



Final CCBA Project Validation Report

REDD PROJECT IN BRAZIL NUT CONCESSIONS IN MADRE DE DIOS

15 JANUARY 2014

Assessment Conducted by:

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Table of Contents

1	Introduction.....	1
1.1.	Objective	1
1.2.	Scope and Criteria.....	1
1.3.	Level of Assurance	1
1.4.	Summary Description of the project.....	1
2	Validation Process	1
2.1.	Method	1
2.2.	Document Review	2
2.3.	Interviews.....	2
2.4.	Site Inspections	4
2.5.	Review of Stakeholder Comments.....	4
2.6.	Resolution of Discrepancies	4
2.7.	Audit Team.....	5
3	Validation Findings	5
3.1.	General Section.....	5
3.1.1.	G1 – Original Conditions in the Project Area.....	5
3.1.2.	G2 – Baseline Projections	10
3.1.3.	G3 – Project Design and Goals	12
3.1.4.	G4 – Management Capacity and Best Practices.....	15
3.1.5.	G5 – Legal Status and Property Rights	18
3.2.	Climate Section	20
3.2.1.	CL1 – Net Positive Climate Impacts.....	20
3.2.2.	CL2 – Offsite Climate Impacts (‘Leakage’)	22
3.2.3.	CL3 – Climate Impact Monitoring.....	23
3.3.	Community Section.....	25
3.3.1.	CM1 – Net Positive Community Impacts.....	25
3.3.2.	CM2 – Offsite Stakeholder Impacts.....	26
3.3.3.	CM3 – Community Impact Monitoring.....	27
3.4.	Biodiversity Section.....	28
3.4.1.	B1 – Net Positive Biodiversity Impacts	28
3.4.2.	B2 – Offsite Biodiversity Impacts.....	30
3.4.3.	B3 – Biodiversity Impact Monitoring.....	31
3.5.	Gold Level Section.....	32
3.5.1.	GL1 – Climate Change Adaptation Benefits	32
3.5.2.	GL2 – Exceptional Community Benefits	33
3.5.3.	GL3 – Exceptional Biodiversity Benefits	35
	Appendix A: Response to Public Comments	37
	Appendix B: Findings Issued During the Validation Process	39

1 Introduction

1.1. Objective

The validation audit is an independent assessment by SCS of the “REDD project in Brazil Nut Concessions in Madre de Dios” (“the project”) against the assessment criteria. Validation has resulted in a conclusion by SCS as to whether the project is compliant with the assessment criteria and whether the project should be approved under the CCB Standards.

1.2. Scope and Criteria

The scope of the audit consisted of the project, its activities, and its geographic extent, as described within the project Design Document (PDD). The assessment was conducted against the criteria set out within the following guidance documents:

- Climate, Community and Biodiversity project Design Standards, Second Edition (“CCB Standards”)
- Rules for the use of the Climate, Community & Biodiversity Standards, Version December 2013 (“CCB Standards Rules”)

The project was assessed against all required criteria of the CCB Standards in order to determine whether the project could be validated at the “Approved” level. In addition, the project was assessed against at least one optional criterion, as set out by the CCB Standards, in order to determine whether the project could be validated at the “Gold” level.

1.3. Level of Assurance

SCS performed this assessment based on the guidance described by the Rules for the Use of the CCB Standards to determine whether there is a reasonable level of assurance that the project design addresses each requirement of the CCB Standards.

1.4. Summary Description of the project

The project is located in the region of Madre de Dios, in Peru, and is aimed at reducing emissions related to unplanned deforestation.

2 Validation Process

2.1. Method

The validation was performed through a combination of document review, interviews with relevant personnel and on-site inspections. At all times, the project was assessed for conformance to the criteria described in Section 1.2 of this report. As discussed in Section 2.5, findings were issued to ensure that the project was in full conformance to all requirements.

2.2. Document Review

The PDD and supporting documentation were carefully reviewed for conformance to the validation criteria.

In addition to the PDD, the following written documents (e.g., reports, memos, land deeds and titles) were reviewed to ensure conformance of the project to the validation criteria:

Table 1. Documents Reviewed

Document	Date Reviewed
Resolution documents (entitled “Resolución Administrativa Aprobando el Plan Operativo Anual”) for six concessions	July 2013
“Assignment of rights” agreements for six concessions	July 2013
Concession contracts (entitled “Contrato de Concesión para Manejo y Aprovechamiento de Productos Forestales a la Madera en el Departamento de Madre de Dios”) for several concessions	July 2013
contract between the project proponent and the Federación Departamental de Productores Castañeros de Madre de Dios (FEPROCAMD)	July 2013
“Ownership and use rights for environmental services of carbon capture hold by Brazil nut concessioners of Madre de Dios”	July 2013
approved management plans for some of the six concessions	July 2013
an investment agreement with a reputable firm (28 February 2013)	July 2013
bank records for the project proponent (October 2012-July 2013)	July 2013
an example concession contract that was amended due to a fire in the concession area	July 2013
“Evidence of Consultation and Dissemination Process.docx”	July 2013
“CONSOLIDADO DEL PROCESO DE CONSULTA CCBA 3.pdf” (September 2013)	September 2013
“Estrategía de control y vigilancia de las concesiones castañeras” (August 2010)	December 2013

2.3. Interviews

Interviews constituted an important component of the audit process. The following personnel associated with the project proponent and/or implementing partner were interviewed. The phrase “throughout audit” under “Date Interviewed” indicates that the individual in question was interviewed on multiple occasions throughout the audit process.

Table 2. Interviews Conducted with project Personnel

Participant	Affiliation	Date(s) Interviewed
Jorge Torres Padilla	Bosques Amazónicos	Throughout audit
Natalia Woo	Bosques Amazónicos	Throughout audit

Participant	Affiliation	Date(s) Interviewed
Andres Huby	Bosques Amazónicos	12-18 July 2013
Marco A. Villegas Paucar	Bosques Amazónicos	12-18 July 2013, 3-6 September 2013
Cesar Alejandro Huisa Lopez	Bosques Amazónicos	12-18 July 2013
Jerry Martinez Gonzales	Bosques Amazónicos	12-18 July 2013
Edgard Collado Delgado	Bosques Amazónicos	12-18 July 2013
Leoncio Huisa Lopez	Bosques Amazónicos	12-18 July 2013
Pedro Ruiz	Bosques Amazónicos	18 July 2013, 18-19 September 2013
Claudia Lozano	Bosques Amazónicos	12-18 July 2013
Lizardo Fachín Malaverri	Instituto de Investigaciones de la Amazonía Peruana	18 July 2013
David Asturima Huamantica	FEPROCAMD	16 July 2013
[various FEPROCAMD employees]	FEPROCAMD	16 July 2013
Héctor Cardicel	FEPROCAMD	12-18 July 2013
Braulio Valencia Valencia	FEPROCAMD	12-18 July 2013
Luis Reátegui	FEPROCAMD	3-6 September 2013
Florencia Dueñas	FEPROCAMD	3-6 September 2013

The following personnel not associated with the project proponent and/or implementing partner were interviewed.

Table 3. Interviews Conducted with Other Individuals

Participant	Affiliation	Date(s) Interviewed
Carlos Salazar	Directorate of Forestry and Wildlife of Tambopata	15 July 2013
Chaleb Ruiz Vera	Directorate of Forestry and Wildlife of Tahuamanu	15 July 2013
José de la Cruz	Asociación de Extractores Productores Forestales y Agropecuario de La Novia	12-18 July 2013
Abigail Sanz	Asociación de Productores y Extractores de Castaña de Río Pariamanu y Afluentes	12-18 July 2013, 3-6 September 2013
Aristides Reátegui	Asociación Castañera Agroforstal de Carmen Rosa	12-18 July 2013
Marco Antonio Jurado Rodríguez	Municipality of Mavila	12-18 July 2013
Various individuals	[concessionaires from the communities of La Novia, Pariamanu – Pariamarca, Alto Malecón – San Carlos, Mayla, Alegría and Alerta]	12-18 July 2013

Participant	Affiliation	Date(s) Interviewed
Máximo E. Tapia Santos	Asociación de Extractivistas de Castaña de Madre de Dios	3-6 September 2013
José Cahuana	Municipality of Alerta	3-6 September 2013
Various individuals	[concessionaires from the communities of Planchón, Alegría, Mavila, La Novia and Alerta]	3-6 September 2013

2.4. Site Inspections

The audit team performed an on-site inspection of the project area on the dates 12-17 July 2013. The main activities undertaken by the audit team were as follows:

- Interviews with project personnel (see Section 2.3 above) to gather information regarding the project design;
- Interviews with members of the communities and other stakeholder groups (see Section 2.3 above) to confirm the appropriate involvement of these groups;
- Interviews with government officials (see Section 2.3 above) to confirm that the necessary approvals are in place;
- Review of records (see Section 2.2 above) to ensure the appropriate design of the project; and
- Conduct of a visit to the project area to confirm the accuracy of the claims made in the PDD.

A second on-site inspection was undertaken by a subset of the audit team from 3-6 September 2013. The main activities undertaken by were as follows:

- Interviews with project personnel (see Section 2.3 above) to gather information regarding the project design;
- Interviews with members of the communities and other stakeholder groups (see Section 2.3) to confirm that the CCBA public comment period had been appropriately carried out; and
- Interviews with government officials (see Section 2.3 above) to confirm the appropriateness of the planned grievance process.

2.5. Review of Stakeholder Comments

The PDD was posted on the CCBA website for two CCBA public comment periods. The first such period took place from 13 May-12 June 2013. The second such period took place from 22 July-21 August 2013. No comments were received during the period from 13 May-12 June 2013. Comments received during the period from 22 July-21 August 2013 are discussed in Appendix A of this report.

2.6. Resolution of Discrepancies

Any potential or actual discrepancies identified with respect to the validation criteria were resolved through the issuance of findings. The types of findings issued by SCS were characterized as follows:

Non-Conformity Report (NCR): An NCR signified a material discrepancy with respect to a specific requirement. This type of finding could only be closed upon receipt by SCS of evidence indicating that

the identified discrepancy had been corrected. Resolution of all open NCRs was a prerequisite for issuance of a verification statement.

New Information Request (NIR): An NIR signified a need for supplementary information in order to determine whether a material discrepancy existed with respect to a specific requirement. Receipt of an NIR did not necessarily indicate that the project was not in compliance with a specific requirement. However, resolution of all open NIRs was a prerequisite for issuance of a verification statement.

Opportunity for Improvement (OFI): An OFI indicated an area that should be monitored or ideally, improved upon. OFI's were considered to be an indication of something that could become a non-conformity if not given proper attention, and were sometimes issued in the case that a non-material discrepancy was identified. OFIs were considered to be closed upon issuance.

All findings issued by the audit team during the validation process have been closed. All findings issued during the validation process, and the impetus for their closure, are described in Appendix B of this report.

2.7. Audit Team

The roles of the audit team members were as follows:

Lead auditor: Zane Haxtema

Technical expert: María Lucía Santa María Peralta

Technical reviewer: Francis Eaton

3 Validation Findings

The findings of the audit team regarding each specific indicator are described below. As of the issuance of this report, the project, as described in the PDD, was found to conform to all of the indicators noted below.

3.1. General Section

The General Section of the CCB Standards addresses original conditions in the project are baseline projections, project design and goals, management capacity and best practices, and legal status and property rights.

3.1.1. G1 – Original Conditions in the Project Area

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

G1 - Original Conditions in the project area

Indicator 1 - The location of the project and basic physical parameters (e.g., soil, geology, climate).	The PDD contains a thorough description, with useful maps, of the project zone and its basic physical parameters. The claims made within the section appear correct and reasonable to the audit team.
Conformance - Y	

Indicator 2 - The types and condition of vegetation within the project area.	The PDD contains a thorough description, with useful maps, of the types and condition of vegetation within the project area. Although the information provided in the PDD was not directly assessed by the audit team, the audit team performed an assessment of the process by which information regarding vegetation types was acquired, and also performed an assessment of the systems used to assess deforestation within the project area. The audit team encountered no discrepancies during this review, thus building confidence in the accuracy of the information presented in the PDD.
Conformance - Y	

Indicator 3 - The boundaries of the project area and the project zone.	<p>As described in the PDD, the project area is comprised of the collective land area of 405 concessions that are participating in the project. By observing re-calculation of areas within the GIS system maintained by project personnel, the audit team confirmed that the area value of 308 757.3 ha, as presented in the PDD, was appropriately derived.</p> <p>As described in the PDD, the project zone includes the project area and the leakage belt. The leakage belt was delineated in accordance with the Verified Carbon Standard (VCS) methodology VM0007 (“REDD Methodology Modules”), as confirmed during the VCS validation audit and initial verification audit (also conducted by SCS) to include any areas adjacent to the project area into which leakage could presumably occur due to displaced deforestation activities. The audit team agrees that, due to the inclusion of the leakage belt, the project zone includes “the land within the boundaries of the adjacent communities potentially affected by the project,” where “communities” is defined (in part) as “all groups of people... who live within or adjacent to the project area.”</p>
Conformance - Y	

<p>Indicator 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 Use or a more robust and detailed methodology.</p>	<p>Carbon stocks within the project area were determined on a per hectare basis using VCS methodology VM0007, which is a more robust and detailed methodology than the Intergovernmental Panel on Climate Change’s 2006 Guidelines for National GHG Inventories for Agriculture, Forestry and Other Land Use. The audit team confirmed that the values presented within the PDD are equivalent to those which were confirmed to be accurate as part of the VCS validation audit of the project (also conducted by SCS) and presented within the VCS project description.</p>
<p>Conformance - Y</p>	<p>The values presented appear reasonable to the audit team.</p>

<p>Indicator 5 - A description of communities located in the project zone, including basic socio-economic and cultural information that describes the social, economic and cultural diversity within communities (wealth, gender, ethnicity, etc.), identifies specific groups such as Indigenous Peoples and describes any community characteristics.</p>	<p>The PDD contains useful demographic information on the communities within the project zone, which focuses on the districts of Tahuamanu and Las Piedras, where the six villages within the project zone are located, and does not contain much information regarding the districts of Laberinto and Tambopata. This is appropriate, due to the following factors:</p> <ul style="list-style-type: none"> • A very small proportion of the project zone that falls within the district of Laberinto • Most of the population in the district of Tambopata is located within the towns of Puerto Maldonado and El Triunfo, which are located outside the project zone, and therefore demographic information from the district of Tambopata would present an inaccurate view of daily life in the project zone., which appropriately focuses most heavily on the Brazil-nut concessionaires, as this is the main group of people potentially affected by the project.
<p>Conformance - Y</p>	<p>As noted in the PDD, “The main population groups in the project zone are made up of Brazil nut families (families dedicated to the brazil-nut activity).” (The “Brazil-nut activity” is the livelihood derived through the cultivation, harvest and processing of Brazil nuts.) The PDD presents a very helpful compilation of research that has been conducted regarding this group. The PDD also contains sufficient information regarding other communities that are potentially affected by the project.</p>

<p>Indicator 6- A description of current land use and customary and legal property rights including community property 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).</p>	<p>The PDD includes a sufficiently detailed description of current land use and customary and legal property rights in the project zone. The most important category of land-use, for purposes of the project, is described in the PDD as “Concessions for Non-Timber Forest Products – Brazil Nut Concessions”. The audit team confirmed, through interviews with government representatives (see Section 2.3 above), that this description is appropriate. The audit team also confirmed that the land-use conflicts regarding this land-use category are accurately described within Table 25 of the PDD.</p>
<p>Conformance - Y</p>	

<p>Indicator 7 - A description of current biodiversity within the project zone (diversity of species and ecosystems) and threats to that biodiversity, using appropriate methodologies, substantiated where possible with appropriate reference material.</p>	<p>The PDD contains a detailed description of current biodiversity within the project zone that is substantiated with copious references. While not all of the information provided was directly confirmed by the audit team, the information provided is consistent with the understanding of the audit team and observations made during on-site inspections. Certainly, the audit team agrees that the recent completion of the Southern Interoceanic Highway is likely to pose a significant threat to the biodiversity within the project zone.</p>
<p>Conformance – Y</p>	

<p>Indicator 8 - An evaluation of whether the project zone includes any of the following High Conservation Values (HCVs) and a description of the qualifying attributes:</p>	<p>The PDD contains a detailed assessment of whether the project zone contains the HCVs described within the CCB Standards. For each HCV, a description of the qualifying attributes is provided.</p>
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<p>Indicator 8.1 - Globally, regionally or nationally significant concentrations of biodiversity values;</p> <ul style="list-style-type: none"> a. protected areas b. threatened species c. endemic species d. areas that support significant 	<p>The information presented within the PDD is consistent with the understanding of the audit team. During on-site inspections, the audit team discussed this information with the biodiversity expert employed by the project. The presence of ecotourism and conservation concessions in the project zone was confirmed through reference to external sources. The</p>
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concentrations of a species during any time in their lifecycle (e.g. migrations, feeding grounds, breeding areas).	audit team also attained, through review of the IUCN Red List website, reasonable assurance that the project zone contains species that are categorized as Critically Endangered (CR), Endangered (EN) and Vulnerable (VU).
Conformance - Y	

Indicator 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;	The audit team confirmed the presence of a portion of the project zone within the Conservation Corridor Vilcabamba – Amboró (CCVA), as noted in the PDD. Through review of third-party reports and websites, the audit team was able to confirm that the CCVA is a regionally significant large landscape-level area. From review of these sources, it does appear that, according to the best available knowledge, viable populations of most naturally occurring species do exist in natural patterns of distribution and abundance in at least some locations within the CCVA.
Conformance - Y	

Indicator 8.3 - Threatened or rare ecosystems	The audit team agrees that the tropical rainforest ecosystem present within the project zone is not (yet) threatened or rare, as this forest type remains ubiquitous throughout the Madre de Dios region.
Conformance - Y	

Indicator 8.4 - areas that provide critical ecosystem services (e.g., hydrological services, erosion control, fire control);	On the basis of general knowledge of the crucial importance of forested areas in safeguarding water supplies, the audit team agrees with the assertions in the PDD.
Conformance - Y	

Indicator 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	The audit team agrees with the assessment contained within the PDD. By definition the communities are dependent on the Brazil-nut industry. As discussed with the audit team during the site visit, limited success has been obtained in cultivating the Brazil-nut tree within the Madre de Dios region of Peru, and Brazil-nut trees only occur in low densities within the natural forest; therefore, the productive capacity of the Brazil-nut industry is inherently linked to the health of the natural forest.
Conformance - Y	

Indicator 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).	The audit team confirmed the importance of the project zone for the traditional cultural identity of the communities during interviews with the communities.
Conformance - Y	

3.1.2. G2 – Baseline Projections

A baseline projection is a description of expected conditions in the project zone in the absence of project activities. The project impacts will be measured against this ‘without-project’ reference scenario.

The project Proponents must develop a defensible and well-documented ‘without-project’ reference scenario that must:

G2 - Baseline projections

Indicator 1 - Describe the most likely land-use scenario in the absence of the project following IPCC 2006 GL for AFOLU or a more robust and detailed methodology, describing the range of potential land use scenarios and the associated drivers of GHG emissions and justifying why the land-use scenario selected is most likely.	The most likely land-use scenario in the absence of the project has been described using the VCS methodology VM0007, which is a more robust and detailed methodology than the Intergovernmental Panel on Climate Change’s 2006 Guidelines for National GHG Inventories for Agriculture, Forestry and Other Land Use. The VCS methodology VM0007 requires the use of the VCS tool VT0001 (“Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) project Activities”). The appropriate use of that tool was confirmed as part of the VCS validation audit, also conducted by SCS. The determination of the most-likely land-use scenario was further confirmed empirically during the on-site inspections, as the audit team observed evidence of deforestation within the project zone.
Conformance - Y	

Indicator 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.	As described above, the VCS tool VT0001 (“Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) project Activities”) was used to demonstrate the additionality of the project, as confirmed through the VCS validation audit that was performed by SCS. Through further on-the-ground observations and discussions with government officials, the audit team has come to the conclusion that no existing laws regulations require the project activity and that existing regulatory structures are inadequate to prevent
Conformance - Y	

	deforestation on the scale that will be prevented by the proposed project activity.
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<p>Indicator 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.19 The timeframe for this analysis can be either the project lifetime (see G3) or the project GHG accounting period, whichever is more appropriate. 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 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.</p> <p>projects whose activities are designed to avoid GHG emissions (such as those reducing emissions from deforestation and forest degradation (REDD), avoiding conversion of non-forest land, or certain improved forest management projects) must include an analysis of the relevant drivers and rates of deforestation and/or degradation and a description and justification of the approaches, assumptions and data used to perform this analysis. Regional-level estimates can be used at the project’s planning stage as long as there is a commitment to evaluate locally-specific carbon stocks and to develop a project-specific spatial analysis of deforestation and/or degradation using an appropriately robust and detailed carbon accounting methodology before the start of the project.</p>	<p>The estimated carbon stock changes associated with the ‘without project’ reference scenario were quantified using VCS methodology VM0007. These calculations were previously confirmed to be correct through the VCS validation audit and the first VCS verification audit, also performed by SCS. Through comparison of various workbooks, the audit team confirmed that the same series of calculations was used to produce the values reported within the PDD.</p>
<p>Conformance - Y</p>	

Indicator 4 - Describe how the ‘without project’ reference scenario would affect communities in the project zone, including the impact of likely changes in water, soil and other locally important ecosystem services.	The PDD provides an adequate description of how the ‘without project’ scenario would affect communities in the project zone. As the communities are dependent on income from the Brazil-nut industry, the audit team agrees that loss of forest cover is likely to have a negative effect on the communities. As noted in the PDD, negative impacts on other forest resources (e.g., firewood) would also likely affect the communities.
Conformance - Y	

Indicator 5 - Describe how the ‘without project’ reference scenario would affect biodiversity in the project zone (e.g., habitat availability, landscape connectivity and threatened species).	The PDD provides an adequate description of biodiversity in the ‘without project’ scenario. The audit team agrees, on the basis of on-site observations and general knowledge regarding effects of deforestation on biodiversity, that the baseline scenario is most likely to have a negative impact on biodiversity in the project zone.
Conformance - Y	

3.1.3. G3 – Project Design and Goals

The project must be described in sufficient detail so that a third-party can adequately evaluate it. projects must be designed to minimize risks to the expected climate, community and biodiversity benefits and to maintain those benefits beyond the life of the project. Effective local participation in project design and implementation is key to optimizing multiple benefits, equitably and sustainably. projects that operate in a transparent manner build confidence with stakeholders and outside parties and enable them to contribute more effectively to the project.

G3 - project Design and Goals

Indicator 1 - Provide a summary of the project’s major climate, community and biodiversity objectives.	A sufficiently clear summary of the project’s major objectives is provided within the PDD.
Conformance - Y	

Indicator 2 - Describe each project activity with expected climate, community and biodiversity impacts and its relevance to achieving the project’s objectives.	Each project activity is described with sufficient clarity that it could be assessed by a third party (both in terms of assessment of design during the current validation audit and in terms of assessment of successful implementation during future verification audits). The activities are grouped by “results”, and, in this manner, the relevance of each activity to the project’s objectives is inherently described.
Conformance - Y	

<p>Indicator 3 - Provide a map identifying the project location and boundaries of the project area(s), where the project activities will occur, of the project zone and of additional surrounding locations that are predicted to be impacted by project activities (e.g. through leakage).</p>	<p>As noted within the PDD, the project activities will be carried out principally within the project area, which may be expanded to include other concessions in the project zone at a future time. In addition, Map 32 contains a useful indication of the control and surveillance checkpoints to be installed.</p>
<p>Conformance - Y</p>	

<p>Indicator 4 - Define the project lifetime and GHG accounting period and explain and justify any differences between them. Define an implementation schedule, indicating key dates and milestones in the project's development.</p>	<p>As confirmed during the VCS validation audit (also conducted by SCS), the project start date is the date on which the project proponent entered into an agreement with FEPROCAMD to carry out the project activity. The audit team agrees that this date can be appropriately considered the date of "the start of implementation of activities that will directly cause the project's expected GHG emissions reductions or removals", as defined by the CCB Standards, and that the project start date is therefore consistent with the validation criteria. The project lifetime and GHG accounting period are clearly described in the PDD, and the difference between the periods is adequately justified. The table entitled "Logic Framework of the Project" contains an appropriate implementation schedule.</p>
<p>Conformance - Y</p>	

<p>Indicator 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.</p>	<p>The PDD contains an appropriate identification of risks to the expected climate, community and biodiversity benefits, along with proposed mitigation strategies. The audit team agrees that all of the substantial risks to the expected benefits have been described within the PDD, and that the proposed mitigation measures will help to mitigate the identified risks.</p>
<p>Conformance - Y</p>	

<p>Indicator 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.</p>	<p>The audit team agrees that the measures described in the PDD will help to secure the ongoing presence of the HCVs identified in early sections of the PDD. However, it should be noted that ongoing maintenance of some of the identified HCVs (e.g., ecotourism and conservation concessions) is completely outside the control of the project proponent, while ongoing maintenance of other identified HCVs (e.g., endangered species, endemic species, areas that provide critical ecosystem services) is only partially under the control of the project proponent. A sensible interpretation of indicator G3.6 would be that, in the context of the</p>
<p>Conformance - Y</p>	

	<p>project, would be that it must be demonstrated that, to the extent that the project will impact any of the identified HCVs, the project design includes specific measures to ensure the maintenance or enhancement of those HCVs. The audit team agrees that, when seen in this light, the project design does include specific measures to ensure the maintenance or enhancement of HCVs.</p>
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<p>Indicator 7 - Describe the measures that will be taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.</p>	<p>The PDD provides an adequate description of the measures that will be taken to maintain and enhance the climate, community, and biodiversity benefits beyond the project lifetime. The audit team agrees that, if implemented as described, these measures will be sufficient to extend the benefits of the project beyond the project lifetime.</p>
<p>Conformance - Y</p>	

<p>Indicator 8 - Document and defend how communities and other stakeholders potentially affected by the project activities have been identified and have been involved in project design through effective consultation, 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. A plan must 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.</p>	<p>The PDD contains appropriate documentation regarding how communities and other stakeholders have been involved in project design, and Table 79 of the PDD clarifies how the project design was revised based on feedback. The PDD has been supplemented by additional documentary evidence, including photographs, of meetings with the communities. During interviews with members of the communities and other stakeholder groups, the audit team confirmed that there is a high level of awareness regarding the project. The project personnel tasked with community engagement are very committed to their work, and this commitment has expressed itself in a high level of involvement with the communities and other stakeholder groups. The partnership between the project proponent and FEPROCAMD has clearly been instrumental in facilitating active involvement in project design.</p>
<p>Conformance - Y</p>	

<p>Indicator 9 - Describe what specific steps have been taken, and communications methods used, to publicize the CCBA public comment period 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.</p>	<p>The PDD contains an adequate description of the actions taken to publicize the CCBA public comment period and facilitate the submission of comments. It was described to the audit team that that the CCBA public comment period was implemented with consultation workshops carried out in many villages and a process that was undertaken to coordinate the submission of comments to the CCBA website (a necessary component, given the paucity of internet access among many of the communities). Through interviews with members of the communities and</p>
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Conformance – Y	stakeholder groups, the audit team was able to confirm that this process was successfully designed and implemented as described to the audit team.
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<p>Indicator 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.</p>	<p>The PDD contains a sufficiently clear description of a process for handling unresolved conflicts and grievances. Through observations gained during on-site review, the audit team can confirm that it is appropriate to assign the municipalities the responsibility for management of the grievance process, and that these entities effectively constitute third parties or mediators. Through interviews with members of the communities and stakeholder groups, the audit team was able to confirm that this process was appropriately communicated to these groups.</p>
Conformance - Y	

<p>Indicator 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.</p>	<p>Through a review of a financial model for the project, as well as evidence of executed forward sales agreements, the audit team has been able to confirm that adequate financial mechanisms have been adopted to provide the necessary funds for project implementation.</p>
Conformance - Y	

3.1.4. G4 – Management Capacity and Best Practices

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.

G4 - Management Capacity and Best Practices

<p>Indicator 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.</p>	<p>A single project proponent is clearly identified within the PDD. During on-site inspections, the audit team observed this entity to be most directly for the project’s design and implementation.</p>
<p>Conformance – Y</p>	

<p>Indicator 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.</p>	<p>As described within the PDD, the project proponent possesses many of the skills necessary to successfully implement the project. During on-site inspections, the audit team was able to confirm that the project proponent possesses the necessary competencies to implement the carbon project. The PDD contains an adequate description of how the project proponent will either recruit or partner with other organizations to fill gaps in experience, such as may arise with respect to implementation of the agricultural extension activities or management of the Brazil-nut processing facility.</p>
<p>Conformance - Y</p>	

<p>Indicator 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.</p>	<p>The PDD contains a brief, but adequate, plan to provide orientation and training.</p>
<p>Conformance - Y</p>	

<p>Indicator 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.</p>	<p>The PDD contains an appropriate description of how employees are to be selected for positions and how all individuals will have the opportunity to compete for employment. The PDD also indicates how local organizations may be partnered with to supply candidates for positions, thus ensuring that community members are given a fair chance to fill such positions.</p>
<p>Conformance - Y</p>	

<p>Indicator 5 - Submit a list of all relevant laws and regulations covering worker's rights in the host country.</p> <p>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 rights and, where relevant, demonstrate how compliance is achieved</p>	<p>A thorough review of relevant labor laws is contained within the PDD. The PDD also contains an appropriate description of how the project will be informed of their rights.</p>
<p>Conformance - Y</p>	

<p>Indicator 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.</p>	<p>The PDD, in conjunction with the document "Estrategía de control y vigilancia de las concesiones castañeras" (which is referenced within the PDD), contains a comprehensive assessment of situations and occupations that pose a substantial risk to worker safety. Due to the elevated risks associated with control and surveillance activities, particular emphasis has been placed on the treatment of such risks. The PDD contains an appropriate procedure to inform workers of risks. The PDD, along with the document "Estrategía de control y vigilancia de las concesiones castañeras", also contains information regarding how such risks will be minimized.</p>
<p>Conformance - Y</p>	

<p>Indicator 7 - Document the financial health of the implementing organization(s) to demonstrate that financial resources budgeted will be adequate to implement the project.</p>	<p>Through a review of a financial model for the project, as well as evidence of executed forward sales agreements, the audit team has been able to confirm that adequate financial mechanisms have been adopted to provide the necessary funds for project implementation.</p>
<p>Conformance - Y</p>	

3.1.5. G5 – Legal Status and Property Rights

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.

G5 - Legal Status and Property Rights

<p>Indicator 1 - Submit a list of all relevant national and local laws 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.</p>	<p>The PDD contains a thorough list of relevant national and local laws and regulations. The PDD contains an appropriate assurance that the project will comply with all laws. In addition, the audit team inquired into possible violations of laws related to forest management in interviews with the Directorates of Forestry and Wildlife of Tambopata and Tahuamanu and no violations were identified.</p>
<p>Conformance - Y</p>	

<p>Indicator 2 - Document that the project has approval from the appropriate authorities, including the established formal and/or traditional authorities customarily required by the communities.</p>	<p>Although the project area is land that is owned by the government of Peru, there is not an existing authority that can be considered appropriate to approve the project (other than the particular concessionaires that have joined the project), given the legal arrangement discussed under G5.6. As is documented within the PDD, the legal agreements conferring the right to implement the project are made directly with the</p>
<p>Conformance - Y</p>	

	<p>individual concessionaires that have joined the project. Those concessionaires have agreements with the government of Peru (i.e., concession contracts) that confer the right to control and manage the areas under contract. However, governmental authorities have not formally approved the project, and such formal approval is not needed. Therefore, this requirement is essentially not applicable. In conversation with the Directorate of Forestry and Wildlife of Tambopata, it was indicated to the audit team that the Directorate did not have jurisdiction over the project itself.</p>
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<p>Indicator 3 - Demonstrate with documented consultations and agreements that the project will not encroach uninvited on private property, community property, or government property and has obtained the free, prior, and informed consent of those whose rights will be affected by the project.</p>	<p>The audit team agrees that, because the project only includes those concessionaires who have an express desire to join the project, it is not possible for the project to encroach on any property. In addition, the property rights of the government of Peru are not encroached upon, as further described under G5.6.</p>
<p>Conformance - Y</p>	

<p>Indicator 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. 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.</p>	<p>Given the comments made regarding G5.3, the project necessarily does not require the involuntary relocation of people or activities important for livelihoods, where those activities are consistent with statutory laws or customary rights. The project may involve the involuntary relocation of activities (such as land invasion and farming on illegally grabbed land) that are not consistent with statutory laws or customary rights, but that would not result in non-conformance to indicator G5.4.</p>
<p>Conformance – Y</p>	

<p>Indicator 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.</p>	<p>The PDD contains an adequate discussion of illegal activities in the project zone that could affect the carbon stock of the forest. The audit team agrees that the project activities, if implemented as described in the PDD, will help to reduce the incidence of illegal activities in the project zone. In addition, the specific context of the project, and the project design, ensure that no climate, community or biodiversity benefits will be generated by illegal activities.</p>
<p>Conformance - Y</p>	

<p>Indicator 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.</p>	<p>The right of use of the project proponent over the project area was confirmed during the VCS validation audit (also conducted by SCS). The audit team conducted further investigation into the process by which the project proponent has obtained clear, uncontested title to the carbon rights within the project area, including a review of the relevant agreement between the project proponent and FEPROCAMD as well as a sample of the agreements between FEPROCAMD and the individual concessionaires participating in the project. The audit team affirms that the project proponents have clear title to the carbon rights.</p>
<p>Conformance - Y</p>	

3.2. Climate Section

3.2.1. CL1 – Net Positive Climate Impacts

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.

CL1 - Net Positive Climate Impacts

<p>Indicator 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. 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</p>	<p>The estimated carbon stock changes due to the project activity were quantified using VCS methodology VM0007. These calculations were previously confirmed to be correct through the VCS validation audit and the first VCS verification audit, also performed by SCS. As described in the PDD, an estimate of degradation-related carbon stock changes was derived from the use of the degradation-related carbon stock change value for 2010 for every year of the crediting period. The audit team agrees that this is a conservative procedure, because experience from the first monitoring period has shown that carbon stock change</p>
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<p>emissions or carbon stocks over the duration of the project or the project GHG accounting period.</p>	<p>rates in 2011 and 2012 are lower than in 2010, and the project proponent is actively attempting to limit the future degradation-related carbon stock changes to a quantity below the 2010 level. The quantification also includes emissions from fossil fuel combustion due to project activities (the values reported are equivalent to those confirmed as part of the VCS validation audit, also conducted by SCS). It has been opted to exclude project-scenario carbon stock changes and emissions as insignificant, as allowed for by the methodology.</p>
<p>Conformance - Y</p>	<p>It should be noted that the methodology employed (VCS methodology VM0007) requires that accounting of GHG emission reductions take place using a different order of operations than that suggested by indicators CL1.1 and CL1.2. Specifically, the methodology does not handle estimation of the "net change in carbon stocks" and the "net change in the emissions of non-CO2 GHG emissions" as separate variables. Rather, estimation of the change in carbon stocks and emissions of non-CO2 greenhouse gases in the without-project scenario is accounted for within the single parameter $\Delta C_{BSL,unplanned}$; estimation of the corresponding quantities in the with-project scenario is accounted for within the single parameter ΔC_p. The difference between the values taken by these parameters is, effectively, the calculation of the sum of the "net change in carbon stocks" (as estimated in CL1.1) and the "net change in the emissions of non-CO2 GHG emissions" (as estimated in CL1.2. The CCB Standards do not require information to be presented in the manner suggested by indicators CL1.1 and CL1.2. They merely require that the estimation of the quantities indicated in CL1.1 and CL1.2 must occur. As described in Section CL1.2 of the PDD, this estimation has occurred correctly and summary information has been provided.</p>

<p>Indicator 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.</p>	<p>Please see the information regarding indicator CL1.1 above for comments regarding conformance to indicator CL1.2. The required information has been correctly presented in Section CL1.2 of the PDD.</p>
<p>Conformance - Y</p>	

<p>Indicator 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, direct emissions from the use of synthetic fertilizers, and emissions from the decomposition of N-fixing species.</p>	<p>The audit team affirms that all relevant GHG emissions sources were accounted for under CL1.1 and CL1.2.</p>
<p>Conformance - Y</p>	
<p>Indicator 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).</p>	<p>The PDD contains a demonstration that the net climate impact of the project is clearly likely to be positive. The audit team reviewed the immediate calculations employed and confirmed that, as required by the CCB Standards and the VCS methodology VM0007, the net climate impact was determined as the difference between baseline emissions and the sum of project and leakage emissions.</p>
<p>Conformance - Y</p>	
<p>Indicator 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.</p>	<p>The PDD contains an adequate plan for how double counting of emission reductions will be avoided. At the present, the host country does not have an emissions cap, although that could certainly change in the future.</p>
<p>Conformance - Y</p>	

3.2.2. CL2 – Offsite Climate Impacts (‘Leakage’)

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’).

CL2 - Offsite Climate Impacts (Leakage)

<p>Indicator 1 - Determine the types of leakage 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.</p>	<p>The PDD contains an appropriate description of the types of leakage that are expected, as well as an estimate of the potential increases in emissions due to project activities, in accordance with the VCS methodology VM0007. The analysis reported in the PDD is consistent with the analysis confirmed as part of the VCS validation audit (also conducted by SCS).</p>
<p>Conformance - Y</p>	

Indicator 2 - Document how any leakage will be mitigated and estimate the extent to which such impacts will be reduced by these mitigation activities.	The PDD contains an appropriate description of leakage mitigation strategies to be applied and the extent to which impacts are likely to be reduced by the mitigation strategies employed. The audit team agrees that the strategies described, if implemented effectively, are likely to result in a reduction in leakage emissions.
Conformance - Y	

Indicator 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).	The PDD contains an appropriate description of the types of leakage that are expected, as well as an estimate of the potential increases in emissions due to project activities, in accordance with the VCS methodology VM0007. The analysis reported in the PDD is consistent with the analysis confirmed as part of the VCS validation audit (also conducted by SCS). Through review of reporting worksheets, the audit team confirmed that the quantification of leakage was included in the calculation required by CL1.4.
Conformance - Y	

Indicator 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.	Leakage emissions from increased biomass burning in the leakage belt were accounted for in the calculations provided under CL2.1, in accordance with the VCS methodology VM0007. This is the only foreseeable source of GHG emissions that is attributable to leakage.
Conformance - Y	

3.2.3. CL3 – Climate Impact Monitoring

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.

CL3 - Climate Impact Monitoring

<p>Indicator 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. 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.</p>	<p>The PDD contains a full monitoring plan that is consistent with the monitoring plan that was included in the VCS project description and confirmed to conform to the VCS rules and the VCS methodology VM0007 as part of the VCS validation audit. The monitoring plan covers monitoring in the project area and leakage belt, and is adequate to capture any increases in GHG emissions or decreases in carbon stocks due to project activities in the project zone. The monitoring plan meets all requirements of CL3.1, including the requirement to monitor GHG emissions from non-CO₂ sources. The monitoring plan makes use of direct field measurements using scientifically robust sampling where required, and also uses remote sensing methods to determine changes in land cover due to deforestation and natural disturbance.</p>
<p>Conformance - Y</p>	

<p>Indicator 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.</p>	<p>The PDD contains the commitments that are required under CL3.2.</p>
<p>Conformance - Y</p>	

3.3. Community Section

3.3.1. CM1 – Net Positive Community Impacts

The project must generate net positive impacts on the social and economic well-being of communities and ensure that costs and benefits are equitably shared among community members and constituent groups during the project lifetime.

Projects must maintain or enhance the High Conservation Values (identified in **G1**) in the project zone that are of particular importance to the communities' well-being.

CM1 - Net Community Impacts

<p>Indicator 1 - Use appropriate methodologies to estimate the impacts on communities, including all constituent socio-economic or cultural groups such as indigenous peoples (defined in G1), resulting from planned project activities. A credible estimate of impacts must include changes in community well-being due to project activities and an evaluation of the impacts by the affected groups. This estimate must be based on clearly defined and defensible assumptions about how project activities will alter social and economic well-being, including potential impacts of changes in natural resources and ecosystem services identified as important by the communities (including water and soil resources), over the duration of the project. The 'with project' scenario must then be compared with the 'without project' scenario of social and economic well-being in the absence of the project (completed in G2). The difference (i.e., the community benefit) must be positive for all community groups.</p>	<p>The PDD contains an estimation of impacts on communities from the project activity. Through conversations with project personnel, the audit team received assurance that the tool described in the PDD is an appropriate methodology, as required by CM1.1. The PDD contains a credible estimate that includes an evaluation of the impacts on the communities, which includes defined and defensible assumptions regarding how the project will alter the well-being of the communities. The audit team agrees that the project will result in clearly positive impacts on the communities (the livelihoods of which, as has previously been discussed, are tied by definition to the ongoing maintenance of natural forest within the project area) when the analysis excludes consideration of well-being based on illegal activities (e.g., land invasion), as required by CM1.1.</p>
<p>Conformance – Y</p>	

<p>Indicator 2 - Demonstrate that no High Conservation Values identified in G1.8.4-6 will be negatively affected by the project.</p>	<p>The PDD contains an appropriate demonstration that no HCVs will be negatively affected by the project. The audit team agrees that, given the project activities described in the PDD, the likelihood that the project could negatively impact the HCVs identified in G1.8.4-6 is very low.</p>
<p>Conformance - Y</p>	

3.3.2. CM2 – Offsite Stakeholder Impacts

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 stakeholders.

CM2 - Offsite Stakeholder Impacts

<p>Indicator 1 - Identify any potential negative offsite stakeholder impacts that the project activities are likely to cause.</p>	<p>The PDD appropriately identifies leakage outside the project zone as a potential negative offsite impact. The audit team agrees that such leakage should be minimal. The reason for this is that the project zone includes the leakage belt, which (as was confirmed during the VCS validation audit) was deliberately constructed, in accordance with VCS methodology VM0007, to include all areas where leakage could plausibly be expected. As discussed during on-site inspections, some forestry concessions do adjoin the project zone. However, as explained to the audit team, most of the border between the project zone and the forestry concessions in question is at least 20 kilometers away from the Southern Interoceanic Highway, and is therefore unlikely to be subject to a high degree of leakage. The audit team agrees with this assessment.</p>
<p>Conformance - Y</p>	

<p>Indicator 2 - Describe how the project plans to mitigate these negative offsite social and economic impacts.</p>	<p>The audit team agrees that the mitigation activities described within the PDD will help to mitigate any potential for off-site leakage. As noted in the PDD and as described to the audit team during on-site inspections, the control and monitoring activities of the project are planned to encompass the all Brazil-nut concessions within the project zone (i.e., including those concessions that exist within the leakage belt as well as those that exist within the project area). While control and monitoring activities are not necessarily planned outside of the project zone, the audit team agrees that the overall presence of control and monitoring activities within the project zone is likely to reduce the incidence of land invasions and other impacts in the surrounding area. The audit team also agrees that activities to strengthen the technical capacity of the Brazil-nut industry and to render agricultural assistance to non-concessionaires within the project zone are also likely to reduce the incidence</p>
<p>Conformance - Y</p>	

	of leakage outside the project zone.
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Indicator 3 - Demonstrate that the project is not likely to result in net negative impacts on the well-being of other stakeholder groups.	The audit team agrees that, given the low likelihood for leakage outside the project zone and the mitigation strategies outlined in the PDD, the project is not likely to result in net negative impacts on the well-being of other stakeholder groups, both inside and outside the project zone.
Conformance - Y	

3.3.3. CM3 – Community Impact Monitoring

The project Proponents must have an initial monitoring plan to quantify and document changes in social and economic well-being resulting from the project activities (for communities and other stakeholders). The monitoring plan must indicate which communities and other stakeholders will be monitored, and identify the types of measurements, the sampling method, and the frequency of measurement.

Since developing a full community monitoring plan can be costly, it is accepted that some of the plan details may not be fully defined at the design stage, when projects are being validated against the Standards. This is acceptable as long as there is an explicit commitment to develop and implement a monitoring plan.

CM3 - Community Impact Monitoring

Indicator 1 - Develop an initial plan for selecting community variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the project’s community development objectives and to anticipated impacts (positive and negative).	The PDD contains a monitoring plan with an identified list of community variables (i.e., indicators) to be monitored as well as an indication of the frequency of monitoring. The audit team agrees that the proposed monitoring schedule is appropriate and that the selected indicators are appropriately linked to “changes in social and economic well-being resulting from the project activities (for communities and other stakeholders)”, as required by criterion CM3.
Conformance - Y	

<p>Indicator 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.</p>	<p>The audit team agrees that the planned biodiversity monitoring program will be sufficient to monitor the effectiveness of measures used to maintain or enhance the HCVs identified in conformance to G1.8.4-6.</p>
<p>Conformance - Y</p>	

<p>Indicator 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.</p>	<p>The PDD contains the commitments that are required under CM3.3.</p>
<p>Conformance - Y</p>	

3.4. Biodiversity Section

3.4.1. B1 – Net Positive Biodiversity Impacts

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 populations 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) 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.

B1 - Net Positive biodiversity Impacts

<p>Indicator 1 -Use appropriate methodologies 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.</p>	<p>The PDD identifies presence of Brazil-nut forest as a proxy for maintenance of biodiversity. The assumptions inherent in the use of such a proxy are considered appropriate by the audit team, given the documentation of the importance of this ecosystem for biodiversity that is provided in conformance to G1.7. The audit team agrees that, if the project is implemented as described in the PDD, the net biodiversity impact is likely to be overwhelmingly positive.</p>
<p>Conformance - Y</p>	

<p>Indicator 2 -Demonstrate that no High Conservation Values identified in G1.8.1-3 will be negatively affected by the project.</p>	<p>The PDD contains an appropriate demonstration that none of the HCVs identified in conformance to G1.8.1-3 will be negatively affected by the project. As is indicated in the PDD, the Brazil-nut industry in the Madre de Dios region of Peru is dependent on the presence of intact natural forest, and the harvesting and transportation of Brazil-nuts does not result in substantial biodiversity impacts. Some timber harvest has taken place, and may continue to take place, within the project scenario (although such timber harvest is not a project activity); however, the strategies described within the PDD are sufficient to mitigate any impacts on biodiversity. Through on-site observations of areas harvested in the first three years of the project, the audit team can confirm that the harvest activities implemented to date have been selection harvest activities that have left the forest cover intact, with the same network used for transportation of logs that has traditionally been used for transportation of harvested Brazil-nuts. Such harvest activities result in very low impact on the forest. Therefore, the audit team agrees with the assessment within the PDD.</p>
<p>Conformance - Y</p>	

<p>Indicator 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.</p>	<p>The PDD contains a list of the species to be used in project activities. Independent research conducted by the audit team confirmed that the species in question are native to Peru and are of commercial importance.</p>
<p>Conformance - Y</p>	

Indicator 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.	As indicated in the PDD, no non-native species are planned to be used by the project.
Conformance - Y	

Indicator 5 - Guarantee that no GMOs will be used to generate GHG emissions reductions or removals.	The PDD contains the guarantee required by B1.5.
Conformance - Y	

3.4.2. B2 – Offsite Biodiversity Impacts

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

B2 - Offsite Biodiversity Impacts

Indicator 1 - Identify potential negative offsite biodiversity impacts that the project is likely to cause.	As described with respect to CL2.1, the audit team agrees that the potential for impacts to the standing forest (and, by extension, to species richness and diversity of flora and fauna) outside the project zone are likely to be limited. However, the PDD does acknowledge the possibility that “The control and monitoring activities in the zone of the project [i.e., the project zone] will produce the displacement of deforestation and degradation agents (non-members of the project), mainly related to illegal logging, burning and mining.”
Conformance - Y	

Indicator 2 - Document how the project plans to mitigate these negative offsite biodiversity impacts.	The audit team agrees that the activities described with respect to B2.1, as well those described with respect to CL2.1, will help to mitigate the potential for offsite biodiversity impacts.
Conformance - Y	

Indicator 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.	The audit team agrees that unmitigated negative biodiversity impacts are not likely, given the low likelihood for such impacts in the first place and the mitigation strategies employed. The audit team further agrees that the net effect of the project on biodiversity is likely to overwhelmingly positive, given the substantive biodiversity benefits that are will occur within the project zone if the project is implemented as designed.
Conformance - Y	

3.4.3. B3 – Biodiversity Impact Monitoring

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.

B3 - Biodiversity Impact Monitoring

Indicator 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).	As required by B3.1, the PDD contains an initial plan for selecting the biodiversity variables to be monitored and the frequency of monitoring. The audit team agrees that this plan, when fully implemented, will be appropriate to capture changes in biodiversity resulting from the project activities. As indicated within the PDD, the geographic scope of the monitoring effort for most variables is “Brazil nut Concessions”. This will ensure that monitoring is carried out within and outside the project area. The monitoring frequencies indicated in the PDD should be adequate to ensure a robust dataset for conducting change analyses.
Conformance - Y	

Indicator 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.	The audit team agrees that the plan described in conformance to B3.1 will be sufficient to assess the effectiveness of the measures described in conformance to B1.2. For example, it should be possible for significant negative impacts from timber harvesting to be detected through the initial plan described in conformance to B3.1, should they occur.
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Conformance - Y	
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Indicator 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.	The PDD contains the commitments that are required under B3.3.
Conformance - Y	

3.5. Gold Level Section

3.5.1. GL1 – Climate Change Adaptation Benefits

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: 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.

GL1 - Climate Change Adaptation Benefits

Indicator 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.	N/A
Conformance: N/A	

Indicator 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.	N/A
Conformance: N/A	

Indicator 3 - Demonstrate that current or anticipated climate changes are having or are likely to have an impact on the well-being of communities ⁵¹ and/or the conservation status of biodiversity ⁵² in the project zone and surrounding regions.	N/A
Conformance: N/A	

Indicator 4 - Demonstrate that the project activities will assist communities and/or biodiversity to adapt to the probable impacts of climate change.	N/A
Conformance: N/A	

3.5.2. GL2 – Exceptional Community Benefits

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.

GL2 - Exceptional Community Benefits

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

Indicator 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.	N/A
Conformance: N/A	

Indicator 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.	N/A
Conformance: N/A	

Indicator 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 project design includes measures to avoid any such impacts. Where negative impacts are unavoidable, demonstrate that they will be effectively mitigated.	N/A
Conformance: N/A	

Indicator 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.	N/A
Conformance: N/A	

3.5.3. GL3 – Exceptional Biodiversity Benefits

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. 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.

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:

GL3 - Exceptional Biodiversity Benefits

Indicator 1 - Vulnerability - Regular occurrence of a globally threatened species (according to the IUCN Red List) at the site:	See Below
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Indicator 1.1 - Critically Endangered (CR) and Endangered (EN) species - presence of at least a single individual; or	
Conformance - Y	

Indicator 1.2 - Vulnerable species (VU) - presence of at least 30 individuals or 10 pairs.	The audit team did not specifically confirm the on-site presence of the wildlife species noted in the PDD. However, through on-site observations, the audit team was able to confirm the presence of <i>Bertholletia excelsa</i> (the Brazil nut, locally known as castaña) in the required density within the project zone. Through review of government-approved harvest records, the audit team was also able to gain a reasonable level of assurance regarding the presence of <i>Cedrela odorata</i> and <i>Dipteryx alata</i> in the required densities within the project zone.
Conformance: Y	

4.0 CCB Validation Conclusion

Following completion of SCS' duly-accredited validation process, it is our opinion that the project conforms to the CCB Standards at the Gold Level. Specifically, the project has been found to conform to the criteria indicated below.

General Section

Conformance

G1.	Original Conditions in the project area (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
G2.	Baseline projections (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
G3.	project Design and Goals (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
G4.	Management Capacity and Best Practices (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
G5.	Legal Status and Property Rights (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Climate Section

CL1.	Net Positive Climate Impacts (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CL2.	Offsite Climate Impacts ("Leakage") (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CL3.	Climate Impact Monitoring (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Community Section

CM1.	Net Positive Community Impacts (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CM2.	Offsite Community Impacts (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CM3.	Community Impact Monitoring (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Biodiversity Section

B1.	Net Positive Biodiversity Impacts (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
B2.	Offsite Biodiversity Impacts (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
B3.	Biodiversity Impact Monitoring (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Gold Section

GL1.	Climate Change Adaptation Benefits (Optional)	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
GL2.	Exceptional Community Benefits (Optional)	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
GL3.	Exceptional Biodiversity Benefits (Optional)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

CCBA Validation Level Attained:

APPROVED (all requirements met)	<input type="checkbox"/>
GOLD (all requirements and also at least one optional Gold Level criterion met)	<input checked="" type="checkbox"/>

Appendix A: Response to Public Comments

In accordance with the CCB Standards Rules, the actions taken (if necessary) to address each of the public comments received during the period from 22 July-21 August 2013 are discussed below.

The project proponent has provided the following response to the public comments received (the below text in italics is a verbatim transcription of a written response provided by the project proponent):

In the framework of the public comments periods, many meetings were developed and the observations of participants may be organized in three key issues:

- 1. More information about the project through periodical meetings and workshops*
- 2. To accomplish the commitment of the building of the Brazil nut processing plant*
- 3. Assistance to improve forest management of the concessions*

Regarding the first issue, BAM and FEPROCAMD have committed to carry decentralized meetings with more frequency to update about the development of the project. Since that, nine meetings have been carried out.

Regarding the second issue, it must be highlighted that the selection process to define the company who will be responsible of the building of the factory is soon to be ended. Six companies submitted technical-economic proposals; four of them were qualified satisfactorily by BAM engineer advisor (Vicca Verde) and proposals were adjusted and scored under certain criteria. The final choice is expected to be done during the first half of January. In parallel, the municipal permissions to start the building of the plant are being managed and the power station is being built similarly to the processing machinery. This process have been communicated to the Board of FEPROCAMD and to the delegates attending the FEPROCAMD assemblies.

Finally, regarding the third issue, BAM has purchased and fixed vehicles for the collection of nuts (caterpillars and motorcycles) and has supplied with economic resources. At the same time, BAM has increased the economic funds that transfers to FEPROCAMD to elaborate management documents as Forest Management Plan, Annual Operative Plan, and Complementary Logging Plan among others. This has also been informed to the Brazil nut harvesters through the abovementioned meetings.

The audit team agrees that the above response is sufficient to resolve most of the issues raised by the comments, at least for purposes of the validation audit described within this report.

Regarding the first key issue, the audit team agrees that there will be an ongoing need for outreach and education throughout the lifetime of the project. In particular, as noted within Appendix B, particular care will need to be taken to explain, in a transparent manner, the specific financial arrangements between the project proponent and FEPROCAMD and the implications of those financial arrangements for delivery of project benefits. Ongoing outreach and education regarding the overall design of the project, and the linkage between avoided deforestation within the project area and delivery benefits to the communities, will also be necessary. As noted with respect to indicator G3.8 above, adequate plans are in place to proceed with the necessary communication and consultation activities throughout the project lifetime. The extent to which said communication and consultation activities are effectively carried out will fall within the scope of future verification audits.

Regarding the second key issue, the high level of interest in the Brazil nut processing plant is certainly a common theme in the public comments received. The ability of project personnel to deliver on this key project activity will fall within the scope of future verification audits.

Regarding the third key issue, the audit team observed evidence, during the site visit, that the project proponent and FEPROCAMD has been actively involved in providing technical assistance to the communities. The ongoing level of provision of such assistance will fall within the scope of future verification audits.

In addition, one commenter expressed concern that negative consequences would result from failure to deliver Brazil nut product to the processing facility on time. The project proponent explained that there would not be a penalty in the case that a participating concessionaire does not supply product to the processing facility. The extent to which participating concessionaires, as constituents of the communities within the project zone, are treated fairly in all business dealings will certainly fall within the scope of future verification audits.

Several commenters were frustrated by perceived delays in delivery of project benefits, which is understandable, given the extended period of time from project start date until the issuance and sale of the first Verified Carbon Units. However, this situation should change in the near future, with delivery of capital from the sale of Verified Carbon Units and construction of the processing facility. The ability of the project to effectively deliver community benefits will fall within the scope of future verification audits.

Finally, one commenter offered a critique of the Board of FEPROCAMD regarding a perceived failure to accomplish anything. It should be noted that the internal politics of FEPROCAMD are outside the scope of the audit process, except as they relate directly to the ability of the project to deliver the benefits outlined in the PDD. The ability of the project to effectively deliver said benefits will fall within the scope of future verification audits.

Appendix B: Findings Issued During the Validation Process

Please see Section 2.6 above for a description of the findings issuance process and the categories of findings issued. It should be noted that all language under "Client Response" is a verbatim transcription of responses provided to the findings by project personnel.

NCR 2013.1 dated 05-22-2013

Standard Reference: CCB Standards Second Edition, Indicator G1.6

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Sections 6.1 and 6.2

Finding: G1.6 requires that "A description of current land use and customary and legal property rights including community property in the project zone" be provided.

Section 6.1 of the PDD does not include a description of customary and legal property rights in the villages and scattered settlements.

Section 6.2 of the PDD does not include a description of customary and legal property rights in lands occupied by native communities. It also does not include a description of current land use within these areas.

Client Response: Additional information has been included referred to traditional and current land use and rights of scattered population and indigenous people

Auditor Response: Through review of the updated PDD, entitled "Castañeros REDD Project CCB PD V2", the audit team can confirm that additional information has been provided regarding legal property rights in the settlements. In addition, the PDD indicates that the native communities within the project zone are "titled", meaning that they hold property rights. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.2 dated 05-22-2013

Standard Reference: CCB Standards Second Edition, Indicator G3.3

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G3.3

Finding: G3.3 requires that the PDD provide "a map... additional surrounding locations that are predicted to be impacted by project activities (e.g. through leakage).

The information provided in G3.3 does not specifically identify any additional surrounding locations that are predicted to be impacted by project activities.

Client Response: There are no additional locations expected to be impacted by the project activities.

The Project Zone already includes all Brazil nut concessionaires who are the most likely to benefit with project activities but also to be impacted by leakage.

Auditor Response: During the site visit, it was clarified that the project zone, which contains the project area and leakage belt, contains the main locations that are predicted to be impacted by project activities. While some leakage can be predicted to occur outside the leakage belt, as described in Section CL1.1.3 of the PDD, this leakage will not likely occur in discrete, identifiable locations. Therefore, the finding has been appropriately addressed.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.3 dated 05-22-2013

Standard Reference: CCB Standards Second Edition, Indicator G3.4

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G3.5

Finding: G3.4 requires that the PDD "define the project lifetime and GHG accounting period and explain and justify any differences between them." The PDD does not define the project lifetime and GHG account period. While the PDD does state that the project "has a horizon of life of thirty years", the PDD does not clearly define the project's GHG accounting period.

Client Response: The exact dates of the crediting period and the project start are explicit now.

Auditor Response: Through review of the updated PDD, entitled "Castañeros REDD Project CCB PD V2", it is clear that, while additional information has been provided, the non-conformity has not been resolved. While the "Accreditation Period" is clearly defined, the "GHG accounting period" is not clearly defined. The PDD does define the project lifetime, indicating that the project start date is 24 September 2009 and that "The project has a horizon of life of thirty-one years". However, the stated project lifetime is not consistent with the stated "Accreditation period", as the project lifetime (beginning on 24 September 2009 and lasting 31 years) would end on 23 September 2040, and thus end prior to the end of the "Accreditation period". As the project lifetime and GHG accounting period are not clearly stated, the finding remains open.

Client Response 2: As stated in the PD, the GHG accounting period goes from January 1, 2010 to December 31, 2040, making 31 years. The project end date is equal to the accounting period end date.

Auditor Response 2: The updated version of the PDD, entitled "Castañeros REDD Project CCB PD v3", clearly establishes the duration of the project lifetime and the GHG accounting period, indicating that the project started on 24 September 2009 and will last until 31 December 2040 and that the GHG accounting period will last from 1 January 2010 through 31 December 2040. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.4 dated 05-22-2013

Standard Reference: CCB Standards Second Edition, Indicator G3.8

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G3.9

Finding: G3.8 requires that the PDD "Project developers must document stakeholder dialogues and indicate if and how the project proposal was revised based on such input. A plan must 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."

While the PDD does indicate how stakeholder dialogues have been documented, it does not indicate if and how the project proposal was revised based on input received during stakeholder dialogues. The PDD also does not contain or reference a plan to continue communication and consultation between project managers and all community groups throughout the life of the project.

Client Response: A table has been included explaining how the feedback from the stakeholders have been considered during the design and implementation stages of the project

Another table explaining how the communication will be continued permanently throughout the whole life cycle of the project has been included too

A communication plan has been annexed and shared

Auditor Response: The corresponding section of the updated PDD, entitled "Castañeros REDD Project CCB PD V2", contains a general plan for ongoing communication and consultation with the communities. In addition, Table 79 contains a description of how the project proposal has been modified as a result of feedback received thus far. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.5 dated 05-22-2013

Standard Reference: CCB Standards Second Edition, Indicator G3.10

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G3.11

Finding: G3.10 requires that the grievance process "must be managed by a third party or mediator to prevent any conflict of interest". The grievance process described in the PDD appears to be managed either by project personnel who work for the "C&V" units or by personnel employed by Bosques Amazonicos. The PDD does not indicate how the grievance process will be handled by a third party or mediator.

Client Response: The grievance process has been changed to be operated by the Municipalities of Alerta, Alegría, Mavila and Planchon. They will receive the complaints, analyze it and communicate to BAM/FEPROCAMD, who in turn will prepare an appropriate answer (solution) directed to the respective Municipality and the grievant.

Auditor Response: A revised description of the grievance process has been included in the updated PDD entitled "Castañeros REDD Project CCB PD V2". As indicated in the Client Response, the municipalities have been identified as the "third party or mediator" responsible for managing the grievance process. Through observations gained during on-site review, the audit team can confirm that it is appropriate to assign the municipalities the responsibility for management of the grievance process. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.6 dated 05-22-2013

Standard Reference: CCB Standards Second Edition, Indicator G4.5

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G4.5

Finding: With respect to relevant labor laws, G4.5 requires that the PDD "Provide assurance that the project meets or exceeds all applicable laws and/or regulations covering worker rights and, where relevant, demonstrate how compliance is achieved." The PDD does appear to provide a list of relevant laws and regulations covering worker's rights in the host country, but the PDD does not fulfill the two requirements stated above.

Client Response: G4.5 was updated to fulfill the requirement

Auditor Response: The corresponding section of the updated PDD, entitled "Castañeros REDD Project CCB PD V2", contains a demonstration of how the project meets labor laws as well as a statement of assurance that all laws are being complied with. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.7 dated 05-22-2013

Standard Reference: CCB Standards Second Edition, Indicator G5.1

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G5.1

Finding: With respect to relevant national and local laws, G5.1 requires that the project proponent "Provide assurance that the project will comply with these and, where relevant, demonstrate how compliance is achieved." While the PDD does appear to provide a list of all relevant national and local laws and regulations in the host country and all applicable international treaties and agreements, the PDD does not fulfill the two requirements stated above.

Client Response: G4.5 was updated to fulfill the requirement

Auditor Response: Section G5.1 of the updated PDD, entitled "Castañeros REDD Project CCB PD V2", contains a statement of assurance that all laws are being complied with. In addition, the updated PDD contains a demonstration that the project has taken to comply with the most relevant laws, regulations and agreements (i.e., those pertaining to REDD projects). Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.8 dated 05-22-2013

Standard Reference: CCB Standards Second Edition, Indicator CL1.1

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section CL1

Finding: The CCB Standards require the user to "Estimate the net change in carbon stocks due to the project activities... The net change is equal to carbon stock changes with the project minus carbon stock changes without the project (the latter having been estimated in G2)."

While Section CL1.2 of the PDD does contain an estimate of the net change in greenhouse gases due to the project activities, the PDD does not contain an estimate of the net change in carbon stocks due to the project activities.

Client Response: The carbon stock change due degradation activities (legal logging) was included in the with-project emissions.

Auditor Response: As indicated in the Client Response, the corresponding section of the updated PDD (entitled "Castaños REDD Project CCB PD V2") contains an estimate of the emissions (which are equivalent to the net change in carbon stocks) due to degradation from legal timber harvest in the project scenario. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NIR 2013.9 dated 05-22-2013

Standard Reference: CCB Standards Second Edition, Indicator CL2.4

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section CL2.4

Finding: With respect to leakage accounting, the CCB Standards require that "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." The PDD states that "The non-CO2 greenhouse gas emissions due to leakage were included in the estimation of ex-ante project emissions (Section CL1-1.2), according to M-MON Module, and dismissed because they were insignificant (Section CL1-1.3)." While it is clear that the emissions from burning in the leakage belt in the project scenario (along with the project emissions) are an insignificant proportion of the total GHG emission reductions within the project area, it is not clear that the emissions from burning in the leakage belt in the project scenario are an insignificant proportion of the project's overall off-site GHG emissions reductions or removals. Please provide a demonstration of this.

Client Response: The GHG emissions from burning biomass in the leakage belt mentioned in section CL1-1.2 were removed from the calculations. The emissions from burning biomass that can be considered as part of "leakage" are already included in the value of CLK-ASU-LB(leakage from Project Area to Leakage Belt), as this value comes from multiplying the net emissions of project area (carbon stock change + non-CO2 gases) by a proportion of inhabitants expected to be displaced from PA to LB.

Auditor Response: The audit team agrees that the calculation of C(LK-ASU-LB) inherently captures emissions from biomass burning in the leakage belt. Therefore, full conformance with indicator GL2.4 has been met and the finding can be closed.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.10 dated 05-22-2013

Standard Reference: CCB Standards Second Edition, Indicator CL3.2

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section CL3.2

Finding: The CCB Standards require the user to commit to disseminating the monitoring plan and results, ensuring that "they are made publicly available on the internet." The PDD does not contain such a commitment.

Client Response: A section where this commitment is expressed has been included in the PDD

Auditor Response: Section CL3.3 of the updated PDD, entitled "Castañeros REDD Project CCB PD V2", does not contain a commitment to make the monitoring plan and the results of monitoring available on the website. In addition, while the PDD contains a commitment to disseminate the monitoring plan and results of monitoring "among the concessionaires" the PDD does not contain a commitment to disseminate the monitoring plan and the results of monitoring to communities and other stakeholders. Therefore, the non-conformity has not been resolved.

Client Response 2: We have included BAMs commitment to publicize the monitoring results with communities and stakeholders through BAMs website, physical and digital copies and meetings.

Auditor Response 2: The updated version of the PDD, entitled "Castañeros REDD Project CCB PD v3", contains all of the commitments required by indicator CL3.2. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.11 dated 05-22-2013

Standard Reference: CCB Standards Second Edition, Indicator CM3.3

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section CM3.1

Finding: The CCB Standards require the user to commit to disseminating the monitoring plan and results, ensuring that "they are made publicly available on the internet and are communicated to the communities and other stakeholders." The PDD does not contain such a commitment.

Client Response: A section where this commitment is expressed has been included in the PDD

Auditor Response: Section CM3.3 of the updated PDD, entitled "Castañeros REDD Project CCB PD V2", does contain additional information in response to this finding. However, the information that is provided is not clearly stated. The PDD states that "BAM agrees to complete it within six of validation against the standards", but it is not clear what "six of validation" means. The PDD also states that BAM will give "hard copies to FEPROCAMD and its root organizations and in meetings", but it is not clear what is meant by "its root organizations". In addition, the PDD does not contain a commitment to communicate the monitoring plan and the results of monitoring to other stakeholders. Therefore, the finding remains open.

Client Response 2: There were some errors in writing which have been corrected. Additionally, we have included BAMs commitment to publicize the monitoring results with communities and stakeholders through BAMs website, physical and digital copies and meetings.

Auditor Response 2: The updated version of the PDD, entitled "Castañeros REDD Project CCB PD v3", contains all of the commitments required by indicator CM3.1. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.12 dated 05-22-2013

Standard Reference: CCB Standards Second Edition, Indicator B3.3

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section B3.3

Finding: The CCB Standards require the user to commit to disseminating the monitoring plan and results, ensuring that "they are made publicly available on the internet and are communicated to the communities and other stakeholders." The PDD does not contain an unambiguous commitment of such.

Client Response: A section where this commitment is expressed has been included in the PDD

Auditor Response: Section B3.3 of the updated PDD, entitled "Castañeros REDD Project CCB PD V2", contains a timeline for completion of the monitoring plan and for the dissemination of the plan and the results of monitoring to the communities and the internet. However, the PDD does not contain a commitment to communicate the monitoring plan and the results of monitoring to other stakeholders. Therefore, the finding remains open.

Closing Remarks: The Client's response adequately addresses the finding.

OFI 2013.13 dated 08-02-2013

Standard Reference: CCB Standards Second Edition, Indicator G3.8

Document Reference: NA

Finding: Indicator G3.8 of the CCB Standards requires that "A plan must 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." While the project has made a generally commendable effort to communicate and consult with the communities affected by the project, the audit team found evidence, during on-site interviews, that an opportunity exists for increased transparency regarding the specific financial arrangements between Bosques Amazonicos and FEPROCAMD, as these arrangements directly impact the provision of benefits to the communities. Efforts to ensure that these arrangements are explicitly communicated to the communities will help to ensure the continued conformance of the project to indicator G3.8.

Client Response: As can be seen in Figure 22, a infographic has been shared with all the concessionaries explaining the financial terms of the agreement. It must be highlighted that these terms have been a result of the negotiations between BAM and FEPROCAMD, who brought the agreements achieved after many participatory internal discussions. The recommendation has been taken in consideration and a letter informing to FEPROCAMD that VCS verification has just been achieved, has been submitted. A communication plan has been annexed and shared

Auditor Response: A formal response to Opportunities for Improvement is not required. However, it is helpful to understand that steps are being taken to strengthen communication with the communities.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.14 dated 08-02-2013

Standard Reference: CCB Standards Second Edition, Indicator G1.5

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G1.5

Finding: Indicator G1.5 of the CCB Standards requires that the PDD include "A description of communities located in the project zone". The specific definition of "communities" as used within the CCB Standards, is "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." As discussed with project personnel during the site visit, within the context of this narrow definition, the "communities" are the concessionaires and their families, as well as others who regularly visit the project area as seasonal employees for the task of Brazil nut harvesting. While the PDD contains a description of "communities in the project zone", this description conforms to a broader definition of the term "communities", rather than the narrower definition used by the CCB Standards. Therefore, the description does not conform to indicator G1.5 of the CCB Standards.

Client Response: Section G.1.5 has been updated with a new definition of "community" according with the standard

Auditor Response: As indicated in the Client Response section, the updated PDD, entitled "Castañeros REDD Project CCB PD V2", contains a description of "communities" that focuses more specifically on those communities as defined by the CCB Standards. Basic demographic information is now limited to the districts of Tahuamanu and Las Piedras, where the six villages within the project zone are located, and information pertaining to the districts of Laberinto and Tambopata has been removed. This is appropriate, due to the following factors:

- 1) A very small proportion of the project zone that falls within the district of Laberinto
- 2) Most of the population in the district of Tambopata is located within the towns of Puerto Maldonado and El Triunfo, which are located outside the project zone, and therefore demographic information from the district of Tambopata would present in inaccurate view of daily life in the project zone.

In addition, detailed information has been provided regarding the Brazil nut concessionaires and their families (the main groups that comprise the communities within the project zone) from surveys conducted by FEPROCAMD. Additional information is provided regarding other groups that are part of the Brazil nut industry in Madre de Dios and, thus, constitute communities within the project zone. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

OFI 2013.15 dated 08-02-2013

Standard Reference: CCB Standards Second Edition, definition of "other stakeholders"

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G3.9

Finding: The CCB Standards describe "other stakeholders" as "the main groups potentially affected by the project activities that are not living on or adjacent to the project site". While Table 78 of the PDD contains a list of "stakeholders of the project", it was confirmed during the site visit that many of these groups are either not likely to be affected by the project activities (e.g., those groups for which the impact is listed as "neutral") or are not likely to be the main groups potentially affected by the project activities. While the efforts of the project to reach out to a wide variety of entities is commendable, it is suggested that the inclusion of such a large number of entities as "other stakeholders" may threaten the ability of the project to maintain conformance to those sections of the CCB Standards that require ongoing consultation with, and monitoring of, other stakeholders. Thus, an opportunity exists to narrow the list of other stakeholders to more specifically match the definition as used by the CCB Standards.

Client Response: [No formal response to this finding was provided.]

Auditor Response: A formal response to Opportunities for Improvement is not required.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.16 dated 08-02-2013

Standard Reference: CCB Standards Second Edition, Indicator G3.9

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G3.10

Finding: The CCB Standards require that the PDD must "Describe what specific steps have been taken, and communications methods used, to publicize the CCBA public comment period to communities and other stakeholders and to facilitate their submission of comments to CCBA." While many aspects of the process of public consultation with communities and other stakeholders have been described in the PDD, the PDD does not specifically describe the process of publicizing the CCBA public comment period to communities and other stakeholders and the procedures undertaken to facilitate the submission of comments to CCBA.

During the site visit, the audit team did not find evidence that sufficient effort was made to publicize the CCBA public comment period to the communities. The audit team understands that the public comment period was announced at a FEPROCAMD meeting, but this does not constitute effective publicization of the CCBA public comment period to the communities. Although it was indicated to the audit team that anyone is free to attend meetings of FEPROCAMD, the audit team confirmed, through observation of a meeting of FEPROCAMD on 14 July 2013, that such meetings are, in practice, predominately attended by delegates from the individual member associations of FEPROCAMD. Members of FEPROCAMD that are not delegates from the associations do not typically attend such meetings, and it is not likely that information about the CCBA public comment period was always accurately and effectively conveyed to members of the associations from the delegates that were present at the FEPROCAMD meeting. In addition, other members of the communities who are not members of FEPROCAMD (e.g., concessionaires that are members of the project but not members of FEPROCAMD; the families of project concessionaires, who are not FEPROCAMD members; individuals who regularly obtain seasonal employment from Brazil nut harvest within the project area, but who are not FEPROCAMD members) are not likely to have received accurate information about the public comment period through the communication strategy employed.

In addition, the audit team did not find evidence that sufficient effort was made to facilitate the submission of public comments from communities to the CCBA. It was indicated to the audit team that those members of the communities who may not have the ability to directly submit public comments to the CCBA (e.g., due to lack of computer literacy or lack of direct access to the necessary equipment for submission of comments) were able to request that FEPROCAMD staff record their comments and submit such comments through the CCBA website. However, this procedure effectively excluded individuals who were not FEPROCAMD members. It also excluded, in practice, individuals who were FEPROCAMD members, as it required the individual to take the initiative to travel to the FEPROCAMD office in Puerto Maldonado (which is not where many concessionaires reside) and request such transcription services.

The audit team also did not find evidence that sufficient effort was made to facilitate the publicization of the public comment period, and the submission of public comments to the CCBA, with respect to the other stakeholders of the project. During the site visit, it was indicated to the audit team that five government offices were advised of the public comment period and encouraged to submit public comments. Four of the letters sent to the offices to arrange meetings (as reviewed by the audit team) were dated after the public comment period had elapsed. Therefore, the officials at four of these offices would not have had any opportunity to provide public comments to the CCBA. In addition, no additional members of the "other stakeholders" group were contacted regarding the CCBA public comment period (but see, in response to this finding, OFI 2013.15).

Client Response: [A formal response to this finding was not provided.]

Auditor Response: In response to this finding, a second CCBA public comment period was opened

during the period 22 July - 21 August 2013. Subsequent to the closure of this second public comment period, a follow-up site visit was held during the period 3 - 6 September 2013. During this visit, the audit team interviewed project personnel and representatives of FEPROCAMD regarding the implementation of the second public comment period and interviewed concessionaires from Pariamanu, Planchón, Alegría, Mavila, La Novia and Alerta (including both concessionaires who are members of the project and those who are not members of the project). As an outcome of this follow-up visit, the audit team attained a reasonable level of assurance that the CCBA public comment period was undertaken in a manner consistent with indicator G3.9.

However, this finding remains open because the revised PDD, entitled "Castañeros REDD Project CCB PD V2", does not specifically describe the process of publicizing the CCBA public comment period to communities and other stakeholders and the procedures undertaken to facilitate the submission of comments to CCBA. The PDD does state that "To reinforce an update the communication with the community, a second public comment period was made in August this year. The results can be seen in the attached document Proceso de Consulta Pública del Documento de Diseño del Proyecto, 22 Julio al 21 Agosto 2013." However, this does not constitute the description that is required by indicator G3.9.

Client Response 2: We have augmented a resume of the actions undertaken during the 1st and 2nd public comment period made this year.

Auditor Response 2: The updated version of the PDD, entitled "Castañeros REDD Project CCB PD v3", contains a description of the specific steps that have been taken, and communications methods used, to publicize the CCBA public comment period to communities and other stakeholders and to facilitate their submission of comments to CCBA. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.17 dated 08-02-2013

Standard Reference: CCB Standards Second Edition, Indicator G2.3

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Sections G2.3 and CL1.1

Finding: Indicator G2.3 of the CCB Standards requires the user to "Calculate the estimated carbon stock changes associated with the 'without project' reference scenario described above... The timeframe for this analysis can be either the project lifetime (see G3) or the project GHG accounting period, whichever is more appropriate." The timeframe for the analysis reported in the PDD is 10 years, which the audit team understands to not be consistent with either the project lifetime or the project GHG accounting period. Therefore, the timeframe for the analysis does not conform to the CCB Standards.

While indicator CL1.1 does not prescribe a specific timeframe for estimation of carbon stock changes, it requires that "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)." Such calculation can only be done where the timeframe for the project-scenario analysis is consistent with the timeframe for the baseline-scenario analysis. The timeframe for the project-scenario analysis is 10 years, which the audit team understands to not be consistent with either the project lifetime or the project GHG accounting period. Therefore, the timeframe for the analysis does not conform to the CCB Standards.

Client Response: The timeframe of estimations was extended to cover the entire accreditation period (up to 2040)

Auditor Response: As indicated in the Client Response, the updated PDD (entitled "Castañeros REDD Project CCB PD V2") presents information for the entire "accreditation period". Based on the assumption that the "accreditation period" is equivalent to the GHG accounting period, the non-conformity appears to have been resolved and this finding may be closed.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.18 dated 08-02-2013

Standard Reference: CCB Standards Second Edition, Indicator G3.10

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G3.11

Finding: This finding is a follow-up to NCR 2013.5.

The CCB Standards require that the user "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." As explained to the audit team, the process described in the PDD involves the submission of grievances either to FEPROCAMD (which then passes the grievances on to Bosques Amazonicos) or directly to Bosques Amazonicos. As Bosques Amazonicos is the project proponent, and as FEPROCAMD is an implementing partner in the project, the audit team finds that neither entity can be necessarily considered a "third party or mediator" capable of avoiding conflict of interest in the case of grievances regarding design or implementation of project activities.

In addition, the process described in the PDD does not appear to be accessible to members of the communities, and other stakeholders, who are not concessionaires. Therefore, it is not an effective process for addressing grievances of all communities and other stakeholders.

Client Response: Municipalities of Alegria, Mavila, Las Piedras and Planchon have been included as third parties for the grievance dealing process as can be reviewed in Section G.3.10

Auditor Response: As noted in resolution of NCR 2013.5, a revised description of the grievance process has been included in the updated PDD entitled "Castañeros REDD Project CCB PD V2". As indicated in the Client Response, the municipalities have been identified as the "third party or mediator" responsible for managing the grievance process. Through observations gained during on-site review, the audit team agrees that the municipalities are an appropriate third party to manage the grievance process. The audit team also agrees that, as the municipalities have a mandate to serve the entirety of the local population, the grievance process described in the PDD will not exclude members of the communities, and other stakeholders, who are not concessionaires and who would have been excluded from the previously proposed grievance process. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.19 dated 08-02-2013

Standard Reference: CCB Standards Second Edition, Indicator G4.2

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Sections G4 and CL2.2

Finding: The CCB Standards require that "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." As documented in Section CL2.2 of the PDD and as discussed during the site visit, the project proponent has plans to introduce training in "Agro-forestry, usage of non-timber forest resources, Fish farming, etc." as a leakage mitigation strategy. As Bosques Amazonicos lacks the relevant experience to plan and implement such training events, it was discussed during the site visit that other organizations will have to be partnered with to support the project in this capacity. However, while a strategy for partnering with other organizations was conveyed verbally to the audit team during the site visit, such a strategy has not been documented in Section G4 of the PDD.

Client Response: A statement has been included in Section 4.2 mentioning that expert personnel is going to be hired when required or strategic partnerships will be signed with other institutions to implement appropriately this requirement

Auditor Response: Section G4.2 of the updated PDD, entitled "Castañeros REDD Project CCB PD V2", contains a description of how the project will link farmers within the project zone with government organization, as well as how consultants will be hired as needed (procedures for hiring are already provided in Section G4.4 of the PDD). Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.20 dated 08-02-2013

Standard Reference: CCB Standards Second Edition, Indicator G4.6

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G4.6

Finding: The CCB Standards require that the user must "Comprehensively assess situations and occupations that pose a substantial risk to worker safety" and that "A plan must be in place to inform workers of risks and to explain how to minimize such risks." As discussed during the site visit, patrolling the forest as a custodian may be a dangerous activity in the case that there are confrontations with illegal loggers or land invaders. However, the PDD does not contain a specific assessment of how this activity may pose a risk to worker safety. In addition, the PDD does not contain a plan to inform forest custodians of risks and to explain how to minimize such risks.

Client Response: An updated version of the Control and Surveillance Plan has included new additional risk mitigation measures to minimize the risk over forest custodians

Auditor Response: Section G4.6 of the updated PDD, entitled "Castañeros REDD Project CCB PD V2", states that "The Control and Surveillance Plan (Estrategia de Control y Vigilancia de las Concesiones Castañeras) already includes measures to reduce risks for every sub-activity. An extra set of regulations for forest custodians was added to this plan (Section 4.1.1)". Section 4.1.1 of the document "Estrategia Control y Vigilancia FINAL" was reviewed. This section does describe best practices for minimizing risks. However, the PDD does not specifically indicate how forest custodians will be informed of risks. In addition, the PDD does not contain a specific assessment of how forest patrolling may pose a risk to worker safety. Therefore, the non-conformity has not been resolved.

Client Response 2: Explicit indications of how the custodians will be informed and what mechanisms will be used to promote the workers safety have been included in section G.4.6 of the CCB PDD

Auditor Response 2: The updated version of the PDD, entitled "Castañeros REDD Project CCB PD v4", contains a clear identification of specific risks to forest custodians. The PDD also contains a general description of the process by which workers will be informed of risks. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.21 dated 08-02-2013

Standard Reference: CCB Standards Second Edition, Criterion CM3

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G4.6

Finding: The CCB Standards require that "The project proponents must have an initial monitoring plan to quantify and document changes in social and economic well-being resulting from the project activities (for communities and other stakeholders)." While the audit team agrees that the monitoring plan described in Section CM3 of the PDD is likely to be very effective in measuring changes in social and economic well-being with respect to communities, it is not clear that the indicators presented in Section CM3 are likely to be effective in measuring changes in social and economic well being with respect to other stakeholders. Although some indicators measure various changes in the situation of other stakeholders (e.g., the indicator "number of farms implementing agroforestry"), there is currently a paucity of indicators that directly measure changes in social and economic well-being for other stakeholders.

Client Response: An updated table with new indicators for non-BN concessionaries stakeholders specific to measure economic and social impacts of the project activities has been included

Auditor Response: Through review of the updated PDD, entitled "Castañeros REDD Project CCB PD V2", the audit team was able to confirm that indicators (as presented in Table 114) are now included that specifically assess changes in social and economic well-being resulting from the project activities for other stakeholders. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.22 dated 08-02-2013

Standard Reference: CCB Standards Second Edition, definition of "project area"

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G1.1.1

Finding: The CCB Standards define the term "project area" as "The land within the carbon project boundary and under the control of the project proponent." The PDD indicates that "The Project Area (PA) is comprised of a group of 377 concessions of Brazil nut covering 291,567 hectares. The centroid coordinates of each concession are shown in Annex 1." However, the Verified Carbon Standard (VCS) monitoring report, which was submitted to the audit team for the VCS verification audit of the project, indicates that "There has been a modification on the validated Project Area and Leakage Belt... because erroneously we have included in the validation a BN concession that is not part of the project instead of a project's concession, because of having our member contract code miswritten. After revising BAMS database and checking each contract code we have fixed the problem... the Project area is being reduced from 291,566.53 ha to 290,714.25 ha." Therefore, the PDD refers to the erroneous project area rather than the corrected project area. This is confirmed through review of Annex 1, in which the concession of David Bohorquez Cairo, who not a member of the project according to the VCS monitoring report, is indicated to be included in the project area (concession 279, with contract code 17-TAM/C-OPB-J-083-04). As Mr. Cairo is not a member of the project, the project proponent does not have control over the land within his concession. Therefore, the project area, as indicated in the PDD, includes land that is not under the control of the project proponent.

Client Response: The Project Area was corrected so as all the baseline emissions estimations. Also, the 28 new concessions associated to the project during verification were added to the Project Area.

Auditor Response: The audit team can confirm, through review of Annex 1 of the updated PDD, entitled "Castañeros REDD Project CCB PD V2", that the concession of David Bohorquez Cairo has been appropriately removed from the list of concessions. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NIR 2013.23 dated 12-06-2013

Standard Reference: NA

Document Reference: REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Annex 1; Castañeros REDD Project CCB PD V2, Annex 1; verified VCS monitoring report, Table 4

Finding: The CCB Standards define the term "project area" as "The land within the carbon project boundary and under the control of the project proponent." The version of the PDD entitled "REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx" indicated that "The Project Area (PA) is comprised of a group of 377 concessions of Brazil nut covering 291,567 hectares. The centroid coordinates of each concession are shown in Annex 1." The updated PDD ("Castañeros REDD Project CCB PD V2") states that "The Project Area (PA) is comprised of a group of 405 concessions of Brazil nut covering 308 757.3 hectares." It is understood that the increase in the number of concessions has come from the addition of 28 concessions to the project area, as described in response to NCR 2013.22. However, the audit team has not been able, from the information provided, to match the list of 405 concessions provided in Annex 1 of the updated PDD with the list of 377 concessions provided in the former version of the PDD and the list of the 28 added concessions (available from Table 4 of the monitoring report that was verified under the Verified Carbon Standard) to confirm that the list of concessions in Annex 1 of the updated PDD is valid. Examples of discrepancies between the sets of lists provided are as follows:

- The concession with ID 377 is indicated to have contract number 17-TAM/C-OPB-J-382-03 in the original PDD, but the concession with the same ID is indicated to have contract number 17-TAM/C-OPB-J-083-03 in the revised PDD.

- The concession with ID 405 is indicated to have contract number 17-TAM/C-OPB-J-137-03 in the revised PDD, but the concession with the same ID is indicated to have contract number GOREMAD-GGR-PRMRFFS-DER-TAH/C-OPB-025-11 in the VCS monitoring report

Please provide additional information that will allow the audit team to confirm the validity of the list of concessions provided in Annex 1 of the revised PDD.

Client Response: The list in Annex 1 was organized in the same way than the list in the original PDD (first 377) and the VCS Monitoring Report (from 378 to 405), so the review can be easily done.

Auditor Response: As indicated in the Client Response, the list in Annex 1 of the updated PDD, entitled "Castañeros REDD Project CCB PD v3", has been sorted in a manner consistent with the lists in the original PDD and the VCS monitoring report. The audit team has been able to confirm that the list provided is consistent with the lists that were approved as part of the VCS validation and verification audits. Therefore, the information request has been satisfied.

Closing Remarks: The Client's response adequately addresses the finding.

NIR 2013.24 dated 12-06-2013**Standard Reference:** NA**Document Reference:** REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx, Section G1.1.1; Castañeros REDD Project CCB PD V2, Section G1.1.1**Finding:** The version of the PDD entitled "REDD Project in Brazil Nut Concessions in Madre de Dios - CCB PD 10may.docx" indicated that the project zone is 1,015,316 hectares in size. The revised version of the PDD entitled "Castañeros REDD Project CCB PD V2" indicates that the project zone is 1,016,918.4 hectares in size. Although it is some changes to the size of the project are have been made, as indicated in response to NCR 2013.22, the audit team understands that such changes should have resulted in a corresponding decrease in the leakage belt, with no net change to the area of the project zone. Please provide an explanation for the change in the area of the project zone.**Client Response:** The Project Zone increased because of the inclusion of 7 Brazil nut concessions to its boundaries. These concessions are project members that were not accounted as Project Area thus, not part of the emission reduction analysis, although they can benefit from the activities. All the maps were updated to include these areas.**Auditor Response:** The additional information provided clarifies the rationale for the expansion of the project zone. As discussed during the site visit, the seven concessions in question were originally not added because they are not adjacent to the remainder of the project zone, although they may benefit from the project activities and, thus, it is appropriate to add them to the project zone. Therefore, the information request has been satisfied.**Closing Remarks:** The Client's response adequately addresses the finding.**NIR 2013.25 dated 12-06-2013****Standard Reference:** CCB Standards Second Edition, Indicator CL1.1**Document Reference:** Castañeros REDD Project CCB PD V2, Table 95; Castañeros REDD Project Calculations CCB; Degradation estimations**Finding:** Indicator CL1.1 requires the user to "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". It is unclear what methodology has been followed to produce the values provided in Table 95, as the audit team has been unable to match those values with information in the supporting workbooks. The values for baseline emissions within the project area in Table 95 are not consistent with the corresponding values in column K, worksheet "Summary", workbook "Castañeros REDD Project Calculations CCB". Similarly, the values for project emissions within the project area in Table 95 are not consistent with the corresponding values in column D, worksheet "Hoja1", workbook "Degradation estimations". Please provide an explanation for the noted discrepancies and provide the audit team with supporting information that will allow the audit team to confirm that the requirements of indicator CL1.1 were complied with.**Client Response:** The discrepancy with the baseline emissions values was generated because they were not updated. This problem was corrected in PDD v3 and the "Ex- Ante GHG Emissions in the with-project case v3" workbook, from where Table 95 comes from. On the other hand, the project emissions values are correct, as they intend to show the sum between the degradation emissions (from workbook "Degradation Estimations") and the project activities emissions.**Auditor Response:** The audit team has been able to confirm that the information in Table 97 of the updated version of the PDD, entitled "Castañeros REDD Project CCB PD v3", is consistent with the information contained in the workbooks "Degradation estimations" and "Castañeros REDD Project Calculations CCB". Therefore, the information request has been satisfied.**Closing Remarks:** The Client's response adequately addresses the finding.

NCR 2013.26 dated 12-06-2013

Standard Reference: CCB Standards Second Edition, Indicator G5.6

Document Reference: Castañeros REDD Project CCB PD V2, Section G5.6

Finding: Indicator G5.6 requires that the project proponent must "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." The PDD states that "These documents are being attached and belong to just one concessionaire. The contracts of the 377 concessionaires that are part of the project can be found in the BAM files if required." However, the indication that contracts are available for "the 377 concessionaires that are part of the project" is inconsistent with other information in the PDD which indicates that 405 concessionaires are currently part of the project.

Client Response: the 377 number of members was not properly updated before. This is being corrected in PDD version 3

Auditor Response: The updated version of the PDD, entitled "Castañeros REDD Project CCB PD v3", contains consistent and correct information regarding the number of concessions that are part of the project area, and the reference to there being 377 concessions has been stricken. Therefore, the non-conformity has been resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.27 dated 12-18-2013

Standard Reference: CCB Standards Second Edition, Indicator G1.3

Document Reference: Castañeros REDD Project CCB PD V3

Finding: This is a finding to NIR 2013.24.

Indicator G1.3 requires that "The boundaries of the project area and the project zone" must be described within the PDD. As indicated in the response to NIR 2013.24, the project zone has been modified, since the initial submission of the PDD, to include some concessions that are not in the project area or leakage belt. This is not consistent with Section G1.1 of the PDD, which states that "The Project Zone (PZ) is determined by the sum of the PA and its Leakage Belt (LB), which comprises non-project Brazil nut concessions and adjacent agricultural land, mining areas and other forestry concessions", or with Section G1.3 of the PDD, which states that "The Project Zone has been determined as the Project Area plus the Leakage Belt, which is comprised of other Brazil nut concessions and neighboring properties." It is also not consistent with Map 13, which shows the concessions in question to be outside the boundaries of the project zone, and Maps 17, 19 and 29, which does not identify the concessions in question as being within the project zone.

Client Response: We have returned to use the first area of the Project Zone because we have found out that the extra 7 concessions are outside the area with the projection of deforestation (RRL). As the vericator stated the inclusion of those concessions was not a necessary action, so we are sure that the re-use of the old area is valid and preferable. All the maps and tables (vegetation, physiography, forest type, etc) that included the Project Zone area were updated again.

Auditor Response: The updated version of the PDD, entitled "Castañeros REDD Project CCB PD v4" contains a clear and consistent indication of the extent and area of the project zone. Therefore, the non-conformity has been resolved. While the audit team found it acceptable to include the seven concessions in question in the project zone for the reasons set out in resolution to NCR 2013.24, the audit team also finds it acceptable to exclude the concessions in question from the project zone because they are arguably not adjacent to any portion of the project area.

Closing Remarks: The Client's response adequately addresses the finding.

NIR 2013.28 dated 12-26-2013

Standard Reference: Rules for the use of the Climate, Community & Biodiversity Standards Version June 21, 2010, page 11

Document Reference: NA

Finding: The CCB Standards requires that "The CCBA collates and publishes any comments that it receives and sends them to the auditor and the project proponent. The auditor must evaluate how the project proponent has responded to the issues raised by public comments. The project proponents may demonstrate their responses to public comments through revisions to the project implementation report or other documented efforts." Please provide a response to each of the comments submitted through the CCBA public comment period, as contained within the document "Comments_received_on_REDD_Project_in_Brazil_Nut_Concessions_in_Madre_de_Dios_082013", so that this can be evaluated by the audit team.

Client Response: [A formal response to this finding was not provided.]

Auditor Response: A response was provided to the audit team outside the cover of the findings workbook. The audit team was provided with a general description of how the overall themes of the issues raised during the CCBA public comment period were addressed. The audit team was also provided, in the document "Comentarios CCB1", with a description of how specific comments, which did not necessarily fall within the scope of the general description, were addressed. The audit team agrees that the issues raised have been adequately responded to for purposes of this validation audit. Therefore, the information request has been satisfied.

Closing Remarks: The Client's response adequately addresses the finding. It should be noted that this finding should have been issued against the Rules for the use of the Climate, Community & Biodiversity Standards Version December 2013, which were effective from 12 December 2013. However, the December 2013 version of said document contains language that is, for all practical purposes, identical to the language against which the finding was written. It is stated on pages 21-22 of that document that "The CCBA collates and publishes any comments that it receives and sends them to the Auditor and the Project Proponent. The Auditor shall acknowledge receipt of the comments and assess how the Project Proponent has responded to the issues raised by public comments. The Project Proponents may respond to public comments through revisions to the PDD/PIR or other documented efforts. The Auditor shall Rules for the Use of the CCB Standards take these comments into account when determining whether the project meets the CCB Standards. The Validation or Verification Report shall describe how each comment was addressed by the Project Proponent." Therefore, the finding that was written, and the appropriate resolution of such, was unaffected by the transition to the Rules for the use of the Climate, Community & Biodiversity Standards Version December 2013.

NCR 2013.29 dated 01-08-2014

Standard Reference: Rules for the Use of the Climate, Community & Biodiversity Standards Version December 2013, pages 17-18

Document Reference: Castañeros REDD Project CCB PD V4

Finding: The Rules for the Use of the Climate, Community & Biodiversity Standards requires that "A cover page of the PDD shall include:

- i. project name
- ii. project location (country, sub-national jurisdiction(s))
- iii. Project Proponent (organization and contact name with email address and phone number)
- iv. Auditor (organization and contact name with email address and phone number)
- v. project start date, GHG accounting period and lifetime
- vi. whether the document relates to a full validation or a gap validation
- vii. history of CCB Status, where appropriate, including issuance date(s) of earlier Validation/ Verification Statements etc.
- viii. the edition of the CCB Standards being used for this validation
- ix. a brief summary of the project's expected climate, community and biodiversity benefits
- x. which optional Gold Level criteria are being used and a brief description of the attributes that enable the project to qualify for each relevant Gold Level
- xi. date of completion of this version of the PDD, and version number, as appropriate, and
- xii. expected schedule for verification, if known."

The cover page of the PDD does not fully address the following items, which are relevant to the project: ii, iii (contact information and email address are missing), iv, v, vi, viii, ix, x, xi and xii. For item xii, if the expected verification schedule is known, this must be provided; otherwise, the item may be disregarded.

Client Response: The cover page of PDD includes now the information requested

Auditor Response: As indicated in the Client Response, the cover page of the updated PDD (entitled "Castañeros REDD Project CCB PD V5") contains all of the required information. However, the information provided regarding the project lifetime on the cover page is erroneous. The cover page indicates that the project lifetime is "31 years". When figured based on the project start date of 24 September 2009, the end date of the project lifetime (given a project lifetime of 31 years) would be 23 September 2040. This is not consistent with the information under Section G3.4 of the PDD, which indicates that the project lifetime ends on 31 December 2040. Therefore, the finding remains open.

Client Response 2: [The client responded out of the cover of the findings workbook by providing an updated PDD entitled "Castañeros REDD Project CCB PD v6".]

Auditor Response 2: The cover page of the updated version of the PDD, entitled "Castañeros REDD Project CCB PD v6", contains information regarding the project lifetime that is consistent with the information contained within Section G3.4. Therefore, the non-conformity has been fully resolved.

Closing Remarks: The Client's response adequately addresses the finding.

NCR 2013.30 dated 01-08-2014

Standard Reference: Rules for the Use of the Climate, Community & Biodiversity Standards Version December 2013, page 17

Document Reference: Castañeros REDD Project CCB PD V4

Finding: The Rules for the Use of the Climate, Community & Biodiversity Standards requires that "In all cases, the PDD shall clearly identify which information pertains to which of the CCB Standards criteria and indicators by the use of subheadings or other cross-referencing."

The PDD does not always clearly identify which information pertains to which of the CCB Standards criteria and indicators by the use of subheadings or other cross-referencing. While the numbering of the sub-headings within the PDD is often consistent with the indicators for which information is provided, this is not always the case. For example (but only as an example), "each project activity with expected climate, community and biodiversity impacts and its relevance to achieving the project's objectives", as required in response to indicator G3.2, is described under Section G3.4 of the PDD. As another example, a description of what "specific steps have been taken, and communications methods used, to publicize the CCBA public comment period to communities and other stakeholders and to facilitate their submission of comments to CCBA", as required by indicator G3.9, is provided under Section G3.10.3 of the PDD.

Client Response: Some minor changes were made in section G3 to match up with the sequence in CBB standard. Also, in section CL1 we clarified that CL1.1 contains sections CL1.1, CL1.2 and CL1.3 of the standard. All numberings in the PDD are now lined up with the standard.

Auditor Response: From review of the updated PDD entitled "Castañeros REDD Project CCB PD v5", it is clear that many of the necessary changes have been made. However, the PDD still does not clearly identify which information pertains to which of the CCB Standards criteria and indicators by the use of subheading, in the following instances:

Indicator G3.4 requires the user to "Define an implementation schedule, indicating key dates and milestones in the project's development." An implementation schedule is defined in the table entitled "Logic Framework of the Project". However, that table is contained within Section G3.1 of the PDD, rather than Section G3.4.

Indicator G3.8 requires the user to "Document and defend how communities and other stakeholders potentially affected by the project activities have been identified and have been involved in project design through effective consultation, 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. A plan must 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." While information has been provided in Section G3.8 of the PDD regarding this requirement, much of the information pertaining to indicator G3.8 is located within Sections G3.9.1, G3.9.2 and most of G3.9.3 (everything above the words "To reinforce the communication with the community...").

Indicator CL1.1 requires the user to "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. 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)." It is indicated that this information is contained within Section CL1.1 of the PDD. However, Section CL1.1 does not contain the "net change" in carbon stocks, as defined by the CCB Standards. Rather, it only contains the carbon stock changes with the project.

Indicator CL1.2 requires the user to "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." It is indicated that this information is contained within Section CL1.1 of the PDD. However, Section CL1.1 not contain the net change in non-CO₂ emissions (i.e., the difference between non-CO₂ emissions in the with-project and without-project scenarios). Rather, it only contains the non-CO₂ emissions with the project.

Client Response 2: [The client responded out of the cover of the findings workbook by providing an updated PDD entitled "Castañeros REDD Project CCB PD v6".]

Auditor Response 2: Through review of the updated PDD, entitled "Castañeros REDD Project CCB PD v6", it is clear that adjustments have been made to fully conform to the requirements of the Rules for the Use of the Climate, Community & Biodiversity Standard. That is, the PDD shall clearly identify which information pertains to which of the CCB Standards criteria and indicators by the use of subheadings and, in the case of indicators CL1.1 and CL1.2, other cross-referencing.

Section G3.4 of the PDD now contains an implementation schedule.

Information regarding the compliance of the project with indicator G3.8 of the CCB Standards is now located within Section G3.8 of the PDD.

Information regarding conformance to the requirements of indicators CL1.1 and CL1.2 is now contained within Section CL1.2 of the PDD. It should be noted that the methodology employed (VCS-approved methodology VM0007) requires that accounting of GHG emission reductions take place using a different order of operations than that suggested by indicators CL1.1 and CL1.2. Specifically, the methodology does not handle estimation of the "net change in carbon stocks" and the "net change in the emissions of non-CO₂ GHG emissions" as separate variables. However, the CCB Standards do not require information to be presented in the manner suggested by indicators CL1.1 and CL1.2. They merely require that the user must "estimate" the "net change in carbon stocks" and the "net change in the emissions of non-CO₂ GHG emissions". The PDD now contains appropriate information regarding how these quantities were estimated.

Therefore, the non-conformity has been fully resolved.

Closing Remarks: The Client's response adequately addresses the finding.