



The Mexico Forest Project Protocol Workgroup

Meeting 3 Meeting Notes August 5, 2010	Meeting was held at the office of CONAFOR in Coyoacan, DF- Mexico
--	--

The meeting was held on August 5, 2010 at CONAFOR's offices in Coyoacan, Mexico. The meeting started at approximately 9:00 am and concluded at 5:00 pm.

In attendance: John Nickerson (Climate Action Reserve), Alejandra Salazar (Pronatura Mexico), Carolina Orta Salazar (CONAFOR), Laura Perez Arce (Grupo Ecologico Sierra Gorda), Patti Ruiz (Grupo Ecologico Sierra Gorda), Yves Paiz (The Nature Conservancy), Kjell Kuhne (Instituto Nacional de Ecologia), Armando Alanis de la Rosa (CONAFOR), Ruben Bernabe Martinez (Ambiente y Desarrollo), Sofia Garcia Sanchez (CONAFOR), Liliana Davila (World Wildlife Fund), Pablo Quiroga (Natura Proyectos Ambientales), Alejandra Cors (Reforestamos Mexico), Lina Dabbaug (World Wildlife Fund), Ruben de la Sierra (ASERCA), Alfonso Gutierrez, Juan Carlos Carrillo (CEMDA), Ivan Hernandez (Gold Standard).

Remote: Tim Kidman (Climate Action Reserve), Heather Raven (Climate Action Reserve), Cheri Sugal (Terra Global Capital), Claudia Méndez (Consultante de Rainforest Alliance México), David Ross (Grupo Ecologico Sierra Gorda), Bryan Foster (Ecologic).

Meeting Summary:

Gary Gero, the Reserve President, addressed the workgroup. Gary outlined some of the key objectives and responsibilities of the workgroup and the Reserve. Gary's presentation is posted on the Reserve's Mexico webpage. Gary's presentation addressed:

- Protocol development goals and objectives which included developing a standardized approach for quantifying, monitoring, and verifying forest projects in Mexico
- Identifying workgroup responsibilities. This discussion focused on the importance of participation, providing written comments and drafts, and serving as a resource to the process
- Identifying staff responsibilities. This discussion focused on the role of Reserve staff to ensure the developing protocol meets Reserve standards and is aligned with Reserve principles, leading workgroup meetings, maintaining transparent communications, drafting protocols, and responding to written comments

John Nickerson presented two presentations. The first presentation focused on the where the California Air Resources Board is in their rule-making process for compliance forestry offsets. The Air Resources Board is developing their rules with feedback from the Governor's Climate

Task Force (GCF) and the Reserve's process in Mexico. The GCF is a coalition of states from Brazil, Indonesia, Mexico, US, and Nigeria). The Reserve's effort in Mexico is seen as collaborative and informative to the work conducted by the GCF. The Reserve is working through detailed issues as they relate to project accounting in a REDD environment. VCS also collaborating with the GCF and will participate in the Mexico workgroup.

Key points raised in John's presentation (John's presentation is posted on the Reserve's Mexico protocol webpage):

- ARB desires to start with Avoided Deforestation
 - Possible phase-in approach: we would like to address AD as well as the other two project types
 - ARB wants to concentrate on high deforestation jurisdictions
 - ARB expects a nested project approach. CONAFOR clarified that forest sector accounting will be conducted at jurisdictions such as states so that there will be proper accounting and no double-counting
- Accounting must be established for projects and jurisdictions
 - Environmental and social safeguards are desired at both levels
 - Reconciliation between project and jurisdictional accounting
- ARB has only gone into detail with reference levels and crediting baselines, not much more detail yet on the program
- ARB is establishing rules for the quantity of offsets, including international offsets, that will be credited
- Projects will be credited (not jurisdictions), but projects must be nested to jurisdictional accounting.
- Jurisdictional Framework
 - ARB will require that reference level emissions be calculated at the jurisdictional level. The reference level refers to business as usual emissions. There is ongoing discussion at the ARB with regards to the contribution toward reducing emissions each jurisdiction will have to make prior to getting credits for projects. There was much discussion within the workgroup related to how this would be established. ARB was considering that 50% reduction in emissions on behalf of each jurisdiction would be required and received considerable commentary from stakeholders that this would be a disincentive to participation. This sentiment was shared by members of the Mexico workgroup. The reductions within the jurisdictions would be the outcomes of policy changes.
 - Kjell Kuhne suggested that one of the challenges in the current thinking of emissions trading is that the focus is on reducing emissions and should be on total emissions per capita with a policy goal of equalizing emissions on a per capita basis.
- Path to Nested Projects
 - A pathway of project evolution was discussed that looked at voluntary projects to pre-nested projects to nested projects. Voluntary projects do not need to meet any of the ARB requirements, although it is unclear how large the voluntary market will be. It was also discussed that many voluntary projects are considered 'pre-compliance' projects so there are really no 'voluntary' projects any more
- Voluntary to Pre-Nested to Nested
 - US does not have REDD framework
 - Reserve would develop voluntary project standards: 100 year permanence, accounting rules, etc.

- Under voluntary, jurisdiction would not be issued credits or manage credits
 - Pre-nested means jurisdiction needs to commit to participation, still does not manage or get issued credits – activities credited to compliance market
 - Nested means credits are issued and managed by jurisdiction – shared responsibility – project must meet nested project standards and credits given for compliance market
 - Should consider shorter permanence requirement, reduced burden to project developer, like 30 years instead of 100 years (responsibility would not change on jurisdictional level)
 - Lily Davila: requirements should become more lax from project level to jurisdictional level, as jurisdiction takes on more responsibility
 - CONAFOR is working on similar thinking in terms of identifying requirements for pilot projects and nested projects – generally aligned in our thinking and ARB's thinking
- Discussion of Workgroup Objectives
 - John presented a vision of the workgroup objectives
 1. Develop voluntary and pre-nested project standards. Liability for voluntary and pre-nested projects is met at the project level. Projects must address greenhouse gas accounting standards of permanence, leakage, additionality, inventory, etc. at the project level. Therefore the accounting standards are more demanding of the landowner than projects that are nested.
 2. Develop requirements for nested projects. Nested projects can share liability of greenhouse gas accounting with jurisdictions and enable project-level standards to be less onerous.
 3. Develop jurisdictional accounting and reconciliation from projects to jurisdiction.

The need for a subcommittee was raised to focus on jurisdictional accounting was raised and reconciliation linkages to project-level accounting. It was mentioned that the Voluntary Carbon Standard could offer some leadership to this area. It was also discussed that synergies exist between the work being conducted in this arena and work being conducted under the Governor's Climate Task Force (GCF).

Some questions were raised about the security of AB32 with the state of the economy and an election year in California coming up. It was discussed that a risk exists that AB32 would be repealed or delayed.

Claudia raised a concern that all forest landowners must have an approved management plan on file with SEMARNAT and that such management plans would affect baseline computations. It was agreed to address this concern as the protocol effort develops.

John mentioned that ARB is accepting comments related to the current thinking about reference lines, crediting baselines and project types. He encouraged the workgroup to submit comments if they felt compelled to do so.

Technical Subcommittee Presentation (Cheri Sugal – Terra Global Capital)

Cheri presented considerations along technical lines that would require consideration for the protocol to function in Mexico. Cheri's presentation is available on the Reserve's Mexico protocol webpage.

The presentation focused on sections 3, 5, and 6 of the Forest Project Protocol. Important points to consider include:

- The methodology for defining baseline for Avoided Conversion may not be applicable in Mexico
- The use of conservation easements for Avoided Conversion projects many not be applicable to Mexico
- The definition of Forest Owner will need to be redefined to address communally-owned lands and consider aggregation of small landowners
- Attestation of Title needs to be revised to allow for other forms of land ownership in Mexico
- Public, ejido and communal lands need to be included under eligible land types (private, public state and federal)
- A need to do research into what kinds of plot data Mexico has available to parameterize estimates of Common Practice
- Other factors that need consideration for modification to Mexico include:
 - native species and natural forest management
 - test for sustainable harvesting
 - Requirements for standing and lying dead wood
 - Even aged management
 - Wood products accounting
 - Leakage values
 - FIA similar data set in MX – MX is so ecologically diverse, there needs to be a complete dataset in order to develop baseline for IMF projects – could also gather reference data 20km around project to develop binding common practice (similar to VCS methodology). Cheri mentioned that the VCS methodology developed for Cambodia has applicability where data gaps exist

It was discussed that the technical committee should focus on the development of baselines and leakage. Other issues raised by Terra Global fit in other technical committees and would be channeled to the appropriate subcommittee.

There was also discussion about data available and data needed. It was discussed that further research needed to be conducted with CONAFOR to identify the applicability of available data and the need to identify data gaps.

Cheri asked for assistance from other workgroup members to expand participation in the subcommittee. Alejandra Cors offered assistance and foresters in this arena.

Pablo mentioned that he has growth modeling information to share. He recommended that a growth model be developed for Mexico. He also pointed out that CONAFOR has a lot of data that could be used in such an effort.

There was recognition by CONAFOR that many of the technical requests could require technical expertise and some funding may be needed to get the work done.

The workgroup took a break for lunch at 1:00 pm.

Legal Subcommittee Presentation (Juan Carlos – CEMDA)

Juan Carlos provided a presentation that addressed land use laws in Mexico and how they pertain to different classes of land ownership. Juan's presentation is available on the Reserve's Mexico Forest Protocol website.

- Need to demonstrate ownership of tree to determine who is the owner of the carbon 'resource'
- Carbon is a 'resource' rather than an 'environmental attribute'
- Sellers need to know what carbon they're selling and be confident in the permanence of the credit
- Cheri: distribution of benefit should be directly tied to the project action and those that are actually doing the actions to reduce deforestation. Benefits should be distributed to whomever or parties who are involved in the action that is generating the credit – shared crediting

Aggregation Subcommittee Presentation (Alejandra Salazar – Pronatura Mexico)

Alejandra presented the main benefits of developing an aggregation system, including the ability to reduce inventory and verification costs. David Ross and Alejandra Salazar presented varying versions of their work with communities in Oaxaca and in Queretaro (Sierra Gorda). Their presentations are posted on the Reserve website. Both presentations identify the 'project' as being a collective project either of individual owners or within communally owned lands.

The presentations identified the role of the aggregator in terms of project development and marketing of credits. Additionally, the aggregator can facilitate the development of legal agreements and contract with verifiers.

Their models will serve as the examples to be considered as the workgroup identifies appropriate legal instruments to ensure project integrity and identify the ownership issues of projects in Mexico.

Pablo Quiroga's presentation discussed the value in standardizing approaches to inventory, develop standardized tools for calculating buffer pool contributions, and the commercialization of credits generated. His presentation is also available on the Reserve's website.

There was a general discussion of the subcommittees and a solicitation to see if workgroup members would like to participate in the subcommittees. *This list is updated following the meeting and subsequent discussions. It is a list of the subcommittees and participants as of 8/24/10.*

Subcommittee	Subcommittee Lead	Subcommittee Participants
Crediting Period/Permanence	Yougha	Bryan
Forest Owner/Aggregation Methodology	David Ross	Pablo Quiroga Cecilia Simon (Pronatura)/Alejandra Salazar
Legal Issues	Juan Carlos Carrillo	Alejandra (ProNatura) Pablo Quiroga Alberto Szekely
Technical Issues (Baseline/Leakage)	Cheri Sugal	Alejandra Cors CONAFOR
Environmental/Social Issues		Gmelina Ramirez Pablo Quiroga

Workgroup members who did not participate in the virtual meeting can sign on to a subcommittee. Also, members can serve on more than one subcommittee. All Workgroup members will have the opportunity to express their thoughts at the broader Workgroup meetings as they relate to any issue with the protocol.

Also discussed at the meeting:

- John is meeting this week with the Air Resources Board in California and the Climate Action Reserve to discuss the major issues raised by the Workgroup members. John will be in touch with the subcommittee leads to discuss any feedback from these groups that might affect the approach to developing alternative approaches to the issues in the protocol.

The meeting concluded at 5:00 pm. No new meeting date was determined. This will be arranged once satisfactory progress was achieved within the subcommittees.