Validation Assessment
Report for:

Bosque Sustentable’s, ‘Carbon Sequestration in Communities of Extreme Poverty in the Sierra Gorda of Mexico’ in Mexico

Date of Final Report: 20 June 2011
Draft Report Finalized: 10 June 2011
Audit Dates: 07 March - 10 March 2011
Audit Team: William Arreaga, Adam Gibbon, Edwin Alpizar

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Doc. No. C-25 27May09
1 INTRODUCTION

The purpose of this report is to document conformance with the requirements of The Climate, Community and Biodiversity Alliance (CCBA) project design validation standard\(^1\) by Bosque Sustentable, who is the Project Proponent (PP), hereafter referred to as “The Proponent”. The report presents the findings of SmartWood auditors who have evaluated company systems and performance against the applicable standard(s). Section 2 below provides the audit conclusions and any necessary follow-up actions by the company through corrective action requests.

This evaluation follows Climate, Community and Biodiversity Project Design Standard, Second Edition, December 2008. These were not developed by Rainforest Alliance, but by the CCBA. SmartWood CCBA evaluation reports are kept confidential in the draft stage. When finalized and successfully approved, the report is posted on SmartWood’s website and that of the CCBA.

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

- **Chicago Climate Exchange** - we are an associate member and an approved verifier.
- **Climate, Community & Biodiversity Alliance** – we are a member and an approved verifier.
- **Plan Vivo** – we are a verifier.
- **Voluntary Carbon Standard** – we are an accredited validator & verifier.

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

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

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\(^1\) Bosque Sustentable AC project was also validated against VCS simultaneously.
## 2 AUDIT CONCLUSIONS

### 2.1 Summary of Conformance to CCBA Standards

The Project was found to be in conformance with the CCBA standard, Second Edition, December 2008. The Project Proponent addressed nine Corrective Action Requests that were issued in the draft report via the submission of additional evidence and revised documentation. The final version of the PDD approved is dated 09 June 2011.

**General Section**  
**Conformance:**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Yes</th>
<th>No</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>G1. Original Conditions in the Project Area</td>
<td>Yes</td>
<td>No</td>
<td>Required</td>
</tr>
<tr>
<td>G2. Baseline Projections</td>
<td>Yes</td>
<td>No</td>
<td>Required</td>
</tr>
<tr>
<td>G3. Project Design &amp; Goals</td>
<td>Yes</td>
<td>No</td>
<td>Required</td>
</tr>
<tr>
<td>G4. Management Capacity and Best Practices</td>
<td>Yes</td>
<td>No</td>
<td>Required</td>
</tr>
<tr>
<td>G5. Legal Status and Property Rights</td>
<td>Yes</td>
<td>No</td>
<td>Required</td>
</tr>
</tbody>
</table>

**Climate Section**  
**Conformance:**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Yes</th>
<th>No</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>CL1. Net Positive Climate Impacts</td>
<td>Yes</td>
<td>No</td>
<td>Required</td>
</tr>
<tr>
<td>CL2. Offsite Climate Impacts (“Leakage”)</td>
<td>Yes</td>
<td>No</td>
<td>Required</td>
</tr>
<tr>
<td>CL3. Climate Impact Monitoring</td>
<td>Yes</td>
<td>No</td>
<td>Required</td>
</tr>
</tbody>
</table>

**Community Section**  
**Conformance:**

<table>
<thead>
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<th>Condition</th>
<th>Yes</th>
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<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>CM1. Net Positive Community Impacts</td>
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<td>Required</td>
</tr>
<tr>
<td>CM2. Offsite Stakeholder Impacts</td>
<td>Yes</td>
<td>No</td>
<td>Required</td>
</tr>
<tr>
<td>CM3. Community Impact Monitoring</td>
<td>Yes</td>
<td>No</td>
<td>Required</td>
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</tbody>
</table>

**Biodiversity Section**  
**Conformance:**

<table>
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<tr>
<th>Condition</th>
<th>Yes</th>
<th>No</th>
<th>Required</th>
</tr>
</thead>
<tbody>
<tr>
<td>B1. Net Positive Biodiversity Impacts</td>
<td>Yes</td>
<td>No</td>
<td>Required</td>
</tr>
<tr>
<td>B2. Offsite Biodiversity Impacts</td>
<td>Yes</td>
<td>No</td>
<td>Required</td>
</tr>
<tr>
<td>B3. Biodiversity Impact Monitoring</td>
<td>Yes</td>
<td>No</td>
<td>Required</td>
</tr>
</tbody>
</table>

**Gold Level Section**  
**Conformance:**

<table>
<thead>
<tr>
<th>Condition</th>
<th>Yes</th>
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<th>Required</th>
</tr>
</thead>
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<tr>
<td>GL1. Climate Change Adaptation Benefits</td>
<td>Yes</td>
<td>No</td>
<td>Optional</td>
</tr>
<tr>
<td>GL2. Exceptional Community Benefits</td>
<td>Yes</td>
<td>No</td>
<td>Optional</td>
</tr>
<tr>
<td>GL3. Exceptional Biodiversity Benefits</td>
<td>Yes</td>
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<td>Optional</td>
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</table>

**CCBA Validation Level Attained:**

<table>
<thead>
<tr>
<th>Level</th>
<th>Yes</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Approved</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Gold</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

### 2.2 Auditor Recommendation

Based on Project’s conformance with CCBA requirements, the audit team makes the following recommendation:

**Draft Report Conclusions**

- Validation approved: No CARs issued

The Project Proponent has 30 days from the date of this report to revise documentation and provide any additional evidence necessary to close the open corrective action request. If new material is submitted the auditor will review the material and add updated findings to this report and close CARs appropriately. If no new material is received before the 30 day deadline, or the new material was insufficient to close all open CARs the report will be finalised with the
### Draft Final Report Conclusions

<table>
<thead>
<tr>
<th>Validation not approved:</th>
<th>Conformance with CAR(s) required</th>
<th>CARs open, and validation will not be achieved. If all CARs are successfully addressed, the report will be finalised and proceed towards issuance of a validation statement.</th>
</tr>
</thead>
<tbody>
<tr>
<td>☒ Validation approved:</td>
<td>No CARs issued</td>
<td>The Project proponent has 7 days from the date of this report to submit any comments related to the factual accuracy of the report or the correctness of decisions reached. The auditors will not review any new material.</td>
</tr>
<tr>
<td>☐ Validation not approved:</td>
<td>Conformance with CAR(s) required</td>
<td></td>
</tr>
</tbody>
</table>

### Final Report Conclusions

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

### 2.3 Corrective Action Requests

#### 2.3.1 Corrective Action Requests (CARs)

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

**CAR: 01/11**

<table>
<thead>
<tr>
<th>Reference Standard &amp; Requirement: G1.1, G1.3 and G3.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-conformance: Some differences were detected by the audit team, between the field observations and the maps designed by the PP.</td>
</tr>
<tr>
<td>Corrective Action Request: Bosque Sustentable shall document and execute a procedure (including quality control checks) for determining project areas and locations. The results shall also be presented to the auditors.</td>
</tr>
<tr>
<td>Timeline for conformance: Prior to the validation.</td>
</tr>
<tr>
<td>Evidence to close CAR: The Project Proponent submitted the “Procedures for determining project areas and locations”, and also offered an interpretation of the procedures via email. In summary, the procedures consisted of field visits, revision of the database, quality control, collaborative work with the field promoter (person in charge of collecting gps points), updates of related calculations, documents. According to the document, the proponent implemented the following measures to assure the quality of the field data: the use of gps units with 3 meters of accuracy, appropriate training for promoters; and control by the forest engineer. After checking with the field promoter, the GIS coordinator examined the polygon to assure reasonability, size, identification, etc. The idea behind this was to verify the eligibility of the land, consistency between Landsat images and reforestation plots size; and consistency between maps and shape of the land in the fields. The audit team reviewed the procedures along with a random sample of the maps submitted in jpg and kml format. The most important findings are: - All the small land have been assigned with an specific ID code consisting of the year of plantation and a correlative number, e.g. 1997-12 - The ID corresponds to a specific reforester (project participant) in the database and other documents - The coordinates and area of the reforestation are specified in the map, these also correspond to the database and other documents.</td>
</tr>
</tbody>
</table>
Some of the lands showed bigger areas than the data collected by the audit team during the field visit, e.g. 1999-15 and 1999-6. The Project Proponent explained that these were polygons remeasured due to the fact that the limits and boundaries were not clear in the field.

Some other key locations such as limits between two specific landowners, roads, infrastructure were collected by the audit team during the field visit. These locations were found with reasonable accuracy on Google Earth maps. Some of the coordinates are UTM: road 439396 / 2343348; corner between Higinio Garcia and Maria Maqueda: 439437 / 2343273, and Monument (Cruz) 438974 / 2343416.

With this new information, the project area and project zone are well defined in the fields, database and the related documentation (e.g., carbon calculations). Total area already reforested is 145.75 hectares of a total number of 138 individual farms.

CAR Status: Closed.
Follow-up Actions: N/A.

**CAR: 02/11**

Reference Standard & Requirement: G1.4

Non-conformance: The PDD is not clear about which of the methodology options, 6 a, b, or c was chosen. The lack of transparent documentation of how the methodology and tools are used made the PD difficult to assess in places without extra explanations.

Corrective Action Request: Bosque Sustentable shall completely and transparently explain how the methodology was followed, including the use of any additional tools or guidance documents that are used in place of some methodology sections.

Timeline for conformance: Prior to the validation.

Evidence to close CAR: Section B.6 of the VCS PD has been revised to clearly explain the procedure for determining insignificance of existing carbon stocks. The approach taken is to use “Annex 16 Guidance On Conditions Under Which The Change in Carbon Stocks in Existing Live Woody Vegetation Are Insignificant (Version 01)”. The use of the tool is well documented.

CAR Status: Closed.
Follow-up Actions: N/A.

**CAR: 03/11**

Reference Standard & Requirement: G1.5

Non-conformance: Not all the communities in the project zone are listed and described.

Corrective Action Request: Bosque Sustentable shall include a list and a brief description of all the communities and/or groups, such as indigenous peoples, within the project zone.

Timeline for conformance: Prior to the validation.

Evidence to close CAR: The Project Proponent included a wide description based on supporting documents (e.g. CONANP, 2008 and data census 2000) in G1.5 of the PDD. There, the Project Proponent explains the scope of the project in terms of the definition of project area and project zone: 36 communities of four municipalities in Zone 1, and 17 communities of two municipalities in Zone 2. Some clarifications are made to better understand the scope and the source of the information.

Socioeconomic indicators are shown by community and municipality through indicators like total population, illiteracy, primary school access, degree of marginalization, among others. There is also a breakdown of communities by gender, age, and use of indigenous language. Finally, the Project Proponent offers an explanation of the social information.
The audit team considers that this new information gives the Project Proponent a better perspective of the people involved in the project zone.

CAR Status: Closed.
Follow-up Actions: N/A.

**CAR: 04/11**

**Reference Standard & Requirement:** G3.10

**Non-conformance:** There is no document showing the process for handling unresolved conflicts and grievances that arise during project planning and implementation.

**Corrective Action Request:** Bosque Sustentable shall design a process for handling unresolved conflicts and potential grievances that arise during project implementation. The PD must include a process for hearing, responding to and resolving stakeholder grievances within a reasonable time period. A list of potential mediators shall be defined and a less than 30 days period to response to grievances. The PP shall also define how the whole process will be documented.

**Timeline for conformance:** Prior to the validation.

**Evidence to close CAR:**

The Project Proponent developed the document called “Procedimientos para la resolución de conflictos o quejas, Proyecto de captura de carbono en comunidades de extrema pobreza en la Sierra Gorda de México”. The document was written in Spanish so the stakeholders can understand all its content. This document will be analyzed during the periodic meetings with the community representatives, institutions, and other people potentially affected by the implementation of the project.

In summary, the document includes specific procedures for hearing, responding, resolving and archiving the conflicts and agreements. A mediator is also considered as a third person in cases it is needed. A maximum period of time is also considered, to resolve the conflict during the implementation of the reforestation project.

**CAR Status:** Closed.
**Follow-up Actions:** N/A.

**CAR: 05/11**

**Reference Standard & Requirement:** G4.1

**Non-conformance:** A description is presented in Section G.4. of the Appendix 6 (CCB additional information). Here it is stated that, "The Project Proponent is the Sierra Gorda Alliance for Conservation." However, the PD does not describe SGAC in this role. The PD also refers numerous times to Project Proponents in the plural, suggesting there is more than one. The documentation does not match the explanation given to the auditors that Bosque Sustentable is the Project Proponent.

**Corrective Action Request:** Bosque Sustentable shall clearly and consistently identify the Project Proponent in the project documentation.

**Timeline for conformance:** Prior to the validation.

**Evidence to close CAR:**

In the PD, the Project Proponent better explained the relation between all the participants. Bosque Sustentable is the Project Proponent, while the other organizations will act as key partners (Grupo Ecológico and Sierra Gorda Biosphere Reserve). All of them will have specific roles and responsibilities, they are clearly indicated in the PD and annex 6.

A review of other parts of the PD reveals that there is only one Project Proponent, Bosque Sustentable. Various corrections were done to clarify this.

**CAR Status:** Closed.
**Follow-up Actions:** N/A.
<table>
<thead>
<tr>
<th>CAR: 06/11</th>
<th>Reference Standard &amp; Requirement: CL1.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-conformance:</td>
<td>The Project Proponent has a draft policy to explain how double counting would be avoided when VCUs are issued, and throughout the organisation everyone was aware that double counting would need to be avoided. However, this draft was not yet an official policy of the project.</td>
</tr>
<tr>
<td>Corrective Action Request:</td>
<td>Bosque Sustentable shall formalise the system employed to avoid double counting.</td>
</tr>
<tr>
<td>Timeline for conformance:</td>
<td>Prior to the validation.</td>
</tr>
<tr>
<td>Evidence to close CAR:</td>
<td>The Proponent issued a formal double counting policy (document number 34). The policy was found to be adequate.</td>
</tr>
<tr>
<td>CAR Status:</td>
<td>Closed.</td>
</tr>
<tr>
<td>Follow-up Actions:</td>
<td>N/A.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAR: 07/11</th>
<th>Reference Standard &amp; Requirement: CM1.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-conformance:</td>
<td>The potential impacts on communities do not correspond to a specific methodology, instead the definition of the impacts are a result of a self description. Assumptions taken were not specified either.</td>
</tr>
<tr>
<td>Corrective Action Request:</td>
<td>Bosque Sustentable shall complete the estimation of the impacts on communities by specifying the methodology and assumptions used, and by including a credible estimate of impacts.</td>
</tr>
<tr>
<td>Timeline for conformance:</td>
<td>Prior to the validation.</td>
</tr>
<tr>
<td>Evidence to close CAR:</td>
<td>In Annex 6 the Project Proponent better explained the background and context of the reforestation project, then explained the methodology used to estimate the impacts on communities, including the assumptions. Regarding the background, it is stated that the carbon sequestration project is a component of a larger project where local institutions participated, including GESG, a partner of Bosque Sustentable; SEMARNAT; CONANP and donors. The estimation of the impacts was primarily done by the year 2000 using GEF’s Logical Framework Approach project design methodology. The results of the methodology are shown in various referenced documents. The theory of change methodology was used to assess the community impacts with the participation of local communities, representatives of local, state and federal government agencies, and other stakeholders. Although the evidences of meetings were not submitted by the Project Proponent, the document presents a summary of estimation (causal chain) showing the connection between activities, outputs, outcomes and finally the impacts. Using the causal chain, the Project Proponent estimated the impacts on communities such as poverty reduction, training of the local population, community participation and improvement in the quality of life. Finally, a table was constructed regarding social benefits for communities as a comparison between the ‘without project’ and ‘with project’ scenarios, to demonstrate that the impacts are expected to be positive. This new information is useful to meet the requirement of the CCBA indicator.</td>
</tr>
<tr>
<td>CAR Status:</td>
<td>Closed.</td>
</tr>
<tr>
<td>Follow-up Actions:</td>
<td>N/A.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CAR: 08/11</th>
<th>Reference Standard &amp; Requirement: B1.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-conformance:</td>
<td>The definition of the biodiversity factors and evaluation was not done following an appropriate methodology, including the potential use of defendable assumptions.</td>
</tr>
<tr>
<td>Corrective Action Request:</td>
<td>Bosque Sustentable shall use an appropriate methodology to estimate changes in biodiversity as a result of the project in the project zone and in the project lifetime. Assumptions shall be documented.</td>
</tr>
<tr>
<td>Timeline for conformance:</td>
<td>Prior to the validation.</td>
</tr>
</tbody>
</table>
Evidence to close CAR: The Project Proponent also explained in more detail the background and context of the carbon sequestration project with regards to biodiversity impacts of the project. A theory of change model was used as the methodology to determine the activities, outputs, outcomes and the impacts on the biodiversity factors such as forest cover and forest connectivity. Then, the comparison between the ‘with project’ and ‘without project’ scenario was done, saying that the difference (net biodiversity benefit) could be additional forest cover in project areas and the increment of forest connectivity around the project areas. The document explains two key methods to estimate changes:

Forest cover, direct correlation with the size of the project area to be reforested, and forest connectivity, direct observations.

Finally, the assumptions are also explained in the document. This new information is useful to clearly meet the requirement of the CCBA indicator.

CAR Status: Closed.
Follow-up Actions: N/A.

CAR: 09/11  
Reference Standard & Requirement: B3.2

Non-conformance: The Project Proponent has not determined the measures to maintain or enhance HCVs; hence, a plan for assessing the effectiveness of those measures does not exist.

Corrective Action Request: Bosque Sustentable shall develop an initial plan for assessing the effectiveness of measures used to maintain or enhance HCV present in the project zone.

Timeline for conformance: Prior to the validation.

Evidence to close CAR: In the biodiversity plan, the Project Proponent added a specific section related with the monitoring of high conservation values. The identified HCV are listed, and then the proposed indicators considering reasonable monitoring costs.

The indicators are general for all the HCV identified, these are:
- New forest area,
- Percentage of displacement of crop cultivation; and
- Percentage of grazing activities.

The plan also defines specific monitoring methodologies for each HCV indicator; and the frequency of monitoring and analysis of the field data.

CAR Status: Closed.
Follow-up Actions: N/A.

2.3.2 Observations

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

OBS 01/11  
Reference Standard & Requirement: G1.6

There was potential for confusion in the contracts with regards to the contract length.

Observation: Bosque Sustentable should include a specific clause in the contract with the landowners, where the duration of the contractual relation is clearly explained.

Update (June 10th, 2011): The Project Proponent explained that Clause 12 of the contract clearly defines the end of the project, as of year 2042. The observation was deleted in findings of G1.6, and the OBS 01/11 is not applicable.
<table>
<thead>
<tr>
<th>OBS 02/11</th>
<th>Reference Standard &amp; Requirement: CL1.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>The audit team considered that the ex-ante estimates are acceptable. However, a full description for selecting the SSC equation is not included in the PD.</td>
<td></td>
</tr>
</tbody>
</table>

**Observation:** Bosque Sustentable should make a full description in the PD of how the SSC equation was selected to estimate the ex-ante carbon stocks.

**Update (June 10th, 2011):** The Project Proponent indicated in the PD that the equation used corresponds to the default methodology (SSC equation). The observation was deleted in findings of G1.6, and the OBS 02/11 is not applicable.

<table>
<thead>
<tr>
<th>OBS 03/11</th>
<th>Reference Standard &amp; Requirement: CL1.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of findings leading to observation: It was observed that the Proponent’s system for handling the allocation of credits to donors was functioning well and was transparent, but that as donations and parcel numbers increased, the manual nature of it would mean that errors would be likely.</td>
<td></td>
</tr>
</tbody>
</table>

**Observation:** Bosque Sustentable should upgrade to a more sophisticated/flexible carbon credit tracking system.

**Update (June 10th, 2011):** From document 51 the PP states: “Bosque Sustentable agrees with this recommendation and will be working with CONAFOR to upgrade its carbon credit tracking system.”

<table>
<thead>
<tr>
<th>OBS 04/11</th>
<th>Reference Standard &amp; Requirement: CL2.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of findings leading to observation: The Project used two CDM tools and two guideline documents in place of the ex-ante leakage section of the methodology.</td>
<td></td>
</tr>
</tbody>
</table>

“Estimation of the increase in GHG emissions attributable to displacement of pre-project agricultural activities in A/R CDM project activity” (Valid)

It was not clear to the auditors that the tools were appropriate for use on small scale projects because they allow the dismissal of leakage as insignificant if displacement is < 50 ha. For small projects this could still be a significant area. However, using the tools/guidance the project is able to show that leakage is insignificant by:

- “Guidelines on Conditions Under Which Increase in GHG Emissions Related to Displacement of Pre-Project Grazing [Cultivation] Activities in A/R CDM Project Activity Is Insignificant”: III.4.A: The leakage survey shows the area displaced is expected to be less than 50 ha.
- “Guidelines on Conditions Under Which Increase in GHG Emissions Related to Displacement of Pre-Project Grazing [Cultivation] Activities in A/R CDM Project Activity Is Insignificant”: III.4.B: Activities are being displaced to land already classed as degraded for grazing, and that croplands were already under crop usage.
- In addition point 28 of the methodology allows a zero ex-ante estimate of leakage when there is no expected deforestation (as evidenced by the leakage survey).

In conclusion, the zero ex-ante estimate of leakage is justified; however, the PD could be clearer in explaining which steps of which tools were used to arrive at this conclusion.

**Observation:** Bosque Sustentable should transparently and completely document how they derive the zero leakage estimate using CDM tools.

**Update (June 10th, 2011):** Section C of the PD has been revised to include references to the corresponding steps of the methodology as well as associated guidelines. The OBS 04/11 is not applicable.
**OBS 05/11** | Reference Standard & Requirement: CL3.1  
Section B.8 of the PD describes the monitoring activities that will be undertaken. Overall, the monitoring plan was found to be adequate. However, the section does not make clear links back to the methodologies’ steps or equations. This could cause difficulties when it comes to verification and the Proponents are required to show how their monitoring results and execution of ex-post calculations have complied with the methodology. 

Observation: Bosque Sustentable should clearly document a monitoring plan that aligns with all the steps in the methodology. 

**Update (June 10th, 2011):** From document 51, the PP states: “Section B.8 has been revised so that the numbering of paragraphs and equations corresponds to that used in AR-AMS0001.” OBS 05/11 is not applicable.

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**OBS 06/11** | Reference Standard & Requirement: CM3.1  
The socioeconomic monitoring plan is not complete. 

Observation: Bosque Sustentable should complete the socioeconomic monitoring plan with the following potential indicators: income, employment generation, health, market access, schools, food security and education. 

**Update (June 10th, 2011):** From document 51, the PP states: “Bosque Sustentable will consider this recommendation during the development of the final monitoring plan.”

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**OBS 07/11** | Reference Standard & Requirement: B3.1  
The biodiversity monitoring plan is not complete. 

Observation: Bosque Sustentable should include more indicators in its biodiversity monitoring plan, such as species abundance; population size, range, trends and diversity; habitat area, quality and diversity; and forest fragmentation. 

**Update (June 10th, 2011):** From document 51, the PP states: “Bosque Sustentable will consider this recommendation during the development of the final monitoring plan.”

---

**OBS 08/11** | Reference Standard & Requirement: GL1.2  
During the field visit, the audit team noticed that the planting techniques implemented will not necessarily guarantee a higher level of capture of water and humidity around the seedlings than normal practices would. 

Observation: Bosque Sustentable should employ techniques that will lead to higher levels of water capture and humidity around the seedlings, and explain in the PD the way this is achieved. 

**Update (June 10th, 2011):** The Project Proponent plans to implement different techniques according to three different ages of the seedlings. The techniques are soil and water conservation practices, such as the use of mulch. The OBS 08/11 is not applicable.

---

**OBS 09/11** | Reference Standard & Requirement: GL1.3  
The Project Proponent describes in general the impacts of current or anticipated climate changes on communities and biodiversity in the project zone. There is no evidence of how Bosque Sustentable can demonstrate such likely impacts. 

Observation: Bosque Sustentable should demonstrate, through studies or reference documents, that current or anticipated climate changes are having, or are likely to have, an impact on communities and/or biodiversity in the project zone and surrounding regions. 

**Update (June 10th, 2011):** Supported by various technical and scientific documents, the Project Proponent modified the explanation in GL1.3 (Annex 6 of PD). The audit team agreed with the
information provided.
With this new information, the PD meets the gold criteria, and the OBS 09/11 is not applicable.

<table>
<thead>
<tr>
<th>OBS 10/11</th>
<th>Reference Standard &amp; Requirement: GL1.4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bosque Sustentable did not demonstrate how community and wildlife adaptation will increase.</td>
<td></td>
</tr>
</tbody>
</table>

Observation: Bosque Sustentable should demonstrate that the project will assist communities and/or biodiversity to adapt to the probable impacts of climate change.

**Update (June 10th, 2011):** The Project Proponent made a list of possible ways that the project will assist communities to adapt to the probable impacts of climate change, among others by:
- Increasing the efficiency of local recharge.
- Planting trees that will reduce high rates of erosion and help to stop the processes of desertification.
- Providing some communities with water storage structures.
- Providing an economical alternative of seasonal agriculture.

With this new information, the PD meets the gold criteria, and the OBS 10/11 is not applicable.

<table>
<thead>
<tr>
<th>OBS 11/11</th>
<th>Reference Standard &amp; Requirement: GL2.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>No documentation reference was presented to demonstrate the compliance with this requirement. In the annex 6, the Project Proponent only describes how the implementation of the project will benefit the communities in general.</td>
<td></td>
</tr>
</tbody>
</table>

Observation: Bosque Sustentable should demonstrate that at least 50% of households within the lowest category of well-being of the community are likely to benefit substantially from the project.

**Update (June 10th, 2011):** Using the new information gathered in Annex 6 (section G1.5), the Project Proponent ranked the households based upon access, or lack of access, to basic services, construction characteristics, and possession of common household appliances. However, the Project Proponent explains that not only the lower 50% of households will be positively impacted by the project, but all of the households involved in the project zone.

With this new information, the PD meets the gold criteria, and the OBS 11/11 is not applicable.

### 2.4 Actions Taken by Company Prior to Report Finalization

The draft report was submitted to the Project Proponent with open CARs and Observations. Bosque Sustentable sent exhibits by May 24, 2011; then, the audit team closed all the CARs and provided updates on various observations.

### 3 AUDIT PROCESS

#### 3.1 Audit Overview

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

<table>
<thead>
<tr>
<th>Location/Facility</th>
<th>Date(s)</th>
<th>Length of Audit</th>
<th>Auditor(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stakeholder consultation in Queretaro city</td>
<td>7 March 11</td>
<td>5 hours</td>
<td>Adam Gibbon, William Arreaga, Edwin Alpizar</td>
</tr>
<tr>
<td>Field visit to reforestations</td>
<td>8 March 11</td>
<td>8 hours</td>
<td>William Arreaga</td>
</tr>
</tbody>
</table>
3.2 Description of Audit Process

The audit was conducted in a two step process. The first step consisted of a pre-validation assessment, conducted through a remote desk audit of the Project Design, and all corresponding annexes (See list on section 3.3 below). The purpose of the pre-validation assessment was to identify any major gaps within the project design document, and to determine if the project is ready for a field visit. As part of the pre-validation audit, nine minor gaps were identified, and the Project Proponent was notified of these findings on December 7th, 2010 with the submission of the pre-validation report. This process offers the Project Proponent a minimum of three weeks to address any gaps identified in the pre-validation assessment prior to the arrival of auditor for the field audit.

The second step consisted of the validation of the “Carbon Sequestration in Communities of Extreme Poverty in the Sierra Gorda of Mexico’ Project. In total, 138 farms were included in the CCB scope. The field audit consisted of a total of five days, visiting both of the project strata (Zone 1 and Zone 2) located in Queretaro and San Luis Potosí, México. The auditors were able to visit 21 of the project sites, representing 22% of the parcels, and 22% of the total project area (see table below for details). Stakeholders interviews were conducted at all farms visited, including interviews of small landowners (project participants), and key personnel of Bosque Sustentable.

The audit team was divided to cover more area in three groups, the following is a list of places visited including field visit, stakeholder consultations and documentation review:

Table to show the reforestation sites visited:

<table>
<thead>
<tr>
<th>Code</th>
<th>Municipio</th>
<th>Location</th>
<th>Plantation year</th>
<th>Project participant</th>
<th>Area (Ha)</th>
<th>X</th>
<th>Y</th>
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<tr>
<td>2004-10</td>
<td>Pinal de Amoles</td>
<td>Puerto Escanelilla</td>
<td>2004</td>
<td>Hermelinda Alcala</td>
<td>0.5</td>
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<td>2006-18</td>
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<td>Cerro de San Agustin</td>
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<td>Otilio Torres Ramos</td>
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<td>2348774</td>
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<td>Puerto Escanelilla</td>
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<td>Salomón Ibarra Rivera</td>
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<td>2345602</td>
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<td>2006-19</td>
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<td>Cerro de San Agustin</td>
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<td>Sixto Hernandez Garay</td>
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<td>El Ranchito</td>
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<td>Jose Aguilar Bravo</td>
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<td>442073</td>
<td>2337525</td>
</tr>
<tr>
<td>2003-36</td>
<td>Pinal de Amoles</td>
<td>Agua Amarga</td>
<td>2003</td>
<td>José Audencio Resendiz Hernández</td>
<td>0.7</td>
<td>440025</td>
<td>2336522</td>
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</table>
3.3 Documents reviewed

The following documents were viewed in the production of the first assessment report:

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<td>32</td>
<td>Simplified baseline and monitoring methodologies for small-scale afforestation and reforestation project activities under the Clean Development Mechanism implemented on grasslands or croplands AR-AMS0001 Version 04.1</td>
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<td>Tool for the identification of degraded or degrading lands for consideration in implementing CDM A/R project activities (Version 01) On CDM Website: <a href="http://cdm.unfccc.int/methodologies/SSCAR/approved">http://cdm.unfccc.int/methodologies/SSCAR/approved</a></td>
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<td>23) Inventory._.Final con corrección.xls</td>
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<td>33) Vela, Plaza and Muench 2009.pdf</td>
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<td>See right, Authored by Bosque Sustentable</td>
<td>38) Premium carbon credits retired May 23, 2011.JPG</td>
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<td>39b</td>
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<td>39) Conservación de humedad de las plantas 12 mayo 2011.pdf</td>
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<tr>
<td>40b</td>
<td>See right, Authored by Bosque Sustentable</td>
<td>40) Procedimientos para la resolución de conflictos 3 mayo 2011.pdf</td>
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<tr>
<td>41b</td>
<td>See right, Authored by Bosque Sustentable</td>
<td>41) GESG 2006.pdf</td>
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<tr>
<td>42b</td>
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<td>42) GESG 2010a.pdf</td>
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<td>43) GESG 2010b.pdf</td>
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<td>44b</td>
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<td>44) GESG 2010b Anexo.xls</td>
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<td>45) GESG 2011.pdf</td>
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<td>46b</td>
<td>See right, Authored by Bosque Sustentable</td>
<td>46) Procedures for Determining Project Areas and Locations May 18, 2011.pdf</td>
</tr>
<tr>
<td>47b</td>
<td>See right, Authored by Bosque Sustentable</td>
<td>47) Project area polygons in KML file May 20, 2011.kmz</td>
</tr>
</tbody>
</table>
During the second assessment revised versions of the PDD and selected other documents were submitted to ensure consistency with changes made in response to a parallel VCS audit. The changes made relate only to the calculation of income from credits and parcel locations. The conclusions here are based on the updated documents.

<table>
<thead>
<tr>
<th>Ref</th>
<th>Title, Author(s), Version, Date</th>
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<td>1) PDD for CCB Validation Sierra Gorda Reforestation Project June 9, 2011.pdf</td>
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<td>6) Carbon calculations for VCS PDD June 9, 2011.xls</td>
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<td>53c</td>
<td>See right, Authored by Bosque Sustentable</td>
<td>53) VCS project area polygons in KML file June 9, 2011 FINAL.kmz</td>
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<td>54) 2007-7 Antonio Miguel Hernandez.jpg</td>
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<td>55c</td>
<td>See right, Authored by Bosque Sustentable</td>
<td>55) 2005-8 Miguel Martinez Rubio.jpg</td>
</tr>
</tbody>
</table>

### 3.4 Stakeholder consultation process (if applicable)

The audit team implemented a stakeholder consultation process in order to identify the strengths and weaknesses of the project, based on opinions and inputs from people directly or indirectly involved with the reforestation project and the Project Proponent itself. The process started before the field visit with a 30 day consultation period, corresponding to required period of the CCB standard. This period of consultation resulted in favourable communications from regional organizations, the audit team considered appropriate to discuss the comments directly via Skype.

The audit plan was designed to achieve a balance between visits and fieldwork. As a result, during the site visit the audit team interviewed representatives from local organizations and agencies such as SEMARNAT, CONAFOR, Forestry Department, but also landowners, neighbours and representatives of local communities.

The following is a list of the people interviewed as part of the audit. The interviewees included those people directly, and in some cases indirectly, involved and/or affected by the project activities.

<table>
<thead>
<tr>
<th>Audit Date</th>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 March 11</td>
<td>Roberto Pedraza Muñoz</td>
<td>Legal Representative, Grupo Ecológico Sierra Gorda</td>
</tr>
<tr>
<td>7-11 March</td>
<td>Martha Ruiz Corzo</td>
<td>General Director, Grupo Ecológico Sierra Gorda</td>
</tr>
<tr>
<td>Date</td>
<td>Name</td>
<td>Position/Role</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------------------------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>8-9 March 11</td>
<td>Laura Pérez-Arce</td>
<td>Fund Raising and Public Relations Coordinator, Grupo Ecológico Sierra Gorda</td>
</tr>
<tr>
<td>9 March 11</td>
<td>Roberto Pedraza Ruiz</td>
<td>Technical Assistant, Grupo Ecológico Sierra Gorda / Landowner</td>
</tr>
<tr>
<td>9 March 11</td>
<td>Gabriel Domínguez</td>
<td>Technical Director Bosque Sustentable</td>
</tr>
<tr>
<td>8-10 March 11</td>
<td>Marco Antonio Miguel</td>
<td>Forestry engineer Bosque Sustentable</td>
</tr>
<tr>
<td>8-10 March 11</td>
<td>Leonor Jiménez Sánchez</td>
<td>Supervisor Bosque Sustentable</td>
</tr>
<tr>
<td>8-10 March 11</td>
<td>Quirino Sánchez Hernández</td>
<td>Reforestation promoter 2 Bosque Sustentable</td>
</tr>
<tr>
<td>8-10 March 11</td>
<td>Francisco Sarabia Sánchez</td>
<td>Reforestation promoter 3 Bosque Sustentable</td>
</tr>
<tr>
<td>7-11 March 11</td>
<td>David Ross</td>
<td>Independent Consultant, contracted by Bosque Sustentable</td>
</tr>
<tr>
<td>8-10 March 11</td>
<td>Avram Primack</td>
<td>Peace corps volunteer / Environmental and GIS expert</td>
</tr>
<tr>
<td></td>
<td>Neil Bird / Jacob Olander</td>
<td>Consultant, Woodrising Consulting, contracted by Bosque Sustentable</td>
</tr>
<tr>
<td>7 March 11</td>
<td>Gerardo Serrato</td>
<td>Federal Delegate, Querétaro Delegation, Ministry of Environment and Natural Resources (SEMARNAT)</td>
</tr>
<tr>
<td>7 March 11</td>
<td>Raúl Rodríguez Franco</td>
<td>Manager, Forestry Department, Queretaro Ministry of Agriculture Development (SEDEA)</td>
</tr>
<tr>
<td>7 March 11</td>
<td>Arturo Ortiz</td>
<td>Assistant General Director / Delegate, State of Querétaro, Office of Federal Attorney General for Environmental Protection (PROFEPA)</td>
</tr>
<tr>
<td>7 March 11</td>
<td>Miguel Angel Gómez García</td>
<td>Sub-secretary (Vice-Minister) of the Environment, Querétaro Ministry of Sustainable Development (SEDESU)</td>
</tr>
<tr>
<td>9 March 11</td>
<td>Heriberto Pedraza</td>
<td>Director of Municipal Services and Ecology, Municipality of Jalpan de Serra</td>
</tr>
<tr>
<td>9 March 11</td>
<td>Mario Martín Flores Ramos</td>
<td>Manager of Agriculture Area (Jalpan), Querétaro Ministry of Agriculture Development (SEDEA)</td>
</tr>
<tr>
<td>9 March 11</td>
<td>Jesús Mota</td>
<td>Director of Natural Resources, Municipality of Pinal de Amoles</td>
</tr>
<tr>
<td>9 March 11</td>
<td>Raúl Espinoza</td>
<td>Manager, Department of Financial Analysis of Forest Carbon Projects, National Forestry Commission (CONAFOR)</td>
</tr>
</tbody>
</table>
Appendix A: COMPANY DETAILS

1 CONTACTS

1.1 Primary Contact for Coordination with SmartWood

<table>
<thead>
<tr>
<th>Field</th>
<th>Text for Customer Fact Sheet</th>
<th>Has this Info Changed?</th>
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<tbody>
<tr>
<td>Contact, Title</td>
<td>Laura Pérez-Arce, Fundraising and Public Relations Coordinator</td>
<td>Yes ☐ No ☒</td>
</tr>
<tr>
<td>Address</td>
<td>Ave. La Presa S/N, Col. Barrio El Panteón, Jalpan de Serra, Querétaro 76340 Mexico</td>
<td>Yes ☐ No ☒</td>
</tr>
<tr>
<td>Tel/Fax/Email</td>
<td><a href="mailto:sierragordareserve@hotmail.com">sierragordareserve@hotmail.com</a></td>
<td></td>
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1.2 Billing Contact

<table>
<thead>
<tr>
<th>Field</th>
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<tr>
<td>Address</td>
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<td></td>
</tr>
<tr>
<td>Tel/Fax/Email</td>
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</tbody>
</table>

2 SmartWood Website Customer Fact Sheet

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

<table>
<thead>
<tr>
<th>Field</th>
<th>Text for Customer Fact Sheet</th>
<th>Has this Info Changed?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact, Title</td>
<td></td>
<td>Yes ☐ No ☒</td>
</tr>
<tr>
<td>Address</td>
<td>Ave. La Presa S/N, Col. Barrio El Panteón, Jalpan de Serra, Querétaro 76340 Mexico</td>
<td>Yes ☐ No ☒</td>
</tr>
<tr>
<td>Tel/Fax/Email/Website</td>
<td>Tel: +52-441-296-0242 e-mail: <a href="mailto:gesgiap@prodigy.net.mx">gesgiap@prodigy.net.mx</a> Website: <a href="http://www.sierragorda.net">www.sierragorda.net</a></td>
<td>Yes ☐ No ☒</td>
</tr>
<tr>
<td>Products/Descriptions</td>
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<td></td>
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</table>

3 Validation Scope

3.1 Scope Definition:

The scope of the validation audit is to assess the conformance of Bosque Sustentable’s Reforestation project in Sierra Gorda Biosphere Reserve, Mexico, and areas of influence, against the CCB standard, second edition, December 2008. The project covers an area of 145.75 hectares, with the expected addition of 160 ha over the next 4 years. The land was pasture and crop land. The forest type is pine and some cedar. The project has a lifetime of 46 years, and estimates it will remove 100,134 tCO₂e over the course of the project lifetime. The audit assessed the GHG assertions and baseline estimates made by the project against agreed validation criteria of the CCBA.
3.2 **Type of Legal Entity:** Civil Association  
3.3 **Jurisdiction:** Mexico.
Appendix B: STANDARD CHECKLIST CCBA STANDARDS

1 Evaluation of Project

<table>
<thead>
<tr>
<th>Project Name:</th>
<th>Carbon Sequestration in Communities of Extreme Poverty in the Sierra Gorda of Mexico</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact for Validation:</td>
<td>David Ross</td>
</tr>
<tr>
<td>Address:</td>
<td>Ave. La Presa S/N, Col. Barrio El Panteón, Jalpan de Serra, Querétaro 76340 Mexico</td>
</tr>
<tr>
<td>Tel/Fax/Email:</td>
<td><a href="mailto:sierragordareserve@hotmail.com">sierragordareserve@hotmail.com</a></td>
</tr>
</tbody>
</table>

2 Evaluation Details

| Auditor(s), Qualifications:                      | **Adam Gibbon**: Adam has led the technical carbon evaluation in ten CCBA validations, one VCS validation, six VCS methodology reviews, one CCX verification, and one Plan Vivo verification. Adam is a qualified lead auditor for the Climate Action Reserve and was a CCX forestry verifier committee participant. Adam has trained over 60 people in Spain, Bali and Vietnam in AFOLU project auditing and project development. Recipients of the training included Rainforest Alliance auditors, government officials, private consultants and NGO representatives. Adam was lead author of recent Rainforest Alliance publication entitled “Guidance on coffee carbon project development using the (CDM) simplified agroforestry methodology”, as well as two scientific articles currently in press. Before joining Rainforest Alliance, Adam worked at Oxford University as a researcher. His research emphasized the potential of carbon markets to finance sustainable management of forest resources. He led a team conducting a landscape scale assessment of carbon stocks in the Peruvian Andes’ cloud forests and montane grasslands. Adam earned a distinction on the Environmental Change and Management MSc. Program at Oxford University, winning prizes for his dissertation and overall performance. He was awarded the Sir Walter Raleigh Scholarship at Oriel College, Oxford. He graduated with a first class degree from Durham University, with a BSc in Natural Sciences, specializing in Geology, Chemistry & Geography. **Edwin Alpizar**: Costa Rican, Forestry Engineer from Instituto Tecnológico de Costa Rica, around 30 years of experience working as a consultant in Latin America. His most recent experience in carbon projects consisted of a development of a carbon protocol to implement the Climate Module in Agroforestry Systems; identification of scenarios of mitigation impacts in El Salvador, and Costa Rica; GEI National Inventory of El Salvador; evaluation of projects against CDM, and others. Edwin has participated with SmartWood/Rainforest Alliance as VCS auditor in two processes in the Central America region. **William Arreaga**: Guatemalan forester from San Carlos de Guatemala University, and M.Sc. from CATIE, Turrialba, Costa Rica. William serves as a lead auditor for FSC Forest Management, and Chain-of-Custody. Moreover, William had received formal training in Environmental Services, including Carbon issues; as well as he had developed a great experience with Carbon issues by his participation in the field for two CCB validations in Nicaragua and Costa Rica, VCS validation in Honduras, and CCB validation and Carbon Fix verification in Panama. |
| Sites Visited:                                    | See table below                                                                   |
| People Interviewed, Titles:                       | See details on section 3.4 above                                                   |
3 Standard Checklist – Results from the Field Audit

Climate, Community and Biodiversity Project Design Standards

Please note that the findings related to the Proponents responses to the CARs and OBS raised in this section are described in section 2.3 above.

GENERAL SECTION

G1. Original Conditions at Project Site - Required

Concept
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 (G2), will help to determine the likely impacts of the project.

Indicators
The Project Proponents must provide a description of the project zone, containing all the following information:

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

Findings
The location of the project is well defined, the project has a geographic information system and database with the respective coordinates of each participant in the project. A sample of these parcels were investigated and a number of these were found to be incorrect. In terms of basic physical parameters, the PD includes general information of climate, soil and geology, disaggregating into two areas: Querétaro (zone 1) and San Luis Potosi (Zone 2) and by municipality (six in total: Pinal de Amoles, Jalpan de Serra, Landa de Matamoros, Arroyo Seco, Xilitla, and Aquismon).

Conformance
Yes ☑ No ☒ N/A ☐

CAR/OBS
CAR 01/11

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

Findings
The PDD includes general information about the type of vegetation in the project area by municipality, it is a combination of original vegetation and the current use. The GIS has georeferenced aerial photographs for the entire project area and for the years 1996, 2001 and 2005 (Landsat images). Photos of 1997 allowed the generation of information on land use at the beginning of the project. The maps of the PDD also show different ecosystem types found in the project area, and in the Sierra Gorda Biosphere Reserve (SGBR).

Conformance
Yes ☑ No ☒ N/A ☐

CAR/OBS
No CARs or OBS raised.

3) The boundaries of the project area and the project zone.

Findings
The Project Proponent and some project participants interviewed understand well the definition of project area and project zone according to the CCB standard definition. In the PD it is stated that the project involves a total of 138 individual farms equivalent to a total of 145.70 ha already reforested (1997-2009), and also around 160 ha which will be reforested in the following four years (2010-1013). The Project Proponent defines the project zone “as the project area, and the adjacent communities and surrounding

---

2 The ‘project area’ is defined as the land within the carbon project boundary and under the control of the Project Proponent.
3 The ‘project zone’ is defined as the project area and the land within the boundaries of the adjacent communities potentially affected by the project.
areas of the Sierra Gorda Biosphere Reserve of Querétaro and of the adjoining municipalities of Xilitla and Aquismón in the state of San Luis Potosí.”

For each site participating in the project a map of boundaries was generated. In the field, several of these boundaries were checked and found that there is clear control of the project area. The producers have clearly defined the limits of their properties and reforested areas, sometime even with fences.

However, some differences were detected by the audit team between the field observations and the maps designed by the PP. This is probably due to two factors: the use of inaccurate GPS devices and lack of experience of the GPS user; the latter was expressed by the technical staff and promoters of the PP.

Examples of the differences detected by the audit team included farms located in different locations or boundaries located in different ways. Also, some maps do not show the year of preparation and do not have geographic coordinates. Moreover, the maps only show one single plot without any other reference, such as a codification to recognized which plot belongs to a specific project participant.

### Climate Information

4) Current carbon stocks within the project area(s), using stratification by land-use or vegetation type and methods of carbon calculation (such as biomass plots, formulae, default values) from the Intergovernmental Panel on Climate Change’s 2006 Guidelines for National GHG Inventories for Agriculture, Forestry and Other Land Use\(^4\) (IPCC 2006 GL for AFOLU) or a more robust and detailed methodology.\(^5\)

#### Findings

The PD states that the project uses, “Simplified baseline and monitoring methodologies for small-scale afforestation and reforestation project activities under the Clean Development Mechanism implemented on grasslands or croplands AR-AMS0001 Version 04.1”. Although this methodologies’ validity has expired for CDM and VCS, it is still a robust and detailed methodology (the changes made to the updated version of the methodology do not affect the project’s use of it).

The methodology does not require the calculation of the pre-project carbon stocks. This is because, where the project is implemented, on croplands and pasture, the carbon stocks are low and decreasing or constant in the baseline.

In the PD it is stated that all selected sites will have less than 10 trees per ha. It is stated that increases in biomass of these trees would be insignificant.

The methodology includes an option for accounting for the biomass when >10 trees are present per ha. The methodology described references some equations from part 9-14 of the baseline methodology. However, growth does not appear to be considered.

After discussions with the Project Proponent, it was explained that pre-existing trees will be ignored (their original biomass and growth during the crediting period will not be measured). It was explained that a guidance document, “Annex 16 Guidance On Conditions Under Which The Change in Carbon Stocks in Existing Live Woody Vegetation Are Insignificant (Version 01)” was used to determine insignificant pre-project biomass. They explained that within this guidance document they were using condition (ii) (2% of 465 trees per ha at the end of the crediting period = 9.3%; so this is why the <ten trees per ha, or < 10% cover). Whilst at the present time it was easy to distinguish planted trees from pre-existing trees, over time this may become more difficult. The project had no method for identifying pre-existing trees. This could lead to future inaccuracies in carbon stock estimates.

### Conformance

<table>
<thead>
<tr>
<th>CAR/OBS</th>
<th>Conformance</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAR 01/11</td>
<td>Yes ☐ No ☒ N/A ☐</td>
</tr>
</tbody>
</table>


\(^5\) In cases where a published methodology is used, the full reference must be given and any variations from the published methodology must be explained.
Community Information

5) A description of communities\(^6\) located in the project zone, including basic socio-economic and cultural information that describes the social, economic and cultural diversity within communities (wealth, gender, age, ethnicity, etc.), identifies specific groups such as Indigenous Peoples\(^7\) and describes any community characteristics.

Findings

The PD and annex document include socioeconomic information of the municipalities involved in the project zone.

The audit team verified in the database that there are approximately 51 communities (some of them indigenous communities) in the project zone. A list of these communities and also a brief description of them is not included in the PD.

Conformance

Yes ☐ No ☒ N/A ☐

CAR/OBS

CAR 03/11

6) A description of current land use and customary and legal property rights including community property\(^8\) in the project zone, identifying any ongoing or unresolved conflicts or disputes and identifying and describing any disputes over land tenure that were resolved during the last ten years (see also G5).

Findings

In the PD it is stated that the pre-projet land use of the plots was grassland and crops. During the field visit, the audit team interviewed different institution representatives including Mr. Mario Martín Flores, the representative of Secretaría de Desarrollo Agropecuario, and also interviewed staff responsible of the legal papers of the land and contracts. It was explained in detail the three forms legally recognized that the land can be owned in México. Among the 138 reforestations, two kinds of forms of ownership are mostly represented: private property (zone 1) and community possession of land (zone 2).

Being so, the Project Proponent (as Bosque Sustentable) does not own any of those farms by itself, all the farms belong to the project participants (farmers, in this case), but there is a contract signed by the two parties (Project Proponent and Project Participant) where the rights and obligations of the parties are stated. The contract was written in Spanish and explained by the promoters/staff to the landowners before they signed it, this way both parties were aware of the terms and conditions.

The general parts of the contract include:

a) The general specifications of the land: location, carbon project area (Ha), objective of the reforestation, UTM coordinates, neighbours and limits.

b) A statement where the landowner recognizes that the land is not under any conflict with a neighbour or with pending payments of tenure taxes.

Some specific clauses includes:

a) Objective: to work together in the carbon project.

b) Actions, such as the landowner recognizes to Bosque Sustentable as the project coordinator/leader, and therefore transfers the right of use of the carbon credits generated by the project during the project crediting period. Bosque Sustentable will offer technical assistance and the landowner will be responsible for the

\(^6\) ‘Communities’ are defined as all groups of people—including Indigenous Peoples, mobile peoples and other local communities—who live within or adjacent to the project area as well as any groups that regularly visit the area and derive income, livelihood or cultural values from the area. (See Appendix B: Glossary for more information.)

\(^7\) ‘Indigenous Peoples’ are defined as distinct, vulnerable, social and cultural groups whose members identify themselves as belonging to an indigenous cultural group. (See Appendix B: Glossary for more information.)

\(^8\) Community characteristics may include shared history, culture, livelihood systems, relationships with one or more natural resources, or the customary institutions and rules governing the use of resources.

\(^9\) Including lands that communities have traditionally owned, occupied or otherwise used or acquired.
maintenance of the reforestations, and based on that a donation will be given.

c) Verification: The landowner is enforced to give free access to field verifications performed by the Project Proponent promoters/staff and/or the validator body.

d) Duration of the contract: Clause 12 of the contract format (Vigencia y Modificaciones) mentions that the duration of the project will start the next day after the contract is signed, and the finalization will be on year 2042 (according to Clause 12 of the contract).

During the field visit, land tenure documents for project areas were provided. Then a sub-sample of these documents was thoroughly reviewed by auditors. A sub-sample of the contracts was also provided.

**Biodiversity Information**

7) A description of current biodiversity within the project zone (diversity of species and ecosystems\(^{10}\)) and threats to that biodiversity, using appropriate methodologies, substantiated where possible with appropriate reference material.

**Findings**

In the PD the PP includes a detailed description of ecosystems and biodiversity of the SGBR. This information has been generated by various studies over several years that the Sierra Gorda Alliance uses to promote the conservation of the reserve’s biodiversity. It identifies key threats and prospects with and without project. During the field visit, Mr Roberto Pedraza described in detail the biodiversity topic of SGRB. The analysis of biodiversity is adequate for the requirements of the standard.

**Conformance**

Yes ☒ No ☐ N/A ☐

**CAR/OBS**

OBS 01/11

8) An evaluation of whether the project zone includes any of the following High Conservation Values (HCVs) and a description of the qualifying attributes:\(^{11}\)

8.1. Globally, regionally or nationally significant concentrations of biodiversity values;

a. protected areas\(^{12}\)

b. threatened species\(^{13}\)

c. endemic species\(^{14}\)

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

**Findings**

The PP, as part of the SGRB, has developed various technical and scientific studies about the ecologic attributes, mainly focused on the biodiversity part (flora and fauna). Other organizations have also participated in these studies. Inputs from stakeholder consultations and documents were used to determine the following HCV attributes:

a) SGRB is a protected area recognized by UNESCO, RAMSAR, and CONABIO (Mexico).

---

\(^{10}\) Equates to habitat types, biotic communities, ecoregions, etc.

\(^{11}\) These high conservation value criteria are based on those defined by the High Conservation Value (HCV) Resource Network [http://hcvnetwork.org/](http://hcvnetwork.org/). Practical help is available for using HCVs in each region, including generic guidance documents (Toolkits) and Country Pages.

\(^{12}\) Legally protected areas equivalent to IUCN Protected Area Management Categories I-VI (see [http://www.iucn.org/about/union/commissions/wcpa/wcpa_work/wcpa_strategic/wcpa_science/wcpa_categories/index.cfm](http://www.iucn.org/about/union/commissions/wcpa/wcpa_work/wcpa_strategic/wcpa_science/wcpa_categories/index.cfm) for definitions) as well as areas that have been proposed for protected area status by the relevant statutory body but have not yet been officially declared, and including areas protected under international conventions (e.g., Ramsar sites, World Heritage Sites, UNESCO Man-and-Biosphere Reserves, etc.).

\(^{13}\) Species that qualify for the IUCN Red List threat categories of Critically Endangered (CR), Endangered (EN) and Vulnerable (VU). (See [www.iucnredlist.org](http://www.iucnredlist.org) and Appendix B: Glossary for more information.) Additional national or regional listings should also be used where these may differ from the IUCN Red List.

\(^{14}\) Species for which the entire global range is restricted to the site, the region or the country (the level of endemcity must be defined).
b) Fungi, Fauna, and Flora species have protected status.
c) 22 species of flora and more than 50 species of fauna are recognized as endemic of the biosphere.
d) 94 species of migratory species are found in the project zone, one of them the Monarch butterfly (*Danaus plexippus*).

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

Findings

- HCV analysis showed that in the eastern part of the project zone, the cordillera of the Eastern Sierra Madre is used by the jaguar (*Panthera onca*) as shelter and to feed.

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8.3. Threatened or rare ecosystems;

Findings

- The cloud forest is the most important representative of a rare ecosystem found in the project zone, the ecosystem covers less than 1% of the national territory and contains a mix of neotropical and neartic species. The second most important rare and threatened ecosystem is the shrub oak forests found on the peaks of two mountains.

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

Findings

- Based on the HCV study, the PP estimates that “the entire zone provides vital ecosystem services to a considerable number of people including services of water production, biodiversity, scenic beauty, capture and storage of carbon, formation and retention of soils, air decontamination, etc.” The audit team agrees with this statement.

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

Findings

- In annex 6 the PP states: “Due to the extensive migration of the labor force to the United States, ethnic and social characteristics, and the land ownership situation, basically each land owner satisfies his needs through the management of his or her own parcel of land or by remittances from the U.S.” During the field visit, the audit team also evaluated how the project participant gets goods and services. In the majority of the cases the project participants lived in poor conditions, and very small crops were found.

The audit team considers that in the project zone, there are no areas that are fundamental for meeting the basic needs. E.g. Fuel or building materials are extracted from the small reforestations.

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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).

Findings

- The HCV study, along with the observations of the audit team, determines that there are no critical areas for traditional cultural identity of communities.

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CAR/OBS No CARs or OBS raised.

G2. Baseline Projections - Required

Concept
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.

Indicators
The Project Proponents must develop a defensible and well-documented "without-project" reference scenario that must:

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,\(^\text{15}\) 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.

Findings
Section B.7. of the PD demonstrates the project’s additionality. Section B.7. states that,

"The steps outlined in the A/R Methodological tool — Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities (Version 01), but applying only the barrier analysis as per AR-AMS001, shall be followed to demonstrate that a proposed A/R CDM project activity is additional and not the baseline scenario. The steps to demonstrate the additionality are outlined below." (p29)

In summary, a fair assessment of future landuse scenarios had been conducted, and the most likely baseline was chosen. This was found to be continued use as pasture or croplands.

Additionality Demonstration Step

STEP 0. Preliminary screening based on the starting date of the A/R project activity

7. If project participants claim that the afforestation or reforestation CDM project activity has a starting date after 31 December 1999 but before the date of its registration, then the project participants shall:
   • Provide evidence that the starting date of the A/R CDM project activity was after 31 December 1999, and
   • Provide evidence that the incentive from the planned sale of CERs was seriously considered in the decision to proceed with the project activity. This evidence shall be based on (preferably official, legal and/or other corporate) documentation that was available to third parties at, or prior to, the start of the project activity.

STEP 1. Identification of alternative land use scenarios to the proposed A/R CDM project activity

Sub-step 1a. Identify credible alternative land use scenarios to the proposed CDM project activity

9. Identify realistic and credible land-use scenarios that would have occurred on the land

Findings
The PD states that the project activities started in 1997. Four separate documents are referenced which date back to 1997 to demonstrate that the project was set up as a carbon project.

\(^\text{15}\) In cases where a published methodology is used, the full reference must be given and any variations from the published methodology must be explained.
within the proposed project boundary in the absence of the afforestation or reforestation project activity under the clean development mechanism (CDM)

The scenarios should be feasible for the project participants or similar project developers taking into account relevant national and/or sectoral policies and circumstances, such as historical land uses, practices and economic trends. The identified land use scenarios shall at least include:

• Continuation of the pre-project land use;
• Forestation of the land within the project boundary performed without being registered as the A/R CDM project activity;

If applicable, forestation of at least a part of the land within the project boundary of the proposed A/R CDM project at a rate resulting from:

ο Legal requirements; or
ο Extrapolation of observed forestation activities in the geographical area with similar socio-economic and ecological conditions to the proposed A/R CDM project activity occurring in a period since 31 December 1989 as selected by the PPs.

10. For identifying the realistic and credible land-use scenarios; land use records, field surveys, data and feedback from stakeholders, and information from other appropriate sources, including Participatory rural appraisal (PRA) may be used as appropriate. If the baseline approach selected is 22b or c, then the project shall perform a survey of local experts or land owners/users on their plans for land management/investments during the period to the project start.

All identified land use scenarios must be credible. All land uses within the boundary of the proposed A/R CDM project activity that are currently existing or that existed at some time since 31 December 1989 but no longer exist, may be deemed realistic and credible. For all other land use scenarios, credibility shall be justified. The justification shall include elements of spatial planning information (if applicable) or legal requirements and may include assessment of economical feasibility of the proposed alternative land use scenario.

Sub-step 1b. Consistency of credible alternative land use scenarios with enforced mandatory applicable laws and regulations

12. Apply the following procedure:

• Demonstrate that all land use scenarios identified in the sub-step 1a: are in compliance with all mandatory applicable legal and regulatory requirements;
• If an alternative does not comply with all
mandatory applicable legislation and regulations then show that, based on an examination of current practice in the region in which the mandatory law or regulation applies, those applicable mandatory legal or regulatory requirements are systematically not enforced and that non-compliance with those requirements is widespread, i.e. prevalent on at least 30% of area of the smallest administrative unit that encompasses the project area;

- Remove from the land use scenarios identified in the sub-step 1a, any land use scenarios which are not in compliance with applicable mandatory laws and regulations unless it can be shown these land use scenarios result from systematic lack of enforcement of applicable laws and regulations.

**STEP 2. Barrier analysis**

**Sub-step 2a. Identification of barriers that would prevent the implementation of at least one alternative land use scenarios**

13. Identify realistic and credible barriers that prevent realization of the land use scenarios identified in Sub-step 1b. The barriers should not be specific for the project participants, but should apply to the proposed A/R CDM project activity as such, even if similar project developers would have developed the project activity. Such barriers may include [Those seven barriers listed in appendix A]

The PD uses the barriers listed in appendix A. This is acceptable.

**Sub-step 2b. Elimination of land use scenarios that are prevented by the identified barriers**

14. Determine which land use scenarios identified in the Sub-step 1b are prevented by at least one of the barriers listed in sub-step 2a. Substantiate, that the barrier identified as preventing realization of a land use scenario is valid and conclusive in the context of the land use scenario in question. The assessment of a barrier may take into account the level of access to and availability of information, technologies and skilled labour in the region where the planned A/R CDM project activity is located. Eliminate these scenarios from further consideration.

15. If the land within the boundary of the proposed of the A/R CDM project activity was at least partially forested since 31 December 1989 and the land is not a forest at the project start, identify reasons/actions/incentives that allowed for the past forestation and demonstrate that the current legal/financial or other applicable regulations or socio-economical or ecological or other local conditions have changed to the extent that allows for conclusion that repetition of the forestation performed without being registered as the A/R CDM project activity is not possible.

The lands were not forested after 1989, as evidenced by the remote sensing data.

16. Include all land use scenarios that were identified in the Sub-step 1b and were not eliminated in the Sub-step 2b into the list of land

This step is done in the PD step B.7.
use scenarios that are not prevented by any barrier.

17. In applying sub-steps 2a and 2b, provide transparent and documented evidence, and offer conservative interpretations of this documented evidence, as to how it demonstrates the existence and significance of the identified barriers. Anecdotal evidence can be included, but this alone is not sufficient proof of barriers. The type of evidence to be provided may include:

- Relevant legislation, regulatory information or environmental/natural resource management norms, acts or rules;
- Relevant (sectoral) studies or surveys (e.g. market surveys, technology studies, etc) undertaken by universities, research institutions, associations, companies, bilateral/multilateral institutions, etc;
- Relevant statistical data from national or international statistics;
- Documentation of relevant market data (e.g. market prices, tariffs, rules);
- Written documentation from the company or institution developing or implementing the A/R CDM project activity or the A/R CDM project developer, such as minutes from Board meetings, correspondence, feasibility studies, financial or budgetary information, etc;
- Documents prepared by the project developer, contractors or project partners in the context of the proposed project activity or similar previous project implementations;
- Written documentation of independent expert judgements from agriculture, forestry and other landuse related Government / Non-Government bodies or individual experts, educational institutions (e.g. universities, technical schools, training centres), professional associations and others.

18. Apply the ...decision tree to the outcome of sub-step 2b. [The baseline scenario]

The evidence provided in the PD, although well supported through stakeholder interviews, is not supported by the level of transparent and documented evidence required by this step. However, it was not mandatory to use this tool, and the barrier analysis in Appendix A of the methodology does not have such strict rules on evidence documentation levels. Therefore no more action is required by the Project Proponent.

Conformance

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No CARs or OBS raised.

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.\(^{16}\)

Findings

Although it is not clear in the PD, the PP used the ‘Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities’ (Version 01).

The PD states that all scenarios identified are allowable by applicable laws and

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\(^{16}\) Project proponents must demonstrate that project activities would not have been implemented under business as usual due to significant financial, technological, institutional or capacity barriers. Actions implemented by the project must not be required by law, or Project Proponents must demonstrate that the pertinent laws are not being enforced. Project proponents must provide credible and well-documented analyses (e.g., poverty assessments, farming knowledge assessments, or remote sensing analysis) to demonstrate that the ‘without project’ reference scenario reflects land-use practices that are likely to continue or that otherwise differ from the land-use practices expected as a result of project activities.
regulations. This was confirmed via stakeholder interviews. Additionality was demonstrated using the barrier analysis. The PD provides explanations of barriers faced by each of the identified scenarios. These are summarised in Table 2 (Barrier analysis matrix). Stakeholder interviews were used to determine that these barriers were credible.

The lands were not forested after 1989, as evidenced by the remote sensing data. The audit team spoke with several stakeholders and determined that the expected benefits are truly additional to the business as usual scenario. There are no formal reforestation programs established in the project zone, or incentive programs to plant trees.

Conformance Yes ☑ No ☐ N/A ☐
CAR/OBS No CARs or OBS raised.

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.\(^{17}\) The timeframe for this analysis can be either the project lifetime (see G3) or the project GHG accounting period, whichever is more appropriate.\(^ {18}\) Estimate the net change in the emissions of non-CO\(_2\) GHG emissions such as CH\(_4\) and N\(_2\)O in the ‘without project’ scenario. Non-CO\(_2\) gases must be included if they are likely to account for more than 5% (in terms of CO\(_2\)-equivalent) of the project’s overall GHG impact over each monitoring period.\(^ {19}\)

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.\(^ {20}\) 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.\(^ {21}\)

Findings The additionality analysis considers the biomass of crops and grass to be insignificant in existing planting plots and in new planting plots. There is a methodology already defined in case of more than 10 trees per hectare at the start of the plantation. The methods are transparent and well presented. The calculation formulas were found to be correct.

Conformance Yes ☑ No ☐ N/A ☐
CAR/OBS No CARs or OBS raised.

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.

Findings In annex 6, the PP states that the without project reference scenario adversely affect local communities in the following specific topics:

- Water capture
- Soil conservation
- Temperature regulation
- Poverty reduction
- Training of the local population
- Community participation and quality of life

The arguments for each of these is reasonable.

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17 Above-ground biomass, below-ground biomass, deadwood, litter, soils.
18 In some cases, the project lifetime and the project GHG accounting period may be different.
19 The following CDM Executive Board tool can be used to test the significance of emissions sources: [http://cdm.unfccc.int/EB/031/eb31_repan16.pdf](http://cdm.unfccc.int/EB/031/eb31_repan16.pdf).
20 The analysis may use a model that is based on historical rates and patterns of deforestation and degradation or predict the expected increases or decreases in deforestation and degradation.
21 The ‘start of the project’ is defined as the start of implementation of activities that will directly cause the project’s expected GHG emissions reductions or removals.
G3. Project Design & Goals - Required

Concept
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.

Indicators
The Project proponents must:

1) Provide a summary of the project's major climate, community and biodiversity objectives.

Findings
The main objectives of the project in the areas of climate, community and biodiversity are clearly defined in the Annex 6.

Conformance
Yes ☒ No ☐ N/A ☐

CAR/OBS
No CARs or OBS raised.

2) Describe each project activity with expected climate, community and biodiversity impacts and its relevance to achieving the project's objectives.

Findings
The main project activity is tree planting and management. In Annex 6 the PP describes the activity and the relevance to each objective (climate, community and biodiversity objectives). The analysis is considered to be correct and reasonable by the audit team.

Conformance
Yes ☒ No ☐ N/A ☐

CAR/OBS
No CARs or OBS raised.

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).

Findings
The PD includes a group of maps where the PP identifies the project location, project area (individual plots) and the project zone, as well as a map of the SGBR. These maps have no geographical coordinates and reforested land are not properly defined, but only indicated with a green plot.

The project has a geographic information system (GIS) that defines the properties included in the project, but during the field visit it was found that several of the limits, even certain locations, have offsets with respect to the information entered into GIS.

Conformance
Yes ☐ No ☒ N/A ☐

CAR/OBS
No CARs or OBS raised.
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.

Findings
In section A.9 of the PD it is stated that the crediting period is 01 January 1997 to 31 December 2042 (a period of 46 years). It is also stated in A.9. that the operational life of the project is 46 years.

The sample contract (between BS and farmers) in annex 4 runs from 2010 to 2039, a period of more than 30 years. Other contracts checked were found to be consistent with the project length and crediting period.

In the Annex 6 the PP offers a general schedule with key dates for project development, such as reforestation dates, the date of preparation of the PIN, the first transaction in the voluntary market, the standard validation date and the date of completion of the project.

Conformance
Yes ☒ No ☐ N/A ☐

CAR/OBS
No CARs or OBS raised.

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

Findings
In Annex 6 the PP mentions the possible risks, such as less rainfall, extreme events, fires, illegal logging, pests and diseases, and global socio-economic risks such as immigration and the price of oil. Mitigation options involve reforestation, training of farmers, implementation of the buffer of 20%, among others. It also refers to the VCS tool for AFOLU project risk, which in summary the audit team agrees with the self risk assessment. In summary the risk is low for factors related with all project types, and those related with ARR projects.

Conformance
Yes ☒ No ☐ N/A ☐

CAR/OBS
No CARs or OBS raised.

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.

Findings
Annex 6 indicates that all project activities are aimed of ensuring the maintenance or improvement of the attributes of AVC. This was ratified by the stakeholders interviewed during the field visit (staff personnel and institution representatives). The general management program of the SGBR also mentions the general guidance for the conservation of the whole protected area.

Conformance
Yes ☒ No ☐ N/A ☐

CAR/OBS
No CARs or OBS raised.

7) Describe the measures that will be taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.

Findings
The audit team agrees with the statement found in the PD: “The best guarantee of long-term project benefits, however, is the strength of the institutions that comprise the Sierra Gorda Alliance for Conservation, which utilizes a co-management model of conservation involving both the government and civil society, and which has a long-term successful trajectory of promoting conservation and sustainable development.” Then, the Annex 6 document indicates the measures to maintain the benefits beyond the project lifetime are: the dispersal of the reforestation, avoiding risk by fire, pests and diseases, requiring certification of land rights of producers and long-term contracts with

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22 The ‘precautionary principle’ is defined in the Preamble to the Convention on Biological Diversity (1992): ‘[W]here there is a threat of significant reduction or loss of biological diversity, lack of full scientific certainty should not be used as a reason for postponing measures to avoid or minimize such a threat.’
them to fulfill the goals of the project, the 20% deposit tCO$_2$e as a buffer, among other measures.

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8) Document and defend how communities and other stakeholders$^{23}$ potentially affected by the project activities have been identified and have been involved in project design through effective consultation,$^{24}$ 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.$^{25}$ 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.

Findings

As it is stated in the PD, the audit team concludes that the PP had invited a wide range of stakeholders to offer comments from the inception of the project idea. Comments were received in numerous meetings with project participants in their own communities, as well as events for stakeholders in general held at the Sierra Gorda Earth Center on August, November 2009, February, May and October 2010. The audit team reviewed the attendance lists and the general content of the sessions. Some presentations were made to the advisory council of the SGBR, and other local institucion representatives (state and national governments and agencies). The audit team also discussed with project participants and neighbours during the field visit, and it was determined that the benefits are clearly understood by them. During the field visit, it was also found that the PP has a close link with small landowners and institutions. There is a widespread acceptance of the project objective of reforesting small areas of land where the project participants live.

For future interactions with stakeholders, the Annex 6 states: “Ongoing consultation between project managers and stakeholders will take place through the SGBR Advisory Council and its Productive Projects Committee, which include representatives from the three levels of government as well as community representatives.”

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9) Describe what specific steps have been taken, and communications methods used, to publicize the CCBA public comment period$^{26}$ to communities and other stakeholders and to facilitate their submission of comments to CCBA. Project proponents must play an active role in distributing key project documents to affected communities and stakeholders and hold widely publicized information meetings in relevant local or regional languages.

Findings

Prior to the validation visit, the PP followed the CCB Standards rules (Version June 21, 2010) regarding the communication of their intent to proceed with CCB validation and

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$^{23}$ ‘Other stakeholders’ are defined as the main groups potentially affected by the project activities that are not living on or adjacent to the project site.

$^{24}$ Effective consultation requires Project Proponents to inform and engage broadly with all community groups and other stakeholders using socially and culturally appropriate methods. Consultations must be gender and inter-generationally inclusive and must be conducted at mutually agreed locations and through representatives who are designated by the communities themselves in accordance with their own procedures. Stakeholders affected by the project must have an opportunity to evaluate impacts and raise concerns about potential negative impacts, express desired outcomes and provide input on the project design, both before the project design is finalized and during implementation.

$^{25}$ In cases where it is unclear whether a project will be implemented or not, it is acceptable to start with a preliminary community consultation, provided there are plans for appropriate full engagement before the start of the project. Where conformance with the Standards is being applied to a project already under implementation, Project Proponents must either provide documentation of appropriate consultation during the project design phase or demonstrate how more recent consultations have been effective in evaluating community benefits and adapting project design and implementation to optimize community and stakeholder benefits and respect local customs.

$^{26}$ The CCBA public comment period is the process whereby CCBA posts project documents that are under evaluation by an auditor for conformance with the Standards on www.climate-standards.org for at least 30 days with an invitation and link for public comments to which the auditor must respond in the audit report.
During the 30-day public comment period, the audit team received comments from partners of the PP, so the comments were more related with support for the reforestation project.

As stated in the annex 6, different media such as newspaper and radio ads, and public information meetings were used. CCB documentation is on the website of Sierra Gorda. The interpretation of such documentation is given in the training sessions with local stakeholders and small reforesters.

10) Formalize a clear process for handling unresolved conflicts and grievances that arise during project planning and implementation. The project design must include a process for hearing, responding to and resolving community and other stakeholder grievances within a reasonable time period. This grievance process must be publicized to communities and other stakeholders and must be managed by a third party or mediator to prevent any conflict of interest. Project management must attempt to resolve all reasonable grievances raised, and provide a written response to grievances within 30 days. Grievances and project responses must be documented.

Findings
A very general procedure is mentioned in the Annex 6. There is no document showing the process for handling unresolved conflicts and grievances that arise during project planning and implementation.

Conformance
Yes ☒ No ☐ N/A ☐
CAR/OBS
No CARs or OBS raised.

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

Findings
The Project Proponent demonstrated through the provision of detailed budgets (25) Proyección financiera reforestaciones 4 marzo 2011 FINAL para auditores CONFIDENCIAL) that the flow of revenue from ex-ante sales of carbon credits would be sufficient to cover the operating costs of the project over the project’s life.

Conformance
Yes ☒ No ☐ N/A ☐
CAR/OBS
No CARs or OBS raised.

G4. Management Capacity and Best Practices - Required

Concept
The success of a project depends upon the competence of the implementing management team. Projects that include a significant capacity-building (training, skill building, etc.) component are more likely to sustain the positive outcomes generated by the project and have them replicated elsewhere.

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

Indicators
The Project Proponents must:

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

Findings
A description is presented in Section G.4. of the Appendix 6 (CCB additional information). Here it is stated that “The Project Proponent is the Sierra Gorda Alliance for Conservation.” However, the PD does not describe SGAC in this role. The PD also
refers numerous times to Project Proponents in the plural, perhaps implying there is more than one. The documentation does not match the explanation given to the auditors that Bosque Sustentable is the Project Proponent.

The auditors were provided with a spreadsheet, “responsabilidades captura de carbono en reforestaciones 3 febrero 2011” that outlines the roles and responsibilities of the various actors involved in the project. These corresponded to the roles understood by the staff members audited.

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2) Document key technical skills that will be required to implement the project successfully, including community engagement, biodiversity assessment and carbon measurement and monitoring skills. Document the management team’s expertise and prior experience implementing land management projects at the scale of this project. If relevant experience is lacking, the proponents must either demonstrate how other organizations will be partnered with to support the project or have a recruitment strategy to fill the gaps.

Findings

The staff of Bosque Sustentable includes expert technical people specialized in topics such as communities, biodiversity, carbon measurements, monitoring, fund raising among others. In the field, BS supports its work in the communities through local promoters.

The audit team reviewed a resume of the PP and its staff, the experience shown is enough to the complexity of the project implementation. The PP also has partners that contribute adequately with the implementation of the project.

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

Findings

The PP submitted a detailed training plan for BS staff, reforesters (project participants). Some of the topics included in the training plan are:

- a) Participation requirements;
- b) Financial and other benefits for communities;
- c) Techniques for establishment of reforestation;
- d) Management of reforestation: replanting, weeding, pruning, thinning;
- e) Monitoring plan for carbon;
- f) Use of GPS and other tools, formats, identification and correction of errors;
- g) Rights and obligations.

So far, many training sessions had happened. The audit team reviewed the list of participants where it is clear that PP has trained a wide range of people, including women. Some of the participants recognize the value of the training to assure the success of the project.

The staff turnover is not common, but the new people are trained as part of the induction.

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

The project participants (reforesters) are not considered as employees, but as partners of the reforestation project they are receiving payments for their management activities; however, some of them are considered leaders in the community, so the PP hires them as promoters in some cases.

BS staff includes people from the local communities such as promoters even if they are not reforesters, some of them recruited specifically to advise the reforesters or to recruit more reforesters.

In all the cases, the PP meets the laws and regulations related with labor, benefits and taxes.

Conformance

Yes ☑️ No ☐ N/A ☐

CAR/OBS

No CARs or OBS raised.

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

Findings

According to interviews with key staff and representatives of local institutions and agencies such as SEMARNAT, the reforestation project can be considered as part of the official government approved management program of the Sierra Gorda Biosphere Reserve. As such, these institutions had worked together with the Project Proponent to make sure the reforestation project is based on a solid national and international legal framework.

The project participants (small landowners) received basic information by Bosque Sustentable promoters even before of signing the contract. Training sessions have been implemented to train the promoters also, so they can spread the concepts among the small landowners. Obviously, the general idea is that the project satisfies applicable planning and regulatory requirements.

A list of all relevant national/international and local laws and regulations can be found in Annex 6, the key staff have a hard and an electronic copy of the most important such as: Regulations and Law of Federal Public Administration; General Regulations and Law of Ecologic Equilibrium and Protection of the Environment; General Regulations and Law of Sustainable Forestry Development; General Regulations and Law of Wildlife; National Waters Law and Regulations; Convention on Biological Diversity; UNFCCC, Kyoto Protocol. A copy of the laws and regulations are available at the library.

Conformance

Yes ☑️ No ☐ N/A ☐

CAR/OBS

No CARs or OBS raised.

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

Findings

BS designed a plan to prevent and mitigate risks at work with two main objectives, one is to prevent and mitigate the risks and the other is to train people in how to react if the risk can not be prevented. Two main activities were identified in which the people in the field could be exposed to risk.

Conformance

Yes ☑️ No ☐ N/A ☐

CAR/OBS

No CARs or OBS raised.

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

Findings

The project’s budget (25) Proyección financiera reforestaciones 4 marzo 2011 FINAL

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27 ‘Workers’ are defined as people directly working on project activities in return for compensation (financial or otherwise), including employees, contracted workers, sub-contracted workers and community members that are paid to carry out project-related work.
para auditores CONFIDENCIAL) shows that carbon credits will be sufficient to sustain the financing of the project over its lifetime.

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G5. Legal Status and Property Rights - Required

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

During the project design phase, the Project Proponents should communicate early on with relevant local, regional and national authorities in order to allow adequate time to earn necessary approvals. The project design should be sufficiently flexible to accommodate potential modifications that may arise as a result of this process.

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

Indicators
Based on information about current property rights provided in G1, the Project Proponents must:

1) Submit a list of all relevant national and local 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.

Findings
A list of all relevant national/international and local laws and regulations can be found in Annex 6, the key staff have a hard and an electronic copy of the most important such as: Regulations and Law of Federal Public Administration; General Regulations and Law of Ecologic Equilibrium and Protection of the Environment; General Regulations and Law of Sustainable Forestry Development; General Regulations and Law of Wildlife; National Waters Law and Regulations; Convention on Biological Diversity; UNFCCC, Kyoto Protocol. A copy of the laws and regulations are available at the library.

Conformance
Yes ☑ No ☐ N/A ☐

Findings
No CARs or OBS raised.

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

Findings
The reforestation project is considered a part of the initiative of the SGBR, which has an advisory council conformed by representatives from communities as well as local, state and national governments and agencies that know in detail the purpose of the project, objectives, and scope.

The stakeholders interviewed mentioned that the project should have a management plan, but under the current laws and the fact that the project has started already management based on local knowledge and technical expertise, it is acceptable. A national authority approval is not necessary. The project does not either require an approval from the communities since there are no traditional rights applicable.

Conformance
Yes ☑ No ☐ N/A ☐

28 Local laws include all legal norms given by organisms of government whose jurisdiction is less than the national level, such as departmental, municipal and customary norms.
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.

Findings
The audit team confirmed through interviews with project participants and some neighbours that the participation in the reforestation project is voluntary. A potential participant submits all the requirements to the PP, including the exact location of the proposed land to plant trees, then after a field visit the land is accepted. This is only a part of the procedure for being part of the project, every step is documented and archived. One of the requirements is to have a clear property of the land, the promoters ratify the eligibility of land saying in a report that the proposed land is not subject to grievances.

Conformance Yes ☑ No ☐ N/A ☐

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

Findings
During the field visit, the audit team identified a couple of cases where people cut trees (thinning practices) for firewood or for housing. Since the reforestation project is considered to be voluntary, the authorities interpret this as normal if the extracted wood is not sold.

The PP staff recognizes this but not as a problem, there is a short list of places and even people involved in this issue, and whenever possible, the promoter is in charge of resolving the issues through negotiations or training.

Moreover, the audit team also visited places that were burned by neighbours as traditional practice of burning to prepare their own land for agriculture. These people has been identified and in most cases, has been invited to the training sessions to avoid new events. Those are considered by the PP as isolated cases, and the audit team considers also that those cases are not a risk for the project itself.

Conformance Yes ☑ No ☐ N/A ☐

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

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

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

32 In conformance with the United Nations Declaration on the Rights of Indigenous Peoples.
6) Demonstrate that the Project Proponents have clear, uncontested title to the carbon rights, or provide legal documentation demonstrating that the project is undertaken on behalf of the carbon owners with their full consent. Where local or national conditions preclude clear title to the carbon rights at the time of validation against the Standards, the Project Proponents must provide evidence that their ownership of carbon rights is likely to be established before they enter into any transactions concerning the project’s carbon assets.

| Findings | The PP signs contracts with the project participants, where it is stated that Bosque Sustentable has the right to negotiate the carbon units in the voluntary market. The contract was written in Spanish and explained by the promoters/staff to the landowners before they signed it, this way both parties were aware of the terms and conditions. No local or national conditions preclude title to the carbon rights. |
| Conformance | Yes ☒ No ☐ N/A ☐ |
| CAR/OBS | No CARs or OBS raised. |
CLIMATE SECTION

CL1. Net Positive Climate Impacts - Required

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

Indicators
The Project Proponents must:

1) Estimate the net change in carbon stocks due to the project activities using the methods of calculation, formulae and default values of the IPCC 2006 GL for AFOLU or using a more robust and detailed methodology. 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 defendable assumptions about how project activities will alter GHG emissions or carbon stocks over the duration of the project or the project GHG accounting period.

Findings
The PD states that the project uses “Simplified baseline and monitoring methodologies for small-scale afforestation and reforestation project activities under the Clean Development Mechanism implemented on grasslands or croplands AR-AMS0001 Version 04.1”. Although this methodology’s validity has expired for CDM and VCS, it is still a robust and detailed methodology (the changes made to the updated version of the methodology do not affect the project’s use of it).

The PD documents the expected sequestration due to the planting of three native species. To do this the project area is stratified according to the date of planting, the municipality and zone of the project.

The PP designed a growth model based on actual measurements of existing reforestations by BS. The results are shown in the spreadsheet Inventory-final.xls. Assumptions such as the probability of survival, constant planting density (1,111 trees per hectare), no thinning or pruning were taken to create the model.

Three different equations were used (SSC, Díaz Franco, and GPG LULUCF) to calculate the ex-ante carbon stocks (Mg/ha), then one was selected as the model (SSC equation). The audit team generated a graph using the three series of data and noticed that SSC equation resulted in higher carbon stocks.

Other calculations were done in the spreadsheet but they are not in a traceable way for auditing, no formulas are shown.

The next step was to construct another spreadsheet named 3) Carbon calculation for CCB PDD March 4 2011 FINAL.xls. Here, the PP shows the calculations to obtain the total amount of carbon stocks (ex-ante), and finally the estimated removals (tCO₂e per year during the project lifetime), the total estimated net anthropogenic GHG removals by sinks (101,722 tCO₂e), and the annual average over the crediting period of estimated net anthropogenic GHG removals by sinks (2,211 tCO₂e).

The audit team considered that the ex-ante estimates are acceptable.

Conformance

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2) Estimate the net change in the emissions of non-CO₂ GHG emissions such as CH₄ and N₂O in the with and without project scenarios if those gases are likely to account for more than a 5% increase or decrease (in terms of CO₂-equivalent) of the project’s overall GHG emissions reductions or removals over each monitoring period.

Findings
The methodology does not require that non-CO₂ GHG’s are considered.

Conformance

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33 In cases where a published methodology is used, the full reference must be given and any variations from the published methodology must be explained.
CAR/OBS | No CARs or OBS raised.
---|---

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.

**Findings**
The methodology does not require that project emissions are counted. The project does not burn to prepare sites, does not use fossil fuels within the project areas or use fertilizers.

| Conformance | Yes [ ] No [ ] N/A [ ] |
|---|---|---|---|
| CAR/OBS | No CARs or OBS raised.

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-CO$_2$ GHGs where appropriate minus any other GHG emissions resulting from project activities minus any likely project-related unmitigated negative offsite climate impacts (see CL2.3).

**Findings**
The net impact of the project is simply counted as the sequestration in the growing trees. This is because the baseline is zero, there are no project emissions and the ex-ante estimate of leakage is zero. Hence, the project was found to have a projected net climate benefit.

| Conformance | Yes [X] No [ ] N/A [ ] |
|---|---|---|---|
| CAR/OBS | No CARs or OBS raised.

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

**Findings**
During interviews with stakeholders it was explained that the project has previously sold credits.

The Project Proponent explained the system in place to record the ex-ante credits already sold to ‘donors’. The spreadsheet, ‘22) Control de transacciones y pagos 5 marzo 2011 FINAL’ is used. It records the ex-ante estimate of credits that a given land parcel (identified by a unique code) will generate based on the growth and yield estimates and the land area. When a donor purchases a credit, a serial number is assigned to the tonnes that are allocated to that donor. The auditors sampled a number of the transactions and found no errors in calculations.

The Project Proponent did have a draft policy to explain how double counting would be avoided when VCU’s were issued, and throughout the organisation everyone was aware that double counting would need to be avoided. However, this policy was not yet an official policy of the project. The PD does not include a description of how double counting of these sales is avoided (if it is necessary).

It was observed that the Proponent’s system for handling the allocation of credits to donors was functioning well and transparent, but that as donations and parcel numbers increased, the manual nature of it would mean that errors would be likely.

| Conformance | Yes [ ] No [X] N/A [ ] |
|---|---|---|---|
| CAR/OBS | CAR 06/11 OBS 03/11

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

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

35 The following CDM Executive Board tool can be used to quantify these emissions: [http://cdm.unfccc.int/EB/033/eb33_repan16.pdf](http://cdm.unfccc.int/EB/033/eb33_repan16.pdf)
Concept
The Project Proponents must quantify and mitigate increased GHG emissions that occur beyond the project area and are caused by project activities (commonly referred to as ‘leakage’).

Indicators
The Project Proponents must:

1) Determine the types of leakage\(^{36}\) that are expected and estimate potential offsite increases in GHGs (increases in emissions or decreases in sequestration) due to project activities. Where relevant, define and justify where leakage is most likely to take place.

Findings
The project identifies that the displacement of baseline grazing and crop growing activities could lead to leakage. Leakage would occur if the displacement led to deforestation, or to suppression of regeneration. The project conducted a leakage survey amongst landowners and this revealed no displacement had led to deforestation. This was confirmed through stakeholder and landowner interviews, as well as observation. There was no observation of suppression of natural regeneration.

In order to formalize the leakage estimates, the Project used two CDM tools and two guideline documents in place of the ex-ante leakage section of the methodology.

“Estimation of the increase in GHG emissions attributable to displacement of pre-project agricultural activities in A/R CDM project activity” (Valid)

It was not clear to the auditors that the tools were appropriate for use on small scale projects because they allow the dismissal of leakage as insignificant if displacement is < 50 ha. For small projects this could still be a significant area. However, using the tools/guidance the project is able to show that leakage is insignificant by:

- “Guidelines on Conditions Under Which Increase in GHG Emissions Related to Displacement of Pre-Project Grazing [Cultivation] Activities in A/R CDM Project Activity is Insignificant”: III.4.A: The leakage survey shows the area displaced is expected to be less than 50ha.

- “Guidelines on Conditions Under Which Increase in GHG Emissions Related to Displacement of Pre-Project Grazing [Cultivation] Activities in A/R CDM Project Activity is Insignificant”: III.4.B: Activities are being displaced to land already classed as degraded for grazing, and that croplands were already under crop usage.

- In addition, point 28 of the methodology allows a zero ex-ante estimate of leakage when there is no expected deforestation (as evidenced by the leakage survey).

In conclusion, the zero ex-ante estimate of leakage is justified; however, the PD could be clearer in explaining which steps of which tools were used to arrive at this conclusion.

Conformance
Yes ⬗ No □ N/A □

CAR/OBS
OBS 04/11

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

Findings
Leakage was estimated to be insignificant or zero. In order to minimise the chance of leakage, the project participants are expected to meet certain requirements, most of them were ratified by the audit team during the field visit and through interviews:

a) Only a portion of the total land is eligible for planting trees. The other part can be used for agriculture activities.

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\(^{36}\) Offsite changes in GHG emissions can result from a variety of causes including:

- activity shifting or displacement;
- market effects (particularly when timber harvest volumes are reduced by the project);
- increased investment in the project zone;
- decreased investment in the project zone; and
- alternative livelihood programs or other leakage prevention activities.
b) The actual use should be grassland or cropland. No new cattle is allowed.
c) The economic payment should be used to replace subsistence agriculture.

The mitigation of leakage is also a BS staff role, by:
a) Estimating the biomass of standing trees.
b) Evaluating the eligibility land, and all the technical requirements.
c) Making sure the cattle was sold or slaughtered.

### Findings

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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).

#### Findings

As the estimate of leakage was zero no deduction is necessary and will not be necessary due to the reasons explained in section CL2.1 above.

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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.

#### Findings

No calculation of such emissions is necessary, and will not be necessary, due to the reasons explained in section CL2.1 above.

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### CL3. Climate Impact Monitoring - Required

#### Concept

Before a project begins, the Project Proponents must have an initial monitoring plan in place to quantify and document changes (within and outside the project boundaries) in project-related carbon pools, project emissions, and non-CO₂ GHG emissions if appropriate. The monitoring plan must identify the types of measurements, the sampling method, and the frequency of measurement.

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

#### Indicators

The Project Proponents must:

1) Develop an initial plan for selecting carbon pools and non-CO₂ GHGs to be monitored, and determine the frequency of monitoring. Potential pools include aboveground biomass, litter, dead wood, belowground biomass, wood products, soil carbon and peat. Pools to monitor must include any pools expected to decrease as a result of project activities, including those in the region outside the project boundaries resulting from all types of leakage identified in CL2. A plan must be in place to continue leakage monitoring for at least five years after all activity displacement or other leakage causing activity has taken place. Individual GHG sources may be considered ‘insignificant’ and do not have to be accounted for if together such omitted decreases in carbon pools and increases in GHG emissions amount to less than 5% of the total CO₂-equivalent benefits generated by the project.³⁷ 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

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³⁷ The following CDM Executive Board tool can be used to test the significance of emissions sources:
robust sampling must be used to measure more significant elements of the project’s carbon stocks. Other data must be suitable to the project site and specific forest type.

**Findings**

Section B.1. of the PD states that the project uses, “Simplified baseline and monitoring methodologies for small-scale afforestation and reforestation project activities under the Clean Development Mechanism implemented on grasslands or croplands AR-AMS0001 Version 04.1”.

The monitoring plan in the PD was assessed to determine if it followed the requirements of the methodology for the gathering of ex-post data. Section B.8 of the PD describes the monitoring activities that will be undertaken. Overall, the monitoring plan was found to be adequate. However, the section does not make clear links back to the methodologies steps or equations. This could cause difficulties when it comes to verification and the Proponents are required to show how their monitoring results and execution of ex-post calculations have complied with the methodology.

Table 1 in the methodology contains a list of things that must be monitored. The PD does not include plans to gather the following data from the table:

- Ai - Size of the areas where the project activity has been implemented for each type of strata.
- Location of the permanent sample plots.

The project intends to monitor changes in the above-ground tree carbon pool, and then use a root:shoot ratio to calculate changes in the below ground biomass of the trees. This is consistent with the methodology’s requirements.

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

**Findings**

The project already has developed what it considers a full monitoring plan. The Observation listed in the section above will help complete this.

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COMMUNITY SECTION

CM1. Net Positive Community Impacts - Required

Concept
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.

Indicators
The Project Proponents must:

1) Use appropriate methodologies\textsuperscript{38} 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 defendable assumptions about how project activities will alter social and economic well-being\textsuperscript{39}, 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.

Findings
Annex 6 of the PD includes a table with an analysis of the impacts on communities with and without project, using variables of water, soil, poverty, training, participation and improved quality of life for communities. Examples of the expected community benefits are: greater productivity of local and regional water springs; additional capture of rainwater in storage tanks; increased resilience to effects of climate change; conservation and restoration of soils on project areas; more productive use of project areas; moderation of extreme temperatures on project areas; new forest management capabilities of participants in reforestations; greater community participation in conservation activities; higher quality of life.

These potential impacts on communities were not generated through the use of specific methodology. The assumptions made to reach the conclusions are not defended. For example, the assertion that planting 0.5 - 2 ha of pine trees will increase water in local and regional springs is not defended by reference to a mechanism or evidence.

Conformance
Yes ☒ No ☑ N/A ☐

CAR/OBS
CAR 07/11

2) Demonstrate that no High Conservation Values identified in G1.8.4\textsuperscript{40} will be negatively affected by the project.

Findings
Annex 6 of the PD indicates that water, soil and ecosystems will be positively affected by the project, which is expected to improve the conditions of the Biosphere Reserve. Reforestation practice is compatible with the improvement of soil resources, water and vegetation.

Conformance
Yes ☒ No ☑ N/A ☐

\textsuperscript{38} See Appendix A of CCB Standard “Potential Tools and Strategies”.

\textsuperscript{39} Restricting the evaluation to well-being based on activities that comply with statutory laws or conform with customary rights.

\textsuperscript{40} G1.8.4 Areas that provide critical ecosystem services (e.g., hydrological services, erosion control, fire control);

G1.8.5 Areas that are fundamental for the livelihoods of local communities (e.g., for essential food, fuel, fodder, medicines, or building materials without readily available alternatives); and,

G1.8.6 Areas that are critical for the traditional cultural identity of communities (e.g., areas of cultural, ecological, economic or religious significance identified in collaboration with the communities).

Note that High Conservation Values G1.8.1-3 that are more related to biodiversity conservation are covered in B1.
CAR/OBS  No CARs or OBS raised.

CM2. Offsite Community Impacts - Required

Concept
The Project Proponents must evaluate and mitigate any possible social and economic impacts that could result in the decreased social and economic well-being of the main stakeholders living outside the project zone resulting from project activities. Project activities should at least ‘do no harm’ to the well-being of offsite stakeholders⁴¹.

Indicators
The Project Proponents must:

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

Findings  The PP has estimated that no negative impacts will be caused by the implementation of the project on the socio economic conditions of the offsite communities. The audit team considers this a reasonable statement, since the project activities will be done in a very small scale, e.g., small intensity thinning, forest roads will not be opened, no compaction of soils due to the use of heavy equipment.

Conformance  Yes ☒  No ☐  N/A ☐

CAR/OBS  No CARs or OBS raised.

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

Findings  The implementation of the project activities are not expected to cause negative offsite impacts, but according to stakeholder and staff interviews, the PP is able to implement strict controls to prevent or mitigate new potential impacts while implementing such project activities. For example, the use of fire in the reforestation is not permitted, since this is not considered a best management practice; clear cut will not happen according to the objective of the plantation; habilitation of new roads will follow national standards.

Conformance  Yes ☒  No ☐  N/A ☐

CAR/OBS  No CARs or OBS raised.

3) Demonstrate that the project is not likely to result in net negative impacts on the well-being of other stakeholder groups.

Findings  The explanation given in Annex 6 of the PD is acceptable, since reforestation projects usually bring positive impacts on watersheds and soil conservation.

Conformance  Yes ☒  No ☐  N/A ☐

CAR/OBS  No CARs or OBS raised.

CM3. Community Impact Monitoring - Required

Concept
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.

⁴¹ Restricting the evaluation to well-being based on activities that comply with statutory or conform with customary rights.
Indicators

The Project Proponents must:

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).^42

Findings

BS has designed a plan to monitor the following aspects:

- Water capture
- Soil conservation
- Temperature regulation
- Poverty reduction
- Training of local communities
- Community participation
- Improvement of quality of life

The plan indicates the frequency of monitoring and indicators.

For the first aspects, BS proposes to use a methodology designed by Ventura, E (2008). The social aspects are expected to be measured by implementing interviews and the Social Return on Investment Analysis (SROI). The audit team did not receive detailed information about the implementation of SROI.

The social aspects will be monitored through the following indicators: Number of inhabitants receiving additional income; total amount of new income in Mexican pesos and U.S. dollars; Number of local people receiving training/hours of training given; number of community members participating in reforestation.

The audit team considers that BS should complete the socioeconomic monitoring plan with the following potential indicators: income, employment generation, health, market access, schools, food security and education.

Conformance

Yes ☒ No ☐ N/A ☐

CAR/OBS

OBS 06/11

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

Findings

Table 2 of Annex 6 indicates the actions of the plan to monitor water, soil and climate. On communities, it is expected that the project activities will not affect sites with high conservation values.

Conformance

Yes ☒ No ☐ N/A ☐

CAR/OBS

No CARs or OBS raised.

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

Findings

After additions required by the audit team, BS will have a final monitoring plan. The Annex 6 indicates “This monitoring plan and its results will be made publicly available on the internet and communicated to the communities and other stakeholders via meetings with project participants and meetings of the Advisory Council of the SGBR, which includes representatives from the communities, as well as agencies from the three levels of government.”

Conformance

Yes ☒ No ☐ N/A ☐

CAR/OBS

No CARs or OBS raised.

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^42 Potential variables may include but are not limited to: income, employment generation, health, market access, schools, food security and education.
BIODIVERSITY SECTION

B1. Net Positive Biodiversity Impacts - Required

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

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

Invasive species populations\(^{43}\) 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)\(^{44}\) 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.

Indicators
The Project Proponents must:

1) Use appropriate methodologies\(^{45}\) to estimate changes in biodiversity as a result of the project in the project zone and in the project lifetime. This estimate must be based on clearly defined and defensible assumptions. The ‘with project’ scenario should then be compared with the baseline ‘without project’ biodiversity scenario completed in G2. The difference (i.e., the net biodiversity benefit) must be positive.

Findings
BS offers a general description in annex 9 of what would happen with biodiversity in the absence of the project (environmental deterioration). The contributions of the project are also described, and finally on Table 3 the PP indicates two biodiversity factors (habitat for wildlife and pressure on natural forest as source of domestic wood). There is a description of the with project and the without project for both factors. In the last column of the table, the net biodiversity impacts are estimated to be positive.

According to the audit team, this is not in conformance with the CCBA requirement, since the evaluation was not done following an appropriate methodology. In addition, there are not defensible assumptions.

<table>
<thead>
<tr>
<th>Conformance</th>
<th>Yes ☐</th>
<th>No ☒</th>
<th>N/A ☐</th>
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<tr>
<td>CAR/OBS</td>
<td>CAR 08/11</td>
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2) Demonstrate that no High Conservation Values identified in \(^{G1.8.1-3}\)\(^{46}\) will be negatively affected by the project.

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\(^{43}\) ‘Invasive species’ are defined as non-native species that threaten ecosystems, habitats or species in the project zone as identified in the Global Invasive Species Database: [http://www.issg.org/database](http://www.issg.org/database), from scientific literature, and from local knowledge.

\(^{44}\) ‘Genetically modified organisms’ are defined as any living organism that possesses a novel combination of genetic material obtained through the use of modern biotechnology and which is capable of transferring or replicating genetic material.

\(^{45}\) See Appendix A of CCB Standard “Potential Tools and Strategies” for further guidance.

\(^{46}\) \(^{G1.8.1}\) Globally, regionally or nationally significant concentrations of biodiversity values, including protected areas, threatened species, endemic species and areas that support significant concentrations of a species during any time in their lifecycle(e.g., migrations, feeding grounds, breeding areas);

\(^{G1.8.2}\) Globally, regionally or nationally significant large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance;

\(^{G1.8.3}\) Threatened or rare ecosystems.

Note that High Conservation Values G1.8.4-6 that are more related to community well-being are covered in CM1.
Findings | In Annex 9, BS states that no HCV identified will be negatively affected by the implementation of the project. The audit team is in agreement.
Conformance | Yes ☑  No ☐  N/A ☐
CAR/OBS | No CARs or OBS raised.

3) Identify all species to be used by the project and show that no known invasive species will be introduced into any area affected by the project and that the population of any invasive species will not increase as a result of the project.
Findings | During the field visit and interviews, the audit team determined that the reforestation has been establishing with native species only.
Conformance | Yes ☑  No ☐  N/A ☐
CAR/OBS | No CARs or OBS raised

4) Describe possible adverse effects of non-native species used by the project on the region’s environment, including impacts on native species and disease introduction or facilitation. Project proponents must justify any use of non-native species over native species.
Findings | BS has been using native species only.
Conformance | Yes ☑  No ☐  N/A ☐
CAR/OBS | No CARs or OBS raised

5) Guarantee that no GMOs will be used to generate GHG emissions reductions or removals.
Findings | No GMO has been used; according to interviews, the audit team determined that the seedlings were obtained from a local institution which used only seeds.
Conformance | Yes ☑  No ☐  N/A ☐
CAR/OBS | No CARs or OBS raised

B2. Offsite Biodiversity Impacts - Required

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

Indicators
The Project Proponents must:

1) Identify potential negative offsite biodiversity impacts that the project is likely to cause.
Findings | The PP has estimated that no negative impacts will be caused by the implementation of the project on the biodiversity of the project zone and offsite project. The audit team considers this as reasonable, since the project activities will be done in a very small scale, e.g. small intensity thinning, forest roads will not be opened, no compaction of soils due to the use of heavy equipment.
Conformance | Yes ☑  No ☐  N/A ☐
CAR/OBS | No CARs or OBS raised

2) Describe how the project plans to mitigate these negative offsite biodiversity impacts.
Findings | The PP has defined that non negative impacts to biodiversity will be expected.
Conformance | Yes ☑  No ☐  N/A ☐
CAR/OBS | No CARs or OBS raised
3) Evaluate likely unmitigated negative offsite biodiversity impacts against the biodiversity benefits of the project within the project boundaries. Justify and demonstrate that the net effect of the project on biodiversity is positive.

Findings
Due to the fact that non-negative impacts to biodiversity are expected, the benefits will be positive.

Conformance
Yes ☒ No ☐ N/A ☐

CAR/OBS
No CARs or OBS raised

B3. Biodiversity Impact Monitoring - Required

Concept
The Project Proponents must have an initial monitoring plan to quantify and document the changes in biodiversity resulting from the project activities (within and outside the project boundaries). The monitoring plan must identify the types of measurements, the sampling method, and the frequency of measurement.

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

Indicators
The Project Proponents must:

1) Develop an initial plan for selecting biodiversity variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the project's biodiversity objectives and to anticipated impacts (positive and negative). 47

Findings
The PP has already designed a biodiversity monitoring plan, the following are the indicators that will be monitored in an already defined frequency: forest area, forest perimeter, and shared forest and reforestation perimeter. This is due to factors that affect biodiversity, which are correlated with the size of forest stands and how well they are connected with other forest stands. These assumptions are considered to be valid; however, the audit team also considers that BS shall include more indicators such as species abundance; population size, range, trends and diversity; habitat area, quality and diversity; and forest fragmentation.

The biodiversity plan considers the frequency of reporting.

Conformance
Yes ☒ No ☐ N/A ☐

CAR/OBS
OBS 07/11

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

Findings
The PP has not determined the measures to maintain or enhance HCV, hence a plan for assessing the effectiveness of those measures does not exist.

Conformance
Yes ☐ No ☒ N/A ☐

CAR/OBS
CAR 09/11

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.

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

After additions required by the audit team, BS will have a final biodiversity monitoring plan. Annex 6 indicates “This plan and its results will be made publicly available on the internet and communicated to the communities and other stakeholder via meetings with project participants and meetings of the Advisory Council of the SGBR, which includes representatives from the communities as well as agencies from the three levels of government.”

| Conformance | Yes ☑ | No ☐ | N/A ☐ |
| CAR/OBS | No CARs or OBS raised |

### GOLD LEVEL SECTION

#### GL1. Climate Change Adaptation Benefits - Optional

**Concept**

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

**Indicators**

The Project Proponents must:

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

| Findings | Climatic factor projections are documented in the PD annex 6, such as precipitation and temperature. Water pressure is estimated to be increased by 20% - 40% by 2025 and 50% of the area is projected to be affected by desertification. Land use changes are also projected to the future as the most probable scenarios in the absence of the reforestation project. The projections are based on several technical and scientific documents developed by third parties. “Applying these projections to the project area in the absence of the project, climate change can be expected to result in increased conversion of agricultural areas to cattle grazing, increased desertification, and a decreased ability of completely abandoned areas to regenerate naturally.” |
| Conformance | Yes ☑ | No ☐ | N/A ☐ |
| CAR/OBS | No CARs or OBS raised |

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.

| Findings | The potential risks are defined as “reforestation establishment failure, reduced growth rates, and the frequency of forest fires.” The mitigation actions are defined as follows: |
| Conformance | Yes ☑ | No ☐ | N/A ☐ |

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48 Examples of how risks from climate change can be mitigated include the choice of species (adapted to various temperatures, precipitation, seasonality, salinity of water table, diseases/pests, etc.), the methods used to implement GHG emissions reduction activities, certainty of water sources critical for project success and location of activities in relation to anticipated land cover changes (e.g. flooding) expected as a result of climate change.
“These risks will be mitigated by utilizing planting techniques that maximize the capture of water and humidity around the seedlings, the operation of a fire prevention and fighting campaign, dispersed reforestation locations that diminish the risk of a fire affecting a significant proportion of the project area and in the case of carbon the use of conservative growth projections and the retention of 20% of projected carbon capture as a self-insurance buffer.”

During the field visit, the audit team noticed that the planting techniques implemented will not necessarily guarantee a higher level of capture of water and humidity around the seedlings.

Conformance | Yes ☐ | No ☒ | N/A ☐
---|---|---|---
CAR/OBS | OBS 08/11 |  |

3) Demonstrate that current or anticipated climate changes are having or are likely to have an impact on the well-being of communities\(^{49}\) and/or the conservation status of biodiversity\(^{50}\) in the project zone and surrounding regions.

Findings | The PP describes, in general, the impacts of current or anticipated climate changes on communities and biodiversity in the project zone. The PD does not present evidence to demonstrate that these impacts are likely.
---|---
Conformance | Yes ☐ | No ☒ | N/A ☐
---|---|---|---
CAR/OBS | OBS 09/11 |  |

4) Demonstrate that the project activities will assist communities\(^{51}\) and/or biodiversity\(^{52}\) to adapt to the probable impacts of climate change.

Findings | According to Annex 6, the reforestation project will assist communities and biodiversity to adapt to the probable impacts of climate change as follows:
---|---
- Community adaptation to a reduction in rainfall: plantations will increase water capture.
- Wildlife adaptation to a reduction in rainfall: wildlife will benefit from increased water capture.
- Adaptation to income loss and increased costs resulting from a decline in

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\(^{49}\) Project proponents can demonstrate, for example, evidence of decreased access to natural resources of importance for communities' livelihoods and overall well-being. Climate change models that detail the predicted effects on these natural resources, such as freshwater, and participatory evaluations can be used to demonstrate anticipated impacts on communities.

\(^{50}\) Project proponents can demonstrate evidence of a change in actual range, phenology or behavior of a species found within the project zone. For a range change, the Project Proponents should demonstrate that the change affects the entire range of the species and not just a subset of the range (which might be part of natural variation and offset by gains in other parts of the species range). Alternatively, the Project Proponents can demonstrate anticipated negative changes in the range of one or more species found in the project area using modeling techniques. The recommended modeling tool is Maxent because of its ease of implementation and performance (http://www.cs.princeton.edu/~schapire/maxent/). Recommended climatologies are IPCC4 A1 or A2 scenarios, Hadley or Japan high resolution GCM, downsampled to 1km (also available on the internet at http://www.worldclim.org). Best practice is to have this analysis conducted by a researcher who has published on climate and species distribution modeling using Maxent in the peer-review literature.

\(^{51}\) Where communities are predicted to experience or are experiencing decreased access to natural resources because of climate change, Project Proponents must demonstrate that activities are likely to decrease communities’ dependence on these natural resources. For example, where freshwater access is affected by climate change, a project can improve water management for maximum efficiency or provide alternative agricultural methods or products that require less water. Project activities may also help communities adapt to new planting and harvesting schedules to ensure maximum yields. Other climate change adaptation assistance can involve helping communities prepare for ‘extreme events’ such as floods, droughts and mudslides.

\(^{52}\) Where an actual range or phenology change in a species is identified, Project Proponents must demonstrate that the project activities will make a significant contribution to mitigating this impact of climate change. Examples include: creating suitable habitat in an area that is becoming climatically suitable for a species that is losing climatically suitable habitats in other parts of its range; and providing a native food source for a species that is suffering population declines because of timing mismatches between its food needs and food availability linked to climate change (such as spring emergence of vegetation or insects). Where a modeled range impact is demonstrated, Project Proponents should demonstrate that the project significantly contributes to improving species' ability to occupy a new range or creates habitat in areas to which the species is migrating.
traditional agriculture and livestock activities.

- Adaptation to an increase in fire conditions.
- Adaptation to the processes of desertification.

BS did not demonstrate evidence for these aspects.

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<tr>
<th>Conformance</th>
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<td>CAR/OBS</td>
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GL2. Exceptional Community Benefits – OPTIONAL

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

Indicators
Project proponents must:

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

<table>
<thead>
<tr>
<th>Findings</th>
<th>The PP demonstrated that the communities in the project zone can be considered as low human development. References were presented like UNDP Human Development Report and Mexican National Commission for the Evaluation of Social Development Policy (CONEVAL).</th>
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<tr>
<td>Conformance</td>
<td>Yes ☒ No ☐ N/A ☐</td>
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<td>CAR/OBS</td>
<td>No CARs or OBS raised</td>
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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.

<table>
<thead>
<tr>
<th>Findings</th>
<th>No evidence was presented to demonstrate the compliance with this requirement. In the annex 6, the PP only describes how the implementation of the project will benefit the communities in general.</th>
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<tr>
<td>Conformance</td>
<td>Yes ☐ No ☒ N/A ☐</td>
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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.

<table>
<thead>
<tr>
<th>Findings</th>
<th>An analysis was presented to demonstrate that barriers or risks have been identified and addressed to increase the benefits to poorer households. As it is stated in Annex 6, the following project design elements are designed to overcome important barriers to the participation of poorer households: Acceptance of small reforestations; Acceptance of certificates of legitimate land possession; Implementation of project in remote rural areas.</th>
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<td>Conformance</td>
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<td>CAR/OBS</td>
<td>No CARs or OBS raised</td>
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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.

**Findings**
The reforestation project will not negatively affect the community in general. The audit team agrees with this statement. Moreover, the project participants will voluntarily participate in the project, and thus will receive a compensation when they demonstrate the compliance with the project guidelines.

**Conformance**
Yes ☒ No ☐ N/A ☐

**CAR/OBS**
No CARs or OBS raised

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

**Findings**
The PP has developed a survey in which women were considered as a key group. Indigenous people from Zone 2 were also taken into account before and during the implementation of the projects. BS will implement a monitoring plan and will keep doing training sessions and meetings to explain in detail the benefits and potential negative impacts, when applicable.

**Conformance**
Yes ☒ No ☐ N/A ☐

**CAR/OBS**
No CARs or OBS raised.

**GL3. Exceptional Biodiversity Benefits – OPTIONAL**

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

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

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

**Findings**
In Annex 6, the PP states: "The Red-crowned Parrot (Amazona viridigenalis) (Endangered according to the IUCN Red List) has populations in the northeast of the SGBR, found in sub-deciduous and oak forests in relatively well-conserved areas and now in many cases under schemes of conservation or private natural reserves such as Las Arenitas. Las Arenitas is an area of 500 hectares of tropical oak forests that shelters various trees that serve as nesting sites, because of which it is an important area for the conservation of this threatened species. Although the SGBR is marginal to

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54 See Appendix A of CCB Standard “Potential Tools and Strategies” for further guidance.
this species’ area of distribution, it has excellent habitat for this species, a good part of
which is protected in core-protected areas, private reserves or properties under
schemes of payments for environmental services, because of which the Sierra Gorda’s
function as a refuge for this species should not be under-estimated.”

Vulnerable species identified are: Bearded Wood-Pardridge (Dendrortyx barbatus).
“According to the IUCN Red List, the Bearded Wood-Pardridge is Vulnerable, because
of which all forestry, agriculture or livestock use that significantly alters its habitat
should be restricted within this small area of refuge for this notable Mexican bird.
Before documenting the populations in the SGBR, it was listed in danger of extinction.
The populations of the Sierra Gorda are calculated at more than 3,000 birds,
constituting 55% of its worldwide population, and without doubt those that have the
greatest possibility of conservation in the long term.”

Or,

2) Irreplaceability

a. A minimum proportion of a species’ global population present at the site at any stage of the
species’ lifecycle according to the following thresholds:55
b. Restricted-range species - species with a global range less than 50,000 km² and 5% of global
population at the site; or

c. Species with large but clumped distributions - 5% of the global population at the site; or

d. Globally significant congregations - 1% of the global population seasonally at the site; or

e. Globally significant source populations - 1% of the global population at the site;

Findings

No evidence was presented for this indicator. BS did not addressed this due to meeting
the vulnerability indicator.

Conformance Yes ☒ No ☐  N/A ☐
CAR/OBS No CARs or OBS raised

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