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## **SUMMARY OF COMMENTS & RESPONSES DRAFT MEXICO FOREST PROTOCOL VERSION 1.0**

13 sets of comments were received during the public comment period for the Climate Action Reserve (Reserve) draft Mexico Forest Protocol Version 1.0. Staff from the Reserve summarize and provide responses to these comments below.

The comment letters can be viewed in their entirety on Reserve's website at <http://www.climateactionreserve.org/how/protocols/mexico-forest/>.

### **COMMENTS RECEIVED BY:**

1. Center for Biological Diversity (CBD)
2. Centro de Investigaciones en Geografía Ambiental, Universidad Nacional Autónoma de México (CIGA-UNAM)
3. Comisión Nacional Forestal (CONAFOR)
4. David Patrick Ross (Ross)
5. EcoLogic Development Fund (EcoLogic)
6. Elsa Esquivel (Esquivel)
7. Natura Proyectos Ambientales (Natura)
8. New Forests Inc. (New Forests)
9. Rainforest Alliance (Rainforest Alliance)
10. Scientific Certification Systems (SCS)
11. Stanford Environmental Law Clinic (Stanford ELC)
12. Terra Global Capital (Terra Global)
13. The Carbon Basis Company Ltd (Carbon Basis)

## Table of Contents

General Comments .....	3
Project/Jurisdiction Reconciliation .....	7
Eligibility .....	9
Social and Environmental Safeguards .....	17
GHG Assessment Boundaries .....	19
Additionality .....	22
Quantification .....	25
Baseline Development .....	37
Secondary Effects (Leakage) .....	42
Permanence .....	45
Verification .....	52

## General Comments

1. A thorough review of the Mexico Forest Protocol is impossible at this time, because the Protocol is incomplete in key sections, contradicting the Reserve's internal policies. The Reserve has committed itself to a “rigorous, open, and comprehensive process” for protocol development. Once completed, all Reserve protocols must adhere to general project accounting principles, including transparency. Crucially, approved protocols should provide “[s]ufficient information ... to allow reviewers and stakeholders to make decisions about the credibility and reliability of GHG claims with reasonable confidence.” As discussed in our comments, however, the draft Protocol does not disclose any of the parameters used to generate baseline scenarios, or any of the parameters that establish leakage risk factors, among other matters. Because these data are crucial to evaluating the credibility of the draft Protocol’s methodology, the draft Protocol is incomplete and requires further work followed by a second round of public comments.

Substantial portions of the draft Protocol are incomplete, including but not limited to Sections 3.1 to 3.9. **[See Stanford ELC public comment for references and details about incomplete sections of the protocol.] (Stanford ELC)**

**RESPONSE:** The draft protocol intended to use trend data generated from Mexico’s national inventory for each of Mexico’s UMAFORs (Forest Management Units). This has been modified in the updated protocol since credits will be issued for enhancement activities only. Baselines are developed in the updated protocol based on calculated risks, as evidenced by forest area previously converted and degradation to existing forests based on canopy cover and size/age of trees. These estimates are derived from site-specific analysis. Hence, it was not possible to provide the requested data prior to conducting the analysis. This method is consistent with assessment of risks being discussed in Mexico by academics affiliated with Mexico’s Forest Commission (CONAFOR).

2. According to your website, the Reserve intends to finalize the Protocol by May 2012. This timeframe is incompatible with a public review of a complete version of the draft Protocol. **(Stanford ELC)**

**RESPONSE:** The development of the protocol occurred at a slower pace than intended due to the emergence and development of many parallel efforts. Mexico has seen the approval of a national climate law and a related Norma Mexicana (for forest projects), the initiation of an ‘MREDD’ process with funds from USAID, ongoing discussions within internal stakeholder groups discussing REDD, as well as the draft of the recommendations from the REDD Offsets Working Group. The Reserve has strived to be collaborative and relevant to these many moving pieces. The current version has been drafted with consideration of the comments received from the first draft of this protocol as well as consideration for the ongoing developments within Mexico, and will be subjected to yet one more round of public reviews.

3. A thorough review of the Mexico protocol is impossible at this time, as it is incomplete in key sections, including sections and factors that should have significant implications for the implementation and integrity of forest projects. These include, but are not limited to, the following sections: 3.11, 8.2, 8.2.2, 9.1.1, 10.1, 11.2.4.1 (52-55), 11.2.4.1.2 (54), 11.2.5.2 (57), 11.2.4.1.2, and 11.2.4.1.1 (Table 11.1). **[See CBD public comment submission for section**

**details.] (CBD)**

**RESPONSE: Many of the referenced sections in the comment are summary data or coefficients for biomass equations. While some of the sections in the protocol have been removed that required such data (UMAFORs, for example), there remains a need to develop and/or acquire data and biomass equations for individual projects to proceed. The policies to which these data and coefficients are linked are the items that require critical public review and have been available.**

4. En general me parece un esfuerzo muy importante considerando el tiempo que tuvieron para su elaboración, dentro de mis comenatrios solo quisiera agregarte que:

1. Incluir en cuadros indicativos información resaltante puede ser útil
2. En donde se sugieren fases, como es el monitoreo, puede ponerse en un cuadro para una interpretación más sencilla.
3. En el caso de CAR como se va "Asegurar" la permanencia de los 100 años?
4. La distribución de riesgos, quizás valga la pena dar más explicación sobre la manera en que se define la ecuación, así como la manera en como se obtuvieron los valores, ya que si no son claros pueden ser injustos para los productores y provocar desplazamientos de emisiones.

**(Esquivel)**

**RESPONSE: Thank you for your comments. In response to the numbered comments:**

- 1,2: The updated protocol has made a considerable effort to present the requirements and guidance in a form that is as clear as possible.**
- 3. The requirement for 100 years permanence is challenging for many. The Reserve feels that the 100-year requirement is necessary to ensure integrity of the credits produced. Furthermore, mechanisms to secure 100-year permanence through contractual agreement in Mexico have not been identified. Therefore, the Reserve has developed a method to provide credits to projects based on the portion of 100 years the project can secure the credits. Ejidos and communities are able to contract for up to 30 years. The updated strategy is designed to recognize this limitation.**
- 4. The updated protocol has adjusted the section on unavoidable reversals. Additionally, the updated protocol has included a buffer pool provision to insure projects against unavoidable reversals. The values used for the risks are estimated conservatively to ensure the Reserve will be able to cover any unavoidable reversals.**

5. En la traducción usar rodales en lugar de "stands," es un termino en castellano equivalente que funciona de la misma forma.

En la Pagina 40 del protocolo en español en lugar de curso pusieron cursos. **(Natura)**

**RESPONSE: Thank you for the recommendation.**

6. The MFP appears to use the term "should" interchangeably with "must" and "shall". However, the term "should" does not always indicate a commandment in protocol language. It is highly recommended that all uses of the term "should" within the MFP be re-examined. If the term is used in a context where a requirement is being stated, the protocol developers should consider replacement of the term with "must" or "shall". These terms should also be explained somewhere in the protocol to allay confusion regarding whether the project proponent is being

required to perform a certain action or simply *advised* to perform that action. **(SCS)**

**RESPONSE: The revision has been checked to ensure required elements of the protocol are addressed with appropriate command language.**

7. The standard is obviously intended to integrate with upcoming regional and national nested initiatives. This is certainly a good thing to be aiming for. However, it can make the standard a little unclear to read. Whilst at the start of the protocol there is a discussion about nested schemes, it then keeps coming up in many sections. For example, in section 10 it is stated that only, “interim guidance” is given. This is could be disconcerting for developers who will see that they have to anticipate changes over an uncertain time horizon. **(Rainforest Alliance)**

**RESPONSE: While it is impossible to anticipate the evolution of REDD+ in Mexico and how nested projects will be accepted in jurisdictional programs, the delay in completing the protocol was due to ensuring greater assurance that project-related activities would be enabled and supported by the developing REDD+ program. Mexico has made considerable progress in moving forward with assurances that project activities that support enhancements will be part of a future REDD+ program. The introduction to the updated protocol retains the discussion related to benefits associated with jurisdictional programs. References to the protocol as interim guidance have been removed.**

8. I notice that of the 5 REDD+ elements, the protocol does not include conservation as an option, the reason for this should be explained. (Section 2.1, pg.6) **(CIGA-UNAM, CONAFOR)**

**RESPONSE: The updated protocol provides benefits for activities that lead to increased carbon inventories above the project’s baseline. Conservation, if defined as management activities that ensure natural ecological processes are sustained and/or increased, wherever those activities are not required by law, is absolutely allowed and encouraged in the protocol. The issuance of credits commensurate with the benefits associated with avoided conversion activities, as a conservation activity, is not allowed. This is consistent with advances in the development of a REDD+ program in Mexico.**

9. Section 2.1: The list of eligible management activities (1-9) is noticeably absent of any activities that address drivers of deforestation. Why is “reducing deforestation through x, y, or z” not included in this list? **(Rainforest Alliance)**

**RESPONSE: The updated protocol has removed avoided emissions activities from the suite of eligible activities. Only enhancement activities are allowed. Therefore, this comment is no longer relevant.**

10. There is a lack of guidance on how to do accounting for specific project types (avoided deforestation vs. tree planting vs. Improved Forest Management). For example, how are average stocks calculated for rotational forestry projects? How does this affect crediting? **(Rainforest Alliance)**

**RESPONSE: The updated version will only consider enhancement activities for crediting. Avoided deforestation will not be addressed in this protocol as Mexico is making strides to address avoided deforestation at the jurisdictional scale. With regards to enhancements, the protocol enables a variety of enhancement activities to be accounted for within one project. Activity Areas (areas where explicit activities that increase carbon stores occur) must be geo-referenced and the activities within them described, but the**

**accounting for the project will be based on aggregate stocks for all Activity Areas. Areas within the ownership outside of the Activity Areas must be accounted for in order to ensure sustainability.**

11. Section 2.1: Will “urban tree planting” (number 8) require an additional protocol as is the case in the U.S. Reserve FPP? **(Rainforest Alliance)**

**RESPONSE: Planting within urban areas is an eligible activity within the Mexico Forest Protocol and can be accounted along with other enhancement activities under one project.**

12. Section 2.1: Number 2 in this list is stated as “Increasing the forest productivity by thinning diseased and suppressed trees.” This may inadvertently create a loophole for unsustainable practices, so we suggest that the term be further defined in a footnote to avoid allowing any potentially unsustainable forest management practices. **(Rainforest Alliance)**

**RESPONSE: The bulleted item was modified to identify the retention of healthy vigorous trees (instead of retention of suppressed trees) for the general growing stock.**

13. The implications of the following requirement are not clear: “The Project Area must be limited to one forest management unit (Unidad de Manejo Forestal, UMAFOR).” (pg.14)

Does this mean that two projects are required for two forest management units? Do the benefits of requiring this to the Reserve outweigh the additional costs incurred by a project? **(Rainforest Alliance)**

**RESPONSE: The use of UMAFORs has been removed from the updated protocol. UMAFORs are in varying degrees of development and alternative broad management boundaries may be defined through REDD+ policy developments in Mexico. UMAFORs were to be used to assist in the development of baselines that considered avoided emissions. The protocol now limits project eligibility to enhancement activities.**

14. There appears to be an inconsistency between sections 5 and 9.1. Section 9.1 states that projects may extend beyond one UMAFOR, while Section 5 states that the Project Area must be limited to one forest management unit (Unidad de Manejo Forestal, UMAFOR). I recommend that projects be allowed to extend beyond one UMAFOR. **(Ross)**

**RESPONSE: Please see the response to Comment 13.**

15. It should be explicitly mentioned in Section 5 that the boundaries also need to correspond with required legal ownership documentation in Section 3.4 **(EcoLogic)**

**RESPONSE: The updated protocol clarifies that the documentation of legal ownership needs to correspond with project documentation.**

16. Section 12.1, Section 2 ELIGIBILITY CRITERIA, 2.3 Description of how the project complies with the social and environmental safeguards: This section should refer to an annex of minimum of compliance with CCB standards. **(Rainforest Alliance)**

**RESPONSE: The updated protocol provides environmental and social safeguards directly in the protocol, replacing the requirement for CCB or FSC certification.**

**Workgroup members encouraged us to address specific issues as safeguards to ensure the protocol was relevant to Mexico and to strive to be as cost-effective as possible in meeting safeguards.**

17. Section 13: “The following items are included in the Monitoring Worksheet...” Shouldn't the project activities be included in the monitoring worksheet?

What about confirmation of or modification to project boundaries?

Also, a requirement for internal quality assessment/quality control of at least 10% of the monitoring plots and a requirement of inclusion of results in the monitoring report? This requirement can greatly improve accuracy in between infrequent verification events and may also lower the cost of verification. **(EcoLogic)**

**RESPONSE: A Monitoring Worksheet and verification guidance will be produced now that the updated protocol is nearing completion. The Reserve will create monitoring and verification tools that aim to standardize reporting and make verification more straightforward, and therefore, more cost-effective.**

18. The glossary should include the terms: “Standards” and “Indicators – Agreed list of quantitative markers for monitoring progress towards desired goals and targets.” **(Rainforest Alliance)**

**RESPONSE: The entire protocol establishes a set of standards. Standards in the protocol are identified as required criteria. The monitoring systems required in the protocol are designed to provide evidence of the project’s success in meeting the requirement criteria, some of which are established as a trend.**

19. A list of resources cited in the protocol would be highly recommended. Example: CCBA standards [http://www.climate-standards.org/standards/pdf/ccb\\_standards\\_second\\_edition\\_december\\_2008.pdf](http://www.climate-standards.org/standards/pdf/ccb_standards_second_edition_december_2008.pdf) **(Rainforest Alliance)**

**RESPONSE: The protocol has been updated to include references for all citations such as these.**

## **Project/Jurisdiction Reconciliation**

20. Meshing project-level carbon credits with those at the jurisdictional level is a major problem. The difficulty (as noted in the Protocol) is that projects located within a jurisdictional area cannot claim more than the net achievements of the jurisdictional area. It is quite possible for a situation to arise in which say 10 projects between them achieve carbon savings of 100,000 tons while their jurisdictional area, which includes many non-project areas, might achieve only a net of 50,000 or indeed it might even have a negative result compared to its baseline. This makes the position of projects very insecure indeed, as for accounting purposes they are essentially the unwilling and powerless who are ‘responsible’ for losses elsewhere in the system.

One way that we have been suggesting to overcome this problem is to assign any credits due to reduced deforestation to the jurisdictional level only, and the forest enhancement credits (which can be concretely measured in situ at the level of individual parcels under management) to the

owners/managers of such parcels only. This creates two clearly separate fields of crediting, avoiding the problem of how to settle accounts. This leaves the question of to where credits for reduced degradation should be attributed. If a credible baseline for degradation can be constructed at the level of the individual management parcel, it would make sense to attribute these credits also to the owners/managers. The question of rights to carbon credits is however currently (January 2012) being discussed under the ENAREDD+ process, there is as yet no agreement on the solution proposed above. **(CIGA-UNAM)**

**RESPONSE: CONAFOR clarified that individual landowners, including ejidos and communities, have rights to sell carbon benefits associated with enhancement activities. Avoided emissions, on the other hand, cannot be owned, and/or transacted by individual landowners. The protocol has been modified to address this clarification and enables crediting for enhancement activities only. Avoided emissions accounting will be relegated to the jurisdictional scale. It is generally agreed upon that reconciling discrete project activities that account for enhancement activities do not present significant accounting challenges.**

21. It is understood that the current guidance is designed to reduce GHG emissions at the project scale, and that the guidance will evolve as it is incorporated into broader accounting frameworks at the national and sub-national level in Mexico, and that the intent is to embed this protocol in jurisdictional mechanisms as they are developed. As suggested in Section 1.2 it would be helpful for the protocol to provide guidance on questions about the crediting pathway, baselines and reconciliation, scope, liability and risk-sharing, and safeguards. Without guidance on how these elements will change in the protocol, and how CRTs issued are likely to increase or decrease, when project level accounting is imbedded in jurisdictional accounting, it will be difficult to incentivize project developers to use the protocol. We would strongly suggest that it is made clear that once a project is registered, the current accounting procedures will remain valid, so that project developers have absolute certainty on the volume of credits that can be attained. A standard that will evolve and may change accounting procedures for projects that are already registered will be very unattractive for many project developers and investors. **(Terra Global)**

**RESPONSE: As noted in previous responses, the updated protocol will not provide guidance to address emissions avoided at the project scale. There are likely many unforeseen tools that will become available with broader accounting frameworks that may facilitate more cost-effective approaches to meeting some of the protocol requirements, including monitoring. The shift to accounting for enhancements only avoids some of the risks mentioned in the comment by simply avoiding the translation from project-level accounting of emissions avoidance to jurisdiction-level accounting. We believe accounting for project-level enhancements will continue to be supported as Mexico develops its REDD+ policies.**

22. Although Section 3.9 of the MFP indicates that baselines are only valid for 20 years and it is therefore indicated that the baseline must be re-assessed after 20 years should the crediting period be renewed, it is not clear how the project proponent is intended to re-assess the baseline. Section 9.3 of the MFP states “Until jurisdictional baselines and crediting terms are developed, project baselines will be defined by the 20-year value (Step 5 in Worksheet 9.1) that has been adjusted for legal constraints and is standardized as a flat line drawn to the project start date.” This language indicates that the approach laid down in Section 9 for baseline assessment may no longer be valid once “jurisdictional baselines and crediting terms” are developed, but provides no further explanation. **(SCS)**

**RESPONSE: The revised protocol has clarified the 20-year crediting period. The baseline is designed to address enhancements only. Avoided emissions will be tracked at the jurisdiction scale. The guidance for baselines and crediting periods has increase security since they are no longer subject to modifications at the jurisdiction level. Additional clarification language has been provided to address the criteria for updating baselines at the end of each crediting period.**

23. You should explicitly mention that this protocol does not account for potential credits from LULUCF jurisdictional policy changes rather than project activities. SAGARPA policies are a potential contributor to deforestation in Mexico. **(EcoLogic)**

**RESPONSE: The updated protocol has made it clear that project credits will be issued for enhancement activities only.**

24. “Additionally, extra consideration may have to be provided to both environmental and social safeguards in crediting some “+” activities in a jurisdictional “REDD+” scheme.” (pg.4) This is a strange point that needs elaboration if it is going to be retained. What is the extra consideration required for “+” activities that are not already considered as CAR forest protocol eligible activities? **(EcoLogic)**

**RESPONSE: Explicit guidance for environmental and social safeguards has been inserted directly into the updated version of the protocol.**

## Eligibility

25. The eligibility condition that the Protocol only accepts projects being designed under a REDD structure is limiting. At this point, the Protocol should also include states in Mexico that have other REDD initiatives, such as State Action Plans for Climate Change. **(CONAFOR)**

**RESPONSE: This criterion has been eliminated from the updated draft since the protocol has been modified to account for enhancement activities only. Mexico is in the process of addressing avoided emissions from the forest sector at many levels, including nationally.**

26. The protocol should consider the maximization of benefits from the projects, in order to do so, criteria should consider:
1. Jurisdiction: States that demonstrate the reference levels of deforestation and degradation and enabling conditions, through an effective REDD+ strategy. **(Rainforest Alliance)**

**RESPONSE: The updated protocol has been edited to address enhancement activities only. This has eliminated the need to link project activities with jurisdictions that are involved in discrete REDD+ planning**

27. Section 3.2, Jurisdictions: Will the Reserve maintain a list of approved jurisdictions within Mexico? **(Rainforest Alliance)**

**RESPONSE: The criterion that projects are eligible only within approved jurisdictions has been removed. Please see previous responses.**

28. Section 3.3: Since a “Forest Owner” cannot be government agency and land owned by federal, state, or local government is not eligible, then how might this negatively affect public lands’ management and thus negative offsite impacts to carbon projects?

More specifically, how might these eligibility requirements affect leakage, if more funds are available for activities that stop degradation/deforestation on privately or communally-owned lands, isn’t it likely these actors may shift activities onto government owned lands and these will come under increasing threat as surrounding lands are better protected? **(Rainforest Alliance)**

**RESPONSE: The issue of additionality on public lands has not been sufficiently studied to allow inclusion of public lands at this time. Additionally, most forest lands in Mexico are in private ownership of some sort.**

29. Section 3.3: In the second paragraph, the MFP states that Forest Owners may “engage an independent third-party project developer.” It is not evident why the distinction is made or the significance of an “independent third-party” when it comes to project developers. Independent from what? **(Rainforest Alliance)**

**RESPONSE: The term ‘independent third party’ is intended to identify contracted parties assisting the Forest Owner. They are simply independent from the Forest Owner. The term ‘independent third-party’ has been stricken from the reference as it is sufficiently clear that the project developer is not the Forest Owner.**

30. Sections 3.3 and 3.4 must be based on the legal accreditation process that is already established in the ProArbol Rules of Operation, both in regards to land as well as the various identification credentials. The requirements are already well described. **(CONAFOR)**

**RESPONSE: The ProArbol Rules of Operation are the basis of the guidance in the protocol. A reference to the ProArbol Rules of Operation has been added for clarity.**

31. Section 3.4: We note that the MFP should recognize that certain groups of socially disadvantaged persons may have less ability to produce required documentation and we hope that appropriate steps are taken to safeguard a level playing field so all who are involved in forest use and management can be eligible.

We would hope that those who wanted to be eligible could comply with requirements to apply without barriers that prevent equitable access to the benefits this program will bring, especially for the poorest, women, and indigenous groups who may be most vulnerable to climate change, and most dependent on forest resources for their survival. **(Rainforest Alliance)**

**RESPONSE: While the protocol cannot modify existing law and culture with regards to ownership and rights within ejidos and communities, the protocol has added explicit requirements and monitoring criteria to ensure that vulnerable groups are able to participate in meetings (required). Additionally, the Reserve will pursue opportunities for outreach and capacity building.**

32. Section 3.4: Since project risk assessments and baselines are developed from data associated with Forest Management Unit (Unidad de Manejo Forestal, UMAFOR) reports, only projects within UMAFOR boundaries that have completed an initial assessment and have received approval from CONAFOR are eligible.

This requirement could create burdensome bottlenecks and limit access. The program may fall subject to the whims of changing political regimes. This is a serious potential weakness. There needs to be an alternative independent mechanism existing outside of government, in case a change in political or economic climate limits funding or eliminates these agencies, in order for this program to be able to continue un-interrupted. **(Rainforest Alliance)**

**RESPONSE: Please see the response to Comment #25.**

33. I suggest adding a separate list of the documents required for *ejidal* parcels with corresponding parcel certificates. Their requirements should not be the same as for communal *ejido* lands. For example, requirements #1 and #2 do not apply. **(Ross)**

**RESPONSE: The updated protocol has made some improvements with defining ownership categories. We will continue to refine the definitions and related requirements during the pilot phase of the protocol.**

34. Footnote number 10 does not provide sufficient detail. How will the eligibility of property holders that legally possess their land but do not have a property title in their own name be assessed for eligibility case by case? Who will do this assessment, when and using what criteria? The use of certificates of legitimate possession issued by municipal authorities was a recommendation of the aggregation committee of the stakeholder workgroup in order to make this protocol more accessible to people living in conditions of poverty in Mexico. Not including this option will reduce participation. **(Ross)**

**RESPONSE: The footnote has been modified to identify an affidavit supporting the claim of ownership from the municipality or appropriate government agency.**

35. Projects that do not involve harvesting of forest products may not require a forest management plan under Mexican law. Establishing this as a requirement in all cases will create additional costs and further reduce participation of people living in conditions of poverty. **(Ross)**

**RESPONSE: The forest management plan was a requirement considered in the first draft to assist in ensuring permanence. The requirement has been removed as the updated version has an approach to permanence that strives to be more inclusive.**

36. In addition to SEMARNAT's requirements, the Reserve will require that the management plan include a "carbon plan" that clearly states the rights of the Forest Owner with regards to forest carbon and their ability to engage in transactions, and acknowledges the Forest Owner's participation in the Reserve's program. (pg.9)

It is important to clarify what is meant by the Carbon Plan within the Forest Management Plan. Does it only refer to the need to modify the project activities for carbon quantification or does it refer to the sub-zoning of areas exclusively for increases in carbon within a management plan? **(CONAFOR)**

**RESPONSE: The requirement for a forest management plan has been removed from the updated version of the protocol. There is no longer a need for to clarify the ownership of carbon within a management plan since considerable clarity now exists in Mexico with regards to the ownership of carbon. The protocol has been updated to recognize enhancement benefits only at the project scale to align with the clarified policy in Mexico.**

37. Sections 3.5 and 11.2.2 of the MFP mention the requirement for Forest Management Plans to also include a “Carbon Plan.” Since this requirement is from the Reserve and will not be overseen by SEMARNAT, please provide guidance for the verifier about what components should be included in the Carbon Plan as well as how conformance to these requirements should be evaluated by the verifier. **(SCS)**

**RESPONSE: Please see the responses to Comments 35 and 36. The protocol will not require that a management plan be approved as part of an eligibility requirement.**

38. Section 3.5: This section states that “management plans must be prepared by a legally qualified professional forester,” however, the term “legally qualified professional forester” is not defined. Please provide specific guidelines about the requirements of a qualified “professional forester.” (e.g. legally approved in Mexico, sanctioned/approved by whom?). **(Rainforest Alliance, SCS)**

**RESPONSE: The term has been removed since there are no formal accreditation processes for professional foresters in Mexico. Additionally, the protocol has been updated with an increased level of standardization in an effort to ensure professional quality project development through the use of the protocol guidance. This is intended to ensure adequate rigor and manage project costs.**

39. We have seen before that resorting to registered professionals and accreditations increases costs of compliance considerably, when it is quite possible for other practitioners and communities to conduct inventories and develop management plans without formal accreditations. The MFP should consider other suitable alternatives to produce an acceptable carbon plan. **(Rainforest Alliance)**

**RESPONSE: Please see the response to Comment 38.**

40. Section 3.6: This section requires the verifier to adjudicate whether a project “is in a state of recurrent non-compliance or non-compliance that is the result of negligence or intent.” Recurrent non-compliance should be defined quantitatively (e.g. >N occurrences of non-compliance within 10 years). In addition, negligence and intent are legal standards that are adjudicated in a court of law or by a governmental administrative body. The Reserve should not place verifiers in the position of judging the existence of negligence or intent when a court has not yet found such negligence or intent. Verifiers should be tasked with the factual documentation of whether a court or other administrative body has found negligence or intent in the event of material non-compliance by the Forest Owner with any applicable law affecting the project activity or project area. This is readily ascertainable for a third-party verifier. Requiring a verifier to take on a quasi-judicial function is ill-advised in our opinion, and may be in contravention of applicable Mexican law. **(NewForests)**

**RESPONSE: Material non-compliance has been defined to include only those illegal acts, for which the Forest Owner has been prosecuted, that impact forest stocking, diversity, and or conservation efforts. The term ‘recurrent’ has been removed from the protocol. All acts of material non-compliance result in suspended issuance of credits for the monitoring year in which the illegal activity was prosecuted. The refined guidance is better suited to verification oversight.**

41. Section 3.6: This section refers to instances of material non-compliance of the project with any law. How is “material” defined in this context? Is this up to the professional judgment of the verification body? It would be necessary to clarify how material non-compliance with regulations

is determined and who has the responsibility/liability for assessing compliance. **(Rainforest Alliance)**

**RESPONSE: Please see the response to Comment 40.**

42. Section 3.8: The section that describes the date of project initiation is confusing. Does it mean that the amount of accumulated carbon determines when the project starts? Can you please clarify this point? **(CONAFOR)**

**RESPONSE: Section 3.8 has been revised to clarify that a project start date is the date that management activities are initiated that lead to permanently increased GHG removals. Some of the eligible management activities that lead to increased GHG removals are described in Section 2.3. The start date can be no more than six months prior to the project's submission to the Reserve.**

43. Section 3.8: This section states that projects must be submitted for listing no more than one year after initiation of project activities. This will effectively exclude any early actors from joining the MFP, has this been considered? **(Rainforest Alliance)**

**RESPONSE: The updated protocol has revised the start date criteria to enable projects to claim a start date that occurred up to six months prior to project submission. This coincides with the initiation of the Reserve's effort in Mexico and provides sufficient time for project developers to prepare project related inventories and documentation.**

44. Section 3.9: This section states that baselines must be reassessed every 20 years. Recognizing that deforestation drivers/agents and subsequent deforestation rates can change over short periods of time, the VCS has recognized that 10 years is the appropriate time for baseline reassessment. What rationale can be given for why 20 years was chosen?

We would recommend that 10 years be used. **(Rainforest Alliance, Terra Global)**

**RESPONSE: Avoided deforestation is no longer considered an eligible activity in the forest project protocol. 25 years will be used for projects that provide enhancement benefits to provide security to project developers and to recognize the long term commitment associated with enhancement activities. (This is also in line with crediting periods for California domestic forest carbon offset projects.) Enhancement activities require a long time for actions to result in substantial carbon increases. Many of these projects will not receive the full value of a tonne of CO<sub>2</sub> sequestered for many years.**

45. Section 3.10: It is unlikely that anyone will accept monitoring for 100 years. Also, at this point the Protocol calls for renewal every 30 years (to fit with Mexican law which does not allow ejido to enter into contracts long than this), but later in the Protocol 20 years is mentioned as the crediting period. It is, in any case, questionable whether permanence should be tackled in this way at all. There is confusion throughout the REDD community on this. **(CIGA-UNAM)**

**RESPONSE: The protocol maintains a definition of permanency as being 100 years but has adopted a mechanism to provide proportional credits for commitments less than 100 years. This provision incentivizes those Forest Owners who are able to maintain their forest carbon inventories for longer periods of time and likely provides a stronger mechanism to meet the 100-year permanency period.**

46. Section 3.10: A 100-year requirement for project length is too long at this stage in the development of voluntary carbon markets, REDD+ discussions, and México's REDD-readiness preparation. **(CONAFOR)**

**RESPONSE: Please see the response to Comment 45.**

47. Although there may be a scientific justification for requiring monitoring and verification for a period of 100 years following the issuance of any CRT for GHG reductions or removals achieved by the project, there will be a significant tradeoff, as this will significantly decrease the use of the Mexican forest protocol. The requirement for annual monitoring reports seems excessive. **(Ross)**

**RESPONSE: Please see the response to Comment 45.**

48. Section 3.10: It appears that the commitment made by the Forest Owners would have to guarantee the commitment of future generations. From a permanence perspective, it would seem to be more effective to guarantee this commitment by incorporating new surface area into the project gradually over time that would generate more credits, guarantee participation and reduce the large, upfront time commitment. **(CONAFOR)**

**RESPONSE: The modified approach to meeting the 100-year permanency period provides such an incentive for future generations to maintain the course. Credits are issued based on the length of time the Forest Owner is able to commit. Future generations can decide to renew the commitment or cancel the project, in which case no further credits will be issued.**

49. Section 3.10: The 100-year commitment can be a barrier to participation and lead to unforeseen consequences in respect to land use, tenure and conflicting government programs at such an early stage. What other options exist to incentivize long term participation? Price premiums for established projects? Access to larger investors? **(CONAFOR)**

**RESPONSE: It is recognized that the 100-year definition of permanence can be a barrier to participation. The Reserve strives to ensure the quality of its CRTs is of the highest quality and meets the demands of investors with high quality expectations. The market will ultimately determine the value of the credits.**

50. Section 3.10: To be realistic, the 100-year timeframe will require more significant attention to the science of climate change which could greatly impact the amount of carbon emissions reductions and removals over the timeframe.

The MFP may need to provide more guidance or consider future amendments to require use of climate models that are based on localized weather and rainfall data monitoring of changes in El Niño events, etc. It would perhaps be wise to incorporate climate adaptation measures more significantly into this protocol, i.e., as a requirement for selection of pilot sites, so those selected have the highest probability of favorable climactic conditions over the next 100 years.

Should also add as a requirement for project design, an element that includes revising the baseline scenario and carbon accounting, using updated climate models, on a more regular basis, and thus systematize a national-level climate change prediction tool, build capacity in its use, and base more REDD+ project design on risk management using climate prediction models and scenarios. **(Rainforest Alliance)**

**RESPONSE: As mentioned in previous responses, the protocol has been updated to include increased flexibility with regards to the 100-year commitment for permanence. The protocol does require contribution to a risk buffer pool for unavoidable reversals which is intended as a risk management tool.**

51. Section 3.10, 3.11: In our view, due to the prohibition on contracts greater than 30 years in length for certain classes of Mexican landowners, the existing permanence mechanisms in the MFP may not be adequate to ensure the permanence of credited GHG sequestration for the 100-year duration of the minimum time commitment. If the PIA with such landowners cannot exceed a 30-year term, in our view the Reserve should consider simply requiring that the project terminate at the end of the 30-year PIA term (and the Forest Owner purchase and retire a quantity of CRTs equivalent to the entire volume issued to the project at that date), *unless* the Forest Owner renews the PIA at that time for another 30-year term. This would provide greater certainty that the permanence requirements are met, or in the alternative the system is made whole by the Forest Owner terminating the project and replacing applicable credits.

In the alternative, the Reserve could perhaps investigate a 30-year PIA contract with applicable landowners that contained an option for the Reserve to renew for another 30-year period one year prior to the termination of the PIA. This approach would likely require the careful analysis of Mexican legal counsel, however. **(NewForests)**

**RESPONSE: The revised protocol provides increased flexibility and security with regards to permanence. Credits are issued based on the length of time the credits can be secured through contractual agreement. At the end of contractual term, the project may be terminated with no additional burden to the Forest Owner. Contractual agreements may be renewed at any point during the project, thereby increasing the issuance of credits to the Forest Owner.**

52. Section 3.11: In terms of the PIA (Project Implementation Agreement) it's important to note that federal rules already require agreements of this nature. However, oftentimes not all Forest Owners decide to participate in these types of projects. Does the entire land area of a community or *ejido* need to be incorporated into a project, even if there is not 100% agreement by the members? Or can the land area within the project be proportional to those who signed the PIA and receive proportional payments, opening the possibility to allow future participation by those who initially did not sign? **(CONAFOR)**

**RESPONSE: The protocol splits the quantification and monitoring requirements into two parts. First, an extensive quantification and monitoring component that is based on the entire community is required to quantify leakage associated with project activities and to ensure certain environmental safeguard are secure. This form of quantification and monitoring is conducted through readily available remotely- sensed data and/or local knowledge. It is designed to be a cost-effective means of quantification and monitoring. The entire ejido/community must be included in this quantification/monitoring effort.**

The second form of quantification and monitoring is more intensive and is designed to assess changes in forest carbon inventories with a high level of accuracy within selected Activity Areas. Only owners wishing to participate in the program are required to establish Activity Areas and engage in this level of quantification and monitoring. The PIA can be tailored to a subset of ejido/community members that are directly involved in activities that will lead to project benefits.

The protocol has included explicit language for safeguards which includes provisions for a consensus vote prior to submitting communal land for a project. Alternatively, the project may be approved by a subset of the community members where the subset of community members agrees, in writing, to responsibility for the project costs, project benefits, and project liabilities. The agreement must include provisions that will allow other community members (and community areas) to join the project in the future. In cases where the subset of community members does not hold direct title to the parcels where the project activities occur, the subset of community members must have 66% of all community members in favor of the project.

53. Similar to comment 33, I suggest a distinction between the requirements for common-use *ejido* lands and *ejido* parcel lands. (Ross)

**RESPONSE: Please see the response to Comment 52.**

54. Section 3.11: Does the PIA also require  $\frac{3}{4}$  signatures of the formal community members, or is this just the Assembly Act (pg.11)? If there is not unanimity within the community, can individual members opt out? Will there be a credit distribution scheme that excludes non-participants? (CONAFOR)

**RESPONSE: Please see the response to Comment 52. The protocol contains explicit safeguards that address this. Therefore, the requirement will be verified as a protocol requirement rather than being specified in the PIA. The PIA identifies the remedies that will occur in the event of reversals.**

55. Section 3.11, PIA: This criterion should state the minimum content of the agreement with the Reserve. Such content should include the Forest Owner's commitment to ensure monitoring and verification of a Forest Project for a period of 100 years following the issuance of any CRT for GHG reductions or removals achieved by the project. Capacity building should be considered in the execution of such agreements, because we must safeguard forest owner understanding of these criteria and the agreement. (Rainforest Alliance)

**RESPONSE: Section 3.11 in the revised protocol specifies that the main function of the PIA is to ensure the forest carbon is secured for the required time periods through ongoing monitoring and verification. The updated protocol also requires capacity building be conducted prior to the project's first verification. The capacity building will include informing project participants the obligations associated with engaging in a forest carbon project.**

56. Section 3.12: This section states "Projects may not be located on any part of a project that was terminated as the result of avoidable reversal." Does the Reserve plan on maintaining a database of terminated project area locations? If not, is it expected that verification bodies will review this? As projects will be on-going for a century, it may be very difficult 50 or more years in the future to determine if projects are occurring in areas where other projects were once terminated without a clear Reserve-based tracking system.

In addition, we note that this criterion seems unfair in those instances where a new owner is looking to enter the program. This provision could prevent new owners from making positive changes that could remedy past mismanagement. The errors of a previous forest project manager would not necessarily have anything to do with a new owner, and this requirement

could be improved by enabling a time frame for which such lands could become eligible once again. **(Rainforest Alliance)**

**RESPONSE:** The language in the revised protocol has been modified to allow projects to be implemented on areas where a previous project may have existed in cases where no ongoing encumbrances or expectations exist for the project area to meet terms under a previous project. Reforestation activities cannot be initiated in areas that were harvested within the past ten years.

## Social and Environmental Safeguards

57. The Mexico protocol does not include even the minimal environmental protections provided in the Reserve's U.S. Forest Protocol. Such provisions are necessary to provide a basic level of protection from adverse and unintended environmental impacts on forest ecosystems, wildlife habitat, and ecosystem services. The lack of specific environmental standards may be particularly important in the Mexico protocol, in which eligible management activities explicitly include "thinning diseased and suppressed trees," "removing impediments to regeneration," and "increasing carbon stocks through agroforestry," activities that are undefined in the Mexico protocol. These terms are very broadly defined by the timber industry, can be easily misrepresented by landowners, and can result in substantial negative environmental impacts.

The Mexico protocol relies on certification by the Climate, Community, and Biodiversity Alliance ("CCBA") or Forest Stewardship Council-Mexico ("FSC-Mexico"). The protocol states that these certification processes can ensure compliance with the "Cancun Agreements." Given the generality of the Cancun Agreements, it is difficult to say whether certification by CCBA or FSC-Mexico upholds the intentions of the Cancun Agreements. Certification by CCBA or FSC-Mexico does not provide even the minimal protections included in the U.S. Forest Protocol. For example, the U.S. Forest Protocol requires that projects consist of at least 95% native species and that no more than 40 percent of the forested acres consist of trees less than 20 years old. The U.S. Forest protocol also contains the requirement that projects "promote and maintain native forests comprised of multiple ages and mixed native species within the Project Area and at multiple landscape scales." In contrast, the most specific comparable requirement in the CCB is that the project "must generate net positive impacts on biodiversity within the project zone and within the project lifetime." Similarly, the most specific comparable requirement in the FSC standards is that: "[ecological] functions and values shall be maintained intact, enhanced, or restored, including: a) Forest regeneration and succession; b) Genetic, species, and ecosystem diversity; c) Natural cycles that affect the productivity of the forest ecosystem." The values expressed in these documents do not translate into specific quantitative standards that provide meaningful protections for environmental criteria at the project level. Furthermore, it is difficult to see that any provisions in the Mexico protocol prohibit or discourage the conversion of natural forests—with mixed species and multi-age structures—to even-age plantations of single species or much simpler structures.

Baseline environmental standards explicitly defined in the Mexico protocol are needed in order to provide a basic minimum level of protection from adverse and unintended environmental impacts on forest ecosystems, wildlife habitat, and ecosystem services, as well as provide some consistency across the participating projects. **[See CBD public comment submission for references and more detail.] (CBD)**

**RESPONSE: The revised protocol has adopted a set of social and environmental safeguards within the protocol. The environmental safeguards provide requirements for a diversity of native trees, protection of high conservation value forests, and retention of refugia as part of harvesting cycles.**

58. Section 3.7: The MFP states its support for the use of Social and Environmental Safeguards, yet the process for developing this document itself does not appear to have safeguarded the participation of women, and indigenous and community groups by achieving adequate participation/stakeholder consultation in its development. It is stated in the introduction that limited participation was sought by local communities in the preparation of the MFP.

We recommend gathering feedback from these groups as well before finalizing this document.  
**(Rainforest Alliance)**

**RESPONSE: The protocol has been revised to include explicit guidance for safeguards that address opportunities for women and other vulnerable social groups.**

59. A set of seven guidelines are listed in Section 3.7. However, it is not clear if projects are intended to be audited directly against the guidelines or if it is expected that the fulfillment of the other requirements of Section 3.7 will ensure conformance to the stated guidelines. **(SCS)**

**RESPONSE: The revised protocol includes explicit environmental and social safeguards. This replaces the previous requirement for projects to certified through CCB or FSC. The guidance includes specified criteria for monitoring and verification. It was determined that the inclusion of direct safeguards in the protocol was the most appropriate means of achieving the clearest and most cost-effective guidance that meets the Reserve's standards of verifiable criteria. Additionally, the safeguards can be linked to ongoing monitoring and verification activities that exist within the protocol.**

60. The UNREDD SES standards are probably the most robust standards available, and more suited to community types of forestry. **(CIGA-UNAM)**

**RESPONSE: Please see the response to Comment 59.**

61. Where possible, this protocol strives to incorporate the principles of the Cancun Agreements at the project level, where sequestration or reduced emission activities occur, through a requirement that projects be verified under the Climate, Community, and Biodiversity Standard, or the Forest Stewardship Council standards for Mexico. (pg.5)

The verification of projects by an international standard is costly and very time intensive, in addition to being verified by the Reserve. The Protocol should consider reviewing optimal criteria that address social and environmental safeguards in agreement with the World Bank and standards that have already been approved. **(CONAFOR)**

**RESPONSE: Please see the response to Comment 59.**

62. The MFP requires either CCBS validation/verification or FSC certification, but the timing of this additional validation/certification is not discussed. (Note: the text refers to CCBA 'verification'; however the project should first be validated and then verified.) Specifically, must a project have completed the CCBS validation/verification or FSC certification prior to MFP verification?

The MFP should clearly indicate a timeframe for when projects must successfully achieve FSC certification and/or CCBS validation. This timeline should also consider projects that are conducting a joint CCBS or FSC certification with the initial MFP verification, and what happens if the project fails to demonstrate full conformance with CCBS or FSC. **(Rainforest Alliance)**

**RESPONSE: Please see the response to Comment 59.**

63. Please explain how the Reserve envisions the cross-over between the FSC certification/CCB verification with the verification of the MFP project. What is the requirement of the verifier/Reserve in the review of these safeguards, other than seeing that the verification/certification is maintained? In the event that corrective actions are outstanding during the FSC certification from one year to the next, would the MFP verification be required to inquire into these matters? **(SCS)**

**RESPONSE: Please see the response to Comment 59.**

64. It is admirable that the MFP wants to adopt high principles for social and environmental safeguards. The applicability of UNFCCC safeguards to projects is naturally impractical, so it is also effective to refer to project-scale standards, and we support the inclusion of both CCBS and FSC as leading standards that can accomplish objectives in line with the intent of the Cancun Agreements. We would, however, suggest revision to the text so that it does not read more into what is expected for the scope of the UNFCCC safeguard decisions from Cancun. We also note that further UNFCCC decisions may impact those safeguards in a manner that is unpredictable at present. **[See suggested improved text in the Rainforest Alliance public comment submission.] (Rainforest Alliance)**

**RESPONSE: Please see the response to Comment 59.**

65. The MFP requires that the Project be certified under the Forest Stewardship Council (FSC) standards for Mexico or verified under the Climate, Community and Biodiversity Standards (CCB). It should be clarified that the FSC standards for Mexico should be for Forest Management and that the CCB standards used by the Project should be the latest version of the standard at the time of the project submittal/listing/start date. **(SCS)**

**RESPONSE: Please see the response to Comment 59.**

66. It is unclear whether projects are required to be certified under the Forest Stewardship Council and verified under the CCB standards only at the time of project registration, or whether projects are required to maintain the status of certification and verification, respectively, for some period of time (perhaps the project crediting period?) after registration. **(SCS)**

**RESPONSE: Please see the response to Comment 59.**

## **GHG Assessment Boundaries**

67. REDD+-2 is excluded, shouldn't this SSR be included for emissions for an A/R project activity? **(EcoLogic)**

**RESPONSE: The updated protocol has inserted conditions where accounting for shrubs**

**and understory vegetation are required. The guidance for quantifying shrubs and understory vegetation has been standardized.**

68. REDD+-4: A more nuanced decision on this SSR is likely necessary. Lying dead wood is commonly collected for firewood in many parts of Mexico. SSRs must provide incentives to develop project activities that reduce firewood collection. In addition, dry tropical forests along the Pacific Coast of Mexico can have 30% of aboveground carbon stocks in down dead wood, versus less than 10% in moist to wet tropical forests and since total aboveground stocks are lower in dry tropical forests, it will be necessary to allow credit to incentivize conservation of these areas.

Reliable line intercept methods for measuring lying dead wood already developed by Winrock could be employed. **(EcoLogic)**

**RESPONSE: The Reserve has experienced difficulties in the verification of lying dead wood, mainly due to the fact that measurements of lying dead wood are difficult to replicate accurately. This can lead to the potential crediting of lying dead wood that is based on nothing more than modifying estimates for accuracy's sake with a method that cannot be disputed through verification. To address the issues raised in this comment, the Reserve has included a standardized methodology that focuses on an ability to replicate measurements and carbon estimates between Forest Owners and verifiers. Lying dead wood has been added as a required element in project inventories.**

69. REDD+-6: "...soil carbon must be included in the GHG Assessment Boundary if the project includes mechanical site preparation..." Any mechanical site? **(EcoLogic)**

**RESPONSE: RESPONSE: The updated protocol has provided clarification on the requirement to account for mechanical site preparation.**

70. REDD+-7, Excluded: A baseline of harvested wood products is required so I am very confused by this exclusion here in SSRs. Also, you include emissions for harvested wood products, so if the justification is that information is inadequate and a reliable method of estimation cannot be agreed upon, then the emissions should also be excluded.

Some REDD+ project activities, such as IFM rotation length extension, can reduce the proportion of small diameter wood for fences and firewood and increase larger diameter wood for furniture and dimensional lumber. **(EcoLogic)**

**RESPONSE: RESPONSE: The updated protocol will only account for secondary effects (leakage) associated with shifting harvested wood products to other sites if activities would lead to less commercial wood products produced.**

71. The definition of REDD + as provided in Section 2.1 does not explicitly include commercial timber harvesting. However, it is noted that harvested wood products must be accounted for in both the project and baseline scenarios in Section 7. Please clarify if the MFP allows for timber harvesting in the Project Area and if so, why Table 6.1 excludes the pool "Carbon in in-use forest products" (REDD+-7) for both the baseline and project scenarios. **(SCS)**

**RESPONSE: The accounting of harvested wood products has been excluded from the updated version of the protocol. Estimates of reductions in project harvesting compared**

**to baseline harvesting may lead to secondary effects (leakage). An estimate of secondary effects has been added to the updated version.**

72. REDD+ 9 “Nutrient Application” (pg.18): Clarification on the use of nutrients as a secondary source. FSC does not like to certify operations that use fertilizers or pesticides. If a Forest Management Plan has an agriculture intensification component that includes fertilizers and FSC does not approve, the only other safeguard certification available to the project is CCB. **(CONAFOR)**

**RESPONSE: The updated protocol has included safeguards directly in the protocol instead of relying on exterior programs such as FSC or CCB.**

73. REDD+ 12 “Mobile combustion emissions from ongoing project operation and maintenance.” (pg.19): If RIL practices are implemented (harvest planning, road and skid trail planning), could emissions reductions be noticeable? **(CONAFOR)**

**RESPONSE: Project emissions from mobile combustion are not likely to be substantially different than baseline conditions. Any differences are likely to be less than baseline conditions and it is, therefore, conservative to exclude them. If record-keeping tools can be developed and implemented that can demonstrate accurately the benefits of project activities, the Reserve will consider amending this requirement.**

74. Table 6.1: It is not clear what the labeling procedure is for the first column of the table. Specifically, see the first row on pg.18 where “REDD+ 9” is listed differently from all other parameters which include “-“. What does the minus sign imply? **(Rainforest Alliance)**

**RESPONSE: It was a typo to exclude the minus sign for “REDD+ 9.” This is simply a dash to separate the source, sink, and reservoir number from the “REDD+.”**

75. Table 6.1: In REDD+-18, CO<sub>2</sub> is included and REDD+-7 and 8 are referred to. However, 7 and 8 are excluded. Therefore this is inconsistent. **(Rainforest Alliance)**

**RESPONSE: These have been clarified in the updated protocol. Accounting of wood products will be conducted only for purposes of calculating secondary effects (leakage) at this time.**

76. Table 6.1: There are a number of carbon pools that are explicitly excluded (i.e. shrubs and herbaceous understory, soil carbon, etc.) because they are considered insignificant. In many other standards and protocols these pools have been found to be significant. Therefore, these pools should be left “optional” so that the project developer can include these if it can be demonstrated that they are in fact significant. **(Terra Global)**

**RESPONSE: There are substantial challenges in achieving a level of certainty required for crediting. Enhancement activities lead to very small levels of flux associated with these pools. The updated protocol requires lying dead wood to be inventoried through a standardized methodology included in the protocol. The methodology is focused on ensuring that estimates can be replicated by all those using the methodology. Additionally, shrubs and herbaceous understory has been modified to a required element for reforestation/afforestation activities. The quantification of soil carbon remains excluded from the protocol. It is generally conservative to do so with project activities that are enhancement-based. The protocol currently excludes activities from being**

**included in project crediting where deep-ripping is used for site preparation for reforestation or afforestation activities.**

## **Additionality**

77. The design of the draft Protocol fails to satisfy the Reserve's additionality criterion, due to the substantial likelihood of adverse project selection under the proposed rules. The draft Protocol's performance test does not include any meaningful evaluation of the external drivers of landowner behavior. Project activities are considered additional simply if they produce fewer greenhouse gas emissions than the baseline scenario (Section 4.2); however, the baseline scenario is not dependent on project-level activities or incentives (Section 9.1). Therefore, the draft Protocol never addresses the requisite additionality criterion.

Releasing a complete version of the draft Protocol, including the regional parameters for baseline scenarios and leakage risk factors that are missing from the current version, will not resolve the problem. Adverse selection arises from the architecture of the draft Protocol, which envisions the use of (1) regional baselines and (2) regional leakage risk factors, but (3) project-level performance evaluation (Section 7.1, 10.1). These mismatched geographic scales create the opportunity for adverse selection, whereby projects on lands that would not have experienced carbon stock degradation in the absence of the offset program preferentially opt-in to the protocol (Section 3.5). Absent a consideration of project-level incentives, it is impossible to tell which landowners have elected to participate in the protocol because their existing aspirations for land use exceed the regional baseline, versus those who are motivated by the offset incentive to undertake real and additional mitigation.

Because of these concerns, we urge the Reserve to revise its basic approach to the Mexico Forest Protocol. In adopting its standard offsetting credit approach to protocol development, the Reserve has already acknowledged that it will either (1) incorporate "project-specific methods or variables as appropriate" or (2) limit the scope of protocols to activities "for which standardized approaches are feasible." As it currently stands, however, the standardized approach in the draft Protocol creates significant loopholes that permit adverse project selection to dominate participation. Because the Protocol does not satisfy the Reserve's additionality criterion, the Reserve should amend the draft Protocol to address the problem of adverse selection.

The risk of adverse selection is greater in a developing country context, requiring additional scrutiny in offset protocol design. We recognize that the Reserve's policy is to minimize transaction costs by designing standardized methodologies that avoid project-level evaluation. We are also aware that the California Air Resources Board has approved Reserve methodologies containing some of the features we criticize. For example, the ARB-approved U.S. Forest Protocol includes standardized leakage risk factors, which are calculated without making an individualized assessment of project-level motivations. Nevertheless, differences between land use drivers in the United States and Mexico (or other developing countries) justify a separate analysis of protocol design elements for two reasons:

- 1) Forestry sectors in the two countries face radically different economic and social drivers.
- 2) Evidence from forest conservation efforts in developing countries highlights the difficulty of achieving programmatic additionality.

While Mexico's forestry conservation program balances multiple objectives – and may ultimately

be judged successful on several fronts – these numbers fall well short of the Reserve's additionality standards for protocol development. They also present a challenge to the Protocol, as regional baselines in the Protocol will mix *Pago por Servicios Ambientales Hidrológico* (PSAH) protected lands with other lands subject to far greater deforestation pressure.

In responding to our concerns about programmatic additionality, we ask the Reserve to address the available academic research on forest conservation program effectiveness in Mexico, and ideally, the lessons drawn from experience throughout the developing world.

**Potential Solutions.** We ask the Reserve to revise the draft Protocol and adopt one or more of the following methodologies: (1) project-level leakage risk factors, (2) project-level baselines, or (3) regional performance evaluation (i.e., crediting the entire region on its aggregate performance, rather than only those landowners who opt-in). Alternatively, amending eligibility requirements may achieve similar ends.

The first option would require evaluating how the decision to protect an individual parcel of land would affect deforestation and degradation activities on nearby lands. Similarly, the second option would entail estimating a baseline for each project. Either of these options would require significantly more attention to the incentives facing individual landowners, raising transaction costs. If properly implemented, however, these options would address adverse selection, satisfying the Reserve's additionality criterion.

The third option would take a different approach, considering each Forestry Management Unit (UMAFOR) in aggregate, and crediting the entire region's performance against its regional baseline. This design would reduce the adverse selection problem by moving the level of analysis away from individual projects, where additionality concerns dominate, and towards the regional level, reducing leakage and adverse selection concerns. Although this approach avoids transaction costs associated with project-level analysis, the Reserve, no doubt in collaboration with the Mexican federal and state governments and CONAFOR, would have to develop (1) a method to distribute payments to landowners within the region who undertake mitigation or conservation activities, and (2) a method to monitor forest cover in non-participating lands. Despite the challenge, it may be possible to identify a few candidate Forestry Management Units where expected Protocol participation is high to serve as pilot models for a regional approach. We recognize that a truly sectoral approach raises its own difficulties, but these difficulties may be overcome by starting small and building confidence through repeated success.

Alternatively, the Reserve could amend the Protocol's eligibility requirements. Were the Protocol available only to those parcels of land with pre-existing forest management plans – and not to those which create one in anticipation of satisfying the Protocol – this would go some way towards addressing the adverse selection problem. Such landowners have already established their own baselines, and their eligibility would be contingent on a prior decision; this would resolve the adverse selection and additionality problems, presuming the Protocol properly accounted for leakage. **[See Stanford ELC public comment for references and more detail. See CBD public comment for more detail.] (Stanford ELC, CBD)**

**RESPONSE:** The draft protocol provided guidance to calibrate the UMAFOR risk levels to individual projects based on project-specific data. This provision was actually somewhat aligned with the recommendation to develop project specific guidance. The workgroup also considered the application of forest management plans as defining baselines for project activities. Management plans are required by landowners who

**conduct commercial harvesting activities and this applies to a relative minority of landowners in Mexico. Other problems identified with the approach include the potential unintended consequence of landowners revising and/or creating management plans with underwhelming projections of carbon inventories simply to benefit from a carbon program.**

**The updated protocol has modified its approach to project baselines. The protocol has limited eligibility to enhancement activities. This relieves many of the concerns associated raised in the comment. The baseline is developed using standardized risk assessment that is applied to project-specific conditions. Legal requirements that would lead to increases in forest carbon inventories in the absence of the project must be included in the development of the baseline. The project area in the updated protocol, as was the case in the previous draft, must include the entity's entire ownership. This reduces the leakage risk associated with projects.**

78. The draft Protocol raises significant additionality concerns because it does not explicitly discuss or evaluate how a REDD-based carbon offsets regime would interact with existing offset and conservation payment schemes. Mexico has a program known as *Pago por Servicios Ambientales Hidrológico* (PSAH), which sets a fixed payment scheme for forest conservation lands. By the end of 2009, PSAH had over 2.27 million hectares enrolled in Mexico; participating landowners sign renewable, five-year contracts. Although we have not reviewed the PSAH program in detail, we understand it to be a fixed payment scheme, with incentives set at the expected average opportunity cost of land conversion on a flat, per-hectare basis. As a result, it is not clear that land parcels participating in the PSAH program are precluded from enrolling in the Protocol.

If PSAH requires participating land to conserve forests in a legally binding way, then presumably PSAH obligations would be included in Protocol project baselines per the legal requirements test. This interaction would be much more complicated, however, if PSAH only bound landowners to conserve existing forest stock. In this case, could landowners also apply under the Protocol for afforestation? Moreover, PSAH operates on a renewable five-year contract, whereas the Protocol envisions a 20-year crediting period followed by a 100-year monitoring period, with the added complication that *ejido* and communal lands may not contract for more than 30-year periods. If landowners are eligible for both programs, are there any complications from the different timescales of legal commitments? We are aware of similar issues of temporal stacking arising in the Reserve's Rice Cultivation and Nutrient Management protocol development, and are concerned that they have not been addressed here.

If landowners participating in the PSAH program (or others like it) may also participate in the Protocol, the Reserve should review all applicable conservation incentive programs operating in Mexico and analyze how "stacking" the Protocol on top of these programs would affect additionality. If not, the Reserve should explicitly clarify as much in the Protocol. **[See Stanford ELC public comment for references and more detail.] (Stanford ELC)**

**RESPONSE: It is understood that there exist many different types of programs that incentivize landowners to perform conservation activities. Each project will be required to address the legally-required elements associated with these programs, both in terms of the forest carbon stocks affected by the program as well as the temporal length associated with any restrictions. Forest enhancements that exceed legal requirements in these programs will be eligible for crediting.**

79. Landowners in Mexico are eligible for afforestation credits under the Clean Development Mechanism. As with the PSAH program, we ask the Reserve to either perform a temporal stacking analysis or disclaim the option for landowners to apply for credits under both the CDM and Reserve Protocol. **[See Stanford ELC public comment for references and more detail.] (Stanford ELC)**

**RESPONSE: The protocol can only be applied to project areas that have no current obligations associated with other carbon-crediting programs.**

80. The idea of admitting only projects which already have an approved management plans supported by PROFEPA has advantages in terms of legitimacy, etc. However, I am not sure that this covers sufficient types of forest management. The term “forest management” in Mexico is usually associated with (sustainable) timber extraction. In a more general sense, all the Payment for Environmental Services projects (PSAH and PSA Biodiversity) are also a form of management, and there are community level wildlife management programs, etc., all of which could have a profound impact in terms of carbon stocks, which may not fall under this institution. **(CIGA-UNAM)**

**RESPONSE: Agreed. The provision for management plans had some perceived advantages in terms of securing permanence because it has the PROFEPA enforcement oversight. The Reserve is approaching permanence with an alternative strategy that does not require a management plan. One of the advantages of the updated approach to addressing permanence through tonne-year accounting is that the protocol is more accessible to more Forest Owners, since they do not have to simultaneously prepare a timber management plan.**

81. Legal Requirement Test: In the VCS standard there is a clause that projects can demonstrate conformance with passing legal requirements if it is demonstrated that widespread non-compliance is present in the area (for example see the Brazilian Forest Code requirements in relation to Legal Reserve areas and Protected Areas (APP) within forested lands). Has the Reserve considered this when drafting the legal requirement test for the MFP? **(Rainforest Alliance)**

**RESPONSE: Credits can only be issued for removals that exceed legal requirements. Additionally, Forest Owners must be in conformance with legal requirements that impact forest carbon inventories.**

## Quantification

82. En un comentario general, relacionado con el trabajo que esta desarrollando actualmente mi empresa pienso que seria positivo abrir la posibilidad de que el protocolo incluya temas como la construcción de modelos estadísticos locales que den mas precisión a la cuantificación de CO<sub>2</sub> y desarrollo de línea de base y línea de proyecto.

Igualmente pienso que seria positivo abrir opciones en el protocolo a técnicas mas eficientes para estratificar el bosque, determinar áreas de aprovechamiento, establecer reversiones, calcular riesgos y verificar acciones tales como el análisis de imágenes tomadas con aeronaves no tripuladas.

En ambos casos creo que el protocolo no pierde nada y gana e incentiva el desarrollo de tecnología, precisión y transparencia mismas que aumentan la confianza de los cálculos de los CRT y fortalecen la posición del CAR. **(Natura)**

**RESPONSE: The protocol is developed in a standardized manner with a somewhat prescriptive quantification methodology in order to reduce the need to evaluate methodologies on a project by project basis. This approach provides more predictability for Forest Owners, project developers, and verifiers.**

83. The MFP is highly prescriptive regarding procedures used to quantify GHG emissions reductions and removals. While a certain level of prescription is necessary to ensure that projects are in conformance with the overall principles of the Climate Action Reserve, the level of prescription employed within the MFP exceeds the level of prescription commonly employed in GHG accounting methodologies. It may have been envisioned that a greater level of specificity within the protocol would lead to greater uniformity in project design and, therefore, lower verification costs. However, the reverse may actually occur. A larger number of requirements within protocol or methodology inevitably lead to a larger number of items that must be rigorously checked by the verification body. This is likely to result in added time requirements for verification, and therefore greater verification costs.

In addition to increasing the number of items which must be checked by the verification body, the increased level of prescription would also lead to an increased number of opportunities for a given project to be out of conformance with the Reserve requirements. It is highly recommended that the level of specificity employed within the MFP be scaled back in order to allow fewer requirements that must be audited against. One option for doing this would be to create a set of recommended “best practices” that are not mandatory but would help ensure conformance to the protocol. These best practices could be clearly identified in contrast to the requirements that would actually be audited against. **[See examples and further detail in SCS public comment submission.] (SCS)**

**RESPONSE: The Reserve believes that greater efficiency is gained through greater standardization. Furthermore, many of the assessments related to secondary effects and additionality depend on processes, such as stratification, being conducted consistently. The standardization of the sampling methodology will allow for data management tools to be developed that will automate monitoring reports. A certain level of prescriptiveness has been removed with regards to measuring tree heights and replaced with best management practices to ensure regression analysis is calculated well.**

84. A number of emissions sources that are excluded from quantification in the Mexico protocol may in fact constitute emissions that substantially exceed emissions from a business-as-usual baseline. Changes to the understory, lying dead wood, and litter and duff forest carbon pools are excluded in the Mexico protocol, although these carbon pools represent substantial portions of forest carbon and can be mobilized and emitted through intensive management activities such as forest clearcutting and deep-ripping of soils. In contrast to the Mexico protocol, these emissions are included or optional under the U.S. Forest Protocol. In fact, the U.S. Forest Protocol states that “[shrubs] and herbaceous understory may constitute a significant portion of carbon affected by Reforestation Projects on initial years, e.g. during site preparation and over the course of the project.” Additionally, a white paper commissioned by the Climate Action Reserve indicated that lying dead wood is a substantial forest carbon pool that can result in significant emissions in response to management. For all of these carbon pools, an increase in the extraction of forest materials for biomass energy production could result in substantial

losses resulting in emissions. **[See CBD public comment submission for references and more detail.] (CBD)**

**RESPONSE: The protocol has included a standardized methodology to include lying dead wood and lying dead wood is required in carbon inventories. Activity areas that include deep-ripping to prepare areas for reforestation/afforestation are not currently eligible to receive credits.**

85. All of the carbon pools, plus the soil carbon pool, would be dramatically reduced and result in substantial emissions if the project includes forest lands where selection harvesting is being replaced by even-age management. In the conversion to even-age management and plantation forestry, complex forest structures with mixed age-classes and understory vegetation are eliminated, resulting in substantial emissions. Such operations are apparently eligible under the Mexico protocol; in fact, the Mexico protocol appears to invite such activities under the category of “[increasing] carbon stocks through agroforestry.” If the Mexico protocol does not include provisions that require forest projects to account for emissions resulting from harvest activities that occurred within several years prior to the start of the project, there is an increased likelihood that landowners will convert native forests to even-age plantations prior to the start of a project, in order to avoid accounting for emissions associated with that conversion. **[See CBD public comment submission for references and more detail.] (CBD)**

**RESPONSE: The quantification methodologies required for project activities are designed to monitor such changes in carbon inventories in above-ground trees and lying dead wood across the project activity area. Project activities that include deep-ripping soil for the establishment of a new forest stand are not currently eligible for project crediting. Reforestation activities will not be allowed in areas harvested within the past 10 years.**

86. The Mexico protocol requires projects to account for impacts to the soil carbon pool only “if the project includes mechanical site preparation for the establishment of forest species or rotation forestry at intervals less than 25 years.” Presumably, this provision is meant to acknowledge the substantial emissions associated with intensive site preparation and the extensive soil exposure associated with even-age harvesting. However, the emissions resulting from these practices occur regardless of the harvest interval. The Mexico protocol does not explain the rationale for limiting this provision only to rotation forestry at intervals less than 25 years, but one can infer that the reasoning is based on the assumption that soil carbon pools are more likely to recover under longer rotation cycles. However, even if one sets aside the problem that this does not account for the increase in the soil carbon pool that would occur if the forest were not harvested, this approach fails to consider the temporal component of carbon emissions. That is, emissions from the soil carbon pool have implications for atmospheric greenhouse gas concentrations, including irreversible environmental impacts, even if equivalent amounts (or more) of greenhouse gases are subsequently sequestered in the soil carbon pool years or decades later. **[See CBD public comment submission for references and more detail.] (CBD)**

**RESPONSE: Projects are only credited for enhancements relative to baseline conditions. It is not compared to a ‘no-harvest’ scenario, which would not be a rational comparison without contemplating the leaked emissions from harvest elsewhere to meet market demand. Baseline harvesting includes the removal of timber and some level of soil disturbance depending on the harvesting method utilized. Project activities (increased harvest age, retention of thrifty trees, stocking improvements) will lead to increased levels of carbon compared to baseline activities. A white paper commissioned by the**

**Reserve indicated that the majority of emissions from soil carbon during timber harvest are due to soil disturbance, regardless of the silviculture system utilized. 25 years is a conservative timeframe to ensure that emissions associated with timber harvest are recouped, absent soil disturbance from intensive site preparation. The protocol will not credit activities at this time where deep-ripping has been used for site preparation.**

87. Combustion emissions from the production, transportation, and disposal of forest products are excluded from quantification in the Mexico protocol. The reason given for this exclusion is that “[the] Primary Effect of Forest Projects in Mexico is to conserve and increase onsite forest carbon stocks, without substantially affecting the production, transportation, and disposal of wood products with regards to baseline levels.” This is a clear statement of the intentions behind this exemption, but there is no explanation of the extent to which this assumption is supported by data or modeling. Given that the Mexico protocol requires quantification of neither the forest carbon pools from which biomass is often extracted—lying dead wood, litter, and understory—nor the emissions resulting from the combustion of those materials, there will be no accounting for such emissions or any changes compared to baseline emissions. Similarly, an increase in the extraction of forest materials for biomass energy production could result in significant increases in mobile combustion emissions from site preparation activities and operations and maintenance, all of which are excluded from quantification under the Mexico protocol. **[See CBD public comment submission for references and more detail.] (CBD)**

**RESPONSE: The updated protocol has included a requirement for the quantification of lying dead wood. Much of the biomass utilization in Mexico is at a scale of local utilization for purposes of cooking. The gathering of litter for biomass energy is not an economical activity. The accounting of understory trees is required in the quantification methodology. Changes in understory trees will be monitored and verified. The Reserve maintains that the primary effect of project activities is to increase onsite carbon inventories and that it is conservative to exempt calculation of non-biological emissions associated with project activities.**

88. Section 7: In the first paragraph of this section the term “ISO-accredited and Reserve-approved verification body” is used. We suggested that this be further specified to ISO-14065 accredited, as this is the appropriate ISO standard for validation/verification bodies. **(Rainforest Alliance)**

**RESPONSE: This clarification has been added to the protocol.**

89. Section 7: The term “secondary effects” is introduced in this section. Why not use the more common terms of “activity shifting” and “market” leakage? **(Rainforest Alliance)**

**RESPONSE: The terms “activity shifting” and “market” leakage are not universally understood with the same definition. Both of these terms are indirect, or secondary, effect to the intended and primary effect of the protocol (both terms used and defined under the WRI/WBCSD GHG Protocol for Project Accounting).**

90. Sections 7.2, 7.4, 7.5: HWP storage is referred to but Table 6.1 appears to exclude it. Therefore this is an inconsistency. **(Rainforest Alliance, CIGA-UNAM)**

**RESPONSE: Harvested wood products have been excluded. The updated protocol removes this ambiguity.**

91. Equation 7.1: The way parameters are explained beneath the equations is inconsistent. For example, SEy is in the first equation but only explained beneath the 3rd. **(Rainforest Alliance)**

**RESPONSE: The explanation of SEy has been moved closer to the first equation to clarify this issue.**

92. Equation 7.1: The following rule is confusing, “(if y is the first year of the project, then the value for AConsite, y-1 will be zero).” This would lead to the whole actual stock onsite being recorded at the change. The same issue occurs for BC. **(Rainforest Alliance)**

**RESPONSE: This has been clarified that at least one year must have passed before projects can be used this equation.**

93. Equation 7.1: The use of secondary brackets in equations is inconsistent. For example square brackets are used in the first equation where they do not seem necessary, but are not used in the second one, where they may help. **(Rainforest Alliance)**

**RESPONSE: The equation has been clarified in the updated protocol.**

94. Section 8: In general, methodology is clear on how to define strata and size classes. It is good that it requires boundaries be defined precisely with GIS shape files, and that random selection of stratified plots is required. One potential problem with use of fixed plots measured over time, especially in plantations, is that the owner could artificially manipulate the plot to show greater increase in carbon storage than is representative of the entire forest (i.e. fertilize the plot). The MFP should discuss quality control requirements to avoid this, i.e. random spot checks, 3rd party verification of a % of plots selected randomly at any time, etc. **(Rainforest Alliance)**

**RESPONSE: The Reserve will consider requiring random replacement of plots in the future should these sorts of issues arise.**

95. “The Project Area must be stratified into stands that share common attributes for each of the fields...” (Section 8.1) No, not for stand identifier and area. It is only the remaining variables that will have common attributes. **(CIGA-UNAM)**

**RESPONSE: Correct. The stand identifier is not an element considered for stratification. The updated protocol has made this clear.**

96. Section 8.1: The text here requires that “Stands should be relatively homogenous within each polygon” for the variables highlighted in the section. We recommend that the Reserve quantify a metric for homogeneity for these variables. **(NewForests)**

**RESPONSE: The updated protocol has added language to improve the description of homogeneity with regards to stratification.**

97. Section 8.1: The last bullet point in the list is “responsibility,” but it is not clear how this is an applicable stand attribute. Please improve. **(Rainforest Alliance)**

**RESPONSE: Individuals within ejidos and communities may have management rights/responsibility for specific land areas. It is foreseeable that revenue sharing might be based on monitoring the success of activities within responsibility units, should the community desire to track activities at that scale. This section of the protocol has been**

revised for clarity.

98. Section 8.1: This section mentions for the first time the definition of forest (10% canopy cover). Although this is the normal definition in Mexico, the Kyoto Protocol (CDM) Mexico selected 30% as the threshold. There is currently a debate going on about whether to bring this down to 10%, but it may be in Mexico's interest to leave it at 30%. **(CIGA-UNAM)**

**RESPONSE: The protocol will continue to use 10% canopy cover as a standard for defining a forest as it is an international norm. The Reserve will modify this definition if Mexico arrives at a firm definition.**

99. Table 8.1 is not very clear. Only one stand is marked and what does the arrow mean? **(CIGA-UNAM)**

**RESPONSE: The arrow is intended to display the tabular attributes associated with geographical data. The updated protocol has added a sentence to ensure this relationship is clear to readers.**

100. Section 8.1.2: This sentence states "Area must be calculated as hectares by the GIS ..." The term "by the GIS" is confusing. **(Rainforest Alliance)**

**RESPONSE: The intent is that the GIS software used shall calculate the area. This sentence has been clarified in the updated protocol.**

101. Table 8.2: Under "Forests," it says "Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10%, or trees able to reach these thresholds in situ." (pg.26)

If trees that can reach these thresholds in situ can count as forest cover, will there be an age requirement to prevent newly reforested/afforested areas from reporting carbon stocks before mortality has been checked? **(CONAFOR)**

**RESPONSE: The protocol will allow monitoring of planted areas to be conducted with the use of growth curves approved by CONAFOR for a period of 15 years, at which point the estimate of carbon inventory must be provided from sample plots. The estimates of tree/carbon increment from these growth curves is discounted to ensure reporting is conservative. The sample plots will "true up" the estimates. The growth curves used typically report net growth estimates (growth net of mortality).**

102. Table 8.2: Under "Other Non-Forest" this parameter description should also include water at a minimum. **(Rainforest Alliance)**

**RESPONSE: The protocol provides guidance for stratification of non-forest strata that could become/be returned to forest in the future. It is not clear how adding greater resolution to other non-forest strata is beneficial for purposes of carbon accounting.**

103. How is the ecosystem portion of the stratum defined using the guidance in Table 8.2 when the minimum area requirements in the table are not met? **(Ross)**

**RESPONSE: The rules are established such that geographical polygons that do not fit in one of the ecosystem definitions due to size would fall into the ecosystem that**

surrounds them, such that they will always be assigned to one of the ecosystems listed. The updated protocol has expanded the descriptions of the ecosystem to improve the clarity in this regard.

104. Table 8.4: “Selva” is broader than “rainforests.” “Tropical forests” would be a more accurate description for this category. Also, an equivalent for “vegetación hidrófila” may be missing from this table. **(Ross)**

**RESPONSE:** The updated protocol has adopted the term “tropical forests” in place of “rainforests”. The term “vegetación hidrófila” has been removed.

105. In the English version of the protocol, Tables 8.3 and 8.4 have some words in Spanish. **(Ross)**

**RESPONSE:** The protocol will retain some Spanish words where they are necessary to express the requirement. For example, all strata that are “selva” must be labeled as such to ensure consistency in identifying project data. Both languages will be respected in the final version where a word (or title) exists in the respective language and where the term is not needed to ensure consistent reporting.

106. Section 8.2:

(a) The text states that “Default carbon estimate must be assigned to certain strata with low carbon stocking to improve the efficiency of developing the inventory.” We may have missed where this is discussed in greater depth, but we would recommend clarifying the threshold of low carbon stocking that qualifies a polygon for the use of the default carbon figures.

(b) “Inventory plots must be established at the project initiation.” (34). Please clarify whether all inventory plots must be newly installed as of project initiation (i.e. <1 year age) or if old inventory plots (<10 years of age) may be used as of project initiation.

(c) The text states that “plots must be periodically re-measured or new plots installed for both annual monitoring and periodic field verification” – we may have missed where this is discussed in greater depth, but we would recommend clarifying under which conditions re-inventory may be accomplished through re-measurement of existing monumented plots versus new plot installation.

(d) Fixed radius plots are required (pg.35). In many cases, variable radius plots can deliver the same (or improved) degree of accuracy at a lower cost – please clarify why fixed radius plots are required. **(NewForests)**

**RESPONSE:** a) The updated protocol has modified this requirement. All extensively monitored polygons are assigned default values. This eliminates the need to discriminate between low inventory and high inventory strata. Extensively monitored polygons cannot be used for crediting. Instead, they are used as an assessment of leakage and ensuring certain environmental safeguards are met. Default estimates of inventories are not allowed in activity areas used for crediting. b) The protocol is prescriptive in terms of the inventory requirements. Old inventory plots less than 10-years old that meet the criteria in the protocol would be acceptable. The protocol allows for the use of approved (by CONAFOR) projections of carbon stocks to be used to estimate inventories from reforestation/afforestation activities for reporting for up to 15-years. c) The updated protocol has clarified the points about periodic remeasurement of existing plots. New plots must be added with each new activity area included in the

**project. The Reserve will consider adding a future requirement to replace existing plots over time to ensure plots are representative of actual forest conditions. d) The Reserve is developing the program in Mexico with a high level of standardization and a goal of being consistent with ongoing processes in Mexico. The Reserve has structured its plot design to be consistent with Mexico's national inventory to provide clarity in reconciling project data with jurisdictional data in the future; understanding other methods of reconciling project information with jurisdictional data may also be available. One of the goals in developing the quantification methodology is to develop an approach that can be implemented, with minimal capacity building, by personnel residing in the communities and ejidos, rather than building a system that requires the use of expensive consultants. The fixed plot design is better suited to this goal since it is less complicated than other approaches. Lastly, the Reserve is developing database and spreadsheet tools for reporting which will require controlling some of the variables to ensure proper calculations.**

107. Section 8.2: "The sampling methodology is designed to achieve an unbiased inventory estimate with a target precision of +/- 5%..." Consider +/-10% which is the VCS AFOLU threshold, thereby facilitating one inventory to be used to a variety of potential standards. (Also consider in Section 8.2.2, page 38.) **(EcoLogic)**

**RESPONSE: The protocol will allow sampling errors as high as +/-20%, although any sampling error in excess of 5% results in project inventories being discounted for uncertainty. This discount can be corrected at any time in the future by improving the sampling error by adding additional plots.**

108. Table 8.6: This table refers to multiple "size classes." The column on the far left refers to trees in sizes class 1-5, though the source of these size classes is not clear (Table 8.5 includes classes 0-4). The middle column then refers to separate "Size classes" where size is capitalized. It is not clear if the same size classes are being applied in both columns and the linkage to Table 8.5 is not clear due to variation in size class numbering. **(Rainforest Alliance)**

**RESPONSE: Table 8.6 has been clarified in the updated protocol to identify size classes zero through four.**

109. Section 8.2.1: This section states that plots can only be removed from the inventory when an event changes the forest cover. Plots must be monumented, however even with monumentation and GPS coordinates it may not be possible to locate all plots over time in dense forest. As such, if plots cannot be relocated does the project then fail to conform with the MFP (as inventory plots cannot be removed without a change in forest cover)? **(Rainforest Alliance)**

**RESPONSE: The ability to relocate plots greatly enhances the efficiency and cost-effectiveness of verification. The Reserve recognizes that, even in the best of conditions with monumenting, some plots will not be relocated. The verification guidance (which will be produced shortly after the release of the protocol for pilot testing) will include provisions for such cases and allow the use of replacement plots to address plots that are not found. There will need to be tolerance bounds that address the number or percentage of non-located plots will be allowed.**

110. Box 8.1: The plot multipliers do not account for actual area of the stand, as such a 1 million hectare stand (given this is unlikely due to inherent forest heterogeneity but can be used for illustrative purposes) could have the same amount of plots as a 4 hectare stand. This puts a

great deal of weight on the stand stratification in order to meet actual confidence intervals of the forest inventory. **(Rainforest Alliance)**

**RESPONSE: The Reserve has removed Equation 8.1 from the updated protocol. The equation served only as a recommendation for estimating the number of plots needed. The guidance was questioned by several commentators. It is ultimately the Forest Owner's responsibility to ensure there are enough plots per stratum and in aggregate to meet the statistical requirements of the protocol. The requirements that the standard error be less than 20% at the 90% confidence interval and generated from the inventory sampling is the ultimate test for demonstrating compliance to the protocol.**

111.Box 8.1: I am not sure about the statistical theory behind the selection of number of plots required. Usual forestry practice is to take a preliminary or pilot set of plots, calculate the standard error of the mean, and from there estimate the number of plots required to achieve a given confidence interval at 5%. **(CIGA-UNAM)**

**RESPONSE: Please see the response to Comment 110.**

112.Box 8.1: We would recommend providing quantitative definitions to heterogeneous, medium, and homogenous stands. **(NewForests)**

**RESPONSE: Please see the response to Comment 110.**

113.Section 8.2.1: "Since plot data can be no older than 10 years, plots must be periodically re-measured or new plots installed..." I strongly advise against adding new inventory plots versus using existing plots. Particularly since you have established a system of estimated rather than measured variability of biomass for sampling intensity, and detailed inventory with monumented plot centers are already created, I would suggest that permanent plots be required to reduce error between 10-year periods. A report at 10 years that the permanent monitoring plots are treated in same fashion as rest of project area may be necessary. **(EcoLogic)**

**RESPONSE: New inventory plots will be required anytime new activity areas are added into the project. All plots are to be monumented to facilitate verification and to improve the covariance term between plot updates. As mentioned in the comment, there is always the question related to permanent plots that they are somehow managed differently from the rest of the forest being sampled, such that they are not unbiased estimators of the project's inventory. Therefore, the Reserve is investigating the inclusion of periodic random plot replacement to address this concern. It is thought that a process to address this issue may be more cost-effective than requiring periodic studies to investigate whether bias is occurring.**

114.Section 8.2.1: "Plot centers must be monumented so they can be relocated for future measurement..." You need to be more explicit here in terms of materials such as painted rebar since the reliability and accuracy of field materials varies. **(EcoLogic)**

**RESPONSE: It is the Forest Owner's responsibility to use materials that are resilient. Plots that cannot be relocated must be re-established. If plots cannot be relocated by verifiers, the verification of the project data must be conducted through an unpaired approach.**

115. Table 8.7:

(a) Regarding tree numbering, we would recommend clarifying whether measurement should start at 0 degrees magnetic north or true north (i.e. whether declination should be accounted for).

(b) Regarding DBH, we would recommend allowing measurement with other modern methods in addition to diameter tape. **(NewForests)**

**RESPONSE: The updated protocol clarifies that the numbering starts at North with a compass that has been adjusted for declination. The requirement to use a diameter tape has been removed. Project developers may use any tool that allows the measurement to be within the stated measurement error tolerance (+/- 1 cm.)**

116. Table 8.7: This plot layout lacks the 14 m radius (minimum) to 20 m radius (maximum) required to sample rare large diameter trees 50+ cm diameter. Without this larger plot, these larger trees which represent less than 10% of tree density (tpha) can represent almost 50% of aboveground biomass in tropical wet forests in Chiapas, will be heavily undercounted relative to their real populations. **(EcoLogic)**

**RESPONSE: Plot locations are required to be located without bias. Intuitively, it is more of an issue to have enough 1/25<sup>th</sup> hectare plots to account for the variability the rare occasional large trees (presuming some would be picked up) would contribute. It is easy to honor such a request as an optional approach in areas where rare, large trees may exist. The updated protocol has added the option to include a larger radius (17.85 meters – 1/10<sup>th</sup> hectare) for such cases. The protocol requires that a decision be made at the initial inventory of an Activity Area and remain for the life of the project.**

117. Table 8.7: This table describes using fixed area circular plots. The diagram within the table includes guidance on DBH thresholds (less than 30 cm for interior plot and >30cm for exterior), however this does not match with the text to the left of the diagram which includes different DBH thresholds. Additionally the text does not include a minimum height for the interior 1/100th ha plot (1.37m is a common minimum height used). **(Rainforest Alliance)**

**RESPONSE: The references have been clarified to remove the identified ambiguity. Height will not be used as a criterion since a tree with the minimum DBH (10cm) will exceed the minimum height stated in the comment.**

118. Table 8.7: Require DBH to be marked on each tree with a greasepen or paint for consistent measurements to be taken at each measurement interval. **(EcoLogic)**

**RESPONSE: The verifier will measure DBH according to the descriptions in the protocol and will not replicate a measurement based on a mark from the project developer alone. The verifier's responsibility is to confirm carbon estimates through the use of independent data. Project developers may choose to use tools such as these for the reasons mentioned, as well as check-cruising or training purposes.**

119. Table 8.8: We do not have many allometric equations for the selvas. They exist for most species in the bosques but the selvas are much more bio-diverse, yet with species that are not financially valuable, hence they have never been studied properly and the equations have never been developed. To say 'formulas provided in the resource file' is not realistic. You can't put them there if they have not yet been developed. **(CIGA-UNAM)**

**RESPONSE: A statement has been added to the updated protocol identifying this sort of limitation. The Reserve will maintain a database of biomass equations which be required to be reviewed by Forest Owners prior to engaging in a Reserve forest carbon project. In the absence of an equation for a given species, the project will not be able to proceed.**

120. Table 8.8: Please provide guidance for calculating “Defect%” – is this an ocular estimate? (NewForests)

**RESPONSE: The defect deductions are an ocular estimate. This has been clarified in the updated protocol.**

121. Table 8.8: What is the source of the defect deductions? It would be helpful for reviewers to know how these deduction percentages were derived. (Rainforest Alliance)

**RESPONSE: The defect deductions are based on the approximate proportion of biomass in each portion of the tree.**

122. Table 8.10: This approach seems very problematic for project developers and VBs, as the number of registered projects in each state will be constantly changing, and projects are developed over a period of 6 months to 2+ years. As such the number of participating projects will likely be difficult to track. This approach would also penalize early. It would be preferable to use one constant sampling error. (Rainforest Alliance)

**RESPONSE: The aggregation language has been removed from the updated draft. The target sampling error has been removed as well. The updated protocol requires each project to achieve at least a +/- 20% sampling error at the 90% confidence interval. Projects with a sampling error greater than 5% must discount their project estimates for uncertainty.**

123. Table 8.12: Step 5 requires the calculation of linear regression to develop a relationship between diameter and height. Are there any statistical thresholds, or minimum significance requirements with a linear regression (e.g. maximum p-value or minimum  $r^2$ )? (Rainforest Alliance)

**RESPONSE: The updated protocol provides best management practices for obtaining height data to help improve the regression estimate. Ultimately, it is the Forest Owner’s responsibility to ensure the regression estimator is sound. Verifiers will randomly select plots for comparison and will compare plot carbon estimates from independent measurements to Forest Owner data. Verifiers will measure tree heights on each plot compared, which serves as a check against the project’s regression estimators.**

124. Section 8.3: The emphasis on inventory data for carbon stocks has parallels to the U.S. Reserve forestry protocol and will be straightforward with Mexico IFM project activities. However, I have concerns for both A/R and REDD project activities. A/R activities rely upon modeling for a number of years, not to sell *ex ante* credits, but to secure financing with reliable estimation of future carbon production. This protocol currently does not provide any guidance on a reliable modeling program.

Second, in terms of REDD, the reliance on regular updating of carbon stocks will credit a number of challenges. On the positive side I assume this means that growth is creditable in addition to averted loss based on UMAFOR deforestation rates. However achieving reliable

inventory data for a 25,000, 50,000 or 75,000 HA REDD project to 90% confidence interval every 10 years is extraordinarily expensive and laborious. This is reasonable for an initial assessment of stocks and should be required, but is a waste of resources in the future as the concern is not growth increment (which will likely be modest in a mature forest) but deforestation rate relative to the UMAFOR baseline. This can and should be determined via remote imagery without any need for additional inventory data collection. **(EcoLogic)**

**RESPONSE:** The updated protocol has eliminated avoided deforestation as an eligible activity for crediting. The focus of quantification for the sake of the protocol is to ensure a reasonable level of accuracy in assessing ex post facto forest carbon inventories. The Reserve understands the importance of projecting project inventories to estimate project benefits and secure project financing, but this issue is the responsibility of project developers. It is hoped that improved models will be developed for forecasting carbon inventories. The credits to be derived from this protocol will be for enhancement activities only and, recognizing the rate of forest increment can be modest, the protocol strives for efficiency in inventory and verification activities.

125. Section 8.3.4: The extent to which annual updates are necessary should be considered carefully. Multiplied by a 120 year monitoring period, this will be a cost burden to projects unless it can be well automated. Could it be bi-annual, every 3 years, every 5 years? These questions should be carefully considered in order to make projects attractive to projects. **(Rainforest Alliance)**

**RESPONSE:** Annual monitoring reports are not to be confused with verification activities. Annual monitoring reports consist of updating a reporting template with estimates of current forest carbon inventories. The protocol provides a methodology for this process and will issue credits as long as the reported data fall within defined tolerance bounds. Site verifications are required every 5 years. The Reserve has attempted to create a standardized approach to addressing inventory maintenance. Provided Forest Owners implement the approach well, verification costs should be reduced.

126. Section 8.4: The text states that “Lacking data to develop regionalized estimates of permanent carbon storage, this protocol will not include harvested wood products in either the baseline calculations or in the project activity calculations.” This has the potential to create an uneven playing field for Reserve projects in the continental United States versus projects in Mexico. One could imagine the same project north and south of the border (same initial carbon stocks, same baseline level with the exception of HWP, same project scenario) receiving different volumes of credits depending on its location in the U.S. or in Mexico. We would recommend the Reserve consider including a generic default value for HWP in project baselines in the MFP to be conservative. The Reserve has chosen to include default values in other elements of this protocol (for example in certain classes of inventory polygons), so this is clearly feasible in the MFP. **(NewForests)**

**RESPONSE:** The Reserve does not expect the difference between baseline and project conditions to be substantial in Mexico. Since the updated protocol will only issue credits for enhancement activities, it is conservative to exclude them. The US Forest Protocol issues credits for emissions avoidance activities, which, in the absence of harvested wood products, can over credit project activities.

## Baseline Development

127. The Mexico protocol does not appear to include any provisions that require forest projects to account for actions prior to the project start date. The Climate Action Reserve's U.S. Forest Project Protocol contained some provisions that at least required disclosure of harvest inventory for the ten years prior to the start date and disqualified projects whose standing live carbon stocks have decreased over a 10-year period. Without even these minimal requirements, a landowner would be able to harvest a forest area one year and register it as forest project the next, or create a forest project that consist largely of areas that had been intensely harvested over the past several years and were in the process of regeneration as part of business-as-usual operations. Such a scenario would not only generate non-additional credits, it would also avoid accounting for emissions associated with impacts to various carbon pools (for example, understory, litter and duff, and soil carbon) associated with the conversion of native forests to even-age management and plantation forestry.

Because the total net GHG reduction is calculated as a comparison of actual carbon stocks to the project baseline, which in turn is based on regional trends, it is not clear whether a project with decreasing forest stocks could still qualify as showing a total net GHG reduction so long as project stocks are decreasing at a rate slower than the regional trend. If this is indeed the case, it would mean that forest areas could qualify as GHG reductions when they are actually active GHG sources; credits generated under such conditions would potentially be based largely on reductions that are neither additional nor real. **[See CBD public comment submission for references and more detail.] (CBD)**

**RESPONSE:** Historical data are unavailable to make assertions as suggested in the comment. The Reserve has updated the protocol to include a requirement of an opinion from the state office of CONAFOR with regards to trends within a particular ownership. The opinion is used to shape the project's baseline in the same way the High Stocking Reference is used in the domestic protocol.

The updated protocol has been modified to only consider enhancement activities as being eligible. Therefore, the baseline no longer considers trends of deforestation. Rather, the baseline is based on on-site indicators of risks to increases in forest carbon inventories from the entire forest ownership, not only the portions entered into for purposes of obtain carbon credits. The basis of the risk assessment is in the requirement to stratify the entire landscape owned by the Forest Owner. The following criteria are used in the development of the baseline:

- The proportion of forest area that has been converted to non-forest use, which is an indicator of the threat of continued pressure to convert remaining forest.
- The proportion of existing canopy cover percentage in remaining forest compared to full canopy cover levels, which is an indicator of the ongoing pressure to extract resources from forests.
- The relative proportion of young tree (small tree) strata to older (larger) strata, which is an indicator of the state of the entire forest system and whether a general trend of increasing young trees is occurring.
- Activity Areas with legal requirements to increase carbon inventories are not eligible to participate.

128. The Mexico protocol applies both a legal requirement test and a performance test in determining the additionality of a project. In the example provided in the Mexico protocol, the hypothetical

project includes a natural protected area on 10% of the project area, in which the terms of the natural protected area prohibit harvesting. However, because the potential loss of carbon from the project area as a whole is estimated at 45% of the project area, it is determined that “the potential loss of forest carbon is greater than the 20-year regional trend,” and therefore no adjustments are made to the baseline. This provision appears to be the only mechanism for adjusting the baseline to account for legal constraints. However, in this example the business-as-usual growth within the natural protected area appears to be counted as growth under the project, which means that the non-additional growth in the natural protected area would be conflated with the potentially additional growth of the project as a whole. **[See CBD public comment submission for references and more detail.] (CBD)**

**RESPONSE: The baseline has been modified along with the modification to allow only enhancement activities to be eligible. In many, cases, Forest Owners will have to modify behavior to first arrest trends of declining inventories before receiving credits for enhancements. We believe this is a conservative approach to addressing a baseline for project crediting. Projects are required to identify areas where legal requirements are present that would force them to increase carbon inventories. These areas are not eligible as Activity Areas for consideration in the Reserve’s protocol.**

129. I believe there is some confusion regarding how different REDD components (deforestation, degradation, forest enhancement, etc.) will be measured and accounted for (see, for example, Table 6.1). The Protocol implicitly assumes there will be one baseline for all processes together but I suspect that this will not be the case. The point is that *deforestation* will certainly require a baseline based on an area much larger than the individual project (for example, it could in principle be established at the level of the UMAFOR, as suggested in the document, see also comment below). This is because the risk of deforestation is a probability function, with binary characteristics (an area is either deforested or not). *Forest enhancement* resulting from improved management in situ on the contrary can be measured on the basis of simple biomass increment in the site itself, and needs no further baseline (except that for proof of additionality it may be necessary to provide some (perhaps qualitative) evidence that before the REDD intervention, the forest was not enhancing by itself). It is not quite so clear how a baseline for *degradation* should be established, but since this (like forest enhancement) is a continuous function rather than binary, it might be logical to consider degradation the inverse of forest enhancement and to set a baseline for it at the project site level, based on historical rates of degradation in situ. The difficulty is that such data is usually not available. Note that sustainable management of forest, and conservation, although mentioned as elements in REDD+, are in fact management approaches to reducing D&D and to promoting forest enhancement, they are not themselves indicators of carbon stock change. **(CIGA-UNAM)**

**RESPONSE: The approach to considering whether project stocks will decline or increase, and the length of time in which an increasing or decreasing trend will persist is considered by the Reserve to be probabilistic. The Reserve’s approach to interpreting this probability is standardized and based on risks that are determined based on evidence of forest clearing, forest degradation, and forest re-establishment. The updated protocol is limited to enhancements and leaves the assessment, and incentives, for avoiding deforestation to future jurisdiction programs. This adjustment, which is consistent with the general thinking in Mexico to incentivize enhancements at the project scale, at least removes some of the tension associated with attempting to develop a project-specific baseline approach for avoided deforestation from indicators of deforestation developed from a more broad geographic setting.**

130. Data availability at the level of UMAFORs to construct baseline: I am not sure if data is already available/published on land cover change for these areas (in the Protocol you give example of 'UMAFOR X' with e.g., a loss rate of 0.4% annually or 8% over 20 years), but it would be relatively easy to obtain areal data on land cover change for the UMAFORs from remote sensing and the INEGI map series II, III and IV, so deforestation rates could be established. Data on biomass density, and particularly changes in biomass density (to build a baseline for degradation, or even simply to obtain an emission factor for any areas that have been deforested), is much more problematic.

You might think it could be done by aggregating data from INFyS for these areas. However, our initial attempt to use INFyS data for building a degradation baseline for one of the Mexican pilot projects has floundered. Only about 10% of the plots first measured between 2004 and 2007 have been re-measured so far. We compared those that had been re-measured, pair-wise, in order to develop the biomass change estimates in the area where we are working and found that there were very large discrepancies. Most plots appeared to have enormous swings (both up and down) which are so large they cannot be real: it seems that there is a very large measurement error in the data. It is likely that the re-measured plots are not in the same location as the original ones, as many of them had totally different plant populations the second time round. On average, this should not matter, e.g. for estimating average biomass density for given vegetation types, but the data cannot be applied to smaller areas to construct baselines (the grid is 5km by 5km in any case, so the number of plots within any one forest parcel is far too small). We are still investigating the implications of the data for MRV of our project, but our preliminary view is that it certainly cannot be used to assess changing stock levels within the individual parcel of forest (ejido level), and probably not at the level of aggregation above this (e.g. UMAFOR, or cuenca or municipality level), although they could be suitable for state level estimates. In any case, it only goes back to 2004 at the very earliest and is therefore not sufficient to construct a baseline. **(CIGA-UNAM)**

**RESPONSE: These are interesting observations and findings. The direction of Mexico is to allow crediting of enhancements at the project level and determine programmatic means to address emissions reductions at the jurisdiction level. There remains considerable discussion over the appropriate boundaries for jurisdictional MRV, although UMAFORs are apparently not a top priority in the discussion. The updated protocol has been modified to address enhancements only with assessments of baselines developed for each Forest Owner based on project-specific indicators.**

131. Almost all the PROFEPA forest management projects are currently in pine and pine-oak forests, where indeed the valuable timber is found. However, the deforestation rate in these bosques has been very low in the last 10 years, almost zero. Deforestation is mainly occurring in the selvas (particularly in the selva baja) where there is virtually no timber extraction and no almost no sustainable forest management programmes, although there are some ejido-based PSAs and wildlife schemes. How much *degradation* is going on in the bosques compared to the selvas is still unclear. The causes of degradation are different in bosques and in selvas, in the former it is mostly from unsustainable timber extractions, and near urban centres, charcoal; in the latter, it is mainly cattle grazing within the forest, which has suppressed regrowth.

Hence, if the focus is on forest management plans relating to timber, the problem of degradation in bosques may be tackled, but the deforestation and degradation in selvas will not be included. **(CIGA-UNAM)**

**RESPONSE: The updated protocol addresses permanence in an alternative manner that**

**does not require the submission of a management plan or the related oversight of PROFEPA. The alternative method to addressing permanence, based on tonne-year accounting, is intended to be more accessible to all types of forests in Mexico.**

132. This protocol requires that project baselines be estimated as a function of existing forest carbon stocks within the project area and regional deforestation trends calculated for defined management units, based on the National Forestry Commission's (CONAFOR) National Forest and Soil Inventory (INFyS). (pg.4)

In terms of forest management, how will this be defined? Deforestation up to a certain extent? Basal Area? To include land under forest management, the Protocol should clearly state that baseline data be estimated with the consideration of *forest degradation* as well. **(CONAFOR)**

**RESPONSE: The updated protocol has been modified to include only project benefits associated with forest enhancement activities. Hence, forest carbon inventories must be sustained within the project area (the entire ownership of an entity) prior to receiving credits.**

133. The MFP does not contain specific guidance for how the "20-Year Estimate of Change (Regional Trend)" value must be adjusted based on regulatory constraints. Without explicit guidance, project proponents are not likely to voluntarily elect to increase the baseline value on the basis of regulatory constraints. **(SCS)**

**RESPONSE: The baseline approach in the draft protocol has been modified. Only enhancements will be allowed in the updated protocol.**

134. Section 9.1: It is not true that many plots have been re-measured, and there are heavy doubts about the reliability of those that have been. **[See comment 130.] (CIGA-UNAM)**

**RESPONSE: It is assumed that this comment is in reference to Mexico's national inventory, which was considered as a potential set of data whereby trends could be developed from a set of periodic measurements. The previous draft considered developing trends of forest carbon inventories within UMAFORs as the basis for establishing trends of deforestation (should that have been the case). The updated protocol only allows enhancement activities to be eligible. Additionally, the baseline approach has been modified to consider project-specific risks in its development.**

135. Section 9.1: This section states that for those projects transcending multiple UMAFOR a weighted average should be used. The reviewer suggests specifying "area weighted average" to reduce ambiguity, assuming that the weighted average will be calculated based on proportion of project area within various UMAFORs. **(Rainforest Alliance)**

**RESPONSE: We appreciate the comment. However, the approach to a baseline using national inventory plots within UMAFORs has been abandoned. The updated protocol provides guidance for enhancement activities only with a standardized baseline developed using project-specific risk factors.**

136. Figure 9.1: The description for this figure appears to have a typo in the second to last word within the figure description. This appears as though it should be "state boundaries." **(Rainforest Alliance)**

**RESPONSE: The reference to UMAFORs has been removed from the protocol.**

137. Table 9.1: Depending on how the statistics for annual carbon stock trend are calculated, it may not be correct to multiply 0.4 by 20 to get 8%. For example, a 10% decrease every year, this may not mean 100% loss after 10 years if it is 10% or remaining carbon that is lost (i.e. the decrease would look like 100, 90, 81, 72.9 etc.... as opposed to 100, 90, 80, 70). **(Rainforest Alliance)**

**RESPONSE: Comment noted. The approach to baseline has been modified in the updated protocol. There is no need to clarify the sentence in the protocol.**

138. Table 9.1: "Rate of change of forest carbon..." What is this based on? I suspect it is area, not stock. The data on stock is simply not available. It is very important to separate out the deforestation factor (area) and the degradation/enhancement factor (density of biomass within forest). **(CIGA-UNAM)**

**RESPONSE: Comment noted. The approach to baseline has been modified in the updated protocol. There is no need to clarify the sentence in the protocol. The updated protocol provides credits for enhancement activities only.**

139. Equation 9.1: It is suggested that whenever an equation is presented, all parameters used within the equation are defined immediately below the equation (including units). This adds a great deal of clarity to any methodology. **(Rainforest Alliance)**

**RESPONSE: Comment noted.**

140. Section 9.2: The approach to making changes to regional trends based on legal constraints requires more guidance and structure. **(Rainforest Alliance)**

**RESPONSE: The protocol requires the all legal requirements be identified for the project. The previous version of the protocol required that all legal constraints be qualified in terms of their constraints on the forest carbon stocks. The baseline was intended to be adjusted to demonstrate the effect of the legal constraints. This is a difficult area where modeling is often utilized to demonstrate compliance with legal constraint. The updated protocol has simplified this process, due to the fact that only enhancement activities are eligible. The updated protocol will not allow any areas to be eligible where legal constraints require forest carbon inventories to increase.**

141. Section 9.2: I suggest including more specific guidance of how to take into account legal constraints that are not enforced successfully or that have been enforced only partially. **(Ross)**

**RESPONSE: Whether laws are enforced or not, all projects must abide by legal requirements that affect forest carbon inventories to be eligible.**

142. Section 9.2: Is it necessary to take into account enforcement trends, for example, in cases where enforcement is improving or deteriorating? Or would the adjustment be based only upon the current success rate of enforcement? **(Ross)**

**RESPONSE: Please see the response to Comment 141.**

143. Section 9.2: There are a number of “Zones with harvest restrictions” (i.e. buffers) where legal constraints on harvesting are not necessarily followed or clear. For example, the law requires that harvesting occur at “sustainable” levels in Mexico’s primary forests, but does not clearly define what those levels are in specific forests. In some cases, harvesting has occurred beyond a sustainable level. The requirement that the baseline be subject to legal constraints may be overly punitive for projects that can demonstrate that harvesting (or conversion) has occurred beyond what the law allows. It would be helpful to allow for a baseline to be set based on “common practice” in such cases. **(Terra Global)**

**RESPONSE: The comment suggests that Forest Owners might get credits for activities that don’t meet legal requirements. This issue is likely moot with the updated protocol which credits only for enhancements. This means that Forest Owners must address any ‘illegal’ activities that involve deforestation prior to engaging in a forest carbon project.**

144. Section 9.2: An explicit mention that federal tree planting programs providing financial assistance such as PROARBOL do not prohibit eligibility should be mentioned. **(EcoLogic)**

**RESPONSE: It is impossible to gather all the potential legal encumbrances for inclusion into the protocol. Considerations of legal constraints will be conducted for each project.**

145. Section 9.3, Worksheet 9.1: The adjustment of (upward or downward) for the regional trend seems to reduce the spatially explicit / project specific nature of the protocol and could be overly punitive for projects that have a high deforestation rate, but are in a region with a low deforestation trend. Conversely, in areas where the forest edges/more accessible areas have a higher deforestation rate, it could overestimate changes in tCO<sub>2</sub>e in initial years. We would suggest including more flexibility to account for the above-mentioned conditions. **(Terra Global)**

**RESPONSE: The updated protocol will only consider enhancement activities at the project scale. Project baselines will be developed using project specific data through a standardized process.**

146. Figure 9.2: This is a bit confusing. Does this refer to forest enhancement only? Could be made clearer. **(CIGA-UNAM)**

**RESPONSE: The baseline for projects in the updated protocol is developed for forest enhancement activities. The figure is no longer valid.**

147. Figure 9.2: It would help if Figure 9.2 matched the numbers in the example above in Worksheet 9.1. **(Rainforest Alliance)**

**RESPONSE: Comment noted. The baseline methodology in the updated protocol has been modified for enhancement activities only. The figure is no longer valid.**

## **Secondary Effects (Leakage)**

148. Because the Mexico protocol contains no requirement to determine the specific risk of leakage for each project or provisions to specifically disincentivize or discourage internal leakage (leakage within lands owned by the same landowner), a landowner would be able to game the system by simply increasing logging elsewhere to the same extent (or more) that logging is

reduced within the project area. In addition, increased levels of logging in the forest area near a project site, or increased logging in the region, would suppress the regional baseline for future projects, including projects developed by the same entity that is ramping up logging activities in the surrounding area. **[See CBD public comment submission for references and more detail.] (CBD)**

**RESPONSE:** It is important to remember that the vast majority of forest holdings in Mexico are owned by communities and ejidos and threats to forest cover are often related to agriculture or grazing expansion. Developing an infrastructure where forests are valued for the host of products they produce, including carbon, timber, biodiversity, clean water, will help ensure forests are sustained. Rather than calculating a risk of 'internal leakage', the protocol requires that monitoring be conducted for the entire ownership as a means to quantify total forest carbon inventories and check against leakage. Projects with declining forest carbon inventories outside of the activity areas will be ineligible to receive credits until the entity stocks are balanced.

149. It is difficult to know what will happen to the estimation of leakage risk when jurisdictional accounting is developed, and this could be a significant factor in the credibility of the project based CO<sub>2</sub>e estimates. We would suggest adding language that indicates that great care will be taken not to significantly change the leakage requirements of already registered projects once jurisdictional accounting is introduced. **(Terra Global)**

**RESPONSE:** The protocol will continue to assess leakage within the entity for internal leakage. The assessment of secondary effects based on lower volumes of harvested wood products in the project's baseline compared to project activity is standardized and a defensible tool for assessing leakage. The Reserve will support this method but may not have the authority to dispute processes developed at the jurisdictional scale.

150. Leakage assessment is much easier if you distinguish losses due to deforestation to those due to degradation. Deforestation losses can cause leakage at a long distance, most leakage from degradation will be local. If deforestation credits are all left to the jurisdictional level, this makes estimates of leakage for the project much easier. **(CIGA-UNAM)**

**RESPONSE:** The Reserve generally agrees with this assumption, considering that the majority of forest resources are used close to home. The infrastructure of milling infrastructure, transportation networks and markets for harvested wood products does not generally serve a broad geographic area (currently). The updated protocol has been modified to only include credits from enhancement activities (avoided deforestation is not eligible as a project activity). The protocol provides a mechanism to assess internal leakage through entity quantification requirements. Broader leakage is estimated through default factors based on shifts of harvested wood products (where baseline harvesting is higher than project harvesting).

151. Section 10.1: You should mention that state and federal policies, such as agricultural subsidies, can also affect forest cover and contribute to leakage risk, and you will address these when you address jurisdictional nesting issues in future versions. **(EcoLogic)**

**RESPONSE:** The protocol will only credit for increases in forest carbon inventories. A project would be responsible to compensate any reversals associated with putting forest land into agriculture.

152. Worksheet 10.1 (pg.47): These mitigation measures resemble Sustainable Forest Management practices. How will the Protocol differentiate between SFM projects and projects implementing SFM practices? It is necessary to differentiate between management activities and mitigation activities. Activities that mitigate against leakage refer to additional steps taken to diminish risks according to a previous analysis and should be considered separately. **(CONAFOR)**

**RESPONSE: The updated protocol has been modified to account for enhancement activities only. This has resulting in a modified approach to accounting for leakage. Leakage is quantified within the project area (the entire entity of the Forest Owner) and, in cases where baseline harvesting of wood products exceeds project harvesting of wood products, identifies a default value of leakage.**

153. Worksheet 10.1: No distinction is made between market and activity-shifting leakage (market leakage might not be mitigated by these activities) or between local or migrant agents generating the causal factors (migrant agents might not be affected by these mitigation activities). **(EcoLogic)**

**RESPONSE: The approach to assessing leakage has been simplified due to limits imposed by the updated protocol to enhancement activities. Leakage is quantified within the project area (the entire entity of the Forest Owner) and, in cases where baseline harvesting of wood products exceeds project harvesting of wood products, identifies a default value of leakage.**

154. Worksheet 10.1: Many of the risks for leakage seem to be more related to larger government land-use programs and out of the reach of Forest Landowners. However, their risk assessment suffers. **(CONAFOR)**

**RESPONSE: The approach to assessing leakage has been simplified due to limits imposed by the updated protocol to enhancement activities. This concern has been removed from the updated protocol.**

155. Worksheet 10.1: We are not confident of the effectiveness of how these leakage mitigation activities are to be evaluated, how closely they correlate with actual displacement of emissions, what evidence will suffice for the demonstration of appropriate approval, or why projects should therefore receive a uniform reduction in 75% of likely leakage activities that may have been mitigated.

Also, how will the appropriate agency within the project jurisdiction be defined and qualified to carry out these assessments? **(Rainforest Alliance)**

**RESPONSE: The approach to assessing leakage has been simplified due to limits imposed by the updated protocol to enhancement activities. This concern has been removed from the updated protocol.**

156. Worksheet 10.1, Line 1-3: Rather than stating a few agricultural improvement methods, it would be better to leave this more general as something like improved production methods or incorporation of best management practices, or improved knowledge of sustainable agricultural practices, which will leave room for innovation on possible improvement methods. The list given is very limited.

On line 4: Development should perhaps also consider development of infrastructure, not just

buildings. **(Rainforest Alliance)**

**RESPONSE: The approach to assessing leakage has been simplified due to limits imposed by the updated protocol to enhancement activities. This concern has been removed from the updated protocol.**

157. Worksheet 10.1, Harvested Wood Products: “Population increase leading to increased demand...” Or increased market demand? **(EcoLogic)**

**RESPONSE: We appreciate the proposed economy of language.**

## Permanence

158. I write to comment on how the matter of project permanence is addressed in the Protocol. We have 30 different *ejido* clients in Mexico who own some 400,000 hectares of forest land. We are working as project developers to maximize their benefit owing to both carbon offsets and biomass energy opportunities. We have maintained that the carbon offset market currently doesn't offer a substantial opportunity relative to forest carbon sequestration.

The Protocol mentions that Mexico's *ejido* constitution does not allow for a 100-year commitment of any nature, and subsequently proposes that the aggregator take on this binding commitment as a proxy. From our view, it is difficult to imagine that any private entity would agree to making such a commitment, and we've advised our clients that Version 1 is unworkable in its present form.

We do, however, offer an alternative for your consideration that we believe has several positive attributes, including:

- 1) eliminates the opportunity for gaming the market,
- 2) eliminates perverse incentives,
- 3) cultivates a viewpoint that managing forest carbon is a long term objective,
- 4) enables the *ejido* owners to fully participate in the carbon market; and,
- 5) is independent of land title (i.e. no easements).

This approach requires a few simple rules, including:

- 1) the appropriate Mexico government body issues an offset certificate that expires after a period of time (e.g. 20 years) without any regrets,
- 2) the *ejido* commits to an approved carbon sequestration plan that is consistent with their statutory 5-year development plan,
- 3) the locations of the offset projects are delineated using standard survey methods as separate strata within the managed landbase, and the offset certificate references the strata accordingly,
- 4) the strata certificates are fully fungible,
- 5) carbon losses of any nature from any strata do not affect the certificates issued before the loss, thereby guaranteeing their redemption value,
- 6) any losses are buffered from a pool established by virtue of the conservative estimates of the carbon accumulations;
- 7) any stratum suffering from a loss is eliminated from further participation (i.e. no more certificates) until an approved remediation plan is fully executed.

The purpose of the rules are:

- 1) The government-backed certificate is issued for each year where carbon is accumulated per the approved sequestration plan, and thereby eliminates the need for the market to discount for permanence because this is considered in the offset pool set aside. The market can therefore price the forest offset on par with any other sanctioned offset.
- 2) The finite shelf-life of the offset certificate limits any accumulated liability that must be covered by the pool as guaranteed by the government,
- 3) Fitting the carbon sequestration plan within the existing regulated government planning process lessens the administrative burden for development, approvals, and enforcement,
- 4) Allowing for separate carbon strata within an *ejido* landbase makes monitoring and verification an easier task and allows the land manager to fully integrate his land management activities; and,
- 5) Failure to comply means that the *ejido* faces all enforcement options available for non-compliance of their regulated forest management planning, as well as forgoing any additional offset revenue until remediation is complete. **(Carbon Basis)**

**RESPONSE:** We appreciate the thoughtful comment. Securing permanence is no easy task, as you have identified. The Reserve has adopted an alternative method in the updated version that shares some of the qualities of the proposed method in the comment. The Reserve does not use its risk buffer pool for avoidable reversals. Avoidable reversals are human-caused, not the result of natural disturbances. The updated protocol provides a strategy for addressing permanence based on tonne-year accounting. Credits are issued based on the length of time a removal can be secured. Credit issuance is based on 1% of a tonne of CO<sub>2</sub>e per year the tonne is secured. Ejidos able to contract with the Reserve for 30 years will be issued credits based on 30% for each tonne verified. Projects choosing not to contract at all will receive credits based on 1% of each tonne verified for each year the tonne is held out of the atmosphere. Contracts can be renewed annually which releases additional credits based on the additional time each tonne is secured. Projects meeting their contractual obligations can terminate a project with no further obligations to the program.

Advantages to this method include the built in incentive to maintain forest carbon inventories, since the credits released through contract renewal will build up into a substantial amount over time, cultivating a viewpoint that forest carbon is a long-term objective. The method will be more accessible for many Forest Owners. The contract does not need to go on the title of the land. Additionally, project contributions to risk buffers are calibrated to the shorter term risk associated with timeframes less than 100 years. The disadvantage is that the credits issued for contractual commitments less than 100 years are discounted from their 100-year value.

159. The risk ratings seem very high, and would be worth examining further whether some of this risk is already accounted for through leakage monitoring and calculation. Obviously, a lot of thinking went into this, but it seems at a first glance that there is double discounting through the risk rating mechanism and the leakage accounting deductions. **(Terra Global)**

**RESPONSE:** The risk ratings have been adjusted in the updated protocol and reflect the reduced risk associated with enhancement only project activities and the shorter term exposure of risk associated with tonne-year accounting.

160. Some terms are insufficiently defined. For example, an 80% risk is associated with disputes over land tenure or ownership. This is a very significant reduction. Therefore, what constitutes a dispute over land tenure or ownership should be very well defined to avoid ambiguity. **(Terra**

**Global)**

**RESPONSE: We have removed this class of landowners from being considered eligible in the updated protocol. Landowners must be free of multiple claims of ownership.**

161. Section 11: The timeframe of 100 years seems like an impossible period for any forest owner to sign a contract. This almost ensures failure of the program. The mechanism to make the timeframe relevant and manageable, which should be able to be more flexible and renewable/transferable as landownership passes from one person/community to another generation of owners. The PIA is probably not the vehicle to deal with reversals. We suggest that dealing with potential reversals should be done through better planning, project design and risk management, especially participatory design and ensuring that climate change vulnerabilities of communities are incorporated into the project design so the projects can truly be sustained for 100 years and longer, because they are designed well, not because someone will have to pay back the CRTs if they fail. **(Rainforest Alliance)**

**RESPONSE: The Reserve believes a credible mechanism for permanence goes beyond participatory design and better planning. The PIA is a form of risk management. It is both clear and transparent in terms of identifying responsibilities of each party. The updated protocol has provided a reduced term option through tonne-year accounting that will enable Forest Owners to sign a contract. Please see the response to Comment 158.**

162. Section 11: "...reductions and removals are maintained for 100 years to be considered permanent." This should be specified as 100 years beyond the final year of crediting, if this is the case. **(EcoLogic)**

**RESPONSE: Comment noted.**

163. How likely will Mexican entities continue to pay for MRV for decades after they have stopped receiving any financial incentive to continue in terms of carbon credit payments?

How are *ejidos* and private landowners going to be able to set aside sufficient financial resources for 100 years of MRV? This will be a significant hurdle unless CONAFOR or another agency can provide matching funds for example to offset half of the cost, 1/4 before and 1/4 after a successful verification. **(EcoLogic)**

**RESPONSE: Please see the response to Comment 158. Tonne-year accounting establishes an incentive to maintain removals out of the atmosphere. Credits are released based on ongoing monitoring and verification.**

164. Section 11.1.1: The sentence, "The Buffer Pool is a transparent organism." Was not found to be clear, in what sense is it an organism? **(Rainforest Alliance)**

**RESPONSE: The term 'organism' has evolved to a more appropriate inanimate term.**

165. Section 11.1.1: The protocol stipulates that an unavoidable reversal is any reversal not due to the Forest Owner's negligence, gross negligence or willful intent, including natural events like wildfires etc. It is not clear how to define the owners' negligence. For example, many fires are started by parties other than the forest owner and, particularly for large forest areas, it is difficult for the owners to patrol all of the boundaries of forest area at all times. Is a forest owner

considered negligent if they have not been able to stop an outside party from creating the wildlife? **(Terra Global)**

**RESPONSE: The determination of gross negligence will have to be made on a case by case basis. The Reserve will not make a claim of gross negligence without strong evidence the owner was directly involved in an event that led to a reversal.**

166. Sections 11.1.1, 11.1.2: The avoidable versus unavoidable distinction will be difficult in a place like Mexico with a REDD project. Do you have some explicit criteria to assess whether a forest owner is “negligent” when there is trespass with REDD? This will be a very common situation. **(EcoLogic)**

**RESPONSE: Please see the response to Comment 165.**

167. Section 11.1.1: Instead of just retiring CRTs in the case of an unavoidable reversal, add restoration activities to help speed up the recovery of lost carbon and ecosystem services. **(CONAFOR)**

**RESPONSE: Projects will be incentivized to initiate restoration activities in the event of an unavoidable reversal because they will immediately receive additional credits as soon as enhancements can be quantified. The Reserve cannot enforce restoration activities.**

168. Section 11.1.2: If the reversals are not compensated after one year, the Reserve will submit an additional notification to the Federal Environmental Protection Agency (PROFEPA), which will initiate administrative enforcement activities. (pg.49)

What are these administrative enforcement activities? Are the administrative sanctions regulated? **(CONAFOR)**

**RESPONSE: The Reserve has modified the approach to permanence and no longer depends on PROFEPA’s enforcement capacity.**

169. Section 11.1.2, #3 should perhaps read “the Forest Owner must purchase and retire forest CRTs”... **(NewForests)**

**RESPONSE: Protocol edited as noted.**

170. Section 11.1.2.4: Will that be at the original market price paid to the landowner, or the current market price which may be much higher or lower? This could create problems either way. Also, with the next item Section 11.1.5, what happens if the community or individual doesn’t have the money, and they weren’t the one who received the initial payment? Most likely the money will be spent, and there will not be any funds available to pay back any reversal. All of these requirements could make it very hard for owners to transfer their property if they needed/wanted to sell. This would devalue their investment, and create a disincentive to participate in the program. **(Rainforest Alliance)**

**RESPONSE: The agreement between the Reserve and the Forest Owner will never bind the land as part of the contract. This, at least, relieves concerns about transferring a debt to a future landowner. More importantly, the approach to permanence through tonne-year accounting establishes a contractual obligation. It is anticipated that many communities and ejidos will contract for 30-year periods of time due to regulations in**

**Mexico that address contract length. The 30-year length of time fits in well with shifting generations. Payments are distributed more evenly over the permanence period which translates into the next generation receiving financial rewards for the burden of ongoing monitoring.**

171. Section 11.2: The shared buffer pool is a good concept. It could perhaps be expanded to deal with human-caused reversals as well. **(Rainforest Alliance)**

**RESPONSE: The Reserve does not wish to create an incentive for Forest Owners to intentionally reverse their project carbon inventories. The Reserve reserves the right to backfill reversals to ensure the program is whole in the event avoidable reversals cannot be retrieved.**

172. Section 11.2.1: Compared to the detail provided in calculating the carbon stocks for the whole project area, there is relatively little guidance for determining the amount lost during a reversal. **(Rainforest Alliance)**

**RESPONSE: The calculation of a reversal is simply a decline in forest carbon inventories relative to carbon inventory in a previous reporting year.**

173. Section 11.2.3: Is the PIA the same PIA used with the U.S. FPP? Is this agreement governed by U.S. law or Mexican law? What impact does this have on Mexican Forest Owners? **(Rainforest Alliance)**

**RESPONSE: The PIA will be modified for use in Mexico. It will be an agreement that articulates the responsibilities of each party. Principally, it acknowledges the commitment to the Mexico Forest Protocol. The PIA will not be recorded on the title of the property for Forest Owners. The exact terms of the PIA have not yet been drafted. The approach to permanence through tonne-year accounting manages some of the risk associated with longer term projects.**

174. PIA: How enforceable will these contracts be in Mexico? What is the recourse? Are the contracts legal if they are beyond the 30 year limit for *ejidos* and community ownerships? **(EcoLogic)**

**RESPONSE: No contracts will exceed limits established by law. The Reserve does not have any experience enforcing the PIA and cannot say with certainty that no issues will arise. The Reserve would prefer to work with the Forest Owner to remedy any violations. Leverage to enforce the contract will include suspension of project activities, including the transaction of credits, until contract breaches are remedied.**

175. Section 11.2.4: It is stated that, "The initial distribution is intended to be substantial to incentivize the initiation of project activities and address project development costs." However, when compared to the VCS, where all verified credits (minus the buffer) are received immediately, this appears not to be incentivizing project development, but rather provides an extra hurdle. **(Rainforest Alliance)**

**RESPONSE: Comment noted.**

176. Table 11.2, Land Tenure Risk 2: Why is this factor weighted so lightly? Is this based on any objective evidence? **(EcoLogic)**

**RESPONSE: The risk factors have been developed based on estimated risks. There is a lack of data to assist in quantifying the risk. Instead, the Reserve employs risk values that it considers to be conservative. That is, risk factors that will ensure unavoidable reversals can be compensated. The Reserve maintains the right to adjust these factors based on project experience.**

177. Table 11.3, Land Tenure Risk 3: "...disputes over land tenure or ownership." This is going to be common in Mexico. I suggest so you do not overly penalize projects that you provide an option for mitigation in terms of evidence that a rights resolution process has begun. **(EcoLogic)**

**RESPONSE: Comment noted.**

178. Section 11.2.4.1.2: The first two sentences say very different things. The INE model does not measure management risk, as whether and how a project is managed is not a variable at all. The INE model measures deforestation risk based on spatial variables for a particular forest property whether or not a project exists that is being managed. Management risk is an important factor but it is not being addressed by the INE model. Management risk involves at least two factors of the professional experience of the managers (in that region of the country, with forestry project activities of the same type, with forest carbon) and the financial viability of the project quantitatively determined via IRR and NPV. **(EcoLogic)**

**RESPONSE: The management risk factor has been removed from the risk factors considered. The variables to determine management risk are highly subjective.**

179. Section 11.2.4.1.2: "The model uses the following variables..." I believe that local human population is also a significant factor in this model. **(EcoLogic)**

**RESPONSE: Comment noted.**

180. Section 11.2.4.1.2: Is an "Identification of Risk" box missing here, or is this due to the fact that the webpage is still in production? Also, this risk seems specific to land management activities, other GHG programs include management risk related to project management staff capacity and experience. Are these risks considered under this topic as well? **(Rainforest Alliance)**

**RESPONSE: See the response to Comment 178.**

181. Table 11.4: How will the term "benefit financially" be defined and assessed? Would increased agricultural production from leakage mitigation activities qualify as a financial benefit? Or is this strictly speaking about the distribution of funds from the sale of carbon credits generated from the project? If the answer is the latter this should be specified. **(Rainforest Alliance)**

**RESPONSE: The risk matrix has been modified and is based on variables that are clearly defined.**

182. Table 11.4: "...percentage of the total population living within the project area will benefit financially..." Do you have any evidence that this is the factor to measure to determine social risk? First, living within the project area, don't you mean within a certain distance from the project area? The project area will be forest land for carbon project activities and households will be excluded from the boundaries. In addition, it seems that not only the percentage of people receiving financial benefit, but also the amount of benefit they are receiving relative to

other opportunities (opportunity cost of the project area) is important, and will put the project at risk if the opportunity cost increases. **(EcoLogic)**

**RESPONSE: The Reserve has developed the risk evaluation using the best knowledge available. The Reserve establishes the risk buffer contributions with the idea that the program must be secure. As such, risk factors may be adjusted in the future based on the prevalence of claims against the buffer pool.**

183. Section 11.2.4.1.4, Governance Risk: The criteria in this section do not necessarily demonstrate that a project has been consented and accepted as stated here but instead demonstrate only that some rules exist and some meetings are held. You need a clearer criterion that ties into the factor that you are trying to measure. One suggestion is to use community engagement in terms of percent of people living within 10-25 km of the project area that are reliant on the project area that have been consulted regarding what the project is, where it is, and who to contact for additional information on an ongoing basis. **(EcoLogic)**

**RESPONSE: Please see response to comment 182.**

184. Table 11.5: Is the number of general assemblies averaged per year over a set time period (e.g. if the actual number of general assemblies held in previous years varies, how is this parameter assessed)? **(Rainforest Alliance)**

**RESPONSE: The updated protocol has included requirements for assemblies as a safeguard with clear language.**

185. Equation 11.1: It is not clear why this equation multiplies the inverse risk ratings, as this ultimately decreases the total risk. For example, if a project has a risk rating for Land Tenure Risk 1 of 50% and a risk rating of Land Tenure Risk 3 of 80% and zero risk for all other criteria (for simplicity), then this equation would result in an initial distribution of 10% of Total Net CRTs ( $10\% = (1 - 0.50) * (1 - 0.80)$ )

To further illustrate, if the same project demonstrated 0 risk for Land Tenure 3, but maintained a risk of 50% for Land Tenure Risk 1, then the total Net CRT buffer would be 50% ( $50\% = (1 - 0.50) * (1 - 0.00)$ ). It is not clear why the risk for the second scenario that had demonstrated a decreased risk overall would result in an increased buffer withholding.

It is not clear why the risk rating would not be cumulative, as otherwise increased risk rating within the risk criteria can actually reduce the overall risk deduction as shown above. It is not clear why a cumulative risk rating with a maximum risk threshold (above which projects would fail to be eligible) is not employed. **(Rainforest Alliance)**

**RESPONSE: The risks defined are partially mutually exclusive. The calculation is multiplied to reflect that fact.**

186. Section 11.2.5: It should be clarified that there is no release of credits when the buffer pool remains the same. **(EcoLogic)**

**RESPONSE: The comment is not clearly understood.**

187. Section 11.2.5.1.1, Natural Disturbance Risk: Management activities that improve resiliency to wildfire, insects, and disease can reduce these risks. Management activities that shift harvesting

practices from live sequestering trees to trees that have succumbed to natural disturbances reduce or negate the reversal depending on the size and location of the disturbance. (pg.57)

We support these mitigation activities. They are definitely within the reach of Forest Landowners. **(CONAFOR)**

**RESPONSE: Agreed.**

188. Table 11.8: Considerations of real climate data should be a factor in risk ratings, certain areas are already experiencing climate changes that increase the likelihood of reversals by natural causes, climate adaptation and risk reduction should be integral components of forest project risk calculations. **(Rainforest Alliance)**

**RESPONSE: The Reserve maintains the right to adjust the risk ratings based on changes to the risk profile, including claims by project participants.**

189. Equation 11.2: Please avoid mixing percentages and fractions as it causes confusion. (1-wildfire risk%) should be (1- wildfire risk) where wildfire risk is a fraction between 0 and 1. **(Rainforest Alliance)**

**RESPONSE: This has been clarified.**

190. Equation 11.2: The same issue described above regarding Equation 11.1 **[comment #185]** is relevant for Equation 11.2 where natural risk is calculated. **(Rainforest Alliance)**

**RESPONSE: This has been clarified.**

## Verification

191. I very much appreciate and support the idea that the forest owner/manager should be responsible for monitoring carbon stocks within their parcels, although (as the Protocol suggests) this should clearly be done using an approved and standardized protocol and with some form of (sampled) verification. The principle of self-assessment in carbon stocks seems to be basic for a successful REDD+ programme and formal acknowledgement of this principle needs to be promoted. **(CIGA-UNAM)**

**RESPONSE: Forest Owners are always responsible for the development of projects and their ongoing monitoring and verification within Reserve protocols. The actual tasks may be contracted to third party consultants.**

192. The MFP states in Section 8.1: "Stands should be relatively homogeneous within each polygon for the variables discussed in this section. Where the variables are not homogeneous, a separate stand shall be created." Please provide guidance about how verifiers shall determine stand homogeneity. **(SCS)**

**RESPONSE: Additional guidance has been added to assist project developers and verifiers to interpret the term homogeneity, although it is impossible to remove all elements of interpretation. We will continue working to improve consistency of**

**interpretation in this regard.**

193. The protocol does not provide an explanation or justification for the longer period between site visits in the MFP versus the domestic U.S. FPP (pg.62). Why would the Reserve require a six-year interval in the U.S. but a 10-year interval in Mexico? Unless the data quality and calibrated models related to forest biomass in Mexico is in general better than the data quality and similar calibrated models in the U.S., the longer verification period would seem hard to justify. **(NewForests)**

**RESPONSE: The protocol in Mexico is limited to enhancements only. Additionally, site verifications have been set at 5-year intervals in the updated protocol.**

194. In Section 14.1, it is stated that after the initial site visit, a site visit will only occur once every 10 years. Over a 20-year crediting period, there is a potential for a large gap between site verifications, potentially 16 years, which creates the possibility for a huge risk that credits will be generated that do not really exist or are overstated. This may trigger potential eventual reversals and may not be in line with the Protocol's stated goal to have conservative assumptions and minimize the risk of over-crediting. This risk is also increased by the fact the inventory measurements should be updated every 10 years but do not explicitly require a site visit to assess sampling accuracy. **(SCS)**

**RESPONSE: The updated protocol has modified the requirement. Site verifications are required every 5 years (minimal). Annual monitoring reports are considered verified if the reported data fall within tolerance bounds. Site verifications will be required for projects when reported data do not fall within expected tolerances.**

195. Section 14.1 (pg.62): This section should be further elaborated as it is not exactly clear what the verification sampling is for the projects (e.g. sampled as a pool of all projects registered under the MFP, or as individual areas included within multi-site projects). We suggest the sampling protocol for verification of projects under the MFP is further elaborated in this section to avoid potential confusion. **(Rainforest Alliance)**

**RESPONSE: A verification protocol and worksheets will be developed prior to the first verification.**

196. Section 14.1: The need to hit a 90% successful verification rate for the reserve seems unnecessary. If the failure rate was naturally 15%, then in theory if you verify all projects, you will never reach the threshold. This section is generally unclear. **(Rainforest Alliance)**

**RESPONSE: Comment noted. The updated protocol has attempted to be as clear as possible. Thank you for highlighting this issue.**

197. Section 14.1: You should explicitly state that the continued verifications occur at the expense of the project proponent. **(EcoLogic)**

**RESPONSE: The protocol has made this point clear.**

198. In Section 14.1, the requirements for site and desktop verifications are provided. In the years where neither occurs, it is stated that the Reserve reviews the annual monitoring reports. Please clarify if CRTs are issued on an annual basis (regardless if it is a site, desktop or annual monitoring report evaluation). **(SCS)**

**RESPONSE: This has been clarified. Annual monitoring reports will be accepted as verified provided the data fall within tolerance bounds. Data that do exceed the tolerance bounds will require a more intensive desktop verification by a third party verifier. If the desktop verification cannot resolve the apparent abnormality, site verification will be required.**

199. Section 14.1.2: How do credits released annually outside the initial distribution receive a vintage? This is not explained. **(Rainforest Alliance)**

**RESPONSE: This provision is no longer applicable to the updated protocol.**

200. There is no natural forest management provision in the verification section. I assume that exclusion is intentional? Even-aged management and introduced species are therefore not prohibited under the Reserve in Mexico? **(EcoLogic)**

**RESPONSE: The draft protocol relied on external programs to secure environmental and social safeguards. Terms that address 'natural forest management' are found in both FSC and CCB. However, the updated protocol has developed internal environmental and social safeguards. The environmental safeguards address the theme of 'natural forest management'.**