

Conservation International

General comments on Climate Action Reserve - Mexico Forest Protocol revision - Version 3.0

August 2022

1. Introduction

1. The introduction is clearly laid out and written. However, it could benefit from explaining the background for developing CAR Mexico, for example, why a custom version of the CAR in the form of CAR Mexico was required due to the landholding structure. The text should also make it clear that this standard applies to both project-level and jurisdictional approaches.

2. Stages of Project Development and Maintenance

1. Figure 2.2. A footnote is needed to explain what “every 6 reporting periods” means, or the document should reference the section in which this is explained.
2. Figure 2.2. Need to ensure that reporting periods cannot be arbitrarily set and played around with to avoid monitoring.
3. Figure 2.2. Explain whether social safeguards are being monitored in the project area or in the activity area.
4. Section 2.1 states “increase removals for CO₂ from the atmosphere.” It should say “GHG” or “CO₂e” instead, as in some cases, other greenhouse gases are being considered, like methane can be generated from soil or litter decomposition. Such gases should be eligible as well. The CDM LULUCF used CO₂e as the unit of measurement to include additional GHGs, similar to other climate change projects. This becomes even more important in the biochar context.
5. Section 2.2.1. Define what you mean by “common ownership,” given the difficulties in proving ownership of land in Mexico. Define what will be acceptable.
6. Section 2.2.1. With the single ownership requirement for project areas, does this mean CAR Mexico would not allow for a “grouped project” where multiple small landowners who would otherwise be excluded from carbon financing could jointly pursue a project? This requirement may exclude small landowners and campesinos and thus make carbon financing inaccessible and reduce opportunities for carbon sequestration and storage on many small parcels across a landscape. At the same time, the standard seems to contradict itself by allowing for “aggregation” under Section 3.5, suggesting that this kind of “grouping” is in fact allowed when the aggregation eligibility requirements are met. Please clarify the text to address or explain this apparent contradiction. CAR Mexico should clarify and, if necessary, reconsider this rule to allow for joint projects that include multiple landowners under a common governance structure or in a way that reduces the burdens of project costs, such as monitoring and certification.
7. Section 2.2.1 Is there any requirement to immediately report change of ownership from community land to *dominio pleno* during project life?
8. Section 2.3 states: “*For example, a Restoration Activity Area may later obtain an authorized forest management program, however, the activity designation would remain Restoration since that was the activity established at the Activity Area’s initiation.*” Please explain the logic behind this, since carbon removal estimation procedures must change, wouldn’t they?
9. Table 2.1. In the definition of Reforestation, a reference to “native tree seedlings” is made. Please clarify whether CAR Mexico projects only allow for native species and whether exotic would be excluded. Also, please consider adding more specific criteria for which species might be considered

“native” given predicted range shifts under climate change scenarios and whether CAR Mexico might possibility of assisted migration.

10. Table 2.1: Please consider whether it make sense to exclude monoculture from agroforestry. There can be native species monoculture reforestation that provides climate and biodiversity benefits, and there are natural forest ecosystems where a single native species is dominant. Also, there can be cases where the primary project activity might be native species monoculture that serves to improve land management and alternative livelihoods, thus allowing for agroforestry or other activities (e.g., conservation) to be introduced or practiced. It doesn't always have to be primarily crop areas where trees are introduced. The standard should create rules to allow these different considerations so that projects are recognized for planting crops along with trees, but bad actors are prevented from just planting a few trees in a crop area to claim CRTs. Flexibility will be important to ensure that rules can be made appropriate for local context.
11. Table 2.1: How does CAR Mexico classify activity areas where the project activities include practices that are aligned with those certified by and are not expressly prohibited by the “Activity Area Criteria” but that do not neatly fall into any of these defined categories? We suggest an “other” category that could include such activity areas and could be approved at the discretion of the Reserve.
12. Table 2.1: “Improved Forest Management” criteria are appropriate for the most part, but there is no description of practices regarding stocking, selection of “optimum” rotation age, etc. Perhaps some references could be cited here or suggested, or a clearer description of the activity could be provided. One concern around the “Activity Area Criteria” for this activity type is the criteria that IFM be, “for the purposes of commercial timber harvest”. This would appear to exclude alternative productive IFM activities, such as pine resin harvest, which is particularly relevant in Mexico and an important source of livelihoods in some regions. Also, this would appear to prohibit enrichment plantings or other activities that increase carbon storage through improved management, but which do not practice timber harvest or meet the definitions of “reforestation” or “restoration” activity types. Please clarify how such activities would be categorized under the CAR Mexico activity typology.
13. Section 2.2.1. The last paragraph mentions “GIS shapefile or Google Earth KML”. The text could be improved, e.g., “GIS file format (e.g., shapefile, KML, GeoJSON, etc.).”

3. Eligibility Criteria and Participation Requirements

1. Section 3.2. Given the difficulty in obtaining legally recognized land ownership in Mexico, from a conservation perspective, there should be a way to carry out conservation carbon credit activities in such lands if there are no conflicts or disputes. For example, there are cases where a family member who is the formal landowner may be living abroad or passed away and another family member is managing the land, which has not been legally transferred, but where there are legitimate land claims. The “legal land ownership” stipulation currently prevents huge swathes of degraded land from being eligible. If there are no conflicts, some path needs to be created for such lands as well.
2. Section 3.2.1, states that “*Ejidal parcels without dominio pleno may be included...*” are this individual ejidal parcels? Please clarify and explain in the text when this situation may occur.
3. Section 3.2.1 Give that Agrarian Law only allows for 30-year contracts for ejidos, it should be explicitly made clear that, under CAR Mexico, ejidos can make agreements beyond 30 years.
4. Section 3.2.3. Are public lands considered under federal lands? If so, how does the Reserve treat this case?
5. Section 3.4. Clarify in a footnote who can be a project developer. Does it need to be a certified entity or individual?
6. Section 3.4 If a project owner has contracted to give the marketing rights of CRTs to a separate project developer, can the credits be issued directly to the project developer, or must they still be issued to a project owner account? The concerns here are access issues to accounts, extra potential transaction costs that may be associated with transfer of credits or rights to a project developer (who is not the owner), and the complexities of project owners being required to directly transfer credits to market when they may have little or no experience, funding, or technical capabilities to perform these types of transactions.

7. Section 3.5. Please explain the logic behind allowing an aggregation to be composed by Forest Owners located in any part of the country. It seems a little bit challenging for project developers. Also, how can projects scattered throughout the country with disparate environmental and political contexts be effectively grouped or monitored? How does the Reserve ensure those projects are well managed? How can the sampling and uncertainties be done/estimated if there are different forest types under same activity (pine vs. broadleaf)? Is all of the accounting and eligibility carried out separately? How are or aren't these projects linked together?
8. Section 3.5. It seems that it is Appendix F and not E that should be referenced here. Mention in the text that this is for small projects, and define what a small project is (e.g., less than 10,000 ha).
9. Section 3.6. Regarding required documentation for ejidos and communities, in bullet 2, clarify what is a certified ejido. Requirements regarding basic files should be under bullet 2 and not clustered under bullet 1 (see version Spanish of the protocol v3)
10. Section 3.6.1 requires that the project owner must sign an Attestation Title at each Verification that he/she has an exclusive ownership claim to the GHG removals. How will you treat cases where a project owner may have signed away marketing rights for a specific period of time to a third-party project developer or investor? Is this permitted?
11. Section 3.7. CAR Mexico states that it, "cannot issue credits for any lands where substantial disputes exist regarding property ownership... all Activity Areas must be free of substantial conflict or dispute (at the Reserve's discretion." This language is vague. What constitutes a "substantial" conflict or dispute? What are examples of acceptable or unacceptable conflicts or disputes?
12. Section 3.9. Private, public, non-communal and private ejidal landowners are not required to address social safeguards. It is important to add that projects under this land title type must not negatively impact communities or populations in and around the project area. If a community around the project areas is or will be negatively impacted, FPIC and social consultation should still be required.
13. Section 3.9. Table on Free Prior Informed Consent section SS3: Please provide a cost-benefit tool to demonstrate how this works. There is some concern using a tool with strict, pre-determined criteria instead of guidelines, because each investor and project developer has their own financing and acceptable risk criteria that they consider when deciding whether to invest in a project. This cannot be determined by a one-size-fits-all tool. Also, economic benefits are not the same as investment considerations. For example, biodiversity benefits are not currently priced in the carbon market. It would be better to set guidelines for distribution for sharing a majority of carbon credit profits (not revenues) and non-monetary benefits with people. This section needs more thought and work.
14. Section 3.9 Table on Free Prior Informed Consent section SS4. Please set limits on how proceeds can be used, and discourage individual direct money disbursements to avoid risks related to direct payments being used for alcohol, drugs, prostitution, etc.
15. Section 3.9 Table on Free Prior Informed Consent section SS6. What are cybersecurity and other security protocols are being implemented by CAR Mexico to prevent confidential contracts from being leaked? Please note that such contracts may be subject commercial non-disclosure agreements that may prevent sharing them. This section needs to be thought out more with Mexican project finance and commercial lawyers.
16. Section 3.9 Table on Free Prior Informed Consent section SS10-SS13. A dispute resolution mechanism needs to be set up. There can also be a case where a majority of a community votes for a project coordinator who has documented legal criminal convictions and/or environmental/social violations. A procedure should be in place to prevent such a person from being a project coordinator. At the same time political and frivolous objections must be prevented.
17. Section 3.1, Table 3.1. Note that native species may no longer grow in a project area and be re-introduced. This should be allowed. The provision for allowing species for climate adaptation is very important. At the same time, any new species that may be introduced for climate resilience or adaptive capacity should not be invasive.
18. Section 3.1, Table 3.1. Safeguard 3. Table 3.2. What is the logic behind the composition of species selected? How was this defined? Please explain in the text.
19. Section 3.1, Table 3.1. Safeguard 4 mentions that a project must reforest areas where 5% of a reduction of canopy cover is detected as a rectification measure. Shouldn't the carbon loss or

emissions be estimated as well and discounted from the total CRTs issued or at least compensated by the Reserve buffer?

20. Section 3.1, Table 3.1. Safeguard 4. In addition to wildfires, please also include pests, natural disasters, and other relevant disturbances.
21. Section 3.1, Table 3.1. Safeguard 4. It would be good to mention in the text the process applied for the development and review or testing of appendix A; experts involved, validation process and any other details than help reader to understand the technical background behind.
22. Section 3.1, Table 3.1. Safeguard 5. Please explain in the text how the distance of 100 m between trees of same species was determined. Why was it 100 m instead of 200 m or any other distance? Mention how this criterion was chosen, e.g., national expert consultation. Scientific literature to supports this decision could be mentioned as well to reinforce the standard's decisions and reduce concerns around rules and requirements being arbitrary.
23. Section 3.1, Table 3.1. Safeguard 6. The guidance mentions, "*Forest Projects should take into consideration the effects of project activities on ecological processes.*" Please explain what this means and which ecological process to consider. Provide justification to reduce concerns that rules and requirements are arbitrary.
24. Section 3.1, Table 3.1. Safeguard 7. Please add the reference or process used to decide this 1% criterion of the affecting of more than 1% of an Activity Area due to soil ripping. Provide justification and scientific evidence to reduce concerns that rules and requirements are arbitrary.
25. Section 3.11 Project Start Date. What is reasoning that project start date cannot be more than 12 months from submission date? There may be legitimate cases where it took more than 12 months to complete all of the documentation or extenuating circumstances, e.g., disasters, that delay these processes. Provide a process for granting exceptions.
26. Section 3.12. Project Crediting Period. Given that the baseline is only valid for 30 years, how will projects with 100-year contracts for CRTs be handled?
27. Section 3.13. bullet 2. Performance standard test in parenthesis in the English version refers to Section 3.15 and in the Spanish version it refers to 3.12.2. It seems that it should be 3.13.2. Please revise.
28. Section 3.13.1 Legal Requirement Test. Besides signing the Reserve's Attestation of Voluntary Implementation, should there not also be a stipulation that the Forest Owners or project developer describe how they concluded that the project is not legally required, e.g., using documentation and references to relevant law?
29. Section 3.13.1 Legal Requirement Test #1 Just because there is a law or regulation in place does not mean it is necessarily being enforced and/or followed. There should be a method to allow for such cases.
30. Section 3.13.2.2. How was the Restoration PST Tool prepared? Did the reserve apply a public consultation process to validate the tool?
31. Section 3.13.2.2. How did CAR Mexico select 5 years without forest cover as the appropriate length of time for considering reforestation activities to be additional? Please provide a justification for this decision and why this length of time is considered appropriate for the Mexican context. Provide justification and scientific evidence to reduce concerns that rules and requirements are arbitrary.
32. Section 3.13.2.3. In the current version of this tool, there are some parameters such as population density according to a walking distance from the forest. Explain in the text how all these parameters were estimated; provide justification and scientific evidence to reduce concerns that rules and requirements are arbitrary.
33. Section 3.13.2.3. Please explain in the text what kind of documentation or evidence must be presented by the project owner or developer.
34. Section 3.13.2.3 Where is the data in the Restoration PST tool coming from? Is it specific to project areas? There is some concern that data is too generalized and may differ from the reality on the ground in a specific project area. The data source, its accuracy, and frequent updating are also important.
35. Section 3.13.2.3.1. Please explain how Appendix C.1.3 was prepared. While this section suggests that aerial imagery should be used, Appendix C suggests that satellite imagery would also be acceptable. Please address this contradiction.

36. Section 3.13.2.3.1. Historical trend analysis should be a weighted average and give higher weights to more recent history. Also, historical analysis is not necessarily a good predictor of future actions. There should be a way to include an area that is currently under an imminent threat if deforestation if proper documentation can be provided to substantiate this claim.
37. Section 3.13.2.3.1 For mangrove restoration, please include hydrological water flow analysis as well.
38. Section 3.14. At minimum, there should be a 30-year mandatory period. Given that many unexpected changes can occur over a 100-year period, a mandatory period that long may not be justifiable. For many investors, committing to a 100-year contract well exceeds investment horizons. Thus, 100 years should be preferred but not mandatory.

4. GHG Assessment Boundary

1. In general, there is a lack of citations, references, and justifications for the inclusion or exclusion of specific reservoirs, sources, and sinks and the determination that such reservoirs, sources, and sinks are, “likely to be insignificant”. For certain rows, e.g., Provide justification and scientific evidence to reduce concerns that rules and requirements are arbitrary and that a rigorous review of available literature has not been completed in designing the standard. This applies to nearly all of the rows of Table 4.1.
2. Table 4.1. Biomass carbon stocks are not labeled as such and do not make any distinction between aboveground and belowground biomass, leading to potential confusion to the reader and a general disconnect between standard language and terminology used in carbon accounting and scientific literature.
3. Table 4.1. The justification for adding Standing dead carbon states that, “Carbon enhancement projects may significantly increase standing dead carbon stocks over time.” It would be important to explain this in the text.
4. Table 4.1. CH₄ and N₂O from microbial processes in soils can be a major source of emissions from restored or reforested mangrove forests under certain conditions (e.g., in areas with low salinity or tidal areas where sediments are exposed to the air sometimes). Neither of these emission sources are included in the project boundary for either the baseline or project scenarios. Excluding CH₄ and N₂O emissions from the project scenario could lead to overestimation of the GHG benefit of mangrove restoration and reforestation projects. Additionally, excluding these emission sources from the baseline scenario could result in an underestimation of project GHG benefits. Although this case would be conservative, it could make some projects less feasible since they would not be eligible to claim credits for their full GHG benefit.
5. Table 4.1. Why are mobile combustion CO₂ emissions from site preparation only considered for activities to prepare areas for planting and not for other activities such as transport?
6. Table 4.1. How is the assumption that mobile combustion CO₂ emissions from ongoing project operation and maintenance are unlikely to be significantly different from baseline levels if the project scenario and baseline scenario have different activities?

5. Quantifying Net GHG Removals and CRTs/Determining the Activity Area Baseline

1. Section 5.1 mentions two approaches to quantify live and dead standing carbon in the Activity Area. Though they are explained later in this section, the introductory section could name them to add clarification for the reader.
2. Section 5.1.2. For mangrove projects, it is not clear whether the two options for determining soil carbon sequestration rate (1) regional default values or 2) field measurement stock change approach) take allochthonous carbon into account. In some locations, allochthonous carbon inputs can cause a significant increase in soil organic carbon stocks. This increase does not represent carbon

sequestration that is attributable to project activities and therefore could lead to an overestimation of carbon sequestration by the project.

3. It would be good to describe and cite justification for minimum acceptable characteristics of satellite images to be used for the analysis of canopy cover.
4. Secondary effects from project activities. In our experience, changes to hydrological conditions are needed for successful mangrove restoration and reforestation in most cases. However, certain types of changes to hydrology can impact hydrological connected ecosystems (e.g., by increasing or decreasing flow or sedimentation), which could result in an increase in GHG emissions. We note that there are no procedures to estimate or quantify secondary effects from hydrological changes and it is also not clear whether activities that result in such secondary effects are excluded from using the protocol. We recommend either clarifying this point or including procedures to estimate any secondary effects from hydrological changes in the protocol.
5. Section 5.2. Is it conservative to assume a static baseline as the carbon stocks in the activity area at the project start date? Wouldn't there be additional carbon sequestration in the baseline scenario caused by tree growth unless there were any major disturbances? Can CAR Mexico be 100% confident that any such growth via sequestration is fully accounted for by the additionality and eligibility criteria, or should the standard assume some level of continued carbon accumulation under the baseline scenario?
6. Section 5.4.2. It seems that CAR Mexico does not require monitoring of areas around the project area for increased deforestation due to secondary effects (i.e., activity-shifting leakage) using any method of canopy cover estimation or remotely sensed imagery. What evidence can CAR Mexico provide that its methods of estimating "leakage" are sufficient, given that no scientific or government publications, reports, or evidence are provided to support Equations 5.6 or 5.7?

6. Ensuring the Permanence of Credited GHG Removals

1. Section 6. Sea level rise is expected to impact many coastal ecosystems over the next 10 to 100 years. Mangrove forests are both at-risk from sea level rise and an important way to mitigate the impacts from sea level rise on coastlines and coastal communities. There is no reference to risk from sea level rise for mangrove restoration or reforestation projects (e.g., in the natural risk section). We encourage the Reserve to consider including procedures for planning for sea level rise for mangrove forest projects to 1) ensure the permanence of credits and 2) to encourage mangrove projects to include mitigation measures in their project design, where possible (e.g., to facilitate inland migration of wetlands or support accretion).
2. With expected changes to climate as well as human-induced changes to land use and land cover, disturbance regimes pollinators, and seed dispersers, the ranges and distributions of tree species in terrestrial are also expected to change. Survival, reproduction, dispersal, and establishment with not be likely be viable throughout portions of present distributions and will likely become viable beyond the limits of their present distributions. The risks associated with lack of viability for survival, dispersal, reproduction, and establishment are not considered under current permanence risk criteria. Despite significant uncertainties in projected shifts of species ranges and distributions, we encourage the Reserve to consider including procedures for planning for such changes and incorporating such considerations in rules and requirements related to project design and activities.

Appendix A

1. Section A.2. The description of acceptable sources and characteristics of imagery for performing canopy cover estimates is insufficient to ensure accurate and high-quality data. Recommendations for a maximum image resolution (e.g., <5m) and a limit for acceptable dates relative to the project start date would improve the rigor of this section.

Appendix B

1. Section B.1. The CAR Mexico document does not describe when, whether, and how pixel- or sample-based wall-to-wall land cover classifications should or should not be used throughout the development of a project. At least a mention of whether or not these maps should be used and how they can be used under the protocol.

Appendix C

1. Section C.1.3. The method described does not state an acceptable resolution for aerial or satellite imagery used to estimate percent canopy cover. Some maximum acceptable resolution should be described. Also, it would be useful to clarify whether spectra-derived remote-sensing estimates of canopy cover (e.g., Global Forest Change data, Normalized Difference Fraction Index) would be acceptable alternative methods of canopy cover when high-resolution imagery for the appropriate time periods is not freely available or not affordable.
2. Ratio estimators (e.g., above-ground to below-ground biomass / root-to-shoot ratios, ratio of canopy cover to carbon stock for agroforestry/silvopasture) are not clearly laid out, difficult to find, and sources and justifications are not provided. If such information is available, please provide or make a clear reference and link to scientific evidence.