



Certification for a Sustainable World™

FINAL CCBA PROJECT VALIDATION REPORT

THE RIMBA RAYA BIODIVERSITY CONSERVATION PROJECT

INFINITEEARTH

October 14, 2011

Validation Conducted by:

Scientific Certification Systems
Greenhouse Gas Verification Program
2200 Powell St. #725, Emeryville, CA 94608 USA
Tel. 510.236.9016 • (Fax) 510.236.8598 • www.scscertified.com

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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 InfiniteEARTH that the Rimba Raya Biodiversity Reserve Project conforms to the Climate, Community and Biodiversity Project Design Standards (Second Edition). SCS has been accredited by the Climate, Community & Biodiversity Alliance (CCBA) to perform such validation audits.

1.1. Contact Information

Project Developer Contact Information:

Todd Lemons, Chairman and CEO
Infinite EARTH
Suite-8/A, the Ritz Plaza
122 Austin Road,
Tsim Sha Tsui
Kowloon,
Hong Kong
Tel. Hong Kong: +852-9234-8122 | Indonesia: +62-815-1908-1045 | USA: +1-415-261-8127
Email: todd@infinite-earth.com

Scientific Certification Systems Contact Information:

Todd Frank, Program Manager, GHG Verification
Scientific Certification Systems
2000 Powell Street, Suite 600
Emeryville, CA 94608 USA
Tel. 510-452-9099
Email: tfrank@scscertified.com

Auditor Contact Information:

Dr. Carly Green
Unit 1C, 15 Cliff Wilson St
Wanaka 9305,
New Zealand
Te l : +64 3 667 0242
Email : carly.green@enviroaccounts.com

Project Owner Information:

PT. Rimba Raya
Mayapada Tower 11th Floor
Jl. Jend. Sudirman Kav. 28,
Jakarta 12920
Contact: Todd Lemons
Email: todd@infinite-earth.com
Web: www.infinite-earth.com

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 Biodiversity and Community Alliance (CCBA). Validation will result 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 the CCBA. The ultimate decision on the registration of a proposed project activity rests with the CCBA.

1.3. Scope and Criteria

The project was assessed against the CCB Standards Second 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 14 of the required CCB Standards criteria.

The scope of services included a review of project documentation, submittal and assessment of public comments, a field visit, interviews with project affiliates, and an internal technical review prior to issuing a validation statement. The SCS Lead Auditor issued New Information Requests (NIR) or Non-Conformity Reports (NCR), as needed and re-analyzed new submissions.

1.4. Project Description

The Rimba Raya Biodiversity Reserve Project is an initiative by InfiniteEARTH, which aims to reduce GHG emissions by preserving 91,215 hectares of tropical peat swamp forest. This area, which is rich in biodiversity includes the endangered Bornean orangutan, was slated by the Provincial government to be converted into four palm oil estates.

Located on the southern coast of Borneo in the province of Central Kalimantan, the project is also designed to protect the integrity of the adjacent world-renowned Tanjung Puting National Park (TPNP), by creating a physical buffer zone on the full extent of the ~90km eastern border of the park.

This project will avoid the loss of forest through the conversion to palm oil and is therefore classified as Reducing Emissions from Deforestation and Degradation (REDD) through Avoided Planned Deforestation (APD). The project applies Voluntary Carbon Standard methodologies for the estimation of net climate benefits specifically the approved methodology VM0004 Methodology for Conservation Projects that Avoid Planned Land Use Conversion in Peat Swamp Forests, Version 1.0.

1.5. Summary of Validation Conclusion

Following completion of SCS’s duly-accredited validation process, it was our conclusion that the Rimba Raya Biodiversity Reserve Project conforms to the CCBA Climate, Community and Biodiversity Project Design Standards (Second Edition) at the Gold Level (see Appendix A) for all three criteria: Climate, Community, and Biodiversity. The Project was subject to six Non-Conformity Reports (NCR) and one New Information Request (NIR). The project proponents provided satisfactory responses to the NCR/NIRs issued as a result of the initial evaluation and it is our opinion that the project now fully meets the standards.

2.0 Methodology

SCS began reviewing the Project in June 2010, beginning with a desk audit of project documentation, phone calls and email correspondence with InfiniteEARTH. A contract auditor was then authorized by SCS to conduct a formal site visit and validation assessment on the 21st to the 29th of July, 2010. A further review of the documentation, audit findings, and public comments submitted to the CCBA was conducted. This process identified six Non-Conformity Reports and one New Information Request that the project proponents had to respond to; this final report, therefore, represents an update to the draft report based on the satisfactory response to all NCRs and NIRs.

In September 2011, SCS had completed the majority of validation activities and was waiting on final approval of the forest concession in order to complete the audit and validate the project. This period of waiting for the concession, resulted in the project reaching the one year anniversary of posting for public comment. The CCB Rules state that *“If the Final CCB Validation Report is not issued by this date, then the project must reinitiate the validation process, including a new public comment period. The auditor must determine whether a new site visit is needed.”* As the CCB requirement that projects must be validated within one year of posting to the CCB website for public comment was not met by the project proponent, SCS re-initiated project validation in September 2011. This involved a reposting of the PDD for public comment and a subsequent re-validation audit by SCS. During this evaluation of the project, SCS determined that none of the project activities or characteristics had changed since the original validation audit. Specifically, SCS determined that:

- There has been no change in the project area as defined in the CCB Standards;
- There has been no significant change in the project activities, such as significant changes in the scope (e.g. inclusion or exclusion of reforestation or reducing emissions from deforestation) or scale of the activities;
- There has been no substantial change in the expected climate, community, or biodiversity impacts of the project, for example, a substantial change in the type of impacts, or the affected group;
- There has been no change of the project proponent responsible for implementation.

Additionally, the outstanding issue related to the concession was resolved. It was determined that the status of the concession (the project is in the final stages of receiving approval for the concession) was sufficient to prove that the project proponent has provisional tenure to the project area.

At the conclusion of the validation process, SCS was able to finalize the audit and to validate the project at the Gold Level.

2.1. CCBA Standards

SCS conducted its evaluation to validate claims that the Project conforms to the CCBA Climate, Community and Biodiversity Project Design Standards (Second Edition) (“the CCB Standards”). The CCB Standards require conformance to 14 criteria in each of 4 categories: 1) General (5 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 three criteria in the Gold Level section. Gold level



validation can be achieved by projects that meet the core requirements and at least one optional Gold Level criterion.

2.2. Auditor Qualifications

Dr. Carly Green – Lead Validator, SCS Contract Forester

Carly has 10 years International experience in cross sector greenhouse gas accounting. Her experience extends through research, government policy adviser, project developer, training facilitator, and lead auditor in Europe, South America and Asia Pacific. She completed her PhD in Europe in 2006 with her research contributing to IPCC National level carbon accounting methodologies in Agriculture, Forestry and Other Land Use (AFOLU). Since then she has been a policy adviser to the Irish and Australian governments and involved in the development of IPCC compliant forest sink accounting methodologies for projects in Australia, South America, Indonesia, China and Kenya. She has lead or participated in over 10 forest project and methodology validation/verifications under a range of standards including ISO 14064, the Voluntary Carbon Standard and the Climate Community and Biodiversity standard. She is a VCSA-approved AFOLU expert for IFM and ALM project types.

Todd Frank – Validator, SCS Program Manager, Greenhouse Gas Verification

Mr. Frank holds a master's degree in International Environmental Policy from the University of California San Diego and a Bachelor's degree from the University of California at Berkeley. Mr. Frank is certified as a lead verifier under the CAR, VCS, CCB, CCX, and TCR programs and has formal training in ISO 14064 and ISO 9001. He has served as lead verifier for a wide range of projects across various industries, globally. Mr. Frank also has experience in emissions trading and offset project development experience having worked on the first project ever to be validated to the CCB standard. Mr. Frank serves on the Verification Advisory Board for The Climate Registry and serves on the Advisory Board for Northern Arizona University's Climate Science Solutions master's program.

Dr Aswin Usup – Peat Specialists/Local Translator

Dr. Aswin Usup has earned a master's and doctorate degree in Earth Systems Science, specializing in Geoecology from Hokkaido University in Japan. Dr. Usup is a lecturer at the School of Agriculture as well as the Graduate School of Natural Resources and Environmental Science at the University of Palangka Raya in Central Kalimantan, Indonesia. Dr. Usup has spent his time studying environmental ecology, concentrating on the effect of fires on microclimates in tropical peat lands. In 2005 Dr. Usup became the director of the Research Center for Fire Prevention & Land Rehabilitation at the University of Palangka Raya.

Ryan Anderson – Spatial Analyst Specialist/Technical Review

Ryan Anderson holds a BS in Environmental Science from the University of Denver and an MS in Natural Resource Science and Management with emphasis in geospatial assessment, monitoring, and modelling of forest resources. His experience with terrestrial carbon cycle related research includes work at the Cedar Creek Long Term Ecological Research Station, the Chequamegon Ecosystem Atmosphere Study,

and the North American Carbon Program's Site Synthesis modelling effort. His master's work focused on the use of LIDAR remote sensing for improved landcover classification, inventory of forest carbon stocks, and modelling of mean annual growth increments in the Chequamegon National Forest in northern Wisconsin. He is currently pursuing a Ph. D. in Forestry with the University of Montana's Numerical Terradynamic Simulation Group. His research focuses on the development and calibration of physiologically-based models of terrestrial ecosystem carbon, nitrogen, and water cycles.

2.3. Audit Process

The audit process included the following steps:

- Initial client meeting and project orientation (via conference call);
- Review of Project documentation, including Project design reports, preliminary models, and project background descriptions;
- Site visit on 21 - 29th July , 2010, that included:
 - Project overview by Infinite EARTH;
 - Presentation of final project accounting model (spreadsheet model);
 - Meetings with project partners, consultants and supporters, including the Orangutan Foundation International, Forest Carbon , World Education, Personnel from the Tanjung Putting National Park, and the Forestry and Plantation District Office of Seruyan; and
 - A field trip to the project area to inspect and re-measure parameters collected in the project transects and to visit communities;
- Review of stakeholder comments;
- Further document review and draft report preparation;
- Project proponent response to NCR, NIRs, and OFIs;
- Auditor review of NCRs, NIRs, OFIs;
- Re-initiation of validation due to one year anniversary of public comment period occurring;
- Second Public Comment period;
- Final report preparation; and
- Technical review and approval of the final report by SCS;

3.0 Stakeholder Comments

The Project Design Document (PDD) was posted on the CCBA website on 7 June 2010 and the initial public comment period extended through to 6 July 2010. A second public comment period was conducted 1 September 2010 - 30 September 2010. During this public comment period there were no comments received. However, in response to an NIR InfiniteEARTH conducted a comprehensive local community consultation process during which many responses from the local communities were received (see Appendix B).

All comments were considered by the auditor in the completion of this report. General themes included:

- Support for the Project
- Lack of confidence that the Project Proponent would deliver on their promises
- Uncertainty about their future use of the community's forest
- Orangutan release program will affect the community's use of the forest

A second public comment period was initiated once the one year anniversary of the original posting for comment had passed. This public comment period took place September 2, 2011 through October 2, 2011. No comments were received.

3.1. 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, and reference the findings from the audit when applicable. These findings include Non-Conformity Reports (NCRs), Opportunities for Improvement (OFIs) and New Information Requests (NIRs), and are compiled in Section 5. 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 OFI was issued when overall conformance with a criterion had been achieved but in instances where actions could be taken to further ensure compliance with an indicator. An NIR indicates when additional information was necessary to complete the validation. All NCRs and NIRs must be received prior to project validation.

Throughout the remainder of the report, InfiniteEARTH will be referred to as the “Project Proponent” or “the Proponent”. The Project Proponent collated much of their Project information in a document entitled The Rimba Raya Biodiversity Reserve Project, which is available to the public on the CCBA website (<http://www.climate-standards.org>). The CCBA refers to such documents as the Project Design Document (PDD). The PDD was revised in May 2011 in response to NCR/NIRs issued as part of the evaluation process.

3.2. General Section

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

3.2.1. G1 – Original Conditions in the Project Area

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

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

Findings:

The Project Design Document (PDD) states that the Project is located in the district of Seruyan, Central Kalimantan, Indonesia. The basic physical parameters are described in Section G 1.1 of the PDD. These physical parameters include the hydrology, geology, soil, geomorphology and climate of the project area and surrounding project zone. Maps of the project boundary and palm oil concessions are provided along with maps of the watershed, surface geology, soil and the agro-climatic zone of the project zone.

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 within the project area.

Findings: The types and conditions of vegetation within the project area are described in Section G 1.2 of the PDD. The major vegetation classes are described as mixed freshwater swamp, peat swamp, Lowland mixed dipterocarp, Kerangas forest, and marshy swamp. This section also states that all identified classes have been subject to a range of disturbances and that forest areas were further stratified by disturbance level. A map of the land use / land cover classes is available.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: NIR CCB 2010.1

Opportunities for Improvement: None

Indicator G1.3. The boundaries of the project area and the project zone.

Findings:
The boundaries of the project area and project zone are generally defined in Section G 1.3 of the PDD. Figure 8 clearly defines the project area (47,237 hectares), the project zone (91,215 hectares) and the boundary of the bordering Tanjung Puting National Park (TPNP). This section describes how the Proponent has taken into consideration geographic and political boundaries in their selection of the project boundary and that they represent the area of project influence on community and biodiversity in the region. Section G1.3 details the important aspects in the project zone and surrounding areas, specifically the TPNP and surrounding communities. This section states that the communities are not found within the project area (which is consistent with the selected methodology) but they are found in the project zone which is consistent with the requirements of the CCBA standard (reference section).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G1.4. Current carbon stocks within the project area(s), using stratification by land-use or vegetation type and methods of carbon calculation (such as biomass plots, formulae, and default values) from the Intergovernmental Panel on Climate Change’s (IPCC) 2006 Guidelines for National GHG Inventories for Agriculture, Forestry, and Other Land Use or a more robust and detailed methodology.

Findings:

A description of the Tier 2 approach to estimating the current carbon stocks for the project area is described in Section 1.4 of the PDD. This section states that equations detailed in the VCS approved methodology for REDD projects on peat soils were applied and defines the carbon pools estimated as aboveground biomass and peat. This section also clearly states that estimations are built from a combination of project-specific data from field surveys and high resolution aerial images and remote sensing (the reader is directed to annexes in support of this Land Cover Assessment (Annex 2) and Carbon Assessment Survey Report (Annex 5)) as well as relevant IPCC default values and peer reviewed science. The approach described by the Proponent adequately meet the requirements of this indicator.

Conformance: Yes No N/A

Non-Conformity Reports: None

Opportunities for Improvement: None

New Information Requests: None

Indicator G1.5. A description of communities located in the project zone, including basic socio-economic and cultural information that describes the social, economic and cultural diversity within communities (wealth, gender, ethnicity, etc.), identifies specific groups such as Indigenous Peoples and describes any community characteristics.

Findings:

The PDD provides a detailed description of the socioeconomic and cultural survey that was conducted in the area during December 2008. A detailed description of the 14 villages within the project zone is provided and information gathered during a community survey by the external consultancy, Daemeter, are summarised. The social, economic, and cultural diversity (wealth, gender, ethnicity, typical employment and food sources) is described in detail for each village. Most community members residing in the 14 villages surveyed rely on the Seruyan River for their basic needs, income, and transportation. Before the 1990s, forests provided for the community’s basic needs and income. Villagers cleared forests to make their *ladang* and plant rice and rubber. They also logged the forests and sold logs to markets in Baung, Telaga Pulang, and Segintong Luar. However, after the operations of Hutan Lestari, conducted by the Ministry of Forestry in the late 1990s to control illegal activities within state forests, logging became the least favored livelihood option for villagers.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: NCR2010.3 / 4

Opportunities for Improvement: None

Indicator G1.6. A description of current land use and customary and legal property rights including community property in the project zone, identifying any ongoing or unresolved conflicts or disputes and indentifying and describing any disputes over land tenure that were resolved during the last ten years (see also G5).

Findings:

Current land use classifications and property rights within the project zone are described in Section 1.6 of the PDD. This section explains that villagers respect each other's property and land rights. They know the location of boundaries without resorting to physical demarcation. Until recently, they did not have an official, written form of documentation to verify land ownership. Some villages and individuals have now started to use land ownership certificates (*Surat Kepemilikan Tanah*) issued and signed by the village head.

Most villages have a land use plan for land within their village (*desa*) boundaries. A typical village land classification scheme creates the following categories: housing, agriculture (used for planting rubber (*Hevea brasiliensis*, *Dyera costulata*), or other species that contribute to their livelihoods), public facilities (such as health clinics and schools), fisheries, and graveyards.

Some communities have accepted the expansion of oil palm plantations into the area, while others have fought it. One common complaint is that communities are not informed about the existence of oil palm plantations in their vicinity, but they are willing to try planting oil palm to see whether this species can contribute significantly to their welfare.

Known conflicts that were reported during the community survey are also detailed. The majority of these conflicts relate to the seizure of land by the palm oil companies as the area of the concessions is converted.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: (NCR2010.4 / 5)

Opportunities for Improvement: None

Indicator G1.7. A description of current biodiversity within the project zone (diversity of species and ecosystems) and threats to that biodiversity, using appropriate methodologies, substantiated where possible with appropriate reference material.

Findings:

A description of current biodiversity within the project area is provided in Section G 1.7 of the PDD. This description is based on available data on the adjacent TPNP.

A Phase II assessment is committed to prior to verification and will involve extensive on-site evaluation habitat status and species present. At present this section describes the plants, mammals, birds, reptiles and amphibians of the region based largely on literature reviews of studies conducted with the region of the project area. A number of peer reviewed articles and institutional reports are listed in support of the description provided. Threats identified include conversion to palm oil, logging, fire and hunting.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G1.8. An evaluation of whether the project zone includes any of the following High Conservation Values (HCVs) and a description of the qualifying attributes:

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

- a. protected areas;
- b. threatened species;
- c. endemic species; and
- d. areas that support significant concentrations of a species during any time in their lifecycle (e.g. migrations, feeding grounds, breeding areas).

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

8.3. Threatened or rare ecosystems;

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

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

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

Findings:

An evaluation of High Conservation Values in the project zone is presented in Section G 1.8 of the PDD. The evaluation utilised the Global HCV Toolkit and a National interpretation Toolkit for Indonesia. The assessment drew on results from rapid area appraisal social surveys, and available data including on-line spatial data sets, satellite imagery, land cover and ecosystem maps, published and unpublished data sets and expert opinion. The approach taken is explained in detail within this section. The results identified 10 HCVs present in the project zone. These HCVs covered the full range of HVC 1 -6.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.2.2. G2 – Baseline Projections

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

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

Indicator G2.1. Describe the most likely land-use scenario in the absence of the project following IPCC 2006 GL for AFOLU or a more robust and detailed methodology, describing the range of potential land use scenarios and the associated drivers of GHG emissions and justifying why the land-use scenario selected is most likely.

Findings:

The most likely land-use scenario in the absence of the project as described in Section G2.1. This section details the use of the “Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities”. The alternative scenarios considered included:

1. Conversion to palm oil plantations
2. Continuation of pre-project land use
3. Conversion to agriculture
4. Conservation / protection in the absence of carbon financing
5. Conservation / protection with carbon financing (proposed project activity).

This section adequately follows the tool and justifiably arrives at the most likely scenario which is complete conversion of the project area to palm oil plantation.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G2.2. Document that project benefits would not have occurred in the absence of the Project, explaining how existing laws or regulations would likely affect land use and justifying that the benefits being claimed by the project are truly ‘additional’ and would be unlikely to occur without the project.

Findings:

Project additionality is documented in the Section G 2.2 of the PDD. The VCS “Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM Project Activities” was used. This section adequately demonstrates that the most likely land use in the absence of this project is complete conversion of the project area to palm oil plantations. This conclusion is supported by the granting of 5 concession areas which are comprised of the entire project area by the local reGENCY and provincial government (evidence which is provided in Annex 11).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G2.3. Calculate the estimated carbon stock changes associated with the ‘without project’ reference scenario described above. This requires estimation of carbon stocks for each of the land-use classes of concern and a definition of the carbon pools included, among the classes defined in the IPCC 2006 GL for AFOLU. The timeframe for this analysis can be either the project lifetime (see G3) or the project GHG accounting period, whichever is more appropriate. Estimate the net change in the emissions of non-CO₂ GHG emissions such as CH₄ and N₂O in the ‘without project’ scenario. Non-CO₂ gases must be included if they are likely to account for more than 5% (in terms of CO₂-equivalent) of the project’s overall GHG impact over each monitoring period.

Projects whose activities are designed to avoid GHG emissions (such as those reducing emissions from deforestation and forest degradation (REDD), avoiding conversion of non-forest land, or certain improved forest management projects) must include an analysis of the relevant drivers and rates of deforestation and/or degradation and a description and justification of the approaches, assumptions and data used to perform this analysis. Regional-level estimates can be used at the project’s planning stage as long as there is a commitment to evaluate locally-specific carbon stocks and to develop a project-specific spatial analysis of deforestation and/or degradation using an appropriately robust and detailed carbon accounting methodology before the start of the project.

Findings:

An analysis of the estimated carbon stock change as a result of the project is presented in Section G 2.3 of the PDD. The methodology selected was the VCS approved methodology VM0004 Methodology for Conservation Projects that Avoid Planned Land Use Conversion in Peat Swamp Forests, Version (1.0).

This section addresses the methodology applicability criteria and describes the three main steps for estimating baseline net avoided GHG emissions to be:

1. Stratification and sampling
2. Estimation of GHG emissions from changes in aboveground biomass
3. Estimation of GHG emissions from peat.

Table 27 lists the carbon stocks in the land use classes of concern as well as GHG emissions from the various sources in accordance with the methodology. The accounting timeframe is defined as a 30 year life of the Project, however only the first 10 years of emissions are estimated as it is stated that the baseline will be re-assessed every 10 years.

The accounting approach taken has been validated against the VCS and the ‘without project scenario’ is appropriately robust and detailed.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.1
NCR 2010.6

New Information Requests: None

Opportunities for Improvement: None

Indicator G2.4. Describe how the ‘without project’ reference scenario would affect communities in the project zone, including the impact of likely changes in water, soil and other locally important ecosystem services.

Findings:

The negative effects associated with palm oil plantation establishment in Central Kalimantan are described in Section G 2.4 of the PDD. This section states that land owners rights are rarely recognised which regularly leads to conflict and a number of references to abduction, torture and death are listed. This section also refers to impacts on water, soil and ecosystem services as a result of land conversion to palm oil plantations namely:

- increased frequency of flooding in the region caused by the draining of the peat for land conversion; and
- increased water pollution from fertiliser application.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G2.5. Describe how the ‘without project’ reference scenario would affect biodiversity in the project zone (e.g., habitat availability, landscape connectivity and threatened species).

Findings:

A description of biodiversity impact in the project zone of the ‘without project’ scenario is provided in Section G 2.5 of the PDD. This description references conversion to oil palm under the without project scenario. These effects are clearly related to habitat availability, landscape connectivity and threatened species.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.2.3. G3 – Project Design and Goals

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

Indicator G3.1. Provide a summary of the project’s major climate, community and biodiversity objectives.

Findings:

The project’s major climate, community and biodiversity objectives are in Section G 3.1 of the PDD. The climate goals are to avoid emissions from land use conversion to palm oil and to provide a buffer to protect the carbon stocks of the TPNP. This buffer is also the biodiversity objective of the project, whereby the practical extension of the park boundary will alleviate external pressures. The project will also work with the Orangutan Foundation International (OFI) to extend their conservation, rehabilitation, and environmental education programs.

From a social perspective, InfiniteEARTH will build on work by World Education to improve health care, education and working to ensure food-security.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.2. Describe each project activity with expected climate, community and biodiversity impacts and its relevance to achieving the project's objectives.

Findings:

The proposed project activities are listed in Section G 3.2 of the PDD and include:

- The establishment of the Rimba Raya Reserve (establishing a guard post network, developing a fire plan, a monitoring plan, conducting an enrichment and rehabilitation program, launching a community based cash crop/agroforestry program)
- Funding OFI activities (reforestation of critical orangutan habitats, acquisition of viable additional habitat, and build three new release centres and six feeding platforms)
- Co-managing the TPNP (directly provide funding to TPNP Authority)
- Develop a Social Buffer (establish early childhood education and development, agriculture and aquaculture productivity, one laptop per child, community agroforestry, aquaponics, clean water systems, fuel efficient stoves, micro-credit, sustainable health care programs, and floating clinics)
- Supporting capacity building programs (indigenous peoples eco-tourism knowledge transference, Orangutan Release Tracking, and Outreach and Education)

How these activities will impact on the climate community and biodiversity objectives are adequately covered.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.3. Provide a map identifying the project location and boundaries of the project area(s), where the project activities will occur, of the project zone and of additional surrounding locations that are predicted to be impacted by project activities (e.g. through leakage).

Findings: A map (Figure 47) of the location of major project activities is provided. This map identifies the potential locations of Fire Towers and Guard Posts, Reforestation/Indigenous Species Cash Crops and Orangutan Release Centers.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.4. Define the project lifetime and GHG accounting period and explain and justify any differences between them. Define an implementation schedule, indicating key dates and milestones in the project's development.

Findings: The project lifetime, accounting period and implementation schedule is specified in Section 3.4 of the PDD. The project lifetime is specified as 60 years with the accounting period set at 30 years. The project start date is specified as November 2008. The implementation schedule, including verification and project activities, are outlined in detail in this section.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.5. Identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime and outline measures adopted to mitigate these risks.

Findings: Natural and human-induced risks are identified in Section G 3.5 of the PDD. These risks include fire, illegal logging, land conversion. Statements related to mitigation measures are made.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.6. Demonstrate that the project design includes specific measures to ensure the maintenance or enhancement of the high conservation value attributes identified in **G1** consistent with the precautionary principle.

Findings: Section G 3.6 states that a preliminary analysis of HCVs in the project zone determined that 11 of the 13 HCV subvalues defined in the Toolkit for Indonesia are potentially present (see discussion in Section G1.8). Maintenance or enhancement of all these HCVs depend directly on the protection of remaining forest, retention of connectivity between remnant forests in the project zone with those of TPNP, potential rehabilitation of degraded riparian forest zones in the project area, and prevention of oil palm expansion to protect water quality and associated aquatic habitats of the Seruyan. Specific measures to achieve this are outlined in section G3.2, and their relationship to specific HCVs is discussed in Sections CM1.2 and B1.2. The very nature of the project to protect the remaining forest and maintain the connectivity with TPNP indicates the project will at least maintain the high conservation values and the project design is likely to enhance the HVCs in the area through protection and improved livelihoods.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.7. Describe the measures that will be taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.

Findings: The measures to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime are described in Section G3.7. A set-aside endowment fund will be established to fund the preservation of the Rimba Raya reserve in perpetuity. The stakeholders and mechanisms are described in Figure 52.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.8. Document and defend how communities and other stakeholders potentially affected by the project activities have been identified and have been involved in project design through effective consultation, particularly with a view to optimizing community and stakeholder benefits, respecting local customs and values and maintaining high conservation values. Project developers must document stakeholder dialogues and indicate if and how the project proposal was revised based on such input. A plan must be developed to continue communication and consultation between project managers and all community groups about the project and its impacts to facilitate adaptive management throughout the life of the project.

Findings: Section G3.8 details the stakeholder identification process. Stakeholder categories, description and channels of communication were identified through a social survey conducted by Daemeter Consulting (Annex 5-9) and included villagers, farmers and women’s groups, formal village leaders, informal village leaders, World Education, OFI, Sawit Watch, Government Offices, Oil Palm companies .

This section outlines the stakeholder’s involvement prior to the commencement of the Project and during the project development. A list of dialogues with the community (village) stakeholders is provided, with all villages listed in Section G1.5 covered plus some additional ones.

Discussion of project changes as a result of this process is provided which demonstrates early adaptive management. A framework which outlines strategies to facilitate adaptive management as the project progresses is explained.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.9. Describe what specific steps have been taken, and communications methods used, to publicize the CCBA public comment period to communities and other stakeholders and to facilitate their submission of comments to CCBA. Project proponents must play an active role in distributing key project documents to affected communities and stakeholders and hold widely publicized information meetings in relevant local or regional languages.

Findings: To inform the communities of the CCBA Public Comment Period and Rimba Raya’s Grievance Process a comprehensive training and consultation period utilizing the strengths of World Education was implemented. This education program covered information about climate change, carbon trade and the operational plan of PT. Rimba Raya Conservation in the Seruyan watershed. Some of the Activities Included:

- Distribution of brochures (3,000 pieces) to (a) communities in 14 villages, (b) district agencies in Seruyan, (c) Staff of Tanjung Puting National Park, (d) Staff of Ministry of Forestry;

- (BKSDA Division);
- Conducted leadership training for the Village Heads (or village representative) on facilitating the management of community comment grievance, as well as on the subject of climate change vs. local livelihood;
- Installed 30 boxes in 14 villages to use as a 'post office box' of the community comments; and
- Conducted focused and comprehensive group discussions in each village for the households in 14 villages regarding CCBA Public Comment Period and grievance resolution plan, as well as on the subject of climate change vs. local livelihood.

Key project documents were distributed and made available to all communities.

SCS conducted two visits to the community and on the second trip evidence of the communication initiative described in the PDD was evident, such as the post boxes, brochures and PDD documents. The village heads confirmed that the education programs were conducted and that they had the opportunity to make comments on the project.

The approaches taken were considered adequate for the communities who will be impacted by the project.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.3

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.10. Formalize a clear process for handling unresolved conflicts and grievances that arise during project planning and implementation. The project design must include a process for hearing, responding to and resolving community and other stakeholder grievances within a reasonable time period. This grievance process must be publicized to communities and other stakeholders and must be managed by a third party or mediator to prevent any conflict of interest. Project management must attempt to resolve all reasonable grievances raised, and provide a written response to grievances within 30 days. Grievances and project responses must be documented.

Findings: The Project's formal grievance/conflict resolution process has three key elements that are consistent with the requirements of the standard.

1. Managed by a third party – World Education is responsible for receiving and mediating between the communities and Rimba Raya should they be needed. The validator cited the contractual agreement between PT. Rimba Raya Conservation and World Education.
2. Formal Process – World Education has informed all villages on the process of contacting them to submit a grievance or resolve a conflict. The communities understanding of this process was confirmed during the second field trip to the communities. The English translated poster version of the conflict process was cited by the validator.

3. Publicized- All communities and stakeholders have been informed of the 3rd party mediation by World Education. Posters have been installed in all communities and were seen in the communities during the second field visit.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.4

New Information Requests: None

Opportunities for Improvement: None

Indicator G3.11. Demonstrate that financial mechanisms adopted, including projected revenues from emissions reductions and other sources, are likely to provide an adequate flow of funds for project implementation and to achieve the anticipated climate, community and biodiversity benefits.

Findings: Project financing is discussed in Section G3.11 of the PDD. Three important financing time periods are discussed. Project commencement through carbon credit validation process is being financed by the management team and bridge financing. The period from verification through to end of the project life period is being funded for the first 2 years by an options contract with a large European bank. The value of this contract is substantial enough to fund the initial stages of the project. Future sales will fund the rest of the project implementation phase. Post project period, there will be a \$25M USD endowment fund created to management the Project indefinitely.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.2.4. G4 – Management Capacity and Best Practices

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

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

Indicator G4.1. Identify a single project proponent which is responsible for the project’s design and implementation. If multiple organizations or individuals are involved in the project’s development and

implementation the governance structure, roles and responsibilities of each of the organizations or individuals involved must also be described.

Findings:

The single Project Proponent responsible for project design and implementation is InfiniteEARTH, via its local operational entity PT. Rimba Raya Conservation. The roles and responsibilities and the pertinent experience of each of the key team members are adequately described in Section G 4.1 of the PDD.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G4.2. Document key technical skills that will be required to implement the project successfully, including community engagement, biodiversity assessment and carbon measurement and monitoring skills. Document the management team’s expertise and prior experience implementing land management projects at the scale of this project. If relevant experience is lacking, the proponents must either demonstrate how other organizations will be partnered with to support the project or have a recruitment strategy to fill the gaps.

Findings: Specific key technical skills as they relate to project activities and a description of expertise and prior experience of the project team members is adequately documented in Section G4.2 of the PDD.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G4.3. Include a plan to provide orientation and training for the project’s employees and relevant people from the communities with an objective of building locally useful skills and knowledge to increase local participation in project implementation. These capacity building efforts should target a wide range of people in the communities, including minority and underrepresented groups. Identify how training will be passed on to new workers when there is staff turnover, so that local capacity will not be lost.

Findings:

A plan for orientation and training for Project employees is presented in Section G 4.3 of the PDD. This plan covers the major proposed project activities and outlines dates, skills and responsible party. This section provides sufficient detail to meet the requirements of the standard.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G.4.4. Show that people from the communities will be given an equal opportunity to fill all employment positions (including management) if the job requirements are met. Project proponents must explain how employees will be selected for positions and where relevant, must indicate how local community members, including women and other potentially underrepresented groups, will be given a fair chance to fill positions for which they can be trained.

Findings:

Section G 4.4 of the PDD refers to the Rimba Raya Recruitment policy, which insures that members of the project zone communities will be given priority for project related positions. This section also states that adequate representation from minority groups and women will be represented.

In addition, the section states that a micro financing will be available to all so they might have access to other opportunities as a result of the project.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G4.5. Submit a list of all relevant laws and regulations covering worker's rights in the host country.

Describe how the project will inform workers about their rights. Provide assurance that the project meets or exceeds all applicable laws and/or regulations covering worker rights and, where relevant, demonstrate how compliance is achieved.

Findings: Section G4.5 of the PDD outlines 11 employment laws of Indonesia that are relevant to the project. The reader is referred to the process framework in Section G3.8 which adequately describes the process for informing stakeholders of their rights. This section also states that it will exceed all labor requirements and that workers are apprised of their rights.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G4.6. Comprehensively assess situations and occupations that pose a substantial risk to worker safety. A plan must be in place to inform workers of risks and to explain how to minimize such risks. Where worker safety cannot be guaranteed, project proponents must show how the risks will be minimized using best work practices.

Findings: The project presents a Standard Operating Procedure (SOP) on “Occupational Safety, Health and Safety” which details the projects plans and policies for worker safety. The information presented in the SOP was considered to adequately address this indicator.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G4.7. Document the financial health of the implementing organization(s) to demonstrate that financial resources budgeted will be adequate to implement the project.

Findings: The project proponent provided financial models and a Voluntary Emissions Purchase Reduction Agreement (VERPA) to provide supporting evidence for the financial health of the project. The evidence provided demonstrated that the Project’s financial viability will be assured during the first 8 years of the project lifetime. For the long term, the project proponent will create a foundation to manage an endowment fund that will assure the long term financial sustainability of the project. The financial model demonstrates a low risk of financial failure.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.2.5. G5 – Legal Status and Property Rights

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

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

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

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

Indicator G5.1. Submit a list of all relevant national and local laws and regulations in the host country and all applicable international treaties and agreements. Provide assurance that the project will comply with these and, where relevant, demonstrate how compliance is achieved.

Findings: Section G.5.1 of the PDD lists relevant International Treaties and Agreements as well as Laws of the Government of Indonesia that are relevant to the Project. This section refers to the intent to comply with all provincial and local laws and also states that a legal opinion has been drafted by SSEK, one of Indonesia’s leading law firms, outlining land-use rights and carbon rights (*Annex 16*). There are all indications that the proponent is willing and informed to ensure that relevant national and local laws and regulations in the host country will be followed.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G5.2. Document that the project has approval from the appropriate authorities, including the established formal and/or traditional authorities customarily required by the communities.

Findings: Evidence that the Project sought approval from appropriate authorities is documented in Section G5.2 of the PDD. This section includes the evidence of the elements of the Government approval process that have been completed.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G5.3. Demonstrate with documented consultations and agreements that the project will not encroach uninvited on private property, community property, or government property and has obtained the free, prior, and informed consent of those whose rights will be affected by the project.

Findings: All project area land belongs to the Government of Indonesia, and the appropriate licenses and authorizations will be in place prior to commencement of major project activities. There are some small families working small agricultural plots within the project area. These communities will be given the opportunity to integrate into the agro-forestry program or their land will be excluded from the project area. These people are farming on the concession area owned by the government. As the land is owned by the government, nobody's rights will be affected by the Project, and the Proponents have committed to working with the communities in the area and will not force them to move.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G5.4. Demonstrate that the project does not require the involuntary relocation of people or of the activities important for the livelihoods and culture of the communities. If any relocation of habitation or activities is undertaken within the terms of an agreement, the project proponents must demonstrate that the agreement was made with the free, prior, and informed consent of those concerned and includes provisions for just and fair compensation.

Findings: In accordance with the applicability criteria of the selected carbon accounting methodology there are no villages within the project area. Section G.5.4 of the PDD (see NIR 2010.12) states that the social survey conducted by Daemeter Consulting indicated that no people or activities would be relocated as part of the project activities. During the field visit there was no evidence of villages within the project boundary. There was evidence of people fishing and farming within the project boundary, but all villages are established along the Seyran River outside the project boundary.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G5.5. Identify any illegal activities that could affect the project’s climate, community or biodiversity impacts (e.g., logging) taking place in the project zone and describe how the project will help to reduce these activities so that project benefits are not derived from illegal activities.

Findings: Potential illegal activities in the project zone are defined as encroachment by palm oil plantations, illegal logging and resource use in surrounding communities in Section G5.5 of the PDD. The proponents are proposing the establishment of a clear boundary (a road/firebreak), the commencement of an engagement process with the palm oil developers to educate them as to how the practices conducted by the palm oil companies are impacting the carbon project.

To mitigate the threat of illegal logging the Project Proponents will establish a comprehensive network of guard towers and patrols to ensure the territorial integrity of the project area and prevent access by loggers. To minimize unsustainable resource use by the surrounding communities the Project Proponent will work with existing programs run by World Education to achieve food security and alleviate pressure on proximate forest land.

During the site visit evidence was provided that showed the initiation of these programs to alleviate illegal activities, however it is going to be an ongoing task and the programs and monitoring activities presented in the PDD indicate that the Project Proponent is well aware of this.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator G5.6. Demonstrate that the project proponents have clear, uncontested title to the carbon rights, or provide legal documentation demonstrating that the project is undertaken on behalf of the carbon owners with their full consent. Where local or national conditions preclude clear title to the carbon rights at the time of validation against the Standards, the project proponents must provide evidence that their ownership of carbon rights is likely to be established before they enter into any transactions concerning the project’s carbon assets.

Findings: The title to the carbon rights is demonstrated and explained in Section G5.6 of the PDD. The reader is referred to Annex 19 for a legal opinion regarding the steps required to secure legal tenure to the project area for carbon trading activities.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.3. Climate Section

3.3.1. CL1 – Net Positive Climate Impacts

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

The project proponents must:

Indicator CL1.1. Estimate the net change in carbon stocks due to the project activities using the methods of calculation, formulae and default values of the IPCC 2006 GL for AFOLU or using a more robust and detailed methodology. The net change is equal to carbon stock changes *with* the project minus carbon stock changes *without* the project (the latter having been estimated in **G2**). This estimate must be based on clearly defined and defensible assumptions about how project activities will alter GHG emissions or carbon stocks over the duration of the project or the project GHG accounting period.

Findings: The net changes in carbon stocks due to the project activity are described in Section CL1.1 of the PDD. The estimates are based on relevant approved methodologies for the project type and make use of project specific, national and regionally relevant default values. The approach to estimating the net change in carbon stocks is based on the approved VCS methodology VM0004 (Version 1.0). The approach is well documented in the PDD and includes clearly defined and defensible assumptions.

It is estimated that the net change in carbon stocks due to the project activities will be 104,886,254 tCO₂-e. All calculations were found to be complete and correct. Significant detail on the approach to estimating greenhouse gas benefits from the Project can be found in the projects VCS documentation.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL1.2. Estimate the net change in the emissions of non-CO₂ GHG emissions such as CH₄ and N₂O in the *with* and *without* project scenarios if those gases are likely to account for more than a 5% increase or decrease (in terms of CO₂-equivalent) of the project's overall GHG emissions reductions or removals over each monitoring period.

Findings: The net change in non-CO₂ GHG emissions are estimated in accordance with the selected VM0004 (Version 1.0). The PDD states that the following non-CO₂ emissions are not included:

- N₂O emissions due to fertilization of palm oil.
- CH₄ sequestration as a result of peat drainage

The following non-CO₂ emissions will be included:

- CH₄ and N₂O emissions from biomass and peat burning for land clearing

These approaches are consistent with the selected VCS methodology. All calculations were found to be complete and correct.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL1.3. Estimate any other GHG emissions resulting from project activities. Emissions sources include, but are not limited to, emissions from biomass burning during site preparation, emissions from fossil fuel combustion, direct emissions from the use of synthetic fertilizers, and emissions from the decomposition of N-fixing species.

Findings: The PDD states that no biomass burning, Nitrogen fixing species or synthetic fertilizers will be utilized in any project activities. Emissions from fossil fuel combustion no longer need to be accounted for under CDM rules. The approaches described are consistent with the selected methodology and the calculation spreadsheet provided.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL1.4. Demonstrate that the net climate impact of the project is positive. The net climate impact of the project is the net change in carbon stocks plus net change in non-CO2 GHGs where appropriate minus any other GHG emissions resulting from project activities minus any likely project-related unmitigated negative offsite climate impacts (see CL2.3).

Findings: The Project’s description of the climate change benefits can be found generally throughout the Climate section (CL 1.1 – CL 3.2) of the PDD. The approach to demonstrating the net climate impact is consistent with International best practice and is presented as a summary in the CCB PDD. More detail on the calculation approach is also presented in the project’s VCS PDD.

Overall, the project proponent has demonstrated that the net climate impact of the project will be positive.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL1.5. Specify how double counting of GHG emissions reductions or removals will be avoided, particularly for offsets sold on the voluntary market and generated in a country with an emissions cap.

Findings: Section CL1.5 in the PDD outlines InfiniteEARTH’s approach to avoiding double counting. This section makes reference to the Indonesian regulation on Procedures for Reducing Emissions from Deforestation and Forest Degradation. A scenario planning flowchart that is provided adequately demonstrates the logic to avoid double counting.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

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

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

The project proponents must:

Indicator CL2.1. Determine the types of leakage that are expected and estimate potential offsite increases in GHGs (increases in emissions or decreases in sequestration) due to project activities. Where relevant, define and justify where leakage is most likely to take place.

Findings: As described in Section CL 2.1 of the PDD, the Proponent considers both primary (activity shifting) and secondary leakage (market) sources. There is a thorough discussion on the implications for the Project and identifies four specific areas that will be monitored for leakage:

1. Activity shifting – Planned deforestation;
2. Activity shifting – Unplanned deforestation (if necessary);
3. Market effects; and
4. Biomass extraction.

The methodology used required a deduction for market leakage which was found to be correctly and conservatively estimated. In addition activity shifting leakage will be monitored and the calculation methodology allows for deductions to be made should activity shifting leakage be detected in the comprehensive monitoring program.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL2.2. Document how any leakage will be mitigated and estimate the extent to which such impacts will be reduced by these mitigation activities.

Findings: The Project Proponent describes three mitigation strategies which are relevant to this project type which include:

- **Site selection** - Selecting a block of forest in a region that is highly inaccessible, or where all nearby forests have already been removed, can obviate the risk of activity shifting leakage. Selecting a block of forest that functions as a buffer to additional blocks of threatened forest can facilitate positive ecological leakage.
- **Project design** - Projects that integrate activities such as forest conservation, forest restoration, community development, etc., will be more successful in reducing leakage. Leakage contracts and agreements between Project Proponents and baseline agents that specify actions to deter activity shifting can reduce negative leakage.
- **Monitoring and discounting** - Negative leakage that cannot be avoided is monitored closely, and project carbon offsets adjusted accordingly.

The PD describes in detail the approaches the Project Proponent is taking to mitigate leakage.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

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 and demonstrate that this has been included in the evaluation of net climate impact of the project (as calculated in **CL1.4**).

Findings: Due to the nature of the Project and its activities, there are no identifiable unmitigated offsite climate impacts resulting from project activities. Positive climate impacts do not rely on technologies or activities that produce emissions in such a way that unmitigated primary or secondary leakage is likely to occur.

Unexpected offsite impacts are actively mitigated through preventive activities onsite, within the project area through the scope of designated project activities. Given this, unmitigated leakage has a value of “0” and net climate impacts remain unchanged. Net climate impacts continue to be defined as defined in CL. 1.4.

This response in the PDD was found to be adequate.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL2.4. Non-CO2 gases must be included if they are likely to account for more than a 5% increase or decrease (in terms of CO2-equivalent) of the net change calculations (above) of the project’s overall off-site GHG emissions reductions or removals over each monitoring period.

Findings: No non-CO2 gases are expected to account for more than a 5% increase or decrease of the project’s overall offsite GHG emissions.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.3.3. CL3 – Climate Impact Monitoring

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

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

The project proponents must:

Indicator CL3.1. Develop an initial plan for selecting carbon pools and non-CO2 GHGs to be monitored, and determine the frequency of monitoring. Potential pools include aboveground biomass, litter, dead wood, belowground biomass, wood products, soil carbon and peat. Pools to monitor must include any pools expected to decrease as a result of project activities, including those in the region outside the project boundaries resulting from all types of leakage identified in CL2. A plan must be in place to continue leakage monitoring for at least five years after all activity displacement or other leakage causing activity has taken place. Individual GHG sources may be considered ‘insignificant’ and do not have to be accounted for if *together* such omitted decreases in carbon pools and increases in GHG emissions amount to less than 5% of the total CO2-equivalent benefits generated by the project. Non-CO2 gases must be included if they are likely to account for more than 5% (in terms of CO2-equivalent) of the project’s overall GHG impact over each monitoring period. Direct field measurements using scientifically robust sampling must be used to measure more significant elements of the project’s carbon stocks. Other data must be suitable to the project site and specific forest type.

Findings:

An initial plan has been developed in Section CL 3.1 of the PDD. The plan includes monitoring of land cover change, fire, biomass, stratification and leakage. Timing and responsibilities are listed. The plan is consistent with the requirements of the selected methodology and meets the requirement of this indicator.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CL3.2. Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.

Findings: Section CL3.2 states that the monitoring plan has been drafted and implemented. This monitoring plan is adequate to demonstrate the climate impact of the project and will be monitored every 12 months. This will be primarily to meet the Project’s VCS requirements but will also meet the requirements of the CCB validation/verification.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: NIR2010.15

Opportunities for Improvement: None

3.4. Community Section

3.4.1. CM1 – Net Positive Community Impacts

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

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

The project proponents must:

Indicator CM1.1. Use appropriate methodologies to estimate the impacts on communities, including all constituent socio-economic or cultural groups such as indigenous peoples (defined in **G1**), resulting from planned project activities. A credible estimate of impacts must include changes in community well-being due to project activities and an evaluation of the impacts by the affected groups. This estimate must be based on clearly defined and defensible assumptions about how project activities will alter social and economic well-being, including potential impacts of changes in natural resources and ecosystem services identified as important by the communities (including water and soil resources), over the duration of the project. The ‘with project’ scenario must then be compared with the ‘without project’ scenario of social and economic well-being in the absence of the project (completed in **G2**). The difference (i.e., the community benefit) must be positive for all community groups.

Findings:

Section CM 1.1 of the PDD describes in detail the community benefits expected from the Project's implementation based on the Millennium Development Goals, around which they have designed targets and success indicators. The approach detailed in this section presents relevant goals and indicators for the first 5 years of the project. The methodology presented to estimate the impacts on communities appears to be appropriate and in accordance with the expectations of the standard.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM1.2. Demonstrate that no High Conservation Values identified in **G1.8.4-642** will be negatively affected by the project.

Findings: Section CM1.2 states that the Project is designed to protect HCVs and will not lead to negative impacts on HCVs as a result of the project. This section presents Table 45 which summarizes key 'with out' project scenario threats to HCVs and recommends project activities to address threats within the framework of the Project.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.4.2. CM2 – Offsite Stakeholder Impacts

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

The project proponents must:

Indicator CM2.1. Identify any potential negative offsite stakeholder impacts that the project activities are likely to cause.

Findings: Section CM2.1 of the PDD discusses potential negative offsite stakeholder impacts in the context of threat to subsistence livelihoods, hunting, forest harvesting and employment and notes that the only potential negative impact will be lost employment opportunities from palm oil plantations.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

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

Findings: Section CM2.1 and CM2.2 of the PDD explains that the project activities will offer a range of employment opportunities that will help to mitigate this negative impact.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM2.3. Demonstrate that the project is not likely to result in net negative impacts on the well-being of other stakeholder groups.

Findings: Section CM2.3 states that all off-site stakeholders negatively impacted by project activities either belong to an inchoate group (displaced oil palm plantations) or are engaged in illegal activities (logging operations). The Project is designed to allow local people to still use the forest, but in a sustainable way through the provision of education and new technologies in aquaculture and agriculture.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.4.3. CM3 – Community Impact Monitoring

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

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

Indicator CM3.1. Develop an initial plan for selecting community variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the project’s community development objectives and to anticipated impacts (positive and negative).

Findings:

An initial monitoring framework is presented in Section CM 3.1 of the PDD. It includes monitoring variables based on sustainable livelihoods framework premise of capital assets, namely physical, financial, social natural and human. These indicators are closely aligned with the Project’s objectives listed in Section G 3.1 with a framework for how the project will assess the effectiveness of the measures used to maintain or enhance HCV related to community well-being.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM3.2. Develop an initial plan for how they will assess the effectiveness of measures used to maintain or enhance High Conservation Values related to community well-being (G1.8.4-6) present in the project zone.

Findings: This indicator is adequately covered in Section CM3.1 of the PDD.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator CM3.3. Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.

Findings:

A commitment to develop a full monitoring plan within the allotted timeframe is made in Section CM 3.3 of the PDD. This monitoring plan is to be developed by a professional consultant and will cover four main aspects: Community Needs Assessment, the National LARASITA program, Job Opportunities, and Illegal Logging. There is also a commitment to disseminate this plan and the results of their monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders. The Project's community consultation program presents a detailed approach to realizing this commitment.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests:

Opportunities for Improvement: None

3.5. Biodiversity Section

3.5.1. B1 – Net Positive Biodiversity Impacts

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

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

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

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

The project proponents must:

Indicator B1.1. Use appropriate methodologies to estimate changes in biodiversity as a result of the project in the project zone and in the project lifetime. This estimate must be based on clearly defined

and defensible assumptions. The ‘with project’ scenario should then be compared with the baseline ‘without project’ biodiversity scenario completed in G2. The difference (i.e., the net biodiversity benefit) must be positive.

Findings:

The Project Proponents used published literature to demonstrate that the net biodiversity impact will be positive. These publications are listed in Section G 1.7 and reiterated in Section B1.1 of the PDD. A complete list of references can also be found at the back of the PDD.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B1.2. Demonstrate that no High Conservation Values identified in G1.8.1-348 will be negatively affected by the project.

Findings:

Section B 1.2 of the PDD states that no HCVs will be negatively affected by the project. Table 41 and the supporting text identify the threats to the identified HCV and the project management recommendations and activities that will lead to mitigation of those threats as a result of the project.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B1.3. Identify all species to be used by the project and show that no known invasive species will be introduced into any area affected by the project and that the population of any invasive species will not increase as a result of the project.

Findings: Section B1.3 of the PDD lists all species to be used in enrichment and rehabilitation planting and states that none of these species are invasive.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B1.4. Describe possible adverse effects of non-native species used by the project on the region's environment, including impacts on native species and disease introduction or facilitation. Project proponents must justify any use of non-native species over native species.

Findings: No non-native species will be used in this project.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B1.5. Guarantee that no GMOs will be used to generate GHG emissions reductions or removals.

Findings: Section B 1.5 in the PDD guarantees that no GMOs will be used in this project.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.5.2. B2 – Offsite Biodiversity Impacts

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

The project proponents must:

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

Findings: Section B2.1 states that the Project is unlikely to have any negative offsite biodiversity impacts as a direct result of its activities. This section also goes on to explain the possible implications of activity shifting leakage such as oil palm companies that are unable to operate in the project area (as a result of the Project) may purchase licenses to operate in neighboring areas, having a clear negative impact on

biodiversity in that area. Similarly, illegal logging currently taking place in the project area may be displaced onto other neighboring areas, intensifying damage to these areas.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

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

Findings: To gauge off-site impacts to biodiversity that may be caused by the Project, Project Proponents will monitor the movements and business activities of oil palm companies that will retire their licenses in the project area as a result of project activities.

The Project will also document the political economic dimensions of illegal logging activities in the project zone (e.g., where loggers originate, who is funding the illegal logging, etc.) and report the activity to appropriate authorities. Alternative job opportunities will be sought for local residents involved in illegal logging through community development initiatives. The Project will also attempt to track where illegal logging operations relocate, in an effort to monitor off-site impacts to biodiversity.

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: The Project has very few options to mitigate the potential activity shifting by the palm oil concessions. It does present options for dealing with potential activity shifting leakage from illegal logging through its project activities such as agro-forestry programs and education. The PDD also states that “given that the areas to be protected by the project – namely, nearby TPNP and the associated buffer zone – are widely acknowledged as the most important biodiversity reservoirs in southern Kalimantan, and that they are both highly threatened, any rational evaluation strongly suggests that net impacts will be overwhelmingly positive.”

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.5.3. B3 – Biodiversity Impact Monitoring

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

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

The project proponents must:

Indicator B3.1. Develop an initial plan for selecting biodiversity variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the project’s biodiversity objectives and to anticipated impacts (positive and negative).

Findings: The Project Proponent defines four broad categories/indicators for monitoring activities that address biodiversity management goals of the project include: (i) change in forest cover and condition; (ii) plant and wildlife population; (iii) quality and condition of aquatic habitats – including rivers and lakes – and of terrestrial wetland ecosystems such as marshes and inundated grasslands; and (iv) fires. The initial plan and justification of these indicators is well presented in Section B3.1.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator B3.2. Develop an initial plan for assessing the effectiveness of measures used to maintain or enhance High Conservation Values related to globally, regionally or nationally significant biodiversity (G1.8.1-3) present in the project zone.

Findings: The plan detailed in Section B3.1 is adequate to address this indicator.

<u>Conformance:</u>	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
<u>Non-Conformity Reports:</u>	None					
<u>New Information Requests:</u>	None					
<u>Opportunities for Improvement:</u>	None					

Indicator B3.3. Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.

Findings: Section B3.3 provides a commitment to developing a full monitoring plan within 12 months of CCB validation. This section also describes in detail ‘Phase II’ of the biodiversity assessment which covers compatible focused studies on (i) the refinement of ecosystem mapping in the project one through a combination of remote sensing (preferably using high resolution imagery) and field surveys; (ii) confirmation of species considered potentially or likely present (see Section G1.7), in particular species of concern under HCVs 1.2 and 1.3 (see Section G1.8); (iii) a systematic avifaunal survey of nearby Lake Sebuluh, which is partly covered by the project zone; and (iv) follow-up work for any other HCVs requiring more detailed study to determine condition, spatial extent, and proper long-term management.

<u>Conformance:</u>	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input type="checkbox"/>
<u>Non-Conformity Reports:</u>	None					
<u>New Information Requests:</u>	None					
<u>Opportunities for Improvement:</u>	None					

3.6. Gold Level Section

3.6.1. GL1 – Climate Change Adaptation Benefits

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

projects have the potential to help local communities and biodiversity adapt to climate change by: diversifying revenues and livelihood strategies; maintaining valuable ecosystem services such as hydrological regulation, pollination, pest control and soil fertility; and increasing habitat connectivity across a range of habitat and climate types.

The project proponents must:

Indicator GL1.1. Identify likely regional climate change and climate variability scenarios and impacts, using available studies, and identify potential changes in the local land-use scenario due to these climate change scenarios in the absence of the project.

Findings: Section GL1.1 of the PDD describes in detail the likely regional climate change and climate variability scenarios and impacts to the region. This extensive investigation uses available studies and is well documented.

This section describes reduced income, reduced food security, reduced health quality and reduced biodiversity as the most likely outcomes. Increased drought and fire are the main drivers for these impacts.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator GL1.2. Identify any risks to the project's climate, community and biodiversity benefits resulting from likely climate change and climate variability impacts and explain how these risks will be mitigated.

Findings: The PDD states that Project activities are designed to address the negative impacts associated with drought and fire - the primary drivers of environmental degradation associated with climate change. Additionally the community programs are designed to create employment and new industries to the region that are focused on food security and improved health services.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator GL1.3. Demonstrate that current or anticipated climate changes are having or are likely to have an impact on the well-being of communities *and/or* the conservation status of biodiversity in the project zone and surrounding regions.

Findings: The PDD states that based on the IPCC Working Group II findings which are based on a number of observations and models in addition to being supported by the Rimba Raya community surveys and land use analysis, the following impacts have already been observed or are likely to occur in the near future in Rimba Raya:

- **Food Security** - at lower latitudes, especially seasonally dry and tropical regions, crop productivity is projected to decrease for even small local temperature increases (1-2°C), which would increase risk of hunger. Regional changes in the distribution and production of particular fish species are expected due to continued warming, with adverse effects projected for aquaculture and fisheries.
- **Income** - increases in the frequency of droughts and floods are projected to affect local production negatively, especially in subsistence sectors at low latitudes. The most vulnerable industries, settlements and societies are generally those in coastal and river flood plains, those whose economies are closely linked with climate-sensitive resources, and those in areas prone to extreme weather events.
- **Health** - projected climate changerelated exposures are likely to affect the health status of millions of people, particularly those with low adaptive capacity, through: increases in malnutrition and consequent disorders, with implications for child growth and development; increased deaths, disease and injury due to heat waves, floods, storms, fires and droughts; the increased burden of diarrheal disease; the increased frequency of cardio-respiratory diseases due to higher concentrations of ground level zone related to climate change; the altered spatial distribution of some infectious disease vectors. Endemic morbidity and mortality due to diarrheal disease primarily associated with floods and droughts are expected to rise in East, South and Southeast Asia due to projected changes in the hydrological cycle associated with global warming. Increases in coastal water temperature would exacerbate the abundance and/or toxicity of cholera in South Asia.
- **Biodiversity** - increase in drought brings an increase in fire risk. This fire threatens the forest cover and populations of already threatened species such as the Bornean orangutang.

The issues listed are considered to be appropriate for the project area.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator GL1.4. Demonstrate that the project activities will assist communities *and/or* biodiversity to adapt to the probable impacts of climate change.

Findings: The activities that the Project will undertake and their impact on the well-being of communities and conservation status of biodiversity are clearly presented in Table 49-53. These actions are consistent with the material presented in the rest of the PDD and cover all the identified risk areas.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.6.2. GL2 – Exceptional Community Benefits

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

Indicator GL2.1. Demonstrate that the project zone is in a low human development country OR in an administrative area of a medium or high human development country in which at least 50% of the population of that area is below the national poverty line.

Findings: The PDD explains that Indonesia is a Medium Human Development country on the UNDP Human Development Index (UNDP 2007). Poverty level of the administrative area of the Project, therefore, is used to qualify for Criterion GL2.1.

The national poverty line in Indonesia, set by the Indonesian Bureau of Statistics (Badan Pusat Statistik – BPS), is defined by household ability to afford a specified minimum food intake and other essential non-food items. The Indonesian poverty line is stricter than that commonly used by international organizations, such as the World Bank and UN. Where these organizations set the threshold for extreme poverty at US\$1/person/day, and moderate poverty at S\$2/person/day, BPS has set the Indonesian poverty limit at \$1.55/person/day (WB 2006).

In 2006 BPS reported 17.8% of Indonesians were said to live below the national poverty line, yet 49% of the population was living on less than \$2/day (WB 2006). Additionally, Indonesian national poverty

statistics do not reflect the lack of access to basic services and poor human development outcomes that are endemic to most outer lying regions of the archipelago, including the project area.

The Rimba Raya Project is located in the Seruyan District (*Kabupaten*) of Central Kalimantan. BPS data from 2004 show 5-10% of the population in Central Kalimantan fall below the national poverty line – 500,000 to 1 million individuals (WB 2006). According to provincial data alone, the Project would not meet the ‘50% of the population’ threshold for this criterion. However the PDD refers to statistics from the Seruyan District which indicates that the average household income in the Project Zone for 2008-2009 was 500,000 Indonesian rupia or USD\$55/month. Of a total population of 15,826 in 2,886 households this equates to approximate 5 people per household equalling a meagre \$0.36/person/day. Local statistics provided by the Proponent indicate that at least 50% of the communities within the project zone live below the national poverty line.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator GL2.2. Demonstrate that at least 50% of households within the lowest category of well-being (e.g., poorest quartile) of the community are likely to benefit substantially from the project.

Findings: The population of the project area includes 10,935 individuals from 1,975 households. Fifty percent of the poorest quartile amounts to 1,367 individuals, or c. 247 households, that must benefit substantially from the Project to meet Criterion GL2.2. The Project is designed such that it will offer a multitude of programs and activities to communities across the project area.

As described previously in this report, these will include an early childhood education program, three community centers, a microcredit program, a mobile health clinic, reforestation in three locations spread across the project area, agroforestry initiatives, an orangutan reintroduction project and more. These programs and activities will be designed and implemented to target and prioritize involvement of individuals in the poorest quartile of households, and they are expected to reach far more than 50% (247 household) of the poorest quartile.

The validator believes that the planned programs are likely to meet this requirement of the standard based on the documentation provided by the proponent.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator GL2.3. Demonstrate that any barriers or risks that might prevent benefits going to poorer households have been identified and addressed in order to increase the probable flow of benefits to poorer households.

Findings: The PDD identifies two barriers, or risks, that might prevent project benefits from reaching the poorer households that include:

1. Communication on program opportunities being restricted, intentionally or unintentionally, from reaching the poorer households.
2. The communities are provoked by a project opponent and misguided to categorically reject the project.

To mitigate these risks the Project proposes to conduct routine, direct communication with the target households, taking advantage of, but not relying exclusively on, traditional forms of communication. Communication will therefore follow two paths:

1. The traditional system via local government (sub-District, township and village heads); and
2. A direct grassroots system, delivering project information directly through physical site visits.

The identification of these barriers is adequate and the mitigation approaches appear to offer a possible reduction in the risk of exclusion. The approaches fit with the overall communication strategy of the project and the skills of the project partners/associates.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator GL2.4. Demonstrate that measures have been taken to identify any poorer and more vulnerable households and individuals whose well-being or poverty may be negatively affected by the project, and that the project design includes measures to avoid any such impacts. Where negative impacts are unavoidable, demonstrate that they will be effectively mitigated.

Findings: Measures to identify the most vulnerable households and individuals will be undertaken as part of the HLSA described in GL2.2 of the PDD. Part of this assessment will be to identify ways in which all households, including the poorest households, may be negatively affected by the project. This approach appears to be adequate.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator GL2.5. Demonstrate that community impact monitoring will be able to identify positive and negative impacts on poorer and more vulnerable groups. The social impact monitoring must take a differentiated approach that can identify positive and negative impacts on poorer households and individuals and other disadvantaged groups, including women.

Findings: Monitoring and evaluation of project impact on communities will follow the HLSA methodology. Other resources, such as CARE’s Benefits Harms Guidebook (2001) that has a focus specifically on unintentional negative impacts will also be used as reference.

Disadvantaged groups that have been identified in the project area include: 1) women, 2) the elderly, 3) the poor and 4) landless individuals that make a living working on other people’s farmland (usually a neighbour). These groups of people will be surveyed differently than the rest of the community, making an effort to monitor each individual or household as opposed to representative sampling. Community-based monitoring initiatives are part of the HLSA methodology, making this goal of reaching each individual realistic and achievable.

This approach appears to be good practice for demonstrating that community impact monitoring will be able to identify positive and negative impacts on poorer and more vulnerable groups.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

3.6.3. GL3 – Exceptional Biodiversity Benefits

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

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

Indicator GL3.1. Vulnerability

Regular occurrence of a globally threatened species (according to the IUCN Red List) at the site:

- 1.1. Critically Endangered (CR) and Endangered (EN) species - presence of at least a single individual;
or
- 1.2. Vulnerable species (VU) - presence of at least 30 individuals or 10 pairs.

Findings: Species previously identified in bordering Tanjung Puting National Park (TPNP) are a solid proxy for species likely to occur in the project area. As a total of 54 species listed as Critically Endangered or Endangered by IUCN are likely present in the Rimba Raya project area, 17 of which are confirmed present in TPNP. An additional 40 species listed as Vulnerable by IUCN are likely present in the project area, 13 of which are confirmed in TNTN.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

Indicator GL3.1. Irreplaceability

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

- 2.1. Restricted-range species - species with a global range less than 50,000 km² *and* 5% of global population at the site; or
- 2.2. Species with large but clumped distributions - 5% of the global population at the site; or
- 2.3. Globally significant congregations - 1% of the global population seasonally at the site; or
- 2.4. Globally significant source populations - 1% of the global population at the site.

Findings: The Bornean orangutan population of TPNP is estimated to be more than 4,700 individuals (OFI 2008), or c. 9.8% of the total estimated population of c. 48,000 for all of Borneo (Ancrenaz et al. 2008). Adjacent forests in the project area provide an additional 44,000 hectares of suitable orangutan habitat, supporting an estimated 760 individuals. This augments the TPNP orangutan population by an additional 14%, and the global population by nearly 2%.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: None

4.0 CCB Validation Conclusion

Following completion of SCS's duly-accredited validation process, it is our opinion that the Rimba Raya Biodiversity Reserve Project conforms to the CCBA Climate, Community and Biodiversity Project Design Standards (Second Edition) at the Gold Level (see Appendix A).



Name: Dr. Carly Green
Position: Lead Auditor
Company: EAS
Date: October 14, 2011



Name: Todd Frank
Position: GHG Program Manager
Company: Scientific Certification Services
Date: October 14, 2011

5.0 Corrective Action Requests

Please see section 3.1 of this report for descriptions of the types of corrective action requests. Please see section 3 for references to these corrective action requests.

Non-Conformity Reports:

NCR Number 2010.1 of 6 Dated 18th July 2010

Finding: Ensure that any updates to the carbon accounting as a result of changes to the VCS documentation are updated in the CCB PDD.

Proponent Response on 1st December 2010: All pertinent updates to the CCB have been made.

Auditor Response: The changes to the CCB PD are consistent with the carbon accounting approach presented in the VCS PD and in accordance with the approved methodology. This approach covers in detail the ex-ante estimations and approach to calculating ex-post GHG benefits from the project. The approach takes into consideration leakage, uncertainty, and risk buffer of 20%.

NCR Number 2010.2 of 6 Dated 18th July 2010

Finding: During the stakeholder meetings it was found that few people understood the project details and how the project was going to affect their use of the land within the project zone and the potential benefits that the project would bring or how to they would obtain access to the benefits of the project. Please conduct an awareness program so that the requirements of this element of the standard are met.

Proponent Response on 1st December 2010: All During the month of August a successful comprehensive community awareness program was initiated in addition to the several engagements from the past year to improve and expand the awareness and understanding of the Rimba Raya Biodiversity Reserve. Please see attached summary report, and brochure examples submitted with NCR3.

Auditor Response: The local auditor, Aswin Usup revisited the site following the additional community consultation process conducted by the project proponent. The evidence collected during this re-visit included discussions with the local people and the sighting of posters, mail boxes and the documentation consistent with that described by the project proponent. The evidence suggests that the community consultation process was carried out as described by the project proponent and the community seems to be more aware about the project than in the first visit.

NCR Number 2010.3 of 6 Dated 18th July 2010

Finding: The process for publicizing the community consultation period was not completed as described in the PD. The community consultation period should be conducted again and the action consistent with what is reported in Section 3.9 of the PDD.

Proponent Response on 1st December 2010: In order to ensure the community's are aware of the

CCBA Public Comment Period and Rimba Raya's Grievance Process, we initiated a comprehensive training and consultation period utilizing the strengths of "World Education" a respected International NGO as our 3rd party inter-mediator and facilitator.

Together with World Education, we have conducted an innovative community awareness program which focused on dissemination of information about climate change, carbon trade and the operational plan of PT. Rimba Raya Conservation in the Seruyan watershed. Such information package is also distributed to the related stakeholders (posters, brochures, public comment SOP, etc.).

Some of the Activities Included:

- Brochures (3.000 pcs) and posters have been distributed to the: (a) communities in 14 villages, (b) district agencies in Seruyan, (c) Staff of Tanjung Puting National Park, (d) Staff of BKSDA and all stakeholders.
- Conducted leadership training (19-21 August 2010) for the Village Heads (or village representative) on facilitating the management of community comment-grievance, as well as on the subject of climate change vs. local livelihood.
- Installed 30 boxes in 14 villages to use as a 'post-office box' of the community comments.
- Conducted focused and comprehensive group discussions in each village for the households in 14 villages regarding CCBA Public Comment Period and grievance resolution plan, as well as on the subject of climate change vs. local livelihood.

Section 3.9 of our PDD will be amended to conform to the actions taken as per above and in further detail. (END)

Auditor Response: The approach described in the CCB PDD is now consistent with the evidence collected from the community during the second field visit and the process appears to confirm to the requirements of the standard.

NCR Number 2010.4 of 6 Dated 18th July 2010

Finding: A formal grievances or conflict resolution process needs to be defined and cover the key elements of the standard (i.e. Third party, formal process and publication to all stakeholders)

Proponent Response on 1st December 2010: A formal grievance/conflict resolution process has been instituted and publicized. It has all elements needed in the process to make sure it meets with standard and conflict resolution protocols. For Example

1. Managed by a Third party – World Education is responsible for receiving and mediating between the communities and Rimba Raya should they be needed. This agreement is in writing and in force now.
2. Formal Process – World Education has informed all villages on the process of contacting them to submit a grievance or resolve a conflict. This process is described in the attached poster (English translation of the Indonesian version).
3. Publicized- All communities and stakeholders have been informed of the 3rd party mediation of WE. Posters have been installed in all communities. Stakeholders were informed in face to

face meetings by Rimba Raya personnel. This recent awareness program was led by World Education.

See attached poster and MOU agreement with World Education.

Auditor Response: The approach presented by the project proponent was found to be clearly defined and communicated to the communities within the project area. The use of World Education in this process is considered appropriate as the organization has a strong active and trusted presence in the communities within the project area. Established offices and information leaflets from World Education were seen in the communities visited during the field trip and were considered evidence of their presence in the region of the project.

NCR Number 2010.5 of 6 Dated 18th July 2010

Finding: Please provide evidence of the final award of the Ecosystem Restoration Concession.

Proponent Response on 2nd September 2011: Please see updated sections of the CCB PDD and refer to PD Annexes 15C for details on the government regulations and authorizations necessary to obtain carbon rights to the Carbon Accounting Area.

Auditor Response: The outstanding issue related to the concession was resolved. It was determined that the status of the concession (the project is in the final stages of receiving approval for the concession) was sufficient to prove that the project proponent has provisional tenure to the project area and meets the CCB requirements for ownership/rights to the project area.

NCR Number 2010.6 of 6 Dated 18th July 2010

Finding: Completion of the relevant VCS NCRs related to carbon accounting is required to achieve closure on this section.

Proponent Response on 1st December 2010: All Baseline calculations and relevant updates to the Baseline Report, Monitoring Report, etc have been completed and submitted.

Auditor Response: All the relevant outstanding issues with the VCS validation have been closed (see SCS VCS validation report). As such the GHG calculation approach presented by the project proponent is considered transparent, correct and conservative in that it takes into consideration the key requirements of additionality, leakage, risk and uncertainty.

New Information Requests:

NIR Number 2010.1 of 1 Dated 18th July 2010

Finding: OFI are listed as significant stakeholders in this project. In discussions with both OFI and IE in the course of the audit there were conflicting responses when asked what the financial benefits to OFI would be. Please provide evidence that both parties understand the financial arrangements of the project.

Proponent Response on 1st December 2010: Please find attached the MOU confirming our prior agreement initiated in early 2009.

Auditor Response: The MOU provided presented a clear description of the benefit sharing arrangements between OFI and IE. This agreement has been signed by both parties and was sufficient to close this NIR.

General Section

Conformance

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

Climate Section

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

Community Section

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

Biodiversity Section

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

Gold Section

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

CCBA Validation Level Attained:

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

There were no comments submitted online during the mandatory CCB community consultation period.

The project proponent conducted a thorough community consultation program within the communities surrounding the project area. Following this exercise over two periods, 364 comments were received from the 14 villages. The comments are broadly summarized in the table below. The issues that the communities raised are generally addressed by the project and it is the project's intention to alleviate the degradation pressures on the project area by improving the livelihoods of the communities.

Village	Type of support	
	1 st Round Collection	2 nd Round Collection
1. Jahitan	Fully supported	Fully supported
2. Telaga Pulang	Fully supported	Fully supported
3. MuaraDua	Fully supported	Fully supported
4. Tanjung Rangas	Fully supported, one small group opposed	No objections
5. Bahaur	The villagers fully supported, one community member opposed	Fully supported
6. Parang Batang	Fully supported	-
7. Baung	Most of village officers opposed	The communities of western Seruyan river bank opposed
8. Banua Usang	Fully supported	-
9. Palingkau	Fully supported	-
10. Paren	Several communities expressed worryness, some village officers opposed, head of the village and head of BPD fully supported	-
11. Paring Raya	Fully supported	Fully supported
12. Ulak Batu	Fully supported	Fully supported
13. Cempaka Baru	-	-
14. Tanjung Hanau	-	Some supported, the other opposed

World Education provided a detailed summary of the outcomes of the second round of community consultations. The majority of the concerns about the project relate to PT. Rimba Raya breaking their promises which was considered reasonable since the communities had various bad experiences on “breaking the promises” with the surrounding oil palm plantations.

1. PT. Rimba Raya Conservation should not break the commitment as usually happened with the other oil palm companies, many promises to support the community livelihoods (including recruitment of local manpower) but at the end was never fulfilled.

2. Limited access of the communities to the forest where they usually live and depend on. The existence of PT. RR would cause the communities impossible to utilize the natural resources any longer (especially for the local needs of woods).
3. Orangutan release program that will disturb the communities, especially for their activities of traditional farming within the forest.

Four villages that expressed disagreement comments in the first round of community consultations, namely Tanjung Rangas, Bahaur and Paren. In the second round, Bahaur's communities change to an agreement. No disapproval comments in writing from Baung village were recorded, but some village officers verbally expressed on their lack of willingness to support PT. RR project. A summary of the points of disagreement were:

1. One head of small community group (RTbahasa) in Tanjung Rangas village objected due to the condition that many generations had utilized the forestland for agriculture and fisheries.
2. Pak Samlan (claimed to be) the representing Bahaur Village people, objected with no clear reasons.
3. The head of the Paren Village (Pak Yudishara), acknowledged by Head of BPD (Pak Bali) stated that the result of the village meeting in August 27th 2010 conclude to disagree to PT. RR, because it will destroy their source of income from agriculture and fisheries, including their new rice-field plan.
4. Abdul Rochim (former BPD) of Tanjung Hanau objected since the forests were used by villagers.
5. Some Tanjung Hanau villagers expressed their concerns that PT. RR should not follow the oil palm companies that keep their promises.
6. Muara Dua Village questioned about the land status that already titled by village head letter (SPT: Surat Pernyataan Kepemilikan Tanah-Bahasa).

The project recognizes that many of these activities described by the communities are technically illegal in the project zone; however they have not been policed in the past. The project continually states that the project will not stop legal practices in the project zone and has designed community programs to generate new and more efficient agriculture and fisheries programs. The validator is of the opinion that the design and intent of the project will alleviate the communities concerns once the project is initiated and that the commitment to ongoing community education and communication is an important component to the successful engagement and longer term support of the community.

The community is suspicious of promised development in the area as a result of negative experiences with palm oil companies. The experience of promises being broken was a significant driver for opposition.

During the process of the audit the validator witnessed a strong commitment by the project team to respect and include the needs of the communities surrounding the project area. This included the commitment to work with local trusted partners and provide information relevant to the community's needs.