

Pre-sessional workshop on forest management accounting

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Forest Management Accounting: Overview

- The workshop on forest management accounting was held on Friday, July 30th, and attended by more than 100 Parties and around 15 observers.
- Only EU presented revised reference levels, while additional information to clarify previous submissions was presented by Japan and Switzerland. Tuvalu and CAN International presented assessment of different options in the table.
- The workshop responded to the need to ensure the **environmental integrity** of the Protocol **when defining the rules for LULUCF**, in particular in **accounting for forest management** since this activity stands to make the greatest contribution from the sector. This remains a **key concern** and was underlined by Parties as of the **utmost importance**.
- Emphasis was placed on:
 - **Environmental integrity**
 - **Transparency**
 - **Accountability**
 - **Need for confidence about the accuracy of data.**



Forest Management Accounting: Options

- In relation to **reference levels based on projections** versus **other accounting options**, such as using **different historical periods** (particularly the period 1990-2008 and the first CP) or even a particular year it was expressed that:
 - Compared to projected reference levels, the use of a **historical period as a baseline reference could be more reliable**, given that there is no assurance that assumptions included in the projection will be realized in the future. It was also expressed that longer reference periods would be better, since **picking single year may be less representative**.
 - Reference levels based on projections would **better reflect national circumstances and could provide necessary incentives** for the sector to contribute to mitigation while promoting sustainability.
 - For reference levels to gain acceptance as an accounting option, a **balance between the aim to address national circumstances and the need for transparency, comparability and consistency is key**.
- **Other options** were mentioned, including the use discount factors, but were not addressed in depth.

On other issues related to Forest Management Accounting

- How to address **extreme events** (*force majeure*) was a recurrent issue raised by Parties -particularly how it can be addressed, the magnitude of the threshold, and ensuring consistency in the accounting.
- The use of a **cap for forest management** was also discussed in the context of facilitating the discussion on reference levels, including how it could be constructed in a fair way.

Implications for the discussion on numbers

- **In aggregate, numbers have not substantially changed**, but the presumptions behind them have become clearer and the options for addressing remaining gaps are also emerging.
- Therefore, the **potential annual contribution** from the LULUCF sector to Annex I aggregate emission reductions of **around 1.0 GtCO₂e**, corresponding to **ca. 8% of the Annex I aggregate emissions in 1990**, noted in document FCCC/KP/AWG/2010/INF.1 (paragraph 22), **did not change as a result of the revised figures**. This still depends on the rules and approaches adopted for LULUCF.
- The revision to the reference levels proposed by the EU and its Member States presented at the workshop –amounting to an expected increase of the annual sink of around 3 MtCO₂e- implies a minor change in their aggregate number, but **the change might be more significant for individual countries**.

THANK YOU

