

**LETTER OF INTENT  
FOR THE DEVELOPMENT OF A FOREST PROJECT PROTOCOL IN THE  
SIERRA MADRE OCCIDENTAL  
BETWEEN  
THE SECRETARIAT OF ENVIRONMENT AND NATURAL RESOURCES OF  
THE UNITED MEXICAN STATES, THE ENVIRONMENTAL PROTECTION  
AGENCY OF THE STATE OF CALIFORNIA, THE ECOLIFE FOUNDATION  
AND THE CLIMATE ACTION RESERVE OF THE UNITED STATES OF  
AMERICA**

The Secretariat of Environment and Natural Resources of the United Mexican States (SEMARNAT), the Environmental Protection Agency of the State of California (CalEPA), the Ecolife Foundation (ECOLIFE) and the Climate Action Reserve of The United States of America, are hereafter jointly referred to as the "Parties."

**Whereas** SEMARNAT is the cabinet-level department of the executive branch responsible for developing environmental policy of the United Mexican States;

**Whereas** CalEPA is California's environmental authority for developing environmental policy and legislation of the State of California of the United States of America;

**Whereas** ECOLIFE Foundation is a nonprofit conservation and humanitarian entity whose mission is to implement programs that provide for a sustainable future;

**Whereas** the Climate Action Reserve is a nonprofit organization dedicated to encouraging actions to address the urgent challenge of global climate change;

**Whereas** the forests of the Sierra Madre Occidental and the Monarch Butterfly Biosphere (later mentioned just as Sierra Madre Occidental) of the States of Mexico and Michoacán are critical to the maintenance of important watersheds providing clean water to several important cities and numerous smaller communities;

**Whereas** the Monarch Butterfly Biosphere Reserve, located mostly in the eastern part of the State of Michoacán, was created to protect the wintering habitat of the monarch butterfly and contains about 56,259.275 hectares of land;

**Whereas** the sustainably managed forests of the Sierra Madre Occidental of the States of Mexico and Michoacán are important sources of timber and timber products;

**Whereas** the conservation of forests of the Sierra Madre Occidental of the States of Mexico and Michoacán are important to the economic survival of dozens of Ejido communities and hundreds of thousands of people;

**Whereas** the forests of the Sierra Madre Occidental of the States of Mexico and Michoacán are the winter home to up to three quarters of a billion of the North American monarch butterflies;

**Whereas** the portions of the forests used by the butterflies have been declared a UN Educational, Scientific and Cultural Organization (UNESCO) World Heritage Site, a designation given to sites of global cultural or natural importance to the common heritage of humanity;

**Whereas** the monarch butterfly migration and over-wintering congregations are considered an Endangered Biological Phenomenon by the World Conservation with the primary risks being forest degradation;

**Whereas** the monarch butterflies are significant pollinators in Canada, the United States, and Mexico and this activity is critically important to hundreds of millions of dollars in agriculture crops and trade to these countries;

**Whereas** the over-wintering congregations of butterflies are an international tourist attraction and bring millions of dollars of tourism revenue into Mexico;

**Whereas** the ECOLIFE Foundation has performed direct conservation work including education, stove building, and tree planting in and around the monarch forests since 1999;

**Whereas** the Climate Action Reserve is widely known for its expertise in quantifying the greenhouse gas sequestration benefits of forest projects in the U.S. and intends to extend its program to support forest projects in Mexico;

**Whereas** the Climate Action Reserve is the leading certifier of greenhouse gas offsets in the U.S. voluntary carbon market today and is expected to play a significant role in the pre-compliance and compliance markets in the future;

**Whereas** the State of California, represented by CalEPA, has a very strong interest in encouraging actions to reduce greenhouse gas emissions in California, the western United States, Canada, and Mexico through its partnership with the Western Climate Initiative;

**Whereas** the State of California, represented by CalEPA, strongly believes that forest protection and restoration activities are vital strategies in addressing climate change and has, through its Air Resources Board, adopted the Climate Action Reserve's protocols for forest offset projects to recognize early voluntary actions to reduce greenhouse gas emissions;

**Whereas** the reforestation of the Sierra Madre Occidental forests would not only support the forests vital ecological and economic functions, but could result in the significant sequestration of carbon;

**Whereas** the Secretariat of Environment and Natural Resources of the United Mexican States will work with other federal agencies and local and municipal authorities of Mexico, and may invite nongovernmental organizations and landowners toward developing sustainable practices and protection of habitat, within the surrounding forests used by the monarch butterfly as a wintering home; now therefore,

**Be it resolved** that the Climate Action Reserve will recognize the restoration of forest lands and/or sustainable forest management in the Sierra Madre Occidental forest as a pilot project to inform and support the creation of a Forestal Protocol for Mexico that can be used to quantify and certify the carbon sequestration associated with such projects.

**Be it further resolved** that the State of California, represented by CalEPA, will support the Climate Action Reserve's efforts to adapt its forest protocols for use in Mexico and will strongly encourage forest protection and restoration efforts in Mexico that are certified by the Climate Action Reserve, including the reforestation of monarch butterfly habitat in the Sierra Madre Occidental forest region.

**Be it further resolved** that the ECOLIFE Foundation will work collaboratively with the Climate Action Reserve, the State of California, SEMARNAT, as well the communities of the Sierra Madre Occidental, and other national or international participants to facilitate implementation of the forestry protocols and other complimentary sustainable practices and protection of habitat. All parties will act in the accord of respective contents.

In accordance with this Letter of Intent, SEMARNAT and CalEPA and ECOLIFE Foundation and the Climate Action Reserve establish the intention to formalize the implementation of the Reforestation Protocol for Mexico during 2010.

This Letter of Intent is signed in good faith and does not create any legal obligations between the Parties.

Signed in Los Angeles, California, on September thirtieth of two thousand nine, in four (4) original sets, in Spanish and English language, all texts being equally authentic.