



CDM Project Activity Registration and Validation Report Form

(By submitting this form, designated operational entity confirms that the proposed CDM project activity meets all validation and registration requirements and thereby requests its registration)

Section 1: Request for registration

Name of the designated operational entity (DOE) submitting this form	TÜV SÜD Industrie Service GmbH
Title of the proposed CDM project activity (Section A.2 of the attached CDM-PDD) submitted for registration	Facilitating Reforestation for Guangxi Watershed Management in Pearl River Basin
Project participants (Name(s))	<ul style="list-style-type: none"> Xinghuan Forestry Development Company Ltd., The International Bank for Reconstruction and Development as a Trustee of the Bio Carbon Fund of the World Bank for Italy The International Bank for Reconstruction and Development as a Trustee of the Bio Carbon Fund of the World Bank for Spain.
Sector in which project activity falls	Afforestation and Reforestation
Is the proposed project activity a small-scale activity?	Yes / <u>No</u> (underline as applicable)

Section 2: Validation report

List of documents to be attached to this validation report (please check mark):	
<p><input checked="" type="checkbox"/> The CDM-PDD of the project activity</p> <p><input checked="" type="checkbox"/> An explanation by the submitting designated operational entity of how it has taken due account of comments on validation requirements received, in accordance with the CDM modalities and procedures, from Parties, stakeholders and UNFCCC accredited non-governmental organizations;</p> <p><input type="checkbox"/> The written approval of voluntary participation from the designated national authority of each Party involved, including confirmation by the host Party that the project activity assists it in achieving sustainable development:</p> <p style="padding-left: 40px;"><input type="checkbox"/> (Attach a list of all Parties involved and attach the approval (in alphabetical order))</p> <p><input checked="" type="checkbox"/> Other documents, including any validation protocol used in the validation</p> <p style="padding-left: 40px;"><input type="checkbox"/> (comprehensive list of documents attached clearly referenced)</p> <p style="padding-left: 40px;"><input type="checkbox"/> List of persons interviewed by DOE validation team during the validation process</p> <p style="padding-left: 40px;"><input type="checkbox"/> Any other documents. Please specify.</p> <p><input checked="" type="checkbox"/> Information on when and how the above validation report is made publicly available.</p> <p><input type="checkbox"/> Banking information on the payment of the non-reimbursable registration fee</p> <p><input checked="" type="checkbox"/> A statement signed by all project participants stipulating the modalities of communicating with the Executive Board and the secretariat in particular with regard to instructions regarding allocations of CERs at issuance</p>	

Executive Summary and Introduction, including

- Description of the proposed CDM project activity
- Scope of validation process (include all documentation that has been reviewed and name persons that have been interviewed as part of the validation, as applicable)
- DOE Validation team (list of all persons involved in the validation, describing functions assumed in the validation)

The objective of the project activity is directed towards to project areas which are separated from each other:

- 1) Establishment of 2000ha of multi purpose forst in Huanjiang County of Guangxi.
- 2) Establishment of 2000ha of multi purpose forst in Cangwu County of Guangxi.

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. TÜV SÜD has, based on the recommendations in the Validation and Verification Manual employed a risk-based approach in the validation, focusing on the identification of significant risks for project implementation and the generation of CERs.

All documentation that has been reviewed and all persons interviewed as part of the validation are listed in annex 2 of the validation report (Validation Report No.: 756176, rev. 02).

Studying the existing documentation belonging to this project, it was obvious that the competence and capability of the validation team has to cover at least the following aspects:

- Knowledge of Kyoto Protocol and the Marrakech Accords
- Environmental and Social Impact Assessment
- Skills in environmental auditing (ISO 14000, EMAS)
- Quality assurance
- Carbon sequestration by trees
- Monitoring concepts
- Political, economical and technical frame conditions in host country

According to these requirements TÜV SÜD has composed a project team in accordance with the appointment rules of the TÜV certification body "climate and energy":

Michael Rumberg is head of the division CDM/JI at TÜV SÜD Industrie Service GmbH. He holds a master degree in forest sciences. In his position he is responsible for the implementation of validation, verification and certifications processes for greenhouse gas mitigation projects in the context of the Kyoto Protocol. Before entering this company he worked as an expert for renewable energy, forestry, environmental issues, climate change and sustainability within the environmental branch of an insurance company. His competences are covering risk assessments, quality and environmental auditing (EMS auditor), baseline setting, monitoring and verification due to the requirements of the Kyoto Protocol.

Jimmy Zhou is deputy head of the TÜV Management Service department at Guangzhou offices of TUV Product Service Ltd. He is an environmental engineer. In his position he is responsible for the implementation of certification processes for quality and environmental management systems. He has received extensive training in CDM related issues and participated already in several CDM project assessments as a trainee auditor and local expert.

Hubertus Schmidtke is an expert for forest inventory design with respect to monitoring of carbon pools in afforestation and reforestation projects. He has received extensive training in CDM related issues and participated already in AR CDM project assessments as a trainee auditor and technical expert.

The audit team covers the above mentioned requirements as follows:

- Knowledge of Kyoto Protocol and the Marrakech Accords (RUMBERG)
- Environmental and Social Impact Assessment (RUMBERG /ZHOU)
- Skills in environmental auditing (RUMBERG / ZHOU)
- Quality assurance (RUMBERG / ZHOU)
- Carbon sequestration in trees (RUMBERG/SCHMIDTKE)
- Monitoring concepts (RUMBERG/SCHMIDTKE)
- Political, economical and technical frame conditions in host country (ZHOU)

In order to have an internal quality control of the project, a team of the following persons has been composed by the certification body "climate and energy":

- Werner Betzenbichler (head of certification body "climate and energy")
- Susan Bautista (lead auditor ISO 9001/41001, technical expert)

For further details please refer to the "Introduction" section of the validation report (Validation Report No 756176, rev. 02).

Description of methodology for carrying out validation

- Review of CDM-PDD and additional documentation attached to it
- Assessment against CDM requirements (e.g. by use of a validation protocol)
- Report of findings by the DOE, e.g. by use of type of findings (e.g. corrective action requests, clarifications or observations). Please explain the way findings are "labelled" during validation.
- Include statements or assessments in the section "Conclusions, final comments and validation opinion" below.

The validation consists of the following three phases:

- Desk review
- Follow up interviews
- Resolution of clarification and corrective action requests

The audit team has been provided with a final PDD in December 2005. It serves as the basis for the assessment presented herewith. Based on this documentation an extensive document review and a fact finding mission in form of an on-site audit has taken place. During that process, the client decided to revise the PDD according to the CARs and CRs indicated in the audit process. The revised final PDD was submitted in July 2006. The changes in the December-version are not considered to be significant with respect to the qualification of the project as a CDM project based on the two main objectives of the CDM to achieve a reduction of anthropogenic GHG emissions and to contribute to sustainable development. Hence no repetition of the public stakeholder process has taken place. After the accreditation of the DOE under the respective scope a revised PDD has been submitted referring to version 02 of the methodology which has been approved during the time the accreditation procedure was running.

In order to ensure transparency, a validation protocol was customised for the project, according to the Validation and Verification Manual. The protocol shows, in a transparent manner, criteria (requirements), means of verification and the results from validating the identified criteria. The validation protocol serves the following purposes:

- It organises, 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 Annex 1 to the validation report.

Findings established during validation can either be seen as a non fulfilment of validation criteria or where a risk to the fulfilment of the project objectives is identified. Such findings are termed Corrective Action request. The term "Clarification request" is used when the validation team has identified a need for further clarification.

The Corrective Action Requests and Clarification Requests raised by TÜV SÜD were resolved during communication between the client and TÜV SÜD. To guarantee the transparency of the validation process, the concerns raised and responses that have been given are summarised in chapter 3 of the validation report and documented in more detail in the validation protocol in annex 1 to the validation report. The validation of the project resulted in one outstanding issue, three Corrective Action Request and thirty two Clarification Requests.

For further details please refer to the "Methodology" section of the validation report (Validation No. 756176, rev. 02).

Explanation by the submitting designated operational entity of how it has taken due account of comments on validation requirements received, in accordance with the CDM modalities and procedures, from Parties, stakeholders and UNFCCC accredited non-governmental organizations;

- Description of how and when the PDD was made publicly available
- Description of how comments were received and made publicly available
- Explanation of how due account has been taken of comments received
- Compilation of all comments received (Identify the submitter)

The PDD has been made public by February 16, 2006 until April 1, 2006.

(Link:

<http://cdm.unfccc.int/Projects/Validation/DB/KNGJ1V3IYZYVJKLSQLNHTZ02F9QCM4/view.html>)

No stakeholder comments have been received.

Conclusions, final comments and validation opinion

- Provide conclusions on each requirement under paragraph 37 of the CDM modalities and procedures, describing how these requirements have been met. This shall include assessments and findings (e.g. corrective action requests, clarifications or observations) in relation to each requirement, including a confirmation that all issues raised have been addressed to the satisfaction of the DOE.
- Final comments and validation opinion

TÜV SÜD has performed a validation of the "Facilitating Reforestation for Guangxi Watershed Management in Pearl River Basin" project in China. The validation was performed on the basis of UNFCCC criteria 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 modalities and procedures and subsequent decisions by the CDM Executive Board.

The review of the project design documentation and the subsequent follow-up interviews have provided TÜV SÜD with sufficient evidence to determine the fulfilment of stated criteria. In our opinion, the project does meet all relevant UNFCCC requirements for the CDM and all relevant host

country criteria. The project will hence be recommended by TÜV SÜD for registration with the UNFCCC.

By storage of carbon dioxide by trees, the project results in reductions of CO₂ emissions that are real, measurable and give long-term benefits to the mitigation of climate change. An analysis of the investment barriers demonstrates that the project activity was at the time, when it was planned and realized, 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.

Additionally the assessment team reviewed the estimation of the projected emission reductions. We can confirm that the indicated amount of emission reductions of 773 842 tonnes CO_{2e} over a crediting period of thirty years, resulting in a calculated annual average of 25 795 tonnes CO_{2e}, represent a reasonable estimation using the assumptions given by the project documents.

The validation is based on the information made available to us and the engagement conditions detailed in this report. The validation has been performed using a risk based approach as described above. Hence, TÜV SÜD can not be held liable by any party for decisions made or not made based on the validation opinion.

The DOE declares herewith that in undertaking the validation of this proposed CDM project activity it has no financial interest related to the proposed CDM project activity and that undertaking such a validation does not constitute a conflict of interest which is incompatible with the role of a DOE under the CDM.

By submitting this validation report, the DOE confirms that all validation requirements are met.

Werner Betzenbichler

Name of authorized officer signing for the DOE

Date and signature for the DOE

July 25, 2006

Section below to be filled by UNFCCC secretariat

Date when the form is received at UNFCCC secretariat

Date at which the registration fee has been received

Date at which registration shall be deemed final

Date of request for review, if applicable

Date and number of registration

Date

Number