



Certification for a Sustainable World™

FINAL CCBA PROJECT VALIDATION REPORT

APRIL SALUMEI, EAST SEPIK, PAPUA NEW GUINEA

RAINFOREST MANAGEMENT ALLIANCE

30th May 2011

Validation Conducted by:

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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 Rainforest Project Management Limited that the April Salumei Sustainable Forest Management 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

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1.2. Objective

The validation objective is an independent assessment by SCS of the proposed Project activity against all defined criteria as defined by the Climate 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 CCBA. The ultimate decision on the registration of a proposed Project activity rests with CCBA.

1.3. Scope and Criteria

The Project shall be 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 as described in this proposal encompasses analysis of data and calculations as presented at the time of inception of Project validation. The SCS Lead Auditor may issue one or more New Information Requests (NIR) or Non-Conformity Reports (NCR), as needed, and re-analyze new submissions.

1.4. Project Description

The April Salumei Sustainable Forest Management Project is located within the district of Ambunti in the province of East Sepik, Papua New Guinea. This area is recognised as one of the least developed areas in Papua New Guinea. The Project area is defined as the boundary of an existing Forest Management Agreement (FMA), encompassing a total area of 521,000ha of which includes a total production area of 177,200ha designated for logging and a net production area of 150,620ha. The FMA is a legal agreement between the landowners and the government and gives the government, through the PNG Forest Authority, the right to identify a Project partner to harvest timber contained in the Project area, which represents the without Project scenario.

The land is owned by 163 Incorporated Land groups (ILG’s) who are also represented by four main cultural groups within the Project area, namely:

1. Salumei Investments Ltd consisting of 37 Incorporated Land Groups
2. Sio Walio Investments Ltd consisting of 54 Incorporated Land Groups
3. Nom Investments Ltd consisting of 28 Incorporated Land Groups
4. Niksek Samsai Resources Ltd consisting of 44 Incorporated Land Groups

These four Landholder Companies form a group represented by a holding company, Hunstein Range Holdings and have formed the April Salumei Foundation for the purposes of realising income from environmental services through the avoidance of forest degradation and deforestation.

It is estimated that the April Salumei Sustainable Forest Management Project will avoid 98,441,367 tonnes of carbon dioxide equivalent (CO₂e) over the Project life of 25 years through the avoidance of timber harvest and the subsequent conversion of some harvested areas to agriculture. This without project scenario is consistent with the area development plan approved by the Forest Authority.

The compensation from the sale of these credits will be deployed in two ways:

- 1) an initial payment directly to the people in the Project area, and
- 2) the majority of the money being held in trust to which landholders can apply for community development Projects.

The private trust will be administered by a board of trustees partially comprised of elected members from the ILGs. Community development Projects are to be proposed by the people in the Project area and assessed and awarded by the board of trustees. The types of Projects funded include community resource centres, education and health services, improved river and land transport, communications and policing. Projects that generate sustainable income through small scale agriculture, aquiculture and ecotourism will be supported through a process of application. These projects will be required to demonstrate financial viability, be consistent with the requirements of CCB and have a brief Environmental Impact Assessment to report any potential net climate, community and biodiversity impact prior to approval.

There is also a general commitment to align Projects with a 10 year regional government development plan that has been published for the region, such as financial support to finish a road that has been started in the region, but outside the Project area.

The Project has a commitment to employ local people as Project stewards to coordinate community development Projects and perform Project monitoring. To support the development of skills locally, the Project will establish four resource centres including the renovation of the “White House” at Ambunti which will become the Project head office, within the four regions of the Landholder Companies in the Project area. These centres will serve as information and training facilities for the Project.

1.5. Summary of Validation Conclusion

Following completion of SCS’s duly-accredited validation process, it was our conclusion that the April Salumei Sustainable Forest Management Project could conform to the CCBA Climate, Community and Biodiversity Project Design Standards (Second Edition) at the Gold Level (see Appendix A), subject to 43 Non-conformity Reports (NCRs), 6 Opportunities for Improvement (OFIs) and 1 New Information Requests (NIRs). Rainforest Project Management Limited provided prompt and satisfactory responses to the NCRs issued as a result of the initial evaluation. Rainforest Project Management Limited was co-operative in providing evidence requested to support their comments and responded to the public comments submitted through the CCB website. It is our opinion that the Project now fully meets the requirements of the CCB standard at the Gold Level having met the Biodiversity Gold level criteria.

2.0 Methodology

Pre-Assessment Audit

SCS began a pre-validation of the Project in March 2010 which entailed a desk audit of Project documentation and phone calls and email correspondence with Rainforest Project Management Limited. The audit team then conducted a field visit in late March to the Project area to further assess whether the Project design was in conformance with the standard.

Following the field visit, 24 New Information Requests (NIR) were made and responses to these requests were provided to SCS during the month of April. SCS subsequently issued a draft report Rainforest Project Management Limited in early June which outlined the key issues of adequate community consultation and appropriate greenhouse gas estimations. The proponent responded to these requests and developed a new PD and scheduled the CCB public comment period.

Full Validation Audit

The CCB validation commenced in late June 2010, beginning with a desk audit of the revised Project documentation and responses to the NIRs provided by Rainforest Project Management Limited following the pre-assessment. The independent auditor along with an independent local auditor was authorized by SCS to conduct a formal site visit and validation assessment between 11 – 18th July 2010. This site visit consisted of 9 days in Papua New Guinea which included visiting three villages where it was estimated that over 1000 people attended community meetings to discuss the Project. The auditors also held meetings in Wewak and Port Moresby with various stakeholders including the Provincial Planning Office, the National Forest Authority, Dr Martin Golman (submitted public comments), and Minister Aimo, University of Papua New Guinea, Forest Research Institute and members of the Forestry Board. Findings from the review of the revised documentation, the various meeting conducted and Rainforest Project Management Limited responses and follow up meetings relating to the various public comments submitted to the CCBA lead to the issuance of 41 Non-Conformity Reports (NCR), 1 New Information Requests (NIR) and 6 Opportunities for Improvement (OFI) to which Rainforest Project Management Limited were asked to respond.

This final report presents the evidence presented to the validator during the full validation and in response to the NCR/OFI/NIRs and follow up meetings.

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 Auditor

Dr Carly Green has over 10 years of International experience in cross sector greenhouse gas accounting. Her experience extends through research, government policy advisor, Project developer, training facilitator and lead auditor in Europe and Asia Pacific. She completed her PhD in 2006 from University College Dublin with her research contributing to IPCC National level carbon accounting methodologies in Agriculture, Forestry and Other Land Use (AFOLU). Since then she has been an advisor to governments and involved in the development of 7 VCS/CDM/CCBA compliant forest sink Projects and has lead or participated in 7 forest sink audits and 2 REDD/IFM methodology validations under the Australian

Governments Greenhouse Friendly program, the Voluntary Carbon Standard and the Climate Community and Biodiversity standard. Carly has also trained over 300 people across Australia, New Zealand, China and Fiji in climate change mitigation and adaptation in Agriculture and Forestry Carly's extensive experience has been recognized by the VCS where she has been listed as an independent expert.

Isreal Bewang – Local Forestry Expert and Translator

Israel Bewang has a Masters in Forestry and has studied in Papua New Guinea and Australia. Israel has 10 years experience in conducting forest research, data collection, analysis and reporting. He also has experience in strategic and activity planning and implementation of these plans, forest inventory surveys and forest management plan development. Israel has valuable experience in forest certification and climate change as well as conflict resolution for natural resource management issues.

Zane Haxton - Technical Review

Mr. Haxton holds a M.S. in Forest Resources from Oregon State University. A specialist in forest inventory, Mr. Haxton holds significant expertise in sampling design, inventory management and growth modeling. Mr. Haxton is well versed in methodologies for Avoided Planned Deforestation, Improved Forest Management, and Afforestation, Reforestation and Revegetation Projects, with experience working in tropical and temperate forests alike. Mr. Haxton is currently a verifier under the Climate Action Reserve, the Verified Carbon Standard and the Climate, Community and Biodiversity Standards.

2.3. Audit Process

The audit process included the following steps:

- Initial Project orientation meeting and finalization of the audit plan with Rainforest Project Management Limited (via conference call);
- Review of initial Project documentation, including Project design reports, preliminary models, and Project background descriptions;
- Site visit between 11 - 19 July 2010, that included:
 - Project overview by Stephen Hooper;
 - Meetings with field trip team including the team leader Philip Moyer (Rainforest Management Alliance), Erik Mesak (Ministry of Correctional Services, local guide), Namani (Secretary of ILG, local landholder and Project advisor on agriculture Projects).
 - Site visits at three locations within the Project zone, specifically Chagriman, Wagu and 'The Farm' (which was a meeting point for numerous villages) which resulted in question and answer sessions with over 1000 landholder and village participants of the Project including men, women, youth, church leader, representatives.
 - Meetings with district planning office in Wewak
 - Meetings with Forest Authority, Minister Amio, University of Papua New Guinea, Forest Research Institute, Members of the Forestry Board and landholders living outside the Project area.
 - Phone conversations with Jackson Yagi, Hunstein Range Holdings.
- Review of stakeholder comments and responses to those comments;
- Issuance of NCR, NIR and OFI findings to the client

- Rainforest Project Management Limited response to NCR, NIRs, and OFIs;
- Auditor review of Rainforest Project Management Limited response to issued NCR, NIR and OFI
- Follow up phone and email correspondence with Greenlight Trust, WWF and Mathew (Kaki) Yafei; a local Wagu villager regarding issued raised in submitted public comments;
- 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 25th June 2010 and the public comment period extended through 24th July 2010. Comments were received from 7 parties (see full transcripts and proponent responses in Appendix B).

Written comments were received from the following stakeholders:

- Theo Yasause, DNA, Papua New Guinea
- Dr Martin Golman, Deputy Director, PNG Forest Research Institute
- Matt Leggett, World Wildlife Fund
- Nigel Hughes, CEO Green Light Trust
- Dr Sunil Sharma and Dr Samuel Phua, Carbon Planet
- Dr Wari Iamo, Executive Director of Climate Change and Development, PNG

All comments have been addressed by the auditor in this report. General themes included:

- Approval and consent of the Project by landholders
- History and representation of Hunstein Range Holdings
- Policy framework and Papua New Guinea Government endorsement
- Relationship with Nupan; another Project developer in Papua New Guinea
- General accuracy and transparency of the PDD

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 references the findings from the audit when applicable. These findings can include Non-Conformity Reports (NCRs), Opportunities for Improvement (OFIs) and New Information Requests (NIRs). For ease of understanding and reading of this audit report, the many findings are summarized and their responses listed at each of the relevant Indicators in the report. In the case of non-conformance, a Non-Conformity Report stipulates the deficiency and its relation to the CCB protocol. NCRs indicate broad non-conformance at the criterion level that must be satisfied prior to Project validation. An Opportunity for Improvement is issued when overall conformance with a criterion has been achieved but in instances where actions could be taken to further ensure compliance with an indicator. A New Information Request indicates when additional information is necessary to complete the validation.

The Project Proponent is listed in the CCB PDD as the April Salumei Foundation and Rainforest Project Management is the Project Implementer. Throughout the remainder of the report, the April Salumei Foundation is referred to as the “Project Proponent” or the “Proponent” and Rainforest Project Management Limited will be referred to as the “Project Implementer” or “the Implementer”. The Project Implementer presented material for validation in a document entitled April Salumei, East Sepik, Papua New Guinea, dated June 2010, and subsequently an updated version, which is available to the public on the CCBA website (<http://www.climate-standards.org>). The CCBA refers to such documents as Project Design Documents (PDD). The PDD was revised in August 2010 with corrections/changes made in response to the NCRs/OFls/NIRs issued during this validation process.

3.2. General Section

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

3.2.1. 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:

As described in the Project Design Document (PDD), the Project is located in the district of Ambunti, East Sepik. The basic physical parameters are described in Section G 1.1 of the PDD. These physical parameters include the soil, geomorphology, climate and hydrology of the Project area and surrounding Project zone. The sources of information are local and relevant.

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 and include seral and swamp forests, swamp grassland and herbland, low altitude forest on plains and fans, low altitude forest on uplands, lower montane forest and woodland.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.1

New Information Requests: None

Opportunities for Improvement: None

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

Findings:

The Project Area and the Project Zone of the Project are defined in Section G1.3 of the PDD. Furthermore Map 5 shows the Project Zone and the Project Area. The Project Zone is defined by natural boundaries (i.e. the river and mountain range) to encompass the communities as a whole. The Project Area is described as the original Forest Management Area, being 521,000 hectares. This is also stated to be the pre-existing Hunstein Range Holdings Limited (HRH) boundaries. Section 3.8 of the PDD explains that 'the April – Salumei FMA area encompasses land owned by 163 Incorporated Land Groups (ILG)s under an umbrella landowner company, Hunstein Range Holdings Ltd. Hunstein Range Holdings consists of four landowner companies; April Salumei Investments Ltd, Sio Walio Investments Ltd, Nom Investments Ltd and Niksek Samsai Resources Ltd.

The Project Zone includes an area known as a Wildlife Management Area (WMA) which was gazetted in 1997, however has been contested by Hunstein Range Holdings. This area is not part of the carbon accounting area (the Project Area) as shown in Map 15. The PDD states that the Project Zone is defined by a 5km buffer from the boundary of the Project Area, following practices typical of agriculture, forestry and marine sectors. It also states that this 5km zone takes into consideration the semi nomadic communities of the region and cites Saulei and Kaluwin 2009 for justification. In some cases natural boundaries such as the Sepik river and the Hunstein mountain range where used to delineate the Project Zone boundary.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.2

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, default values) from the Intergovernmental Panel on Climate Change’s 2006 Guidelines for National GHG Inventories for Agriculture, Forestry, and Other Land Use or a more robust and detailed methodology.

Findings:

Current carbon stocks are estimated for a total Project area of 508,565 hectares in Section G 1.4 of the PDD and a separate document titled ‘Carbon Calculations V2 small’. Existing areas of grassland are excluded from the carbon calculations which accounts for the discrepancy between the 521,000 hectare Project Area described in Section G1.3. The carbon accounting approach is based on IPCC 2006 Guidelines for National GHG Inventories using a Tier 1 approach and stratification by IPCC land-use class. Carbon stored in the aboveground biomass and belowground biomass are estimated. Carbon stored in the dead organic matter and the soil organic carbon pools are excluded. This Tier 1 approach is an acceptable approach by the CCB standard to demonstrate the net climate benefit of the Project as of the time of Project validation. The current carbon stock estimates are provided in Table 1 and are estimated to be 114, 612,751 tonnes of CO₂ across all identified forest strata.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.3

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:

Descriptions of communities within the FMA are given in Section G 1.5 of the PDD. This section provides a general overview of the population (including a map of population density), services, income, education, health and languages of the communities found in the Project area. The PDD describes the four landholder companies (Salumei, Sio Walio, Nom and Niksek Samsai) and their respective ILGs.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.4

New Information Requests: None

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, customary and legal property rights for those communities in the FMA are described in Section G 1.6 of the PDD. This description includes reference to the unresolved dispute over the pre-existing FMA for commercial timber harvest between the government and the ILGs. The description also provides a history for the disputed Wildlife Management Area which materialized during the designation process for the FMA.

During the audit it came to the attention of the validator that there was some animosity toward the Hunstein Range Holdings company and their previous record of misrepresentation of the ILG groups in particular as they relate to the previous FMA dispute and possible outstanding legal costs and equitable distribution of funds appropriated from the ILG landholdings. This relationship with the Hunstein Range Holdings company presents a Project risk with regard to future conflicts as funds begin to be realised by the Project.

The gazetted Wildlife Management Area (WMA) has been under dispute since 1997. Whilst this area is outside the carbon accounting area it is within the Project zone and it is unclear from the discussions held with WWF, RMA and the PNG Forest Authority what the status of this area is.

The Project Implementer has tried to manage these potential conflicts through incorporating design elements into the Project such as holding the money in trust and encouraging transparent elections on the board of Hunstein Range Holdings.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.5

New Information Requests: NIR 2010.1

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 includes the majority of the Project zone and references several studies conducted by the World Wildlife Fund (WWF), the national government and Forest Carbon Environmental Services. Threats include infrastructure development, climate variability, fire, invasive species and mining.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: OFI 2010.1

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
- 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 HCV is presented in Section G 1.8 of the PDD. This evaluation was conducted in accordance with the High Conservation Value Forest Toolkit” (Pro Forest, 2003) for PNG forests which states that ‘all forests contain environmental and social values’. The evaluation focuses on IUCN listed

species and some traditional and religious sites. A list and map of important cultural sites is presented for the Project zone. This section suggests that the entire Project zone supports nationally significant concentrations of biodiversity value, threatened or rare ecosystems and ecosystem services.

The Project Implementer extended the HCV Forest Toolkit and also recognised HCVs that are of significant importance to the community and biodiversity of the region such as the Sepik River and surrounding wetlands.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.6

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 is identified as commercial timber harvesting. This is supported by the description of the legal battle initiated by the Hunstein Range Holdings to over through the government declaration of the area as a Wildlife Management Area described in Section G1.6 and re-instate the FMA. The drivers for commercial timber harvesting are stated to be export demand as quoted by a relatively recent publication (Forest Trends 2006). The community livelihoods described in Section G1.5 and the remoteness of the communities indicate little revenue alternatives from their land. The remoteness of the area and a reliance on the river system for transport (which can be problematic in the dry season as experienced firsthand during the field trip) have been possible barriers to establishing eco-tourisms ventures. One guest house was visited in Wagu that is used as a base for tourist to visit and bird watch. Discussions with locals confirmed that this was the only one of its kind in the area and had been financially supported by the UK based Green Light Trust.

During the formalisation of the Forest Management Agreement, the Forest Authority developed a Development Options Study for the April Salumei region. This document details the agreed harvest regime and potential land uses and options post harvest. The Project Implementer has taken this into

consideration as well as the current contentious harvest exclusion zone defined by the WMA boundary when developing the without Project scenario. The approach presented in consistent with the IPCC 2006 GL for AFOLU.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.7

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. Given the successful court action by Hunstein Range Holdings to reinstate the FMA, it is likely that in the absence of this Project, commercial harvesting of the Project area would have occurred. Meetings with the Managing Director of the Forest Authority, Kanawi Pouru during the field visit also confirmed that this would have been the most likely scenario for the region.

The PDD quotes numerous studies undertaken in PNG (which were provided to the validator to review) that indicate logging practices in PNG are destructive and lead to wide scale land use change.

This supporting evidence suggests that it is unlikely that climate and biodiversity benefits would have occurred without the Project as a result of commercial timber harvesting. The (contested) gazette of a Wildlife Management Area (WMA) in the region, which reduced the original FMA area, also supports the recognition of the biodiversity in the region and the potential damage that timber harvesting could have in the area. The PDD also references studies that indicate landowner payment system usually implemented under an FMA agreement would likely lead to a lack of long-term community benefits.

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.¹⁹ The timeframe for this analysis can be either the Project lifetime (see **G3**) or the Project GHG accounting period, whichever is more appropriate. Estimate the net change in the emissions of non-CO₂ GHG emissions such as CH₄ and N₂O in the ‘without Project’ scenario. Non-CO₂ gases must be included if they are likely to account for more than 5% (in terms of CO₂-equivalent) of the Project’s overall GHG impact over each monitoring period.

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 and supporting document titled Carbon Calculations April Salumei.xls. This section states that the carbon stocks in the Project area were developed in accordance with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories.

The total above-ground and belowground carbon pools were estimated using a 7 step process which is consistent with Volume 4: Agriculture, Forestry and Other Land Use (4.2.1.4 Calculation steps for Tier 1). The factors used are consistent with the default values listed by the IPCC for the region and ecosystem type which the Project is defined.

This section states that of the total FMA area approximately 177, 200 ha is classified as production forest. Taking into consideration the Forest Management Guidelines which requires a 15% buffer zone to be applied to determine the net production area, the total harvestable area is considered to be 150,620 ha. The harvest regime is developed based on the Development Options Study developed by the Forest Authority. Discussions with the Mr. Kanawi Pouru, Managing Director Forest Authority confirmed that this Development Options Study was likely to be implemented. The recommendations in the study had taken the environmentally sensitive nature of the area and he believed would be a conservative harvest regime for the FMA.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.8

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:

Negative effects associated with conventional logging in Papua New Guinea (PNG) are described in Section G 2.4 of the PDD. This section quotes a relatively recent study of forestry practices in PNG (Forest Trend 2006) and studies conducted by Greenpeace Preserving Paradise 2008. The description in Section G 2.4 of the PDD states that new jobs and infrastructure are generally promised under the ‘without-Project’ scenario by harvesting companies, however studies have shown that that these new jobs and infrastructure are not usually realized. Examples of failures in infrastructure obligations include:

- Roads constructed only to a standard to support logging and not the correct standard for long term vehicle usage i.e. permanent bridges or culverts;
- Substandard construction of buildings, such as health clinics and school class rooms;
- Water supplies not provided.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.9

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 benefits in the Project zone is in Section G 2.5 of the PDD. This description references forest degradation and conversion to oil palm under the without Project scenario. The Development Options Plan also describes a number of agriculture conversion options for the region. These effects are clearly related to changes in landscape connectivity and the habitat of key and threatened species in the area.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.10

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 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. Community objectives range from the provision of health care to building new infrastructure. Climate objectives include the protection of forestland. Biodiversity objectives include the protection of flora and fauna through the avoidance of logging and land use conversion. Based on evidence collected during the site visit, these objectives closely match the objectives of the people who attended the community meetings in the Project Zone.

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:

Some Project activities are listed in Section G 3.2 of the PDD and include the construction of a resource centre, funding for education, river transport, road construction, communication improvements, mapping of ILG boundaries and direct employment in Project stewards to manage the day to day operation and monitoring of the Project. This section also refers to potential Agriculture Projects that include coco production, fishery management, sago production as well as eco tourism. The expected benefits of these activities are generally described.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: OFI 2010.2

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:

The PDD presents a number of maps that define the Project area and Project zone. Section 3.3 presents a map (Map 16) of Project activities within the FMA boundary. Section G2.3 presents a map of the forest resource which defines the FMA with the WMA overlaid (Map 15) to demonstrate the area excluded from the carbon accounting and finally Section 1.3 presents a map of the Project Area and Project Zone (Map 5) which defines the broader area that is likely to be impacted by the Project activities.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.11

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 and accounting period are defined as 25 years in Section G 3.4 of the PDD. The Project start date is defined as the 22 May 2009 as this is when the agreement was signed with Hunstein Range Holdings. The Project Implementer provided a 5 year plan that indicated the important milestones, including the employment of stewards, training of these stewards (conflict resolution and speciality area (climate, community, biodiversity) specific training), update of ILG office bearers and boundary mapping in accordance with the new legislation, development of the climate, community and biodiversity monitoring plan, delivery of boats, plans for community resource services, employment of health and education superintendants, finalise engineering and design for road, commence building community resource centres, annual review of staff, implementation and review of monitoring plans, verification scheduled for 2015. The plan provides sufficient detail so that a third-party can adequately evaluate it. The Project Implementer has provided a commitment to develop a full Project plan prior to the first verification.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.12

NCR 2010.13

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:

Some natural and human-induced risks are identified in Section G 3.5 of the PDD. These risks include dispute in landownership, commercial mining, conversion of native forest to plantation and population growth. A comprehensive risk register was presented in Section G3.5 and adequately identifies and quantifies the expected climate, community and biodiversity risks to the Project. This risk table also presents mitigation measures that the Project has considered in its design.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.14

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 G3.6 of the PD details that the Project Proponent has a high conservation policy, and a Project funding application policy and process. These elements will be supported by Project monitoring plan that will be implemented by the various climate, community and biodiversity stewards that will be employed in the early Project implementation stage.

This section refers to the ability of individuals or groups within the Project area to apply for funding to implement business opportunities in the area.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.15

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: Section G 3.7 of the PDD provides a description of some measures that will be taken to maintain and enhance benefits beyond the Project lifetime. The primary measure is to avoid the enactment of the FMA and provide sustainable development within the Project area during the lifetime of the Project to later avoid unsustainable or negative effects.

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 of the PDD describes the key stakeholders in the Project area to be 163 Incorporated Land Groups (ILG)s that are organized into four landowner companies; April Salumei Investments Ltd, Sio Walio Investments Ltd, Nom Investments Ltd and Niksek Samsai Resources Ltd that come under an umbrella landowner company named Hunstein Range Holdings Ltd.

A number of key documents were provided by the Project Implementer that provided evidence of stakeholder engagement and consideration of the concerns of these groups, namely;

001 ASFMA Awareness Preliminary Report REC 14-01-10 – Which described a consultation process with the four landowner companies to discuss the Project and the development aspirations in the region. This process was also aimed at getting the agreements signed with the four landowner companies. The following listed documents 002 – 005 provide the minutes from these individual meetings.

002 Nom Investment Ltd Meeting Jan 10 – Minutes from the meeting at Yerekai/Garamambu on the 29th October 2010, including the signature of the chairman of Nom Investments.

003 Salumei Investment Ltd Awareness Jan 10 - Minutes from the meeting at Mali Community on the 8th October 2010 including the signature of the chairman of Salumei Investments. These minutes were provided in Pidgin.

004 SWIL Awareness Jan 10 – Describes the personal process of David Salio, Chairman of SWIL to obtain the signatures of 53 ILGs on agreements with Earthsky (the Project originator) between the dates of 27th October 2009 to the 22nd November 2009. This document describes the times spent and the number of people present as well as the issues that were discussed including the elements of the Project design.

005 Community Views_April_Salome_Nov_2009 - GAP Analysis and Community Consultation at April-Salome – Ambunti Drekiakia District East Sepik Province, PNG conducted by Forest Carbon and Environmental Services. This report describes the gaps in community understanding about the Project, identifies Project risks and areas which could be improved in stakeholder relations and capacity building. It also describes visits to other stakeholders including the East Sepik Council of Women, Ambunti/Drekiakia District Administrator and unsuccessful attempts to visit WWF and the Forestry Office in Wewak. Many of the issues identified in this gap analysis were seen in the Project design elements presented in the PDD including aligning development goals to the 10 district plan, health education and agriculture enterprise development.

006 Awareness Preparation Document – Describes the process for conducting the community consultations and refers to the work of South Pole. Unfortunately this document has no year associated, however based on the dates presented in 007 it is assumed that the year is 2009.

007 - Stakeholder Consultation Design REDD PNG1_tk_2 – presents an invitation and schedule for a community consultation process that was to be conducted by South Pole in Wewak on the 26th April 2009. This document clearly describes what is going to be discussed at the meeting and details a questionnaire that was to be filled by participants.

008 - Public notice – Scan of public notice published in The National newspaper on the 30th April 2009 advertising the public meeting to be conducted by South Pole, held in Wewak on the 4th May 2009.

009 - April Salumei Awareness Visit Earthsky Jan 2010 – Describes a 7 day awareness trip which was focused in the villages in Nom, Salumei and Sio Walio areas were visited by their respective LO leaders and awareness was conducted. Respective ILG chairman's signed the Consent Agreements to undertake the development of their area into carbon credits program and refused to go into logging.

010 - April Salome_SC_Minutes_of_Meeting May 2009 – Minutes from the meeting in Wewak as described in documents 007 and 008. These minutes state that Mr David Peter from WWF opened the meeting.

011 - 090504_April-Salome-SC-Wewak-VoiceRecording.mp3 – Poor audio recording apparently of the meeting in Wewak.

012 - AprilSalome_SC_Attendance_list – List of names and details of those who attended the stakeholder consultation meetings

013 - AprilSalome_SC_Participation list_Sepik_River – Details a typed list of participants from the stakeholder meetings conducted in Yarakai, Wagu and Bukapuki villages. The dates on this list are corrected from the single date of 6th May recorded in document 010 above.

014 - AprilSalome_SC_program – Program of meeting held in Wewak on the 4th May 2009 .

015 - AprilSalome_SC_Sustainable_Matrix_example – example of a questionnaire filed by participants of the communication sessions

016 - 090804_SHC_report_REDD_PNG – comprehensive report developed by consultants Clean-Chem and South Pole following the stakeholder consultation process in Wewak, Yarakai, Wagu and Bukapuki. This report includes photos of the process conducted in June 2009.

018 - NSIL Letter of Allegiance- Earthsky-15-08-09 – Letter of support for the Project signed by Gideon Joseph Chairman - Niksek Samsai Investment Limited

019 - SWIL Certificate of Alligence - SW - Earthsky-15-08-09 - Letter of support for the Project signed by David Salio Chairman - Sio Wario Investments Limited

020 - NIL Letter of Allegiance-Earthsky-25-8-09 - Letter of support for the Project signed by Nelson Garabi Chairman - Nom Investment Limited

022 - HRHL - Earthsky Master Agreement – Agreement signed between Hunstein Range Holdings and Earthsky Limited signed on the 22th May 2009 and certified as a true copy of the original dated 21st July 2009.

These documents present evidence of stakeholder engagement and consideration of the needs of the local communities consistent with the Project design. During the field visit it was explained that additional stakeholder engagement had taken place in 2010 especially following the pre-feasibility assessment. The supporting documentation for these activities was not provided in the initial documentation. A plan must be formalized to address the final aspect of this indicator.

During the community meetings the validator spoke to a range of people in both formal and informal settings. These people included ILG chairmen, village elders, youth and women .Some offered answers willingly when asked general questions of the group, others were approach directly for their contribution. The validator found a high level of understanding of the benefit sharing, enterprise development and services and infrastructure detailed in the PDD which supported the Project Implementor’s claims of recent stakeholder engagement trips to the area.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.16
NCR 2010.17

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: The PDD was published on the CCBA website and also made accessible through the Project developer's website. Advertisements were placed in the National paper, the Sunday Chronicle, the ministers media released in the National Paper. A Project Implementer representative, Philip Moyer, traveled from village to village with PDD and booklet, presented on the local HF radio and displayed material on public notice boards in Wewak. Evidence of the filed visit by Peter Moyer was provided in a report including photos and was discussed at the community meetings conducted by the validator. Philip was known to many who came to discuss the Project with the validator.

The full PDD was not distributed in Pidgin in the local region as the local people have low levels of literacy in English and pidgin. There was evidence of people holding summarized Project leaflets and documents in the community meetings that the validator conducted during the field visit.

The PDD was also available in the Provincial government offices in Wewak and the District Office in Ambunti as well as at the UPNG Environmental Science Faculty.

Conformance: Yes No N/A

Non-Conformity Reports: None

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 conflict and grievance process is briefly described in Section G3.10. It also directs the reader to an internal policy; Complaints Handling and Dispute Resolution Policy where the process is described in considerable detail. This policy describes the process for hearing, responding to and resolving community and other stakeholder grievances within a reasonable time period that take into consideration the local village and clan approach to dealing with conflict.

It discusses the handling of the process (if escalated) by the independent review board. The organization known as Partners with Melanesians, a national “Not for Profit” (NGO) focused on conservation and community development programs operating in Papua New Guinea will provide independence in this process.

The conflict and grievance policy outlines sufficient commitment to attempt to resolve all reasonable grievances raised, and provide a written response to grievances within 30 days. It also states that statistics will be kept on all conflicts and grievances. Should the matter not be resolved within the processes described the policy also outlines possible costs involved for each party.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.18

New Information Requests: None

Opportunities for Improvement: OFI 2010.3

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: The cash flow Projection was presented to the validator and indicated adequate funding for the climate, community and biodiversity elements of the Project presented. Additionally in Section G4 provides a diagrammatic representation of the Project management structure and describes how the funds and Projects deliverables will be managed. This is also available on the Project Implementer’s website.

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 the April Salumei Foundation. The roles and responsibilities of this foundation and the Project Proponent, the primary support organization, are described in Section G 4.1 of the PDD. The key roles of this organisation are listed and appear adequate.

The Project implementing partner is Rainforest Project Management Limited.

Other key partners in the Project are listed as Landholder Representatives, Land Owner / Community Interface Team and the Independent Review Board. The auditor also cited a process for the ILGs to engage with the April Salumei Foundation structure independently from both Rainforest Management Alliance and a representative of the Landholder Group that appear consistent with the proposed approach detailed in the PDD. This information is also now available on the Project Implementer’s website.

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 are detailed in the Project flowchart provided under Section G4 Management Capacity and Best Practice and the management team’s expertise and their partners are documented in Section G 4.2 of the PDD.

The skills that are covered by these teams include: Project and financial management, community development, scientific research in forestry, biodiversity, geology, GIS, risk management and planning, risk adaptation on climate change and resilience approaches, social, environment and resource law and REDD. These skills will be largely delivered through associations with University of PNG and the PNG Forest Research Institute and utilising Partners with Melanesia for landholder capacity building and conflict resolution.

This was also supported by interview responses during the audit of key people involved in the Project development from the University of PNG and Partners with Melanesia.

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 basic plan for orientation and training for Project’s employees is presented in Section G 4.3 of the PDD. The Project describes multiple roles for the implementation of the Project and these roles are generally located in the Project region. Keeping the key roles locally will assist in maintaining capacity when people leave. The Equal Opportunity policy was cited and is adequate to encompass minority groups. The Project Implementer also indicated there will be incentives and fair contractual obligations to encourage training people to remain in the community post receiving this qualification. A 12 month Project plan was cited and budget allocated for training in the first 12 months.

The proponent also has a comprehensive set of HR documentation which the validator comprehensively went through, as listed below:

Selection and Appointment Forms

- Employment Application Form
- Letter of Offer
- Standard Terms & Conditions of Employment
- Position Descriptions

Employment Forms for New Employees

- New Employee Details Form
- Employee Bank Details Form
- Tax File No Declaration
- Pre-Placement Medical

General HR Forms

- Leave Application Form
- Time Sheets
- Expense Reimbursement Claim Form
- Annual Performance and Development Review Form
- Employee/Client request for Computer Network Access
- Staff Travel Request
- Payroll Deduction Authority
- Personnel File Note
- Allocation of Keys, Company Equipment and sign off- receipt

Induction Forms & Process

- List of Policies & Procedures Sign off Form
- New Employee Induction and Checklist
- Staff Handbook & Induction
- Training Manual

Termination Forms and Process

- Employee Termination Checklist
- Termination Advice & Clearance Form
- Employee Warning Notice
- Sample – Employee Termination Letter

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 indicates a policy to hire people from within the Project area based on skill and qualification. The proponent has an Equal Opportunity Employment policy and has developed Position Descriptions for each of the key positions in the Project. In the PDD there is a commitment to not discriminate by area and that the selection process will be based on the level of skills and qualifications attained. The Project Proponent has an induction manual which describes the employees' responsibilities and benefits under the Project. An employment policy was not available at the time of the audit.

Discussions with the Project Implementer during validation process suggested that the Project Proponent was aware of the requirement for training and capacity building in the region and while there was a strong commitment to recruiting locally the Project would need support from skilled people possibly from outside the area in the early stages of implementation to ensure the success of the Project. The proponent explained that educated people that are known to the locals would be brought in on short term contracts to 'get the Project going' and fill the initial skills gap. One such example was a request made to Eric Mesak who is from the Sepik region and works with the local Minister to take on the Initial Project Superintendant role for the first 6 months. This approach indicated an understanding of the challenges with skills in the area and a commitment to support the Project implementation.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.19

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:

A list of two employment laws and two health and safety laws is provided in Section G 4.5 of the PDD. Each employee will be given a copy of the employee induction booklet and copies will be available at the Scientific Certification Systems

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resource centres. An employment contract was cited which states that all applicable law and regulations will be met or exceeded which is signed by both parties. References local and provincial laws for workplace standards which relate to worker's rights in Section 4.6. This list was confirmed complete in discussions with Dr Eric Kwa, Associate Professor, Law School, and University of Papua New Guinea.

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 Proponent Health Safety and Employment policy clearly describes the approach to explaining risks associated with the working conditions and engages the employees and managers in proactive and adaptive approach to identifying and reporting of workers risks. This is communicated in the induction handbook cited by the validator. It was explained that this booklet will be given to all employees and located in the resource centre. There are inherent Health Safety and Employment risks in Papua New Guinea. The proponent indicated that life jackets will be made available on all boats (as river transport is crucial in the area). Whilst the Project Proponent is committed to meeting the requirements in the country, they are also committed to increasing the level of acceptable workplace practices. This is evident in their policies on drugs, alcohol and beetle nut in the workplace.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: OFI 2010.4

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 a 12 month budget for the Project which demonstrated funds allocated for major Project activities including training, administration, etc.

The funds appear to be adequate for the plans of the Project for the first 12 months and are commensurate with the expected revenues from the sale of the modeled Project net benefits.

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 5.1 of the PDD outlines all relevant national and local laws and regulations and gives assurance that it will comply with said laws. There was some evidence of compliance with recent changes to law with the commitment by the proponent to demarcate ILG boundaries, consistent with the recent amendment to the Land Groups Incorporation Act. This approach was further confirmed to be adequate to meet this new (yet to be enacted) requirements of the Act by Dr Eric Kwa, Associate Professor, Law School, University of Papua New Guinea.

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: Section 5.2 of the PDD documents the process by which the Project has sort approval from the appropriate authorities. This process includes a consultation process with the landholders, a range of letters from various PNG government departments and the Prime Minster supporting the Project. The Project also has signed documents between the Project developer and Hunstein Range Holdings as well as individual signed agreements with 163 Incorporated Land Groups from the Project Area. Evidence of these agreements was sighted by the validator during the audit.

Given a lack of a formal policy framework in which to operate, and the uncertainty that brings, there has been significant response to the publication of the PDD on the Climate Community and Biodiversity standards website. These responses are from various Government departments, non government organizations, research institutes, commercial organizations and landholders. Those that were formally submitted during the public consultation period are fully addressed by the Project Implementer and the validator in Appendix B.

Whilst on the field audit, a number of consultations were held with various PNG government and administration stakeholders that are critical to the understanding and supporting the current policy framework within which the Project can operate. These included visits to the District Planning Office in Wewak, the Director of the Forest Authority, and Members of the Forestry Authority Board who approve forest resource plans and the Local Minister for East Sepik who approves Projects in the region. Details of the discussion with these stakeholders are listed in Appendix C. Subsequently the proponent provided further clarification regarding the Project approval timeline of events as follows:

Government Stages

- 18th November 2008 The Prime Minister wrote to the then Office Climate Change and Environmental Sustainability requesting the April Salumei Forest Management Area become the pilot Project for Papua New Guinea.
- 14th May 2009 Letter to the Office Climate Change confirming support for the Project from the Joint District Planning & Budget Priority Committee (JDP&BPC) #01/2009 on the 7th May 2009.
- 21 July 2009 Copy of signed Press Release from the Forestry Minister Hon. Belden Namah endorsing the April Salumei Sustainable Forest Management Project as the pilot Project and acknowledging the work from the PNG Forest Research institute and the University of Papua New Guinea.

- 21 July 2009 Press Statement from Hon. Tony Aimo, Member for Ambunti Drekikier and Minister for Correctional Services acknowledging the April Salumei as the pilot Project for Papua New Guinea.
- 22 July 2009 Letter from Sumasay Singin OBE, legal Advisor to the Prime Minister to Hon Tony Aimo confirming the continued support of the Project from the Prime Ministers Department.
- 24th July 2009 Letter from the Department of Prime Minister, Mr Noel Mobiha, Project Manager for the PNG Satellite Initiative, confirming full support for the Project. The letter also confirms the status as the Pilot REDD Project and the GIS and Remote Sensing capacity being developed through the Prime Ministers department to assist with the Project requirements.

Landowner Consent, Awareness and Consultation.

- April 2009 First Stakeholder Meeting in Wewak.

Follow up meetings

- Wewak, Yarakai Village, Wagu Village and Bukabugi Village. All meetings were conducted in Pidgeon language and have been documented. Comments good and bad have been listed in the Stakeholder Consultation Report.
- 22nd May 2009 Agreement signed with Hunstein Range Holdings Limited.
- August 2009 Landowner Company Chairman visit all villages and advice of individual meetings by all Incorporated Land Group (ILG) Chairman in October 2009.
- October 2009 awareness and consent meetings held by individual landowner companies. All meetings have been minuted and a letter confirming the commitment to the Project was signed by the landowner company executive following the support at the meetings.
- November 2009.GAP Analysis by Independent Contractor - Forest Carbon & Environmental Services Ltd. This identified there was some confusion by stakeholders who were not ILG Chairman, so a new additional awareness has planned and subsequently conducted.
- October and November 2009. Landowner Company Chairman conducted visits throughout the area to seek approval from individual Incorporated Land Group Chairman. All 163 Incorporated Land Group Chairman has signed confirming their support for the Project and providing a copy of their ILG certificate as proof. All LG certificates were scanned and returned to the ILG chairman. The individual agreements were written and signed in both pigeon and English.
- 24th January to 5th February 2010 Awareness conducted in the following villages. Bukabugi, Kaguri, Bitara, Nicksek Samsai, Gahom, Yerakai.

- March 2010 Pre Assessment visit to villages.
- 24th June to 2nd July Awareness to discuss the PDD. Visited Sio village, Ambunti village, Yembi Yembi village, Pagui village, Wagu village and Yerakai village. Seek comments from stakeholders and input into PDD. Public comment period.
- Documented script and presentation for all awareness sessions.
- Booklet produced and distributed to all ILG's outlining the Project requirements, objectives and priority Projects.

Following the public notice of the public comment period, as endorsed by the Prime Ministers Department, Dr Wari Iamo acting Executive Director Office of Climate Change placed paid advertisements in the national papers of Papua New Guinea. It is the understanding of the validator that at the time of placing the advertisements Dr Wari Iamo was not the Executive Director of the Office of Climate Change.

The validator has also been given a copy of a letter (July 2010) from the Office of Climate Change and Development endorsing the Project and coordinating the launch that Dr Wari Iamo claims the department had no knowledge of.

Furthermore the Project developer received and provided to the validator a letter on the 9th August 2010 from the Acting Chief Secretary Manasupe Z. Zurenuoc, OBE, confirming the continued endorsement for the REDD Pilot Project from the Prime Ministers Department and confirming the support of the Forestry Minister and Forestry Authority. A legal opinion from Associate Professor Eric Kwa was also provided in response to the opinion of O'Brien's as published by Dr Wari Iamo.

The following levels of commitment have been presented to the validator including:

- A sample of Individual consent from 163 ILGs chairman, including a copy of each ILG certificate.
- Formal agreement between EarthSky and Hunstein Range Holdings
- Letter from Land owner companies confirming the mandate for support of Hunstein Range Holdings to engage with Earth Sky
- Meetings with the villages, Forest Authority and Board, District Planning, Provincial Planning all indicating support for the Project whilst acknowledging no formal policy framework.
- Letter of Prime Minister support
- Letter of support by the local member, Minister Amio
- Letter of approval from the Minister of Forests

Additionally the community meetings held in the Project zone indicated a high level of understanding and support for the Project from those within the villages. The Project Implementer has reiterated that the Project has worked from a bottom up approach in recent times with consultation occurring primarily in the community, not in Port Moresby and that the customary authorities have been consulted through this process.

Under the FMA the landowners have transferred the rights to the Project to the Papua new Guinea Forest Authority (PNGFA) and the Forestry Minister has approved the Project which was also confirmed by the Managing Director of the PNGFA Mr Kanawi Pouri Managing Director of the Forest Authority and Professor Simon Saulei, board member of the PNG Forest Authority in separate meetings held on Port Moresby with the validator (please see Appendix C for details).

Based on the evidence collected during the site visit, supplemental documentation and interviews with local authorities, the Project appears to have permission from the appropriate authorities, however the government authorities seems to regularly change their positions which makes it difficult.

A submission for this Project to be approved has been made to the Forestry Authority Board (this was explained by the Managing Director of the Forest Authority as a formality as the Minister for Forests has already approved the Project) and the Managing Director of the Forest Authority has confirmed that the FMA will be rescinded and a conservation forest agreement will be put in its place. While he agreed that this Project is breaking new ground and that the policy framework is inadequate he believed that their where no 'show stoppers' as long as the landholders and the proponent continue to work with the Forest Authority. He also confirmed that this Project was consistent with the forest Authorities framework document "Forestry and Climate Change – Framework for Action 2009 - 2015" which was launched on 16th July 2010 which promotes a "national multi stakeholder approach". The Managing Director expressed that this Framework for Action was setting the National Framework and would hopefully provide confidence in which to operate. Finally the Managing Director was very happy that this area would not be harvested if this Project goes ahead and the people could realize improved living standards not at the expense of the forest area.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.20
NCR 2010.21
NCR 2010.22

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:

The Project Implementer provided evidence of community consultation meetings and signed agreements between the Project Implementer and the 163 ILGs as well as the 4 landowner companies and the holding company, Hunstein Range Holdings. A letter of approval and meetings with the Forest Authority also confirmed that the Forest Authority supported the Project.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.17

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:

The Project clearly states that no relocation of any people will result from the Project in Section G 5.4 of the PDD.

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:

The PDD covers potential illegal activities that could affect the climate community and biodiversity aspirations of the Project and presents mitigation measures. However not all potential illegal activities

are considered. The Project Proponent describes in the PDD that landholders will be encouraged to develop and formalise their own laws as they relate to illegal activities. The Project Proponent also has employee policies covering Drugs, Alcohol, Beetle Nut and Smoking, a Disciplinary policy and Code of Conduct policy. As cited during the field visit, both the Project Proponent and Project Implementer have good relationships with the local police and the First Secretary of the Ministry of Correctional Services Mr Eric Mesak will be the acting Project Superintendant for the first 6 months of the Project.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.23

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 carbon rights remain with the ILG's who have signed agreements with the Project Implementer to develop the Project. These ILGs require updated in response to a new law that in yet to be enacted. The Project Implementer and the ILGs have committed as part of the Project to update these lists and this activity is listed in the Project plan cited by the validator.

In PNG the ILG are the land owners and their land and resource rights are protected under the Forest Act. This was confirmed by the Managing Director of the Forestry Authority and Dr Eric Kwa, Associate Professor, Law School, University of Papua New Guinea.

The support for the Project at the community level was evident at the villages visited during the field audit. Further discussions with the Forest Authority who have management rights to the land under the Forest Management Agreement indicate that the carbon rights are with the ILGs. During the public comment period there was legal advice put forward by Dr Wari Iamo. This legal advice was responded to by the Projects legal advisor, Associate Professor Dr Eric Kwa.

The validator has considered the advice and other evidence collected throughout the validation process. While it is clear that the lack of specific law on carbon trading in PNG, the Forest Act 1991 and Forest Policy 1990 provide clear forest resource ownership and management rights which is formalised through an FMA with the Forest Authority and the ILGs and that forest conservation is not specifically rejected by the Forestry Act.

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 change in carbon stocks due to the Project activities are presented in Section CL 1.1 of the PDD. The approach is based on the with-Project scenario of forest conservation and the without Project scenario of timber harvest. The calculation approach utilises calculation, formula and default values of the IPCC 2006 GL for AFOLU and considers

- The carbon lost due to the degradation of the forest during logging
- GHG emissions from the machinery used in the logging operation
- Carbon stocks lost as a result from the conversion of degraded land to agriculture projects post logging.
- The regeneration of the degraded land that is not converted to agriculture.

The total avoided emissions as a result of the Project are estimated to be 92,516,140 tonnes of CO₂e. A confidence/risk deduction of 10% is taken to arrive at the emissions being avoided to 83,264,526 tonnes of CO₂e.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.24

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:

It is not likely that non-CO₂ gases will account for more than 5% of the emissions reductions or removals over any monitoring period. Any emissions from the implementation of project activities must be estimated prior to implementation and serve as an indicator for approval. These emissions will be reported in subsequent verification events.

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:

Section CL1.3 states that “in the with Project scenario a small amount of emissions will result from the burning of fuel in the motors of boats to be purchased to facilitate water transport. In addition the Project will establish a “safety pool (10% of the credits)” to ensure any emissions that arise from Project activities, such as agriculture and ecotourism activities financed by the project, will be that create emissions will have to offset them against the pool. Each activity financed by the project will have to estimate the net climate, community and biodiversity impact which will be used as an indicator for approval.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.25

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:

Overall, the Project Proponent has demonstrated that the net climate impact of the Project will be positive. This is inherently the case because of the definite emissions reductions and removals from avoided deforestation and degradation.

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:

Double counting will be avoided because there is no national level REDD policy at the time of Project validation. Based on evidence collected during the site visit, draft policies may provide an exception for voluntary REDD Projects.

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 leakage³⁸ 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, there is a moratorium on new FMAs within PNG. This eliminates activity shifting leakage at a national-level. Pre-existing FMAs are managed using pre-determined yields. This generally eliminates market shifting leakage. The Project Proponents admit the possibility of market shifting leakage as pre-determined yields may change in the future (see Section CL 3.1 of the PDD).

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: OFI 2010.5

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: Leakage is not expected as a result of this Project.

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: Leakage is not expected as a result of this Project.

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: See Section CL1.2 of this report. It is likely that non-CO₂ gases will not account for more than 5% of the Project's emissions reductions or removals.

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 measurement of carbon stocks, monitoring of illegal logging, fire and leakage. This appears consistent with the carbon accounting elements described.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.26

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:

The Project Proponent has committed to develop a full monitoring plan within 12 months of validation. See Section CL 3.2 of the PDD.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.26

New Information Requests: None

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: The Project proposes to use the Social Carbon methodology to estimate the impacts on communities as a result of the Project. This approach is presented for the with-Project and the without Project scenario and demonstrated the without Project scenario scored 14 and the with-Project scenario scored 56 indicating a net benefit of net benefit of 40 in the with-Project scenario. This approach was adequate to demonstrate that the Project will lead to positive outcomes for the community groups.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.28

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: The population within the April Salumei FMA area is very small and their population densities are very low, their use of the land is inherently sustainable. The wetland and sago areas provide ample resources for sustainable harvesting thus maintaining habitats for the maintenance of populations of

flora and fauna. Community, Biodiversity and Climate stewards will maintain a register of resource harvested within the area to be consistent with the Project design and specification. This will be consistent with the Community Impact Monitoring Plan (CM 3.1). Therefore there is no foreseeable impact by the community on high conservation values. The Project will encourage the sustainable lifestyles of the communities while enhancing their access to health care and education. There are no foreseeable impacts on HCVs as a result of the Project.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.29

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 CM 2.1 of the PDD states that potential negative offsite stakeholder impacts have been addressed in the risk register (Section G3.5) and no additional unmitigated impacts are foreseeable. The risk register identifies the following community risks and mitigation strategies:

ILG leadership struggle	ILG's have a documented dispute process and a nominated person to deal with such a dispute. Traditional resolutions methods will be encouraged however the Project has a complaints handling and dispute resolution policy that can also be utilised.
Law & order issues.	Traditional methods have proved adequate in controlling community issues and disputes. The Project is also considering a community policing initiative to train and employ local people in this additional role.

High expectations by landowners for cash and Projects.	The comprehensive awareness plan has discussed this with all stakeholders to manage their expectations. Ongoing consultation and adaptive management plan will continue to mitigate this.
Landowner Groups competing to get more for their areas & develop jealousy and competition.	The approval of Projects will be managed to ensure a fair representation between all groups. Health and Education needs will be addressed based on population requirements consistent with the Provincial and District Plans and PNG Vision 2050.
Wantok system and Landowner leaders demand their own to be employed.	Please refer to the Project employment selection process and Equal Opportunity Policy to ensure transparency in selection and the best person for the role.
Lack of understanding of the protocols and standards by the landowners.	The Projects adaptive management plan will ensure ongoing consultation and education of all aspects of the Project as it develops. Community Stewards will also play an active role in disseminating information to landowners.
Illegal activities to encroach into Project area.	All illegal activities will be reported to relevant authorities immediately they are identified in the Project.
Lack of knowledge and skills in business administration by landowner leaders.	Business training is planned within six months of the Projects validation for the landowner leaders.

This section also refers to the Project conflict resolution process should anything unforeseeable arise.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.30

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: The mitigation measures are presented in the risk register above. Section 2.2 also clarifies that the greatest potential impact identified is the identification of the true landowners and the subsequent distribution of benefits to them. This will be mitigated by the mapping of ILG boundaries as discussed in the Project activities. The mapping will also assist with the identification of landowners with a traditional right to settle in the area if the attraction of improved social benefits draws them.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.31

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: See Section CM2.1 and CM2.2 of this validation report. Section CM2.3 also states that "All members of the community have rights to utilise the benefits the Project will bring to the community. For example all people can freely move along the road, all children can go to schools or seek health care. No one is precluded from this. Through the community stewards in application of the monitoring plan, should there be negative impacts identified they will be mitigated."

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.31

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 plan is presented in Section CM 3.1 of the PDD. It includes monitoring variables such as demographic growth, survey results, training activities and women participation metrics.

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: Section CM3.2 presents an initial plan for assessing the effectiveness of proposed programs. The plan presents key activities/indicators that will be monitored by the Community Steward who will be living and working in the community. This plan presents timelines for the collection of the information.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.32

New Information Requests: None

Opportunities for Improvement: None

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 12 months of validation is made in Section CM 3.3 of the PDD.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.33

New Information Requests: None

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: Section B1.1 provides the following extract from a Greenpeace report “Preserving Paradise” (Nov 2008) “Logging is the key driving force in forest change and degradation in PNG and a leading contributor to eventual deforestation and conversion for other uses”.

Forest degradation and deforestation will lead to a loss of habitat and changes to the existing ecosystems. These will be avoided with the implementation of the Project. The Projects plans to undertake an initial biodiversity inventory on the available data providing a baseline scenario and continuing that will be a biodiversity impact monitoring plan (B 3.1). Thus, a detailed monitoring plan will be developed to assess threats. Some of these have already been identified in the risk register.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.34

New Information Requests: None

Opportunities for Improvement: None

Indicator B1.2. Demonstrate that no High Conservation Values identified in G1.8.1-3 will be negatively affected by the Project.

Findings: Section B 1.2 of the PDD states that no HVC will be negatively affected by the Project. The Project will eliminate the possibility of commercial logging in the FMA, hence no high conservation values will be negatively affected by this Project. In addition, all Project activities will be situated within existing clearing and the removal of vegetation or habitat will be minimal. All HCV areas such as the sago swamp, cultural and spiritual sites (Map 10) will be safeguarded through the allowable community harvesting practices, while the cultural and spiritual sites are highly protected by the local community and that in itself safeguards the HCV areas.

The biodiversity monitoring (B 1.1 & B 3.1) will ensure that these activities are confined with appropriate mitigation measure put into place to safeguard these areas. The only large activity that will impact on the north western portion of the Project area would be the Ambunti – Drekikir road, which will have an EIS as it falls within the jurisdiction of the Department of Environment and Conservation. The EIS safeguards against biodiversity impacts will be guided by the management and mitigation measures contained in the EIS. These measures will also be contained in the Monitoring Plan which the community stewards will be using to ensure all threats to biodiversity are effectively mitigated.

The potential impact of other smaller Project activities such as the community agriculture Projects will be assessed taking into consideration the scale of land clearance that would be undertaken. A risk assessment methodology will be developed that is aligned to the risk register and displays a checklist for the identification of a particular ecosystem that might be impacted upon and the corresponding mitigation measures.

As the Project’s main outcome will be conservation, no offsite negative biodiversity impacts are anticipated. However, should any negative impact be identified, the Project Management Team,

together with the local communities, will address such problems quickly and effectively. Any offsite impacts will mostly be positive, as conservation of a large area of pristine forest habitat will improve the long-term viability of populations' offsite as well.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.35

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 states that no invasive or non native species are planned to be introduced by the Project.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.36

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 are to be used by the 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:

The Project Proponents guarantee that no GMOs will be used to generate GHG emissions reductions or removals in Section B 1.5 of the PDD.

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 B 2.1 of the PDD states that no offsite negative biodiversity impacts are anticipated in addition to those presented in the risk register (Section G3.5). Those related to biodiversity are presented in the table below.

Agricultural pressure causing loss of habitat.	Project has HCV and Environmental policies. Projects submitted for funding are required to complete an EIA to ensure biodiversity is maintained.
Maintenance of HCV	The Project is committed to the preservation of HCV's. Please refer to the Project HCV and Environmental awareness policy along with the community monitoring by the 12 planned Biodiversity Stewards or assistants.
Hunting of endangered or threatened species.	Awareness and monitoring is conducted by Project stewards on the importance of the endangered species.
The definition of HCV areas are not clearly understood well by the landowners.	Ongoing awareness is conducted by Project biodiversity stewards in line with policy guidelines on HCV and Projects adaptive management plan. An ongoing monitoring process is established.
GMO plants & products introduction and cultivation.	No GMO plants or products will be introduced into the PIA.

Invasive species.	Ongoing awareness and education to stakeholders will mitigate possible impact from invasive species. Biodiversity monitors will notify the Project superintendent immediately the find invasive species.
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The PD states that as the Project’s main outcome will be conservation, no offsite negative biodiversity impacts are anticipated that has not been identified in the Projects risk register. However, should any negative impact be identified, the Project Management Team, together with the local communities, will address such problems quickly and effectively. Safeguards against biodiversity impacts will be guided by the management and mitigation measures contained in the Environmental Impact Statement that will be submitted to the Department of Environment and Conservation. These measures will also be contained in the Monitoring Plan which the community stewards will be using to ensure all threats to biodiversity are effectively mitigated.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.37

New Information Requests: None

Opportunities for Improvement: None

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

Findings: The plans to mitigate these potential negative offsite biodiversity impacts are listed in the risk register. These approaches are considered adequate.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.38

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: Section B2.3 of the PDD states that the Project does not anticipate any negative offsite biodiversity impacts.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.39

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: An initial plan for monitoring biodiversity variables is presented in Section B 3.1 of the PDD. Variables include species counts and illegal hunting complaints.

Conformance: Yes No N/A

Non-Conformity Reports: None

New Information Requests: None

Opportunities for Improvement: OFI 2010.6

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:

An initial plan for assessing the effectiveness of measures used to maintain or enhance HCV is in Section B 3.2 of the PDD.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.40

New Information Requests: None

Opportunities for Improvement: 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:

The Project Proponents commit to developing a full monitoring plan within 12 months of validation is specified in Section B 3.2 of the PDD.

Conformance: Yes No N/A

Non-Conformity Reports: NCR 2010.41

New Information Requests: None

Opportunities for Improvement: None

3.5.4. 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: See Section GL 3.1 of the PDD. Reference is made to the Bird of Paradise which is a critically endangered species.

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 April Salumei Sustainable Forest Management Project conforms to the CCBA Climate, Community and Biodiversity Project Design Standards (Second Edition) at the Gold Level (see Appendix A) having met the Biodiversity Gold level criteria.



Name: Carly Green

Title: Lead Auditor

Company: Environmental Accounting Services

Date: May 30, 2011

Name: Todd Frank

Title: Program Manager, GHG Verification

Company: Scientific Certification Systems

Date: June 24, 2011

5.0 Corrective Action Requests

Please see section 3.1 of this report for descriptions of the types of corrective action requests. Corrective Action Requests are dealt with against the indicator at which they occur in the audit report.

Non-Conformity Reports:

NCR Number 2010.1 of 41 Dated 4th August 2010

Finding: The source of the identified strata should be described and its compliance with the PNG National definition of a forest. Furthermore it should be explained why the total forest areas listed are not equal to the Project area defined in G 1.1.

Proponent Response - PNG in 2009 for UNFCCC REDD requirements agreed and adopted the forest definition of land spanning more than 0.5 hectares with trees higher than 3 metres and a canopy cover of more than 10 percent or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or urban land use (FAO/FRA, 2005).

For forest management purposes the forest and vegetation types classification in PNG are defined according to the features of structure and floristic of vegetation, as well as environmental factors such as topography, drainage and altitude which were used by Paijams (1975, 1976) and Saunders (1993).

The forest types are described by the crown classes based on the average crown diameter of canopy structure. The three main crown classes are:

- Large-crowned: > 15 m
- Medium-crowned: 8-15 m
- Small-crowned: < 8 m

The main forest types are:

1. Large to medium-crowned forest on plains and fans
2. Open forest on plains and fans
3. Small-crowned forest on plains and fans Large-crowned lowland hill forest
4. Medium-crowned lowland hill forest
5. Small-crowned lowland hill forest
6. Lower montane small-crowned forest
7. Coniferous lower montane forest
8. Dry evergreen forest
9. Mangrove forest
10. *Terminalia brassii* forest

The forest and vegetation types of the Project area (April Salumei) described in G1.2 are based on these main forest types as determined by Papua New Guinea Forest Authority and used in the PNG Resource Information System (PNGRIS) for forest resource assessment.

Table 1 (page 32) provided the estimations of the carbon content from the forest types of the Project area using the equivalent IPCC LU/LC and FAO ecological zones biomass carbon conversion factor since PNG does not have specific species and forest type carbon factor.

Validator Response: The Project Implementor explained that the difference in areas was based on the exclusion of areas classified as non-forest land (i.e. grassland) in the Project area (see also G1.4 findings). Subsequently the Project area was corrected and revisions made to the PDD are adequate to address the discrepancy in the areas reported.

Forest classification terminology was clarified through response combined with discussions with the Director of the Forest Research Institute, Professor Simon Saulei.

NCR Number 2010.2 of 41 Dated 4th August 2010

Finding: The Project zone boundary should ensure that it encompasses the boundaries of the four land holder companies.

Proponent Response - The Project boundary has been extended in the South to the foothill of the mountains. Traditionally the Sepik River is a major identifiable boundary so we have extended the northern boundary.

These two extensions will eliminate the possibility of an individual Incorporated Landowner Group (ILG) land boundary extending past the Project boundary.

The following text has been added to Section G1.3 of the PDD

Additional consideration has been given for traditional boundaries that extend outside the Project area and into the Project zone. This occurs in the northern section of the Project zone where traditional boundaries have utilized the Sepik River and in the Southern Boundary which has used the mountain ranges as a physical identifier for traditional boundaries.

Additionally Map 5 has been updated in the PDD.

Validator Response: The area was corrected and revisions made to the PDD appear adequate to provide a buffer area that will ensure the Project boundary extends to the delineated boundaries of the ILG's once that process has been completed in accordance with the Project plan. As the Project area boundary is delineated by the FMA boundary, the carbon accounting boundary is fixed.

NCR Number 2010.3 of 41 Dated 4th August 2010

Finding: Ensure that the carbon pools used in the estimation approach in the CL section are consistent with this section.

Proponent Response - The carbon pools selected are above ground biomass and below ground biomass. These are now consistent throughout the document.

Validator Response: The revisions made to the PDD are adequate.

NCR Number 2010.4 of 41 Dated 4th August 2010

Finding: Please include details of all communities or explain/justify why all communities were not listed in this section.

Proponent Response - The Project developer disagrees there have been any communities missed.

Validator Response: Following a further follow up telephone conversation with the Project Implementor regarding the clarity of the table presented in Section G1.5 the validator understands more about the

source and status of the table in question in this Section. The availability of the census data for this area is problematic and the validator understands that the future roles of the community stewards will ensure that community information is improved. The validator believes the response to be adequate.

NCR Number 2010.5 of 41 Dated 4th August 2010

Finding: Please describe any potential/ongoing disputes with Hunstein Range Holdings.

Proponent Response - There is no ongoing disputes with Hunstein Range Holdings.

The Project developer is aware some landowners within the Project do not feel Hunstein Range Holdings are representative of them given their involvement with the previous timber harvesting Project.

This has been identified during the awareness process and discussed with the validator and the board of Hunstein range Holdings. In order to prevent a potential dispute arising Hunstein Range Holdings has offered to hold elections within 6 months of the Projects being validated.

The Project developer has accepted this and agreed to contract the electoral commission to oversee these elections.

Each landowner company (Nom, Sio, Niksek Samsai and Sio Wario) have agree to also hold elections and two members from each of these landowner companies will comprise the board of Hunstein Range Holdings.

Validator Response: The response and the inclusion in the risk register are adequate. The validator held telephone conversations with Jackson Yagi, Director of Hunstein Range Holdings and he confirmed he is in support of elections for office bearers of the HRH company and expressed his support for the Project structure.

NCR Number 2010.6 of 41 Dated 4th August 2010

Finding: All HCV values should be identified/considered using appropriate approaches.

Proponent Response – Please refer to section G1.8. This section has been re-written for the PDD. The previous section did not adequately discuss the Sepik River and associated wetlands.

Validator Response: The revisions made to the PDD are adequate. The new version of the PDD dated August 2010 recognizes the importance of the Sepik river and its tributaries as significant landscape and in provision of basis needs of the local community.

NCR Number 2010.7 of 41 Dated 4th August 2010

Finding: Provide alternative land uses in accordance with the 2006 GPG for AFOLU and justify that the enactment of the FMA is the most likely.

Proponent Response – Section G 2.1 has been re-written. It draws on evidence from the Development Option Study that explores possible other land used following logging in the area.

Currently there is little land use other than subsistence agriculture. Further development is limited by the income of local people to commence other activities.

Validator Response: The revisions made to the PDD are adequate.

NCR Number 2010.8 of 41 Dated 4th August 2010

Finding: The without Project scenario should be based on available references and should represent the justified without Project scenario accurately, conservatively and transparently. See also NCR 2010.3 which relates to consistency.

Proponent Response – Section G2.3 has been rewritten. Please refer to the PDD.

Validator Response: The revisions made to the PDD are adequate for a Tier 1 approach and take into consideration Development Option Plan specific to the Project FMA area.

NCR Number 2010.9 of 41 Dated 4th August 2010

Finding: Once the ‘without Project’ scenario is defined please elaborate on the community impacts of the ‘without Project scenario.

Proponent Response – The Development Option Study (DOS) discusses possible development following the commercial logging of the area. Whilst it can be assumed the impacts of the development of agricultural leases could be positive with increased revenue to the area there are potentially a lot of negative impacts on the community.

1. Displacement of people could occur if lands where villages are situated are cleared for agriculture.
2. Depending on the distribution method for income you may see specific landowners become quite wealthy and other landowners receive little or no income. This is a common occurrence with mining royalties in PNG.
3. There is the potential of large scale degradation of wetlands that communities are dependent on for food production.
4. The introduction of invasive and exotic species may also damage these wetlands further.

Validator Response: The revisions made to the PDD are adequate for the without Project described.

NCR Number 2010.10 of 41 Dated 4th August 2010

Finding: Once the ‘without Project’ scenario is defined please elaborate on biodiversity impacts of the ‘without Project scenario

Proponent Response – As described in the DOS large scale clearing of the land would obviously have the same effects as those mentioned above however in potentially greater impact.

Additional considerations include,

1. Loss of habitat.
2. Lower water quality due to silting caused by run-off.
3. Competition caused by the introduction of invasive species.
4. Potentially greater hunting pressure as increased population looks for food.

Validator Response: The revisions made to the PDD are adequate as they discuss changes in the context of the Development Options Plan for the area.

NCR Number 2010.11 of 41 Dated 4th August 2010

Finding: Please provide a map of the potential Project activities.

Proponent Response - New map has been created and added to Section G 3.3

Validator Response: The revisions made to the PDD are adequate. A map depicting the planned activities for the first 12 months are located within the Project zone.

NCR Number 2010.12 of 41 Dated 4th August 2010

Finding: Please justify the Project start date.

Proponent Response - Project start date has been revised to 22 May 2009 as this is when the agreement was signed with Hunstein Range Holdings.

Validator Response: The revisions made to the PDD appear to be adequate.

NCR Number 2010.13 of 41 Dated 4th August 2010

Finding: Please provide a commitment to developing a full Project plan prior to the first verification.

Proponent Response - The Project developer will commit to developing a full Project plan prior to the first verification.

Validator Response: The revisions made to the PDD are adequate.

NCR Number 2010.14 of 41 Dated 4th August 2010

Finding: An all encompassing risk assessment must be developed using appropriate methodologies.

Proponent Response - Please refer to the updated Risk Register in section G3.5.

Validator Response: The revisions made to the PDD are adequate.

NCR Number 2010.15 of 41 Dated 4th August 2010

Finding: Please describe the process in more detail by which Project stakeholders can apply for funding for Projects.

Proponent Response - Please refer to the Projects policy documents.

3.1 "Project Funding – Principles and Policy".

Please note this document also relates to the following policies,

1. Environmental Awareness
2. HVC Policy
3. Health and Safety
4. Equal Opportunity
5. Complaint Handling and Dispute Resolution

Section G4 also outlines the process by which the Project will operate including an independent review

board for funding applications.

As well as the tender process required for specific jobs such as construction over a certain dollar value.

Validator Response: The supplied policies and revisions made to the PDD are adequate.

NCR Number 2010.16 of 41 Dated 4th August 2010

Finding: Please develop a plan for the ongoing community and stakeholder consultation and adaptive management approaches.

Proponent Response – The following was added to Section

Adaptive Management Plan – Summary

Meeting Schedule

1. Government Stakeholders
 - Provincial Government – 6 Monthly update provided for the
 - District Government– Quarterly meeting of the Joint District Budget Planning Committee. Projects are also required to be approved through this process.
 - Local Government– Quarterly meeting with the LLG and Hunstein Range Holdings.
2. Local Stakeholders
 - Community Stewards – Monthly report and revision of the report with the Project Superintendent.
 - Project Superintendent – Monthly Report to the Project Manager
 - Project Manager – Quarterly review with all Superintendents.
 - Annual Performance Reviews – All Superintendents will undergo an annual performance review to ensure objectives are being met.

Note: Should a community steward record an illegal event the Project superintendent will act immediately and address the issue and report to the Project manager.

Additional distribution of information

- Newsletter - to be produced and distributed quarterly to all landowners. This will also be displayed at the resource centers once established.
- 6 Monthly update of Projects to be published in the National press.
- Radio – Monthly update on the local NBC network.

All meeting minutes are documented and sent to the Project Manager.

Meeting outcomes are reviewed during the quarterly review with the Project superintendent.

A document control and review process will be followed to ensure actions and outcomes from these meetings are followed up.

Validator Response: The description of the ongoing consultation and adaptive management process appear adequately integrated into the management process of the Project.

NCR Number 2010.17 of 41 Dated 4th August 2010

Finding: Please provide the final community consultation documents.

Proponent Response - These documents have been sent to the validator directly. They have been provided to the validator.

They are also referenced in “Additional documentation to support the April Salumei Sustainable Forest Management Project”.

Validator Response: The documents supplied included

April Salumei Awareness – Awareness and trip notes January-February 2010

Landowner Chairman Awareness – May 2010

PDD – Review and discussions on PDD held in Villages and District – June 2010

These documents included photos and copies of brochures issued to the local people to describe the Project and details of the discussions held. This appears to document how the stakeholders have been engaged.

NCR Number 2010.18 of 41 Dated 4th August 2010

Finding: Please ensure that the Complaints Handling and Dispute Resolution Policy are accurately described in Section G 3.10 including how the grievance process will be publicized to communities and other stakeholders.

Proponent Response - The complaints handling and dispute resolution Policy has been provided to the Validator.

Whilst the Project promotes the resolution of any dispute through traditional methods the policy is there to be utilized if resolution is not possible.

All community stewards will continue to inform the community and other stakeholders of the Complaints Handling and Dispute Resolution Policy. A hard copy of all policies is available at the Resource Centers.

All community stewards will continue to inform the community and other stakeholders of the Complaints Handling and Dispute Resolution Policy. A hard copy of all policies is available at the Resource Centers.

Validator Response: The supplied policies and revisions made to the PDD are adequate.

NCR Number 2010.19 of 41 Dated 4th August 2010

Finding: Develop an employment policy that outlines the process and requirements for recruitment and employing staff.

Proponent Response - A copy of the Recruitment of Staff and Hiring Policy has been given to the validator.

Validator Response: The supplied policies and revisions made to the PDD are adequate.

NCR Number 2010.20 of 41 Dated 4th August 2010

Finding: Please provide signed copies of all land owner companies which suggest supporting the Project. Please provide legal details of relationship between Earthsky and Rainforest Project Management Limited. Please provide evidence of any potential relationship with Kirk Roberts or Nupan in relation to the April Salumei area.

Proponent Response –

The Project has provided the Validator copies of all Landowner Companies endorsement of the Project and the copies of the meeting minutes that were held.

Earth Sky is the Project originator and holds the rights to the Project. Earthsky have appointed Rainforest Project Management Limited to develop and manage the Project on their behalf.

There is no evidence to show there is no relationship with Kirk Roberts of Nupan because none exists. I have prepared a statutory declaration to this effect. Attached. Scanned and signed copy to be sent separately.

Validator Response: The supplied documents are adequate. In addition the proponent provided legal advice regarding a previous misrepresentation of Earthsky in PNG by an Australian company registered of the same name.

NCR Number 2010.21 of 41 Dated 4th August 2010

Finding: Please provide a response to WWF public comments which refer to the advertisement posted by Dr Wari Iamo in the Post-Courier on 14/7/10, in particular to the statement that the Government of PNG does not support voluntary carbon Projects at the current time. Please explain why the Project design bases its approval on supporting letters from a government institution (the Office for Climate Change and Environmental Sustainability) which was dissolved in 2009 showing evidence that the approval issued by this department has not been rescinded.

Proponent Response –

The views of Dr Iamo are different to the views and evidence provided by the Project.

The Project is not relying on approval from the Office Climate Change and Environmental Sustainability, although they did endorse the Project.

The Project is based on the approval from,

- The Landowners. This is evidenced by the consent, individually signed by 163 Incorporated Land Groups, their respective landowner companies and the umbrella company Hunstein Range Holdings Limited.
- Prime Minister. As evidenced by his letter, and interviews with members of the Prime Ministers Department during the validation visit.
- The consent of the Forest Minister. The area is currently an FMA and consequently the PNGFA have the right to the area for 50 years from the date the FMA was signed 250 December 1996.

Note. Whilst the Project will be submitted to the board the validator has met with two members of the board who have advised of their support for the Project including the Managing Director of PNGFA the approval for the Project is not required as it has the approval from the minister.

Once the approval is granted from the board it is submitted to the minister who has the ultimate authority to approve or not approve the Project. The minister has already given his approval so the board's approval is not necessary due to the powers of the minister. The Project also has district

approval through the Joint District Budget and Planning Committee.

Validator Response: The response is adequate.

NCR Number 2010.22 of 41 Dated 4th August 2010

Finding: Please provide evidence that the Forest Authority Board have approved the April Salumei Sustainable Forest Management Project.

Proponent Response - As discussed in the NCR 2010.21, 08/04/2010 the approval of the board is not necessary to complete the process.

The minister has the power to accept the recommendation of the board or not.

Whilst the minister will normally follow the position of the board he has the authority to overrule a decision.

As evidenced by the Forestry Ministers signed press release (copy to validator) the Forestry Minister has already approved the Project.

Furthermore the Prime Minister has approved the Project who can direct the minister to approve a Project through the National Executive Council.

Validator Response: Discussions with the Managing Director of the Forestry Authority confirmed that this was a formality as the Minister has already approved it.

NCR Number 2010.23 of 41 Dated 4th August 2010

Finding: Identify illegal threats that could affect the Project the area and describe how the Project will help reduce these activities.

Proponent Response - Section has been revised to include.

Illegal threats include,

- Drugs
- Illegal Logging
- Small Scale mining
- Trade of endangered species

The Project includes a formal community monitoring plan that will identify illegal activities such as commercial logging. All Illegal activities would be reported to the relevant authorities.

The remoteness and tranquillity of the Project area allows for illegal activities to readily visible as it would need to transect Ambunti before it gets into the area.

Landowners will be encouraged to develop and formalize their laws in relation to illegal activities and a Community Auxiliary Policing model will be considered.

Validator Response: The supplied policies and revisions made to the PDD are adequate.

NCR Number 2010.24 of 41 Dated 4th August 2010

Finding: In accordance with changes made in response to NCR 2010.8 review the net change in carbon stocks due to the Project activities.

Proponent Response - Will be the same as G2.3. Document has been updated. Please refer to the PDD.

Validator Response: The consideration of the without Project scenario and the revisions to the PDD and calculation spreadsheet adequate.

NCR Number 2010.25 of 41 Dated 4th August 2010

Finding: Other GHG emissions from additional activities need to be discussed.

Proponent Response –

PDD has been updated. Section CL1.3 below.

In the with-Project scenario a small amount of emissions will result from the burning of fuel in the motors of boats to be purchased to facilitate water transport. However in the without Project scenario this would be more than offset in our opinion by the emission from the agricultural practices which would follow conversion of the forest, With the potential for agricultural Projects to be developed potential fertilizer use and annual emissions from burning of the agricultural waste.

Please refer to the Project Funding Guidelines and Policy where all Projects need to complete an emissions analysis.

A safety pool (10%) has been established to ensure any Project activity that creates emissions will have to offset them against the pool or take separate issues to do the same.

As previously mentioned, no other GHG emissions aside from CO₂ will be considered within the Project activities.

Validator Response: Initiating the buffer is a risk approach and the procedure for selecting infrastructure and enterprises to fund requires a greenhouse gas assessment. This approach seems adequate.

NCR Number 2010.26 of 41 Dated 4th August 2010

Finding: Where appropriate specify timeframes on the monitoring (e.g. 5 years for leakage). Review the monitoring frequency to be consistent with verification and ensure the pools are consistent with those that are estimated in the with-Project scenario.

Proponent Response – Initially the monitoring plan will be undertaken annually. This will assist with building local capacity in the region and allow for a detailed and robust understanding of the forest. Monitoring for verification will be undertaken every 5 years. That is years 5, 10, 15, 20 and 25 following validation.

Validator Response: The revisions made to the PDD are adequate.

NCR Number 2010.27 of 41 Dated 4th August 2010

Finding: Please clarify when the full monitoring plan will be developed.

Proponent Response – As taken from the PDD CL3.2.

The Project will commit to developing a full monitoring plan within twelve months of validation against the CCB 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.

Validator Response: The revisions made to the PDD are adequate. This plan should be validated within 12 months of Project validation.

NCR Number 2010.28 of 41 Dated 4th August 2010

Finding: Please use an appropriate methodology for the identification of impacts on the community as a result of the Project.

Proponent Response – The community benefits (G 2.3) derived from the Project's development objectives and goals (G 3.1) are set to improve livelihood within the community and an appropriate methodology to use is Social Carbon (methodology) where the basic structure is framed within the Sustainable Livelihood Approach (SLA) originally developed by Robert Chambers and Gordon Conway, and subsequently modified by Scoones: "A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base."

Please refer to section CM 1.1 for the completed section.

Validator Response: The revisions made to the PDD are adequate.

NCR Number 2010.29 of 41 Dated 4th August 2010

Finding: Demonstrate how no HCV will be negatively affected.

Proponent Response – The proceeds from the carbon credits will provide for activities that adhere to the maintenance of the HCVF and the biodiversity it contains (G 1.8)

The population within the April Salumei FMA area is very small and their population densities are very low, their use of the land is inherently sustainable. The wetland and sago areas provide ample resources for sustainable harvesting thus maintaining habitats for the maintenance of populations of flora and fauna.

Community, Biodiversity and Climate stewards will maintain a register of resource harvested within the area to be consistent with the Project design and specification. This will be consistent with the Community Impact Monitoring Plan (CM 3.1). Therefore there is no foreseeable impact by the community on high conservation values.

All significant development in the Project area will be subjected to the Environmental Act 2000 will require an EIA that will ensure the HCV not to be negatively affected. Activities will be screened and

depending on its impacts warrants either meeting guidelines or code of conduct or through the submission of an Environmental Impact Statement (EIS). The process for the submission of preparatory documents leading to the assessment process of the EIS is available from the Department of Environment and Conservation.

For the road Project (and others over a specific scale) an important component is the Environmental Impact Assessment. Additionally these Projects will also require normal approval through the Joint District Budget and Planning Committee where the district government also has safeguards. Management and monitoring requirements must be documented and implemented before and during construction as well as in the operational phase. The determination of assigning road status and responsibility will be discussed by the Project management team and the tiers of government. Overall, the impacts of high conservation values will be minimal as effectively mitigation measure will be in place.

The relatively small population in the April Salumei FMA area the relative population densities which are also very low will allow for the ongoing sustainability of the HCV area.

Therefore there is no foreseeable impact by the community on high conservation values that has not been identified in the Projects risk register with appropriate actions to mitigate these risks where necessary.

Validator Response: The response and revisions made to the PDD are adequate.

NCR Number 2010.30 of 41 Dated 4th August 2010

Finding: Please update this section following completion of NCR 2010.29.

Proponent Response – Please refer to the Projects Risk Register in G3.5.

The greatest potential impact identified is the identification of the true landowners and the subsequent distribution of benefits to them. This will be mitigated by the mapping of ILG boundaries as discussed in the Project activities. The mapping will also assist with the identification of landowners with a traditional right to settle in the area if the attraction of improved social benefits draws them.

Any surrounding communities have the right to voice Project impact concerns to the Project administrators and community leaders. See G3.1 and Complaint Handling and Dispute Resolution Policy.

The community stewards will provide a non confronting opportunity for any negative impact to be communicated. These complaints will be dealt with at the local level using traditional methods or may be discussed with the Project Superintendent for resolution.

Please refer to our Complaint Handling and Dispute Resolution Policy.

The Project is also considering the establishment of Community Auxiliary Policing that would assist with any potential impacts.

Validator Response: The revisions made to the risk register and the PDD are adequate.

NCR Number 2010.31 of 41 Dated 4th August 2010

Finding: Demonstrate that the Project is not likely to result in net negative impacts on the well-being of other stakeholder groups.

Proponent Response – There are no identified unmitigated offsite community impacts are anticipated by this Project.

All members of the community have rights to utilize the benefits the Project will bring to the community. For example all people can freely move along the road, all children can go to schools or seek health care. No one is precluded from this.

Through the community stewards in application of the monitoring plan, should there be negative impacts identified they will be mitigated.

Validator Response: The revisions made to the risk register and the PDD are adequate.

NCR Number 2010.32 of 41 Dated 4th August 2010

Finding: Develop an initial plan for how 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 will be assessed.

Proponent Response – Please refer to the companies High Conservation Value Policy and Environmental Policy and the Biodiversity Steward Monitoring plan.

Validator Response: The policies provided and revisions made to the PDD are adequate.

NCR Number 2010.33 of 41 Dated 4th August 2010

Finding: Please clarify when the full monitoring plan will be developed and make a commitment to justifying the methodology to be selected and the approaches to identifying communities and elements to be monitored.

Proponent Response – RPM commits to developing a full monitoring plan within twelve months of validation against the CCB 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.

Validator Response: The policies provided and revisions made to the PDD are adequate. This plan should be validated within 12 months of Project validation.

NCR Number 2010.34 of 41 Dated 4th August 2010

Finding: Use appropriate methodologies to estimate changes in biodiversity as a result of the Project in the Project zone and in the Project lifetime.

Proponent Response – Methodology for biodiversity impact have been championed by various authors and institutions including the World Bank and World Conservation Monitoring Centre¹. Numerous conservation organizations such as WWF and TNC have adopted these methods for their field data collection. Within the proposed area, there has been limited biodiversity inventory, where there is sparse information around. However, the ecoregion (G 1.8) does account for the overall biodiversity of the area providing for its extensive coverage.

The Projects plans to undertake an initial biodiversity inventory on the available data providing a baseline scenario and continuing that will be a biodiversity impact monitoring plan (B 3.1). Thus, a detailed monitoring plan will be developed to assess threats. Some of these have already been identified in the risk register.

As stated in G3.1 the major goal of the April Salumei Sustainable Forest Management Project is to prevent the commercial logging of the Project area. The establishment of the Project will remove the potential for commercial logging and the area will remain in its current natural state. The preservation of this area would see no negative impacts to the biodiversity of the area.

The following is an extract from the Greenpeace report “Preserving Paradise” (Nov 2008) “Logging is the key driving force in forest change and degradation in PNG and a leading contributor to eventual deforestation and conversion for other uses”.

It is this degradation and deforestation that will obviously cause loss of habitat and changes to the existing ecosystems. These will be avoided with the implementation of the Project.

As sustainable landowner Projects are developed they will be consistent with the Projects policies to ensure Genetically Modified Organisms are not used and to restrict the increase on invasive and non native species

Validator Response: The revisions made to the PDD are adequate.

NCR Number 2010.35 of 41 Dated 4th August 2010

Finding: Demonstrate that no High Conservation Values identified in G1.8.1-3 will be negatively affected by the Project.

Proponent Response – Section B1.2 has been revised as follows.

The Project will eliminate the possibility of commercial logging in the FMA; hence no high conservation values will be negatively affected by this Project. In addition, all Project activities will be situated within existing clearing and the removal of vegetation or habitat will be minimal. All HCV areas such as the sago swamp, cultural and spiritual sites (Map 10) will be safeguarded through the allowable community

¹ http://www.unep-wcmc.org/collaborations/BCBMAN/PDF/PA_Guidelines_BMA_D.pdf. Accessed 23/7/10.

harvesting practices, while the cultural and spiritual sites are highly protected by the local community and that in itself safeguards the HCV areas.

The biodiversity monitoring (B 1.1 & B 3.1) will ensure that these activities are confined with appropriate mitigation measure put into place to safeguard these areas. The only large activity that will impact on the north western portion of the Project area would be the Ambunti – Drekikir road, which will have an EIS as it falls within the jurisdiction of the Department of Environment and Conservation. The EIS safeguards against biodiversity impacts will be guided by the management and mitigation measures contained in the EIS. These measures will also be contained in the Monitoring Plan which the community stewards will be using to ensure all threats to biodiversity are effectively mitigated.

The potential impact of other smaller Project activities such as the community agriculture Projects will be assessed taking into consideration the scale of land clearance that would be undertaken. A risk assessment methodology will be developed that is aligned to the risk register and displays a checklist for the identification of a particular ecosystem that might be impacted upon and the corresponding mitigation measures.

As the Project's main outcome will be conservation, no offsite negative biodiversity impacts are anticipated. However, should any negative impact be identified, the Project Management Team, together with the local communities, will address such problems quickly and effectively. Any offsite impacts will mostly be positive, as conservation of a large area of pristine forest habitat will improve the long-term viability of populations' offsite as well.

In summary, this Project will have overall positive impacts on the high conservation values of forests. The fact that it will eliminate logging and all of its negative impacts will protect and conserve the natural habitats and the flora and fauna they harbor, particularly the endemic species. Any degree of habitat degradation or fragmentation could result in a significant loss of endemic species or distinct species populations. Please refer to our High Conservation Values Policy and our Environmental Awareness Policy for further details. These policies will ensure no HCV's are negatively affected.

The preservation of this area and the identification of HCV areas in G1.8 would in fact provide protection to the reserves of flora and fauna, maintaining local biodiversity and HCV.

The protection of HCV's is fundamental to the Project's success and risks to the HCV areas have been identified in the Projects Risk Register.

Please refer to our High Conservation Values Policy and our Environmental Awareness Policy for further details.

Additionally proposed Projects are required to conduct an environmental Impact Assessment to ensure Project activities do not compromise HCV's.

Validator Response: The revisions made to the PDD are adequate.

NCR Number 2010.38 of 41 Dated 4th August 2010

Finding: There remains some confusion about the types of agriculture activities that will be implemented amongst Project stakeholders. Please identify a process whereby the use of exotic species by this Project is communicated to the landholders.

Proponent Response – B1.3 has been revised to read as follows.

No invasive and non native species are planned to be introduced to the April Salumei FMA area. The Project aims to conserve and protect native flora and fauna.

Ongoing consultation with all stakeholders will be undertaken to ensure continued understanding of the Project requirements under the CCB Standard to increase capacity will be conducted on a quarterly basis. The Projects Adaptive management Plan outlines quarterly meetings with the landowners. There is radio information planned and a newsletter. Further to this the training of the Community Stewards and the dissemination of information through them back to the communities will assist with this.

Validator Response: The revisions made to the PDD are adequate. The validator is satisfied that the standards requirements have been communicated to the Projects agricultural advisor as it relates to exotic species and agricultural enterprises.

NCR Number 2010.37 of 41 Dated 4th August 2010

Finding: Identify potential negative offsite biodiversity impacts that the Project is likely to cause.

Proponent Response – Please refer to the Projects Risk Register in G3.5.

Validator Response: The revisions made to the PDD are adequate.

NCR Number 2010.40 of 41 Dated 4th August 2010

Finding: In light of addressing NCR 2010.30, document how the Project plans to mitigate these negative offsite biodiversity impacts.

Proponent Response – Mitigation factors are listed in the Projects Risk Register. See G3.5.

Validator Response: The revisions made to the PDD are adequate.

NCR Number 2010.39 of 41 Dated 4th August 2010

Finding: In light of addressing NCR 2010.39 and NCR 2010.40, 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.

Proponent Response – Section B2.3 has been updated as follows.

The Project does not anticipate any negative offsite biodiversity impacts. In fact, offsite biodiversity impacts from the Project are anticipated as being positive as the conservation area will provide a larger habitat for species and thereby improve their long term viability in the region.

The protection of the forest area is in fact expected to provide positive impacts to the region's water supply in contracts to the without Project scenario.

As the Project has demonstrated how it does not cause leakage there are few if any potential offsite biodiversity impacts.

Project policies and the mitigation plans outlined in the Risk Register (G3.5) will ensure no negative offsite biodiversity impacts.

In considering the biodiversity impacts in the “with-Project” and “without Project” scenario it is obvious there is a positive effect from the Project on biodiversity.

Validator Response: The revisions made to the PDD are adequate.

NCR Number 2010.40 of 41 Dated 4th August 2010

Finding: This section required updated to reflect the outcomes of addressing NCR 2010.6.

Proponent Response – Monitoring of HCV areas has been added to the proposed plan on page 172.

The monitoring plan already mentions “will include particular attention to species with High Conservation Values (HCV) and occurrence of invasive species and native species generally”.

The monitoring plan already refers to monitoring of water access and water quality.

Validator Response: The revisions made to the PDD are adequate.

NCR 2010.41 of 41 Dated 4th August 2010

Finding: Please clarify when the full monitoring plan will be developed.

Proponent Response – The Project will within twelve months of the validation of the Project have an initial monitoring plan to quantify and document the changes in biodiversity resulting from the Project activities (both in and outside the Project boundaries). The monitoring plan will identify the types of measurements, the sampling method, and the frequency of measurement.

Validator Response: The revisions made to the PDD are adequate. This plan should be validated within 12 months of Project validation.

New Information Requests:

NIR Number 2010.1 Dated 1st December 2010

Finding: Please provide evidence that the Wildlife Management Area (WMA) has been revoked as a part of the legal process and that the area is now under threat from timber harvest.

Proponent Response – Attached are the court documents from the landowners. (Court Papers 2)

The documents were lodged with the courts and there was an order given to proceed to trial.

This was on the basis the area was an FMA which has been established. As an FMA the rights to the area vest with the National Forest Authority (NFA).

Neither the NFA nor the Landowners have consented to the WMA as evidenced by the documents and subsequent court order.

You have also discussed the FMA with the Managing Director of the NFA (Kanawi Pouri) and he confirmed its status. There is clear and definite evidence the FMA existed in February 1996 and this has never been challenged.

The WMA was gazetted in November 1997 and the landowners commenced legal proceedings against

the WMA in December 1997. (See April Salome Court papers Oct 2008)

There was then an out of court settlement suggested by the courts and the government became involved and suggested the area become the pilot Project.

I was advised the matter had settled in court but I cannot find evidence of this.

Given this is slightly different to the documented information in the PDD I will need to revise the PDD to reflect this and update the NCR.

Additionally the WMA was “allocated” to a part of the FMA that was not included in the carbon accounting area.

Validator Response: The WMA area has been excluded from the carbon accounting area and therefore does not pose an issue for the climate benefits of this Project. The documents supplied by the Project Implementer indicate that the WMA is still in place and any reference to the WMA in the PD to the contrary has been rectified.

Opportunities for Improvement:

OFI Number 2010.1 of 6 Dated 4th August 2010

Finding: All of the acronyms listed in the section (and throughout the document) could be spelt out once and provided in a list at the front of the document

Proponent Response – A list of Acronyms was added to the PDD

Validator Response: The response is adequate.

OFI Number 2010.2 of 6 Dated 4th August 2010

Finding: Agriculture Projects should be listed under a specific heading for clarity.

Proponent Response: None

Validator Response: This is not critical to the validation of this Project.

OFI Number 2010.3 of 6 Dated 4th August 2010

Finding: The conflict resolution process could be diagrammatically represented to assist with communication to stakeholders.

Proponent Response – Not responded to

Validator Response: Not critical to addressing this indicator but would assist in communication of process, particularly due to low literacy levels.

OFI Number 2010.4 of 6 Dated 4th August 2010

Finding: To avoid confusion and to be consistent, it is suggested to move listed Acts to Section G 4.5.

Proponent Response – This has been completed

Validator Response: Revisions made to the PDD are adequate.

OFI Number 2010.5 of 6 Dated 4th August 2010

Finding: An explanation of the National Forest Planning process would clarify some of the risk of market leakage

Proponent Response – No Response

Validator Response: This should be submitted at the time of the monitoring plans in 12 months.

OFI Number 2010.6 of 6 Dated 4th August 2010

Finding: The table presented on page 137 is incomplete. Please specify who is responsible for the intended monitoring

Proponent Response – None

Validator Response: - This OFI should be responded to when the monitoring plan has been submitted 12 months after validation of the Project.

General Section

Conformance

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

Climate Section

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

Community Section

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

Biodiversity Section

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

Gold Section

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

CCBA Validation Level Attained:

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

Responses to Comments submitted during the CCBA Public Comment Period

Below are both the validator and the proponents responses to the comments submitted during the public comment period. The responses are provided separately.

Validator Response Comment 1: PNG DNA

This letter was a letter of support for the Project and therefore required no direct response from the validator.

Validator Response Comment 2: Validator Response: WWF

The comments from WWF refer to conditions within the communities from 2009. The validator did see evidence of community consultations that were held late 2009 and the first half of 2010. The community meetings conducted by the validation team were well attended and the understanding of the potential positive and negative outcomes of the Project was understood by a wide range of people in the community. The validator found that key elements of the PD were understood by the village stakeholders who attended the meetings and that there was agreement they wanted to protect their forest and in term receive improved services consistent with those presented in the PD.

Other key elements in WWF submitted comment related to community and biodiversity monitoring. The discrepancies were highlighted in the process of the validation and NCRs issued in some cases. The proponent adequately responded to meet the requirements of the standard. The completion of the risk register is a key addition to the PD that documents many of the risks that WWF also identified and directs the reader to ways in which the proponent aims to mitigate/manage such risks.

Whilst the validator recognizes that detailed biodiversity studies have not been undertaken in the specific Project area, the existing documentation presented to the validator demonstrates the area has biodiversity significance. In addition the allocation of the WMA and the sensitive way in which the FMA management plan was developed for the area combined with interviews with Professors at the University of Papua New Guinea indicated that the biodiversity in the region is represented by the literature cited in the PD. The tree and animal species cited by the validator anecdotally also supported the importance of this regions biodiversity.

The validator is confident that the involvement of the University of Papua New Guinea and the Forest Research Institute in the development of all elements of the PD will lead to representative descriptions of the area and monitoring plans that meet the requirements of the standard.

To the comment querying the approval of the Project, the validator held a range of discussions including with the Forest Authority Managing Director where it was communicated that the Project was indeed approved by the Minister and that as it was consistent with the recently published framework on climate change and carbon trading from the Forest Authority, he said the Authority was in support for such a Project in the April Salumei area and could see no barrier for its passage through the board when it was put forward for approval.

The validator made several attempts to speak with Matt Leggett directly regarding his comments. Brief email correspondence was made and these are attached to this report.

In addition the proponent made contact with Matt Leggett and offered WWF a position on the independent review board so that the organizations experience in the region is recognized and utilized. Discussions with WWF have been initiated by Rainforest Project Management Limited about their long term involvement in the Project.

The validator conducted a follow up phone interview with Matt Leggett on the 1st November 2020. Matt expressed WWF support for such Projects in PNG and expressed their desire to have these types of Projects operational in PNG, however expressed frustration at the lack of a national policy framework or particular ministry with control over the approvals of these Projects at the moment. He can understand the frustration of Project developers in the region and unfortunately in some cases potentially apparent proper channels for approval have been bypassed but due to the lack of clear policy framework it is difficult to determine what the proper channels are.

Matt confirmed that he had been in contact with Stephen Hooper of RMA and was encouraging the proponent to engage with the new Department of Climate Change. He also communicated that he and Stephen Hooper will continue to communicate on the Project and he will support Stephen if possible to engage in the Department of Climate Change discussions.

Matt brought up the issue that the WMA was still in place and that this could potentially impact on the Project area. However the Project recognizes the WMA area as it is excluded from the carbon accounting area.

Validator Response Comment 3: Dr Martin Goldman

The key themes that run through Dr Goldman comments relate to consent by landholders, the quality of the carbon accounting and frustration that it appears he has not been involved in the development of the Project.

These will be dealt with separately here.

Consent of landholders – As in the previous discussion of WWF comments, the validator did see evidence on the field trip of detailed understanding and support for the Project. Documents were also viewed that indicate many levels of acceptance of the Project. The validator also understands from discussions with Hunstein Range Holdings and the ILGs that new elections will be held, overseen by the electoral commission, to ensure proper representation of the landowners at this level. The validator is aware of issues with the land boundaries and believes that Rainforest Project Management Limited is managing this with the intension to map all boundaries being one of the first activities of the Project. Community leaders also supported this mapping approach in the community meetings.

In addition to this the validator cited consent agreements signed by the ILG in both Pidgin and in English. The process of gaining consent was explained to the validator and is recorded in community consultation documents provided. This process involved ILG's in their local dialect by the chairman of the respective landowner companies. Copies of meeting minutes held by the landowner chairman where the consent was discussed and agreed to by the ILG's were also cited.

Dr Golman also refers to Mr Philip Wablasu in representing a landowner company April Salumei Resources Limited. The validator cited a position paper outlining the concerns that Dr Goldman raises and expresses support for the Project.

Hunstein Range Holdings successful case in the PNG Supreme Court where the Wildlife Management Area (issued by the Department of Environment and Conservation) was found to be unlawful and was rescinded on the basis that that the rights of the landowners had not been consulted in granting the Wildlife Management Area, indicates that this entity represents, in the eyes of the law, the landholders of the area.

The validator believes that the commitment to swiftly conduct elections within Hunstein Range Holdings will go a long way to resolving the outstanding issues with this representative company.

Rainforest Project Management Limited's approach to only deal with landowners who live in the villages for awareness and consent has been one risk mitigation approach used, as there are a number of people who live outside the area and claim to be landowners and are in fact not. This approach may have lead to omissions of people living in Port Moresby or elsewhere.

Quality of carbon accounting – Many of these issues were brought to the proponent's attention and addressed through NCRs in the validation process. The validator understands that capacity building is required in this area in PNG and was pleased to see the strong relationship the proponent now has with the University of Papua New Guinea and the Forest Resource Institute.

Involvement in the Project - The main Project information meetings are now taking place in the villages which may be one of the reasons why Dr Goldman feels he personally has been left out as he does not live in the region, spending time in Australia and Port Moresby. However, Rainforest Project Management Limited has partnered with the Dr Goldman's direct boss, Prof. Simon Saulei from the PNG Forest Research Institute and his colleague Dr Gowae from UPNG in the last 6 months, so the validator believes it is reasonable to assume that on a professional level Dr Goldman would have been aware of the Project and could have made contact with Rainforest Project Management Limited to express his direct interest in being involved.

The validation team believes that there may be some degree of professional jealousy amongst groups in UNPNG and FRI which Rainforest Project Management Limited is also aware of and is trying to manage. The validator expressed the potential value that Dr Goldman's experience in the area could bring to the Project and is aware that Rainforest Project Management Limited made contact with Dr Golman directly.

Validator Response Comment 4: Green Light Trust

The validator agrees that early evidence and the 2009 approach to community/stakeholder awareness in the region appeared inadequate. This was also brought up in the pre-assessment of the Project conducted by SCS in March/April 2010.

Rainforest Project Management Limited conducted additional Project awareness campaigns in the region following a gap analysis that was conducted in November 2009. Documented evidence of community awareness programs carried out since November 2009 were provided by Rainforest Project Management Limited prior and following the field visit that was conducted in July 2010.

During the Project validation field visit in July 2010 three villages were selected and visited by the validator, these included Wagu, the village which Greenlight Trust has a long standing relationship with. Well over 1000 people came to discuss the Project at the three village meetings. Approximately 250 were directly involved in the meeting at Wagu. The people present could answer detailed questions about the Projects design, benefits and potential negatives.

The validation meeting in Wagu occurred whilst a village leader, Kaku Yafei, (as was described to the validator during their stay at his guest house in Wagu) was on this cultural exchange in the UK, and the validator was made aware of this at the time of the visit. The validator was made aware later that Kaku (or Mathew as he is also known) was visiting Greenlight Trust with some others locals from Wagu village.

At the meetings the summary brochure, which described the Project and was provided to the validator, was seen in some people's hands and those people at the meetings confirmed that Philip Moyer (of Rainforest Management Alliance) had been in the village to discuss the Project on previous occasions that year.

The validator agrees that the current CCB process of submitting comments to the public comment period is inadequate for these types of Projects and understands the CCBA are working towards adapted approaches for these scenarios. During the audit the validator gave people the opportunity to express feelings about the Project in both the formal meetings and in less formal situations, particularly in Wagu where it was difficult to speak with the women.

The validator confirmed that the agreements signed between the ILGs and Earthsky were dated in November 2009, after the initial community consultation process.

The validator believes that the issues relating to Hunstein Range Holdings are legitimate and that the Project design has sufficient safeguards to ensure that the benefits from the sale of carbon reach the communities. Rainforest Project Management Limited also gave the validator the impression that they are fully aware of ILGs wanting to avoid the 'middle man' which they continually referred to as both Hunstein Range Holdings and the Government when asked during the community meetings with the validator. The design of the management structure was purposely developed to mitigate this risk. This structure ensures that the money will not to be held by HRH and new elections of board members to be conducted. Phone calls with Jackson Yagi, Chairman of HRH, confirmed he is aware and supportive of this approach.

Rainforest Project Management Limited has demonstrated policies and commitment to develop and support skills locally so that the people from the area are employed by the Project. This was also strongly expressed as being desired in the villages. The validator saw strong commitment and enthusiasm to this approach whilst on the field audit from both staff of Rainforest Project Management Limited and the local indigenous people.

The query of the number of stewards bought up by Green Light is a legitimate one and clarification by the proponent was sort. One steward and associated assistants will be employed for each of the four Landholder Companies. If the villages are large there may need to be 2 stewards (say for community) employed. The structure was asked to be made clearer in the PD and the proponent incorporated the revision of the recruitment structure into its adaptive management plan as requested.

The issues of capacity building and assisting local landholders to access funds were covered extensively in the validation. Rainforest Project Management Limited has specific Project delivery plans which include such capacity building throughout the Project and most importantly scheduled intensively from the first year of the Project.

The completed monitoring plans are to be submitted within 12 months of validation in accordance with the requirements of the standard.

In addition to posting the comments during the public consultation period, Greenlight Trust also contacted SCS and the validator directly through email and telephone calls to express their concerns relating to Free and Prior Informed Consent. They were particularly concerned about Kaku Yafei, who lives in Wagu village, who they have a strong relationship with. Kaku (Mathew) reported to them he had not seen the PDD and that he was getting pressure by local (particularly a land owner company chairman named Frank) to stop making bad comments about the Project.

Subsequently, the validator followed up directly by phone on the 29th September 2010 with Kaku (Mathew) Yafei. The conversation is recorded in more detail in the summary of stakeholder consultations below.

Generally, Kaku (Matthew) was concerned as he had not seen the PD and said he did not know staff from Rainforest Project Management Limited when he was visiting Greenlight in the UK.

The community consultation documents provided indicate a number of trips to Wagu village since 2009 and include names collected from these meetings from Wagu. Philip Moyer also claims to have stayed in the guest house owned by Mathew on a number of occasions. The validator stayed at Mathew's guest house and got the impression from him and others in the village that he had stayed there before.

Greenlight Trust believed that Kaku was an ILG chairman but it was established that this was not the case and could partly explain why the information was not being passed on to him. As the gap analysis conducted in November 2009 indicated that the information may not have been filtering down from the ILG chairman's adequately. It also seems that the relationship between Frank (the recently elected landowner company chairman) and Kaku is strained as according to the proponent; Kaku was Frank's opponent in recent ILG chairman elections that had taken place.

Through the discussions held as a result of these posted comments, it became clearer that one of Kaku's main concerns (as well as Greenlight Trust) was with the structure and involvement of Hunstein Range Holdings in the distribution of funds. Rainforest Project Management Limited has correctly pointed out, that Hunstein Range Holdings are the current legal entity that has been recognized through the PNGFA and the PNG Supreme Court as having the resource rights to the FMA and are therefore a significant Project stakeholder. The Project design has tried to manage an apparent historical conflict between Hunstein Range Holdings and the ILGs over misrepresentation, by not giving a major role for Hunstein Range Holdings but instead giving a strategic role to the elected landowner Company Chairman within the April Salumei Foundation framework. Plans for democratic elections for all landowner companies and their representatives is documented in the PDD and these elected officials will comprise the new board of Hunstein Range Holdings and be representatives on the April Salumei Foundation.

Kaku now understands this process better (see outline of phone call detailed in stakeholder discussions below) and now has support for the creation of a new ILG that represents his clan. He was very happy

about having an ILG that represents his clan and supported the Project in principle as long as Rainforest Project Management Limited was held accountable for the Project claims it is making. Rainforest Project Management Limited told the validator that they supported the registration of an ILG as did other ILGs in Wagu and that the conflict resolution process within the village had achieved a good outcome.

The validator connected both Greenlight Trust and Rainforest Management Alliance and understands they are in communication regarding the Project. Several unsuccessful attempts by SCS were made to have a phone conversation with Alan Knight, a patron of Greenlight Trust, at the request of Green Light Trust over an approximate 6 week period.

Validator Response Comment 5: Carbon Planet

The specific issues relating to Net Harvestable Area have been addressed in the audit. The validator held discussions with the Forest Authority over the enactment of the FMA and established that the threat to the area from logging was a credible one.

The issues about a credible without Project reference scenario and REDD or IFM was addressed as part of the validation and the proponent subsequently addressed this adequately in the revised PD and carbon calculations. There is also a commitment to move toward a higher Tier accounting as data is collected through Project monitoring. The Project has committed to developing this monitoring plan within 12 months of validation.

Validator Response Comment 6: Dr Wari Iamo

It is understood that at the time of the publication of the new article Dr Wari Iamo's temporary appointment as Executive Director of the Office of Climate Change and Development had expired. Dr The validator has also been given a copy of a letter (July 2010) from the office of Climate Change and Development endorsing the Project and requesting (financial) assistance to coordinate the Project launch which did not happen.

Following the publicity from Dr Wari Iamo the Project developer provided a letter to the validator dated the 9th August 2010 from the Acting Chief Secretary Manasupe Z. Zurenuoc, OBE, confirming the continued endorsement for the REDD Pilot Project from the Prime Ministers Department and confirming the support of the Forestry Minister and Forestry Authority.

A legal opinion from Associate Professor Eric Kwa was also provided in response to the opinion of O'Brien's as published by Dr Wari Iamo. The O'Brien's legal advice correctly states that there is no specific law relating to trading carbon. The two main points that appear to be in conflict with the Forestry Act 1991 and the current way in which the Forest Authority and landowners operate are: 1) The identification of forest resource owners and 2) The capacity of Incorporated Land Groups to transfer rights. This is the way in which all Forest Management Agreements are enacted in PNG and was further explained and confirmed in meetings with the Managing Director of the Forest Authority.

Rainforest Project Management Limited Response to the Public Comments.

A General response to Public Comments - April Salumei Sustainable Forest Management Project.

Thank you to all for the comments received on the April Salumei Sustainable Forest Management Project in the East Sepik Province of Papua New Guinea.

Comments on the Project are always welcome and will only assist to strengthen it which will in turn benefit the landowners

In this summary I would like to generally discuss the key concerns raised the during the submission process which fall into the following categories:

1. Awareness and Consent by the Landowners.
2. Structure and Representation of Hunstein Range Holdings
3. Government endorsement.
4. Alleged relationship with Nupan.

1. Awareness and Consent by Landowners.

Initially the Project contracted a third party, namely, South Pole Carbon Asset Management Ltd to develop the Project Design Document. The Awareness Program commenced in mid 2009. During this initial round of stakeholder consultations a number of concerns were raised by the landowners. These have been fully documented and discussed at length with the validator. Contrary to some comments we have received both positive and negative comments from the landowners all of these landowner comments have been documented. A video was also compiled that showing discussions that have taken place. This consultation process provided an important and strategic part of the design and planning of the Project. In fact, the concerns raised by the landowners have helped shape the Project.

Following these consultations there was a GAP analysis undertaken in November of 2009 by Ted Manu who at the time took leave from the WWF to undertake the review. We believed it was necessary to initiate an independent review to identify the level of understanding landowners actually had relative to the Project. It was noted during this review that the some Project requirements needed to be further communicated to the local stakeholders.

A decision was made at this point to cease with the contracting of these services and commence with a capacity building and training program that would allow us to conduct our own awareness programs directly with the communities.

One of the challenges with the April Salumei Sustainable Forest Management Project has been the top down approach to the Project in its infancy. The Landowner Company Hunstein Range Holdings Limited (HRH) liaised directly with the government with regard to the decision by the Grand Chief Sir Michael Somare to endorse the Project as the Pilot REDD Project for Papua New Guinea.

To address this and other deficiencies identified in the GAP analysis and subsequent review, three strategic decisions were reached.

1. To undertake a complete review of Landowner awareness carried out by our own people.
2. Develop a relationship with the University of Papua New Guinea to utilize the local technical forestry experts which in turn would provide the human resources with the development of other similar forestry Projects in PNG.
3. To realign the Project with a bottom up approach thereby ensuring that the landowners drive the development of the Project so to ensure the long term commitment and fulfillment of the Project objectives.

These decisions changed the direction of the Project.

To achieve the first point we recruited Philip Moya. Philip was previously with Oil Search in the role of a Community Development Officer and prior to this had spent over 20 years at a local, district and provincial government level. Philip has a great understanding of the everyday issues at the landowner level. During his 4 years with Oil Search he refined his communication skills and developed a thorough understanding relating to the issues Landowners face with resource distribution.

Key outcomes and decisions from Philips employment have been:

1. All meetings have been held in the local villages. No meetings have been undertaken with landowners in Port Moresby.
2. All communications have been with the individual landowner group company chairman not just with the executive of Hunstein Range Holdings.
3. These communications have been followed up with a comprehensive field visits to disseminate information directly.
4. A formal and documented awareness program has been developed and delivered on three separate occasions in the villages of April Salumei. From January 2010 to June 2010.
5. An information booklet in Pigeon and English has been produced and distributed throughout the Project.
6. A review of stakeholder engagement identified the need to meet with local, district and provincial government stakeholders which has been completed.

The development of the relationship with the University of Papua New Guinea has seen the utilization of local experts to assist and as the Project has progressed the relevant skills capacity

of these individuals has increased. An unexpected bonus of this relationship is the network this has afforded the Project.

The head of the Environmental Science faculty Professor Chalapan Kaluwin is a leader in the Pacific region in the field of climate change and has written numerous papers and reports in this field.

Dr John Duguman (previously employed by WWF in the East Sepik) has added valuable field experience and Dr Gae Gawoe (previously with the Department of Environment and Conservation, currently the Chairman of the NGO, Partners with Melanesia and with over 20 years as a forester) has also brought a unique insight to the industry.

Also from this network the Papua New Guinea Forestry Research Institute, Director, Professor Simon Saulei joined the review team and played a key role in establishing the link with PNGFA.

The individual awareness documents and trip notes have been provided to and fully discussed with the validator, these include:

1. Initial meetings notes (as referenced earlier) including public notices and invitations.
2. Meeting notes and videos.
3. Surveys to all attendees.
4. Summary documents.
5. GAP analysis Nov 2009.
6. Documents from Rainforest Project Management who conducted a field trip to promote awareness in November 2009.
7. Landowner Group Chairman Awareness program - January 2010.
8. Pre validation and field trip in March 2010.
9. Further training of Landowner Group Chairman and field visits in April and May 2010.
10. Development and distribution in the villages of awareness booklet for the landowners.
11. Awareness and consultation with regard to the PDD in the villages in June 2010.

I would suggest the value of work undertaken in the 7 months from Nov 2009 to June 2010 was reflected in a thorough understanding of the Project by the local people witnessed by the Validator in her recent field trip.

On the issue of consent, the heads of all 163 Incorporated Land Groups (ILG's) have signed individual consents for the Project.

These have been completed by the authorized representatives of the Landowner Group Companies who are represented by the umbrella company Hunstein Range Holdings Limited.

2. Structure and Representation of Hunstein Range Holdings.

Hunstein Range Holdings (HRH) is an umbrella company set up principally for the development of the Forestry Management Agreement (FMA). Furthermore, they have been acknowledged by the Supreme Court of Papua New Guinea as the lawful representative of the FMA as evidenced by their successful court action in removing the WMA.

However as the Project developer we are well aware of the views of some community members in relation to the past performance of HRH.

These views have been documented and videoed in the initial awareness consultations and have been taken into account when designing the Project.

As the Project developer it is a key responsibility to take the views of the people into account when developing the Project and to consult with them in respect to the comments made during the awareness program.

We have also been respectful of HRH as they are legally recognized by the court of Papua New Guinea as the representatives of the landowners within the FMA and are the representative body that instigated discussions with the then Office of Climate Change and Environmental Sustainability and the Prime Ministers Department.

To achieve this we have developed the Project to involve HRH. A representative of HRH will sit on the board of the April Salumei Foundation to provide landowner representation. They will also meet quarterly with the Project Superintendent as part of our Adaptive Management Plan to provide additional feedback on the Projects progress and development.

It has been acknowledged throughout the field trips there is however an underlying suspicion with specific members of HRH. This is particularly relevant when misuse of funds is discussed.

Rainforest Project Management believes it is not our position as an outsider to become involved in local level politics. We are well aware of the views of a number of landowners and stakeholders however the structure and make up of representative companies must be determined by the people living in the villages on a daily basis.

We are pleased to confirm the board of HRH has formally acknowledged the need to have fresh elections. These elections will be conducted within 6 months of the Projects validation and is outlined in the Project timetable.

Rainforest Project Management will assist to ensure transparency by securing the services of the electoral commission and the local police to conduct the elections.

In the first instance and the landowner group companies will hold their own elections. From these elections two members from each landowner group company will hold positions on the board of HRH. It is worthy to note the current directors have agreed to dissolve the current directors to allow this to happen.

Every man and woman will be eligible to vote in these elections as they are in general PNG elections.

Further to this we have recently (approx 15 September 2010) been advised by the secretary of Hunstein Range Holdings the board has agreed to endorse the registration of another landowner company. With the development of this Project landowners have sought their own identity and landowner company to better represent them.

The new company will be known as Benomo Investments Limited and will comprise landowners previously in the Nicksek Samsai landowner company. This new company will reflect three major linguistic groups from this area.

We are please to highlight this has been concluded without any interference or influence from Rainforest Project Management and demonstrates the Landowners and the chosen leaders using traditional methods to reach a consensus and agreement. The Project will fund the costs for the creation of the new company.

3. Government endorsement

Please understand the Project is currently subject to a Forestry Management Agreement. This agreement transfers the rights to the timber resource to the Papua New Guinea Forest Authority (PNGFA) for a period of 50 years commencing on 20 December 1996.

In real terms this means the Papua new Guinea Forest Authority can action the logging concession if they see fit to. There is no further input or approval required from the landowners as they have transferred their rights to the PNGFA.

These rights were central to the Supreme Court action which removed the WMA and acknowledged the existence of the legally binding FMA in 2007.

In November 2008 the Prime Minister and Grand Chief Sir Michael Somare wrote to the then Office Climate Change and Environmental Sustainability directing them to instigate April Salumei as Papua New Guinea's pilot REDD Project and to identify a developer.

The Prime Ministers legal advisor Mr Sumsay Signin OBE has also provided a letter confirming endorsement of the Project.

The Joint District Budget and Planning Committee (the district approval) has provided a copy of their meeting minutes approving the Project.

The Minister for Forests has provided his support for the Project and this has been submitted to the validator. Furthermore, a meeting was arranged with the Managing Director Mr Kanawi Pouri where he discussed the Project at length with the Validator and acknowledged PNGFA's support for the April Salumei as the countries "Pilot Project".

The development of this Project is consistent with PNGFA 2009 to 2015 Forestry and Climate Change Framework for Action published in 2010.

In August 2010 a letter confirming endorsing the Project was also received from the acting Chief Secretary, Mr Manasupe Zurenuoc OBE following the comments of Dr Wari Iamo.

4. Alleged relationship with Nupan.

It has been alleged during the public comment period that this Project has an association with Nupan (PNG) Trading Cooperation Limited (Nupan) and Kirk Roberts.

There has never been any relationship whatsoever with Nupan or any representative of Nupan.

I have prepared a Statutory Declaration to confirm these facts .

Summary

The Project has approval from the following;

1. The 163 ILG's in the Project area. This includes the April River area that did not support the FMA or the WMA agreements.
2. Prime Minister Grand Chief Sir Michael Somare.
3. Office of the Prime Minister
4. The Joint District Budget and Planning Committee
5. Minister for Forests
6. National Forest Authority

Copies of these documents have given to the Validator.

As discussed, the area is currently subject to a Forest Management Agreement (FMA). This means the Papua New Guinea Forest Authority (PNGFA) has secured the rights from the landowners to manage the area for a period of 50 years. The ILG's have through the signing of the FMA transferred their rights to the PNGFA. To address this we have gained the consent of both the landowners as the owners of the land and the forest resource and the PNGFA as the holders of the rights to the Project.

The Project will hold elections of all landowner group companies and the umbrella company within 6 months of the Project validation to appoint new board members of HRH.

The Project has also committed to carry out a comprehensive survey of all Incorporated Land Groups within the Project area. This will be the first of its size ever undertaken in PNG and will include the GPS mapping of boundaries and a comprehensive genealogy study.

It has also been agreed by the landowners and documented in the PDD all funds emanating from the Project will be distributed equally amongst all landowners. That is every man and woman over 16 years of age will share equally. This we believe is a fair system. Payments will be made directly to the Incorporated Land Groups and not through Hunstein Range Holdings.

Furthermore an independent Project review board has been created to ensure transparency and equity in the development and funding of landowner Projects.

I would like to extend an invitation to a WWF representative to sit on this board. Currently Ken Mondiai from Partners with Melanesians has agreed to become one of the board members.

Yours Sincerely

Stephen Hooper
Chief Executive officer
Rainforest Project Management Limited

1. Comment 2 - WWF.

Generally these comments relate to the conditions as they were in the middle of 2009. We largely agree that these comments were representative of the status then. This was, however, 12 months ago and a lot of work has been completed since in remedy. Please refer to my comments in red for the ease in understanding.

Detailed Analysis – April-Salumei Sustainable Forest Management Project

CCB Project Design Standards Requirements	Statements from the Project Design Document	Concerns
CM1. Net Positive Community Impacts Concept		
<i>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.</i>	<p>PDD states “during an extensive awareness and consultation program a number of activities were implemented to invite comments and input from stakeholders.” (p95)</p> <p>“Tack Realty (2004) stated that 30 Incorporated Landowner Groups (ILGs) from the April River Local Level Government refused to sign during the structuring of the FMA. Those thirty ILGs have now signed the agreement as an individual ILG and have given consent to Niksek Samsai to act on their behalf in respect to the Project”. (p95)</p> <p>“The April – Salumei Forest Management Area (FMA) has 163 Incorporated Land Groups (ILG)s that come under an umbrella landowner company, Hunstein Range Holdings Ltd”</p>	<ul style="list-style-type: none"> · There have been 5 individual trips to the Project area since January 2010. Your findings are dated June 2009. I agree with your comments in June of last year but we believe the understanding is vastly different now. This was witnessed by the validator during the field trip. · Not evidenced in the PDD. Concerns remain as to the standard of FPIC and consultations carried out within the community. See supporting document data (p16-19) · This is not evidenced within the design document. Recent consultations and community testimony suggest that this may be inaccurate. These landowners consented in February to the Project. In fact, they have been the first to hold elections for new representatives. This has all taken place in 2010 and was not the case in 2009. · This statement is not fully

supported by recent testimony and evidence from previous consultations in 2009. See supporting document (p20)

CM2. Offsite Stakeholder

Impacts

Concept

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

“There are no foreseeable negative offsite stakeholder impacts. If however there is any discontent being vocalized by surrounding communities, these concerns will be addressed through stakeholder consultations and community discussions” (p128)

“CM2.3 Unmitigated Offsite Impacts - There are no identified negative community impacts are anticipated by this Project. Through the community stewards in application of the monitoring plan, should there be negative impacts identified they will be mitigated.” (p129)

- Not sufficiently justified within the Project design. In the PNG context, any Project development has the capacity to escalate existing community tensions. The Project design should address the question of equitable distribution of benefits, as the ‘resource curse’ is always a risk.

- Our plans for equitable distribution have been addressed in General Comments.

- This not realistic. More detailed explanation is needed of actual actions that will be taken to offset negative impacts, both direct and indirect.

- Agreed and has been completed and will be in the updated PDD. Please refer to the Project Risk Register.

CM3. Community Impact

Monitoring Concept

The Project Proponents must have an initial monitoring plan to quantify and document changes in social and economic well-being resulting from the Project activities (for

Key intended monitoring activities outlined in p130 of the PDD.

- Monitoring plans are insufficiently evidenced or explained in the PDD. There is no identification of communities in which monitoring will take place. No

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.

methodology is described and no justification for choice of methodology is given.

- The Project developer has outlined the community component of the proposed monitoring and committed to developing a full monitoring plan within 12 months of the validation. This is consistent with the requirements of the standards and we welcome the assistance of WWF to do this.

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.

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”.

“As the pilot Project for Papua New Guinea the Project has received approvals from all relevant bodies including, Prime Minister’s Office, Forestry Ministry and the Department for the Environment and Conservation” (p92)

- No approval has been granted-the Government of PNG has stated that voluntary carbon Projects are not supported at the current time^[2].
- Please refer to the letter of approval from the Prime Minister and the Prime Minister’s office under which the Office Climate Change and Development operates.
- The Project design bases its approval on supporting letters from a government institution (the Office for Climate Change and Environmental Sustainability) which was dissolved in 2009. It is the understanding of WWF WMPO that all approvals issued by this department have since been rescinded.
- Incorrect assumption. The Project does not base its approval on a letter from the Office Climate Change and Environmental Sustainability.

Please refer to the PDD.

- Research in late 2009^[3] demonstrated significant unresolved disputes remain in region. There is no evidence provided that these tensions have been resolved, or evidence of proposed procedures to resolve existing disputes
- See mapping of all ILG boundaries as part of the Project activities to resolve any potential disputes.
- To the knowledge of WWF WMPO, the Papua New Guinea Forestry Authority has not yet given permission to any developer for REDD Projects to operate within Forest Management Areas.
- Incorrect this has been given and the validator has met with the Managing Director of the PNGFA on the recent validation trip.

General Comments

Generic statements have been made about biodiversity in the PDD which are not accurate. While WWF’s forests team believes that the April Salumei almost certainly qualifies as a High Conservation Value Forest, the PDD does not adequately establish this, leaving the way open for this to be challenged by opponents, and undermining credibility. In order to sustain the statement in the PDD that this is High Conservation Value Forest,

p.41 – ‘flagship species of the area includes the birds of paradise, and various endemic species of birds, mammals, reptiles and invertebrates’

p.22 – ‘beech woodland may include species of *Barringtonia asiatica*, *Pandanus tectorius*’

- There is no specific listing of the flagship species (especially plants). No evidence is presented that presence of flagship species has been confirmed. In particular, if they are endemic they should be clearly listed.
- Noted and will be reviewed by the technical team.
- There is no beech woodland in the April Salumei area and so no species of ***Barringtonia asiatica***, which is

more survey work, or a more thorough desk review, is needed.

p.46 – ‘the area clearly qualifies as a HCVF characterized by high biodiversity and endemism, and also by the fact that it is home to a number of species of fauna and flora that are listed in either IUCN red list or in CITES I, II & III’

a coastal species.

- Noted and will be reviewed by the technical team.
- Apart from 6 CITES/IUCN fauna species, there is no plant species (flora) listed under CITES/IUCN stated in the species listing in the PDD. None of the plant species in the area are rare or endemic to this area as stated in the text. There are numerous mistakes in species names, or incorrect names used - for example *Areca calyptrocalyx* – names of 2 completely different genera – it should be *Areca macrocalyx* which is name for this local species Kavivi listed in the table.
- Noted and will be reviewed by the technical team.

Project Documents

1. Project Design Document, April Salumei, East Sepik, Papua New Guinea, June 2010
 - a. Project Design Document, April Salumei, East Sepik, Papua New Guinea, October 2010
2. April Salumei Foundation Indicative Cash Flow Yr 1. xls
3. Carbon Calculations V2 small.pdf
4. Carbon Calculations April Salumei.xls
5. April Salumei PNG REDD Pilot Project. Ambunti – East Sepik Province. Rainforest Management Alliance May 2010. pdf
6. April Salumei Awareness Filed Trip 24 June – 2 July 2010_Rainforest Management Alliance.doc
7. April Salumei Awareness Visit 24 January – 5 February 2010 _ESP.doc
8. GAP Analysis and Community Consultation at April-Salome – Ambunti Drekikia District East Sepik Province, PNG, Views and Opinions from Community Consultations. Warren Jano, Forest Carbon & Environmental Services Ltd, November 2009.doc
9. April Salome Sustainable Forest Management Project, First Stakeholder Consultation Report, Chem-Clean Limited and South Pole Carbon Assets Management Limited. Not dated but consultation took place in May 2009.
10. 001 ASFMA Awareness Preliminary Report REC 14-01-10.doc
11. 002 Nom Investment Ltd Meeting Jan 10.pdf
12. 003 Salume Investment Ltd Awareness Jan 10.pdf
13. 004 SWIL Awareness Jan 10.pdf
14. 005 Community Views_April_Salome_Nov_2009.doc
15. 006 Awareness Preparation Document.doc
16. 007 - Stakeholder Consultation Design REDD PNG1_tk_2.doc
17. 008 - Public notice.pdf
18. 009 - April Salumei Awareness Visit Earthsky Jan 2010.doc
19. 010 - April Salome_SC_Minutes_of_Meeting May 2009.doc
20. 011 - 090504_April-Salome-SC-Wewak-VoiceRecording.mp3
21. 012 - AprilSalome_SC_Attendance_list.pdf
22. 013 - AprilSalome_SC_Participation list_Sepik_River.doc
23. 014 - AprilSalome_SC_program.pdf
24. 015 - AprilSalome_SC_Sustainable_Matrix_example.pdf
25. 016 - 090804_SHC_report_REDD_PNG.pdf
26. 017 - Community Views_April_Salome_Nov_2009 (2).doc
27. 018 - NSIL Letter of Allegiance- Earthsky-15-08-09.doc
28. 019 - SWIL Certificate of Allegiance - SW - Earthsky-15-08-09.doc

29. 020 - NIL Letter of Allegiance-Earthsky-25-8-09.doc
30. 021 - HRHL ILG Structure 220509.pdf
31. 022 - HRHL - Earthsky Master Agreement.pdf
32. 023 - ILG Agreement Pidgin.doc
33. 024- ILG_Template English.doc
34. 025 - Office of PM Support Legal Advisor.pdf
35. 026 - PM letter of support FMA incl early consideration.tif
36. 027 - Forestry Min Noterised Press release.pdf
37. 028 - Dept of PM & NEC Support.pdf
38. PM support for April Salome REDD 181109.pdf
39. Reply to SCS NCR 2010.1 and NCR 2010.2.doc
40. Screen shot of reference docs..doc
41.
 1. April Salumei Sustainable Forest Management Project Timeline.xls
 2. Position Description – Biodiversity Steward.doc
 3. Position Description – Climate Steward.doc
 4. Position Description – Community Steward.doc
 5. Position Description – Superintendent Education.doc
 6. Position Description – Superintendent Health.doc
 7. Position Description – Superintendent Community and Enterprise.doc
 8. Position Description – Project Superintendent.doc
 9. Application for Leave.doc
 10. Bank Details Form.doc
 11. Confidentiality Agreement.doc
 12. Consulting Agreement-Contractor.doc
 13. Copt of Timesheet Template.doc
 14. Deduction details form.doc
 15. New Employee Details.doc
 16. New Employee Induction and Checklist.doc
 17. RMA – Staff Induction and Handbook – Master (2).doc
 18. RMA Letter of Employment – Template.doc
 19. RMA Schedule 1.doc
 20. RMA Standard TC of Employment.doc

21. System Access for new employees.doc
22. TFN and ID Form.doc
23. Timesheet.doc
24. Conflict of Interest Policy.doc
25. Code of Conduct Policy.doc
26. Transparency Policy.doc
27. Complaints Handling and Dispute Resolution Policy.doc
28. Environmental Awareness.doc
29. High Conservation Value Policy.doc
30. Policy and Funding Guidelines.doc
31. Equal Employment Opportunity Policy.doc
32. Health and Safety.doc
33. Drugs, Alcohol, Beetle Nut and Smoking.doc
34. Emergency Procedures & Evacuation.doc
35. Harassment Policy.doc
36. Hours of Work Policy.doc
37. Leave of Absence Policy.doc
38. Performance, Development and Training Policy.doc
39. Disciplinary Policy.doc
40. Dress Code Policy.doc
41. Fit for Work Policy.doc
42. Reporting Policy.doc
43. Purchasing Policy.doc
44. Records and Books of Account Policy.doc
45. Company Property and Equipment Policy.doc
46. Computer, Network, Internet and Email Policy.doc
47. Work Vehicle Policy.doc
48. Visitors Policy.doc
49. PD-Biodiversity Steward.doc
50. PD-Climate Steward.doc
51. PD-Community Steward.doc
52. PD-Superintendent- Education.doc

53. PD-Superintendent- Health.doc
54. PD-Superintendent-Community and Enterprise .doc
55. Project Superintendent.doc
56. Application for Leave.doc
57. Bank Details Form.doc
58. Choice of Super Form.doc
59. Confidentiality Agreement.doc
60. Consulting Agreement - Contractor.doc
61. Copy of Timesheet template.xlsx
62. Deduction Details Form.doc
63. List of HR documentation.doc
64. New Employee Details.doc
65. New Employee Induction & Checklist.doc
66. RMA - Staff Induction and Handbook - Master (2).doc
67. RPM Letter of Employment-Template.doc
68. RPM Schedule 1.doc
69. RPM Standard T C of Employment.doc
70. System Access for new employees.doc
71. Template.doc
72. TFN & ID Form.doc
73. Timesheet.doc
74. Support for the April Salumei Sustainable Forest Management Project – REDD Pilot Project/09th August 2010/Manasupe Z. Zurenuoc, OBE – Acting Chief Secretary of Department of Prime Minister & National Executive Council
75. Timeline of approvals, awareness and consent.doc
76. The State of the Forests of Papua New Guinea/The Honourable Belden Namah MP – Minister for Forests
77. RMA - Staff Induction and Handbook - Master (2).doc
78. General Comments on Public Comments/Stephen Hooper – Chief Executive officer of Rainforest Project Management Ltd
79. Review Of The Proposed Carbon Sequestration And Deafforestation Reduction Schemes In Papua New Guinea And Specific Consideration Of The Kamula Dosa And April Salumei Sustainable Forest Management Projects/Gabriel Dusava – Department of Prime Minister & NEC
80. Reply to requests from SCS and CCB in response from Green Light Foundation comments/Stephen Hooper – Chief Executive officer – Rainforest Project Management Ltd

81. RainforestManagementAllianceSupporting Docs.zip
82. Request For Assistance For The Launching Of The April-Salumei National REDD Pilot Project/09th June 2010/John Mosoro – Officer In Charge & Acting Director Carbon Trade of Office of Climate Change & Development
83. Ltr from Mathew Yafei.pdf
84. Ltr from HRH Ltd. Representing board members and & Lancos.pdf
85. Logging, Legality and Livelihoods in Papua New Guinea.pdf
86. Greenpeace Report Preserving Paradise.pdf
87. Foxetal2008.doc
88. FieldtripLocations.pdf
89. EATHSKY 1.pdf
90. AprilSalome_publicationNEW.pdf
91. April salumei Showing boundary.pdf
92. Hunstein Range Holdings Limited Claim Against The State And Court Orders WS # 563 OF 2007/13th October 2008/Jackson Yagi – Chairman – Hunstein Range Holdings Ltd
93. April Salumei Draft Indicative Cash Flows Yr 1 (2).xls
94. Review Of The Carbon Sequestration And Deforestation Reduction Schemes In Papua New Guinea And Specific Consideration Of The Kumala Doa And April Salumei Sustainable Forest Management Projects/11th August 2010/Associate Professor Dr Eric Kwa - Legal Advisor – The University Of PAPUA NEW GUINEA
95. April Salumei Awareness Visit.doc
96. APRIL SALUMEI AWARENESS FIELD TRIP 24 JUNE 2010.doc
97. Court_Papers_2.pdf
98. April Salumei PDD submitted for approval - December 2010.pdf

Supporting Documents

1. Support for the April Salumei Sustainable Forest Management Project – REDD Pilot Project. Letter from Manasupe Z. Zurenuoc, OBE, Department of Prime Minister and National Executive Council, Office of the Chief Secretary, Dated 9th August 2010.
2. Review of the proposed carbon sequestration and deafforestation reduction schemes in Papua New Guinea and specific consideration of the Kamula Doso and April Salumei Sustainable Forest Management Projects. Email to Stephen Hooper on the 5th August 2010 from Gabriel Dusava, PNG VISION 2050 Development Centre, Department of Prime Minister & NEC Ground Floor, MORAUTA HOUSE, WAIGANI.
3. Review of the carbon sequestration and deforestation reduction schemes in Papua New Guinea and specific consideration of the Kumala Doso and April Salumei Sustainable Forest Management Projects. Letter to Stephen Hooper dated 11 August 2010 from Dr Eric Kwa, Law School, and University of Papua New Guinea.
4. Forestry and Climate Change Framework for Action 2009 – 2015. Ministry of Forests November 2009
5. Position Paper, April Development Corporation LTD (Former Landowner Company) For and on behalf of the April River Land Owners (Formally part of the April Salome TRP) Wosera Gawi District, East Sepik Province, Dated: April 2009
6. Partners with Melanesians Involvement in the Development of April Salumei FMA Pilot REDD Project. Letter from Ken Mondiai, Executive Director, to Stephen Hooper Rainforest Management Alliance Limited. Dated 21 June 2010.
7. Certificate of Recognition of Incorporated Land Group Baksem2.pdf
8. ILG Confirmation Agreement – Baksem2.pdf
9. Certificate of Recognition of Incorporated Land Group Dobis.pdf
10. ILG Confirmation Agreement – Dobis.pdf
11. Certificate of Recognition of Incorporated Land Group Latuam.pdf
12. ILG Confirmation Agreement – Latuam.pdf

A SUMMARY OF THE STAKEHOLDER MEETINGS PERFORMED AS PART OF THE VALIDATION OF APRIL SALUMEI SUSTAINABLE FOREST MANAGEMENT PROJECT

Israel Bewang

1.0 General Remarks

This summary report of April/Salumei Project presents the findings of a full validation conducted by Scientific Certification Systems (SCS) of the conformance to the Climate, Community and Biodiversity Project Design Standards (2nd Edition). SCS was contracted by Rainforest Project Management (RPM) to perform this full validation after the addressing the NIR and NCRs of the pre-assessment report.

The villages visited over this full validation visit included Sankriman, Wagu and “The Farm” (Yarakai) in the Ambundi Dreikir District of East Sepik province in PNG. Other government and Project partners were visited in Wewak and Port Moresby respectively.

The trip was under heavy police escort to protect the validation team which indicates the commitment by the government to provide security for the Project personnel. The trip was a spectacular one in a sense that it brought hope for all stakeholders including the government, diverse landowners and the company representatives.

People consulted included government and company representatives and well over a thousand landowners who were well organized and prepared for the job. The general impression one could have was that everybody supported the Project. However there were issues which might be revealed later on including views of people who did not speak like some women and issues concerning procedures followed in developing the ILGs and the validity of the FMA documents.

Consultation process tried as much to speak to all the stakeholders and get views of most of the people who are directly and indirectly affected by the Project activity. All the important areas highlighted in the CCBS standards were covered during the stakeholders’ consultation meetings.

There was general support for the Project from the local level government to the highest levels as Ministers, including the Prime Minister. Almost all the stakeholders interviewed supported the Project a few people stated that they have issues which will be posted on the CCBA website.

Community Meetings

Summary

At each location the reception was spectacular from the beginning at arrival with traditional dances and traditional gifts (woven bags, flowers) being given to the validation team. Generally, as it was presented to the validation team, the land is owned by 163 Incorporated Land groups (ILG’s) who have all given consent to the Project. There is general consensus that the area is under FMA and carbon development will replace a usual logging operation and all stakeholders spoken to shared the same view and supported that.

The summary of the responses were that generally the people are aware of the Project and are willing to participate. Illiteracy limited peoples understanding and communication of how the Project would be developed which lead to basic non detailed answers in some cases. The validator got the impression that the Project had been described in simple terms, adequately enough to get the key messages across.

The indigenous landowner’s understanding from the interviews was that the Project is generally about carbon and how it would be traded, it is about protection of the forest that people live in. They stated that the Project will protect the natural environment and the people who are living in it when people participate to reduce deforestation and forest degradation and reduce the impact of climate change. Apart from that they will get payments and services such as health and education and improved

communication and transport for conserving their forests and that may be the major driving force for people to support the Project.

Concerning gender issues, it was evident that the Project will affect and will be affected by the cultural norms on male and female roles in the village level. The training element of the Project will be important in this respect to bring gender equality to the Project. The importance of the human resource and Project policies and community monitoring described by the Project will be important to ensure both genders; disadvantaged and landless inhabitants participate and benefit from the Project.

The community stated that the benefits of the sale of carbon stock will be equally shared. The unfair distribution of benefits according to the sizes of land at least to the ILG levels, the payment for services by individuals will probably lead to conflicts. The communities were aware of this and understood the conflict resolution process and discussed many ways in which they proposed to deal with the potential issues that increases in money will bring to their communities.

General stating questions that were asked in the Community Meetings

All the sections of the CCBS Version 2 were covered and the following main questions were asked to the villages visited;

- What is the Project about?
- Who are the stakeholders?
- How will the benefits from the Project be distributed?
- How do the people want the Projects to be implemented?
- What types of things do you hope the Project will bring to the area?
- Can you explain any negative things about the Project?
- Can you explain your role in the Project?
- What do you hope the Project will bring to your area?
- Have you seen the PDD or any documentation about the Project?
- Has the PD been explained to you?
- How do you currently use the forest resource?
- Do you see any likely conflicts arising from the Project?
- How would you resolve any conflicts?

Meeting 1: Changriman Village Date: 12th July 2010

Time: 9.50am – 11.20am

Estimated number of people – 450

The village people performed a welcome ceremony with men, women and children all dressed up, singing and dancing. There was a formal welcome from the head of the village head and prayer from the minister.

Men, women and children were standing together and willing to answer questions. The main issues discussed were:

The Project is a REDD program. It is about carbon and better wind and the air. It is about protecting the forest.

The community would like better education and health services. Better water transportation and money for school fees and other commodities. They also talked about solar power, communication and a road link from Ambunti so they could have access to markets for crops and fish.

They understood that the benefits would flow through the genealogy and that accountability and transparency were very important to them. They did not want a middle man taking their money.

They recognize that capacity building is required and they are accepting and wanting that as they understand there will be a long-term commitment to the Project.

The group understood that the Project partners were Hunstein Range Holdings, Rainforest Management Alliance and District and National Government.

Some people at the meeting were holding the PD summary document.

Meeting 2: Wagu Village

Date: 12th July 2010

Time: 9.50am – 11.20am

Estimated number of people - 250

The village people performed a welcome ceremony with men, women and children all dressed up, singing and dancing. There was a formal welcome from the ward member for Wagu and the Chairman of the ILG.

The ILG chairman gave a speech about co-operation, unity and people to be one. He also stated that the long term benefits of the Project should be sustained. There was more segregation in this community with the men dominating the answers and the women and children separated from the main discussion.

The following villages were said to be represented: Gahom, Buka Buki, Kagiru, Bitata, Igai, Wagu. Deputy Chairman of Sio Wario Investments and Niksek Samsai were present.

The main issues discussed are summarized below:

A village elder said: The Project is a REDD program. It is about conservation and natural resources, biodiversity and quality of air. It is about preserving the forest for the future generations and to do Projects that are of benefit to the people. It is about sustainability, ancestral continuation.

A young male said: The types of Projects that will come include water supply, health, housing, transport, outboard motors and cars, education and lifted standards of living.

An elder said: there will be support in developing businesses. That is must come from the bottom up, must be planned by the people and must be want they want.

A middle aged man said: Projects should be selected in line with the standard. That the developer's views provide a link to the standard. He stated that he understood the process of activity to get Project approved.

A village elder said: The types of activities that the Project would bring included housing, sustainable mining, crocodile farming, coca which will lead to income sources from small activities.

A young male said: He will seek assistance to develop certain Projects to ensure that they are in line with the conservation objectives of the Project.

The Chairman said: He understood the process by which funds would flow to the people. He confirmed that any funds would flow equally between the landholder groups.

The chairman said: Conflicts will be handled internally where possible using their existing system and that the Project has an arbitrator system in place if it cannot be resolved.

Young women said: That they are concerned about the negative aspects of bring money into the village. That the money will be used by the men to buy more wives and bring HIV into the village and no money will be left for school fees.

The Chairman said: One way to resolve this would be to have the women control the funds. There was laughter about this and nodding as good idea.

The young spokesman said: That money will be controlled through Projects rather than as cash.

The Elder said: that any issues would be controlled and managed through the conflicts and legal system if illegal activities were taking place.

A middle aged man said: That the Projects use of the independent body to control Projects would reduce conflict and problems by approving good Projects

The Chairman provided: An overview of how the money from the carbon trade would be distributed amongst the stakeholders. He gave a consistent distribution with what is stated in the PD and was explained to the validator prior by the proponent.

An Elder said: They did not want a middle man as money had been promised and not paid in the past. They do not want corruption. No middle man.

The validator understands that this relates to the legal battle over the FMA/WMA and Hunstein Range Holdings.

The pastor said: He was still not completely sure how the money will come to the benefit them.

A young man said: That the ILG is registered and this will be the mechanism for any cash payment. He said that if the agreed percentages are stuck to the middle man issue should be OK. The middle man is the government.

A middle aged man said: He needs assistance with getting access to the Projects as he can't read or write.

The chairman said: That the resource centers will assist with capacity building. The money will be in a trust account to assist with writing proposals and getting activity funding.

The validator sat with the women separately as they did not want to participate in the main meeting.

The validator felt that the women understood the Project but did not yet feel confident that they would be included. They felt that the majority of the work and responsibility fell on them and that the men would take the money and do less. They supported the Project if it was going to bring education and health for their families and access to market so they could improve the life for their children.

Meeting 3: "The Farm" Yarakai

Date: 12th July 2010

Time: 2:50pm – 4:30pm

Estimated number of people - 500

Again there was a large welcome ceremony with coconuts, flowers and bags. A large tent had been constructed with seats like a hall. There were many men, women and children who had all travelled from their villages as the water level was very low and we could not make it to Yarakai.

The chairman gave an opening speech. The validator felt that people were worried about the validation and were nervous. The overall impression was that they wanted the project but were worried they were going to say the wrong thing and jeopardize the project.

The main issues discussed are summarized below:

The Chairman said: that the Project was about climate change and protecting the forest. He said it was about oxygen and protecting the people. He said it was about locking up the wind in the trees and selling it to other countries.

Women's spoke person said: The types of Projects they are hoping for include education, health, schools, housing and income generating activities. They also need transport and a road. They believe that with no road there will be no services. That is why they have been forgotten.

The Chairman said: Communication, water supply and electricity are important. They need more services.

A middle aged man said: They need environmental friendly programs that are consistent with the standards and objectives. He also said that they will organize themselves to get the Project implemented.

Women (2) said: The Project partners are Earthsky, landowners and the University .

A village elder added: That Vision 2050 is also important and that the government is also a stakeholder.

A middle age man confirmed that: Government, Scientists, Earthsky and landowners will make the Project work.

A village Elder (2) said: Our job is to look after the land like we have in the past.

The Chairman said: The forest is our supermarket and we want to develop sustainable Projects to keep the forest which is our livelihood.

A young man said: We will work with the developer to conserve the forest.

Woman (2) said: The resource centre will be used to train the people with the skills necessary for the Project.

The Chairman said: Training and support will be provided to teach people and support people to go away to learn and then the children will return and bring back the benefits. He felt education was the key to Project development and this was well supported by others in the meeting. He made it clear that the resource centre will be used for training people to go out and implement the Project.

He also went on to explain that the funds will be distributed through the ILGs equally and then down to the clans and then individuals. He agreed that everyone should have an account and that no cash should be handled. The civic loan society should be used for micro-finance.

He also explained the dispute resolution process in detail and the others in the meeting were nodding as though they understood.

Women (2) said: The she believes that the villages understand the issues of bringing money into the area and that they will try to mitigate that through education. She also said that supporting women and children is important and that Christian development would help to reduce the social problems.

Provincial Administration Office – Wewak

Date: 15 July 2010

Time: 10.30am,

Present: District Administrator, Senior Planner, District Planner and Agricultural Planning and Default Forestry and Fisheries, Carly Green, Israel Bewang, Philip Moyer and Erik Mesak.

The meeting was opened by Philip Moyer, and the purpose of the meeting was outlined.

The District Administrator introduced everyone and explained the office's role in the district. This group was responsible for the backend planning, monitoring, and implementation and reporting on the district plan. It is responsible for the co-ordination of planning and budget.

The office recognized that there was no district plan for forestry at the moment but that it is a step that they need to take. They highlighted that the relationship between the Project and the district planner is very important.

The District Administrator through there was a breakdown in communication brought about by the lack of a policy framework for these types of Projects and that a breakdown in communication has occurred because of this. They thought that a 'road show' approach like the mining companies take with stakeholders would have been appropriate.

Philip mentioned that they had tried to talk with the planner in Ambunti but he was never there and agreed the lack of formal policy framework was a barrier but it did not mean the Project could not proceed with joint participation.

The district planner agreed that there are no formal processes and both parties agreed to communicate on the Project developments through regular reporting as specified in the PD.

In general the office believed that the Project was in line with general aspirations of the district, provincial and national governments.

Forest Authority

Date: 17 July 2010

Time: 10.15am - 11.10am

Location: Holiday Inn Port Moresby

Present: Mr. Kanawi Pouru, Managing Director Forest Authority, Carly Green, SCS, Isreal Bewang, SCS, Philip Moyer, RMA, Stephen Hooper, RMA, Erik Mesak, Ministry of Correctional Services

Introduction and the purpose for the meeting was communicated by Carly Green.

Mr Pouru explained in detail about the role of the Forest Authority and the ownership structure of the forestland in PNG.

Landholders own use of the land is subject to the law in PNG. If the landholders wish to make commercial use of forestland in PNG then the Forest Authority takes control and creates an FMA through a defined process. The FMA is to be managed at all times as a forest for timber production and is subject to the Code of Practice established in 1996. This code of practice permits selective harvesting, not clear fell.

The creation of the FMA requires a developmental study to be done which is driven by the Forest authority. He explained there has been situations where the FMA has been cancelled based on the developmental study having shown the area too sensitive.

For the April Salumei area a development plan and EIA was conducted for the enactment of the FMA. This developmental study identified the area as an area suited for low impact activities due to the environmental importance of the area. This is one of the main reasons why the WMA was initiated to try and protect the area as the landholders wanted to generate income from harvesting.

The key reason for the law suit was that the local people need financial support and want to generate income from the land. Mr Pouru stated that the FMA would be enacted by the landholders and the Forest Authority with conditions as specified in the EIA.

Mr Pouru explained that the creation of FMA transfers the timber rights to the Forest Authority which becomes the agent to engage and manage a harvesting company. The Forest Authority has standard terms with the ILGs. The next step is the development options with landholders and come up with a land use plan that is then signed off by the board and then approved by the Minister.

At the moment given the lack of policy framework the Forest Authority is unsure of their role and how these Projects will evolve over time. He made it clear they want to support and learn from the process. He also stated that Minister had already signed the letter of approval for the Project prior to the board approving it. He said however that the board approving the Project should be a formality as the Projects commitment is consistent with the board objectives for the area.

He also expressed frustration at the lack of a policy framework and explained that the Forest Authority had released the Forestry Climate Change Framework the previous day. This framework was to provide

a National Forest development Guideline. He believed that the Forestry and Climate Change Framework for Action can be used as guide for this Project under the concept of FMA.

Rainforest Project Management Limited agreed that he was aware of this framework and was happy to see that the Project could operate within its suggestions.

Dr Martin Goldman and Dr Clement Malau

Date: 17 July 2010

Time: 11.30 am – 12.30 pm

Location: Holiday Inn Port Moresby

Present: Carly Green, Israel Bewang, Martin Goldman, Clement Malau

Martin Goldman met with the validator as both a representative of the region and a prominent land use researcher in PNG. Mr Goldman's main concerns were around informed consent of the landholders and the apparent omission of his important research in the area. He also raised queries about fraudulent documents and the legitimacy of Hunstein Range Holdings as a representative company. He agreed to submit his comments formally through the CCB public consultation process. The auditor has dealt with the majority of his comments in this section.

Scientific Technical Team

Date: 17th July 2010

Time: 2:00pm – 4:30pm

Location: University of Papua New Guinea

Present:

Dr Oisa Gideon -A forestry expertise who has worked extensively as a researcher in the areas of biology and terrestrial sciences. Long term expert and advisor to the PNG Government on Environment, forestry and biodiversity for more than 20 years and worked in the PNG Forestry Institute. The head of the PNG Centre for Biodiversity and Conservation

Dr Gae Gowae – A forestry expert to the government and private sector and travelled extensively in forestry and environmental in the region and globally. Special interest in the area of sustainable development and natural resources in the country. Greater network skills with NGOs and international donors.

Dr John Duguman - Extensive experience in geology, Environment and with management planning expertise. Worked with government and private sector in environment and especially in the Social, EIA/EIS and mining and biodiversity.

Professor Simon Saulei – Expert in tropical Forestry and REDD management in the country. The Director of the PNG Forestry Institute and manages 45 staff on all types of forestry and management and policy. Continues to provide advice to the PNG Government on Forestry and REDD. Travel extensively as an advisor on technical matters related to forestry and biological studies. Has produced more than 50 publications.

Associate Professor - Eric Kwa - Law specialist with the of the School of Law with the University of PNG. Biodiversity and Law specialist and provides legal advice to government and communities on multilateral agreements such UNFCCC, UN Biodiversity and UN Desertification. Legal advisor to the PNG Vision 2050. Has attended to many international environmental agreements.

Carly Green – SCS

Israel Bewang – SCS

Stephen Hooper – Rainforest Management Alliance

Philip Moyer – Rainforest Management Alliance

Eric Mesak – Ministry of Correctional Services

The intellectuals from UPNG and FRI have been working on various components of the PD. A meeting was held to discuss the technical components of the PD with those who developed them. Due to the key people in the room the validators took the opportunity to talk to two the expert's present about two key elements of Project approval in the absence of a clear policy framework.

1. The legal basis of the Project – Summary of discussion with Dr Eric Kwa

The FMA is an agreement between landholders to transfer the rights to the forest resource from the landholders to the state. The FMA runs for 50 years and is a supervisory role. The landholders typically deal directly with the developers. The Forest Authority ensures that the code of practice is adhered to and the designated land use is conducted in accordance with the management plan which is developed after the enactment of the FMA.

Incorporated Land Groups (which generally represent clans) are the formal legal recognition of the group.

The Forest Authority has no rights to sell or transfer the rights of the resource but can be the 'mouth piece' for the clan/people. The ILG does not own the land. The land ownership remains with the individual landowners represented by the ILG.

This framework does not require that that Project deal with any other Department as the forest resource (which includes all forest products) is through the Forest Authority under the PNG Forest Act. There is new law relating to landownership which gives a clearer mandate for the ILG to have title over the land. This new law requires the boundary must be defined on a map and all clan members must be registered showing a birth certificate. This new law has yet to be fully passed.

Note: Subsequent discussions with Rainforest Project Management Limited confirmed their understanding of this new law and the Project plan provides a commitment to delineating land boundaries in accordance with this new legislation.

2. The Forest Authority Approval – Discussion with Professor Simon Saulei

As a board member of the Forest Authority he confirmed that there was no distinct barrier to approval by the board of the Project and that the Minister had already approved it.

3. The approach to forest stratification, carbon estimation and ongoing monitoring plan development

Minister Amio

Date: 17 July 2010

Time: 7.30pm – 9.30pm Location: Airways Hotel, Port Moresby

An informal meeting was held over dinner with the Minister and members of the University of Papua New Guinea and the Forest Research Institute. This meeting discussed the comments of Dr Wari Iamo and the article appearing in the press. Minister Amio expressed his disappointment and assured the validator that his role, as Minister for from the region was to approve the Project and that the Prime Minister is in full support.

Phone Call with Mathew Yafei

Date: 29th October 2010

Time: Approximately 3pm PNG time

A phone call was made to Mathew Yafei on the 29th October 2010. The call lasted 26 minutes. Mathew said that it was difficult and costly to get to Ambunti to make the phone call due to the dry season making the river transport problematic.

Mathew started the conversation by stating that he supported the Project but was just worried as he had not seen the finalized PDD. This was explained as Philip Moyer conducted the final round of consultation on the PDD occurred just prior to the field visit and he was in the UK. He said he has now seen the PDD and thinks that the Project is good. He confirmed that he had met with Philip a couple of times. He said he was worried about the Project as there have been some suspect people in PNG conducting carbon Projects.

He also said he was concerned that his comments had gone so far and were threatening the Project. The validator explained that his comments and opinion were important as were everyone else's in the village. Mathew also mentioned that he was concerned about the involvement of Hunstein Range Holdings as they have not distributed funds in the past to the landholders. He also mentioned that he wanted his people recognized as they do not have a registered ILG to represent them.

There are now plans, that Rainforest Project Management Limited confirmed, to formally develop an ILG to recognize these landholders separately. The validator understands that this clan was represented by another ILG which has strained relations with. This was also suggested by Rainforest Project Management Limited and Greenlight Trust.

Mathew was happy to hear that the Project would be subject to verification after 5 years to verify that the PDD was being implemented. He said he was hoping the Project would bring the benefits to the area that it describes.

