How it WORKS:

IFM projects receive credits in up to 3 possible ways:

1. **Enhanced Sequestration** projects increase future harvests by planting faster-growing trees or managing in other ways to increase harvests.
2. **Enhanced Wood Products** projects increase harvests above baseline by growing faster-growing trees or managing in other ways to increase harvests.
3. **Baseline Wood Products** projects increase baseline harvests above baseline by growing faster-growing trees or managing in other ways to increase harvests.

The LEAKAGE ISSUE:

Leakage occurs when project harvests are lower than baseline harvests. This can happen due to changes in management that increase harvests above baseline. Projects with leakage must account for this risk in their project design.

The Protocol’s SOLUTION:

The Protocol’s solution to leakage is to use a standardized baseline, which represents business-as-usual harvests. Projects must commit to baseline levels and contribute additional carbon sequestration to account for leakage.

Potential Baseline Scenarios:

- **Baseline Harvest (Perpetual)**: A representation of business-as-usual for the project, which is based on an analysis of legally-binding and financially feasible criteria, and a performance standard which is a statistic of average carbon stocks within a forest area’s carbon inventory.
- **IFM Project Scenario**: IFM includes activities such as improved forest management (IFM) projects. Offset crediting for IFM projects relies on a performance standard comparing the forest project area’s carbon inventory to the average carbon stocks within a forest community.

The cumulative analysis through periodic monitoring, reporting, and verification removes the risk of leakage.

Discount factors apply to future harvests to reflect the probability over the 100-year project life. The leakage deduction pool, which is the difference between baseline and project cumulative harvested wood products, must be committed to carbon sequestration.