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Validation
Assessment
Report for:

Philippine Peñablanca Sustainable
Reforestation Project (PPSRP)
in
Peñablanca, Province of Cagayan,
Philippines

Report Finalized: 20 December 2009

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1 INTRODUCTION

The purpose of this report is to document conformance with the requirements of The Climate, Community and Biodiversity Alliance (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, Second Edition, December 2008. These were not developed by Rainforest Alliance, but by the 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*
- Voluntary Carbon Standard – we are an accredited *validator & verifier*

The CCBA 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 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 CCBA 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 CCBA Standards

The project promotes forest restoration, forest and biodiversity conservation, and alternative livelihood through the reforestation, enhancement planting and agro-forestry. The project will cover 2,943 hectares of degraded lands in five barangay (communities). The project will be implemented in two phases (Phase 1 from 2007 to 2010 and Phase 2 from 2010 to 2013).

The Philippine Peñablanca Sustainable Reforestation Project aims to bring multiple benefits to the community and to the environment. To ensure that the project can achieve this goal, it has been designed along the Community, Climate and Biodiversity Standards (CCBA).

The review of the project description, supporting documentation and interviews provided Rainforest Alliance with the evidence to determine fulfillment to the stated criteria with reasonable assurance.

The project proponents corrected deficiencies identified in the draft Rainforest Alliance validation audit report through submittal of a revised CCBA PDD of December, 2009.

The Philippine Peñablanca Sustainable Reforestation Project earned validation at the gold level (for exceptional biodiversity benefits) and the following scorecard shows the level of compliance achieved by the project:

General Section

- G1. Original Conditions in the Project Area
- G2. Baseline Projections
- G3. Project Design & Goals
- G4. Management Capacity and Best Practices
- G5. Legal Status and Property Rights

Conformance:

- | | | |
|---|-----------------------------|----------|
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |

Climate Section

- CL1. Net Positive Climate Impacts
- CL2. Offsite Climate Impacts (“Leakage”)
- CL3. Climate Impact Monitoring

Conformance:

- | | | |
|---|-----------------------------|----------|
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |

Community Section

- CM1. Net Positive Community Impacts
- CM2. Offsite Stakeholder Impacts
- CM3. Community Impact Monitoring

Conformance:

- | | | |
|---|-----------------------------|----------|
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |

Biodiversity Section

- B1. Net Positive Biodiversity Impacts
- B2. Offsite Biodiversity Impacts
- B3. Biodiversity Impact Monitoring

Conformance:

- | | | |
|---|-----------------------------|----------|
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Required |

Gold Level Section

- GL1. Climate Change Adaptation Benefits
- GL2. Exceptional Community Benefits
- GL3. Exceptional Biodiversity Benefits

Conformance:

- | | | |
|---|--|----------|
| Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | Optional |
| Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | Optional |
| Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | Optional |

CCBA Validation Level Attained:

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

2.2 Auditor Recommendation

Based on Company’s conformance with CCBA requirements, the auditor makes the following recommendation:

- Validation approved:*
No CARs issued
- Validation not approved:*
Conformance with CAR(s) required

Additional comments:

After the project proponent submitted objective evidence to the auditor demonstrating that the non-conformances were addressed, Rainforest Alliance evaluated the evidence and then updated this report on the status of the CARs and actions taken. The revised

CCBA PDD of December 8, 2009 was submitted on that day to Rainforest Alliance and reviewed on December 14 to 17, 2009. This final report has been updated and completed, and all supporting documentation demonstrated that the CARs had been closed.

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 Standard & Requirement: G1.3
Non-conformance:	[Description of non-conformance] <p>The PDD describes the boundaries of the project area which consist of five barangays namely; Cabasan, Bugatay, Sisim, San Roque and Mangga. However, the information regarding the definitions of the project zone is at times unclear. For example, in section G1.3, under the heading "The boundaries of the project area and the project zone" it is stated that "the project area is 2,943 hectares in total targeted for reforestation, enhancement planting, agroforestry and forest conservation activities." However, in section G 2.3 (on page 26), it is said to be 2,500 ha in terms of determining the future carbon stock changes. Yet the map in Figure 10 shows that these agroforestry, enrichment planting and reforestation will be carried out totally within the project area. And in section G1.4, 1,329 ha is considered for A/R activity carbon accounting. Table 1.4 gives detail of 1,010.67 ha in terms of current carbon stocks of A/R and conservation areas. Moreover, under section G1.3, it is stated that it is not possible to delineate community project zone on a map.</p> <p>The audit team discussed this with the project proponents at the time of audit. They are clear on the boundaries of the project area but not on project zone.</p>
Corrective Action Request: The Project Proponents shall clearly define the project zone and reflect it accordingly on a map.	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents provided a map with clear definition of the boundaries of the project zone and project area (on page 15 of the revised December 2009 version of the PDD).
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 02/09	Reference Standard & Requirement: G1.6
Non-conformance:	[Description of non-conformance]
	<p>The PDD describes six types of land cover classes within the project area which includes tenured and untenured lands. Twenty-two percent of the project area is tenured with Certificates of Stewardship Contracts (CSC) issued by the government. However, no information is given as to when CSCs were issued so it cannot be determined whether these are still valid or not. There is not indication whether the non-productive CSC-tenured lands also comprise grasslands. Extent of the untenured areas is not quantified.</p> <p>At the time of audit, the Project Proponent provided information to the auditors on the dates that the CSCs were issued some of which will expire in 2012. However, there is no assurance and proof that these will be renewed for another 25 years.</p>
<p>Corrective Action Request:</p> <p>The Project Proponents shall provide a written commitment from the authority (DENR) ensuring that the expiring CSCs will be renewed for another 25 years and refer it in the PDD.</p>	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents obtained a written commitment from the Department of Environment and Natural Resources (DENR) Regional Executive Director with regards to approval/renewal of long-term tenure instruments for the tenure holders participating in the project for another 25 years, upon reaching their expirations (page 20 of the revised December 2009 version of the PDD and its Appendix 2 Letter of DENR support).
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 03/09	Reference Standard & Requirement: G1.7
Non-conformance:	[Description of non-conformance]
	<p>The PDD provides information on the flora and fauna including threats to the biodiversity. However, it does not describe ecosystems and diversity of reptiles and large mammals.</p> <p>At the time of the audit, the auditors were informed by stakeholders that the project zone did indeed have a variety of fauna which were not described in the PDD, such as reptiles and large mammals (deer).</p>
<p>Corrective Action Request:</p> <p>The Project Proponents shall provide complete information on the diversity of species and ecosystems and threats to that biodiversity.</p>	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents substantiated information categorically in the revised December 2009 version of the PDD in relation to diversity of species and ecosystems of the project zone and threats to the biodiversity in detail (page 21 to 23) including the information and analysis from systematic and non-systematic survey.
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 04/09	Reference Standard & Requirement: G1.8.2, G1.8.3, G1.8.5, G1.8.6
Non-conformance:	[Description of non-conformance]
	<p>The project zone falls within a proclaimed protected landscape (Penablanca Protected Landscape and Seascape) that is part of a national protected area system, which is recognized as a key biodiversity area of national significance. It has been found to contain 1 critically endangered, 5 endangered and 22 vulnerable species of terrestrial fauna. It also has 11 critically endangered plants. However, the PDD does not provide any information in sections G1.8. 2 and G1.8.3</p> <p>Furthermore, the PDD does not mention any information whether the zone are fundamental for meeting basis needs of local communities. However, the auditors found out that the project zone is fundamental for the basic needs of the communities like fuelwood, fruit, construction materials and other products. In section G1.8.6 the PDD does not mention any areas that are critical for the traditional and cultural identity of the communities in the project zone. However, supplement documents indicate the zone is populated predominantly by an indigenous group. The audit team found that the project zone is significant in terms of ecological, economic and traditional values to the indigenous communities residing in the project zone and some these attributes that may be High Conservation Values.</p>
Corrective Action Request:	
The Project Proponents shall evaluate and describe in PDD whether the project zone includes any of the High Conservation Values (HCVs) listed from G1.8.1 - 6 and describe the qualifying attributes.	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents provided more information justifying why there are no HCVs listed (with respect to each indicator of criterion G1.8 as mentioned above) within the project zone in the revised December 2009 version of the PDD (on page 24, 25, and 26). The PDD mentioned clearly that domestic water supply is specifically singled out as the critical ecosystem service since the local communities are so dependent on it.
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 05/09	Reference Standard & Requirement: G2.4
Non-conformance:	[Description of non-conformance]
	<p>The PDD describes that unsustainable forest resource utilization and unplanned expansion of settlements will be the "without project" scenario. The Proponents assert that these factors will lead to depletion of the forest resources and negatively affect the quality of life in the communities within the project area. The document cites uncontrolled water flows and soil erosion as impacts on the local economy.</p> <p>However, the auditors found the PDD lacks a description of impacts on changes in all locally important ecosystem services. Furthermore, the statements are not adequately substantiated with scientific literature or regional studies.</p>
Corrective Action Request:	
The PDD shall describe the impacts of likely changes in all the locally important ecosystem services and substantiate their statements with scientific literature or regional studies.	

Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents described how the without-project scenario would affect communities in the project zone including the information of impacts on changes in the locally important ecosystem services in the revised December 2009 version of the PDD (on page 32 to 34), and the information is substantiated with scientific studies and other documents. Such as Environment and Economics Center for Studies provides projection for impacts on hydrology of the Pinacanauan River watershed, which include the project area (REECS, 2005a), and economic considerations (REECS, 2005b, c). Sambale (2006) is a study on socioeconomic drivers of deforestation in PPLS. Conservation International (2008) is a compilation of lessons from the experiences in PPLS, which include useful account for people's behavior. National Irrigation Administration (2006) provides data on soil loss. Municipal and regional development plans (Peñablanca Municipal LGU, 2003; Regional Development Council Region 02, 2005) serve as a base to determine baseline land use scenario.
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 06/09	Reference Standard & Requirement: G2.5
Non-conformance:	[Description of non-conformance] The PDD describes that continued unsustainable forest (fuelwood and charcoal collection) use and grazing will result in the loss of native forest and conversion into grasslands. This in turn will result to the loss of flora and fauna and biodiversity in the project zone. The Project Proponents also explained to the auditors that these activities will continue to have negative impacts not only within the project zone but also in remaining parts of the forests with the protected landscape. However, the description on how the "without project" scenario will affect biodiversity is not well organized and reflected in the PDD.
Corrective Action Request: The Project Proponents shall consolidate all the information cited in the PDD and supplement document and clearly reflect how the "without project" scenario will affect biodiversity in the project zone.	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents consolidated an analysis on how the without project scenario would affect biodiversity in the project zone on page 34 of the revised December 2009 PDD. It provides description for both flora and fauna in terms of habitat and threats to biodiversity without-project.
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 07/09	Reference Standard & Requirement: G3.4
Non-conformance:	[Description of non-conformance] The PDD describes the project lifetime of 6 years including implementation schedule, key dates and milestones. The project is divided into two phases due to arrangement with the donor. Phase 1 encompasses the first three years of the project which includes reforestation, agroforestry enhancement planting and monitoring activities with a target of 1,772 hectares. Phase 2 will end in 2013 with an additional target of 728 hectares. Regarding GHG accounting period, the auditors found that calculations were made for 30 years starting in 2008. However, the PDD in this section does not mention GHG accounting period nor does it justify why it is different from the project lifetime.

Corrective Action Request: The Project Proponents shall define in this section the GHG accounting period and justify any difference from the project lifetime.	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents defined the project lifetime and GHG accounting period clearly in the revised December 2009 version of the PDD (on page 46). As reflected in the PDD, by the end of the Phase 2 in 2013, the project will have created sustainability mechanisms and institutions such as the Reforestation Fund and the capacity of community beneficiaries as an organization to manage their agroforestry and reforestation areas for much longer term, as GHG accounting period extends beyond 2013, and is defined to have a duration of 30 years. The PDD states that the project partners, LGU and DENR, will be trained to carry on the responsibility of providing the needed technical and facilitation support. The first 6 years of the project is considered as the development phase that has been designed to achieve long-term climate, community, and biodiversity benefits.
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 08/09	Reference Standard & Requirement: G3.6
Non-conformance:	[Description of non-conformance]
	The PDD does not include specific measures to ensure the maintenance or enhancement of high conservation value attributes. In section G1.8 the Project Proponents did not identify all the HCV attributes of the project site.
Corrective Action Request: The Project Proponents shall identify all the HCV attributes as required in section G1.8 and include the specific measures to ensure the maintenance or enhancement of each identified HCV attributes in the PDD.	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents described specific measures for each of HCV types identified for the project site in the revised December 2009 version of the PDD. The PDD highlights that the project enhances the high conservation value attributes of the project site for biodiversity and environmental services for water.
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 09/09	Reference Standard & Requirement: G3.7
Non-conformance:	[Description of non-conformance]
	The PDD does not provide adequate description on how the climate, community and biodiversity benefits will be maintained beyond the project lifetime.
Corrective Action Request: The Project Proponents shall analyze and describe the measures that will take to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents described in detail how the climate, community, and biodiversity benefits could be maintained beyond the project lifetime (on page 48 and 49 supplemented with a conceptual diagram (figure 12) in the revised December 2009 version of the PDD). The key approach taken is to create "the reforestation fund" as a sustainable financing mechanism

	to maintain and enhance the benefits. The other efforts mentioned in the PDD include - conservation awareness raising campaign, organizational capacity building for the communities' cooperatives, and the effort by the project to strengthen the institutional sustainability of the cooperatives with the support of various government entities and NGOs.
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 10/09	Reference Standard & Requirement: G3.11
Non-conformance:	[Description of non-conformance]
	The PDD describes the grant fund from the donor under the project lifetime (2007-2013). However, the PDD fails to demonstrate the financial mechanism to be adopted beyond the grant fund period. The PDD also does not describe the financial flow and revenues from emission and other sources.
<p>Corrective Action Request:</p> <p>The Project Proponents shall demonstrate the financial mechanism to achieve the anticipated climate, community and biodiversity benefits beyond the grant fund period.</p>	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents described the financial mechanism to be adopted beyond the grantfund period in the revised December 2009 version of the PDD. The PDD says the grant fund from TMC is adequate to support the activities to meet all planned targets during the first six years (through 2013). Beyond the grant fund period, project initiatives covering the agroforestry and reforestation areas will be maintained through the cooperatives - who will have obtained the appropriate land tenure (the PACBRMA - Protected Area Community-Based Resource Management Agreement) to manage these areas using the Reforestation Fund. The Table 10 on page 56 provides a detail of financial projection of the reforestation fund.
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 11/09	Reference Standard & Requirement: G4.5
Non-conformance:	[Description of non-conformance]
	The PDD provides a list of relevant laws covering laborers rights in the Philippines (Labor Code of the Philippines and Omnibus Rules Implementing the The Labor Code). The PDD mentions that the Project Proponents are in compliance with prevailing laws and regulations covering worker's rights. The Project Proponent communicates workers rights during the selection process and after, periodically during engagement. However, while interviewing the Project Proponents, the audit team found that compliance with Phillippine labor laws is inconsistent with project practices and systems. The audit team further explored it by interviewing local farmers and wage laborers there was a variation in meeting the requirements of Phillippine laws and regulations in relation to labor rights.
<p>Corrective Action Request:</p> <p>The Project Proponents shall provide assurance that the project meets or exceeds all laws and regulations in relation to all workers involved in project activities.</p>	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents mentioned in the revised December 2009 version

	of the PDD that the project has come to an agreement with the communities to implement the legal minimum wage rate of PhP220 for all its daily hired laborers (as also evident through payroll records submitted to RA). The PDD further explained that the project communicates to the workers their rights in several occasions, first during the application and interview as part of the recruitment process, and periodically during the engagement period. As lead implementer, CI applies uniformly its policies on human resources development, which complies with the Philippines' labor law and it's implementing rules. For instance, the Project Proponents described in the PDD that the project will only enter into labor contracts that comply with existing national laws or even international rules that clarify the rights and obligations of both contracting parties. It is further mentioned that CI is all the more obliged to comply with existing laws to protect and keep its legal status as a recognized global organization. This is checked and verified through external auditing that CI submits itself to annually.
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 12/09	Reference Standard & Requirement: G5.4
Non-conformance:	[Description of non-conformance]
	The PDD briefly mentions there will be no relocation of the occupants of the land in the project area. However, the audit team found that displacement of cattle has taken place to new pasture permit areas outside of the project site. The arrangement in this regard is not described in the PDD.
Corrective Action Request: The Project Proponents shall demonstrate that the relocation of cattle and other relocation activities (if any) was made with free, prior and informed consent of the local communities.	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents described how and where the relocation of cattle was taken place, and substantiated the arrangement with facts and figure/maps (on page 70 to 74 in the revised December 2009 version of the PDD). The PDD also highlights that in honor of the local ordinance, the cattle owners agreed to move their animals outside the area to the communal pasture area in Cabasan and to other neighboring legitimate pasture areas.
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 13/09	Reference Standard & Requirement: G5.6
Non-conformance:	[Description of non-conformance]
	The PDD does not clearly address the ownership of carbon rights. At the time of validation against the Standards, the Project Proponents are not clear on who owns the carbon rights. Nor do they have any legal documentation demonstrating that the project is undertaken on behalf of the carbon owners with their full consent. In discussions with project partners (DENR and LGU) the audit team found that the owner of the carbon rights is not clear to them as well.
Corrective Action Request: The Project Proponents shall demonstrate clear, uncontested title to the carbon rights, or provide legal documentation demonstrating that the project is undertaken on behalf of the carbon owners with their full consent.	
Timeline for conformance:	Prior to validation

Evidence to close CAR:	The Project Proponents described in their revised December 2009 version of the PDD that the owners of the carbon rights are the CSC (Certificate of Stewardship Contract) holders and members of the cooperatives in the project site. The cooperatives are in the process of obtaining PACBRMA (Protected Area Community-Based Resource Management Agreement), which will cover the entire project area. Between CSC and PACBRMA, the ownership of all the carbon rights will be specified. The PDD in its Appendix 2 includes the letter from Regional Executive Director of DENR Region 02, which attests to this arrangement.
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 14/09	Reference Standard & Requirement: CM2.3
Non-conformance:	[Description of non-conformance]
	The PDD describes that the project will provide long-term alternative solutions to the needs faced by the fuelwood collectors and owners of grazing animals. However, the auditors during consultation with the communities found that there exist ongoing alternatives not found in the PDD such established communal fuelwood areas inside the project area, designated grazing areas outside the project zone, etc.
Corrective Action Request: The Project Proponents shall clearly describe all alternative solutions demonstrating that the project is not causing negative impacts on the the well-being of other stakeholder groups.	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents provided descriptions of on-going alternative solutions to firewood collection and grazing in the revised December 2009 version of the PDD, and the PDD also includes communal fuelwood plantations, alternative cooking scheme, alternative income source, and pasture lease areas (on page 96 and 97) as solutions.
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 15/09	Reference Standard & Requirement: B1.1
Non-conformance:	[Description of non-conformance]
Major Minor	The PDD provides discussion on assessment of the birds and bats species richness list composition and abundance to biodiversity trend within the project area in relation to estimate changes in biodiversity. However, it does not clearly refer to any methodology in terms of estimating changes in biodiversity nor has it made up a direct comparison to the "without project" scenario.
Corrective Action Request: The Project Proponents shall substantiate it with referring appropriate methodologies to be used to estimate changes in biodiversity and compare it with the "without project" scenario.	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents expanded the description in the revised December 2009 version of the PDD in terms of estimating changes in biodiversity, and Table 19 on page 102 of the PDD summarizes net biodiversity benefits provided by the project.
CAR Status:	Closed
Follow-up Actions (if any):	

CAR 16/09	Reference Standard & Requirement: B1.2
Non-conformance:	[Description of non-conformance]
	The PDD does not demonstrate how HCV such as rare and threatened species and ecosystems will not be negatively affected by the project activities. In reference to G1.8.1-3, the PDD does not mention any attributes of HCV in relation to biodiversity.
Corrective Action Request:	
The Project Proponents shall evaluate and describe in PDD whether the project zone includes any of the High Conservation Values (HCVs) listed from 1.8.1 - 3. If there are any, explore the HCV in relation to biodiversity of the project site and explain how these will not be negatively affected by the project.	
Timeline for conformance:	Prior to validation
Evidence to close CAR:	The Project Proponents described how the project would enhance and restore the forest habitat within the project area in the revised December 2009 version of the PDD. The PDD highlights that among the nine threatened floral species recorded within the project site, five (<i>Artocarpus blancoi</i> , <i>Macaranga grandifolia</i> , <i>Azelia rhomboidea</i> , <i>Pterocarpus indicus</i> , <i>forma indicus</i> and <i>Vitex parviflora</i>) are used for reforestation, and further it provides a list of forest dependent species (Table 20, page 103) that will benefit from the restoration of habitat due to the project activities.
CAR Status:	Closed
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.

In the revised December 2009 version of the PDD, the project proponents made revisions respective of all of the following observations. Since these observations were non-mandatory and indications of potential for improvement, this report retains the observations as stated. The auditors did not evaluate measures taken by the project proponents to respond to observations.

OBS 01/09	Reference Standard & Requirement: G1.1
[Description of findings leading to observation]	
The PDD describes the location of the project and basic physical parameters such as topography and soils, hydrology and climate of the project site. The document also provides maps that demonstrate the overall location of the project site and actual location where field checked during the on-site audit and found to be accurate. However, the PDD does not describe the geology of the project site.	
Observation:	
The Project Proponents should describe the geological information of the project site.	

OBS 02/09	Reference Standard & Requirement: G1.4
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[Description of findings leading to observation]	
<p>The PDD describes how aboveground carbon stocks were determined within the project area. To determine the number of sample plots, the Proponent used IPCC Good Practice Guidance (Chap 4, p4.97) and IPCC 2006 Guidelines for AFOLU as the method used for stratification of the project area. No elucidation is provided on how brushland became a land cover classification considering that no such category is provided in Volume 4 (AFOLU) of the 2006 IPCC Guidelines. At the time of audit, the Project Proponent explained different land use classifications as recognized by a Philippine national land classification system and assured they will refer it in the PDD in relation to brushland.</p>	
<p>Observation:</p> <p>The Project Proponents should expand information on brushland in the PDD by substantiating it with the Philippine national land classification system.</p>	

OBS 03/09	Reference Standard & Requirement: G1.8.1
[Description of findings leading to observation]	
<p>The PDD describes that the project zone is within the Penablanca Protected Landscape and Seacape (PPLS) identified as one of the key biodiversity areas (KBA) in the Philippines. Based on KBA analysis there are 27 threatened species and 20 endemic species within the protected landscape. However, it is not clear what is the extent of the project zone within the PPLS in terms of biodiversity.</p>	
<p>Observation:</p> <p>The Project Proponents should provide complete information on biodiversity values in relation to the project zone.</p>	

OBS 04/09	Reference Standard & Requirement: G1.8.4
[Description of findings leading to observation]	
<p>The PDD mentions "domestic water supply" as the only ecosystem service in the project area. However, it does not contain discussion on other services like fire protection and soil erosion control which is mentioned in the supplement documents. Additionally, the auditors found out that the project zone also provides other ecosystem services like soil replacement and biodiversity conservation as expressed by the local stakeholders.</p>	
<p>Observation:</p> <p>The PDD should describe how other ecosystem services were determined to be not-critical.</p>	

OBS 05/09	Reference Standard & Requirement: G2.1
[Description of findings leading to observation]	
<p>The PDD describes the most likely land use scenario in absence of the project using satellite imagery from 1989 to 2007, field surveys and interviews.</p> <p>Table 5 indicates that the area under "tree cover" (teak/gmelina, brushland, open and closed canopy forest) actually increased between 1989-2007 by 1,297.4 hectares and that grassland decreased very significantly by 7,720.2 hectares. However, the information is for over the whole protected landscape of 164,680.46 hectares; so it is not clear about the average annual changes with respect to the project area. Furthermore, in discussions with the auditors, the Project Proponents explained that the use of the larger area (protected lanscape), as against only the project area, as a basis for determining land cover change results in a conservative deforestation figure.</p>	
<p>Observation:</p> <p>The Project Proponents should review additionality aspect especially if land cover change data in Table 5 applies to the project area as well as the overall protected landscape. The Project Proponents should also incorporate their explantations to the auditors in the PDD on the use of a larger area for determining land cover change.</p>	

OBS 06/09	Reference Standard & Requirement: G2.2
<p>[Description of findings leading to observation]</p> <p>The PDD describes stakeholder interviews and land use surveys which provided the basis for determining land use. It also points out institutional, technological and cultural barriers that force the stakeholders to continue with their land use practices (i.e. marginal farming). The document also explains that the agency administering the protected lanscape (project area) is beset by its own institutional weaknesses, thereby preventing it from undertaking protection activities. The PDD further indicates increasing population as a cause of more conversion into farmlands. The Proponents asserts that these factors and conditions establish the additionality of the project.</p> <p>Interviews of stakeholders (community members, DENR and the local government units) by the auditors confirmed the above premises. However, the auditors noted the Proponents did not analyze the additionality due the project including other potential benefits.</p>	
<p>Observation:</p> <p>The Project Proponents should expand the PDD in relation to key project activities including an analysis of additionality and explain whether or not these would happen without the project.</p>	

OBS 07/09	Reference Standard & Requirement: G2.3
<p>[Description of findings leading to observation]</p> <p>The Project Proponents have used AR-AMS001 v.5 methodology in estimating baseline carbon stock changes and referred also to regional studies in relation to "without the project" scenario. In the absence of the project, the total carbon stock of the project site is expected to decrease by 7,932 tC in 30 years.</p> <p>Only forest conservation areas are considered for carbon stock change calculations. It is assumed that the A/R areas, which consist of grassland, brushland and cultivated areas, will have a zero carbon stock change. Further, it is stated that the emissions from deforestation are calculated by multiplying the area expected to be deforested by the carbon stock of the forest. This assumes that the end landuse for deforested areas is bare land with a zero carbon stock.</p> <p>However, data on land cover changes presented in Table 5 plus information in supplemental documents (existing fruit tree plantings per business plan and socio-economic profile) place such an assumption under question. Moreover, the section G 2.3 on page 26 states that the REDD projections are for 30 years. Best practice is to re-assess the baseline in this respect is every 10 years.</p>	
<p>Observation:</p> <p>The Project Proponents should consider all land-use classes in carbon stock change and also review its assumption on the same about A/R areas. They further should justify their use of a constant deforestation rate for 30 years.</p>	

OBS 08/09	Reference Standard & Requirement: G3.2
<p>[Description of findings leading to observation]</p> <p>The PDD provides a clear description of project activities under each component (reforestation, enhancement planting and agro-forestry) with respect to the project objectives. It further describes measures to address unregulated fuelwood collection and sustainability of the reforestation initiative.</p> <p>However, the PDD does not clearly describe how monitoring and evaluation of the project progress will be carried out with respect to the planned targets and time.</p>	
<p>Observation:</p> <p>The Project Proponents should describe how they monitor and evaluate the progress of each project activity in relation to climate, community and biodiversity impacts.</p>	

OBS 09/09	Reference Standard & Requirement: G4.2
[Description of findings leading to observation] The PDD describes the technical skills in general terms needed to implement the project including those of its partners (DENR and LGU). It documents the expertise and prior experience of Conservation International Philippines in implementing similar projects as the PPSRP. It also identifies other project partners such as ICRAF for carbon accounting. All relevant documents including MOU defining roles and responsibilities were reviewed by the auditors. The auditor's interviews with some of the staff and technicians confirmed consistent understanding of their respective roles and responsibilities. However, the PDD does not describe the specifics technical skills of the staff involved in project implementation.	
Observation: The PDD should present the description of specific technical skills of the personnel involved in project implementation.	

OBS 10/09	Reference Standard & Requirement: G4.3
[Description of findings leading to observation] The PDD describes a plan on trainings of project employees and people in the community. It also identifies the methods how this will be achieved. The auditors visited some agroforestry models that were established to demonstrate to local communities and promote farmer-to-farmer training. However, upon request of the auditors, no set of guidelines and training manuals developed by the project on different activities were presented.	
Observation: The Project Proponents should develop and disseminate guidelines and training manuals on field activities.	

OBS 11/09	Reference Standard & Requirement: G4.6
[Description of findings leading to observation] The PDD identifies and describes the potential risks to field workers. Project staff, partners and the workers are oriented to observe safety operation guidelines at the beginning of a field activity. However, there are no written standard safety guidelines available at the project.	
Observation: The Project Proponents should develop a standard safety guideline and disseminate it across project participants and workers.	

OBS 12/09	Reference Standard & Requirement: G5.1
[Description of findings leading to observation] The PDD provides all the relevant laws and regulations at the national level, and assures that the project will comply with these where relevant. However, the PDD does not provide any information with regards to local ordinances and rules. Nor does it mention international treaties and agreements applicable to the project. At the time of the audit, local ordinances issued by the municipal and barangay governments were shown to the auditors.	
Observation: The PDD should reflect all the relevant laws and regulations including local ordinances to international treaties and agreements in the Phillipines.	

OBS 13/09	Reference Standard & Requirement: CL1.5
[Description of findings leading to observation] The Project Proponents state that the carbon credits generated by the project will not be traded. However, it is not clear how is the project funded after the grant fund period.	
Observation: The Project Proponents should specify how double counting of GHG emissions will be avoided (if the offsets are traded).	

OBS 14/09	Reference Standard & Requirement: CL2.1
[Description of findings leading to observation] The locations of designated “pasture permit areas” which will allow grazing of animals displaced from the project area are not specified. There is no explanation of the arrangement of grazing management on these areas. Without such information, the practicality of such an approach to lessen leakage to zero becomes questionable.	
Observation: The Project Proponents should provide detail on the designated pasture permit areas including the arrangements of grazing management.	

OBS 15/09	Reference Standard & Requirement: CL2.2
[Description of findings leading to observation] The PDD describes a number of activities that will help mitigate the leakage. These activities are introduction of rice hull stoves and fuelwood planting by agroforestry participants, protection and restoration of forests and education and communication campaign. However, the section (CL2.2) does not mention mitigating the off-site impacts due to displacement of grazing of animals to new pasture permit areas.	
Observation: The Project Proponents should include the mitigation measures on all types of leakage that are expected due to the project activities.	

OBS 16/09	Reference Standard & Requirement: CL3.1
[Description of findings leading to observation] The PDD describes the carbon stock changes within the project using the methods outlined in the Section 6 of methodology AR-AMS0001. The PDD further elaborates which carbon pools and the factors to be used in determining the strata to be monitored. Carbon stocks in the soil, organic matter and deadwood pools are expected to be constant in the “with-project” scenario. Considering that the biomass over the project area will be increased, this may be a conservative assumption, however it is not defended.	
Observation: The Project Proponents should defend the conservativeness of the assumption that soil, organic matter and deadwood pools are expected to be constant in the “with-the project” scenario.	

OBS 17/09	Reference Standard & Requirement: CM1.1
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[Description of findings leading to observation]

The PDD provides general discussion concerning the positive impact of the project on five barangays (villages) of Penablanca municipality using the asset-based livelihood framework. As reflected in the PDD, the community will benefit from increasing household income, trainings and capacity building on reforestation and agroforestry activities and from improved environmental services. The reforestation activities will involve 480 family participants while agroforestry will involve 628 upland farmers. And there is a MOA between the Proponents and agroforestry farmers which also includes the establishment of the reforestation fund. An alternative cooking scheme using rice hull stoves is described in the PDD as a means to reduce deforestation resulting from fuelwood collection and charcoal production.

At the time of audit, the auditors interviewed some of the farmers, organized a group meeting involving farmers from all five barangays and visited some agroforestry farms. From these field validations, it was reflected that the "with project" scenario will bring social and economic well being for the community groups.

However, the audit team found that there exist unclarity on the institutional sustainability of the reforestation fund among the farmer participants and even with some of the project staff and implementing partners. It was also found out that the adoption of rice hull stoves to reduce fuelwood consumption is at a very preliminary stage of development.

Observation:

The Project Proponents should expand clearly the PDD to demonstrate the institutional sustainability of the reforestation fund. They should explore and substantiate the information on the adoption of rice hull stoves with scientific reports or regional studies.

OBS 18/09

Reference Standard & Requirement: **CM1.2**

[Description of findings leading to observation]

The PDD briefly mentions that project activities will improve hydrological service of the project area. It does not mention other HCV attributes (G1.8.4-6). However, as reflected in discussion with communities and local partners at the time of audit, it was found that the project site provides other HCV attributes such as biodiversity conservation, soil erosion control and livelihood services.

Observation:

The Project Proponents should evaluate and describe in PDD whether the project zone includes any of the High Conservation Values (HCVs) listed from 1.8.4 - 6. If there are any, explore the HCV attributes and demonstrate that project activities will not be negatively affecting these.

OBS 19/09

Reference Standard & Requirement: **CM3.2**

[Description of findings leading to observation]

The PDD describes an initial plan for assessing the effectiveness of measures used to maintain only hydrological services of the project site. However, as reflected in the discussion and local consultation and field visit at the time of audit. The audit team found that the project zone have some attributes that may be HCV relative to community well-being.

Observation:

The Project Proponents should evaluate and describe in PDD whether the project zone includes any of the High Conservation Values (HCVs) listed from 1.8.4 - 6. If there are any the Project Proponents should develop a plan for the assessment of effectiveness of measures to be used to enhance the HCV related to community well-being.

OBS 20/09

Reference Standard & Requirement: **B1.4**

[Description of findings leading to observation] The PDD describes the project is only using indigenous species for planting activities. It also mentions about the use of kakawate (<i>Gliricidia sepium</i>) which is justified as being naturalized to the region and therefore not foreseen to have any adverse effect on the region's environment. However, there is no reference cited to demonstrate that kakawate will not cause negative effect on the region's environment.	
Observation: The Project Proponents should substantiate the information about kakawate with scientific papers or regional studies.	

OBS 21/09	Reference Standard & Requirement: B2.2
[Description of findings leading to observation] The PDD explains some mitigating measures in relation to addressed identified offsite biodiversity impacts of wildling collection and chemical use in the project area. However, the document does not mention "plant density" in areas for reforestation and agroforestry development. This has bearing on the issue of gathering of wildlings for planting material. Further, it is not clear what would be the percentage of plantation to be supported by wildlings raised by the communities. At the time of audit, the audit team found out that the Project Proponents presented a field guide to non-chemical pest management for the production of mango but did not present field manual or written guidelines in terms of proper wildling collection methods.	
Observation: The Project Proponents should describe the technical details in relation to wildling collection.	

OBS 22/09	Reference Standard & Requirement: B3.2
[Description of findings leading to observation] The PDD briefly mentions about the monitoring of species of trees planted in the project site. However, it does not mention any plan with regards to the assessment of effectiveness of measures used to maintain or enhance HCV.	
Observation: The Project Proponents should evaluate and describe in PDD whether the project zone includes any of the High Conservation Values (HCVs) related to globally, regionally or nationally significant biodiversity (G1.8.1-3). If there are any the Project Proponents should develop an initial plan to assess the effectiveness of measures to be used to maintain or enhance all these values.	

OBS 23/09	Reference Standard & Requirement: GL 3.1 (Vulnerability)
[Description of findings leading to observation] The PDD describes that the project site is a part of the Penablanca Protected Landscape and Seascape that has been identified as a key biodiversity area (KBA). The KBA was identified based on the recorded occurrence of 1 critically endangered species, 5 endangered species and 22 vulnerable species. According to the revised IUCN Red List of 2009, the landscape has recorded occurrence of 2 critically endangered species (Philippine Eagle, <i>Pithecophaga jefferyii</i> , and the Isabel Oriole, <i>Oriolus isabelae</i>), 3 endangered species (Taylor's Igorot frog, <i>Platymantis cantorii</i> ; Golden-crowned fruit bat, <i>Acerodon jubatus</i> ; and Cantor's soft-shelled turtle, <i>Pelechelys cantorii</i>) and 20 vulnerable species. However, the Project Proponents are not clear whether there is a presence of at least a single individual of critically endangered and endangered species or presence of at least 30 individuals or 10 pairs of any vulnerable species at the project site according to the IUCN Red List at the project site.	

Observation:

The Project Proponents should provide by referring scientific reports or global studies whether there is a presence of at least a single individual of critically endangered and endangered species or presence of at least 30 individuals or 10 pairs of any vulnerable species at the project site according to the IUCN Red List at the project site.

OBS 24/09

Reference Standard & Requirement: **GL3.2 (Irreplaceability)**

[Description of findings leading to observation]

The PDD describes the occurrence of endemic species within the Penablanca Protected Landscape and Seascape as well as includes description about restricted range species that are endemic to the Luzon island. However, the PDD does not provide any population data and it assumes "uniform distribution" without referring to any scientific reports or global or regional studies. Nor it provides any species specifics data in relation to the project site.

Observation:

The Project Proponents should demonstrate the irreplaceability value of the site by providing evidence substantiated through scientific reports or global or regional studies in relation to the project site.

2.4 Actions Taken by Company Prior to Report Finalization

The first draft of the validation audit report was submitted to the Project Proponents on November 24, 2009. The Project Proponents responded to the CARs on December 8, 2009 with a revised PDD (PDD dated December, 2009, file: CCB-PDD-PPSRP ver Dec 8.pdf).

Rainforest Alliance evaluated all of the CARs issued in the first draft of the validation audit and found that all of the mandatory CCB criteria had been met as described in section 2.3.1 above. The corrective actions taken by the Project Proponents are indicated within the detailed findings in section Appendix B, 3 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.

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.	1 st November 2009 at 1530 hrs	5 hours	J Boutmy, PC Dugan, I Sapkota
Conservation International Offices: door 5, De Peralta Building, Andrew Sub Division, Bagay Road, Caritian Centro, and Tuguegarao City, Philippines.	2 nd November 2009 at 0900 hrs	3 hours	J Boutmy, PC Dugan, I Sapkota

Document review.			
Site visit (Reforestation & Agroforestation farms) and & site interviews with the project participants and local partners at Barangays Sisim and Cabasan	2 nd November 2009 (1300 - 1730 pm)	4 hours	J Boutmy, PC Dugan, I Sapkota
Lorita Hotel, Tuguegarao City Individual interview with Protected Area Superintendent of Peñablanca Protected Landscape and Seascape (DENR-CENRO)	2 nd November 2009 (1900 to 2100 pm)	2 hours	J Boutmy, PC Dugan, I Sapkota
Site visit & Stakeholders meeting with the Community/Project participants from the 5 covered barangays held at Project Bunkhouse at Cabasan, Peñablanca, Cagayan	3 rd . november, 2009 (12:00 - 14:30pm)	2,5 hours	J Boutmy, PC Dugan, I Sapkota
Villa Victoria Hotel, Tuguegarao City. Meeting with the LGU Peñablanca and DENR partners	3 rd . November, 2009 (15:30 -17:30 pm)	2 hours	J Boutmy, PC Dugan, I Sapkota
Conservation International Offices: Tuguegarao City, Philippines. Meeting with CIP Staff	3 rd . November, 2009 (18:30 - 19:30 pm)	1 hour	J Boutmy, PC Dugan, I Sapkota
Conservation International Offices: Tuguegarao City, Philippines. Closing meeting with CIP Staff	4 th . November, 2009 (15.00 – 16.30 pm)	1,5 hours	J Boutmy, PC Dugan, I Sapkota
Site visit (Reforestation & Agroforestation farms) and & site interviews with the project participants at Barangay Mangga	7 th . November, 2009 (15.00 – 18.30 pm)	3,5 hours	J Boutmy, PC Dugan, I Sapkota

3.2 Description of Audit Process

Rainforest Alliance (RA) submitted a proposal to Conservation International that outlined a CCB Standards validation audit. The proposal was finalized and accepted in August 2009. Conservation International prepared a PDD and the PDD has been posted in CCBA website from September 2009. RA undertook a desk review of the PDD on Oct 21 to 23, 2009 to evaluate the project design in advance of on-site audit dates. This pre-validation desk review resulted in a brief report on October 28, 2009 to Conservation International indicating observations of gaps related to conformance with the standards identified in the PDD.

Prior to field validation, a validation plan was sent to Conservation International and accepted by the Project Proponents. The validation audit plan outlined the necessary meetings, individuals to meet with and locations and sites to inspect.

The on-site audit process consisted of the following:

- An initial meeting with the project staff, project managers and auditors.
- Direct on-site visits to the project participants (Reforestation and agroforestry).
- Consultation with local stakeholders.
- On-site Stakeholders meeting with the Community/Project participants from the five covered barangays.
- Stakeholders meeting in Tunguegarao with the Department of Natural Resources (DENR) and Local Government Units of Peñablanca (LGU) partners.
- Interviews with local staff and all organizations involved in the project.
- Review of all relevant project documents.
- Closing meeting that reported upon the initial findings of the audit.

3.3 Documents reviewed

Review Date	Title and version
August 2009	Philippine Peñablanca Sustainable Reforestation Project Design Document (PDD dated August 2009, file: ccbs2-pddppsrp-ver-aug30rev.pdf). Details of Land Cover Mapping Employed in the Project Site. Report: Carbon Stocks Assessment of the Philippine. Peñablanca Sustainable Reforestation Project. Report: Socio-Economics of Communities. Copy of MOA for family participants. Report: Business Plan and Implementing Guideline of Reforestation Fund. Compilation of documentation reports of meetings and Consultations. MOU among project partners. CI Policy on hiring. PAMB Resolution 7-2007 approving the implementation of

November 2009	<p>Philippine Peñablanca Sustainable Reforestation Project Field Guide to Non-chemical Pest Management in Mango Production (by Pesticide Action Network, 2005. Hamburg, Germany).</p> <p>Monitoring plan for biodiversity.</p> <p>Manual on Operations Comprehensive Site Development (DENR-Forestry Sector Project)</p> <p>Minimum Activity Standards and Quality Standards for Reforestation Projects.</p> <p>Bugatay Barangay Executive Order Reorganizing the barangay Peace and Order Committee.</p> <p>Bugatay Barangay Resolution Establishing the Community Disaster Preparedness Program and Barangay Disaster Coordinating Council.</p> <p>Nursery Monitoring Process.</p> <p>IEC and Forest Protection Plan of PPLS (October 2001 – July 2010).</p> <p>Fire Prevention and Suppression Plan of PPSRP.</p> <p>Memorandum of Agreement (Reforestation) signed by Family Participant.</p> <p>Memorandum of Agreement (Agroforestry) signed by Family Participant.</p> <p>Annual Reports (Reforestation and Agroforestry August 2008, Joint Research and development August 2008, Reforestation and Agroforestry – draft – July 2009, Joint research and Development – Draft – July 2009)</p> <p>Minutes of PAMB Meetings/Execom.</p> <p>Consultations Meetings / General Assemblies.</p>
December 2009	<p>Philippine Peñablanca Sustainable Reforestation Project Design Document (PDD dated December, 2009, file: CCB-PDD-PPSRP ver Dec 8.pdf) (prepared by Toyota Motor Corporation and Conservation International)</p> <p>Documentation of Work to Address CARs and Observations, December, 2009 (prepared by Toyota Motor Corporation and Conservation International)</p> <p>Payroll records (labor wages) covering Nov 23 to 29 & Nov 16 to 28, 2009 (2 sheets)</p>

3.4 Stakeholder consultation process (if applicable)

The CCBA requirements for stakeholder consultation are that the project design document(s) describing how the project meets CCB criteria must be posted on the CCBA website 30 days prior to the on-site field audit. Conservation International prepared a project design document, which was submitted to the CCBA and posted in September 2009. In the stakeholders comment period no comments were received.

During the validation process, the audit team met and discussed with a wide range of stakeholders, project proponents, community members, project participants (reforestation & agroforestry), and partners of the project (LGU Peñablanca and DENR).

Also organized during the audit were two stakeholders' group meetings. One meeting with the Community/Project participants from the five covered barangays held at Project Bunkhouse at Cabasan, Peñablanca, Cagayan. The second meeting with the Department of Natural Resources (DENR) and Local Government Units of Peñablanca (LGU) partners at the Villa Victoria Hotel in Tuguegarao City.

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: jacay@conservation.org

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: jacay@conservation.org

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 / y.natori@conservation.org	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Products/Descriptions:		Yes <input type="checkbox"/> No <input type="checkbox"/>

3 Validation Scope

3.1 Scope Definition:

This is a carbon project design validation that covers 2,943 hectares of degraded lands in five barangays (districts) in the Municipality of Peñablanca, Province of Cagayan in the northern Luzon Island of the Philippines. Reforestation, enhancement planting and agro-forestry activities will be implemented in two phases from 2007 to 2013. Moreover, the

project is intended to have a duration of 30 years in terms of GHG accounting period, and it envisions that by the end of the Phase 2 in 2013, the project will have created sustainability mechanisms and institutions such as the Reforestation Fund and the capacity of community beneficiaries as an organization to manage their agroforestry and reforestation areas for the long term. The first 6 years of the project is considered as the development phase that has been designed to achieve long-term climate, community, and biodiversity benefits.

The Toyota Motor Corporation (TMC), Department of Environment and Natural Resources (DENR), Local Government Units of Peñablanca (LGU) and Conservation International (CI) concluded a grant agreement and the Philippine Penablanca Sustainable Reforestation Project was launched in September 2007. The validation was requested by Conservation International. The criteria for this validation follow Climate, Community and Biodiversity Project Design Standards, Second Edition, December 2008.

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

3.3 Jurisdiction: Republic of the Philippines

Appendix B: STANDARD CHECKLIST CCBA STANDARDS

1 Evaluation of Project

Project Name:	Philippine Penablanca Sustainable Reforestation Project
Contact for Validation:	Yoji Natori
Address:	Conservation International Japan, PO Box 1502, Shinkuku i-land Tower 39f 6-5-1 Nishi_Shinjuku, Shinjuku-ku, Tokyo, 163-1339
Tel/Fax/Email:	+81369116640 / y.natori@conservation.org

2 Evaluation Details

Auditor(s), Qualifications:	<p>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.</p> <p>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 a validation of a project in the Philippines using the 1st Edition of the CCBA Standards.</p> <p>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 SmartWood forest management 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.</p> <p>Adam Gibbon 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 & Geography.</p>
Sites Visited:	See audit plan from section 3.1 above (Audit Overview)

<p>People Interviewed, Titles:</p>	<p>Yoji Natori, CI Project Coordinator Juan Acay, Jr., CI Forestry and Carbon Project Manager Eduardo H. Angadol, CI Protected Area Associate Oliver Coroza, CI Spatial Analysis and Information Service Unit Leader Rowena Boquiren, CI Socioeconomics and Policy Unit (SEPU) Team Leader Gina Tumanguil, CI IEC Assistant Milagros Sucaldito, CI Biologist Franklin Dalin, CI Project Field Technical Assistant Norman Calatcat, Local Resident – Cabasan Jovito Allam, Barangay Official-Cabasan Andres Zingabo, Local Resident – Sisim For. Tito Mangantulao, DENR/ Protected Area Superintendent of Peñablanca Protected Landscape and Seascape Orlando Calimag, Conservation International – Tuguegarao Ernesto Calimag, Resident of Barangay Mangga, Peñablanca Mrs. Calimag, Resident of Barangay Mangga, Peñablanca</p>
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3 Standard Checklist

Climate, Community and Biodiversity Project Design Standards Second Edition, December 2008

GENERAL SECTION

G1. Original Conditions at Project Site - Required

Concept

The original conditions at the project area¹ and the surrounding project zone² before the project commences must be described. This description, along with baseline projections (G2), will help to determine the likely impacts of the project.

Indicators

The project proponents must provide a description of the project zone, containing all the following information:

General Information

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

Findings	The PDD describes the location of the project and basic physical parameters such as topography and soils, hydrology and climate of the project site. The document also provides maps that demonstrate the overall location of the project site and actual location where field checked during the on-site audit and found to be accurate. However, the PDD does not describe the geology of the project site.
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Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
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CAR/OBS	OBS 01/09
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The proponent should describe the geological information of the project site.

- 2) The types and condition of vegetation within the project area.

Findings	The PDD describes the vegetation conditions and types within the project site. These consist of cultivated areas, teak/gmelina, grassland, brushland plus open and closed canopy forest. The discussion contains a brief description on the process of deforestation since the 1960's. The PDD also states that teak/gmelina plantations would revert to grassland once these timber stands are harvested. The conditions of the project site were evaluated during the field audit and were consistent with the PDD.
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Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
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CAR/OBS	
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- 3) The boundaries of the project area and the project zone.

Findings	The PDD describes the boundaries of the project area which consist of five barangays namely; Cabasan, Bugatay, Sisim, San Roque and Mangga. However, the information regarding the definitions of the project zone is at times unclear. For example, in section G1.3, under the heading "The boundaries of the project area and the project zone" it is stated that "the project area is 2,943 hectares in total targeted for reforestation, enhancement planting, agroforestry and forest conservation activities." However, in section G 2.3 (on page 26), it is said to be 2,500 ha in terms of determining the future carbon stock changes. Yet the map in Figure 10 shows that these agroforestry,
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¹ The 'project area' is defined as the land within the carbon project boundary and under the control of the project proponent.

² The 'project zone' is defined as the project area and the land within the boundaries of the adjacent communities potentially affected by the project.

enrichment planting and reforestation will be carried out totally within the project area. 'And in section G1.4, 1,329 ha is considered for A/R activity carbon accounting. Table 1.4 gives detail of 1,010.67 ha in terms of current carbon stocks of A/R and conservation areas. Moreover, under section G1.3, it is stated that it is not possible to delineate community project zone on a map.

The audit team discussed this with the project proponent at the time of audit. They are clear on the boundaries of the project area but not on project zone.

The Project Proponents provided a map with clear definition of the boundaries of the project zone and project area (on page 15 of the revised December 2009 version of the PDD).

Conformance
CAR/OBS

Yes No N/A

CAR 01/09

The Project Proponents shall clearly define the project zone and reflect it accordingly on a map.

This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.

Climate Information

- 4) Current carbon stocks within the project area(s), using stratification by land-use or vegetation type and methods of carbon calculation (such as biomass plots, formulae, default values) from the Intergovernmental Panel on Climate Change's 2006 Guidelines for National GHG Inventories for Agriculture, Forestry and Other Land Use³ (IPCC 2006 GL for AFOLU) or a more robust and detailed methodology.⁴

Findings

The PDD describes how aboveground carbon stocks were determined within the project area. To determine the number of sample plots, the Proponent used IPCC Good Practice Guidance (Chap 4, p4.97) and IPCC 2006 Guidelines for AFOLU as the method used for stratification of the project area.

No elucidation is provided on how brushland became a land cover classification considering that no such category is provided in Volume 4 (AFOLU) of the 2006 IPCC Guidelines. At the time of audit, the Project Proponent explained different land use classifications as recognized by a Philippine national land classification system and assured they will refer it in the PDD in relation to brushland.

Conformance
CAR/OBS

Yes No N/A

OBS 02/09

The Project Proponents should expand information on brushland classification in the PDD.

Community Information

³ Volume 4 Agriculture, Forestry and Other Land Use <http://www.ipcc-nggip.iges.or.jp/public/2006gl/vol4.html>

⁴ In cases where a published methodology is used, the full reference must be given and any variations from the published methodology must be explained.

- 5) A description of communities⁵ located in the project zone, including basic socio-economic and cultural information that describes the social, economic and cultural diversity within communities (wealth, gender, age, ethnicity etc.),⁷ identifies specific groups such as Indigenous Peoples⁶ and describes any community characteristics.⁷

Findings	The PPD describes the various conditions of the communities located in the project zone. There are five barangays comprising of 1,391 households with 6,722 persons out of 40,237 persons in the whole municipality of Penablanca. Agriculture, especially farming, is the dominant source of livelihood with forest as a source of supplemental income and energy needs. Half of the households are farmers with very low monthly incomes ranging from \$68 to \$102. Ninety percent of the population is Itawes which is the principal indigenous group of the area. At the time of audit, the general socio-economic conditions of the communities were observed during the field visit and found consistent with the PDD.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

- 6) A description of current land use and customary and legal property rights including community property⁸ in the project zone, identifying any ongoing or unresolved conflicts or disputes and identifying and describing any disputes over land tenure that were resolved during the last ten years (see also **G5**).

Findings	<p>The PDD describes six types of land cover classes within the project area which includes tenured and untenured lands. Twenty-two percent of the project area is tenured with Certificates of Stewardship Contracts (CSC) issued by the government. However, no information is given as to when CSCs were issued so it cannot be determined whether these are still valid or not. There is not indication whether the non-productive CSC-tenured lands also comprise grasslands. Extent of the untenured areas is not quantified.</p> <p>At the time of audit, the Project Proponents provided information to the auditors on the dates that the CSCs were issued some of which will expire in 2012. However, there is no assurance and proof that these will be renewed for another 25 years.</p> <p><i>The Project Proponents obtained a written commitment from the DENR Regional Executive Director with regards to approval/renewal of long-term tenure instruments for the tenure holders participating in the project for another 25 years, upon reaching their expirations (page 20 of the revised December 2009 PDD and its Appendix 2 Letter of DENR support).</i></p>		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
	<p>CAR 02/09</p> <p>The Project Proponents shall provide a written commitment from the authority (DENR) ensuring that the expiring CSCs will be renewed for another 25 years and refer it in the PDD.</p> <p>This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.</p>		

⁵ 'Communities' are defined as all groups of people—including Indigenous Peoples, mobile peoples and other local communities—who live within or adjacent to the project area as well as any groups that regularly visit the area and derive income, livelihood or cultural values from the area. (See Appendix B: Glossary for more information.)

⁶ 'Indigenous Peoples' are defined as distinct, vulnerable, social and cultural groups whose members identify themselves as belonging to an indigenous cultural group. (See Appendix B: Glossary for more information.)

⁷ Community characteristics may include shared history, culture, and livelihood systems, relationships with one or more natural resources, or the customary institutions and rules governing the use of resources.

⁸ Including lands that communities have traditionally owned, occupied or otherwise used or acquired.

Biodiversity Information

- 7) A description of current biodiversity within the project zone (diversity of species and ecosystems⁹) and threats to that biodiversity, using appropriate methodologies, substantiated where possible with appropriate reference material.

Findings	<p>Based on the quality of the survey, the PDD provides information on the flora and fauna including threats to the biodiversity. However, it does not describe ecosystems and diversity of reptiles and large mammals.</p> <p>During the fieldwork at the time to audit, the auditors were informed by stakeholders that the project zone did indeed have a variety of fauna which were not described in the PDD, such as reptiles and large mammals (deer).</p> <p><i>The Project Proponents substantiated information categorically in the revised December 2009 PDD in relation to diversity of species and ecosystems of the project zone and threats to the biodiversity in detail (page 21 to 23) including the information and analysis from systematic and non-systematic survey.</i></p>
Conformance CAR/OBS	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> <p>CAR 03/09</p> <p>The Project Proponents shall provide complete information on the diversity of species and ecosystems and threats to that biodiversity.</p> <p>This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.</p>

- 8) An evaluation of whether the project zone includes any of the following High Conservation Values (HCVs) and a description of the qualifying attributes:¹⁰

(Note: all the findings in relation to section 1.8.2, 1.8.3, 1.8. 5, and 1.8.6 were grouped under CAR 04/09 (see section 2.3.1above also) as they all were related to HCVs identification of the project zone. However, the findings here are dealt respectively within the concerned section as the revised December 2009 version of the PDD provided relevant information respectively. This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009. Please refer detail below in the relevant section.)

- 8.1. Globally, regionally or nationally significant concentrations of biodiversity values;
- a. protected areas¹¹
 - b. threatened species¹²
 - c. endemic species¹³

⁹ Equates to habitat types, biotic communities, ecoregions, etc.

¹⁰ These high conservation value criteria are based on those defined by the High Conservation Value (HCV) Resource Network <http://hcvnetwork.org/>. Practical help is available for using HCVs in each region, including generic guidance documents (Toolkits) and Country Pages.

¹¹ Legally protected areas equivalent to IUCN Protected Area Management Categories I-VI (see http://www.iucn.org/about/union/commissions/wcpa/wcpa_work/wcpa_strategic/wcpa_science/wcpa_categories/index.cfm for definitions) as well as areas that have been proposed for protected area status by the relevant statutory body but have not yet been officially declared, and including areas protected under international conventions (e.g., Ramsar sites, World Heritage Sites, UNESCO Man-and-Biosphere Reserves, etc.).

¹² Species that qualify for the IUCN Red List threat categories of Critically Endangered (CR), Endangered (EN) and Vulnerable (VU). (See www.iucnredlist.org and Appendix B: Glossary for more information.) Additional national or regional listings should also be used where these may differ from the IUCN Red List.

¹³ Species for which the entire global range is restricted to the site, the region or the country (the level of endemism must be defined).

- d. areas that support significant concentrations of a species during any time in their lifecycle (e.g. migrations, feeding grounds, breeding areas).

Findings	The PDD describes that the project zone is within the Penablanca Protected Landscape and Seacape (PPLS) identified as one of the key biodiversity areas (KBA) in the Philippines. Based on KBA analysis there are 27 threatened species and 20 endemic species within the protected landscape. However, it is not clear what is the extent of the project zone within the PPLS in terms of biodiversity.
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> OBS 03/09 The Project Proponents should provide complete information on biodiversity values in relation to the project zone.

8.2. Globally, regionally or nationally significant large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance;

Findings	The project zone falls within a proclaimed protected landscape (Penablanca Protected Landscape and Seacape) that is part of a national protected area system, which is recognized as a key biodiversity area of national significance. It has been found to contain 1 critically endangered, 5 endangered and 22 vulnerable species of terrestrial fauna. It also has 11 critically endangered plants. The auditors found some attributes that may be High Conservation Values. However, the PDD does not provide any information on these. <i>The Project Proponents provided information in relation why there are no HCVs of this type identified within the project zone in the revised December 2009 PDD (on page 24). The PDD explains that the project zone includes a mixture of various land covers and land uses, such as forest, grassland, shrubland, upland and lowland farms, and built-up areas. Closed-canopy forests (mostly primary or natural) exist in fragmented, small patches, and open-canopy forests (mostly secondary) are also fragmented and disturbed by human activities. Under these settings, there are no landscape level areas that support viable populations of naturally occurring species under natural patterns of distribution and abundance.</i>
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> CAR 04/09 The Project Proponents shall evaluate and describe in PDD whether the project zone includes any of the High Conservation Values (HCVs) listed from 1.8.1 - 6 and describe the qualifying attributes. This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.

8.3. Threatened or rare ecosystems;

Findings	The project zone was found to be located in the Penablanca Protected Landscape and Seacape which has been identified as a Key Biodiversity Area consisting of threatened and rare ecosystems. The auditors found some attributes that may be High Conservation Values. However, the PDD does not mention anything about threatened and rare ecosystems within the project zone. <i>The Project Proponents provided information in relation why there are no HCVs of this type identified within the project zone in the revised December 2009 PDD (on page 25). As reflected in the PDD, the ecosystems in the project zone are rather common and</i>
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typical; no natural forest patches, riverine, grassland or shrubland represent ecosystems that are naturally rare or unique. The remaining natural forests are not rare in species composition. The degraded condition of the project zone makes it unlikely that important site feature for ecosystem services and supporting biodiversity is present.

Conformance
CAR/OBS

Yes No N/A
CAR 04/09

The Project Proponents shall evaluate and describe in PDD whether the project zone includes any of the High Conservation Values (HCVs) listed from 1.8.1 - 6 and describe the qualifying attributes.

This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.

8.4. Areas that provide critical ecosystem services (e.g., hydrological services, erosion control, fire control);

Findings

The PDD mentions "domestic water supply" as the only ecosystem service in the project area. However, it does not contain discussion on other services like fire protection and soil erosion controls which are mentioned in the supplement documents. Additionally, the auditors found out that the project zone also provides other ecosystem services like soil replacement and biodiversity conservation as expressed by the local stakeholders.

Conformance
CAR/OBS

Yes No N/A
OBS 04/09

The PDD should describe how other ecosystem services were determined to be not-critical.

8.5. Areas that are fundamental for meeting the basic needs of local communities (e.g., for essential food, fuel, fodder, medicines or building materials without readily available alternatives); and

Findings

The PDD does not mention any information whether the zone are fundamental for meeting basis needs of local communities. However, the auditors found out that the project zone is fundamental for the basic needs of the communities like fuelwood, fruit, construction materials and other products.

The Project Proponents described why there are no HCVs of this type identified within the project zone in the revised December 2009 PDD (on page 25 and 26). The first layer of those who access the forest resources within the project area include those from Cabasan, Bugatay, Sisim, San Roque and Mangga. Those from the second layer, that is those from the project zone beyond these 5 communities, are a few residents who pursue slash-andburn farming and unregulated activities like charcoal making, firewood gathering and logging within the project zone. As mentioned in the PDD, economic baseline data from these communities indicate, however, that resources from project zone are, although useful, not fundamental to these communities in as much as they have other sources of livelihood and other forest areas from which they can secure these resources.

Conformance
CAR/OBS

Yes No N/A
CAR 04/09

The Project Proponents shall evaluate and describe in PDD whether the project zone includes any of the High Conservation Values (HCVs) listed from 1.8.1 - 6 and describe the qualifying attributes.

scenarios and the associated drivers of GHG emissions and justifying why the land-use scenario selected is most likely.

Findings	<p>The PDD describes the most likely land use scenario in absence of the project using satellite imagery from 1989 to 2007, field surveys and interviews.</p> <p>Table 5 indicates that the area under "tree cover" (teak/gmelina, brushland, open and closed canopy forest) actually increased between 1989-2007 by 1,297.4 hectares and that grassland decreased very significantly by 7,720.2 hectares. However, the information is for over the whole protected landscape of 164,680.46 hectares; so it is not clear about the average annual changes with respect to the project area.</p> <p>Furthermore, in discussions with the auditors, the Project Proponents explained that the use of the larger area (protected lanscape), as against only the project area, as a basis for determining land cover change results in a conservative deforestation figure.</p>
Conformance CAR/OBS	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> <p>OBS 05/09</p> <p>The Project Proponents should review additionality aspect especially if land cover change data in Table 5 applies to the project area as well as the overall protected landscape. The Project Proponents should also incorporate their explanations to the auditors in the PDD on the use of a larger area for determining land cover change.</p>

- 2) Document that project benefits would not have occurred in the absence of the project, explaining how existing laws or regulations would likely affect land use and justifying that the benefits being claimed by the project are truly 'additional' and would be unlikely to occur without the project.¹⁵

Findings	<p>The PDD describes stakeholder interviews and land use surveys which provided the basis for determining land use. It also points out institutional, technological and cultural barriers that force the stakeholders to continue with their land use practices (i.e. marginal farming). The document also explains that the agency administering the protected lanscape (project area) is beset by its own institutional weaknesses, thereby preventing it from undertaking protection activities. The PDD further indicates increasing population as a cause of more conversion into farmlands. The Proponents asserts that these factors and conditions establish the additionality of the project.</p> <p>Interviews of stakeholders (community members, DENR and the local government units) by the auditors established the above premises as true. However, the auditors noted the Proponents did not analyze the additionality due the project including other potential benefits.</p>
Conformance CAR/OBS	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> <p>OBS 06/09</p> <p>The Project Proponents should expand the PDD in relation to key project activities including an analysis of additionality and explain whether or not these would happen without the project.</p>

- 3) Calculate the estimated carbon stock changes associated with the 'without project' reference scenario described above. This requires estimation of carbon stocks for each of the land-use classes of concern and a definition of the carbon pools included, among the classes defined in the IPCC 2006 GL for AFOLU.¹⁶ The timeframe for this analysis can be either the project lifetime (see **G3**) or the project GHG accounting period, whichever is more appropriate.¹⁷ Estimate the net change in the emissions of non-CO₂ GHG emissions such as CH₄ and N₂O in the 'without project' scenario. Non-CO₂ gases must be

¹⁵ Project proponents must demonstrate that project activities would not have been implemented under business as usual due to significant financial, technological, institutional or capacity barriers. Actions implemented by the project must not be required by law, or project proponents must demonstrate that the pertinent laws are not being enforced. Project proponents must provide credible and well-documented analyses (e.g., poverty assessments, farming knowledge assessments, or remote sensing analysis) to demonstrate that the 'without project' reference scenario reflects land-use practices that are likely to continue or that otherwise differ from the land-use practices expected as a result of project activities.

¹⁶ Above-ground biomass, below-ground biomass, deadwood, litter, soils.

¹⁷ In some cases, the project lifetime and the project GHG accounting period may be different.

to 34), and the information is substantiated with scientific studies and other documents. Such as Environment and Economics Center for Studies provides projection for impacts on hydrology of the Pinacanauan River watershed, which include the project area (REECS, 2005a), and economic considerations (REECS, 2005b, c). Sambale (2006) is a study on socioeconomic drivers of deforestation in PPLS. Conservation International (2008) is a compilation of lessons from the experiences in PPLS, which include useful account for people's behavior. National Irrigation Administration (2006) provides data on soil loss. Municipal and regional development plans (Peñablanca Municipal LGU, 2003; Regional Development Council Region 02, 2005) serve as a base to determine baseline land use scenario.

Conformance
CAR/OBS

Yes No N/A
CAR 05/09

The PDD shall describe the impacts of likely changes in all the locally important ecosystem services and substantiate their statements in the PDD with scientific literature or regional studies.

This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.

- 5) Describe how the 'without project' reference scenario would affect biodiversity in the project zone (e.g., habitat availability, landscape connectivity and threatened species).

Findings

The PDD describes that continued unsustainable forest (fuelwood and charcoal collection) use and grazing will result in the loss of native forest and conversion into grasslands. This in turn will result to the loss of flora and fauna and biodiversity in the project zone.

The Project Proponents also explained to the auditors that these activities will continue to have negative impacts not only within the project zone but also in remaining parts of the forests in the protected landscape. However, the description on how the "without project" scenario will affect biodiversity is not well organized and reflected in the PDD.

The Project Proponents consolidated an analysis on how the without project scenario would affect biodiversity in the project zone on page 34 of the revised December 2009 PDD. It involves the information for both flora and fauna in terms of habitat and threats to the biodiversity.

Conformance
CAR/OBS

Yes No N/A
CAR 06/09

The Project Proponents shall consolidate all the information cited in the PDD and supplement document and clearly reflect how the "without project" scenario will affect biodiversity in the project zone.

This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.

G3. Project Design & Goals - Required

Concept

The project must be described in sufficient detail so that a third-party can adequately evaluate it.

accounting period nor does it justify why it is different from the project lifetime.

The Project Proponents defined the project lifetime and GHG accounting period clearly in the revised December 2009 PDD (on page 46). As reflected in the PDD, by the end of the Phase 2 in 2013, the project will have created sustainability mechanisms and institutions such as the Reforestation Fund and the capacity of community beneficiaries as an organization to manage their agroforestry and reforestation areas for much longer term, as GHG accounting period extends beyond 2013, and is defined to have a duration of 30 years. The PDD mentions that the project partners, LGU and DENR, will be capacitated to carry on the responsibility of providing the needed technical and facilitation support. The first 6 years of the project is most appropriately considered as the development phase that has been designed to achieve long-term sustainability of the climate, community, and biodiversity benefits.

Conformance
CAR/OBS

Yes No N/A

CAR 07/09

The Project Proponents shall define in this section the GHG accounting period and justify any difference from the project lifetime.

This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.

- 5) Identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime and outline measures adopted to mitigate these risks.

Findings

The PDD identifies fuelwood demand, lack of knowledge, grassfires and illegal activities, grazing astray animals, site preparation, weeding, fertilization and chemical use as the likely human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime. Mitigating measures for each of these risks is well outlines in the PDD. At the time of audit, field consultations and review of the documents also reflected consistency with PDD.

Conformance
CAR/OBS

Yes No N/A

- 6) Demonstrate that the project design includes specific measures to ensure the maintenance or enhancement of the high conservation value attributes identified in **G1** consistent with the precautionary principle.²¹

Findings

The PDD does not include specific measures to ensure the maintenance or enhancement of high conservation value attributes. In section G1.8 the Project Proponents did not identify all the HCV attributes of the project site.

The Project Proponents described specific measures for each of HCV types identified for the project site in the revised December 2009 version of the PDD. The PDD highlights that the project enhances the high conservation value attributes of the project site for biodiversity and environmental services for water.

Conformance

Yes No N/A

²¹ The 'precautionary principle' is defined in the Preamble to the *Convention on Biological Diversity* (1992): '[W]here there is a threat of **significant reduction** or loss of biological diversity, lack of full scientific certainty should not be used as a reason for postponing measures to avoid or minimize such a threat.'

CAR/OBS	<p>CAR 08/09</p> <p>The Project Proponents shall identify all the HCV attributes as required in section G1.8 and include the specific measures to ensure the maintenance or enhancement of each identified HCV attributes in the PDD.</p> <p>This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.</p>
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- 7) Describe the measures that will be taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.

Findings	<p>The PDD does not provide adequate description on how the climate, community and biodiversity benefits will be maintained beyond the project lifetime.</p> <p><i>The Project Proponents described in detail on how the climate, community, and biodiversity benefits will be maintained beyond the project lifetime (on page 48 and 49 supplemented with a conceptual diagram (figure 12) in the revised December 2009 version of the PDD). The key approach taken is to create "the reforestation fund" as a sustainable financing mechanism to maintain and enhance the benefits. The other efforts mentioned in the PDD includes - conservation awareness raising campaign, organizational capacity building for the communities' cooperatives, and the effort by the project to strengthen the institutional sustainability of the cooperatives with the support of various government entities and NGOs.</i></p>
Conformance CAR/OBS	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/></p> <p>CAR 09/09</p> <p>The Project Proponents shall analyze and describe the measures that will taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.</p> <p>This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.</p>

- 8) Document and defend how communities and other stakeholders²² potentially affected by the project activities have been identified and have been involved in project design through effective consultation,²³ particularly with a view to optimizing community and stakeholder benefits, respecting local customs and values and maintaining high conservation values. Project developers must document stakeholder dialogues and indicate if and how the project proposal was revised based on such input.²⁴ A plan must

²² 'Other stakeholders' are defined as the main groups potentially affected by the project activities that are not living on or adjacent to the project site.

²³ Effective consultation requires project proponents to inform and engage broadly with all community groups and other stakeholders using socially and culturally appropriate methods. Consultations must be gender and inter-generationally inclusive and must be conducted at mutually agreed locations and through representatives who are designated by the communities themselves in accordance with their own procedures. Stakeholders affected by the project must have an opportunity to evaluate impacts and raise concerns about potential negative impacts, express desired outcomes and provide input on the project design, both before the project design is finalized and during implementation.

²⁴ 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 appropriate full engagement before the start of the project. Where conformance with the Standards is being applied to a project already under implementation, project proponents must either provide documentation of appropriate consultation during the project design phase or demonstrate how more recent consultations have been effective in evaluating community benefits and adapting project design and implementation to optimize community and stakeholder benefits and respect local customs.

be developed to continue communication and consultation between project managers and all community groups about the project and its impacts to facilitate adaptive management throughout the life of the project.

Findings	The PDD describes how all stakeholders were identified, informed and encouraged to participate in the whole planning process. The PDD also describes a plan to continue consultation and communication process among all project proponents, stakeholders, including the community groups. The auditors confirmed the fact that communities and other stakeholders were involved in project design through consultation. This was also proven through minutes and other documentation reviewed at the time of audit.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

- 9) Describe what specific steps have been taken, and communications methods used, to publicize the CCBA public comment period²⁵ to communities and other stakeholders and to facilitate their submission of comments to CCBA. Project proponents must play an active role in distributing key project documents to affected communities and stakeholders and hold widely publicized information meetings in relevant local or regional languages.

Findings	The PDD was made available on the CCBA website. The Project Proponents affirm that public comment was solicited from stakeholders and communities on the PDD. Dialogues and interviews conducted by the auditors confirm that communities and stakeholders are well informed about the project. Project partners like the DENR and local government units confirmed they either read the PDD or were consulted about it.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

- 10) 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 and other stakeholder grievances within a reasonable time period. This grievance process must be publicized to communities and other stakeholders and must be managed by a third party or mediator to prevent any conflict of interest. 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	The PDD describes a clear process of handling unresolved conflicts. The Project Proponents will make every effort to resolve conflicts at the field level which will be handled by its staff. In case of non resolution, and where field staff are involved, the case will be brought to the barangay (village) officials and follow the process established by government at that level. Beyond this point, the matter will be elevated to the municipal level. The PDD cites actual conflict resolution involving grazing by stray animals and intentional burning in the project area. In both cases, barangay and municipal ordinances were issued to address these issues. The audit team confirmed the presence of the local ordinances with this regard.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

- 11) Demonstrate that financial mechanisms adopted, including projected revenues from emissions reductions and other sources, are likely to provide an adequate flow of funds for project implementation and to achieve the anticipated climate, community and biodiversity benefits.

Findings	The PDD describes the grant fund from the donor under the project lifetime (2007-2013). However the PDD fails to demonstrate the financial mechanism to be adopted beyond the grant fund period. The PDD also does not describe the financial flow and revenues from emission and other sources.		
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²⁵The CCBA public comment period' is the process whereby CCBA posts project documents that are under evaluation by an auditor for conformance with the Standards on www.climate-standards.org for at least 30 days with an invitation and link for public comments to which the auditor must respond in the audit report.

The Project Proponents described the financial mechanism to be adopted beyond the grantfund period in the revised December 2009 version of the PDD. The PDD says, the grant fund from TMC is adequate to support the activities to meet all planned targets during the first six years (though 2013). Beyond the grant fund period, project initiatives covering the agroforestry and reforestation areas will be maintained through the cooperatives— who shall have obtained the appropriate land tenure (the PACBRMA) to manage these areas using the Reforestation Fund. The Table 10 on page 56 provides a detail of financial projection of the reforestation fund.

Conformance
CAR/OBS

Yes No N/A

CAR 10/09

The Project Proponents shall demonstrate the financial mechanism to achieve the anticipated climate, community and biodiversity benefits beyond the grant fund period.

This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.

G4. Management Capacity and Best Practices - Required

Concept

The success of a project depends upon the competence of the implementing management team. 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.

Best practices for project management include: local stakeholder employment, worker rights, worker safety and a clear process for handling grievances.

Indicators

The project proponents must:

- 1) Identify a single project proponent which is responsible for the project's design and implementation. If multiple organizations or individuals are involved in the project's development and implementation the governance structure, roles and responsibilities of each of the organizations or individuals involved must also be described.

Findings

The PDD identifies Conservation International-Philippines (CIP) as the lead implementer of the project. The document also mentions Toyota Motors Corporation, Department of Environment and Natural Resources Region 2 (DENR2) and the local government unit of Penablanca (LGU) as project partners with a clear description of roles and responsibilities. The auditors confirmed that the partnership is formalized through a Memorandum of Understanding (MOU) executed by each of the key institutional partners.

Conformance
CAR/OBS

Yes No N/A

- 2) Document key technical skills that will be required to implement the project successfully, including community engagement, biodiversity assessment and carbon measurement and monitoring skills. Document the management team's expertise and prior experience implementing land management projects at the scale of this project. If relevant experience is lacking, the proponents must either

demonstrate how other organizations will be partnered with to support the project or have a recruitment strategy to fill the gaps.

Findings	The PDD describes the technical skills in general terms needed to implement the project including those of its partners (DENR and LGU). It documents the expertise and prior experience of Conservation International Philippines in implementing similar projects as the PPSRP. It also identifies other project partners such as ICRAF for carbon accounting. All relevant documents including MOU defining roles and responsibilities were reviewed by the auditors. The auditor's interviews with some of the staff and technicians confirmed consistent understanding of their respective roles and responsibilities. However, the PDD does not describe the specifics technical skills of the staff involved in project implementation.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
	OBS 09/09 The PDD should present the description of specific technical skills of the personnel involved in project implementation.		

- 3) Include a plan to provide orientation and training for the project's employees and relevant people from the communities with an objective of building locally useful skills and knowledge to increase local participation in project implementation. These capacity building efforts should target a wide range of people in the communities, including minority and underrepresented groups. Identify how training will be passed on to new workers when there is staff turnover, so that local capacity will not be lost.

Findings	The PDD describes a plan on trainings of project employees and people in the community. It also identifies the methods how this will be achieved. The auditors visited some agroforestry models that were established to demonstrate to local communities and promote farmer-to-farmer training. However, no set of guidelines and training manuals developed by the project on different activities were prepared.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
	OBS 10/09 The Project Proponents should develop guidelines and training manuals on field activities.		

- 4) Show that people from the communities will be given an equal opportunity to fill all employment positions (including management) if the job requirements are met. Project proponents must explain how employees will be selected for positions and where relevant, must indicate how local community members, including women and other potentially underrepresented groups, will be given a fair chance to fill positions for which they can be trained.

Findings	The PDD describes the hiring policy of CI that has given preference and opportunity to those who are from the local community. The auditors confirmed there were locally-hired persons in the project team as well as wage-earning people from the community in field activities.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

- 5) Submit a list of all relevant laws and regulations covering worker's rights in the host country. Describe how the project will inform workers about their rights. Provide assurance that the project meets or exceeds all applicable laws and/or regulations covering worker rights²⁶ and, where relevant, demonstrate how compliance is achieved.

Findings	The PDD provides a list of relevant laws covering laborers rights in the Philippines (Labor Code of the Philippines and Omnibus Rules Implementing the The Labor Code). The PDD mentions that the Project Proponents are in compliance with prevailing laws and regulations covering worker's rights. The Project Proponent communicates workers rights during the selection process and after, periodically during		
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²⁶ 'Workers' are defined as people directly working on project activities in return for compensation (financial or otherwise), including employees, contracted workers, sub-contracted workers and community members that are paid to carry out project-related work.

engagement. However, while interviewing the Project Proponents, the audit team found that compliance with Phillipine labor laws is inconsistent with project practices and systems. The audit team further explored it by interviewing local farmers and wage laborers there was a variation in meeting the requirements of Phillipine laws and regulations in relation to labor rights.

The Project Proponents mentioned in the revised December 2009 version of the PDD that the project has come to agreement with the communities to implement the legal minimum wage rate of PhP220 for all its daily hired laborers (as also evident through payroll records submitted to RA). The PDD further explained that the project communicates to the workers their rights in several occasions, first during the application and interview as part of the recruitment process, and periodically during the engagement period. As lead implementer, CI applies uniformly its policies on human resources development [HRD] which complies with the Philippines' labor law and its implementing rules. For instance, the project will only enter into labor contracts that comply with existing national laws or even international rules that clarify the rights and obligations of both contracting parties. CI is all the more obliged to comply with existing laws to protect and keep its legal status as a recognized global organization. This is checked and verified through external auditing that CI submits itself to annually.

Conformance
CAR/OBS

Yes No N/A
CAR 11/09

The Project Proponents shall provide assurance that the project meets or exceeds all laws and regulations in relation to all workers involved in project activities.

This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.

- 6) 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

The PDD identifies and describes the potential risks to field workers. Project staff, partners and the workers are oriented to observe safety operation guidelines at the beginning of a field activity. However, there are no written standard safety guidelines available at the project.

Conformance
CAR/OBS

Yes No N/A
OBS 11/09

The Project Proponents should develop a standard safety guideline and disseminate it across project participants and workers.

- 7) Document the financial health of the implementing organization(s) to demonstrate that financial resources budgeted will be adequate to implement the project.

Findings

The PDD describes the financial health of Conservation International and also mentions about financial resources which is adequate to implement project activities for the duration of the grant fund period. The audit team verified all the financial documents at the time of audit and found these consistent with the PDD.

Conformance
CAR/OBS

Yes No N/A

G5. Legal Status and Property Rights - Required

Concept

The project must be based on a solid legal framework (e.g., appropriate contracts are in place) and the project must 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 in order to allow adequate time to earn necessary approvals. The project design should be sufficiently flexible to accommodate potential modifications that may arise as a result of this process.

In the event of unresolved disputes over tenure or use rights to land or resources in the project zone, the project should demonstrate how it will help to bring them to resolution so that there are no unresolved disputes by the start of the project.

Indicators

Based on information about current property rights provided in **G1**, the project proponents must:

- 1) Submit a list of all relevant national and local laws²⁷ and regulations in the host country and all applicable international treaties and agreements. Provide assurance that the project will comply with these and, where relevant, demonstrate how compliance is achieved.

Findings	The PDD provides all the relevant laws and regulations at the national level, and assures that the project will comply with these where relevant. However, the PDD does not provide any information with regards to local ordinances and rules. Nor does it mention international treaties and agreements applicable to the project. At the time of the audit, local ordinances issued by the municipal and barangay governments were shown to the auditors.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS	OBS 12/09 The PDD should reflect all the relevant laws and regulations including local ordinances to international treaties and agreements in the Phillippines.		

- 2) Document that the project has approval from the appropriate authorities, including the established formal and/or traditional authorities customarily required by the communities.

Findings	The PDD provides a copy of the Memorandum of Understanding (MOU) between the Department of Environment and Natural Resources and Local Government Unit of Penablanca. It also mentions and provides a copy of the permission from the Protected Area Management Board - the policy making body of the Penablanca Protected Landsscape and Seacape. At the time of audit, the auditors interviewed DENR and LGU authorities and verified the documents.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

- 3) Demonstrate with documented consultations and agreements that the project will not encroach uninvited on private property, community property,²⁸ or government property and has obtained the free, prior, and informed consent of those whose rights will be affected by the project.²⁹

Findings	The PDD asserts that the project site is public land and within the multiple use zone of the Penablanca Protected Landscape and Seacape. It mentions that some farms within the project area are covered with tenurial instruments issued by the DENR and that those without will be granted the same by the Agency. The participation and cooperation of local communities and farmlot occupants has been legitimized and formalized through a Memorandum of Agreement. Interviews made by the audit team		
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²⁷ Local laws include all legal norms given by organisms of government whose jurisdiction is less than the national level, such as departmental, municipal and customary norms.

²⁸ Including lands that communities have traditionally owned, occupied or otherwise used or acquired.

²⁹ In conformance with the United Nations Declaration on the Rights of Indigenous Peoples.

confirmed the information provided in the PDD.

Conformance CAR/OBS Yes No N/A

- 4) Demonstrate that the project does not require the involuntary relocation of people or of the activities important for the livelihoods and culture of the communities.³⁰ If any relocation of habitation or activities is undertaken within the terms of an agreement, the project proponents must demonstrate that the agreement was made with the free, prior, and informed consent of those concerned and includes provisions for just and fair compensation.³¹

Findings The PDD briefly mentions there will be no relocation of the occupants of the land in the project area. However, the audit team found that displacement of cattle has taken place to new pasture permit areas outside of the project site. The arrangement in this regard is not described in the PDD.

The Project Proponents described how and where the relocation of cattle was taken place, and substantiated the arrangement with facts and figure/maps (on page 70 to 74 in the revised December 2009 version of the PDD). The PDD also highlights that in honor of the local ordinance, the cattle owners agreed to move their animals outside the area to the communal pasture area in Cabasan and to other neighboring legitimate pasture areas.

Conformance CAR/OBS Yes No N/A

CAR 12/09

The Project Proponents shall demonstrate that the relocation of cattle and other relocation activities (if any) was made with free, prior and informed consent of the local communities.

This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.

- 5) Identify any illegal activities that could affect the project's climate, community or biodiversity impacts (e.g., logging) taking place in the project zone and describe how the project will help to reduce these activities so that project benefits are not derived from illegal activities.

Findings The PDD identifies wood extraction for fuelwood and charcoal, grazing of stray animals and uncontrolled grassfires as illegal activities in the project zone. The mitigation measures are described in section G3.5.

Conformance CAR/OBS Yes No N/A

- 6) Demonstrate that the project proponents have clear, uncontested title to the carbon rights, or provide legal documentation demonstrating that the project is undertaken on behalf of the carbon owners with their full consent. Where local or national conditions preclude clear title to the carbon rights at the time of validation against the Standards, the project proponents must provide evidence that their ownership of carbon rights is likely to be established before they enter into any transactions concerning the project's carbon assets.

Findings The PDD does not clearly address the ownership of carbon rights. At the time of

³⁰ Restricting the evaluation to activities that comply with statutory laws or conform with customary rights. 'Customary rights' to lands and resources refers to patterns of long-standing community land and resource usage in accordance with Indigenous Peoples' and local communities' customary laws, values, customs, and traditions, including seasonal or cyclical use, rather than formal legal title to land and resources issued by the State.

³¹ In conformance with the United Nations Declaration on the Rights of Indigenous Peoples.

validation against the Standards, the Project Proponents are not clear on who owns the carbon rights. Nor do they have any legal documentation demonstrating that the project is undertaken on behalf of the carbon owners with their full consent. In discussions with project partners (DENR and LGU) the audit team found that the owner of the carbon rights is not clear to them as well.

The Project Proponents described in their revised December 2009 version of the PDD that the owners of the carbon rights are the CSC (Certificate of Stewardship Contract) holders and members of the cooperatives in the project site. The cooperatives are in the process of obtaining PACBRMA (Protected Area Community-Based Resource Management Agreement), which will cover the entire project area. Between CSC and PACBRMA, the ownership of all the carbon rights will be specified. The PDD in its Appendix 2 includes the letter from Regional Executive Director of DENR Region 02, which attests to this arrangement.

Conformance
CAR/OBS

Yes

No

N/A

CAR 13/09

The Project Proponents shall demonstrate clear, uncontested title to the carbon rights, or provide legal documentation demonstrating that the project is undertaken on behalf of the carbon owners with their full consent.

This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.

CLIMATE SECTION

CL1. Net Positive Climate Impacts - Required

Concept

The project must generate net positive impacts on atmospheric concentrations of greenhouse gases (GHGs) over the project lifetime from land use changes within the project boundaries.

Indicators

The project proponents must:

- 1) Estimate the net change in carbon stocks due to the project activities using the methods of calculation, formulae and default values of the IPCC 2006 GL for AFOLU or using a more robust and detailed methodology.³² 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**). This estimate must be based on clearly defined and defensible assumptions about how project activities will alter GHG emissions or carbon stocks over the duration of the project or the project GHG accounting period.

Findings	The Project Proponents estimated the net change in carbon stocks over the 30 years period using CDM methodology and peer-reviewed research publications - Lasco and Pulhin 2008, Eusebio 1998, Lasco et al 2004 and Alipon et al 2005. In the "without project" scenario, it is projected that carbon stock in the project area will decline to 91,526 tC and "with the project", at year 30, it is projected to be 191,157 tC. Hence, the net carbon benefits due to the project activities at year 30 will be 99,961 tC or 366,524 tCO ₂ e.		
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Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
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- 2) Estimate the net change in the emissions of non-CO₂ GHG emissions such as CH₄ and N₂O in the *with* and *without* project scenarios if those gases are likely to account for more than a 5% increase or decrease (in terms of CO₂-equivalent) of the project's overall GHG emissions reductions or removals over each monitoring period.

Findings	The Project Proponents used the prescribed methodology by CDM Executive Board ("Estimation of direct nitrous oxide emission from nitrogen fertilization" version 01) to estimate the total emission due to fertilization amounting to 3,130.61 tCO ₂ e. This is less than 5% of total GHG removals of the project. In relation to removal of herbaceous vegetation (grazing by livestock as a source of methane) the Project Proponents estimated the emission of methane to be zero as the livestock are relocated outside the project area but it is likely to offset in the equal amount ("leakage"). The Proponents considered GHG emission from transportation as insignificant, thereby neglected because this will not be followed after the fourth year of the project.		
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Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
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- 3) Estimate any other GHG emissions resulting from project activities. Emissions sources include, but are not limited to, emissions from biomass burning during site preparation, emissions from fossil fuel combustion,³³ direct emissions from the use of synthetic fertilizers,³⁴ and emissions from the decomposition of N-fixing species.

Findings	The PDD describes other sources of GHG emissions resulting from project activities		
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³² In cases where a published methodology is used, the full reference must be given and any variations from the published methodology must be explained.

³³ The following CDM Executive Board tool can be used to quantify these emissions:
http://cdm.unfccc.int/EB/033/eb33_repan14.pdf

³⁴ The following CDM Executive Board tool can be used to quantify these emissions:
http://cdm.unfccc.int/EB/033/eb33_repan16.pdf

	such as emission from transportation, site preparation and the use of manual power for seedling transport. The CO ₂ emission from transportation is estimated using the following methodology: "Estimation of GHG emissions related to fossil fuel combustion in A/R CDM project activities" (Version 01) amounting to 472 tCO ₂ e over the entire project period. Since the site preparation does not involve biomass burning, there is no emission, the emission from this activity is not considered. Moreover, the emission from man power and animal power
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

- 4) Demonstrate that the net climate impact of the project is positive. The net climate impact of the project is the net change in carbon stocks plus net change in non-CO₂ GHGs where appropriate minus any other GHG emissions resulting from project activities minus any likely project-related unmitigated negative offsite climate impacts (see CL2.3).

Findings	The PDD demonstrates the project net climate impact to be positive.
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

- 5) Specify how double counting of GHG emissions reductions or removals will be avoided, particularly for offsets sold on the voluntary market and generated in a country with an emissions cap.

Findings	The Project Proponents state that the carbon credits generated by the project will not be traded. However, it is not clear how is the project funded after the grant fund period.
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/> OBS 13/09 The Project Proponents should specify how double counting of GHG emissions will be avoided (if the offsets are traded).

CL2. Offsite Climate Impacts (“Leakage”) - Required

Concept

The project proponents must quantify and mitigate increased GHG emissions that occur beyond the project area and are caused by project activities (commonly referred to as ‘leakage’).

Indicators

The project proponents must:

- 1) Determine the types of leakage³⁵ that are expected and estimate potential offsite increases in GHGs (increases in emissions or decreases in sequestration) due to project activities. Where relevant, define and justify where leakage is most likely to take place.

Findings	The PDD describes that the only possible source of leakage is deforestation due to displacement of grazing animals and wood-gathering for fuelwood and charcoal that existed within the project area to outside of the project area. The provision of alternatives to fuelwood from natural forest and reducing the demand for fuelwood are the measures adopted by the project to prevent fuel demands from causing leakage. However, the locations of designated “pasture permit areas” which will allow grazing of animals displaced from the project area are not specified. There is no explanation of the arrangement of grazing management on these areas. Without such information, the
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³⁵ Offsite changes in GHG emissions can result from a variety of causes including:

- activity shifting or displacement;
- market effects (particularly when timber harvest volumes are reduced by the project);
- increased investment in the project zone;
- decreased investment in the project zone; and
- alternative livelihood programs or other leakage prevention activities.

Conformance CAR/OBS	practicality of such an approach to lessen leakage to zero becomes questionable.	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
	OBS 14/09 The Project Proponents should provide detail on the designated pasture permit areas including the arrangements of grazing management.			

- 2) Document how any leakage will be mitigated and estimate the extent to which such impacts will be reduced by these mitigation activities.

Conformance CAR/OBS	Findings	The PDD describes a number of activities that will help mitigate the leakage. These activities are introduction of rice hull stoves and fuelwood planting by agroforestry participants, protection and restoration of forests and education and communication campaign. However, the section (CL2.2) does not mention mitigating the off-site impacts due to displacement of grazing of animals to new pasture permit areas.
	Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>
CAR/OBS	OBS 15/09	The Project Proponents should include the mitigation measures on all types of leakage that are expected due to the project activities.

- 3) Subtract any likely project-related unmitigated negative offsite climate impacts from the climate benefits being claimed by the project and demonstrate that this has been included in the evaluation of net climate impact of the project (as calculated in **CL1.4**).

Conformance CAR/OBS	Findings	The unmitigated negative off-site climate impacts are expected to be negligible. As reflected in the PDD and based on field validation, the unmitigated negative offsite climate impacts are expected to be negligible due to the project activities.
	Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

- 4) Non-CO₂ gases must be included if they are likely to account for more than a 5% increase or decrease (in terms of CO₂-equivalent) of the net change calculations (above) of the project's overall off-site GHG emissions reductions or removals over each monitoring period.

Conformance CAR/OBS	Findings	The PDD describes offsite emission of methane due to displacement of livestock animals. It further mentions that it has not counted the reduction of methane emission due to the activity in the project area; thereby it assumes that the offsite emission is offset.
	Conformance	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> N/A <input type="checkbox"/>

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 (within and outside the project boundaries) in project-related carbon pools, project emissions, and non-CO₂ GHG emissions if appropriate. The monitoring plan must identify the types of measurements, the sampling method, and the frequency of measurement.

Since developing a full 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 validated against the Standards. This is acceptable as long as there is an explicit commitment to develop and implement a monitoring plan.

Indicators

The project proponents must:

- 1) Develop an initial plan for selecting carbon pools and non-CO₂ GHGs to be monitored, and determine the frequency of monitoring. Potential pools include aboveground biomass, litter, dead wood, belowground biomass, wood products, soil carbon and peat. Pools to monitor must include any pools expected to decrease as a result of project activities, including those in the region outside the project boundaries resulting from all types of leakage identified in CL2. A plan must be in place to continue leakage monitoring for at least five years after all activity displacement or other leakage causing activity has taken place. Individual GHG sources may be considered 'insignificant' and do not have to be accounted for if *together* such omitted decreases in carbon pools and increases in GHG emissions amount to less than 5% of the total CO₂-equivalent benefits generated by the project.³⁶ Non-CO₂ gases must be included if they are likely to account for more than 5% (in terms of CO₂-equivalent) of the project's overall GHG impact over each monitoring period. Direct field measurements using scientifically robust sampling must be used to measure more significant elements of the project's carbon stocks. Other data must be suitable to the project site and specific forest type.

Findings	The PDD describes the carbon stock changes within the project using the methods outlined in the Section 6 of methodology AR-AMS0001. The PDD further elaborates which carbon pools and the factors to be used in determining the strata to be monitored. Carbon stocks in the soil, organic matter and deadwood pools are expected to be constant in the "with-project" scenario. Considering that the biomass over the project area will be increased, this may be a conservative assumption, however it is not defended.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
	OBS 16/09 The Project Proponents should defend the conservativeness of the assumption that soil, organic matter and deadwood pools are expected to be constant in the "with-the project" scenario.		

- 2) Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.

Findings	The Project Proponents affirm that they will develop a full monitoring plan within 12 months of validation against the Standards and will make it available publicly and disseminate the results to communities and all stakeholders.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

³⁶ The following CDM Executive Board tool can be used to test the significance of emissions sources:
http://cdm.unfccc.int/EB/031/eb31_repan16.pdf

2) Demonstrate that no High Conservation Values identified in **G1.8.4-6**³⁹ will be negatively affected by the project.

Findings	The PDD briefly mentions that project activities will improve hydrological service of the project area. It does not mention other HCV attributes (G1.8.4-6). However, as reflected in discussion with communities and local partners at the time of audit, it was found that the project site provides other attributes that may be HCV such as biodiversity conservation, soil erosion control and livelihood services.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS	OBS 18/09 The Project Proponents should evaluate and describe in PDD whether the project zone includes any of the High Conservation Values (HCVs) listed from 1.8.4 - 6. If there are any, explore the HCV attributes and demonstrate that project activities will not be negatively affecting these.		

CM2. Offsite Community Impacts - Required

Concept

The project proponents must evaluate and mitigate any possible social and economic impacts that could result in the decreased social and economic well-being of the main stakeholders living outside the project zone resulting from project activities. Project activities should at least 'do no harm' to the well-being of offsite stakeholders⁴⁰.

Indicators

The project proponents must:

1) Identify any potential negative offsite stakeholder impacts that the project activities are likely to cause.

Findings	The PDD identifies a displacement of gathering wood for fuelwood and charcoal making and animal grazing as potential negative offsite impacts. This was confirmed by the audit team through field visits, local consultations and interviews with community members.		
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	The PDD describes with a number of activities to mitigate the negative offsite social and economic impacts. The activities primarily include skills development training, provision of livelihood support for agroforestry, provision of alternative cooking stove, establishment of fuelwood plantation and relocation of grazing animals to new pasture permit areas. At the time of audit, the Project Proponents also elaborated the activities to the audit team and the audit team also found that most the activities have been started.		
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CAR/OBS			

³⁹ **G1.8.4** Areas that provide critical ecosystem services (e.g., hydrological services, erosion control, fire control); **G1.8.5** Areas that are fundamental for the livelihoods of local communities (e.g., for essential food, fuel, fodder, medicines, or building materials without readily available alternatives); and, **G1.8.6** Areas that are critical for the traditional cultural identity of communities (e.g., areas of cultural, ecological, economic or religious significance identified in collaboration with the communities).

Note that High Conservation Values G1.8.1-3 that are more related to biodiversity conservation are covered in B1.

⁴⁰ Restricting the evaluation to well-being based on activities that comply with statutory or conform to customary rights.

Conformance CAR/OBS Yes No N/A

- 2) Develop an initial plan for how they will assess the effectiveness of measures used to maintain or enhance High Conservation Values related to community well-being (G1.8.4-6) present in the project zone.

Findings The PDD describes an initial plan for assessing the effectiveness of measures used to maintain only hydrological services of the project site. However, as reflected in the discussion and local consultation and field visit at the time of audit. The audit team found that the project zone have some attributes that may be HCV relative to community well-being.

Conformance CAR/OBS Yes No N/A

OBS 19/09
The Project Proponents should evaluate and describe in PDD whether the project zone includes any of the High Conservation Values (HCVs) listed from 1.8.4 - 6. If there are any the Project Proponents should develop a plan for the assessment of effectiveness of measures to be used to enhance the HCV related to community well-being.

- 3) Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.

Findings The PDD states that a full monitoring plan is in place as of 2009 and that results are being disseminated to the communities and project partners. It also mentions that the results will publicly be made available on the internet. However, the Project Proponents assured at the time of audit that they will be doing it within 12 months of the validation.

Conformance CAR/OBS Yes No N/A

BIODIVERSITY SECTION

B1. Net Positive Biodiversity Impacts - Required

Concept

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

The project should maintain or enhance any High Conservation Values (identified in G1) present in the project zone that are of importance in conserving globally, regionally or nationally significant biodiversity.

Invasive species populations⁴² must not increase as a result of the project, either through direct use or indirectly as a result of project activities.

Projects may not use genetically modified organisms (GMOs)⁴³ to generate GHG emissions reductions or removals. GMOs raise unresolved ethical, scientific and socio-economic issues. For example, some GMO attributes may result in invasive genes or species.

⁴² 'Invasive species' are defined as non-native species that threaten ecosystems, habitats or species in the project zone as identified in the Global Invasive Species Database: <http://www.issg.org/database>, from scientific literature, and from local knowledge.

Indicators

The project proponents must:

- 1) Use appropriate methodologies⁴⁴ to estimate changes in biodiversity as a result of the project in the project zone and in the project lifetime. 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

The PDD provides discussion on assessment of the birds and bats species richness list composition and abundance to biodiversity trend within the project area in relation to estimate changes in biodiversity. However, it does not clearly refer to any methodology in terms of estimating changes in biodiversity nor has it made up a direct comparison to the "without project" scenario.

The Project Proponents expanded the description in the revised December 2009 version of the PDD in terms of estimating changes in biodiversity, and Table 19 on page 102 of the PDD summarizes net biodiversity benefits provided by the project.

Conformance CAR/OBS

Yes No N/A

The Project Proponents shall refer to appropriate methodologies to be used to estimate changes in biodiversity and compare it with the "without project" scenario.

This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.

- 2) Demonstrate that no High Conservation Values identified in **G1.8.1-3**⁴⁵ will be negatively affected by the project.

Findings

The PDD does not demonstrate how HCV such rare and threatened species and ecosystems will not be negatively affected by the project activities. In reference to G1.8.1-3, the PDD does not mention any attributes of HCV in relation to biodiversity.

*The Project Proponents described on how the project would enhance and restore the forest habitat within the project area in the revised December 2009 version of the PDD. The PDD highlights that among the nine threatened floral species recorded within the project site, five (*Artocarpus blancoi*, *Macaranga grandifolia*, *Azelia rhomboidea*, *Pterocarpus indicus*, *forma indicus* and *Vitex parviflora*) are used for reforestation, and further it provides a list of forest dependent species (Table 20, page 103) that will benefit from the restoration of habitat due to the project activities.*

⁴³ 'Genetically modified organisms' are defined as any living organism that possesses a novel combination of genetic material obtained through the use of modern biotechnology and which is capable of transferring or replicating genetic material.

⁴⁴ See Appendix a of CCB Standard "Potential Tools and Strategies" for further guidance.

⁴⁵ **G1.8.1** Globally, regionally or nationally significant concentrations of biodiversity values, including protected areas, threatened species, endemic species and areas that support significant concentrations of a species during any time in their lifecycle (e.g., migrations, feeding grounds, breeding areas);
G1.8.2 Globally, regionally or nationally significant large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance;
G1.8.3 Threatened or rare ecosystems.

Note that High Conservation Values G1.8.4-6 that are more related to community well-being are covered in CM1.

Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
	CAR 16/09		
	<p>The Project Proponents shall evaluate and describe in PDD whether the project zone includes any of the High Conservation Values (HCVs) listed from 1.8.1 - 3. If there are any, explore the HCV in relation to biodiversity of the project site and explain how these will not be negatively affected by the project.</p> <p>This CAR was closed by actions of the Project Proponents as evidenced in the revised PDD of December 2009, and explained in the findings above.</p>		

- 3) Identify all species to be used by the project and show that no known invasive species will be introduced into any area affected by the project and that the population of any invasive species will not increase as a result of the project.

Findings	The PDD provides a list of indigenous species that can potentially be used for reforestation and enhancement planting. The PDD further explains that there will be no use of invasive species for planting activities. At the time of audit, the auditors visited nurseries and reforestation areas where only native species were found and grown.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

- 4) Describe possible adverse effects of non-native species used by the project on the region's environment, including impacts on native species and disease introduction or facilitation. Project proponents must justify any use of non-native species over native species.

Findings	The PDD describes the project is only using indigenous species for planting activities. It also mentions about the use of kakawate (<i>Gliricidia sepium</i>) which is justified as being naturalized to the region and therefore not foreseen to have any adverse effect on the region's environment. However, there is no reference cited to demonstrate that kakawate will not cause negative effect on the region's environment.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
	OBS 20/09		
	The Project Proponents should substantiate the information about kakawate with scientific papers or regional studies.		

- 5) Guarantee that no GMOs will be used to generate GHG emissions reductions or removals.

Findings	The PDD states that no GMO will be used by the project. At the time of audit, the Project Proponents assured that they will not use GMOs.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

B2. Offsite Biodiversity Impacts - Required

Concept

The project proponents must evaluate and mitigate likely negative impacts on biodiversity outside the project zone resulting from project activities.

Indicators

The project proponents must:

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

Findings	The PDD identifies two potential negative offsite biodiversity impacts of the project that include the collection of wildlings from the forest and the second is application of chemical flower inducer and pesticides in the production of mango in the agroforestry component.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

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

Findings	<p>The PDD explains some mitigating measures in relation to addressed identified offsite biodiversity impacts of wildling collection and chemical use in the project area. However, the document does not mention “plant density” in areas for reforestation and agroforestry development. This has bearing on the issue of gathering of wildlings for planting material. Further, it is not clear what would be the percentage of plantation to be supported by wildlings raised by the communities.</p> <p>At the time of audit, the audit team found out that the Project Proponents presented a field guide to non-chemical pest management for the production of mango but did not present field manual or written guidelines in terms of proper wildling collection methods.</p>		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
	<p>OBS 21/09</p> <p>The Project Proponents should describe the technical details in relation to wildling collection.</p>		

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	The PDD describes how the project generates net positive impact to biodiversity. The biodiversity impacts within the project area are expected to be significant and positive due to the reforestation and agroforestry activities performed by the local communities including the displacement of livestock from the project area to new pasture permit areas outside the project boundary for grazing.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

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 must identify the types of measurements, the sampling method, and the frequency of measurement.

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 validated against the Standards. This is acceptable as long as there is an explicit commitment to develop and implement a monitoring plan.

Indicators

The project proponents must:

- 1) Develop an initial plan for selecting biodiversity variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the project's biodiversity objectives and to anticipated impacts (positive and negative).⁴⁶

Findings	The PDD describes biodiversity variables and methods to be used in the monitoring of biodiversity impacts of the project. It further explains specific details of data sets and frequency of measurements in relation to each indicator which will be jointly undertaken by CIP and local communities and DENR.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

- 2) Develop an initial plan for assessing the effectiveness of measures used to maintain or enhance High Conservation Values related to globally, regionally or nationally significant biodiversity (**G1.8.1-3**) present in the project zone.

Findings	The PDD briefly mentions about the monitoring of species of trees planted in the project site. However, it does not mention any plan with regards to the assessment of effectiveness of measures used to maintain or enhance HCV.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
	OBS 22/09 The Project Proponents should evaluate and describe in PDD whether the project zone includes any of the High Conservation Values (HCVs) related to globally, regionally or nationally significant biodiversity (G1.8.1-3). If there are any the Project Proponents should develop an initial plan to assess the effectiveness of measures to be used to maintain or enhance all these values.		

- 3) Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.

Findings	The Project Proponents have developed a biodiversity monitoring plan and they are planning to make it publicly available on the internet and dissemination to stakeholders.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

GOLD LEVEL SECTION

GL1. Climate Change Adaptation Benefits - Optional

Concept

This Gold Level Climate Change Adaptation Benefits criterion identifies projects that will provide significant support to assist communities and/or biodiversity in adapting to the impacts of climate change. Anticipated local climate change and climate variability within the project zone could potentially affect communities and biodiversity during the life of the project and beyond. Communities and biodiversity in some areas of the world will be more vulnerable to the negative impacts of these changes due to: vulnerability of key crops or production systems to climatic changes; lack of diversity of livelihood resources and inadequate resources, institutions and capacity to develop new livelihood strategies; and high levels of threat to species survival from habitat fragmentation. Land-based carbon projects have the potential to help local communities and biodiversity adapt to climate change by:

⁴⁶ Potential variables may include but are not limited to: species abundance; population size, range, trends and diversity; habitat area, quality and diversity; landscape connectivity; and forest fragmentation.

diversifying revenues and livelihood strategies; maintaining valuable ecosystem services such as hydrological regulation, pollination, pest control and soil fertility; and increasing habitat connectivity across a range of habitat and climate types.

Indicators

The project proponents must:

- 1) Identify likely regional climate change and climate variability scenarios and impacts, using available studies, and identify potential changes in the local land-use scenario due to these climate change scenarios in the absence of the project.

Findings
Conformance
CAR/OBS

Yes No N/A

- 2) Identify any risks to the project's climate, community and biodiversity benefits resulting from likely climate change and climate variability impacts and explain how these risks will be mitigated.⁴⁷

Findings
Conformance
CAR/OBS

Yes No N/A

- 3) Demonstrate that current or anticipated climate changes are having or are likely to have an impact on the well-being of communities⁴⁸ and/or the conservation status of biodiversity⁴⁹ in the project zone and surrounding regions.

Findings
Conformance
CAR/OBS

Yes No N/A

- 4) Demonstrate that the project activities will assist communities⁵⁰ and/or biodiversity⁵¹ to adapt to the probable impacts of climate change.

⁴⁷ Examples of how risks from climate change can be mitigated include the choice of species (adapted to various temperatures, precipitation, seasonality, salinity of water table, diseases/pests, etc.), the methods used to implement GHG emissions reduction activities, certainty of water sources critical for project success and location of activities in relation to anticipated land cover changes (e.g. flooding) expected as a result of climate change.

⁴⁸ Project proponents can demonstrate, for example, evidence of decreased access to natural resources of importance for communities' livelihoods and overall well-being. Climate change models that detail the predicted effects on these natural resources, such as freshwater, and participatory evaluations can be used to demonstrate anticipated impacts on communities.

⁴⁹ Project proponents can demonstrate evidence of a change in actual range, phenology or behavior of a species found within the project zone. For a range change, the project proponents should demonstrate that the change affects the entire range of the species and not just a subset of the range (which might be part of natural variation and offset by gains in other parts of the species range). Alternatively, the project proponents can demonstrate anticipated negative changes in the range of one or more species found in the project area using modeling techniques. The recommended modeling tool is Maxent because of its ease of implementation and performance (<http://www.cs.princeton.edu/~schapire/maxent/>). Recommended climatologies are IPCC4 A1 or A2 scenarios, Hadley or Japan high resolution GCM, downscaled to 1km (also available on the internet at <http://www.worldclim.org>). Best practice is to have this analysis conducted by a researcher who has published on climate and species distribution modeling using Maxent in the peer-review literature.

⁵⁰ Where communities are predicted to experience or are experiencing decreased access to natural resources because of climate change, project proponents must demonstrate that activities are likely to decrease communities' dependence on these natural resources. For example, where freshwater access is affected by climate change, a project can improve water management for maximum efficiency or provide alternative agricultural methods or products that require less water. Project activities may also help communities adapt to new planting and harvesting schedules to ensure maximum yields. Other climate change adaptation assistance can involve helping communities prepare for 'extreme events' such as floods, droughts and mudslides.

⁵¹ Where an actual range or phenology change in a species is identified, project proponents must demonstrate that the project activities will make a significant contribution to mitigating this impact of climate change. Examples include: creating suitable habitat in an area that is becoming climatically suitable for a species that is losing climatically suitable habitats in

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

GL2. Exceptional Community Benefits – OPTIONAL

Concept

This Gold Level Exceptional Community Benefits criterion recognizes project approaches that are explicitly pro-poor in terms of targeting benefits to globally poorer communities and the poorer, more vulnerable households and individuals within them. In so doing, land-based carbon projects can make a significant contribution to reducing the poverty and enhancing the sustainable livelihoods of these groups. Given that poorer people typically have less access to land and other natural assets, this optional criterion requires innovative approaches that enable poorer households to participate effectively in land-based carbon activities. Furthermore, this criterion requires that the project will ‘do no harm’ to poorer and more vulnerable members of the communities, by establishing that no member of a poorer or more vulnerable social group will experience a net negative impact on their well-being or rights.

Indicators

Project proponents must:

- 1) Demonstrate that the project zone is in a low human development country OR in an administrative area of a medium or high human development⁵² country in which at least 50% of the population of that area is below the national poverty line.

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

- 2) Demonstrate that at least 50% of households within the lowest category of well-being (e.g., poorest quartile) of the community are likely to benefit substantially from the project.

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

- 3) Demonstrate that any barriers or risks that might prevent benefits going to poorer households have been identified and addressed in order to increase the probable flow of benefits to poorer households.

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

- 4) Demonstrate that measures have been taken to identify any poorer and more vulnerable households and individuals whose well-being or poverty may be negatively affected by the project, and that the

other parts of its range; and providing a native food source for a species that is suffering population declines because of timing mismatches between its food needs and food availability linked to climate change (such as spring emergence of vegetation or insects). Where a modeled range impact is demonstrated, project proponents should demonstrate that the project significantly contributes to improving species' ability to occupy a new range or creates habitat in areas to which the species is migrating.

⁵² Low, Medium, and High Human Development Countries defined in the latest UNDP Human Development Report http://hdr.undp.org/en/media/hdr_20072008_en_complete.pdf

project design includes measures to avoid any such impacts. Where negative impacts are unavoidable, demonstrate that they will be effectively mitigated.

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

- 5) Demonstrate that community impact monitoring will be able to identify positive and negative impacts on poorer and more vulnerable groups. The social impact monitoring must take a differentiated approach that can identify positive and negative impacts on poorer households and individuals and other disadvantaged groups, including women.

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

GL3. Exceptional Biodiversity Benefits – OPTIONAL

Concept

All projects conforming to the Standards must demonstrate net positive impacts on biodiversity within their project zone. This Gold Level Exceptional Biodiversity Benefits criterion identifies projects that conserve biodiversity at sites of global significance for biodiversity conservation. Sites meeting this optional criterion must be based on the Key Biodiversity Area (KBA) framework of vulnerability and irreplaceability.⁵³ These criteria are defined in terms of species and population threat levels, since these are the most clearly defined elements of biodiversity. These scientifically based criteria are drawn from existing best practices that have been used, to date, to identify important sites for biodiversity in over 173 countries.

Indicators

Project proponents must demonstrate that the project zone includes a site of high biodiversity conservation priority by meeting either the vulnerability or irreplaceability criteria defined below:

1) Vulnerability

- a. Regular occurrence of a globally threatened species (according to the IUCN Red List) at the site:
- b. Critically Endangered (CR) and Endangered (EN) species - presence of at least a single individual; or
- c. Vulnerable species (VU) - presence of at least 30 individuals or 10 pairs.

Findings	The PDD describes that the project site is a part of the Penablanca Protected Landscape and Seascape that has been identified as a key biodiversity area (KBA). The KBA was identified based on the recorded occurrence of 1 critically endangered species, 5 endangered species and 22 vulnerable species. According to the revised IUCN Red List of 2009, the landscape has recorded occurrence of 2 critically endangered species (Philippine Eagle, <i>Pithecophaga jefferyii</i> , and the Isabela Oriole, <i>Oriolus isabelae</i>), 3 endangered species (Taylor's Igorot frog, <i>Platymantis cantorii</i> ; Golden-crowned fruit bat, <i>Acerodon jubatus</i> ; and Cantor's soft-shelled turtle, <i>Pelechelys cantorii</i>) and 20 vulnerable species. However, the Project Proponents are not clear whether there is a presence of at least a single individual of critically endangered and endangered species or presence of at least 30 individuals or 10 pairs of any vulnerable species at the project site according to the IUCN Red List at the project site.		
Conformance CAR/OBS	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
	OBS 23/09 The Project Proponents should provide by referring scientific reports or global studies whether there is a presence of at least a single individual of critically endangered and endangered species or presence of at least 30 individuals or 10 pairs of any vulnerable species at the project site according to the IUCN Red List at the project site.		

Or,

2) Irreplaceability

- a. A minimum proportion of a species' global population present at the site at any stage of the species' lifecycle according to the following thresholds:⁵⁴

⁵³ See Appendix A of CCB Standard "Potential Tools and Strategies" for further guidance.

⁵⁴ While there is wide consensus on the need for a sub-criterion for bioregionally restricted assemblages, this sub-criterion has been excluded from the Standards until guidelines and thresholds have been agreed.

Appendix C: STAKEHOLDER LISTS (CONFIDENTIAL)

List of Project Proponents Staff Consulted

Name	Title	Contact	Type of Participation
Yoji Natori	Coordinator	y.natori@conservation.org	
Juan Acay, Jr.	Forestry and Carbon Project Manager	jacay@conservation.org	
Eduardo H. Angadol	Protected Area Associate	eangadol@conservation.org	
Oliver Coroza	Spatial Analysis and Information Service Unit Leader	ocoroza@conservation.org	
Rowena Boquiren	Socioeconomics and Policy Unit (SEPU) Team Leader	rboquiren@conservation.org	
Gina Tumanguil	IEC Assistant	gtumanguil@conservation.org	
Milagros Sucaldito	Biologist	msucaldito@conservation.org	
Nestor Bartolome	Botanist	nbartolome@conservation.org	
Exiquiel Malanos	Field Technical Assistant - Agroforestry	exiquiel.malanos@yahoo.com	
Franklin Dalin	Project Field Technical Assistant	fdalin@conservation.org	
Raymund Sesuca	Technical Assistant for Nurseries and Plantation Protection	acuses_535@yahoo.com	
Ireneo Talosig	Cooperative Development Coordinator	ins_gisolat@hotmail.com	

List of other Stakeholders Consulted

Name	Organization	Contact	Type of Participation
Jovito Allam	Barangay Official-Cabasan		Local Partner
Norman Calatcat	Local Resident - Cabasan		Project Participants/Farmer/ Agro and refo
Andres Zingabo	Local Resident – Sisim		Project Participants/Farmer; Project Nursery Caretaker/Agro
For. Tito Mangantulao	DENR/ Protected Area Superintendent of Peñablanca Protected Landscape and Seascape		MOU Partner
Orlando Calimag	Conservation International – Tuguegarao		Nursery Aide
Ernesto Calimag	Resident of Barangay Mangga, Peñablanca		Farmer,
Mrs. Calimag	Resident of Barangay Mangga, Peñablanca		Farmer

List of Stakeholder Meeting with the Community/Project participants from the 5 covered barangays held at Project Bunkhouse at Cabasan, Peñablanca, Cagayan. Nov. 3, 2009 (12:00 - 2:30pm)

Name	Organization	Type of participant
Bangayan, Jojit	Local Resident -Cabasan	Project Participants/Farmer
Taguna, Luis	Local Resident - Cabasan	Project Participants/Farmer
Albacena, Eler	Local Resident - Bugatay	Project Participants/Farmer
Ballad, Avelino	Local Resident - Bugatay	Project Participants/Farmer
Carlos, Orlando	Local Resident – Bugatay	Barangay Tanod
Cepeda, Merlindo	Local Resident - Bugatay	Cooperative Officer, Farmer
Cusipag, Alejandro Sr.	Local Resident - Bugatay	Project Participants/Farmer
Guillermo, William	Local Resident - Bugatay	Project Participants/Farmer
Javier, Salvador	Local Resident - Bugatay	Cooperative Officer

Name	Organization	Type of participant
Malillin, Lito	Local Resident - Bugatay	Project Participants/Farmer
Simon, Ernesto	Local Resident - Bugatay	Cooperative Officer
Taguba, Rodrigo	Local Resident - Bugatay	Cooperative Officer
Taguna, Ano	Barangay Official - Bugatay	Barangay Captain; Project Participant; PO Member
Taguna, Dante	Local Resident - Bugatay	Project Participants/Farmer
Telan, Jhony	Local Resident - Bugatay	Cooperative Officer
Caronan, Abelardo	Local Resident - Sisim	Project Participants/Farmer
Flores, Salvador	Local Resident - Sisim	Project Participants/Farmer
Gallibu, Catalino	Local Resident - Sisim	PO Member ; Project Participants/Farmer
Macarilay, Isidro	Local Resident - Sisim	Project Participants/Farmer
Quilope, Felix	Local Resident - Sisim	Project Participants/Farmer
Suyu, Romel	Local Resident - Sisim	Project Participants/Farmer
Ultu, James	Local Resident - Sisim	Project Participants/Farmer
Ultu, Jovie	Local Resident - Sisim	Cooperative Officer; Project Participants/Farmer
Zingabo, Andres	Local Resident - Sisim	Cooperative Officer
Annang, Luzviminda	Barangay Official – San Roque	Councilor; Cooperative Officer; Project Participants/Farmer
Bosi, Romeo	Local Resident – San Roque	Cooperative Officer; Project Participants/Farmer
Soriano, Mario	Local Resident – San Roque	Cooperative Officer; Project Participants/Farmer
Taccad, Federico	Local Resident – San Roque	Project Participants/Farmer
Taguiam, Norberto	Local Resident – San Roque	Coop member; Project Participants/Farmer
Tanguilan, George	Local Resident – San Roque	Project Participants/Farmer
Bosi, Petrona	Local Resident – Mangga	Cooperative Officer; Project Participants/Farmer
Buncad, Tito	Local Resident – Mangga	Project Participants/Farmer
Cagaid, Jaime	Local Resident – Mangga	Project Participants/Farmer
Calimag, Edmundo	Local Resident – Mangga	Cooperative Officer; Project Participants/Farmer
Calimag, Josefina	Local Resident – Mangga	Project Participants/Farmer
Calimag, Nestor	Local Resident – Mangga	Project Participants/Farmer
Calimag, Orlando	Local Resident – Mangga	Project Participants/Farmer
Cusipag, Pablo	Local Resident – Mangga	PO member ; Project Participants/Farmer
Danga, Marites	Local Resident – Mangga	Project Participants/Farmer
Lumauan, Alexander	Local Resident – Mangga	Project Participants/Farmer
Masirag, Marivic	Local Resident – Mangga	Project Participants/Farmer
Pauig, Josefina	Local Resident – Mangga	Project Participants/Farmer
Soriano, Eleanor	Local Resident – Mangga	Cooperative Officer; Project Participants/Farmer
Soriano, Leonita	Local Resident – Mangga	Project Participants/Farmer
Telan, Martin	Local Resident – Mangga	PO member; Project Participants/Farmer
Balaqui, Nestor	DENR	Forest Ranger
Galang, Romeo	DENR	Forest Ranger

List of Stakeholder meeting with the LGU Peñablanca and DENR partners at Villa Victoria Hotel, Tuguegarao City, Nov. 3, 2009 (3:37 - 5:14 pm)

Name	Organization	Type of Participant
For. Margie Calata	DENR-CENRO Tuguegarao Office	Specialist, Protected Area and Wildlife Coastal Zone Management Service
For. Tito Mangantulao	DENR-CENRO Tuguegarao Office	Protected Area Superintendent of Peñablanca Protected Landscape and Seascape
Jovito B. Layugan, Jr.	DENR Regional Office	Regional Technical Director for Protected Area and Wildlife Coastal Zone Management Service
Milagros Sucaldito		Biologist
Nestor Balaqui	DENR-CENRO Tuguegarao Office	PA Park Ranger
Romy Galang	DENR-CENRO Tuguegarao Office	PA Park Ranger
For. Alex Sibbaluca	Local Government of Peñablanca / Municipal Environment and Natural Resources Officer (MENRO)	MENR Officer
Norbert Quizagan	Local Government of Peñablanca	General Services Officer
Ruby Rose Baccay	Local Government of Peñablanca / Municipal Planning and Development Office	Economics Researcher