



CLIMATE  
ACTION  
RESERVE

# **Climate Action Reserve Aggregating Forest Projects in Mexico**

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# Eligible Forest Projects in Mexico

- A project is a forest management activity that focuses on enhancing sequestration (Reforestation), avoiding emissions (Avoided Deforestation), or both (Improved Forest Management).
- Projects must address environmental and social safeguards, additionality, and permanence at the project level.
- Projects must have their own inventories that are harmonized with jurisdictional inventories.

# Goals of Aggregation

- Alleviate inventory, monitoring, and verification costs for landowners.
- Manage project liability.
- Enable economies of scale and support the marketing of offset credits at volume.
- Result in making the Reserve's Forest Project Protocol in Mexico (FPPM) more accessible to Mexico's forestland owners.

# Inventory and Verification Benefits

- A higher accuracy of inventory can be achieved across a set of projects thereby reducing the burden and costs on individual projects.
- By enrolling in an aggregate, a project will:
  - Require fewer sample plots to generate a forest carbon inventory of sufficient statistical certainty to avoid a confidence deduction.
  - Have a less frequent verification schedule than is required for standalone projects.

# Forming an Aggregate

- Projects may enter and leave aggregates for any reason.
- Projects in an aggregate must be in the same jurisdiction to facilitate harmonization with jurisdictional accounting.
- Cost effectiveness and ease of verification of an aggregate is enhanced when the aggregate consists of the same project type within the same forest community.
  - Ease of verification.

# Participants in an Aggregate

- Any private landowner, ejido, or communal landowner can participate in an aggregate.
- Each Forest Owner (entity that has control of the land, such as an ejido, community, or private landowner) participating in an aggregate must maintain a separate account on the Reserve.
- Credits must be transferred from the Forest Owner's accounts to the Aggregator's account for transactions with other buyers.

# Definition of Aggregator

- An Aggregator may be a corporation, a non-governmental organization or other legally constituted entity, city, county, state agency, or a combination thereof.
- Each Aggregator must maintain a separate account on the Reserve's registry system.

# Aggregator Qualifications

- Before a project can be verified, the project's Aggregator must demonstrate they are qualified to cover losses associated with reversals.
- Aggregators must be accredited with the Centro Mexicano para la Filantropia (CEMEFI).
  - The accreditation is intended to ensure that only institutions with financial stability and a favorable track record can serve as aggregators.



# Role of Aggregators

- Aggregators must select verifiers and coordinate verification schedules.
- Aggregators may also engage in project development, manage monitoring, and provide other services. The scope of services is up to negotiation between each Forest Owner and Aggregator.
- Contracts between Aggregators and Forest Owners are confidential between the two parties, but must be on file at the Reserve and are subject to verification.

# Forest Owner and Aggregator Contracts – Mandatory Elements

- No transfer of possession of land or trees.
- Include fee for services and agreement for payment of credits.
- Clearly state responsibilities for avoidable reversals.
- Clearly state process for handling conflicts or grievances.
- Demonstrate that the community/ejido agrees with the contract and its terms, and that is fully aware of the project.

# Aggregators Assume Project Liability

- Aggregators must sign a Project Implementation Agreement (PIA) with the Reserve.
- Aggregators must assume project liability on avoidable reversals on behalf of Forest Owners during any 30 year contract period between the Aggregator and the Reserve.
  - 30 years is the maximum amount of time legal contracts can be executed with ejido and communal landowners.
  - The contract may be renewed at the end of the 30 year contract, enabling the landowner to remain in the aggregate.

# Aggregator Dissolution

- In the event that an avoidable reversal happens because of an Aggregator dissolution, the Reserve would use the following mechanisms to cover for the reversals:
  - A Foundation
  - Larger NGO
  - Mexico's CAR Office
  - Insurance

# Inventory Standards

- Owners enrolled in an aggregate may submit project inventories with reduced sampling requirements .
- The targeted standard error (+/-5% of the mean at the 90% confidence level) is achieved across the entire aggregate.

Number of Participating Projects in the Aggregate	Target Sampling Error (TSE)
2	7%
3	8%
4	9%
5	10%
6	11%
7	12%
8	13%
9	14%
10	15%
11	16%
12	17%
13	18%
14	19%
15+	20%

# Verification

- Sample of projects will have site-visit verification at the aggregate's initiation.
- Subsequent verifications follow a schedule where representative samples of projects in an aggregate are verified each year.
- The Aggregator must document the verification work and provide a report to the Reserve every twelve month period, showing how the verification schedule demonstrates compliance with the guidelines.