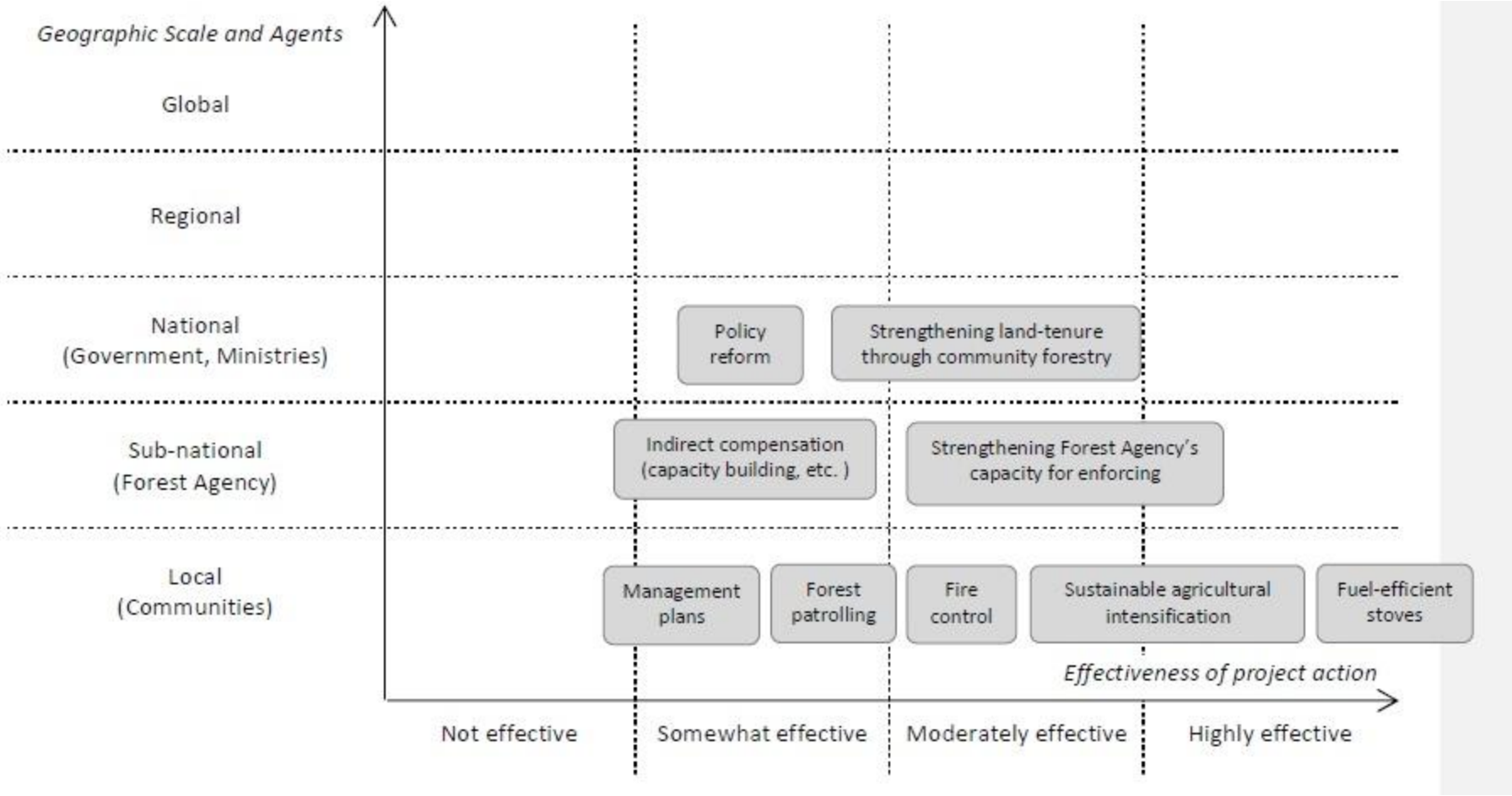


Table to Systematize Understanding of Deforestation Drivers (Example 1)

Name of Driver	Slash-and-burn agriculture
Immediate cause of deforestation	Agricultural production
Agent of Deforestation (who is deforesting?)	Local communities
Underlying Cause (why do people deforest?)	Poverty and lack of agricultural inputs
Geographical scale of driver	Local (<10 km)
Potential for mitigation	Agricultural intensification
Potential for leakage	Small if yields are increased on existing land

Table to Systematize Understanding of Deforestation Drivers (Example 2)

Name of Driver	Legal Logging Concessions
Immediate cause of deforestation	Economic attractiveness
Agent of Deforestation (who is deforesting?)	Private organizations
Underlying Cause (why do people deforest?)	(International) Demand for timber
Geographical scale of driver	Regional/National
Potential for mitigation	Low: timber demand is fairly inelastic, unless timber is produced on plantations
Potential for leakage	High, unless timber is produced on plantations

Examples of Leakage Issues in Protocol

CAR Protocol Reference	Issue Identified	Recommendation
Table 5.2 Improved Forest Management Projects. SSR AC-13.	The Protocol assumes that leakage for avoided conversion can be measured using default forestland conversion factor.	In some cases leakage might be significant and cannot be measured using the default conversion factors. It is recommended that that leakage be measured explicitly and there be a literature review to determine conservative forestland conversion factors relevant for Mexico
Equation 6.1.	This equation represents a market leakage discount factor.	It is not clear that a similar factor can be used in Mexico. Background research is necessary
Figure 6.3. Leakage Risk Assessment Figure.	Not applicable outside CA. There may be other activities displaced other than grazing, including fuelwood collection.	A standarized approach may be difficult. A literature search of all goods/services provided by Mexico's forests may be necessary, with leakage risk and quantification methodology analyzed for each.
Section 6.3.5 Quantifying Secondary Effects (leakage) for Avoided Conversion Projects.	The Protocol proposes using conversion displacement risk values by region/state.	It should be determined whether a standard factor approach is feasible in Mexico , by conducting a thorough literature review.

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Gracias!
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