

Carbon project:

Topia Durango, Mexico



CAR 1494

A Cool Effect onsite report

February 2025

Improved forest
management



As part of our Seller’s Pledge, Cool Effect conducts project site visits as part of its due diligence process.

This visit marked our first trip to the ejido and was carried out by Elder Mendoza and Elsy Alvarado in February.

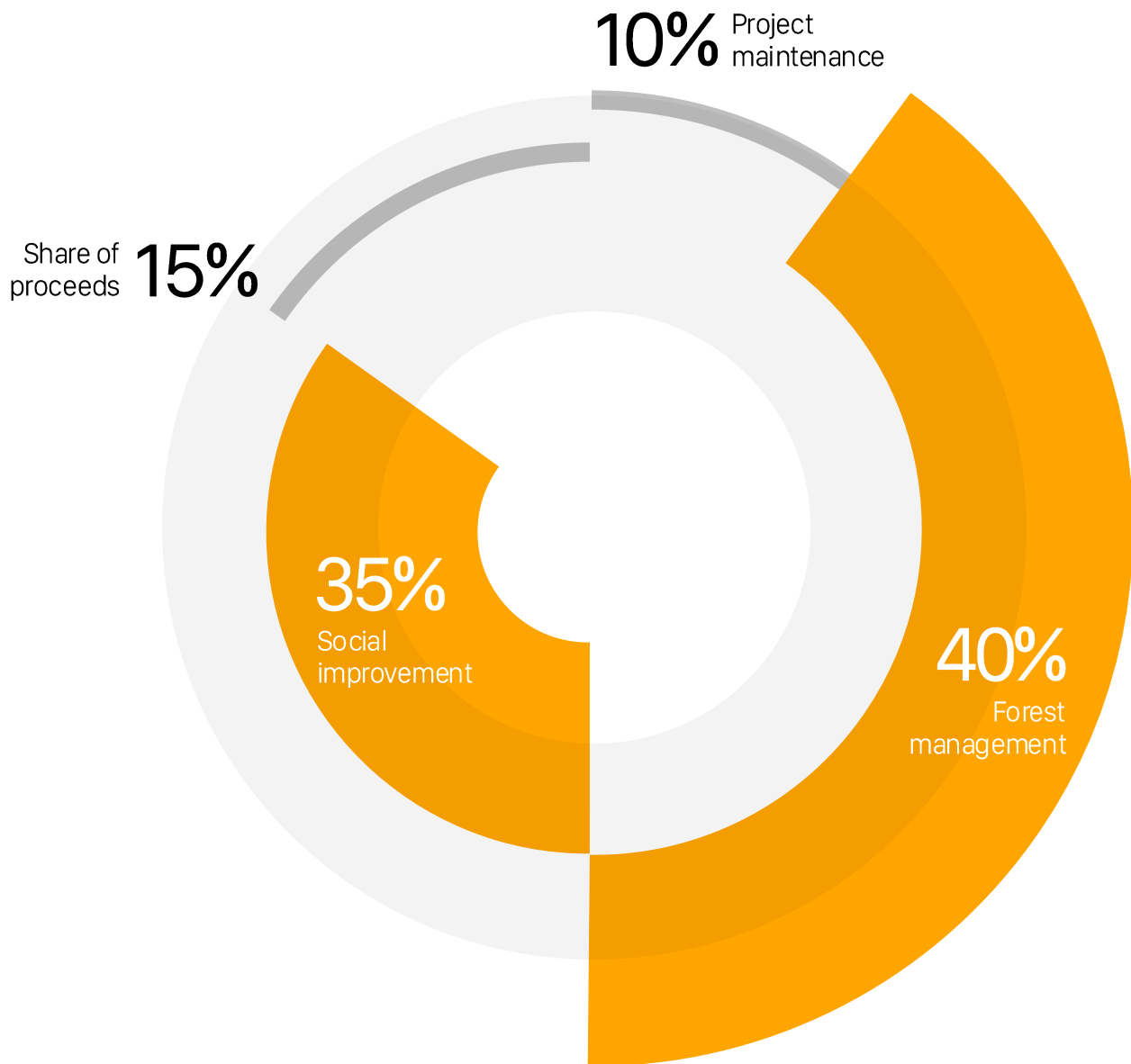
The Cool Effect team was accompanied by the project developer, Unidad de Conservacion y Desarrollo Forestal Integral, Topia S.C. (Luisa Soto and Engineer Carlos Zapata Perez), along with the entire Comisariado of the community and the technical forest team, all led by President Edgar Rodriguez.

Ms. Luisa Soto has been leading the design and management of projects at UCDFI, Topia S.C., since 1989. She has been a member of FSC Mexico since 2018. With over 35 years of experience in the Mexican forestry sector, Ms. Soto brings extensive knowledge and leadership to her work.

Mr. Zapata graduated from the Autonomous University of Chapingo with a specialty in Forestry. As Ms. Soto, he has over 35 years experience in forestry in difference capacities.



How the revenue is used





Forest maintenance

A key component of the carbon project involves forest maintenance, which requires intensive labor. This includes tasks such as weeding, pruning, constructing firebreaks, clearing, removing foreign objects from the forest, and building filter dams and more.

*When asked how he feels about the carbon project, one of the brigade members expressed that he is **very grateful**, as the project provides year-round employment and has been effective in preserving forest fires.*



The ejido maintains a ten-member permanent brigade, with their work organized seasonally.

August to December

Clearing work during the rainy season

January to March

Cordoning and general maintenance activities

April to July

Fire prevention efforts

The ejido increases the size of the brigade with seasonal hires, depending on the needs of the project.



This photo highlights how clean and well-maintained the forest is, which is crucial for fire prevention.

Parent trees

Ejido Topia practices natural reforestation. These trees are not for harvest and are instead left standing.



Cordoning

Part of the work of the project is to maintain and protect seed areas. A key technique used by the brigade is "cordoning," a process designed to enhance the likelihood of tree seed natural germination. By carefully preparing the land, they create optimal conditions for new growth, ensuring the long-term sustainability of the forest.



The project repurposes discarded wood from the forest to create "cordoning" structures that support the germination of tree seeds.



Natural regeneration

Pruning and weeding to create space for new, healthy growth; these efforts open up the forest floor, allowing new vegetation to thrive.



Other uses of carbon revenue

The indirect significant benefits to the
community



The female assembly secretary,
Maria Guadalupe Gomez Gamboa,
and the Cool Effect team.

Roads

Road maintenance is crucial for survival in these remote areas. Combating road erosion is another activity funded entirely by carbon credit revenue. The ejido addresses this by smoothing slopes or applying solid materials to stabilize the soil, prevent landslides and water erosion, and ultimately restore lost soil



New assembly pavilion



Construction

The ejido intends to construct a new assembly hall with the revenue of carbon credits, as the current facility is severely limited in space and shows signs of disrepair.

Female participation

The ejido is actively prioritizing female participation. During the assembly, several female ejidatarias were present, and notably, the ejido appointed both a female assembly secretary and a female project developer.



Postings

Public notices were on display in the assembly room regarding:

- Anti corruption
- Anti human right abuses
- Equal pay for equal work
- Freedom of expression
- The right of women to participate in assembly
- Equal rights
- Right to education
- Right to health

Signs

Educational signs like these were placed throughout the ejido to educate both residents and visitors. They reflect the ejido leadership's strong commitment to promoting behavioral change aimed at protecting the forest from fire.



Protecting water sources

The ejido is using funds from carbon credits to prioritize the protection of water springs, such as the one shown in this photo. This spring has been fenced off to prevent animals from contaminating it. Protecting water sources is crucial not only for fire prevention but also for supporting bird populations. If birds leave the area, pest outbreaks may follow due to the loss of natural predators.



Artisanal craft

An integral part of the local culture and serves as a valuable means for women to supplement their income. Many of these women have participated in the World Artisanal Forum in Milan, Italy, achieving notable success and recognition for their work.



Biodiversity cameras

The ejido has approved the installation of 40 biodiversity cameras, which will be funded through revenue from carbon credits. In this photo, we see the sample camera that was presented to the ejido during the community assembly. The installation of these cameras will enable the ejido to learn more about the biodiversity present on their land.



Forestry study

The ejido has designated a 50 x 50m section of the forest for a research study in collaboration with the University of Durango. The objective is to better understand the differences between forest management practices and natural regeneration, particularly in terms of tree growth rates. Trees included in the study are marked with tags and cannot be harvested. Each tag is linked to a registry containing detailed information about the tree, including its diameter, height, growth rate, species, and other relevant data.



Project developer: Unidad Topia

The project developer, Unidad Topia, maintains an office in a nearby town within the ejido to remain close to the project site. Two forest technicians are permanently stationed on-site to carry out maintenance and respond promptly to any emergencies.

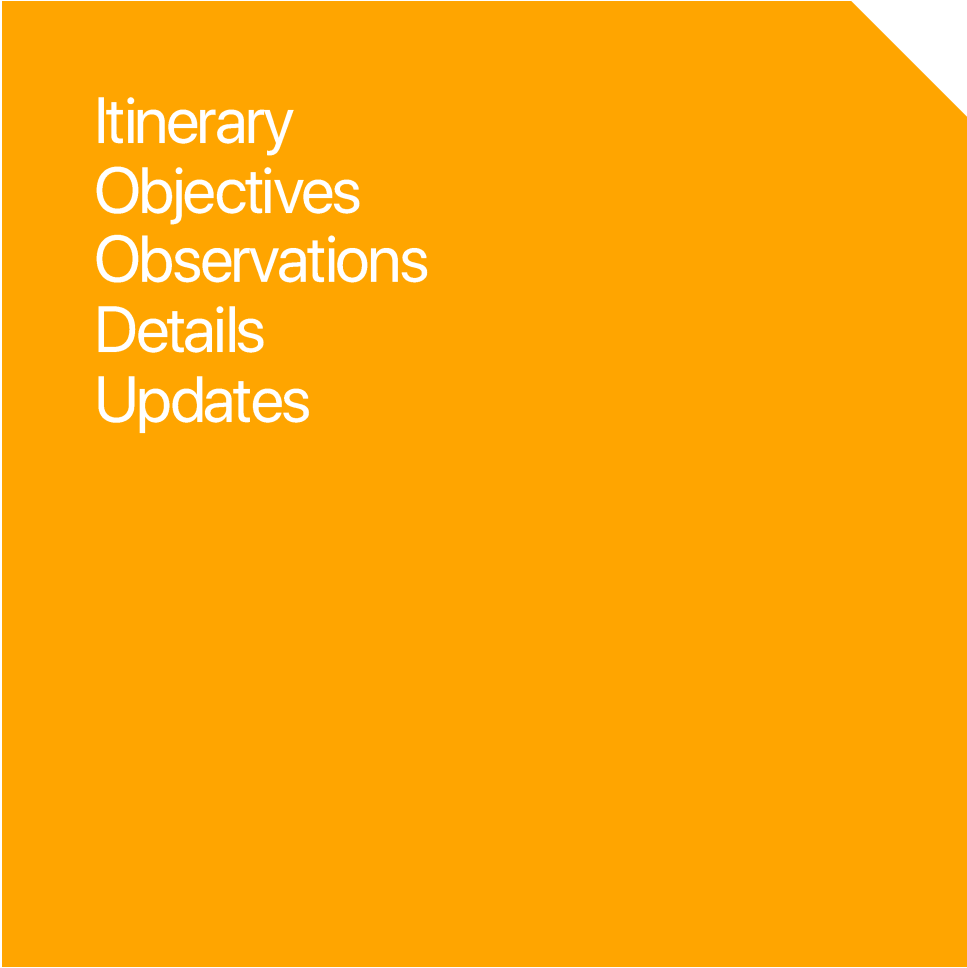


Training future generations

During the site visit, a middle school student was allowed to participate, with the school's support. The ejido encourages minors to take part and learn about the project if they express interest. In such cases, the school does not mark the student absent; instead, the forest visit is counted as a regular school day. When asked if this is common, assembly representatives and the forest team shared that typically between one to four students join such visits. The ejido also organizes school field trips to the forest as part of their educational efforts.



Appendix

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Itinerary
Objectives
Observations
Details
Updates

The objectives of this site visit were to:

- Visit the project and witness the forest management practices.
- Engage with the community and visit the towns within the ejido.
- Understand how the community is planning to invest the revenue from carbon credits.

Itinerary and observations:

Arrival We were received by an “extraordinary” assembly. The room was full, and people were standing up and standing outside listening from the open door and windows. We could see that the topic of carbon credits was of extreme interest to the community. Elsy and Elder introduced Cool Effect, Inc. and answer all the open questions. The meeting lasted 2 hours of which 1 hour was for Cool Effect and Unidad Topia presentations and 1 hour was dedicated to answering questions mainly directed to Cool Effect team.

During the visit of the project site

- We could see how well maintain the forest is and how limited in forest equipment the ejido is.
- The ejido has FSC certification
- The revenue received from Cool Effect is their first non Comunitario sale so therefore it is their biggest real carbon revenue. The second carbon revenue will come from Comunitario (BP purchase) which is \$8/credit. Ejido Topia and the PD would like to sell the third issuance to Cool Effect.
- The ejido has a minimal finance plan of how to spend the money and the finalized plan will be email to me once approved by the assembly.
- The biggest risks for the carbon project is fire which is a combatting priority for the ejido.

During the visit to the community

- The ejido is extremely remote. The main town of Topia is adjacent to the ejido and it is the head of the Municipality.
- The town of Topia is a mining town and it is the main source of employment. The second source of revenue for the ejido is logging hence the importance of forest management.
- The ejido has one sawmill and rents it to one ejidatario to whom the ejido sells the logs.
- The ejido counts with 6 "towns": Santa Lucia, El Durazno, Mata Vacas, La Lagunita and La Ojeda y Agua Escondida. All very remote and rustic which could benefit from the revenue of carbon credits.
- Twenty percent of the 121 ejidatarios live in the town of Topia or technically outside of the ejido. This is due to the conveniences offered by living in the head town of the municipality such as: running water, electricity, shops, jobs and schools.

While engaging with community members

- Cool Effect made sure to communicate clearly that the benefit from the carbon revenue should be invested at least 60% in the forest and 40% social benefits.
- The ejidatarios mentioned that the 15% of the carbon revenue will be distributed equally between all the ejidatarios.
- They want to use part of the revenue to rebuild the assembly room as it is in disrepair.

Final Observation

- Ejido Topia owns a very large forest, so it is good to keep engaging with this ejido as they are trying very hard to do the right thing.
- The project developer and the ejido members need more learning and guidance about carbon markets in general. Both are in learning mode.
- The project developer and the ejido are trying to do the right thing but are more focus on the revenue side of carbon markets but this behavior is very common in first time participants.
- The ejido has strict behavioral rules which is a very positive sign for a carbon project and because the ejido is so focus on the 15% share of proceeds to ejidatarios.

If Cool Effect continues buying credits from this project, it will require the following:

- Elsy needs to receive the financial revenue plan
- Another visit to really see the changes in the social parts.

Update – 4/24/25

Received the act of the assembly that describes the financial revenue plan.

The ejido will invest the carbon revenue as follows:

- Purchase 40 biodiversity cameras and start the biodiversity program.
- Construction of new assembly room
- Purchase of meteorologic station with the goal to understand precipitation and filtration in the area.
- Pay the salaries for a fire brigade.
- Pay to equipped the fire brigade with all the necessary protective gear, tools, communication and transportation equipment.
- Support local schools in the area.
- Create a savings account for the project to secure continuity.