



Certification for a Sustainable World™

FINAL CCBA PROJECT VALIDATION REPORT

MADRE DE DIOS AMAZON REDD PROJECT PUERTO MALDONADO, PERU

GREENOXX GLOBAL ENVIRONMENTAL PROGRAM

DECEMBER 2, 2009

Validation Conducted by:

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MADRE DE DIOS AMAZON REDD PROJECT PUERTO MALDONADO, PERU

**Climate, Community and Biodiversity
Project Design Standards, First Edition**

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1.0 Introduction

This report presents the findings of an audit conducted by Scientific Certification Systems (SCS), to validate the claim made by Greenox Global Environmental Program that the *Madre de Dios Amazon REDD Project* conforms to the Climate, Community and Biodiversity Project Design Standards (First Edition). SCS has been accredited by the Climate, Community & Biodiversity Alliance (CCBA) to perform such validation audits.

1.1. Contact Information

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1.2. Objective

The validation objective is an independent assessment by SCS of the proposed project activity against all defined criteria as defined by the Climate, Community and Biodiversity Alliance (CCBA). Validation results in a conclusion by SCS whether the project activity is compliant with the CCB standards and whether the project should be submitted for registration with CCBA. The ultimate decision on the registration of a proposed project activity rests with CCBA.

1.3. Scope and Criteria

The project was assessed against the CCB Standards First Edition to determine which of the fourteen required and three optional CCB Standards criteria the project satisfies. An “Approved” project is one which satisfies all 15 of the required CCB Standards criteria.

1.4. Project Description

The *Madre de Dios Amazon REDD Project* (“the Project”) is a Reduced Emissions from Deforestation and Forest Degradation (REDD) project. The Project is designed around the impending effects of a new trans-Amazonian, inter-oceanic road that is nearly complete from Brazil to the Pacific Ocean and Peruvian ports. The remaining stretch of the new road is scheduled for completion in 2009 and the completed road system will facilitate the immigration of new settlers into the region. The immigrant population is predicted to subsist by agricultural and agricultural livestock activities. Deforestation and forest degradation are a result of these activities. These effects are already visible in Brazil where the trans-Amazonian road has been complete for some time.

The project zone is located near the village of Inapari, Peru, and project activities will be implemented to protect the forest within the project zone from deforestation and degradation. The project area is two forest concessions which are administered by private companies and granted by the Peruvian government. The two forest concessions, Maderacre and Maderyja, have the exclusive rights to the environmental services within the project area, including forest carbon. However, the projected cost of protecting the forests from impending immigration will strain the financial resources of Maderacre and Maderyja; project activities such as surveillance, community technical assistance and education are too expensive without a supplemental revenue source.

Project activities will be subsidized by the sale of carbon offset credits and will likely have measureable climate, community and biodiversity benefits. The “without-project” scenario is deforestation and degradation while the “with-project” scenario is sustainable forest management. As demonstrated by project proponents, avoided deforestation and degradation clearly have positive climate and biodiversity impacts. Moreover, project activities are specially designed to achieve positive community impacts in addition to avoiding deforestation and degradation.

1.5. Summary of Validation Conclusion

Following completion of SCS’s duly-accredited validation process, it was our conclusion that the *Madre de Dios Amazon REDD Project* conforms to the CCBA Climate, Community and

Biodiversity Project Design Standards (First Edition) at the Gold Level (see Appendix A), subject to 5 Non-conformity Reports (NCRs) 3 Opportunities for Improvement (OFIs) and 19 New Information Requests (NIRs). The project proponents provided satisfactory responses to the NCRs issued as a result of the initial evaluation and it is our opinion that the project now fully meets the standards at the Gold Level.

2.0 Methodology

SCS began reviewing the Project in June of 2009, beginning with a desk audit of Project documentation, phone calls and email correspondence with Greenox. Two auditors, one internal to SCS and one independent of SCS, conducted a formal site visit and validation assessment from June 23rd to June 27th, 2009. Additional stakeholder interviews and a further review of documentation, audit findings, and public comments submitted to the CCBA were performed by the auditors after the site visit and before a draft report was issued in December of 2009. Several findings were issued prior to the draft report: 5 Non-conformity Reports, 3 Opportunities for Improvement and 19 New Information Requests. Prior to the final report and within a certain time period, the project proponents responded to these findings.

SCS conducted its evaluation to validate claims that the Project conforms to the CCBA Climate, Community and Biodiversity Project Design Standards (First Edition) (“the CCB Standards”). The CCB Standards require conformance to 15 criteria in each of 4 sections: 1) General (6 criteria), 2) Climate (3 criteria), 3) Community (3 criteria), and 4) Biodiversity (3 criteria). In addition, applicants can achieve a higher level of validation through the application of up to eight voluntary criteria in these sections. Gold level validation can be achieved by projects that meet the core requirements and at least six optional Gold Level criterion, one from each section.

2.1. Auditor Qualifications

Lead Verifier: Kyle Holland, SCS Verification Forester

Kyle Holland is a Certified Forester with an extensive background in forest management, modeling and assessment. Prior to joining SCS in 2009, Kyle managed thousands of acres of forestland as a Resource Supervisor with the Potlatch Corporation. In this position, Kyle was responsible for the day-to-day practicalities of forest administration, silviculture and fiber procurement. In the public sector, Kyle has served the Chesapeake Bay Program, the State of Maryland and the State of Wisconsin as a forestry specialist, working on riparian forestry issues and forest management auditing. Kyle is currently completing his PhD in forest biometrics and statistics at the University of California, Berkeley, and has forestry degrees from Berkeley, the University of Minnesota and the University of Idaho. His dissertation topic is the estimation and modeling of biomass from remotely-sensed data. Kyle holds numerous certifications from the Society of American Foresters, the American Tree Farm System, State of Minnesota, State of Wisconsin and the State of California. He also holds professional memberships with the Society of American Foresters, the American Society for Photogrammetry and Remote Sensing, the Institute of Mathematical Statistics and the International Environmetrics Society. Kyle has conducted numerous verification and validation activities under FSC, CCX, CAR, CCB and VCS.

Verifier: Sandra Velarde, SCS Contract Verifier

Sandra J. Velarde is a Peruvian Forest Engineer with seven years of international research and communications experience in the fields of participatory planning, natural resource economics and integrated land use assessment (biodiversity, carbon sequestration, land use profitability, participatory scenarios and negotiation support systems) in the humid tropics. Sandra is a director of MASALI, a Peruvian company that specializes in environmental management and civil engineering. She frequently consults for the World Agroforestry Center and The World Bank Carbon Finance Unit on reducing emissions from avoided deforestation and degradation (REDD). In 2009, Sandra co-led the development of the Peruvian climate change research agenda, with the National Council for Science and Technology and the Ministry of Environment. Sandra also has professional relationships with ASB, the Amazon Initiative, hosted by the World Agroforestry Center in Nairobi, Kenya, and Centro Internacional de Agricultura Tropical (CIAT) in Belém, Brasil. She has extensive field experience in Peru, Brasil, Thailand and Indonesia related to forestry issues. Sandra has also analyzed socio-economic trends in forestry for Latin America through her relationship with FAO, Rome. Sandra holds a MSc. in Ecological Economics from the University of Edinburgh, Scotland, forestry degrees and a special diploma in Agribusiness Management from Universidad Nacional Agraria La Molina, Peru.

2.2. Audit Process

The audit process included the following steps:

- Reviewed the Project Design Document (PDD) for completeness.
- Submittal to CCBA for public comment.
- Initial review of the PDD and supporting materials, including:
 - A supplementary profile on Maderacre and Maderyja titled *Avoided Deforestation Project*; and
 - A research working paper titled *Roads, Lands, Markets and Deforestation* by Chomitz and Gray, The World Bank.
- Issuance of initial NIRs to project proponents for more information.
- Site visit June 23rd through the 27th, 2009, that included:
 - Initial client meeting and project orientation;
 - Project overview by AIDER, Maderacre and Maderyja (various PowerPoint presentations);
 - Discussions about the project criteria and indicators;
 - Meetings project stakeholders, including local community groups and government representatives;
 - Field trips to deforestation areas, Brazil, project zone, project area and local communities; and
 - Closing meeting to discuss findings.
- Follow up and phone interviews with stakeholders.
- Review of stakeholder comments from CCBA.
- Issuance of NIRs, OFIs and NCRs to project proponents.
- Response to NIRs, OFIs and NCRs by project proponents.
- Further document review and draft validation report preparation.
- Technical review and approval of the draft report by SCS staff.
- Preparation of CCBA Statement of Compliance.

3.0 Stakeholder Comments

The Project Design Document (PDD) was posted on the CCBA website on June 7th and the public comment period extended through June 30th, 2009. Comments were received from one party (see Appendix B).

Written comment(s) were received from:

- Alfredo Rodríguez Zunino, WWF Peru Programme Office

All comments have been addressed by the auditor in this report.

4.0 CCB Validation Findings

This report of our validation findings addresses each of the CCBA criteria and indicators. For each criterion, the CCBA indicators are listed along with a description of the evidence that was considered, the findings from the audit and when applicable, Non-Conformity Reports (NCRs), Opportunities for Improvement (OFIs) and New Information Requests (NIRs). In the case of non-conformance, a Non-Conformity Report stipulates the deficiency and its relation to the CCB protocol. NCRs indicate broad non-conformance at the criterion level that must be satisfied prior to project validation. An Opportunity for Improvement is issued when overall conformance with a criterion has been achieved but in instances where actions could be taken to further ensure compliance with an indicator. A New Information Request indicates when additional information is necessary to complete the validation. Responses to all NIRs and NCRs must be received prior to project validation.

Throughout the remainder of the report, Greenox, AIDER NGO, Maderacre and Maderyja are referred to as the “Project Proponents” or “the Proponents”. The Project Proponents collated much of their Project information in a document entitled *Madre de Dios Amazon REDD Project* dated June 4th, 2009 which is available to the public on the CCBA website (<http://www.climate-standards.org>). The CCBA refers to such documents as Project Design Documents (PDD). The PDD was revised on October 31, 2009 in response to findings issued in the draft report as part of the evaluation process (see NCR 5 of 5 for September 22, 2009).

4.1. General Section

The General Section of the CCB Standards addresses project site conditions, baseline projections, project design and goals, management capacity, land tenure, legal status, adaptive management, and knowledge dissemination.

4.1.1. G1 – Original Conditions at Project Site

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

Indicator G1.1. The location of the project and basic physical parameters (e.g., soil, geology, climate).

Findings: The Project Design Document (PDD) describes the location of the project and the basic physical parameters. The Project is located in the hydrographic basin of the Acre River, Iñapari district, Tahuamanu province in the Madre de Dios department in the Peruvian Amazon. The Madre de Dios Valley is characterized by a soft and undulated topography, where the alluvial plain dominates (complex of borders and terraces) and low hills. In the high hill sector, classified as High Hills from the Quaternary, the rivers De las Piedras, De los Amigos and Tahuamanu originate.

Generally, soils are poor in nutrients due to the nature of the lithology below, the strong chemical meteorization (caused by high temperatures and high humidity) and the washing of nutrients due to heavy rain during a great part of the year. In these natural conditions, the fertility of the soil is linked to the organic cycle.

The regional climate is variable. The average medium annual temperature varies between 22°C and 26°C, with very low variation during the year, obtaining the highest average monthly registries during the months comprehended between September and April, while the lowest average monthly registries occur between May and August. The area is characterized by the presence of abundant rainfall during most part of the year, being able to differentiate a long season denominated “winter” from October to May and a short dry season denominated “summer” from June to August.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G1.2. The types and condition of vegetation at the project site.

Findings: The PDD describes the types and condition of vegetation at the project site. The Project Proponents classify the project site into three types: low terrace forest, low hill forest highly dissected and low hill forest highly dissected with “paca”. Descriptions and conditions of each of these types are available in the PDD in Section A.2. Individual tree species are discussed in Section C.2.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G1.3. Current carbon stocks at the project site(s), using methodologies from the Intergovernmental Panel on Climate Change's Good Practice Guidance (IPCC GPG) or other internationally-approved methodologies (e.g., from the CDM Executive Board).

Findings: The current carbon stocks at the project site are estimated using a Tier 3 methodology from the IPCC GPG. The project area was first stratified by forest type using satellite imagery and within each forest type, permanent plots were installed. These plots are measured regularly to estimate carbon stocks using above and below ground biomass equations for tree species within the project area. Current carbon stock estimates and the specific methodology are reported in section D.4.1.

Initially, the methodology for estimating current carbon stocks and the referenced biomass equations were unclear (see NIR 3 of 8 for June 12 and NIR 4 of 11 for June 10, 2009). This information was subsequently supplied in separate documents and ultimately added to the revised PDD (see NCR 5 of 5 for September 22, 2009).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests:

NIR Number 3 of 8 Dated June 12, 2009

Finding: The Project Design Document (PDD) refers to a document called "Estimation of Carbon Stocked in the Biomass of the Forestry Concessions of Maderacre and Maderyja, Madre de Dios, Peru" by AIDER NGO dated May 2009, in Section D.4.1. This document must be provided to validate, in part, the above referenced indicators.

Proponent Response on September 15, 2009:

Provided document:

- Estimation of Carbon Stocked in the Biomass of the Forestry Concessions of Maderacre and Maderyja, Madre de Dios, Peru" (in Spanish "Línea de Base de Carbono de Maderyja y Maderacre"), by AIDER NGO, dated May 2009.

How it satisfies the NIR: It contains the estimation of the carbon stocked within the Maderacre and Maderyja concessions forests, applying approved methodologies.

Validator Response: The document was provided and clarified the estimation methodology.

NIR Number 4 of 11 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th through June 27th, 2009.

Indicators G1.3 and G2.2: Several models were presented in the Project Design Document (PDD) and discussed during the site visit. Please provide documentation for the following models:

- a. GEOMOD deforestation model (Clark University) and
- b. Winrock biomass models (palms and Cecropias).

Please ensure that the provided documentation addresses how these models were created and under what assumptions.

Proponent Response on September 15, 2009:

Provided documents:

- “Spatial Modeling Of Baselines Carbon Projects – The GEOMOD Modeling Approach 2003”
- “Dynamic Models”
- “Pontius chen 2006 idrisi”
- “Winrock – BioCarbon Fund Sourcebook compressed”
- “Carbon Storage in The Los Amigos Conservation Concession”
- DINAMICA

How they satisfy the NIR: The aforementioned documents include information on the models that were presented in the Project Design Document (PDD): GEOMOD deforestation model (Clark University) and Winrock biomass models (palms and Cecropias).

Since the DINAMICA model was finally employed for the deforestation model, its documentation was also provided.

Validator Response: The provided references for biomass equations were adequate. The biomass models were parameterized outside the project area which violates an assumption of geographic applicability. However no alternative models are available and therefore these models are the best available to the project.

Part way through the validation, the GEOMOD model was abandoned for DINAMICA, a more robust and geographically applicable model of deforestation. This model appears to be an adequate and reasonable substitution to predict spatial deforestation.

Opportunities for Improvement: None

Indicator G1.4. A description of communities located in and around the project area, including basic socio-economic information (using appropriate methodologies such as the livelihoods framework).

Findings: Information about the communities surrounding the project area— primarily, Inapari and Iberia – are included in PDD, Section F.1. Also, information about the Belgium Native Community located in the project zone is given in Section F.3. The descriptions provided in the PDD include pertinent socio-economic information based on a livelihoods framework. The description includes demographic, familial, education, health, occupation and economic information for the communities located in and around the project area.

Originally, socioeconomic information was missing from the PDD and the referenced “Community Plan” (see NIR 4 of 8 for June 12 and NIR 1 of 11 for July 10, 2009). However it has since been added to the revised PDD (see NCR 5 of 5 for September 22, 2009).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests:

NIR Number 4 of 8 Dated June 12, 2009

Finding: The Project Design Document (PDD) makes reference to a “Community Plan” in Section F.2. This document seems to contain material information about communities and community impacts. Therefore, the “Community Plan” must be provided to validate the referenced criteria.

Proponent Response on September 15, 2009:

Provided documents:

- “Relationship with the Community Plan Maderacre, May 2008” (in Spanish “Plan de Relacionamiento Comunitario Maderacre Mayo 2008”)
- “Relationship with the Community Plan Maderyja 2008” (in Spanish “Plan Relacionamiento Comunitario (PRC) Maderyja 2008”.

How they satisfy the NIR: They contain information about communities and community impacts from both timber concessions.

This NIR is related to NIR 1 (071009) which contains additional information on this subject.

Validator Response: These documents which were provided in response to this finding and NIR Number 1 of 11 for July 10, 2009 are adequate. These documents describe communities located in and around the project area, including basic socio-economic information.

NIR Number 1 of 11 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th through June 27th, 2009.

Indicator G1.4: It is clear that project proponents have a clear understanding of the communities located in and around the project. Please provide a description of these communities, including basic socioeconomic information (using appropriate methodologies such as the livelihoods framework).

Indicator CM1.1: It is clear that the project proponents have a clear understanding of the “with” and “without-project” scenarios. Please provide a detailed description of these scenarios indicating the net community benefits.

Indicator CM1.2: The project proponents have identified and documented several stakeholders. However, ensure that all stakeholders have been accounted, including the stakeholder groups that were interviewed during the site visit.

Proponent Response on September 15, 2009:

Provided documents:

- “Community description” (in spanish “Descripción de la Comunidad”) – this document includes information about communities that applies for both timber concessions.
- “Community description – Maderyja” (in spanish “Descripción de las comunidades – Maderyja”) – the information included within this document is additional to the aforementioned one, containing information about communities that is specific for Maderyja timber concession.
- “Community - with and without project scenario Maderacre” (in spanish “Escenarios con y sin proyecto REDD Comunidad Maderacre”).
- “Community – with and without project scenario Maderyja” (in spanish “Escenarios con y sin proyecto REDD Maderyja”).
- Stakeholders PDD REDD MRA MRY.

How they satisfy the NIR: The first two documents of the above list contain a description of the communities located in and around the project, including basic socioeconomic information and using appropriate methodologies. The following two documents of the list include a detailed description of the “with” and “without-project” scenarios, indicating the net community benefits. The last document contains a list of all the stakeholders, including the stakeholders groups that were interviewed during the site visit.

Validator Response: These documents which were provided in response to this finding and NIR Number 4 of 8 for June 12, 2009 are adequate. Two of these documents describe communities located in and around the project area, including basic socio-economic information, while two other documents support a net community benefit from the project. The final document is a list stakeholders and stakeholder contact information which was used to validate community descriptions and net benefits, in addition to other indicators.

Opportunities for Improvement: None

Indicator G1.5. A description of current land use and land tenure at the project site (see also G5).

Findings: Current land use and land tenure at the project site are described in Sections A and C of the PDD. The current land use is sustainable forest management with timber and non-timber objectives, private forest concession areas and protected natural areas. Socially and legally, the land tenure at the project site is undisputed and belongs to Maderacre and Maderyja.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G1.6. A description of current biodiversity in the project area and threats to that biodiversity, using appropriate methodologies (e.g., key species habitat analysis, connectivity analysis), substantiated where possible with appropriate reference material.

Findings: A description of the current biodiversity in the project area and threats to that biodiversity are provided in Section C.4 and E.2 of the PDD. The biodiversity assessment was conducted in partnership with WWF and used an appropriate methodology involving transect sampling. Threats to biodiversity are well-cited in the PDD, referring to study materials on the effects of development in the Amazonian frontier. The effects of the Trans-Amazonian highway were validated during a field visit across the border into Brazil, where the highway and effects of the highway have been present for many years and are in stark contrast to the current biodiversity conditions in the project area.

During the site visit, the project proponents indicated the WWF assessment which formed the basis of the biodiversity in the project area. Information about this assessment procedure was requested as NIR 2 of 11 for July 10, 2009 to validate that it was an appropriate procedure.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests:

NIR Number 2 of 11 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th through June 27th, 2009.

Indicators G1.6 and B1.1: A baseline assessment was conducted in partnership with WWF. The project proponents have volunteered this assessment as a description of the current biodiversity in the project area. Please provide this assessment and its methodology.

Proponent Response on September 15, 2009:

Provided documents:

- "FHCV Report MRA MRY" (in spanish "Informe BAVC MRA MRY")
- "Fauna Evaluation Report MRA MRY" (in spanish "Informe Evaluación Fauna MRA MRY")
- "Summary of Fauna Evaluation MRA MRY" (in spanish "Resumen Evaluación Fauna MRA MRY")
- "Summary of Identification of FHCV MRA MRY" (in spanish "Resumen Identificación BAVC MRA MRY")

How they satisfy the NIR: The first two documents of the above list are the complete version of the "Identification of Forests of High Conservation Value" and the "Rapid Evaluation of Native Fauna" reports, used as assessments volunteered by the project proponents as a description of the current biodiversity in the project area. The last two documents of the list include summaries of the methodologies that were applied for each of the aforementioned studies.

Validator Response: The supplied documents are adequate and show that the utilized biodiversity assessment is an appropriate methodology.

Opportunities for Improvement: None

Indicator G1.7. A list of all IUCN Red List threatened species (which encompasses endangered and vulnerable species) and species on nationally recognized list (where applicable) found within the project boundary (see also B1).

Findings: A list of IUCN Red List and nationally recognized threatened and endangered species is found in Section C.3. These lists were validated against the UICN Red List and published national lists.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.1.2. G2 – Baseline Projections

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

Indicator G2.1. Description of the most likely land-use scenario in the absence of the project, identifying whether the scenario assumes that existing laws or regulations would have required that project activities be undertaken anyway.

Findings: The most likely land-use scenario in the absence of the project is conversion to agriculture, agricultural livestock and general deforestation/degradation by illegal loggers. This scenario is described in a document titled *Avoided Deforestation Project*. During the site visit, the project proponents indicated that there are no existing laws or regulations that would have required project activities to be undertaken in any capacity.

The project start date is January 1st, 2005 and since the project start date both Maderacre and Maderyja have achieved Forest Stewardship Council (FSC) forest management certification. A requirement of FSC is sustainable forest management which precludes inappropriate forestry practices such as deforestation and degradation. However, since the project start date is prior to FSC certification, the requirements of FSC sustainable management are not applicable. Additionally, FSC requirements are not laws or regulations. In effect, FSC certification is one project activity of many project activities to prevent deforestation and degradation.

The validation of the deforestation as the most likely land-use scenario in the absence of the project hinges, partially, on the projected population growth in the region surrounding the project area because population growth is the main driver for deforestation in the project area (see NIR 5 of 8 for June 12, 2009). Also, under the climate criteria, the projected population growth directly affects the projected deforestation and net climate benefit. Provided documentation, the population model seems reasonable and therefore is evidence that deforestation is the most likely land-use scenario in the absence of the project.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests:

NIR Number 5 of 8 Dated June 12, 2009

Finding: In section D.3.1, Step 4, the Project Design Document (PDD) describes a method for estimating the projected deforestation within the project area. Estimated deforestation is based on a population model and observed deforestation rates. The population model assumes the “without-project” scenario and estimates that population growth will be significant in the absence of the project. As described in the PDD, the relationship between deforestation and population growth is linear; therefore, deforestation will also be significant in the absence of the project. Significant deforestation under the “without-project” scenario, or baseline, is clearly material to the validation.

Because of the described relationship between deforestation and population, the following document must be provided: In the same section, the PDD refers to an internal document by Carlos Aramburu, “Madre de Dios Projections.”

Proponent Response on September 15, 2009:

Provided documents:

- “Madre de Dios Population Projections” - two files: an excel and a word file (in spanish “Proyecciones población Madre de Dios”), by Carlos Aramburu.

How it satisfies the NIR: It contains the population projections that were used for the deforestation modeling of the project.

Validator Response: The provided documents contain extremely material information about population projections to support the deforestation model and likely land-use scenario in the absence of the project. The population model seems reasonable in perhaps conservatively estimates predicted population growth on the Madre de Dios region. Therefore, the population model is adequate.

Opportunities for Improvement: None

Indicator G2.2. A projection of future carbon stock changes in the absence of the project, based on the land-use scenario described above. The timeframe for this analysis can be either the project lifetime (see G3) or the project accounting period, whichever is more appropriate. If there is evidence that non-CO₂ greenhouse gas (GHG) emissions such as CH₄ or N₂O are more than 15% of the baseline GHG fluxes at the project site (in terms of CO₂ equivalents), they must be estimated.

Findings: A projection of future carbon stock changes in the absence of the project is provided in the PDD, Sections D.3 – D.5, and a separate document called “Carbon flow estimation in a without Madre de Dios Amazon REDD Project scenario within the forests of Maderacre and Maderyja timber concessions.” The timeframe of this analysis is the project lifetime, which is the same as the accounting period (see report Section 4.13, Indicator G.3.4). There is no evidence that non-CO₂ greenhouse gas emissions are more than 15% of the baseline GHG fluxes at the project site. Given the project activities and relative to GHG fluxes caused by deforestation, there are practically no emissions non-CO₂ emissions.

Originally the PDD lacked information about the projected changes in carbon stocks. Additional information was ultimately supplied that showed carbon credit projection by year (see NCR 2 of 5 for September 22, 2009) and this information was subsequently added to the revised PDD (see NCR 5 of 5 for September 22, 2009).

Additionally, deriving directly from the deforestation model, the population model was examined to determine whether population projections were comparable to the projected carbon credits over time (see NIR 5 of 8 for June 12, 2009). The expected carbon credits are comparable to population growth given the deforestation model.

During the site visit, there was some discussion about the validation of the deforestation model and the value of model validation to estimate prediction error (see OFI 1 of 3 for July 10, 2009). Also during the site visit, there was a discussion about non-CO₂ greenhouse gas emissions and how emissions could be estimated (see OFI 2 of 3 for July 10, 2009).

Conformance:

Yes No N/A

Non-Conformity Reports:

NCR Number 2 of 5 Dated September 22, 2009

Finding: G2.2 The project proponent has estimated current carbon stocking however not future carbon stocks under the “without-project” scenario. The proponent must project future carbon stocks by combining these results with the results from the deforestation model.

G4.4 The project proponent has provided a cash flow analysis of project costs and revenues however some items are absent: cost of mitigation activities, community monitoring, biodiversity monitoring and a breakdown of the “Other Costs” line item. The proponent must include all costs in the cash flow and the cash flow must demonstrate the organization’s financial health to feasibly implement the project.

Proponent Response on October 31, 2009:

Provided documents:

- “Carbon flow estimation in a without Madre de Dios Amazon REDD Project scenario within the forests of Maderacre and Maderyja timber concessions” (in spanish “Estimación del flujo de carbono en un escenario sin proyecto REDD en los bosques de las concesiones Maderacre y Maderyja”).
- “Cash flow with and without the REDD Project Maderacre” (two files: an excel file and a word file) - in Spanish “FCaja con y sin REDD MRA”.
- “Cash flow with and without the REDD Project Maderyja” (two files: an excel and a word file) - in spanish: “FCaja con y sin REDD MRY”.

How they satisfy the NCR: The first document of the previous list contains a description of the methodology and results for the estimation of Maderacre and Maderyja concessions carbon flows under the “without REDD project” scenario. The other two documents of the list contain the cash flow analyses of both concessions including all costs (i.e. cost of mitigation activities, community monitoring, biodiversity monitoring, etc.) in order to demonstrate the organization’s financial health to feasibly implement the project.

Validator Response: The projected carbon flow under the baseline scenario of deforestation is adequate assuming the deforestation model. Likewise, the cash flow analyses demonstrate the organization’s financial health and the feasibility of the project based on the project flow of carbon offset credits. Assumptions about the value of carbon credits and the costs of project activities seem reasonable.

New Information Requests:

See NIR 5 of 8 for June 12, 2009

Opportunities for Improvement:

OFI Number 1 of 3 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th through June 27th, 2009.

Indicator G2.2: A projection of future carbon stocks in the absence of the project was modeled using deforestation data from 2000 and 2005. The selected model has not been validated; although, deforestation data is available to validate the model for 2006, 2007 and 2008. The

project proponent could use these recent data to validate and potentially improve the selected model.

Proponent Response: (Note: Part way through the validation, the GEOMOD model was abandoned for DINAMICA, a more robust and geographically applicable model of deforestation.)

In item D.3.1.b of the PDD (page 98 of the pdf version of the PDD) the procedure for modeling deforestation applying the selected DINAMICA EGO Software is described in detail. The second step of this procedure consists of the selection of the satellite images in order to distinguish the areas where the forest coverage had been lost from those that still maintain their forests. Said analysis was performed for the Madre de Dios Amazon REDD Project using images from 5 different years: 1990, 1995, 2000, 2005 and 2008, so as to assess trends and changes on land use over time.

How it satisfies the OFI: By conducting the analysis with 5 years of data with the DINAMICA model, the project proponenets have used recent data to improve the model.

Validator Response: The improved modeling and revised PDD demonstrate compliance to the OFI issued.

OFI Number 2 of 3 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th though June 27th, 2009.

Indicators G2.2, CL1.2 and CL3.1: It is seemingly obvious that emissions from project activities are not more than 15% of the project's net climate impact in terms of CO2 equivalents. However the project proponents could demonstrate, as an exercise, this conclusion by roughly accounting for non-CO2 emissions.

Proponent Response: NA

Validator Response: NA

Indicator G2.3. Description of how the “without-project” scenario would affect local communities in the project area.

Findings: A description of the “with-out project” scenario and how it would affect the local communities is located in Appendix C.1 of the PDD. Further to validate the claimed negative effects due to immigration under the “without-project” scenario, the assumptions and predictions of the population model were examined (see NIR 5 of 8 for June 12, 2009). The population model supports the description of how the “without-project” scenario would affect local communities in the project area. Particularly, it is clear that deforestation leads to agriculture and unplanned growth. Sprawl will contribute to stresses on existing education, government, ownership and cultural institutions.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: See NIR 5 of 8 for June 12, 2009

Opportunities for Improvement: None

Indicator G2.4. Description of how the “without-project” land-use scenario would affect biodiversity in the project area.

Findings: The revised PDD clearly conveys how the how the “without-project” land-use scenario would affect biodiversity in the project area, in Appendix D.1. Additional information is presented in a separate document called “Biodiversity in MRA MRY” (see NIR 3 of 11 for July 10, 2009). Obviously, the primary affect on biodiversity is habitat loss. There also numerous secondary effects on biodiversity associated with deforestation, as described in the PDD and accompanying documents.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests:

NIR Number 3 of 11 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th through June 27th, 2009.

Indicators G2.4 and B1.1: Based on discussions during the site visit, the project proponents have a clear understanding of the “without-project” scenario as it relates to biodiversity. Please provide a description of the biodiversity in project area under the “without-project” scenario to clearly demonstrate that the project will have a net positive biodiversity benefit.

Proponent Response on September 15, 2009:

Provided document:

- “Biodiversity in MRA MRY” (in spanish “La Biodiversidad en MRA MRY”).

How it satisfies the NIR: It includes the description of the biodiversity within the project area under the “without-project” scenario, demonstrating that the project will have a net positive biodiversity benefit.

Validator Response: The supplied documents provide an adequate description of the “without-project” scenario as it relates to biodiversity. The description is reasonable based on the observations made during the site visit and clearly demonstrates that the project will have a net positive biodiversity benefit.

Opportunities for Improvement: None

Indicator G2.5. Description of how the “without-project” land-use scenario would affect water and soil resources (see also B5).

Findings: A description of the “without-project” land-use scenario and how it would affect water and soil resources is found in the PDD, Section E.2.1. Overall, the “without-project” scenario would most likely result in many negative environmental impacts such as: erosion from road construction, stream crossings, widespread tree felling, runoff, soil compaction, increases in water yield (from a loss of evapotranspiration), increases in soil temperature and water temperature. The expected environmental impacts for the “without-project” scenario are largely dependent on the expected population growth by the population model, which seems reasonable (see NIR 5 of 8 for June 12, 2009).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: See NIR 5 of 8 for June 12, 2009

Opportunities for Improvement: None

4.1.3. G3 – Project Design and Goals

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

Indicator G3.1. Provide a description of the scope of the project and a summary of the major climate, community, and biodiversity goals.

Findings: A description of the scope of the project is presented in Section A of the PDD. There are two major climate, community and biodiversity goals:

- a.) Contribute to the sustainable development of rural producers living in the buffer zone; and
- b.) Reduce the vulnerability of the project area from external factors of deforestation and degradation.

Both of these goals directly relate to both climate and biodiversity by avoided deforestation. As for community, some specific community-based activities are cited for the first goal, including local development activities like technical assistance to improve preexisting agricultural efficiency and environmental education. See Indicator G3.2 for more information.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.2. Describe each major project activity (if more than one) and its relevance to achieving the project's goals.

Findings: The major project activities relate directly to the project objectives and therefore are relevant to the project's goals. A list of major project activated (and a timeline) are located in the revised PDD, Section C.9. Major project activities include:

- Socialization and dissemination of the project goals
- Identification and selection of proposals for the environmentally friendly productive projects
- Development of the skills and capacities of the members of the associations linked to the selected projects
- Design of the project profiles of the selected projects
- Look for financing and/or co-financing for the approved profiles
- Support on the implementation of the approved projects
- Monitoring of the projects
- Review and update of the custody plan
- Installation of control posts PCA 5 Maderacre
- Delimitation of 100% of the concessions boundaries
- Installation of "Hitos" in the concessions vertexes
- Improve the signaling within the concessions
- Periodic and annual patrolling within vulnerable sectors
- Annual monitoring of possible invasions using satellite images
- In-field verification of sectors identified as potential points of invasion (due to deforestation)
- Development and implementation of mechanisms for the dissemination of environmental education among children, adolescents and communities involved in the project

Originally, this description was absent from the PDD but was incorporated into the subsequently revised PDD (see NIR Number 5 of 11 for July 10, 2009).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests:

NIR Number 5 of 11 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th through June 27th, 2009.

Indicators G3.2 and G4.4: During the site visit, the project proponents discussed numerous project activities. Also during the site visit, the project proponents indicated that the project's success was reliant on the sale of carbon offset credits. Please list the specific project activities that will be undertaken during the project implementation and the anticipated costs of these activities. To ensure the financial health of the implementing organization, also provide all expected revenues from the sale of carbon offset credits, charitable donations or otherwise.

Proponent Response on September 15, 2009:

Provided documents:

- "Activities, Time frame and Costs" (in spanish "Actividades, Cronograma y Presupuesto").
- "Cash flow with and without the REDD Project Maderacre" (two files: an excel and a word file) – in spanish "FCaja con y sin REDD MRA".
- "Cash flow with and without the REDD Project Maderyja" (two files: an excel and a word file) – in spanish "FCaja con y sin REDD MRY".

How they satisfy the NIR: The first document of the previous list includes a list of the specific project activities that will be undertaken during the project implementation, as well as the time frame of said activities and their anticipated costs. The following two documents were provided to ensure the financial health of the implementing organization, which also includes all the expected revenues from the sale of carbon offset credits, charitable donations or otherwise.

Validator Response: The supplied list of activities is adequate and the supplied cash flows demonstrate the organization's financial health and the feasibility of the project. Assumptions about the value of carbon credits and the costs of project activities seem reasonable.

Opportunities for Improvement: None

Indicator G3.3. Provide a map identifying the project location, where the major project activities will occur, and geo-referenced boundaries of the project site(s).

Findings: Maps and geo-referenced boundaries are provided in Section C of the PDD. Maps of project activities are also included in Section D of the PDD.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.4. Provide a timeframe for the project's duration and the rationale used for determining the project lifetime. If the accounting period for carbon credits differs from the project lifetime, explain.

Findings: The start date of the project was January 1st, 2005 and the project duration is twenty years. The start date and project duration coincide with the grant and contract length of the forest concessions, respectively. The accounting period for carbon credits does not differ from the project lifetime.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.5. Identify likely risks to climate, community, and biodiversity benefits during the project lifetime. Outline measures that the project plans to undertake to mitigate these risks.

Findings: Likely risks and mitigation measures to climate, community and biodiversity benefits during the project lifetime are clearly outlined in the PDD, Appendices A – D.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.6. Document and defend how local stakeholders have been or will be defined.

Findings: Local stakeholders were initially defined at the beginning of the project, during the process to achieve FSC certification. Local stakeholders are defined to be local authorities, neighbors, local organizations, state offices and others. A complete list of stakeholders has been documented in Section A.1 of the Annex to the PDD.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.7. Demonstrate transparency by: making all project documentation publicly accessible at, or near, the project site; only withholding information when the need for confidentiality is clearly justified; informing local stakeholders how they can access the project documentation; and by making key project documents available in local or regional languages, where applicable.

Findings: Communication channels have been established with the community through stakeholder groups, meetings and employees. During the site visit, several notices regarding stakeholder meetings were visible in the town hall. Additionally, all materials (including the PDD) are available to the public in the native Spanish language at the headquarters of Maderacre and Maderyja. Also, all project documents are available in electronic format and have been distributed to interested parties via email. Lastly, Maderacre and Maderyja employees are important members of the community and are valuable communicators of project information.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.1.4. G4 – Management Capacity

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

Indicator G4.1. Document the management team’s experience implementing land management projects. If relevant experience is lacking, the proponents must demonstrate how other organizations will be partnered with to support the project.

Findings: The management team’s experience in implementing land management projects is documented in Section B of the PDD. This documentation includes members of the Maderacre and Maderyja staff as well as AIDER and Greenox partners. AIDER has made a long-term commitment of technical assistance to Maderacre and Maderyja. AIDER has twenty-three years of experience working on projects similar to this Project. AIDER has secured funding and a committed budget for the next seven years and will be working on similar projects in Peru during this time period. Considering all documented experience, from forestry to social outreach, the management team has the necessary relevant experience to the implement the land management project.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G4.2. Demonstrate that management capacity is appropriate to the scale of the project.

Findings: The management capacity is appropriate to the scale of the project as demonstrated by the list of project activities, size of management and experience of management. ADIER NGO has extensive project development and implementation experience while Maderacre and Maderjya have extensive forest management experience, with respect to climate and biodiversity-based project activities. The concessions also employ and designate specific people in capacity to implement the community-based project activities. These attributes clearly demonstrate that management capacity is appropriate to the scale of the project. The management capacity is described in Sections B1 and B2 of the PDD.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G4.3. Document key technical skills that will be required to successfully implement the project and identify members of the management team or project partners who possess appropriate skills.

Findings: Section B.1 of the PDD documents the key technical skills to successfully implement the project activities. In the same section, the PDD identifies the members of the management team and the project partners who possess appropriate skills. Based on the evidence provided in the PDD and collected during the site visit, the technical skill set appears to be adequate to successfully implement the project.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G4.4. Document the financial health of the implementing organization(s).

Findings: The financial health of the implementing organizations is documented in a series of cash flow analyses (see NCR 2 of 5 for See NCR 2 of 5 for September 22, and NIR 5 of 11 for July 10, 2009). Additionally Maderacre, Maderjya and AIDER are well established organizations with

a documented record of financial health. The financial health of the implementing organizations is good and well documented. Stakeholders were contacted to confirm the assumptions of the cash flow analyses and the overall financial health of the implementing organizations (see NIR 8 of 8 for June 12, 2009).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: See NCR 2 of 5 for September 22, 2009
See NIR 5 of 11 for July 10, 2009

NIR Number 8 of 8 Dated June 12, 2009

Finding: In order to validate the project against all CCBA criterion in general, some contact information must be provided for stakeholders if possible. Contact information is required to reach stakeholders for interviews. Please provide the telephone numbers for the stakeholders listed in tables b, c and d of Annex A.1 of the Project Design Document.

Proponent Response on September 15, 2009:

Provided document:

- “Madre de Dios Amazon REDD Project Stakeholders”.

How it satisfies the NIR: It includes a list of all the project stakeholders with their respective contact information (telephone numbers), in order to reach stakeholders for interviews during the audit visit.

Validator Response: The supplied list is complete and was used to contact stakeholders regarding the proposed project activities and legal status.

Opportunities for Improvement: None

4.1.5. G5 – Land Tenure

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

Indicator G5.1. Guarantee that the project will not encroach uninvited on private property, community property, or government property.

Findings: Given the explicit geographic constraints of the project, the greatest risk of encroachment is at the boundaries of the project area. Both Maderacre and Maderyja have signed agreements with neighbors documenting the agreed coordinates of the boundaries of the forest concessions. Additionally, these boundaries have been marked using the agreed coordinates in the forest. This agreement guarantees that the project will not encroach uninvited on private property, community property or government property. The agreement

document was reviewed during the site visit. The agreement document was validated through a phone interview with a government official (see NIR 6 of 11 for July 10, 2009).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests:

NIR Number 6 of 11 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th through June 27th, 2009.

Indicators G5.1 and G6.2: In order to validate the legal rights to the carbon offset credits, please provide copies of signed contracts between Maderacre, Maderyja and the Peruvian Government. Also, please provide any additional evidence that Maderacre and Maderyja have specific legal rights to the carbon offset credits. This evidence could be the name and contact information of a government official to verify the terms and conditions of the signed contracts.

Proponent Response on September 15, 2009:

Provided documents:

- “Maderacre concession contract” (in spanish “Contrato concesión Maderacre”)
- “Maderyja concession contract” (in spanish “Contrato concesión Maderyja”)
- “Forestry Law N° 27308” (in spanish “Ley N° 27308 ley forestal”)
- “Summary Carbon Rights” (in spanish “Ayuda Memoria Derecho Carbono”)
- Contact information of: Eng. Antonio Guerrero Villar; Nélica Barbagelata Ramírez and Eng. Nilda Vasquez Heredia. The three of them are authorities from the General Direction of Forestry and Native Fauna of the Ministry of Agriculture of Peru (in spanish Dirección General Forestal y de Fauna Silvestre – DGFFS)

How they satisfy the NIR: The signed concession contracts between Maderacre, Maderyja and the Peruvian Government were provided in order to validate their legal rights to the land. The other two documents and government contacts were provided as additional evidence that Maderacre and Maderyja expect to have specific legal rights to the carbon offset credits. The contact information of the government officials was provided to verify the terms and conditions of the signed contracts. Government officials were contacted who indicated that Maderacre and Maderyja have submitted a reformulated General Forestry Management Plan which includes ecosystem services (carbon credits) and tourism. It is expected that the plan will be approved by the government. Thus sufficient evidence has been provided that Maderacre and Maderyja expect to have regulatory approval for all project activities.

Validator Response: The supplied documents and government contacts are adequate to validate the expected legal rights of the project proponents to the carbon offset credits. The supplied documents also support that the project will not encroach uninvited on private property or community property.

Opportunities for Improvement: None

Indicator G5.2. Guarantee that the project does not require the relocation of people, or any relocation is 100% voluntary and fundamentally helps resolve land tenure problems in the area.

Findings: The project will not relocate any people since none of the project activates involve the relocation of people and no one resides within the boundaries of the project area.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G5.3. Describe potential “in-migration” of people from surrounding areas, if relevant, and explain how the project will respond.

Findings: The project is designed around the in-migration of people into the project zone. The project will respond by implementing the project activates which are listed in Section C.3 and Appendix C.1 of the PDD. The overarching goals of these activates are to reduce the pressure of agriculture and cattle ranching on the project zone, and guarantee sustainable forestry management of the project area.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.1.6. G6 – Legal Status

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

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

Indicator G6.1. Guarantee that no laws will be broken by the project.

Findings: There are two possible areas where laws could be broken: exclusion of people from the project area and implementation of forest management activates. The ratified concession contract stipulates full control to Maderacre and Maderyja including the control of people

within the project area. This control is evidenced by the establishment of a guard station at the entrance to the forest concession along the major access road. In regard to the implementation of forest management activities, FSC certification requires that all environmental and employment laws be followed. Continued FSC certification guarantees that no laws will be broken during the implementation of forest management activities.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G6.2. Document that the project has, or expects to secure, approval from the appropriate authorities.

Findings: An agreement document between the government and the concessions was validated through a phone interview with a government official (see NIR 6 of 11 for July 10, 2009). Given the supplied carbon plan, the project proponents appear to have legal approval from the appropriate authorities (see NIR 2 of 8 for June 12, 2009).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: See NIR 6 of 11 for July 10, 2009

NIR Number 2 of 8 Dated June 12, 2009

Finding: The Project Design Document (PDD) states in Section C.7, “a specific carbon storage plan should be developed to use [environmental services] rights.” The context of this statement is the long-term concession contracts with the Peruvian State. This information suggests that the Peruvian State is an authority and that their approval is contingent upon a specific carbon storage plan by Maderacre and Maderyja. Therefore, a specific carbon storage plan must be provided to validate that this contingency has been met.

Proponent Response on September 15, 2009:

Provided documents:

- Forestry Management General Plan Maderacre SAC, accordingly reformulated to adequate it to include the carbon credits business
- Forestry Management General Plan Maderyja SAC, accordingly reformulated to adequate it to include the carbon credits business
- Presentation form of said Forestry Management General Plan of Maderacre SAC before the Forestry Authority
- Presentation form of said Forestry Management General Plan of Maderyja SAC before the Forestry Authority

How they satisfy the NIR: In order to use the carbon rights, these two documents have to be presented before the Forestry Authority. Both concessions have to include within their Forestry Management General Plans the use of this environmental service as one of its goals. Afterwards, they have to include within their Annual Operative Plans a complementary annual plan, where the guidelines for the annual use of this environmental service are detailed (in this specific case emission reductions or carbon sequestration). Besides, since there are no guidelines from the administration of the Peruvian State for environmental service plans, what would be presented to them afterwards is the PDD or its summary and annually the aforementioned complementary plans would be presented.

Validator Response: These documents appear to the referenced carbon plan. This is consistent with the evidence provided by an interview with a government official (see NIR 6 of 11 for July 10, 2009).

Opportunities for Improvement: None

4.1.7. G7 – Adaptive Management for Sustainability

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

Adaptive management is based upon the premise that ecosystems and social systems are complex and inherently unpredictable. Adaptive management views land management actions as learning opportunities and as potential experiments for systematically testing assumptions and identifying adjustments that could benefit the project. It enables a project to evolve to

meet changing or unanticipated needs, and can help ensure that the project realizes its goals over the long term.

Indicator G7.1. Demonstrate how management actions and monitoring programs are designed to generate reliable feedback that is used to improve project outcomes.

Findings: There are two feedback mechanisms for management actions and monitoring programs. The first feedback is in the form of annual work plans which contain information about project activities, project outcomes, measures of success and lessons learned. The implementation and feedback on management actions and monitoring programs are updated and documented in the annual work plan on a yearly basis. The second feedback mechanism is community feedback provided through community meetings, part of the community plan. This mechanism is related to the annual work plan because community feedback is incorporated into the annual work plan. Together, both of these feedback mechanisms are reliable and improve the project outcomes.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G7.2. Have a management plan for documenting decisions, actions and outcomes and sharing this information with others within the project team, so experience is passed on rather than being lost when individuals leave the project.

Findings: The management plan for documenting the decisions, actions and outcomes is the annual work plan. The annual work plan contains information about project activities, project outcomes, measures of success and lessons learned. The annual work plan is created by the entire project team on a yearly basis and is shared with others within the project team so experience is passed on rather than lost when individuals leave the project.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G7.3. Demonstrate how the project design is sufficiently flexible to accommodate potential changes and that the project has a defined process in place to adjust project activities as needed.

Findings: The project design is made flexible through the evolution of the annual work plan. The annual work plan contains information about project activities, project outcomes, measures of success and lessons learned. Potential changes are accommodated through the annual work plan, a process that has been established to adjust project activities as needed.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G7.4. Demonstrate an early commitment to the long-term sustainability of project benefits once initial project funding expires. Potential activities may include: designing a new project that builds on initial project outcomes; securing payments for ecosystem services; promoting micro-enterprise; and establishing alliances with organizations or companies to continue sustainable land management.

Findings: The long-term sustainability of the project is demonstrated by the early commitment to sell carbon offset credits. Once initial project funding expires, then the revenue from carbon offset credits will be used to continue sustainable land management and project activities for the project lifetime or beyond.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.1.8. G8 – Knowledge Dissemination

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

Indicator G8.1. Describe how they will document the relevant or applicable lessons learned.

Findings: The relevant and applicable lessons learned will be documented in the annual work plan which is updated on a yearly basis. The annual work plan contains information about project activities, project outcomes, measures of success and lessons learned. Additionally,

AIDER in conjunction with Maderacre and Maderyja intend to publish a paper on different aspects of REDD projects, including lessons learned.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G8.2. Describe how they will disseminate this information in order to encourage replication of successful practices. Examples include: undertaking and disseminating research that has wide-reaching applications; holding training workshops for community members from other locales; promoting “farmer to farmer” knowledge-transfer activities; linking to regional databases; and working with interested academic, corporate, governmental or non-governmental organizations to replicate successful project activities.

Findings: The dissemination of information will be achieved at a variety of levels and by a variety of means. During the site visit, the project proponents outline dissemination at four levels: through the promotion of the project as an example; participation of students and researchers; community meetings; and publicity in newspapers and on television. AIDER will promote the project as an example to the Peruvian roundtable on REDD, a think-tank of national and international REDD experts. Through this roundtable, the information will be disseminated both inside and outside Peru. AIDER and project-associated researchers plan to disseminate many technical aspects of the project as well through publication and presentation, including modeling procedures. Lastly, the transparency of Maderacre and Maderyja allows information to disseminate for the replication of successful practices.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.2. Climate Section

The Climate Section of the CCB Standards addresses net positive climate impacts, offsite climate impacts (“leakage”), climate impact monitoring, adapting to climate change and climate variability, and carbon benefits withheld from regulatory markets.

4.2.1. CL1 – Net Positive Climate Impacts

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

Indicator CL1.1. Use the methodologies of the Intergovernmental Panel on Climate Change’s Good Practice Guidance (IPCC GPG) to estimate the net change in carbon stocks due to the project activities. The net change is equal to carbon stock changes *with* the project minus carbon stock changes *without* the project (the latter having been estimated in G2). Alternatively, any methodology approved by the CDM Executive Board may be used. This estimate must be based on clearly defined and defensible assumptions about how project activities will alter carbon stocks and non-CO₂ GHG emissions over the duration of the project or the project accounting period.

Findings: The project uses a Tier 3 method from the IPCC GPG to estimate project current carbon stocks in the project area. The project uses a spatial model for land-use change, from forest to non-forest in the absence of the project. Relative to predicted losses from deforestation and degradation, carbon stock estimates are expected to stay about the same or increase over time as a result of the project activities. The net change is estimated by subtracting predicted deforestation from the project area and likewise from the current carbon stock estimates.

The estimation method for current carbon stocks uses stratification and systematic random sampling and is described in Section D.3 of the PDD. The spatial model of deforestation is called DINAMICA and employs drivers to predict deforestation over time. These drivers include population density (non-spatial), distance to rivers and roads. The deforestation model is described in Section D.4 of the PDD. Finally, the estimated carbon stocks over time and the net change in carbon stocks is presented in Section D.5 of the PDD. The net benefit is approximately estimated to be 7,446,676 metric tonnes of carbon (27,304,727 metric tons CO₂) over the lifetime of the project.

The original PDD was missing the estimated net change in carbon stocks and the estimation procedures including the population modeling and spatial modeling components of the deforestation model (see NIR 3 of 8 for June 12 and NIR 5 of 8 for June 12, 2009). Subsequent findings were made regarding the clarity of the estimation methods under the “without-project” scenario (see NIR 6 of 8 for June 12; NIR 7 of 11 for July 10; and NCR 1 of 5 for September 22, 2009). The final, revised PDD clearly documents the estimation procedure of net carbon stocks (see NCR 5 of 5 for September 22, 2009).

Conformance: Yes No N/A

Non-Conformity Reports: See NCR 1 of 5 for September 22, 2009

New Information Requests: See NIR 3 of 8 for June 12, 2009

See NIR 5 of 8 for June 12, 2009

NIR Number 6 of 8 Dated June 12, 2009

Finding: Sections D.3 and D.4 of the Project Design Document (PDD) describe estimated deforestation and carbon stocks, respectively. However, the PDD does not specify the net change in carbon stocks due to the project activities, as required by the above referenced criteria. The net change in carbon stocks due to the project activities must be estimated and further evidence must be provided regarding the application of IPCC GPG or CDM approved methodologies.

Proponent Response on September 15, 2009:

Provided document:

- “Carbon Flow Estimation – Maderyja and Maderacre” (in spanish “Estimación del Flujo de Carbono Maderyja y Maderacre”), by AIDER NGO, September 2009.

How it satisfies the NIR: It contains the estimation of the net change in carbon stocks due to the project activities (how project activities will alter carbon stocks) over the duration of the project or the project accounting period, applying approved methodologies.

Validator Response: The supplied document demonstrates how the net change in carbon stocks was estimated and provides further evidence for the application of IPCC GPG or CDM approved methodologies. However, the supplied document does not provide an estimate of the net carbon stocks (see NCR 1 of 5 for September 22, 2009).

NIR Number 7 of 11 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th through June 27th, 2009.

Indicator CL1.1: As demonstrated during the site visit, the project proponents have a clear understanding of how they will calculate the net carbon benefit of the project. Please document how net carbon will be calculated and specifically show how deforestation is projected to occur under the “without-project” scenario.

Proponent Response on September 15, 2009:

Provided documents:

- “Carbon Flow Estimation – Maderyja and Maderacre” (in spanish “Estimación del Flujo de Carbono de Maderyja y Maderacre”, by AIDER NGO, September 2009.
- “Deforestation rate and modeling report” (in spanish “Informe tasa y modelamiento de deforestación M y M”), by AIDER NGO, 2009.

How they satisfy the NIR: The first document of the previous list contains the estimation of the net carbon benefit of the project over the duration of the project or the project accounting period, applying approved methodologies. The second document of the list specifically shows

how deforestation is projected to occur under the “without-project” scenario, containing a detailed description of the methodology that was applied.

Validator Response: The supplied document shows how the net carbon was calculated and specifically how deforestation is projected to occur under the “without-project” scenario. The modeling results appear to be reasonable.

Opportunities for Improvement: None

Indicator CL1.2. Factor in the non-CO₂ gases CH₄ and N₂O to the net change calculations (above) if they are likely to account for more than 15% (in terms of CO₂ equivalents) of the project’s overall GHG impact.

Findings: The non-CO₂ gases CH₄ and N₂O are not likely to account for more than 15% of the project’s overall GHG impact. During the site visit there was a discussion about non-CO₂ greenhouse gas emissions and how emissions could be estimated (see OFI 2 of 3 for July 10, 2009).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: See OFI 2 of 3 for July 10, 2009

Indicator CL1.3. Demonstrate that the net climate impact of the project (including changes in carbon stocks, and non-CO₂ gases where appropriate) will give a positive result in terms of overall GHG benefits delivered.

Findings: The net climate impact of the project is positive, reflected in Section D.5 of the PDD (see NCR 1 of 5 for September 22 and NCR 5 of 5 for September 22, 2009). The net climate impact is approximately estimated to be 7,446,676 metric tonnes of carbon (27,304,727 metric tons CO₂) over the lifetime of the project.

Conformance: Yes No N/A

Non-Conformity Reports:

NCR Number 1 of 5 Dated September 22, 2009

Finding: CL1.3. Carbon stocks have been estimated however net carbon stocks have not. The project proponent must apply the results from the deforestation model to the carbon stocks to demonstrate a net climate impact.

CL2.1, CL2.2, CL2.3. Carbon stocks have been estimated for the leakage belt however the potential leakage has not. The project proponent must clearly quantify potential leakage and

show that the total net effect is positive. The total net effect is the net climate impact minus potential leakage over the lifetime of the project.

The project proponent has altered the project design to use DINAMICA for modeling deforestation rather than GEOMOD as originally specified. The proponent must provide documentation on the assumptions and applicability of this model. The assumptions and applicability of DINAMICA must be appropriate to the project.

The project proponent has referenced a methodology which is currently undergoing the VCS Double Approval Process, and is not yet an approved VCS methodology. According to the draft methodology, the proponent must analyze the agents and drivers of deforestation. No analysis has been presented and therefore the project proponent must demonstrate how the agents were analyzed in accordance to the methodology.

Proponent Response on October 31, 2009:

Provided documents:

- “Carbon flow with project” (in Spanish “Flujo de carbono con proyecto”).
- “Madre de Dios Amazon REDD Project Leakage” (in Spanish “Fugas del Proyecto REDD Madre de Dios Amazon”).
- Modular methodology 14 “Estimation of emissions from activity shifting for avoided unplanned deforestation – LK ASU”, developed by Climate Focus, Silvestrum, Winrock, Carbon Decisions, Terracarbon for Avoided Deforestation Partners, which is applied to the Madre de Dios Amazon REDD Project for the leakage estimation.
- “DINAMICA Software”.
- Soares Filho et al (2006) “Amazon modeling DINAMICA (Nature)”.
- “Analysis of agents and drivers – VCS Frontier Methodology”.

How they satisfy the NCR: The first document of the previous list contains a description of the methodology and results for the estimation of Maderacre and Maderyja concessions carbon flows under the “with REDD project” scenario. The second document of the list contains the quantification of leakage, showing that the total net effect is positive. The third document of the list contains the justification of the use of DINAMICA Software for modeling deforestation, including the applicability and assumptions of the model with respect to the project. The fourth document of the list is one of the documents mentioned as references within the “DINAMICA Software” report. The last document contains an analysis of the agents and drivers of deforestation, according to the VCS Frontier Methodology that was applied for determining the leakage buffer of the project.

Validator Response: The response was adequate as it provides the results from the deforestation model and the estimated net carbon stocks. The provided document also documents modeling assumptions and leakage modeling. The supplied documents do not describe how potential leakage will be mitigated, however.

New Information Requests: See NIR 5 of 8 for June 12, 2009

Opportunities for Improvement: None

4.2.2. CL2 – Offsite Climate Impacts (“Leakage”)

The project proponents must quantify and mitigate likely negative offsite climate impacts; namely, decreased carbon stocks or increased emissions of non-CO₂ GHGs outside the project boundary, resulting from project activities (referred to as “leakage” in climate change policy).

Indicator CL2.1. Estimate potential offsite decreases in carbon stocks (increases in emissions or decreases in sequestration) due to project activities.

Findings: Leakage is accounted for in Section D.2 of the revised PDD. The core component to leakage for this project is activity-shifting leakage as a result of project activities. This leakage is estimated for the leakage belt, a reasonably buffered area surrounding the project area. The leakage belt is delineated based on an analysis the agents of deforestation. The estimated potential offsite decreases in carbon stocks is 368,616 metric tonnes of carbon. The assumptions on which this estimate is based seem reasonable. Originally in the PDD, the estimated potential offsite decreases in carbon stocks was unclear (see NIR 8 of 11 for July 10, 2009). Subsequent findings were issued (see NCR 1 of 5 for September 22 and NCR 5 of 5 for September 22, 2009).

Conformance: Yes No N/A

Non-Conformity Reports: See NCR 1 of 5 for September 22, 2009

New Information Requests:

NIR Number 8 of 11 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th through June 27th, 2009.

Indicators CL2.1 and CL2.3: As discussed during the site visit, please provide a copy of Sandra Brown's paper on leakage buffer establishment for REDD projects. Also, please estimate leakage inside the buffer area as a result of project activities and demonstrate that the project will maintain a net positive impact.

Proponent Response on September 15, 2009:

Provided documents:

- "MM Leakage belt and carbon stocked" (in spanish "Cinturón de fugas y contenido de carbono MyM"), by AIDER NGO, September 2009.
- "REDD Frontier Methodology – Fugas".

How they satisfy the NIR: The first document of the previous list contains the determination of the leakage belt of the Maderacre and Maderyja timber concessions and the estimation of the carbon stocked in the biomass of said leakage belt forests. The second document of the list is a copy of Sandra Brown's paper on leakage buffer establishment for REDD projects.

Validator Response: The provided paper was adequate, however leakage within the buffer was not estimated (see NCR 1 of 5 for September 22, 2009).

Opportunities for Improvement: None

Indicator CL2.2. Document how negative offsite impacts resulting from project activities will be mitigated, and estimate the extent to which such impacts will be reduced.

Findings: There is no documentation on how negative offsite impacts will be mitigated (see NCR 1 of 5 for September 22, 2009). Relative to the other indicators for Criteria CL2, this finding is immaterial. However, this indicator should be addressed during future verification activities.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: See NCR 1 of 5 for September 22, 2009

Opportunities for Improvement: None

Indicator CL2.3. Subtract any likely project-related unmitigated negative offsite climate impacts from the climate benefits being claimed by the project. The total net effect, equal to the net increase in onsite carbon stocks (calculated in the third indicator in CL1) minus negative offsite climate impacts, must be positive.

Findings: The net climate impact is approximately estimated to be 7,446,676 metric tonnes of carbon (27,304,727 metric tons CO₂) over the lifetime of the project. The estimated leakage is 368,616 metric tonnes of carbon over the lifetime of the project assuming no mitigation. The net benefit is 7,446,676 metric tonnes of carbon which is positive. These estimates were derived as a result of several findings during the audit (see NCR 1 of 5 for September 22 and NIR 8 of 11 for July 10, 2009).

Conformance: Yes No N2/A

Non-Conformity Reports: None

New Information Requests: See NCR 1 of 5 for September 22, 2009

See NIR 8 of 11 for July 10, 2009

Opportunities or Improvement: None

4.2.3. CL3 – Climate Impact Monitoring

Before a project begins, the project proponents must have an initial monitoring plan in place to quantify and document changes in project-related carbon pools, and non-CO₂ GHG emissions, if appropriate (within and outside project boundaries). The monitoring plan should state which measurements will be taken and which sampling strategy will be used.

Indicator CL3.1. Have an initial plan for how they will select carbon pools and non-CO₂ GHGs to be monitored, and the frequency of monitoring. Potential pools include aboveground biomass, litter, dead wood, belowground biomass and soil carbon. Pools to monitor must include any pools expected to decrease as a result of project activities. Relevant non-CO₂ gases must be monitored if they account for more than 15% of the project's net climate impact expressed in terms of CO₂ equivalents.

Findings: The initial carbon pools have been selected and are above-ground and below-ground biomass. A plan for monitoring these carbon pools has been established and is referred to as the inventory procedure. This procedure is summarized in the revised PDD as Section D.3 and is implemented on an annual basis.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.2.4. CL4 – Adapting to Climate Change & Climate Variability

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

Indicator CL4.1. Identify likely regional climate change and climate variability impacts, using available studies.

Findings: Several regional climate change and variability impacts are identified in Appendix B.1 of the revised PDD. Likely impacts include changes in the composition and spatial distribution of species in the forest, among others. Originally, it was unclear what the likely regional climate change and climate variability impacts are (see NIR 9 of 11 for July 10, 2009). As a result of findings, the PDD was revised (see NCR 5 of 5 for September 22, 2009).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests:

NIR Number 9 of 11 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th through June 27th, 2009.

Indicator CL4.1: The project proponents clearly understand how climate change will impact the project. Please document how climate change will impact the project, including reference if available (from Leeds University), and how these effects will be mitigated.

Proponent Response on September 15, 2009:

Provided document:

- “Climate Change in MRA MRY” (in spanish “Cambio Climático en MRA MRY”).

How it satisfies the NIR: It includes information about how climate change will impact the project and the measures that will be implemented to mitigate the identified impacts.

Validator Response: The supplied document is adequate. References were also provided.

Opportunities for Improvement: None

Indicator CL4.2. Demonstrate that the project has anticipated such potential impacts and that appropriate measures will be taken to minimize these negative impacts.

Findings: Mitigation measures to potential impacts are provided in Appendix B.1 of the revised PDD. The documented measures are appropriate to minimize these negative impacts given the capacity of the project proponents. Mitigation measures are primarily adaptive management

practices. Mitigation measures were identified as a result of findings during the audit (see NIR 9 of 11 for July 10, 2009).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: See NIR 9 of 11 for July 10, 2009

Opportunities for Improvement: None

4.2.5. CL5 – Carbon Benefits Withheld from Regulatory Markets

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

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

Indicator CL5.1. Not sell at least 10% of the total carbon benefits generated by the project into regulated GHG markets (e.g., CDM, New South Wales GHG Abatement Scheme, Oregon Standard). Projects can sell these carbon benefits in a voluntary market or retire them.

Findings: The project proponents intend to sell the total carbon benefits of the project into the voluntary market. No carbon benefits will be sold into regulated markets.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.3. Community Section

The Community Section of the CCB Standards addresses net positive community impacts, offsite community impacts, community impact monitoring, capacity building, and best practices in community involvement.

4.3.1. CM1 – Net Positive Community Impacts

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

Indicator CM1.1. Use appropriate methodologies (e.g. the livelihoods framework) to estimate the net benefits to communities resulting from planned project activities. A credible estimate of net benefits must include changes in community wellbeing given project activities. This estimate must be based on clearly defined and defensible assumptions about how project activities will alter social and economic wellbeing over the duration of the project. The “with project” scenario must then be compared with the baseline scenario of social and economic wellbeing in the absence of the project (completed in G2). The difference (i.e., the net community benefit) must be positive.

Findings: Livelihoods framework was used to describe the community in and around the project (See section F. Socioeconomic impacts of the proposed project activity, F.1. Description of the present community conditions of the project area, and documents “Community description” and “Community description Maderyja”). The net benefits of the project were calculated using qualitative indicators according to the best knowledge of the project proponents and based on indicators discussed during the field audit. The assessment is shown in Section C.1. Offsite community impacts of the Complementary Design Document, chapters 9 and 10: Quantification matrix of the offsite community impacts under a without and with Madre de Dios Amazon REDD Project, respectively. The assessment is based on a list of activities that would benefit the community in the buffer zone (there are no inhabitants within the project area) with and without the project (see document “Community - with and without project scenario” for Maderacre and Maderyja).

In particular, planned REDD activities under Outcome 1, *Contribute to the sustainable development of rural producers living in the buffer zone*, relates to local development planned with authorities and families, promoting local environmentally friendly productive initiatives. (See PDD Chart 15: Time frame for the proposed project activity).

Conclusion: Based on the quantitative and qualitative baseline and qualitative estimations made by the project proponents, it is reasonable to think that the net community benefit of the project is positive.

Conformance: Yes No N/A

Non-Conformity Reports: See NIR 4 of 8 for June 12, 2009

See NIR 1 of 11 for July 10, 2009

NCR Number 3 of 5 Dated September 22, 2009

Finding: CM1.1 In response to NIR 1 dated July 10, 2009 the project proponent mentions a rapid community survey. However, no details of this survey have been provided. The proponent must provide adequate information about the rapid community survey.

CM1.2 Other than the stakeholder list, the project does not specify how women and the Belgian community will be incorporated. The proponent must address how these groups will be incorporated, if they are to be incorporated.

CM2.3 The potential negative community impacts must be compared to the positive community impacts of the project. The proponent must compare and document that the overall net community impact will be positive.

Proponent Response on October 31, 2009:

Provided documents:

- “Methodology of the Rapid Households Survey within the Project Area” Technical Document (in spanish Documento Técnico “Metodología de la Encuesta Rápida de Hogares en la Zona del Proyecto”).
- “Processing of the survey data” Excel file (in spanish archivo Excel “Procesamiento Encuestas”).
- “Inclusion of Gender Component and Native Community Belgium in the implementation of the REDD Project” Technical Document (in spanish Documento Técnico “Inclusión del Componente Género y de la Comunidad Nativa Bélgica en la Implementación del Proyecto REDD”).
- “Potential Community Impacts of the Implementation of the REDD Project” Technical Document (in spanish Documento Técnico “Potenciales Impactos de la Implementación del Proyecto REDD sobre la Comunidad”).

How they satisfy the NCR: The first document of the previous list contains a description of the methodology applied in the Rapid Households Survey, as well as the forms that were used to collect the information. The second document of the list consists of an excel file containing the spreadsheets where the data collected within the survey was processed and summarized, with its correspondent graphs. The third document of the list contains a description of how the gender component and the Belgian Native Community will be included in the implementation of the REDD project. The last document contains a description of the potential positive and negative community impacts of the implementation of the REDD project and the correspondent mitigation measures, as well as a quantification of said impacts to determine the net community benefit of the project.

Validator Response: The provided documents are adequate.

New Information Requests: None

Opportunities for Improvement: None

Indicator CM1.2. Document local stakeholder participation in the project's planning. If the project occurs in an area with significant local stakeholders, the project must engage a diversity of stakeholders, including appropriate sub-groups, underrepresented groups and women living in the project vicinity. Stakeholders in the project's area of influence must have an opportunity before the project design is finalized, to raise concerns about potential negative impacts, express desired outcomes and provide input on the project design. Project developers must document stakeholder dialogues and indicate if and how the project proposal was revised based on such input.

Findings: The PDD shows a stakeholder map (See Fig. 1: Stakeholders mapping), based on material prepared for FSC certification and Smartwood verification process. A group stakeholder interview was held in Spanish at the Iñapari city hall. Interview subjects included the Sub-Major (and President of the Chamber of Tourism and Commerce in Iñapari), the President of La Colonia neighborhood (and also shareholder of Maderacre), and the President of the Mother's Club, being the last two women. The first two were aware of the REDD project, its aims and its potential benefits and were very supportive of it (See Annex C for the interview protocol in English and Spanish and transcript of the interview in Spanish).

At the concession site, interviews were held with 5 male workers in one to one basis (26th June 2009). Some of them were aware of the existence of a "carbon" project in the concessions (See Annex D).

An updated detailed stakeholder contact list was sent in response to NIRs I (dated June 12th 2009), 9 phone interviews were held (24th July 2009) and they showed that although many stakeholders do not have details about the REDD project (some have only heard about it), they are familiar with the forest concessions and have a positive opinion and/or a good working relationship with them and in all cases are supportive of carbon sequestration projects. A key finding is that the regional government is very supportive of REDD initiatives as it promotes the regional REDD working table. AIDER, the NGO responsible for the carbon modeling of this project is member of this group. The President of the Native Community Belgica, which neighbors Maderacre's concession, expressed that his community has started the planning process of a carbon sequestration project as well (See Annex E).

During the site visit (24th-27th June 2009), the auditors met with technical and management staff of both Maderacre and Maderyja. They made presentations and explained different areas of the project and their competencies, interviews were held with them along the visit. In addition, Maderacre concession has created a Consultative Committee on the Relationship with the Community activities, which provides the necessary transparency to the whole timber concessions activities and in consequence to this specific project activity. The main purpose of this Committee is to give the correspondent advice to the staff in the design and implementation of its social policies. Members of this Committee were consulted about this PDD.

In addition, the original PDD was published online for public comments on the CCB website and this was announced globally through email and also to the two main foresters' egroups in Peru ("Forestales Molineros" and "Forestales del Centro"). During the formal comment period for the PDD, only one formal comment was received from WWF-Peru clarifying dates of contracts signed and name of networks (see Appendix B).

In addition, a rapid household survey was conducted (See graph 54 of the PDD) for assessing the community's livelihood) after the field visit.

Conformance: Yes No N/A

Non-Conformity Reports: See NCR 3 of 5 for September 22, 2009

New Information Requests: See NIR 4 of 8 for June 12, 2009

See NIR 1 of 11 for July 10, 2009

NIR Number 8 of 8 Dated June 12, 2009

Finding: In order to validate the project against all CCBA criterion in general, some contact information must be provided for stakeholders if possible. Contact information is required to reach stakeholders for interviews. Please provide the telephone numbers for the stakeholders listed in tables b, c and d of Annex A.1 of the Project Design Document.

Proponent Response on September 15, 2009:

Provided document:

- "Madre de Dios Amazon REDD Project Stakeholders".

How it satisfies the NIR: It includes a list of all the project stakeholders with their respective contact information (telephone numbers), in order to reach stakeholders for interviews during the audit visit.

Validator Response: The provided documents are adequate.

Opportunities for Improvement: None

Indicator CM1.3. Formalize a clear process for handling unresolved conflicts and grievances that arise during project planning and implementation. The project design must include a process for hearing, responding to and resolving community grievances within a reasonable time period. This grievance process must be publicized to local stakeholders. Project management must attempt to resolve all reasonable grievances raised, and provide a written response to grievances within 30 days. Grievances and project responses must be documented.

Findings: Both Maderacre and Maderyja have established procedures for handling conflicts and grievances, and thus handle matters related to the REDD project. The PDD describes the protocols for documenting and handling any type of consultation or complaint (See Fig. 101), unusual operations (See Fig. 102) and conflictive situations for Maderacre and Maderyja (Fig. 103 and 104, respectively).

The procedure to respond to any kind of consultation or complaint takes 3 days from the time the request to receiving a response (orally) (See Fig. 101). Unusual operations are registered during weekly meetings (See Fig.102), whereas conflictive situations have a different treatment in each company. In the case of Maderacre, two meetings are set between the company and the

person or group get to an agreement, if not, a moderator is called, and if there is still no agreement in place, an arbitrator intervenes in order to get to an agreement and get to closure (See Fig. 103: Maderacre procedure to handle conflictive situation). For Maderyja, the conflict communication is received in person, by document or by email, described and sent to the appropriate area of the company related to it. A negotiation process follows and then a solution is reached, and finally an “answering report” designed (See Fig. 104: Maderyja procedure to handle conflictive situations).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: See NIR 4 of 8 for June 12, 2009

Opportunities for Improvement: None

4.3.2. CM2 – Offsite Community Impacts

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

Indicator CM2.1. Identify potential negative offsite community impacts that the project is likely to cause.

Findings The project proponents clearly understand the potential negative offsite community impacts of the project. These potential impacts and how there will be mitigated are documented in the PDD, section *C.1.b Offsite community impacts under a with REDD project scenario*. Socioeconomic impacts of the project are only positive. The negative social impacts on the project include:

- Oversized demands for support and social assistance from the population
- Immigration flow increase as a consequence of knowing the existence of a project that can use workforce or take actions for social investment
- Increase of the car flow through the inter-oceanic road, as well as through paths, due to the project operation
- Entrance of foreign people with practices and cultural expressions that differ from the local ones.
- Increased demand for supervision, control and coordination actions by public institutions that could generate extra workload or overflow of the installed capacity.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests:

NIR Number 10 of 11 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th through June 27th, 2009.

Indicator CM2.1: The project proponents clearly understand the potential negative offsite community impacts of the project. Document these potential impacts and how they will be mitigated.

Proponent Response on September 15, 2009:

Provided document:

- “Negative Impacts Mitigation” (in spanish “Mitigación de impactos”).

How it satisfies the NIR: It includes information about the potential negative offsite community impacts of the project and the measures that will be implemented to mitigate them.

Validator Response: The provided documents are adequate.

Opportunities for Improvement: None

CM2.2. Describe how the project plans to mitigate these negative offsite social and economic impacts.

Findings: The mitigation actions for the impacts above (section *C.1.b Offsite community impacts under a with REDD project scenario*) include:

- Information and communication programs already in place.
- Identifying, prioritizing and seeking funding for local development projects, particularly supporting sustainable and environmentally friendly economic chains.
- Programs to attract local labor, both skilled and unskilled.
- Development of the skills and capacities of the members of the associations linked to the selected projects.
- Support to business initiatives to absorb the immigrant families both as work labor and socially.
- Signalizing and protection programs for the boundaries of the concessions.
- Coordination and supporting actions with neighbor concessions to protect forests under concession in general.
- Training courses for the project personnel and also for the different actors linked to the productive chains of MADERACRE and MADERYJA and to the REDD project to ensure the strict compliance with all the road and environmental safety measures for the use of the roads.
- Road signalizing and citizenship education programs in relation to road traffic.
- Induction programs on principles of interculturalism and respect to local populations, for all the employees of the company and the project.
- Permanent review and training for workers, contractors and general population about the relationship with the community protocols.
- Participation in forums for coordination and consultation with the State, to establish efficient mechanisms of supervision and control.

- Development of modern and transparent management tools which help in providing information and the relationship with public institutions.
- Programs to support the local institutionalism, particularly with respect to the training of their staff on the project and the approaches that sustain it, as well as on forestry management.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM2.3. Evaluate likely unmitigated negative offsite social and economic impacts against the social and economic benefits of the project within the project boundaries. Justify and demonstrate that the net social and economic effect of the project is positive.

Findings: The PDD shows a qualitative assessment of the offsite community impacts without Madre de Dios Amazon project (Chart 9) and one with the REDD project (Chart 10). The assessment seems logical and within reasonable limits. The net community benefit of the project is positive, not only the impact under a without project scenario is negative but a with project scenario impact is positive and minimize some of the “without project” negative impacts.

Conformance: Yes No N/A

Non-Conformity Reports: See NCR 3 of 5 for September 22, 2009

New Information Requests: None

Opportunities for Improvement: None

4.3.3. CM3 – Community Impact Monitoring

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

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

Indicator CM3.1. Have an initial plan for how they will select community variables to be monitored, and the frequency of monitoring. Potential variables include income, health, roads, schools, food security, education and inequality. Community variables at risk of being negatively impacted by project activities should be monitored.

Findings: The PDD shows two detailed charts that include: a) The Social Monitoring Program of the concessions (indicators that the concessions can monitor) (See Chart 64); and b) Other Social Monitoring Program indicators, of activities which depend on the funds obtained from the implementation of the REDD project (carbon credits) (See Chart 65).

Chart 64 shows the Indicator, Means of verification, Frequency and Responsible area, whereas Chart 65 shows in addition, the Group of interest, Policies followed and Social Responsibility Program according to each policy and which area is responsible for Management of the information. Indicators are split in two: Indicators of effect (annual measuring) and Indicators of process (twice-monthly or monthly measuring).

Among the monitoring indicators, there are some related with hiring policies regarding local people (specific indicator that evaluates local personnel / total personnel) and with the hiring of female personnel (specific indicator that evaluates female personnel / total personnel). Although the latest is mentioned in the text, it is not found in any of the Charts. Other specific indicators assess the fulfillment of social objectives. Among them, it must be highlighted: average hours of training activities received by each worker and the number of accidents occurred among the concessions workers by the lack of use of safety equipments.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.3.4. CM4 – Capacity Building

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

Indicator CM4.1. [Capacity building is] structured to accommodate the needs of communities, not only of the project.

Findings: Discussions with project proponents indicates that the REDD project will represent valuable capacity-building opportunities for various stakeholders. The project activities will be mainly designed with the community. Some current (2008-9) project activities are listed in the Social Community Plans for Maderacre and Maderyja. In addition, the PDD (section C.3. *Capacity*

building) indicates that a specific training plan addressed to local families will be designed to strengthen local capacity.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM4.2. [Capacity building is] targeted to a wide range of groups, not just elites.

Findings: The current and future training activities are targeted to wide range of groups. Some of the training activities are listed in the Social Community Plans for both concessions. Maderacre social programs include: Strengthening social organizations, improving basic education, and enhancing technical-productive education for youth and support to territorial ordering. Maderyja social programs include: Coordination and strengthening institutions, support to basic education, support to health and support to technical capacity building for youth. (See: Plan de Relacionamiento Comunitario, Maderyja and Plan de Relacionamiento Comunitario Maderacre, 2008 and PDD section C.3. *Capacity building*).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM4.3. [Capacity building is] targeted to women to increase their participation.

Findings: Maderacre has created a Consultative Committee for the community activities currently implemented and to be implemented. According to the PDD (see *F.4. Relationship between Maderacre and Maderyja concessions and the community*), this committee provides the necessary transparency to the whole timber concessions activities. The main purpose of this Committee is to give the correspondent advice to the staff in the design and implementation of its social policies, programs and plans. In the Community Plan, the activities are targeted according to the expressed needs of the communities. The President of this Committee is a woman and also 3 out of its 4 members are women.

Maderyja has a Technical committee for Community relationships. Within their community programs, the technical capacity building is targeted to youth, both male and female. The same applies for Maderacre, where this program is targeted to youth (6-8) from the local Agricultural School in Iñapari.

The PDD shows specific actions to accomplish within the project objectives and targeted to women (see *Chart 62: Gender approach in the activities to be developed*). They include:

- Emphasis in the disseminations and assistance to workshops to women: employees, housewives, students, etc.
- Establish the participation of women in the environmentally friendly productive projects proposed as an important qualifying factor for funding these projects.
- Give priority to the training of female personnel.
- Inclusion of gender indicators in the environmentally friendly productive projects' profiles.
- Include the gender component amongst the indicators to monitor within the projects

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM4.4. [Capacity building is] aimed to increase community participation in project implementation.

Findings: The PDD indicates that a specific training plan addressed to local families will be designed to strengthen local capacity in issues such as: Organizational Strengthening, Leadership, Environmentally friendly productive activities (agroforestry, ecotourism, non timber forest products as Brazilian nuts, rubber among others, fish farming, etc.), Entrepreneurial management (marketing, economic analysis, financial issues, legal formalization, etc.). This training plan will include a post-training follow-up plan to evaluate the level of learning of knowledge shared and the impacts in their quality of life (mainly but not only, income) (see section C.3. *Capacity building*). In addition, actions to strengthen the role of the Belgium N.C. in the implementation of the project objectives are outlined in the PDD (See Chart 61). Some of these specific actions include:

Objective 1: Support the development and implementation of productive and environmentally friendly projects in the sectors of the Iñapari District identified in the buffer area

- Include the Native Community in the Workshops and other dissemination media
- Include the Native Community as one of the potential beneficiaries and offer support for the formulation of their proposals
- Give priority in training to the members of the Native Community.
- Active participation of the Native Community in the formulation of the selected profiles.
- Establish the potential impacts of the selected projects on the Native Community as a key element to monitor.

Objective 2: Strengthen the surveillance and control of the forestry concessions

- Coordinate the Native Community Plan about the shared boundaries with the forestry concessions respect to the custody plan.

- Inform the Native Community of the installation of the Control Post PCA5 in Maderacre Concession.
- Coordinate with the Native Community the delimitation of the shared boundaries.
- Coordinate with the Native Community the installation of shared milestones with the forestry concessions.
- Include the Native Community in the signaling of the road section that is shared by the users.
- Inform the Native Community of the patrolling and if necessary of any abnormal situation that could affect their area.
- Inform the Native Community of any results that could affect their area respect to site verification (on site and through satellite imagery).
- Include the Native Community and its School as a beneficiary of the Environmental Education program.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.3.5. CM5 – Best Practices in Community Involvement

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

Indicator CM5.1. Demonstrate that the project was developed with a strong knowledge of local customs and that, where relevant, project activities are compatible with local customs.

Findings: During the field visit, the “core stakeholder group” or project proponents demonstrated a strong knowledge of local customs as well as a commitment to the community. Good relationships and awareness about both companies was confirmed through face-to-face and phone interviews. Maderacre's shareholders are members of the local community. The REDD project was developed according to local customs and practices. Maderyja's general manager (Luming Ding, Chinese) has expressed his interest and support of this project and accordingly Maderyja's staff participated in all of the field audit activities.

The first interview to stakeholders outside the core group, was held at the Iñapari city hall. Interviewees were called in by Maderacre. At the project site (Maderacre concession) 5 workers were interviewed. After one month of the field audit, 9 phone interviews were done to a group of the stakeholder list sent by the project proponent. Details of these interviews have been documented in auditor's files: (see Appendices C – E).

In addition, the companies have demonstrated their concern with the compliance with social and labor laws and regulations and also with their staff welfare and good labor conditions.

Relevant documents such as social security (i.e. health insurance), contracts, compensation for time of service, pension registration (in Peru is called "AFP"), were available to the auditors during the field audit. Moreover, training courses on security, first aid and use of adequate protection equipment are given to concessions workers, written procedures and manuals explaining the potential risks of the forestry operations and how to proceed in case of accidents are also available for the workers. These manuals were available to the auditors.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests:

NIR Number 1 of 8 Dated June 12, 2009

Finding: The Project Design Document (PDD) consistently refers to "sustainable forest management" and Forest Stewardship Council (FSC) certification when referring to biodiversity and community aspects of the project. In this respect, both sustainable forest management and FSC certification are material to the biodiversity and community benefits of the project. Therefore, both forest management plans and an FSC Forest Management Certificates must be verified.

The PDD explicitly states (Section A.2) the existence of General Forestry Management Plans for Maderacre and Maderyja. These General Forestry Management Plans and accompanying FSC Certificates must be provided to validate biodiversity and community benefits.

Proponent Response on September 1, 2009:

Provided documents:

- Forestry Management General Plan Maderacre SAC
- Forestry Management General Plan Maderyja SAC
- FSC Certificate Maderacre SAC
- FSC Certificate Maderyja SAC

How they satisfy the NIR: both documents for each concession were provided to demonstrate that Maderacre and Maderyja timber concessions carry out a sustainable forest management which also includes information on the biodiversity and community benefits of the project. FSC Certificates demonstrate that both concessions comply with FSC rules and regulations.

Validator Response: The provided documents are adequate.

Opportunities for Improvement: None

Indicator CM5.2. Show that local stakeholders will fill all employment positions (including management) if the job requirements are met. Project proponents must explain how stakeholders will be selected for positions and where relevant, must indicate how traditionally underrepresented stakeholders and women, will be given a fair chance to fill positions for which they can be trained.

Findings: Based on field visit discussions, positions are filled with capable professionals regardless of their origin. Currently, professionals from Lima, Ucayali and Pasco fill management positions; technical positions are filled with technicians and professionals from Iñapari and Ucayali; some workers come from San Martin and Ucayali. All other positions are filled with locals. It is worth noting that the nearest town to the concessions is Iñapari. This is a very small town that has a primary and secondary school and one technical agricultural school. The nearest university and technical institute for tertiary education is in the capital of Madre de Dios, Puerto Maldonado. Certified forest management practices have recently started in Peru, Ucayali, Madre de Dios (Maderacre and Maderyja), and Piura, therefore experienced professionals on certified forest management are scarce in the country. Maderacre and Mareyja are building technical capacity of youth to fill in future employment opportunities as shown in their Social Community Plans.

Two potential vulnerable groups: The Native Belgium Community and Women in the buffer area, can benefit of the REDD project through dissemination of activities, in particular targeted to them and other activities described in point CM4.3 and CM 4.4 of this document.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM5.3. Show that the project will inform workers about their rights, and that the project complies with international rules on worker rights.

Findings: According to the face-to-face interview with workers (Annex D) and physical evidence shown (contracts, benefits register), employees are aware of their benefits and rights, such as health insurance, retirement benefits, compensation for time of service, school subsidy, etc.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: See NIR Number 1 of 8 Dated June 12, 2009

Opportunities for Improvement: None

Indicator CM5.4. **Comprehensively assess situations and occupations that pose a substantial risk to worker safety. A plan must be in place to inform workers of risks and to explain how to minimize such risks. Where worker safety cannot be guaranteed, project proponents must show how the risks will be minimized using best work practices.**

Findings: According to the PDD, all Peruvian regulations related to safety are followed and security equipments are available for all working in any risky operation (See *F.5. Present labor conditions of Maderacre and Maderya personnel*). In addition, training courses on occupational safety and first aid are given to their personnel. A First Aid Manual was developed by the concessions and is given to all workers and available at the campsites. In order to assure that all the concessions staff knows clearly the main objectives, policies, practices and regulations of the companies, as well as forestry methods and techniques applied in the concessions operations, the Forestry Operations Manual and the Forest Management Practices Rulebook are given to all of them when they join the company (Maderacre). All the issues related with their personnel safety (protection equipments, protection measures, etc.), responsibilities of each one, measures to undertake and penalties in case of not compliance are stated in the Safety Rulebook of the concessions. It has special items related with care for the environment and relationship with others communities. These documents were available to the auditors during the site visit.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: See NIR Number 1 of 8 Dated June 12, 2009

Opportunities for Improvement: None

4.4. Biodiversity Section

The Biodiversity Section of the CCB Standards addresses net positive biodiversity impacts, offsite biodiversity impacts, biodiversity impact monitoring, native species use, and water and soil resource enhancement.

4.4.1. B1 – Net Positive Biodiversity Impacts

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

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

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

Indicator B1.1. Use appropriate methodologies (e.g., key species habitat analysis, connectivity analysis) to estimate changes in biodiversity as a result of the project. This estimate must be based on clearly defined and defensible assumptions. The “with project” scenario should then be compared with the baseline “without project” biodiversity scenario completed in G2. The difference (i.e., the net biodiversity benefit) must be positive.

Findings: A baseline assessment conducted by WWF for Maderacre and Maderyja in (2005) adequately describes the current biodiversity in the project area. Canchanya (2005) identified forests with high conservation value according to principle 9 of FSC and national voluntary certification, this means, the main conservation purpose is the use of forests by local human populations (for fishing, hunting, and other economic activities). The objectives of the study were to: a) Improve the information about the location of important sites to satisfy basic needs of the Native Community Belgica (neighbor of Maderacre concession) and small towns that make use of the concessions, and b) Get an estimate of the use of flora and fauna by human populations. In this context, forests with high conservation value were found in hunting areas, fishing areas (flows, rivers and lakes (cochas)), areas to collect material for pottery, head of flows, flooded forests (aguajales), and cemeteries. In all cases, these areas lie outside the concessions.

Barrio (2005) identified key critical areas for fauna such as: clay walls (collpas), water points, fruit trees, and caves or holes in the trees. The purpose of identifying these areas is to reduce the negative side effects caused by logging. He also did a fauna abundance study in selected transects using the program “Distance” (Buckland et al 1993, cited by Barrio) to estimate the density for species with a high spotting value (more than 10 sightings). Barrio also identified species or groups of fauna that would best reflect the changes in fauna caused by forest logging (indicator species of intensity of forest logging) in both concessions. In addition, a list of four collpas is shown with its coordinates in the PDD, and also, during the field visit, a sign with a map on the road clearly showed the location of water points such as lakes and flooded areas. Hunting of fauna is strictly prohibited within the concessions and the workers are well aware of this (Annex B). Both studies and the PDD describe the “with project” scenario (See: Canchanya, F. 2005. Identificación de los Bosques de Alto Valor para la Conservación en las Concesiones Forestales de MADERACRE y MADERYJA and Barrio, J. 2005. Evaluación Rápida de Fauna Silvestre en las Concesiones MADERACRE y MADERYJA. WWF-Oficina Programa Perú). During the field visit on 26th June 2009, auditors saw the following species: Birds: 3 *Ara chloroptera* (red and green macaws/guacamayos), 10+ *Crypturellus undulatus* (panguana/shansho); Carnivore: 1 *Panthera onca* (otorongo/jaguar); Rodent: 3 *Dasyprocta variegata* (añuje); Reptile: 1 *Geochelone carbonaria* (motelo); and also heard several monkeys within the concessions.

Forest management invariably causes a negative effect on the original forest biodiversity, particularly on big mammals and birds, and has positive effects on small mammals (Putz et al 2000 and Fredericksen y Fredericksen 2000, cited by Barrio 2005). However, without the project, negative effects are significantly higher. The “without project” scenario was shown during the field visit, neighboring plots with cattle grazing, and slashed and burned forest for agriculture. These fields would have supported a low diversity of flora and fauna and promoted the presence. The “without project” biodiversity scenario was described in the latest version of the PDD, Section “Document Design.”

Conformance: Yes No N/A

Non-Conformity Reports:

NCR Number 4 of 5 Dated September 22, 2009

Finding: B1.1. In response to NIR 11 dated July 10, 2009 the proponent apparently provided examples of negative impacts to biodiversity under the “without-project” scenario . The project proponent must also specify the potential negative offsite biodiversity impacts of the project under the “with project” scenario as originally requested in NIR 11 dated July 10, 2009. The proponent must describe how these potential offsite negative impacts will be mitigated. The proponent must also show that the net effect of the project on biodiversity is positive, despite any potential negative impacts.

Proponent Response on October 31, 2009:

Provided document:

- “Potential Biodiversity Impacts of the Implementation of the REDD Project” Technical Document (in spanish Documento Técnico “Potenciales Impactos de la Implementación del Proyecto “Madre de Dios Amazon REDD Project” sobre la Biodiversidad”).

How it satisfies the NCR: The aforementioned document contains a description of the potential positive and negative biodiversity impacts of the implementation of the REDD project within and outside the project area and in a “with” and “without” project scenario. It also includes the correspondent mitigation measures and a quantification of said impacts to determine the net biodiversity benefit of the project.

Validator Response: The provided documents are adequate.

New Information Requests: See NIR 2 of 11 for July 10, 2009

See NIR 3 of 11 for July 10, 2009

Opportunities for Improvement: None

Indicator B1.2. Describe possible adverse effects of non-native species on the area’s environment, including impacts on native species and disease introduction or facilitation. If these impacts have a substantial bearing on biodiversity or other environmental outcomes, the project proponents must justify the necessity of using non-native species over native species.

Findings: The project proponents will not use non-native species within the project area (forest concessions). Note that there is no indication of the specific species to be used in the environmentally friendly productive projects coming from the carbon funds.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B1.3. Identify all IUCN Red List threatened species and species deemed threatened on nationally recognized lists that may be found within the project boundary. Project proponents must document how project activities will not be detrimental in any way to these species.

Findings: The PDD contains a list of flora and fauna species that have to be protected within the concessions area (See Complementary Project Design Document, *D.1. Offsite biodiversity impacts*). Flora species in this list are also protected by national law and CITES, such as *Cedrela odorata* and *Swietenia macrophylla* (cedar and mahogany respectively). Fauna species listed are under the categories of “vulnerable” and “almost endangered”, according to the national law, which is based on the IUCN Red List (D.S. 034-2004-AG, 22nd September 2004). Both the PDD and each of the concession forest management plans establish that these species are to be protected. During the concessions field visit (26th June 2009), this information was confirmed with the workers interviewed, one of them made it clear that they are told not to touch any fauna species (see Annex B). Also, according to the PDD, project activities for Objective 1 will be done outside the project area with the local community surrounding the project area, whereas Objective 2 activities involve establishing clear boundaries of the concessions.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B1.4. Identify all species to be used by the project and show that no known invasive species will be used.

Findings: All species used in the project area (trees) have been identified in the PDD and are native and non-invasive (See *Section C5. Tree species*). Enrichment of Maderacre and Maderyja forests will be done using *Swietenia macrophylla* (mahogany), *Cedrela odorata* (cedar) and *Dipteryx odorata / Dipteryx micrantha* (shihuahuaco).

Only Brazil nuts and rubber are mentioned as species to be used in the buffer zone for future project activities such as agroforestry, ecotourism, non-timber forest products and fish farming. From the interviews, it can be inferred that focus of the “environmentally friendly productive projects” will be on common crops in the area such as rice, corn, yuca, beans, grass, papaya and bananas, which are non-invasive.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B1.5. Guarantee that no genetically modified organisms will be used to generate carbon credits.

Findings: According to the PDD, tree species used to generate carbon credits are native to the area, thus they are not genetically modified organisms (See *Section C5. Tree species*).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.4.2. B2 – Offsite Biodiversity Impacts

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

Indicator B2.1. Identify potential negative offsite biodiversity impacts that the project is likely to cause.

Findings: The potential negative offsite biodiversity impacts are listed in Appendix D.1 of the PDD. Projects proponents have listed negative offsite impacts of the project (see 'Complementary Design document') and how they will be mitigated. These impacts are:

- Impacts on flora: Loss and degradation of the genetic variability of timber species caused by deforestation by private landowners for the purpose of installation of new land use systems outside the REDD project area, in the framework of its implementation.
- Impacts on wildlife: Loss and degradation of habitats and critical sites for wildlife, as "collpas", wallows, fruit trees and caves or tree hollows, as a consequence of deforestation within private properties for the installation of new land use systems in the framework of the implementation of the REDD project. If the implementation of land use systems, in the framework of the REDD project, involves the installation of agricultural crops, they could generate changes in nourishing patterns and habitat use of some wildlife species with a greater adaptability to changes in their habitats.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: See NIR Number 1 of 8 Dated June 12, 2009

NIR Number 11 of 11 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th through June 27th, 2009.

Indicator B2.1: The project proponents clearly understand the potential negative offsite biodiversity impacts of the project. Document these potential impacts and how they will be mitigated.

Proponent Response on September 15, 2009:

Provided document:

- “Biodiversity Impacts in the MRA MRY Surroundings” (in spanish “Impactos Biodiversidad en el Entorno MRA MRY”).

How it satisfies the NIR: It includes information about the potential negative offsite biodiversity impacts of the project and the measures that will be implemented to mitigate them.

Validator Response: The provided documents are adequate.

Opportunities for Improvement: None

Indicator B2.2. Describe how the project plans to mitigate these negative offsite biodiversity impacts.

Findings: The mitigation measures for potential negative offsite biodiversity impacts are listed in Appendix D.1 of the PDD. Mitigation activities for the impacts identified in B2.1 include (see ‘Complementary Design document’):

- The development of productive projects for an efficient use of the land, projects that use less land area for wealth production (used hectares / dollar earned) will be prioritized and strengthening environmental education with village schools in the buffer areas, workshops and audiovisual communication on the reduction of deforestation, degradation and burning of pastures as alternatives for the reduction of climate change.
- The use of crops in a permanent and diversified agroforestry system and whose species are not of high interest for wildlife will be prioritized.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B2.3. 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: Clearly, the unmitigated negative offsite biodiversity impacts are marginal compared to the biodiversity in the “without-project” scenario. This conclusion is demonstrated and justified in Section E.2 and Appendix D.1 of the revised PDD. Negative offsite biodiversity impacts are minimal, the scope and intensity of these impacts is shown on Charts 11 and 12 of the ‘Complementary Design Document’. Most impacts are outside the project area (buffer zone) and there are likely to be mitigated (see B 2.2). Project positive impacts on biodiversity are also listed in these charts. Based on a qualitative assessment done by the project proponents and revised by the auditor, the balance is likely to be positive.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.4.3. B3 – Biodiversity Impact Monitoring

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

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

Indicator B3.1. Have an initial plan for how they will select biodiversity variables to be monitored, and the frequency of monitoring. Potential variables include species abundance and diversity, landscape connectivity, forest fragmentation, habitat area and diversity, etc. Biodiversity variables at risk of being negatively impacted by project activities should be monitored.

Findings: Barrio (2005) identified indicator fauna species of intensity of forest logging in both concessions. Among them are: primates (*Ateles chamek*), bats, some mammals, and also some bird families (*Furnariidae*, *Thamnophilidae*, *Formicariidae* and *Picidae*). Monitoring should be done annually. Flora is monitored annually according to the Forest Management Plan (forestry commercial inventories and natural regeneration).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement:

OFI Number 3 of 3 Dated July 10, 2009

Finding: A site visit to the project area was conducted as part of the audit from June 24th through June 27th, 2009.

Indicator B3.1: The project proponents have an initial plan in place for biodiversity monitoring. However, they have also indicated that they will repeat their baseline study that was initially supported by WWF. The project proponents could include this repeated study in their biodiversity monitoring plan.

Proponent Response: The updated version of the biodiversity monitoring plan includes the following (page 193 of the pdf version of the PDD, item E.4.1.): “Additionally, the native fauna baseline, determined as a result of the Rapid Evaluation of Native Fauna carried out by WWF and described in item C.3., will be used in the future to make a comparison with equal evaluations, applying exactly the same methodology, that will be carried out every 5 years, after the forestry exploitation activities”.

How they satisfy the OFI: The updated version of the biodiversity monitoring plan includes the repeated study as specified in the OFI.

Validator Response: The provided updated document is adequate and contains all major revisions and additions to the project as a result of audit findings.

4.4.4. B4 – Native Species Use

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

Indicator B4.1. Show that the project will only use species that are native to the region or justify that any non-native species used by the project are superior to native species for generating concrete biodiversity benefits (e.g., for rehabilitating degraded areas unlikely to support natives, or for producing fuel wood that reduces logging pressure on intact ecosystems).

Findings: The project will use exclusively native species from the tropical humid rainforest in the project area. Crop species used in the project zone, for example for agroforestry activities, are also native to the Amazon.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: See NIR Number 1 of 8 Dated June 12, 2009

Opportunities for Improvement: None

4.4.5. B5 – Water & Soil Resource Enhancement

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

Indicator B5.1. Identify project activities that are likely to enhance water and soil resources.

Findings: According to the PDD, all the water courses and a buffer zone on both sides of them and also strict conservation areas (i.e. wetlands) are mapped and protected within both concessions area. Roads, paths, storage areas, etc. are established in higher places, avoiding the areas next to any water course according to the Forestry Management General Plan. These maps are used as a guide for all logging activities. They were available to the auditors during the site visit and also found as a road sign.

The PDD shows a list of measures to undertake with the aim to prevent soil erosion and degradation and to assure the sustainable management of the soil. One of them is the identification of non-exploitable forest such as “pacaes” and secondary forests.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: See NIR Number 1 of 8 Dated June 12, 2009

Opportunities for Improvement: None

Indicator B5.2. Credibly demonstrate that these activities are likely to improve water and soil resources compared to the baseline, using justifiable assumptions about cause and effect, and relevant studies.

Findings: Mapping wetlands and water sources and marking strict conservation water areas assure the quality below surface and above surface water for surrounding communities. The maintenance of forest without disturbances (such as “pacaes” and secondary forests) decreases the surface drainage and in consequence reduces the erosion and improves above surface water quality. Furthermore, the forests enhance water infiltration, increasing the quantity and quality of below surface water.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: See NIR Number 1 of 8 Dated June 12, 2009

Opportunities for Improvement: None

4.5. Other Findings

The CCBA requires project proponents to document their projects in a Project Design Document (PDD). In response to the large number of findings and material changes to the project as a result of findings, the project proponents were required to update their PDD.

NCR Number 5 of 5 Dated September 22, 2009

Finding: The design of the project has changed substantially since the initiation of the validation process. The project proponent must update their Project Design Document (PDD) so that it reflects the current design of the project. The proponent must also add references to information sources that are not contained within the PDD and that are material to the CCBA standard. The revision and accuracy of the PDD is critical to future verification activities.

Proponent Response on October 31, 2009:

Provided document:

- “Madre de Dios Amazon REDD Project”.

How they satisfy the NCR: The aforementioned document is the updated version of the Project Design Document, reflecting the current design of the project and including references to information sources that are material to the CCBA standard.

Validator Response: The provided document is adequate and contains all major revisions and additions to the project as a result of audit findings.

5.0 CCB Validation Conclusion

Following completion of SCS’s duly-accredited validation process, it is our opinion that The Greenox Global Environmental Program *Madre de Dios Amazon REDD Project* conforms to the CCBA Climate, Community and Biodiversity Project Design Standards (First Edition) at the Gold Level (see Appendix A).

General Section

Conformation

G1.	Original Conditions at Project Site (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
G2.	Baseline Projections (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
G3.	Project Design and Goals (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
G4.	Management Capacity (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
G5.	Land Tenure (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
G6.	Legal Status (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
G7.	Adaptive Management for Sustainability (Optional; 1 pt)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
G8.	Knowledge Dissemination (Optional; 1 pt)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Climate Section

CL1.	Net Positive Climate Impacts (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CL2.	Offsite Climate Impacts (“Leakage”) (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CL3.	Climate Impact Monitoring (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CL4.	Adapting to Climate Change & Climate Variability (Optional; 1 pt)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CL5.	Carbon Benefits Withheld from Markets (Optional; 1 pt)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Community Section

CM1.	Net Positive Community Impacts (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CM2.	Offsite Community Impacts (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CM3.	Community Impact Monitoring (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CM4.	Capacity Building (Optional; 1 pt)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CM5.	Best Practices in Community Involvement (Optional; 1 pt)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Biodiversity Section

B1.	Net Positive Biodiversity Impacts (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
B2.	Offsite Biodiversity Monitoring (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
B3.	Biodiversity Impact Monitoring (Required)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
B4.	Native Species Use (Optional; 1 pt)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
B5.	Water & Soil Resource Enhancement (Optional; 1 pt)	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

CCBA Validation Level Attained:

APPROVED	(all requirements met)	<input type="checkbox"/>
SILVER	(all requirements met plus one point minimum from at least 3 different sections)	<input type="checkbox"/>
GOLD	(all requirements met plus six points minimum, at least one point from four different sections)	<input checked="" type="checkbox"/>

"I have just read the "Madre de Dios Amazon REDD Project" elaborated by Greenox, and available for comments in CCBA site.

Concerning the project, I have some comments about it:

- On page 29 it is mentioned that "the participation on the forest commerce network of Peru agreement between Maderacre and WWF was signed in August 2008". First of all I want to clarify that the commerce network promoted by WWF is the "Global Forest and Trade Network" known as the GFTN (more info at: <http://gftn.panda.org/>) and we have commitments between timber producers and WWF. In the case of Maderacre, the first commitment was signed in August 2006, and in August 2007 for Maderyja. As the forest concession changed their owners last year (2008) both of them updated their commitments on April 2009.

- The same comment for the next page, where it is mentioned GFTN as FCN.

Yours sincerely,

Alfredo Rodríguez Zunino
Especialista en Gestión Empresarial
Business Management Specialist
WWF Peru Programme Office
Calle Trinidad Morán # 853 -Lince
Tel: (511)440 5550 ext: 1111
Fax: (511)440 2133"

The group interview was conducted on 25th June 2009 at the Iñapari city hall. Participants were:

- Jorge Barra Gonzalez, Sub-Major (Teniente Alcalde) and President of the Chamber of Commerce and Tourism, Iñapari
- Verónica Cardozo, Consultative Committee and shareholder of Maderacre
- Eva Flores, President, Mother's Club

Both Jorge and Verónica are listed in the stakeholders' list sent by Greenox. The questions were formulated by the lead auditor beforehand. The interview was conducted in Spanish, noting that Jorge dominated some of the answers. The following protocol was followed in the face to face interview. The key points that came out are below, followed by the transcript (in Spanish) in the next section.

Box 1. Face to face interview protocol

<p>Buenas tardes.</p> <p>Somos los auditores del proyecto de Carbono (proyecto REDD) para Maderacre y Maderyja en Madre de Dios, nuestros nombres son Kyle Holland de Estados Unidos, y Sandra Velarde, ambos ingenieros forestales.</p> <p>Me gustaría hacerle unas pocas preguntas relacionadas al proyecto.</p> <p>Por favor, preséntense primero. Yo (Sandra) haré las preguntas y traduciré sus respuestas a Kyle.</p>	<p>Goord afternoon.</p> <p>We are the auditors of the carbon project (REDD) for Maderacre and Maderyja. Our names are Kyle Holland, from United States and Sandra Velarde, from Peru, both forest engineers.</p> <p>We would like to ask you a few questions about the project.</p> <p>Please introduce yourselves first. I (Sandra) will be asking the questions and translate the answers to Kyle.</p>
<p>Preguntas:</p> <ol style="list-style-type: none"> 1. ¿Conoce el proyecto de Carbono de Maderacre and Maderyja? ¿Qué piensa de él? 2. ¿Sabe qué piensa el gobierno del proyecto? (gobierno regional, local, nacional)? 3. ¿En los siguientes 10 años, como crecerá la población en la zona de influencia del proyecto? (se duplicará, triplicara?) con el proyecto y sin el proyecto? 4. ¿Está de acuerdo con evitar que más personas se muden o migren al área? 5. ¿Ha participado en el Plan Comunitario o Plan Social de las empresas Maderacre y/o Maderyja? 	<p>Questions:</p> <ol style="list-style-type: none"> 1. Do you know about the Carbon project from Maderacre and Maderyja? What do you think of it? 2. Do you know what does the government think about it (nationally, regionally, locally)? 3. In the next 10 years, how is the population going to grow? (Double-fold, three-fold?), with the project and without the project? 4. Do you agree with avoiding that other people move or migrate to the area? 5. Have you participated with the Social or

<p>6. ¿Cuál es su relación con ambas empresas? ¿Cómo se relaciona con ambas empresas?</p> <p>Sus respuestas servirán para escribir parte del reporte de auditoria.</p> <p>Muchas gracias por su valioso tiempo, ¿tendría alguna pregunta para nosotros?</p>	<p>Community Plan of any Maderacre or Maderyja?</p> <p>6. What is your relationship with M&M? How do you relate with Maderacre and Maderyja?</p> <p>Your answers will serve to write part of the auditing report.</p> <p>Thank you very much for your valuable time, do you have another question for us?</p>
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Face to face interview transcript (Spanish)

1. *¿Conoce el proyecto de Carbono de Maderacre y Maderyja? ¿Qué piensa de él?*

Verónica: El Protocolo de Kioto compensa a los países para que los pueblos cuiden los bosques. El proyecto de Carbono evitará que se talen y se quemen árboles. Es algo nuevo.

Eva: No sé mucho sobre el proyecto.

Jorge: He asistido a varias reuniones. El proyecto sirve para aprovechar el potencial del verdor, de los árboles en parte de América del Sur. Los árboles sirven para la captación de emisiones de CO2 que emiten las industrias en la Amazonia del Perú.

¿Cómo están trabajando las actividades locales, nacionales, extranjeras? Trabajo sostenible como la actividad forestal, desarrollar madera retribuyendo al actor agricultor, para que (cambien) la actividad agrícola.

2. *¿Sabe qué piensa el gobierno del proyecto? (gobierno regional, local, nacional)?*

Verónica: Es algo nuevo

Jorge (gobierno local): Relacionado con el Ordenamiento territorial, para la actividad pecuaria, agrícola y concesiones forestales. A nivel regional tiene que ver la Dirección Regional de Recursos Naturales y la Dirección del Desarrollo económico regional, el IIAP.

Se trata de recompensa. En Copenhague, se discutirá para que el lugareño pueda evitar la tala, en forma personal y redes locales, mediante recompensa, fomento (de la) reforestación y uso de bosque secundarios. No sé que piensa el gobierno nacional.

3. *¿Está de acuerdo con evitar que mas personas se muden al área?*

Jorge: Es difícil, no puedes prohibir que llegue la migración. La (carretera) Interoceánica (ha tardado) 3 décadas (y se ha construido) en los últimos 2 años. (A una) avalancha de migrantes, es difícil decirle “no entres”. (Es necesario el) Ordenamiento Territorial (OT) para decir qué cosa queremos de nuestros limites, qué proyectos, coordinando con el gobierno nacional, regional y local.

Las leyes necesitan logística para ser cumplidas. Hay 30,000 leyes que no se aplican, no hay personal técnico y capacitado. Se muestra el OT para ser respetado, reglas claras para el gobierno local y regional, donde no se ingresa y con qué trabajas.

Verónica: Pienso igual que Jorge. Si pudiera quedarse como está es mejor, pero es difícil. Tienen que relacionarse el gobierno regional y nacional. Hacer un estudio. Es chico por aquí. Se puede hacer) manejo forestal sostenible, no existe manejo de los pequeños agricultores que venden (su) madera barato. Si tuvieran algo más atractivo para hacer , una ONG que haga un piloto. Son 200-300 parceleros. Por ejemplo, ganado confinado con ración. Varias ONGs no han tenido seguimiento hasta el final, no tienen resultados, invierten bastante en agricultura y han perdido porque no les das calidad de vida. Me gustaría ver un proyecto de verduras sin fertilizantes, hidroponía como lechugas plantadas.

Eva: Pocos pequeños agricultores vienen a las reuniones. No quieren cambiar su forma de vida.

Verónica: Es fácil enseñar a hacer ración¹.

Jorge: Contrapartida de grandes industriales que buscan compensar a otros, los bosques, como una retribución, pagan para aportar. No existe resultado, no existe tecnificación (de proyectos pasados). (...) Ambición, progreso, superar, salud, educación, tecnificar con lo poco que se ha trabajado, mecanizarlos. (Por ejemplo aprovechar) a 10 años, 2 hectáreas por año, y retorno. El problema es que el industrial que emite da dinero que no llega a los actores principales.

3a: *¿De qué tipo de compensación habla Ud.?*

Jorge: Dinero. Los agricultores quisieran ser ricos, contar con un retiro de vida, (así pensarían) “si quiero que se cuide”.

Verónica: Deseo de no muchos. Con las migraciones, el distrito podría ser un ejemplo de manejo sustentable donde las poblaciones viven, se ahorra energía (con energía solar), se vive saludable, sin agrotóxicos. Como el tomate que crece sin nada o el turismo, como el parque nacional del Manu, turismo ecológico que los pobladores viven de acuerdo a su medio para no malograr. Crear una manera diferente, que exista en Iñapari con todo, bosque intacto y crear una unidad diferente, porque no existe desarrollo responsable.

Eva: No me he enterado del proyecto. Pero es bueno impedir que llegue una avalancha de gente. Tan tranquilo que es Iñapari. Estoy de acuerdo con que llegue el progreso pero organizado y mejore la situación de las personas, sea más organizado, no peor.

Verónica: No se respeta, se tumba y quema. Hay pocos locales, la mayoría es de afuera, por eso no cuidan, ganan dinero e invierten su dinero en otros sitios, venden sus casas baratas, terrenos baratos².

¹ Ración es alimento para el ganado.

² Nota del entrevistador: Verónica nació y creció en Iñapari).

Group Interview Protocol and Transcript – Madre de Dios Amazon REDD Project

4. *¿En los siguientes 10 años, como crecerá la población en la zona de influencia del proyecto? (se duplicará, triplicará?) con el proyecto y sin el proyecto?*

Verónica: No tenemos idea de cuanto exactamente, pero va a aumentar. (Ver argumentos anteriores).

5. *¿Ha participado en el Plan Comunitario o Plan Social de las empresas Maderacre y/o Maderyja? ¿Cuál es su relación con ambas empresas? ¿Cómo se relaciona con ambas empresas?*

Verónica: Si, soy socia de Maderacre y miembro de su Consejo Consultivo.

Jorge: He participado de algunas reuniones

Eva: Si, ahora soy Presidenta del Club de Madres.

Name, age / Questions	René Rivera (male, approx 35)	Abraham (male, NA)	Juan Carlos Lavi Paredes (32)	Teófilo Anasifuen (39)	Jaime Anasifuen Pacaya (50)
Basic personal data and job history					
What are your duties?	Intermediate log yard responsible person	I measure the volume of wood and in charge of delivery	Field officer: see after the people, buy food, keep personnel comfortable	Assistant of chainsaw operator	Chainsaw operator
For how long have you worked for Maderacre and/or Maderya?	3 months for Maderya 7 months for Maderacre	1 month	6 months for Maderya	1 year for Maderya	20 days for Maderya
What did you do before they hired you and/or how did you get this job / how were you selected to work here?	Started as security guard in Puerto Maldonado	I was in Puerto Maldonado and then Iñapari.	I was in Yurimaguas* working for the Chinese** and they called me to come here because of my effort and responsibility	I come from Pucallpa*, other co-workers told me about here, it is more stable, there is work the whole year.	I have heard they pay well. I come from Pucallpa (Ucayali). I worked for Espinoza mill (and met with Eng. Manuel Lazaro*), then I came to Madre de Dios with my own resources, here I worked with Alan Schipper concession and after that, I looked for their office in Puerto Maldonado, and they needed a logger. In Pucallpa I worked for Forestal Venao with Manuel Vialín*
Do you have family with you? How many children do you have? Where are they?	NA	No, am single.	2 sons and wife, she works in Iñapari as a cook for the Chinese	Single, with 2 children, 12 and 15 year old (male and female), in Pucallpa	Married, 7 children, 24, 20, 17, 15, two more I don't remember and the youngest 3 years old, they are in Pucallpa
Workers rights					
Are you on official work record (planilla*)? What benefits do you receive? Are you aware of your rights?	Yes.	Yes. Health insurance, CTS.	Yes, and I receive all benefits. All rights are in the contract.	I sign a contract every 3 months, with all benefits, such as CTS, (), school contribution. They pay on time, allowing children to study and improving salaries. In Ucayali they pay less.	Have signed a form, not yet a contract.
How often do you take holidays or get out of the concessions? When will be your next holidays?	Next holidays will be on National holidays (28 th July, for 3 days)	NA	I get out of the forest constantly, 2 times a week to buy food.	Every 45 days, there is a break. Next one will be on 28 th July. Last holidays were on December-January break (Christmas, New Year)	Not yet. Not applicable as I have just started.
Forest management					
Have you received any training? On what? What about safety and health procedures/rulebook?	NA	I learnt about species and measuring wood dimensions at the mill. About safety, not yet, but the use of	In the field, about felling, skidding, personnel management; FSC, I have learnt to value plants and animals.	Yes, on forest management and requirements for certification; health and safety, there is a first aid kit at the camp. They have also trained us	Not yet, they will come to give me training here.

		helmet was recently “implemented”*.		not to touch animals and I received some guides on how to relate with the community. If you don't follow the rules you can't work anymore. There has not been any accident, everything is ok.	
What do you think about the management at the concessions?	NA	It is improving each year, otherwise, there wouldn't be any work	It is good, have seen a lot of positive changes.	It is different, we take care for certification, there is a technique used for felling. Also, as the native community feeds on wild animals we cannot touch what is theirs.	NA
How are camps established?	NA	NA	We have 2 camps, they are chosen based on water availability, the engineers tell us where to put them.	According to the availability of water, where it is closer, the boss says where.	NA
Community					
Do you know why we (the auditors) are here? Do you know about the C project?	NA	I knew somebody was going to come to do a study.	Yes to do some evaluations but I don't know about the C project.	NA.	I knew auditors were coming for a Carbon gas (project), for 4-5 days
Have you participated or know about the Social responsibility plan of Maderacre or Maderiyja?	Yes, of Maderacre.	No, the office needs to inform about it.	Yes, I know about it.	Yes, social relationships plan, with the Native Community.	NA
Biodiversity					
What animals have you seen recently in the concession? How often?	NA	Monkeys (morning and afternoon), macaws, snakes. At night puma (otorongo)	Paujil (bird), panguana, monkeys, tortoises (motelos), and puma (otorongo).	Paujil, monkey (maquisapa), pucacunda (bird), golden neck, specially when it rains and it is flooded, they don't cause trouble.	Paujil, añuje, black monkey, maquisapa.
What would you do if you see an animal e.g. A tortoise on the road?	NA	Leave it or help it to climb	Nothing, I leave the or move them.	It is banned to hunt. There is a punishment. I don't have a gun, even for my own defense.	Let it go, don't touch.
Other comments *In Peruvian Spanish “planilla” means a stable job with all benefits.	Interview was cut short because the worker needed to attend other business.	“I can save because i live in the periphery and not in the city”. *He might have ment “required”, as he is a relatively new worker (1 month).	*Northern Amazon: San Martin Region. **The “Chinese” are the concession holders for Maderiya. Worked with wood since youth.	*Ucayali, central Amazon, main source of wood in Peru.	Forestal Venao received SmartWood certification . Eng. Manuel Vialin works for Maderiya as responsible for the Social area.

Interviewer: Sandra J. Velarde Date: 26th June 2009

Place: Log yard (in Spanish: Patio intermedio de trozas)

Interview conditions: Due to the unusual rainy season, there was very low movement at the yard. Workers from Maderiya were fixing a motorbike and interviews were done one by one. The interview was conducted in a semi-structured way, having a base of questions and leaving the sequence to land naturally.

NA:

Not

asked.

Table C1. Protocol used based during the phone interviews.

English	Spanish
<p>Goord morning/afternoon.</p> <p>My name is Sandra Velarde, I work for the third party Auditor SCS, that is auditing the Carbon project (REDD) for Maderacre and Maderyja in Madre de Dios.</p> <p>I would like to ask you a few questions because your name is part of the potential interviewees that both Maderacre and Maderyja have sent. They are 6 short and simple questions and the total time of the interview could vary between 5 to 10 minutes.</p> <p>Can we start now or would you like me to call you another time? (If so, please indicate the day and time).</p>	<p>Buenos días/tardes.</p> <p>Mi nombre es Sandra Velarde, trabajo para SCS, que está haciendo la auditoria externa del proyecto de Carbono (proyecto REDD) para Maderacre y Maderyja en Madre de Dios.</p> <p>Me gustaría hacerle unas preguntas relacionadas al proyecto (pues su nombre es parte de la lista posibles entrevistados que nos ha enviado Maderacre y Maderyja). Son 6 preguntas simples y cortas y el tiempo total de la entrevista podría variar de 5 a 10 minutos. Podemos comenzar ahora o prefiere que le llame en otro momento? (De ser así puede indicar el día y hora?)</p>
<p>Questions:</p> <ol style="list-style-type: none"> 1. Do you know about the Carbon project from Maderacre and Maderyja? What do you think of it? 2. Do you know what does the government think about it (nationally, regionally, locally)? [doesn't apply if the person responding is from the government] 3. In the next 10 years, how is the population going to grow? (Double-fold, three-fold?), with the project and without the project? 3.1. If the project is not approved, would the same amount of people migrate to the area? [without project scenario] Or would it make any difference if the project is approved or not? 4. Do you agree with avoiding that other people move or migrate to the area? 5. Have you participated with the Social or Community Plan of any Maderacre or Maderyja? 6. What is your relationship with M&M? How do you relate with M&M? 7. Do you suggest to interview another person about the project? Who? <p>Your answers will serve to write part of the auditing report.</p> <p>Thank you very much for your valuable time, do you have any question for me?</p>	<p>Preguntas:</p> <ol style="list-style-type: none"> 1. ¿Conoce el proyecto de Carbono de Maderacre and Maderyja? ¿Qué piensa de él? 2. ¿Sabe qué piensa el gobierno del proyecto? (gobierno regional, local, nacional)? [no aplica si el entrevistado es parte del gobierno] 3. ¿En los siguientes 10 años, como crecerá la población en la zona de influencia del proyecto? (ej. eje carretero cerca a Iñapari) (se duplicará, triplicará)? 3.1 ¿Qué pasaría si no se aprobase el proyecto, vendría la misma cantidad de gente? [escenario sin proyecto] ¿O no habría diferencia si se aprueba o no se aprueba el proyecto? 4. ¿Está de acuerdo con evitar que mas personas se muden o migren al área? 5. ¿Ha participado en el Plan Social o Comunitario de las empresas Maderacre y/o Maderyja? 6. ¿Cuál es su relación con ambas empresas? ¿Cómo se relaciona con ambas empresas? 7. ¿Sugiere entrevistar a otra persona sobre el proyecto? ¿A quién? <p>Sus respuestas servirán para escribir parte del reporte de auditoria.</p> <p>Muchas gracias por su valioso tiempo, ¿tendría alguna pregunta para mi?</p>

Table C 2. Summary of phone interviews

Type of stakeholder	Local stakeholders		NGOs		Research institute	Regional government		National government: Control office Ministry of Agriculture, Directorate of Flora and Forestry	
Name and institution or affiliation / Questions	Elias Cardozo (Fisherman's assoc. & shareholder)	Iizon López Añez (Chief, Native Community Bélgica)	Alonso Córdova (FONDEBOSQUE)	Alipse Valera (WWF)	Eng. Cesar Chia (IIAP, Manager)	Santos Kawai (Regional government President)	Eng. Alfredo Herrera Quispe (Regional government Manager of NNRR & Environment)	Carlos Alberto Ortiz Chavez (Technical manager (Tambopata)	Lila Quispe (Manager, MINAG Tahuamani)
Do you know about the Carbon project from Maderacre and Maderiyja? What do you think of it?	Yes, it is a (good) option.	No but we have a similar C project. In our C project, we have been struggling for two years, we have to be patient. It is a good thing. First management plan, then certification and then carbon (credit) sell.	Yes, from comments, internet, but not in detail. It would be a good opportunity to get profitability out the forest.	No, but I know the concessions.	No, but I would like to see it, we have not been notified. I know about other REDD project from ACCA.	No, this is something new (but know what is a “carbon project” about).	No, but as regional government we lead the articulations for the regional REDD working table.	No. There is a trend to talk about C projects. Both enterprises are in the Tahuamani area. I think that a C project is good for the forest, to promote its management. You sell Oxygen and forest services and protect the forest from slashing and pollution.	No, and I don't know of any REDD project in the area.
Do you know what does the government think about it?	No.	No. But the local government has lied to us, taking advantage of our lack of knowledge on log volumen measurement (CARPIN enterprise)	The regional government promotes a REDD working table.	No. I am not part of Madre de Dios REDD round table.	NA.	NA.	Positive, it supports REDD projects.	No.	NA.
In the next 10 years, how is the population going to grow in the area? If the project is not approved, what would be your estimation? Or would it make any difference if the project is approved or not?	At least four-fold. I think the project will be approved because it will avoid that more people migrate into the area. The project is a good way of maintainig the forest, specially as it brings economic	I don't know, it could improve more, people are coming from Cusco, Juliaca, more for commerce. In 10 years Iñapari could be more organized, as transoceanic road is coming through, it is easier.	Around Iñapari there is an increasing trend, maybe not double, but 50% more. Good question. If the project is approved maybe it would be an incentive for more people to come to the area (more	Double-fold, all small towns, from Iñapari - Iberia to Puerto Maldonado. With or without the project, population will double fold. As more resources will arrive, more richness (riqueza) through the Interoceanic road.	Trend is to grow quickly, three fold in 5 years, and five fold in 10 years. Zone for future commerce and tourism at big scale. From Lima some enterprises are arriving to stablish textile industries, distribution and production (Lima,	Growth will happen due to the interoceanic road but don't know what type of influence it will have. For some areas (as Iñapari) we need the micro Ecological Economic Zoning and Territorial Ordering*	Population growth is related to the interoceanic road because it is paved. Nobody knows where are the people arriving going to stay (Iñapari, Puerto Maldonado or Inambari?)	Population will grow due to the effect of the Interoceanic road, commerce will increase, people coming from Brazil and the Andes, to Puerto. The side effect is land speculation/illegal market**. The project can be a	It seems we are going to double fold, because right now is growing a lot because of the road.

	benefits.		income, more migration).		Arequipa, Cusco). As transport cost decreases*			source of commitment for concessions and landholder to manage the forest.	
Do you agree with avoiding that other people move or migrate to the area?	[Yes]. It would be good to remain the same but it is difficult to control.	[No: from former answer, more people coming is a good thing]	[Yes]. Not through public policy as it could generate a social problem. Yes through economic barriers that would make the migrants to think 3-4 times before moving.	[Neutral]. By logic, all cities will grow.	The interoceanic road has created a lot of expectations for development, industries have come to look for land (Curacao, Efe, Scotiabank) in Puerto Maldonado, some in Iñapari and there is an influx of Brazilian tourists**	Yes, there is a lot of desorganization, intense migration because of illegal mining.	[Neutral]. There is no free space for people to settle as almost all areas have an owner (titled or concessioned or protected area).	[No, conditional]. It is ok to migrate as long as they respect the law. Normally they don't. Organizations that manage the forest need to be strengthened, through markets (increase rent)	[Yes]. Migration should be avoided as it brings both advantages and disadvantages (drug adiction, robberies, more slashing). *
Have you participated with the Social or Community Plan of any Maderacre or Maderiyja?	Yes, of Maderacre.	No, we don't get invited to the meetings*. As we are neighbours, we keep good relationships and we know them and respect each other.	No. **	Yes, as we supported them in the certification process.	Yes, in the social part they have called us. They have a good conception for log transformation (furniture, pre-fab. parts)	No.	No.	No.*	No.
What is your relationship with M&M? How do you relate with M&M?	Shareholders of Maderacre.	We attended a meeting with Maderacre*, to mark the limits in 2008.	Currently working with Maderacre in implemeting a production line for floors tiles for export (S/350,000) to Tropical Woods (Europe).	Working relationship with Maderya. At the beginning, teaching monitoring, silvicultural activities.	Sometimes we have requested space for researchers and students (dissertation work) in the concession area.	None.	None. Though one of them participated in the REDD working table (Workshop on 2 nd week of May).	I visited the area for the Mahogany inspection (Cardozo family)	Yes, a working relationship as ex-INRENA, now Ministry of Agriculture (MINAG).
Do you suggest to interview another person about the project? Who?	Local and regional authorities.	No. During the interview he mentioned: - Roberto Percyval - Abraham Cardozo - Pepe Gomez	No.	Edith Condori (WWF) could tell more about regional government views and municipalities.	Regional government and Natural Resource and Environment Manager, and Regional Agricultural Division (DRA in Spanish).	Eng. Alfredo Herrera Quispe (Manager of Natural Resources and Environment of the Regional Gov. Madre de Dios)	Major (Iñapari) or Subregional manager for Tahuamanu.	Jorge Cardozo (INRENA Tahuamanu).	No.
Do you have any question for me?	No.	It would be good to visit the Community to give more information.	No.	No.	No.	No.	Who do work for again? [SCS, contracted by Greenox; technical part of C project supported by	No.	No.

							AIDER]		
Notes		*Some contradictory statements. Maybe a language issue? The local governor (Iñapari) is Zezinho Cardozo, shareholder of Maderacre and according to the interviewee, also former member of the (closed) company CARPIN, together with José Calvo Pineda.	**Forest finance NGO, based in Puerto Maldonado.	Tried to contact Edith but it went to voice mail.	*bridge in MDD river will increase road traffic. ** “Movil Tours is a Brazilian business that brings tourists from Rio Branco to Puerto Maldonado by bus”.	*In Spanish, Zonificación Ecológica y Ordenamiento Territorial. He didn't seem to know much about what the regional environment management division is up to.	Strong support from the regional government to REDD projects: “The regional government articulates diverse actors [related to REDD], and are welcome to contribute with the environment and sustainable development”	*Not a strong stake on the concession, kept on directing to INRENA Tahuamanu jurisdiction. **“Land speculation or illegal land market, for example, communities selling their own land”,	*Although mentioned that migration could bring both advantages and disadvantages, could only mention disadvantages. **Control authority, doubt if should be invited for a “social” or community plan.

Interviewer: Sandra Velarde
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