

Validated by:



**Rainforest  
Alliance**

65 Millet St. Suite 201  
Richmond, VT 05477 USA  
Tel: 802-434-5491  
Fax: 802-434-3116  
www.smartwood.org

Carbon Forestry Validation Audit  
Managed by:

Asia-Pacific Regional Office

Jl. Ciung Wanara 1x,  
Lingkungan Kertasari Panjer, Renon  
Denpasar Selatan, 80225  
INDONESIA  
Tel: +62 361 224356  
Fax: +62 361 235875  
Contact person: Indu Bikal Sapkota  
Email: isapkota@ra.org



**Rainforest  
Alliance**

Validation  
**Assessment**

Report for:

**Forest Carbon Project in Quirino  
Province**

in

**Sierra Madre Biodiversity Corridor, Luzon,  
Philippines**

Report Finalized:

June 17, 2010

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07-11 June, 2010

Audit Team:

Indu Bikal Sapkota and Patrick  
C.H. Dugan, Jr.

2<sup>nd</sup> Audit Dates:

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Audit Team:

Jacques Boutmy, Indu Bikal  
Sapkota, and Patrick C.H. Dugan

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Audit Team:

Fergus MacDonald and Patrick  
C.H. Dugan

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Organization Contact:

Juan Acay, Jr.

Address:

6 Maalalahanin Street, Teachers  
Village, Diliman, Quezon, National  
Capital Region 1101, Philippines

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## 1 INTRODUCTION

The purpose of this report is to document conformance with the requirements of Climate, Community and Biodiversity Project (CCBA) project design validation standards by Conservation International, who are the Project Proponents, hereafter referred to as “Company”. The report presents the findings of SmartWood auditors who have evaluated company systems and performance against the applicable standard(s). Section 2 below provides the audit conclusions and any necessary follow-up actions by the company through corrective action requests.

This evaluation follows Climate, Community and Biodiversity Project Design Standards, First Edition, May 2005. These standards were not developed by Rainforest Alliance, but by the Climate, Community and Biodiversity Alliance, CCBA. SmartWood CCBA evaluation reports are kept confidential in the draft stage. When finalized and successfully approved, the report is posted on SmartWood’s website and that of the CCBA.

The Rainforest Alliance’s certification program, SmartWood, was founded in 1989 to certify responsible forestry practices and now focuses on providing a variety of certification and auditing services. In 2005, Rainforest Alliance extended our role as a forest assessor/auditor to standards and services that included verification of forest carbon projects. Rainforest Alliance has the following status with the listed climate related standards and systems:

- Chicago Climate Exchange - we are an *associate member* and an approved *verifier*
- Climate, Community & Biodiversity Alliance – we are a *member* and an approved *verifier*
- Plan Vivo – we are a *verifier*
- CarbonFix – we are a *verifier*

The CCB Standards are primarily project design standards and demonstrated conformance to the standard in this audit related to the planning, development, and design of the project in the inception or start-up phase. Conformance related to systems, design, and proposed activities are in the process of development by the project. The standards were not used to measure project implementation, thus conformance to the standard was not meant to evaluate any delivery of emissions reductions, community or biodiversity benefits, or other results hoped to be achieved through future performance of the project. The CCB Standards were designed to be a tool to demonstrate high-quality project design that should lead to multiple-benefits in addition to carbon sequestration and emissions reductions. Use of the standards may increase confidence in forestry carbon projects.

Dispute resolution: If SmartWood clients encounter organizations or individuals having concerns or comments about Rainforest Alliance/SmartWood and our services, these parties are strongly encouraged to contact SmartWood Headquarters directly. Formal complaints or concerns should be sent in writing.

## 2 AUDIT CONCLUSIONS

### 2.1 Summary of Conformance to CCB Standards

The first version (May 2009) of the Quirino Forest Carbon PDD was subjected to an validation audit in June 2009. The result showed conformance with only five (5) of the fifteen (15) required criteria of the CCB Standard Version 1, 2005. These were in the areas of management capacity, land tenure, “leakage”, offsite community and biodiversity impacts. The project was redesigned and a second validation audit was conducted of the project in November 2009. The outcome showed an additional eight more of the required criteria to which the project design conformed to, for a total of thirteen. The two remaining criteria to which the project had to measure up to were on description of original site conditions

and baseline projections. The latest PDD (May 2010) was subjected to a reassessment audit (07 to 11 June, 2010) which established that the Project Proponents were able to meet with all the required, plus seven of the optional, criteria.

**Hence, Rainforest Alliance evaluated all of the CARs issued in the second validation audit report and found that all of the mandatory CCB criteria had been met. The project has earned validation at the gold level in view of community and biodiversity benefits, and the following scorecard shows the level of compliance achieved by the project:**

**General Section**

**Conformance:**

G1. Original Conditions at Project Site	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
G2. Baseline Projections	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
G3. Project Design & Goals	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
G4. Management Capacity	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
G5. Land Tenure	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
G6. Legal Status	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
G7. Adaptive Management for Sustainability	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Optional
G8. Knowledge Dissemination	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Optional

**Climate Section**

**Conformance:**

CL1. Net Positive Climate Impacts	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
CL2. Offsite Climate Impacts (“Leakage”)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
CL3. Climate Impact Monitoring	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
CL4. Adapting to Climate Change & Climate Variability	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	Optional
CL5. Carbon Benefits Withheld from Regulatory Markets	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Optional

**Community Section**

**Conformance:**

CM1. Net Positive Community Impacts	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
CM2. Offsite Community Impacts	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
CM3. Community Impact Monitoring	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
CM4. Capacity Building	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Optional
CM5. Best Practices in Community Involvement	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Optional

**Biodiversity Section**

**Conformance:**

B1. Net Positive Biodiversity Impacts	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
B2. Offsite Biodiversity Impacts	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
B3. Biodiversity Impact Monitoring	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Required
B4. Native Species Use	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Optional
B5. Water & Soil Resource Enhancement	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	Optional

**CCBA Validation Level Attained:**

Approved	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Silver	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Gold	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

**2.2 Auditor Recommendation**

	<b>Based on Company’s conformance with CCBA requirements, the auditors make the following recommendation:</b>
<input checked="" type="checkbox"/>	<i>Validation approved:</i>

	No CARs issued
<input type="checkbox"/>	<i>Validation not approved:</i> Conformance with CAR(s) required
<b>Additional comments:</b>	

## 2.3 Corrective Action Requests

### 2.3.1 Corrective Action Requests (CARs)

*Note: CARs describe required actions or improvements that address COMPANY non-conformances identified during audits. CARs include defined timelines for completion. CARs issued during assessments /reassessments shall be closed prior to issuance of Validation. CARs issued during audits shall be closed within timeline or result in suspension.*

CAR 01/09	Reference to Standard and Requirement: G 1.2.
Non-conformance:	The description of existing vegetation on land uses was not consistent with field observations.
Corrective Action Request: The Project Proponents shall include a clear and accurate description by project site of the existing vegetation.	
Timeline for conformance:	N/A
Evidence to close CAR:	The revised PDD of October 2009 version describes the types and condition of vegetation at the project site. The PDD includes a detailed description of all the land parcels constituting the project area (page 7 to 9). The audit team verified the information and found it consistent with the PDD.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 02/09	Reference to Standard and Requirement: G 1.3.
Non-conformance:	Project proponents have not provided an accurate biomass calculation of the pre existing biomass within the proposed project sites.
Corrective Action Request: The Project Proponents shall provide accurate and conservative estimates of pre-existing biomass within the project boundaries.	
Timeline for conformance:	N/A
Evidence to close CAR:	The October 2009 version of the PDD provides the current (pre existing) carbon within the project boundaries using the study by ICRAF 2006 and based on the revised/updated list of participating parcels of vegetation types. On page 10, it further explains that unit biomass (sum of above and below biomass) was estimated by upper 95% confidence interval at 30.00 t CO <sub>2</sub> e/ha for cornfield, 77.45 t CO <sub>2</sub> e/ha for banana plantation, and 42.17 t CO <sub>2</sub> e/ha for grassland (meaning not corn or banana). With these values, combined with estimate of proportion of these land-use types in these parcels, the current carbon stock at the project parcels with total area of 177 hectares was estimated at 8,446 t CO <sub>2</sub> e/ha.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 03/09	Reference to Standard and Requirement: G 1.5.
Non-conformance:	Land tenure instruments within the scope of the proposed project are not fully described within the project document.
Corrective Action Request: The Project Proponents shall include a full description of the land tenure instruments within the project.	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The PDD of October 2009 version describes various land tenures that includes Community-based Forest Management Agreements (CBFM) between people' organization and DENR; Integrated Social Forestry (ISF)/Certificate of Stewardship Agreement Contract and Tree for Legacy Program. At the time of the CAR verification audit, the audit team found that the project is beginning the process of establishing "agreements" with land owners individually within the project site. However, the agreement between the Project and private land owners are yet to be agreed and executed.
Evidence to close CAR:	The PDD of May 2010 no longer includes the Tree for Legacy Program that was mentioned in the October 2009 version. The Project Proponents explained that only two of the 108 parcels comprising the project are titled private land. The rest are all covered by Certificates of Stewardship Contracts under the the Integrated Social Forestry (ISF) Program. The PDD reveals that some of these 25-year contracts expired in 2009 and the rest by 2015. It was further pointed out that the DENR looks favorably on renewing these agreements and the assurance is contained in a letter to Conservation International from the DENR Regional Director dated 23 April 2010. As such, the Project Proponents explained that the Tree for Legacy Program is no longer needed as a tenure bridging option.  The PDD of May 2010 also mentions that the private lands listed in Table 1 are covered by a reforestation contract between the Project Proponents and the landowner (Mr. Manuel Hallig). A copy of the contract forms appendix 8 in the PDD. The documents and information provided in the PDD address the requirements of the CAR.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 04/09	Reference to Standard and Requirement: G 1.6.
Non-conformance:	Data on species presence within all the project sites was not provided to the audit team.
Corrective Action Request: The Project Proponents shall provide data on flora and fauna found in the project parcels.	
Timeline for conformance:	N/A
Evidence to close CAR:	The October 2009 version of the PDD provides detailed information on the diversity of flora and fauna in the Project site from page 12 to 16. The information was based on a biodiversity survey undertaken by the Proponents in July 2009. At the time of the CAR verification audit, the audit team visited some sites of the project parcels and found similarity with the information provided in the PDD.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 05/09	Reference to Standard and Requirement: G 2.1.
Non-conformance:	The “without” land use scenario is not clearly presented within the project document.
<p>Corrective Action Request:</p> <p>The Project Proponents shall clearly justify the “without” land use scenario in an auditable and transparent manner.</p>	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD of October 2009 version explains the most likely land-use scenario in the absence of project activity. The PDD refers to the land-use and land cover data for 1993 and 2003 to indicate how the forests are being converted to other land uses. Based on the field surveys and interviews of stakeholders, the Project Proponents further analyzed the most likely land-use scenario in the absence of the project activity (on page 17 to 19). At the time of CAR verification audit, the auditors discussed it with the project stakeholders and farmers and found consistency in information provided in the PDD.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 06/09	Reference to Standard and Requirement: G 2.2.
Non-conformance:	The “without” project baseline scenario is not clearly presented within the project document.
<p>Corrective Action Request:</p> <p>The Project Proponents shall develop a baseline assessment that clearly justifies and states the “without” project scenario based on conservative assumptions.</p>	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD of October 2009 provides clear analysis of the land-use scenario in relation to future carbon stock changes in the absence of the project. The Project Proponents assume a static carbon baseline in line with the small-scale CDM A/R methodologies (AR-AMS0004 and AR-AMS0001). At the time of CAR verification audit, the Project Proponents also explained the “without project” baseline scenario on page 19 and 20.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 07/09	Reference to Standard and Requirement: G 2.3.
Non-conformance:	The “without” project assumptions on poverty persistence are unclear.
<p>Corrective Action Request:</p> <p>The Project Proponents shall demonstrate a likely “without project” impact on the communities based on investigation within the projects participants on the alternative land use options by land use type. To identify fully the likely “without” project scenario through costs benefit analysis and or an accepted economic approach, that the projects actions are supporting poverty alleviation goals.</p>	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD version of October 2009 explains the baseline projections of the land-use in terms of the continuity of the current practices by the local community members. However, how the “without project” scenario will affect local communities in relation to their socio-economic conditions is not discussed and analysed sufficiently in the document.
Evidence to close CAR:	The PDD of May 2010 states that the “without project” scenario is the

	<p>“continuation of current agricultural practice”. It mentions that half of the people in the communities live below subsistence level and that this poverty is expected to persist without the project because of barriers in access to investment, new technologies, market and institutional obstacles.</p> <p>Appendix 10 of the May 2010 PDD is a cost-benefit analysis for corn, rice, banana and agroforestry. Only banana showed a net benefit value greater than the official poverty threshold. A less attractive outlook is shown from fruit trees from proposed agroforestry areas. Although fruit products are apparently to be marketed at retail prices whereas the normal practice of farmers is to sell wholesale, reducing prices by half still resulted in profit.</p> <p>The PDD highlights the environmental benefits of the project and contends that agroforestry and reforestation are the most suitable land-uses in the project area. The following are the principal claims:</p> <ul style="list-style-type: none"> <li>• Lands similar to and in the vicinity of the project area are not converted to commercial plantation or agroforestry;</li> <li>• Lands included in the project are marginal and bring minimal profit to farmers which is why these are contributed to the project;</li> <li>• The major crops (corn and banana) do not provide adequate incomes to fully support household basic needs. Consequently, many farmers quit corn farming because it is no longer economically beneficial due to the Increase in cost of fertilizer and chemicals. Additionally, project participants offered their banana areas to the project because this crop is diseased the rehabilitation costs are prohibitive.</li> <li>• Monocultures of banana accelerates soil erosion (Study cited).</li> </ul> <p>Though the PDD of May 2010 lacks comprehensive discussions on the effect of “without project” on the socio-economic conditions of the community, it does provide an adequate description of how the “without project” land use would impact the communities in the project area.</p>
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 08/09	Reference to Standard and Requirement: G.2.4.
Non-conformance:	The biodiversity baseline is not substantiated for the project field sites.
Corrective Action Request: The Project Proponents shall state based on field survey, the most likely without scenario for biodiversity in the absence of the project’s interventions.	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD of October 2009 version presents the diversity of flora and fauna based on surveys carried in the project sites in July 2009. The PDD further explains on page 21 and 22 that the remaining scattered forest patches will be lost further in the general area in the “without project” scenarion, eventually leading to the loss of forest dependent species from the area.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 09/09	Reference to Standard and Requirement: G.2.5.
Non-conformance:	The Project Proponents have not adequately justified the how the likely “without project” scenario would affect water and soil resources.

Corrective Action Request: The Project Proponents shall demonstrate, the most probable “without” situation for affects on soil and water resources.	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD of October 2009 version explains that due to the size of the project, scattereness and size of project parcels the effect on soil and water resources in the “without project scenario” will be small compared to the area of a watershed (page 22). The Project Proponents expect no improvement in terms of soil and water conservation in the “without project” scenario.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 10/09	Reference to Standard and Requirement: G.3.4.
Non-conformance:	The project has proposed a 20 year life span without scientific, or socio economic justification.
Corrective Action Request: The Project Proponents shall demonstrate a clear rationale for the selection of the 20 year lifespan.	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD of October 2009 version provides a timeframe for the project duration with the required data and information. As reflected in the PDD, the project’s accounting period is 23 years, and as reflected on page 29 of the PDD, the project considers its lifetime to be the duration of the permanence of reforestation. The permanence is secured through the provision of the Integrated Social Forestry (ISF) – Certificate of Stewardship Contract land tenure instrument and eventually the ownership certificates under the Tree for Legacy Program. The PDD further describes that with the provision of ISF, with well capacitated community and government, and subsequently with tree tenure provided under the Tree for Legacy program, the period of permanence extends beyond the 23-year accounting period to relatively indefinite future. At the time of CAR verification audit, the auditors have verified it with local authorities and farmers of the project site and found consistent with the PDD.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 11/09	Reference Standard & Requirement: G.3.5.
Non-conformance:	The Project Proponents have not fully assessed the likely threats to the project success.
Corrective Action Request: The Project Proponents shall include a risk assessment that covers the full project boundary.	
Timeline for conformance:	N/A
Evidence to close CAR:	The Project Proponents have well identified likely risks in relation to climate, community and biodiversity benefits during the project lifetime. The PDD of October 2009 also outlines the measures it plans to undertake to mitigatie the risks. The PDD is further supplemented with the document of assessment of risks of the project (page 29 and 30).
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 12/09	Reference Standard & Requirement: G.6.2.
Non-conformance:	The Project Proponents were unable to present signed documented proof of approval from project authorities in the form of the MOA.
Corrective Action Request: The Project Proponents shall present the signed copy of the MOA prior to the project being evaluated.	
Timeline for conformance:	N/A
Evidence to close CAR:	The Project Proponents have provided the Memorandum of Agreement (MOA) agreed to and signed by relevant authorities. At the time of CAR verification audit, the auditors were given a copy of the signed MOA among Department of Environment and Natural Resources Region 2, Provincial Government of Quirino, the Municipal Government of Madella, the agroforestry farmers association, the intergrated social forestry association, the Palacian Economic and Development Association Inc., Conservation International Foundation and MORETREES (page 36).
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 13/09	Reference Standard & Requirement: CL 1.1.
Non-conformance:	The Project Proponents have failed to clearly defend the GHG removals calculations.
Corrective Action Request: The Project Proponents shall develop defendable GHG emissions removals calculations based on justifiable most likely land use assumptions.	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD of October 2009 version provides the estimate on net change in carbon stock due to the project activities (Table 12). These calculations were done in accordance with approved CDM methodologies (AR-AMS0001 and AR-AMS0004). During the time of the CAR verification audit, this was discussed with the Project Proponent and found consistent with the PDD.  On the page 20 of the PDD, the Project Proponents describe that a maximum of 1,111 plants per hectare will be planted for reforestation (3 m x 3 m spacing). Seedlings will be planted in holes with diameters and depths twice the sizes of the seedling pots, that is, 30 cm in diameter. Therefore, the surface which will be disturbed for soil preparation for planting will be less than 10% of the total surface of the area. There will be no ploughing of land before the establishment of plantation.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 14/09	Reference Standard & Requirement CL 3.1.
Non-conformance:	There is no documented clear plan for the development of, or procedure for the monitoring of the GHG emissions removals.
Corrective Action Request: Project proponents shall develop a robust and clear initial plan detailing the development of a monitoring system appropriate to the scope and scale of the actions being undertaken.	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD of October 2009 describes on how the actual net GHG removals

	by sinks will be estimated and monitored. The proposed monitoring description is based on the decision in relation to small-scale A/R CDM activity (on page 44 to 47).
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 15/09	Reference Standard & Requirement: CM 1.1.
Non-conformance:	No poverty baseline is presented within the project document for the project participants.
Corrective Action Request: The Project Proponents shall define a poverty baseline and demonstrate the improvements in livelihoods that the project participants are likely to achieve.	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD of October 2009 describes the net positive community impacts including income, tax exemption and ecosystem services through household interviews and cost-benefit analysis (page 48 to 50). At the time of CAR verification audit, the audit team interviewed the participant farmer of the agroforestry and reforestation and found that project activities will improve their income and other socio-economic conditions.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 16/09	Reference Standard & Requirement: CM1.3.
Non-conformance:	No documented conflict resolution process is in place.
Corrective Action Request: The Project Proponents shall provide a documented conflict resolution process for the project participants.	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD of October 2009 describes a clear process of handling conflicts during the project implementation, which will be incorporated into the project operational guidelines and protocols (page 52). The establishment of a MOA among the project partners and beneficiaries provides a broader framework of consensus with regards to project implementation. The PDD also elaborates formal systems of conflict resolution at the community level (from the Katatungang Pambarangay or the barangay justice system under the Local Government Code of 1991 to trial court at the municipal level). At the time of CAR verification audit, the auditors discussed it with local stakeholders and confirmed that this mechanism is in place.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 17/09	Reference Standard & Requirement: CM3.1
Non-conformance:	The Project Proponents do not have an initial plan for how community variables will be monitored.
Corrective Action Request: The Project Proponents shall develop a monitoring system for measuring community impacts.	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD of October 2009 describes an initial plan for selecting community

	variables to be monitored (page 54). The Project Proponents affirm that they will develop a full community impact monitoring plan by April 2010. At the time of CAR verification audit, the Project Proponents presented the variables that were used in the socio-economic survey and shared how they are developing the community impact monitoring plan.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 18/09	Reference Standard & Requirement: CM5.1
Non-conformance:	The Project Proponents did not have a documented HR policy for project recruitment.
Corrective Action Request: The Project Proponents shall develop an HR policy that is in line with the requirements of the CCB standards for the project.	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD of October 2009 describes how local stakeholders are considered for their project employment positions including how local communities will be employed in the project activities. The project will be lead by CI and which involves Palacian Economic and Development Association Inc. (PEDAI) to manage and administer the activities at the project site inc collaboration with DENR, LGU and community groups. At the time of CAR verification audit, the audit team discussed it with the management and CI and found consistency of the information as mentioned in the PDD.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 19/09	Reference Standard & Requirement: B1.1
Non-conformance:	Biodiversity benefits derived from the projects interventions are not clearly justified.
Corrective Action Request: The Project Proponents shall develop definable and justifiable assumptions for baseline data to demonstrate the biodiversity benefits derived from the projects interventions.	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD of October 2009 describes the net biodiversity benefits projected under the "with project" scenario. Based on the biodiversity survey carried in July 2009 the project had estimated the vegetative changes and various biodiversity parameters accredited to the project. For example – diversity of forest dependent species, connectivity, population of threatened species, landuse and biodiversity threats (page 59 to 60). At the time of CAR verification audit, the local stakeholders pushed forward the similar opinion in line with the PDD.
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

CAR 20/09	Reference Standard & Requirement: B.3.1.
Non-conformance:	No biodiversity variables had been selected for the purpose of monitoring at the time of audit.
Corrective Action Request: The Project Proponents shall develop an initial plan for the selection of biodiversity variables to monitor.	
Timeline for conformance:	N/A
Evidence to close CAR:	The PDD of October 2009 describes that the project will be making use of

	the Biodiversity Monitoring System (BMS) as developed by the DENR. Based on the BMS, the project has developed the biodiversity monitoring plan of the project which was presented to the auditors at the time of CAR verification audit. The biodiversity monitoring has clearly identified indicator variables to be monitored including the methods and required data sets (page 68 to 70).
<b>CAR Status:</b>	<b>CLOSED</b>
Follow-up Actions (if any):	

### 2.3.2 Observations

*Note: Observations are issued for areas that the auditor sees the potential for improvement in implementing standard requirements or in the quality system; observations may lead to direct non-conformances if not addressed.*

Since these observations were non-mandatory and indications of potential for improvement; this report retains the observations as stated from the 22 to 25 June, 2009 and 08 to 10 November, 2009 audit reports. The auditors did not evaluate measures taken by the Project Proponents to respond to all observations, but assessed their responses only to those that remained unaddressed from the previous audit. These were predominantly optional criteria in the areas of adaptive management, knowledge dissemination, capacity building, best practices in community involvement and water and soil resource enhancement. The only observation the Project Proponents yet to satisfactorily address from the initial audit to the third review has to do with proving that mahogany (*Sweitenia macrophylla*) is not an invasive species (see below OBS 15/09).

OBS 01/09	Reference Standard & Requirement: G1.1.
There is not a map that clearly defines the project boundaries within the PD, nor a list of geo-referenced locations of the individual parcels within the scope of the project boundary.	
Observation: The Project Proponents should include a map with defined project boundaries.	

OBS 02/09	Reference Standard & Requirement: G3.3
There is no list of the geo-referenced land boundaries included in the project document.	
Observation: The Project Proponents should include a list stating the geo-referenced boundaries of the proposed project areas.	

OBS 03/09	Reference Standard & Requirement: G.4.3
The project document does not include a full description of the projects skills requirements.	
Observation: The Project Proponents should develop a list of skills that reflects the full needs of the project, and relate this to specific roles of staff members based on experience	

OBS 04/09	Reference Standard & Requirement: G4.4.
Economic calculations should cover the full 20 years of the project, showing all future sources of funding and costs of management and monitoring.	
Observation: The projects implementing group should develop a 20 year business (covering 177 ha) and financial calculation showing all anticipated sources of funding and expenditure.	

OBS 05/09	Reference Standard & Requirement: G7.1
The Project Proponents have not developed a monitoring system for the project, nor have a plan in place at time of audit for adaptive management approaches.	
<p>Observation:</p> <p>The Project Proponents should develop a clearly defined monitoring and evaluation and feed back system for the project, standards that apply to the actions being proposed and roles and responsibilities of each party with criteria that clearly maintains the audit trail for adaptive management changes.</p>	
<p><b>Evidence to close observation on optional criteria:</b> The PDD of October 2009 states that regular meetings with stakeholders will serve as one feedbacking mechanism of the project. The document cites information on seedling survival will be the parameter by which planting practices will be improved. The document further states that patrolling and site visits will help ensure proper implementation of planned activities and countermeasures taken. Biodiversity and community monitoring will employ the Biodiversity Monitoring System (BMS).</p>	

OBS 06/09	Reference Standard & Requirement: G.7.2.
No information management system was in place at the time of audit.	
<p>Observation:</p> <p>The Project Proponents should develop a system for the management of information, decisions, actions and outcomes.</p>	
<p><b>Evidence to close observation on optional criteria:</b></p> <p>The PDD of May 2010 specifies annual meetings as the main mechanism to document decisions, actions and outcomes. All information, in both electronic and hard copy, will be placed in a databank designated as the Information, Knowledge Management System (IKMS). The PDD states that CI and PEDAI will each have such depository with identical contents that will be available to all project partners. The Project Proponents also explained that project records are presently maintained in the CI office but the hardware requirements at the PEDAI office are still being installed.</p> <p>Capacity building is cited as the means of ensuring key experiences are passed on within the project team. Although there is no explanation on the mechanics of this approach, the foregoing discussion establishes conformance with the indicator.</p>	

OBS 07/09	Reference Standard & Requirement: G.8.1.
The Project Proponents had no documented system for the collection of data and dissemination of projects lessons learned	
<p>Observation:</p> <p>The projects proponents should develop a documented process for data collection for the projects lessons learned.</p>	
<p><b>Evidence to close observation on optional criteria:</b> The PDD of October 2009 specifies group meetings and discussions among project partners to assess project progress will serve as venues for learning. The PDD also describes a databank which will be based on information that will originate from the farmer level. A simple journaling to serve as bookkeeping tool will be provided to the farmers-participants where they keep records in chronology of all activities they render in the course of administering their farms. All these records of data and information will become part of the databank and information system that will be installed at the office of PEDAI to provide bases for informed decisions on current and future project activities and actions.</p>	

OBS 08/09	Reference Standard & Requirement: G.8.2
The Project Proponents have no clear system in place for the dissemination of lessons learned from the projects activities.	
<p>Observation:</p> <p>The Project Proponents should develop a documented process for the dissemination of project successes.</p>	

**Evidence to close observation on optional criteria:** The PDD of October 2009 mainly describes how knowledge on climate change and carbon sequestration will be disseminated. As reflected on page 40 of the PDD, the Project Proponents will continue to participate in conferences, trainings and workshops on climate change to share lessons learned and experiences in developing forest carbon projects to other local NGOs, LGUs and Peoples Organizations such as the training series conducted by ELTI. It further highlights that the project will also facilitate cross learning visits of upland-farmer project participants to successful agroforestry projects of public and private individuals to learn more on the management and actual benefits agroforestry can provide, share their lessons, and in return promote the project for others' cross visit to the project site.

OBS 09/09	Reference Standard & Requirement: CM.1.2
No clear system, or documented evidence was presented to demonstrate the community feed back into the development of the project, linking to changes in the project design	
<p>Observation:</p> <p>The Project Proponents should ensure that a clear process is in place for demonstrating and incorporating community feed back as the project activities evolve.</p>	

OBS 10/09	Reference Standard & Requirement: CM.2.1
No clear process for assessing offsite community impacts is in place	
<p>Observation:</p> <p>Project proponents should ensure that all offsite community impacts are listed correctly and linked to the projects actions.</p>	

OBS 11/09	Reference Standard & Requirement: CM.4.1.
No training plan is documented at the time of audit.	
<p>Observation:</p> <p>The Project Proponents should develop an accurate and time wise plan for the implementation of identified training needs.</p>	
<p><b>Evidence to close observation on optional criteria:</b></p> <p>The PDD of May 2010 presents a tabular training plan that lists six classes which are not limited to activities directly in the project parcels alone but also other aspects (i.e livelihood and enterprise development, conflict resolution, leadership) in the in the affected communities. The plan presents the topics corresponding to each class (category). It likewise shows schedules over a five-year period, duration in days, target participants and number of persons (trainees). However, there is no explanation on how the training topics were determined.</p> <p>While the Project Proponents conforms with the indicator and requirement of OBS 11/09 by submitting a training plan, this is best supported with a Training Needs Assessment (TNA). Additionally, in discussions with the Project Proponents during the June 2009 review, it was acknowledged that a TNA was required.</p>	

OBS 12/09	Reference Standard & Requirement: CM.4.3.
Project proponents have not specifically targeted women for engagements and have no gender policy for project implementation.	
<p>Observation:</p> <p>The Project Proponents should implement a policy for pro-active female engagement (where possible and appropriate) and aim to achieve gender balance in numbers of project participants</p>	
<p><b>Evidence to close observation on optional criteria:</b></p> <p>Contents of the October 2009 and May 2010 PDDs are similar. Statements added to the latter version are; a) that the project will continue to invite female community members to capacity building, b) "explicit languages" will be used to encourage female participation. In their "Documentation of work to close</p>	

CARs" dated May 2010, the Project Proponents state that these supplements are meant to address OBS 12/09 and that a written policy is "awkward" because female participation in the project is already happening.

The aforementioned supplemental statements in the May 2010 version of the PDD and justification presented by the Project Proponents in their "Documentation of work to close CARs" are sufficient grounds for conformity with the indicator.

OBS 13/09	Reference Standard & Requirement: CM.5.3.
Project proponents have not developed employment procedures for the project activities at the time of audit.	
<p>Observation: The Project Proponents should develop employment procedures for the project that assures all ILO conventions and rights are given to the employees of the project.</p>	
<p>In the PDD of May 2010, the Project Proponents (CI and PEDAI) declare they adopt standard hiring polices and provide commensurate remunerations to employees. Rights, privileges and benefits as prescribed by government are provided. The Labor Code of the Philippines and Local Minimum Wage Law are also recognized. The Project Proponents inform workers of their rights during recruitment and when already employed. It is also stated that the Project Proponent's compliance with local and international labor standards are subject to verification by external auditors.</p> <p>The Project Proponents submitted a copy of the CI Policy on Hiring during the course of the PDD review. This outlines the hiring process followed and also states that employment tenure is based on the duration of funding, In the case of more than one funding it is fixed on the shortest funding term. The PEDAI hiring and HRM policies were not produced.</p> <p>Statements in the PDD and information in supplemental documents submitted confirm that the Project Proponents conforms with the indicator.</p>	

OBS 14/09	Reference Standard & Requirement: CM.5.4.
Project proponents have not developed risk assessments for project activities.	
<p>Observation: The Project Proponents should develop a risk assessment to identity levels of risk and suitable mitigation for proposed employment positions.</p>	
<p><b>Evidence to close observation on optional criteria:</b> In the PDD of May 2010, the Project Proponents claim that workers risk were thoroughly assessed and potential risks identified. No account was given on the process leading to this outcome.</p> <p>Use of pointed or sharp tools, pesticides and other chemical-based materials and firefighting activities were identified as the most risky activities. Mitigation measures for each were described in the PDD which involve giving instruction for safe equipment operation, following accompanying instructions on product handling and training on plantation management and protection.</p> <p>The information presented in the PDD establish that the Project Proponents conform with the indicator.</p>	

OBS 15/09	Reference Standard & Requirement: B.1.4
Project proponents should provide proof to demonstrate that mahogany does not represent a threat to surrounding natural habitats.	
<p>Observation: The Project Proponents should provide proof that mahogany is not an invasive species</p>	
<p><b>Evidence to close observation on optional criteria: X</b> The PDD of May 2010 contains the same information and discussion as the October 2009 version for</p>	

this indicator. The Project Proponents have not been able to submit proof that mahogany (*Sweitennia macrophylla*) is a non-invasive species. In their response to comments, it was declared that the species “has been excluded from the plantation species list”. However, mahogany was among the species planted in some of the project parcels visited during the November 2009 audit. The question of whether the species is non-invasive was not thoroughly addressed.

OBS 16/09	Reference Standard & Requirement: B.5.2
The PDD of October 2009, briefly mentions about soil erosion control or mitigation and reduction in water pollution due to the project intervention. However, the section does not elaborate the information with facts figures and data nor, it refers to any scientific reports or regional studies. The depth of the consideration within the project design is still limited.	
<p>Observation: The Project Proponents should develop sound justification with facts figures and data for the likely improvements in soil and water quality and refer them to scientific reports or regional studies.</p>	
<p><b>Evidence to close observation on optional criteria:</b> In the May 2010 version of the PDD, the Project Proponents cite studies attesting that agriculture and grazing (baseline scenario) practiced in hilly areas like the project area will result in high soil and nutrient losses. It is contended that “establishment of forest and agroforestry through the project will create effective barriers to surface run-off..”. This claim is substantiated with a study by the National Power Corporation of reforestation in its critical watersheds that resulted in the reduction of sedimentation and soil erosion. The study also proved that the hydrologic regime was likewise improved and stabilized. The information provided by the Project Proponents in the May 2010 PDD establishes their conformance with the indicator.</p>	

## 2.4 Actions Taken by Company Prior to Report Finalization

The first draft of the validation audit report was submitted to the client on August 11, 2009. Conservation International responded to the CARs on the 31<sup>st</sup> October, 2009 with a revised PDD (CCBA PDD version 02.1).

Rainforest Alliance evaluated all of the CARs issued in the first draft of the validation audit and found that two of the mandatory CCB criteria had not been met as described in section 2.3.1 above.

Conservation International submitted a revised PDD dated May 13, 2010 (version May 2010; file name Quirino CCB\_PDD-V3-May 12 1010) for evaluation, and the corrective actions taken by them are included within the findings section below.

## 3 AUDIT PROCESS

### 3.1 Audit Overview

*Note: The table below provides an overview of the audit scope. See standard checklist appendix for specific details on auditor qualifications, staff interviewed, and audit findings per facility audited.*

#### 07 to 11 June, 2010:

The third audit of the Quirino Forest Carbon Project involved a review of the PDD (version May 2010; file name Quirino CCB\_PDD-V3-May 12 1010) and its appendices plus supplemental documents provided by the Project Proponents. Requests for clarifications of information was done through exchange of emails.

**08 to 10 November, 2009:**

Location/Facility	Date(s)	Length of Audit	Auditor(s)
Conservation International Offices: door 5, De Peralta Building, Andrew Sub Division, Bagay Road, Caritian Centro, Tuguegarao City, Philippines. Opening meeting with CIP Staff. Review Documentation of work to close CAR's	8 <sup>th</sup> November 2009 (0900 - 1200 am)	3 hours	J Boutmy, PC Dugan, I Sapkota
Travel to site. Madella City, Quirino Province, Philippines.	8 <sup>th</sup> . November 2009 (1600 - 2000 pm)	4 hours	J Boutmy, PC Dugan, I Sapkota
Site visit (Sto. Nino Reforestation & Agroforestry farms) and & site interviews with the project participants and local partners.	9 <sup>th</sup> November 2009 (0800 - 1000 am)	2 hours	J Boutmy, PC Dugan, I Sapkota
Site visit ( Divisori Sur Reforestation & Agroforestry farms) and & site interviews with the project participants and local partners.	9 <sup>th</sup> November 2009 (1030 - 1230 am)	2 hours	J Boutmy, PC Dugan, I Sapkota
Hotel, Madella City Individual interview with local partners, private landowners, PEDAI members	9 <sup>nd</sup> November 2009 (1300 to 1500 pm)	2 hours	J Boutmy, PC Dugan, I Sapkota
Site visit (PEDAI nursery)	9 <sup>th</sup> november, 2009 (16:00 pm)	0,5 hours	J Boutmy, PC Dugan, I Sapkota
Conservation International Offices: Tuguegarao City, Philippines. Closing Meeting with CIP Staff	10 <sup>th</sup> November, 2009	1 hour	J Boutmy, PC Dugan, I Sapkota

**June 22 to 25, 2009:**

Location/Facility	Date(s)	Length of Audit	Auditor(s)
Conservation International Offices: Door 5, De Peralta Building, Andrews Sub Division, Bagay Road, Caritian Centro, Tuguegarao City, Philippines	22 <sup>nd</sup> June 2009 at 0800 hrs	6 hours	F MacDonald PC Duggan
Site Field Visit and interview (1) Grassland (Owner REFORESTATION)	23 <sup>rd</sup> , 24 <sup>th</sup> June 2009, Quirino Province, Meddela City.	2 Days site visits and interviews	F MacDonald PC Duggan
Site Field Visit and interview (2) Grassland (Owner REFORESTATION)			
Site Field Visit and interview (3) Scrubland (Country Side Stewardship Agreement Tenant REFORESTATION)			
Site Field Visit and interview (4) Grassland (Country Side Stewardship Agreement Tenant REFORESTATION)			
Site Field Visit (5) Banana Plantation			

<p>intercropped with agroforest trees (Citrus spp, and Nephelium spp, in historical 20 hectare pilot scheme to raise awareness of carbon activities (Owner site)</p> <p>Site Field Visit and interview (6) Banana Plantation under-planted with reforestation trees (Pterocarpus indicus, Shorea palosapis, in historical 10 hectare pilot scheme to raise awareness of carbon activities. Owner site)</p> <p>Site Visit (7) Grass lands</p> <p>Site Visit (8) Bushland example</p> <p>Divisoria Sur Agroforestry Farmers Association (DSAFA), Bangay (Village) Hall, Divisoria District, Madella City</p> <p>Local Government Officials (LGUs), Villa Claridad, Meddlla City, Quirino Province</p> <p>Province and Regional Department of Environment and Natural Resources (DNER/PENR/CENR), Villa Claridad, Meddala City, Quirino Province</p>			
Conservation International (SMBC Program) Office	25 <sup>th</sup> June 2009	Closing meeting	F MacDonald PC Duggan

### 3.2 Description of Audit Process

#### **07 to 11 June, 2010:**

A desk audit was conducted for reassessment of the CCB PDD (version May 2010; file name Quirino CCB\_PDD-V3-May 12 1010) which involved review of submitted documents. No meetings were conducted with CI staff but email exchange was made for clarification on submitted information. Communications were made to the Conservation International officers in the Tuguegarao City.

#### **08 to 10 November, 2009:**

On the 8<sup>th</sup> of November, an opening meeting was conducted in Conservation International's office; with a review of the VCS documentation of work to close CARs (revised version of November 2008 PDD, checklist, questions and answers, and document reviews). Travel to Quirino Province by car on the afternoon and evening of the 8<sup>th</sup>; and on the 9<sup>th</sup> site visits and interviews with project participants, local partners and private land owners were conducted. Closing meeting was organised in Conservation International office on the 10<sup>th</sup> of November 2009.

#### **22 to 25 June, 2009:**

Opening meeting conducted in CI SMBC program offices, with a review of the CCB checklist, questions and answers and document reviews. Travel to Quirino Province by car on the afternoon and evening of the 22nd, 23rd, and 24th June conducted site visits and interviews with participants, and group meetings with associations. Return to Tuguegarao on the evening of the 24th, with closing meeting conducted in CI SMBC offices on the 25th June 2009.

### 3.3 Documents reviewed

#### **07 to 11 June, 2010:**

Documents reviewed in the course of the reassessment were the CCB PDD (version May 2010; file name Quirino CCB\_PDD-V3-May 12 1010) and its appendices plus other documents provided by the Project Proponents. These included a “Documentation of work to close CARs”. Additional information and clarifications were provided by CI upon request by the auditors.

#### **08 to 10 November, 2009:**

The CAR verification process entailed substantial review of documents prepared by the Project Proponents and documents from other institutions that were supported the project design of the Project Proponents.

Documents were requested by Rainforest Alliance prior to the on-site CAR verification audit. The primary evidence presented was the CCB Project Design Document (PDD) prepared to be compliant with the CCB standards. Conservation International was the responsible party for the project who provided the auditors with these documents. Most of these documents were provided to Rainforest Alliance before the on-site audit. Some documents were also collected during the audit.

<b>Date</b>	<b>Title and version</b>
November 2009	CCBA Project Design Document for Project Activities (CCBA-PDD) Version 02.1 October 2009. Documentation of work to close CARs, Conservation International October 2009. Workshop for the Refinement of Project Design Document Quirino Forest Carbon Project

#### **22 to 25 June, 2009:**

<b>Date</b>	<b>Document title and version reviewed</b>
22 <sup>nd</sup> June – 24 <sup>th</sup> June 2009	Partners directory; Project Profile Fact Sheet; Memorandum of Agreement between key project partners for 41 hectares of area; Resolution 01-07 (Divisoria Agroforestry Farmers Association); Articles of Association for the DSAFA; Historical evaluation and report documentations from pilot project within the site conducted to evaluate and develop relationships for future carbon project (2007); Constitution and by-laws of the DSAFA; Roles of partners and organisational structure; Sample Country Stewardship Certificate landuse certificate; Protected area management board resolution; Reforestation plan for historical pilot project; IEE report on land eligibility; Work and Financial Plan for "MoreTrees" 41 hectare funding; Funds flow to the project; Eligibility analysis of proposed project areas; Minutes of meetings and Workshops; Quirino Forest Master Plan; Forest Land Plan of Nagitpunan; Quirino Protected Landscape Master Plan;

Documents requested prior to audit included:

- List of participants in the group scheme;
- The Participants agreements;
- Procedures for membership of the project, including distribution of benefits, rules and regulations of engagements, conflict resolution process;
- Organizational structure of the project;
- Copy of land titles for the project areas;
- Monitoring and evaluation plan (including responsibilities of the participants, frequency of data collection and data storage procedures);
- Procedures, and process for training requirements and training plan;
- Management and maintenance plans for the identified plots for the afforestation and reforestation;
- Financial plan for maintenance and management 0-5 years (however AWP for 1 year maybe all the Project Proponents can provide);
- Financial procedures for re-distribution of benefits;
- Social and Environmental Impact Assessments undertaken for the project;
- Health and safety procedures;
- Calculations and determination of the "non forested areas";
- Philippines Designated National Authority (**DNA**) definition of "Forest/Non-Forest Land";
- Provincial spatial plan for the locations;
- Mapping data and Sat Images that suggest the area was "non-forested forestland" as of 1998;
- Data collection and data storage systems;
- MOUs with key partners within the project;
- Leakage assessment process (in the documents it assumes "leakage" will not be an issue);
- Baseline Calculation determination;

Documents requested during the audit, and provided:

- The guidelines for the survey criteria for the identification of the project areas
- A spreadsheet that divides "landowners" and "CSC" holders, name and area for the full proposed 177 hectares
- A photocopy of the signed MOA for the project (not available)

### **3.4 Stakeholder consultation process (if applicable)**

#### **07 to 11 June, 2010:**

The stakeholder consultation process involved email communications with the Project Proponent's officers in their Tuguegarao City office.

#### **08 to 10 November, 2009:**

The stakeholder consultation process included a combination of individual interviews in site locations, group discussions in villages with participants, private landowners and interviews with identified community and government officers. A total of 15 stakeholders and project team members were interviewed at this CAR verification audit.

#### **22 to 25 June, 2009:**

The stakeholder consultation process included a combination of individual interviews at site locations, group discussions in villages with participants, and group interviews with identified community and government officers. At no time during the discussions with any stakeholder were Conservation International staff present. Approximately 80 stakeholders were interviewed in 2 days and 1 night of field site visits.

## Appendix A: COMPANY DETAILS

### 1 CONTACTS

#### 1.1 Primary Contact for Coordination with Rainforest Alliance

Primary Contact, Position:	Juan Acay, Jr., Program Manager
Address:	6 Maalalahanin Street, Teachers Village, Diliman, Quezon , Philippines
Tel/Fax/Email:	Tel: 632 4335129/ 078 8446346 Fax: 632 4356446 Email: <a href="mailto:jacay@conservation.org">jacay@conservation.org</a>

#### 1.2 Billing Contact

Contact, Position:	Juan Acay, Jr., Program Manager
Address:	6 Maalalahanin Street, Teachers Village, Diliman, Quezon , Philippines
Tel/Fax/Email:	Tel: 632 4335129/ 078 8446346 Fax: 632 4356446 Email: <a href="mailto:jacay@conservation.org">jacay@conservation.org</a>

### 2 SmartWood Website Customer Fact Sheet

*Note: upon Validation, the SmartWood website posts and maintains Customer Fact Sheets for companies with the information in the table below at <http://www.ra-smartwood.org/>*

Field	Text for Customer Fact Sheet	Has this Info Changed?
Contact, Title: (Sales & Marketing)	Yoji Natori	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Address:	Conservation International Japan, PO Box 1502, Shinkuku i-land Tower 39f 6-5-1 Nishi_Shinjuku, Shinjuku-ku, Tokyo, 163- 1339	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Tel/Fax/Email/Website:	+81369116640 / <a href="mailto:y.natori@conservation.org">y.natori@conservation.org</a>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Products/Descriptions:		Yes <input type="checkbox"/> No <input type="checkbox"/>

### 3 Validation Scope

The scope of the validation audit is to assess the conformance of Conservation International, Quirino Forest Carbon Project (afforestation and reforestation) located in Sierra Madre Biodiversity Corridor, Luzon, Philippines against the Climate, community, and Biodiversity (CCB) standards, first edition (1 May 2005). The original project design described an area of 177 ha consisting of 63 land parcels and was audited in June 2009 but did not qualify for validation. A redesign followed in the latter part of 2009 where the number of lots increased to 78 which included 15 privately owned lots but still retaining the same total area. This revised design was subjected to another audit in November 2009 that again did not result in a validation.

The latest revision (2010) shows a bigger increase of land parcels to 108 because of withdrawal from the project by almost all but one of the private landowners. The total project area remains at 177 ha. Except for three lots under private ownership, tenures covering the rest of the project lands are Community-based Forest Management Agreements (CBFM) between people' organization and DENR and Integrated Social Forestry (ISF)/Certificate of Stewardship Agreement Contract between DENR and individuals. The audit assessed the project with respect to the baseline scenarios presented in the project design document. The audit assessed all material GHG sources, sinks and reservoirs required by the CCB standards. The project has a lifetime of 23 years with a total estimated GHG removal of 41,576 tCO<sub>2</sub>e.

**3.1 Type of Legal Entity:** A non-profit, public benefit corporation organized and existing under the laws of the State of California, USA

**3.2 Jurisdiction:** Republic of the Philippines

## Appendix B: STANDARD CHECKLIST CCB STANDARDS

### 1 Evaluation of Project

Primary Contact, Position:	Yoji Natori
Address:	Conservation International Japan, PO Box 1502, Shinjuku i-Land Tower 39f 6-5-1 Nishi_Shinjuku, Shinjuku-ku, Toyko, 163-1339
Tel/Fax/Email:	+81369116640
	<a href="mailto:y.natori@conservation.org">y.natori@conservation.org</a>

### 2 Evaluation Details

Auditor(s), Qualifications:	<p><b>Fergus MacDonald</b></p> <p>Fergus holds a Bachelor of Science degree in Forestry, and a Master of Science Degree in Resource Management. Fergus has been working in the commercial forest sector in both Europe and Asia, with over 10 years experience in forest certification, forest management, and certification programs, with recent experience in forest carbon projects proposed under both voluntary and regulatory GHG emissions trading markets. Fergus has conducted several audits and assessments for Smartwood Rainforest Alliance, including 3 Forest Management Audits, 2 Forest Management Assessments and 1 Verification of Legal Origin Assessment. Fergus has</p>
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conducted 2 pre-validation audits on both Climate Community and Biodiversity, and the Voluntary Carbon Standard.

*Involved in :*

22-25 June, 09

**Charlie Dugan**

Charlie holds a Bachelor of Science in Forestry degree and has 20 years experience in forestry and rural development in both private and public sectors in the Philippines. He did some forestry work in three other South East Asia countries and was engaged by Smartwood to assist in an audit of a certified community forestry project in Mindanao, Philippines. He provided assistance during the VLO Assessment of Carl Ronnow Sdn Bhd in 3 - 9 April 2008 and has conducted periodic surveillance audits of this entity since then. He also was trained on forest carbon auditing and conducted an validation of a project in the Philippines using the 1<sup>st</sup> Edition of the CCBA Standards.

*Involved in :*

22-25 June, 09

08-10 Nov, 09

07-11 June, 10

**Jacques Boutmy**

Jacques holds a Bachelor of Science degree in Agricultural Engineering, University of the Republic, College of Agronomy, Uruguay. He has more than 15 years of experience in resource forestry in South America. A significant proportion of this experience has focus on plantations forest economics, forest valuation and strategic market/wood flow analysis. He has been the representative of RainForest Alliance SmartWood Program in Uruguay for more than five years and he has conducted over 25 Forest Management and Chain of Custody assessments and/or audits. He has received the SmartWood Carbon Assessor Training and Lead Auditor Training. He also received REDD training in Peru.

*Involved in :*

08-10 Nov, 09

**Indu Bikal Sapkota**

Indu Bikal Sapkota has been working as a Forester and Forest Management and Verification Services Coordinator, Asia Pacific Region, Rainforest Alliance, SmartWood since July 2009. He is responsible for the management of the SmartWood forest management client portfolio and for servicing present and prospective clients in all matters related to forest management certification, carbon, and verification. He is a climate focal person of the region. Indu holds an international master's degree (MSc) in Tropical Forestry from Wageningen University, the Netherlands. Prior to joining Rainforest Alliance, Indu spent over 10 years working in forestry and conservation in Asia and Europe. He has also worked as a facilitator for the SmartWood Assessor Training Program in Nepal. He has received the SmartWood Carbon and Forest Management Assessor Training and Lead Auditor Training. He has been involved intensively in FM assessment/audit; CoC assessment/audit, and Carbon projects as an auditor as well as Task Manager.

*Involved in :*

08-10 Nov, 09

	<p>07-11 June, 10</p> <p><b><u>Adam Gibbon (Reviewer)</u></b>  Adam has led the technical climate change related side of nine CCBA validations that are either completed or currently underway. He has also led three methodology reviews, one VCS validation, and been involved in one CCX verification. Adam has trained over 60 people in Spain, Bali and Vietnam in AFOLU project auditing and project development. Recipients of the training included Rainforest Alliance auditors, government officials, private consultants and NGO representatives. Adam earned a distinction on the Environmental Change and Management MSc. Program at Oxford University, winning prizes for his dissertation and overall performance. He was awarded the Sir Walter Raleigh Scholarship at Oriel College, Oxford. He graduated with a first class degree from Durham University, with a BSc in Natural Sciences, specializing in Geology, Chemistry &amp; Geography.</p> <p><i>Involved in :</i></p> <p>22-25 June, 09 review</p> <p>08-10 Nov, 09 review</p> <p>07-11 June, 10 review</p>
Sites Visited:	See audit plan from section 3.1 above (Audit Overview)
People Interviewed, Titles:	<p><b><u>07-11 June, 10</u></b>  No interviews were done (except consultations on emails with CI staff).</p> <p><b><u>08 to 10 November, 2009</u></b></p> <p>Yoji Natori, CI Project Coordinator  Juan Acay, Jr., CI Forestry and Carbon Project Manager  Oliver Coroza, CI Spatial Analysis and Information Service Unit Leader</p> <p>Estrella Pasion, CI Project Officer  Gilbert Gambol, Chairman, Peoples'Organization-Sto. Nino Integrated Social Forestry Association (STISFA)  Ronald Balbero, Barangay Kagawad, Peoples'Organization-Sto. Nino Integrated Social Forestry Association (STISFA)  Manuel Hallig, member, Peoples'Organization-Divisori Sur Agroforestry Association (DASAFA)  Luzon T Salvador, Technical Assitanat, Palacian Economic Development Association, Inc (PEDAI)  Ben S. Guillermo, Supervisor, Palacian Economic Development Association, Inc (PEDAI)  Yolando B. Binag, Provincial and Natural Resources Enviroment Office-Provincial Office.  Rimel C. Tolentino, Planning Officer, Municipal Enviroment and Natural Resources office – Municipality of Maddela.  Homer B. Bueno, Executive Director Private landowner, Community Forestry Foundation Quirino, Inc (CFFQI)  Alex Gumayagay, Private land owner.  Emerson Santiago, Private land owner.</p> <p><b><u>22 to 25 June, 2009</u></b></p>

	<p><u>Participating Farmers:</u>  Mr Homer B Buento;  Manuel Halig;  Nestor Sizon;  Ricardo Adrano;  B Balbaro Jr;  T Tolentino;  J Tolentino;  D Gambol;  A Gambol;  R Balberio;  O Balberio;  R Balberio;  A Salvador;  V Pablo;  R Tolentino;  P Bartolome;  J Hogilon;  F Baingan;  P Dizon;  J Alabag;</p> <p><u>Local Government Units/ Provincial Environment Teams (Meddela):</u>  David S Coloma;  Eusebio C Tuzon;  Lemuel R O Marawan;  Elizabeth B Sawre;</p> <p>Provincial and Regional Department of Environment and Natural Resources  Farmers Associations:  -The Divisorla Sur Agroforestry Farmers Association  -The Sto Nino Farmers Association  -Sangbay Integrated Farmers Association</p>
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### 3 Standard Checklist

Climate, Community and Biodiversity Project Design Standards, First Edition, May 2005

#### G1. Original Conditions at Project Site - Required

##### Concept

*The original conditions at the project site before the project commences must be described. This description, along with projections (G2), will help determine the likely impacts of the project*

##### Indicators

The original conditions at the project site before the project commences must be described. This description, along with projections (G2), will help determine the likely impacts of the project:

## General Information

### 1) The location of the project and basic physical parameters (e.g. soil, geology, climate).

Findings from 22 to 25 June Review	<p>The basic characteristics of the site within the Community Climate and Biodiversity Standards (CCB) require a description of soil, climate and geology.</p> <p>The CCB Project Document (PD) sufficiently describes the location and physical properties of the project. No information on elevation and slope classes, drainage areas and other geologic details are presented.</p> <p>Topography, climate and soils are described on a landscape level.</p> <p>The map describing the project site presents a location map of the project at a scale of 1:2,400,000. A map depicting this down to the site level should be included to enable sufficient data for someone who has never visited the site to be able to locate each project participants (PP) field location.</p>
Findings from 08 to 10 November Review	<p>The PDD of October 2009 describes the project site conditions in terms of its area, location, the number of land parcels involved, topography, climate, soil, river tributaries, land use and cover. It provides a location map of the project site and list of participating land parcels.</p>
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 describes the project site conditions in terms of its area, location, the number of land parcels involved, topography, climate, soil, river tributaries, land use and cover. It provides a location map of the project site and list of participating land parcels.</p> <p>The PDD of May 2010 reveals that 110 parcels of land comprise the project area. These are all categorized as "forestland". This is an increase of 32 parcels over that described in the October 2009 version. From the fifteen private lots listed in the October 2009 PDD remain only two in the present version. The Project Proponent explained that both of these are owned by only one person. Additional information submitted also pointed out that there are actually only 108 land parcels.</p>
Conformance	<p>Yes <input checked="" type="checkbox"/>      No <input type="checkbox"/>      N/A <input type="checkbox"/></p>

### 2) The types and condition of vegetation at the project site.

Findings from 22 to 25 June Review	<p>The CCB PD refers to a section A.7 of the CDM PD for information on current vegetation in the project area. CDM PD within section C.2. Describes "Pre-Living Project Biomass". This is a short description dividing the conditions of the site between "Grasslands" and "Cropland" types.</p> <p>Descriptions of vegetation by site should include a site index under an identified classification scheme, a clear description of the current vegetation growing within the field sites, and links to relevant survey data results to substantiate this.</p> <p>The document entitled "Field Validation Report: Vegetation Cover of the Proposed Quirino Forest Carbon Project Site" included data for 11 proposed sites. This was matched to the spreadsheet "Appendix_Proposed Quirino Project Field Validation", highlighting the field survey results from 11 sites assessed during the project development. It was unclear if any of the sites assessed were within the 63 sites listed at the time of audit. The Project Proponents have conducted the grouping of "brush land" classifications with "grasslands" and crop lands. It was apparent during site visits that not all the areas classified as "brush lands" would qualify as non forest under the definition of Forest proposed used by the Project Proponents.</p> <p>Based on this, it is the conclusion of the auditors, that the criterion is a non-</p>
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	conformance as the project document does not clearly describe the land use cover prior to the projects initiation.		
Findings from 08 to 10 November Review	The PDD of October 2009 describes the types and condition of vegetation at the project site. It also includes a detailed description of all the land parcels constituting the project area. The CAR verification audit team verified the information and found it consistent with the PDD.		
Findings from 07 to 11 June 2010 Review	Like the October 2009 version, the PDD of May 2010 retains the depicts past vegetation in the project sites and how this changed to it present state. It also maintains the description of vegetation type and land-use when the project was initiated – cropland and grassland. Table 1 of the document lists the land parcels comprising the project area and provides information on their corresponding tenure and land use. It also shows 87 lots proposed for reforestation as against only 55 in the October 2009 version. The target for agroforestry remains at 23 parcels in both versions of the PDD. The revisions made in this section of the document dependably describe conditions in the project site.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

### Climate Information

- 3) Current carbon stocks at the Project site(s), using methodologies from the Intergovernmental on Panel on Climate Change's Good Practice Guidance (IPCC GPG) or other internationally-approved methodologies (e.g. from the CDM Executive Board).

Findings from 22 to 25 June Review	<p>The two methodologies used within the CDM PD are AR-AMS0001, and AR-AMS0004, both for small scale afforestation and reforestation programs. Carbon stock estimation was made by the World Agroforestry Centre (ICRAF) Philippines in 2004 through field measurements in five locations representing different land uses in the project area. The report is entitled "Carbon Stocks Assessment of land uses in the proposed site of the carbon sequestration project in the Sierra Madre, Philippines" and dated 2006. The findings stated the above and below ground biomass of the following land uses:</p> <ol style="list-style-type: none"> <li>1] Plantations</li> <li>2] Agroforestry (defined as including crops of hardwood trees interspaced with banana and other plantation tree species)</li> <li>3] Fruit Orchards (in comprising of citrus spp, and Nephelium spp etc)</li> <li>4] Brushlands</li> <li>5] Grasslands</li> <li>6] Rice fields and corn fields</li> </ol> <p>Four of these sample areas were within the general location of the project site(s) although one (fruit orchard) was in an adjacent province. Pools measured were above ground biomass, dead wood biomass and soil organic carbon. The procedures and results are described in a report attached to the CCB PD that cites references (including IPCC documents) available at the time of measurements.</p> <p>The key aspects of all calculations are: consistency; transparency; accuracy and in the case of estimating GHG emissions removals, conservativeness. Within ICRAF 2006, it states that above ground biomass for brushlands is 13.72 metric tons of carbon per hectare (based on the studies), this equates to approximately 50 metric tons of CO<sub>2e</sub> per hectare. With 53 hectares defined as "brushland" within "GHGremoval_AR_0518_for_RA.xls", factoring in below ground biomass of 0.3 as root to shoot for the "brushland" suggests to 3,445 metric tons of CO<sub>2e</sub> may be present. The total metric tons of CO<sub>2e</sub> in existing pre vegetation biomass for the whole project is stated as 3,054 metric tons CO<sub>2e</sub>. The two methodologies state, AR-AMS0001 is proposed for grassland areas, and AR-AMS0004 is proposed for the cropland areas.</p>
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	<p>It is questioned if AR-AMS0001 will be applicable. It states within the guidelines that no more than 10% of the above ground area will be disturbed as a result of project activities. The audit team considers this unlikely as during site discussions with project participants it was apparent that "inter cropping" would be undertaken with the reforestation areas in grasslands. Likewise the audit team were unclear about the use of firebreaks; specifically how and where these would be developed as this would also have an impact on land clearance and disturbance.</p> <p>Within the spreadsheet "GHGremovals_AR_0518_for_RA.xls" correct biomass expansion factors and root to shoot conversions have been applied. All equations tested followed acceptable practice under the IPCC requirements. Based on the above, the auditors conclude that the correct methodologies have been used, but the assumptions are not conservative.</p>			
Findings from 08 to 10 November Review	<p>The October 2009 version of the PDD provides the current (pre existing) carbon within the project boundaries using the study by ICRAFT 2006 and based on the revised/updated list of participating parcels of vegetation types. It further explains that unit biomass (sum of above and below biomass) was estimated by upper 95% confidence interval at 30.00 tCO<sub>2</sub>e/ha for cornfield, 77.45 tCO<sub>2</sub>e/ha for banana plantation, and 42.17 tCO<sub>2</sub>e/ha for grassland (meaning not corn or banana). With these values, combined with estimate of proportion of these land-use types in these parcels, the current carbon stock at the project parcels with total area of 177 hectares was estimated at 8,446 tCO<sub>2</sub>e/ha.</p> <p>At the time of the CAR verification audit, the Project Proponents already removed brushland parcel from the project, and replaced the equivalent area by private agriculture land, now leaving only croplands and grasslands as project parcels (78 parcels) , totaling an area of 177 ha for the project. Thus, these remaining parcels conform with applicability criterion set down in AR-AMS0001 and AR-AMS0004 which provide for leakage being zero in these types of land uses. The CAR verification audit team discussed this with the Project Proponents and find the explanation in conformance.</p>			
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 cites the same figures in terms of unit biomass for each land-use type in the project area as that in the October 2009 version – “estimated by upper 95% confidence interval at 30.00 tCO<sub>2</sub>e/ha for cornfield, 77.45 tCO<sub>2</sub>e/ha for banana plantation, and 42.17 tCO<sub>2</sub>e/ha for grassland (meaning not corn or banana).” It shows a decrease in the quantity of current carbon stock from 8,440.6 tCO<sub>2</sub>e in the October 2009 PDD to the present estimate of 8,306.6 tCO<sub>2</sub>e. The Project Proponents attribute this change to an increase in the size of lands with lower biomass as a result of the increase in land parcels.</p>			
Conformance	<table border="0"> <tr> <td>Yes <input checked="" type="checkbox"/></td> <td>No <input type="checkbox"/></td> <td>N/A <input type="checkbox"/></td> </tr> </table>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>		
CAR/OBS				

### Community Information

- 4) A description of communities located in and around the project area, including basic socio-economic information (using appropriate methodologies such as the livelihoods framework).

Findings from 22 to 25 June Review	<p>The survey conducted in 2006 "Appendix 2-SocioReport.pdf" conducted a rapid assessment of livelihoods and incomes with 498 respondents within the region. Eighty-five respondents came from 3 districts engaged in the project. The document described income and employment practices, with 95% of the total respondent group stated as farmers.</p> <p>Based on the socio economic survey results in appendix 2, it can be stated that this is a reasonable description of the communities socio-economic status located in and around the project area.</p>
Findings from 08	The CAR verification audit conforms the findings of the first review – 22 to 25 June,

to 10 November Review	2009 (as above).		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same descriptions and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

5) A description of current land use and land tenure at the project site. (See also **G5**).

Findings from 22 to 25 June Review	<p>For the purposes of this investigation the project site is 177 ha. Within the CCB PD, and the supporting appendices the current land use is not sufficiently described but such information is contained in the socioeconomic survey report, and in general detail. The land uses identified during the site visit covered the main land types mentioned in the CCB PD, although this may be general in detail the land use patterns appeared consistent across the project site.</p> <p>Description of the tenure in CCB PD G 1.5. describes the land tenure instrument within the project areas as Countryside Stewardship Contracts with a 25 year renewable lease arrangement within the Community Based Forest Management agreements (a program maintained and administered by the Department of the Environment and Natural Resources (DENR)). The CCB PD states that the instruments run until 2013, and plan to be renewed until 2038 and therefore covering the length of the project.</p> <p>CCB PD ignores private landowners (which make up a significant proportion of the land area, 71.50 ha of the total 177 ha or 40% of the total land area engaged in the project.</p>		
Findings from 08 to 10 November Review	<p>The PDD of October 2009 version clearly describes various land tenures that includes Community-based Forest Management Agreements (CBFM) between people' organization and DENR; Integrated Social Forestry (ISF)/Certificate of Stewardship Agreement Contract and Tree for Legacy Program. At the time of verification, the audit team found that the project is in the process of concluding "agreements" with land owners individually within the project site. However, the agreement between the Project and private land owners are yet to be signed.</p>		
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 no longer includes the Tree for Legacy Program that was mentioned in the October 2009 version. The Project Proponents explained that only two of the 108 parcels composing the project are titled private land. The rest are all covered by Certificates of Stewardship Contracts under the the Integrated Social Forestry (ISF) Program. The PDD reveals that some of these 25-year contracts expired in 2009 and the rest by 2015. It was further pointed out that the DENR looks favorably on renewing these agreements and the assurance is contained in a letter to Conservation International from the DENR Regional Director dated 23 April 2010. As such, the Project Proponents explained that the Tree for Legacy Program is no longer needed as a tenure bridging option.</p> <p>The PDD of May 2010 also mentions that the private lands listed in Table 1 are covered by a reforestation contract between the Project Proponents and the landowner (Mr. Manuel Hallig). A copy of the contract forms appendix 8 in the PDD.</p>		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS	<b>CAR 03/09 - Closed</b>		

**Biodiversity Information**

6) A description of current biodiversity in the project area and threats to that biodiversity, using appropriate methodologies (e.g., key species habitat analysis, connectivity analysis), substantiated where possible with appropriate reference material

Findings from 22 to 25 June Review	A flora and fauna survey is described in the CCB PD. This was done in lowland forest types, in Quirino province. The land use surveyed does not match the same kind of
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	<p>land use in the project parcels as shown in Table 1 of the CCB PD and as verified by the auditors during field visit.</p> <p>Within the proposed project area, the 177 ha, no biodiversity study has been undertaken. The threat to the biodiversity directly within the project areas has not been described.</p> <p>Data presented on deforestation rates halts at 2003 within the CCB PD. It can be assumed that the project wants to restore habitats, as opposing to protect them from identified threats. This is due mainly to the locations of the projects being within a deforested landscape. There is only one location, (based on site observations) where proposed project sites adjoined an existing natural forest type.</p> <p>Within the region, land clearance is still ongoing, and demands for charcoal are causing deforestation and degradation of the remaining natural forest. Neither of these facts is included within the CCB PD.</p> <p>No connectivity analysis has been undertaken in the project proposal, and no key species have been identified within the specific project areas of 177 ha. This is not to say that the species identified within the historical surveys will not benefit from the project activities, but no direct evidence presented suggests that they will.</p>
Findings from 08 to 10 November Review	The October 2009 version of the PDD provides detailed information on the diversity of flora and fauna in the Project site. The information was based on a biodiversity survey undertaken by the Proponents in July 2009. At the time of the CAR verification audit, the audit team visited some sites of the project parcels and found similarity with the information provided in the PDD.
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same discussions and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

7) A list of all IUCN Red List threatened species (which encompasses endangered and vulnerable species) and species on nationally recognized list (where applicable) found within the project boundary. (See also **B1**).

Findings from 22 to 25 June Review	<p>The project boundary in the CCB PD encompasses 177 ha. Descriptions of the biodiversity pertaining over the administrative region and province (Quirino) are provided in the CCB PD. No site specific information is included within the CCB PD for IUCN listed species.</p> <p>Based on this it is not clear whether the biodiversity information applies to the parcels comprising the project.</p>
Findings from 08 to 10 November Review	The October 2009 version of the PDD mentions that there is a presence of <i>Pterocarpus indicus</i> which is cited in CITES and IUCN Red List. The PDD further explains about the biodiversity richness of the Quirino Protected Landscape which is an important Key Biodiversity Area.
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same discussions and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

## G2. Baseline Projections

### Concept

***An analysis of projected land-use trends is necessary to predict likely on-site changes without implementation of a project. This “without-project” future land-use scenario enables comparison of the project’s likely impacts with what would otherwise have occurred.***

### Indicators

The Project Proponents must develop a defensible and well-documented "without-project" future land-use scenario and baseline projections.

- 1) Description of the most likely land-use scenario in the absence of the project, identifying whether the scenario assumes that existing laws or regulations would have required that project activities be undertaken anyway.<sup>1</sup>

Findings from 22 to 25 June Review	<p>The CCB PD states that the most likely land use scenario in the absence of the project will be continued farming on marginal lands, and agriculture. Within the section "G.2. Baseline Projections" CCB PD it states in table 6 that:</p> <ul style="list-style-type: none"> <li>• Forest (within the SMBC) area declined over the period 1993-2003 by 17.2% (5,609 ha);</li> <li>• Agriculture area (within the SMBC) declined over the period 1993-2003 by 29.5% (3,132 ha); and</li> <li>• Non vegetated/open land and Agroforestry increased by 4,572 ha in area.</li> </ul> <p>The baseline assumes that all the baselines in the without scenario will be zero. This is based on the "small-scale project" approach taken within the CDM PD.</p> <p>Within the proposed project area of 177 ha, 59.50 ha of area is designated as "brushland" identified by the Project Proponents (PPs) as "eligible" under the definition of forests applied. The survey data presented ("Field Validation Report: Vegetation Cover of the Proposed Quirino Forest Carbon Site" and the supporting data "Proposed_Quirino Project Field Validation.xls" dated October 2008) was stated by the PPs' as being the data from the survey of the 11 sites within the project, confirming compliance with the definition of forest. The survey data could not be linked to any specific parcel within the 177 ha being proposed.</p> <p>During site surveys 2 "Brushland" sites were viewed by the auditors. Both inspections were visual with no field measurements or survey taken. Both areas indicated that they were regenerating native forest types, and would not be classified as non-forest under the definition. One location, in particular, within District Sangbay site Bgry.Park 23 ha in area) the auditors considered highly unlikely to be classified as non-forest.</p> <p>The Countryside Stewardship Contracts issued under the CBFM program may require the certificate holders to conduct reforestation as part of the land use certificate obligations. It was highlighted in discussions that the reforestation actions were in line with policy, and inferred that the reforestation was part of the land user's obligations. This could not be confirmed at the time of audit, as each CSC holder has a contract stating different obligations; this document was not requested or viewed by the auditors. No additionality test or additionality discussion had been undertaken by the Project Proponents (PP's) within the CCB PD.</p>
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<sup>1</sup>This is important for justifying whether the benefits being claimed by the project are truly "additional", i.e., the climate, community, and biodiversity impacts that would not be likely to occur without the project. For example, actions implemented by the project must not be required by law, or Project Proponents must make a compelling case demonstrating that the pertinent laws are not being enforced. The Project Proponents must provide credible and well-documented analyses (poverty assessments, farming knowledge assessments, remote sensing analysis, etc) showing that without the project, improved land-use practices would be unlikely to materialize.

	<p>The auditors consider the without land use scenario presented in the CCB PD to be unjustified at the time of audit. based on:</p> <ul style="list-style-type: none"> <li>• The fact that agricultural land use has declined in the time frame shown in table 6</li> <li>• That survey data for the defining of brushland areas is shown to be unclear at time of audit</li> <li>• Inference that some reforestation actions within the proposed project parcels maybe mandated by the national policy framework for the holders of the CSCs'</li> </ul>
Findings from 08 to 10 November Review	<p>The PDD of October 2009 version explains the most likely land-use scenario in the absence of project activity. The PDD refers to the land-use and land cover data for 1993 and 2003 to indicate how the forests are being converted to other land uses. Based on the field surveys and interviews of stakeholders, the Project Proponents further analyzed the most likely land-use scenario in the absence of the project activity. As reflected in the PDD, the field surveys and interviews with stakeholders indicated that the only realistic and credible alternative available to the project participants is to continue the current marginal agricultural practices. Furthermore, secondary succession of brushlands and grasslands to forest will not occur due to continuous disturbances such as vegetation burning, conversion into upland farms or kaingin-making, and grazing activities. Thus, the Project assumes that this trend will continue into the future. At the time of CAR verification audit, the auditors discussed it with the project stakeholders and farmers and found consistency in information provided in the PDD. Moreover, at the time of the CAR verification audit, the Project Proponents already removed this land use parcel from the project, and replaced the equivalent area by private agriculture land, now leaving only croplands and grasslands as project parcels (78 parcels) , totaling an area of 177 ha for the project.</p>
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 contains the same descriptions and discussions and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.</p>
Conformance	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p>
CAR/OBS	

- 2) A projection of future carbon stock changes in the absence of the project, based on the land-use scenario described above. The timeframe for this analysis can be either the project lifetime (see G3) or the project accounting period, whichever is more appropriate<sup>2</sup>. If there is evidence that non-CO<sub>2</sub> greenhouse gas (GHG) emissions such as CH<sub>4</sub> or N<sub>2</sub>O are more than 15% of the baseline GHG fluxes at the project site (in terms of CO<sub>2</sub> equivalents), they must be estimated.

Findings from 22 to 25 June Review	<p>The CCB PD G.2.2. assumes a zero baseline and refers to the document CDM-SSC-AR-PDD.</p> <p>The GHG emissions removals methodology was presented in the document "GHGremoval_AR_090518_for_RA.xls" and was reviewed by the audit team. The baseline methodology could not be reviewed as no methodology was presented. This is based on the baseline being taken as "zero" by the Project Proponents.</p> <p>Cropland areas are considered as a zero baseline within the CDM PD, stating that:  "The pre-project living biomass in trees or woody perennials within the project boundary is:  (i) Not more than ten per cent of the maximum above- and below-ground biomass of trees with the project activity; or  (ii) More than ten per cent of the maximum above- and below-ground biomass of trees, and such biomass shall not be removed in the implementation of the project activity."</p> <p>Thus, as the above rule is applied within the project location for AR-AMS0004 the</p>
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<sup>2</sup> In some cases, the project lifetime and the project accounting period may be different.

	<p>baseline is considered as zero.</p> <p>Not more than 10% of the maximum above and below ground stock includes both above and below ground carbon pools, in particular soil organic carbon. This approach is applied to the existing cropland areas. As 66 ha of this area is under planting within existing banana plantations, based on field observations, the exemption of the need for a baseline under the crop-land areas in accordance with AR-AMS0004 is reasonable.</p> <p>For the grass land areas where AR-AMS0001 is being applied it requires that less than 10% of the ground area will be disturbed during planting of tree crop. This is questioned on the following grounds:</p> <p style="padding-left: 40px;">Numerous stakeholders stated they intended to intercrop between the planting rows.</p> <p style="padding-left: 40px;">This implies that disturbance of the land area will occur over an area greater than 10%</p> <p>The findings based on the audit are that the current methodologies used are not applicable to the proposed project. The conclusion of the auditors is based on:</p> <ul style="list-style-type: none"> <li>• Field observations;</li> <li>• Lack of baseline within the CDM PD and questions regarding assumptions used highlighted in field discussions and interviews; and</li> </ul>
Findings from 08 to 10 November Review	<p>The PDD of October 2009 provides clear analysis of the land-use scenario in relation to future carbon stock changes in the absence of the project. The Project Proponents assume a static carbon baseline in line with the small-scale CDM A/R methodologies (AR-AMS0004 and AR-AMS0001). During the June 2009 validation audit, the auditors considered this criterion as not being fulfilled due questionable baseline assumptions arising from the inclusion of brushland. At the time of the CAR verification audit, the Project Proponent already removed this land use parcel from the project, and replaced the equivalent area by private agriculture land, now leaving only croplands and grasslands as project parcels (78 parcels) , totaling an area of 177 ha for the project. Thus, these remaining parcels conform with applicability criterion set down in AR-AMS0001 and AR-AMS0004 which provide for leakage being zero in these types of land uses. The CAR verification audit team discussed this with the Project Proponents and find the explanation in conformance.</p> <p>The PDD further elaborates that Non-CO2 GHGs are not likely to account for more than 15% of the project's overall GHG impact. Furthermore, it referred to that the CDM Executive Board agreed at its 42nd meeting held during 24-26 September in Bonn, Germany that GHG emissions in A/R CDM project activities from (i) fertilizer application, (ii) removal of herbaceous vegetation, and (iii) transportation may be considered as insignificant and hence can be neglected in A/R baseline and monitoring methodologies (<a href="http://cdm.unfccc.int/EB/042/eb42rep.pdf">http://cdm.unfccc.int/EB/042/eb42rep.pdf</a>; p.6).</p>
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 maintains the assumption of a static carbon baseline in accordance with A/R CDM methodologies (AR-AMS0001 and AR-AMS0004). The only revision in the document pertains to a rise in the time-average number of grazing animals displaced by the project from 2.3 (October 2009 PDD version) head to 2.84. This is still less than 10% of the grazing capacity for the project area and acceptable under applicability conditions of AR-AMS0001. The change is a consequence of the decrease of grassland from 59 to 51 hectares. Computations made by the Project Proponents was found to have followed prescriptions in AR-AMS0001 and pertinent IPCC guidelines.</p> <p>The justification in the May 2010 PDD on why non-CO<sub>2</sub> greenhouse gas emissions were neglected is the same as that in the October 2009 version. Thus, for this indicator, the auditor conforms with findings of the November 2009 review.</p>
Conformance	<p>Yes <input checked="" type="checkbox"/>      No <input type="checkbox"/>      N/A <input type="checkbox"/></p>

CAR/OBS	
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3) Description of how the “without-project” scenario would affect local communities in the project area.

Findings from 22 to 25 June Review	<p>The section G2.3. within the CCB PD states the following: "half of the people in the project area live below the subsistence level. Without the project this poverty is expected to persist." The section refers to section G.1.4, which is based on the socio-economic survey undertaken by ICRAF "Carbon Stocks Assessment of land uses in the proposed site of the carbon sequestration project, in the Sierra Madre, Philippines" Technical Report by the World Agroforestry Centre (ICRAF) Philippines. ICRAF (2006) was a survey assessing the full range of stakeholders (498) in total over a 13,000 hectare location. 188 of respondents were within the Meddela, and overlap with the districts of Divisoria Sur, Sto Nino, and Sangbay.</p> <p>The CCB PD section CM.1.1. states that a semi-structured questionnaire was undertaken to assess the household incomes within the proposed project area. The benefits perceived by the respondents were: economic , from improved sources of incomes from agroforestry; reduction in soil erosion; improved soil fertility for degraded land, and stabilized water availability. This is compared to a baseline of "persistent poverty" which is defined by the reports outputs. No cost benefit analysis was undertaken; the benefits perceived by the local community from the activity are not substantiated, such as improving seasonal water availability.</p> <p>The general perception of the stakeholders from the project activities were economic. The project intends to fund the costs of the seedling stock for the agroforestry, maintenance (which the farmer can conduct and charge back to the project) for the reforestation activities, as well as the returns from fruit crops.</p> <p>The CCB PD does not contain a cost benefit analysis of the proposed project actions on farmer’s incomes or any land use "opportunity cost" calculations.</p> <p>The Project Proponents highlighted in discussions and interviews, an intent to support the financial costs of establishment for the reforestation component, and maintenance of the planted species (no time frame is presented for this). For agroforestry components the project shall provide planting stock. It was not clear at the time of audit if financial support would be supplied for the establishment and maintenance of the agro-forestry crops, as mixed responses from stakeholders occurred on this point. In the absence of the project i.e. "without project" the communities would not benefit from this proposed revenue stream.</p> <p>Within the project document the "without project" does not describe the likely without project scenario as it is apparent by location that each landuse type may be subject to a different "without project" activity. In that instance, each impact on the community will differ.</p> <p>The benefit sharing for the GHG emissions removals is stated in the Memorandum of Agreement (unsigned copy presented to auditors) as belonging to the investment company (MoreTrees, Japan). The MOA does not state the full nature of the benefits to be shared to the various project participants. This was unclear at the time of the audit. In discussions and interviews, the communities view the potential financial benefit from:</p> <ul style="list-style-type: none"> <li>• The agro-forestry establishment</li> <li>• The future harvesting of trees established (some participants saw this as a benefit to their children in future)</li> <li>• Payments for GHG emissions removals</li> </ul> <p>The conclusion of the auditors based on this is that financial benefits will most likely be tangible from the project implementation. Whether or not, in the absence of the project the communities will exist in poverty is unclear, as the future benefits are not clearly stated to highlight whether or not the communities will be raised above the poverty definition threshold. When the communities were asked "what they would do with the</p>
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	<p>land (planned for inclusion in the project) in the absence of the project" the responses were mixed. For the reforestation component it was stated that the land would not be used , with one respondent stating very clear alternative land use plans. For the agro-forest areas proposed it was highlighted that existing land uses would continue.</p> <p>As highlighted in previous sections, within the proposed project areas a high percentage of participants owned their land. In the absence of the project, there is no doubt that some participants would continue a marginal living. Whether or not this poverty would persist in the "without project scenario" of the project, for all of the participants the Project Proponents have not demonstrated clearly the likely "without" project impact on the communities.</p>
Findings from 08 to 10 November Review	The PDD version of October 2009 explains the baseline projections of the land-use in terms of the continuity of the current practices by the local community members. However, how the "without project" scenario will affect local communities in relation to their socio-economic conditions is not explicit in the document.
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 states that the "without project" scenario is the "continuation of current agricultural practice". It mentions that half of the people in the communities live below subsistence level and that this poverty is expected to persist without the project because of barriers in access to investment, new technologies, market and institutional obstacles.</p> <p>Appendix 10 of the May 2010 PDD is a cost-benefit analysis for corn, rice, banana and agroforestry. Only banana showed a net benefit value greater than the official poverty threshold. A less attractive outlook is shown from fruit trees from proposed agroforestry areas. Although fruit products are apparently to be marketed at retail prices whereas the normal practice of farmers is to sell wholesale, reducing prices by half still resulted to profit.</p> <p>The PDD highlights the environmental benefits of the project and contends that agroforestry and reforestation are the most suitable land-uses in the project area. The following are the principal claims:</p> <ul style="list-style-type: none"> <li>• Lands similar to and in the vicinity of the project area are not converted to commercial plantation or agroforestry;</li> <li>• Lands included in the project are marginal and bring minimal profit to farmers which is why these are contributed to the project;</li> <li>• The major crops (corn and banana) do not provide adequate incomes to fully support household basic needs. Consequently, many farmers quit corn farming because it is no longer economically beneficial due to the increase in cost of fertilizer and chemicals. Additionally, project participants offered their banana areas to the project because this crop is diseased the rehabilitation costs are prohibitive.</li> <li>• Monocultures of banana accelerates soil erosion (Study cited).</li> </ul> <p>Though the PDD of May 2010 lacks comprehensive discussions on the effect of "without project" on the socio-economic conditions of the community, it does provide an adequate description of how the "without project" land use would benefit the communities in the project area.</p>
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	<b>CAR 07/09 – Closed</b>

4) Description of how the "without-project" land-use scenario would affect biodiversity in the project area.

Findings from 22 to 25 June Review	<p>The description of the impact on biodiversity without the project intervention is described in section G.2.4 suggesting:</p> <ul style="list-style-type: none"> <li>• Habitat loss of remaining natural forest and wildlife habitats will continue, with encouraging conditions for invasion of non native species within the landscape.</li> <li>• Table 6 of the CCB PD highlights the forest clearance up to 2003 within Quirino Region.</li> <li>• The proposed project area (177 ha) has not been subject to land clearance</li> </ul>
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	<p>beyond 1990 (as the original submission to the CDM demonstrates).</p> <p>No documents were available that stated that the proposed project areas had been subject to any form of biodiversity survey highlighting the potential presence or absence of IUCN listed species.</p> <p>Based on this it is suggested that the project goal is to enhance the available habitats for identified animal species that are resident within the Sierra Madre Biological Corridors (SMBC) landscape, and that therefore they are assumed to benefit from the projects interventions, within the buffer area of the corridor. To that end, it is not clearly stated in the project document what the "without" scenario would be for the biodiversity components. As no biodiversity surveys have been conducted at the site level during the project development, no key indicators have been selected, and no baseline on biodiversity is known.</p> <p>It is a requirement within the CCB standards that the Project Proponent clearly defines both the "with" and the "without scenario". At the time of the audit the Project Proponents had failed to do this adequately.</p>		
Findings from 08 to 10 November Review	<p>The PDD of October 2009 version presents the diversity of flora and fauna based on surveys carried in the project sites in July 2009. The PDD further explains that the remaining scattered forest patches will be lost further in the general area in the "without project" scenarion, eventually leading to the loss of forest dependent species from the area.</p>		
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 contains the same descriptions and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.</p>		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

5) Description of how the "without-project" land-use scenario would affect water and soil resources. (See also **B5**).

Findings from 22 to 25 June Review	<p>The CCB PD states in section G.2.5. that without the projects interventions marginal land would move into a state of "...the non-renewal of ground water and further depletion of soil nutrients..". Andthat continued soil erosion and degradation due to impacts from grazing actions by draft animals would lead to continued degradation.</p> <p>The CCB requires that the Project Proponent clearly states the "without" land use scenario and justifies it with scientific, or referenced data.</p> <p>As stated in ICRAF (2006) and within the CDM PD, the proposed project area, and the location have seen an increase in grasslands up to 2003, with the proposed project areas deforested prior to 1990.</p> <p>No measurement or identification of seasonal changes in water flows is represented in documents provided. No erosion rates are presented in the documentation provided for the project areas.</p> <p>No clearly defined water catchments are stated within the project documents that encompasses the proposed project areas.</p> <p>Based on this the auditors concluded that in the CCB PD a general assumption is made that the "without" project scenario would lead to further soil and water quality degradation. This is not justified, based on the following:</p> <ul style="list-style-type: none"> <li>• No baseline data is available and measurement or monitoring has been proposed.</li> <li>• No rates of decline of the soil resources have been stated within the project.</li> <li>• No rate of decline, location and flow rates of associated water sources and or</li> </ul>
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	<p>wells has been stated by location within the CCB PD, nor any specific investigation into that.</p> <p>It is stated that seasonal wells and small rivers are running dry during the dry season, but the specifics on the locations and functions of these is limited in detail.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 version explains that due to the size of the project, the dispersal and size of each project parcel the effect on soil and water resources in the “without project scenario” will be small compared to the area of a watershed. The Project Proponents expect no improvement in terms of soil and water conservation in the “without project” scenario. However, the information in this section is not well elaborated.
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same descriptions and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

### G3. Project Design & Goals - Required

#### Concept

***The project must be described in sufficient detail so that a third-party can adequately evaluate it. Projects that operate in a transparent manner enable stakeholders and outside parties to contribute more effectively to the project.***

#### Indicators

The Project proponents must:

- 1) Provide a description of the scope of the project and a summary of the major climate, community and biodiversity goals.

Findings from 22 to 25 June Review	<p>The scope of the project is the reforestation, and establishment of agro-forestry farming within 63 sites totaling 177 ha on the buffer of the SMBC. The goals of the project are:</p> <ul style="list-style-type: none"> <li>• Achieve an GHG emissions removal of 42,177 metric tons CO<sub>2</sub>e by the establishment of 177 ha of reforestation and agro-forest systems</li> <li>• Improve native species habitats through the establishment of native tree stands on degraded grasslands and crop lands</li> <li>• Improve alternative livelihoods for local communities by the promotion and establishment of agro-forestry plantation crops</li> <li>• Enhance and restore key ecosystems services within the project locations through the improvements in tree cover.</li> </ul> <p>The project's goals are in line with the CCB standards requirements, and cover the main categories of acceptable project goals.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 describes the project's aims as “to create an alternative source of income for the local community, to protect and improve habitat for plants and animals, and at the same time to stabilize the ecosystems functions of the watershed to ensure a steady supply of water and to help mitigate climate change through carbon sequestration.” Project activities consist of reforestation and agroforestry establishment on cropland, grassland and brushland. The PDD also mentions that community organization for planning and capacity building will support implementation.
Findings from 07 to 11 June 2010 Review	Except for changes in the hectareage to be reforested and establishment of agroforestry, the PDD of May 2010 contains the same descriptions and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.

Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

2) Describe each major project activity (if more than one) and its relevance to achieving the project's goals.

Findings from 22 to 25 June Review	<p>The project has the following activities as specified within the CCB PD:</p> <ul style="list-style-type: none"> <li>• The establishment of 17.67 ha of agro-forestry crops to improve livelihoods of project participants.</li> <li>• The establishment of 159.30 ha of reforestation of mixed native species</li> </ul> <p>From "GHGremoval_AR_090518_for_RA.xls" the following figures for planting were taken. The planting will be conducted in 2 phases; the first phase of 41 ha, and the second phase for the balance of 136 hectares. All planting is planned to be completed by 2009, with 59 hectares established in cropland, and 118 hectares established in grassland areas. Within the above mentioned spreadsheet, brushland areas are incorporated within the grassland definition.</p> <p>The major project activities in the PD CCB in support of this stated in G3.2. are:</p> <ul style="list-style-type: none"> <li>-Development of three nurseries to supply seedling stocks</li> <li>-Survey and mapping activities for proposed project sites</li> <li>-Compartmentalization to highlight species mixes</li> <li>-Establishment of access and trails for the project sites</li> <li>-Site and species selection criteria developed for native species</li> <li>-Site preparation including (for reforestation component):</li> <li>-Land preparation and planting</li> <li>-Care, maintenance and Protection</li> <li>-Agroforestry component:</li> <li>-Purchase of fruit tree seedling stock (as above)</li> </ul> <p>In addition:</p> <ul style="list-style-type: none"> <li>-Community organization and planning</li> <li>-Community capacity building activities</li> </ul> <p>The project action is an afforestation, and reforestation activity, with multiple benefits being proposed by the Project Proponents. The section does not include activities such as:</p> <ul style="list-style-type: none"> <li>-Development of the capacity for monitoring</li> <li>-Standards for the planting, and survival rates.</li> <li>-Time frame for maintenance of planted tree species and monitoring frequency for mortality</li> <li>-Health and Safety requirements</li> </ul> <p>The goals of the project are 3 as stated in G3.1 (above). To be able to achieve the stated objectives, the Project Proponents are required to demonstrate that the major project activities will underpin and support the goals.</p> <p>It is the conclusion of the auditors, that the major activities have been clearly defined for an Afforestation and Reforestation action.</p>
Findings from 08 to 10 November Review	<p>The PDD of October 2009 describes in detail the activities that will be implemented under the project. At the time of audit, the auditors confirmed that these activities were being carried out as described.</p>
Findings from 07 to 11 June 2010	<p>The PDD of May 2010 contains the same descriptions and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the</p>

Review	November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

3) Provide a map identifying the project location, where the major project activities will occur, and geo-referenced boundaries of the project site(s).

Findings from 22 to 25 June Review	<p>Figure 2, within the CCB PD section G3.3. shows the proposed project locations at a scale of 1:50,000 UTM Zone 51 WGS 84.</p> <p>No list of the geo-referenced boundaries, or description of general project boundaries are presented.</p> <p>No list of the geo-referenced boundaries of each field site in included in any documentation was presented to the audit team.</p> <p>The CCB requires that the site project boundaries be described in geo-physical terms. That is, the general project boundary, and a list of the locations of each individual field site within that general scope. The project boundary for this proposal is 177 ha, over 63 locations.</p> <p>During site visits the audit team used a GPS at sites to confirm the information back to the mapping data by site. This confirmed that the map presented was accurate.</p> <p>It is proposed in section G3.2. that "compartmentalization" will be conducted as part of the project development. This in discussions with the Project Proponents included mapping of species by location.</p> <p>It is the conclusion of the auditors that the data presented was sufficient for the project.</p>		
Findings from 08 to 10 November Review	<p>The PDD of October 2009 provides a map that shows the location of each participating land parcel, which of these will be for reforestation or agroforestry and the year these activities will be carried out. At the time of CAR verification audit, the information on the map was noted by the auditors reflect actual site conditions.</p>		
Findings from 07 to 11 June 2010 Review	<p>Land cover data was added to the map in the May 2010 PDD. This improvement over the October 2009 version, now shows the project parcels relative to existing forests and other land uses.</p>		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

4) Provide a timeframe for the project's duration and the rationale used for determining the project lifetime. If the accounting period for carbon credits differs from the project lifetime, explain.

Findings from 22 to 25 June Review	<p>The CCB PD states in section G.3.4. that the project duration is 20 years. This is confirmed with the data presented in "GHGremoval_AR_090518_for_RA.xls" as the GHG removals crediting time frame. The CCB PD states the rationale for this time is:</p> <p style="padding-left: 40px;">"deemed reasonable for forests to be established and for the necessary technical and management capacity to be well established among the local communities."</p> <p>The CCB requires the justification for the selection of project time frames. The project financial plan within the documentation presented to the audit team entitled "Conservation International-Philippines Pilot RefoPlan Budget For 40 ha in a 5 year period" and the subsequent spreadsheets, demonstrate the costs for a 20 year time frame, but technical supporting actions from CI for 0-5 year time frame was lacking. The 20 year projections are for 41 ha only. The justification for the 20 years is as stated in CCB PD.</p> <p>At time of audit it is the conclusion of the auditors that the justification for the project time span is not sufficient based on:</p>		
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	<ul style="list-style-type: none"> <li>• The time span is limited and creates potential issues with permanence</li> <li>• The time span does not consider the land tenure instruments</li> <li>• The time span is not supported with scientific data to justify the assumption that trees will be established.</li> </ul>
Findings from 08 to 10 November Review	The PDD of October 2009 version provides a timeframe for the project duration with the required data and information. As reflected in the PDD, the Project's accounting period is 23 years, and as reflected on page 29 of the PDD, the project considers its lifetime to be the duration of the permanence of reforestation. The permanence is secured through the provision of the Integrated Social Forestry (ISF) – Certificate of Stewardship Contract land tenure instrument and eventually the ownership certificates under the Tree for Legacy Program. The PDD further describes that with the provision of ISF, with well capacitated community and government, and subsequently with tree tenure provided under the Tree for Legacy program, the period of permanence extends beyond the 23-year accounting period to relatively indefinite future. At the time of CAR verification audit, the auditors have verified it with local authorities and farmers of the project site and found consistent with the PDD.
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 specifies the project accounting period as 23 years. The project lifetime coincides with the duration of permanence of reforestation. For parcels on public lands, this is defined by the tenure (ISF – Certificates of Stewardship Contracts) which are assured for another 25 years.</p> <p>With assurance of tenure renewal for another 25 years, the PDD no longer mentions the Tree for Legacy Program which was proposed as a bridging instrument in the October 2009 version.</p>
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

5) Identify likely risks to climate, community and biodiversity benefits during the project lifetime. Outline measures that the project plans to undertake to mitigate these risks.

Findings from 22 to 25 June Review	<p>The CCB PD section G.3.5 states that the risks are based on short term funding. The project boundary is 177 ha, over 20 year time span.</p> <p>The potential risk is of participants changing the project activities to alternative incomes due to "collapse in development efforts initiated by the project once the project ends".</p> <p>This is proposed to be mitigated through the direction of technical support and funding from multiple sources for the project participants, such as environmental spending from local government funds and through accessing of micro financing organizations.</p> <p>The supporting financial spreadsheets highlight that funding is secure for 20 years for 41 ha of area. The MOA time frame is for 20 years, and focused on 41 ha of area.</p> <p>Risks associated within the project should be considered within the proposed project boundary both in terms of time, and in terms of the geographical locations.</p> <p>At the time of audit no cost benefit analysis had been undertaken. The financial model for the support for CIs' role as technical advisor ends after 5 years of project initiation (based on the Financial Spreadsheets supplied), and the MOA and the financial predictions cover 41 ha.</p> <p>At the time of audit it is the conclusion of the auditors that the risks and mitigation of these had not been adequately considered based on:</p> <ul style="list-style-type: none"> <li>• The project boundary is 20 years, and 177 ha in scope. All financial information provided only considers the 41 ha, there is no financial data supplied for the long term costs and returns for the 177 ha proposed.</li> <li>• Stating that a short term time frame is one of the threats, and that the project,</li> </ul>
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	<p>as it is planned for 20 years, mitigates that threat is questionable.</p> <ul style="list-style-type: none"> <li>The MOA is defined between Moretrees and the project partners, with CI taking a facilitation and technical supporting role. Based on the financial spreadsheets, CIs' engagement will stop at year 5, following the transfer of any proposed GHG removals to MoreTrees.</li> </ul>
Findings from 08 to 10 November Review	The Project Proponents have well identified likely risks in relation to climate, community and biodiversity benefits during the project lifetime. The PDD of October 2009 also outlines the measures it plans to undertake to mitigate the risks. The PDD is further supplemented with the document of assessment of risks of the project. As the risks are based on short term funding, this is proposed to be mitigated through the direction of technical support and funding from multiple sources for the project participants, such as environmental spending from local government funds and through accessing of micro financing organizations.
Findings from 07 to 11 June 2010 Review	<p>Risks to project benefits that were identified in the May 2010 PDD are the short duration of funding, lack of local capacity to maintain the project and diversion from and abandonment by participants due to inadequate and unstable income. These are also mentioned in the October 2009 version of the PDD.</p> <p>The risk of short duration of funding is overcome by the commitment of the donor, moreTrees to provide funding to the project for its lifetime and over the whole 177 hectares. Previously, only 41 hectares was to be funded. A grant agreement between moreTrees and CI is mentioned and provided upon request of the auditor. A MOA among the parties involved was also executed and provided as an appendix to the PDD. A copy of the reforestation contract between the private land owner with CI and PEDAI is also appended to the PDD.</p> <p>Means of addressing the other risks follow what was described in the October 2009 version of the PDD.</p> <p>The Project Proponents also carried out a risk assessment following the VCS format appended this to the May 2010 PDD. The two documents do not coincide in terms of the tenure and funding support information.</p>
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

6) Document and defend how local stakeholders have been or will be defined.

Findings from 22 to 25 June Review	<p>The CCB PD defines stakeholders in section G.3.6 as: "All entities and individuals that have title of jurisdiction over the project area are considered stakeholders" . This includes within the CCB PD all members to the MOA, and all participants and organizations such as the Farmers Associations.</p> <p>Stakeholder definitions are determined by any group, individual or organization that has an interest in the proposed project area. The selection of the identified stakeholders matches the need of that within the project.</p> <p>Based on this it is the conclusion of the auditors that stakeholder's definition is adequate for the proposed project. .</p>
Findings from second review 8-9 October 2009	The PDD of October 2009 defines stakeholders as " <i>All entities and individuals that have title to or jurisdiction over the project area.</i> ". It mentions that stakeholders were confirmed through a series of consultations. The document identifies them to be government units with jurisdiction over the project area, people's organizations, the donor and PEDAI (local NGO). The PDD mentions that roles and responsibilities of each entity was formalized through a Memorandum of Agreement (MOA). It is also states that separate agreements would be executed with private land owners that agreed to participate in the project. At the time of CAR verification audit, the audit team interviewed representatives of the major participating entities and confirmed their

	commitments to the project. The auditors also had discussions with two private land owners and confirmed their willingness to join the project and ascertained their expectations from the project.		
Findings from 07 to 11 June 2010 Review	The same definition of stakeholders in the October 2009 PDD was adopted in the May 2010 version. A copy of the first amendment to the MOA which reflects changes in signatories and funding arrangements is appended to the May 2010 PDD. The signature of the Quirino provincial governor is absent because the document was executed within the national elections period wherein local government executives are banned from entering into agreements. A letter from the provincial administrator dated 5 May 2010 assures that obligations in the original agreement will be abided by,		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

- 7) Demonstrate transparency by: making all project documentation publicly accessible at, or near, the project site; only withholding information when the need for confidentiality is clearly justified; informing local stakeholders how they can access the project documentation; and by making key project documents available in local or regional languages, where applicable.

Findings from 22 to 25 June Review	<p>The proposed CCB PD is available online and can be identified through a Google search for the project title. The communications to the project participants has been conducted as the majority of respondents interviewed confirmed the nature of the project, although understanding was limited.</p> <p>The project has demonstrated extensive stakeholder consultations from the documentation provided. Interviews with the Project Proponents highlighted the intention to make the outcomes from the proposed project publicly available.</p> <p>No summary of the CCB PD in local language has been presented to the project participants.</p> <p>Although there is no statement in the CCB PD, the auditors consider that the Project Proponents have engaged actively and will continue to maintain transparency for the project actions.</p>		
Findings from 08 to 10 November Review	At the time of CAR verification audit, the audit team confirms the findings of last review.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same discussions and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

## G4. Management Capacity - Required

### Concept

***The success of a Project depends upon the competent of the implementing management team.***

### Indicators

The Project Proponents must:

- 1) Document the management team's experience implementing land management projects. If relevant experience is lacking, the proponents must demonstrate how other organizations will be partnered with to support the project.

Findings from 22 to 25 June Review	Within the scope of this CCB PD submission the management team is Conservation International, as this group is the Project Proponents.		
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	<p>The CCB PD, section G.4.1 highlights CI's roles in historical reforestation activities in Philippines and CI's International experiences in Forest Carbon projects.</p> <p>The section states the partners and the strengths that the partners will bring to the proposed project.</p> <p>Experience listed includes:</p> <ul style="list-style-type: none"> <li>• Ongoing activities in reforestation within the Sierra Madre Biodiversity Corridor</li> <li>• Ongoing activities in reforestation within the Penablanca Protected Landscape and Seascape (PPLS)</li> <li>• Historical establishment of 20 hectares of mixed forest and agroforestry under the pilot scheme to develop the main CCB PD.</li> </ul> <p>On review of the documentation "Major Stakeholders and Partners involved and roles" (a handout print out of a PPT doc), the diagram "project management core structure" was shown as the main management organizational chart for the project. This included the roles of Palacian Economic Development Association (PEDAI), as the main project partners in the implementation and monitoring of the project at the site level. With support from the DENR.</p> <p>The project is a reforestation and afforestation proposal engaging with local communities. Management capacity for a proposal of this kind requires:</p> <ul style="list-style-type: none"> <li>• Community development experience</li> <li>• Experience of reforestation and afforestation</li> <li>• Technical experience in operational actions that support afforestation and reforestation</li> <li>• Experience in management and monitoring of actions</li> <li>• Technical experience and knowledge in the handling of grant funding to participants</li> <li>• Experience of development of monitoring, evaluation systems, and internal standards development.</li> </ul> <p>PEDAI have no experience in implementation of afforestation and reforestation actions and activities. CI has recent experience in country, however the team tasked with management of the project is made of qualified forestry graduates (personal communication with CI team).</p> <p>Based on the historical development of the project, and the on going activities the auditors have come to the conclusion that the management team, and its partners have adequate management capacity in place to administer and implement the projects activities.</p>
Findings from 08 to 10 November Review	<p>The PDD of October 2009 describes Conservation International-Philippines (CIP) as the organization responsible for overall project implementation. Availability of five field staff for the project is mentioned as well as the option to take in local NGO-partners as subgrantees. The document points out that community organizing, reforestation and agroforestry are activities CIP technical staff have rich experience in. It also mentions land use change analysis and protected area establishment and management as additional skills in the organization. Ongoing implementation of a similar project in northern Luzon is cited.</p> <p>The PDD also states that the Department of Environment and Natural Resources (DENR), a major project partner, and local partner-NGOs are also knowledgeable with reforestation, agroforestry, working with communities and carbon projects. Interviews of representatives from the organizations referred to in the PDD, at the time of CAR verification audit, confirm the facts contained in the PDD.</p>

Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

2) Demonstrate that management capacity is appropriate to the scale of the project.

Findings from 22 to 25 June Review	<p>The scope and scale of the project is 63 participants covering 63+ geographical locations within the Province Quirino, and the city of Meddela. The project is an afforestation and reforestation project over 177 ha of land. The project is small in scale and community based.</p> <p>PEDAI, the organization directly dealing with communities, is tasked with the implementation of the project. During field visits and discussions it was highlighted that PEDAI has been involved in the locality for a period of 20 years plus. Working directly with some of the groups promoting improved farming practices. PEDAI's programs include:</p> <ul style="list-style-type: none"> <li>• Fish Ponds and aqua culture</li> <li>• Improved seeds program</li> <li>• Marketing of local products and produce programs</li> <li>• Micro Financing program</li> </ul> <p>These programs have all been implemented and are on going in the province of Quirino at the time of audit. Current staffing of the project was highlighted as a concern at the time of audit. The PEDAI have allocated office space to the project within its offices at Santiago City (capital of Quirino Province), and this was shown to the auditors. An organization chart of PEDAI was shown and its programs.</p> <p>At time of the audit PEDAI were having staffing shortages and planned to recruit new teams in support of the proposed carbon project. The main person involved is PEDAI's executive director.</p> <p>The initial phases of community development had been undertaken at the time of the audit, and the key component is now implementation. At time of audit PEDAI had not developed an implementation plan. The proposed project also requires strict monitoring and evaluation of the project, to ensure that the established tree species are maintained as planned, and that growth rates are regularly reported. This requires standardized procedures, processes and a system for both data collection management and storage and sufficient technical knowledge to be able to understand the operation needs of the actions.</p> <p>Based on this, it is the conclusion of the auditors that the management capacity being proposed is adequate for the scale of the project.</p>		
Findings from 08 to 10 November Review	At the time of CAR verification audit, the audit team confirms the findings of last review.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

3) Document key technical skills that will be required to successfully implement the project and identify members of the management team or project partners who possess the appropriate skills.

Findings from 22	The CCB PD states the key technical skills under section G.4.3. table 9. This lists the		
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to 25 June Review	<p>set of skills required as:</p> <ul style="list-style-type: none"> <li>• Nursery operations and propagation of indigenous species</li> <li>• Forest/Agroforestry establishment, care and maintenance</li> <li>• Agroforestry farm planning and implementation</li> <li>• Surveying and mapping</li> <li>• Community organization for planning</li> <li>• Community capacity building.</li> </ul> <p>The technical skills show the same set of twelve (12) persons involved in all components of the project.</p> <p>No information is provided as to their professional background and how these persons will organize themselves.</p> <p>The list of skills does not include monitoring, development of systems and quality management, and or guidelines development for best management, or internal standards development.</p> <p>No inclusion of experiences or skills of the program staffs is included.</p> <p>Based on these findings, the auditors conclude that adequate skills are present for the project with the exception of clearly defined monitoring systems development.</p>
Findings from 08 to 10 November Review	<p>The PDD of October 2009 lists the technical skills needed for project implementation and the responsible persons. At the time of CAR verification audit, the auditors met some of these personnel and determined their level of skill to be suited to their respective responsibilities.</p>
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 contains the same information as the October 2009 version for this indicator. It shows only two persons for field management. In response to request for clarifications on this, the Project Proponents indicated that screening of applicants for at least three technical positions is ongoing. It was further explained that other project partners (DENR and local government units) contribute technical and facilitation services. A list of positions, qualifications and skills needed for implementing the project was also provided. This shows that up to six positions would be involved in direct field management. This pool of skills, plus that from project partners (DENR and local government units), is sufficient for the scale of the project.</p>
Conformance	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p>
CAR/OBS	

4) Document the financial health of the implementing organization(s).

Findings from 22 to 25 June Review	<p>For the purpose of this project, CI are the Project Proponents, and PEDAI is the implementing organization, responsible for all components of the project implementation in the field. This is in accordance with the MOA.</p> <p>No information is provided on the financial status of PEDAI and the community organizations. Audit team interviews with community members indicate that, though small, they do have some funds to work with. Proof of government partners (local governments and DENR) ability to financially support their commitments to the project are also not provided.</p> <p>It was highlighted in discussions that PEDAI have constraints with funding and that funding for their programs is multi source, both Government, Provincial Development Assistance, as well as some Overseas Development Assistance (ODA).</p>
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	<p>The cash flow presented to the auditors contained a projection for the 20 year lifespan of the project (this was based on the 41 ha funding that has been secured) The spreadsheet "The first startup cost for the project including the development of the PDD/VCS&amp;CCB validation and 1<sup>st</sup> monitoring and verification with the third party" section two showing fees to PEADI of 105,000 USD over 20 years for capacity building activities, this matches with the "pilot refoflan-budget 5 years" which states the implementation costs payable to PEDAI. On discussion the latter spreadsheet was highlighted as the "pilot refoflan-budget 5 years". This spreadsheet suggests it is adjusted for inflation (5%).</p> <p>All the calculations are based on the initial funding for the 41 ha (this is secured funding from MoreTrees Japan), and cover the first 5 years. All future funding from this source is contingent upon validation and subsequent verification of the GHG emissions removals.</p> <p>The long term viability of the 177 ha which is the scope of the audit, could not be demonstrated at time of audit. Based on an assessment of the spreadsheets presented, it is unclear what currency they are in and whether or not they had been adjusted for inflation.</p> <p>To demonstrate long term viability of the implementing partners is a challenge, and the auditors understand that funding for conservation organizations, and development organizations is based on cycles, that generally tend to be applied in 5 year periods. The project funding is secured for 5 years, and based on discussions was considered sufficient by the audit team to initiate the project, and manage it. In the longer term, it is apparent that future funding is contingent upon "additional funding" sources being identified.</p> <p>At time of audit, based on discussions and observations, the current financial status of the implementing partner PEDAI is considered viable. The project funding is secure for 5 years, and will be maintained as part of a separate program within the organization.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 describes the extent of Conservation International on a worldwide scope. The document states CI-Philippines maintains "an annual average budget of over 1 million USD for the past 10 years" of grant funds. At the time of CAR verification audit, the audit team confirms the findings of last review.
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

## G5. Land Tenure - Required

### Concept

***There should be no significant land tenure disputes in the project area, or the project should fundamentally help to resolve these tenure issues.***

### Indicators

Based on information about current land tenure provided in **G3**, the Project Proponents must:

- 1) Guarantee that the project will not encroach uninvited on private property, community property, or government property.

Findings from 22 to 25 June Review	Ten of the 63 parcels comprising the project are private lands while the rest are public lands officially tenured to community residents. At time of audit one historical conflict was highlighted which the project supported to resolve.
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	<p>In discussions with DENR, and the Local Government Units (LGUs) it was highlighted that some minor boundary conflicts were a possible concern. One of the potential benefits of the project was the resolution of these matters that the historical actions demonstrated. The project partners highlighted that through the projects interventions re-mapping of some CSC holders parcels had been undertaken, and historical conflicts resolved between land users.</p> <p>Based on discussions and interviews within the field, it was apparent to the audit team that no on going conflicts of significance were occurring, and that any conflicts that arose would be dealt with by the DENR and the LGUs' as historically demonstrated through Project Proponents documentation. The engagement and structure of the project ensures that no unwanted encroachments will occur.</p> <p>Since the land areas are under CSCs', and private land the auditors conclude that the project will not encroach uninvited on other land holders areas, nor public lands.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 describes the tenures governing project parcels. No mention is made of private lands but a guarantee is stated that there will be no encroachments on private, community or government property. Site visits conducted by the auditors, during the time of CAR verification audit, confirm the absence of encroachments.
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 explains that landholders (CSC holders) participating in the project are members of people's organizations which are signatories to the project's MOA. It is also pointed out that each CSC holder was consulted in terms of selecting which part of their parcel will be included in the project. The only private land owner voluntarily participated in the project and concluded a reforestation contract with the Project Proponents. A guarantee is given that the project will operate only within lots intended for the project and not encroach on private, community or government property.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

2) Guarantee that the project does not require the relocation of people, or any relocation is 100% voluntary and fundamentally helps resolve land tenure problems in the area.

Findings from 22 to 25 June Review	All the projects activities are being conducted on land which is under established land tenure and in concert with the farmers. Based on this and on the discussions/ observations during the audit it was clear that no relocation of peoples would occur as a result of the projects implementation.
Findings from 08 to 10 November Review	The PDD of October 2009 states that project will not require relocation of people and that any relocation is voluntary and helps to " <i>resolve land tenure problems</i> ". It further cites that project land is tenured to people's organizations. This conforms with the findings in the June 2009 validation audit. At the time of CAR verification audit, interviews with project participants and representative of major partners, it was confirmed that the project did not involve any relocation of people since all the farmers involved had tenures over the project parcels.
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 reiterates the testimony in the October 2009 version that the project will not require relocation of people. It points out that project participants decided themselves which part of their land to provide for the project.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

3) Describe potential "in-migration" of people from surrounding areas, if relevant, and explain how the project will respond.

Findings from 22 to 25 June Review	The safeguards against encroachment into project parcels are well described.
Findings from 08 to 10 November	The PDD of October 2009 cites land squatting for upland farming as the potential cause for in-migration into the project area. The document describes that such an issue

Review	will first have to be addressed by the people's organization, being the tenure holder, and assisted by the local government units and DENR. At the time of CAR verification audit, the auditors did not observe any land squatting.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 restates what was mentioned in the October 2009 version - that land squatting by persons outside forest zones is a potential "in-migration" problem. The PDD provides more lucid explanation than the October 2009 version in terms of responses to be taken in the event of land squatting. This consists of cooperation between people's organizations, the DENR and LGUs to police their areas and enforce laws governing occupancy and squatting. The Project Proponents will also train the people's organizations on how to enforce such laws. It is also stated that the project will play direct and indirect roles to prevent illegal occupancy.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

## G6. Legal Status - Required

### Concept

The project must be based on a solid legal framework (e.g., appropriate contracts are likely to be in place) and the project must seek to satisfy applicable planning and regulatory requirements.

During the project design phase, the Project Proponents should communicate early on with relevant local, regional and national authorities and allow adequate time to earn necessary approvals. The project design should be flexible to accommodate potential modifications that may arise to secure regulatory approval.

### Indicators

The Project Proponents must:

- 1) Guarantee that no laws will be broken by the project.

Findings from 22 to 25 June Review	Within the scope of the project it was made clear by all stakeholders (DENR) that the project was in support of policy and in compliance with all laws governing the use of the land.		
Findings from 08 to 10 November Review	The PDD of October 2009 states the the project will not break any laws but will instead " <i>help implement the sustainable management of the land in the framework of CBFM program</i> ". The PDD further mentions that the presence of DENR and the local government as project partners, and being law implementers, will forestall any possible conflict.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 basically contains the same discussions and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

- 2) Document that the project has, or expects to secure, approval from the appropriate authorities.

Findings from 22 to 25 June Review	<p>The Project Proponents have developed the MOA that includes the key regulatory authority for natural resource use the Department of the Environment and Natural Resources (DENR). The DENR is tasked with the management of all natural resources within the country of the Philippines, and as such are the relevant national authority at the Provincial and Regional level from which to pursue approval from. They have also included Local Government Units (LGUs), which are elected officials with 4 year terms. At the time of audit no signed copy of the MOA was presented to the audit team.</p> <p>The proposed project activities, and the use of Forest Carbon funding have been included in the DENR 5 year Forest Plan. The document entitled "Quirino Forest</p>		
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	<p>Master Plan (Draft Region 2 dated 2007) was presented to the auditors. Page 32 of the plan includes a summary of the initial project development and future plans and steps for the project. Although no signed copy of the MOA was available at the time of audit, interviews with officers from the District, Provincial and Regional Environment and Natural Resources departments all emphasised that any carbon rights were the property of the project participants.</p> <p>Based on the above it is the auditor's conclusion that the project has secured sufficient approval from the relevant authorities. Saying that, a signed copy of the MOA is required for this criteria to be in compliance.</p>
Findings from 08 to 10 November Review	The Project Proponents have provided the Memorandum of Agreement (MOA) agreed to and signed by relevant authorities. At the time of CAR verification audit, the auditors were given a copy of the signed MOA among Department of Environment and Natural Resources Region 2, Provincial Government of Quirino, the Municipal Government of Madella, the agroforestry farmers association, the integrated social forestry association, the Palacian Economic and Development Association Inc., Conservation International Foundation and MORETREES.
Findings from 07 to 11 June 2010 Review	Other than pointing out the addition of another people's organization – SUBEFO, and inclusion of the municipality of Nagtipunan as a stakeholder, the PDD of May 2010 contains the same discussions and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

## G7. Adaptive Management for Sustainability - 1 Point, Optional

### Concept

**Adaptive management is a formal, systematic, and rigorous approach to learning from the outcomes of management actions, accommodating change and improving management. It involves synthesizing existing knowledge, exploring alternative actions and making forecasts about their outcomes.**<sup>3</sup>

**Adaptive management is based upon the premise that ecosystems and social systems are complex and inherently unpredictable. Adaptive management views land management actions as learning opportunities and as potential experiments for systematically testing assumptions and identifying adjustments that could benefit the project. It enables a project to evolve to meet changing or unanticipated needs, and can help ensure that the project realizes its goals over the long term.**

### Indicators

The Project Proponents must:

- 1) Demonstrate how management actions and monitoring programs are designed to generate reliable feedback that is used to improve project outcomes.

Findings from 22 to 25 June Review	<p>The Project Proponents within the CCB PD section G.7. states the following:</p> <ul style="list-style-type: none"> <li>• Implementation plan pending</li> <li>• Regular monitoring of established seedlings and fertilizer usage</li> <li>• LGU and DENR will monitor agreed activities and "activities identified and agreed are properly implemented, and countermeasures taken."</li> <li>• Community and Biodiversity aspects will be monitored by the Biodiversity Monitoring System (BMS) developed by CI and the Norwegian Development Agency. This includes Focus Group Discussions, Transect Walks and Field Diaries.</li> </ul>
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<sup>3</sup> The definition of Adaptive Management and several of the indicators were based on Nyberg (1999). *An Introductory Guide to Adaptive Management*.

	<ul style="list-style-type: none"> <li>Project progress and reporting will be measured against detailed work plan (to be developed at the time of audit)</li> <li>Project activities will be reviewed annually, and the PDCA model will be applied for feedback systems</li> </ul> <p>The PDCA is described in diagram format within the project document. P= Plan, D= Do, C= Check, and A=Action, with a feedback arrow to the P (Plan) from A (Action).</p> <p>At time of audit a request was made for a monitoring and evaluation procedure and document that stated bench marks, roles and responsibilities of staff, and timelines. This was not available. During discussions it was highlighted that the detailed project implementation plan had not been agreed with the project partners, and that monitoring and evaluation systems would evolve from that discussion process.</p> <p>The roles of DENR, and the LGU are stated in the MOA for monitoring. No specific tasks had been determined at the time of audit.</p> <p>For evaluation and feedback mechanisms to operate it is a requirement that standards are developed, that data storage systems and responsibilities are clearly defined. That supervision and checks on the monitoring is undertaken to assure quality of data. That evaluation processes are clearly understood, and measurable.</p> <p>At time of audit, no system for monitoring and evaluation had been developed. No plan was available to demonstrate it was under development. Roles and responsibilities were unclear between the Project Proponents and the main implementing partners.</p> <p>It is the conclusion of the auditors that this is insufficient for conformance with this criterion.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 states that regular meetings with stakeholders will serve as one feedbacking mechanism of the project. The document cites information on seedling survival will be the parameter by which planting practices will be improved. The document further states that patrolling and site visits will help ensure proper implementation of planned activities and countermeasures taken. Biodiversity and community monitoring will employ the Biodiversity Monitoring System (BMS).
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same discussions and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

- 2) Have a management plan for documenting decisions, actions and outcomes and sharing this information with others within the project team, so experience is passed on rather than being lost when individuals leave the project.

Findings from 22 to 25 June Review	<p>The CCB PD states in section G.7.2. that the management planning will be based on the "the formal mechanism for documenting decisions, outcomes and actions." This is pending the agreement and finalization of the detailed work plan.</p> <p>At time of audit the only documents shown in support of management of the proposal (by the Project Proponents, not the implementing organization) was a planting schedule. This was shown as the basis for the GHG emissions reductions calculations .</p> <p>On review of the planting schedule "GHGremoval_AR_090518_for_RA.xls" planting activities are due to be completed in 2009.</p> <p>At time of audit it was highlighted in discussions that no implementation plan had been developed as this was pending community consultations. No systems for incorporating</p>
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	<p>decisions regarding the project was available. No clearly defined management structure for the project was available. The documentation presented the diagram "Project Management Core Structure" showing that PEDAI as a sub contractor to CI, with CI supplying technical support to the PEDAI, and the other members of the MOA (point is not clear in diagram).</p> <p>Other documentation presented to the audit team did demonstrate that accurate notes on consultations and project decisions were being maintained. It was also highlighted by the Project Proponents that all the projects actions would be available for feed back. From discussions with CI it was apparent that feedback, and transparency was highly important as an organization, as forest carbon projects are considered as a possible future funding source. As such, all projects developing at this time are viewed as having a significant contribution to the future development of additional projects.</p> <p>At time of audit, no detailed work plan was available, with no plan for its development available. Although no formal communications plan was available for the lessons learned from the project actions, there is sufficient information to suggest that project actions will be recorded and lessons will be disseminated to interested stakeholders</p>
Findings from 08 to 10 November Review	<p>At the time of CAR verification audit the Project Proponents did not present a management plan for the project.</p> <p>The Project Proponents should present a Management Plan for documenting decisions, actions and outcomes.</p>
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 specifies annual meetings as the main mechanism to document decisions, actions and outcomes. All information, in both electronic and harcopy, will be placed in a databank designated as the Information, Knowledge Management System (IKMS). The PDD states that CI and PEDAI will each have such depository with identical contents that will be available to all project partners. The Project Proponents also explained that project records are presently maintained in the CI office but the hardware requirements at the PEDAI office are still being installed.</p> <p>Capacity building is cited as the means of ensuring key experiences are passed on within the project team. Although there is no explanation on the mechanics of this approach, the foregoing discussion establishes comformance with the indicator.</p>
Conformance	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p>
CAR/OBS	<b>OBS 06/09 – Closed</b>

3) Demonstrate how the project design is sufficiently flexible to accommodate potential changes and that the project has a defined process in place to adjust project activities as needed.

Findings from 22 to 25 June Review	<p>The CCB PD document includes the description of the PDCA cycle. The project is a 20 year cycle; no risk assessment has been undertaken by the Project Proponents. No analysis or consideration had been made to the circumstances and likelihood for the project to require adaption. No indicators or decision tree for adapting project actions was available, or included in the documentation. No cost benefit analysis had been undertaken by the Project Proponents to identify possible drivers for risk from market and policy changes.</p> <p>It is identified that risk is present in:</p> <ul style="list-style-type: none"> <li>• Mortality of trees in planting</li> <li>• Poor maintenance of trees following planting (monitoring was "vague" in detail on this)</li> </ul> <p>The project design is based around the establishment of trees within degraded and marginal areas. Adaptive management approaches for this proposed project revolve around assessment of risks to a project. The identification of the risk or likelihood of a project failure, based on that risk, suggests the need to determine whether or not the project is required to be flexible.</p>
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	<p>Due to the projects simplicity, the process for adaptive management termed PDCA (plan-do-check-action) is proposed. No details on decision gates for the feedback from "action" to "do" was stated.</p> <p>It is the opinion of the auditors that the project proposal is flexible to adapt to changes over the lifespan of the project. There will be sufficient review of the project in accordance with the funding cycles. This however, should be contingent upon measureable indicators.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 describes the same adaptive management scheme as in the first version. This was deemed acceptable during the validation audit in June 2009 and conformed to by the auditors of the CAR verification audit.
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same discussions and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

- 4) Demonstrate an early commitment to the long-term sustainability of project benefits once initial project funding expires. Potential activities may include: designing a new project that builds on initial project outcomes; securing payments for ecosystem services; promoting micro-enterprise; and establishing alliances with organizations or companies to continue sustainable land management.

Findings from 22 to 25 June Review	<p>The CCB PD document states that the project lifespan is 20 years, the initial funding cycle is proposed for 5 years, contingent upon verification of credits within the VCS and which would generate future funding cycles.</p> <p>In support of the longevity of the projects actions are the partnering with PEDAI, which has long term experience of engagement with farmers and administers its own micro finance scheme to support rural development. The projects engages with the LGUs' to support additional fund raising and actions to be guided into the project locations. In particular environmental programs such as improvements in waste disposal. The engagement with the regulatory authorities, with long term forest plans for the location and how the authorities encourage and see the benefits to be derived from additional funding sources, such as carbon is beneficial.</p> <p>Based on this the determination a long term commitment to the project is considered as a demonstration for the future project activities, to operate sustainability beyond the 20 year time frame.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 describes that the initial funding from a Japanese NGO secures project activities for the first 41 hectares over 20 years. Revenues from sale of offset credits will then finance expansion to 177 hectares. The document also mentions the implementation of a revolving fund scheme that will be generated from credit marketing, agroforestry and other project activities. Mention is also made that land use plan under the CBFM agreement will serve as guide in sustainable land use practice.
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 declares that the project donor, moreTrees, committed to fund the project during its lifetime (up to 2029) and for the whole 177 hectares as opposed to only 41 hectares previously. The support from moreTrees will also be used to develop an "incentive fund" that is described by the Project Proponents as a continuously increasing and revolving amount to used only for project activities to ensure permanence. The Project Proponents explained that the details on this fund will be worked out with the people's organizations in the next four years.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

## G8. Knowledge Dissemination - 1 Point, Optional

### Concept

**Field-based knowledge can be of value to other projects. If actively disseminated, this information can accelerate the adoption of innovative practices that bring benefits both globally and locally.**

### Indicators

The Project Proponents must:

- 1) Describe how they will document the relevant or applicable lessons learned.

Findings from 22 to 25 June Review	<p>The CCB PD section G.8. states the following:</p> <ul style="list-style-type: none"> <li>• Lessons learned will be identified through a process of consultations and group meetings with the project participants with documentation from group meetings feeding the wider project monitoring.</li> <li>• That capacity building and seminars will be used to highlight the role of forest carbon projects and conducted study tours to demonstrate the projects activities to other potential future project participants. The information used will be disseminated internationally through Project Proponents participating in international conferences.</li> </ul> <p>At time of audit no documented process was in place highlighting the process for information collection and dissemination.</p> <p>No timelines on public reporting, or standard forms for the data for inclusion was stated by the Project Proponents.</p> <p>The auditors undertook a review of the budget to cross reference the proposed study tour and workshop actions. One budget heading entitled "Reforestation and capacity building" (105,000 USD over 20 years; it is unclear if these numbers had been adjusted for inflation). No budget lines for study tours, lessons learned seminars or workshops are stated.</p> <p>Based on the information provided at the time of audit, and in discussions general ideas and willingness of dissemination of the projects lessons is intended. At time of audit, there was no clear process for that presented to the auditors, but documentation provided does demonstrate that note taking, and reporting requirements for project is maintained .</p>
Findings from 08 to 10 November Review	<p>The PDD of October 2009 specifies group meetings and discussions among project partners to assess project progress will serve as venues for learning. The PDD also describes a databank which will be based on information that will originate from the farmer level. A simple journaling to serve as bookkeeping tool will be provided to the farmers-participants where they keep records in chronology of all activities they render in the course of administering their farms. All these records of data and information will become part of the databank and information system that will be installed at the office of PEDAI to provide bases for informed decisions on current and future project activities and actions.</p>
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 contains the same information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review</p>
Conformance	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p>
CAR/OBS	

- 2) Describe how they will disseminate this information in order to encourage replication of successful practices. Examples include: undertaking and disseminating research that has wide-reaching applications; holding training workshops for community members from other locales; promoting "farmer to farmer" knowledge-transfer activities; linking to regional databases; and working with interested

academic, corporate, governmental or non-governmental organizations to replicate successful project activities.

Findings from 22 to 25 June Review	<p>The CCB PD section G.8. states the following:</p> <ul style="list-style-type: none"> <li>• Lessons learned will be identified through a process of consultations and group meetings with the project participants with documentation from group meetings feeding the wider project monitoring.</li> <li>• That capacity building and seminars will be used to highlight the role of forest carbon projects and conducted study tours to demonstrate the projects activities to other potential future project participants. The information used will be disseminated internationally through Project Proponents participating in international conferences.</li> </ul> <p>At time of audit no documented process was in place to define the process of information collection and dissemination.</p> <p>No timelines on public reporting, or standard forms for the data for inclusion was stated by the Project Proponents.</p> <p>The auditors undertook a review of the budget to cross reference the proposed study tour and workshop actions. One budget heading entitled "Reforestation and capacity building" (105,000 USD over 20 years (it is unclear if these numbers had been adjusted for inflation). No budget lines for study tours, lessons learned seminars or workshops are stated.</p> <p>Based on the information provided at the time of audit and in discussions, a willingness to disseminate the projects lessons learnt was demonstrated. At time of audit, there was no clear process for that presented to the auditors. .</p>
Findings from 08 to 10 November Review	<p>The PDD of October 2009 mainly describes how knowledge on climate change and carbon sequestration will be disseminated. As reflected on page 40 of the PDD, the Project Proponents will continue to participate in conferences, trainings and workshops on climate change to share lessons learned and experiences in developing forest carbon projects to other local NGOs, LGUs and Peoples Organizations such as the training series conducted by ELTI. It further highlights that The project will also facilitate cross learning visits of upland-farmer project participants to successful agroforestry projects of public and private individuals to learn more on the management and actual benefits agroforestry can provide, share their lessons, and in return promote the project for others' cross visit to the project site.</p>
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 contains the same information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review</p>
Conformance	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p>
CAR/OBS	

## CL1. Net Positive Climate Impacts - Required

### Concept

***The project must generate net positive impacts on atmospheric concentrations of greenhouse gases (GHGs) within the project boundaries and over the project lifetime.***

### Indicators

The Project Proponents must:

- 1) Use the methodologies of the Intergovernmental Panel on Climate Change's Good Practice Guidance (IPCC GPG) to estimate the net change in carbon stocks due to the project activities. The net change is equal to carbon stock changes *with* the project minus carbon stock changes *without* the project (the

latter having been estimated in **G2**). Alternatively, any methodology approved by the CDM Executive Board may be used. This estimate must be based on clearly defined and defensible assumptions about how project activities will alter carbon stocks and non-CO<sub>2</sub> GHG emissions over the duration of the project or the project accounting period.

<p>Findings from 22 to 25 June Review</p>	<p>The CCB PD section CL.1.refers to the CDM PD. A review of the CDM PD highlighted that:</p> <p>The correct equations and conversion factors have been used; the data collected for identified brush land areas was derived from ICRAF 2006, and have been accurately converted to metric tons CO<sub>2</sub>e for the PD.</p> <p>The GHG emissions removals methodology was presented in the document "GHGremoval_AR_090518_for_RA.xls" and was reviewed by the audit team. The baseline methodology could not be reviewed as no methodology was presented. This is based on the baseline being taken as "zero" by the Project Proponents.</p> <p>Cropland GHG emissions baselines are considered zero within the PD based on the following.</p> <p>"The pre project living biomass in trees or woody perennials within the project boundary is:</p> <ul style="list-style-type: none"> <li>(i) Not more than ten per cent of the maximum above- and below-ground biomass of trees with the project activity; or</li> <li>(ii) More than ten per cent of the maximum above- and below-ground biomass of trees and such biomass shall not be removed in the implementation of the project activity." <p>Since the above rule is applied within the project location for AR-AMS0004 the baseline is considered as zero.</p> <p>Not more than 10% of the maximum above and below ground stocks includes both above and below ground carbon pools, in particular soil organic carbon. This approach is applied to the existing cropland areas. This is considered reasonable as 66 ha of the areas are established in cropland locations, mainly under planting of existing banana plantations The exemption of the need for a baseline under the crop-land areas in accordance with AR-AMS0004, is reasonable.</p> <p>For the grassland areas where AR-AMS0001 is being applied it requires that less than 10% of the ground area will be disturbed during planting of tree crop. This is questioned on the following grounds.</p> <p>Some project respondents indicated an intention to intercrop with the established tree species. It is unclear at the time of audit whether or not this activity is a result of the projects activities, or would have occurred in the absence of the project. A high risk to the reforestation of the grassland areas is fire. It was unclear at time of the audit what physical, or practical steps would be taken to address this.</p> <p>The stakeholder feedback suggesting that many planned to intercrop the reforested areas for the first few years prior to canopy closure, may also increase disturbance issues.</p> <p>The finding based on the audit is that the current methodologies may not be applicable to the proposed project based on the likely additional site disturbance activities that may occur.</p> </li></ul>
<p>Findings from 08 to 10 November Review</p>	<p>The PDD of October 2009 version provides the estimate on net change in carbon stock due to the project activities (Table 12). These calculations were done in accordance with approved CDM methodologies (AR-AMS0001 and AR-AMS0004). During the time of the CAR verification audit, this was discussed with the Project Proponent and found consistent with the PDD.</p>

	On the page 20 of the PDD, the Project Proponents describe that a maximum of 1,111 plants per hectare will be planted for reforestation (3 m x 3 m spacing). Seedlings will be planted in holes with diameters and depths twice the sizes of the seedling pots, that is, 30 cm in diameter. Therefore, the surface which will be disturbed for soil preparation for planting will be less than 10% of the total surface of the area. There will be no ploughing of land before the establishment of plantation.
Findings from 07 to 11 June 2010 Review	Table 12 of the PDD of May 2010 reflects a reduction of 302 tCO <sub>2</sub> removal for the 23 years crediting period when compared with the October 2009 version. This is a result of changes in land-use that came with replacement of several land parcels. Other than this item, discussions in the PDD remain the same as that in the October 2009 version. Thus, the auditor conforms with findings of the November 2009 review
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

- 2) Factor in the non-CO<sub>2</sub> gases CH<sub>4</sub> and N<sub>2</sub>O to the net change calculations (above) if they are likely to account for more than 15% (in terms of CO<sub>2</sub> equivalents) of the project's overall GHG impact.

Findings from 22 to 25 June Review	<p>The CCB PD states that non CO<sub>2</sub> GHG emissions that are less than 15% of total emissions reductions, based on guidelines given within the Executive Board of the Clean Development Mechanism 42<sup>nd</sup> Meeting, 26<sup>th</sup> September 2008, point 35, are not required to be included.</p> <p>The project considers that non CO<sub>2</sub> GHG emissions from transportation, land clearance and the use of fertilizers will account for less than 15% of the projects GHG impact. The GHG impact of the project proposed as a net GHG emission reduction of 42,915 t CO<sub>2</sub>e over 20 years. A worksheet for calculating emissions from fertilizer is included within the spreadsheet "GHGremoval_AR_090518_for_RA.xls". It was not possible for the auditor to reconcile the figures stated as no assumptions were listed within the spreadsheet.</p> <p>Non CO<sub>2</sub> GHG emissions have a conversion factor that considers the emission in terms of its Global Warming Potential (GWP). GWP is measured in a 20 year time frame. N<sub>2</sub>O has a GWP of 275 times CO<sub>2</sub>e equivalent unit. Methane, CH<sub>4</sub> has a GWP of 62 times CO<sub>2</sub>e equivalent unit.</p> <p>Based on demonstrating the emissions of non CO<sub>2</sub>e GHG's is less than 15% of the projects overall GHG impact (i.e. 6,438 metric tons of CO<sub>2</sub>e), the auditors determine that there is a compliance with this criteria.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 states that non-CO <sub>2</sub> GHG " <i>are not likely to account for more than 15% of the project's overall GHG impact</i> ". The Project Proponents justify this by referring to an agreement made within the CDM Executive Board. This explanation is similar to that in earlier version of the PDD and found to be in compliance during the June 2009 audit. The CAR verification audit team also finds the Project Proponent's explanation as justified.
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

- 3) Demonstrate that the net climate impact of the project (including changes in carbon stocks, and non-CO<sub>2</sub> gases where appropriate) will give a positive result in terms of overall GHG benefits delivered.

Findings from 22 to 25 June Review	<p>The CCB PD section CL.1.3. refers to the CDM PD. The CDM PD refers to the spreadsheet, "GHGremoval_AR_090518_for_RA.xls". The spreadsheet applies the methodologies AR-AMS0001 and AR-AMS0004 with the following assumptions:</p> <ul style="list-style-type: none"> <li>• GHG emissions baseline is zero for both crop and grasslands</li> <li>• Growth models for tree growth (both reforestation and agroforestry) derived from ICRAF (2006)</li> <li>• Non CO<sub>2</sub> GHG emissions from transportation, land preparation and fertilizers is not counted</li> <li>• That all trees will be established in 2009</li> </ul> <p>All spreadsheet calculations are correct, and all conversions used such as the biomass expansion factor are correctly applied.</p> <p>Based on the calculations within the spreadsheet, it is the conclusion of the auditor that there is a demonstrable positive result in terms of overall GHG benefits derived during the lifetime of the project.</p>		
Findings from 08 to 10 November Review	<p>The PDD of October 2009 presents a table showing baseline net GHG removals and leakage as zero. The same table also shows how much anthropogenic GHG is sequestered annually and the net removals to be positive even during years when thinning will be carried out in reforested areas. As with findings of the validation audit in June 2009, the audit team for CAR verification finds the Project Proponents clearly demonstrated the positive climate impact of the project.</p>		
Findings from 07 to 11 June 2010 Review	<p>Concomittant to information in Table 12, the PDD of May 2010 reflects changes in the amount of CO<sub>2</sub> that will be sequestered annually and for the duration of the crediting period, when compared with the October 2009 version. The overall impact remains positive. There are no other revisions in this section and the auditor therefore conforms with findings of the November 2009 review</p>		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

## CL2. Offsite Climate Impacts ("Leakage") - Required

### Concept

***The Project Proponents must quantify and mitigate likely negative offsite climate impacts; namely, decreased carbon stocks or increased emissions of non-CO<sub>2</sub> GHGs outside the project boundary, resulting from project activities (referred to as "leakage" in climate change policy).***

### Indicators

The Project Proponents must:

- 1) Estimate potential offsite decreases in carbon stocks (increases in emissions or decreases in sequestration) due to project activities.

Findings from 22 to 25 June Review	<p>CCB PD section CL.2. refers to CDM PD. This considers that the only source of potential leakage for the project will be the moving of draft animals (i.e. Water Buffalo) from existing fields to alternative grazing. This is not considered significant as the project estimates the total GHG emissions from this will negligible.</p> <p>Other potential sources of leakage are ignored, based on the following assumptions:</p> <ul style="list-style-type: none"> <li>• That areas entering the project are degraded grass lands</li> <li>• That crop areas are degraded crop lands and therefore, unlikely to drive farmers to an additional location</li> <li>• Inter cropping can be conducted within the first few years following planting of some species prior to canopy closure occurring.</li> </ul>		
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	<p>The calculations presented are a consistent and well documented assessment of the likely offsite carbon impacts by the movement of the draft animals.</p> <p>Based on this, the auditors conclude that all negative and positive offsite impacts of the project have been adequately considered and incorporated in the project proposal.</p>
Findings from 08 to 10 November Review	<p>The PDD of October 2009 points out that the “<i>only possible source of leakage is deforestation due to displacement of grazing activity outside the project boundary.</i>” The document states there will be zero leakage from this possibility. This assertion is well defended in the PDD.</p> <p>Another possible source of leakage described in the PDD is “<i>deforestation due to displacement of cropping activity outside the project boundary.</i>” This is also considered to have zero leakage because the project parcels are not the main source of livelihood for the owners and that intercropping will be done in project parcels for the first 5 years of the project.</p>
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 maintains the same assertion on possible leakage as that in the October 2009 version – “deforestation due to displacement of grazing activity outside the project boundary” and “displacement of cropping outside the project boundary”.</p> <p>The Project Proponents used the procedures prescribed by the 2006 IPCC Guidelines for National GHG Inventories Vol. 4 and AR-AMS0001 to prove that time –average number of grazing animals is less than 10% of the average grazing capacity of the project area thereby establishing leakage is zero. Due to changes in the number land parcel comprising the project, figures used in the aforementioned calculations also differed from the October 2009 version of the PDD.</p> <p>The Project Proponents content that cropping is not the main livelihood support activity in the project area and that intercropping with corn and banana will be allowed while planted trees are growing. This is expected to forestall any displacement of cropping and leakage is also considered as zero.</p>
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

2) Document how negative offsite impacts resulting from project activities will be mitigated, and estimate the extent to which such impacts will be reduced.

Findings from 22 to 25 June Review	(see CL 2.1)
Findings from 08 to 10 November Review	<p>The PDD of October 2009 points out that the “<i>only possible source of leakage is deforestation due to displacement of grazing activity outside the project boundary.</i>” The document states there will be zero leakage from this possibility. This assertion is well defended in the PDD. Another possible source of leakage described in the PDD is “<i>deforestation due to displacement of cropping activity outside the project boundary.</i>” This is also considered to have zero leakage because the project parcels are not the main source of livelihood for the owners and that intercropping will be done in project parcels for the first 5 years of the project.</p>
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same statement as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

3) Subtract any likely project-related unmitigated negative offsite climate impacts from the climate benefits being claimed by the project. The total net effect, equal to the net increase in onsite carbon stocks (calculated in the third indicator in **CL1**) minus negative offsite climate impacts, must be positive.

Findings from 22	The CCB PD section refers to the CDM PD, which states that the positive GHG
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to 25 June Review	<p>emissions reductions for the proposed project are 42,177 metric tons of CO<sub>2</sub>e.</p> <p>This calculation does not include a baseline estimation as this is assumed as zero due to the criteria set down in AR-AMS0001, and AR-AMS0004.</p> <p>At time of audit, the auditors could not confirm whether or not the calculations, based on the assumption that baselines are zero for the project activities, due to the uncertainty of brushland area inclusion and its eligibility within the definition of forest.</p> <p>As such the auditors consider this criterion as not being fulfilled.</p>		
Findings from 08 to 10 November Review	<p>The PDD of October 2009 only states that the total net effect of the project is positive. Other than possible displacement of grazing or cropping activity, of which leakage is considered to be zero, no negative offsite impacts are expected as a result of the project.</p> <p>During the June 2009 validation audit, the auditors considered this criterion as not being fulfilled due questionable baseline assumptions arising from the inclusion of brushland. At the time of the CAR verification audit, the Project Proponent already removed this land use parcel from the project, and replaced the equivalent area by private agriculture land, now leaving only croplands and grasslands as project parcels (78 parcels) , totaling an area of 177 ha for the project. Thus, these remaining parcels conform with applicability criterion set down in AR-AMS0001 and AR-AMS0004 which provide for leakage being zero in these types of land uses. The CAR verification audit team discussed this with the Project Proponents and find the explanation in conformance.</p>		
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 forwards the same argument as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.</p>		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

### CL3. Climate Impact Monitoring - Required

#### Concept

***Before a project begins, the Project Proponents must have an initial monitoring plan in place to quantify and document changes in project-related carbon pools, and non-CO<sub>2</sub> GHG emissions if appropriate, (within and outside the project boundaries). The monitoring plan should state which measurements will be taken and which sampling strategy will be used.***

***Since developing a full carbon-monitoring plan can be costly, it is accepted that some of the plan details may not be fully defined at the design stage, when projects are being evaluated by the CCB Standards. This will be especially true for small-scale projects.***

#### Indicators

The Project Proponents must:

- 1) Have an initial plan for how they will select carbon pools and non-CO<sub>2</sub> GHGs to be monitored, and the frequency of monitoring. Potential pools include aboveground biomass, litter, dead wood, belowground biomass and soil carbon. Pools to monitor must include any pools expected to decrease as a result of project activities. Relevant non-CO<sub>2</sub> gases must be monitored if they account for more than 15% of the project's net climate impact expressed in terms of CO<sub>2</sub> equivalents.

Findings from 22 to 25 June Review	<p>The CCB PD section CL3.1. refers to B8 of the CDM PD. At time of audit no detailed implementation plan had been developed by the Project Proponents. Section B8 of the CDM PD includes a monitoring matrix, which includes a list of proposed actions for monitoring, such as:</p>		
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- Location monitoring
- Size of areas to be monitored i.e. hectares of project sites
- Permanent sample plots monitoring
- Diameter at breast height for planted crops
- Area under crop cultivation within the project boundaries

In addition the document states:

Quality assurance methods on data, through adequate training, systems and approaches are being implemented; and

Verification and internal auditing on all data collected, data entry undertaken, and on data maintenance and archiving.

At time of audit copies of monitoring procedures, roles and responsibilities was requested. This documentation was not available at the time of audit. Discussions highlighted that the monitoring plan would be developed further once the detailed implementation plan was agreed.

The audit team cross checked the monitoring assumptions back to the financial calculations. If it is assumed that 100% of areas will be subjected to annual monitoring, and that all locations contain PSPs for growth and yield data, that updated satellite images for the project will be purchased annually, and that each planting area will have its boundaries assessed by GPS annually, there will be a noticeable cost requirement for this over a 20 year lifespan.

A review of financial spreadsheets was presented; there is no budget line included specifically for monitoring.

Within table B3 Implementation system for monitoring, of the PD, it states that PEDAI will be the responsible organization for measurement and monitoring. The PD states:

“PEDAI will be responsible for measuring and monitoring of the actual GHG removals by sinks and any leakage generated by the project. PEDAI will report formally to CI annually on the progress during the past year and issues that have been identified.

CI will provide technical instruction on the activities, conduct informal routine communication with PEDAI for more frequent updates and, if necessary, timely attention, conduct checking and verification of measured and monitored data.

CI will also provide technical consultation and training in the measuring and monitoring of the actual GHG removals by sinks and will be responsible for drafting monitoring report.”

During the opening meeting on the 22nd June 2009, a copy of the implementation plan for monitoring was requested, along with a review of the monitoring systems, procedures roles and responsibilities. It was highlighted in the meeting that the monitoring for all elements in relation to the project, were pending finalization of the detailed implementation plan.

At time of audit no monitoring plan had been developed by the Project Proponents.

It is a requirement that the Project Proponents develop a management, monitoring and evaluation system, in line with the requirements with ISO 14064. This requires that roles, responsibilities, process for data collection and data management, with a process for processing consolidating and reporting on the GHG emissions removal data should be in place. Based on the lack of the Project Proponents to have neither a clearly defined plan for develop a suitable monitoring system, and not having a monitoring

	system developed at time of audit, it is the conclusion of the auditors this is a non conformance.  It is a requirement that the Project Proponents need an initial plan for the development of the monitoring system. At time of audit the plan for the development of the monitoring was not in place.		
Findings from 08 to 10 November Review	The PDD of October 2009 describes how the actual net GHG removals by sinks will be estimated and monitored. The proposed monitoring plan is based on the decision in relation to small-scale A/R CDM activity.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 describes the same set of procedures as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

## CL4. Adapting to Climate Change and Climate Variability - Optional

### Concept

*Projects designed to anticipate and adapt to probable impacts of climate change and climate variability are more likely to sustain the benefits generated by the project over the long term.*

### Indicators

The Project Proponents must:

- 1) Identify likely regional climate change and climate variability impacts, using available studies.

Findings from 22 to 25 June Review			
Findings from 08 to 10 November Review	The PDD of October 2009 mentions that the project does not intend to pursue demonstrating that it fulfills this criterion (page 48).		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same statement as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
CAR/OBS			

- 2) Demonstrate that the project has anticipated such potential impacts and that appropriate measures will be taken to minimize these negative impacts.

Findings from 22 to 25 June Review			
Findings from 08 to 10 November Review	The PDD of October 2009 mentions that the project does not intend to pursue demonstrating that it fulfills this criterion (page 48).		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same statement as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
CAR/OBS			

## CL5. Carbon Benefits Withheld from Regulatory Markets - 1 Point, Optional

## Concept

***When some carbon benefits generated by a project are not sold to satisfy regulatory requirements, additional mitigation action will be required elsewhere to meet these requirements. Therefore, withholding a portion of the project's carbon benefits from being used in capped markets will result in greater overall climate change mitigation.***

***Moreover, projects that do not sell all their carbon benefits in regulated regimes have the opportunity to experiment with climate change mitigation activities other than the ones eligible under these regimes (such as avoided deforestation, which is not currently creditable under the Clean Development Mechanism). Such experimentation may generate new knowledge that is of value to carbon rule makers and other project developers.***

## Indicators

The Project Proponents must:

1. Not sell at least 10% of the total carbon benefits generated by the project<sup>4</sup> into regulated GHG markets (e.g., CDM, New South Wales GHG Abatement Scheme, Oregon Standard). Projects can sell these carbon benefits in a voluntary market or retire them.

Findings from 22 to 25 June Review	The Project Proponents do not have plans to market the credits into regulatory markets.		
Findings from 08 to 10 November Review	The revised PDD mentions that the Project will market and retire all carbon benefits in the voluntary market through Voluntary Carbon Standard Registry. No carbon benefits from this project will enter into regulated GHG markets.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same statement as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

## CM1. Net Positive Community Impacts - Required

### Concept

***The project must generate net positive impacts on the social and economic wellbeing of communities within the project boundaries and within the project lifetime. In addition, local communities and other stakeholders should be engaged early on so that the project design can be revised based on their input. Finally, projects should ensure that stakeholders can express concerns and grievances to Project Proponents and that these concerns are responded to in a timely manner.***

### Indicators

The Project Proponents must:

- 1) Use appropriate methodologies (e.g. the livelihoods framework) to estimate the net benefits to communities resulting from planned project activities. A credible estimate of net benefits must include changes in community wellbeing given project activities. This estimate must be based on clearly defined and defensible assumptions about how project activities will alter social and economic wellbeing over the duration of the project. The "with project" scenario must then be compared with the baseline scenario of social and economic wellbeing in the absence of the project (completed in **G2**). The difference (i.e., the net community benefit) must be positive.

Findings from 22 to 25 June Review	The CCB PD section CM.1. states that a semi-structured questionnaire was undertaken to assess the household incomes within the proposed project area. The benefits
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<sup>4</sup> Total carbon benefits generated by the project can include those coming from activities that are currently not eligible for crediting under existing regulatory regimes (e.g., avoided deforestation).

	<p>perceived by the respondents were; economic, from improved sources of income from agroforestry; reduction in soil erosion; improved soil fertility for degraded land, and stabilized water availability. This is compared to a "baseline of persistent poverty" which is defined by the report outputs.</p> <p>No costs benefit analysis was undertaken</p> <p>The benefits perceived by the local community from the activity are not scientifically substantiated, such as improving seasonal water availability.</p> <p>The general perception of the stakeholders from the project activities were economic. The project intends to fund the seedling stock, the maintenance costs (which the farmer can undertake and charge back to the project) following establishment, as well as the fruit crop returns.</p> <p>The assumptions that the communities benefit will improve from the project actions are most likely to occur, but clearly defendable cost benefit analysis by land use type, compared to the alternative land use, would substantiate that conclusion. In the absence of that, the auditors consider this section as non conformance.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 describes the net positive community impacts including income, tax exemption and ecosystem services through household interviews and cost-benefit analysis. At the time of CAR verification audit, the audit team interviewed the participant farmer of the agroforestry and reforestation and found that project activities will improve their income and other socio-economic conditions.
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 contains the same discussion and information as the October 2009 version for this indicator. One methodology used to estimate net benefits to communities include a household survey.</p> <p>Another was a cost-benefit analysis which showed agroforestry (fruit tree cultivation) to be introduced by the project as profitable. It was noted that price assumptions for agroforestry products appeared to be for the retail market which is not the normal mode practiced by farmers. Nevertheless, reducing the income level by half still resulted in profit.</p> <p>The PDD identified other means to improve financial conditions of community members like creation of additional income source and exemption of reforested plots from land taxes. It also mentions non-monetary benefits like improvement of soil fertility, stabilization of water supply and capacity building.</p> <p>The Project Proponents have shown that project interventions will have a positive effect on the esocial and economic wellbeing of the participating communities. This conforms with findings of the November 2009 review.</p>
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

- 2) Document local stakeholder participation in the project's planning. If the project occurs in an area with significant local stakeholders, the project must engage a diversity of stakeholders, including appropriate sub-groups, underrepresented groups and women living in the project vicinity. Stakeholders in the project's area of influence must have an opportunity before the project design is finalized, to raise concerns about potential negative impacts, express desired outcomes and provide input on the project design. Project developers must document stakeholder dialogues and indicate if and how the project proposal was revised based on such input.<sup>5</sup>

Findings from 22 to 25 June Review	The CCB PD section CM 1.2. highlights the background to the stakeholder discussions. Original engagement was proposed for the development of a historical 13,000 ha
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<sup>5</sup> In cases where it is unclear whether a project will be implemented or not, it is acceptable to start with a preliminary community consultation, provided there are plans for a full engagement once the project is funded. (Such a cautious approach is warranted when there is evidence that raising community expectations prematurely could lead to frustration).

	<p>project that did not develop. Various documents on community consultations were presented to the audit team, dating back to meetings that were conducted in 2006. The discussions continued until workshops in 2008 were conducted in relation to the specific project sites. The project was formulated originally in consultation with representatives from the Participating Organization (i.e. Farmers associations), Local Government, and Provincial Authorities. Further community meetings were conducted on 4 occasions to discuss the proposed project actions with the communities and incorporate community concerns in the final project development.</p> <p>Based on the document review and feedback from the stakeholders during the audit that generally the Project Proponents engaged actively at all stakeholder levels during the project development. Some participants did not fully understand the objectives of the project, but welcomed the projects actions and did perceive a genuine benefit with project engagement.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 describes the activities undertaken and proving stakeholder participation in project planning. These mainly consisted of consultations from 2002 to 2004. A chronology of major events is provided in the document. As with findings of the June 2009 validation audit, the CAR verification audit team finds the Project Proponents to have conformed with the indicator.
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same account and information as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

- 3) Formalize a clear process for handling unresolved conflicts and grievances that arise during project planning and implementation. The project design must include a process for hearing, responding to and resolving community grievances within a reasonable time period. This grievance process must be publicized to local stakeholders. Project management must attempt to resolve all reasonable grievances raised, and provide a written response to grievances within 30 days. Grievances and project responses must be documented.

Findings from 22 to 25 June Review	<p>The CCB PD section CM1.3. states that the responsibility for resolving conflict resolutions, if they should arise, will be conducted by partner organizations. The CCB PD highlights that, the Local Governments will lead in resolving conflicts, with support from the DENR, with support in facilitation from both PEDAI and CI. No system is stated for appeals, and or final decision making. It (the CCB PD) states that "consensus" will be aimed for. On review of the MOA the only party tasked with supporting land conflicts is the DENR. CI will "facilitate the resolution of any concerns.....and other local partners relating to the project implementation"</p> <p>The statements in the project document do not reflect what is stated in the MOA. The conflict resolution process and procedures should be documented, and made clear to all project participants in the event of a conflict situation arising. The system should be transparent and have an appeals process.</p> <p>At the time of the audit, the process of conflict resolution was generally referred to the DENR representatives. If this is the process, than the process should be clarified within the project document demonstrating the compliance to the nation state and the rule of law.</p> <p>The CCB does require a clearly descriptive conflict resolution process. At the time of audit this was not available.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 describes a clear process of handling conflicts during the project implementation, which will be incorporated into the project operational guidelines and protocols. The establishment of a MOA among the project partners and beneficiaries provides a broader framework of consensus with regards to project implementation. The PDD also elaborates formal systems of conflict resolution at the

	community level (from the Katatungang Pambarangay or the barangay justice system under the Local Government Code of 1991 to trial court at the municipal level). At the time of CAR verification audit, the auditors discussed it with local stakeholders and confirmed that this mechanism is in place.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same description of the conflict resolution processes as the October 2009 version for this indicator. The Project Proponents informed the auditor that initial project operational guidelines and protocol mentioned in the PDD were formulated and already being used and subjected to improvements. A copy of the Project Manual of Operations was also provided.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

## CM2. Offsite Community Impacts - Required

### Concept

***The Project Proponents must quantify and mitigate likely negative social and economic offsite impacts; namely, the decreased social and economic wellbeing of communities or people living outside the project boundary, resulting from project activities.***

### Indicators

The Project Proponents must:

- 1) Identify potential negative offsite community impacts that the project is likely to cause.

Findings from 22 to 25 June Review	<p>The project boundary is the 177 ha of area. This includes the 63 parcels/site engaged. Offsite is considered as out of the 177 ha, and the 63 parcels. The CCB PD section CM.2.1. highlights two potential negative offsite community impacts which may arise as a result of the projects implementation:</p> <ul style="list-style-type: none"> <li>• Inward migration of peoples in to the project area</li> <li>• Price dampening of fruits due to oversupply within the market place</li> </ul> <p>It is not clear how these offsite actions link to the project activities. Price dampening is a concern however depending on source of the agroforestry stock i.e. seed grown or graft, will make "price dampening in local markets" not a concern for 3-5 + years. The migration of peoples into the locality is contingent upon available land. During site observation it was noticed that the landscape was already under extensive forms of land use, and that inward migration to the project areas would be improbable. However, no demographic data, or census data was available to support that argument.</p> <p>Negative offsite impacts are impacts that occur, and are driven by the projects actions. As the offsite actions are considered unlikely by the auditors, based on site and field observations and discussions, and the scale of the project is low, the auditors accept the two points listed as compliance.</p>		
Findings from 08 to 10 November Review	The PDD of October 2009 identifies migration and conflict plus price dampening due to oversupply of fruits as potential negative offsite community impacts. During field visits at the time of the CAR verification audit, the audit team did not observe and migration into the project area. It was not possible to assess whether price dampening has occurred because fruits trees planted under project assistance are not yet productive.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same discussions as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

- 2) Describe how the project plans to mitigate these negative offsite social and economic impacts.

Findings from 22 to 25 June Review	This section is dependent on revisions of CM1.1		
Findings from 08 to 10 November Review	The PDD of October 2009 describes prioritizing community members employment in the project area as the means to mitigate migration and conflict. Market studies and tapping larger markets are the measures expected to address the issue of price dampening due to oversupply. During field visits by the CAR verification audit team, it was noted that only project participants (community members) were those engaged to undertake reforestation and agroforestry activities.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same discussions as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

- 3) Evaluate likely unmitigated negative offsite social and economic impacts against the social and economic benefits of the project within the project boundaries. Justify and demonstrate that the net social and economic effect of the project is positive.

Findings from 22 to 25 June Review	This section is dependent on revisions of CM1.1		
Findings from 08 to 10 November Review	The Project Proponents do not foresee any negative offsite social and economic impacts other than those identified in CM2.2.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same statement as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

### CM3. Community Impact Monitoring - Required

#### Concept

***The Project Proponents must have an initial monitoring plan to quantify and document changes in social and economic wellbeing resulting from the project activities (within and outside the project boundaries). The monitoring plan should indicate which measurements will likely be taken and which sampling strategy will be used to determine how the project affects social and economic wellbeing.***

***Since developing a full community-monitoring plan can be costly, it is accepted that some of the plan details may not be fully defined at the design stage, when projects are being evaluated by the CCB Standards. This will especially be true for small-scale projects.***

#### Indicators

The Project Proponents must:

- 1) Have an initial plan for how they will select community variables to be monitored, and the frequency of monitoring. Potential variables include income, health, roads, schools, food security, education and inequality. Community variables at risk of being negatively impacted by project activities should be monitored.

Findings from 22 to 25 June Review	CCB PD section CM3.1. refers to the 2006 socio-economic survey undertaken. Within the project document there is no: <ul style="list-style-type: none"> <li>• Baseline data for the communities engaged in the project</li> <li>• System in place for proactive community monitoring on livelihoods</li> <li>• Information on measurements that will be used to assess communities</li> </ul>
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	<ul style="list-style-type: none"> <li>Inclusion of potential negative community impacts from the projects actions</li> </ul> <p>The monitoring will be conducted annually through "participatory monitoring" with a mixed team composed of the project partners (DENR, LGU, NGOS, and Project Organizations (POs' i.e. The Farmers Associations).</p> <p>At time of audit no documented system was in place, or an initial plan to develop the system in accordance with the CCB requirements. It could also be considered that the main project partners being tasked with annual monitoring may generate bias in support of the project.</p> <p>Based on the lack of any clear system, or plan, or variables identified for monitoring at the time of audit, this criteria is considered as non conformance.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 describes an initial plan for selecting community variables to be monitored. The Project Proponents affirm that they will develop a full community impact monitoring plan by April 2010. At the time of CAR verification audit, the Project Proponents presented the variables that were used in the socio-economic survey and shared how they are developing the community impact monitoring plan.
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 has the same contents as the October 2009 version for this indicator. Both mention the development of a community impact monitoring plan by April 2010. The said document was not included among documents submitted with the May 2010 version of the PDD but a one-page "Community Monitoring Instrument and Indicators of the Project to Community Impacts" was submitted by the Project Proponents during the course of the reassessment audit.</p> <p>In the aforementioned document, the Proponents describe monitoring project impacts at the community and household levels. The categories to be examined at the first level are socio-demographic status, status and access to basic services, livelihood engagements and ecogovernance. At the household level, it will be increase in income, free seedlings as well as training and positive changes in environmental values, attitudes and practices.</p>
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

#### CM4. Capacity Building - 1 Point, Optional

##### Concept

***Projects that include a significant capacity-building (training, skill building, etc) component are more likely to sustain the positive outcomes generated by the project and have them replicated elsewhere. The Project Proponents must include a plan to provide orientation and training for the project's employees and relevant community members with an eye to building locally relevant skills and knowledge over time.***

##### Indicators

The Project Proponents must show that capacity building is:

- 1) Structured to accommodate the needs of communities, not only of the project;

Findings from 22 to 25 June Review	The CCB PD indicates training will broadly cover organizational strengthening, livelihood development and community resources mobilization. Reference is also made to section G.3.2 of the CCB PD, which describes the activities to be undertaken under each of the project components. One of these is on capacity building, which in general cites financial management, technical skills and livelihood alternatives. No mention is made of the basis for identifying these items. However, the socioeconomic survey report mentions 'lack of technical knowhow' as a reason for non-adoption of
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	<p>agroforestry systems. This document also indicates that technical assistance is expected from the project. Both items are related to training and deeper examination should reveal more specific capacity building needs.</p> <p>During discussions with the Project Proponents and key partner PEDAI, it was acknowledged that a Training Needs Assessment for the project participants was required, and this was pending agreement on the detailed work plan for this to move forward.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 refers to section G3.2 regarding capacity building. This section describes in general terms what types of capacity building will be done. At the time of CAR verification audit, the audit team confirms the other findings of last review.
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 presents a tabular training plan that lists six classes which are not limited to activities directly in the project parcels alone but also other aspects (i.e livelihood and enterprise development, conflict resolution, leadership) in the in the affected communities. The plan presents the topics corresponding to each class (category). It likewise shows schedules over a five-year period, duration in days, target participants and number of persons (trainees). However, there is no explanation on how the training topics were determined.</p> <p>While the Project Proponents basically conforms with the indicator and requirement of OBS 11/09 by submitting a training plan, this is best supported with a Training Needs Assessment (TNA). Additionally, in discussions with the Project Proponents during the June 2009 review, it was acknowledged that a TNA was required.</p>
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	<b>OBS 11/09 - Closed</b>

2) Targeted to a wide range of groups, not just elites;

Findings from 22 to 25 June Review	<p>A review of the project supporting documentation highlights that the proposed participants within the project are both CSC holders, and landowners. Some participants have additional income flows through employment.</p> <p>Based on the socio economic survey conducted in 2006, site interviews and group and individual interviews, it is the conclusion of the auditors that most beneficiaries are not derived from local elites. This is still pending the definition of poverty from the Project Proponents.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 states that training will mainly target members of participating People's Organizations and will open to all relevant person. At the time of CAR verification audit, the audit team confirms the other findings of last review.
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same statements as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

3) Targeted to women to increase their participation; and

Findings from 22 to 25 June Review	<p>The project has not specifically targeted women in its actions. The following observations were noted by the auditors during the assessment. One hundred percent of all interviewees (interviewed one on one with the auditors) were male. Whereas, all group meetings demonstrated 50:50 mix of male and female representation.</p> <p>The project has not over encouraged female participation, nor has it ignored it with a focus more on the location and land suitability for the projects engagement more than the gender of the individual farming it.</p>
Findings from 08 to 10 November	The PDD of October 2009 generally explains that women are not excluded from capacity building. It further cites that a 50:50 mix in attendance during consultations

Review	<p>and community meetings is proof of women's participation in the project. However, no mention is made whether an assessment was made on capacity building needs of this group.</p> <p>It was recommended in the June 2009 validation audit report that the Project Proponents implement a pro-female policy and aim to achieve gender balance in project participants. There is no response to this in the October 2009 PDD although the Proponents, in their "Documentation to close CARS" dated October 2009, reiterated their argument that farming is a family affair in the Philippines and women attend project consultations and meetings. However, the audit team did not find a written policy in terms of pro-active female engagement so as to achieve gender balance in numbers of project participants.</p>
Findings from 07 to 11 June 2010 Review	<p>Contents of the October 2009 and May 2010 PDDs are similar. Statements added to the latter version are; a) that the project will continue to invite female community members to capacity building, b) "explicit languages" will be used to encourage female participation. In their "Documentation of work to close CARs" dated May 2010, the Project Proponents state that these supplements are meant to address OBS 12/09 and that a written policy is "awkward" because female participation in the project is already happening.</p> <p>The aforementioned supplemental statements in the May 2010 version of the PDD and justification presented by the Project Proponents in their "Documentation of work to close CARs" are sufficient grounds for conformity with the indicator.</p>
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	<b>OBS 12/09 - CLOSED</b>

4) Aimed to increase community participation in project implementation.

Findings from 22 to 25 June Review	<p>The CCB PD states that capacity building activities are aimed to support the communities (see G.8.2) with plans to increase community knowledge through the immediate training on reforestation and agroforestry development.</p> <p>Documentation presented to the auditors highlighted that community consultations have been on going within the vicinity and the locations of the proposed project area since October 2006. Individual discussions with community members and group discussions confirmed this.</p> <p>It is apparent that the engagement and support from communities is a pre-requisite for the projects success. The information supplied that related to the historical pilot program highlighted the risks and challenges with the project, with this information being incorporated into the main project development under validation. Within one financial spreadsheet, community workshops and training is prominent.</p> <p>Based on this, it is the conclusion of the auditors that the Project Proponents have engaged at all levels with the communities and increased community participation because of this.</p>
Findings from 08 to 10 November Review	<p>The PDD of October 2009 explains that capacity building will increase community participation in implementation by generating appreciation for the project. The appreciation is expected to lead to wider community participation.</p> <p>The PDD describes that capacity building is will be beginning with clarifying roles and functions of project components which is anticipated to lead to understanding and acceptance. This is seen to be followed by an increase in project participation which is foreseen to result in better livelihood and income.</p>
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 contains the same statements as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.</p>
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

CAR/OBS	
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## CM5. Best Practices in Community Involvement - 1 Point, Optional

### Concept

**Projects that use best practices for community involvement are more likely to benefit communities. Best practices include: respect for local customs, local stakeholder employment, worker rights and worker safety.**

### Indicators

Project proponents must:

- 1) Demonstrate that the project was developed with a strong knowledge of local customs and that, where relevant, project activities are compatible with local customs.

Findings from 22 to 25 June Review	The target communities consist of migrants. As such, ethnic customs do not apply. Rather, all activities involving the community are coursed through the officials. The proper protocols were observed by the Project Proponents before and during the conduct of community consultations, as mentioned in the CCB PD. However, the document does not describe whether and how results of the assemblies were incorporated into project development.		
Findings from 08 to 10 November Review	The PDD of October 2009 explains that local customs were considered during consultations made while developing the project. As was found out during the June 2009 validation audit, the CAR verification audit team established that the communities covered by the project consist of migrants. Thus, ethnic customs do not exist and collective matters are coursed through officials of the local government or people's organization.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same account as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

- 2) Show that local stakeholders will fill all employment positions (including management) if the job requirements are met. Project proponents must explain how stakeholders will be selected for positions and where relevant, must indicate how traditionally underrepresented stakeholders and women, will be given a fair chance to fill positions for which they can be trained.

Findings from 22 to 25 June Review	<p>The CCB PD contains no reference to a preferential hiring of local peoples to fulfill the projects positions. No documented policy was in place at the time of audit to demonstrate that.</p> <p>Local stakeholders will fulfill the projects employment needs mainly through engagement with the project, and will gain income from maintenance activities for the established plantation areas.</p> <p>Based on this it is the conclusion of the auditors that the criterion has not been met.</p>		
Findings from 08 to 10 November Review	The PDD of October 2009 describes how local stakeholders are considered for their project employment positions including how local communities will be employed in the project activities. The project will be lead by CI and which involves Palacian Economic and Development Association Inc. (PEDAI) to manage and administer the activities at the project site inc collaboration with DENR, LGU and communitiy groups. At the time of CAR verification audit, the audit team discussed it with the management and CI and found consistency of the information as mentioned in the PDD.		
Findings from 07 to 11 June 2010	The PDD of May 2010 contains the same statements and descriptions as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the		

Review	November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

3) Show that the project will inform workers about their rights, and that the project complies with international rules on worker rights.

Findings from 22 to 25 June Review	<p>CCB PD section CM 5.3 states that the project will ensure compliance with all national laws and international treaties that the government of Philippines are signatory to. This includes ILO conventions.</p> <p>It was unclear at the time of audit how this information would be translated to the employees of the project, as at that time, there were no positions filled, no human resources policy in place for the project, and no health and safety guidelines in place.</p> <p>Based on this, it is the conclusion of the auditors that this is not a non conformance to the criteria, however, it could be without demonstration of how this will be accomplished.</p>		
Findings from 08 to 10 November Review	<p>The PDD of October 2009 is not clear as to how and whether project workers were informed of their rights. It does however state that working hours as prescribed by Philippine labor laws are abided to. No mention is made in the PDD as to compliance with international rules on workers rights.</p> <p>The validation audit report of June 2009 recommended the development of employment procedures for the project but no evidence of this was forwarded by the Project Proponents.</p>		
Findings from 07 to 11 June 2010 Review	<p>In the PDD of May 2010, the Project Proponents (CI and PEDAI) declare they adopt standard hiring policies and provide commensurate remunerations to employees. Rights, privileges and benefits as prescribed by government are provided. The Labor Code of the Philippines and Local Minimum Wage Law are also recognized. The Project Proponents inform workers of their rights during recruitment and when already employed. It is also stated that the Project Proponent's compliance with local and international labor standards are subject to verification by external auditors.</p> <p>The Project Proponents submitted a copy of the CI Policy on Hiring during the course of the PDD review. This outlines the hiring process followed and also states that employment tenure is based on the duration of funding, In the case of more than one funding it is fixed on the shortest funding term. The PEDAI hiring and HRM policies were not produced.</p> <p>Statements in the PDD and information in supplemental documents submitted confirm that the Project Proponents conforms with the indicator.</p>		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS	<b>OBS 13/09 – Closed</b>		

4) Comprehensively assess situations and occupations that pose a substantial risk to worker safety. A plan must be in place to inform workers of risks and to explain how to minimize such risks. Where worker safety cannot be guaranteed, Project Proponents must show how the risks will be minimized using best work practices.

Findings from 22 to 25 June Review	<p>Health and safety at work activities were discussed. No documented risk assessment had been undertaken at the time of audit to identify the risk of the range of project activities and the steps taken to address these.</p> <p>At time of audit, no employees had been recruited and it was unsure of the full range of "workers" positions that the project will fill.</p>		
Findings from 08 to 10 November	<p>In the PDD of October 2009, the Project Proponents signify that they do not expect major risks to worker safety. This is justified in the PDD by the fact that workers are</p>		

Review	<p>local farmers who are knowledgeable of necessary precautions for working in the field. The document also mentions that information on any hazards encountered in the course of the project will be disseminated at regular meetings and during the hiring process.</p> <p>The validation audit of June 2009 recommended the development of a risk assessment but there is no evidence whether this was done.</p>		
Findings from 07 to 11 June 2010 Review	<p>In the PDD of May 2010, the Project Proponents claim that workers risk were thoroughly assessed and potential risks identified. No account was given on the process leading to this outcome.</p> <p>Use of pointed or sharp tools, pesticides and other chemical-based materials and firefighting activities were identified as the most risky activities. Mitigation measures for each were described in the PDD which involve giving instruction for safe equipment operation, following accompanying instructions on product handling and training on plantation management and protection.</p> <p>The information presented in the PDD establish that the Project Proponents basically conform with the indicator.</p>		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS	<b>OBS 14/09 - Closed</b>		

## B1. Net Positive Biodiversity Impacts - Required

### Concept

***The project must generate net positive impacts on biodiversity within the project boundaries and within the project lifetime, measured against the baseline conditions.***

***Projects should have no negative effects on species included in the IUCN Red List of threatened species (which encompasses endangered and vulnerable species) or species on a nationally recognized list (where applicable). Invasive species must not be planted by the project.***

***Genetically Modified Organisms (GMOs), as a relatively new form of technology, raise a host of ethical, scientific and socio-economic issues. Some GMO attributes may result in invasive genes or species. In the future, certain GMOs may be proven safe. However, given the currently unresolved issues surrounding GMOs, projects cannot use genetically modified organisms to generate carbon credits.***

### Indicators

The Project Proponents must:

- 1) Use appropriate methodologies (e.g., key species habitat analysis, connectivity analysis) to estimate changes in biodiversity as a result of the project. This estimate must be based on clearly defined and defensible assumptions. The “with project” scenario should then be compared with the baseline “without project” biodiversity scenario completed in **G2**. The difference (i.e., the net biodiversity benefit) must be positive.

Findings from 22 to 25 June Review	<p>The Project Proponents have not undertaken specific biodiversity surveys within the proposed project areas. No landscape connectivity analysis has been undertaken by project site. It is generally assumed that the establishment of native tree species will encourage further expansion of habitats and therefore animal species.</p> <p>No baselines had been set, and no measurable indicators for the biodiversity benefits derived from the projects activities where available at the time of audit.</p> <p>Based on the lack of baseline data, and clear data on the biodiversity benefits to be gained from the establishment of fragment forests, the auditors conclude that this criterion is in non conformance.</p>
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Findings from 08 to 10 November Review	The PDD of October 2009 describes the net biodiversity benefits projected under the “with project” scenario. Based on the biodiversity survey carried in July 2009 the project had estimated the vegetative changes and various biodiversity parameters accredited to the project. For example – diversity of forest dependent species, connectivity, population of threatened species, landuse and biodiversity threats. At the time of CAR verification audit, the local stakeholders pushed forward the similar opinion in line with the PDD.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same discussion, mpa and table as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

- 2) Describe possible adverse effects of non-native species on the area’s environment, including impacts on native species and disease introduction or facilitation. If these impacts have a substantial bearing on biodiversity or other environmental outcomes, the Project Proponents must justify the necessity of using non-native species over native species.

Findings from 22 to 25 June Review	Of the eight (8) reforestation species chosen, only mahogany ( <i>Swietenia macrophylla</i> ) was not endemic.  The areas where the species may become invasive will be open grassland areas, or within open intercropping of banana or other crops. It is most probable that invasion into these locations will result in the species being removed through burning, or weeding.  The landscape has been manipulated, and within the proposed project locations there is limited natural habitat for the any invasive tendencies to pose a significant threat.		
Findings from 08 to 10 November Review	The PDD of October 2009 explains that only species found in the forests of the region will be planted in project parcels and therefore there will be no adverse effects of non-native species. During field visits by the CAR verification audit team, it was observe that mahogany ( <i>Sweitennia macrophylla</i> ) was planted for reforestation. It was explained by Project Proponents that this species has already become naturalized to the Philippines.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same statements as the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

- 3) Identify all IUCN Red List threatened species and species deemed threatened on nationally recognized lists that may be found within the project boundary. Project proponents must document how project activities will not be detrimental in any way to these species.

Findings from 22 to 25 June Review	Tables 13 & 14 in the CCB PD are lists of threatened species in the Quirino Protected Landscape, which is adjacent to the project parcels. The Project Proponents assume these species can also be found in the project area(s). However, no assessment of the project areas for biodiversity has been conducted by the Project Proponents, and no knowledge of the species listed is known within these specific areas.  However, based on the landscape situation, and the locations of the proposed project areas and the landscape connectivity, it is not unreasonable to assume that some of these species may be present within some areas from time to time.		
Findings from 08 to 10 November Review	The October 2009 version of the PDD provides a list of threatened flora and fauna species. Project proponents documented on how project activities will not be detrimental in any way to these species.		
Findings from 07	The PDD of May 2010 contains the same information as the October 2009 version for		

to 11 June 2010 Review	this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

4) Identify all species to be used by the project and show that no known invasive species will be used.

Findings from 22 to 25 June Review	None of the species listed for reforestation and agroforestry are known to be invasive. This fact holds true even to mahogany, which is the only non-endemic in the list.		
Findings from 08 to 10 November Review	The PDD of October 2009 lists and provides descriptions of all the species that will be used by the project. Of these, only mahogany ( <i>Sweitennia macrophylla</i> ) is non-native but described as a naturalized species. However, no evidence is provided that it is non-invasive. This matter was also pointed out in the June 2009 validation audit.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same information and discussion as the October 2009 version for this indicator. The Project Proponents have not been able to submit proof that mahogany ( <i>Sweitennia macrophylla</i> ) is a non-invasive species. In their response to comments, it was declared that the species "has been excluded from the plantation species list". However, mahogany was among the species planted in some of the project parcels visited during the November 2009 audit. The question of whether the species is non-invasive was not thoroughly addressed.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS	<b>OBS 15/09 (Open)</b> The Project Proponents should provide proof that mahogany is not an invasive species.		

5) Guarantee that no genetically modified organisms will be used to generate carbon credits.

Findings from 22 to 25 June Review	None of the species proposed for planting in the project area(s) are genetically modified.		
Findings from 08 to 10 November Review	The PDD of October 2009 states that no GMOs will be used by the Project. In discussion with project participants and major project partners and during field visits, the CAR verification audits team established that only endemic species will be used in reforestation activities of the project. .		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same statements as those in the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
CAR/OBS			

## B2. Offsite Biodiversity Impacts - Required

### Concept

***The Project Proponents must quantify and mitigate likely negative offsite biodiversity impacts; namely, decreased biodiversity outside the project boundary resulting from project activities.***

### Indicators

The Project Proponents must:

1) Identify potential negative offsite biodiversity impacts that the project is likely to cause.

Findings from 22 to 25 June Review	The audit team observed that only one area of the 63 parcels proposed under the project is adjacent to natural forests. This block may also have to be excised from the project area and replaced because the prevailing vegetation (secondary forest) may disqualify it for inclusion in the project. All the rest are surrounded by cultivated lands and therefore do not in any way pose a threat to biodiversity.		
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Findings from 08 to 10 November Review	The PDD of October 2009 describes collection of wildlings from forests, to be used as planting material for reforestation, as a potential negative offsite biodiversity impact. The document further explains that only 28,886 of such plants are needed. In discussions with the Project Proponents and partners, the CAR verification audit team was informed that these are to be sourced from the adjacent province of Nueva Ecija. Moreover, field observation by the CAR verification audit team conform with those of the June 2009 validation team – that project parcels are surrounded by cultivated lands and therefore not expected to have any offsite biodiversity impacts in the immediate vicinity.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same statements and information as those in the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

2) Describe how the project plans to mitigate these negative offsite biodiversity impacts.

Findings from 22 to 25 June Review			
Findings from second review INSERT DATE			
Conformance	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
CAR/OBS			

3) Evaluate likely unmitigated negative offsite biodiversity impacts against the biodiversity benefits of the project within the project boundaries. Justify and demonstrate that the net effect of the project on biodiversity is positive.

Findings from 22 to 25 June Review	As described in B2.1, the project parcels are predominantly surrounded by cultivated lands where biodiversity is low.		
Findings from 08 to 10 November Review	The PDD of October 2009 describes that the use of indigenous species would help in dispersal of forest species. It is mentioned that reforestation with endemic species will hasten the regeneration of local wildlife species which will in turn help in seed dispersal to other areas. Moreover, presence of insectivorous birds and bats brought about by forest restoration, will result in biological control of insect pests harmful to forest and fruit trees in the community.		
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same statements as those in the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

### B3. Biodiversity Impact Monitoring - Required

#### Concept

***The Project Proponents must have an initial monitoring plan to quantify and document the changes in biodiversity resulting from the project activities (within and outside the project boundaries). The monitoring plan should state which measurements will likely be taken and which sampling strategy used.***

***Since developing a full biodiversity-monitoring plan can be costly, it is accepted that some of the plan details may not be fully defined at the design stage, when projects are being evaluated by the CCB Standards. This will especially be true for small-scale projects.***

## Indicators

The Project Proponents must:

- 1) Have an initial plan for how they will select biodiversity variables to be monitored, and the frequency of monitoring. Potential variables include species abundance and diversity, landscape connectivity, forest fragmentation, habitat area and diversity, etc. Biodiversity variables at risk of being negatively impacted by project activities should be monitored.

Findings from 22 to 25 June Review	<p>The CCB PD highlights the use of the proposed Biodiversity Management System (BMS). This document was referred to as the basis for future biodiversity monitoring by the Project Proponents.</p> <p>At the time of audit, no plan for implementation had been developed, and no plan for the selection of biodiversity variables had been proposed. Landscape connectivity is being undertaken as part of the wider Sierra Madre Biological Corridors project.</p> <p>The responsibility of the biodiversity monitoring is the role of CI.</p> <p>No initial plan for biodiversity monitoring was in place at the time of audit, other than the BMS guideline, which was shown to the auditor. A plan should consist of time lines, actions and measurable components, such as increases in connectivity, or development of monitoring by site, in the case of the proposed project.</p>		
Findings from 08 to 10 November Review	<p>The PDD of October 2009 describes that the project will be making use of the Biodiversity Monitoring System (BMS) as developed by the DENR. Based on the BMS, the project has developed the biodiversity monitoring plan of the project which was presented to the auditors at the time of CAR verification audit. The biodiversity monitoring has clearly identified indicator variables to be monitored including the methods and required data sets.</p>		
Findings from 07 to 11 June 2010 Review	<p>The PDD of May 2010 contains the same statements and descriptions as those in the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.</p>		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

## B4. Native Species Use - 1 Point, Optional

### Concept

***In most cases, species that are native to a region will have a higher biodiversity benefit than non-native species. In other cases, non-native species can be more effective than native species for rehabilitating degraded areas or providing fast growing biomass, timber, fruits and other beneficial products. For instance a project may need to use non-native species on severely degraded land to achieve ecological restoration before native species can be reintroduced.***

### Indicators

The Project Proponents must:

- Show that the project will only use species that are native to the region.

Or

- Justify that any non-native species used by the project are superior to native species for generating concrete biodiversity benefits (e.g., for rehabilitating degraded areas unlikely to support natives, or for producing fuel wood that reduces logging pressure on intact ecosystems)

Findings from 22 to 25 June Review	<p>Through discussions with the Project Proponents and interpretation of the CCB PD it was determined that Mahogany was selected on the following grounds:</p>
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	<ul style="list-style-type: none"> <li>• It is well suited to the sites and conditions</li> <li>• It is shade intolerant</li> <li>• It is a valuable timber species</li> <li>• It is a fast growing hardwood</li> </ul> <p>The species does not form part of the GHG emissions removals, and is proposed for use primarily as a boundary tree species to delineate forest farm boundaries.</p> <p>Based on this the auditors conclude that its inclusion is acceptable as it is important to have additional economic components for the communities, and as it is not included in the GHG emissions removals calculations.</p>
Findings from 08 to 10 November Review	The PDD of October 2009 describes that planting material of Mahogany ( <i>Sweetenia macrophylla</i> ), a non-native species, will be provided to project participants as there is strong interest to plant this for economic reasons. The document explains that farmers will be instructed to plant this species outside the project area and that it will not be considered in carbon accounting.
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same statements as those in the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

## B5. Water and Soil Resource Enhancement - 1 Point, Optional

### Concept

***Climate change and other factors may stress and degrade water and soil resources at the project site over time. Projects should enhance the quality and quantity of water and soil resources.***

### Indicators

The Project Proponents must:

#### 1) Identify project activities that are likely to enhance water and soil resources

Findings from 22 to 25 June Review	The PDD identifies reforestation and agroforestry as the activities likely to enhance water and soil resources.
Findings from 08 to 10 November Review	The PDD of October 2009 describes how reforestation and agroforestry will promote soil and water conservation as trees planted are expected to provide water retention and soil stabilization.
Findings from 07 to 11 June 2010 Review	The PDD of May 2010 contains the same statements and information as those in the October 2009 version for this indicator. Thus, the auditor conforms with findings of the November 2009 review.
Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	

#### 2) Credibly demonstrate that these activities are likely to improve water and soil resource compared to the baseline, using justifiable assumptions about cause and effect, and relevant studies.

Findings from 22 to 25 June Review	<p>The CCB PD section B.5. includes a discussion of the benefits in water resources and soil improvements to be achieved by reforestation.</p> <p>The project document does not discuss the cause of the loss of water resources and soil enhancements, but states the benefits from the establishment of forest trees in terms of improvements in soil fertility, prevention of erosion through improving ground</p>
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## Appendix C: STAKEHOLDER LISTS (CONFIDENTIAL)

### 07 to 11 June, 2010:

#### List of Project Proponent Staff Consulted

Name	Title	Contact	Type of Participation
Juan Acay	Carbon Technical Advisor	<a href="mailto:j.acay@conservation.org">j.acay@conservation.org</a>	Technical CI
Estrella Pasion	Carbon Technical Advisor	<a href="mailto:e.pasion@conservation.org">e.pasion@conservation.org</a>	Technical CI

### 08 to 10 November, 2009:

#### List of Project Proponent Staff Consulted

Name	Title	Contact	Type of Participation
Luzon Salvador	Technical Assistant PEDAI	9153475898	Tech. Assistant
Ben Guillermo	PEDAI field staff	9065129447	Supervisor
Yoji Natori	CI Program Coordinator	<a href="mailto:y.natori@conservation.org">y.natori@conservation.org</a>	Funding body
Juan Acay	Carbon Technical Advisor	<a href="mailto:j.acay@conservation.org">j.acay@conservation.org</a>	Technical CI
Estrella Pasion	Carbon Technical Advisor	<a href="mailto:e.pasion@conservation.org">e.pasion@conservation.org</a>	Technical CI

#### List of other Stakeholders Consulted

Name	Organization	Contact	Type of Participation
Homer Bueno	Participant (Private land owner administrator)	9186684414	Farmer
Manuel Hallig	Participant		Farmer
R Balbero	Participant		Participant
G Gambol	(as above)	9082906250	Participant
R Balbero	(as above)		Participant
R Tolentino	Municipal Enviromental and Natural Resources Municipality of Maddela	9075812196	Planning Officer
Yolando Binag	Provincial and Natural Resources Office Provincial Office	9293184695	
A Gumayagay	Private land owner	9186684414	
E Santiago	Private land owner		

### 22 to 25 June, 2009:

#### List of Project Proponent Staff Consulted

Name	Title	Contact	Type of Participation
Elizabeth Nicolas	Executive Director PEDAI	<a href="mailto:diditnicolas@yahoo.com">diditnicolas@yahoo.com</a>	Partner
Yoji Natori	CI Program Coordinator	<a href="mailto:y.natori@conservation.org">y.natori@conservation.org</a>	Funding body
Mariano R M Duya	SMBC Program Manager	<a href="mailto:mduya@conservation.org">mduya@conservation.org</a>	Technical CI
Juan Acay	Carbon Technical Advisor	<a href="mailto:j.acay@conservation.org">j.acay@conservation.org</a>	Technical CI
Estrella Pasion	Carbon Technical Advisor	<a href="mailto:e.pasion@conservation.org">e.pasion@conservation.org</a>	Technical CI

#### List of other Stakeholders Consulted

Name	Organization	Contact	Type of Participation
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Homer Bueno	Participant (Farmer Owner)		Farmer
Mnuel Halig	Participant (Farmer Owner)		Farmer
Nestor Sizon	Participant (Farmer CSC)		Farmer
Ricardo Adrano	Participant (Farmer CSC)		Farmer
David Coloma	Provincial Environment and Natural Resources office		Partner
Eusebio Tuzon	(as above)		Partner
Lemuel Marawian	Local Government (Meddela)		Partner
Elizabet Sawre	(as above)		Partner
Rimel Tolentino	(as above)		Partner
Alexahder Baraynca	Department of Environment and Natural Resources		Partner
Fernando Saheador	(as above)		Partner
Jouito Layugan	(as above)		Partner
B Balbaro	Participant (Farmer CSC)		Participant
T Tolentino	(as above)		Participant
J Tolentino	(as above)		Participant
D Gambol	(as above)		Participant
A Gambol	(as above)		Participant
R Balbero	(as above)		Participant
R Gambol	(as above)		Participant
O Balberio	(as above)		Participant
R Balberio	(as above)		Participant
A Salvador	(as above)		Participant
V Pablo	(as above)		Participant
R Tolentino	(as above)		Participant
B Prinsesa	(as above)		Participant
J Hogilon	(as above)		Participant
F Baingan	(as above)		Participant
Mr Juinto	(as above)		Participant
Mr Catamen	(as above)		Participant
P Dizon	(as above)		Participant
J Alabag	(as above)		Participant

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