



VALIDATION REPORT

PRECIOUS WOODS NICARAGUA SA

VALIDATION OF THE SOUTHERN NICARAGUA CDM REFORESTATION PROJECT

REPORT NO. NICARAGUA-VAL/0001/2009

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BUREAU VERITAS CERTIFICATION

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VALIDATION REPORT

Date of first issue: 02/10/2009	Organizational unit: Bureau Veritas Certification Holding SAS
Client: Precious Woods Nicaragua SA	Client ref.: World Bank

Summary:

Bureau Veritas Certification has made the validation of the "Southern Nicaragua CDM Reforestation Project" of Precious Woods Nicaragua SA located in Municipality of Cárdenas and Municipality of San Carlos, Nicaragua on the basis of UNFCCC criteria for the CDM, as well as criteria given to provide for consistent project operations, monitoring and reporting. UNFCCC criteria refer to Article 12 of the Kyoto Protocol, the CDM rules and modalities and the subsequent decisions by the CDM Executive Board, as well as the host country criteria.

The validation scope is defined as an independent and objective review of the project design document, the project's baseline study, monitoring plan and other relevant documents, and consisted of the following three phases: i) desk review of the project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) resolution of outstanding issues and the issuance of the final validation report and opinion. The overall validation, from Contract Review to Validation Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

The first output of the validation process is a list of Clarification and Corrective Actions Requests (CL and CAR), presented in Appendix A. Taking into account this output, the project proponent revised its project design document.

In summary, it is Bureau Veritas Certification's opinion that the project correctly applies the baseline and monitoring methodology AR-AMS0001/Version 5 and meets the relevant UNFCCC requirements for the CDM and the relevant host country criteria.

Additionally the assessment team reviewed the estimation of the projected emission reductions. We confirm that the indicated amount of emission reductions of 237448 tones CO₂e over a crediting period of thirty years, resulting in a calculated annual average of 7915 tones CO₂e, represent a reasonable estimation using the assumptions given by the project documents.

Report No.: NICARAGUA-val/0001/2009	Subject Group: CDM
Project title: Southern Nicaragua CDM Reforestation Project	
Work carried out by: Ashok Mammen – Team Leader & Lead Verifier Pedro José da Silveira Junior– Forestry Specialist	
Internal Technical Review carried out by: Antonio Daraya – Internal Reviewer Diego Serrano - Internal Reviewer and forestry specialist	
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Work approved by:

Flavio Gomes – Global Product Manager



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Abbreviations change / add to the list as necessary

CAR	Corrective Action Request
CDM	Clean Development Mechanism
CER	Certified Emission Reductions
CL	Clarification Request
CO ₂	Carbon Dioxide
DOE	Designated Operational Entity
EIA	Environmental Impact Assessment
FSC	Forest Stewardship Council
GHG	Green House Gas(es)
I	Interview
IETA	International Emissions Trading Association
KP	Kyoto Protocol
LoA	Letter of Approval
MoV	Means of Verification
NGO	Non Government Organization
PCF	Prototype Carbon Fund
PDD	Project Design Document
UNFCCC	United Nations Framework Convention for Climate Change
VVM	Validation and Verification Manual



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1. INTRODUCTION

The International Bank for Reconstruction and Development as Trustee of the Bio Carbon Fund (also referred to as World Bank) and Precious Woods Nicaragua SA has commissioned Bureau Veritas Certification to validate its CDM project Southern Nicaragua CDM Reforestation Project (hereafter called "the project") at Municipality of Cárdenas and Municipality of San Carlos, Nicaragua.

This report summarizes the findings of the validation of the project, performed on the basis of UNFCCC criteria, as well as criteria given to provide for consistent project operations, monitoring and reporting.

1.1 Objective

The validation serves as project design verification and is a requirement of all projects. The validation is an independent third party assessment of the project design. In particular, the project's baseline, the monitoring plan (MP), and the project's compliance with relevant UNFCCC and host country criteria are validated in order to confirm that the project design, as documented, is sound and reasonable, and meet the stated requirements and identified criteria. Validation is a requirement for all CDM projects and is seen as necessary to provide assurance to stakeholders of the quality of the project and its intended generation of certified emission reductions (CERs).

UNFCCC criteria refer to Article 12 of the Kyoto Protocol, the CDM rules and modalities and the subsequent decisions by the CDM Executive Board, as well as the host country criteria.

1.2 Scope

The validation scope is defined as an independent and objective review of the project design document, the project's baseline study and monitoring plan and other relevant documents. The information in these documents is reviewed against Kyoto Protocol requirements, UNFCCC rules and associated interpretations.

The validation is not meant to provide any consulting towards the Client. However, stated requests for clarifications and/or corrective actions may provide input for improvement of the project design.

The validation team was provided with a PDD v01 dated in 05 Feb 2009 that was webhosted for stakeholder comments from 13 Feb 09 - 14 Mar 2009. Validation team based on this documentation conducted an extensive document review and also performed a thorough on-site audit.



This led to revision of PDD to close the CARs and CLs rose during the audit process. The completeness check conducted by UNFCCC led to a further revision of the PDD. The final revised PDD Version 04 was submitted on 30th November, 2010.

1.3 Validation team

The validation team consists of the following personnel:

FUNCTION	NAME	CODE HOLDER*	TASK PERFORMED
Lead Verifier	Ashok Mammen.	<input type="checkbox"/> Yes X No	XDR XSV XRI
Verifier	Nil	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> DR <input type="checkbox"/> SV <input type="checkbox"/> RI
Technical Specialist	Pedro Jose da Silveria Junior.	XYes <input type="checkbox"/> No	XDR XSV XRI
Financial Specialist	Nil	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> DR <input type="checkbox"/> SV <input type="checkbox"/> RI
Internal Technical Reviewer (ITR)	Antonio Daraya	<input type="checkbox"/> Yes X No	<input type="checkbox"/> DR <input type="checkbox"/> SV XRI
Specialist supporting ITR	Diego Serrano.	XYes <input type="checkbox"/> No	<input type="checkbox"/> DR <input type="checkbox"/> SV XRI

*DR = Document Review; SV = Site Visit; RI = Report issuance

2.0 METHODOLOGY

The overall validation, from Contract Review to Validation Report & Opinion, was conducted using Bureau Veritas Certification internal procedures.

In order to ensure transparency, a validation protocol was customized for the project, according to the version 01.2 of the Clean Development Mechanism Validation and Verification Manual, issued by the Executive Board at its 55th meeting on 30/07/2010. The protocol shows, in a transparent manner, criteria (requirements), means of validation and the results from validating the identified criteria. The validation protocol serves the following purposes:

- It organizes, details and clarifies the requirements a CDM project is expected to meet;
- It ensures a transparent validation process where the validator will document how a particular requirement has been validated and the result of the validation.



The completed validation protocol is enclosed in Appendix A to this report.

2.1 Review of Documents

The Project Design Document (PDD) submitted by Precious Woods Nicaragua SA and additional background documents related to the project design and baseline, i.e. country Law, Guidelines for Completing the Simplified Project Design Document for Small-Scale A/R (CDM-SSC-AR-PDD), Approved methodology, Kyoto Protocol, Clarifications on Validation Requirements to be Checked by a Designated Operational Entity were reviewed.

To address Bureau Veritas Certification corrective action and clarification requests Precious Woods Nicaragua SA revised the PDD and resubmitted it on 13 July 2010. The completeness check conducted by UNFCCC led to a further revision to PDD v04 dated November 30, 2010.

The validation findings presented in this report relate to the project as described in the PDD version 04 dated November 30, 2010.

2.2 Follow-up Interviews

From 20/04/2009 to 22/04/2009 Bureau Veritas Certification performed interviews at sites with project stakeholders to confirm selected information and to resolve issues identified in the document review. Representatives of Precious Woods Nicaragua SA, World Bank and local stakeholders were interviewed (see References). The main topics of the interviews are summarized in Table 1.

Table 1 Interview topics

Interviewed organization	Interview topics
Precious Woods Nicaragua SA and World Bank	<ul style="list-style-type: none"> ➤ Project design ➤ Additionality ➤ Monitoring plan ➤ Management system ➤ Environmental impacts ➤ Sustainable development issues ➤ Stakeholder process ➤ Approval by the host country ➤ CER Calculations ➤ Applicable legislations and their compliance
LOCAL Stakeholder	<ul style="list-style-type: none"> ➤ Environmental impacts ➤ Stakeholder Consultation process ➤ Agreements with Precious Woods ➤ Awareness about CDM ➤ Awareness about technical points related to harvesting & training ➤ Historical Degradation ➤ Natural encroachment ➤ Socio-economic status

2.3 Resolution of Clarification and Corrective Action Requests

The objective of this phase of the validation is to raise the requests for corrective actions and clarification and any other outstanding issues that needed to be clarified for Bureau Veritas Certification positive conclusion on the project design.

Corrective Action Request (CAR) is issued, where:

- (a) The project participants have made mistakes that will influence the ability of the project activity to achieve real, measurable additional emission reductions;
- (b) The CDM requirements have not been met;
- (c) There is a risk that emission reductions cannot be monitored or calculated.



The validation team may also use the term Clarification Request (CL), if information is insufficient or not clear enough to determine whether the applicable CDM requirements have been met.

To guarantee the transparency of the verification process, the concerns raised are documented in more detail in the verification protocol in Appendix A.

2.4 Internal Technical Review

The validation report underwent a Internal Technical Review (ITR) before requesting registration of the project activity.

The ITR is an independent process performed to examine thoroughly that the process of validation has been carried out in conformance with the requirements of the validation scheme as well as internal Bureau Veritas Certification procedures.

The Lead Verifier provides a copy of the validation report to the reviewer, including any necessary validation documentation. The reviewer reviews the submitted documentation for conformance with the validation scheme. This will be a comprehensive review of all documentation generated during the validation process.

When performing an Internal Technical Review, the reviewer ensures that:

The validation activity has been performed by the team by exercising utmost diligence and complete adherence to the CDM rules and requirements.

The review encompasses all aspects related to the project which includes project design, baseline, additionality, monitoring plans and emission reduction calculations, internal quality assurance systems of the project participant as well as the project activity, review of the stakeholder comments and responses, closure of CARs, CLs and FARs during the validation exercise, review of sample documents.

The reviewer compiles clarification questions for the Lead Verifier and Validation Team and discusses these matters with Lead Verifier.

After the agreement of the responses on the 'Clarification Request' from the Lead Verifier as well as the PP(s) the finalized validation report is accepted for further processing such as uploading on the UNFCCC webpage.



3 VALIDATION CONCLUSIONS

In the following sections, the findings of the validation are stated.

The findings from the desk review of the original project design documents and the findings from interviews during the follow up visit are described in the Validation Protocol in Appendix A.

The Clarification and Corrective Action Requests are stated, where applicable, in the following sections and are further documented in the Validation Protocol in Appendix A. The validation of the Project resulted in 11 Corrective Action Requests and 04 Clarification Requests.

- The key findings during validation process were related to start date of the project, assessment of additionality and continuing action to secure CDM status (CAR-3, CL-3 and CL-4).
- The verification and clarification of Letters of Approval (LoAs) from Parties involved was also part of findings (CL-1).

Please find more information about findings in annex A of this validation report. After closing all the CARs and CLs, the revised PDD is in compliance with the small scale A/R CDM requirements.

The CARs and CLs were closed based on adequate responses from the Project Participant (s) which meets the applicable requirements. They have been reassessed before their formal acceptance and closure.

The number between brackets at the end of each section corresponds to the VVM paragraph.

3.1 Approval (49-50)

Letters of approval have been received and following support documentation:

- Letter of Approval issued by DNA of Nicaragua on Jan 15, 2010 (Ref. 3) authorized Precious Woods Nicaragua SA as project participant and confirmed that Southern Nicaragua CDM Reforestation Project contributes to Nicaragua's Sustainable development. No additional specification of the Project, such as the PDD version number, was contained in the LoA.
- Letter of Approval issued by DNA of Canada issued on Feb 08, 2011 (Ref. 6, Category 1) authorized International Bank for Reconstruction and Development as Trustee of the Bio Carbon Fund and Government of Canada - Ministry of Foreign Affairs and International Trade as project participants for Southern Nicaragua CDM Reforestation Project in Nicaragua.

Bureau Veritas Certification received Letters of Approval from the project participants and does not doubt their authenticity. The letters of approval do not contain a specific



version of both the PDD and the validation report. All the participating countries (Nicaragua and Canada) are Parties to the Kyoto Protocol, and the validation team considers the letters are in accordance with paragraphs **45 – 48 of the VVM**.

The title and contents of the letter of approval refers to the precise proposed CDM project activity title in the PDD being submitted for registration.

Complying with paragraphs **49, 50 and 125 of the VVM**, Bureau Veritas Certification recognizes that Southern Nicaragua CDM Reforestation Project of Precious Woods Nicaragua SA is helping the country fulfill its goals of promoting sustainable development. The project is expected to be in line with host-country specific CDM requirements because –

- The project contributes to alleviate poverty
- The project is a major source of employment for local communities
- The environmental benefits of the project include prevention of fire and erosion, groundwater protection, improvement of soil and microclimate.
- Contribute reforestation to generate sustainable wood supplies to reduce pressure on natural forests and to serve as carbon sink.

During the site visit it was observed that many local people were employed in the teak plantations. Forestry Stewardship Council (FSC) in 2007 had certified the project.

The Project Scenario is considered additional in comparison to the baseline scenario, and therefore eligible to receive temporary Certified Emissions Reductions (tCERs) under the CDM, based on barrier analysis presented in the PDD.

The expected operational lifetime of the Project is 60 years. The review of documents and interview with the project participants did not reveal any information that indicates that the project can be seen as a diversion of official development assistance (ODA) funding towards Nicaragua.

3.2 Participation (54)

The participation for each project participant has been approved by a Party of the Kyoto Protocol.

Project participants are Precious Woods Nicaragua SA, International Bank for Reconstruction and Development as Trustee of the Bio Carbon Fund and Government of Canada - Ministry of Foreign Affairs and International Trade.

Complying with Paragraph **54 of the VVM**, Bureau Veritas Certification concluded this by review of the letters of approval provided by PP and the information on UNFCCC website i.e.

<http://maindb.unfccc.int/public/country.pl?country=NI> ,

and

<http://maindb.unfccc.int/public/country.pl?country=CA>



3.3 Project design document (57)

Complying with paragraph **57 of the VVM**, the validation team hereby confirms that the PDD complies with the latest forms Project Design Document Form (CDM-SSC-AR-PDD) version 02 and the Guidelines for completing the simplified project design document for small scale A/R (CDM-SSC-AR-PDD) version 04.

3.4 Changes in the Project Activity

During the site visit following changes were requested by CAR/CL in project design document as compared to details mentioned in webhosted PDD and PP made the relevant changes as below:



1. Changed to the English name of the entity - Precious Woods Nicaragua S.A. (Spanish name of the entity - Maderas Preciosas) and added contact details to Annex 1.
2. Deleted the Participation of Switzerland and Precious Woods Holding Ltd. from the project activity.
3. A short description of land use before project start has been added in the PDD section A.6: "The project will be carried out on private land that Precious Woods has acquired in 2003 (La Pimienta and Esperanza) and 2004 (Javalina) from three private land owners. This land was used by these former owners for cattle breeding. It has been deforested a long time ago. The pastures were dominated by the invasive grass species Jaragua (*Hyparrhenia rufa*). Only isolated shade trees such as *Enterolobium cyclocarpum* (Guanacaste), *Guazuma ulmifolia* (Guácimo), *Byrsonima crassifolia* (Nance), *Cedrela odorata* (Cedro), *Bombacopsis quinata* (Pochote), *Tabebuia rosea* (Roble de sabana) and *Scheelea rostrata* (Palma real) could be found on the pastures. The majority of these trees were left standing. No crops or trees were planted before project start."
4. The start date has been adjusted to the 4th July 2003 which is the PO date for the first project site Finca Pimienta.
5. The lifetime in years and month has been added. The expected lifetime will cover two entire harvesting cycles: 60 years, 0 months.
6. A table has been added stating that carbon stock changes are considered to be zero.
7. The information that all the data will be stored at least 2 year following the end of the crediting period has been added as chapter G. data storage.
8. In CDM-AR-SSC-PDD section B.9 date and indication regarding whether the person/entity is also a project participant listed in Annex 1 has been provided.
9. In CDM-AR-SSC-PDD section D, information regarding transboundary environmental impacts has been provided.
10. In CDM-AR-SSC-PDD section E, transboundary social impacts have been provided.
11. Although the table B.8.1.1.1 (project) contains more items than the methodology requests some items requested were not included in the table1-monitoring frequency of the applied methodology such as Height of trees and basic wood density. The missing items have been added. However, the mentioned items do not need to be monitored because the applied methodology does not require them. This fact has been stated in the comments column of the table.
12. The monitoring plan did not have a provision for monitoring of boundary during crediting period. The section has been added as Variable no.21 Table 8.1.1.1
13. The title of the applied methodology was different from that what has been used in the webhosted PDD v01. The methodology applicable to the project –s - Simplified baseline and monitoring methodologies for small-scale afforestation and reforestation project activities under the clean development mechanism implemented on grasslands or croplands AR-AMS0001, Version 05. This version is same as the version indicated on the UNFCCC website for webhosted PDD. The error in the section B.1 has been corrected.



14. The completeness check conducted by UNFCCC led to a further revision to PDD v04 dated November 30, 2010 to remove the inconsistency between MoC, the validation report and other documents submitted, namely information provided in the PDD, the request for registration form and the project view page.

The above changes made by the project participant were reviewed and found okay. For further details please refer the table "Resolution of corrective action and clarification requests"

The final PDD ver. 04 has all the above changes as compared to PDD ver. 01 that was webhosted.

3.5 Project description (64)

The project consists in the reforestation of 813 ha of former pasture land with teak and native wood species in Southern Nicaragua. The project is located on three former cattle ranches in Southern Nicaragua near the village of Sapoá and Esperanza. The sites are Finca La Pimienta, Finca Javalina and Finca Esperanza with very similar environmental conditions. The geographical coordinates were verified using the detailed geo-referenced maps that were made available by the PP.

The project was carried out on private land that Precious Woods had acquired in 2003 (La Pimienta and Esperanza) and 2004 (Javalina) from three private land owners. This land was used by these former owners for cattle breeding. It has been deforested a long time ago. The pastures were dominated by the invasive grass species Jaragua (*Hyparrhenia rufa*). No crops or trees were planted before project start. This was confirmed during site visit after discussing with the previous owners of the land.

Teak and mixed Native Species had been selected for planting. Teak has been selected as the predominant species because the behaviour of this species in reforestation is well known and growth rates as well as market acceptance can be predicted with a reasonable grade of security. The native species were planted in groups within the teak plantation. The project brings new technology such as successful planting, vegetative reproduction, successful seed production and timber processing to Nicaragua. The staff is recruited and trained locally.

The project starting date is July 4, 2003. The 30-year fixed crediting period starts as well on July 4, 2003.

The project is estimated to have net anthropogenic GHG removals by sinks of 237448 tonnes of CO₂ e for a fixed 30 year crediting period with an annual average over the crediting period of estimated net anthropogenic GHG removals by sinks of 7915 tonnes of CO₂e.

The process undertaken to validate the accuracy and completeness of the project description was including the document review, interview with project participants,



previous land owners and cross-checking with the relevant approvals issued by local governments by Bureau Veritas Certification.

- Complying with paragraph **64 of VVM**, Bureau Veritas Certification hereby confirms that the project description in PDD is accurate and complete in all respects.

3.6 Baseline and monitoring methodology

3.6.1 General requirement (76 – 77)

The project uses the UNFCCC approved methodology AR-AMS0001 (Version 5) “Revised Simplified Baseline and Monitoring Methodologies for Selected Small-Scale Afforestation and Reforestation Project Activities under the Clean Development Mechanism”. By on-site visit and interview with the PP, validation team confirmed that the information given in the PDD complied with the criteria of methodology AR-AMS0001 (Version 5).

The steps taken to assess the relevant information contained in the PDD against each applicability condition are described below.

- The project will sequester 7915 tonnes of CO₂e per year and therefore is considered a small-scale A/R project. There are no other small-scale projects of the same project participants that will be registered within two years, nor that are located within 1 km of the project boundary of the proposed A/R activity. This small-scale A/R CDM project activity is implemented in three locations. Together their net anthropogenic GHG removals by sinks do not exceed the small-scale limit of 16'000 t CO₂e per year. This is in line with decision-/CMP.3 for small scale activity eligibility.
- Project activities are implemented on grasslands. This was verified during the site visit by discussion with the earlier owners of the land.
- There were no crops planted on the land in question, so less than 50% cropland was displaced. This was verified by the ariel photographs of 2004 during the site visit.
- The number of displaced grazing animals is less than 50% of the average grazing capacity of the project area. This was verified during the site visit by discussion with the earlier owners of the land.
- Less than 10% of the grasslands are ploughed before plantation. This was verified with the maps provided.

The DOE hereby confirms that the selected baseline and monitoring methodology AR-AMS0001 (Version 5) is previously approved by the CDM Executive Board and is applicable to the project activity, which complies with all the applicability conditions therein.



The DOE hereby confirms that, as a result of the implementation of the proposed CDM project activity, there are no greenhouse gas emissions occurring within the proposed CDM project activity boundary, which are expected to contribute more than 1% of the overall expected average annual emissions reductions, which are not addressed by the applied methodology AR-AMS0001 (Version 5).

3.6.2 Project boundary (80)

The project is located on three former cattle ranches in Southern Nicaragua near the village of Sapoá and Esperanza. Geographical coordinates (Longitudes and latitudes) provided were confirmed with the geo-referenced maps during site visits.

Complying with paragraph **79 of VVM**, Bureau Veritas Certification hereby confirms that the identified boundary and the selected sources and gases are justified for the project activity.

3.6.3 Baseline identification (87-88)

Grasslands which were the land-use prior to the implementation of the project activity is the most likely baseline scenario for the project. During the site visit grasslands were observed just adjacent to the project boundary. During the pronounced dry season, fire as land clearing tool is a widespread practice in the project region. Due to the practice of burning the pastures before the raining season, the woody perennials are scarce or largely absent in the baseline. Considering this prevailing land use practice, it is very unlikely that in the absence of the project activity, long term natural regeneration would determine the future land cover. Non-forest land is more valuable than forest or shrub land. This was also confirmed with the previous land owners and local stakeholders. The changes of carbon stocks in grasslands and of woody perennials under the baseline scenario are considered zero.

Complying with paragraphs **87 and 88 of the VVM**, Bureau Veritas Certification hereby confirms that:

- All the assumptions and data used by the project participants are listed in the PDD, including their references and sources;
- All documentation used is relevant for establishing the baseline scenario and correctly quoted and interpreted in the PDD;
- Assumptions and data used in the identification of the baseline scenario are justified appropriately, supported by evidence and can be deemed reasonable;
- Relevant national and/or sectoral policies and circumstances are considered and listed in the PDD;
- The approved baseline methodology has been correctly applied to identify the most reasonable baseline scenario and the identified baseline scenario reasonably represents what would occur in the absence of the proposed CDM project activity.



- The information given in PDD were cross checked by the validation team by interviewing the previous land owners and the project participants and by verifying the documents during the site visit

3.6.4 Algorithms and/or formulae used to determine emission reductions (92-93)

The baseline scenario is pasture without woody stands and no significant biomass increase. The baseline is considered to be stable and does not need to be monitored

The stocks of carbon for the project scenario at the starting date of the project activity is the same as the baseline stocks of carbon at the starting date of the project . For this project, it will be equal to the baseline carbon stocks.

The emissions from organic fertilizer, Bokashi, based on locally sourced chicken manure use were insignificant since GHG emissions from fertilizer application are considered insignificant according to EB 42 and can therefore be neglected. This is in accordance with AR- AMS0001 (Version 5) and hence were not accounted in the calculations of actual net GHG removals by sinks.

No leakage calculation was required. The activity shift of the previous owners did not lead to deforestation and the lands surrounding the areas that receive the activity shift were not forested and hence leakage was not expected to take place. This was confirmed after interview with the previous owners of the land during site visit.

Complying with paragraphs **92 of the VVM**, Bureau Veritas Certification hereby confirms that:

- All assumptions and data used by the project participants are listed in the PDD, including their references and sources;
- All documentation used by project participants as the basis for assumptions and source of data is correctly quoted and interpreted in the PDD;
- All values used in the PDD are considered reasonable in the context of the proposed CDM project activity;
- The baseline methodology has been applied correctly to calculate project emissions, baseline emissions, leakage and emission reductions;
- All estimates of the baseline emissions can be replicated using the data and parameter values provided in the PDD.
- All data and parameters used in the equations were verified by the forestry expert.

3.7 Additionality of a project activity (97)

The assessment of additionality was carried out using the steps of Tool for the Demonstration and Assessment of Additionality in A/R CDM Project Activities and



guidance of Appendix B, AR-AMS0001 (Version 5). During the site visit and later with discussion with the PP, Bureau Veritas Certification validation team has checked all the physical documents referred, crossed checked them and was able to verify that all documents are substantial and authentic.

3.7.1 Prior consideration of the clean development mechanism (104)

Starting date of A/R CDM Project activity is 04 July, 2003 when the purchase order of the first project site Finca Pimienta was signed. According to the latest Glossary of CDM terms version 04 and the Paragraph 67 of EB 41, BVC was able to confirm the start date of the Project identified in the PDD is now appropriate.

The start date of the project activity is prior to the PDD v01 submitted to Bureau Veritas Certification for validation. The PDD has addressed the serious consideration on the incentives from CDM prior to the Project implementation as per the “Guidance on the demonstration and assessment of prior consideration of the CDM” version 01 (Annex 46, EB 41) (hereafter called “Guidance-Prior Consideration”) (Ref.11).

Two documents were verified to validate serious consideration of CDM benefits prior to the implementation of the project activity.

1. Precious Woods’ Annual report 20–3 - Before starting the reforestation project in Nicaragua Precious Woods consulted the national Authorities, namely the “Oficina Nacional de Desarrollo Limpio”, the governmental Institution established for the Kyoto Mechanisms about the viability of registering a Nicaraguan CDM reforestation project. The decision taking process for starting this project is documented in Precious Woods’ Annual report 2003.
2. Purchasing contract of the first finca, la Pimienta dated 04 July 2003 – here the buyer declared his intention to obtain all the rights regarding certificates from ecosystem services and rights regarding environmental benefits that are generated by a forest plantation in the tropics.

Complying with paragraph **104 of the VVM**, Bureau Veritas Certification verified this issue and concludes that the serious consideration under the context of the Project has been addressed appropriately in accordance with the above guidance.

A chronology of actions taken to secure CDM status was provided by the PP in response to a clarification request (CL 4).

The chronological events described with the relevant documented evidences formed the objective basis of the validation opinion of Bureau Veritas Certification.

Accordingly Bureau Veritas Certification summarized a timeline as given in Table below and verified the corresponding documented evidences.

Date	Activities	Evidences verified
February 2003	A delegation from Precious Woods	Precious Woods’ Annual



	visited various government ministries and non-governmental organizations to ascertain the position of the government and the authorities concerning privately funded projects, particularly in the forestry sector. The delegation also held talks with the Swiss Embassy and the coordinator of Swiss development aid.	report 2003, p.15 (Ref 1)
March 8, 2004	PP submitted a PIN (Project Idea Note) to the Bio Carbon Fund of the World Bank	Letter from The World Bank dated September 1, 2009 (Ref 12)
04 July 2003	Purchasing contract of the first finca, la Pimienta	Land purchasing contract of the first finca la Pimienta that was signed on the 4 July 2003 and officially registered on the 5 August 2003 (Ref 3)
Feb 28, 2005	LOI (Letter of Intent) was signed between Precious Wood and World Bank	Letter from The World Bank dated September 1, 2009 (Ref 12)
April 12, 2006	ERPA with the Bio Carbon Fund (World Bank) was signed	Letter from The World Bank dated September 1, 2009 (Ref 12)
July 3, 2008, & June 22, 2009	LoA (1 st , and 2 nd) obtained from DNA of Canada	LoAs from DNA of Canada – Letters dated July 3, 2008 and 22.06.2009
December 5, 2008	Draft PDD sent to Bureau Veritas for Validation	email
Jan 15, 2010	3rd LoA Issued by Nicaraguan DNA	LoA from the DNA of Nicaragua (host country) – Letter dated January 15, 2010 (Ref 3)
February 8, 2011	3 rd LoA obtained from DNA of Canada	LoA from DNA of Canada – Letter dated February 8, 2011 (Ref 5)

Bureau Veritas Certification has checked all the physical documents mentioned above and was able to verify that all documents are substantial and authentic. From the table above, Bureau Veritas Certification confirms that the start date of project activity is 04/07/2003, the date of the purchase order, which is the earliest date at which the implementation or construction or real action of the project activity began.



Based on the above documentations Bureau Veritas Certification was able to verify that the incentives of the CDM were seriously considered prior to the start of the project activity and continuing and real action were taken to secure CDM status for the project in parallel with its implementation, which are evident accordance with the “Guidance on the demonstration and assessment of prior consideration of the CDM (Version 03)” (hereafter called “Guidance-Prior Consideration”) (Ref 11).

- By assessing the material actions taken by the PP, Bureau Veritas Certification confirmed that the PP considered seriously the incentives from CDM in the context of the Project before taking its real actions, which is in accordance with the requirements of “Guidance –Prior consideration”
- According to the latest Glossary of CDM terms version 04 and the Paragraph 67 of EB 41 Bureau Veritas Certification was able to verify the start date of the Project identified in the PDD is appropriate.
- Based on the above assessment, Bureau Veritas Certification hereby confirms that the proposed CDM project activity complies with the requirements of EB41.

3.7.1.1 Historical information on project timeline

There is no information regarding the historical development of project such as any site evaluation studies etc carried out earlier.

3.7.2 Identification of alternatives (107)

Two (2) alternative land use scenarios were identified:

Scenario 1: Continuation of existing land use as pasture.

Scenario 2: Implementation of the reforestation project activity not undertaken as a CDM project activity.

There are no legal requirements to reforest the area and so far there have been no reforestation activities. Both scenarios comply with national laws and regulations. Use of the land as pasture is common practice in the region and the main source of income for many rural communities. The baseline scenario is continuation of existing land use.

Complying with paragraph **107 of the VVM**, Bureau Veritas Certification considers the list of alternatives to be complete.

3.7.3 Investment analysis (114)

The Investment analysis was not applied for this project activity.

3.7.4 Barrier analysis (118)



Among the barriers considered as per Appendix B of AR-AMS0001 (Version 5) to demonstrate additionality of the project activity, Investment barriers and Technical barriers were found to be prohibitive enough to prevent the project from implementation.

Investment barrier:

The Republic of Nicaragua is one of the poorest countries of Latin America. Nicaragua's poor investment climate is reflected in the current Moody's country risk rating of Caa1: "Obligations rated Caa1 are judged to be of poor standing and are subject to very high credit risk, and have "extremely poor credit quality...." In 2003 the Republic of Nicaragua is rated Caa1 at Moody's and 30.86 at Euromoney. The proof of the Moody's Rating – an article of the strategic business information database of July 2003 citing the downgrading of Nicaragua from b3 to Caa1-
http://findarticles.com/p/articles/mi_hb6465/is_200307/ai_n25689332/?tag=content;col1

was verified to confirm the same. This poor credit rating deters potential investors and reflects the poor economic conditions and lack of investment climate. In addition to the difficult financial environment, Nicaragua is also one of the world's most natural disaster-prone countries. Hurricanes, el Niño and earthquakes are a common source of devastation for the country.

The frequent natural hazards and the poor ratings of the country indicate that no private capital was available from domestic or international capital markets due to real or perceived risks associated with investment in Nicaragua.

Technical barriers:

Since technical experts were not available in Nicaragua, Precious Woods initially trained the employees in Costa Rica (for example Mr. Erasmo Roca- Operational Manager for sites Finca La Pimienta, Finca Javalina, Mr. Jose Brenes, Manager for Finca Esperanza, Mr. Luis Alberto Cortez Perez – responsible for greenhouse plantation) and then transferred them to Nicaragua. The national report of Nicaragua published in 2004 by the FAO and the "ministerio agropecuario y forestal (MAGFOR) which describes the difficult situation for reforestation projects in Nicaragua was also reviewed.

Complying with paragraph **118 of the VVM**, Bureau Veritas Certification hereby confirms that the barrier analysis performed is credible.

3.7.5 Common practice analysis (121)

Appendix B of AR-AMS0001 (Version 5) was used to demonstrate additionality of the project activity which does not require common practise analysis to be conducted.

3.8 Monitoring plan (124)

The Project uses the approved monitoring methodology AR-AMS0001 (Version 05) for small-scale afforestation and reforestation projects under the clean development mechanism.



Applicability of this methodology is justified. Refer discussions on the validity of the methodology at Section 3.5.1 above.

In accordance with paragraph 6 of Appendix B to decision 6/CMP1, no monitoring of the baseline is necessary.

The information provided in the PDD v.4 regarding the forest inventorying and the GHG removal by sinks measurement procedures (stratification, calculations of the number of sample plots, dendrometric aspects and forest/biomass quantification) were verified and are in accordance to the methodology, as follow:

In the section of the PDD regarding the Sample frame and sample size establishment, the PP refers to the application of the Tool "Calculation of the number of sample plots for measurements within A/R CDM project activities" (Version 02). An example of how the number of samples will be calculated for each stratum, based in the above mentioned tool, is also provided by the PP in the section B.8.1 of the PDD v.3. The application of the tool was verified by the validator and found OK.

For the Ex post estimation of the actual net GHG removals by sinks (section B.8.1 of the PDD v.4), the PP has correctly followed the procedures as stated in the AR-AMS 0001 v.5.

The formulas and allometric equations referred in the above mentioned PDD section were verified and crosschecked with the IPCC GPG LULUCF. They are applicable and according to the methodology requirements.

For more information regarding the DOE assessment of sampling framework, forest measurement procedures and ex-post GHG removal by sinks quantification, please refer to table 3, section 1.7 of the validation protocol.

Leakages are expected to be zero because most of the cattle were sent to slaughterhouses that used to graze on the lands that are now being reforested as part of the project as observed in the second interview with the previous landowners in 2009, no leakage was identified, once the pervious owners had moved their activities to regions that had been deforested long ago and is traditionally and currently used for pasture. This was verified during interview with the old owners, interviews conducted and site visit.

Operational management for the project activity is comprehensively detailed in PDD. Precious Woods reports its financial results which require measurement and valuation of biological assets on an annual basis. The combination of financial and carbon accounting, and the external verification of both, will guarantee for reliable and transparent monitoring results.



Complying with paragraph **124 of the VVM**, Bureau Veritas Certification hereby confirms that the project participants are able to implement the monitoring plan.

3.9 Sustainable development (127)

The host Party's DNA confirmed the contribution of the project to the sustainable development of the host Party, Nicaragua. Refer to item 3.1 of this report.

3.10 Local stakeholder consultation (130)

The invitation for the stakeholder meeting was published in the National newspaper LA PRENSA on 7th October 2005. PDD was also published on the website of ONDL, the DNA of Nicaragua on 05 Oct 2005.

The project was presented to the stakeholders in a seminary co-organised by the DNA of Nicaragua on October 12, 2005. Summary of stakeholder comments were verified during site visit by evaluation of Minutes of Meeting and interviewing the previous owner of the plot. The participants were appreciative of the project activity.

Complying with paragraph **130 of the VVM**, Bureau Veritas Certification hereby confirms that the process of local stakeholder consultation is observed to be adequate.

3.11 Comments by parties, stakeholders and NGOs

According to the modalities for the Validation of CDM projects, the DOE shall make publicly available the project design document and receive, within 30 days, comments from Parties, stakeholders and UNFCCC accredited non-governmental organizations and make them publicly available.

Complying with paragraphs **40 - 42 of the VVM**, BVC published the project documents on the UNFCCC CDM website on 13/02/2009 and invited comments within 14/03/2009 from Parties, stakeholders and non-governmental organizations. No comments were received during this period.

3.12 Environmental and social Impacts (133)

See below under 3.13.7

3.13 Special requirements for A/R projects

3.13.1 Project boundary for A/R project activities (143)



The project is located on three hilly sites in Southern Nicaragua near the village of Sapoá and Esperanza in the Municipality of Cárdenas and Municipality of San Carlos, Nicaragua. DOE verified the detailed geo-referenced maps and confirms the geographical coordinates defining the project boundaries.

The project is being carried out on private land that Precious Woods had acquired in 2003 (La Pimienta and Esperanza) and 2004 (Javalina) from three private land owners. Purchase orders were verified. During the site visit the validation team interviewed the previous owners of these lands who confirmed that these lands were used by them for cattle breeding. It had been deforested a long time ago. The pastures were dominated by the invasive grass species and isolated shade trees. The majority of these trees were left standing. No crops or trees were planted before project start. During the site visit DOE found no residents within the project boundary and no ownership disputes with regard to the land were reported.

DOE verified the legal titles of the plots and confirms that Precious Woods holds legal title to the lands and as the legal owner of the project lands, Precious Woods has rights to the carbon assets and the tCERs to be generated under the reforestation project.

Complying with paragraph 143 of the VVM, Bureau Veritas Certification hereby conclude that the project participant, Precious Woods, Nicaragua has the control over all planned re-forestation CDM project activity within the project boundary in accordance to the guidance specified in the EB 44 report, annex 16. Precious Woods, Nicaragua has the exclusive right, under the legal system of Nicaragua, to perform the A/R activity with the aim of achieving net anthropogenic GHG removals by sinks

3.13.2 Selection of carbon pools (146)

Above ground and below ground carbon pools have been selected for this small scale A/R project activity.

Complying with paragraph 146 of the VVM, Bureau Veritas Certification hereby confirms that the selection of carbon pools complies with the applied approved small scale A/R methodology, AR-AMS0001 version 5

3.13.3 Eligibility of land (149)

The eligibility of land was demonstrated as per the guidance of the small-scale A/R methodology AMS0001 (Version 5). The procedures to define the eligibility of lands for afforestation and reforestation activities (EB22, Annex 16) were used to demonstrate the eligibility of lands for undertaking the project.

It was demonstrated that the project activity was carried out on non-forest land. The satellite images and /or aerial photos from dates close to 1989 and 2003 (project start) had been used for this purpose. Vegetation class that unambiguously showed the



characteristics of non-forest, bare pasture, were considered eligible. This was verified during the site visit

It was also demonstrated that the activity is a reforestation or afforestation activity. In order to exclude areas that had not been non-forest in 1989, satellite images and aerial photos were used. By overlaying the maps produced from the images from 1989 and the start date of the project in 2003, the eligible areas were identified as those not reaching the parameters for crown cover and minimum height chosen by Nicaragua in both images. This was also verified by the Bureau Veritas Certification Forestry specialist during the site visit. The parameters set by Nicaragua for the definition of forest are a minimum area of land of 1.0 hectares; a minimum tree crown cover of 20 per cent; and a minimum tree height of 4 metres at maturity in situ.

Complying with paragraph 149 of the VVM, Bureau Veritas Certification hereby confirms that the entire land within the project boundary is eligible for the A/R CDM project activity

3.13.4 Conservative choice and application of default data (152)

IPCC default values were used in estimation of the net GHG removals by sink of the project. This is in compliance to the “Guidelines on conservative choice and application of default data in estimation of the net anthropogenic GHG removals by sinks” (EB 50 report, annex 23)

Complying with paragraph **152 of the VVM**, Bureau Veritas Certification hereby confirms that the use of the default data in the estimation of the net anthropogenic GHG removals by sinks results in conservative, but not overly conservative estimates.

3.13.5 Approach proposed to address non permanence (155)

The project participants have selected the issuance of tCERs to address non permanence of the small scale A/R project activity in accordance with paragraph 38 of the modalities and procedures for afforestation or reforestation CDM project activities. This is in compliance with paragraph 155 of the VVM

3.13.6 Timing of management activities, including harvesting cycles, and verifications (158)

The monitoring plan and the forest management plan were reviewed. As part of management activity, thinning and harvesting are planned to be carried out at scheduled intervals. The project proposes to implement several planting and harvesting cycles.

The monitoring will be carried out by a trained team, lead by the director of research of Precious Woods Central America. The team will include personnel trained in measurement of biomass, GPS technology, and data processing.



The initial planting phase is distributed over four years at the start of the project and subsequent plantings take place as per the scheduled harvest regime. The different harvest regimes applied are: 18 years for about 2/3 of the teak and 30 years for the native tree species and 1/3 of the teak. After harvest, the sites will immediately be replanted. This distribution allows for a smoothing of the carbon sequestration curve, avoiding extreme peaks and minimums. The risk of natural fire is low. The forest management plan seeks to address the risk of fire.

Due to the frequency of fires in the region, fire prevention measures are carried out during the dry season. This includes removal of vegetation along fences, 24-hour surveillance during dry season, permanent availability of water supply and equipment to fight fire. As the teak trees reach a height of 4-6 meters (2-3 years), the risk of mortality due to fire is substantially reduced because of the high fire resistance of the species.

Complying with paragraph 158 of the VVM, Bureau Veritas Certification hereby confirms that the project participants have ensured a systematic coincidence of verification and peaks in carbon stocks is avoided.

3.13.6 Socio-economic and environmental impacts, including impacts on biodiversity and natural ecosystems (162)

Generally, the environmental impact is positive. Although commercial plantations have less biodiversity than primary forest, the conditions for flora and fauna are much better than in grassland. The trees provide shade and shelter for animals and in the undergrowth, many different plant species can be found.

There is no Host party requirement for EIA. Two potentially negative impacts had been identified. They were both related to the use of teak:

- a) Teak is a non-native tree species
- b) The combination of the large leaves of teak and low undergrowth may lead to soil erosion.

But the real risks are very low. For this activity no transboundary environmental effects could be identified.

Based on the two possible environmental impacts identified by the PP and according to the site visit observations, the validator understands that:

The reforestation of grassland areas with *Tectona grandis*, in Nicaragua, despite of not being a native species like the others used in the project activity, can be considered a more balanced and sustainable land use with some limited, but real positive impacts, once the original vegetal covering of the host country is predominantly forest (dry and wet) and not grassland.

The validator agrees that the restoration of the forest physiognomy, even with exotic species, if do not provide food for the local fauna, can at least provide shade and shelter besides ecological and genetic flux corridors, connecting the remaining forest fragments



within the host country. On the other hand the grassland (previous/baseline land use) is not supposed to provide the same services with the same ecological characteristics.

Despite of the PP has raised the possibility of soil erosion due to the *“combination of the large leaves of teak and low undergrowth”* The validator agrees that this does not figure a high risk of soil erosion, especially if compared with the previous land use (pasture) where there was no canopy to reduce the rain drop kinetic energy into the soil.

Also the forest management techniques presented in the PDD (regular thinning and pruning to ensure that the ground vegetation is always dense and diverse) is supposed to reinforce the soil protection against erosion.

Finally, the references provided in the PDD where checked, confirming the non-invasive characteristic of the *Tectona grandis*.

The main socioeconomic impact of the project is related to the generation of employment opportunities for poor rural communities. Potential negative socio-economic impacts had been assessed as part of the FSC certification process. No negative impacts were expected. Verified the FSC certificate dated 1 Feb 2005. The FSC certificate indicates that the project meets all applicable laws of the country, Nicaragua. For this activity no socio-economic transboundary effects could be identified.

The above is in compliance to paragraph **162 of the VVM**.

4 VALIDATION OPINION

Bureau Veritas Certification has performed a validation of the “Southern Nicaragua CDM Reforestation Project” of Precious Woods Nicaragua SA located in Municipality of Cárdenas and Municipality of San Carlos, Nicaragua. The validation was performed on the basis of UNFCCC criteria and host country criteria and also on the criteria given to provide for consistent project operations, monitoring and reporting.

The validation consisted of the following three phases: i) a desk review of the project design and the baseline and monitoring plan; ii) follow-up interviews with project stakeholders; iii) the resolution of outstanding issues and the issuance of the final validation report and opinion.

Project participants used the latest “Tool Demonstration and Assessment of Additionality in A/R CDM Project Activities” and guidance of AR-AMS0001, Version 5 Appendix B for the demonstration of additionality. In line with this tool, the PDD provides analysis of investment and technological barriers to determine that the project activity itself is not the baseline scenario.



By synthetic description of the project, the project is likely to result in reductions of GHG emissions partially. An analysis of the investment and technological barriers demonstrates that the proposed project activity is not a likely baseline scenario. Emission reductions attributable to the project are hence additional to any that would occur in the absence of the project activity. Given that the project is implemented and maintained as designed, the project is likely to achieve the estimated amount of emission reductions.

The review of the project design documentation (version 4) and the subsequent follow-up interviews have provided Bureau Veritas Certification with sufficient evidence to determine the fulfillment of stated criteria. In our opinion, the project correctly applies and meets the relevant UNFCCC requirements for the small scale A/R CDM and the relevant host country criteria. Bureau Veritas Certification thus requests registration of “Southern Nicaragua CDM Reforestation Project” as CDM project activity.

5.0 REFERENCES

Category 1 Documents:

Documents provided by Precious Woods that relate directly to the GHG components of the project.

- /1/ PDD v01
- /2/ PDD v02
- /3/ PDD v03
- /4/ PDD v04
- /5/ LoA from the DNA of Nicaragua (host country) – Letter dated January 15, 2010
- /6/ LoA from DNA of Canada – Letter dated Feb 08, 2011
- /7/ The documented calculations of GHG emissions (Project Emissions, Leakage, baseline GHG emissions.- TARAM excel sheet

Category 2 Documents:

Background documents related to the design and/or methodologies employed in the design or other reference documents.

- /1/ Precious Woods' Annual report 2003, p.15
- /2/ List of legal issues subscribed by project and compliance status.
 - a) Law of conservation and forestry development - 2003
- /3/ Land purchasing contract of the first finca la Pimienta that was signed on the 4 July 2003 and officially registered on the 5 August 2003
- /4/ Deininger K., Chamorro S. (2002): Investment and income effects of land regularization: The case of Nicaragua. World Bank Policy Research Working Paper 2752.



- /5/ Mejía S. et al. (2004): Application of low resolution satellite data for the detection and monitoring of fire in Nicaragua.
- /6/ Guevara, M. (2004): Informe Nacional Nicaragua, FAO and Ministerio agropecuario y forestal, chapter 2.5
- /7/ Frühling P. (2000): When Development Projects go Orphan. Lessons from 20 years of Swedish forestry support to Nicaragua. Sida Evaluation 00/34. Swedish Department of Natural Resources
- /8/ Viteri J.A., Rodríguez, J (2002) Proyecto Bosques y Cambio Climático. CCAD / FAO. Estudio del Potencial de Mitigación del sector Forestal de Nicaragua para el Cambio Climático. Diciembre, 2002. Managua, Nicaragua.FAO
- /9/ Minutes of the Stakeholder consultation meeting held on 12 October 2005
- /10/ Organization chart that defined the authority and responsibility of project management including monitoring measurement and reporting, personnel training document.
- /11/ Guidance on the demonstration and assessment of prior consideration of the CDM Version 01 (Annex 46, EB 41)
- /12/ Letter from The World Bank dated September 1, 2009
- /13/ TARAM (v1.0) –Tool for afforestation and reforestation of approved simplified methodologies
- /14/ Document “Chronology of Actions Taken To Secure CDM Status”

Persons interviewed:

List persons interviewed during the validation or persons that contributed with other information that are not included in the documents listed above.

- /1/ Christoph Buholzer – Director, Precious Woods
- /2/ Ronald Guerrero – General Manager, Precious Woods
- /3/ Manuela Ganwiler – Project Manager, Precious Woods
- /4/ Francisco Matamoros – Director , PWCA
- /5/ Saima Qadir – World Bank
- /6/ Erasmo Roca – Manager
- /7/ Luis Alberto cortez Perez
- /8/ Jose Brenes- Manager
- /9/ Mr. Henry Urcuyo–T - Local Stakeholder



6. CURRICULA VITAE OF THE DOE'S VALIDATION TEAM MEMBERS

Dr. Ashok Mamm-n - PhD (Oils & Lubricants)

Bureau Veritas Certification – Lead verifier and team leader

Over 20 years of experience in chemical and petrochemical field. Dr. Mammen is a lead auditor and tutor for environment, safety and quality management systems. He is also a lead verifier and lead tutor for GHG projects and has been involved in the validation and verification processes of more than 100 CDM/JI/VCS and other GHG projects.

Mr. Pedro José da Silveira Junior– Forest Engineering and Master Degree in Sanitation, Environment and Water Resources.

Bureau Veritas Certificati-n - Forestry Specialist

Over 20 years of experience in Forestry projects (Planting, Cut, Stewardship, Inventory and Forest Measuring; Degradated Areas Recovery); projects for obtaining environmental government licenses, EMS implantation, Forest Inventory and Stewardship. Mr. Pedro had been involved in a number of environmental ISO 14001, FSC – custody chain/forestry audits a-d - Chicago Climate Exchange – carbon credit verifications.

Mr. Antonio Daraya

Bureau Veritas Certification – Internal technical reviewer

Antonio Daraya – is graduated in Chemical Engineering with a very large experience in Industrial and Environmental management in several industrial fields. He is ISO 9001:2000, ISO 14001:2004 and OHSAS 18001 Lead Auditor and has also experience in the implementation of Quality and Environmental Management Systems. Antonio is qualified as Lead Verifier GHG – Green House Gases.

Mr. Diego Serrano– Forestry Specialist and Internal technical reviewer

Bureau Veritas Certification – Internal technical reviewer

Diego Serrano is forest engineer graduated by the ESALQ / USP Superior School of Agriculture "Luiz de Queir"z." (University of São Paulo), Diego has master degree in Energetic System Planning with forest residues in the State University of Campinas (UNICAMP). His abilities include coordination of more than seventy CDM and voluntary carbon projects (among them 8 LULUCF PDD). In the Bureau Veritas (BVC) he is specialist for CDM and voluntary carbon projects and methodologies validation with focus in LULUCF/AFOLU. Diego is qualified as Lead Verifier GHG – Green House Gases.



APPENDIX A: COMPANY CDM PROJECT VALIDATION PROTOCOL

SMALL-SCALE A/R CDM PROJECT TITLE: SOUTHERN NICARAGUA CDM REFORESTATION PROJECT

Table 1 Validation requirements based on the Validation and Verification Manual v 01.2 (EB 55 Annex 1)

CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
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VALIDATION REPORT

CHECKLIST QUESTION	Ref.	§	COMMENTS		Draft Concl	Final Concl
1. Approval			COUNTRY A (insert the country name)	COUNTRY B (insert the country name)		
a. Have all Parties involved approved the project activity?	VVM	44	Nicaragua	<ul style="list-style-type: none"> Canada Switzerland (later Switzerland was withdrawn) 	OK	OK
b. Has the DNA of each Party indicated as being involved in the proposed CDM project activity in section A.3 of the PDD provided a written letter of approval? (If yes, provide the reference of the letter of approval, any supporting documentation, and specify if the letter was received from the project participatn or directly from the DNA)	VVM	45	Please send for Nicaragua	<ul style="list-style-type: none"> Please send for Switzerland Received for Canada 	CL 1	OK
c. Does the letter of approval from DNA of each Party involved:	VVM	45				
i. confirm that the Party is a Party of the Kyoto Protocol?	VVM	45.a	To be verified for Nicaragua	To be verified for Switzerland	CL 1	OK
ii. confirm that participation is voluntary?	VVM	45.b	To be verified for Nicaragua	To be verified for Switzerland	CL 1	OK
iii. confirm that, in the case of the host Party, the proposed CDM project activity contributes to the sustainable development of the country?	VVM	45.c	To be verified for Nicaragua	To be verified for Switzerland	CL 1	OK
iv. Refers to the precise proposed CDM project activity title in the PDD being submitted for registration?	VVM	45.d	To be verified for Nicaragua	To be verified for Switzerland	CL 1	OK



VALIDATION REPORT

CHECKLIST QUESTION	Ref.	§	COMMENTS		Draft Concl	Final Concl
d. Is(are) the letter(s) of approval unconditional with respect to (i) to (iv) above?	VVM	46	To be verified for Nicaragua	To be verified for Switzerland	CL 1	OK
e. Has(ve) the letter(s) of approval been issued by the respective Party's designated national authority (DNA)?	VVM	47	To be verified for Nicaragua	To be verified for Switzerland	CL 1	OK
f. If there is doubt with respect to (e) above, was verified with the DNA that the letter of approval is valid for the proposed CDM project activity under validation?	VVM	47	To be verified for Nicaragua	To be verified for Switzerland	CL 1	OK
g. Is there doubt with respect to the authenticity of the letter of approval?	VVM	48	To be verified for Nicaragua	To be verified for Switzerland	CL 1	OK
h. If yes, was verified with the DNA that the letter of approval is authentic?	VVM	48	To be verified for Nicaragua	To be verified for Switzerland	CL 1	OK
2. Participation			<i>PP1 (insert PP1 name)</i>	<i>PP2 (insert PP2 name)</i>		
a. Have all project participants been listed in a consistent manner in the project documentation?	VVM	51	Maderas Preciosas Nicaragua SA (later name changed to Precious Woods Nicaragua SA)	<ul style="list-style-type: none"> Precious Woods Holding Ltd. International Bank for Reconstruction and Development as Trustee of the Bio Carbon Fund. Government of Canada- Ministry of Foreign Affairs and International Trade (later Precious Woods) 	OK	OK



VALIDATION REPORT

CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
			Holding Ltd. was withdrawn)		



VALIDATION REPORT

CHECKLIST QUESTION	Ref.	§	COMMENTS		Draft Concl	Final Concl
b. Has the participation of the project participants in the project activity been approved by a Party to the Kyoto Protocol?	VVM	51	To be verified for Maderas Preciosas Nicaragua SA	• To be verified for Precious Woods Holding Ltd.	CL1	OK
c. Are the project participants listed in tabular form in section A.3 of the PDD?	VVM	52	Yes	yes	OK	OK
d. Is the information in section A.3 consistent with the contact details provided in annex 1 of the PDD?	VVM	52	Contact details of Maderas Preciosas Nicaragua SA is not provided in Annex 1	yes	CAR 1	OK
e. Has the participation of each of the project participants been approved by at least one Party involved, either in a letter of approval or in a separate letter specifically to approve participation? (Provide reference of the approval document for each of the project participants)	VVM	52	Please send for Nicaragua	<ul style="list-style-type: none"> • Please send for Switzerland • Received for Canada 	CL 1	OK
f. Are any entities other than those approved as project participants included in these sections of the PDD?	VVM	52	No		OK	OK
g. Has the approval of participation issued from the relevant DNA?	VVM	53	To be verified	To be verified for Switzerland	CL 1	OK
h. Is there doubt with respect to (g) above? I	VVM	53	To be verified	To be verified for Switzerland	CL 1	OK
i. If yes, was verified with the DNA that the approval of participation is valid for the proposed project participant?	VVM	53	To be verified	To be verified for Switzerland	CL 1	OK
3. Project desing document						
a. Is the PDD used as a basis for validation prepared in accordance with the latest template and guidance from the CDM Executive Board available on the UNFCCC CDM website?	VVM	55	yes		OK	OK



VALIDATION REPORT

CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
b. Is the PDD in accordance with the applicable CDM requirements for completing the PDD?	VVM	56	Yes, latest forms Project Design Document Form (CDM-SSC-AR-PDD) version 02 and guidance documents for completion of PDD version 02 were used	OK	OK
c. In CDM-AR-SSC-PDD section A.1 are following provided?	EB 35	Ann 23			
i. Title of project	EB 35	Ann 23	Title: Southern Nicaragua CDM Reforestation Project	OK	OK
ii. Current version number and date of document	EB 35	Ann 23	Version: PDD version 01 Date: 05 February, 2009	OK	OK
d. In CDM-AR-SSC-PDD section A.2 are following provided (max. one page)?	EB 35	Ann 23			
i. A brief purpose of the proposed small-scale A/R CDM project activity	EB 35	Ann 23	The project consists in the reforestation of 813 ha of former pasture land with teak and native wood species in Southern Nicaragua. The objectives of this project is to contribute to the sustainable development of Nicaragua through reforestation to generate sustainable wood supplies to reduce pressure on natural forests and to serve as carbon sink. The project contributes to alleviate poverty, a major source of employment and brings environmental benefits.	OK	OK
i. The PP's view on the contribution of project activity to sustainable development	EB 35	Ann 23	The criteria for sustainable development for the host country Nicaragua is elaborated to justify whether the project meets the same	OK	OK
ii. Are there any changes/modifications compared to the webhosted PDD?	EB 35	Ann 23	No changes identified	OK	OK



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e. In CDM-AR-SSC-PDD section A.3 are following provided in the tabular format?	EB 35	Ann 23			
i. List of project participants and Party(ies)	EB 35	Ann 23	Yes listed. Refer A.3 of PDD. Parties: Nicaragua (host party), Switzerland & Canada PPs: Precious Woods Nicaragua SA, Precious Woods Holding Ltd. & International Bank for Reconstruction and Development as Trustee of the Bio Carbon Fund Government of Canada- Ministry of Foreign Affairs and International Trade (later Switzerland and Precious Woods Holding Ltd.were withdrawn)	OK	OK
iii. Identification of host party	EB 35	Ann 23	Nicaragua	OK	OK
iv. Indication whether the Party wishes to be considered as project participant	EB 35	Ann 23	Yes. Information is indicated in tabular format in Annex 1 Contact details of Maderas Preciosas Nicaragua SA is not provided in Annex 1	CAR 1	OK
v. Are there any changes/modifications compared to the webhosted PDD?	EB 35	Ann 23	Please see CAR 1	OK	OK
f. In CDM-AR-SSC-PDD section A.4.1,4.2 are following provided?	EB 35	Ann 23			
i. Location, host party(ies) and address as required?	EB 35	Ann 23	Nicaragua, Departments of Rivas and Rio San Juan, Municipality of Cárdenas and Municipality of San Carlos	OK	OK
ii. Detailed physical location with unique	EB	Ann	The project is located on three former cattle ranches	OK	OK


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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
identification of the project activity (eg. Longitude/latitude) – not to exceed one page	35	23	in Southern Nicaragua near the village of Sapoá and Esperanza. Geographical coordinated (Longitude and latitude) are provided This was confirmed with the geo-referenced maps		
iii. Are there any changes/modifications compared to the webhosted PDD?	EB 35	Ann 23	No changes identified	OK	OK
g. In CDM-AR-SSC-PDD section A.5.1 are following provided	EB 35	Ann 23			
i. The type(s) of small-scale A/R CDM project activity:	EB 35	Ann 23	Small-scale A/R CDM reforestation activity on grassland.	OK	OK
h. In CDM-AR-SSC-PDD section A.5.2 a description of present environmental conditions of the area, including the description of climate, hydrology, soils, ecosystems and the possible presence of rare or endangered species and their habitats.?	EB 35	Ann 23	Description of all the required elements is given in the PDD. It is not indicated that these environmental conditions are with reference to all the 3 project sites.	CL 2	OK
i. In CDM-AR-SSC-PDD section A.5.3 are the species and varieties selected ?	EB 35	Ann 23	Teak and Native Species have been selected and are presented in PDD. These were verified during site visit.	OK	OK
j. In CDM-AR-SSC-PDD section A.5.4 is a description of the environmentally safe and sound technologies and know-how provided?	EB 35	Ann 23	Planting, tending, thinning and harvesting and fire prevention have been described	OK	OK
k. In CDM-AR-SSC-PDD section A.5.5 is a description of environmentally safe and sound technologies and knowhow which will be employed by the project, will be transferred to the host Party(ies).	EB 35	Ann 23	The project brings new technology such as successful planting, vegetative reproduction, successful seed production and timber processing to Nicaragua. The staff is recruited and trained locally. The project would disseminate reforestation technical know-how by sharing information with visitors from universities, government, and non-government institutions and local farmers and facilitate transfer of	OK	OK



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			experience beyond the project.		



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l. In CDM-AR-SSC-PDD section A.5.6 a description of proposed measures to minimize potential leakages is provided?	EB 35	Ann 23	Domesticated grazing animals was analyzed as the previous landowners used their land as pasture for cattle as per methodology AR-AMS 0001. Leakage was considered zero since no activity shift occurs because the previous land-owners have changed their occupation. No measures are needed to minimize the leakage as it is not expected to occur. During site visit the previous owner Mr. Henry Urcuyo was interviewed and above was confirmed.	OK	OK
m. Are there any changes/modifications compared to the webhosted PDD?	EB 35	Ann 23	No	OK	OK
n. In CDM-AR-SSC-PDD section A.6 is the following information provided? <ul style="list-style-type: none"> • The name of the property; • Information how long is the land in the hands of the current owner; • How many people live within the boundary of the project activity; • Whether the project includes a cooperative of small landowners; • Whether the legal title to the land is in the name of the project participant; • Whether all carbon pools in a given piece of land are owned by the same person/institution; • Whether carbon pools are included in the legal title or not. For the last two elements please provide clarification according to the legislation on land tenure and land use rights applicable in the host country.	EB 35	Ann 23	<p>Precious Woods acquired the sites La Pimienta and Esperanza in 2003 and Javalina in 2004 from three private land owners. There are no residents within the project boundary. According to the land tenure legislation in Nicaragua, Precious Woods holds legal title to the lands as per the public registry. As the legal owner of the project lands, the project entity has rights to the carbon assets and the tCERs to be generated under the reforestation project.</p> <p>Please provide a description of the current land use (Species of crops or trees plant, pasture, etc).</p>	CAR 2	OK



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• A description of the current land use (Species of crops or trees plant, pasture, etc).					



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o. Are there any changes/modifications compared to the webhosted PDD?	EB 35	Ann 23	Please see CAR 2 resolution in table 4	OK	OK
p. In CDM-AR-SSC-PDD section A.7 are following provided?	EB 35	Ann 23			
i. Is the eligibility of land assessed as per applied methodology?	EB 35	Ann 23	Yes	OK	OK
vi. Is it demonstrated that the project activity is carried out on non-forest land?	EB 35	Ann 23	The satellite images and /or aerial photos from dates close to 1989 and 2003 (project start) have been used. Vegetation class that unambiguously shows the characteristics of non-forest, bare pasture, is considered eligible This was verified during the site visit	OK	OK
vii. Is it demonstrated that the activity is a reforestation or afforestation activity?	EB 35	Ann 23	Yes. In order to exclude areas that had not been non-forest in 1989, Steps 1 and 2 are repeated with the images taken in 1989. By overlaying the maps produced from the images from 1989 and the start date of the project, the eligible areas can be identified as those not reaching the parameters for crown cover and minimum height chosen by Nicaragua in both images. This was verified during the site visit	OK	OK
viii. Are there any changes/modifications compared to the webhosted PDD?	EB 35	Ann 23	No	OK	OK
q. In CDM-AR-SSC-PDD section A.8 is the approach for addressing non-permanence clearly mentioned?	EB 35	Ann 23	PDD mentions to opt for tCERs	OK	OK
r. Are there any changes/modifications compared to the webhosted PDD?	EB 35	Ann 23	No	OK	OK
s. In CDM-AR-SSC-PDD section A.9	EB	Ann			

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	35	23			



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
i. Is the duration of Proposed A/R CDM Project activity & Crediting period mentioned?	EB 35	Ann 23	Duration and crediting period are mentioned as 30 Years and fixed crediting period.	OK	OK
ii. Is the starting date of Proposed A/R CDM Project activity and of (first) crediting period mentioned and justified?	EB 35	Ann 23	Starting date of A/R CDM Project activity and of (first) crediting period is 25 July, 2003, when the planting of the first lot started. The relevant date for the start of the project as per PO is 4 July 2003 which is the purchase date of first project site Finca Pimienta. Please modify	CAR 3	OK
iii. Is the expected operational life time of the proposed A/R CDM Project activity mentioned ?	EB 35	Ann 23	Please state the expected operational lifetime of the proposed small-scale A/R CDM project activity in years and months as appropriate.	CAR 4	OK
iv. Choice of crediting period and related information			Project proponent has chosen fixed crediting period of 30 years.	OK	OK
v. In case of renewable crediting period – starting date			Not applicable	OK	OK
ix. Length of first crediting period			Not applicable	OK	OK
x. Length of fixed crediting period	EB 35	Ann 23	The Purchase contract for Finca La Pimienta is 4 July 2003 and not ² 5th July 2003. Please modify	CAR 3	OK
vi. Length of fixed crediting period			30 Years 0 Months	OK	OK
vii. Are there any changes/modifications compared to the webhosted PDD?	EB 35	Ann 23	No	OK	OK
t. In CDM-AR-SSC-PDD section A.10					
i. Is the estimate of total anticipated GHG removals by sinks provided?	EB 35	Ann 23	The estimated GHG removals by sinks over the 30 year fixed crediting period would be 237448 tCO ₂ e and Annual average 7'915 tCO ₂ e This was verified using the TARAM tool	OK	OK
ii. Is this information indicated using the tabular format?	EB 35	Ann 23	Yes	OK	OK
iii. Are there any changes/modifications compared			No	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
to the webhosted PDD?					
u. In CDM-AR-SSC-PDD section A.11 is it indicated whether public funding from Parties included in Annex I is involved in the proposed project activity? If public funding is involved, is information on sources of public funding for the project activity provided in Annex 2, including an affirmation that such funding does not result on a diversion of official development assistance and is separate from and is not counted towards the financial obligations of those Parties?	EB 35	Ann 23	The project will not receive any public funding from Parties included in Annex I. Refer A.11.1 Annex 2 indicates that No ODA funds have been and will be used.	OK OK	OK OK
v. Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK
w. In CDM-AR-SSC-PDD section A.12					
i. Is it indicated that the project activity shall not be a debundled component of a larger project activity, as determined through Appendix C of simplified modalities and procedure for small-scale afforestation and reforestation project activities under CDM.	EB 35	Ann 23	There are no other small-scale projects of the same project participants that will be registered within two years, nor that are located within 1 km of the project boundary of the proposed A/R activity. As per PDD "This small-scale A/R CDM project activity is implemented in three locations. Together their net anthropogenic GHG removals by sinks do not exceed the small-scale limit of 16'000 t CO ₂ e per year." This is in line with decision-/CMP.3	OK	OK
ii. Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
x. In CDM-AR-SSC-PDD section B.1					
i. Are the title and the reference of the baseline methodology applicable to the project activity defined?	EB 35	Ann 23	The title of the applied methodology is different from that what has been used in the webhosted PDD v01. Please clarify.	CL 03 (a)	OK
ii. Is the baseline methodology previously approved by the CDM Methodology Panel?	EB 35	Ann 23	Yes. Refer above	OK	OK
iii. Are there any changes/modifications compared to the webhosted PDD?			Please see CL 03	OK	OK
y. In CDM-AR-SSC-PDD section B.2 are following provided?					
i. Does the proposed project activity meet the applicability conditions of the methodology?	EB 35	Ann 23	<p><i>Small scale A/R eligibility</i></p> <p>1) The project will sequester less than 16,000 tonnes of CO₂e per year and therefore is considered a small-scale A/R project.</p> <p>2) <i>There were no crops planted on the land in question, so less than 50% cropland was displaced</i></p> <p>Project activities are implemented on grasslands. This was verified by the ariel photographs of 2004 during the site visit.</p> <p>3) <i>The number of displaced grazing animals is less than 50% of the average grazing capacity of the project area</i></p> <p>This was verified during the site visit by discussion with the earlier owner of the land</p> <p>4) <i>Less than 10% of the grasslands are ploughed before plantation.</i></p> <p>This was verified with the maps provided.</p>	OK	OK
ii. Is the baseline methodology the one deemed most applicable for this project and is the	EB 35	Ann 23	Refer above	OK	OK


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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
appropriateness justified?					
iii. Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK
z. In CDM-AR-SSC-PDD section B.3 are GHGs that are expected to be emitted as a result of the implementation of project activity, for example, inter alia, emissions from the use of fertilisers and shifting of pre-project activities, as applicable for CDM-SSC-A/R project activities specified?	EB 35	Ann 23	Bbokashi, an organic fertilizer based on locally sourced chicken manure was used during the planting. The amount is approximately 278 kg fertilizer per ha with a nitrogen content of 2.9% which leads to an emission of 177 t CO ₂ e over the entire project lifetime. This represents less than 10% of the estimated GHG removal by sinks. As per paragraph 47 of AR- AMS0001, the emissions from organic fertilizer use are insignificant, and therefore are not accounted in the calculations of actual net GHG removals by sinks.	OK	OK
aa. Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK
bb. In CDM-AR-SSC-PDD section B.4 is the carbon pool data provided in tabular format?	EB 35	Ann 23	Yes. Above ground and below ground carbon pools have been selected	OK	OK
å. Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK
dd. In CDM-AR-SSC-PDD section B.5 is it described how the methodology is applied for defining the strata used for the ex ante estimations in the context of the project activity?	EB 35	Ann 23	Yes. Two types of species will be planted during four years. The teak stand model can be further divided into two categories based on the harvest regime, i.e., (1) teak harvested at 30 years and (2) teak harvested at 18 years. This was verified using the TARAM tool	OK	OK
bb. Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
cc. In CDM-AR-SSC-PDD section B.6 is it described how the methodology is applied for the project activity? Are basic assumptions of the baseline methodology explained?	EB 35	Ann 23	The most likely baseline scenario is considered to be grasslands, the land-use prior to the implementation of the project activity. During the site visit it was observed that grassland was just adjacent to the project boundary. It was also confirmed with the previous land owners. Yes	OK	OK
Is key information and data used to determine the baseline scenario (variables, parameters, data sources etc.) provided in table form?	EB 35	Ann 23	<i>Please provide</i>	CAR 5	OK
Are there any changes/modifications compared to the webhosted PDD?			<i>Please see CAR 5</i>	OK	OK
dd. In CDM-AR-SSC-PDD section B.7 is it described that the proposed project activity is additional?	EB 35	Ann 23	The assessment of additionality is carried out using the steps of Tool for the Demonstration and Assessment of Additionality in A/R CDM Project Activities and guidance of the applied methodology Appendix B. Investment barriers, Technical barriers, Barriers due to prevailing practice, Barriers due to social conditions are described. The presented project is the first of its kind implemented on private lands in Nicaragua and the first in this region. To be verified with evidence Investment barrier: In 2003 the Republic of Nicaragua is rated Caa1 at Moody's and 30.86 at Euromoney. Please provide evidence Technical barrier	CL 3 (b)	OK



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			<p>No technical experts were available in Nicaragua. Initially the employees were trained in Costa Rica (for example Mr. Erasmo Roca- Operational Manager for sites Finca La Pimienta, Finca Javalina, Mr. Jose Brenes, Manager for Finca Esperanza, Mr. Luis Alberto Cortez Perez – responsible for greenhouse plantation) and then transferred to Nicaragua.</p> <p>Common practice: It has been stated as “The presented project is the first of its kind implemented on private lands in Nicaragua and the first in this region, the project is additional.”</p> <p>Please clarify the above.</p>		



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
ee. Are there any changes/modifications compared to the webhosted PDD?			Please see CL 03	OK	OK
ff. In CDM-AR-SSC-PDD section B.8.1 Application of Monitoring Methodology and Monitoring Plan Is the monitoring methodology previously approved by the CDM Methodology Panel?	EB 35	Ann 23	Previously approved Monitoring methodology AR-AMS0001 is applied	OK	OK
Does the monitoring methodology reflect good monitoring and reporting practices?	EB 35	Ann 23	Refer C.1.1. and C.1.2.	-	OK
Is the discussion and selection of the monitoring methodology transparent?	EB 35	Ann 23	Yes	OK	
Is the information provided on sampling design and stratification	EB 35	Ann 23	These information are provided on the project, item 1-stratification and 2- calculation of the number of sample plots	OK	OK
Does the monitoring plan provide for the collection or use and archiving of all relevant data necessary for estimation or measuring the verifiable changes in carbon stock in carbon pools within the project boundary during the crediting period?	EB 35	Ann 23	In the monitoring plan please provide that all the data will be stored at least 2 year following the end of the crediting period	CAR 6	OK
Are the choices of project GHG indicators reasonable?	EB 35	Ann 23	The GHG indicators described in the project (table B8.1.1.1) are adequate to indicate the stock of biomass, the carbon removed and future changes.	OK	OK
Will it be possible to monitor / measure the specified project GHG indicators?	EB 35	Ann 23	Yes. The indicators described are measurable.	OK	OK
Will the indicators give opportunity for real measurements of achieved GHG removals by sinks?	EB 35	Ann 23	The indicators are appropriate to estimate the real GHG removals by sinks.	OK	OK
Will the indicators enable comparison of project	EB	Ann	Proje-t - Item B8.1.1.1-recording frequency	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
data and performance over time?	35	23			
Is the leakage monitored directly or indirectly?	EB 35	Ann 23	Not applicable – item B81D of project	OK	OK
Is the rationale explained if the leakage is not monitored during the implementation stage of the A/R CDM project activity?	EB 35	Ann 23	Leakages are expected to be zero because most of the cattle were sent to slaughterhouses that used to graze on the lands that are now being reforested as part of the project as observed in the second interview with the previous landowners in 2009, no leakage was identified, once the previous owners had moved their activities to regions that had been deforested long ago and is traditionally and currently used for pasture. This was verified during interview with the old owners, interviews conducted and site visit.	OK	OK
Does the monitoring plan provide for the collection and archiving of all relevant data necessary for determining leakage for 2 years following the end of the (last) crediting period?	EB 35	Ann 23	Not applicable – B8–D - project	OK	OK
Are there any changes/modifications compared to the webhosted PDD?			Please refer CAR 6	OK	OK
gg. In CDM-AR-SSC-PDD section B.8–2 - Does QA & QC procedures are reliable and verifiable	EB 35	Ann 23	The procedures planned for the date are reliable and verifiable. Table 8 (of project)	OK	OK
hh. Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK
ii. In CDM-AR-SSC-PDD section B.8.3 is the authority and responsibility of project management clearly described?	EB 35	Ann 23	It is only mentioned that A/R CDM Project will be lead by the director of research of Precious Woods Central America. It is available and was verified	OK	OK
Is the authority and responsibility for registration, monitoring, measurement and reporting clearly	EB 35	Ann 23	Authority and responsibility for registration, monitoring, measurement and reporting is clearly	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
described?			described in the procedure maintained at site. Also Refer above		
Are procedures identified for training of monitoring personnel?	EB 35	Ann 23	Procedures for training of monitoring personnel are identified.	OK	OK
Are procedures identified for emergency preparedness for cases where emergencies can cause unintended emissions?	EB 35	Ann 23	Relevant Procedure is identified.	OK	OK
Are procedures identified for calibration of monitoring equipment?	EB 35	Ann 23	NA.	OK	OK
Are procedures identified for maintenance of monitoring equipment and installations?	EB 35	Ann 23	NA.	OK	OK
Are procedures identified for monitoring, measurements and reporting?	EB 35	Ann 23	Relevant Procedure is identified	OK	OK
Are procedures identified for day-to-day records handling (including what records to keep, storage area of records and how to process performance documentation)	EB 35	Ann 23	Relevant Procedure is identified.	OK	OK
Are procedures identified for dealing with possible monitoring data adjustments and uncertainties?	EB 35	Ann 23	Relevant Procedure is identified.	OK	OK
Are procedures identified for review of reported results/data?	EB 35	Ann 23	Relevant Procedure is identified.	OK	OK
Are procedures identified for internal audits of GHG project compliance with operational requirements where applicable?	EB 35	Ann 23	No internal audit procedure is envisaged.	OK	OK
Are procedures identified for project performance reviews before data is submitted for verification, internally or externally?	EB 35	Ann 23	Not envisaged	OK	OK
Are procedures identified for corrective actions in	EB	Ann	Not envisaged.	OK	OK



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order to provide for more accurate future monitoring and reporting?	35	23			
Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK
jj. In CDM-AR-SSC-PDD section B.9 Date of completion of the baseline study	EB 35	Ann 23			
Is date and contact information provided?	EB 35	Ann 23	Date not provided	CAR 7	OK
Is it indicated that the person/entity is also a project participant listed in Annex 1	EB 35	Ann 23	Please indicate	CAR 7	OK
Are there any changes/modifications compared to the webhosted PDD?			Please see CAR 7	OK	OK



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kk. In CDM-AR-SSC-PDD section C.1 are following provided?	EB 35	Ann 23			
i. Is estimated sum of verifiable changes in carbon stocks is provided?	EB 35	Ann 23	TARAM tool v1.0 was used.	OK	OK
ii. Are the GHG calculations documented in a complete and transparent manner?	EB 35	Ann 23	Yes	OK	OK
iii. Have conservative assumptions been used to calculate project GHG emissions?	EB 35	Ann 23	IPCC data were used.	OK	OK
iv. Are uncertainties in the GHG emissions estimates properly addressed in the documentation?	EB 35	Ann 23	Yes	OK	OK
v. Have all relevant greenhouse gases and source categories listed in Kyoto Protocol Annex A been evaluated?	EB 35	Ann 23	NA	OK	OK
vi. Are uncertainties of external data sources for GHG removal by sinks estimated?	EB 35	Ann 23	NA	OK	OK
vii. Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK
oo. In CDM-AR-SSC-PDD section C.2 Estimated ex-ante baseline net GHG removals by sinks are following provided?	EB 35	Ann 23			
i. Are estimates given for each carbon pool?	EB 35	Ann 23	Yes, TARAM tool was used.	OK	OK
ii. Are the GHG calculations documented in a complete and transparent manner?	EB 35	Ann 23	Yes	OK	OK
iii. Have conservative assumptions been used to calculate project GHG removal by sinks?	EB 35	Ann 23	yes	OK	OK
iv. Are uncertainties in the GHG removal by sinks estimates properly addressed in the	EB 35	Ann 23	NA	OK	OK



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documentation?					
v. Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK
pp. In CDM-AR-SSC-PDD section C.3 Leakage is are following provided?	EB 35	Ann 23			
Are potential leakage effects beyond the chosen project boundaries properly identified?	EB 35	Ann 23	Leakage is zero	OK	OK
Have these leakage effects been properly accounted for in calculations?	EB 35	Ann 23	Leakage is zero	OK	OK
Does the methodology for calculating leakage comply with existing good practice?	EB 35	Ann 23	Leakage is zero	OK	OK
Are the calculations documented in a complete and transparent manner?	EB 35	Ann 23	Leakage is zero	OK	OK
Have conservative assumptions been used when calculating leakage?	EB 35	Ann 23	Leakage is zero	OK	OK
Are uncertainties in the leakage estimates properly addressed?	EB 35	Ann 23	Leakage is zero	OK	OK
Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK
qq. In CDM-AR-SSC-PDD C.4 Net anthropogenic GHG removals by sinks of the proposed A/R CDM Project activity - are following provided?	EB 35	Ann 23			
i. Are the calculations documented in a complete and transparent manner?	EB 35	Ann 23	TARAM tool was used.	OK	OK
ii. Have conservative assumptions been used when calculating net anthropogenic GHG removals by sinks?	EB 35	Ann 23	TARAM tool was used.	OK	OK
iii. Are uncertainties in the GHG emission estimates properly addressed in the	EB 35	Ann 23	TARAM tool was used.	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
documentation?					
iv. Is the information provided in Tabular format?	EB 35	Ann 23	. Yes	OK	OK
v. Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK
rr. In CDM-AR-SSC-PDD C-5 - GHG Removals by sinks are following provided?	EB 35	Ann 23			
Will the project result in increase GHG removals by sinks than the baseline scenario?	EB 35	Ann 23	Yes	OK	OK
Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK
ss. In CDM-AR-SSC-PDD section D –Environmental Impacts are following provided?	EB 35	Ann 23			
Has an analysis of the environmental impacts of the project activity been sufficiently described?	EB 35	Ann 23	EIA was not conducted. Generally, the environmental impact is positive. Although commercial plantations have less biodiversity than primary forest, the conditions for flora and fauna are much better than in grassland. The trees provide shade and shelter for animals and in the undergrowth, many different plant species can be found.	OK	OK
Are there any Host Party requirements for an Environmental Impact Assessment (EIA), and if yes, is an EIA approved?	EB 35	Ann 23	There is no Host party requirement for EIA	OK	OK
Will the project create any adverse environmental effects?	EB 35	Ann 23	Two potentially negative impacts have been identified. They are both related to the use of teak: a) Teak is a non-native tree species b) The combination of the large leaves of teak and low undergrowth may lead to soil erosion. But the real risks as very low	OK	OK



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Are transboundary environmental impacts considered in the analysis?	EB 35	Ann 23	Transboundary environmental impacts are not analyzed.	CAR 8	OK
Have identified environmental impacts been addressed in the project design?	EB 35	Ann 23	No significantly negative impacts are expected.	OK	OK
Does the project comply with environmental legislation in the host country?	EB 35	Ann 23	List the Environmental legislations of Nicaragua was verified and found in compliance	OK	OK
Are there any changes/modifications compared to the webhosted PDD?			Please see CAR 8	OK	OK
tt. In CDM-AR-SSC-PDD E- Socio-economic impacts are following provided?	EB 35	Ann 23			
Has an analysis of the <i>socio-economic impact assessment</i> of the project activity been sufficiently described?	EB 35	Ann 23	No socio-economic impact assessment had been conducted. The main socioeconomic impact of the project is related to the generation of employment opportunities for poor rural communities.	OK	OK
Are there any Host Party requirements for a <i>socio-economic impact assessment</i> and if yes, is it approved?	EB 35	Ann 23	No	OK	OK
Will the project create any adverse <i>socio-economic</i> effects?	EB 35	Ann 23	Potential negative socio-economic impacts have been assessed as part of the FSC certification process. There are no negative impacts expected. Verified the FSC certificate dated 1 Feb 2005	OK	OK
Are transboundary <i>socio-economic</i> impacts considered in the analysis?	EB 35	Ann 23	Transboundary social impacts are not analysed.	CAR 9	OK
Have identified <i>socio-economic</i> impacts been addressed in the project design?	EB 35	Ann 23	There are no issues to be addressed in the design.	OK	OK
Does the project comply with <i>socio-economic</i> legislation in the host country?	EB 35	Ann 23	The FSC certificate indicates that the project meets all applicable laws of the country, Nicaragua. Verified the above and confirmed the same.	OK	OK



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Are there any changes/modifications compared to the webhosted PDD?			Please refer CAR 9	OK	OK
uu. In CDM-AR-SSC-PDD F – Stakeholder comments - are following provided?					
Have relevant stakeholders been consulted?	EB 35	Ann 23	The project was presented to the stakeholders in a seminary co-organised by the DNA Nicaragua on October 12, 2005. Minutes of the meeting was verified The participants were appreciative of the project activity.	OK	OK
Have appropriate media used to invite comments?	EB 35	Ann 23	This was published in the National newspaper LA PRENSA on 7 th October 2005. PDD was published on the website of ONDL from 05 Oct 2005.	OK	OK
If a stakeholder consultation process is required by regulations/laws in the host country, has the stakeholder consultation process been carried out in accordance with such regulations/laws?	EB 35	Ann 23	Not required	OK	OK
Is a summary of the stakeholder comments received provided?	EB 35	Ann 23	According to PDD, A municipal council member expressed support for the project given the social benefits that the project provides. <input type="checkbox"/> Cárdenas Deputy Mayor welcomed the project's social benefits and expressed concern about the low price of emission reductions. <input type="checkbox"/> A member of the municipality of Cárdenas asked about the status of project endorsement to support its approval. Summary of stakeholder comments were verified	OK	OK



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			during site visit by evaluation of Minutes of Meeting and interviewing the previous owner of the plot		



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Are the stakeholders identified?	EB 35	Ann 23	1. Yes	OK	OK
Has due account been taken of any stakeholder comments received?	EB 35	Ann 23	2. All were appreciative of the project	OK	OK
Are there any changes/modifications compared to the webhosted PDD?			No	OK	OK
4. Project description					
a. Does the PDD contain a clear description of the project activity that provides the reader with a clear understanding of the precise nature of the project activity and the technical aspects of its implementation?	VVM		yes	OK	OK
b. Is the description of the proposed CDM project activity as contained in the PDD:	VVM				
i. sufficiently covering all relevant elements?	VVM		yes	OK	OK
ii. accurate?	VVM		yes	OK	OK
iii. providing the reader with a clear understanding of the nature of the proposed CDM project activity?	VVM		yes	OK	OK
Are there any changes/modifications compared to the webhosted PDD?			Yes, the changes were made in the webhosted PDD in response to CARs/CLs raised and were closed with justification. Please refer to table 4 "resolution of CARs and CLs"	OK	OK
c. Is the proposed CDM project activity in existing facilities or or utilizing existing equipments?	VVM		existing	OK	OK
d. Is the CDM project activity one of the following types:	VVM			OK	OK



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i. Large scale?	VVM		no	OK	OK
ii. Non-bundled small scale projects with emission reductions exceeding 15,000 tonnes per year?	VVM		Small scale AR project	OK	OK
iii. Bundled small scale projects, each with emission reductions not exceeding 15,000 tonnes?	VVM	EB 34	no	OK	OK
e. If yes I(c) and (d) above, was a physical site inspection conducted to confirm that the description in the PDD reflects the proposed CDM project activity, unless other means are specified in the methodology?	VVM		yes	OK	OK
f. If yes to (d.iii) above, was the number of physical site visits base on sampling?	VVM	EB 34	NA	OK	OK
g. If yes is the sampling size appropriately justified through statistical analysis?	VVM	EB 34	NA	OK	OK
h. For all other proposed CDM project activities not referred to in paragraphs 59 – 60, and for other individual proposed small scale CDM project activities with emission reductions not exceeding 15,000 tonnes per year, was a physical site inspection conducted?	VVM	EB 34	NA	OK	OK
i. If no:	VVM	EB 34	NA	OK	OK
i. Was the validation undertaken by reviewing available designs and feasibility studies, conducting comparison analysis to equivalent projects, as appropriate?	VVM	EB 34	yes	OK	OK
ii. Was it appropriately justified?	VVM	EB 34	Yes	OK	OK


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j. Does the proposed CDM project activity involve the alteration of an existing installation or process?	VVM	EB 34	No	OK	OK
k. If yes, does the project description clearly state the differences resulting from the project activity compared to the pre-project situation?	VVM	EB 34	yes	OK	OK
5. Baseline and monitoring methodology					
a. General requirement					
a. Do the the baseline and monitoring methodologies selected by the project participants comply with the methodologies previously approved by the CDM Executive Board?	VVM	EB 34	yes	OK	OK
b. Is the selected methodology applicable to the project activity?	VVM	EB 34	Yes	OK	OK
c. Had the selected methodology been correctly applied?	VVM	66	yes	OK	OK
d. Had the selected methodology been correctly applied with respect to project boundary?	VVM	67	yes	OK	OK
e. Had the selected methodology been correctly applied with respect to baseline identification?	VVM	67	yes	OK	OK
f. Had the selected methodology been correctly applied with respect to Algorithms and/or formulae used to determine emission reductions?	VVM	67	yes	OK	OK
g. Had the selected methodology been correctly applied with respect to additionality?	VVM	67	yes	OK	OK
i. Specific questions per methodology regarding application of the methodology with respect to			PI refer section z above	OK	OK



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additionality.					
h. Had the selected methodology been correctly applied with respect to monitoring methodology?	VVM	67	yes	OK	OK
i. Specific questions per methodology regarding application of the methodology with respect to monitoring methodology.			PI refer to table 3	OK	OK
b. Applicability of the selected methodology to the project activity					
a. Is the selected baseline and monitoring methodology, previously approved by the CDM Executive Board, applicable to the project activity?	VVM	68	yes	OK	OK
i. Specific questions per methodology regarding applicability.			PI refer to table 3	OK	OK
b. Is the methodology correctly quoted?	VVM	70	yes	OK	OK
c. Are the applicability conditions of the methodology met?	VVM	71		OK	OK
ii. Specific questions per methodology regarding applicability conditions.			PI refer to table 3	OK	OK
d. Is the project activity expected to result in emissions other than those allowed by the methodology?	VVM	71	yes	OK	OK
e. Is the choice of the methodology justified?	VVM	71	yes	OK	OK
f. Have the project participants shown that the project activity meets each of the applicability conditions or the approved methodology?	VVM	71	PI refer to table 3	OK	OK
g. Have the project participants shown that the project activity meets each of the applicability	VVM	71	PI refer section u.i above	OK	OK


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conditions of any tool or other methodology component referred to the methodology?					
iii. Specific questions per methodology regarding applicability conditions of any tool or other methodology component referred to the methodology.			PI refer to table 3	OK	OK
h. Is the DOE, based on local and sectoral knowledge, aware that comparable information is available from sources other than that used in the PDD?	VVM	71	yes	OK	OK
i. If yes, was the PDD cross checked against the other sources to confirm that the project activity meets the applicability conditions of the methodology? (provide the reference to these choices)	VVM	71	yes	OK	OK
j. Can a determination regarding the applicability of the selected methodology to the proposed CDM project activity be made?	VVM	72	yes	OK	OK
k. If no, clarification of the methodology was requested, in accordance with the guidance provided by the CDM Executive Board?	VVM	72	NA	OK	OK
l. If answer to (5.b.c) above is "no", revision or deviation from the methodology was requested, in accordance with the guidance provided by the CDM Executive Board?	VVM	73	NA	OK	OK
m. If yes to (5.b.k) and (5.b.l) above, a request for registration was submitted before the CDM Executive Board has approved the proposed deviation or revision?	VVM	74	NA	OK	OK



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<i>c. Project boundary</i>					
a. Does the PDD correctly describe the project boundary, including the physical delineation of the proposed CDM project activity included within the project boundary for the purpose of calculating project and baseline emissions for the proposed CDM project activity?	VVM	78	Yes	OK	OK
i. Specific questions per methodology regarding application of the methodology with respect to project boundary.			PI refer to table 3	OK	OK
b. Is the delineation in the PDD of the project boundary correct?	VVM	79	PI refer to table 3	OK	OK
c. Does the delineation in the PDD of the project boundary meet the requirements of the selected baseline?	VVM	79	PI refer to table 3	OK	OK
d. Have changes been made to the project boundary in comparison to the webhosted PDD. If yes please comment on the reason for the changes	VVM	79	PI refer to table 3	OK	OK
e. Have all sources and GHGs required by the methodology been included within the project boundary?	VVM	79	PI refer to table 3	OK	OK
f. Does the methodology allow project participant to choose whether a source or gas is to be included within the project boundary?	VVM	79	PI refer to table 3	OK	OK
g. If yes, have the project participants justified that choice?	VVM	79	PI refer to table 3	OK	OK
h. If yes, is the justification provided reasonable? (provide reference to the supporting documented	VVM	79	PI refer to table 3	OK	OK



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evidence provided by the project participants)					
d. Baseline identification					
a. Does the PDD identify the baseline for the proposed CDM project activity, defined as the scenario that reasonably represents the anthropogenic emissions by sources of GHGs that would occur in the absence of the proposed CDM project activity?	VVM	81	PI refer to table 3	OK	OK
b. Has any procedure contained in the methodology to identify the most reasonable baseline scenario, been correctly applied?	VVM	82	PI refer to table 3	OK	OK
i. Specific questions per methodology regarding application of any procedure contained in the methodology to identify the most reasonable baseline scenario.			PI refer to table 3	OK	OK
c. Does the selected methodology require use of tools (such as the “Tool for the demonstration and assessment of additionality” and the “Combined tool to identify the baseline scenario and demonstrate additionality”) to establish the baseline scenario?	VVM	82	PI refer to table 3	OK	OK
d. If yes, was the methodology consulted on the application of these tools? (In such cases, the guidance in the methodology shall supersede the tool.)	VVM	82	PI refer to table 3	OK	OK
i. Specific questions per methodology regarding application of tools to establish the most reasonable baseline scenario.			PI refer to table 3	OK	OK



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e. Does the methodology require several alternative scenarios to be considered in the identification of the most reasonable baseline scenario?	VVM	83	PI refer to table 3	OK	OK
f. If yes, are all scenarios that are considered by the project participants and are supplementary to those required by the methodology reasonable in the context of the proposed CDM project activity?	VVM	83	PI refer to table 3	OK	OK
g. Has any reasonable alternative scenario been excluded?	VVM	83	PI refer to table 3	OK	OK
h. Is the baseline scenario identified reasonably supported by:	VVM	84		OK	OK
i. Assumptions?	VVM	84	PI refer to table 3	OK	OK
ii. Calculations?	VVM	84	PI refer to table 3	OK	OK
iii. Rationales?	VVM	84	PI refer to table 3	OK	OK
i. Are the documents and sources referred to in the PDD correctly quoted and interpreted?	VVM	84	PI refer to table 3	OK	OK
j. Was the information provided in the PDD cross checked with other verifiable and credible sources, such as local expert opinion, if available? (identify the sources)	VVM	84	PI refer to table 3	OK	OK
k. Have all applicable CDM requirements been taken into account in the identification of the baseline scenario for the proposed CDM project activity?	VVM	85	PI refer to table 3	OK	OK
l. Have all relevant policies and circumstances been identified and correctly considered in the PDD, in accordance with the guidance by the CDM Executive Board?	VVM	85	PI refer to table 3	OK	OK



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m. Does the PDD provide a verifiable description of the identified baseline scenario, including a description of the technology that would be employed and/or the activities that would take place in the absence of the proposed CDM project activity?	VVM	86	PI refer to table 3	OK	OK
<i>e. Algorithms and/or formulae used to determine emission reductions</i>					
a. Do the steps taken and equations applied to calculate project emissions, baseline emissions, leakage and emission reductions comply with the requirements of the selected baseline and monitoring?	VVM	89	PI refer to table 3	OK	OK
b. Have the equations and parameters in the PDD been correctly applied with respect those in the select approved methodology?	VVM	90	PI refer to table 3	OK	OK
i. Specific questions per methodology regarding steps taken and equations and parameters applied to calculate project emissions, baseline emissions, leakage and emission reductions.			PI refer to table 3	OK	OK
c. Does the methodology provide for selection between different options for equations or parameters?	VVM	90	PI refer to table 3	OK	OK
d. If yes, has adequate justification been provided (based on the choice of the baseline scenario, context of the proposed CDM project activity and other evidence provided)?	VVM	90	PI refer to table 3	OK	OK
e. If yes, have correct equations and parameters been used, in accordance with the methodology	VVM	90	PI refer to table 3	OK	OK



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selected?					
f. Will data and parameters be monitored throughout the crediting period of the proposed CDM project activity?	VVM	91	PI refer to table 3	OK	OK
g. If no, and these data and parameters will remain fixed throughout the crediting period, are all data sources and assumptions:	VVM	91	PI refer to table 3	OK	OK
i. Appropriate and correct?	VVM	91	PI refer to table 3	OK	OK
ii. Applicable to the proposed CDM project activity?	VVM	91	PI refer to table 3	OK	OK
iii. Resulting in a conservative estimate of the emission reductions?	VVM	91	PI refer to table 3	OK	OK
h. Will data and parameters be monitored on implementation and hence become available only after validation of the project activity?	VVM	91	PI refer to table 3	OK	OK
i. If yes, are the estimates provided in the PDD for these data and parameters reasonable?	VVM	91	PI refer to table 3	OK	OK
6. Additionality of a project activity					
a. Does the PDD describe how a proposed CDM project activity is additional?	VVM	94	PI refer table 1. 3. z above	OK	OK
b. Does the CDM-PDD state the latest version of the additionality tool being used?	VVM	95	PI refer table 1. 3. z above	OK	OK
c. Were the following steps of the tool to assess additionality used:	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
i. Identification of alternatives to the project activity?	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
ii. Investment analysis to determine that the proposed project activity is either: 1) not the	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK



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most economically or financially attractive, or 2) not economically or financially feasible?					
iii. Barriers analysis?	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
iv. Common practice analysis?	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
d. In step 1 (i) have all the sub-steps as below been followed?	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
i. Sub-step 1a: Define alternatives to the project activity	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
ii. Sub-step 1b: Consistency with mandatory laws and regulations	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
e. Have the following alternatives been included while defining alternatives as per sub-step 1a?	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
i. (a) The proposed project activity undertaken without being registered as a CDM project activity;	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
ii. (b) Other realistic and credible alternative scenario(s) to the proposed CDM project activity scenario that deliver outputs services or services with comparable quality, properties and application areas, taking into account, where relevant, examples of scenarios identified in the underlying methodology;	EB 39	Ann 10	PI refer table 1. 3. z above	OIK	
iii. (c) If applicable, continuation of the current situation (no project activity or other alternatives undertaken).	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
f. Has the project participant included the technologies or practices that provide outputs or	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK



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services with comparable quality, properties and application areas as the proposed CDM project activity and that have been implemented previously or are currently being introduced in the relevant country/region?					
g. Has the outcome of Step 1a: Identified realistic and credible alternative scenario(s) to the project activity done correctly? Please briefly mention the outcome.	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
h. Is the alternative(s) in compliance with all mandatory applicable legal and regulatory requirements, even if these laws and regulations have objectives other than GHG reductions, e.g. to mitigate local air pollution.?	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
i. If an alternative does not comply with all mandatory applicable legislation and regulations, has it been shown that, based on an examination of current practice in the country or region in which the law or regulation applies, those applicable legal or regulatory requirements are systematically not enforced and that noncompliance with those requirements is widespread in the country?	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
j. Has the outcome of Step 1b: Identified realistic and credible alternative scenario(s) to the project activity that are in compliance with mandatory legislation and regulations taking into account the enforcement in the region or country and EB decisions on national and/or sectoral policies and	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK


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regulations done correctly? Please state the outcome.					
k. Has PP selected Step 2 (Investment analysis) or Step 3 (Barrier analysis) or both Steps 2 and 3?	EB 39	Ann 10	Barrier analysis PI refer table 1. 3. z above	OK	OK
l. In step 2, have all the sub-steps as below been followed?	EB 39	Ann 10		OK	OK
i. Sub-step 2a: Determine appropriate analysis method;	EB 39	Ann 10	NA	OK	OK
ii. Sub-step 2b: Option I. Apply simple cost analysis;	EB 39	Ann 10	NA	OK	OK
iii. Sub-step 2b: Option II. Apply investment comparison analysis;	EB 39	Ann 10	NA	OK	OK
iv. Sub-step 2b: Option III. Apply benchmark analysis;	EB 39	Ann 10	NA	OK	OK
v. Sub-step 2c: Calculation and comparison of financial indicators (only applicable to Options II and III);	EB 39	Ann 10	NA	OK	OK
vi. Sub-step 2d: Sensitivity analysis (only applicable to Options II and III).	EB 39	Ann 10	NA	OK	OK
m. In sub-step 2a has the determination of appropriate method of analysis done as per the guidance as below?	EB 39	Ann 10	NA	OK	OK
i. Simple cost analysis if the CDM project activity and the alternatives identified in Step 1 generate no financial or economic benefits other than CDM related income (Option I).	EB 39	Ann 10	NA	OK	OK
ii. Otherwise, use the investment comparison analysis (Option II) or the benchmark analysis (Option III). Specify option used with	EB 39	Ann 10	NA	OK	OK


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justification.					
n. Has the below guideline followed for sub-step 2b Option I. Apply simple cost analysis? Document the costs associated with the CDM project activity and the alternatives identified in Step1 and demonstrate that there is at least one alternative which is less costly than the project activity.	EB 39	Ann 10	NA	OK	OK
o. Has the below guideline followed for sub-step 2b Option II. Apply investment comparison analysis? Identify the financial indicator, such as IRR, NPV, cost benefit ratio, or unit cost of service most suitable for the project type and decision-making context. Please specify	EB 39	Ann 10	NA	OK	OK
p. Has the below guideline followed for Sub-step 2b: Option III. Apply benchmark analysis?	EB 39	Ann 10	NA	OK	OK
i. Identify the financial/economic indicator, such as IRR, most suitable for the project type and decision context.	EB 39	Ann 10	NA	OK	OK
ii. When applying Option II or Option III, the financial/economic analysis shall be based on parameters that are standard in the market, considering the specific characteristics of the project type, but not linked to the subjective profitability expectation or risk profile of a particular project developer. Only in the particular case where the project activity can be implemented by the project participant, the specific financial/economic situation of the company undertaking the project activity can be	EB 39	Ann 10	NA	OK	OK


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considered.					
iii. Discount rates and benchmarks shall be derived from: (a) Government bond rates, increased by a suitable risk premium to reflect private investment and/or the project type, as substantiated by an independent (financial) expert or documented by official publicly available financial data; (b) Estimates of the cost of financing and required return on capital (e.g. commercial lending rates and guarantees required for the country and the type of project activity concerned), based on bankers views and private equity investors/funds' required return on comparable projects; (c) A company internal benchmark (weighted average capital cost of the company), only in the particular case referred to above in 2. The project developers shall demonstrate that this benchmark has been consistently used in the past, i.e. that project activities under similar conditions developed by the same company used the same benchmark; (d) Government/official approved benchmark where such benchmarks are used for investment decisions; (e) Any other indicators, if the project participants can demonstrate that the above Options are not applicable and their indicator is appropriately justified. Please specify benchmark and justify.	EB 39	Ann 10	NA	OK	OK
q. Has the below guideline followed for Sub-step 2c:	EB	Ann	NA	OK	OK



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Calculation and comparison of financial indicators (only applicable to Options II and III)?	39	10			
i. Calculate the suitable financial indicator for the proposed CDM project activity and, in the case of Option II above, for the other alternatives. Include all relevant costs (including, for example, the investment cost, the operations and maintenance costs), and revenues (excluding CER revenues, but possibly including inter alia subsidies/fiscal incentives, ODA, etc, where applicable), and, as appropriate, non-market cost and benefits in the case of public investors if this is standard practice for the selection of public investments in the host country.	EB 39	Ann 10	NA	OK	OK
ii. Present the investment analysis in a transparent manner and provide all the relevant assumptions, preferably in the CDM-PDD, or in separate annexes to the CDM-PDD.	EB 39	Ann 10	NA	OK	OK
iii. Justify and/or cite assumptions.	EB 39	Ann 10	NA	OK	OK
iv. In calculating the financial/economic indicator, the project's risks can be included through the cash flow pattern, subject to project-specific expectations and assumptions.	EB 39	Ann 10	NA	OK	OK
v. Assumptions and input data for the investment analysis shall not differ across the project activity and its alternatives, unless differences can be well substantiated.	EB 39	Ann 10	NA	OK	OK



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vi. Present in the CDM-PDD a clear comparison of the financial indicator for the proposed CDM activity. Please specify details for above.	EB 39	Ann 10	NA	OK	OK
r. Has the below guideline followed for Sub-step 2d: Sensitivity analysis (only applicable to Options II and III)? Include a sensitivity analysis that shows whether the conclusion regarding the financial/economic attractiveness is robust to reasonable variations in the critical assumptions.	EB 39	Ann 10	NA	OK	OK
s. Has the outcome of Step 2 clearly mentioned with justification?	EB 39	Ann 10	NA	OK	OK
t. In step 3: Barrier analysis have all the sub-steps as below been followed?	EB 39	Ann 10			
i. Sub-step 3a: Identify barriers that would prevent the implementation of the proposed CDM project activity;	EB 39	Ann 10	PI refer 3. z above	OK	OK
ii. Sub-step 3 b: Show that the identified barriers would not prevent the implementation of at least one of the alternatives (except the proposed project activity).	EB 39	Ann 10	PI refer 3. z above	OK	OK
u. Has the below guideline followed for Sub-step 3a: Identify barriers that would prevent the implementation of the proposed CDM project?	EB 39	Ann 10	PI refer 3. z above	OK	OK
i. (a) Investment barriers: For alternatives undertaken and operated by private entities: Similar activities have only been implemented with grants or other non-commercial finance terms. No private capital is available from domestic or international capital markets due to	EB 39	Ann 10	PI refer 3. z above	OK	OK



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real or perceived risks associated with investment in the country where the proposed CDM project activity is to be implemented, as demonstrated by the credit rating of the country or other country investments reports of reputed origin.						
ii. (b) Technological barriers: Skilled and/or properly trained labour to operate and maintain the technology is not available in the relevant country/region, which leads to an unacceptably high risk of equipment disrepair and malfunctioning or other underperformance; Lack of infrastructure for implementation and logistics for maintenance of the technology, Risk of technological failure: the process/technology failure risk in the local circumstances is significantly greater than for other technologies that provide services or outputs comparable to those of the proposed CDM project activity, as demonstrated by relevant scientific literature or technology manufacturer information, The particular technology used in the proposed project activity is not available in the relevant region.	EB 39	Ann 10	PI refer 3. z above	OK		
iii. (c) Barriers due to prevailing practice: The project activity is the "first of its kind".	EB 39	Ann 10	PI refer table 1. 3. z above		OK	OK
iv. (d) Other barriers, preferably specified in the underlying methodology as examples.	EB 39	Ann 10	PI refer table 1. 3. z above		OK	OK
v. Has the outcome from Step 3a clearly mentioned	EB	Ann	PI refer table 1. 3. z above		OK	OK



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in PDD?	39	10			
w. Has the below guideline followed for Sub-step 3 b: Show that the identified barriers would not prevent the implementation of at least one of the alternatives (except the proposed project activity)?	EB 39	Ann 10	PI refer table 1. 3. z above	OK	OK
i. If the identified barriers also affect other alternatives, explain how they are affected less strongly than they affect the proposed CDM project activity. In other words, demonstrate that the identified barriers do not prevent the implementation of at least one of the alternatives. Any alternative that would be prevented by the barriers identified in Sub-step 3a is not a viable alternative, and shall be eliminated from consideration.	EB 39	Ann 10	PI refer 3. z above	OK	OK
ii. Provide transparent and documented evidence, and offer conservative interpretations of this documented evidence, as to how it demonstrates the existence and significance of the identified barriers and whether alternatives are prevented by these barriers.	EB 39	Ann 10	PI refer 3. z above	OK	OK
iii. The type of evidence to be provided should include at least one of the following: (a) Relevant legislation, regulatory information or industry norms; (b) Relevant (sectoral) studies or surveys (e.g. market surveys, technology studies, etc) undertaken by universities, research institutions, industry associations,	EB 39	Ann 10	PI refer 3. z above	OK	OK



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companies, bilateral/multilateral institutions, etc; (c) Relevant statistical data from national or international statistics; (d) Documentation of relevant market data (e.g. market prices, tariffs, rules); (e) Written documentation of independent expert judgments from industry, educational institutions (e.g. universities, technical schools, training centres), industry associations and others. Please specify.					
x. Has the outcome from Step 3 clearly mentioned in PDD?	EB 39	Ann 10	PI refer 3. z above	OK	OK
y. In step 4: Common practise analysis have all the sub-steps as below followed?	EB 39	Ann 10	PI refer 3. z above	OK	OK
i. Sub-step 4a: Analyze other activities similar to the proposed project activity;	EB 39	Ann 10	PI refer 3. z above	OK	OK
ii. Sub-step 4b: Discuss any similar Options that are occurring.	EB 39	Ann 10	PI refer 3. z above	OK	OK
z. Has the below guideline followed for Sub-step 4a: Analyze other activities similar to the proposed project activity? Provide an analysis of any other activities that are operational and that are similar to the proposed project activity. Other CDM project activities are not to be included in this analysis. Provide documented evidence and, where relevant, quantitative information. On the basis of that analysis, describe whether and to which extent similar activities have already diffused in the relevant region.	EB 39	Ann 10	PI refer 3. z above	OK	OK


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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
aa. Has the below guideline followed for Sub-step 4b: Discuss any similar Options that are occurring? If similar activities are identified, then it is necessary to demonstrate why the existence of these activities does not contradict the claim that the proposed project activity is financially/economically unattractive or subject to barriers. This can be done by comparing the proposed project activity to the other similar activities, and pointing out and explaining essential distinctions between them that explain why the similar activities enjoyed certain benefits that rendered it financially/economically attractive (e.g., subsidies or other financial flows) and which the proposed project activity cannot use or did not face the barriers to which the proposed project activity is subject. In case similar projects are not accessible, the PDD should include justification about non-accessibility of data/information.	EB 39	Ann 10	PI refer 3. z above	OK	OK
bb. Has the outcome from Step 4 clearly mentioned in PDD?	EB 39	Ann 10	PI refer 3. z above	OK	OK
cc. Has it been proved that the project is additional?	EB 39	Ann 10	PI refer 3. z above	OK	OK
dd. Has the PP demonstrated additionality by explaining Investment barrier, Access-to-finance barrier, Technological barrier, Barrier due to prevailing practice or other barriers?	EB 35	Ann 34	PI refer 3. z above	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
ee. If Investment barrier has been explained, is it demonstraed that financilly more viable alternative to the project activity would have led to higher emissions? Please explain.	EB 35	Ann 34	PI refer 3. z above	OK	OK
ff. If Access-to-finance has been explained, is it demonstraed that the project activity could not access appropriate capital without consideration of the CDM revenues? Please explain.	EB 35	Ann 34	PI refer 3. z above	OK	OK
gg. If Technological barrier has been explained, is it demonstraed that a less technologically advanced alternative to the project activity involves lower risks due to the performance uncertainty or low market share of the new technology adopted for the project activity and so would have led to higher emissions? Please explain.	EB 35	Ann 34	PI refer 3. z above	OK	OK
hh. If prevailing practise barrier has been explained, is it demonstrated that the prevailing practice or existing regulatory or policy requirements would have led to implementation of a technology with higher emissions? Please explain.	EB 35	Ann 34	PI refer 3. z above	OK	OK
ii. If other barrier has been explained, is it demonstrated that Other barriers such as institutional barriers or limited information, managerial resources, organizational capacity, or capacity to absorb new technologies would prevent the project activity any way?	EB 35	Ann 34	PI refer 3. z above	OK	OK


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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
jj. Have the project participants identified the most relevant barrier?	EB 35	Ann 34	PI refer 3. z above	OK	OK
kk. Have the project participants provided transparent and documented third party evidence such as national/international statistics, national/provincial policy and legislation, studies/surveys by independent agencies etc. to demonstrate the most relevant barrier? Please explain.	EB 35	Ann 34	PI refer 3. z above	OK	OK


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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
<i>Prior consideration of the clean development mechanism</i>					
Is the project activity start date prior to the date of publication of the PDD for stakeholder comments?	VVM	98	yes		
If yes, were the CDM benefits considered necessary in the decision to undertake the project as a proposed CDM project activity?	VVM	99	<p>Yes, two documents were available and verified</p> <p>3. Precious Woods' Annual report 2003 - Before starting the reforestation project in Nicaragua Precious Woods consulted the national Authorities, namely the "Oficina Nacional de Desarrollo Limpio", the governmental Institution established for the Kyoto Mechanisms about the viability of registering a Nicaraguan CDM reforestation project. The decision taking process for starting this project is documented in Precious Woods' Annual report 2003</p> <p>4. Purchasing contract of the first finca, la Pimienta</p>	OK	OK
Is the start date of the project activity, reported in the PDD, in accordance with the "Glossary of CDM terms", which states that "The starting date of a CDM project activity is the earliest date at which either the implementation or construction or real action of a project activity begins."?	VVM	99	yes	OK	OK
Does the project activity require construction, retrofit or other modifications?	VVM	99	no	OK	OK



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If yes, is it ensured that the date of commissioning cannot be considered as the project activity start date?	VVM	99	yes	OK	OK
Is it a new project activity (project activities with starting date on or after 02 August 2008) or an existing project activity (project activities with a start date before 02 August 2008)?	VVM	100	existing	OK	OK
a. For a new project, for which PDD has not been published for global stakeholder consultation or a new methodology proposed to the Executive Board before the project activity start date, had the PP informed the Host Party DNA and/or the UNFCCC secretariat in writing of the commencement of the project activity and of their intention to seek CDM status? (Provide reference to such confirmation from Host Party DNA and/or UNFCCC secretariat).	VVM	100	NA	OK	OK
b. For an existing project activity, for which the start date is prior to the date of publication of the PDD for global stakeholder consultation, are the following evidences provided:	VVM	101		OK	OK
i. evidence that must indicate that awareness of the CDM prior to the project activity start date, and that the benefits of the CDM were a decisive factor in the decision to proceed with the project, including, inter alia:	VVM	101	yes	OK	OK
a. minutes and/or notes related to the consideration of the decision by the Board of Directors, or equivalent, of the project			The decision is documented in Annual report 2003	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
participant, to undertake the project as a proposed CDM project activity?					
ii. reliable evidence from project participants that must indicate that continuing and real actions were taken to secure CDM status for the project in parallel with its implementation, including, inter alia:	VVM	101	Please provide relevant evidences as below	CL 4	OK
a. contract with consultants for CDM/PDD/methodology services?	VVM	101		OK	OK
b. Emission Reduction Purchase Agreements or other documentation related to the sale of the potential CERs (including correspondence with multilateral financial institutions or carbon funds)?	VVM	101		OK	OK
c. evidence of agreements or negotiations with a DOE for validation services?	VVM	101		OK	OK
d. submission of a new methodology to the CDM Executive Board?	VVM	101	NA	OK	OK
e. publication in newspaper?	VVM	101		OK	OK
f. interviews with DNA?	VVM	101		OK	OK
g. earlier correspondence on the project with the DNA or the UNFCCC secretariat?	VVM	101		OK	OK
h. Has the chronology of events including time lines been appropriately captured and explained/detailed in the PDD?	VVM	101	Yes, it has been provided	OK	OK
a. Identification of alternatives					
a. Does the approved methodology that is selected by the proposed CDM project activity prescribe	VVM	104	yes	OK	OK


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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
the baseline scenario and hence no further analysis is required?					
b. If no, does the PDD identify credible alternatives to the project activity in order to determine the most realistic baseline scenario?	VVM	104	NA	OK	OK
c. Does the list of alternatives given in the PDD ensure that:	VVM	105			
i. the list of alternatives includes as one of the options that the project activity is undertaken without being registered as a proposed CDM project activity?	VVM	105	Two scenarios selected are Scenario 1: Continuation of existing land use as pasture. Scenario 2: Implementation of the reforestation project activity not undertaken as a CDM project activity.	OK	OK
ii. the list contains all plausible alternatives that the DOE, on the basis of its local and sectoral knowledge, considers to be viable means of supplying the outputs or services that are to be supplied by the proposed CDM project activity?	VVM	105	yes	OK	OK
iii. the alternatives comply with all applicable and enforced legislation?	VVM	105	yes	OK	OK
b. Investment analysis					
a. Has investment analysis been used to demonstrate the additionality of the proposed CDM project activity?	VVM	108	No	OK	OK
b. If yes, does the PDD provide evidence that the proposed CDM project activity would not be:	VVM	108			
i. the most economically or financially attractive alternative?	VVM	108	NA	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
ii. economically or financially feasible, without the revenue from the sale of certified emission reductions (CERs)?	VVM	108	NA	OK	OK
c. Was this shown by one of the following approaches?	VVM	109			
i. Demonstrate that the proposed CDM project activity would produce no financial or economic benefits other than CDM-related income. Document the costs associated with the proposed CDM project activity and the alternatives identified and demonstrate that there is at least one alternative which is less costly than the proposed CDM project activity.	VVM	109	NA	OK	OK
ii. The proposed CDM project activity is less economically or financially attractive than at least one other credible and realistic alternative.	VVM	109	NA	OK	OK
iii. The financial returns of the proposed CDM project activity would be insufficient to justify the required investment.	VVM	109	NA	OK	OK
d. Is the period of assessment limited to the proposed crediting period of the CDM project activity?	EB 41	Ann 45	NA	OK	OK
e. Does the project IRR and equity IRR calculations reflect the period of expected operation of the underlying project activity (technical lifetime), or - if a shorter period is chosen - include the fair value of the project activity assets at the end of	EB 41	Ann 45	NA	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
the assessment period?					
f. Does the IRR calculation include the cost of major maintenance and/or rehabilitation if these are expected to be incurred during the period of assessment?	EB 41	Ann 45	NA	OK	OK
g. Do the project participants justify the appropriateness of the period of assessment in the context of the underlying project activity, without reference to the proposed CDM crediting period?	EB 41	Ann 45	NA	OK	OK
h. Does the cash flow in the final year include a fair value of the project activity assets at the end of the assessment period?	EB 41	Ann 45	NA	OK	OK
i. Has the fair value been calculated in accordance with local accounting regulations where available, or international best practice?	EB 41	Ann 45	NA	OK	OK
j. Does the fair value calculations include both the book value of the asset and the reasonable expectation of the potential profit or loss on the realization of the assets?	EB 41	Ann 45	NA	OK	OK
k. Was depreciation, and other non-cash items related to the project activity, which have been deducted in estimating gross profits on which tax is calculated, added back to net profits for the purpose of calculating the financial indicator (e.g. IRR, NPV)?	EB 41	Ann 45	NA	OK	OK
l. Has taxation been included as an expense in the IRR/NPV calculation in cases where the benchmark or other comparator is intended for	EB 41	Ann 45	NA	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
post-tax comparisons?					
m. Are the input values used in all investment analysis valid and applicable at the time of the investment decision taken by the project participant?	EB 41	Ann 45	NA	OK	OK
n. Is the timing of the investment decision consistent and appropriate with the input values?	EB 41	Ann 45	NA	OK	OK
o. Are all the listed input values been consistently applied in all calculations?	EB 41	Ann 45	NA	OK	OK
p. Does the investment analysis reflect the economic decision making context at point of the decision to recommence the project in the case of project activities for which implementation ceases after the commencement and where implementation is recommenced due to consideration of the CDM?	EB 41	Ann 45	NA	OK	OK
q. Have project participants supplied the spreadsheet versions of all investment analysis?	EB 41	Ann 45	NA	OK	OK
r. Are all formulas used in this analysis readable and all relevant cells be viewable and unprotected?	EB 41	Ann 45	NA	OK	OK
s. In cases where the project participant does not wish to make such a spreadsheet available to the public has the PP provided an exact read-only or PDF copy for general publication?	EB 41	Ann 45	NA	OK	OK
t. In case the PP wishes to black-out certain elements of the publicly available version, is it justifiable?	EB 41	Ann 45	NA	OK	OK
u. Was the cost of financing expenditures (i.e. loan	EB	Ann	NA	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
repayments and interest) included in the calculation of project IRR?	41	45			
v. In the calculation of equity IRR, has only the portion of investment costs which is financed by equity been considered as the net cash outflow?	EB 41	Ann 45	NA	OK	OK
w. Has the portion of the investment costs which is financed by debt been considered a cash outflow in the calculation of equity IRR? (this is not allowed)	EB 41	Ann 45	NA	OK	OK
x. In cases where a benchmark approach is used is the applied benchmark appropriate to the type of IRR calculated?	EB 41	Ann 45	NA	OK	OK
y. Has local commercial lending rates or weighted average costs of capital (WACC) selected as appropriate benchmarks for a project IRR?	EB 41	Ann 45	NA	OK	OK
z. Has required/expected returns on equity selected as appropriate benchmark for an equity IRR?	EB 41	Ann 45	NA	OK	OK
aa. In case benchmarks supplied by relevant national authorities selected is it applicable to the project activity and the type of IRR calculation presented?	EB 41	Ann 45	NA	OK	OK
bb. In the cases of projects which could be developed by an entity other than the project participant is the benchmark applied based on publicly available data sources which can be clearly validated?	EB 41	Ann 45	NA	OK	OK
cc. Have internal company benchmarks/expected returns (including those used as the expected return on equity in the calculation of a weighted	EB 41	Ann 45	NA	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
average cost-of capital - WACC) been applied in cases where there is only one possible project developer?					
dd. In such cases, have these values been used for similar projects with similar risks, developed by the same company or, if the company is brand new, would have been used for similar projects in the same sector in the country/region?	EB 41	Ann 45	NA	OK	OK
ee. Has a minimum clear evidence of the resolution by the company's Board and/or shareholders been provided to the effect as above?	EB 41	Ann 45	NA	OK	OK
ff. Has a thorough assessment of the financial statements of the project-developer - including the proposed WACC - to assess the past financial behavior of the entity during at least the last 3 years in relation to similar projects been conducted?	EB 41	Ann 45	NA	OK	OK
gg. Does the risk premiums applied in the determination of required returns on equity reflect the risk profile of the project activity being assessed, established according to national/international accounting principles? (It is not considered reasonable to apply the rate general stock market returns as a risk premium for project activities that face a different risk profile than an investment in such indices.)	EB 41	Ann 45	NA	OK	OK
hh. Has an investment comparison analysis and not a benchmark analysis used when the proposed baseline scenario leaves the project participant	EB 41	Ann 45	NA	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
no other choice than to make an investment to supply the same (or substitute) products or services?					
ii. Have variables, including the initial investment cost, that constitute more than 20% of either total project costs or total project revenues been subjected to reasonable variation (positive and negative) and the results of this variation been presented in the PDD and be reproducible in the associated spreadsheets?	EB 41	Ann 45	NA	OK	OK
jj. Have a corrective action been raised for a variable to be included in the sensitivity analysis which constitute less than 20% and have a material impact on the analysis ?	EB 41	Ann 45	NA	OK	OK
kk. Is the range of variations selected is reasonable in the project context?	EB 41	Ann 45	NA	OK	OK
ll. Dos the variations in the sensitivity analysis at least cover a range of +10% and -10%, unless this is not deemed appropriate in the context of the specific project circumstances?	EB 41	Ann 45	NA	OK	OK
mm. In cases where a scenario will result in the project activity passing the benchmark or becoming the most financially attractive alternative, is an assessment done of the probability of the occurrence of this scenario in comparison to the likelihood of the assumptions in the presented investment analysis, taking into consideration correlations between the variables as well as the specific socio-economic and policy	EB 41	Ann 45	NA	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
context of the project activity?					
nn. Was a thorough assessment of all parameters and assumptions used in calculating the relevant financial indicator, and determine the accuracy and suitability of these parameters using the available evidence and expertise in relevant accounting practices conducted?	VVM	111	NA	OK	OK
oo. Were the parameters cross-checked against third-party or publicly available sources, such as invoices or price indices?	VVM	111	NA	OK	OK
pp. Were feasibility reports, public announcements and annual financial reports related to the proposed CDM project activity and the project participants reviewed?	VVM	111	NA	OK	OK
qq. Was the correctness of computations carried out and documented by the project participants assessed?	VVM	111	NA	OK	OK
rr. Was the sensitivity analysis by the project participants to determine under what conditions variations in the result would occur, and the likelihood of these conditions assessed?	VVM	111	NA	OK	OK
ss. Is the type of benchmark applied suitable for the type of financial indicator presented?	VVM	112	NA	OK	OK
tt. Do any risk premiums applied determining the benchmark reflect the risks associated with the project type or activity?	VVM	112	NA	OK	OK
uu. To determine this, was it assessed whether it is reasonable to assume that no investment would be made at a rate of return lower than the			NA	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
benchmark by:					
i. assessing previous investment decisions by the project participants involved?	VVM	112	NA	OK	OK
ii. determining whether the same benchmark has been applied?	VVM	112	NA	OK	OK
iii. determining if there are verifiable circumstances that have led to a change in the benchmark?	VVM	112	NA	OK	OK
vv. Did the project participants rely on values from Feasibility Study Reports (FSR) that are approved by national authorities for proposed project activities?	VVM	113	NA	OK	OK
tt. If yes:	VVM	113	NA	OK	OK
i. has the FSR been the basis of the decision to proceed with the investment in the project, i.e. that the period of time between the finalization of the FSR and the investment decision is sufficiently short for the DOE to confirm that it is unlikely in the context of the underlying project activity that the input values would have materially changed?	VVM	113	NA	OK	OK
ii. Are the values used in the PDD and associated annexes fully consistent with the FSR?	VVM	113	NA	OK	OK
iii. If not, was the appropriateness of the values validated?	VVM	113	NA	OK	OK
iv. On the basis of its specific local and sectoral expertise, is confirmation provided,	VVM	113	NA	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
by cross-checking or other appropriate manner, that the input values from the FSR are valid and applicable at the time of the investment decision?					
c. Barrier analysis					
a. Has barrier analysis been used to demonstrated the additionality of the proposed CDM project activity?	VVM	115	Yes Investment barriers, Technical barriers, Barriers due to prevailing practice were used Please refer 3.Z above	OK	OK
b. If yes, does the PDD demonstrate that the proposed CDM project activity faces barriers that:	VVM	115			
i. prevent the implementation of this type of proposed CMD project activity?	VVM	115	yes	OK	OK
ii. do not prevent the implementation of at least one of the alternatives?	VVM	115	yes	OK	OK
c. Are there any issues that have a clear direct impact on the financial returns of the project activity, other than: risk related barriers, for example risk of technical failure, that could have negative effects on the financial performance; or barriers related to the unavailability of sources of finance for the project activity? {If yes, these issues cannot be considered barriers and shall be assessed by investment analysis. [Refer to (6.c) above]}	VVM	116	no	OK	OK
d. Were the barriers determined as real by:	VVM	117			
i. assssing the available evidence and/or undertaking interviews with relevant individuals (including members of industry	VVM	117	yes	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
associations, government officials or local experts if necessary) to determine whether the barriers listed in the PDD exist?					
ii. ensuring that existence of barriers is substantiated by independent sources of data such as relevant national legislation, surveys of local conditions and national or international statistics?	VVM	117	Please refer 3.Z above	OK	OK
iii. Is existence of a barrier substantiated only by the opinions of the project participants? (If yes, this barrier cannot be considered as adequately substantiated)	VVM	117	Please refer 3.Z above	OK	OK
e. Were the barriers determined as preventing the implementation of the project activity but not the implementation of at least one of the possible alternatives by applying local and sectoral expertise to judge whether a barrier or set of barriers would prevent the implementation of the proposed CDM project activity and would not equally prevent implementation of <i>at least one of</i> the possible alternatives, in particular the identified baseline scenario?	VVM	117	Please refer 3.Z above	OK	OK
d. Common practice analysis					
a. Is this a large-scale, or first-of-its kind small-scale project activity?	VVM	119	PI refer 3.z above	OK	OK
b. If yes, was common practice analysis carried out as a credibility check of the other available evidence used by the project participants to demonstrate additionality?	VVM	119	PI refer 3.z above	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
c. Was it assessed whether the geographical scope (e.g. defined region) of the common practice analysis is appropriate for the assessment of common practice related to the project activity's technology or industry type? (For certain technologies the relevant region for assessment will be local and for others it may be transnational/global.	VVM	120	Pl refer 3.z above	OK	OK
d. Was a region other than the entire host country chosen?	VVM	120	Pl refer 3.z above	OK	OK
e. If yes, was the explanation why this region is more appropriate assessed?	VVM	120	Pl refer 3.z above	OK	OK
f. Using official sources and local and industry expertise, was it determined to what extent similar and operational projects (e.g., using similar technology or practice), other than CDM project activities, have been undertaken in the defined region?	VVM	120	Pl refer 3.z above	OK	OK
g. Are similar and operational projects, other than CDM project activities, already "widely observed and commonly carried out" in the defined region?	VVM	120	Pl refer 3.z above	OK	OK
h. If yes, was it assessed whether there are essential distinctions between the proposed CDM project activity and the other similar activities?	VVM	120	Pl refer 3.z above	OK	OK
7. Monitoring plan					
a. Does the PDD include a monitoring plan?	VVM	122	Yes	OK	OK
b. Is this monitoring plan based on the approved monitoring methodology applied to the proposed CDM project activity?	VVM	122	Yes	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
c. Were the list of parameters required by the the selected methodology identified?	VVM	123	Yes, refer table 3	OK	OK
d. Does the monitoring plan contains all necessary parameters?	VVM	123	Yes, refer table 3	OK	OK
e. Are the parameters clearly described?	VVM	123	Yes, refer table 3	OK	OK
f. Does the means of monitoring described in the plan comply with the requirements of the methodology?	VVM	123	Yes, refer table 3	OK	OK
g. Specific questions per methodology regarding parameters.		123	Please see table 3	OK	OK
h. Are the monitoring arrangements described in the monitoring plan feasibl within the project design?	VVM	123	Yes, refer table 3	OK	OK
i. Are the following means of implementation of the monitoring plan sufficient to ensure that the emission reductions achieved by/resulting from the proposed CDM project activity can be reported ex post and verified:	VVM	123		OK	OK
i. data management procedures?	VVM	123	Yes, refer table 3	OK	OK
ii. quality assurance procedures?	VVM	123	Yes, refer table 3	OK	OK
iii. quality control procedures?	VVM	123	Yes, refer table 3	OK	OK
8. Sustainable development					
a. Does the CDM project activity assists Parties included in Annex I to the Convention in achieving sustainable development?	VVM	125	yes	OK	OK
b. Does the letter of approval by the DNA of the host Party confirm the contribution of the proposed CDM project activity to the sustainable development of the host Party?	VVM	126	To be verified for Nicaragua and Switzerland	CL 1	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
9. Local stakeholder consultation					
a. Were local stakeholders (public, including individuals, groups or communities affected, of likely to be affected, by the proposed CDM project activity or actions leading to the implementation of such an activity) invited by the PPs to comment on the proposed CDM project activity prior to the publication of the PDD on the UNFCCC website?	VVM	128	Yes PI refer 3.II	OK	OK
b. Have comments by local stakeholders that can reasonably be considered relevant for the proposed CDM project activity been invited?	VVM	129	Yes PI refer 3.II	OK	OK
c. Is the summary of the comments received as provided in the PDD complete?	VVM	129	Yes PI refer 3.II	OK	OK
d. Have the project participants taken due account of any comments received and described this process in the PDD?	VVM	129	Yes PI refer 3.II	OK	OK
10. Environmental impacts					
a. Have the project participants submitted documentation on the analysis of the environmental impacts of the project activity?	VVM	131	PI refer 3.jj above	OK	OK
b. Have the project participants undertaken an analysis of environmental impacts?	VVM	132	PI refer 3.jj above	OK	OK
c. Does the host Party require an environmental impact assessment?	VVM	132	PI refer 3.jj above	OK	OK
d. If yes, have the project participants undertaken an environmental impact assessment?	VVM	132	PI refer 3.jj above	OK	OK

**Table 2 Specific validation activities for small scale projects**

CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
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VALIDATION REPORT

CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
1. Project design of small-scale clean development mechanism project activities <i>(delete this table if the project activity is not a small scale project activity)</i>					
a. Does the proposed small-scale project activity meet the requirements of the simplified modalities and procedures for small-scale CDM-AR project activities?	VVM	135	yes	OK	OK
b. Does the project activity qualify within the thresholds of the three possible types of small scale project activities? [Type (i) project activities: renewable energy project activities with a maximum output capacity equivalent to up to 15 megawatts; Type (ii) project activities: energy efficiency improvement project activities which reduce energy consumption, on the supply and/or demand side, by up to the equivalent of 15 gigawatt hours per year; Type (iii) project activities: other project activities that both reduce anthropogenic emissions by sources and directly emit less than 15 kilotonnes of carbon dioxide equivalent annually.]	VVM	136	NA	OK	OK
c. Does the project activity qualify within the threshold of project that will sequester less than 16,000 tonnes of CO ₂ e per year?	VVM	136	Yes, the project sequester 7915 tonnes of CO ₂ e per year	OK	OK
d. Does the project activity conform to one of the approved small-scale categories?	VVM	136	NA	OK	OK
e. Does the project activity apply the relevant tool and methodology?	VVM	136	Refer to (5.b.g) above	-	-



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
f. Are the small-scale methodologies applied in conjunction with the general guidance to the methodologies, which provides guidance on equipment capacity, equipment performance, sampling and other monitoring-related issues?	VVM	136	yes	OK	OK
g. Is the project activity a debundled component of a large-scale project, i.e., is there a registered small-scale CDM project activity or an application to register another CDM project activity: (a) with the same project participants; (b) in the same project category and technology/measure; and (c) registered within the previous 2 years; and (d) whose project boundary is within 1 km of the proposed boundary of the proposed small-scale activity at the closest point?	VVM	136	yes	OK	OK
h. Is an assessment of the environmental impacts of the proposed CDM project activity required by the host Party?	VVM	136	No	OK	OK
i. Is the project additional?	VVM	137	Refer to 6.c above	OK	OK

**Table 3 Baseline and Monitoring Methodologies AR-AMS0001 / Version 5**

CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
1. Baseline Methodology					
1.1. Applicability					
1.1.1. Does the project activity meet all the applicability requirements?	AR-AMS 0001	v.5	Pl refer 3.z above	OK	OK
1.1.2. Are all the carbon pools selected and appropriately included in PDD?	AR-AMS 0001	v.5	The carbon pools selected are above and below ground.	OK	OK
1.1.3 Does the baseline methodology uses all the criteria – land eligibility, historic land use, national, local and sectoral policies influencing land use, economical attractiveness of the project relative to baseline	AR-AMS 0001	v.5	Yes		
1.1.4. Is the appropriate methodology used for stratification?	AR-AMS 0001	v.5	Stratification by tree species/species group, planting year and growth class.	OK	OK
1.1.5. Are calculations for net GHG removals by	AR-	v.5	The calculations are done using IPCC-GPG-	OK	OK



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sinks done using IPCC – GPG-LULUCF?	AMS 0001		LULUCF.		
1.1.6. Is the Project boundary clearly defined taking in to consideration the unique identification of all the 'discrete parcels' of available land?	AR- AMS 0001	v.5	A7-a,b, maps page 10 of the project.	OK	OK
1.1.7. Are all the gases for emissions by source appropriately included/excluded and their inclusion/exclusion justified?	AR- AMS 0001	v.5	Item B.3 :Use of organic fertilizer justified	OK	OK
1.1.8. Is sampling as per ex-ante stratification done as per methods set in Section III.2	AR- AMS 0001	v.5	Yes	OK	OK
1.1.9 Is the selection of most plausible baseline scenarios as is per steps mandated i.e. Alternative land-use	AR- AMS 0001	v.5	The baseline scenario is continuation of existing land use. Section B6 of project.	OK	OK
1.1.10 Is it demonstrated that the most plausible scenario is land would remain abandoned and degrading in absence of project activity?	AR- AMS 0001	v.5	Yes	OK	OK
1.1.11 Is demonstration indicated above in 1.10 has used one of the ways mandated by methodology?	AR- AMS 0001	v.5	Yes	OK	OK
1.1.12 Does this demonstration appropriately includes and assesses the additionality by using current version of 'Tool of demonstrating additionality'?	AR- AMS 0001	v.5	Yes	OK	OK
1.1.13 Is the discussion on demonstration on one of the ways is transparent?	AR- AMS 0001	v.5	Yes	OK	OK
1.1.14 Is the analysis carried out as per Step 3 to support findings of step 2	AR- AMS	v.5	Yes	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
1.1.15 Is this analysis transparent and verifiable?	0001 AR-AMS 0001	v.5	Yes	OK	OK
1.1.16 Is the historical degradation feature indicated by assessing either vegetation degradation or soil erosion?	AR-AMS 0001	v.5	Yes	OK	OK
1.1.17 Is this assessment transparent and verifiable?	AR-AMS 0001	v.5	Yes	OK	OK
1.1.18 Is it also demonstrated that 'No natural encroachment of tress would occur by any means?	AR-AMS 0001	v.5	Yes	OK	OK
1.1.19 Is discussion on national/or sectoral policies before 11 November 2001 included?	AR-AMS 0001	v.5	Yes	OK	OK
1.1.20 Is it demonstrated that policies, if any do not influence the areas of proposed A/R CDM Project activity?	AR-AMS 0001	v.5	Yes	OK	OK
1.1.21 Is the all information used to support claims in all the steps above is archive able and verifiable?	AR-AMS 0001	v.5	Yes	OK	OK
1. 2. Estimation of baseline net GHG removals by sinks?					
1.2.1. Is the sum of carbon stock changes for each stratum carried out?	AR-AMS 0001	v.5	Not applicable. The baseline GHG removed is zero.	OK	OK
1.2.2 Is the sum of baseline net GHG removals by sinks by all strata then carried out?	AR-AMS	v.5	NA	OK	OK


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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
	0001				
1.2.3. Is one of the appropriate methods i.e. carbon gain-loss, stock change used for calculation of baseline net GHG removals by sinks?	AR-AMS 0001	v.5	NA	OK	OK
1.2.4 Is the calculation conservative and transparent?	AR-AMS 0001	v.5	NA	OK	OK
1. 3. Ex ante actual net GHG removal by sinks					
1.3.1 Are the calculations for ex ante net GHG removal by sinks reliable and transparent?	3	DR I	Yes	OK	OK
1.3.1 Are the calculations for ex ante net GHG removal by sinks conservative?	3	DR	Yes	OK	OK
1.4 GHG Emission by sources				OK	OK
1.4.1 Are all the sources of GHG emission by sources i.e. burning of fossil fuels, decrease in carbon stock, biomass burning, Usage of fertiliser within the project boundary included?	AR-AMS 0001	v.5	Project emissions are considered insignificant and therefore neglected.	OK	OK
1.4.2 Is the inclusion/exclusion of this sources properly justified?	AR-AMS 0001	v.5	Justified as per methodology	OK	OK
1.4.3 Are the calculations for above in 1.3.1 conservative & transparent?	AR-AMS 0001	v.5	Yes	OK	OK
1.5 Treatment of Leakage					
1.5.1 Are the calculations for leakage done using appropriate formulae?	3	DR	Yes, leakages are expected to be zero because most of the cattle were sent to slaughterhouses that used to graze on the lands that are now being reforested as part of the project as observed in the	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
			second interview with the previous landowners in 2009, no leakage was identified, once the previous owners had moved their activities to regions that had been deforested long ago and is traditionally and currently used for pasture. This was verified during interview with the old owners, interviews conducted and site visit. AR-AMS0001 ver.5, item IV-28.		
1.5.2. Are the calculations for above in 1.5.1 conservative & transparent?	AR-AMS 0001	v.5	Not applicable	OK	OK
1.5.3 Are the uncertainties handled as per table 11 of Section III	AR-AMS 0001	v.5	NA	OK	OK
1.5.4 Are all sources/links expressed in annual numbers?	AR-AMS 0001	v.5	NA	OK	OK
1.6 Monitoring Methodology					
1.6.1 Whether monitoring plan address all the variables, their monitoring frequency, mode of arriving data etc. as per latest version of monitoring methodology	AR-AMS 0001	v.5	The monitoring plan provides all these data. Table B.8.1.1.1 of the project.	OK	OK
1.6.2 Does the monitoring of WITHIN boundary of Proposed A/R CDM project activity includes various means as indicated in methodology?	AR-AMS 0001	v.5	Although the table B.8.1.1.1 (project) contains more items than the methodology requests some items requested were not included	CAR 10	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
			in the table1-monitoring frequency such Height of trees, basic wood density.		
1.6.3 Does the monitoring plan have a provision for monitoring of boundary during crediting period?	AR-AMS 0001	v.5	Not stated in the project.	CAR 11	OK
1.6.4 Are the appropriate means used for monitoring of the boundary?	AR-AMS 0001	v.5	Table B8.1.1.1-monitoring frequency	OK	OK
1.6.5 Does this monitoring also include monitoring each stratum and substratum?	AR-AMS 0001	v.5	Table B8.1.1.1-monitoring frequency	OK	OK
1.6.6 Is the methodology correctly applied?	AR-AMS 0001	v.5	Yes	OK	OK
1.6.7 Does sampling include random method?	AR-AMS 0001	v.5	Yes	OK	OK
1.7. Calculation of ex-post actual net GHG removal by sinks					
1.7.1 Are the calculations for ex post net GHG removal by sinks conservative?	AR-AMS 0001	v.5	Table page 21(project): 50% of the number of sample plots used for monitoring (above ground biomass) are located on marginal stratum	OK	OK
1.7.2 Are all the sources of GHG emission by sources i.e. burning of fossil fuels, decrease in carbon stock, biomass burning, Usage of fertiliser within the project boundary included?	AR-AMS 0001	v.5	NA	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
1.7.3 Is the inclusion/exclusion of this sources properly justified?	AR-AMS0001	v.5	NA	OK	OK
1.7.4 Are the calculations for above in 1.7.2 conservative & transparent?	AR-AMS0001	v.5	Not applicable	OK	OK
1.7.5 Are the calculations for leakage done using appropriate formulae?	AR-AMS0001	v.5	Leakage of domesticated grazing animals was considered zero. Interviews with the previous land former owners show that grazing animals were moved to other pastures in areas already deforested. AR-AMS0001 ver.04.1, item IV-28.	OK	OK
1.7.6. Are the calculations for above in 1.7.5 conservative & transparent?	AR-AMS0001	v.5	NA	OK	OK
1.7.7 Are the uncertainties handled as per table 11 of Section III	AR-AMS0001	v.5	NA	OK	OK
1.7.8 Are all sources/links expressed in annual numbers?	AR-AMS0001	v.5	NA	OK	OK
1.7.9 By the time of the ex-post calculation is the stratification of the project area supposed to follow one the following methodological approaches?	AR-AMS0001	v.5	-	-	-
a. Relevant guidance on stratification for A/R project activities under the clean development mechanism as approved by the Executive Board, or	AR-AMS0001	v.5	No, please refer to item 1.7.9.c, below		OK
b. Stratification approach that can be shown	AR-	v.5	No, please refer to item 1.7.9.c, below		OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
in the PDD to estimate biomass stocks according to good forest inventory practice in the Host country in accordance with DNA indications; or	AMS 0001				
c. other stratification approach that can be shown in the PDD to estimate the project biomass stocks to targeted precision level of $\pm 10\%$ of the mean at a 95% confidence level.	AR- AMS 0001	v.5	<p>Yes as stated in the section B.8.1 of the PDD v.3:</p> <p><i>"The project area is stratified. Parameters for initial stratification are tree species (native species and teak) and planting year (2003 to 2006). In year 4 after plantation the stratification is refined with strata that represent the growth conditions. These are mapped based on a grid of geo-referenced systematically distributed circular temporary sample plots of 100 m² with a distance of 50 m between every plot...The final stratification thus separates</i></p> <ol style="list-style-type: none"> <i>1. tree species /species group</i> <i>2. planting year</i> <i>3. growth class"</i> <p><i>"...The number of plots per stratum is determined according to a targeted precision level of $\pm 10\%$ of the mean at a 95% confidence level. The standard deviation within each stratum is derived from the data underlying the growth map".</i></p>		OK
<p>1.7.10 will the ex-post Carbon stocks (expressed in t CO₂-e) estimated through the following equation?</p> $P(t) = \sum (PA(t)_i + PB(t)_i) * A_i * (44/12)$	AR- AMS 0001	v.5	<p>Yes, as follow:</p> <p><i>"The carbon stocks expressed in tCO₂-e shall be based on the following equations:</i></p> $P(t) = \sum (PA(t)_i + PB(t)_i) * A_i * (44/12)"$		OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
1.7.11 Is the following equation used for the above-ground biomass $PA(t)_i$ per stratum i ? $PA(t)_i = E(t)_i \cdot 0.5$			Yes, according to the PP: <i>"PA(t) is calculated per stratum i as follows: $PA(t) = E(t)_i \cdot 0.5$"</i>		OK
1.7.12 Is the estimate of above-ground biomass at time t achieved by the project activity $E(t)$ estimated through the 3 following steps?	AR-AMS 0001	v.5	-	-	-
a. Establishment of permanent plots?	AR-AMS 0001	v.5	Yes as follow: <i>"The number of plots per stratum is determined according to a targeted precision level of $\pm 10\%$ of the mean at a 95% confidence level. The standard deviation within each stratum is derived from the data underlying the growth map"... The area of the permanent sample plots AP is 500 m², the plots are circular...The plots are located systematically with a random start prior to establishment with the GIS program, geo-referenced and marked in the field. Series number, stratum and GPS coordinates are registered in a database"</i>		OK
b. Measure the diameter at breast height (DBH) or DBH and tree height, as appropriate?	AR-AMS 0001	v.5	Yes, as presented in section B.8.1 of the PDD v.3: <i>"Diameters at breast height (DPH) of all trees in the sample plot are measured"</i>		OK
c. Estimate the above-ground biomass using allometric equations developed locally or nationally. If these allometric equations are available: Table 1 (i) Option 1: Use allometric equations	AR-AMS 0001	v.5	Yes, the PP has used the option 1 to estimate the above-ground biomass, as follow: <i>"The aboveground tree biomass (kg of dry matter per tree) is determined with the allometric equations relating biomass to DBH given in GPG LULUCF Table 4.A.1 for native species in tropical"</i>		OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
included in Appendix C to this report or in annex 4A.2 of the IPCC good practice guidance for LULUCF; (ii) Option 2: Use biomass expansion factors and stem volume			<p><i>moist forests and Table 4.A.3 for Teak. The value for teak has been determined in this region by Kanninen and Perez at CATIE, Costa Rica¹⁸. The value for native species is a general value for tropical moist forest because there are no specific values for most of the species. The results are multiplied with the number of trees per hectare to obtain kg of dry matter per hectare.</i></p> <ul style="list-style-type: none"> • <i>For teak: $AGB(t)_{teak} = 0.153 * DBH^{2.382}$</i> • <i>For native species: $AGB(t)_{native} = \exp[-2.289 + 2.649 * \ln(DBH) - 0.021 * (\ln(DBH))^2]$</i> • <i>Biomass per hectare $E(t)_i = AGB(t)_i * NT_i$</i> 		
1.7.13 Is the Carbon stocks in below-ground biomass at time t achieved by the project activity during the monitoring interval PB(t) calculated as per one of the following procedures?	AR-AMS 0001	v.5	-	-	-
a. $PB(t)_i = E(t)_i * R * 0.5$	AR-AMS 0001	v.5	No, please refer to item 1.7.13.c, below.		OK
b. If national values (for R) are not available, is the values obtained from table 3A.1.8 of the IPCC good practice guidance for LULUCF.	AR-AMS 0001	v.5	No, please refer to item 1.7.13.c, below.		OK
d. If root to shoot ratios for the species concerned are not available, using the	AR-AMS	v.5	Yes, as follow: <i>"Below-ground carbon stocks per hectare are</i>		OK



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allometric equation developed by Cairns et al. (1997), as follow? $PB(t) = \exp(-1.085 + 0.9256 * \ln E(t)) * 0.5$	0001		<i>determined by the allometric equation for teak respectively native species relating belowground biomass to aboveground biomass in tropical forests (GPG LULUCF Table 4.A.4) as follows: PB = 0.5 * BGBi BGB = exp[-1.085+0.9256*lnAGB]</i>		
1.7.14 Is the Tool for "Calculation of the number of sample plots for measurements within A/R CDM project activities", version 02, considered in the forest inventory sampling procedures for the purpose of the ex-post GHG removal calculation?	AR-AMS 0001	v.5	Yes, as stated in the section B.8.1 of the PDD v.3: "Sample frame and sample size For the determination of the number of sample plot per stratum the Methodological Tool "Calculation of the number of sample plots for measurements within A/R CDM project activities" (Version 02) is used...The calculations are made for each stratum individually"		OK
a. Is one of the following methods used for calculation of the number of sample plots?	AR-AMS 0001	v.5	-	-	-
b. Method I (samples drawn without replacement)	AR-AMS 0001	v.5	No, please refer to item 1.7.14.c, below		OK
c. Method II (samples drawn with replacement)	AR-AMS 0001	v.5	Yes, as follow: "To calculate the number of permanent sample plots used for monitoring the formula of method II (samples drawn with replacement) of this tool are used"		OK
1.8. Additionality					
1.8.1. Was the additionality of the project activity demonstrated and assessed using the latest version of the "Tool for demonstration and assessment of additionality"?	AR-AMS 0001	v.5	Pl refer 3.z above	OK	OK



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CHECKLIST QUESTION	Ref.	§	COMMENTS	Draft Concl	Final Concl
1.9 Quality Control (QC) and Quality Assurance (QA) Procedures					
1.9.1. Did all measurements use calibrated measurement equipment that is regularly checked for it's functioning?	AR-AMS 0001	v.5	All QA/QC procedures detailed in B.8 were validated by Forestry expert during the site visit.	OK	OK
1.9.2. Are the data double-checked against commercial data?	AR-AMS 0001	v.5	NA	OK	OK



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Table 4 Resolution of Corrective Action and Clarification Requests

Draft report clarifications and corrective action requests by validation team	Ref. to checklist question in table 1, 2 & 3	Summary of project owner response	Validation team conclusion
CAR 1 - Contact details of Maderas Preciosas Nicaragua SA is not provided in Annex 1	Table 1, 2.d	The contact details of Maderas Preciosas Nicaragua S.A. have been added to Annex 1.	<p>In Annex 1 the Organization is shown as Precious Woods Nicaragua S.A. where as in section A.3 of PDD it is Maderas Preciosas Nicaragua SA.</p> <p>Please provide in Annex 1 same as in A.3</p> <p>Further response from PP:</p> <p>The name Maderas Preciosas is nothing but the Spanish translation of Precious Woods. Both names are used in parallel. However, the PDD has been adjusted to the English name, Precious Woods</p> <p>Response from BVC:</p> <p>The revised PDD v04 was reviewed and found ok.</p> <p>Hence CAR 1 is closed.</p>



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<p>CAR 2 - A description of the current land use (Species of crops or trees plant, pasture, etc) in PDD section A.6 is not provided</p>	<p>Table 1, m</p>	<p>A short description of land use before project start has been added in the PDD section A.6: "The project will be carried out on private land that Precious Woods has acquired in 2003 (La Pimienta and Esperanza) and 2004 (Javalina) from three private land owners. This land was used by these former owners for cattle breeding. It has been deforested a long time ago. The pastures were dominated by the invasive grass species Jaragua (Hyparrhenia rufa). Only isolated shade trees such as Enterolobium cyclocarpum (Guanacaste), Guazuma ulmifolia (Guácimo), Byrsonima crassifolia (Nance), Cedrela odorata (Cedro), Bombacopsis quinata (Pochote), Tabebuia rosea (Roble de sabana) and Scheelea rostrata (Palma real) could be found on the pastures. The majority of these trees were left standing. No crops or trees were planted before project start."</p>	<p>The revised PDD v04 was reviewed and found ok. This had been confirmed during site visit after discussing with the previous owners of the land.</p> <p>Hence CAR 2 is closed.</p>
<p>CAR 3 - Starting date of A/R CDM Project activity and of (first) crediting period is given as 25 July, 2003, when the planting of the first lot started. This is not in line with the purchase date of first project site Finca Pimienta. and as per definition of the start date of a CDM project activity</p>	<p>Table 1, p ii</p>	<p>The date has been adjusted to the 4th July</p>	<p>The revised PDD v04 was reviewed and found ok. Please refer A.9.1. of PDD. The PO dated 4 July 2003 for the first project site Finca Pimienta was verified and confirmed during site visit.</p> <p>Hence CAR 3 is closed.</p>



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CAR 4 - The expected operational lifetime of the proposed small-scale A/R CDM project activity in years and months is not provided.	Table 1, p iii	The lifetime in years and month has been added. The expected lifetime will cover two entire harvesting cycles: 60 years, 0 months	The revised PDD v04 was reviewed and found ok. Hence CAR 4 is closed.
CAR 5 - In CDM-AR-SSC-PDD section B.6 the key information and data used to determine the baseline scenario (variables, parameters, data sources etc.) is not provided in table form.	Table 1, y	A table has been added stating that carbon stock changes are considered to be zero. This is why there is no need for a more detailed table.	The revised PDD v04 was reviewed and found ok. Hence CAR 5 is closed.
CAR 6 - CDM-AR-SSC-PDD section B.8.1, In the monitoring plan it is not evident that all the data will be stored at least 2 year following the end of the crediting period	Table1, ae	The information has been added as chapter G. data storage	The revised PDD v04 was reviewed and found ok. Hence CAR 6 is closed.
CAR 7 - In CDM-AR-SSC-PDD section B.9 the date and whether the person/entity is also a project participant listed in Annex 1 is not provided.	Table 1, aa	The information has been inserted at the appropriate location.	The revised PDD v04 was reviewed and found ok. Hence CAR 7 is closed.
CAR 8 - In CDM-AR-SSC-PDD section D, transboundary environmental impacts are not analyzed.	Table 1, jj	There are no transboundary effects. This fact has been added to the PDD.	The revised PDD v04 was reviewed and found ok. Hence CAR 8 is closed.
CAR 9 - In CDM-AR-SSC-PDD section E, transboundary social impacts are not analysed.	Table 1, kk	There are no transboundary effects. This fact has been added to the PDD.	The revised PDD v04 was reviewed and found ok. Hence CAR 9 is closed.
CAR 10 - Although the table B.8.1.1.1 (project) contains more items than the methodology requests, some items requested were not included in the table1-monitoring frequency of the applied methodology such as Height of trees and basic wood density.	Table 3, 1.4.2	The missing items have been added. However, the mentioned items do not need to be monitored because the applied methodology does not require them. This fact has been stated in the comments column of the table.	The revised PDD v04 was reviewed and found ok. Hence CAR 10 is closed.



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CAR 11 – The monitoring plan does not have a provision for monitoring of boundary during crediting period.	Table 3, 1.4.3	The section has been added as Variable no.21 Table 8.1.1.1	The revised PDD v04 was reviewed and found ok. Hence CAR 11 is closed.
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<p>CL 1 – The Letter of Approval from Nicaragua, Switzerland and Canada for the PPs are to be verified. Please send them.</p>	<p>Table1, 1.b</p>	<p>The LoA of Nicaragua has originally been issued in Spanish. It does not mention the specific project name but rather a description of the project: “Proyecto de reforestación MDL de la empresa Maderas Preciosas de Nicaragua S.A.” in English: CDM reforestation project of the company Maderas Preciosas de Nicaragua S.A..</p> <p>As there is only one company of that name in Nicaragua and the company owns only one CDM project, the description fits only this project. In the official English translation, the description has been transformed into a project name which is confusing. The actual project name does not appear in the LoA.</p> <p>The Canadian LoA has been sent to the DOE.</p> <p>We request to delete the Participation of Switzerland and Precious Woods Holding Ltd. from the project activity. Revised section A.3 and Annex 1.</p>	<p>All documentations submitted should have consistent project title. There is inconsistency in the project title of LoA from Nicaragua.</p> <p>Further response from PP:</p> <p>As the PP already had to request a second LoA because of a formal issue it will be very difficult to have it adjusted again.</p> <p>Response from BVC: ‘Please refer ‘Validation and Verification Manual’ para 45 (d) as “The DOE shall determine whether the DNA of each Party indicated as being involved in the proposed CDM project activity in section A.3 of the PDD has provided a written letter of approval. The DOE shall determine whether each letter confirms that:</p> <p>(d) It refers to the precise proposed CDM project activity title in the PDD being submitted for registration.”</p> <p>Please provide LoA as above.</p> <p>Further response from PP:</p> <p>Revised LoA of Nicaragua dated Jan 15, 2010 has been received and is submitted.</p> <p>Response from BVC:</p> <p>Reviewed the revised Nicaraguan LoA and found OK.</p> <p>Hence CL1 is closed.</p>
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			Reviewed the LoA of Canada and the revised PDD v04 found OK. Hence CL 1 is closed.
CL 2 - In CDM-AR-SSC-PDD section A.5.2 a description of present environmental conditions of the area, including the description of climate, hydrology, soils, ecosystems and the possible presence of rare or endangered species and their habitats are given. It is not evident that these environmental conditions are with reference to all the 3 project sites. Please clarify.	Table1, h	A sentence that states that all three project sites have similar environmental conditions has been added.	The revised PDD v04 was reviewed and found ok. This was confirmed during the site visit. Hence CL 2 is closed.
CL 3 (a) The title of the applied methodology is different from that what has been used in the webhosted PDD v01. Please clarify.		The methodology applicable to the project is - Simplified baseline and monitoring methodologies for small-scale afforestation and reforestation project activities under the clean development mechanism implemented on grasslands or croplands AR-AMS0001, Version 05. This version is same as the version indicated on the UNFCCC website for webhosted PDD. The error in the section B.1 has been corrected.	The revised PDD v04 was reviewed and found ok. Hence CL 3 (a) is closed.



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<p>CL 3 (b) - Please provide evidence that in 2003 the Republic of Nicaragua was rated Caa1 at Moody's and 30.86 at Euromoney.</p> <p>Also under Common practice it has been stated that "The presented project is the first of its kind implemented on private lands in Nicaragua and the first in this region, the project is additional." Please clarify the above.</p>	Table 1, 3.z	<p>A proof of the Moody's Rating – an article of the strategic business information database of July 2003 citing the downgrading of Nicaragua from b3 to Caa1- has been sent to the auditor on April 22nd 2009. The abstract can be accessed online: http://findarticles.com/p/articles/mi_hb6465/is_200307/ai_n25689332/?tag=content;col1</p>	<p>PI provide clarification/evidence for request raised for 'first of its kind'. – PI refer (CDM-Meth Panel 34 Annex 10) for guidance</p> <p>Further response from PP: The sentence referring to first of its kind has been erased</p> <p>Response from BVC: The weblink and the revised PDD was reviewed and found ok.</p> <p>Hence CL 3 (b) is closed.</p>
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<p>CL 4 – Please provide reliable evidence that must indicate that continuing and real actions were taken to secure CDM status for the project in parallel with its implementation</p>	<p>Table 1 b ii</p>	<p>The project is part of the World Bank's Bio Carbon Fund tranche 1. At a very early stage of the project, an ERPA was negotiated. This fact can be checked online on the Bio Carbon Fund website. The project developers worked with the Bank to ensure the CDM registration. They participated in two workshops for CDM training at the Bank's headquarter in Washington.</p> <p>There was also frequent interaction with the DNA of the host country. First to obtain the first letter of approval (issued in march 2007) and later again to get an adjusted version of the letter of approval (issued in 2008).</p> <p>All necessary monitoring procedures have been taken up from the beginning of planting to ensure the tracking of the data.</p>	<p>Please provide a chronology of actions taken to secure CDM status. Please also provide evidences for the actions taken.</p> <p>Further response from PP: World Bank Letter on Nicaragua CDM consideration and country risk has been provided.</p> <p>Response from BVC: The World bank letter was reviewed. The last action taken was on April 12, 2006 when ERPA with the Bio Carbon Fund was signed which is more than 3 years before. Please provide evidence of continuing actions from the last action taken. Pl refer EB 49 annex 22.</p> <p>Further response from PP: Please find the document "Chronology of Actions Taken To Secure CDM Status"</p> <p>Response from BVC: Reviewed the document and found okay. Evidences were checked and found that continued actions were seen taken to secure CDM for the project activity.</p> <p>Hence CL 4 is closed.</p>
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<p>Note: The completeness check conducted by UNFCCC led to the final revision to PDD v04 dated November 30, 2010 to remove the inconsistency between MoC, the validation report and other documents submitted, namely information provided in the PDD, the request for registration form and the project view page.</p>			
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1. Guidelines for completing the simplified project design document for small scale A/R (CDM-SSC-AR-PDD) version 04.
2. APPROVED A/R METHODOLOGY AR-AMS0001/Version 5 "Simplified Baseline and Monitoring Methodologies for Small-Scale Afforestation and Reforestation Project Activities under the Clean Development Mechanism on grasslands or croplands".
3. Combined tool to identify the baseline scenario and demonstrate additionality version 02.2–EB 28TH Annex 14 – 26 August, 2008.
4. The "Tool to determine methane emissions avoided from disposal of waste at a solid waste disposal site (version 04)";
5. The "Tool to calculate project or leakage CO2 emissions from fossil fuel combustion" (version 02);
6. The "Tool to calculate baseline, project and/or leakage emissions from electricity consumption" (version 01);
7. PARAGRAPH 54 OF EB 38TH MEETING REPORT – 14 March, 2008.
8. EB 41ST ANNEX 46: GUIDANCE ON THE DEMONSTRATION AND ASSESSMENT OF PRIOR CONSIDERATION OF THE CDM– Version 01-02 August, 2008
9. VALIDATION AND VERIFICATION MANUAL Version 01.2 –EB 55 Annex 1