

MAKIRA FOREST PROTECTED AREA PROJECT



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Summary:

This represents the Final Report for the VCS and CCB verification audit of Wildlife Conservation Society's (WCS) Makira Forest Protected Area Project. The audit team conducted a desk based review of documentation, including the VCS and CCB MIRs submitted for the verification, prior to the field audit. This review was used to develop the audit and sampling plan.

The field audit took place from March 3-12, 2015. The audit team held interviews with national level stakeholders involved in the project including Tany Meva, the designated foundation used for distribution of benefits to participating stakeholders, as well as national government stakeholders. The audit team then travelled to the field audit site and held individual and focus group interviews with WCS employees at the WCS office in Maroantsetra, Madagascar. Following this the audit team travelled throughout the project zone, holding meetings with representatives of 12 COBAs (community based organizations involved in the project implementation). Evaluation of remote sensing analyses was conducted with the input of a Rainforest Alliance Geospatial Expert consultant via interviews with the GIS consultant hired by WCS to conduct the analyses, and via remote meetings following the field audit.

The draft verification audit report identified 16 nonconformances (NCRs). In addition, one forward action request (FAR), and one observation (OBS) were identified. Several rounds of corrective action and additional evidence were submitted to the audit team by the project proponent and implementation partners, received from June 2015 through September 2015. Corrective actions and updated documentation sufficient to close all NCRs was received and reviewed by the audit team on 28 September 2015, enabling a positive decision on the verification conformance of the Makira Protected Area REDD project to the VCS Version 3 requirements, VM0007 v1.4 requirements, and the CCB Standards 2nd Edition. The verified version of the VCS Monitoring Report is version 5.0, dated 31 August 2015, and the verified version of the VCS AFOLU Non-Permanence Risk Report is version 6.0, dated 31 August 2015. The verified version of the CCBA Monitoring Report is version 4.0, dated 31 August, 2015. The net GHG reductions during the VCS monitoring period are 1,267,462 tCO₂e, with a risk buffer deduction of 126,746 tCO₂e, an uncertainty deduction of 20,196 tCO₂e, and a deduction of 154,329 tCO₂e due to a necessary deduction from previous pre-certified emissions reductions sold by the proponent prior to VCS registration. As a result a total of 966,191 VCS VCUs have been generated in the course of this monitoring period from 01 January 2010 to 31 December 2013.

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1 INTRODUCTION

Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for audit design, evaluation, and certification/verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA. Rainforest Alliance is an ANSI ISO 14065:2013 accredited validation and verification body; additionally, Rainforest Alliance is a member of the Climate, Community, and Biodiversity Alliance (CCBA) standards, and an approved verification body with a number of other forest carbon project standards. For a complete list of the services provided by the Rainforest Alliance, see http://www.rainforest-alliance.org/climate.cfm?id=international_standards.

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1.1 Objective

The purpose of this report is to document the conformance of the implementation of the **Makira Forest Protected Area Project in Madagascar** to the requirements of the Verified Carbon Standard, Version 3 and the Climate, Community, and Biodiversity Standards, Second Edition. The project was developed by Wildlife Conservation Society (WCS), hereafter referred to as “Project Proponent”. The report presents the findings of qualified Rainforest Alliance auditors who have evaluated the Project Proponent’s systems and performance against the applicable standards.

1.2 Scope and Criteria

Scope: The scope of the audit is to assess the conformance of the Makira Forest Protected Area Project against the Verified Carbon Standard, Version Three, and the Climate, Communities, and Biodiversity Standards, Second Edition. The project area covers 360,060 hectares. The land is government owned forest land and has been designated an official Natural Park in Madagascar, a land designation similar to a National Park. WCS has been designated as the official park manager. The project crediting period is thirty years in length, from 1 January 2005 through 31 December 2035. A net GHG reduction of 966,191 VCU has been calculated over the course of the VCS monitoring period from 01 January 2010 to 31 December 2013.

Standard criteria: Criteria from the following documents were used in the process of this verification audit.

- Verified Carbon Standard Program Guide Version 3.5;
- Verified Carbon Standard Version 3.5;
- Verified Carbon Standard Agriculture, Forestry and Other Land Use (AFOLU) Requirements Version 3.4;
- Verified Carbon Standard AFOLU Non-Permanence Risk Tool Version 3.2;
- Verified Carbon Standard Program Updates
- VCS VM0007, V1.4
- Climate, Community and Biodiversity Standards, Second Edition, 2008

- Rules for the use of the CCB Standards, December 2013

Materiality: The project has calculated annual emissions reductions less than 300,000tCO₂e during this monitoring period, hence it is a VCS Project and subject to a 5% materiality threshold.

1.3 Level of assurance

This audit was conducted to a reasonable degree of assurance.

1.4 Summary Description of the Project

The Reducing Emissions from Deforestation and forest Degradation (REDD) project Makira started its interventions in 2005 in order to protect and sustainably manage the Makira forests in North-eastern Madagascar. Together with the natural humid forests of Masoala to the East and of Marojejy and Tsaratanana further to the North, the Masoala Forests represent the most important remaining block of natural humid forests in Madagascar, containing an extremely diverse biodiversity of global importance. The Makira REDD project has been validated following the Climate, Community and Biodiversity Alliance (CCBA) and Verified Carbon Standards (VCS) methodologies in 2012 and 2013 respectively and the present VCS monitoring and implementation report covers the period from January 1st 2005 to December 31st 2015. The present CCBA project implementation report covers the period from 1 January 2005 to 31 December 2013.

During the present project implementation period the Makira REDD project implemented activities falling under the following five project components:

Creation and sustainable management of the Makira protected area: The creation of the protected area Makira started in 2004 through participatory delimitation of its boundaries and was completed officially in 2012 when the Government of Madagascar (GoM) issued the creation decree for Makira Natural Park. This component of the Makira project includes activities related to the creation of Makira Natural Park as well as activities related to its sustainable and participatory management.

- **Building structures and capacities for local sustainable resource management:** Under this component, the Makira project set up participatory structures to enable local communities located in the periphery of Makira Natural Park to contribute to its sustainable management and reinforced organizational capacities of involved communities.

- **Development of co-management structures for the Makira protected area:** Under this component, the Makira project supported the transfer of forest management authority to local communities in the protection zone of the protected area and trained community members in sustainable management of natural resources.

- **Support rural development and alternative revenue creation:** This component of the project contains the activities of the project intended to improve rural development in the project zone and focused on generation of alternative revenues for local communities as well as on improved access to microfinance, improved agricultural productivity, health and education.

- **Creation of equitable REDD benefit sharing mechanisms:** This component of the Makira project is related to the transparent and equitable distribution of the 50% of REDD revenues going to local communities in the periphery of Makira Natural Park and will be implemented in close collaboration with the Ministry for Environment and Forests and the foundation designated by the State to manage these funds.

The present project implementation report presents a comprehensive evaluation of the impacts of the project on climate, communities and Biodiversity in the project zone as well as offsite impacts generated by the Makira project. This assessment shows that overall the impacts of the Makira project appear to be positive, on climate, communities and biodiversity.

- **Positive climate impacts monitored during the CCB project implementation period:** The climate

impact monitoring conducted by the Makira project estimates net GHG emission reductions generated by the project during the 2005-2013 implementation period at 2,148,104 t CO₂e. In addition, the project appears to have reduced forest degradation in the project zone, as well as negative impacts from illegal use of other forest resources.

• **Positive climate impacts monitored during the VCS monitoring and implementation period:** The net GHG reductions during the VCS monitoring period are 1,267,462tCO₂e, with a risk buffer deduction of 126,746tCO₂e, an uncertainty deduction of 20,196tCO₂e, and a deduction of 154,329tCO₂e due to a necessary deduction from previous pre-certified emissions reductions sold by the proponent prior to VCS registration. As a result a total of 966,191 VCS VCUs have been generated in the course of this monitoring period from 01 January 2010 to 31 December 2013.

• **Positive community impacts monitored during the project implementation period:** Positive impacts on local communities at least partially attributed to the project are most significant in the fields of access to microfinance, school attendance and capacity building, access to health care, new income generating improved agriculture techniques and increased participation of community members, including women, in decision making.

• **Positive biodiversity impacts monitored during the project implementation period:** Positive impacts of the Makira project on biodiversity are most clearly shown by the increase of frequency of seven out of eight day active lemur species encountered in the project zone and the reduction of illegal activities leading to forest degradation.

2 VALIDATION PROCESS, FINDINGS AND CONCLUSION

2.1 Validation Process

The VCS validation process was completed by Rainforest Alliance in 2012.

Method: The method of the 2012 validation audit was desk and field based. A Rainforest Alliance audit team consisting of six qualified auditors undertook the validation audit both in the field and providing desk based support. Both biophysical and social sampling were undertaken. The audit team visited and remeasured a representative sample of forest carbon stock measurement plots. The audit team additionally conducted multiple interviews, focal groups, and community meetings with a broad range of community and stakeholder groups adjacent to the project area to confirm the baseline scenario and other VCS requirements.

During the course of the audit the audit team identified several nonconformances for which the proponent later submitted satisfactory evidence of corrective actions and updated documentation. The current VCS verification audit conducted in 2015 supports the original findings of the 2012 VCS validation demonstrating ongoing conformance with the VCS validation and verification requirements.

Criteria: Standard criteria: Criteria from the following documents were used to assess this project:

- Verified Carbon Standard Program Guide Version 3;
- Verified Carbon Standard Version 3;
- Verified Carbon Standard Agriculture, Forestry and Other Land Use (AFOLU) Requirements Version 3;
- Verified Carbon Standard AFOLU Non-Permanence Risk Tool Version 3;
- Verified Carbon Standard Program Updates (please see VCS website for the latest updates); and as applicable,
- The VCS approved methodology/modules used by the project.

Document Review:

The following documentation was reviewed in the process of the validation audit.

Ref	Title, Author(s), Version, Date	Electronic Filename
1a	VCS NCRs and Response, WCS Madagascar, May 2012	VCS NCRs and Response.xls
2a.	Makira v4 - Financial Model, author unknown, May 2012	Makira v3 - Financial Model.xls
3a.	Forest Cover Change in Makira new Protected Area Year 1995-2010, Iliery Geospatial services, March 2012	Makira DefAnalysis Report New.pdf
4a.	Makira Carbon Inventory Report , Author unknown, May 2012	Makira Carbon Inventory Report New.pdf
5a.	A universal approach to estimate biomass and carbon stock in tropical forests using generic allometric models, Vieilledent et al, 2011	Allometrie_Madagascar_Vieilledent_2011.pdf
6a	Model 1, WCS Madagascar, May 2012	Makira v3 - Model 1.xls
7a.	Model 2, WCS Madagascar, May 2012	Makira v3 - Model 2.xls

8a.	Model 3, WCS Madagascar, May 2012	Makira v3 - Model 3.xls
9a.	Model 4, WCS Madagascar, May 2012	Makira v3 - Model 4.xls
10a.	Model 5, WCS Madagascar, May 2012	Makira v3 - Model 5.xls
11a.	Model 6, WCS Madagascar, May 2012	Makira v3 - Model 6.xls
12a.	Makira v3 - Makira 2005-2009 Monitoring, WCS Madagascar, May 2012	Makira 2005-2009 Monitoring.xls
13a.	Makira v3 - Carbon Stock Changes, WCS Madagascar, May 2012	Makira v3 - Carbon Stock Changes.xls
14a.	Makira v3 - Carbon Stock Inventory, WCS Madagascar, May 2012	Makira v3 - Carbon Stock Inventory.xls
15a.	Makira v3 - Deforestation Projections, WCS Madagascar, May 2012	Makira v3 - Deforestation Projections.xls
16a.	Makira v3 - Spatial Boundaries Statistics, WCS Madagascar, May 2012	Makira v3 - Spatial Boundaries Statistics.xls
17a.	Makira v3 - Uncertainty Analysis, WCS Madagascar, May 2012	Makira v3 - Uncertainty Analysis.xls
18a.	WCS Madagascar, June 13, 2012	Lkg.kml
19a.	WCS Madagascar, June 13, 2012	Pa.kml
20a.	WCS Madagascar, June 13, 2012	Rrd.kml
21a.	WCS Madagascar, June 13, 2012	Rrl.kml
22a.	Project Description, WCS Madagascar, v3.0, May 2012	Makira VCS_Project Description v3.pdf
23a.	Monitoring Report 2005-2009, WCS Madagascar, v2.0, May 2012	Makira VCS Monitoring Report 05-09 v2.pdf
24a.	Environmental Impact Assessment of Makira PA / Plan de Gestion Environnementale et Sociale. WCS. Sept 2008.	WCS MAKIRA AP - PGES
Documents below this line were submitted July 18, 2012		
25a.	Impact économique des arrêtés autorisant les exportations de bois précieux à Madagascar :2009, Ballet. November 2009.	2009_PGM-E-GTZ_etude+economique+exploitations+illegales.pdf
26a.	Map, WCS Madagascar, July 2012	RRL.pdf (Map)
27a.	Makira v3 - Carbon Stock Inventory, WCS Madagascar, July 2012	Makira v3 - Carbon Stock Inventory New.xls
28a.	Forest Cover Change in Makira new Protected Area Year 1995-2010, Iliery Geospatial services, March 2012	Makira DefAnalysis v2.pdf
29a.	Human and environmental controls over aboveground carbon storage in	Asner_et_al_2012_Carbon_Storage_Madagascar.pdf

	Madagascar. Asner et al. 2012	
30a.	Contrat de Délégation de Gestion de l'AP Makira. Ministry of the Environment and Forests. May 2012	Contrat de Délégation de Gestion de l'AP Makira.pdf
31a.	Additional explanations to the auditors regarding the designated foundation. WCS Madagascar, July 2012	Designated Foundation.doc
32a.	GIS Data Management and storage. WCS Madagascar, July 2012	GIS Data Management and storage.pdf
33a.	Makira 2005-2009 Monitoring New. WCS Madagascar, July 2012	Makira 2005-2009 Monitoring New.xls
34a.	Makira v3 - Deforestation Modelling. WCS Madagascar, July 2012	Makira v3 - Deforestation Modelling.xls
35a.	Makira Crosstabs. WCS Madagascar, July 2012	Makira Crosstabs.xls
36a.	Makira VCS Draft Final Report Response. WCS Madagascar, July 2012	Makira VCS Draft Final Report Response.xls
37a.	Makira Deforestation Analysis v2. WCS Madagascar, July 2012	Makira DefAnalysis v2.pdf

Site Inspections:

The following site inspections were conducted in the process of the 2012 validation audit.

Location/Facility	Date(s)	Length of Audit	Auditor(s)
Tananarive, Madagascar Protected Areas and Biodiversity Foundation	9 January	2 h	Adam, Mateo, Tovo
Tananarive, Ministry of Environment and Forests	9 January	2 h	Mateo
Tananarive, National Office for Environment of Madagascar	9 January	2 h	Tovo
Tananarive, WCS office	9 January	3 h	Adam
Maroantsetra, , WCS office	10 January	4 h	Adam, Mateo, Tovo
Ambinanitelo (and forest plot)	11 January	1 day	Adam, Mateo, Tovo
Ambodivoahangy/ Andaparaty	12 January	1 day	Adam, Mateo, Tovo
Andaparaty (and forest plot)	13, 14 January	1 day	Mateo, Tovo
Andaparaty/Anjiamazava	13 January	1 day	Adam
Anjiamazava/Mahitsiharongana/ Antanambao	14 January	1 day	Adam

Ambodivoahangy/Maroantsetra	14 January	1 day	Mateo, Tovo
Andaparaty/Maroantsetra	15 January	1 day	Adam
Maroantsetra	15 January	1 day	Mateo, Tovo
Maroantsetra	16 January	1 day	Adam, Mateo, Tovo
Tananarive, Conservation International office	17 January	1'5 h	Adam
Tananarive, Voahary Gasy office	17 January	1'5 h	Mateo, Tovo
Tananarive, Tany Meva office	17 January	1'5 h	Mateo, Tovo
Tananarive, WCS office	17 January	Rest of the day	Adam, Mateo, Tovo

2.2 Validation Findings

2.2.1 Gap Validation

This audit report reflects a VCS and CCB verification audit. No updates or edits were made to the project document (PD) for VCS or the project description document (PDD) for CCB, in the process of or as a result of this audit. There is not an additional PD, nor are there any findings from this verification that are relevant only to validation requirements which are additional to those in the original validation reports.

2.2.2 Methodology Deviations

No additional methodology deviations were applied by the project proponent in the process of this verification audit. Refer to Section 6.1 of this report for auditor evaluation of the application of the validated methodology deviations to this monitoring period and verification.

2.2.3 Project Description Deviations

Three methodology deviations were requested and approved through the original validation. Only one of these deviations impacts this verification, and there were no impacts to the validated Project Description.

The first deviation was to relax some of the criteria used to establish the RRD, RRL, and leakage belt as the specific physiographic characteristics of the project area and surrounding areas made it impossible to meet the specific similarity criteria. This deviation was approved at validation and as these spatial domains are either not updated or not relevant to the verification, they have not been revaluated.

The second deviation was to estimate post deforestation carbon stocks using the average of 30 random samples of post deforestation carbon stocks rather than the two options provided in the methodology. This deviation was approved at validation and is not relevant to the verification as the post deforestation

carbon stock values have been held constant as the post deforestation land use (tavy, or shifting cultivation) has not changed. This will be evaluated in future baseline updates.

The third deviation is with regards to the proportion of deforestation caused by immigrant agents. The proponent has clarified that they were under the impression that given that the methodology deviation was approved at the validation that their assumption was that this did not need to be re-evaluated. However, as the approval of the methodology deviation is based on socioeconomic trends which can change over time, re-evaluation is required. The proponent has complied and has provided additional justification in Section 4.4.2 of the VCS MIR.

Refer to section 6.1 of this report for detailed findings on the auditors acceptance of this methodology deviation that is relevant for this verification audit.

2.3 Validation Conclusion

The project was validated to be in full conformance with the VCS Version 3 and CCB Standards Second Edition requirements when the validation was conducted by Rainforest Alliance during a separate audit. The final validation report date is 28 September 2012 and the project has been registered with both the VCS and CCBA as validated.

3 VERIFICATION PROCESS

3.1 Method and Criteria

The method of the audit was desk based and field based. A desk based review of project documentation including the VCS and CCB MIRs was conducted in order to develop an audit and sampling plan for the field audit. The sampling plan included a risk based sample of key stakeholder interviews with government and NGO partners as well as proponent staff, several interviews with participating and affected communities, and direct observation and confirmation of attributes of the project area including evaluation of remote sensing monitoring methods and results. Additionally, the audit team facilitated the CCBA Public Comment period to solicit input from global stakeholders.

The criteria used for the VCS audit are the VCS Version 3 and the VCS VM0007 v1.4 methodology. The criteria for the CCB audit are the CCB Standards 2nd Edition, and the CCB Rules, December 2013.

3.2 Document Review

The audit team reviewed a great variety of documentation in the implementation of this audit including the original VCS and CCB PD/PDD, the current VCS and CCB monitoring reports, and several supporting annexes, as described below. The project proponent provided a comprehensive and internally coherent system of documents capable of accurately describing the on the ground conditions leading to the generation of GHG emissions reductions, community benefits, and biodiversity benefits.

Ref	Title, Author(s), Version, Date	Electronic Filename
1	Makira Forest Protected Area Project, VCS Monitoring Report 2010-2013, Wildlife Conservation Society, Version 1.0 January 2015	Makira VCS Monitoring Report 10-13 v1 light.pdf

2	Makira Forest Protected Area Project, Rapport de mise en oeuvre 2005-2013, Version 1.0, February 23, 2015	Makira CCBA 2005-2013 Implementation Report v1 light.pdf
3	Makira Forest Protected Area Project, Rapport de mise en oeuvre, French Summary, 2005-2013, Version 1.0, February 23, 2015	Makira CCBA 2005-2013 Implementation Report v1 FRENCH SUMMARY.pdf
4	Fosa Monitoring reports, multiple dates	Farris_ZJ_D_2014.pdf Final Report to Madagascar govt (Feb 2012) (2).doc Rapport Camera traps_Final Ok.doc Suivi_scientifique.jpg (Farris and Kelly) Assessing carnivore populations across the Makira Protected Area, Madagascar - WCS pilot camera trapping study.pdf Farris et al_2012_SCC47.pdf
5	Original Remote Sensing Accuracy Assessment in French	StatistiqueFCC_Makira_11121314_vf-3.xlsx
6	Makira Forest Analyse de la deforestation au cours de la periode de suivi 2011 a 2014, Jean Clarck Neloni Rabenandrasana, no version, November 2014	RapportFinalTraitImag11-12-13-14Ver3.pdf
7	Annexes for CCBA Validation/Verification 29 June 2015	CCBA annexes 29 June 2015.docx
8	Annex 18, Agreement on the sale of Makira Emissions Reductions, 11 June 2008	Annex 18_20080623 Agreement on the Sale of Makira Emissions (11 JUN 2008).pdf
9	Annex 19, Proof of Right for VCS Registry	Annex 19_2013-12-18 Proof of Right for VCS Registry signed.pdf

3.3 Interviews

The following individuals and groups were interviewed in the course of the field audit.

Interviewee or Village Chief	Village or other Location	Date	Number of participants
SAVAIVO (Socioeconomic monitoring consultant)	Antananarivo	03/03/2015	3
Tany Meva	Antananarivo	03/03/2015	4
WCS Project team	WCS Maroantsetra	04/03/2015	10
WCS Field Staff	Rantabe, Sector 2 of Makira Project Zone	05/03/2015	5
Morafeno COBA	Morafeno, Sector 2 of Makira Project Zone	05/03/2015	9

COBA leaders meeting	Andratamarina, Sector 2 of the Makira Project Zone	06/03/2015	10
COBA leaders and community members open meeting	Andratamarina, Sector 2 of the Makira Project Zone	07/03/2015	73
Cacao extension agent and president of cacao association	Vodiriana	07/03/2015	5
Focus group with seven COBAs including the animators and Chef du Secteur of each COBA	Maroantsetra	08/03/2015	8
Focus group with Ambodivoahangy COBA	Ambodivoahangy	09/03/2015	17
Visit to ecotourism site	Ambodivoahangy	09/03/2015	12
COBA focus group meeting	Marovovonana	10/03/2015	10
Meetings with key WCS staff and the GIS expert who conducted the geospatial analyses	Antananarivo	12/03/2015	5
Closing meeting	Antananarivo	12/03/2015	3

3.4 Site Inspections

In addition to the stakeholder meetings described in Section 3.3 above, the audit team performed a number of direct observation and measurement site inspections. These include use of GPS units and Google Earth imagery to confirm accuracy of project boundaries and locations of deforestation. Numerous community alternative livelihood activities were observed and evaluated to confirm the credible attribution of the observed reduction in deforestation to the project proponent's interventions as well as to confirm generation of community benefits.

3.5 Public Comments

The audit team facilitated the CCBA public comment period, which closed on 25 March 2015. No public comments were received through this process.

3.6 Resolution of Any Material Discrepancy

The audit team identified 16 nonconformances in the course of the field audit and document review which were identified to the proponent through non-conformity reports (NCRs) in the draft verification audit report. Appendix 1 of this document identifies the NCRs as well as corrective actions taken by the proponent to close NCRs.

In the process of resolution of these discrepancies the audit team held multiple follow up meetings with the proponent for investigation and clarification and the proponent submitted a comprehensive system of documentation to effectively demonstrate corrective actions, including the following documents:

Ref	Title, Author(s), Version, Date	Electronic Filename
1	Makira Forest Protected Area Project, VCS Monitoring Report 2010-2013, Wildlife Conservation Society, Version 4.0, 31 August 2015	Makira VCS Monitoring Report 10-13 v4.pdf
2	Makira Forest Protected Area Project, 2005-2013 Project Implementation Report, CCB Standards, Version 3.0, 31 August 2015	Makira CCBA 2005-2013 Implementation Report v3.pdf
3	Makira VCS Non-Permanence Risk report 2010-2013 Version 5.0, 31 August 2015	Makira VCS Non-Permanence Risk Report 2010-2013 v5.docx
4	Makira Financial Model, Version 7.0	Makira – v7 – Financial Model.xlsx
5	Makira Carbon Calculations Excel Spreadsheet	Makira v3 – 2020-2013.xlsx
6	Designated Confidential Emissions Purchase Agreements	Multiple documents, confidential
7	Makira Forest Protected Area Project, VCS Monitoring Report 2010-2013, Wildlife Conservation Society, Version 5.0, 31 August 2015	Makira VCS Monitoring Report 10-13 v5.pdf
8	Makira Forest Protected Area Project, 2005-2013 Project Implementation Report, CCB Standards, Version 4.0, 31 August 2015	Makira CCBA 2005-2013 Implementation Report v4.pdf
9	Makira VCS Non-Permanence Risk report 2010-2013 Version 6.0, 31 August 2015	Makira VCS Non-Permanence Risk Report 2010-2013 v6.docx

VERIFICATION FINDINGS

4 GENERAL

4.1 Summary Description of the Project (G3)

The Climate, Community, and Biodiversity objectives are provided transparently in Section 1.1.1 of the MIR. Climate objectives include the removal of over 38 million tons of CO₂e over the 30 year crediting period through reduction of deforestation. Biodiversity objectives include conservation of the ecological integrity of the Makira landscape (the landscape in/around the Natural Park), ii) maintenance of ecosystem services, and iii) to ensure survival of threatened species present in the area, which represents 50% of Madagascar's endemic flora and fauna. Community objectives include continuation of the provision of ecosystem services (water quantity and quality) to local and regional economies and empowerment of surrounding local communities to maintain natural resources sustainably.

The project has implemented project activities described throughout this report during the monitoring period which are commensurate with working towards achievement of these objectives.

4.2 Project Location (G1 & G3)

G1.1

The basic physical parameters of the project area and project zone are sufficiently described in Section 1.2 of the MIR. Detailed descriptions are provided of the soil, geology, climate, hydrology, and the physical location of the project. The Project Area consists of the protected area with no permanent human population, five Zones of Controlled Occupation (ZOCs) where pre-existing communities were permitted to remain in the project area when it was designated as a national park, and fifteen Zones of Sustainable Use (ZUD) where communities have retained some user rights over a part of the project area.

G1.3, G3.3

The MIR satisfies G1.3 and G3.3 via Figure 1 of the MIR which unambiguously identifies the project area and project zone. Figure 3 identifies the Protection Zone, composed of areas with Management Transfer Contracts within which WCS is working with community groups to implement projects to achieve net positive community benefits. Other project activities such as biodiversity conservation and monitoring, take place throughout the project area so the map of these areas is the same map as the entire project area, appropriately.

4.3 Conditions Prior to Project Initiation (G1)

G1.2

The vegetation within the project area is correctly described as low and mid altitude moist tropical forest. The low altitude forest (below 800m) has substantially lower carbon stocks than the mid altitude forest, perhaps indicating some degree of degradation. However, the proponent demonstrated during the previous validation audit that the difference was not attributable to degradation in a statistically sound manner and hence it was justified to not create a further LULC class of degraded forest. Conformance has been demonstrated.

G1.5-G1.6

The proponent has provided substantial data and updates in the MIR to justify ongoing conformance to CCB G1.5 and G1.6. Several pages of community and land use/tenural information has been included.

Updated information includes population and demographic changes, migration, health, education, livelihoods and economy, security, and land use and tenure.

Important trends noted in the MIR include:

-Continuing increase of population density in the project zone, which supports the baseline scenario and the assertion that the GHG emissions reductions are real and attributable to the project activities (under the reasonable assumption that emissions would increase commensurate with population growth in the

absence of the project), and that substantial leakage outside of the leakage belt is unlikely to be occurring.

-Improved access to health facilities due to the project implementation.

-Significant increase in household income since the project inception, although households still earn less than \$1USD/day.

-Increased secure access to forest resources in the project zone outside the project area as the project has aided in the implementation of several GCFs (community management transfers) recognized by the government although the land ownership formally resides with the state.

The trends identified are in accord with those observed during the field audit and confirmed through stakeholder interviews. Much of the information also derives from the Savaivo Socioeconomic monitoring report conducted by a qualified outside consultancy. The proponent has provided sufficient updated information to demonstrate conformance.

G1.7

The proponent has confirmed that there are no updates to the current status of biodiversity in the project zone, other than the deforestation that was observed during the monitoring period which is described in great detail throughout the MIR. Sufficient evidence has been provided to demonstrate conformance. The audit team found no evidence of significant changes in biodiversity, and/or threats to biodiversity during the field audit, other than ongoing deforestation for tavy (shifting cultivation). The proponent identified a potential increase in small gold mining camps (350 were identified and destroyed during the monitoring period). This trend has been clearly identified, but given that gold mining camps typically result in a very small area (less than 1 ha) of forest degradation, there is no evidence that this is a new material threat to biodiversity.

G1.8

The MIR has appropriately confirmed that no new HCV areas exist in the project zone that were not sufficiently described in the validated PDD, and that previously existing HCV areas have been maintained. The audit team confirms that review of evidence for biodiversity HCVs (camera trap results and records, biodiversity transect results and records, etc.) and community HCVs (maintenance of forest cover to ensure provision of ecosystem services, confirmed via satellite imagery and community interviews) have been maintained.

4.4 Project Proponent (G4)

The MIR correctly identifies Wildlife Conservation Society (WCS) as the project proponent. WCS is the official protected area manager for Makira Natural Park. Annex 4, the 2012 Amended agreement between the Makira Carbon Company (the division of WCS with the rights to sell credits) and the Ministry of Environment and Forests (MEF) has been provided. Additionally, the Makira Environmental Permit, responsible for operating the Natural Park and REDD project (Annex 5) has been provided in the MIR. Interviews conducted during the field audit reconfirmed the appropriateness of WCS as the project proponent and that no other entity could legitimately claim this right.

The Makira Carbon Company has been created as a division of WCS responsible for the marketing of carbon credits over the entire project crediting period.

4.5 Other Entities Involved in the Project (G4)

Table 1 of the CCB MIR describes the other entities involved in the project. Entities described are appropriate and include:

- i) The Government of Madagascar, Ministry of Environment and Forests (MEF), which is the land owner and has delegated the right to WCS to manage the project area
- ii) Wildlife Conservation Society, the project proponent and manager of the Makira protected area
- iii) Comite d'Orientation et de Suivi, responsible for monitoring and orientation of the Makira project
- iv) The 64 COBAs (Community Based Forest Management Associations) created through the project which exist in the project zone forming the boundary around the project area and are a significant proportion of the community stakeholders, and are the main organizations through which project activities aimed at reducing leakage and generating community benefits are delivered.
- v) The "Designated Foundation". The designated foundation has been identified as the Tany Meva Foundation. The Tany Meva Foundation is an established foundation working in the environmental field through involvement of communities. Tany Meva has received similar large scale grants in the past, up to USD \$5,000,000.
- vi) Section 1.4 and 2.1.5 of the CCB MIR along with Section 2.1.4 of the VCS MIR clearly describe the role of the Makira Carbon Company (MCC), its relationship to WCS and how it holds Right of Use. The MCC is a wholly owned subsidiary of WCS and hence Right of Use is held jointly. The Government of Madagascar, the landowner, allocated Right of Use and the right to market and sell VCS VCUs per the 2008 Agreement ratified by the Malagasy Government in decree No. 2008-704, dated 11 July 2008. This agreement has been provided to the audit team and also as an Annex to the MIR.

The project documentation has provided sufficient information on entities involved in the Makira project.

4.6 Project Start Date (G3)

The project start date has been described in both the VCS and CCB MIRs as 1 January 2005, which is consistent with the start date described in the original PDDs. The audit team found no evidence to undermine the validity of the start date. Conformance has been demonstrated.

4.7 Project Crediting Period (G3)

The project lifetime and crediting period have both been transparently identified in Section 1.6 of the VCS MIR as well as Section 1.5 of the CCB MIR. The crediting period is for the entire project lifetime and stretches 30 years from 1 January 2005 to 31 December 2034.

5 IMPLEMENTATION OF DESIGN

5.1 Description of the Project Activity (G3)

The Makira VCS MIR and Makira CCB MIR both provide robust descriptions of the project activities that have been implemented during the monitoring period. As this is the first CCB verification period, the monitoring period is from 1 January 2005-31 December 2013. This is the second VCS verification and as such the monitoring period is from 01 January 2010-31 December 2013. The below summary of project activities is not separated into those which are only relevant to VCS and CCB requirements, as many activities serve to meet multiple requirements. Activities to generate net positive climate benefit directly correspond to VCS requirements and the requirements of the VCS VM0007 v1.4 methodology used for this project. Activities which generate net positive biodiversity benefit do not have corresponding VCS requirements which are distinct from those used to quantify reduced emissions. Activities used to generate net positive community benefits also serve as leakage mitigation measures.

Implementation of project structure and governance

Activities involved in management of the protected area are described in the VCS and CCB MIR Section 2.1.1.1-2.1.1.2. The proponent has successfully legally established the protected area (Makira Natural Park) in collaboration with the Government of Madagascar. The park is an IUCN category II protected area and its creation was officially decreed on 19 June 2012 in Decree N 2012-641 (Annex 5 of VCS MIR). The management plan for the Natural Park is in accord with the official decree creating it and includes a protected area of 372,470 ha of the core protected area. 11,875 ha of this area is represented by ZOC areas (Zones of Controlled Settlement) in which pre-existing communities have remained in the ZOC areas yet are not allowed to deforest adjacent forest areas within the park. 28,602 ha of the area is designated as Zones of Sustainable Use (ZUDs) where communities may use natural resources for subsistence purposes, however mining and commercial logging are forbidden. These special designation areas were developed in consultation with the impacted communities and the implementation of these areas has followed the described procedures in the PD. The audit team did not sample within the ZOCs and ZUDs during this field audit as the validation audit (approximately 3 years ago) sampled extensively in these areas. The audit team instead focused heavily on the participating COBAs in the project zone (described later in this report).

Additional management activities implemented during the respective monitoring periods included infrastructural improvement for park management, implementation and approval of the Environmental Impact Assessment for the park creation, development of a 10 year business plan beginning in 2011, and investment in generation of scientific knowledge and park governance to prevent illegal activities within the park.

The audit team can confirm that governance activities have been implemented in conformance with the descriptions in the MIR and the plan in the PDD for both VCS and CCB, as well as with the respective standard requirements.

Implementation of project activities generating net positive community benefit

Several project activities have been implemented to generate net positive community benefit. Community benefit/leakage mitigation measures have focused primarily on the Protection Zone. The protection zone represents the buffer around the core protected area (which is the project area per VCS/CCB terminology) and includes a proposed 83 Management Transfer Contract (GCF) areas. The Protection Zone also serves as the leakage belt. The union of the Protection Zone and the Core Protected Area represents the Project Zone per CCB terminology. WCS relies primarily on the GCF areas and the COBA organizations which govern GCF areas, in order to implement community benefit activities. The GCFs are a legal designation by the Malagasy government in which community associations (COBAs) can apply for resource management rights/use over a specific area of government owned forest land. GCFs are thought to actually increase forest protection over the baseline as the MEF is unable to effectively protect the vast and remote forest estate of Madagascar. Of the 83 GCF sites planned to fully encircle the project area, 64 have been designated by the time of the field audit with established COBAs and management plans. The audit team held meetings with COBA representatives of 12 COBAs to confirm the current implementation status.

WCS has hired “Animators” (one for every two villages) to work with COBAs on implementation of alternative income and sustainable resource utilization projects.

Evaluation of specific community benefits from project activities is provided throughout this report. The audit team was able to confirm during the field audit based on direct observation, review of WCS records of project implementation, and interviews with COBA representatives that the status of project implementation described in the MIR is accurate and that the generation of community benefits is attributable to WCS, the project proponent.

Implementation of project activities generating net positive biodiversity benefit

The primary activities to generate biodiversity benefits has been to create the actual protected area as well as the creation of the GCFs, under the assumption that COBA management of forest areas results in lower deforestation. As the entire project zone is naturally closed canopy moist tropical forest, protection of the forest and prevention of deforestation is an effective means of reducing harm to biodiversity projected in the baseline. Other project activities implemented include ecological monitoring, both participatory monitoring conducted with communities as well as monitoring conducted by WCS staff as well as scientific institutions WCS has networked with.

Evaluation of specific biodiversity benefits from project activities is provided throughout this report. The audit team was able to confirm during the field audit based on direct observation, review of WCS records of project implementation, and interviews with COBA representatives that the status of project implementation described in the MIR is accurate and that the generation of biodiversity benefits is attributable to WCS, the project proponent.

Implementation of project activities that reduce deforestation and generate net positive climate benefit

The governance and community development activities together work to serve to reduce deforestation and associated GHG benefits, thus generating climate benefits. As described previously, WCS, as the project proponent, protected area manager, and holder of Right of Use can be attributed for any reduction in GHGs from the baseline in the project area and the project zone. WCS is responsible (in collaboration with the Government of Madagascar MEF) for the creation of the Natural Park.

Evaluation of specific climate benefits from project activities is provided throughout this report. The audit team was able to confirm during the field audit based on direct observation, review of WCS records of project implementation, and interviews with COBA representatives that the status of project implementation described in the MIR is accurate and that the generation of climate benefits is attributable to WCS, the project proponent.

5.2 Management of Risks to Project Benefits (G3)

The project has identified risks to project benefits primarily based on the VCS non-permanence risk tool, which is evaluated below, based on the assumption that risks to community and biodiversity benefits (and obviously climate benefits) are closely linked to deforestation. This justification was accepted at the validation audit. Since that time, CCBA has communicated that simply using the VCS tool may sometimes be insufficient for identifying all risks to project benefits. However, given that the logic is accepted by the verification audit team, the lack of formal guidance from CCBA, and the fact that this methodology was already validated, the audit team accepts it. The risk assessment expects a generally low risk of project failure, and is described in great depth in the validated CCBA PD and summarized in the CCB MIR. The updated VCS AFOLU Non-Permanence Risk Report is evaluated below. Significant risks include risks from land tenure disputes and rising land opportunity costs which could lead to reversal of sequestration. The MIR asserts that these risks are low. The audit team agrees with this assertion based on the field audit. The communities surrounding the project area are typically subsistence based with some cash crops, most commonly cloves, cacao, and vanilla. Opportunity cost of land is extremely low and given that the project area is an IUCN Category II protected area there seems little risk that rising land opportunity costs could represent a threat to a well-established protected area.

The proponent has also identified additional risks to project benefits beyond those in the PDD including commodity price fluctuation and how this can impact community well-being and deforestation rates. Section 2.2.2.4 of the CCB MIR adequately describes this risk and also describes mitigation measures that WCS has implemented in response including diversification of income sources such as the addition of cacao, higher value organic vanilla, fish farming, beekeeping, and handicraft development. These descriptions match with the observation of project implementation made by the audit team in the field. The mitigation measures are likely to have some positive impact in mitigating the risks. The proponent has further acknowledged the risk imposed by small scale gold mining, including the risk of damage to relationships between the proponent and the communities given the fact that some community members have been arrested over these activities. The proponent has already implemented a wide variety of alternative livelihood activities as well as measures to increase land and resource tenure security through the creation of the management transfer contract (GCF) areas in the project zone surrounding the park. These mitigation measures are appropriate. The proponent has also clearly acknowledged the risks imposed by illegal logging, specifically of rosewood. As noted in the NCR, WCS's ability to stop illegal logging in the park is somewhat limited as local and national government agencies hold overall responsibility for enforcement. However, the illegal logging presents a risk to the community engagement and relations between WCS and the participating communities as COBAs become frustrated that WCS has failed to arrest individuals involved in logging. WCS has acknowledged this risk and identified appropriate mitigation measures including further outreach to community groups on WCS's role and its limitations in arresting offending individuals. The mitigation measures identified are appropriate.

Assessment of VCS AFOLU Non-Permanence Risk Report:

Risk Factor	Self Assessment Risk Rating	Findings (including description of any mitigation activities as required per VCS AFOLU Non-Permanence Risk Tool Section 2.1.2.2)	NCR/OBS
Internal Risks (VCS AFOLU Non-Permanence Risk Tool Section 2.2):			
Project Management: Shall be assessed using Table 1 of VCS AFOLU Risk Tool.	2	<p>a) The proponent asserts that the risk of maladapted species plantings is not applicable. Score: 0</p> <p><u>Auditor findings:</u> Justified. The project avoids deforestation and does not involve tree planting in the project area. CCB project activities involve planting of common agricultural tree species which have been present in Madagascar for over 100 years and are not relevant to this analysis and do not contribute to carbon stock analysis.</p> <p>b) Risk element is chosen. Score 0</p> <p><u>Auditor findings:</u> Justified. The proponent has conservatively and accurately chosen the risk element as applicable.</p> <p>c) The proponent asserts that this risk element is not applicable. Score: 0.</p> <p><u>Auditor findings:</u> Justified. WCS has nearly 100 years of global experience in conservation project management and implementation. The project management team has significant staff based both in the Malagasy capital and in Maroantsetra, the nearest city to the project area. Project staff are also based in most communities in the leakage belt, and ranger patrols exist throughout the project area. Technical, administrative, and project implementation management capacity is high among all staff interviewed.</p> <p>d) The proponent asserts that this risk element is not applicable. Score: 0.</p> <p><u>Auditor findings:</u> Justified. The project management team has significant staff based both in the Malagasy capital and in Maroantsetra, the nearest city to the project area. Project staff are also based in most communities in the leakage belt, and ranger patrols exist throughout the project area.</p> <p>e) The proponent does not select this mitigation measure. Score: 0.</p> <p><u>Auditor findings:</u> Justified. The proponent</p>	None

		<p>conservatively does not select this mitigation measure.</p> <p>f) The proponent does not select this mitigation measure. Score: 0.</p> <p><u>Auditor findings:</u> Justified. The proponent conservatively does not select this mitigation measure.</p>	
<p>Financial viability: Shall be assessed using Table 2 of VCS AFOLU Risk Tool.</p>	0	<p>a-c) The proponent has selected risk element d) which makes a-c irrelevant.</p> <p>d) The proponent asserts that the project cash flow breakeven point is 4 years or less from the current risk assessment. Score: 0.</p> <p><u>Auditor findings:</u> Justified. The proponent has provided robust justification to demonstrate that the Makira Project has been cash flow positive and hence has reached breakeven point since the time the project was originally validated. The project has secured revenue sources from donors and previously sold VCUs and pre-certified GHG credits (deducted from VCU issuance appropriately). Funding sources include the MacArthur Foundation, the CI/Global Conservation Fund, and other confidential sources of emissions purchases. The proponent has provided the audit team with a detailed accounting model representing past financial performance and projecting future financial performance based on the past and conservative assumptions. Documentation of donor finance as well as Emissions Reduction Purchase Agreements (ERPAs) have been provided to the audit team.</p> <p>e-f) Not relevant as the proponent has selected g)</p> <p>g) The proponent has selected this risk element. Score: 1</p> <p><u>Auditor Findings:</u> Justified. The proponent has conservatively justified that between 40 and 80% of the total cash out before breakeven has been obtained. The project has actually already reached breakeven points and the proponent could have justified selection of risk element h), however as approximately 60% of the cash out projected for the next 5 years has been obtained the proponent has conservatively selected the risk score associated with this risk element.</p> <p>h) Not relevant as the proponent has selected g)</p> <p>i) The proponent has selected this mitigation credit. Score -2.</p>	None

		<p><u>Auditor Findings:</u> Justified. The proponent has demonstrated that the Makira project has the full financial support of the Wildlife Conservation Society which has substantial financial resources with which to subsidize the project in the event that the historic funding sources from sales of emissions reductions are unavailable for a period of time. Additionally, as noted above, the project has already reached breakeven.</p>	
Opportunity cost: Shall be assessed using Table 3 of the VCS AFOLU Risk Tool.	0	<p>a-c) The proponent has not selected these risk elements based on the fact that they have instead selected d).</p> <p>d) The proponent asserts that baseline activities are subsistence driven and net positive community impacts are demonstrated, thus selecting this risk element. Score: 0.</p> <p><u>Auditor Findings:</u> Justified. The audit team confirms that the baseline that was selected and which was corroborated during the validation audit, as well as during this verification audit with direct observation, and community interviews, is subsistence agriculture, and that this is correct. Although some small forest clearing likely happens for clove production for markets, the driving cause of deforestation is quite obviously tavy, or slash and burn agricultural practices for hill rice production.</p> <p>g) The proponent selects this risk mitigation credit based on their status as a non-profit. Score: -2</p> <p><u>Auditor Findings:</u> Justified. The Wildlife Conservation Society is a non-profit.</p> <p>h) The proponent selects this risk mitigation credit based on the fact that the project activity is decreed by the government to continue in perpetuity by virtue of the designation as a national park as part of the process of setting up the REDD project. Score: -2</p>	None
Project longevity: Shall be assessed using Table 4 of the VCS AFOLU Risk Tool.	0	<p>b) The proponent has justified a risk rating of 0. The project area has been designated as a national park through the creation of the REDD project, through government decree N° 2012 - 641 of 19 June 2012. The designation of the national park has no time limit and is considered to last in perpetuity.</p>	None
Total Internal Risk: Shall be calculated using Table 5 of the VCS Risk Tool.	2	<p>The proponent has correctly calculated the total internal risk.</p>	None
External risks (VCS AFOLU Non-Permanence Risk Tool Section 2.3):			

<p>Land and resource tenure: Shall be assessed using Table 6 of the VCS Risk Tool.</p>	<p>3</p>	<p>a) The proponent has appropriately selected b) so this risk element is not relevant.</p> <p>b) The proponent has appropriately selected a score of 2.</p> <p><u>Auditor Findings:</u> Justified. The government owns the land as well as use and access rights and has an established agreement transferring the use/access rights to the proponent, WCS, but WCS does not own the land.</p> <p>c) The proponent has not selected this risk element. Score: 0.</p> <p><u>Auditor Findings:</u> Justified. As the government owns all of the land in the project area there are no disputes of tenure or ownership. The project increases land tenure security of communities surrounding the project area, in the CCB project zone, via establishment of COBAs and GCFs, as described elsewhere in this report, and as such, likely reduces the risk of any future disputes.</p> <p>d) The proponent has selected this risk element. Score: 5.</p> <p><u>Auditor Findings:</u> The proponent has conservatively selected this risk element as applicable.</p> <p>e) This risk element pertains to WRC projects only and is not applicable to this project, which is in montane forests and is a REDD project activity.</p> <p>f) The proponent has selected this mitigation credit. Score: -2.</p> <p><u>Auditor Findings:</u> Justified. The proponent has worked with the government to establish the project area as a national park with strict protections of carbon stocks for an indefinite period of time. Confirmed via audit team interviews with government and review of government decree of establishment.</p> <p>g) The proponent has selected this mitigation credit. Score: -2</p> <p><u>Auditor Findings:</u> Justified. The proponent has been validated and verified to the CCB Standards and implements a broad range of activities to increase land tenure security of adjacent communities as a means of reduction to any potential tenure and use right conflicts. The audit team has confirmed in community interviews</p>	<p>None</p>
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		that these efforts have increased local community control over land and reduced potential conflicts.	
Community engagement: Shall be assessed using Table 7 of the VCS Risk Tool.	-5	<p>a)-b) not selected by the proponent. Score: 0.</p> <p><u>Auditor Findings:</u> Justified. The proponent has implemented the Free, Prior, and Informed Consent (FPIC) guidelines of the CCB Standards 2nd Edition in both the project design and implementation of the project, as validated and verified by the Rainforest Alliance. Through this process, all communities living within the project area have been consulted. These communities have been designated as ZOC (zones of controlled occupation) within the project area and communities were allowed to remain in the national park as enclaves. All communities bordering the project area have been consulted, resulted in the organization of COBAs and 64 of the approximately 83 GCFs needed to completely surround the project are have been created. GCFs are created in voluntary partnership with WCS and work to increase stakeholder tenure rights and require community participation as a community driven initiative. The assertion that more than 20% of the households within 20km of the project area have been consulted is credible.</p> <p>c) The proponent has selected the mitigation credit asserting that the project generates net positive benefits to communities. Score: -5.</p> <p><u>Auditor Findings:</u> Justified. The proponent is validated and verified to the CCB Standards 2nd Edition, thus earning this mitigation credit per the VCS AFOLU Non-Permanence Risk Tool 2.3.2 3).</p>	None
Political risk: Shall be assessed using Table 8 of the VCS Risk Tool.	2	<p>a) not relevant as the proponent has selected risk element b)</p> <p>b). The proponent has selected risk element b) signifying that the governance score is between -0.79 and -0.32. Score: 4.</p> <p><u>Auditor Findings:</u> Justified. The audit team has reviewed the World Bank Governance Indicator data for the five most recent years (2010-2014) and confirmed the proponent's selections are accurate.</p> <p>c-e) not relevant as the proponent has selected risk element b)</p> <p>f) The proponent has selected risk mitigation credit f). Score: -2.</p> <p><u>Auditor Findings:</u> Justified. The audit team has confirmed that the government of Madagascar is implementing REDD+ Readiness activities including</p>	None

		submission of an R-PP to the World Bank Forest Carbon Partnership Facility (FCPF).	
Total external risks: Shall be calculated using Table 9 of the VCS Risk Tool.	0	The total external risk has been calculated correctly.	None
Natural Risks (VCS AFOLU Non-Permanence Risk Tool Section 2.4):			
Natural risks: Shall be assessed using Table 10 of the VCS Risk Tool.	5	<p><u>Fire:</u> Score: 0.</p> <p><u>Auditor Findings:</u> The audit team agrees with the proponent's assertion that the risk of fire is 0 per the VCS requirements. The project area, in its entirety is wet tropical rainforest and is not subject to natural fires, nor do anthropogenic fires invade the forest from adjacent areas. The audit team interviewed stakeholders in the field and received no input regarding any historic fires in the project area. Additionally, the audit team observed no evidence of fire during the field visit.</p> <p><u>Pest:</u> Score: 0.</p> <p><u>Auditor Findings:</u> The proponent has provided justification that pest and disease outbreaks are extremely unlikely to impact diverse wet tropical rainforest as the project area is. Pest and disease relationships tend to be species or genus specific. The great variety of tree species in the project area serves to greatly reduce this risk. The audit team observed no evidence of damage to the forest during the field audit that could be attributable to this source.</p> <p><u>Extreme Weather:</u> Score: 5</p> <p><u>Auditor Findings:</u> The proponent correctly acknowledges that the project area is prone to periodic cyclonic activity which can cause landslides and forest damage. The audit team has reviewed cyclone risk probability data from Preventionweb, which aggregates data from the United Nations International Strategy for Disaster Relief (UNISDR) Global Assessment Report which substantiates this claim. The proponent selects the highest risk likelihood of events more than every 10 years, and a minor level of significance indicating expected damage to forest carbon stocks of less than 25%. The audit team considers this estimate credible given that there is no academic studies of cyclonic damage to forest carbon stocks for the project area. Also the project has been in operation and monitoring deforestation for nearly 10 years and no significant damage from cyclones has been observed during this time period, indicating that an estimate of up to 25% loss of carbon stocks every 10 years is likely highly</p>	None

		<p>conservative.</p> <p><u>Geological Risk:</u> Score: 0.</p> <p><u>Auditor Findings:</u> The proponent asserts there is no geological risk to the project area based on minimal to no volcanic or tectonic activity in the project area region. The audit team has reviewed earthquake and volcano risk historic mapping data from Preventionweb, which aggregates data from the United Nations International Strategy for Disaster Relief (UNISDR) Global Assessment Report which substantiates this claim and shows no risk.</p> <p><u>Other natural Risk:</u> Score: 0.</p> <p><u>Auditor Findings:</u> The audit team concurs in this assessment based on the field audit, as well as review of high resolution Google Earth imagery. No significant areas of forest dieback or deforestation are evident from these two sources of information, other than deforestation that has occurred from agricultural conversion. The project area is a species-diverse moist tropical forest and is unlikely to be subject to other natural risks that could disturb carbon stocks beyond those already assessed.</p>	
Total Score	7	The audit team has verified that the final quantification of the risk rating is correct and in conformance. The overall risk rating is 7, however a risk rating of 10 has been applied due to the VCS requirement that a minimum 10% risk rating be used.	None

5.3 Measures to Maintain High Conservation Values (G3)

The primary measures identified in the validated CCB PDD are to create GCF areas surrounding the project area. The project proponent has made substantial progress towards this goal with 64 created out of the approximately 83 GCFs needed to surround the project area. This progress is transparently documented in the MIR, matches investigation by the audit team during the field audit, including interviews with COBA members from 12 GCFs, and demonstrates conformance with the CCB requirements. Interviews with COBA members confirmed that they felt that in the absence of creation of the GCFs that deforestation (which negatively impacts all identified HCVs) would have been significantly greater.

5.4 Project Financing (G3 & G4)

Section 2.4 of the CCB MIR describes the background of project financing including the original financing projections (provided as an annex) and the financial health of WCS, a well-known global conservation organization. The 2009 WCS financial report is cited as having demonstrated six consecutive years of operating surpluses. While more recent data would be preferable this is not considered by the audit team to be a material discrepancy. WCS also provided evidence to the auditor in the field of recent large VCU sales to Microsoft as well as advanced negotiations for other potential sales. Conformance has been demonstrated.

5.5 Employment Opportunities and Worker Safety (G4)

G4.3

The CCB MIR Section 2.5 provides sufficient description of the ongoing efforts to provide training and orientation to project employees. The proponent has provided a detailed “Training Needs Assessment and Plan” for the park staff in response to previously identified nonconformities. The training plan identifies relevant staff, training themes, participants, results and objectives of trainings, training methods, and estimated timings. Training themes directly address the root cause of previous deficiencies which was insufficient training for field staff to be effective in generated all projected net positive climate, community, and biodiversity benefits. Training themes are addressed, appropriately, primarily at biodiversity conservation and community benefit and include themes such as new patrolling technology and software, forest legislation for patrol members, conflict management, improved agriculture and animal husbandry techniques, financial management, and agroforestry techniques. As additional training plans were developed and implemented as part of this verification process, the efficacy of these trainings will be evaluated in future verification audits.

G4.4

The field audit confirmed that several local community members have been employed by the project. COBA members are 100% from the local communities, and although they are not directly employed by the project, WCS has been instrumental in the creation of the GCFs COBAs manage and which would not likely exist in the absence of WCS involvement. The CCB MIR notes that the park director, and the majority of the admin and human resources, finance officer, community development officer, research officer, as well as the majority of the Animator field agents are from local communities. The auditor confirmed this in interviews with key staff at the project office as well as interviews with the Animators at each GCF visited.

G4.6

A plan has been developed and implemented to ensure worker safety and is summarized in Table 3 of the CCB MIR. Workers that were interviewed were unaware of any significant injuries sustained by project staff during the implementation of the project. The audit team observes that the major safety risk workers likely face is during monitoring patrols in the forest to detect illegal activities. Patrols have been advised, as confirmed by the auditor, to simply note the presence and location of illegal activities and to leave. The gendarmerie is then contacted and asked to apprehend the offenders. Medical kits, life jackets during water travel and other appropriate equipment were confirmed to be brought by teams into

the field. No evidence was detected to suggest that the plan for minimizing risks to worker safety was not being implemented fully and in conformance with the CCB Standards.

5.6 Stakeholders (G3)

G3.8

The audit team has confirmed that the community consultation plan, described in depth in Section 2.6.1 has been implemented in conformance with G3.8. Ongoing consultation has been demonstrated since the project start date. The validation audit confirmed that the delimitation of the protected area boundaries, including the ZOCs and ZUDs, was implemented in a participatory process. Interviews with COBAs indicated that they felt that WCS was very respectful and helpful in the process of establishing the GCFs and their relevant boundaries. Effective consent of community members will also be implemented in the upcoming disbursement of carbon revenues. The project has recently received a substantial sum due to the sale of carbon credits. Benefit sharing of the 50% of this allocated for community benefit, will be managed by Tany Meva, the designated foundation, with additional representation from WCS, the Malagasy Government, and the Federation of COBAs representing communities. In this way community members will have direct influence and decision making power over distribution of benefits. Community members interviewed felt that overall WCS has been respectful and has effectively consulted and included them in the process of project implementation. Some COBAs expressed frustration at the slow scaling up of project activities, however, funding has been limited and recent sales of carbon credits are likely to ameliorate this to some degree. Ongoing conformance will be assessed in the next verification audit. Conformance has been demonstrated for this monitoring period.

G3.9

The proponent has corrected previous errors in distributing key project documentation including providing the CCB MIR and the monitoring report in Malagasy.

A Malagasy summary monitoring report following the requirements of CCB indicator G3.9, has been developed and distributed to relevant stakeholders. The summary has been provided to all COBA offices as well as fokontany and commune offices in the project zone. The proponent has provided samples of written acknowledgement by stakeholders and COBA offices.

G3.10

In the course of the audit the proponent has updated their grievance and conflict resolution process and has adequately described this in the CCB MIR.

The process has been clarified such that complaints and grievances can be submitted through:

1. Directly bringing the grievance to the Makira Park office, or the six sector offices related to the park in the different sectors in which the park is located.
2. Bringing the grievance to the animators (community development officials) in the participating communities, or through the COBA management committees in each GCF participating in the project

3. Through complaints registry/logs left at each of the 5 district offices and in all commune offices in the project zone.

4. Through their representatives in the Federation of COBAs

The four pathways identified strike an appropriate balance between leveraging traditional cultural institutions and community institutions such as the COBAs and park management structures and local governments. By providing multiple channels for grievances to be lodged it is more likely that complainants will find a suitable pathway for making their concerns heard.

Grievance resolution is dealt with on a case by case basis, with formal complaints addressed via written responses within 30 days as required by the CCB Standards.

Conflict resolution committees have been established in each district in the project zone. These committees are made up of the Chef du District (local government), Mayors of the local communes, representatives of the Ministry of Forestry, COBA representatives, and Makira Natural Park representatives. Thus, these committees are composed of the range of stakeholders involved in the project zone.

The proponent has embarked upon a series of information campaigns in the communities participating in the project and present in the project zone to ensure that stakeholders are aware of the option for lodging grievances and complaints as well as the relevant processes.

To substantiate the updates made to the MIR and provide evidence that the grievance mechanism is now functioning, the proponent has provided the audit team with acknowledgements of receipt of the complaint registry by a sample of commune mayors, as well as a sample report from a conflict resolution meeting held in Maroantsetra, and finally a sample of complaints which have been directly addressed to the Makira Park Management.

The audit team has reviewed these documents and determined their authenticity. Full functioning of the grievance mechanism will be verified at future verification audits. Conformance has been demonstrated.

LEGAL STATUS

5.7 Compliance with Laws, Statutes, Property Rights and Other Regulatory Frameworks (G4 & G5)

Section 3.1 of the CCB MIR describes the compliance of the project with the relevant laws, statutes, property rights and other regulatory frameworks.

G4.5-G5.1

The proponent has provided a thorough list of laws and regulations to which the project shall conform. This includes worker and labor laws covering medical benefits, social security, and labor organization, as well as national environmental laws including the COAP code for creation of protected areas, forest legislation, the Malagasy Environmental Charter, and the MECIE decree on environmental and social impact assessments. The audit team has confirmed conformance to worker's rights and related labor laws through interviews with a range of workers from animators (extension agents) to the lead employees

for community engagement, biodiversity conservation, and other activities. The audit team also included a local expert who was able to confirm the conformance to local workers rights laws. The proponent has also appropriately acknowledged the importance of conformance to local *Dina*, a set of traditional laws and customary contracts within local communities which are formalized through the creation of management plans by each COBA. The proponent has reiterated assurance that they are conforming to these laws and regulations, thus demonstrating conformance to G4.5, and G5.1. The audit team found no evidence to contradict conformance.

G5.2

The project has been implemented in collaboration with, and with the explicit approval of the Malagasy Government Ministry of Environment and Forestry (MEF) since its inception. The audit team was unable to meet with MEF representatives during the field audit, however the audit team was able to confirm ongoing acceptance of the project by MEF through interviews with other partners, including Tany Meva, the designated foundation responsible for overseeing disbursement of the 50% of carbon revenues dedicated to community benefit, in collaboration with MEF. Additionally, approval by MEF was confirmed in the validation audit in 2011. The proponent has further provided formal documentation of acceptance and endorsement of the project by MEF and other government authorities through the provision of the Environmental Operating Permit granted by ONE, the National Office of the Environment, (Annex 4 of the VCS MIR), and The Makira Natural Park Creation Decree (Annex 5 of the VCS MIR), which was issued 1.5 years before the end of the monitoring period. Finally, as noted above, the proponent has been working with community authorities in the creation of 64 COBAs in the project zone. The audit team held interviews with COBA and community representatives from 12 COBAs, which had been involved with the project from 2-10 years, and found that all COBAs confirmed that WCS respected their authority. Some complaints were received by COBAs regarding the project but they were not directed at the proponent, and were more likely related to limited funding of the project in recent years, although recent funding of the project would be expected to help ameliorate this in the future.

5.8 Evidence of Right of Use (G5)

Section 1.4 and 2.1.5 of the CCB MIR along with Section 2.1.4 of the VCS MIR clearly describe the role of the Makira Carbon Company, its relationship to WCS and how it holds Right of Use. The MCC is a wholly owned subsidiary of WCS and hence Right of Use is held jointly. The Government of Madagascar, the landowner allocated Right of Use and the right to market and sell VCS VCUs per the 2008 Agreement ratified by the Malagasy Government in decree No. 2008-704, dated 11 July 2008. This agreement has been provided to the audit team and also as an Annex to the MIR. Continuing Right of Use has been demonstrated and is congruent with the Right of Use identified at validation, specifically VCS Right of Use 3.11.1 5.

5.9 Emissions Trading Programs and Other Binding Limits (CL1)

The proponent has noted in the CCB MIR, p. 20, and the VCS MIR p.23, that between two sales in December 2004 and July 2008 (before the project was validated with VCS and CCBA), the proponent sold a total of 154,329 tCO₂e of pre-sale emissions reductions to help finance establishment of the project. These sales were carried out through the Conservation International Center for Environmental Leadership in Business. The proponent has provided objective evidence to the audit team supporting these sales. The proponent has deducted this 154,329 of pre-sale emissions reductions from the 2010

quantity of VCUs generated. This is clearly documented throughout the VCS (Table 19) and CCB MIRs (Table 19) including in the final carbon credit quantification tables. The supporting excel spreadsheets have also been provided to the audit team, creating a comprehensive accounting of these pre-sale emissions reductions credits and demonstrating conformance.

5.10 Participation under Other GHG Programs (CL1)

The proponent has noted in the CCB MIR, p. 20, and the VCS MIR p.23, that between two sales in December 2004 and July 2008 (before the project was validated with VCS and CCBA), the proponent sold a total of 154,329tCO₂e of pre-sale emissions reductions to help finance establishment of the project. These sales were carried out through the Conservation International Center for Environmental Leadership in Business. The proponent has provided objective evidence to the audit team supporting these sales. The proponent has deducted this 154,329 of pre-sale emissions reductions from the 2010 quantity of VCUs generated. This is clearly documented throughout the VCS (Table 19) and CCB MIRs (Table 19) including in the final carbon credit quantification tables. The supporting excel spreadsheets have also been provided to the audit team, creating a comprehensive accounting of these pre-sale emissions reductions credits and demonstrating conformance. The proponent has not participated in any other GHG program other than these pre-sale emissions through the Conservation International Center for Environmental Leadership in Business. The audit team has verified this through web searches.

5.11 Other Forms of Environmental Credit (CL1)

The proponent warrants in Section 3.5 of the CCB MIR that the project has not generated and does not intend to generate any other forms of environmental credits. The audit team found no evidence to contradict this assertion. Conformance has been demonstrated.

5.12 Projects Rejected by Other GHG Programs (CL1)

The proponent asserts that this requirement is non-applicable. The audit team agrees and the audit team could discover no evidence to suggest the proponent has attempted to register and been rejected from another GHG program.

5.13 Respect for Rights and No Involuntary Relocation (G5)

The proponent developed the boundaries of the Natural Park with significant community consultation and consent. This was evaluated and determined to be in conformance during the validation audit. The CCB MIR appropriately summarizes and reiterates this process. The audit team found evidence of positive conformance to G5.3-G5.4 during the field audit. The proponent respects the rights of communities as was confirmed in all meetings with COBA representatives. The project does not impose its will on communities. Communities confirmed that generally project activities at the community level are developed through a participatory process, however some frustrations were expressed in that some community members were selected to participate in trainings which the COBA leaders felt were the wrong selections. While this is important input, the proponent is tasked with distributing benefits in a way that will lead to net positive benefits to all stakeholder groups and as such these efforts may be appropriate in the context of the objectives of the CCB Standards 2nd Edition. GCFs can only be designated with the full support and participation of the communities, as represented by the formation of a COBA. The audit team confirmed in meetings with COBAs that the delineation of COBA boundaries was completed in a

fully participatory and transparent manner, and that FPIC was attained. As was confirmed in the validation audit, the proponent went to extra lengths to avoid any relocation of communities and as such there exist five ZOC areas within the park in which communities were allowed to remain, but immigration is not permitted to these communities. However, the audit team did not visit any of the ZOCs during this field audit as they were sampled heavily during the validation and the audit team instead selected a diverse (geographically and with regards to length of participation in the project) set of COBAs in GCFs for social sampling, which were not heavily sampled during the validation audit. As the communities in the ZOCs and the GCFs were technically illegally sited on government land prior to the project start date, the communities benefit with regards to land tenure as they now have official government recognition of their rights to resource management in these areas during the terms of their GCF contracts. GCF contracts are of variable lengths, but typically begin with a 3 year contract, after which they can be extended for a further 10 years if the COBA is able to implement their management plan for the land. The legislation creating GCFs is unclear as to what happens after this initial 10 year contract, but clarity is likely to be provided in the coming years as the earliest COBAs in Madagascar (in a different region) reach the end of the term of their contracts. WCS aids communities in implementation of management plans including technical training, mapping, and delineation, and as such enhances the long term tenure security of communities. Conformance has been demonstrated.

5.14 Illegal Activities and Project Benefits (G5)

The major illegal activities that exist in the project zone are i) illegal exploitation of timber for commercial purposes, primarily rosewood species, ii) illegal small scale gold and quartz mining, iii) and illegal deforestation for agriculture. The project institutes a number of activities which serve to reduce the incidence of these illegal activities. Firstly, the creation of the natural park grants additional protected status to the Makira forest. Activities i-iii were illegal in the Makira forest prior to the creation of the park as the forest estate of Madagascar is de facto government land. However the creation of the park and delegation of management to WCS, an experienced park manager globally, provides additional protection and helps to reduce all illegal activities. In collaboration with communities through the creation of GCFs, WCS has formalized the right of the communities to practice small scale logging for household use in the project zone outside the project area, as well as to conduct agriculture on previously deforested land. WCS has also invested heavily in alternative income activities to reduce the attractiveness of the illegal activities cited and the reduce reliance on shifting cultivation. Finally, WCS has worked with the COBAs to institute forest patrols that identify illegal activities both in the GCF areas managed by WCS and in the protected area. These activities are reported to appropriate authorities. The project activities serve to reduce illegal activities and no project benefits are derived from illegal activities.

6 APPLICATION OF METHODOLOGY

6.1 Project Description Deviations

No project description deviations have occurred as part of this verification audit.

Three methodology deviations were requested and approved through the original validation. Only one of these deviations impacts this verification.

The first deviation was to relax some of the criteria used to establish the RRD, RRL, and leakage belt as the specific physiographic characteristics of the project area and surrounding areas made it impossible to meet the specific similarity criteria. This deviation was approved at validation and as these spatial domains are either not updated or not relevant to the verification, they have not been reevaluated.

The second deviation was to estimate post deforestation carbon stocks using the average of 30 random samples of post deforestation carbon stocks rather than the two options provided in the methodology. This deviation was approved at validation and is not relevant to the verification as the post deforestation carbon stock values have been held constant as the post deforestation land use (tavy, or shifting cultivation) has not changed. This will be evaluated in future baseline updates.

The third deviation is with regards to the proportion of deforestation caused by immigrant agents. The proponent has clarified that they were under the impression that given that the methodology deviation was approved at the validation that their assumption was that this did not need to be re-evaluated. However, as the approval of the methodology deviation is based on socioeconomic trends which can change over time, re-evaluation is required. The proponent has complied and has provided additional justification in Section 4.4.2 of the VCS MIR.

The proponent has accurately and appropriately acknowledged the uncertainty surrounding the question of immigration to outside the leakage belt. The data from the SAVAIVO socioeconomic monitoring, provided to the audit team, is useful in the assessment of this, however, there are some significant limitations to this data. Socioeconomic monitoring, as well as the socioeconomic evaluations conducted at the stage of PD development indicate that 49% percent of residents in the project area and leakage belts consider themselves as migrants to the area. However, further investigation of this issue reveals that many community members consider themselves as “migrants” when they have lived in the project area/leakage belts as long as 60 years, with an average time period of residency in the project area of 16 years. There exists additional uncertainty with regards to this data as well given that respondents appear to have been reporting whether they have immigrated to that specific village, rather than the entire project area and leakage belts. Given the very large scale of the project area and leakage belts, the assertion that migrants are more likely to have come from that specific region rather than another region of the country is credible and reasonable. The VM0007 LK ASU is only concerned with recent migrants (<5 years). Additionally, the SAVAIVO monitoring has revealed that the percent of individuals who identify themselves as migrants in the project zone actually increased from 2009 to 2014, thus providing evidence that it is unlikely that the project implementation is driving agents of deforestation outside of the project area and leakage belts leading to offsite leakage that is unaccounted for. In the opinion of the audit team, the most useful information from the SAVAIVO report is actually the comparison of the “intention to emigrate” among individuals in the project area/leakage belts between the project inception and the current monitoring. In 2005, 2% of respondents indicated the intention to emigrate, whereas in 2014 this value was 4%. This very minor change, combined with the uncertainty provided by the fact that simultaneously the proportion of residents identifying themselves as immigrants to the project area/leakage belt is increasing over time leads the audit team to consider other data sources as more appropriate.

The proponent is highly involved with regional and national REDD developments and as such has participated in a number of government and nongovernment workshops aimed at the development of a broader eco-regional REDD program (PERR-FH). The proponent has cited the output of a recent workshop in 2014 from this process indicating that the Makira forest area is not a major source of outmigration or in-migration. These findings and relevant visuals (Figure 13) have been provided in the VCS MIR.

Based on the findings of the eco-regional REDD workshop which includes multiple stakeholders, the audit team accepts the proponent’s assertion that leakage is not caused by outmigration from the project area and the methodology deviation is upheld.

The proponent has deviated from the monitoring methodologies used in the validated monitoring plan with regard to some aspects of the spatial analysis during this monitoring period. Review of the new methodology used indicates that it remains in conformance with the VCS methodological requirements and likely has generated more accurate results than the original validated methodological approach.

Specifically, the proponent has utilized the RandomForest algorithm for classification, rather than the previously used Maximum Likelihood algorithm. The proponent has provided justification in the text for the change between the first VCS verification and this verification in the algorithm used for forest cover change analysis. The RandomForest algorithm replaced the previously used "Maximum Likelihood" algorithm. The proponent has provided valid justification for this decision which was based upon an evolving understanding in the remote sensing community that RandomForest is likely more appropriate for detection of large scale forest cover change with significant variation of spectral response within a single forest cover class over time. The geospatial expert consulting to the audit team agreed with the proponent's assertion that RandomForest is likely more appropriate for this project. The proponent validated the model appropriately using 30% of the training data selected for model development and calibration. The utilization of the RandomForest algorithm in 2014 resulted in a very slight (48 hectares) discrepancy between the area of 2010 forest cover in the project area as compared to the 2012 analysis using Maximum Likelihood. This discrepancy is only 0.014% of the total and hence is not material.

Conformance has been demonstrated.

6.2 Baseline Scenario (G2)

The baseline scenario identified in the PDD is still relevant based on the field audit. The audit team confirmed that the scenario of continuing deforestation in the project area due to conversion of intact forest to *tavy*, shifting cultivation, is still relevant. Nearly all GCF areas in the leakage belt which surrounds the project area, experienced deforestation during the monitoring period. The audit team travelled extensively through these GCF areas and observed that *tavy* is the primary land use with minor areas of wet rice cultivation and some simplified agroforestry systems focused on cloves and vanilla (with primarily open canopies). It should be noted that the original calculation of post deforestation carbon stocks included a random sampling of post deforestation areas and therefore any impact of these simplified agroforestry systems was factored into the carbon stocks of the post deforestation land use. The audit team held interviews with community members in 12 villages throughout the leakage belt and through these interviews was able to confirm that community members felt that in the absence of the creation of the project, and the increased protection in the GCF areas, that undoubtedly deforestation would have been significantly greater. There are other causes of very minor degradation and deforestation that exist such as illegal logging for rosewood, and small scale gold mining. However, these usually result in degradation rather than deforestation, and were not observed by the audit team. The original baseline for the project expires in the near future and the next audit will include a baseline update at which point the baseline scenario shall be reevaluated. The audit team found positive evidence that the selected baseline scenario is still relevant and correct.

6.3 Additionality (G2)

The audit team has determined that the project is still additional and still in conformance with the requirements of the VCS VT0001 Tool for Demonstration and Assessment of Additionality in AFOLU Project Activities, used to demonstrate conformance at validation, as well as CCB G2.2. As delegated park manager, the proponent is the only entity that can legitimately claim responsibility for any reduction of GHGs in the project area. The audit team notes that this is obviously in collaboration with the Government of Madagascar, MEF, which has delegated authority to WCS, and which receives revenue from the sales of credits and is involved in the project. The audit team did not find evidence of any significant or meaningful investment in the communities in the leakage area by entities other than WCS, with the exception of partner organizations WCS has convened to invest in these communities (a health

NGO called MedAir). As these communities contain the main agents of deforestation there is no credible explanation for reduction of deforestation other than that this is a result of WCS's activities in creating the park, protecting park boundaries, and liaising with communities to create GCF structures and community development activities which incentivize more sustainable resource management. Continuing additionality has been demonstrated.

7 QUANTIFICATION OF GHG EMISSION REDUCTIONS AND REMOVALS

7.1 Accuracy of GHG Emission Reduction or Removal Calculations (G2)

Baseline Emissions

The project proponent has directly copied over the baseline estimates including carbon stocks and activity data, from the validated PDD. The auditor has confirmed this via review of the validated PDD. The carbon stocks, baseline deforestation in the project area, and baseline deforestation in the leakage belt, are transparently recorded in Tables 4, 5, and 6 of the VCS MIR. Table 7 transparently records the baseline emissions due to deforestation expected during the monitoring period.

Project Emissions

The proponent has calculated emissions in the project scenario based on analysis of LULC change *ex post* using Landsat 7 and Landsat 8 imagery. The metadata for imagery used has been transparently provided in Table 8. Annual imagery was provided in order to calculate annual deforestation rates.

The proponent has transparently presented methodological steps and results of the geospatial analysis including specific details of radiometric, geometric, and atmospheric corrections, orthorectification, and accuracy assessments. The MIR and associated annexes adequately describe these steps, as below:

1. Specific details of radiometric, geometric, atmospheric corrections and orthorectification as required by VM0007 M-MON, including cloud filling and scan line removal techniques

Additionally details of atmospheric corrections for removal of cloud cover has been added to the MIR, specifying that whenever possible images with less than 10% cloud cover have been utilized. However, in some cases this was not possible and in these cases imagery from the nearest point in time has been used for gap-filling of areas dominated by clouds or striping. When suitable imagery was unavailable using this process, the remote sensing technician filled gaps using annual forest cover data from the Hansen et al (2013) Global Forest Change dataset. This dataset is well regarded and used by a broad range of academic, governmental, and nongovernmental institutions. Given the persistent cloud cover in the project area the audit team considers this approach as the most reasonable. The audit team met with the WCS geospatial expert during the field audit and reviewed this process and its outputs which have also been confirmed by the geospatial expert on the audit team. Geometric and radiometric corrections as well as orthorectification processes are now described in the MIR, including with appropriate visuals. These processes follow best practice and the descriptions in the MIR are congruent with the direct observation by the audit team of the remote sensing technician during the field audit. All imagery metadata is also transparently reported in the MIR in Table 8.

2. Specific details of the accuracy assessments including ground truthing points

Map accuracy was assessed via 700 randomly selected (through a GIS) points in the RRL which includes the project area and leakage belts and is the same as the CCB project zone. The map depicting the randomly selected points has been provided in the MIR and demonstrates both randomness and good distribution. Classification accuracy was evaluated through comparison to high resolution LANDSAT and very high resolution SPOT independent data sets. The accuracy assessment evaluated the appropriate LULC transitions utilized in the project carbon accounting (forest remaining as forest, forest converted to nonforest, and nonforest remaining as nonforest). The proponent has produced the results of the accuracy assessment conducted in the project area (96.57%) and the leakage belts (97.99%) including the overall accuracy as well as producer and user's accuracy.

3. Utilization of the RandomForest algorithm for classification.

The proponent has provided new justification in the text for the change between the first VCS verification and this verification in the algorithm used for forest cover change analysis. The RandomForest algorithm replaced the previously used "Maximum Likelihood" algorithm. The proponent has provided valid justification for this decision which was based upon an evolving understanding in the remote sensing community that RandomForest is likely more appropriate for detection of large scale forest cover change with significant variation of spectral response within a single forest cover class over time. The geospatial expert consulting to the audit team agreed with the proponent's assertion that RandomForest is likely more appropriate for this project. The proponent validated the model appropriately using 30% of the training data selected for model development and calibration. As described elsewhere in this report, the utilization of the RandomForest algorithm in 2014 resulted in a very slight (48 hectares) discrepancy between the area of 2010 forest cover in the project area as compared to the 2012 analysis using Maximum Likelihood. This discrepancy is only 0.014% of the total and hence is not material.

Conformance with the M-Mon requirements have been demonstrated for spatial analyses used in calculated *ex post* project emissions.

Quantification of Degradation

The VCS VM0007 v1.4 methodology requires in module M-Mon v2.1 that degradation be monitored via a Participatory Rural Appraisal (PRA) every two years. If the PRA indicates that 10% of those interviewed believe that degradation is occurring within the project area then further sampling shall be required to determine any reduction in carbon stocks. The proponent conducted a PRA in November and December 2012 using semi-structured interviews and focus group discussions organized by the animators (community development officers) stationed in the communities surrounding the project area, near the locations with foot paths that access the project area (there are no roads or other access routes), including in the ZOC areas in the project area. The PRA results indicated that less than 10% of those interviewed believed degradation was happening in the project area. Figure 10 of the VCS MIR provides a map of the locations visited and access paths in the project area. The audit team traveled along two of six access routes during the field audit and observed no evidence of forest degradation. Not logging camps, log landings, boats transporting logs, or other evidence was observed. While communities were using the forest resources for building homes and firewood this was not occurring in the project area but rather in the leakage area and is almost certainly below the natural increment of forest growth.

The proponent has transparently presented the most recent 2012 PRA degradation report as Annex 6 of the VCS MIR. The PRA appropriately acknowledges that there has been recent (primarily around 2011-2012) logging of ebony and rosewood species (*Dalbergia spp.*, *Diospyrus spp.*). The PRA has found that only 1 of 21 communities surveyed was aware of logging, which was definitively in the project area. Approximately five other communities acknowledged the existence of logging their area but the interviews indicated that this was in the GCF rather than in the project area. The PRA indicated that illegal mining was occurring in 12 of 21 communities surveyed. The auditor also determined through interviews with project staff during the field audit that illegal mining is occurring in multiple sites in the project area. However, the mining, as described by communities interviewed during the field audit and as confirmed in the PRA results, is primarily panning for gold in waterways and as such is very unlikely to result in degradation or degradation which could be material. The auditor finds it credible that the PRA did not result in more than 10% of interviewees believing degradation was occurring in the project area as rosewood and ebony occur at quite low densities and their selective logging does not typically leave an easily observable impact on the biomass stocks of the forests. Additionally, given the inaccessibility of much of the terrain of the project area, the majority of logging of these species could be expected in the more accessible leakage belt. Interviews with communities during the field audit confirmed that some were aware of logging of these species in the leakage area, but that they did not expect that this was occurring in the project area due to these reasons.

Leakage

Leakage has been assessed following the requirements of the LK-ASU module of VM0007 v1.4. Leakage emissions are described in detail in Section 4.4 of the VCS MIR and in Section 6.3 of the CCBA MIR.

Although substantial deforestation did occur during both the VCS monitoring period (2010-2013) and the CCBA monitoring period (2005-2013), no leakage was reported in either of these monitoring periods due to the validated baseline leakage rates having been so high. The proponent has implemented a range of activities throughout the leakage belt to both reduce deforestation pressure within the project area and within the leakage belt, hence the reduction in leakage compared to the baseline is credible. All community development activities described within the MIR and within this report (see Section 9 of this report) have been implemented within the leakage belt. Interviews with community members confirmed that although these activities have not fully supplanted their need to conduct deforestation, these activities have helped generate alternative economic and livelihood options. All GCFs created through the project are in the leakage area. The audit team has reviewed the geospatial analyses, including remote sensing imagery, accuracy assessment results, and the methodologies used for each through document review, observation, and interview with the remote sensing technician who performed these analyses. This technician also works extensively on the government of Madagascar sponsored eco-regional REDD project and has extensive experience. The LK-ASU also requires that leakage from migration outside of the leakage area, as a result of project activities, be estimated. The proponent successfully argued for a methodology deviation permitting them to not conduct this analysis at validation. The proponent has clarified that they were under the impression that given that the methodology deviation was approved at the validation that their assumption was that this did not need to be re-evaluated. However, as the approval of the methodology deviation is based on socioeconomic trends which can change over time, re-evaluation is required. The proponent has complied and has provided additional justification in Section 4.4.2 of the VCS MIR, and Section 6.4.2 of the CCBA MIR.

The proponent has accurately and appropriately acknowledged the uncertainty surrounding the question of immigration to outside the leakage belt. The data from the SAVAIVO socioeconomic monitoring, provided to the audit team, is useful in the assessment of this, however, there are some significant limitations to this data. Socioeconomic monitoring, as well as the socioeconomic evaluations conducted at the stage of PD development indicate that 49% percent of residents in the project area and leakage belts consider themselves as migrants to the area.. However, further investigation of this issue reveals that many community members consider themselves as “migrants” when they have lived in the project area/leakage belts as long as 60 years, with an average time period of residency in the project area of 16 years. There exists additional uncertainty with regards to this data as well given that respondents appear to have been reporting whether they have immigrated to that specific village, rather than the entire project area and leakage belts. Given the very large scale of the project area and leakage belts, the assertion that migrants are more likely to have come from that specific region rather than another region of the country is credible and reasonable. The VM0007 LK ASU is only concerned with recent migrants (<5 years). Additionally, the SAVAIVO monitoring has revealed that the percent of individuals who identify themselves as migrants in the project zone actually increased from 2009 to 2014, thus providing evidence that it is unlikely that the project implementation is driving agents of deforestation outside of the project area and leakage belts leading to offsite leakage that is unaccounted for. In the opinion of the audit team, the most useful information from the SAVAIVO report is actually the comparison of the “intention to emigrate” among individuals in the project area/leakage belts between the project inception and the current monitoring. In 2005, 2% of respondents indicated the intention to emigrate, whereas in 2014 this value was 4%. This very minor change, combined with the uncertainty provided by the fact that simultaneously the proportion of residents identifying themselves as immigrants to the project area/leakage belt is increasing over time leads the audit team to consider other data sources as more appropriate.

The proponent is highly involved with regional and national REDD developments and as such has participated in a number of government and nongovernment workshops aimed at the development of a broader eco-regional REDD program (PERR-FH). The proponent has cited the output of a recent workshop in 2014 from this process indicating that the Makira forest area is not a major source of outmigration or in-migration. These findings and relevant visuals (Figure 13) have been provided in the VCS MIR. Conformance has been demonstrated.

7.2 Quality of Evidence to Determine GHG Emission Reductions or Removals

The proponent has demonstrated full conformance with the VCS VM0007 v1.4 methodology and associated modules and tools. Evidence of this conformance has been evaluated in depth by the audit team through field-based observations, interviews with agents of deforestation, interviews with key informants in government and technical support, and extensive desk review of multiple iterations of project documents.

Land use change analyses were conducted, as described elsewhere in this report, with imagery from Landsat 7 and 8, utilizing a globally recognized classification algorithm (RandomForest) for land use change monitoring. The audit team interviewed the technician who conducted these analyses, reviewed raw and processed data and the methodology used, and reviewed final results and has a high degree of confidence in this key data input.

As described elsewhere, the carbon stocks of the land use classes have been previously validated and are justifiably assumed to remain constant. As such, no additional quantitative analyses were required by the audit team. The audit team, however, has used qualitative field observations as well as interviews to confirm that there is not a pattern of forest degradation, nor have post deforestation land uses changed in such a way that land use class carbon stocks would need to be updated or monitored.

The audit team has undertaken extensive review, analysis and testing of the carbon quantification spreadsheets submitted as part of the audit. The final versions of these spreadsheets are congruent with the results described in both the VCS and CCB MIRs and other supporting documents. The audit team tested the spreadsheets for errors or incorrect formulae and found none.

Evidence submitted to substantiate the GHG emission reductions is robust and in conformance with VCS VM0007 v1.4 requirements and processes, and has been independently verified by the audit team.

7.3 Management and Operational System

The project proponent has provided a detailed set of Data Management and Storage procedures in Annex 8 of the VCS MIR. The audit team has tested the data management and operational system in the field through a series of interviews and document review. Lower level field staff were interviewed regarding their data reporting and requirements and procedures and these were cross-referenced against the written procedures as well as actual storage of documents and data. The audit team reviewed data including field reports, wildlife monitoring data and reports, camera trap records and evidence for wildlife monitoring, satellite imagery used in geospatial analyses for monitoring, and documentation used in community consultations. No errors or omissions were detected in the management and operational system as described.

Staff responsibilities and authorities are described in the VCS and CCB MIRs as well as in supporting documents and annexes. The audit team verified this organizational structure as well, including holding interviews with relevant government officials as well as representatives from Tany Meva, the designated foundation involved in benefit sharing and distribution. Conformance has been demonstrated.

7.4 Climate Change Adaptation Benefits (GL1)

The proponent was able to justify gold level status to the CCB 2nd Edition requirements for Climate Change Adaptation during the validation. The proponent successfully identified likely regional climate change and variability scenarios and the impacts in the absence of the project. Given that the communities in the project zone, as with most of Madagascar, are very heavily dependent on subsistence agriculture and local resources, the communities have substantial exposure to variation in water quality and quantity.

Specific activities the proponent cites as contributing to implementation of climate change adaptation planning include:

- support of COBAs in order to promote more sustainable use of resources
- promotion of improved rice production techniques in the project zone to increase rice productivity
- rehabilitation and construction of dams and irrigation canals to facilitate irrigation of wet rice agriculture, thus increasing agricultural productivity and reducing reliance on tavy

- promotion of alternative activities including fish farming and ecotourism
- conservation of forest cover to protect watersheds
- investment in health and education facilities and opportunities.

The audit team was able to independently confirm the implementation of each of the above activities during the field audit via direct observation and interviews with community members. The proponent has made progress in implementation of its validated plan to promote climate change adaptation in project implementation.

8 COMMUNITY

8.1 Net Positive Community Impacts (CM1)

The proponent has demonstrated substantial progress toward net positive community benefits, yet has not yet fully achieved net positive community benefits for all stakeholder groups. However, this does not represent a nonconformity to the CCB Standards 2nd Edition, as the CCB Rules clarify that the project shall demonstrate that it is on track to achieving net positive community benefit at verification.

The project has been able to successfully demonstrate that it is on track. The project has implemented a broad variety of activities in collaboration with communities and other stakeholder groups. The proponent contracted an outside consulting group (SAVAIVO), with relevant experience in conducting social appraisals and assessments to evaluate the progress made towards net positive. Thirteen main project activities have been identified to improve community well-being. Of these, eleven were successfully implemented during the monitoring period as described below. Two activities, REDD+ revenue distribution, and secure tenure, were not successfully implemented during the monitoring period. However, the audit team notes that the REDD+ revenue distribution system has been developed and the first meeting occurred during the field audit between Tany Meva and other members of the steering committee to determine how to spend the 50% of REDD credit revenues allocated to community benefits. Continuing implementation of these project activities will be evaluated at future verification audits.

The activities that were implemented include:

1. Diversification of income generating activities. The audit team was able to confirm via interviews with the participating COBAs which were interviewed that WCS has invested in creation of new occupations such as park guards and patrols. Additionally WCS has invested in new income generating activities such as improved clove production, cacao production, vanilla production, fish farming, beekeeping, and ecotourism. The majority of these activities were directly observed by the audit team and those which were not directly observed were confirmed through interviews with community members.
2. Improved access of local communities to micro-finance. The audit team confirmed via interviews and project records that this had occurred although the audit team understands that this activity is currently being deemphasized due to limited initial success.
3. Increasing organizational capacities of COBAs. The audit team held meetings with 12 COBA groups. COBA groups confirmed that their creation would have been impossible without WCS and the REDD project. COBA groups frequently desired greater influence in the community and noted that sometimes

50% of less of total community members were involved with COBAs. However, it is indisputable that the project has increased their organisational capacities by virtue of the fact that the COBAs exist, have approved management plans, etc.

4. Promotion of improved agricultural techniques and training. Interviews with COBAs confirmed that SRI and SRA trainings (improved wet rice agricultural techniques) had occurred frequently and that these techniques were effective. Additionally community members confirmed that improved clove production activities had occurred and that improved cacao production also was occurring in some areas, as well as fish farming. The degree of acceptance by community members varied by COBAs, however COBA members indicated that innovative individuals were adopting these techniques and that there was potential for further dissemination of these techniques within the communities.

5. Promotion of ecotourism. The audit team visited one of the two ecotourism sites in the project area. This project activity is at a nascent stage, however WCS is in the process of building a relationship with a relatively close resort at a different National Park to increase the viability of the operations.

6. Environment education. The audit team confirmed that this had occurred and was impressed with the environmental knowledge of many community members expressed during interviews.

7. Improved health and family planning. The audit team confirmed these activities were occurring and the general acceptance of local populations to family planning. Interviews held with women confirmed that they felt that family planning options were a significant benefit.

8. Construction of agricultural infrastructure. The audit team observed newly created dams for irrigation and confirmed that all except 1 COBA interviewed had received at least one irrigation dam. COBA members were particularly enthusiastic about agricultural infrastructure.

9. Construction of schools. The audit team confirmed that some schools had been constructed by the proponent.

10. Improved access to drinking water. The audit team confirmed in interviews with community members that community members felt that water quantity and quality would be reduced in the baseline scenario. Additionally the audit team observed clean water infrastructure installed in some communities.

11. Support of management transfers to local communities. WCS has been instrumental in the creation of 64 GCFs around the project area in the project zone. These GCFs provide enhanced resource usage and management rights to local communities, provide a pathway for receipt of other benefits and trainings, and provide other benefits to communities. During the interviews conducted with communities or community representatives no individuals expressed a preference for the baseline scenario of WCS not having done the project and helping to create the GCFs. Some communities did express great frustration at what they felt like was their dire situation and poverty and the need for greater support from WCS, however they expressed appreciation of WCS and a preference to continue to work with WCS.

8.2 Offsite Stakeholder impacts (CM2)

The proponent asserts that no significant or negative impacts to offsite stakeholders can be expected or have occurred as a result of the planned project activities. The audit team finds this assertion to be credible based on the field audit. Offsite communities do not rely on the project area for crucial services or cultural benefits. Furthermore, offsite stakeholders are recipients of some project activities designed to benefit communities. The audit team visited a community in the offsite zone benefitting from improved cacao production which the proponent has supported. This program includes improved planting materials and techniques as well as increased access to international high quality markets. Offsite stakeholders are also recipients of downstream environmental benefits including improved water quality and quantity compared to the baseline scenario as forest cover is maintained both in the project area and the leakage areas. Conformance has been demonstrated.

8.3 Exceptional Community Benefits (GL2)

The project has not applied to be recognized for exceptional community benefits.

9 BIODIVERSITY

9.1 Net Positive Biodiversity Impacts (B1)

The project has demonstrated net positive biodiversity impacts during the monitoring period for both the VCS and CCB. The baseline scenario involves the continuing conversion of thousands of hectares of forest to shifting cultivation on frequently steep slopes leading to sometimes severe land degradation. The project has successfully reduced deforestation below the baseline and as such has preserved floral biodiversity and faunal biodiversity associated with forest cover which is the only significant natural terrestrial ecosystem type in the region. Although the project did not prevent deforestation completely, significant progress was made over the baseline.

The proponent has also conducted species-specific biodiversity monitoring for species of high conservation importance to demonstrate net positive biodiversity impacts. Monitoring by the proponent demonstrated an increase in encounter rates (a proxy for population density) for seven of eight diurnal lemur species in the project area between observations near the project start date (2005/2006) and during the monitoring period (2013/2014). This includes three species which were not present in the 2005/2006 monitoring and which have become somewhat prevalent. The proponent uses proper methodologies based on encounter rates per kilometre and has specific transects marked via GPS in the park which are walked during each monitoring event.

The proponent has also implemented reforestation of corridor areas in the park which have been deforested. These areas are not used to generate VCUs or other GHG credits, but are solely for biodiversity benefit. Conformance has been demonstrated with net positive biodiversity benefits achieved by the project at this point.

9.2 Offsite Biodiversity Impacts (B2)

The proponent has provided a detailed and coherent assessment of potential negative offsite biodiversity impacts during the monitoring period. In general, offsite biodiversity impacts are expected to be minimal as the vast majority of communities that use the project area are included in the project zone. The

majority of the population in the project zone benefits from project activities, particularly the creation of GCF areas which help secure resource access and land tenure.

However, to mitigate offsite biodiversity impacts outside the project zone, the Makira project has extended community support to some communities beyond the project zone. This includes support to over 100 households for organic cocoa production including efforts to create a cooperative for sale of cocoa beans to both Malagasy and Swiss companies. The audit team visited communities benefitting from these activities during the field audit and confirmed that participants were very excited about the project and felt that the project activities could help reduce deforestation.

Additional support has been provided to households in other areas surrounding the project zone including SRI/SRA improved rice production in 39 households, vegetable production in 55 households, clove and vanilla production in 60 households, tree nursery production of seedlings later bought for restoration in 50 households, support to 75 households in improved fishery techniques, and support to four villages in weaving techniques.

The field audit, including community interviews and observations, as well as extensive travel through the offsite zone, indicated that negative offsite biodiversity impacts are unlikely. Given this relatively low risk, the community development activities implemented by the project proponent to provide alternatives to deforestation activities are likely sufficient to generate net positive biodiversity benefits in the offsite zone. Conformance has been demonstrated.

9.3 Exceptional Biodiversity Benefits (GL3)

The proponent has provided significant detail to the Exceptional Biodiversity Benefits section of the MIR, justifying continued compliance with the relevant CCB 2nd Editions requirements. The designation of exceptional biodiversity benefits coming from the project was made at project validation and the verification serves to confirm that the project is continuing to implement relevant biodiversity measures and that monitoring results continue to support this designation.

The project has carried out a range of monitoring and control activities during the monitoring period. Lemur populations were measured using a mix of camera traps and transects. The lemur species used as indicators of exceptional biodiversity were all found to continue to exist in the project area. Additionally, four of these species populations were found to increase at least fourfold via increased incidence in transects, presumably through better hunting control and prevention in the park. However, reductions in observation incidence were observed for four other lemur species with reductions ranging from 22-53%. This includes the silky sifaka, *Propithecus candidus*, an IUCN critically endangered (CR) species. Although the incidence of the species appears to have declined during the monitoring period, the monitoring supports the assertion that the species continues to exist in the project area demonstrating conformance with CCB GL3 1.

The audit team interviewed responsible WCS personnel for biodiversity monitoring and reviewed records of transects and other monitoring methods. Additionally WCS staff provided the audit team with academic research conducted by outside institutions in collaboration with WCS at the project area which also supports the continued conformance of the project to the exceptional biodiversity requirements.

The proponent has conducted additional botanical inventories in 2009 in the project area including the identification of a new IUCN vulnerable (VU) status palm species, *Dyopsis makirae* present in the project

area and which the WCS believes may only be present within the project area. The audit team consulted the IUCN website which corroborates this claim and expects only about 1000 individuals in existence, all of which are in the project area.

The proponent has provided evidence of conformance with the CCB Exceptional Biodiversity requirements for vulnerability via GL3.1, 1.1, and 1.2.

10 VERIFICATION CONCLUSION

The Makira Forest Protected Area REDD project has demonstrated positive conformance for this verification both to the VCS Version 3 Standards, the VM0007 v1.4 requirements, and the CCB Standards 2nd Edition.

VCS Reporting period: From 01 January 2010 to 31 December 2013

Verified GHG emission reductions or removals in the above reporting period are provided below. Note that the 2010 VCUs generated has been reduced from 490,282 to 279,113 to account for a sale of pre-certified emissions reductions via the Conservation International Foundation totalling 154,329tCO₂e prior to the registration of the project as a VCS and/or CCB validated project. This is accounted for in this monitoring period to prevent double counting:

Year	Estimated GHG emission reductions [t CO₂-e]	Estimated risk buffer [t CO₂-e]	Estimated uncertainty deductions [t CO₂-e]	Estimated VCUs [t CO₂-e]
2010	490,282	49,028	7,812	279,113
2011	160,447	16,045	2,557	141,846
2012	51,668	5,167	823	45,678
2013	565,065	56,507	9,004	499,555
Total	1,267,462	126,746	20,196	966,191

CCB Reporting Period: 1 January 2005 to 31 December 2013.

Note: The CCB Reporting period includes both the current VCS monitoring period (01 January 2010 to 31 December 2013) as well as the first VCS monitoring period (01 January 2005 to 31 December 2009). This is the first CCB verification audit and hence the CCB monitoring period is longer. The CCBA was consulted on this topic and approved verification of both the VCS and CCB MIRs in a single report despite the different monitoring and reporting periods, given that the CCB Standards do not issue credits. With a positive verification conclusion for VCS and CCB Standards, all VCS credits generated in the current VCS monitoring period and first VCS monitoring period are considered to be eligible for tagging with the CCB label. Note also that due to the above described measures to avoid double counting, the VCS credits have been discounted for the 2010-2013 period as compared to the CCB net GHG emissions reductions provided below.

Year	Estimated baseline emissions [t CO ₂ -e]	Estimated project emissions [t CO ₂ -e]	Estimated leakage emissions [t CO ₂ -e]	Estimated net GHG emission reductions [t CO ₂ -e]
2005-2009	2,137,562	1,148,379	0	989,183
2010-2013	2,589,981	1,322,519	0	1,267,462
Total	4,727,543	2,470,898	0	2,256,645

CCB STANDARDS CRITERIA CHECKLIST:

GENERAL SECTION

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

CLIMATE SECTION

CL1. Net Positive Climate Impacts (Required)	YES <input checked="" type="checkbox"/> X	NO <input type="checkbox"/>
CL2. Offsite Climate Impacts ("Leakage") (Required)	YES <input checked="" type="checkbox"/> X	NO <input type="checkbox"/>
CL3. Climate Impact Monitoring (Required)	YES <input checked="" type="checkbox"/> X	NO <input type="checkbox"/>

COMMUNITY SECTION

CM1. Net Positive Community Impacts (Required)	YES <input checked="" type="checkbox"/> X	NO <input type="checkbox"/>
CM2. Offsite Community Impacts (Required)	YES <input checked="" type="checkbox"/> X	NO <input type="checkbox"/>

CM3. Community Impact Monitoring (Required)	YES <input type="checkbox"/>	X	NO <input type="checkbox"/>
BIODIVERSITY SECTION			
B1. Net Positive Biodiversity Impacts (Required)	YES <input type="checkbox"/>	X	NO <input type="checkbox"/>
B2. Offsite Biodiversity Impacts (Required)	YES <input type="checkbox"/>	X	NO <input type="checkbox"/>
B3. Biodiversity Impact Monitoring (Required)	YES <input type="checkbox"/>	X	NO <input type="checkbox"/>
GOLD SECTION			
GL1. Climate Change Adaptation Benefits (Optional)	YES <input type="checkbox"/>	X	NO <input type="checkbox"/>
GL2. Exceptional Community Benefits (Optional)	YES <input type="checkbox"/>		NO <input type="checkbox"/> X
GL3. Exceptional Biodiversity Benefits (Optional)	YES <input type="checkbox"/>	X	NO <input type="checkbox"/>

Appendix 1. Evaluation of Nonconformance

Note: A non-conformance is defined in this report as a deficiency, discrepancy or misrepresentation that in all probability materially affects carbon credit claims. Non-conformance Request (NCR) language uses “shall” to suggest its necessity but is not prescriptive in terms of mechanisms to mitigate the NCR. Each NCR is brief and refers to a more detailed finding in the appendices.

NCRs identified in the Draft Report must be closed through submission of additional evidence by the Project Proponents before Rainforest Alliance can submit an unqualified statement of conformance to the GHG program.

CCB Nonconformances:

NCR#:	01/15
Standard & Requirement:	CCB Standards G1.5, G1.6
Report Section:	4.3
Description of Non-conformance and Related Evidence:	A nonconformance has been identified as the proponent has not provided any updates or description in the MIR to justify ongoing conformance to CCB G1.5, and G1.6.
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	Makira CCBA 2005-2013 MIR V2.0, April 30, 2015 (Makira CCBA 2005-2013 Implementation Report v2-revised_SW.docx)
Findings for Evaluation of Evidence:	The proponent has provided substantial updates to the MIR to justify ongoing conformance to CCB G1.5 and G1.6. Several pages of community and land use/tenural information has been included. Updated information includes population and demographic changes, migration, health, education,

	<p>livelihoods and economy, security, and land use and tenure.</p> <p>Important trends noted in the MIR include:</p> <ul style="list-style-type: none"> -Continuing increase of population density in the project zone, which supports the baseline scenario and the assertion that the emissions reductions are real and attributable to the project activities (under the reasonable assumption that emissions would increase commensurate with population growth in the absence of the project), and that substantial leakage outside of the leakage belt is unlikely to be occurring. -Improved access to health facilities due to the project implementation. -Significant increase in household income since the project inception, although households still earn less than \$1USD/day. -Increased secure access to forest resources in the project zone outside the project area as the project has aided in the implementation of several GCFs (community management transfers) recognized by the government although the land ownership formally resides with the state. <p>The trends identified are in accord with those observed during the field audit and confirmed through stakeholder interviews. Much of the information also derives from the Savaivo Socioeconomic monitoring report conducted by a qualified outside consultancy.</p> <p>The proponent has provided sufficient updates to the MIR to demonstrate ongoing conformance to CCB G1.5 & G1.6.</p>
NCR Status:	CLOSED
Comments (optional):	None
NCR#:	02/15
Standard & Requirement:	CCB Standards G4.1, VCS Standard 3.11.1
Report Section:	4.5
Description of Non-conformance and Related Evidence:	

A nonconformance has been identified as the proponent does not clearly describe the Makira Carbon Company (MCC) as an involved entity in the CCB MIR. Both the VCS MIR and the CCB MIR do not describe the specific relationship between MCC and WCS. The validated CCB PDD includes as an appendix the agreement between WCS and MCC. However, no explanation has been provided as to how or if WCS has transferred Right of Use to MCC, or which agreements have been signed between WCS and MCC such that MCC has the right to market credits on behalf of WCS the project proponent and the entity which holds Right of Use.

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	Makira CCBA 2005-2013 MIR V2.0, April 30, 2015 (Makira CCBA 2005-2013 Implementation Report v2-revised_SW.docx) Makira VCS Monitoring Report 2010-2013 V2.0 (Makira VCS Monitoring Report 10-13 v2-revised_SW.docx)
Findings for Evaluation of Evidence:	Section 1.4 and 2.1.5 of the CCB MIR have been updated, along with Section 2.1.4 of the VCS MIR to clearly describe the role of the Makira Carbon Company, its relationship to WCS and how it holds Right of Use. The MCC is a wholly owned subsidiary of WCS and hence Right of Use is held jointly. The Government of Madagascar, the landowner allocated Right of Use and the right to market and sell VCS Vcus per the 2008 Agreement ratified by the Malagasy Government in decree No. 2008-704, dated 11 July 2008. This agreement has been provided to the audit team and also as an Annex to the MIR.
NCR Status:	CLOSED
Comments (optional):	None
NCR#:	03/15
Standard & Requirement:	CCB Standards G3.10
Report Section:	5.6

Description of Non-conformance and Related Evidence:	
	<p>Indicator G3.10 requires that a clear process exists for hearing, responding to, and resolving community/stakeholder grievances. In addition the process must be publicized to communities and must be managed by a third party of mediator to prevent any conflict of interest.</p> <p>Interviews with communities consistently confirmed that they were unaware of the best process for communicating their grievances to the project. They were also unaware that the grievance process required a written response within 30 days to any written complaint. Finally, the Monitoring Report and the PDD both do not specifically identify the third party or mediator which holds the responsibility for “managing” the process. There also does not appear to be a grievance log or tracking system to help ensure grievances are responded to. The auditor notes that grievances which can be amicably resolved at the community level within the COBA do not need to be subject to these provisions.</p>
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	<p>Makira CCBA 2005-2013 MIR V2.0, April 30, 2015 (Makira CCBA 2005-2013 Implementation Report v2-revised_SW.docx)</p> <p>Annex 13—Sample reports of conflict resolution meetings including sign in documents</p> <p>Annex 14—Sample acknowledgment of receipts from Mayors demonstrating receipt of complaint registry</p> <p>Annex 15—Sample of complaints addressed directly to the Makira Park officials</p>
Findings for Evaluation of Evidence:	<p>The proponent has updated their grievance and conflict resolution process to demonstrate conformance and has adequately described this in the CCB MIR.</p> <p>The process has been clarified such that complaints and grievances can be submitted through:</p> <ol style="list-style-type: none"> 1. Directly bringing the grievance to the Makira Park office, or the six sector offices related to the park in the different sectors in which the park is located. 2. Bringing the grievance to the animators (community development officials) in the participating communities, or through the COBA management committees in each GCF participating in the project 3. Through complaints registry/logs left at each of the 5 district offices and in all commune offices in the project zone. 4. Through their representatives in the Federation of COBAs <p>The four pathways identified strike an appropriate balance between leveraging traditional cultural institutions and community institutions such as the COBAs and park management structures and local</p>

	<p>governments. By providing multiple channels for grievances to be lodged it is more likely that complainants will find a suitable pathway for making their concerns heard.</p> <p>Grievance resolution is dealt with on a case by case basis, with formal complaints addressed via written responses within 30 days as required by the CCB Standards.</p> <p>Conflict resolution committees have been established in each district in the project zone. These committees are made up of the Chef du District (local government), Mayors of the local communes, representatives of the Ministry of Forestry, COBA representatives, and Makira Natural Park representatives. Thus, these committees are composed of the range of stakeholders involved in the project zone.</p> <p>The proponent has embarked upon a series of information campaigns in the communities participating in the project and present in the project zone to ensure that stakeholders are aware of the option for lodging grievances and complaints as well as the relevant processes.</p> <p>To substantiate the updates made to the MIR and provide evidence that the grievance mechanism is now functioning, the proponent has provided the audit team with acknowledgements of receipt of the complaint registry by a sample of commune mayors, as well as a sample report from a conflict resolution meeting held in Maroantsetra, and finally a sample of complaints which have been directly addressed to the Makira Park Management.</p> <p>The audit team has reviewed these documents and determined their authenticity. Full functioning of the grievance mechanism will be verified at future verification audits. The evidence submitted is sufficient to demonstrate conformance.</p>
NCR Status:	CLOSED
Comments (optional):	None
NCR#:	04/15
Standard & Requirement:	CCB Standards G3.9
Report Section:	5.6
Description of Non-conformance and Related Evidence:	

Indicator G3.9 requires that project proponents play an active role in distributing key project documents to communities and stakeholders. The CCBA has provided previous interpretation that these key project documents include the monitoring plan summary in a relevant local language, and that the full monitoring report shall be available at the project office for stakeholders to access. It is already available online for stakeholders to access. The proponent has confirmed that communities have not been provided with a copy of the monitoring report in relevant local language.

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	Makira CCBA 2005-2013 MIR V2.0, April 30, 2015 (Makira CCBA 2005-2013 Implementation Report v2-revised_SW.docx) Annex 16--Sample acknowledgment of receipt of monitoring report documentation Annex 17—Summary monitoring plan in Malagasy
Findings for Evaluation of Evidence:	The proponent has corrected the errors in distributing key project documentation including the CCB MIR and the monitoring report in Malagasy. A Malagasy summary monitoring report following the requirements of CCB indicator G3.9, has been developed and distributed to relevant stakeholders. The summary has been provided to all COBA offices as well as fokontany and commune offices in the project zone. The proponent has provided samples of written acknowledgement by stakeholders and COBA offices. The nonconformance is therefore closed.
NCR Status:	CLOSED
Comments (optional):	None

NCR#:	05/15
Standard & Requirement:	CCB Standards G3.5, G3.7
Report Section:	5.2

Description of Non-conformance and Related Evidence:

The audit team detected risks to project benefits which are not assessed in the PDD or the MIR. Specifically the audit team observed the following risks:

i) Fluctuation in commodity prices on which communities depend. Communities visited during the field audit were heavily dependent on cloves, and to a lesser degree on vanilla and cacao for cash income. During the monitoring period, there was a dramatic spike in deforestation in 2012. This was during a period of political instability in Madagascar. COBA members interviewed confirmed that during the political crisis, buyers did not come for cloves or prices dropped dramatically and as a result community members greatly expanded their deforestation activities and relied more on subsistence agriculture.

ii) Small scale gold mining. Although this is identified in the PDD, it is not identified as a risk to project benefits. The MIR indicates that approximately 350 small scale gold mining camps were destroyed during the verification period with around 8 individuals eventually arrested for their actions. Based on interviews, the audit team believes that these activities, while necessary and in conformance with standard requirements, have potential to damage community relations and threaten project benefits. As such they should be evaluated as newly identified risks with corresponding mitigation measures.

iii) Illegal logging of rosewood. Community members confirmed repeatedly that they felt frustrated due to their inability to halt illegal logging of rosewood, although they acknowledged improvements in the past 12 months. COBA members felt like this logging, which often happens with impunity, damages their credibility in their management of the GCF. Many community members felt that WCS was unable to help them with this threat and appeared unaware of the limitations in WCS's power in preventing this type of logging. This represents an unidentified risk to maintenance of community relationships.

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	Makira CCBA 2005-2013 MIR V2.0, April 30, 2015 (Makira CCBA 2005-2013 Implementation Report v2-revised_SW.docx)
Findings for Evaluation of Evidence:	The proponent has provided substantial updates within Section 2.2.2 of the CCB MIR. Specifically the proponent has responded to the NCR by:

	<p>j) Acknowledging and addressing the external risks imposed by commodity price fluctuation and how this can impact community well-being and deforestation rates. Section 2.2.2.4 adequately describes this risk and also describes mitigation measures that WCS has implemented in response including diversification of income sources including the addition of cacao, higher value organic vanilla, fish farming, beekeeping, and handicraft development. These descriptions match with the observation of project implementation made by the audit team in the field. The mitigation measures are likely to have some positive impact in mitigating the risks.</p> <p>ii) The proponent has further acknowledged the risk imposed by small scale gold mining, including the risk of damage to relationships between the proponent and the communities given the fact that some community members have been arrested over these activities. The proponent has already implemented a wide variety of alternative livelihood activities as well as measures to increase land and resource tenure security through the creation of the management transfer contract (GCF) areas in the project zone surrounding the park. These mitigation measures are appropriate.</p> <p>iii) The proponent has also now more clearly acknowledged the risks imposed by illegal logging, specifically of rosewood. As noted in the NCR, WCS's ability to stop illegal logging in the park is somewhat limited as local and national government agencies hold overall responsibility for enforcement. However, the illegal logging presents a risk to the community engagement and relations between WCS and the participating communities as COBAs become frustrated that WCS has failed to arrest individuals involved in logging. WCS has acknowledged this risk and identified appropriate mitigation measures including further outreach to community groups on WCS's role and its limitations in arresting offending individuals. The mitigation measures identified are found to be appropriate.</p> <p>The nonconformance is therefore closed.</p>
NCR Status:	CLOSED
Comments (optional):	None
NCR#:	06/15
Standard & Requirement:	CCB Standards G4.3
Report Section:	5.5
Description of Non-conformance and Related Evidence:	

Indicator G4.3 requires the implementation of a training plan to ensure workers are effective in generating net positive climate, community, and biodiversity benefits. It was confirmed by some staff as well as by communities interviewed that additional community development and interaction training was required as this was consistently an area of weakness identified among animators.

Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	<p>Makira CCBA 2005-2013 MIR V2.0, April 30, 2015 (Makira CCBA 2005-2013 Implementation Report v2-revised_SW.docx)</p> <p><u>Additional documentation from 6 August 2015</u></p> <p>Training Needs Assessment and Plan for Makira Park Field Staff (Makira staff training plan_AJC_LA.docx)</p>
Findings for Evaluation of Evidence:	<p>The proponent has added new description to trainings which have already occurred for WCS staff in Section 2.1.3, 2.1.4, and 2.5. These descriptions help validate that the proponent has invested significant effort thus far in training and staff capacity building, especially given the limited resources the project has had. However, descriptions of past trainings alone are not sufficient to close the NCR. Section 2.5 also references a newly created Makira Park Staff training plan which is included as an annex to the MIR.</p> <p><u>Updates from 6 August 2015</u></p> <p>The proponent has provided a detailed Training Needs Assessment and Plan for the park staff which is sufficient to close the remaining open aspect of the nonconformance. The training plan identifies relevant staff, training themes, participants, results and objectives of trainings, training methods, and estimated timings. Training themes directly address the root cause of the NCR which was insufficient training for field staff to be effective in generating all projected net positive climate, community, and biodiversity benefits. Training themes are addressed, appropriately, primarily at biodiversity conservation and community benefit and include themes such as new patrolling technology and software, forest legislation for patrol members, conflict management, improved agriculture and animal husbandry techniques, financial management, and agroforestry techniques. Implementation of training sufficient to conform to indicator G4.3 will be evaluated in future verification audits as well as tangible outputs that result from trainings.</p>

	The corrective action taken by the proponent has closed the nonconformance.
NCR Status:	CLOSED
Comments (optional):	None

NCR#:	07/15
Standard & Requirement:	CCB Standards CM1.1
Report Section:	9.1
Description of Non-conformance and Related Evidence:	

Indicator CM1.1 requires that the project must demonstrate net positive community benefit for all community groups. Due to the multiple differences between the communities in Zones of Controlled Occupation (ZOCs) within the project area and the communities in the rest of the project zone, the audit team considers the ZOC communities to be a separate community group. The CCB Rules 2013 clarify that the project, at verification shall have either demonstrated, or be on track to achieving net positive climate, community, and biodiversity benefits. Net positive climate and biodiversity benefits have been achieved at this point. The audit team has confirmed that net positive community benefits are on track to be achieved, with the exception of in the ZOCs. Given the restrictions imposed on these communities, combined with minimal project benefits, it is unclear how this community group will eventually experience a net positive benefit. The audit team notes the restrictions in community development activities imposed on the ZOC areas by the project area's designation as a category II protected area.

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	Makira CCBA 2005-2013 MIR V2.0, April 30, 2015 (Makira CCBA 2005-2013 Implementation Report v2-revised_SW.docx)
Findings for Evaluation of Evidence:	The proponent has updated the CCB MIR, covering net positive community benefits to more clearly document and evaluate the project activities that have been implemented in the Zones of Controlled Occupation (ZOCs). WCS claims that given the additional limitations imposed on communities in the ZOCs by the project

	<p>(ZOCs cannot expand their land use footprint or accept external immigrants) that the project has focused its food security and income generation activities in these areas.</p> <p>Five ZOCs are present in the project zone with a total population of 1,650. All ZOCs have been organized into COBA associations which grants them increased land tenure and resource usage security, through formal recognition of these rights by the national government in their GCF areas. WCS has updated the MIR to document more specific implementation of project activities including:</p> <ul style="list-style-type: none"> i) Distribution of training and materials for improved clove, cacao, and fruit production. Although this verification audit did not visit the ZOCs (the validation audit focused on these areas), the audit team assumes that as within the GCFs visited by the audit team that clove production is highly valued by local stakeholders and produces significant economic benefits. ii) Improved rice agriculture (SRI/SRA) training. The audit team's observations in other GCF communities demonstrated that these technologies can significantly improve yields. As with most agricultural innovations, adoption rates are typically slow. WCS has acknowledged that a limited number of individuals in the ZOCs are currently using these techniques, however the audit team expects that as other community members see their benefits they are likely to adopt them, bolstering net positive benefits. iii) Installation of irrigation infrastructure. In one ZOC, an irrigation canal was developed enabling the creation of 15 hectares of permanent wet rice cultivation area. This both reduces slash and burn rice agriculture and, per interviews with stakeholders, appears to be the universally preferred means of rice production due to lower labor inputs and higher yields. iv) Training and material support for fish farming. As with the SRI/SRA techniques the audit team observed in the field that individuals predisposed to early adoption of new techniques were acting as initial nodes of innovation from which these technologies could be disseminated to other community members. <p>Additionally, with recent injection of funds to WCS to support the project, the project intends to implement the following additional activities in consultation with the ZOCs:</p> <ul style="list-style-type: none"> i) installation of further small dams and irrigation canals to support wet rice production; ii) further fish farming training and support in three ZOCs; iii) further beekeeping support and training; iv) further support for a new vanilla plantation. <p>Based on the already implemented community development activities as well as the proposed additional activities the audit team confirms that the project is on track to demonstrate net positive community benefits as required by the CCB Standards. Full achievement of net positive benefits will be assessed in ongoing verification audits in the future. The nonconformance is therefore closed.</p>
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NCR Status:	CLOSED
Comments (optional):	None

NCR#:	08/15
Standard & Requirement:	CCB Standards GL3.1-3.2
Report Section:	10.3
Description of Non-conformance and Related Evidence:	<p>The proponent justified exceptional biodiversity benefits in the original validated CCB PDD. However, Section 8.3 of the CCB MIR does not provide relevant updates on progress in maintaining this status and instead provides a short description of forest patrols for prevention of rosewood logging.</p>
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	Makira CCBA 2005-2013 MIR V2.0, April 30, 2015 (Makira CCBA 2005-2013 Implementation Report v2-revised_20150707.docx)
Findings for Evaluation of Evidence:	<p>The proponent has added significant detail to the Exceptional Biodiversity Benefits section of the MIR, justifying continued conformance with the relevant CCB 2nd Editions requirements. The designation of exceptional biodiversity benefits coming from the project was made at project validation and the verification serves to confirm that the project is continuing to implement relevant biodiversity measures and that monitoring results continue to support this designation.</p> <p>The project has carried out a range of monitoring and control activities during the monitoring period. Lemur populations were measured using a mix of camera traps and transects. The lemur species used as indicators of exceptional biodiversity were all found to continue to exist in the project area. Additionally, four of these species populations were found to increase at least fourfold via increased incidence in transects, presumably through better hunting control and prevention in the park. However, reductions in observation incidence were observed for four other lemur species with reductions ranging</p>

	<p>from 22-53%. This includes the silky sifaka, <i>Propithecus candidus</i>, an IUCN critically endangered species. Although the incidence of the species appears to have declined during the monitoring period, the monitoring supports the assertion that the species continues to exist in the project area demonstrating conformance with CCB GL3.1.</p> <p>The audit team interviewed responsible WCS personnel for biodiversity monitoring and reviewed records of transects and other monitoring methods. Additionally WCS staff provided the audit team with academic research conducted by outside institutions in collaboration with WCS at the project area which also supports the continued conformance of the project to the exceptional biodiversity requirements.</p> <p>The proponent has conducted additional botanical inventories in 2009 in the project area including the identification of a new IUCN vulnerable status palm species, <i>Dyopsis makirae</i> present in the project area and which the WCS believes may only be present within the project area. The audit team consulted the IUCN website which corroborates this claim and expects only about 1000 individuals in existence, all of which are in the project area.</p>
NCR Status:	CLOSED
Comments (optional):	None

NCR#:	09/15
Standard & Requirement:	CCB Standards B2.1-2.3
Report Section:	10.2
Description of Non-conformance and Related Evidence:	
Section 8.2 of the CCB MIR does not correspond to the plan to mitigate negative offsite biodiversity impacts identified in the validated PDD.	
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	Makira CCBA 2005-2013 MIR V2.0, April 30, 2015 (Makira CCBA 2005-2013 Implementation Report v2-revised_20150707.docx)

Findings for Evaluation of Evidence:	<p>The proponent has provided a new detailed and coherent assessment of potential negative offsite biodiversity impacts during the monitoring period. In general, offsite biodiversity impacts are expected to be minimal as the vast majority of communities that use the project area are included in the project zone. The majority of the population in the project zone benefits from project activities, particularly the creation of GCF areas which help secure resource access and land tenure.</p> <p>However, to mitigate offsite biodiversity impacts outside the project zone, the Makira project has extended community support to some communities beyond the project zone. This includes support to over 100 households for organic cocoa production including efforts to create a cooperative for sale of cocoa beans to both Malagasy and Swiss companies. The audit team visited communities benefiting from these activities during the field audit and confirmed that participants were very excited about the project and felt that the project activities could help reduce deforestation.</p> <p>Additional support has been provided to households in other areas surrounding the project zone including SRI/SRA improved rice production in 39 households, vegetable production in 55 households, clove and vanilla production in 60 households, tree nursery production of seedlings later bought for restoration in 50 households, support to 75 households in improved fishery techniques, and support to four villages in weaving techniques.</p> <p>The field audit, including community interviews and observations, as well as extensive travel through the offsite zone, indicated that negative offsite biodiversity impacts are unlikely. Given this relatively low risk, the community development activities implemented by the project proponent to provide alternatives to deforestation activities are likely sufficient to generate net positive biodiversity benefits in the offsite zone. Conformance has been demonstrated.</p>
NCR Status:	CLOSED
Comments (optional):	None

NCR#:	10/15
Standard & Requirement:	CCB Standards B3.2
Report Section:	10.1
Description of Non-conformance and Related Evidence:	

In the monitoring report, several monitoring indicators for biodiversity and community benefit have been measured in a way which cannot be compared to the baseline conditions, represented by initial data gathered around the project start date in 2005. This includes for example:

Biodiversity

-*Monitoring of forest degradation*: In 2005 this was measured as observed individuals cut per hectare, whereas for this verification it was measured as observed individuals cut per linear kilometre.

-*Hunting traps*: In 2005 this was measured per square kilometre whereas for this verification it was measured per kilometre.

-*Bushmeat consumption*: In 2005 this was measured for only lemur species whereas for the current monitoring it was measured for all species.

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	Makira CCBA 2005-2013 MIRR V2.0, April 30, 2015 (Makira CCBA 2005-2013 Implementation Report v2-revised_20150707.docx)
Findings for Evaluation of Evidence:	<p>The proponent has provided reasonable justification for the alteration of biodiversity and community monitoring and measurement methods between the proposed monitoring plan in the PDD and the monitoring that actually occurred. The obvious drawback of the change in the methods is that at this point it does not always yield directly comparable results to conditions at the project start. However, the improvement of methods will allow more meaningful data in future monitoring events, enabling long term detection of changes.</p> <p>Some changes in monitoring procedures were the result of the fact that at the project start the data forming the biodiversity baseline were derived from published research not conducted by the proponent. For example, incidence of logging and hunting traps were reported in the baseline in per area (hectare) measurements. The proponent adapted their actual monitoring to detect evidence of these issues in linear transects conducted by forest patrols using the Law Enforcement Monitoring (LEM) method. This decision was based on WCS's expert opinion based on their global experience that this approach is more</p>

	<p>cost effective. The LEM method is integrated with the Spatial Monitoring and Reporting Tool (SMART) software to create a complete data management system.</p> <p>Bushmeat consumption monitoring has also been adapted since the project's inception. WCS has clarified that this is a response to the realization that local communities consume bushmeat of many species beyond lemur species. The indicator has been adapted to cover a wider variety of species. Future monitoring events will be able to provide comparative data across time on this important biodiversity indicator. The proponent importantly, also measures lemur populations via transects, so an additional measurement technique was measured this monitoring period.</p> <p>The alterations to the monitoring plan methods and indicators have been justified by the proponent as they will serve to increase the utility of data generated in future monitoring events.</p> <p>Conformance has been demonstrated and the nonconformance is closed.</p>
NCR Status:	CLOSED
Comments (optional):	None

*NCRs 11/15 – 15/15 represent nonconformances raised against the VCS standard are included in the VCS nonconformances section below.

NCR#:	16/15
Standard & Requirement:	CCB CL1.4, CL1.5, CL3.1
Report Section:	Section 7.1, Section 7.2
Description of Non-conformance and Related Evidence:	
<p>The CCBA MIR has identified the project implementation period as from January 1, 2005 to December 31, 2013. This corresponds to the period from the project start date to the end of the second VCS monitoring period which is currently undergoing verification. If the proponent intends to tag the VCS generated by both the current VCS verification audit (monitoring period 01 Jan 2010 – 31 Dec 2013) and the first VCS verification audit (monitoring period 01 Jan 2005 – 31 Dec 2009), then the GHG credits generated through this CCB verification audit which covers both of these VCS monitoring periods, must exactly match the VCS credits and be produced in the CCB MIR in a way that makes this clear.</p> <p>The current CCBA MIR creates confusion as to whether the proponent intends to claim verification conformance to the CCB Standards for</p>	

the entire period from January 1, 2005 to December 31, 2013, or only some subset of that time period. For example, Table 13 of the CCBA MIR, which should be listing the annual unplanned deforestation in the project area *ex post* during the monitoring period, has the unplanned deforestation summarized by the two VCS verification periods (2005-2009, and 2010-2013). Table 14, which is meant to provide the same data but for the leakage belt, provides only this data for 2010 and 2011, although it's title claims it is for the 2005-2013 period. In general the tables and text reported in Section 6 of the CCBA MIR are confusing and contradictory and lack the necessary congruence with the tables and reporting of the VCS MIR Section 4. Additionally, there is no clear explanation and apparent deduction of credits in the CCB MIR to account for the 154,329tCO_{2e} of credits that were sold to CI as pre-certified non-VCU credits.

The current CCBA monitoring report, due to internal inconsistency and lack of consistency with the VCS monitoring report(s) does not demonstrate conformance with CCB indicators CL1.4, CL1.5, and CL3.1

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	Makira Forest Protected Area Project, 2005-2013 Project Implementation Report, v3, 31 August 2015 (File: Makira CCBA 2005-2013 Implementation Report v3 tracked.docx)
Findings for Evaluation of Evidence:	The proponent has submitted updated documentation that corrects the error and closes the nonconformance. In the updated version of the CCBA MIR (file: Makira CCBA 2005-2013 Implementation Report v3.docx), the proponent has updated all tables from Table 14-Table 19 in Section 6 of the report. The audit team has reviewed these tables and confirmed that they are now labelled correctly, not self-contradictory, and match the values in the relevant VCS MIR as well as the carbon quantification spreadsheets that have been submitted. The NCR is therefore closed.
NCR Status:	CLOSED
Comments (optional):	None

VCS Nonconformances:

NCR#:	11/15
Standard & Requirement:	VCS VM0007 v1.4 LK-ASU Step 2
Report Section:	8.1
Description of Non-conformance and Related Evidence:	<p>The VM0007 methodology requires that the proponent follow Step 2 of LK-ASU to estimate the proportion of leakage outside the leakage belt as a function of the proportion of immigrants in the project and leakage area, among other factors. The proponent had a methodology deviation for this issue in the PDD but it has not been re-justified or reassessed at this verification where leakage is calculated <i>ex post</i>.</p>
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	Makira Forest Protected Area Project Monitoring Report 2010-2013, May 2015 V 2.0 (Makira VCS Monitoring Report 10-13 v2-revised_SW.docx
Findings for Evaluation of Evidence:	<p>The proponent has clarified that they were under the impression that given that the methodology deviation was approved at the validation that their assumption was that this did not need to be re-evaluated. However, as the approval of the methodology deviation is based on socioeconomic trends which can change over time, re-evaluation is required. The proponent has complied and has provided additional justification in Section 4.4.2 of the VCS MIR.</p> <p>The proponent has accurately and appropriately acknowledged the uncertainty surrounding the question of immigration to outside the leakage belt. The data from the SAVAIVO socioeconomic monitoring, provided to the audit team, is useful in the assessment of this, however, there are some significant limitations to this data. Socioeconomic monitoring, as well as the socioeconomic evaluations conducted at the stage of PD development indicate that 49% percent of residents in the project area and leakage belts consider themselves as migrants to the area. However, further investigation of this issue reveals that many community members consider themselves as "migrants" when they have lived in the project area/leakage belts as long as 60 years, with an average time period of residency in the project area of 16 years. There exists additional uncertainty with regards to this data as well given that respondents appear to have been reporting whether they have immigrated to that specific village, rather than the entire project area and leakage belts. Given the very large scale of the project area and leakage belts, the assertion</p>

	<p>that migrants are more likely to have come from that specific region rather than another region of the country is credible and reasonable. The VM0007 LK ASU is only concerned with recent migrants (<5 years). Additionally, the SAVAI/O monitoring has revealed that the percent of individuals who identify themselves as migrants in the project zone actually increased from 2009 to 2014, thus providing evidence that it is unlikely that the project implementation is driving agents of deforestation outside of the project area and leakage belts leading to offsite leakage that is unaccounted for. In the opinion of the audit team, the most useful information from the SAVAI/O report is actually the comparison of the “intention to emigrate” among individuals in the project area/leakage belts between the project inception and the current monitoring. In 2005, 2% of respondents indicated the intention to emigrate, whereas in 2014 this value was 4%. This very minor change, combined with the uncertainty provided by the fact that simultaneously the proportion of residents identifying themselves as immigrants to the project area/leakage belt is increasing over time leads the audit team to consider other data sources as more appropriate.</p> <p>The proponent is highly involved with regional and national REDD developments and as such has participated in a number of government and nongovernment workshops aimed at the development of a broader ecoregional REDD program (PERR-FH). The proponent has cited the output of a recent workshop in 2014 from this process indicating that the Makira forest area is not a major source of outmigration or in-migration. These findings and relevant visuals (Figure 13) have been provided in the VCS MIR.</p> <p>Based on the findings of the ecoregional REDD workshop which includes multiple stakeholders, the audit team accepts the proponent’s assertion that leakage is not caused by outmigration from the project area and the nonconformance is therefore closed.</p>
NCR Status:	CLOSED
Comments (optional):	None

NCR#:	12/15
Standard & Requirement:	VCS Standard 3.11.7
Report Section:	6.4
Description of Non-conformance and Related Evidence:	

The proponent has noted in the CCB MIR, p. 20, and the VCS MIR p.23, that between two sales in December 2004 and July 2008 (before the project was validated with VCS and CCBA), the proponent sold a total of 154,329tCO₂e of pre-sale emissions reductions to help finance establishment of the project. These sales were carried out through the Conservation International Center for Environmental Leadership in Business. The MIR then states that “Upon validation and first verification of the Makira Project against the VCS, 154,329 VCUs will be deducted from the total VCUs generated by the Makira Project”. The auditor has not received objective evidence to confirm i) that the sales through Conservation International took place and were for 154,329 tCO₂e, ii) that these credits have been deducted from VCUs registered with Markit. As a result, a nonconformance has been issued.

Additionally, both MIRs, describe this sale in Section 1.5 in more general terms, describing a sale of “about 100,000tCO₂e” and another sale of “about 50,000tCO₂e”. The lack of precision in these statements undermine their credibility.

Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	<p>Prior to Verification</p>
<p>Evidence Provided by Organization:</p>	<p>Makira v2 – 2010-2013 Monitoring.xlsx Makira VCS Monitoring Report 10-13 v3_CB-1.docx Makira VCS Non-Permanence Risk Report 10-13 v3-1.docx</p> <p><u>Additional Documentation Reviewed on 2 September 2015</u> Makira Carbon Calculations v3 (file: Makira v3—2010-2013 Monitoring.xlsx) Makira VCS Non-Permanence Risk Report v5 (file: Makira VCS Non-Permanence Risk Report 2010-2013 v5.docx) Makira VCS Monitoring Report v4 (file: Makira VCS Monitoring Report 10-13 v4.docx)</p>
<p>Findings for Evaluation of Evidence:</p>	<p>The proponent has updated the VCS MIR to accurately reflect the sale of 154,329 pre-verified emissions reductions to CI prior to the VCS validation and verification through a non-VCS program. As such these emissions reductions must be discounted from the verification to prevent double counting of emissions reductions. The proponent has updated Table 19, depicted the VCU generation over the monitoring period, to reflect this reduction. The 154,329tCO₂e of emissions reductions was appropriately deducted from 2010, the closest year to when the sale occurred, thus reducing the VCU generation for that year from 419,478 to 265,149. However, the proponent did not simultaneously update the total VCUs generated over the monitoring period and hence the calculation of credits remains an overestimate.</p> <p><u>Updated 6 August 2015</u> The proponent has attempted to correct the error, but the corrective actions are insufficient and have</p>

	<p>created additional errors including the following:</p> <ol style="list-style-type: none"> 1. The VCU calculation worksheet "Makira v2 – 2010-2013 Monitoring.xlsx", tab "Summary", reports different buffer deductions for all years of the monitoring period than those in the AFOLU Non-Permanence Risk Report. This tab cites the risk buffer rating as 11%, while the AFOLU Non-Permanence Risk Report claims a risk rating of 10%. 2. The VCU calculation worksheet "Makira v2 – 2010-2013 Monitoring.xlsx", tab "Summary" successfully deducts the 154,329tCO₂e of emissions reductions that were sold as pre-certified credits to CI from year 2010, resulting in total VCUs of 265,149 for that year, and a total of 858,644 VCUs for the monitoring period. However, Table 18 and 19 of the monitoring report do not make the required deduction of 154,329tCO₂e. <p>As a result of the above errors the claimed emissions reductions across the AFOLU Non-Permanence Report, the calculation spreadsheet, and the Monitoring Report v3.0 are inconsistent. The nonconformance cannot be closed until the claimed emissions reductions and all values supporting this calculation are consistent and correct across all project documentation. From auditor review, the calculations in the VCU calculation worksheet "Makira v2 – 2010-2013 Monitoring.xlsx" are correct with the exception of the contradiction of the 11% risk rating in that spreadsheet as compared to the 10% risk rating claimed in the AFOLU Non-Permanence Risk Report.</p> <p>The nonconformance remains open.</p> <p><u>Updated 2 September 2015</u></p> <ol style="list-style-type: none"> 1. The VCS calculation worksheet "Makira v3—2010-2013 Monitoring.xlsx" spreadsheet, VCS AFOLU Non-Permanence Risk Report "Makira VCS Non-Permanence Risk Report 2010-2013 v5.docx", and VCS MIR "Makira VCS Monitoring Report 10-13 v4.docx" now all report the same 10% buffer risk rating and reproduce consistent annual and cumulative buffer deductions which are correct. This aspect of the NCR is closed. 2. The VCU calculation worksheet and Table 19 of the MIR now both appropriately deduct the 154,329tCO₂e of pre-certified emissions reductions from year 2010, resulting in VCU issuance for 2010 of 269,947. The proponent has argued that deducting the pre-certified emissions from Table 18 which illustrates emissions reductions rather than tradeable VCUs, would be inappropriate. The audit team agrees and the NCR is closed. <p>The calculation of buffer deductions and final VCU issuance is now correct and consistent across all</p>
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	documentation and the NCR is closed.
NCR Status:	CLOSED
Comments (optional):	None

NCR#:	13/15
Standard & Requirement:	VCS Principle of Transparency and Completeness.
Report Section:	8.1
Description of Non-conformance and Related Evidence:	<p>A nonconformance has been identified as the proponent has not transparently presented methodological steps and results of the geospatial analysis including the following specific topics:</p> <ul style="list-style-type: none"> -Specific details of radiometric, geometric, and atmospheric corrections, and orthorectification, -Accuracy assessments including the accuracy assessment produced by the Random Forest algorithm, and overall accuracy, omission errors, and commission errors -Data on ground truthing imagery used in accuracy assessments -The process for cloud removal, particularly when images from different dates were made into composite images -The method for “filling” scan line errors from Landsat 7 imagery -Sources and descriptions of data used as training data for classification, along with the software used for classification. <p>The proponent has confirmed implementation of these procedures verbally, in the MIR in parts, and sometimes in accompanying documentation provided to the audit team. However, no complete description of the analyses has yet been provided with a satisfactory level of detail.</p>
Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

	<p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
<p>Timeline for Conformance:</p>	<p>Prior to Verification</p>
<p>Evidence Provided by Organization:</p>	<p>Makira Forest Protected Area Project Monitoring Report 2010-2013, May 2015 V 2.0 (Makira VCS Monitoring Report 10-13 v2-revised_SW.docx</p>
<p>Findings for Evaluation of Evidence:</p>	<p>The proponent has revised the MIR to include substantial additional description and evidence related to the methodological steps of the geospatial analysis. This includes:</p> <ol style="list-style-type: none"> 1. Specific details of radiometric, geometric, atmospheric corrections and orthorectification as required by VM0007 M-MON, including cloud filling and scan line removal techniques. Additionally details of atmospheric corrections for removal of cloud cover has been added to the MIR, specifying that whenever possible images with less than 10% cloud cover have been utilized. However, in some cases this was not possible and in these cases imagery from the nearest point in time has been used for gap-filling of areas dominated by clouds or striping. When suitable imagery was unavailable using this process, the remote sensing technician filled gaps using annual forest cover data from the Hansen et al (2013) Global Forest Change dataset. This dataset is well regarded and used by a broad range of academic, governmental, and nongovernmental institutions. Given the persistent cloud cover in the project area the audit team considers this approach as the most reasonable. The audit team met with the WCS geospatial expert during the field audit and reviewed this process and its outputs which have also been confirmed by the geospatial expert on the audit team. Geometric and radiometric corrections as well as orthorectification processes are now described in the MIR, including with appropriate visuals. These processes follow best practice and the descriptions in the MIR are congruent with the direct observation by the audit team of the remote sensing technician during the field audit. All imagery metadata is also transparently reported in the MIR in Table 8. The proponent has demonstrated sufficient corrective actions for this aspect of the NCR. 2. Specific details of the accuracy assessments including ground truthing points Map accuracy was assessed via 700 randomly selected (through a GIS) points in the RRL which includes the project area and leakage belts and is the same as the CCB project zone. The map depicting the randomly selected points has been provided in the MIR and demonstrates both randomness and good distribution. Classification accuracy was evaluated through comparison to high resolution LANDSAT and very high resolution SPOT independent data sets. The accuracy assessment evaluated the appropriate LULC transitions utilized in the project carbon accounting (forest remaining as forest, forest converted to non-forest, and non-forest remaining as non-forest). The proponent has produced the results of the accuracy assessment conducted in the project area (96.57%) and the leakage belts (97.99%) including the overall accuracy as well as producer and user's accuracy.

	<p>3. Utilization of the RandomForest algorithm for classification.</p> <p>The proponent has provided new justification in the text for the change between the first VCS verification and this verification in the algorithm used for forest cover change analysis. The RandomForest algorithm replaced the previously used "Maximum Likelihood" algorithm. The proponent has provided valid justification for this decision which was based upon an evolving understanding in the remote sensing community that RandomForest is likely more appropriate for detection of large scale forest cover change with significant variation of spectral response within a single forest cover class over time. The geospatial expert consulting to the audit team agreed with the proponent's assertion that RandomForest is likely more appropriate for this project. The proponent validated the model appropriately using 30% of the training data selected for model development and calibration. As described elsewhere in this report, the utilization of the RandomForest algorithm in 2014 resulted in a very slight (48 hectares) discrepancy between the area of 2010 forest cover in the project area as compared to the 2012 analysis using Maximum Likelihood. This discrepancy is only 0.014% of the total and hence is not material.</p> <p>The proponent has added sufficient clarifying text demonstrating conformance with the VCS principle of transparency as well as with the M-MON requirements, for closure of the nonconformance.</p>
NCR Status:	CLOSED
Comments (optional):	None
NCR#:	14/15
Standard & Requirement:	VCS Principle of Transparency and Completeness
Report Section:	8.1
Description of Non-conformance and Related Evidence:	<p>The proponent has used a new forest cover benchmark map for 2010, the start of the monitoring period which uses a different mapping approach. This new approach has had a minimal and immaterial impact on the quantity of forest cover in the project area, but has had a significant impact on the quantity of forest cover in the leakage belt. The impacts on the amount of forest cover in the leakage belt appear to be a result of usage of the RandomForest algorithm rather than using Maximum Likelihood classification. This deviation has not been documented in the monitoring report.</p> <p>Additionally, there are unexplained differences in the proportion of the forest area that is allocated to low elevation forest and mid elevation</p>

forest, as compared to earlier analyses.

Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	<p>Prior to Verification</p>
Evidence Provided by Organization:	<p>Makira Forest Protected Area Project Monitoring Report 2010-2013, May 2015 V 2.0 (Makira VCS Monitoring Report 10-13 v2-revised_SW.docx Makira VCS MIR Annex 12 Makira VCS MIR Annex 13</p>
Findings for Evaluation of Evidence:	<p>The proponent has appropriately documented in Section 2.2 of the MIR the deviation from the validated monitoring plan represented by usage of the RandomForest algorithm rather than the Maximum Likelihood algorithm used at validation and first verification.</p> <p>The proponent has provided a fair and accurate assessment of the advantages and disadvantages of this new approach. This decision was driven by the output of a AFD (Agence Francaise de Developpement, the French International Development Agency) funded assessment in coordination with ONE, the Malagasy National Environment Office, to assess the best approaches for measurement of land cover change in Madagascar. The report of this has been provided as Annex 13 to the MIR. Advantages identified include the fact that more accurate results are produced, greater user friendliness for identification of training sites, and that necessary software (R statistical package) are free and open source. The major disadvantage identified is that R is less commonly used software than ERDAS, which is used in Maximum Likelihood classification with Land Change Modeler.</p> <p>Based on the fact that independent expert agencies have recommended the RandomForest algorithm over Maximum Likelihood, as well as input from the audit team geospatial expert supporting the appropriateness of this selection, the audit team approves the monitoring deviation and closes this aspect of the nonconformance.</p> <p>The proponent has provided additional clarification regarding the discrepancy between the relative</p>

	<p>distribution of forest in the two different forest strata (low elevation and mid elevation forest) in the project area and leakage belt between the 2012 classification which used the Maximum Likelihood algorithm and the 2014 analysis which used RandomForest. The explanation provided by the proponent is succinct and logical and is based on the fact that apparently the 2012 analysis used a 90m Digital Elevation Model (DEM), whereas the 2014 analysis used a 30m DEM. Different individuals performed these separate analyses. As the forest strata are defined based on elevation this explanation is logical. Also, as the more recently used analysis (incorporating RandomForest) uses a more precise DEM the audit team agrees that this complies with the VCS principle of Accuracy.</p> <p>The nonconformance is closed.</p>
NCR Status:	CLOSED
Comments (optional):	None

NCR#:	15/15
Standard & Requirement:	Non permanence risk report
Report Section:	VCS AFOLU 3.7.3
Description of Non-conformance and Related Evidence:	<p>The proponent has not updated and resubmitted their AFOLU non permanence risk report, which shall be updated at every verification.</p>
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	Prior to Verification
Evidence Provided by Organization:	<p>Makira VCS MIR Annex 10 Non-Permanence Risk Assessment Updated Documentation from 2 September 2014 Makira VCS Non-Permanence Risk Report 2010-2013 v5 (file: Makira VCS Non-Permanence Risk</p>

	<p>Report 2010-2013 v5.docx) Makira Financial Model v7 (file: Makira – v7 – Financial Model.xlsx) Multiple confidential grant and ERPAs</p>
<p>Findings for Evaluation of Evidence:</p>	<p>The nonconformance remains open. The project has submitted an updated AFOLU Non-Permanence Risk Report, however the updates made are not sufficient to demonstrate full conformance with VCS AFOLU 3.7. For example:</p> <ol style="list-style-type: none"> 1. The updated report conducts the risk assessment against the VCS AFOLU Non-Permanence Risk Tool v3.1 rather than the current version (v3.2) as required. 2. The report does not use the most recent template of the VCS AFOLU Non-Permanence Risk Report. This is v3.1 and is available on the VCS website here: http://www.v-c-s.org/program-documents/find-program-document 3. Section 2.1 of the report (Buffer determination) reports the <i>ex ante</i> estimate of the risk buffer withholding for the entire project lifetime. As this report relates only to the current verification of most recent monitoring period this should be an <i>ex post</i> calculation of the risk buffer withholding of this current monitoring period. The values in this table shall exactly match those reported in the monitoring report. 4. It appears that the financial viability indicators have not been updated and no supporting updated financial plans/reports/models have been provided to demonstrate both the projected cash flow breakeven point, the proportion of funding required to cover cash out before breakeven point, and the callable financial resources available. 5. The report provided has only been partially updated. For example, in Table 8, while the dates have been updated to show the World Bank Governance Indicators from 2009-2013 (appropriately), the title of the table states “Governance indicators for Madagascar 2006 to 2010” <p><u>Updated findings from 6 August 2015</u></p> <p>The proponent has submitted an updated version of the VCS Non-Permanence Risk Report, Version 3.0 from August 2015. Several of the above issues identified have been resolved but some aspects of the nonconformance remain open including:</p> <ol style="list-style-type: none"> 1. The proponent has not clearly used the current valid template for the Non-Permanence Risk Report which is version 3.1. The v3.1 footer is missing from the document. Without this footer both VCS and the registry will reject the report. Additionally the Date of Issue is also only identified as “August 2015” rather than a specific date, which will also result in rejection from the registry. 2. The report appears to be in a draft form including several comments. 3. The proponent has updated Section 1.2 of the report, Financial Viability, however, the proponent still has not provided the financial plans, reports, and models that are required by the VCS AFOLU Non-Permanence Risk Tool v3.2, 2.2.2 (1-5). <u>No updated financial model has been provided to justify the</u>

	<p>claim that the project breakeven point is 4 years or less from the current risk assessment. The report references “the 30 year financial plan”, however, this is the 2011 plan from the project validation. This financial plan shall be updated at this point to justify the claim of a 4 year breakeven point. Additionally, no evidence has been provided to support the claim that the project has secured between 40 and 80% of funding needed for total cash out until the project reaches breakeven, nor has the proponent provided evidence that the project has callable financial resources representing at least 50% of the total cash out before breakeven.</p> <p>Updated findings from 2 September 2015</p> <p>The proponent has submitted an updated version of the VCS Non-Permanence Risk Report, v5, dated, 31 August 2015.</p> <ol style="list-style-type: none"> 1. The correct and valid version of the template (v3.1) is used along with the appropriate v3.1 footer. Additionally a specific date of issuance (31 August 2015) is identified. The above corrective actions are sufficient to demonstrate conformance with VCS requirements as well as formatting conventions required by the VCS registries for project registration. 2. All comments and tracked changes in the report have been removed thus enabling it to be an effective final version. 3. The proponent has provided the audit team with a detailed financial model demonstrating past and current financial performance and using this performance to make reasonable projections about revenues and expenses into the future. The proponent has clarified that the Makira project, as is it funded by more than simply carbon revenues, has been cash flow positive every year since the project's inception. The financial model demonstrates this and the proponent has provided the audit team with a selection of confidential financial documents including Emissions Reduction Purchase Agreements (ERPAs) and grant funding agreements that directly correlate to the financial information in the model. The REDD Revenue benefit sharing agreement allocates a substantial portion of funds to the Malagasy Government as well as to community development activities. The balance after these payments, combined with grant funding and WCS's own funding has been sufficient to demonstrate project breakeven is less than 4 years from the current risk assessment as it has already been achieved. Based on the financial model, substantiated by ERPAs and grant agreements, WCS has conservatively chosen risk factor g, based on 40-80% of secured funding needed to cover cash out before breakeven. Finally, WCS has now demonstrated via its financial model and financial documentation provided that the project has access to funding provided from WCS's Global Conservation Program which is sufficient to cover more than 50% of cash out in the event that grant funding from other sources, and carbon revenues are absent.
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	The proponent has corrected the AFOLU Non-Permanence Risk Report such that it uses the appropriate template, follows VCS requirements, and is supported by relevant financial documentation and a detailed financial model. As such, the NCR is now closed.
NCR Status:	CLOSED
Comments (optional):	None

CCB Forward Action Requests:

Note: Forward Action Requests (FARs) represent areas of potential future nonconformance where the assessment of full conformance or the assessment of corrective actions taken to close an NCR cannot be fully evaluated at this time. Future verification teams should re-evaluate FARs to confirm the issues have been resolved.

FAR#:	01/15
Standard & Requirement:	CCB Standards CM3.2
Report Section:	9.1

Description of Forward Action Request and Related Evidence:

Indicator CM3.2 requires that the project implement a monitoring plan for assessing the effectiveness of measures to maintain or enhance areas of high conservation values for communities. The audit team has collected no evidence to suggest that WCS activities have negatively impacted the sacred forest or “Joro” areas which are the HCV areas for communities. Interviews with communities confirmed that they felt that WCS respected their culture and traditions and likely enhanced the protection of sacred forest areas. However, CCB requires ongoing monitoring to ensure community HCVs are maintained or enhanced. The project has not implemented this monitoring and this is not part of the monitoring plan. The audit team has confirmed in interviews with stakeholders that the project has in fact increased the protection of these sacred forest areas, as part of a broader effort to conserve forest areas; however, no specific measures have been implemented to protect this as an HCV. As a result it is an immaterial error that should be corrected by future verifications.

Corrective Action Request:	Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above. Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
Timeline for Conformance:	Prior to Future Verification

Evidence Provided by Organization:	PENDING
Findings for Evaluation of Evidence:	PENDING
NCR Status:	OPEN
Comments (optional):	

Observations:

Note: Observations are issued for areas that the auditor sees the potential for improvement in implementing standard requirements or in the quality system; observations may lead to direct non-conformances if not addressed. Unlike NCRs, observations are not formally closed. Findings from the field audit related to observations are discussed in Appendix A below.

OBS 1/15	Reference Standard & Requirement: VCS Standard Principle of Transparency
Description of findings leading to observation:	
<p>The proponent has demonstrated significant efforts towards net positive climate, community, and biodiversity impacts in the CCB MIR. However, the proponent has not quantitatively reported the progress of most activities implemented. For example, the proponent has not reported the total number of dams implemented, total beneficiaries from improved clove production projects, etc.</p>	
Observation:	
<p>The proponent should quantitatively report this progress to better demonstrate positive impacts that have been achieved and that are likely.</p>	