

Nationally Appropriate Mitigation Actions

Subnational mitigation actions for the restoration of degraded forests and the implementation of planned grazing

SEMARNAT Registration Number: NAMA-MX-28



The Grupo Ecológico Sierra Gorda, I.A.P. in Mexico is operating a Nationally Appropriate Mitigation Action (NAMA) of “Subnational mitigation actions for the restoration of degraded forests and the implementation of planned grazing.” This NAMA contributes to the mitigation and adaptation goals of the Nationally Determined Contributions (NDCs) of Mexico under the Paris Agreement. The NAMA will build upon the successful state carbon offset mechanism of Querétaro, where the state government has offset emissions of the state vehicle fleet and established a carbon tax on private vehicles registered in the state with proceeds used to partially offset emissions of those vehicles. As part of the NAMA, similar state offset mechanisms will be developed in other states. The implementation of the planned grazing NAMA component was successfully begun as a pilot project in the states of Querétaro, San Luis Potosí, Chihuahua and Sonora and is being promoted for replication

in additional states. The forest restoration component of the NAMA involves the regeneration of natural forests with incentives of payments for ecosystem services and results in a significant reduction of CO₂ emissions from forest degradation as well as increased inventories of CO₂ through the regeneration of forests as they are liberated from traditional uses such as extensive grazing of cattle, induced fires, and logging. The Initiative for Climate Action Transparency (ICAT) series of guidance will be applied to estimate the climate and other benefits of this NAMA.

Opportunity for investment: As part of the planned grazing component of the NAMA, the Grazing Land and Livestock Management Methodology of the American Carbon Registry (ACR) is being evaluated for generation of carbon credits. Investors who provide up-front financing of this NAMA activity will receive a preferential price on resulting credits.



Risk and risk management

All components of the NAMA have successfully been tested as part of pilot projects. The risk evaluation and risk management recommendations of the Initiative for Climate Action Transparency series of guidance are being applied to the NAMA. In the case of the planned grazing component, the ACR Tool for Risk Evaluation and Buffer Determination will also be applied.

Potential for return

Financial returns for investors: Pending more detailed modeling of projected increases of soil organic carbon, the planned grazing component of the NAMA is project to generate 230,209 credits (tCO₂e) per year. These credits will be available to investors at a preferential price in exchange for up-front financing of NAMA activities.

Non-financial returns: This project will contribute to the mitigation and adaptation goals of the Mexico's NDCs under the Paris Agreement. Planned grazing is a conditional measure of Mexico's NDCs with a theoretical annual mitigation potential of 5.6 MtCO₂e by 2030. This component of the NAMA is preliminarily projected to reach an annual mitigation of 1.5 MtCO₂e (27% of the NCD goal) and achieve a cumulative mitigation of 19.5 MtCO₂e from 2016-

2030. This NAMA component also contributes to several Mexico NDC climate-change adaptation goals, including the integral management of water for its different uses and the diversification of sustainable agriculture. Although Mexico's NDC goals for the Land Use, Land-Use Change and Forestry (LULUCF) sector do not currently include a specific goal for the reduction of forest degradation and the increase of natural regeneration in forests, a recent public-private sector dialogue of the National Institute of Ecology and Climate Change (INECC) for this sector indicated broad support for quantifying these efforts in the future. The forest restoration component of the NAMA is preliminarily projected to reach an annual mitigation of 119,000 tCO₂e and achieve a cumulative mitigation of 1.6 MtCO₂e from 2016-2030. This component also contributes to Mexico NDC adaptation goals, including conservation and restoration of ecosystems to increase ecological connectivity of natural protected areas.

Note: In the case of investors wishing to apply NAMA emission reductions to NDCs or emission reduction requirements outside of Mexico, additional negotiations would be required to ensure the avoidance of double counting.



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