



Mexico Forest Project Protocol: Reforestation Statement of Intent

March 4, 2010

Background

On August 15, 2008 Mexico's six Border States (Baja California Norte, Sonora, Chihuahua, Coahuila, Nuevo Leon, and Tamaulipas), California, the Pacific Gas & Electric Co., and the Climate Action Reserve (Reserve) signed a "Memorandum of Understanding" (MOU) agreeing to work cooperatively to develop quantification and verification protocols for greenhouse gas (GHG) emission reduction projects in Mexico. The MOU calls on the Reserve to develop protocols that "would ensure the integrity of emission reductions from projects in Mexico designed to reduce greenhouse gas pollutants." It further calls for prioritizing "projects based on the co-benefits associated with projects, including clean water, clean air and reduced toxic contaminants" and considering "job creation opportunities in states on both sides of the border."

Further, in September 2009 at the California Governor's Global Climate Summit, a Statement of Intent to implement and support forest management and reforestation practices for the forests of the Sierra Madre Occidental States of Mexico and Michoacán was signed by the Secretariat of Environment and Natural Resources of the United Mexican States (SEMARNAT), the California Environmental Protection Agency (Cal/EPA), the Climate Action Reserve, and the ECOLIFE Foundation.

The Reserve initially adapted two of its existing project protocols for use in Mexico: the Livestock Project Reporting Protocol and the Landfill Project Reporting Protocol. Mexican versions of these protocols were adopted at the Reserve's July 1, 2009 Board Meeting. The Reserve is now proceeding with efforts to adapt the Forest Project Protocol for the development and registration of forest projects in Mexico.

Forest Protocol Adaptation

The Reserve will develop the Mexico version of the Forest Project Protocol as three separate protocol documents, one for each type of project (Reforestation, Improved Forest Management, and Avoided Conversion) covered under the U.S. version of the Forest Project Protocol. The Reserve believes protocol requirements for Reforestation projects in Mexico could be developed relatively quickly; therefore, the first project type to be adapted will be Reforestation. Improved Forest Management and Avoided Conversion rely on complex datasets that require a greater time commitment to develop than those required for Reforestation. These datasets will be reviewed over the course of developing the Reforestation Protocol and will be initiated immediately following the completion of the Reforestation Protocol.

Below are some examples of modifications necessary for adapting the Forest Project Protocol to Mexico.

- The Reserve Forest Project Protocol operates under assumptions of certain rights being assigned to land (forest) ownership and that title of land (forest) ownership is reasonably clear. This area will be reviewed since obligations and liabilities associated with participating in projects are linked to patterns of ownership.
- The Reserve will determine where biomass equations and non-biological emission factors that have been developed for U.S. projects need to be modified for projects in a Mexican context. Mexico-specific emission factors, where appropriate, will be identified for discussion by the stakeholder workgroup as well as the capacity of forest simulation models in use in Mexico.
- Key regulations in Mexico (federal, state, local) will be identified that formulate the legal basis for Reforestation projects. The status of a federal inventory program and capacity to serve as common practice will be reviewed. The Reserve will also propose modifications to eligibility/additionality criteria and baseline procedures in the forest protocol as appropriate.
- Forest projects require a long-term commitment to changed land use practices. Adapting the Forest Protocol to Mexico may require consideration of mechanisms to ensure land use rights are not negatively impacted as the result of project activities and commitments.

Reforestation Protocol Development Process

The adaptation of the Reforestation Protocol is scheduled for completion by the fall of 2010. This Statement of Intent is the first formal step taken in carrying out the MOU. It is anticipated that a stakeholder workgroup will be formed by April 2010 and will prepare a draft adaptation of the Reforestation Protocol by July 2010 for public review with the goal of bringing the protocol to the Reserve's Board in the fall of 2010.

Adapting the Reforestation Protocol guidance requires a research effort to develop language, provisions, and technical parameters for elements of the protocol that must be modified so that it can be accurately and credibly applied to reforestation activities in Mexico. This work will be conducted by Reserve staff simultaneously with developing a stakeholder workgroup to provide critical advice in navigating the physical, legal, political, institutional, and environmental challenges associated with adapting the protocol to Mexico.

The Reserve will form a technical multi-stakeholder workgroup consisting of representation from environmental organizations, local and national government, private consulting firms, forest landowners (community, private, and public), verification bodies, and academia. Stakeholders interested in participating in the workgroup will complete a Statement of Interest form, available on the Reserve website,¹ and submit it to Reserve staff for review. The Reserve will assemble a group of up to 20 stakeholders who will assist Reserve staff in adapting the protocol for use in Mexico.

The stakeholder workgroup will review drafts of the Mexico version of the protocol as it is developed by Reserve staff. The group will discuss protocol development issues periodically by conference call and will meet at least once in person over the course of protocol development. The Reserve will incorporate results from the stakeholder process into a draft of the protocol and then release it for a one-month public comment period. Public comments and suggestions will then be incorporated into the draft where necessary and the protocol will be finalized for

¹ <http://www.climateactionreserve.org/how/protocols/in-progress/mexico-reforestation/>

adoption by the Reserve Board of Directors. Protocol development is an open and transparent process and is described in more detail in the Climate Action Reserve Program Manual.²

Reserve Objective

The Reserve is excited to expand its efforts to adapt and develop protocols for use in Mexico. The Reserve's U.S. experience has shown that money invested in protocol development is leveraged many times over by spurring investment into new projects and creating new business opportunities for project developers. There is tremendous opportunity for Mexican project developers to participate in the rapidly evolving North American carbon market through the development of forest projects under the Climate Action Reserve program.

² Available on the Reserve website here: <http://www.climateactionreserve.org/how/program/program-manual/>.