

Application of the Oeko-Institut/WWF-US/ EDF methodology for assessing the quality of carbon credits

This document presents results from the application of version 3.0 of a methodology, developed by Oeko-Institut, World Wildlife Fund (WWF-US) and Environmental Defense Fund (EDF), for assessing the quality of carbon credits. The methodology is applied by Oeko-Institut with support by Carbon Limits, Greenhouse Gas Management Institute (GHGMI), INFRAS, Stockholm Environment Institute, and individual carbon market experts. This document evaluates one specific criterion or sub-criterion with respect to a specific carbon crediting program, project type, quantification methodology and/or host country, as specified in the below table. Please note that the CCQI website [Site terms and Privacy Policy](#) apply with respect to any use of the information provided in this document. Further information on the project and the methodology can be found here: www.carboncreditquality.org

Criterion:	7.2 Stringency and coverage of the host country's current NDC
Host country:	Mexico
Date of final assessment:	20 May 2022
Score:	Efficient cookstoves: 3 Establishment of natural forest: 3 Landfill gas utilization: 3

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Assessment

Relevant scoring methodology provisions

The scoring approach assesses the stringency and coverage of the host country's current NDC. The scoring consists of several steps. First, it is determined whether the emission reductions or removals of the project or project type are covered by the host country's NDC. If this is the case, the second step is to assess the extent to which the NDC target deviates from the level of emissions that would most likely occur in the target year or period with current policies. The third step is optional and includes an evaluation of the likelihood that the emission reductions from the project or project activity are visible in the GHG emissions reported by the country to track progress towards its NDC. Finally, it is assessed if any reversals are likely to be accounted and compensated for by the host country. See more details on the scoring approach in the methodology.

Information sources considered

1. Mexico's first updated NDC which has been communicated to the UNFCCC secretariat on 30 December 2020 (<https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Mexico%20First/NDC-Eng-Dec30.pdf>)
2. Climate Action Tracker assessment for the NDC of Mexico
<https://climateactiontracker.org/countries/mexico/pledges-and-targets/>

Assessment outcome

The host country is assigned the following scores for the respective project types:

- Efficient cookstoves: 3
- Establishment of natural forest: 3
- Landfill gas utilization: 3

Justification of assessment

This evaluation includes steps 1, 2 and 4 of the methodology, noting that step 3 is optional. The methodology is applied at the level of project types (efficient cookstoves, establishment of natural forest and landfill gas utilization), and not at the level of individual projects.

Step 1

The first updated NDC of Mexico (Source 1) includes CO₂, CH₄, N₂O, HFCs, PFCs and SF₆ emissions and is economy-wide. The NDC thus covers all three project types (efficient cookstoves, establishment of natural forests and landfill gas utilization).

Step 2

Data from Climate Action Tracker (Source 2) is used to assess the degree to which the NDC target deviates from the emissions level that would most likely occur in the target year or period with policies in place at the time of communicating the NDC.

We use the policy and action projections for Mexico from the Climate Action Tracker assessment dated 17 September 2021 (Source 2). This is the earliest available scenario following the publication of Mexico's first updated NDC on 30 December 2020. The policy and action projections for 2030 are compared to the emission level of the most ambitious of the NDC targets as assessed by Climate Action Tracker (i.e., the conditional NDC target for 2030).

The assessment by the Climate Action Tracker does not provide emission projections for LULUCF emissions. Indeed, emission projections from the LULUCF sector can be associated with large uncertainties. Due to this uncertainty and the unavailability of data with LULUCF emissions, the ambition of the NDC target is here assessed based on emissions data without the LULUCF sector. As a consequence, the overall level of ambition for the NDC target, which includes LULUCF emissions, will not be fully reflected in this assessment.

The Climate Action Tracker estimates that BAU emissions with current policies and actions for 2030 (excluding LULUCF) are likely to correspond to an emissions range between 774 and 852 MtCO₂e (Source 2). We use here the average of these two values (813 MtCO₂e) as the most likely BAU emissions. According to Climate Action Tracker, the conditional NDC target corresponds to an emissions level of 638 MtCO₂e (excluding LULUCF) (Source 2). This is 22% below the likely BAU emissions in 2030. Applying the scoring approach set out in the methodology, this results in a score of 4.

Step 4

Information in the NDC (Source 1) is used to assess whether the country fully accounts for natural disturbances and whether the country has a multi-year target or uses a multi-year trajectory or budget for NDC accounting purposes.

- Consideration of natural disturbances: The updated first NDC specifies on page 35 how it accounts for natural disturbances: *“To address CO₂ emissions and carbon sinks from natural disturbances on treated land and from reforestation, the methodology and approach of carbon pools changes are based on the variations that occur in ecosystems, mainly through CO₂ exchange processes between the land surface and the atmosphere. Therefore, increases in carbon sinks over time will be equated to the net absorption of CO₂ from the atmosphere, while reductions in total carbon pools will be equated to the net emission of CO₂. This is in accordance with the 2006 IPCC Guidelines.”* Mexico seems to account for all changes in carbon stocks, which could cover change due to natural disturbances. However, there is also reference to changes that are based on the variations that occur in ecosystems. It is not clear how this provision is implemented. It can therefore not be concluded that emissions from natural disturbances will be fully accounted for.
- Use of multi-year approaches: No reference is made to the establishment of a multi-year trajectory or budget. In this regard, the NDC only accounts for emissions in 2030.

Since both questions have been answered negatively, the score from the previous step is downgraded by one point, resulting in a final score of 3.