

An aerial photograph of a rural landscape in Mexico. The terrain is hilly and features a mix of green vegetation, brownish soil, and patches of trees. In the foreground, there are dense green bushes and a large rock. The middle ground shows a valley with fields and a dirt road. In the background, a prominent hill with a small cluster of trees sits under a clear blue sky with a few wispy clouds. The overall scene depicts a typical rural agricultural or semi-forested area.

The Climate Action Reserve Mexico Forest Project Protocol

September, 2013

Overview



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The protocol will produce high quality carbon credits from forest projects in Mexico. Projects will provide assurances for environmental and social benefits and allow for a diversity of management activities to be included.

- Designed to be thorough, accurate, and practical

The project guidance addresses enhancement activities only and is designed for ease of reconciliation with future jurisdictional accounting.

- Ultimate goal is to serve as ‘nested project’ guidance.

Reserve will ‘road test’ protocol guidance with 2-3 pilot projects before expanding to generalized use. Pilot projects will seek partnership with public investment into restoration activities.

Stakeholder Process



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Process initiated in June, 2010

13 Meetings in Mexico to Date

Stakeholder Participants:

Alianza para la Conservación Sierra Gorda
Alianza de Ejidos y Comunidades Forestales Certificados de Mexico
Ambio
Apoyo y Servicios a la Comercialización Agropecuaria
Baker & McKenzie
Border Environment Cooperation Commission
Centro Mexicano de Derecho Ambiental
Comision Nacional Forestal
Consejo Civil Mexicano para la Silvicultura Sostenible
EcoLogic Development Fund
Environmental Defense Fund
Gold Standard
Governors' Climate and Forests Taskforce
Natura Proyectos Ambientales

Profepa
Pronatura Mexico
Pronatura Sur
Rainforest Alliance
Reforestamos Mexico
Scientific Certification Systems
Servicios Ambientales de Oaxaca
South Pole Carbon Asset Management
Terra Global Capital
The Nature Conservancy
Universidad Nacional Autónoma de México
Verified Carbon Standard
World Wildlife Fund



Protocol Major Elements

- Applies to ejidos, communities, and other private landowners throughout Mexico
- Multiple enhancement activities eligible under one project
- Standardized inventory and sampling methodologies
- Standardized baseline and accounting methods
- Requirement for permanence
- Requirements for environmental and social safeguards

Standardized Inventory Methodologies



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- Standardized inventory and sampling methodology:
 - Stratification into vegetation and land use classes, consistent with CONAFOR planning strategies
 - Plot location, intensity, and selection
 - Measurements and regression estimators
 - Biomass equations to be provided
 - Inventory updates
- Inventory efficiencies provided through
 - Programmatic approach to assessing uncertainty (reduces costs to individual projects)
 - Extensive inventory (for broad monitoring of leakage and safeguards) versus Intensive Inventory (for carbon accounting)



Forest Project Activities

- ‘Territorial’ baseline enables a variety activities that increase sequestration to be included with one baseline approach
 - Conservation
 - Reforestation/afforestation
 - Improved forest management
 - Agroforestry
 - Urban forests

Project Baseline

Trend Analysis

- Trend analysis determined based on risk and trend analysis based on evidence within project area:
 - Area of original forest cover remaining.
 - Canopy cover in existing forest cover.
 - Area of forest cover in young trees.
- Trends extended for crediting period (20-years)
- Baseline can be adapted to inclusion of additional activity areas over time.



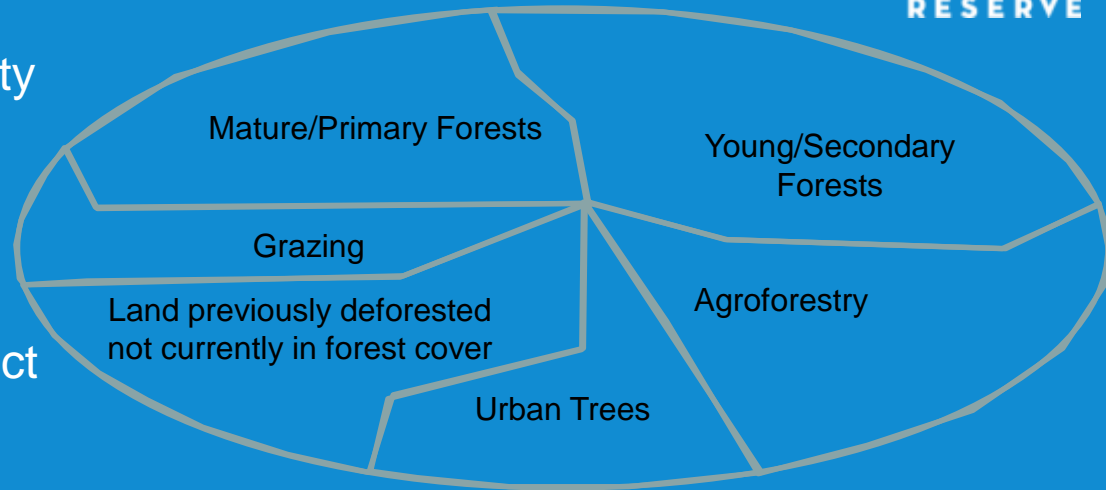
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Project Baseline

Adaptable to a variety of forest cover types

Baseline is adaptable by allowing enhancement activities from a variety of forest cover types to be included.

Additional enhancement activities can be added in to the project over time with an adjustment to the project baseline.



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Inventory Example

Land Use	CO2e Tonnes/Hectare (Trees)	Hectares	Total Tonnes CO2e (Trees)
Mature/Primary Forests	180	2,000	360,000
Young/Secondary Forests	100	3,000	300,000
Grazing	35	1,000	35,000
Agroforestry	30	2,000	60,000
Urban Trees	10	1,000	10,000
Deforested landscapes	30	2,000	60,000
Sum/Baseline	385	11,000	825,000

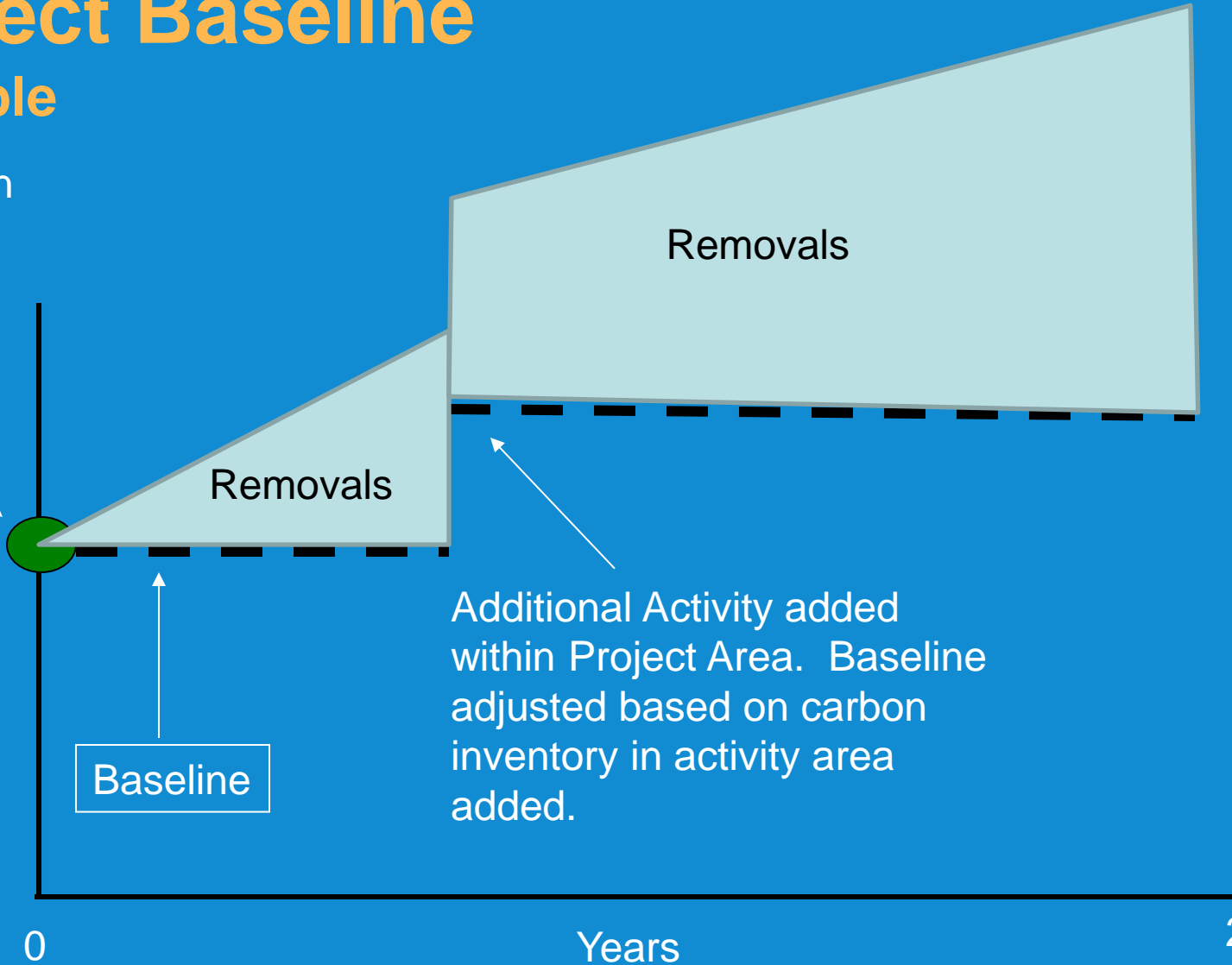
Project Baseline Example



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Initial carbon inventory within initial Activity Areas

Standing Carbon





Additionality and Crediting Period

- Project carbon stocks must exceed baseline
- Baselines must incorporate all legal requirements, including any requirements to:
 - Reforest
 - Preserve forests
 - Constrain management
- Baselines are established for 20 years - (20-year crediting period)



Permanence

- Credits based on portion of 100-year permanence period tonnes are secured (tonne year accounting).
 - 1 tonne secured for 100 years is credited at 100%
 - 1 tonne secured only by annual monitoring is credited at 1% per year.
- Short term secured tonnes accrue substantial annual additional payments over time, serving as a strong incentive for prolonged permanence.
- **Unavoidable Reversals** (fire, wind, etc.) are compensated from buffer pool administered by Reserve
- **Avoidable Reversals (Over-harvesting)** are managed through contractual agreement and mitigating risk through building incentives.



Environmental Safeguards

- Explicit environmental safeguards address continued forest cover, protection of high conservation value forest stands, and support for sustained natural ecosystems within Project Area (not just Activity Areas):
 - Maintenance /Increase of standing live and dead carbon inventories over the project life.
 - Management for native species.
 - Protection of forested areas identified as High Conservation Value (by CONAFOR)
- Quantification guidance facilitates monitoring.



Social Safeguards

- Explicit social safeguards address transparency, participation, and project governance
 - Community decision-making incorporated into decisions of project activities and distribution of benefits.
 - Requirement for community process to identify Project Coordinator and process for determination of term.
 - Requirements for periodic meetings, with publically-available meeting notes, to present and discuss project activities.



Accounting for Leakage

- Leakage risk to be quantified within Project Area based on Extensive Inventory.
- Offsite leakage calculated through standardized estimate.
- Leakage estimates deducted from project crediting.



Monitoring and Verification

- Standardized quantification information systems developed by the Reserve will include standardized monitoring templates that will help manage reporting costs.
- Third-party verification required
 - Site-visit required at first verification for all projects
 - Site-visit required for each project once every 5 years
 - Credits are verified annually based on interim desktop review
- Verifiers must be accredited and approved by the Reserve.

Pilot Projects and Ongoing Activities



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- Reserve is partnering with NGOs, CONAFOR, CONABIO, and ejidos/communities in the states of Oaxaca and Mexico to field validate the protocol.
- Reserve will provide assistance to NGOs and ejidos/communities in capacity building efforts.
- Reserve is developing data management systems and automated reporting tools.