Nakau Methodology Framework

General Methodology for the Nakau Programme

An Indigenous Forest Conservation Programme Through
Payments for Ecosystem Services

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Preamble

"What we are doing to the forests of the world is but a mirror reflection of what we are doing to ourselves and to one another." - Mahatma Gandhi

Behind the creation of the Nakau Programme is a vision for a sustainable future, of healthy forests supporting and supported by strong indigenous communities. Looking after our precious forests is inseparable from the need to support the people who own them, depend upon them, or make their homes within them. This simple recognition underpins the approach of the Nakau Programme.

The Nakau Methodology Framework (this document) provides a set of instructions and guidelines, that if followed enable the forest owners to manage their forest to produce Payment for Ecosystem Services (PES) Units (e.g. carbon credits), which can be sold to generate income to cover the costs of forest protection and enhancement. The Nakau Methodology Framework addresses project ownership, governance, participation, benefit sharing, management, implementation, monitoring and reporting.

This methodology framework will be available to approved projects that, on a voluntary basis, decide to join with other projects under the umbrella of the Nakau Programme. The potential strengths of this regional cross-boarder alliance of projects includes: reduced project setup costs; economies of scale, enhanced marketing, financing and sales potential; increased access to support; opportunities to share knowledge and resources; and importantly, quality-assured environmental outcomes.

At the very heart of the Nakau Methodology Framework is a commitment to *optimising and sustaining* the benefits flowing to indigenous forest owners. All projects in the Nakau Programme are *owned* by the indigenous landowners. However PES systems are new, highly complex and carry risks. The Nakau Programme takes a community development partnership approach: we believe that a model where an indigenous community is required to accept all responsibilities for a project (including the risks of project failure) is neither fair nor sustainable. In our view, fair and transparent partnerships involving mutually beneficial collaboration between local and external stakeholders helps to manage the risks of failure, and optimize the conditions required to make PES projects work and endure.

Under the Nakau Methodology Framework projects are administered and managed through a partnership between landowners and an approved Project Coordinator. The Project Coordinator provides agreed services (transparently budgeted) to the project, subject to binding contracts with the Project Owners. The range of services provided by the Project Coordinator is determined by the capacity of the particular Project Owner group to take on such tasks by themselves - and this will change through time. The partnership is designed to optimize project outcomes by ensuring adequate technical capacity is available to produce the product (PES units), at a fair price. After costs are subtracted, all net profits from the sale of PES units flow to the indigenous Project Owners.

The word 'Nakau' (and variations thereof) is understood to mean 'tree' by many indigenous language speakers of the Western Pacific Islands. A solid tree needs sturdy roots. The Nakau Programme (including its methodologies, protocols and quality controls) provides a sturdy foundation to enable disciplined environmental protection and sustainable community development for forest owners, and high quality, low risk investments in nature for PES unit buyers.

0. Introduction

0.1 NAKAU PROGRAMME

The Nakau Programme is a Payment for Ecosystem Services (PES) programme focusing on community-based forest protection and enhancement and sustainable development. PES units are created by implementing measurable and additional forest protection/enhancement outcomes. The purpose of the Nakau Programme is to provide a financing mechanism to cover the costs of environmental management activities and addressing any landowner opportunity costs where relevant.

The Nakau Programme operates through the implementation of geographically defined projects with specific forest protection and/or enhancement goals. Projects are implemented by applying one or more detailed methodologies that are validated to an international PES standard. Each project in the Nakau Programme is required to apply two methodological components:

A.   The Nakau Methodology Framework (covering all general and obligatory methodology elements).
B.   A 'Technical Specifications Module' for each activity that generates PES units (ecosystem accounting elements specific to that activity).

Accordingly, each project in the Nakau Programme will develop a Project Idea Note[1] (PIN) as an initial scoping document, and then a Project Description (PD) presented in two parts:

A.   Part A: General Description (applying the Nakau Methodology Framework).
B.   Part B: Technical Description (applying the relevant Technical Specification Module/s).

The Nakau Methodology Framework (this document) provides the general methodological requirements for all projects in the Nakau Programme irrespective of the 'Activity Class' and 'Activity Type' (see description below). These general requirements comprise a framework for describing the project activity, and include the obligatory Community Benefit and Biodiversity Benefit dimensions of project design and implementation.

The Nakau Programme supports a range of Activity Classes and Activity Types. An 'Activity Class' is a broad category of ecosystem service used to generate PES units as a result of project implementation. An example of an Activity Class in the Nakau Programme is 'Carbon' - which creates PES units (carbon credits) from the delivery of verified carbon benefits. 'Biodiversity' is another Activity Class, generating biodiversity PES units (e.g. habitat hectares) from the delivery of verified biodiversity benefits.

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[1] The framework for PIN drafting is presented in Appendix 5 – PIN Development Module.

Any project that protects and/or enhances an ecosystem will deliver a wide range of ecosystem service benefits provided by that ecosystem. It is, however, usually too costly to create PES units for all the different types of ecosystem service benefits provided by an ecosystem. This is because creating PES units requires the application of a high-resolution measurement, reporting and verification system specific to that ecosystem service. For this reason, it is common for a project to use one Activity Class (e.g. Carbon) as a proxy for the full range of ecosystem service benefits delivered from the protection of an ecosystem (e.g. the prevention of deforestation).

In addition to the core ecosystem service delivered by a project (e.g. carbon benefits), all projects in the Nakau Programme are required to deliver community and biodiversity co-benefits. These co-benefits do not require the application of a (high-resolution) Technical Specifications Module, but do require the application of the (low/medium-resolution) methodologies contained in the Nakau Methodological Framework.

Figure 0.1. Activity Classes and Co-Benefits
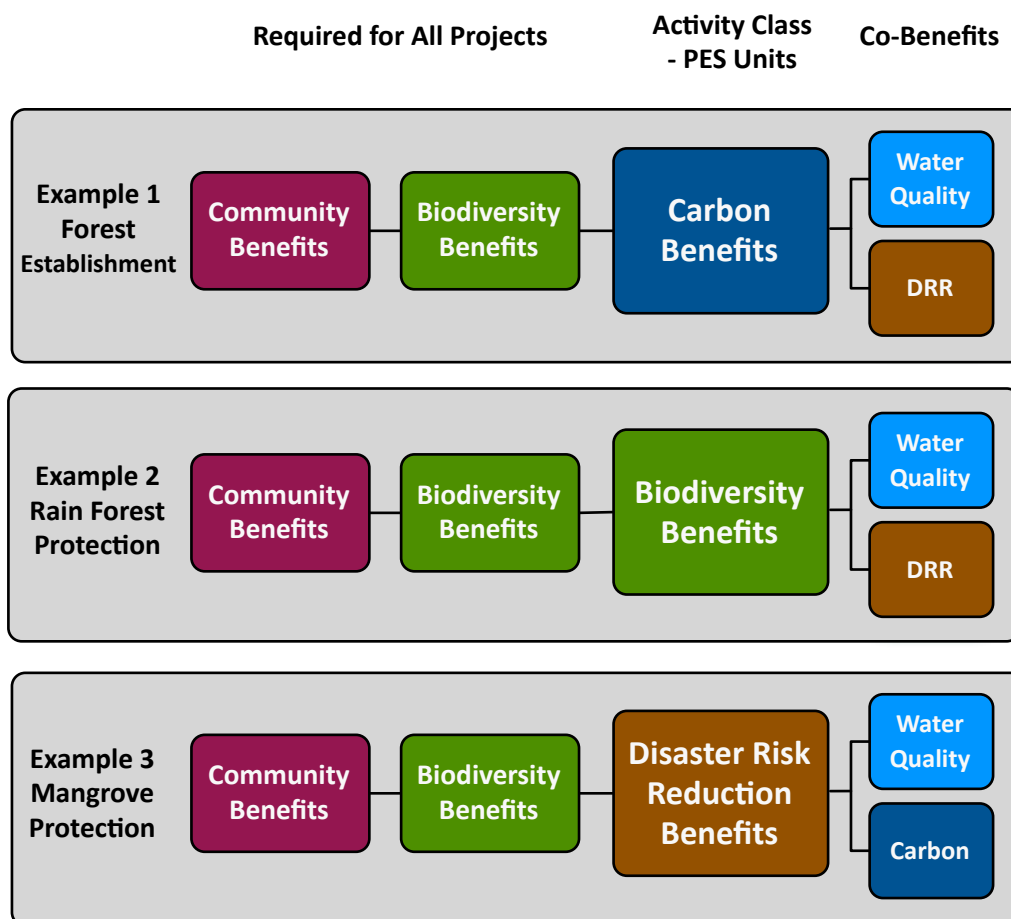
0.2 QUALITY ASSURANCE

The Nakau Methodology Framework is validated to the Plan Vivo Standard (2013) as a 'Grouped Project' defined by the rules for Grouped Projects specified in Section 3.4 of the VCS Standard v3.0 2011. According to the VCS (2011) Grouped Projects are "projects structured to allow the expansion of a project activity subsequent to project validation."

The Nakau Programme quality assurance architecture is defined by the following:

   a. Third party validation of the Nakau Methodology Framework.
   b. Third party validation of each Technical Specification Module.
   c. Third party validation of the PD for the first project ("Inception Project") for each Activity Type.
   d. Second party validation (by Programme Operator) of PD for all subsequent projects of an Activity Type that has already had an Inception Project Validated.
   e. Third party verification of all project monitoring reports.

0.3 NAKAU PROGRAMME OPERATOR

The Nakau Programme is owned and administered by the Nakau Programme Operator. The Nakau Programme Operator is a legally constituted company named *The Nakau Programme Ltd*: a Company Limited by Shares under the *Corporations Act 2001* (Commonwealth legislation administered by the Australian Securities and Investments Commission), wholly owned by two charities - Live and Learn International (Australia) and Ekos (New Zealand). The purpose of the Programme Operator is to safeguard the environmental, social, economic and cultural integrity of the Nakau Programme.

The role of the Programme Operator is to:

- Own and administer the Nakau Programme.
- Hold credits in its registry account in trust on behalf of project owners.
- Own the buffer credits in the pooled buffer account.
- Support project and programme development through acquiring grants.
- Own all IP associated with the programme methodologies and protocols.
- Undertake 2nd party validation audits of Project Descriptions (PDs).
- Provide quality control support to project management/monitoring reports.
- Act as the beneficiary to covenants on project lands for projects electing to use a covenant in this manner.[2]
- Provide a document repository for all programme-related documentation including copies of all project reports.
- Provide sales and marketing support for Project Coordinators and Project Owners.

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[2] The beneficiary of a covenant is the person or entity to whom the covenant is made and who acts as a legal guardian over the covenant. They have responsibility to police compliance with the covenant.

0.4 STRUCTURE OF NAKAU METHODOLOGY FRAMEWORK

The Nakau Methodology Framework contained in this document defines the general requirements for all projects in the Nakau Programme according to the following structure:

1. General Requirements
2. Describing The Project
3. Co-Management
4. Benefit Sharing
5. Project Measurement
    a. Core PES Activity Impact Monitoring
    b. Community Co-benefit Impact Monitoring
    c. Biodiversity Co-benefit Impact Monitoring
6. Project Reporting and Verification
7. Managing Data Quality
8. Adding Subsequent Projects to the Nakau Programme

0.4.1 Resolution of Information Presented

All projects in the Nakau Programme are required to provide information on the Project Area relating to:

- The local community
- Biodiversity
- The core ecosystem service delivered by the project.

The resolution of information presented on these themes is different for different locations in the PD. Low-resolution descriptions of these three project attributes is presented in Section 2 of the PD, responding to methodological requirements presented in Section 2 of this document. Section 5 of the PD requires medium-resolution descriptions of community and biodiversity attributes, and a cross reference to Part B of the PD responding to the methodological requirements of the Technical Specifications Module/s applied. Here high-resolution information is presented on the core ecosystem service/s delivered by the project.

0.4.2 Document Formatting

This document is formatted to the following convention:

Text contained in a grey box in italics signifies verbatim methodological requirements and/or methodological guidance. Where no italics are used then the methodological guidance has been paraphrased.

Evidence requirements are presented in tables with green headings:

Evidence Requirement		
#	Name/Description	Location

The Nakau Methodology Framework functions as a template for the preparation of Part A of the Project Description (PD). For transparency, Part A of the PD shall be formatted with the same headings and heading numbers in exactly the same order as presented in this document from Section 1 onwards.

Each Technical Specifications Module functions as a template for the preparation of Part B of the Project Description. Part B of the PD shall be formatted with the same headings and heading numbers in exactly the same order as presented in the relevant Technical Specifications Module/s applied (from Section 1 onwards).

Parts A and B of the PD shall provide information responding to every section and subsection presented in the Nakau Methodology Framework and the Technical Specification/s applied.

1. General Requirements

1.1 SUMMARY INFORMATION

According to the most recent Plan Vivo PIN Template (p3) projects are required to supply key information as follows:

Project Title; Project Location (country/region/district); Project coordinator and contact details; Summary of proposed activities; Summary of proposed target groups.

The Plan Vivo 2012 PDD Template (p3) requires an Executive Summary (one page max) including the project location, objectives, activities, target communities, expected impacts, organisations involved and projected timeframe.

1.1.1 Project Title and PD Title Format

All projects in the Nakau Programme shall provide a project title using the following naming format:

Title: [Site] Project Name ([activity class code]) ([activity type code]): Project Description.

Subtitle: A [project type] project at [location] validated to the [XX] Standard. [Document version code] [Date].

Document version code: follow the document management codes provided in section 6.1 of this document.

Example: *Drawa Forest Carbon Project (C) (IFM-LtPF): Project Description. An Improved Forest Management Project at Drawa, Vanua Levu, Fiji. DXX.xx. V1.0 Date.*

Projects also have the option to create a 'trading name' for marketing purposes that may be different from the formal name in this naming convention.

1.1.2 Project Summary Information

All projects in the Nakau Programme shall provide an executive summary with the following content:

Table 1.1.2 Vital Statistics for the [project name] Project (example only)	
Project Name	Drawa Forest Carbon Project
Project Location	Drawa forest, Macuata and Cakadrove Provinces, Vanua Levu, Fiji.
Project Objectives	Conservation of mature indigenous rainforest through avoiding forest degradation, by means of legal protection of forest.

Project Activities	Termination of baseline logging activities and placement of Project Area into a reserve.
Target Communities	The landowning clans of Drawa forest comprising the following mataqali: Drawa, Navunicau, Nadugumoimoi, Bakibaki, Nakalounivuaka, Vulavuladamu, Vatucucu, Koroni, Navoatu, Tonikula, Nakase.
Project Owner	Drawa Forest Cooperative
Project Coordinator	Live and Learn Environmental Education – Fiji
Programme Operator	The Nakau Programme Ltd: a Company Limited by Shares under the *Corporations Act 2001* (Commonwealth legislation administered by the Australian Securities and Investments Commission), wholly owned by two charities - Live and Learn International (Australia) and Ekos (New Zealand).
Methodology	Nakau Methodology Framework v1.0; Technical Specifications Module 1.1 (C) (IFM-LtPF) D2.1.1 v1.0, 20140409
Scope	Forest-remaining-as-forest activities. Accounting for AFOLU GHG emissions and removals.
Activity Class	Carbon
Activity Type	Improved Forest Management – Logged to Protected Forest
Standard	Plan Vivo Standard
Registry	Plan Vivo Registry (currently Markit Environmental Registry, London)
Product	Plan Vivo Certificates/VERs
Benefits	Avoided AFOLU GHG emissions from avoided timber harvesting; enhanced AFOLU GHG removals from forest protection.
Co-Benefits	Biodiversity, disaster risk reduction, hydrological cycle, community development, climate change resilience, flood protection [these need to be described in PD]
Validator/verifier	Plan Vivo [or other if different]
Project Period	30 years from project start date
Monitoring	5 yearly from project start date
Project Start Date	[Insert project start date]
Project Area	[xx] ha made up of [yy] land parcels
Forest Area	[xx] ha made up of [yy] land parcels
Eligible Forest Area	[xx] ha made up of [yy] land parcels
Original condition	Mixture of logged and unlogged forest with a recent history of logging activity and logging interest by landowners
Baseline Activity	Legally sanctioned timber and fuelwood harvesting
Project Activity	Legally binding forest protection
Legal Protection	[Name instrument of legal protection]
Validation	Carbon, biodiversity and community elements of Project Description validated under the Plan Vivo Standard; [name any other validation entity where relevant]
Verification	GHG assertions verified to the Plan Vivo Standard through verification audit of Project Monitoring Reports.
Net Project Benefits	[xx] tCO2 emissions avoided and/or removed per annum starting [name project start date]
Buffer	[x]% of Net Carbon Benefits for each crediting period (buffer owned by Programme Operator): • [xx] credits for year 1 of rotation 1; [yy] credits for years 2 onwards for rotation 1; • [xx] credits for year 1 of rotation 2; [yy] credits for years 2 onwards for rotation 2; • [xx] credits for year 1 of rotation 3; [yy] credits for years 2 onwards for rotation 3.
Net Carbon Credits (Plan Vivo certificates)	Plan Vivo certificates issued in batches following verification of monitoring report for relevant monitoring period) • [xx] credits for year 1 of rotation 1; [yy] credits for years 2 onwards for rotation 1;

	• [xx] credits for year 1 of rotation 2; [yy] credits for years 2 onwards for rotation 2; • [xx] credits for year 1 of rotation 3; [yy] credits for years 2 onwards for rotation 3.

1.2 PROJECT AIM AND OBJECTIVES

The Plan Vivo 2012 PDD Template (p3) requires a brief (under 250 words) description of the nature of the project and its key aims and objectives.

1.2.1 Project Aim

All projects shall state the social purpose of the project with specific reference to the affected community/ies. All projects shall state the ecological purpose of the project with specific reference to the targeted ecosystem service/s being delivered, and list (but not describe in this section) any co-benefits delivered.

1.2.2 Project Objectives

All projects shall state the specific objectives relating to the delivery of the project aim stated in 1.2.1 above. These objectives are the means by which the project purpose/s will be delivered. Project objectives shall include the general strategy applied for delivering on the project purpose, including the general activity types and the general difference between baseline and project scenario activities anticipated.

1.3 ELIGIBILITY

1.3.1 General Eligibility

All projects shall describe the way the project meets the eligibility criteria of the standard/s applied (including those specified in each Technical Specifications Module used) and the specific eligibility requirements of this methodology.

To be eligible to participate in the Nakau Programme, projects must meet each of the following criteria and provide evidence as indicated:

Table 1.3.1: Evidence Requirement: General Eligibility		
#	Eligibility criteria	Location
1.3.1a	Projects must involve a sustained ecosystem management intervention that would not occur without PES financing.	Project aim and objectives in Part A Section 1.3 of PD.
1.3.1b	The intervention outcome is quantitatively measured in relation to a baseline (BAU) scenario.	Application of technical specifications module presented in Part B of PD.
1.3.1c	The quantity of ecosystem service delivered is based on the measurable net difference between ecosystem service delivery in the baseline and project scenarios.	Application of technical specifications module presented in Part B of PD.

1.3.1d	Measured ecosystem service outcomes claimed for PES payments shall be independently verified by a third party.	Validation and verification specifications presented in Part A, Section 6 of PD; verification reporting.
1.3.1e	The intervention outcome is quantitatively measured in relation to a baseline (BAU) scenario.	Application of Technical Specifications Module in Part B of the PD.
1.3.1f	The quantity of verified ecosystem service outcomes delivered is rendered into tradable units (PES units, credits or certificates) consistent with a set of Technical Specifications (methodology) relevant to the Activity Type.	Application of Technical Specifications Module listed in Part A (Section 5.1), and Part B (Section 5.5.1) of the PD; verification reporting.
1.3.1g	A proportion of PES units representing delivered ecosystem service outcomes shall be held in reserve as a buffer for a time period sufficient to cover non-permanence risk and be executed in a way that is consistent with the buffer requirements in the relevant technical specifications (methodology) and standard.	Application of buffer rules component of technical specifications in Part B (Section 5.4.1) of the PD; verification reporting.
1.3.1h	Measures shall be applied to transparently avoid double counting and/or double (or multiple) selling of PES units.	Registry used for project units listed in Table 1.1.2 in Part A (Section 1.1.2) of PD.
1.3.1i	There shall be sufficient demonstrated demand for and pricing of the particular PES units to enable trade to occur and payments to project owners sufficient to overcome the opportunity costs to the project owners.	Evidence of demand and actual or likely pricing for units presented in Part A, Section 1.2.1i of PD.
1.3.1j	Projects shall meet all of the eligibility criteria specific to the Activity Type/s undertaken, and contained in each of the Technical Specification modules applied.	Part B, Section 1 of PD.

1.3.2 Eligible Project Interventions Areas And Participants

According to Section 1 of the Plan Vivo Standard (2013, p8):

1.1 Project interventions must take place on land where smallholders and/or community groups (collectively known as 'participants') have clear, stable land tenure, either via ownership, or user rights that enable them to commit to project interventions for the duration of the PES Agreement.

1.2 Land that is not owned by or subject to user rights of smallholders or communities may be included in the project area if it meets all of the requirements below:
  - *1.2.1. It represents less than a third of the project area at all times*
  - *1.2.2. No part of the area was acquired by a third party from smallholders or community groups for the purpose of inclusion in the project*
  - *1.2.3. Its inclusion will have clear benefits to the project by creating landscape level ecosystem benefits such as biodiversity corridors, by making the project more economically viable, or by enabling surrounding communities to benefit*
  - *1.2.4. There is an executed agreement between the owners/managers of such land*

> *and participants regarding the management of the area consistent with these requirements.*

All projects must demonstrate that project interventions take place under conditions consistent with Section 1.1 and/or 1.2 of the Plan Vivo Standard (2013).

1.3.3 Eligible Project Activities

According to Section 2 of the Plan Vivo Standard (2013, p9-10):

2.1 Projects must generate ecosystem service benefits through one or more of the following project intervention types:
- Ecosystem restoration
- Ecosystem rehabilitation
- Prevention of ecosystem conversion or ecosystem degradation
- Improved land use management

[Definitions for these intervention types are provided in Section 2.1 of the Plan Vivo Standard.]

Eligible project activities must demonstrate compliance with Section 2.1 of the Plan Vivo Standard, and must apply at least one of the following Activity Classes:

Nakau Programme Activity Classes			
Code	Activity Class	Description	Project Activity Examples
B	Biodiversity	Protection and enhancement of biological diversity	Protection or enhancement of forest habitat for biological diversity; Protected species recovery.
C	Carbon	Carbon benefits to the atmosphere	Prevention or reduction of deforestation or forest degradation; afforestation, reforestation.
CCR	Climate change resilience	Protection and enhancement of ecological infrastructures relevant to climate change resilience	Reforestation of water catchment areas; protection of forest; mangrove protection or restoration.
DRR	Disaster Risk Reduction	Protection and enhancement of ecological infrastructures that provide DRR services	Mangrove protection or restoration; forest protection; flood protection through forest protection or enhancement in riparian or catchment areas.
EI	Ecological Infrastructure	General activity class covering general ecological infrastructure activities not covered in any other activity class	Hydro power scheme water catchment management to reduce or prevent dam siltation through afforestation/ reforestation or forest protection
WQ	Water quality	Protection and enhancement of water quality in streams or coastal areas	Forest catchment protection sufficient to cause an increase in water quality or a prevention of water quality decline.
WS	Water security	Protection and enhancement of fresh water supply ecological infrastructures	Forest catchment management that causes the protection or enhancement of water supplies by aiding the hydrological cycle.

For example, projects may be developed as 'carbon projects' that measure greenhouse gas benefits delivered as a result of project activity. These projects will fall under the activity class – Carbon (C). Such projects will create carbon assets (carbon credits or certificates) for sale in payment for ecosystem service markets. Projects may also choose to focus on other (non-carbon) ecosystem services under different activity classes – e.g. biodiversity (B), water quality (WQ), water security (WS), climate change resilience (CCR), disaster risk reduction (DRR), or other (approved) ecosystem service or ecological infrastructure outcomes.

Project can also be developed and implemented as integrated projects with multiple activity classes (e.g. carbon, biodiversity, climate change resilience), or begin by applying one activity class, and then add subsequent activity classes through time. However The Nakau Programme will not allow double counting with respect to selling multiple units from the same area of land during the project period.

Specific project interventions are defined as Activity Types and are implemented through the application of a Technical Specifications Module specific to that Activity Type. The "Activity Type" refers to the specific ecosystem service management activity within that Activity Class. Each activity type involves the quantitative measurement of ecosystem services delivered by project activities, generated by particular project implementation modalities.

The most developed Activity Class for the Nakau Programme for this version of the Nakau Methodology Framework is Carbon (C). Eligible projects within the Carbon Activity Class are restricted to those supporting at least one of the following Activity Types:

Activity Class: Carbon (C)			
Forest Carbon Management Activity Types			
Activity Code	Activity Name	Baseline Activity	Project Activity
AD: Avoiding Deforestation			
AD-DtSFM	Avoiding Deforestation – Deforestation to Sustainable Forest Management	Deforestation	Low Impact Selective Logging/Sustainable Forest Management
AD-DtPF	Avoiding Deforestation – Deforestation to Protected Forest	Deforestation	Forest Protection
IFM: Improved Forest Management			
IFM-LtPF	Improved Forest Management – Logged to Protected Forest	High or Low Impact Selective Logging	Forest Protection
IFM-RIL	Improved Forest Management – Reduced Impact Logging	High Impact Selective Logging	Low Impact Selective Logging/Sustainable Forest Management
IFM-DtTF	Improved Forest Management – Degraded to Tall Forest	Degraded Forest	Tall Forest
AR: Afforestation, reforestation			
AR-Af	Afforestation, Reforestation - Agroforestry	Non-Forest Land Use	Agroforestry Forest Land Use
AR-NR	Afforestation, Reforestation – Natural Revegetation	Non-Forest Land Use	Regenerated Natural Forest Land Use
AR-CP	Afforestation, Reforestation – Commercial Plantation*	Non-Forest Land Use	Commercial Timber Plantation Forest Land Use

* AR activities using non-native species in the activity type AR-CP are permitted provided that this is clearly a component of a strategy to protect and/or enhance indigenous forest (e.g. a leakage-avoidance activity associated with indigenous forest protection elsewhere).

According to Section 5 of the Plan Vivo Standard (2013, p16):

5.8.   Project intervention areas must not be negatively altered, e.g. deforested or cleared of other vegetation, prior to the start of project activities for the purpose of increasing the payments for ecosystem services that participants can claim.

Eligible project activities shall comply with Section 5.8 of the Plan Vivo Standard (2013). This section of the PD shall provide information supporting compliance with this requirement.

2. Describing The Project

Section B of the 2012 Plan Vivo PDD Template requires the presentation of the following project information:

- Project Location, land type and boundaries
- Description of the project area
- Description of the Plan Vivo Technical Specifications
- Duration of project activities and crediting period
- Carbon benefits of project activities
- Process and requirements for registering Plan Vivos.

2.1 TYPE OF PROJECT

2.1.1 Activity Type

Each activity type applied in the project shall be described in detail.

2.2 PROJECT LOCATION AND LAND TYPE

Section B(1) of the 2012 Plan Vivo PDD Template requires Project Proponents to describe the location and initial size (in hectares) of the project area(s), including country, state and district (or national equivalent).

2.2.1 Description of Location and Project Size

All projects shall provide a description of the project location and project size in hectares.

2.2.2 Project Location Maps

All projects shall provide the following location maps:

a. Location of the host country.
b. Location of the project on a sub-national map image.
c. Location of project site at a resolution sufficient to identify local relevant communities, and the initial size (in hectares) of the Project Area/s.

2.2.3 Land Type

All projects shall provide a description of the land types involved in the project, including land tenure, and status of the land and resource management of the project location.

2.3 DESCRIPTION OF PROJECT AREA

2.3.1 Topography

All projects shall describe (with reputable references) the topography of the Project Area and surrounding environs.

2.3.2 Geology and Soils

All projects shall describe (with reputable references) the geology and soils of the Project Area and surrounding environs.

2.3.3 Climate

All projects shall describe (with reputable references) the climate of the Project Area and surrounding environs.

2.3.4 Ecosystems

All projects shall describe (with reputable references) the ecosystems and habitat types of the Project Area and surrounding environs.

2.3.5 Environmental Values

All projects shall provide a low-resolution description of the environmental and conservation values of the Project Area and surrounding environs, including:

- Rare or endangered species
- High conservation value habitats
- Protected Areas

Include a description of how the implementation of the project will affect these environmental values. This will be a summary of information presented in Section 5.3.4 of Part A of the PD.

2.3.6 Current And Historical Land Use

All projects shall describe current and historical land use in the Project Area and surrounding environs, and how this will be affected by the project.

2.4 GEOGRAPHIC BOUNDARIES

'Geographic Boundaries' refers to the areas covered by the project including land tenure, area covered by the project, area subject to PES unit crediting, and strata relevant to baseline and project ecosystem accounting.

Project areas shall include the follow project area types:

- Project Area
- Eligible Area
- Reference Area (where relevant)

  Forest projects will also include the following project area types:

- Forest Area
- Non-Forest Area
- Logged Forest Area (where relevant)
- Unlogged Forest Area (where relevant)

Each of these areas must be clearly defined and mapped for each project in the Nakau Programme, using aerial imagery that depicts the contemporary boundaries of these areas. The boundary of each land parcel must be clearly defined with a unique identifier for each land parcel, and geographic coordinates for each polygon vertex. Maps for project areas producing PES units must be mapped using aerial imagery to sub-10 meter accuracy.

2.4.1 Project Area (PA)

All projects shall define the Project Area (PA). The Project Area may be composed of more than one land parcel that are aggregated to form a single project. Each Project Area land parcel shall be depicted in a map image with land tenure boundaries.

2.4.2 Eligible Area (EA)

The Eligible Area (EA) is the subset of the Project Area to be subject to PES crediting. The Eligible Area excludes any areas within the Project Area that do not meet baseline or additionality conditions.

For example, in a project applying the Improved Forest Management (IFM-LtPF) activity type, the EA will not include any areas within the Project Area that are not commercially

viable for timber extraction or are inaccessible to logging or fuel wood collection in the baseline scenario.

2.4.3 Reference Area

It is optional for Project Coordinators to use one or more Reference Area (RA) in the project. A Reference Area is an area outside the Project Area but is used for project ecosystem accounting purposes in some way. For example, a project may involve avoiding timber harvesting. A Reference Area may include areas outside but relatively near to the Project Area whereby timber harvesting of the same character of the baseline activity is taking place. Such a reference area can be used for baseline ecosystem accounting purposes.

2.4.4 Forest Area (FA)

For forest projects, the Forest Area (FA) is defined as the area of 'forest land' within the Project Area. 'Forest land' as defined using the FAO FRA 2010 definition[3] as presented in Appendix 1: Definitions (in this document). Each Forest Area land parcel must be depicted in a map image with land tenure boundaries. This definition applies unless the host country applies a different definition in its forestry regulations.

2.4.5 Non-Forest Area (NFA)

The Non-Forest Area (NFA) is relevant to forest projects and defines the area of 'non-forest land' within the Project Area (where applicable). The Non-Forest Area may or may not be part of the Eligible Area (depending on the activity type). The Non-Forest Area is able to be included within the Eligible Area for afforestation/reforestation activity types where it is defined as the Afforestation Area (for afforestation projects) or the Reforestation Area (for reforestation projects).

The Non-Forest Area is defined as land that may include 'other wooded land' or 'other land' as defined in the FAO FRA (2010) definition (see Appendix 1: Definitions in this document). Each Non-Forest Area land parcel must be depicted in a map image with land tenure boundaries.

NB: Afforestation and reforestation, deforestation and forest degradation are defined in this methodology according to the current FAO FRA (2010) definition for these terms (see Appendix 1: Definitions in this document).

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[3] See definitions in Appendix 1 of this document. See also FAO FRA 2010 p6.

2.4.6 Logged Forest and Unlogged Forest

Logged Forest comprises regenerating forest that was logged during the time frame defined in the Technical Specifications applied.

Unlogged Forest comprises primary forest that has not been logged or has been logged prior to the base year for the Logged Forest definition in the Technical Specifications applied.

2.4.7 Ecosystem Type Map

All projects are required to provide an ecosystem type map covering the Project Area. This map will use existing published information where available. If existing published information is not available then the project shall provide a sketch map that describes the ecosystem types of the project area.

2.5 PROJECT ECOSYSTEM SERVICE STRATEGY

Each project in the Nakau Programme must define the detailed ecosystem service strategy/ies capable of delivering ecosystem service outcomes asserted in the project purpose. The detailed ecosystem service strategy/ies shall include:

a. Interventions that terminate and/or avoid activities that cause the loss or degradation of ecosystem services relevant to the project purpose.
b. An ecosystem service management intervention (including any legal contracts) that addresses the cause of degradation or loss of ecosystem services relevant to the project purpose.

In alignment with Section 2.4 of the Plan Vivo Standard (2013) any trees planted to generate ecosystem services must be native or naturalised species, and must not be invasive. Naturalised species must only be planted if:

There are livelihood *benefits that make the use of the species preferable to any alternative native species; AND*

2.4.2.Use of the species will not have a negative impact on biodiversity or the provision of key ecosystem services in the project and surrounding areas.

Plan Vivo Standard (2013, p10).

2.6 CORE ECOSYSTEM SERVICE BENEFITS

All projects in the Nakau Programme shall present in this section a low-resolution summary of expected core ecosystem service benefits to be rendered into PES units. This will briefly summarise the equivalent information presented in Part B of the PD.

2.7 COMMUNITY BENEFITS

All projects in the Nakau Programme shall present in this section a low-resolution summary of expected community benefits arising from the project. This will encompass a summary of more detailed (medium-resolution) information presented in Section 5.2 of Part A of the PD (i.e. responding to Section 5.2 of this document).

2.8 BIODIVERSITY BENEFITS

Section 2.2 of the Plan Vivo Standard (2013, p10) states that:

Project interventions must be designed to maintain or enhance biodiversity and any threats to biodiversity caused by the project intervention must be identified and mitigated.

All projects must demonstrate compliance with Section 2.2 of the Plan Vivo Standard (2013) by describing the biodiversity benefits intended by the project. This requires a low-resolution statement in this section of Part A of the PD and a more detailed (medium-resolution) description in Section 5.3 of Part A of the PD (i.e. responding to Section 5.3 of this document).

2.9 CO-BENEFITS

All projects shall describe the co-benefits associated with the project. These co-benefits are not subjected to formal measurement, reporting and verification, but are caused by the project activity. Examples of co-benefits include (but are not restricted to) any of the activity classes mentioned in Section 1.3.3 of this document.

2.10 ENVIRONMENTAL IMPACT ASSESSMENT

According to section 2.3 of the Plan Vivo Standard (2013):

Project interventions must not lead to any negative environmental impacts, e.g. soil erosion or reduction in water quality.

All projects shall identify any potential negative environmental impacts arising from project activities, and incorporate measures to mitigate those negative impacts. If the project activity requires an Environmental Impact Assessment according to the laws and/or regulations of the host country, then projects must comply with such laws and/or regulations in this regard.

2.11 PROJECT TIMESCALES

According to Section 4 of the 2012 Plan Vivo PD Template:

Projects are required to provide a description of the timescales for project establishment, pilot activities, anticipated scaling-up; crediting period used to calculate saleable PES units from ecosystem services delivered.

All projects shall describe the following project temporal boundaries:

- Project Period (including Project Start Date and Project End Date)
- Project Crediting Period (if different from the Project Period)
- Project Monitoring Period
- Project Management Period

Project Period: The Project Period is the period in which the project is being undertaken as a PES project, whereby Baseline Activities are replaced by Project Activities. The duration of the Project Period will be determined by the Technical Specifications applied.

Project Crediting Period (if different from the Project Period): The Project Crediting Period is the period during which PES units will be claimed for the implementation of project activity. This may be the same as the Project Period, but there are times when the Crediting Period is a subset of the Project Period.

Project Monitoring Period: The Project Monitoring Period shall be determined by the Technical Specifications applied, but will normally comprise monitoring periods of no more than 5 years starting with the start of the Project Crediting Period and will continue until the End of the Project Period.

Project Management Period: The Project Management Period comprises each annual project management cycle, starting on the Project Start Date.

Project Termination: Project Termination is the date at which the project ends, and is not rolled over for subsequent Project Periods. Project Termination must be at the end of a Project Period.

2.12 PROJECT RISKS

According to Section 6 of the Plan Vivo Standard (2013, p19):

Projects must manage risks effectively throughout their design and implementation.

This includes core requirements for all project interventions:

6.1   *Risks to the delivery of ecosystem services and sustainability of project interventions must be identified and appropriate mitigation measures described.*

6.2.   *Projects must review their risk assessment at least every 5 years and resubmit to the Plan Vivo Foundation.*

This also includes additional requirements for projects generating Plan Vivo Certificates:

6.3.   *A proportion of expected climate services must be held in a risk buffer to protect the project from unexpected reductions in carbon stocks or increases in emissions, unless there is no risk of reversal associated with the project intervention.*

6.4.   *The level of risk buffer must be determined using an approved approach and be a minimum of 10% of climate services expected.*

The Nakau Programme requires all projects to undertake a risk assessment and identify risk mitigation measures as specified in the Technical Specifications applied in Part B of the PD.

All risk assessments shall be reviewed in sync with the project monitoring cycle, and included in project monitoring reports.

2.13 PROJECT COORDINATION AND MANAGEMENT

2.13.1 Project Legal Entities

According to Section 3.1 of the Plan Vivo Standard (2013, p11):

There must be an established legal entity acting as project coordinator that takes overall responsibility for the project, and meeting the requirements of the Plan Vivo Standard for its duration.

All projects in the Nakau Programme are required to demonstrate compliance with Section 3.1 of the Plan Vivo Standard.

Projects are required to describe (in the corresponding Section of the PD) the established legal entities acting in the project as:

- Project Coordinator
- Project Owner
- Programme Operator

2.13.2 Project Structure

Projects in the Nakau Programme have the following Structure:

Figure 2.13.1 Nakau Programme Legal Structure
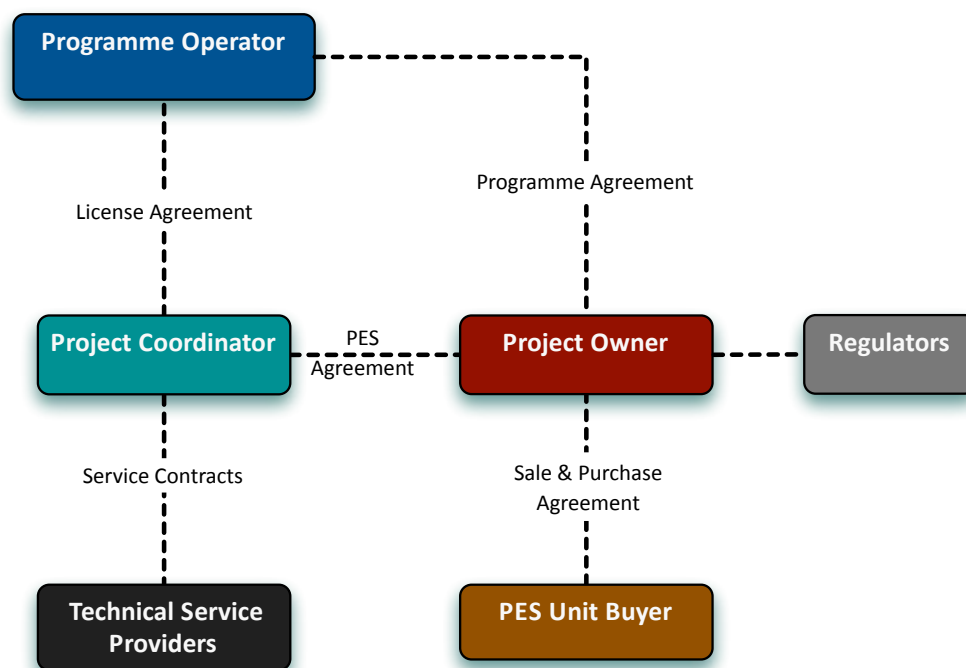
2.13.3 Roles and Responsibilities

According to Section 3.2 of the Plan Vivo Standard (2013, p11):

If coordinating functions are delegated or shared between the project coordinator and another body or bodies, the responsibilities of each body must be clearly defined and formalised in a written agreement, e.g. Memorandum of Understanding, which must be kept up-to-date as the project progresses.

Project Owners and Project Coordinators shall provide information concerning roles and responsibilities for the project consistent with Sections 3.1 and 3.2 of the Plan Vivo Standard.

Projects in the Nakau Programme need to define and assign roles and responsibilities as follows:

Table 2.13.3: Project Roles And Responsibilities			
Primary Participants			
Role	**Responsibility**		**Agreement**
Project Owner	Owner of PES rights		• Programme Agreement with Programme Operator; PES Agreement with Project Coordinator.
	Owner of PES Unit sale profits		• PES Agreement with Project Coordinator
	Counter-party (seller) to PES unit buyers in PES unit transactions		• PES Unit Purchase Agreements with PES unit buyers and/or Brokerage Agreements with brokers
	Project governance		• PES Agreement with Project Coordinator
	Project co-management		
	Project co-monitoring		
Project Coordinator	Project designer and developer		• Licence Agreement with Programme Operator
			• PES Agreement with Project Owner
	Service provider	Project co-monitoring	• PES Agreement with Project Owner
		Project co-management	• PES Agreement with Project Owner
	Facilitator project governance		• PES Agreement with Project Owner
	PES unit sales & marketing agent		• PES Agreement with Project Owner
	Project insurance facilitator		• PES Agreement with Project Owner
Programme Operator	Guardian of environmental and co-benefit integrity of Nakau Programme		• Licence Agreement with Project Coordinator • Programme Agreement with Project Owner
	PES unit sales & marketing agent		
	Registry Communications Agreement with Registry & subject to PES Agreement with Project Owner		• Registry agent for PES units
	Project registry agent for pooled buffer account		• Programme Agreement with Project Owner • Licence Agreement with Project Coordinator
	Owner of PES buffer units		• Programme Agreement with Project Owner • Licence Agreement with Project Coordinator
	Owner of IP associated with Nakau Programme (including methodologies developed by the Nakau Programme)		• Licence Agreement with Project Coordinator
Project Standards	Dependent on the Technical Specifications applied		• Validation/Verification Service Agreement with Project Coordinator
Project Validator / Verifier	Validator and verifier		• Validation/Verification Service Agreement with Project Coordinator
Project Registry	PES Unit registry Issuance of PES Units		• Registry Terms and Conditions • Registry Communications Agreement with Project Coordinator

		• Registry Agent clause in Project Agreement between Project Coordinator and Project Owner • Registry Agent clause in Programme Agreement with Project Owner
PES Unit Buyer	Purchase PES Units	• PES Sale and Purchase Agreements with Project Owner
Secondary Participants		
Project Coordinator's subcontractors (as required)	Legal consultants	• Service Contracts with Project Coordinator
	Ecosystem inventory contractors	
	Mapping and remote sensing contractors	
	Economist	
	Sales and marketing agent	• Service Contracts with Project Coordinator and Project Owner
PES Unit Broker	PES unit sales intermediary	• Brokerage Agreement with Project Coordinator and Project Owner
Insurers	Commercial insurance	• Insurance Policies with Project Owner and Programme Operator

All projects in the Nakau Programme shall provide (in the equivalent Section of the PD) a short bio for each of their key personnel corresponding to the roles and responsibilities assigned to individuals within the Project Coordinator and Project Owner, as well as any other key stakeholders.

2.13.4 Project Coordinator Capacity

According to Section 3.4 of the Plan Vivo Standard (2013, p12):

The project coordinator must have the capacity to support participants in the design of project interventions, select appropriate participants for inclusion in the project, and develop effective participatory relationships including providing ongoing support as required to sustain the project.

Section 3.5 of the Plan Vivo Standard (2013, p12) requires:

The project coordinator [to] have the legal and administrative capacity to enter into PES agreements with participants and to manage the disbursement of payments for ecosystem services.

Project Coordinators must provide information demonstrating their capacity to meet the requirements of Sections 3.4 and 3.5 of the Plan Vivo Standard (2013).

2.13.5 Services Provided By The Project Coordinator

The PES Agreement will define the services to be provided to the Project by the Project Coordinator. The scope of services will vary from project to project according to the capacity and preferences of the Project Owner, as negotiated with the Project Coordinator. The term 'preferences' indicates that the Project Owner may prefer to outsource certain activities for reasons other than capacity constraints. These could include avoiding local conflict, or commercial decisions to maximise efficiency or effectiveness.

The Project Coordinator may sub-contract provision of services (e.g. technical carbon measurement capabilities, remote sensing and mapping), to other service providers in accordance with the PES Agreement.

Table 2.13.5 provides an indicative example of how the services to be provided by the Project Coordinator may vary in response to the capacity of the Project Owner.

Projects in the Nakau Programme are encouraged to use or develop capacity assessment tools to transparently establish capacity baselines, and as a measure against which to seek improvements.

In providing services for the project, the Project Coordinator must maintain a commitment to the participatory processes outlined in Section 3 of this Methodology. In this respect, outsourcing of technical and administrative capabilities must not reduce the level of Project Owner power with respect to participation in decision-making.

Table 2.13.5: Project Owner capacity & service provision by Project Coordinator		
Capacity / capability of Project Owner	**Likely characteristics of Project Owner group**	**Examples of services outsourced to the Project Coordinator**
Low	• Group is new / set up from scratch • Little or no experience in managing a group project • Many participants with low levels of formal education • Difficult operating environment. E.g. remoteness, poverty, post conflict or poor infrastructure access (e.g. power, communication, transport)	• Project development • Assist to establish, facilitate & support good governance & decision making processes • Directly employ local staff (Project Owner to co-manage) • Project implementation (through local staff administered by the Project Coordinator and co-managed with the Project Owner) • Sub-contract management • Monitoring & Reporting • Facilitate sale & purchase agreements
Moderate	• New group established by participants who are / have been involved in other similar groups (e.g. cooperatives) • Significant prior experience in managing a group project • Significant number of participants with medium to high levels of formal education • Reasonable operating environment	• Project development • Assist to establish, facilitate & support good governance & decision making processes • Directly employ some local staff positions (e.g. administrative) while Project Owner directly employs others (e.g. Rangers) • Support local project implementation • Sub-contract management • Support for Monitoring • Reporting

	and infrastructure access (e.g. power, communication, transport)	• Facilitate sale & purchase agreements
High	• Built upon an existing group with established governance administrative and management systems • Significant prior experience in managing group projects • High proportion of participants with high levels of formal education • Favourable operating environment and good infrastructure access (e.g. power, communication, transport)	• Support project development • Support good governance & decision making processes (as required) • Support for Monitoring (as required) • Support for Reporting (as required) • Facilitate sale & purchase agreements (if required)

2.13.6 Transfer Of Skills And Responsibilities

The Project Coordinator must demonstrate a commitment to growing the capacity of the Project Owner group through time. This will include a commitment to participatory processes (Section 3) that enable the Project Owner group to learn through participation, and should also include specific training (e.g. in administration for financial management) where possible.

The roles and responsibilities of the Project Coordinator and Project Owner must be examined annually at each Project Management Workshop (see 3.1.6) and at the conclusion of each monitoring period at the Project Monitoring Workshop (see 3.1.7). Agreed changes to any services provided by the Project Coordinator that can be transferred to the Project Owner should be adopted through a variation to the PES Agreement.

Table 2.13.6: Evidence Requirement: Roles and Responsibilities		
#	**Name/Description**	**Location**
2.13.6a	Project Roles and Responsibilities	Evidence for the assigning of roles and responsibilities must be provided in the PES agreement
		Short bio for each of their key personnel corresponding to the roles and responsibilities assigned to individuals within the Project Coordinator and Project Owner, as well as any other key stakeholders.
2.13.6b	Project Coordinator Capacity	Project Coordinators must provide information demonstrating their capacity to meet the requirements of Sections 3.4 and 3.5 of the Plan Vivo Standard (2013). E.g. project management history, financial reports, policy manuals etc.
2.13.6c	Capacity building leading to transfer of skills and responsibilities	The Project Management Reports and Project Monitoring Reports must describe efforts towards capacity building and record decisions / actions relating to transfer of responsibilities

2.13.7 Project Agreements and Contracts

Participation in the Nakau Programme by the key stakeholder entities is governed by agreements and contracts. All projects in the Nakau Programme shall provide signed copies of the following project-related contracts and agreements (completed by the time of validation) as an appendix to the PD:

- License Agreement
- Programme Agreement
- Project Development Agreement
- PES Agreement

However inception (pilot) projects approved by the Programme Operator may be exempted from the above requirement, and may instead complete the aforementioned agreements at first verification.

Subsequent agreements and contracts (detailed below) shall be added to the Project Document Database when completed.

2.13.7.1 License Agreement

The License Agreement is a contract between the Programme Operator and the Project Coordinator. The Programme Operator grants a Project Coordinator License to a Project Coordinator entity that meets the eligibility criteria for gaining such a license. The License Agreement safeguards the integrity of Project Coordinator entities operating in the Nakau Programme.

2.13.7.2 Programme Agreement

The Programme Agreement is a contract between the Programme Operator and the Project Owner. The purpose of the Programme Agreement is to bind the Project Owner to the rules for participating in the Nakau Programme.

2.13.7.3 Project Development Agreement

The Project Development Agreement is a service contract between the Project Owner and the Project Coordinator, where the Project Owner engages the Project Coordinator in project scoping and project development activities (PIN and PD development: activities up to but not beyond PD validation).

2.13.7.4 PES Agreement

The PES Agreement (or 'Payment for Ecosystem Services Agreement') is a service contract between the Project Owner and the Project Coordinator, where the Project Owner engages the Project Coordinator in project coordination activities and responsibilities associated with PES unit production and sale (activities following PD validation and through the course of project management, monitoring and verification). The PES Agreement is also the legal foundation on which the Project Owner and Project Coordinator implement the project and distribute costs and benefits associated with the project.

2.13.7.5 Instrument of Protection

Each project is required to include an Instrument of Protection to safeguard the integrity of the project activity and prevent baseline activities. The Instrument of Protection will vary depending on the project type and the legal or customary circumstances in the host country. The Instrument of Protection must be finalised prior to first verification, however it is sufficient to provide a draft or description of the instrument that will be applied at PD validation stage.

2.13.7.6 Sale and Purchase Agreement

The sale of PES units is based on a Sale and Purchase Agreement between the Project Owner and the PES Unit buyer. The Project Coordinator will often facilitate this agreement.

2.13.7.7 Subcontracts

The Project Coordinator may need to undertake engage technical or other service providers with sub-contracts in order to deliver project coordination outcomes.

2.13.8 Long-Term Monitoring Commitment

All projects in the Nakau Programme must demonstrate a commitment to long-term monitoring of project implementation outcomes.

2.13.9 Stakeholder Analysis

According to Section 3.6 of the Plan Vivo Standard (2013, p12):

The project coordinator must undertake a stakeholder analysis to identify key communities, organisations, and local and national authorities that are likely to be affected by or have a stake in the project. This project coordinator must take appropriate steps to inform them about the project and seek their views, and secure approval where necessary.

Project Coordinators must provide evidence of a stakeholder analysis undertaken of the Project Area to meet the requirement of Section 3.6 of the Plan Vivo Standard (2013).

2.13.10 Laws And Regulations

According to Section 3.7 of the Plan Vivo Standard (2013, p12):

Relevant local, national or international laws and regulations that impact on the project design and management must be identified by the project coordinator and documented including, how the project design has taken them into account to ensure compliance with

the law.

All projects must demonstrate compliance with Section 3.7 of the Plan Vivo Standard (2013).

2.13.11 Regulatory Permissions

According to Section 3.8 of the Plan Vivo Standard (2013, p12):

The project coordinator must assist participants to identify and secure any legal or regulatory permissions required to carry out project interventions, e.g. authorisation or a license for a community forest management plan from the local authority).

All projects must demonstrate compliance with Section 3.8 of the Plan Vivo Standard (2013).

2.13.12 Revenue Disbursement Procedures

According to Section 3.9 of the Plan Vivo Standard (2013, p12):

A transparent mechanism and procedures for the receipt, holding and disbursement of PES funds must be defined and applied, with funds intended for PES earmarked and managed through an account established for this sole purpose, separate to the project coordinator's general operational finances.

All projects must demonstrate compliance with Section 3.9 of the Plan Vivo Standard (2013). This requirement is cross-referenced to the Benefit Sharing arrangements presented in Section 4.2 of this document (i.e. detailed information to be provided in Section 4.2 of the PD to cover this requirement, but noted as a cross-reference in this section for transparency and ease of auditing).

2.13.13 Project Budgeting

According to Section 3.10 of the Plan Vivo Standard (2013, p12):

A project budget and financial plan must be developed by the project coordinator and updated at least every three months, including documentation of operational costs and PES disbursed, and funding received, demonstrating how adequate funds to sustain the project have been or will be secured.

All projects must demonstrate compliance with Section 3.10 of the Plan Vivo Standard (2013). This requirement is cross-referenced to the Benefit Sharing arrangements presented in Section 4.2 of this document (i.e. detailed information to be provided in Section 4.2 of the

PD to cover this requirement, but noted as a cross-reference in this section for transparency and ease of auditing).

2.13.14 Project Records

According to Section 3.11 of the Plan Vivo Standard (2013, p12):

The project coordinator must keep records of all plan vivos submitted by participants, PES agreements, monitoring results and all PES disbursed to participants.

All projects must demonstrate compliance with Section 3.11 of the Plan Vivo Standard (2013). This requirement is cross-referenced to the Project Documentation arrangements presented in Section 6.1 of this document (i.e. detailed information to be provided in Section 6.1 of the PD to cover this requirement, but noted as a cross-reference in this section for transparency and ease of auditing).

2.13.15 Data Security

According to Section 3.12 of the Plan Vivo Standard (2013, p12):

Project records kept under requirements 3.10 and 3.11 must be backed up regularly (at least every 3 months unless there has been no activity) and held in an independent location from the primary source, to protect against data loss.

All projects must demonstrate compliance with Section 3.12 of the Plan Vivo Standard (2013). This requirement is cross-referenced to the data security arrangements presented in Section 7.2 of this document (i.e. detailed information to be provided in Section 7.2 of the PD to cover this requirement, but noted as a cross-reference in this section for transparency and ease of auditing).

2.13.16 Inclusiveness

According to Section 3.13 of the Plan Vivo Standard (2013, p12):

Community members, including women and members of marginalised groups, must be given an equal opportunity to fill employment positions in the project where job requirements are met or for roles where they can be cost-effectively trained.

All projects must demonstrate compliance with Section 3.13 of the Plan Vivo Standard (2013). This requirement is cross-referenced to the inclusiveness arrangements presented in Section 3.4.2, 3.4.3, and 3.4.4 of this document (i.e. detailed information to be provided in

Sections 3.4.2, 3.4.3, and 3.4.4 of the PD to cover this requirement, but noted as a cross-reference in this section for transparency and ease of auditing).

2.13.17 Employment Relations

According to Section 3.14 of the Plan Vivo Standard (2013, p13):

Where participants or other community members are given employment opportunities through the project, the project coordinator must identify relevant laws and regulations covering workers' rights in the host country and ensure the employment arrangements meet or exceed those requirements.

All projects must demonstrate compliance with Section 3.14 of the Plan Vivo Standard (2013). This requirement is cross-referenced to the community benefit sharing arrangements presented in Section 4.3 of this document (i.e. detailed information to be provided in Sections 4.3 of the PD to cover this requirement, but noted as a cross-reference in this section for transparency and ease of auditing).

2.13.18 Minimum Employment Age

According to Section 3.15 of the Plan Vivo Standard (2013, p13):

Persons employed as part of the project must not be below the age of 15.

All projects must demonstrate compliance with Section 3.15 of the Plan Vivo Standard (2013). This requirement is cross-referenced to the employment arrangements presented in Section 4.3 of this document (i.e. detailed information to be provided in Sections 4.3 of the PD to cover this requirement, but noted as a cross-reference in this section for transparency and ease of auditing).

2.13.19 Transferring Coordinating Functions

According to Section 3.16 of the Plan Vivo Standard (2013, p13):

If coordinating functions are to be transferred at any time, it requires the approval of the Plan Vivo Foundation. For this, in addition to the new project coordinator meeting all requirements set out in this document, a plan for execution of transfer needs to be submitted, which sets out how the transfer will be managed, including by providing necessary capacity building for new organization(s) and by gaining support of stakeholders including participating communities.

All projects must demonstrate compliance with Section 3.16 of the Plan Vivo Standard (2013).

2.13.20 Permanence

The Nakau Programme methodology requires all projects to undertake a form of legal protection of the ecosystem supporting the ecosystem services used to generate PES units within the Project Area. The duration of the legal protection is to be no less than the duration of the Project Period.

3. Participatory Process

The Plan Vivo Standard (2013) is guided by eight principles, including the following:

Principle 1: Project interventions directly engage and benefit smallholders and community groups.

Principle 4: Projects demonstrate community ownership - communities participate meaningfully through the design and implementation of Plan Vivos (land management plans) that address local needs and priorities.

The Nakau Programme operates on a governance and management model based on the 'Citizen Power' level in Arnstein's Ladder of Participation. This involves a combination of citizen control, delegated power and partnership/co-management between Project Owner and Project Coordinator. Citizen Power is provided through a bottom-up project governance and management model designed to safeguard community empowerment, free, prior informed consent (FPIC), indigenous people's rights, gender balance, and inclusiveness of marginal groups.

3.1 PROJECT PARTICIPATION PROTOCOL

3.1.1 Summary Of Process

The Nakau Methodology Framework defines a voluntary and participatory planning process (Section 4.1 Plan Vivo Standard 2013) by means of the Project Participation Protocol (PPP). The PPP is required to provide a transparent process for addressing social and cultural safeguards associated with project development and implementation including those listed in Sections 4.1.1-4.1.6 of the Plan Vivo Standard (2013). The PPP is also required as a means of reducing internal risk and enabling Project Owner decisions concerning project development, implementation and management to be consistent with the principles of free, prior and informed consent (FPIC).

At the broadest level, projects in the Nakau Programme will demonstrate support for Decision 1 from UNFCCC Cancun COP16 with respect to ensuring "the full and effective participation of relevant stakeholders, in particular, indigenous peoples and local communities."

All projects in the Nakau Programme shall apply the PPP to:

- Enable participants (project owners) to grant or withhold their free, prior informed consent for key aspects of project design, development and implementation, in

particular for decisions that create continuing commitments, responsibilities or have potential for future impacts on local livelihoods and land use.

- Enable participants to develop ownership of and meaningful input into project design, implementation, and management.

- Ensure that representatives of Project Owner groups have a mandate from group members, including people who may be disadvantaged based upon gender, age, income or social status.

- Ensure that the process of undertaking a PES project is transparent, empowering, and community-building for the Project Owner.

- Ensure that costs associated with project development and on-going management are transparently understood and agreed by the Project Owner.

- Ensure that the benefits of any PES project are equitably and transparently distributed between the Project Owner, the PES unit buyer, the Programme Operator, and the Project Coordinator.

- Ensure that the benefits of any PES project are equitably and transparently distributed within the community of the Project Owner.

- Ensure that project design, development, implementation and monitoring are undertaken with due adherence to necessary safeguards associated with PES project development as required by the standard/s applied and as stated in international good practice relevant to the activity type.

The PPP prescribes a participatory process of project development and management and is considered a minimum requirement for project engagement. Significant further education, consultation and engagement with the Project Owners may be necessary to ensure equitable and sustainable outcomes. The Programme Operator will assess each project independently to ensure that the PPP has been followed, and that it has achieved its purpose.

The PPP requires a process of community engagement, typically involving meetings/workshops between the Project Owner and the Project Coordinator (facilitated by the latter) throughout the project cycle. Other key/relevant stakeholders should be engaged where appropriate.

3.1.2 Locally Informed Design

According to Section 4 of the Plan Vivo Standard (2013, p14):

4.1. *A voluntary and participatory planning process must take place to identify project interventions that address local needs and priorities and inform the development of technical specifications, taking into consideration:*
   4.1.1. *Local livelihood needs and opportunities to improve existing or diversify*

> *livelihoods and incomes*
> 4.1.2. *Local customs*
> 4.1.3. *Land availability*
> 4.1.4. *Food security*
> 4.1.5. *Land tenure*
> 4.1.6. *Practical and resource implications for participation of different groups including marginalised groups*
> 4.1.7. *Opportunities to enhance biodiversity including through the use of native species*

<u>Required Process</u>

Participation fostering locally-informed design is a crosscutting requirement spanning the project. The Project Coordinator will facilitate a process of local participation using highly engaging techniques (such as Participatory Rural Appraisal, PRA) and consultative techniques as required.

In determining the level of participation that will be implemented, the Nakau Methodology Framework refers to the 'Public Participation Spectrum' developed by the International Association for Public Participation (iap2)[4].

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[4] Adapted from the iap2 table: http://www.iap2.org.au/documents/item/84 Accessed on 16th September 2013.

Table 3.1.2a Public Participation Spectrum					
	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PARTICIPATION GOAL	To provide participants with balanced and objective information to assist them in understanding the problems, alternatives and/or solutions.	To obtain participant feedback on analysis, alternatives and/or decision.	To work directly with participants throughout the process to ensure that issues and concerns are consistently understood and considered.	To partner with participants in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
PROMISE TO PARTICIPANTS	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and provide feedback on how participant input influenced the decision.	We will work with you to ensure that your concerns are directly reflected in the alternatives developed and provide feedback on how your input influenced the decision.	We will look to you for direct advice in formulating solutions and incorporate your recommendations into the decisions to the maximum extent possible.	We will implement what you decide.
EXAMPLE TOOLS	Fact sheets Websites Open houses	Participant comment Focus groups Surveys Meetings	Workshops Deliberate polling	Advisory committees Consensus-building Participatory decision-making	Citizen juries Ballots Delegated decisions

The Project Coordinator will apply the following levels of participatory engagement when delivering the key project activities or outcomes listed in table 3.1.2b (below):

Table 3.1.2b Level of Participation required for key project activities or outcomes					
KEY ACTIVITY / OUTCOME	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
1. Education about PES activities			■		
2. Formation of a Project Owner group (Project Steering Committee) to participate in project design				■	
3. Establish legal Project Owner group (to act on participants behalf)				■	
4. Determine respective roles and responsibilities of Project Owners and Project Coordinator				■	
5. Development of benefit sharing arrangements (within PES Agreements)				■	
6. Development of Conservation / Land Management Plan				■	
7. Development/application of technical specifications to measure PES benefits			■		

3.1.2.1 Tools And Activities

The Project Coordinator shall use tools (such as those referred to in Table 3.1.2a), to implement the process of participation with respect to the activities and outcomes identified above (Table 3.1.2b). However, in recognition that a broad range of such tools exists, and to allow innovation, the Project Coordinator may select other tools that can deliver equivalent participation outcomes.

3.1.2.2 Scope And Reach

Section 4 of the Plan Vivo Standard (2013, p14) states that:

4.2.   *Smallholders or community groups must not be excluded from participation in the project on the basis of gender, age, income or social status, ethnicity or religion, or any other discriminatory basis.*

4.3.   *Barriers to participation in the project must be identified and reasonable measures taken to encourage participation of those who experience barriers.*

The Project Coordinator shall ensure that participation includes an appropriate cross-section of project participants and reflects Project Owner community diversity.

The Project Coordinator shall ensure adequate participation from groups identified in documentation describing the participating community, including participation of the following groups at a minimum:

- Representatives from each group with resource user rights relevant to the project.
- Customary leaders (clan and/or tribal level as appropriate).
- Women.
- Youth.
- People living or reliant on the project site who do not have secure resource user rights relevant to the project.

Project Coordinators are required to identify potential barriers to participation among the Project Owner community and identify reasonable measures to overcome these barriers.

Table 3.1.2.2: Evidence Requirement: Participation	
#	Name/Description
3.1.2.2	Sample reports from participatory education & planning activities (1-7 in table 3.4.2b). To include data relevant to participation (e.g. participants clan group, age, gender, landowning status etc), barriers to participation and measures to address barriers to participation.

3.1.3 Transparent Participation

According to Section 4.4 of the Plan Vivo Standard (2013, p14):

4.4. Community groups participating in the project must have a governance structure in place whereby they have the capacity to develop a plan vivo collectively and make a decision to participate in the project and enter into a PES Agreement as a group, e.g. participate via an established community structure and nominate representatives to sign the PES Agreement on behalf of the group.

The Project Owner is required to establish a governance structure enabling compliance with Section 4.4 of the Plan Vivo Standard (2013). This includes:

1. The establishment of a 'Formation Group' to initiate the project co-design and co-development process
2. The registration of a legally constituted 'Project Owner' group with a mandate to co-manage the project (with the Project Coordinator) on behalf of the land/resource rights holders.
3. The legally constituted 'Project Owner' group must be owned by or accountable to the land/resource rights holders of the project area (i.e. the land/resource rights holders must become its members or shareholders).
4. The establishment of a Project Governing Board/Committee within the legally constituted 'Project Owner' with a mandate to govern the project on behalf of the land/resource rights holders.

3.1.4 Conservation / Land Management Plan

Section 4.5 of the Plan Vivo Standard (2013, p14) states that:

4.5. The project coordinator must assist each participant to develop a plan vivo[5] which is clear, appropriate to their land and livelihoods, and comprehensible to the participant, his/her family members, and the project coordinator.

All projects in the Nakau Programme are required to develop a 'Conservation / Land Management Plan', which is equivalent to the *Plan Vivo* as defined by the Plan Vivo Foundation. The purpose of the Conservation / Land Management Plan is to guide implementation of land management activities within the PES Project Area, including defining activities that are prohibited or restricted. While the Conservation / Land Management Plan may vary in complexity, the intention is for the Project Owner and

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[5] A Plan Vivo in the Nakau Programme is defined as the Conservation / Land Management Plan.

members (landowners) to be equipped with a simple, accessible and understandable document capable of providing practical guidance about land use and management within the project area.

Project Coordinators shall work collaboratively with Project Owner groups to develop a Conservation / Land Management Plan that must include all land within the PES Project Area boundary, but may also cover additional areas of relevance to the project.

The Conservation / Land Management Plan must comply with requirements of Sections 4.5 - 4.10 of the Plan Vivo Standard (2013), and is a key performance indicator for informed participation, enabled by an education and learning process.

The participatory process required in development of the Plan is described in Sections 3.1.2 and 3.1.3 above, and includes participatory educational processes defined in this section (below). The decision by the project owners / land owners to accept (or otherwise) the Conservation / Land Management Plan is a key decision that triggers the FPIC process, detailed in Sections 3.1.6.1 and 3.1.6.2.

3.1.4.1. Conservation / **Land Management Plan Committee**

A Conservation / Land Management Plan Committee must be established by the Project Owner Governing Board to oversee implementation of the Conservation / Land Management Plan.

The Project Owner Committee will assume the role and responsibility as the Nakau Management Committee unless at its discretion a sub-committee of the Project Owner Committee is appointed. If appointed, a sub-committee may include other Project Owner members and/or external individuals (e.g. non-landowners or technical partners).

Overall accountability for the implementation of the Conservation / Land Management Plan must reside with the Project Owner Committee. The Conservation / Land Management Plan Committee is expected to be involved in the preparation and presentation of the Project Management Report during the annual Project Management Workshops (see 3.1.7).

3.1.4.2 Essential Content

The Conservation / Land Management Plan must include the following essential key elements as minimum requirements:

Table 3.1.4.2: Essential Content of Conservation / Land Management Plan	
Section	Conservation / Land Management Plan must contain:
Location and Boundaries	A digitally created map or maps containing accurate coordinates for location, boundaries and size of the area under management. Maps created as per 2.2.2 *Project Location Maps*, and 2.4.1 – 2.4.6 *Geographic Areas* will be suitable for this requirement.
Prohibited Activities	A concise list and description of any activity that is prohibited within the area under management.
Restricted	A concise list and description of any activity that is restricted within the area under management. Restricted activities include those that may be allowed, but are subject to

Activities	management limitations or special permissions. For example, restricted activities could be subject to seasonal closures, size limits on harvesting (e.g. tree diameter or tree species), or limits to quantity of resource harvested. Where management conditions apply these should be clearly explained.
Penalties	If relevant, any penalty for not complying with prohibited or restricted activities should be clearly articulated. This should include penalties under customary law, or penalties if applicable under a legal instrument applied to the project such as by-laws or regulations. Where relevant, this section should also include a description of the process for determining a penalty or for a dispute resolution process.
Permitted Activities	Various local, customary and potentially commercial uses of land may be allowable within the crediting area boundary subject to the project type and technical specifications. The Plan should identify any locally significant activities that may occur within the areas under management. For example: hunting, food and medicine collection, collection of non-timber forest products and eco-tourism.
Management Zones	The area under management may include separate management zones with differing management objectives applicable to each zone. Where this applies the boundary of each management zone should be clearly defined on a map, and the objectives for each zone explained.
Action Plan	A basic action plan, identifying the main activities that will be implemented: • Basic description of land management or related activities to be undertaken (e.g. weed removal, boundary monitoring, tree planting, fencing, biodiversity monitoring, community education) • Group or persons responsible for carrying out the activities • Area (e.g. zone) where activity is to be undertaken (if relevant)

3.1.4.3 Recommended Content

The Nakau Programme recommends developing a comprehensive Conservation / Land Management Plan document that can be used to communicate land management objectives and activities to a range of stakeholders. However the Programme allows this to be developed gradually through the course of the project (included in socio-economic elements of Project Monitoring Report at verifications going forward). A comprehensive Conservation / Land Management Plan may include the following or similar content headings:

- Vision
- Acknowledgments (e.g. donors & supporters)
- Location (Maps)
- Description of the natural features of the area (soil, climate, habitats, ecosystems, biodiversity)
- History of the site
- Use by local people
- Description of threats
- The Law/policy applying to the area
- Management Objectives

- Link to PES / Technical Specifications
- Roles and responsibilities
- Protecting the Values and Achieving the Vision
- Benefits and Opportunities
- Community Participation and Awareness
- Management Zones
- Rules and Regulations
- Action Plan
- Monitoring, Evaluation and Review of the Plan

Where relevant and possible, the requirement for a Conservation / Land Management Plan can be satisfied through development of plans with equivalent content under National Legislation for Protected Areas, leasing or licensing. For example, in the Solomon Islands a Protected Area Management Plan developed according to requirements of the Protected

Area Act 2010 can be used to satisfy the requirement for a Conservation / Land Management Plan, provided the essential content is covered. This is also the case for Community Conservation Area (CCA) Plans in Vanuatu.

3.1.5 Informed Participation

The Nakau Programme recognises the need to address a significant power imbalance between the Project Coordinator and the Project Owner that exists because of differences in capacity and education levels, and the fact that PES is a new and foreign concept for indigenous people. Correcting the power imbalance requires a commitment to education and learning by Project Coordinators and Project Owners, thus fostering a better understanding of where the 'worlds' of local custom and culture meet that of PES and international business and development. A strong commitment to learning and understanding by all participants is essential to enabling genuine and effective participation.

All Project Coordinators developing projects in the Nakau Programme shall commit to a process of education with participants to ensure and enable informed planning decisions throughout the project cycle.

Informed participation is a crosscutting requirement spanning project activities and outcomes. Local participants (and in particular Project Owner group representatives) must be able to make informed decisions concerning project design, planning, development and implementation. In most situations this will necessitate a process of education, which shall be implemented prior to and throughout the decision-making and planning process. The Project Coordinator shall undertake the following activities to enable local participants to understand PES activities to a level where their participation is genuinely informed and effective:

a. Assess participant's prior knowledge of the PES activity to determine perceptions, misconceptions and knowledge gaps, and establish a baseline for monitoring change in understanding. Investments in community education by the Project Coordinator shall be tailored to participant needs.

b. Implement a PES education programme (e.g. series of participatory workshops) to increase understanding and address any misconceptions or knowledge gaps noted in the assessment of prior knowledge.

c. Create opportunities for 'both ways' learning, whereby the Project Coordinator also increases their understanding of local governance, culture and ecological knowledge that could benefit the project

d. Enable opportunities for customary / local processes of information exchange and learning to occur.

e. Assess learning outcomes to measure against capacity benchmarks (see details below on capacity benchmarks).

f. Provide opportunities for ongoing 'informal' (non-structured) learning to occur, throughout the project, as required.

3.1.5.1 Capacity Benchmarks For Informed Participation

Section 4 of the Plan Vivo Standard (2013, p15) states that:

4.6.   Plan vivos approved by the project coordinator must show which project interventions are to be adopted, aligned and consistent with the project's technical specifications, and include any specific information that is not common to all plans under the relevant technical specification, e.g. specific species-mix selected for planting where the technical specification provides a range of options, or selection of a specific baseline scenario where there are multiple scenarios set out in the technical specification.

4.7.   The project coordinator must not approve plan vivos where implementation would undermine the livelihood needs and priorities or reduce the food security of participants.

4.8.   There must be a system for accurately recording and verifying the location, boundary and size of each plan vivo using GPS, where boundary coordinates are recorded for all plan vivos above 5 hectares, and at least a central point coordinate recorded for plan vivos under 5 hectares.

4.9.   Participants must have access to their plan vivo in an appropriate format and language.

4.10.   Evidence must be provided demonstrating the participatory methods used to assist the participants to develop their plan vivo, e.g. photographs or videos of group planning activities, hand-drawn maps or other outputs of community discussions.

The Project Coordinator shall conduct an assessment / survey to determine capacity for informed participation, targeting key knowledge areas (benchmarks). The approach will be 'learner-centered' and will allow a participant to self assess from his or her perspective. However the Project Coordinator will also objectively verify a sample of self-assessments to ensure findings are accurate.

The self-assessment will be conducted by asking participants about their capacity to undertake the following:

- Describe opportunity costs (lost opportunities) due to the project.
- Describe the benefits to be gained from the project and how these would be shared.
- Describe the project interventions and/or activities in the Project Area
- Describe any project-specific information not common to all projects.
- Explain how project interventions impact on livelihood needs and priorities including food security

- Define project boundaries where boundary coordinates are recorded for all Project Area land parcels (as a minimum for those above 5ha and at least a central point for all Project Area land parcels below 5ha).
- Access Conservation / Land Management Plans[6] in a format and language that they comprehend.
- In general, make informed decisions about if or how they would like to be involved in the project.

The above is a minimum requirement. Project Coordinators are encouraged to assess a range of locally relevant learning outcomes and address locally relevant issues for informed participation.

Table 3.1.5.1: Evidence Requirement: Capacity Benchmarks	
#	Name/Description
3.1.5.1a	Education Programme Report containing data on prior knowledge assessment, participation and quantitative assessment of learning outcomes achieved.
3.1.5.1b	Participants report having sufficient understanding related to the capacity benchmarks.

3.1.6 FPIC and Decision Mandates

Section 4 of the Plan Vivo Standard (2013, p15) states that:

4.12. Participants must be provided with a forum, or facilitated to use existing forums, to periodically discuss the design and running of the project with other participants in their community, and raise any issues or grievances with the project coordinator over the PES period.

4.13. Where smallholders or community members may be affected by the project, even though they are not participating, the project coordinator must ensure there is a mechanism for any concerns or issues to be raised with the project coordinator, e.g. through local meetings or via an appointed local representative.

Section 8 of the Plan Vivo Standard (2013, p22) states that:

8.3 Participants must enter into PES agreements voluntarily according to the principle of free, prior and informed consent, where sufficient information, in an appropriate format and language, is available to potential participants to enable them to make informed decisions about whether or not to enter into a PES Agreement.

The Nakau Programme operates under the principles of Free, Prior and Informed Consent (FPIC). FPIC is defined within this programme by reference to the United Nations Declaration on the Rights of Indigenous People (UNDRIP) (United Nations 2008), where:

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[6] A 'plan vivo' using the language of the Plan Vivo Standard. See definitions in the Plan Vivo Standard (2013) for 'plan vivo' definition.

- Free means no force, bullying or pressure.
- Prior means (Indigenous peoples) have been consulted before the activity begins.
- Informed means (Indigenous peoples) are given all of the available information and informed when that information changes or when there is new information. If people don't understand this information then they have not been informed.
- Consent means (Indigenous peoples) must be consulted and participate in an honest and open process of negotiation that ensures:
  - All parties are equal, neither having more power or strength
  - Indigenous group decision-making processes are allowed to operate
  - Indigenous peoples right to choose how they want to live is respected.

3.1.6.1 FPIC Triggers

The Nakau Programme requires Project Coordinators to recognise key points in project design, development and implementation that trigger the need for a mandate or decision by the Project Owner participants. These triggers are identified in Table 3.1.6.1. When FPIC or a mandating step is triggered, the decisions by the Project Owner participants could be:

a. A mandate to continue the project (accept a decision or plan);
b. Delay a decision or plan pending further information;
c. A request to change the decision or plan before continuing; or
d. The Project Owner opts out of the project.

Project Coordinators shall produce evidence that the Project Owner participants have given their free, prior and informed consent or provided a mandate (described in Table 3.1.6.1).

However, prior to triggering the FPIC or a mandating decision, the Project Coordinator will ensure that a process has been undertaken as a lead up to the decision, and that various pre-requisite conditions have been met.

Table 3.1.6.1: Decisions that trigger FPIC and/or require a mandate	
Decision	Evidence requirement
1. Register a legally constituted Project Owner entity to act on behalf of land/resource user rights holders.	• Project Owner entity / business registration[7] (including documents tendered to gain registration). Or the following 3 steps: • Signed letter from the recognised land and resource user rights holders or their representatives (e.g. clan leaders) mandating Project Owner entity / business registration and its purpose • Project Owner Entity Participation Report. This report must describe how the Project Owner committee and broader Project Owner membership participated in establishing the Project Owner entity, including how the pre-requisite conditions for decision 1 (see below) were adequately met. • Letter or meeting minutes accepting the above report must be signed/ accepted by the Project Owner committee

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[7] Registration requirements vary from country to country and according to the specific organization type (e.g. Cooperative or Trust). Registration documentation may be accepted as the evidence requirement for FPIC if the relevant regulations require a FPIC process and this can be demonstrated. The process must have required that all or a significant majority of members endorse the goals of the organization and accept its by-laws or constitution.

Decision	Evidence requirement
2. Agreement with the terms and conditions of project PES Agreement[8] and Programme Agreement. Note: the PES agreement encompasses points 4.1.1.1 to 4.1.1.16 (see section below)	• PES Agreement and Programme Agreement Participation Report. This report must describe how the Project Owner committee and broader Project Owner membership were adequately informed and consulted (with supporting evidence) in developing the agreements, including how the pre-requisite conditions for decision 2 (see below) were adequately met. • Letter or meeting minutes accepting the above report must be signed/ accepted by the Project Owner committee • Letter or meeting minutes signed/accepted by the Project Owner committee accepting the PES agreement and Programme Agreement • Signed letter from the recognised land and resource user rights holders or their representatives (e.g. clan leaders) mandating the Project Owner committee to sign the PES agreement and Programme Agreement • PES agreement and Programme Agreement signed by Project Owner committee
3. Agreement to Conservation / Land Management Plan[9] (land management plan or 'plan vivo') including project boundaries and management regime for the project area	• Conservation / land Management Plan (or equivalent) official registration under relevant legislation[10] (including documents tendered to gain registration). Or the following 2 steps: • Conservation / Land Management Plan Participation Report. This report must describe how the Project Owner committee and broader Project Owner membership were informed and consulted (with supporting evidence) in developing the plan, including how the pre-requisite conditions for decision 3 (see below) were adequately met • Letter or meeting minutes accepting the above report must be signed/ accepted by the Project Owner committee
4. Agreement for the Project Description (PD) to be submitted for validation	• Project Description Summary Report (written or presentation) describing the PD document and delivered in a format that Project Owners can understand. • Letter or meeting minutes accepting the above report must be signed/ accepted by the Project Owner committee • Letter / minutes signed by Project Owner committee agreeing to submit the PD for validation.

3.1.6.2 Required Process

The processes identified in Sections 3.1.2 and 3.1.5 are crosscutting (apply to all decisions identified in Table 3.1.6.1).

Project Coordinators are required to ensure pre-requisite conditions are met prior to concluding decisions that trigger FPIC or require a local or Project Owner mandate.

The FPIC Decisions (1-4) (below) are described in the order that they would arise within a project. They are, however, not mutually exclusive. Therefore some decisions and associated activities may be implemented concurrently or in a different order than prescribed below.

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[8] The PES Agreement will include the Conservation / Land Management Plan (plan vivo) as an appendix.

[9] FPIC may be applied to the material content of the Conservation / Land Management Plan rather than the entire document.

[10] Where Protected Area legislation exists, and includes a built in FPIC process, registration of conservation / land management plan (or equivalent) may be accepted as the evidence requirement for FPIC. The process must have required that all or a significant majority of community members affected mandate the plan.

What remains important is that the decisions are made in a transparent manner creating the necessary mandate for the project to advance from one stage to another.

Decision 1. Register a legally constituted Project Owner Entity to act on behalf of land/resource user rights holders

Pre-requisite conditions:
- Initial project scoping work has been conducted by the Project Coordinator to determine project feasibility (e.g. a desktop feasibility study).
- The proposed Project Owner Entity membership (or shareholders) includes the legally recognised landowners or resource rights holders.
- Proposed Project Owner Entity members understand that a legally constituted Project Owner Entity could act on their behalf in the implementation of a PES project, and decisions made by this group can affect their land and livelihoods.
- Project Owner Entity representatives have a good understanding of the opportunity to undertake a PES project and the responsibilities this entails.
- A process of participatory education & planning has been implemented in the design of the legally constituted Project Owner Entity, or a suitable legally registered Project Owner Entity already exists.
- All legal requirements for Project Owner Entity / business registration can be met.
- If registration requires a constitution or by-laws to be developed, these must have been developed through a collaborative process (Involving Project Owner members and the Project Coordinator)

Recommended Activities:
- Feasibility study
- Participatory (collaborative) education & planning process to design the legally constituted Project Owner entity
- Broad participant consultation
- Establishment of a steering committee or formation group
- Formation meeting
- Facilitate the process for the recognised land and resource user rights holders to sign a letter providing the mandate for the Project Owner entity
- Submit documents for registration

Decision 2. Agreement with the terms and conditions of Project PES Agreement(s) and Programme Agreement

Pre-requisite conditions:
Project Owner committee transparently and effectively consult with their members on the PES and Licence agreements (including meeting the requirements listed below):

- Sufficient information, in an appropriate format and language, made available to potential participants to enable them to make informed decisions about whether or not to enter into a PES Agreement
- Project participants understand the key elements of the PES agreement, in particular:
  a. Estimated number of PES units to be produced
  b. Roles and responsibilities of Project Owner and Project Coordinator
  c. Fees for the Project Coordinator
  d. Commitments to management & monitoring tasks in order to produce PES units

      e.   Rules concerning benefit distribution
      f.   Obligations and possible penalties for reversals
      g.   Limitations to withdrawing from the project in the future

- Project participants aware of potential buyers and/or options for PES unit sales and marketing, and how sales can impact on income / profitability.

Recommended Activities:
- Development and presentation of a realistic project cost / benefit analysis
- Project Coordinator to facilitate preparation of draft agreements
- Project Owner (with support from Project Coordinator as required) transparently and effectively consult with their members regarding the draft Agreements
- Prepare PES Agreement and Programme Agreement Consultation Report
- Facilitate the process for the recognised land and resource user rights holders to sign a letter providing the mandate for the Project Owner entity to sign the PES Agreement and Programme Agreement
- Project Owner committee meet to consider the report (above) and draft agreements, and sign acceptance (if agreed)

Decision 3 **Agreement to Conservation / Land Management Plan (land management plan or 'plan vivo') including project boundaries and management regime for the project area**

Pre-requisite conditions:
- Project Owner and Project Coordinator have consulted available land and resource use information (e.g. maps, tenure boundaries, ecosystem attributes).
- Project Owners and Project Coordinator can demonstrate that the Project Area falls within land ownership boundaries of the Project Owner group
- All impacted land owners with land or use rights within the Project Area aware of the Conservation / Land Management Plan
- Project Owner participants have collaborated with the Project Coordinator through a process of participatory planning to design the Conservation / Land Management Plan.

Recommended Activities:
- Participatory (collaborative) process to design land use and management plans.
- Produce accurate land use maps (including procurement of required data).
- Project Owner (with support from Project Coordinator as required) transparently and effectively consult with their members regarding the draft Conservation / Land Management Plan
- Preparation of a Conservation / Land Management Plan Consultation Report
- Project Owner committee meetings to consider the report (above) and sign acceptance (if agreed)

Decision 4. Agreement for the Project Description (PD) to be submitted for validation/verification

Pre-requisite conditions:
- Project Owner participants understand key project components including:
      a.   Likely PES unit volumes including buffer.
      b.   Realistic estimation of PES pricing.
      c.   Potential buyers and/or options for PES unit sales and marketing strategy.
      d.   Time frames for validation/verification/implementation/monitoring.

> e. Project registration requirements and costs associated with credit issuance.
> f. Project net costs and benefits and financing strategy.
> - Project Owners have thoroughly reviewed the Project Description.
>
> Recommended Activities:
> - Preparation of Project Description Summary Report (written or presentation) that includes points (a-f) above.
> - Consultation with Project Owners (e.g. workshop) on the Project Description Summary Report and draft Project Description.
> - Facilitate a Project Owner meeting to seek a decision on submitting the PD for validation / verification.

3.1.7 Project Management Workshops

The purpose of Project Management Workshops is to provide an annual update on project progress pursuant to the requirements of the PES agreements and PD. Project Management Workshops take place within six months of the end of each (annual) Project Management Period.

Key outputs of Project Management Workshops are approval of Project Management Reports and Project Business Reports. The authors of the Project Management Report and Project Business Report (e.g. Project Coordinator and individuals within the Project Owner community) shall send these reports to the Project Owner committee no less than 8 working days prior to the Project Management Workshop.

The Project Management Workshop will take place at a venue and date agreed to mutually by the Project Coordinator and the Project Owner committee and will follow an agenda sequence as follows:

> **Agenda: Project Management Workshops (minimum annually)**
>
> Part 1 - Administration
>
> a. Agree the agenda for the Project Management Workshop.
> b. Record the names, affiliation and contact details of all participants.
>
> Part 2 – Project Update
>
> a. Presentation of Project Management Report (including community and biodiversity impact monitoring updates as specified in the PD).
> b. Presentation of Project Business Update Report (linked to Project Finance Model and Project Owner Business Plan)
>
> Part 3 – Mandating Next Steps
>
> The Project Governing Board presides over decisions required as follows:
>
> a. **Decision 1:** Approve (or other) Project Management Report
> b. **Decision 2:** Approve (or other) the Project Business Update Report
> c. **Decision 3:** Assign roles, responsibilities, and resources to address issues arising from the

> Project Management Report or the Project Business Update Report.
>
>   d. **Decision 4:** Approve (or other) proposed changes to the Community Benefit Sharing Plan (if any)
>
>   e. **Decision 5:** Review any Project Disputes and assign roles and responsibilities for dispute resolution under the Project Dispute Resolution Framework.
>
> Part 4 – Evaluation and Reporting
>
>   a. A draft version of the minutes of the meeting (referring to decisions made) are provided to the Project Coordinator.
>
>   b. Project Owner participants to complete an evaluation of each Project Management Workshop prior to departing from the workshop in closed session in the absence of any personnel of the Project Coordinator or sub-contractors. The evaluation to be placed in the document database of the Project Owner, Project Coordinator and the Programme Operator.
>
>   c. Project Coordinator to prepare a draft Project Management Workshop Report that describes the workshop and contains a record of all decisions made.
>
>   d. Project Owner committee to review the Project Management Workshop Report to check for accuracy, edit, and either approve or make recommendations for changes/amendments. If approved without changes, the report is finalized by formal approval by the Project Governing Board. This decision is recorded in the minutes of a Project Owner committee meeting with a copy of these minutes forwarded to the Project Coordinator. A copy of the Project Management Workshop Report and approval minutes is lodged in the project document database and a copy forwarded to the Programme Operator.

3.1.8 Project Monitoring Workshops

The purpose of Project Monitoring Workshops is to evaluate and approve Project Monitoring Reports at the conclusion of each Project Monitoring Period (as specified in the Technical Specifications applied). Project Monitoring Workshops take place within one year of the end of each Project Monitoring Period.

The current Project Monitoring Report shall be sent to the Project Governing Board no less than 8 working days prior to the Project Monitoring Workshop.

The Project Monitoring Workshop will take place at a venue and date agreed to mutually by the Project Coordinator and the Project Governing Board and will follow an agenda sequence as follows:

> ***Agenda: Project Monitoring Workshop***
>
> Part 1 - Administration
>
>   a. Agree the agenda for the Project Monitoring Workshop.
>
>   b. Record the names, affiliation and contact details of all participants.
>
> Part 2 – Project Update
>
>   a. Presentation of Project Monitoring Report by its authors to the Project Governing Board.

Part 3 – Mandating Next Steps

The Project Governing Board presides over decisions required as follows:

   a. **Decision 1:** Approve (or other). Project Monitoring Report
   b. **Decision 2:** Assign roles, responsibilities, and resources to address issues arising from the Project Monitoring Report (if any).

Part 4 – Evaluation and Reporting

   a. A draft version of the minutes of the meeting (referring to decisions made) are provided to the Project Coordinator.
   b. Project Owner participants to complete an evaluation of each Project Monitoring Workshop prior to departing from the workshop in closed session in the absence of any personnel of the Project Coordinator or sub-contractors. The evaluation to be placed in the document database of the Project Owner, Project Coordinator and the Programme Operator.
   c. Project Coordinator to prepare a draft Project Monitoring Workshop Report that describes the workshop and contains a record of all decisions made.
   d. Project Governing Board to review the Project Monitoring Workshop Report to check for accuracy, edit, and either approve or make recommendations for changes/amendments. If approved without changes, the report is finalized by formal approval by the Project Governing Board. This decision is recorded in the minutes of a Governing Board meeting with a copy of these minutes forwarded to the Project Coordinator. A copy of the Project Monitoring Workshop Report and approval minutes is lodged in the project document database and a copy forwarded to the Programme Operator.

3.2 DISPUTE RESOLUTION

Section 4 of the Plan Vivo Standard (2013, p15) states that:

4.14. A robust grievance redressal system should be part of project design, and should ensure that participants are able to raise grievances with the project coordinator at any given point within the project cycle, and that these grievances are dealt with in a transparent, fair, and timely manner. A summary of grievances received, the manner in which these are dealt with, and details of outstanding grievances must be reported to the Plan Vivo Foundation through the periodic reporting process.

Each project in the Nakau Programme is required to prepare a Standard Operating Procedure (SOP) for Dispute Resolution to guide the process of dispute resolution should it occur during the course of the project. Project Coordinators are required to co-design the 'SOP: Dispute Resolution' together with Project Owners based on principles of conflict resolution and non-violent communication, in addition to local customary procedures.

Project Owners and Project Coordinators are required to incorporate the 'SOP: Dispute Resolution' into the Project Description (PD) (as an appendix). Any revisions of the 'SOP: Dispute Resolution' shall be noted in Project Monitoring Reports and PD revisions.

The 'SOP: Dispute Resolution' may be based on the Nakau Programme Dispute Resolution Framework (see Appendix 3).

4. Benefit Sharing

All projects within the Nakau Programme shall apply the benefit sharing mechanism described within this Methodology Framework. The benefit-sharing mechanism is sufficiently flexible to accommodate local differences in capacity, preferences, needs and opportunities for Project Coordinators and Project Owners. However, specific conditions on benefit sharing arrangements have been identified which provide safeguards to ensure benefit sharing is equitable, and to mitigate risks that cash benefits lead to un-intended negative social outcomes for local communities. The mechanism also seeks to ensure sustainability of the Nakau Programme, and where possible provide financing opportunities for programme strengthening.

The benefit sharing mechanism is divided into three components:

      a. The Payment For Ecosystem Services (PES) Agreement
      b. The Programme Finance Model
      c. The Project Owner Business Model

The PES Agreement is a legal contract between the Project Coordinator and the Project Owner. The Programme Financing Model describes the systems for sale of PES units and defines protocols for financial discipline in the project. The Project Owner Business Model defines how funds shall be managed by the Project Owner Business to keep the project viable and transparently deliver financial benefits at the group and individual level.

This Methodology does not and cannot override national legislation that may prescribe benefit-sharing arrangements under certain business structures. In circumstances where this applies, the national legislation will be met as a minimum requirement, and where allowable by law the project must still meet the requirements of this Methodology Framework in respect to benefit sharing.

4.1 PES AGREEMENT

Section 8 of the Plan Vivo Standard (2013, p21) states that:

8.1. *Transaction of ecosystem services between the project coordinator and participants must be formalized in written PES Agreements, where participants agree to follow their plan vivo in return for staged, performance-related payments or benefits.*

All projects in the Nakau Programme must undertake a PES Agreement between the Project Owner entity and the Project Coordinator. The PES Agreement is the legal foundation on which the Project Owner and Project Coordinator implement the project and distribute costs and benefits associated with the project.

4.1.1 Scope

Section 8 of the Plan Vivo Standard (2013, p21, 22) states that:

8.2.   *Procedures for entering into PES agreements with participants must be defined and followed, where PES agreements specify:*

    8.2.1.   *The quantity and type of ecosystem services transacted*

    8.2.2.   *The project interventions to be implemented*

    8.2.3.   *The plan vivo the PES Agreement relates to and its date of approval and implementation*

    8.2.4.   *Performance targets that must be met to trigger the disbursement of payments or other benefits, with reference to monitoring methods, frequency and duration*

    8.2.5.   *The amount of payment or benefit to be received (or what the process is for determining this)*

    8.2.6.   *Consequences if performance targets are not met, e.g. withholding of some or all payments and how corrective actions will be agreed*

    8.2.7.   *The PES period (period over which monitoring and payments will take place) and overall duration of commitment to the plan vivo*

    8.2.8.   *Any impacts of the agreement on rights to harvest food, fuel, timber or other products*

    8.2.9.   *Deduction of a risk buffer where applicable*

    8.2.10. *Agreed upon mechanism to resolve or arbitrate any conflict arising from the implementation of the project, following established community practices or legal rules in the country.*

8.4.   *PES agreements must not remove, diminish or threaten participants' land tenure.*

The PES Agreement is a contract between the Project Coordinator and Project Owner and must comply with al sub-sections of Section 8.2 of the Plan Vivo Standard (2013). Projects shall clarify this by providing a copy of the PES Agreement in the Appendix to the PD, and presenting the necessary information contained in the PES Agreement in the sub-sections of the PD defined below:

    4.1.1.1 Quality and Type of Ecosystem Service Transacted

    4.1.1.2 Project Interventions

    4.1.1.3 Relevant PD

    4.1.1.4 Performance Targets (linked to Conservation / Land Management Plan)

    4.1.1.5 Process for Determining Volume of PES Units Transacted

    4.1.1.6 Non-Performance Penalties

    4.1.1.7 PES Period

    4.1.1.8 Impacts of PES Agreement on Rights to Food, Fuel, Timber

    4.1.1.9 Buffer

    4.1.1.10 Agreement on roles and responsibilities of the Project Owner

4.1.1.11 Agreement on services to be provided by the Project Coordinator and other services providers

4.1.1.12 Agreement on payment milestones and payment schedule for services provided by the Project Coordinator

4.1.1.13 Agreement on disbursement of income from PES sales to the Project Owner

4.1.1.14 Agreement on management of income from PES sales by Project Owner according to the Project Owner Business Plan

4.1.1.15 Process of PES Agreement review

4.1.1.16 Project Dispute Resolution Framework

Disbursement of payments shall comply with section 8.2.4 of the Plan Vivo Standard (2013). The disbursement arrangements shall be consistent with the *Programme Finance Model* (as per Section 4.2 of this document).

A concise Project Owner Business Plan shall be developed and incorporated into the PES Agreement and described in Section 4.1.1.11 of the PD. The Project Owner Business Plan shall clearly describe how the Project Owner group will allocate money derived from PES unit sales for the benefit of the Project Owner group members and community. The arrangement shall be consistent with the Project Owner Business Model (defined in Section 4.3 of this document and presented in Section 4.3 of the PD) and must include:

a. A target for Business Money (money needed to keep the business running)
b. A target for Safety Money;
c. Rules determining allocation of money for (i) Group Benefit and (ii) Individual Benefit
d. Identification of priority investments / activities capable of delivering sustained group or community benefits (linked to budgets where possible)
e. Rules for financial discipline and governance

4.1.2 Voluntary Process for PES Agreements

Section 8 of the Plan Vivo Standard (2013, p22) states that:

8.3. Participants must enter into PES agreements voluntarily according to the principle of free, prior and informed consent, where sufficient information, in an appropriate format and language, is available to potential participants to enable them to make informed decisions about whether or not to enter into a PES Agreement.

The process of negotiating a PES Agreement is incorporated into the FPIC process specified in Section 3.1.5 of this document, in particular – the process leading to Decision 3 in Table 3.1.5.1 (the decision sequencing presented in that section). This section of the PD will summarise the process leading to the PES Agreement.

4.1.3 Conditions and Safeguards

Section 8 of the Plan Vivo Standard (2013, p22) states that:

8.5. *Project Coordinators must have the capacity to meet the payment obligations in PES Agreements entered into with communities, by one or more of the following:*

    8.5.1. *Secured upfront funding or purchase commitments sufficient to guarantee an agreed minimum payment to participants*

    8.5.2. *A proven track record in identifying funders or buyers in ecosystem markets or from other sources*

    8.5.3. *Demonstrable capacity to meet PES obligations from their own funds should a buyer or funder not become available[1]*

        [1]NB: There are limitations on the volume of Plan Vivo Certificates that may be issued at one time in the absence of secured funding or buyers, details of which are contained in the Procedures Manual.

8.6. *Where a greater number of smallholders or community groups wish to enter PES agreements than the project coordinator is able to engage, e.g. because of lack of resources, a fair process for selecting participants must be defined. The process should take into consideration the potential for tensions or disputes being created within or between communities.*

8.7. *Where the project coordinator enters into PES Agreements in advance of securing the necessary buyers or resources to fund payments, any risk of non-payment must be communicated to, and agreed by, participants.*

All projects must, in this section of the PD, demonstrate compliance with Sections 8.5, 8.6, and 8.7 of the Plan Vivo Standard (2013).

4.2 PROJECT FINANCE MODEL

Section 3 of the Plan Vivo Standard (2013, p12) states that:

3.9. *A transparent mechanism and procedures for the receipt, holding and disbursement of PES funds must be defined and applied, with funds intended for PES earmarked and managed through an account established for this sole purpose, separate to the project coordinator's general operational finances.*

4.2.1 Overview

The Project Finance Model defines the transactional relationships between key project stakeholders.

Figure 4.2.1: Project Finance Model
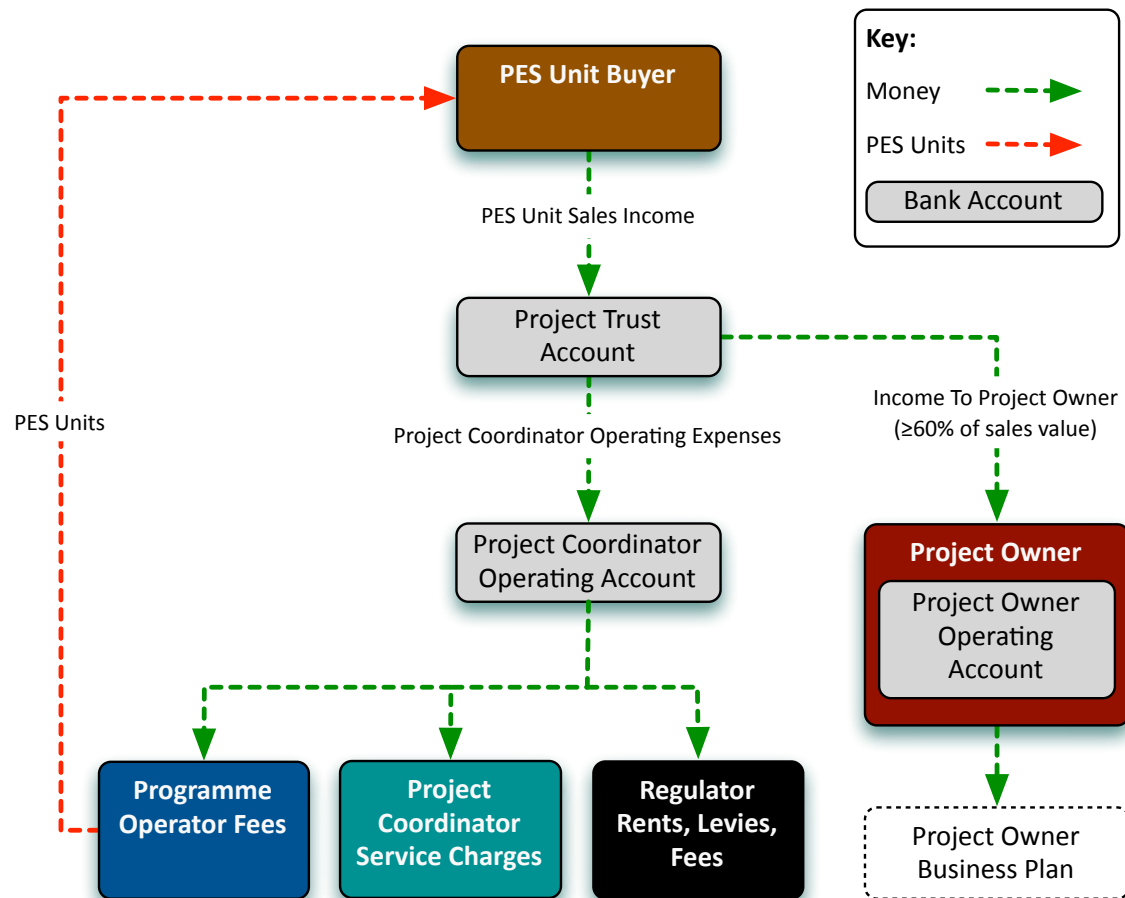
Example of Project Financial Model operating in practice:

1. A Project Coordinator gains a License Agreement from the Programme Operator (see Figure 2.13.9 for Programme Legal Structure).

2. A Project Coordinator engages a Project Owner in a Project Development Agreement to undertake project scoping to develop a Project Idea Note (PIN), and to undertake project development activities resulting in a completed Project Description (PD).

3. A PIN is developed by the Project Coordinator and approved by the Programme Operator and by a standard (where necessary).

4. A PD is developed by the Project Coordinator in collaboration with the Project Owner and validated by the Programme Operator (or validated by a third party for the first project for a particular activity type).

5. The Project Coordinator assists the Project Owner to implement and monitor the project.

6. The Project Coordinator prepares Project Monitoring Reports for each project monitoring period and verifies each monitoring report (containing the PES unit assertion for that monitoring period) using a 3rd party verifier.

7. The Project Coordinator sends the verification report (complete with verified PES unit and buffer assertion) to the Programme Operator for PES unit issuance.

8. The Programme Operator submits the verification report to the PES unit issuance body (e.g. the Registry or Standard) seeking issuance of PES and buffer units to the relevant Project Sub-Account and the Pooled Buffer Account of the Programme Operator's account with the Registry.

9. The Project Coordinator and/or the Programme Operator market the PES units to potential buyers.

10. A buyer presents an offer for PES unit sales to the Programme Operator or Project Coordinator.

11. The Project Coordinator or Programme Operator facilitates a Sale and Purchase Agreement for the Project Owner. A copy of the Sale and Purchase Agreement is sent to the Programme Operator for execution of PES unit transfer. PES unit transfers occur in one of the following ways:
    a. PES units are transferred within the same registry from the Project PES Unit Sub-Account to the PES Unit Buyer's PES Unit Account.
    b. PES units are cancelled in the host registry and re-issued in another registry.
    c. PES units are retired in the host registry (e.g. when transaction terms specify no secondary transactions such as in a retail offset purchase direct from an offset consumer).

12. The PES Unit Buyer makes a payment to the Project Trust Account, scheduled according to the terms of the Sale and Purchase Agreement.

13. Funds received into the Project Trust Account from execution of the Sale and Purchase Agreement are used to finance:
    a. Administration fees to the Programme Operator (as per the Programme Agreement)
    b. Project development and project monitoring fees paid to the Project Coordinator (as per the PES Agreement)
    c. Service fees paid to sub-contractors (where relevant) and regulatory fees or levies (where relevant)
    d. Net sales income is paid to Project Owners (as per PES Agreement).

14. Sales income paid to Project Owner is to be transferred to the Project Owners Operating Account (or paid directly into Project Owner sub-accounts) to be managed and dispersed according to the Project Owner Business Model and Project Owner Business Plan.

4.2.2 Project Budget And Financial Planning

Section 3 of the Plan Vivo Standard (2013, p12) states that:

3.10. A project budget and financial plan must be developed by the project coordinator and updated at least every three months, including documentation of operational costs and PES disbursed, and funding received, demonstrating how adequate funds to sustain the project have been or will be secured.

All projects must establish and maintain a project budget and financial plan in a way compliant with Section 3.10 of the Plan Vivo Standard (2013).

4.2.3 PES Unit Sales

The Programme Operator holds a PES Unit Master Account for each unit type held in trust on behalf of Project Owners, and a Pooled Buffer Account for each buffer unit type for buffer credits owned by the Programme Operator. The PES Unit Master Account is sub-divided into Project-Specific Sub-Accounts for each unit type.

PES Unit sales will take place according to a Sale and Purchase Agreement.

The parties to a Sale and Purchase Agreement are the PES Unit Buyer and the Programme Operator acting as Sales Agent for the Project Owner. The PES Unit Buyer deposits 100% of agreed funds into the Project Trust Account.

Sales ≥ USD$50,000 shall be administered through an escrow arrangement.

4.2.4 Project Trust Account

The Programme Operator shall open a Project Trust Account for each individual project to receive PES sales income (from the PES buyer). The Project Trust Account shall be established entirely for the purpose of financial administration of the PES project and be separate from the Programme Operators other accounts.

The PES agreement will define how income received into the Project Trust Account will be disbursed as; (a) fees for services required to operate the PES project; (b) taxes and levies (if required), and (c) net income for Project Owners. Further details are provided below:

4.2.5 Fees for Services Delivered by the Project Coordinator

The Project Coordinator may receive payments from the Project Trust Account for provision of agreed services to the project, such as ongoing project development services, monitoring, reporting, and administration (together with a contingency percentage if specified in the PES Agreement). Payments to the Project Coordinator must be based upon delivery of agreed services and achievement of performance milestones, which must be specified in the PES agreement.

The services to be provided by the Project Coordinator and specified in the PES agreements are expected to vary between different projects in the Nakau Programme. The main variables will be the capacity of the Project Owner to undertake certain activities by themselves, and Project Owners individual preferences regarding outsourcing of activities for other reasons, such as for increased efficiency etc.   Further information about project roles and responsibilities is provided in the PPP sections 2.13.4 and 2.13.5.

The Project Trust Account may also be used to directly pay other sub-contractors (e.g. third party verification auditors) if required, subject to the PES agreement conditions.

4.2.6 Limit to Project Coordinator Payments

Section 8 of the Plan Vivo Standard (2013, p22) states that:

8.12.   *Projects selling Plan Vivo Certificates should aim to deliver at least 60% of the proceeds of sales on average to communities as PES, meaning project coordinators should not draw on more than 40% of sales income for ongoing coordination, administration and monitoring costs. Where less than 60% is delivered projects must justify why this is not possible, why the benefits delivered to communities are fair and that they are able to effectively incentivise activities.*

The Project Coordinator may receive funding from grants, or other third parties to support their role in the project. However, payments to Project Coordinators that derive directly from PES Unit sales are subject to the following conditions:

a. Payments are made according to the PES Agreement between the Project Coordinator and the Project Owner, where the PES agreement is subject to the FPIC / mandating steps.
b. The payments received by the Project Coordinator shall not exceed 40% of the total value of PES Unit sales income received by the project unless justified to the satisfaction of Plan Vivo. The portion of any salaries administered by the Project Coordinator but paid to the Community members are not considered part of the 40%.
c. The income received by the Project Coordinator directly from the Project Trust Account is intended to enable the Project Coordinators to deliver services as required

under the PES agreement. The Project Coordinator should not charge the Project Owner any further fees for services, unless they are for services requested outside of the scope of the PES agreement.

4.2.7 Programme Operator Fees

The Programme Operator may receive payments from the Project Trust Account for provision of services as agreed within the Programme Agreement. Project Coordinators shall also pay a license fee to the Programme Operator. The fee is required to cover administrative costs incurred by the Programme Operator relating to quality controls and support of Project Coordinators, and sustaining the integrity of the Nakau Programme.

Project Coordinators may seek additional services from the Programme Operator on a fee for service basis.

The Programme Operator may charge service fees to Project Coordinators for validation audits, registry account administration, and other forms of project support as required.

Furthermore, the Interest earned by Project Trust Account(s) shall be allocated at the discretion of the Nakau Programme Operator in order to prudently fulfil and enhance the charitable purpose of the Nakau Programme and in a manner that provides additional (potentially indirect) benefit to the Project Owner.

4.2.8 Project Taxes and Levies

Regulatory taxes, fees, or rents etc associated with the project may be paid directly from the Project Trust Account, subject to the PES agreement conditions.

4.2.9 Net PES Sales Income to the Project Owner

The income remaining in the Project Trust Account (after services fees and taxes etc are allocated) will be disbursed to the Project Owner's operating account according to an agreed payment schedule defined in the PES agreement. The Programme Operator will only approve of disbursement schedules that provide an ongoing incentive for the Project Owner to continue with project implementation (i.e. supporting permanence objectives). Hence the Programme Operator will not approve disbursement schedules that have the majority of payments at an early stage and little towards the end of the project period. Disbursements to the Project Owner in a 12-month period must not exceed the value of one year's PES units (to the Project Owners). There is provision for this to be altered under special circumstances if agreed by all parties.

Projects involving an opportunity cost to the Project Owner (e.g. when the project owner foregoes the right to commercial timber harvests) shall disburse ≥ 60% of total PES sales income received to the project to the Project Owner (unless justified by the Project Coordinator in line with Section 8.12 of the Plan Vivo Standard 2013).

4.2.10 Financial Discipline and Transparency

The Programme Operator shall establish a system to maintain records of all PES Unit sales income, and project-related transactions from the Project Trust Account, including amounts transacted, transaction dates, conditions and contact details of parties involved.

The Programme Operator must produce the following reports every quarter based upon Project Trust Account activity:

 a. Cash Flow
 b. Profit & Loss
 c. Balance Sheet

The Programme Operator shall also document any further operational costs of the project that are financed separately from the Project Trust Account.

Table 4.2.10 Evidence requirement: Financial management	
#	Name/Description
4.2.10a	Records kept of all PES Unit sales income, and project-related transactions from the Project Trust Account, including amounts transacted, transaction dates, conditions and contact details of parties involved.
4.2.10b	Evidence that (a) Cash Flow, (b) Profit & Loss, and (c) Balance Sheet reports of Project Trust Account activity are provided to the Project Owner and Project Coordinator quarterly
4.2.10c	Signed PES Agreement

4.3 PROJECT OWNER BUSINESS MODEL

 Section 8 of the Plan Vivo Standard (2013, p22) states that:

8.8. *A fair and equitable benefit-sharing mechanism must be applied that has been agreed with the participation of communities involved, identifying how PES funding will be distributed among participants and other stakeholders, including the project coordinator. This should include consideration of how benefit-sharing might change over time as the project progresses.*

8.9. *Details of the benefit-sharing mechanism must be made available to participants in an appropriate format and language.*

8.10. *The project coordinator must provide justification for any payments for ecosystem services delivered in kind or in the form of equipment or resources other than money.*

8.11. *The benefit-sharing mechanism must be equitable, i.e. represent a fair and locally appropriate distribution of benefits, taking into consideration the rights, resources, risks and responsibilities of different stakeholders over the PES period.*

8.12. *Projects selling Plan Vivo Certificates should aim to deliver at least 60% of the proceeds of sales on average to communities as PES, meaning project coordinators should not draw on more than 40% of sales income for ongoing coordination,*

> *administration and monitoring costs. Where less than 60% is delivered projects must justify why this is not possible, why the benefits delivered to communities are fair and that they are able to effectively incentivise activities.*
>
> *8.13. The process by which the benefit-sharing mechanism is decided must be recorded including a record of any concerns or objections raised.*

Projects in the Nakau Programme shall develop a Project Owner Business Plan that is consistent with Sections 8.8 to 8.13 of the Plan Vivo Standard, and based on the Project Owner Business Model described in this section. The Community Benefit Sharing Plan (which could be a section of the Project Owner Business Plan or a stand-alone document) shall also comply with Sections 3.13 to 3.15 of the Plan Vivo Standard.

The Project Owner Business Model (presented in Figure 4.3 and Table 4.3) is modelled on graphical financial information systems developed by Little Fish PTY Ltd[11]. With respect to Section 8; item 8.12 of the Plan Vivo Standard, the Nakau Programme defines all income delivered to the Project Owner group from PES Unit sales as constituting part of the minimum 60% delivered to communities. Furthermore, the Nakau Programme defines salaries paid to local employees (members of the Project Owner group) as constituting part of the minimum 60% delivered to communities, regardless of whether or not it is administered by the Project Coordinator. The Project Owner group will use a proportion of their income for local level administration and implementation. However Project Owner income will not be used to pay the Project Coordinator for any services required by the Coordinator under the PES agreement.

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[11] www.littlefish.com.au/web/home.html

Figure 4.3: Project Owner Business Model

Step 1: Income from the Project Trust Account is paid to the Project Owner Operating Account (or dispersed directly to project owner sub-accounts) to cover localised project costs, sustain the Project Business, and provide funds for distribution to group benefits and individual dividends.

Step 2: Funds from the Project Owner Operating Account are transferred to the Business Money Account for project-related business expenses of the Project Owner.

Step 3: Once the Business Money Account has reached its target, funds can spill over into the Safety Money Account and be held as a financial buffer for operating contingencies.

Step 4: Once the Safety Money Account has reached its target, funds can spill over into the Group Benefit Account and be paid out according to the Community Benefit Sharing Plan.

Step 5: Dividends can be paid to individuals and/or families according to the Community Benefit Sharing Plan.

Income from Project Trust Account

Project Owner Operating Account

Business Money Account

Safety Money Account

Group Benefit Account

Dividend Account

Project Expenses of Project Owner

e.g. Project Salaries

e.g. Project Rent

e.g. Project Meetings

Expenditures for Group Benefit Activities

e.g. Community Investment

e.g. Community Project

e.g. Community Enterprise

Dividends Paid to Individuals or Families

Table 4.3 Rules for allocation of funds			
Allocation	Priority	When available	Explanation
Project Owner Operating Account	1	After project costs have been paid to parties other than the Project Owner	Where all income from PES unit sales is received from the Project Trust Account. In some projects it is appropriate to by-pass the Project Owner Operating Account and instead allocate funds directly from the Project Trust Account to the Business Money Account, Safety Money Account, Group Benefit Account, and Dividend Account
Business Money Account	1	When income is received	The Business Money Account is used to pay for expenses related to managing the business and implementing the project. A target is established for the level of the 'Business Money' to be maintained in this account.
Safety Money Account	2	If Business Money target is exceeded (there is a profit)	Safety Money transferred into a separate Safety Money Account for business resilience (in case emergency funds are needed. A target is established for the level of 'Safety Money' to be maintained in this account.
Group Benefit Account	3	If Safety Money target is exceeded (a profit beyond the safety money target)	Money transferred into a Group Benefit Account that can be used for expenditures or investments that have group benefit, as determined by the Project Owner Group
Dividend Account	4	If Group Benefit target is exceeded (a profit beyond the Group benefit target)	The Dividend Account contains an allocation of the profit that can be used to pay individual owners (or families) in cash dividends.

4.3.1 Project Owner Business Plan (Overview)

Projects in the Nakau Programme shall develop a Project Owner Business Plan based on the Project Owner Business Model described in this section (i.e. Figure 4.3). The Project Coordinator must collaborate through a participatory process with the Project Owner to design the Project Owner Business Plan. The plan must include the following elements, which are described in further detail in this section:

   a. A target for Business Money (money needed to keep the project running)
   b. A target for Safety Money
   c. Rules determining allocation of money for (i) Group Benefit and (ii) Individual Benefit
   d. Community Benefit Sharing Plan
   e. Rules for financial discipline and governance

The Project Owner Business Plan must form a condition (appendices) of the PES Agreement signed between the Project Coordinator and Project Owner.

4.3.1.1 Community Benefit Sharing Plan

The Project Owner Business Plan must include a Community Benefit Sharing Plan, which must identify priority investments or activities capable of delivering sustained group or community benefits. The Community Benefit Sharing Plan can begin as a simplified plan and increase in complexity through time as a living document. The Project Coordinator is encouraged to provide support, and where appropriate assist to facilitate a process to identify group benefits in a strategic way.

4.3.2 Project Owner Income

The Project Owner Business Plan framework is designed to increase the capacity of the project owner to manage income in a way that sustains the project and project benefits. Project Owner Income refers to the income received by the Project Owner from sale of PES Units. The amount of income received will depend upon a) the value of PES unit sales, and b) the balance of the sale provided to the Project Owner after other project-related service fees have been subtracted (refer to the Project Finance Model).

The Project Owner may develop other income streams independent of PES Unit sales and may manage this through the Project Owner Business Plan and associated accounts (E.g. income from eco-tourism or agro-forestry activities).

Managing project funds in different project accounts provides financial transparency. This enables account statements to be provided by the bank that transparently documents transactions, and enables these statements to be used as evidence of financial discipline required in the Nakau Programme. Rules for operating these accounts are provided in section 4.3.7 of this document.

4.3.3 Managing 'Business Money' Account

Within their Project Owner Business Plan, all Project Owners within the Nakau Programme must adopt a strategy to 'isolate' and safeguard income needed to keep the business running. Maintaining sufficient Business Money is critical because the Project Owner business needs sufficient cash to keep running (to meet its obligations for project implementation) from one crediting period to the next.

A minimum target for the balance of the Business Money Account must be achieved before money can be allocated elsewhere. Income received beyond this target can be transferred into a separate account for Safety Money, or Group or Individual benefit.

4.3.3.1 Calculating the Business Money target:

The Project Owner business must retain sufficient cash to enable it to keep performing its roles and responsibilities (defined in the PES agreement) until further income is received.

The minimum target balance of the Business Money Account *must be equal to or greater than one years operating expenses (i.e. the project owners annual operating budget).* This balance must be achieved before money can be allocated for other uses.

The Project Owner must develop a budget for operating expenses, i.e. to cover the costs incurred by the Project Owner in project implementation. These are the costs of activities that the Project Owner agrees to undertake in order to produce PES Units. The obligations of the Project Owner must be described as activities / responsibilities within the PD and specified in the PES Agreement. They may include expenses such as employment (e.g. administration staff, rangers etc) and operational costs (such as travel, equipment, consumables etc).

If the Project Owner was to sell greater than one year's volume of units within a 12-month period, provision must be made to increase the business money target to ensure that the business can remain viable until the following monitoring period and unit issuance.

4.3.4 'Safety Money' Account

'Safety Money' refers to the portion of the profit (i.e. after Business Money is removed) that must be set-aside in a separate bank account as a financial buffer to ensure that the registered Project Owner Group remains financially viable. This includes having sufficient cash reserves to cover unforeseen costs, losses or delays in receiving payments.

Subject to availability of funds Project Owners shall deposit an agreed amount of Safety Money into a separate account. If agreed by the Parties, the Safety Money may be held in trust by the Project Coordinator for use for contingencies.

If drawn upon during the course of project implementation, the Safety Money pool will need to be replenished by applying the rules within the Project Owner Business Plan.

The Project Coordinator must collaborate through a participatory process with the Project Owner to determine an appropriate target for Safety Money. This target may vary from project to project, as it is dependent upon project scale, project type, project location and other factors. The Project Coordinator and the Project Owner may change the Safety Money target from time to time subject to mutual agreement.

4.3.5 Group Benefit Account

Once the Safety Money Account has reached its target, funds can 'spill over' (if available) into the Group Benefit Account and be used according to the Community Benefit Sharing Plan. The money in this account is the portion of profit (i.e. after Business Money and Safety Money are removed) set-aside to provide collective rather than individual benefits to the local community (in contrast to individual dividends).

Group Benefit funds may be used at the discretion of the Project Owner Board in consultation with their shareholders/ members, and uses may include (but are not limited to) the following:

- Community infrastructure (e.g. water supply, sanitation, health post or school);
- Investment in new business activities that return group benefits (e.g. tourist bungalows, agro-forestry business development, employment opportunities);
- Activities that increase access to markets (e.g. transportation infrastructure, tourism, agricultural developments);
- Funding to support community savings and loan services (micro-finance);
- Grants or loans for cultural ceremonies (weddings, funerals etc);
- Investments that grow the Project Owner business (e.g. shares, property);
- Household infrastructure (e.g. solar panels, sanitation systems, or rainwater tanks), but only where benefits are equitably shared among households represented within the Project Owner group;
- School fees (where paid directly to the school and at a community scale rather than for individual families).

4.3.6 Dividend Account

Dividends can be paid to individuals and/or families according to the Community Benefit Sharing Plan. The disbursement of dividends is optional for Project Owners, but shall not normally exceed 30% of the amount available for Community Benefits unless the project can justify a variation to this rule depending on local circumstances. Dividends include cash distributed at the level of individuals, families, or clans. The Project Owner group may determine how the dividends are allocated. For example, dividends may be allocated on a one-member one-share basis (cooperative model), or may be distributed according to relative contribution to the project (e.g. land size or owned by each family or clan).

4.3.7 Financial Controls

Project Owners participating in the Nakau Programme are required to establish transparent and accountable systems for financial controls. This must include:

a. Establishment of 5 accounts:
    i. Project Operating Account
    ii. Business Money Account
    iii. Safety Money Account
    iv. Group Benefit Account
    v. Dividend Account
b. Minimum of 3 signatories on each Account.
c. Signatories on all accounts approved by the Project Governing Board.
d. Establishment of a daily transfer limit for each account.

4.3.8 Book Keeping And Reporting

A suitably skilled bookkeeper must be appointed by the Project Owner to maintain accurate and up-to-date records of expenditure from the Project Operating Account. The book-keeper must create an expenditure and cash flow report that must be provided to the Project Governing Board and the Project Coordinator at least quarterly (although more frequent reporting is encouraged).

4.3.9 Informing Project Owner Membership

All projects shall develop a system for effectively communicating the information within each expenditure and cash flow report (for each account) transparently to the members (participants) of the Project Owner group. This must occur at least quarterly.

The Nakau Programme highly recommends that projects use the Money Story® system developed by Little Fish (www.littlefish.com.au/web/home.html). The system uses graphics to clearly communicate financial information, which increases transparency and enables more members of the community to understand the activities of the business.

Table 4.3.9: Evidence Requirement: Project Owner Business Plan	
#	Name/Description
4.3.9	Project Owner Business Plan that is compliant with the minimum requirements of this Methodology Framework and is linked to the PES Agreement.

5. Project Measurement

5.1 CORE PES ACTIVITY IMPACT MEASUREMENT

According to Section 5 of the Plan Vivo Standard (2013, p16):

Principle 5: *Projects generate real and additional ecosystem service benefits that are demonstrated with credible quantification and monitoring.*

5.1.   *The project must develop technical specifications for each of the project interventions, describing:*

    5.1.1. *The applicability conditions, i.e. under what baseline conditions the technical specification may be used*

    5.1.2. *The activities and required inputs*

    5.1.3. *What ecosystem service benefits will be generated and how they will be quantified. (NB Technical specification templates can be provided by the Plan Vivo Foundation)*

5.7.   *An approved approach must be used to quantify ecosystem services generated by each project intervention compared to the baseline scenario.*

Each project in the Nakau Programme shall deliver at least one core ecosystem service in a manner enabling the generation of verified PES units. This requires the detailed measurement of ecosystem service attributes comparing a baseline and a project scenario. Such measurement must be undertaken through the application of a Nakau Programme Technical Specifications Module specific to the Activity Class and Activity Type. Each Nakau Programme Technical Specifications Module shall be validated to a reputable standard prior to its application to a project.

Project Proponents are required to list the Technical Specifications Module/s applied to the project. This shall be stated in summary in this section of Part A of the PD, with the relevant Technical Specifications populated with project data and presented in Part B of the PD.

Technical Specifications applied to the project shall be listed in an equivalent of the example provided in the following table (one line per Technical Specifications applied):

Table 5.1 Technical Specifications Applied				
Title	Type of activity	Objectives	Brief description	Target areas / groups
e.g. Technical Specifications Module (C) 1.1 (IFM-LtPF) D2.1.1 v1.0 20140409	e.g. Improved forest management through avoiding timber harvesting	e.g. Forest protection and associated avoided emissions and removal enhancements	e.g. Establish community protected area in lieu of logging	e.g. Drawa Block landowners, Vanua Levu, Fiji

5.2 COMMUNITY IMPACT MEASUREMENT

According to the Plan Vivo Standard (2013) Guiding Principle 7:

Projects demonstrate positive livelihood and socioeconomic impacts

7.1. The project must demonstrate clear plans to benefit the livelihoods of participants. The definition of what constitutes a benefit will be defined by local participants.

According to the CM1 Net Positive Community Impacts of the Climate Community and Biodiversity Project Design Standards second edition (2008):

CM1: The project must generate net positive impacts on the social and economic well-being of communities and ensure that costs and benefits are equitably shared among community members and constituent groups during the project lifetime.

5.2.1 Description Of Community Context

According to the Plan Vivo Standard (2013) Section 7:

7.2. A project socioeconomic baseline scenario must be defined, including information on the socioeconomic context in participating communities at the start of the project, and describing how these conditions are likely to continue or change in the absence of the project. Basic information must be included on:

> *7.2.1. Demographics and population groups*
> *7.2.2. Access to and main uses of land and natural resources*
> *7.2.3. Access to and use of energy sources for light and heat*
> *7.2.4. Typical assets and income levels*
> *7.2.5. Main livelihood activities*
> *7.2.6. Local governance structures and decision-making mechanisms*
> *7.2.7. Cultural, religious and ethnic groups present*
> *7.2.8. Gender and age equity*

According to the general community requirements of the Climate Community and Biodiversity Project Design Standards second edition (2008): project proponents must provide a description of the project zone, containing the following information:

G5. A description of communities located in the project zone, including basic socio-economic and cultural information that describes the social, economic and cultural diversity within communities (wealth, gender, age, ethnicity etc.), identifies specific groups such as Indigenous Peoples and describes any community characteristics.

Project Coordinators shall describe the Project Owners and nearby communities, including information on the following:

> 5.2.1.1 Demographics and population groups
> 5.2.1.2 Access to and main uses of land and natural resources
> 5.2.1.3. Access to and use of energy sources for light and heat
> 5.2.1.4. Typical assets and income levels
> 5.2.1.5. Main livelihood activities
> 5.2.1.6. Local governance structures and decision-making mechanisms
> 5.2.1.7. Cultural, religious and ethnic groups present
> 5.2.1.8. Gender and age equity

5.2.2 Description Of Community Baseline

According to the Plan Vivo Standard (2013) Section 7:

7.1. The project must demonstrate clear plans to benefit the livelihoods of participants. The definition of what constitutes a benefit will be defined by local participants.

7.2. A project socioeconomic baseline scenario must be defined, including information on the socioeconomic context in participating communities at the start of the project, and describing how these conditions are likely to continue or change in the absence of the project. Basic information must be included on:

> *7.2.1. Demographics and population groups*
> *7.2.2. Access to and main uses of land and natural resources*
> *7.2.3. Access to and use of energy sources for light and heat*
> *7.2.4. Typical assets and income levels*
> *7.2.5. Main livelihood activities*
> *7.2.6. Local governance structures and decision-making mechanisms*
> *7.2.7. Cultural, religious and ethnic groups present*
> *7.2.8. Gender and age equity*

7.3. The expected socioeconomic impacts of the project must be described in comparison with the socioeconomic baseline scenario, including consideration of expected impacts on participants, and consideration of any likely 'knock-on effects on non-participating communities living in surrounding areas.

According to the CM1 Net Positive Community Impacts and CM2 Offsite Stakeholder Impacts, of the Climate Community and Biodiversity Project Design Standards second edition (2008):

CM1: The project must generate net positive impacts on the social and economic well-being of communities and ensure that costs and benefits are equitably shared among community members and constituent groups during the project lifetime.

*Projects must maintain or enhance the High Conservation Values (identified in **G1)** in*

the project zone that are of particular importance to the communities' well-being.

CM2: The project proponents must evaluate and mitigate any possible social and economic impacts that could result in the decreased social and economic well-being of the main stakeholders living outside the project zone resulting from project activities. Project activities should at least 'do no harm' to the well-being of offsite stakeholders.

The Project Coordinator shall provide a description of the community baseline including:

5.2.2.1 Description of project indicators to be measured

5.2.2.2 Evidence of project owner consultation on determination of project indicators

5.2.2.2 Community baseline scenario

5.2.2.3 Expected impacts from the project

5.2.2.4 Expected impacts for nearby community members who are not Project Owners.

It is optional for Project Coordinators to define how they seek to maintain or enhance the High Conservation Values in the project zone that are of particular importance to the communities' well-being. Should Project Coordinators choose to address High Conservation Values they can use the most recent version of the CCB Standard guidance in CM1.

5.2.3 Community Impact Assessment Plan

According to the Plan Vivo Standard (2013) Section 7:

7.4. A socioeconomic impact assessment/monitoring plan must be developed in a participatory manner to measure advances against the baseline scenario, within one year of the project validation, that:

7.4.1. Is based on locally relevant and cost effective indicators

7.4.2. Takes into consideration the potential for differentiated impacts on different groups of participants

7.5. The project must strive to avoid negative impacts on participants and non-participants, especially those most vulnerable. Where negative socioeconomic impacts are identified, these must be reported to the Plan Vivo Foundation and a participatory review of project activities undertaken with the participants/communities to identify steps to mitigate those impacts.

According to CM3 Community Impact Monitoring of the Climate Community and Biodiversity Project Design Standards second edition (2008):

CM3. The project proponents must have an initial monitoring plan to quantify and document changes in social and economic well-being resulting from the project activities (for communities and other stakeholders). The monitoring plan must indicate which communities and other stakeholders will be monitored, and identify

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

The Project Coordinator shall provide an assessment plan to measure community impacts against the baseline scenario. This plan must include:

5.2.3.1 Criteria or performance target

5.2.3.2 Locally relevant and cost effective indicators

5.2.3.3 Methods of measurement

5.2.3.4 Monitoring schedule

5.2.3.5 How to ensure that differentiated impacts on different groups are considered in the design of the monitoring program

5.2.3.6 A plan to address negative impacts as they arise

Table 5.2.3 : Evidence Requirement: Community impacts	
#	Name/Description
5.2.3a	Description of Community Baseline (in PD)
5.2.3b	Community impact monitoring plan

Project Coordinators are required to incorporate the Community Impact Assessment Plan into the Project Monitoring Plan (with Project Monitoring Plan detail following the requirements for project monitoring laid out in the relevant Technical Specifications Module/s). Any revisions of the Community Impact Assessment Plan will be incorporated into PD revisions. Projects have up to one year after project validation to complete the Community Impact Assessment Plan.

5.3 BIODIVERSITY CO-BENEFIT IMPACT MEASUREMENT

> Section 5.13 of the Plan Vivo Standard (2013, p17) states that:
>
> *5.13. The technical specifications must describe the habitat types and main species present in project intervention areas including any areas of High Conservation Value or IUCN red list species present (or more locally defined important areas of biodiversity or lists of vulnerable species if applicable), with a description of how they are likely to be affected by project interventions, and how these effects will be monitored.*

5.3.1 Significant Species

As a minimum requirement, all projects within Nakau Programme will describe the historic occurrence and monitor ongoing presence of significant species known to occur within or in close proximity to the project site.

Significant species are defined as either:

a. IUCN Red List species (classified as VU, EN or CR)
b. Endemic species
c. Priority species listed by CEPF according to the relevant bio-geographic biodiversity hotspot and ecosystem profile
d. Species with special cultural or use values as defined by the landowners

5.3.2 Biodiversity Baseline

A literature review must be undertaken to develop an inventory of significant species known to occur within or in close proximity to the project site. The species inventory may be in the form of a table and must include the following elements:

a. Subheadings to group species according to an appropriate taxonomic level (e.g. mammals, birds, angiosperms etc)
b. Common name (where possible)
c. Taxonomic name (essential)
d. IUCN classification (VU, EN or CR)
e. Specify if a priority species for CEPF Investment
f. Specify if endemic and at what scale (e.g. Island or country)
g. Provide concise remarks on abundance, distribution or other information (if possible and relevant)
h. Provide concise remarks for species deemed significant based upon special cultural or use values as defined by the landowners
i. Include source of data (references)

5.3.3 Project Impacts On Biodiversity

The expected impacts of project interventions on biodiversity should be described, such as:

a. Expected beneficial impacts to significant species gained by avoiding baseline activities
b. Expected beneficial impacts to significant species from project interventions (where different from a.
c. Expected negative impact to any native species from project interventions.

5.3.4 Biodiversity Monitoring

The biodiversity plan must be developed to record (at a minimum) the presence of significant species within the project site boundary. Recorded observations of significant species should include:

- Date observed
- Name and role of observer
- Location of observation (description or GPS location)
- Remarks on abundance, distribution or other information (if possible and relevant)

5.3.5 Biodiversity Monitoring Exceeding Minimum Requirements

Project Coordinators and owners are allowed to implement methodologies such as flora and fauna surveys and mapping exceeding the minimum requirements of the Nakau Methodology Framework, subject to capacity constraints and availability of funding. Project Coordinators that make a commitment (i.e. within a PD) to rigorous biodiversity monitoring systems must also demonstrate capacity to sustain the activity for the entire project period.

Table 5.3.5: Evidence Requirement: Biodiversity impacts	
#	Name/Description
5.3.5a	Significant species inventory (in PD)
5.3.5b	Description of expected project impacts on biodiversity (in PD)
5.3.5c	Biodiversity monitoring plan (component of Project Monitoring Plan)

5.4 PROJECT MONITORING PLAN

All projects in the Nakau Programme are required to prepare a Project Monitoring Plan as part of the Project Description. The Project Monitoring Plan is submitted in Part B of the PD but contains monitoring elements required in Sections 5.2 and 5.3 of this document, and elements required in the relevant Technical Specifications Module/s applied.

6. Project Reporting & Verification

6.1 DOCUMENTATION

According to section 5.11 of the ISOI 14064-2 Standard (2006):

The project proponent shall have documentation that demonstrates conformance of the GHG project with the requirements of this part of ISO 14064. This documentation shall be consistent with validation and verification needs

According to section A.3.8 of the ISOI 14064-2 Standard (2006):

This part of ISO 14064 refers to documenting in the context of internal needs linked to auditing and validation and/or verification. It is a complement to reporting that should serve external purposes.

Documentation is linked to the GHG information system and information system controls of the GHG project, as well as to the GHG data and information of the GHG project. Documentation should be complete and transparent.

Projects in the Nakau Programme will generate reports with the following naming convention:

Table 6.1: Nakau Programme Documents	
Document Name	Document Number
Programme Documents	
Nakau Programme Description	D1.1 v1.0, date
Programme Agreement	D1.2 v1.0, date
Project Agreement	D1.3 v1.0, date
License Agreement	D1.4 v1.0, date
Methodologies	
Nakau Methodology Framework	D2.1 v1.0, date
Technical Specifications Module (C) 1.1 (IFM-LtPF)	D2.1.1 v1.0, date
Technical Specifications Module (C) 1.2 (IFM-LCtHC)	D2.1.2 v1.0, date
Technical Specifications Module (C) 1.3 (IFM-RIL)	D2.1.3 v1.0, date
Technical Specifications Module (C) 2.1 (AD-DtPF)	D2.2.1 v1.0, date
Technical Specifications Module (C) 2.2 (AD-DtSFM)	D2.2.2 v1.0, date
Technical Specifications Module (C) 3.1 (AR-Af)	D2.3.1 v1.0, date
Technical Specifications Module (C) 3.2 (AR-NR)	D2.3.2 v1.0, date

Technical Specifications Module (C) 3.3 (AR-CP)	D2.3.3 v1.0, date
Project Documents	
[Project Title]: Project Idea Note (PIN) Part A	D3.1 v1.0, date
[Project Title]: Project Idea Note (PIN) Part B (i,ii…) (x) [y] [z] ([code])	D3.1.y.z v1.0, date
[Project Title]: Project Description (PD) Part A	D3.2 v1.0, date
[Project Title]: Project Description (PD) Part B (i,ii…) (x) [y] [z] ([code])	D3.2.y.z v1.0, date
[Project Title]: Project Monitoring Report Part A	D3.3.# v1.0, date
[Project Title]: Project Monitoring Report Part B (i,ii…) (x) [y] [z] ([code])	D3.3.y.z.# v1.0, date
[Project Title]: Project Termination Report	D3.4 v1.0, date
Validation/Verification Documents	
[Project Title] PIN Review Report	
[Project Title] Validation Reports	
[Project Title] Verification Reports	
Registry Documents	
[Project Title] Credit Issuance Deed	
Carbon Buyer Documents	
[Project Title] Brokerage Agreements	
[Project Title] PES Agreements	
[Project Title] Sale & Purchase Agreements	

x = Activity Class; y = Activity Type; z = Descriptor; # = report number; Date format: yyyymmdd.

Example:

> *Drawa Forest Carbon Project: Project Description (PD) Part B (C) 1.1 Improved Forest Management – Logged to Protected Forest (IFM-LtPF). D3.2.C.1.1 v1.0, 20141009.*

6.1.1 Project Database

Project Documents and technical data shall be stored electronically and in hard copy and in duplicate as described in Section 7.2 of this document.

6.2 REPORTING AND VERIFICATION

According to section 5.13 of the ISO 14064-2 Standard (2006):

The project proponent shall prepare and make available to intended users a GHG report. The GHG report

— *Shall identify the intended use and intended user of the GHG report, and*
— *Shall use a format and include content consistent with the needs of the intended user.*

If the project proponent makes a GHG assertion to the public claiming conformance to this part of ISO 14064, the project proponent shall make the following available to the public:

a) An independent third-party validation or verification statement, prepared in accordance with ISO 14064-3, or

b) A GHG report that includes as a minimum:

1) The name of the project proponent;

2) The GHG program(s) to which the GHG project subscribes;

3) A list of GHG assertions, including a statement of GHG emission reductions and removal enhancements stated in tonnes of CO2e;

4) A statement describing whether the GHG assertion has been validated or verified, including the type of validation or verification and level of assurance achieved;

5) A brief description of the GHG project, including size, location, duration and types of activities;

6) A statement of the aggregate GHG emissions and/or removals by GHG sources, sinks and reservoirs for the GHG project that are controlled by the project proponent, stated in tonnes of CO2e, for the relevant time period (e.g. annual, cumulative to date, total);

7) A statement of the aggregate GHG emissions and/or removals by GHG sources, sinks and reservoirs for the baseline scenario, stated in tonnes of CO2e for the relevant time period;

8) A description of the baseline scenario and demonstration that the GHG emission reductions or removal enhancements are additional to what would have happened in the absence of the project;

9) As applicable, an assessment of permanence;

10) A general description of the criteria, procedures or good practice guidance used as a basis for the calculation of project GHG emission reductions and removal enhancements;

11) The date of the report and time period covered.

According to section 5.12 of the ISO 14064-2 Standard (2006):

The project proponent should have the GHG project validated and/or verified.

If the project proponent requests validation and/or verification of the GHG project, a GHG assertion shall be presented by the project proponent to the validator or verifier.

The project proponent should ensure that the validation or verification conforms to the principles and requirements of ISO 14064-3.

6.2.1 MRV Overview

The Nakau Programme is an integrated programme of activities applying payments for ecosystem services to environmental protection and enhancement, covering a range of activity types implemented over a range of geographical areas. The core measurement, reporting and verification (MRV) procedures of the Nakau Programme function by means of ecosystem service measurement methodologies, Project Idea Notes (PIN), Project Descriptions (PD), and Project Monitoring Reports.

The ecosystem service measurement methodologies include the Nakau Methodology Framework (a generic methodology) in combination with Technical Specification Modules for each activity type (hereafter referred to as 'Nakau Programme methodologies').

Each Project Document[12] shall be presented in two parts:

    A. Part A: General Description (applying the Nakau Methodology Framework).
    B. Part B: Technical Description (applying the relevant Technical Specification Module).

Each Project Monitoring Report shall present evidence to support an ecosystem service outcome assertion consistent with the standard and methodology applied.

6.2.2 Validation And Verification

According to Section 5 of the Plan Vivo Standard (2013. P17):

5.9.   A monitoring plan must be developed for each project intervention which specifies:
    5.9.5. How the validity of any assumptions used in technical specifications are to be tested

The Nakau Programme methodologies shall be third-party validated to an internationally recognised standard covering the scope of the activity, and applying the validation rules of that standard.

The Project Description (PD) for the first activity instance of an activity type shall be third-party validated to the same standard as the relevant Nakau Programme methodology applied, covering the scope of the activity, and applying the validation rules of that standard.

The Project Description (PD) for all subsequent activity instances of an activity type shall be consistent with the validated PD of the first activity instance (and the relevant Technical Specifications Module), and validated by the Programme Operator of the Nakau Programme.

Project Monitoring Reports shall be third-party verified to the same standard as the validated methodologies applied.

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[12] Project Documents are those listed under the heading 'Project Documents' in Table 5.1 of this Nakau Methodology Framework.

6.2.3 Integrated Projects

Integrated projects applying more than one activity type shall submit a Project Document for each activity type. For example, an integrated project combining three different activity types within the 'Carbon' activity class (C) would submit three separate Project Documents for each document type as follows:

PIN Documentation

- Loru Agroforestry Carbon Project: Project Idea Note (PIN) Part A Overview. D3.1 v1.0, 20140428.
- Loru Agroforestry Carbon Project: Project Idea Note (PIN) Part B (i) (C) 2.1 (AD-DtPF). D3.1.C.2.1 v1.0, 20140428.
- Loru Agroforestry Carbon Project: Project Idea Note (PIN) Part B (ii) (C) 3.1 (AR-Af). D3.1.C.3.1 v1.0, 20140428.
- Loru Agroforestry Carbon Project: Project Idea Note (PIN) Part B (iii) (C) 3.2 (AR-NR). D3.1.C.3.2 v1.0, 20140428.

PD Documentation

- Loru Agroforestry Carbon Project: Project Description (PD) Part A. D3.2.C.2.1 v1.0, 20140428.
- Loru Agroforestry Carbon Project: Project Idea Note (PIN) Part B (i) (C) 2.1 (AD-DtPF). D3.1.C.2.1 v1.0, 20140428.
- Loru Agroforestry Carbon Project: Project Description (PD) Part B (ii). (C) 3.1 (AR-Af). D3.2.C.3.1 v1.0, 20140428.
- Loru Agroforestry Carbon Project: Project Description (PD) Part B (iii). (C) 3.2 (AR-NR). D3.2.C.3.2 v1.0, 20140428.

Project Monitoring Reports

- Loru Agroforestry Carbon Project: Project Monitoring Report 1 Part A. D3.3.1 v1.0, 20140428.
- Loru Agroforestry Carbon Project: Project Idea Note (PIN) Part B (i) (C) 2.1 (AD-DtPF). D3.1.C.2.1 v1.0, 20140428.
- Loru Agroforestry Carbon Project: Project Monitoring Report 1 Part B (ii). (C) 3.1 (AR-Af). D3.3.C.3.1.1 v1.0, 20140428.
- Loru Agroforestry Carbon Project: Project Monitoring Report 1 Part B (iii). (C) 3.2 (AR-NR). D3.3.C.3.2.1 v1.0, 20140428.

To avoid unnecessary duplication, Project Coordinators have the option to provide detailed PIN information in one of the three PIN documents and refer to that document in the other two for data elements consistent throughout. This approach also allows projects to evolve greater integration through time, where initially implemented with one activity type, and subsequently upgraded by adding further activity types.

The PIN and PD for the first activity instance for each activity type shall be third party validated to the most recent version of the Plan Vivo Standard. All subsequent activity instances for validated activity types (i.e. where both PIN and PD have been third party validated) shall be validated by the Programme Operator of the Nakau Programme.

7. Managing Data Quality

According to section 5.9 of the ISO 14064-2 Standard (2006):

The project proponent shall establish and apply quality management procedures to manage data and information, including the assessment of uncertainty, relevant to the project and baseline scenario.

The project proponent should reduce, as far as is practical, uncertainties related to the quantification of GHG emission reductions or removal enhancements.

According to the Verified Carbon Standard (2011):

The project proponent shall ensure that all documents and records are kept in a secure and retrievable manner for at least two years after the end of the project crediting period.

For validation, the project proponent shall make available to the validation/verification body the project description, proof of title and any requested supporting information and data needed to support statements and data in the project description and proof of title.

For verification, the project proponent shall make available to the validation/verification body the project description, validation report, monitoring report applicable to the monitoring period and any requested supporting information and data needed to evidence statements and data in the monitoring report.

7.1 DATA MANAGEMENT PROCEDURES

7.1.1 Project Description Information Platform

This methodology requires that project description data input fields correspond to all project description elements required for Part A of the PD as specified in the Nakau Methodology Framework (this document).

7.1.2 Project Ecosystem Service Information Platform

This methodology requires that project description data input fields correspond to all ecosystem service measurement elements required for Part B of the PD, as specified in the relevant Technical Specifications Module/s applied.

7.1.3 Project Monitoring Information Platform

This methodology requires project monitoring to be conducted in two forms:

- Project Management Reporting
- Project Monitoring Reporting

Project Management Reports are completed annually, providing transparent details of project management activities and issues.

Project Monitoring Reports are completed every 5 years and are used for verification reporting and crediting purposes. Project Monitoring Reports shall contain information and data inputs as specified in the Project Monitoring section of the relevant Technical Specifications Module/s applied.

7.2 DATA STORAGE AND SECURITY

All data collected associated with Parts A and B of the PD and Monitoring Reports will be archived electronically and be kept at for at least 2 years after the end of the Project Period.

Data archiving will take both electronic and paper forms, and copies of all data shall be provided to and held by the Project Owner, Project Coordinator, and Programme Operator.

All electronic data and reports will also be copied on durable media such as CDs and copies of the CDs are to be stored in multiple locations. Data storage media (e.g. portable hard drives, CDs) shall be updated (renewed) at 10-year intervals.

The archives will include:

- Copies of all original field measurement data, laboratory data, data analysis spreadsheets;
- Estimates of all ecosystem service outcome changes and corresponding calculation spreadsheets;
- GIS products; and
- Copies of project PD and monitoring reports.

All projects in the Nakau Programme shall prepare a Standard Operating Procedure (SOP) for data storage and security arrangements. At a minimum the SOP - Data Storage shall have the following attributes:

Project Owner

- Hard copy of all final documents
- Hard copy off-site backup of all final documents
  (It is recommended that Project Owners also have access to electronic copies of all final documents where possible and practicable)

Project Coordinator

- Electronic master copy of all final documents
- Electronic copy of all project-related technical data
- Electronic on-site back up of all project-related technical data
- Electronic off-site backup of all final documents
- Electronic off-site back up of all project-related technical data
- Hard copy master of all final documents
- Hard copy off-site backup of all final documents

Programme Operator

- Electronic master copy of all final documents
- Electronic off-site backup of all final documents
- Hard copy master of all final documents
- Hard copy off-site backup of all final documents

8. Adding Subsequent Projects To The Nakau Programme

According to the VCS Standard v3, 2011:

A grouped project shall be described in a single project description, which shall contain the following (in the content required for non-grouped projects):

1. *A delineation of the geographic area(s) within which all project activity instances shall occur. Such area(s) shall be defined by geodetic polygons as set out in Section 3.11 [of the VCS Standard V3, 2011].*
2. *One or more determinations of the baseline for the project activity in accordance with the requirements of the methodology applied to the project.*
3. *One or more demonstrations of additionality for the project activity in accordance with the requirements of the methodology applied to the project.*
4. *One or more sets of eligibility criteria for the inclusion of new project activity instances at subsequent verification events.*
5. *A description of the central GHG information system and controls associated with the project and its monitoring.*

Note – Where the project includes more than one project activity, the above requirements shall be addressed separately for each project activity, except for the delineation of geographic areas and the description of the central GHG information system and controls, which shall be addressed for the project as a whole.

8.1 NEW ENTRANT CRITERIA

8.1.1 New Entrant Project Owners

New projects entering the Nakau Programme are required to apply to the Programme Operator for enrolment in the Programme. The enrolment application must contain the following:

- Signed Project Development Agreement between Project Owner and a licensed Project Coordinator (i.e. Project Coordinator entity that holds a License Agreement with the Programme Operator).
- Project Idea Note (PIN) using the PIN Development Module.

8.1.2 New Entrant Project Coordinators

Project Coordinator entities seeking to enrol in the Nakau Programme are required to apply to the Programme Operator for enrolment in the Programme. The enrolment application must contain the following:

- Evidence of experience in undertaking projects of a similar nature.
- Evidence of capacity to meet the requirements of the Nakau Programme including the technical and community elements of the Nakau Methodology Framework and the relevant Technical Specifications to be applied.

There is an option for prospective Project Coordinators to undertake a brief training course on the Nakau Programme, to help them build capacity in the delivery of project coordination services to Project Owners.

In some situations the Project Owner and the Project Coordinator may be the same entity. This may occur in projects that involve provision of environmental management services (e.g. riparian habitat enhancement) to be financed through PES sales, but where there is no opportunity cost to a resource owner.

8.1.3 Project Eligibility Criteria

All new entrant projects shall fulfil the following:

- Meet the eligibility criteria of the Nakau Programme including the Nakau Methodology Framework and the relevant Technical Specifications Module/s.
- Apply the Nakau Methodology Framework and any relevant Technical Specifications Modules for the development of the PD.
- Submit the PD for 3rd party validation for the first project for each activity type.
- Submit the PD for 2nd party validation by the Programme Operator for projects that are not the first project for that activity type.
- Submit all Monitoring Reports for 3rd-party verification.

8.2 AVOIDING DOUBLE COUNTING

Nakau Programme activities shall be additional to regulatory requirements in the host jurisdiction. Should a host jurisdiction elect to undertake a new compliance or voluntary payment for ecosystem service activity, and if that activity overlaps with the activity/ies of the Nakau Programme, a project enrolled in the Nakau Programme affected by such jurisdictional activity would either:

a. Continue as an activity under the Nakau Programme where the jurisdiction makes a declaration that it will not claim the same PES units for the jurisdictional level PES activity, either by cancelling an equivalent number of jurisdictional units (if

jurisdictional units have already been issued) or not issuing equivalent jurisdictional units, or

b. Cease as an activity under the Nakau Programme and yet continuing the long-term environmental protection obligations originally encumbered under the Nakau Programme, but doing so under the jurisdictional instrument, or

c. Continuing as an activity under the Nakau Programme, and being issued special off-registry units by the Nakau Programme Operator requiring a declaration to the buyer that such units represent ecosystem service outcome delivery that will also be claimed by the jurisdiction. Option C is applicable only where the Programme Operator judges that a situation exists whereby the ecosystem service outcomes represented by units claimed by the jurisdiction would not have occurred without the operation of the Nakau Programme (e.g. where the jurisdiction participates in an intergovernmental PES mechanism without instituting a domestic incentive mechanism capable of causing behaviour change relevant to the ecosystem services in question).

8.3 ACTIVITY TYPE

New or existing projects in the Nakau Programme have the option to add activity types to the project at any time by supplying to the Programme Operator a PD (Part B) for the new activity type using the relevant Technical Specifications Module. Each additional PD (Part B) will be subject to a 2nd-party validation by the Programme Operator except for the first activity instance for that activity type where 3rd party validation is required. Once validated the new activity type may be implemented and monitored as with all activity types.

References

FAO 2010. Global Forest Resources Assessment 2010. Terms and Definitions. Forest Resources Assessment Programme Working Paper 144/E Rome 2010.

ISO 14064-2:2006. Greenhouse Gases - Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements. First Edition 2006-03-01.

United Nations 2008. United Nations Declaration of the Rights of Indigenous Peoples.

VCS 2011. VCS Standard. VCS Version 3 Requirements Document, 8 March 2011, v3.0. Available at: http://www.v-c-s.org/program-documents

Appendices

APPENDIX 1: DEFINITIONS

A/R	Afforestation/Reforestation
Activity Type	Specifically defined carbon project activity combining a reference activity and a project activity to generate carbon benefits
Afforestation	Establishment of forest through planting and/or deliberate seeding on land that, until then, was not classified as forest (FAO 2010). See Explanatory Note below.
AFOLU	Agriculture, Forestry and Other Land Uses
Baseline Scenario	Carbon balance arising from baseline (BAU) activities
BAU	Business-as-Usual
Carbon balance	Sum of carbon in a system into account carbon stored in reservoirs, emissions of carbon from sources, and sequestration of carbon into sinks
Carbon benefits	Net CO_2e benefits arising from total net avoided emissions and net enhanced removals
Carbon flux	Movement of carbon through different carbon pools
Carbon pool	Component of the earth system that stores carbon
Carbon reservoir	Carbon pool that stores carbon for long time scales
Carbon sink	Carbon pool that absorbs/sequesters carbon dioxide by transforming gaseous CO_2e into a carbon-based liquid or solid
Carbon source	Carbon pool that emits carbon from a liquid or solid form into a gas
CCB	Climate Community and Biodiversity Standard
CDM	Clean Development Mechanism
CO_2e	Carbon dioxide equivalent: translation of non-CO_2 GHG tonnes into equivalent CO_2tonnes through conversion using global warming potential of non-CO_2 GHG
Compliance Space	What is contained within the GHG accounting boundary of a compliance GHG accounting regime (e.g. Kyoto Protocol, NZ ETS)
CSR	Corporate Social Responsibility
Deforestation	The conversion of forest to other land use or the long-term reduction of the tree canopy cover below the minimum 10 percent threshold (FAO 2010). See Explanatory Note below.
Eligible Area	Subset of Forest Area comprising area of forest eligible for crediting
Enhanced removals	Carbon sequestration assisted by management intervention to a level above what would occur naturally

Ex ante	Before the event (referring to future activities)
Ex post	After the fact (referring to past activities)
Forest Area	Subset of Project Area comprising forest land within Project Area
Forest Degradation	The reduction of the capacity of a forest to provide goods and services.
Forest Land	Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or urban land use (FAO 2010). See Explanatory Note below.
GHG	Greenhouse Gas
GIS	Geographical Information System
GPG	Good Practice Guidance
HWP	Harvested Wood Products
IFM	Improved Forest Management
IFM-LtPF	Improved forest management – logged to protected forest activity type
IPCC	Intergovernmental Panel on Climate Change
ISO	International Standards Organisation

License Agreement	The License Agreement is a contract between the Programme Operator and the Project Coordinator defining the terms and conditions for
	
	    a. Project Coordinator services to Project Owners and
	    b. Project Coordinator responsibilities to the Programme Operator.

LULUCF	Land Use, Land Use Change and Forestry
MRV	Measurement/Monitoring Reporting and Verification
Non-Forest Land	All land that is not classified as Forest or Other wooded land (FAO 2010). See Explanatory Notes for 'Other Land' below). Same definition as 'Other Land'.
Operational Forest Area	Term used in sustainable forest management plans delimiting area eligible for timber harvesting
Other Land	All land that is not classified as Forest or Other wooded land (FAO 2010). See Explanatory Notes below). Same definition as 'Non-Forest Land'.
Other Wooded Land	Land not classified as Forest, spanning more than 0.5 hectares; with trees higher than 5 meters and a canopy cover of 5-10 percent, or trees able to reach these thresholds in situ; or with a combined cover of shrubs, bushes and trees above 10 percent. It does not include land that is predominantly under agricultural or urban land use (FAO 2010). See Explanatory Note below.
Participants	The adult land/resource rights holders involved in the project – including, but not limited to the project owner group board/committee members.
PD	Project Description
PDD	Project Design Document (synonymous with PD in this document)

PES	Payment for Ecosystem Services
PES Agreement	The PES Agreement is a contract between the Project Coordinator and the Project Owner defining the terms of project development and project coordination services provided to the Project Owner, and specifying rights and responsibilities of the parties over a specified duration. The PES Agreement is also the legal foundation on which the Project Owner and Project Coordinator implement the project and distribute costs and benefits associated with the project.
plan vivo	An electronic or handwritten spatial land management plan, voluntarily produced and owned by a community, community sub-group or individual smallholder, which can form the basis of an agreement to provide payments or other forms of assistance for ecosystem services. See also: Conservation / Land Management Plan
Project Area	Land ownership boundary within which carbon project will take place
Project Coordinator	The entity assisting the Project Owner to develop and implement the forest carbon project.
Project Governing Board	Subset of the Project Owner community appointed by the Project Owner community to govern the project in the interests of the Project Owner community.
Conservation / Land Management Plan	The Conservation / Land Management Plan is the *plan vivo* for the project
Project Management Workshop	Project Management Workshops are held annually between the Project Coordinator and the Project Owner and involve an ex post review and of completed project management activities undertaken in the previous calendar year of the project.
Project Monitoring Workshop	Project Monitoring Workshops are held periodically (maximum every 5 years) between the Project Coordinator and the Project Owner. They involve a review and approval (by the Project Owner) of the Project Monitoring Report (including PES Unit assertion) covering the Project Monitoring Period subject to the Project Monitoring Report.
Project Scenario	Carbon balance arising from project activities
Programme Operator	The entity that owns and administers the Nakau Programme. This entity is responsible for safeguarding the integrity of the Nakau Programme and its role is to a) govern the Nakau Programme; b) own the IP associated with Nakau Programme methodologies and protocols; c) be the beneficiary of any covenant on the land title of the Project Owner that protects the forest; d) own the buffer credits of the Nakau Programme; e) administer the buffer account with the registry; and f) act as the guardian of the Nakau Programme.
Project Owner	The owner of the forest and forest carbon rights subject to the project
Project Proponent	The Project Owner and Project Coordinator combined.
Project Scenario	Carbon balance arising from Project activities (carbon project change from BAU)
Protected Forest	Halting or avoiding activities that would reduce carbon stocks and managing a forest to maintain high and/or increasing carbon stocks

RED	Reducing Emissions from Deforestation
REDD	Reducing Emissions from Deforestation and Degradation
Reforestation	Re-establishment of forest through planting and/or deliberate seeding on land classified as forest (FAO 2010). See Explanatory Note below.
REL	Reference Emission Level: rate of GHG emissions under BAU
Removals	Carbon sequestered from the atmosphere into a carbon sink
SFM	Sustainable Forest Management
UNFCCC	United Nations Framework Convention on Climate Change
Validation	Independent audit of Project Description (PD) and/or Methodology
VCS	Verified Carbon Standard
Verification	Independent audit of Project Monitoring Reports

Explanatory Notes

All definitions and explanatory notes relating to forest and non-forest land, afforestation, reforestation, deforestation, forest degradation are taken from the FAO Global Forest Resources Assessment 2010.

Forest Land:

1. Forest is determined both by the presence of trees and the absence of other predominant land uses. The trees should be able to reach a minimum height of 5 meters in situ.

2. Includes areas with young trees that have not yet reached but which are expected to reach a canopy cover of 10 percent and tree height of 5 meters. It also includes areas that are temporarily unstocked due to clear-cutting as part of a forest management practice or natural disasters, and which are expected to be regenerated within 5 years. Local conditions may, in exceptional cases, justify that a longer time frame is used.

3. Includes forest roads, firebreaks and other small open areas; forest in national parks, nature reserves and other protected areas such as those of specific environmental, scientific, historical, cultural or spiritual interest.

4. Includes windbreaks, shelterbelts and corridors of trees with an area of more than 0.5 hectares and width of more than 20 meters.

5. Includes abandoned shifting cultivation land with a regeneration of trees that have, or is expected to reach, a canopy cover of 10 percent and tree height of 5 meters.

6. Includes areas with mangroves in tidal zones, regardless whether this area is classified as land area or not.

7. Includes rubber-wood, cork oak and Christmas tree plantations.

8. Includes areas with bamboo and palms provided that land use, height and canopy cover criteria are met.

9. Excludes tree stands in agricultural production systems, such as fruit tree plantations, oil palm plantations and agroforestry systems when crops are grown under tree cover. Note: Some agroforestry systems such as the "Taungya" system where crops are grown only during the first years of the forest rotation should be classified as forest.

Other Wooded Land

1. The definition above has two options:

- The canopy cover of trees is between 5 and 10 percent; trees should be higher than 5 meters or able to reach 5 meters in situ.
- The canopy cover of trees is less than 5 percent but the combined cover of shrubs, bushes and trees is more than 10 percent. Includes areas of shrubs and bushes where no trees are present.

2. Includes areas with trees that will not reach a height of 5 meters in situ and with a canopy cover of 10 percent or more, e.g. some alpine tree vegetation types, arid zone mangroves, etc.

3. Includes areas with bamboo and palms provided that land use, height and canopy cover criteria are met.

Other Land

1. Includes agricultural land, meadows and pastures, built-up areas, barren land, land under permanent ice, etc.

2. Includes all areas classified under the sub-category "Other land with tree cover".

Afforestation

1. Implies a transformation of land use from non-forest to forest.

Reforestation

1. Implies no change of land use.

2. Includes planting/seeding of temporarily unstocked forest areas as well as planting/seeding of areas with forest cover.

3. Includes coppice from trees that were originally planted or seeded.

4. Excludes natural regeneration of forest.

Deforestation

1. Deforestation implies the long-term or permanent loss of forest cover and implies transformation into another land use. Such a loss can only be caused and maintained by a continued human-induced or natural perturbation.

2. Deforestation includes areas of forest converted to agriculture, pasture, water reservoirs and urban areas.

3. The term specifically excludes areas where the trees have been removed as a result of harvesting or logging, and where the forest is expected to regenerate naturally or with the aid of silvicultural measures. Unless logging is followed by the clearing of the remaining logged-over forest for the

introduction of alternative land uses, or the maintenance of the clearings through continued disturbance, forests commonly regenerate, although often to a different, secondary condition.

4. In areas of shifting agriculture, forest, forest fallow and agricultural lands appear in a dynamic pattern where deforestation and the return of forest occur frequently in small patches. To simplify reporting of such areas, the net change over a larger area is typically used.

5. Deforestation also includes areas where, for example, the impact of disturbance, over utilization or changing environmental conditions affects the forest to an extent that it cannot sustain a tree cover above the 10 percent threshold.

APPENDIX 2: SOP MAPPING

This is a Standard Operating Procedure (SOP) recommended for mapping for the Nakau Programme. This SOP is designed for use in PIN and PD development.

Mapping outcome requirements for projects are presented in Section 2.4 of the Nakau Methodology Framework. The purpose of this Mapping SOP is to specify the mapping requirements and the sequence of activities on how to go about acquiring these maps.

The two key stages in project development relevant to mapping are PIN development and PDD development. The mapping requirements for these two stages are shown in Figure 1.

Figure 1. Mapping SOP Flow Diagram
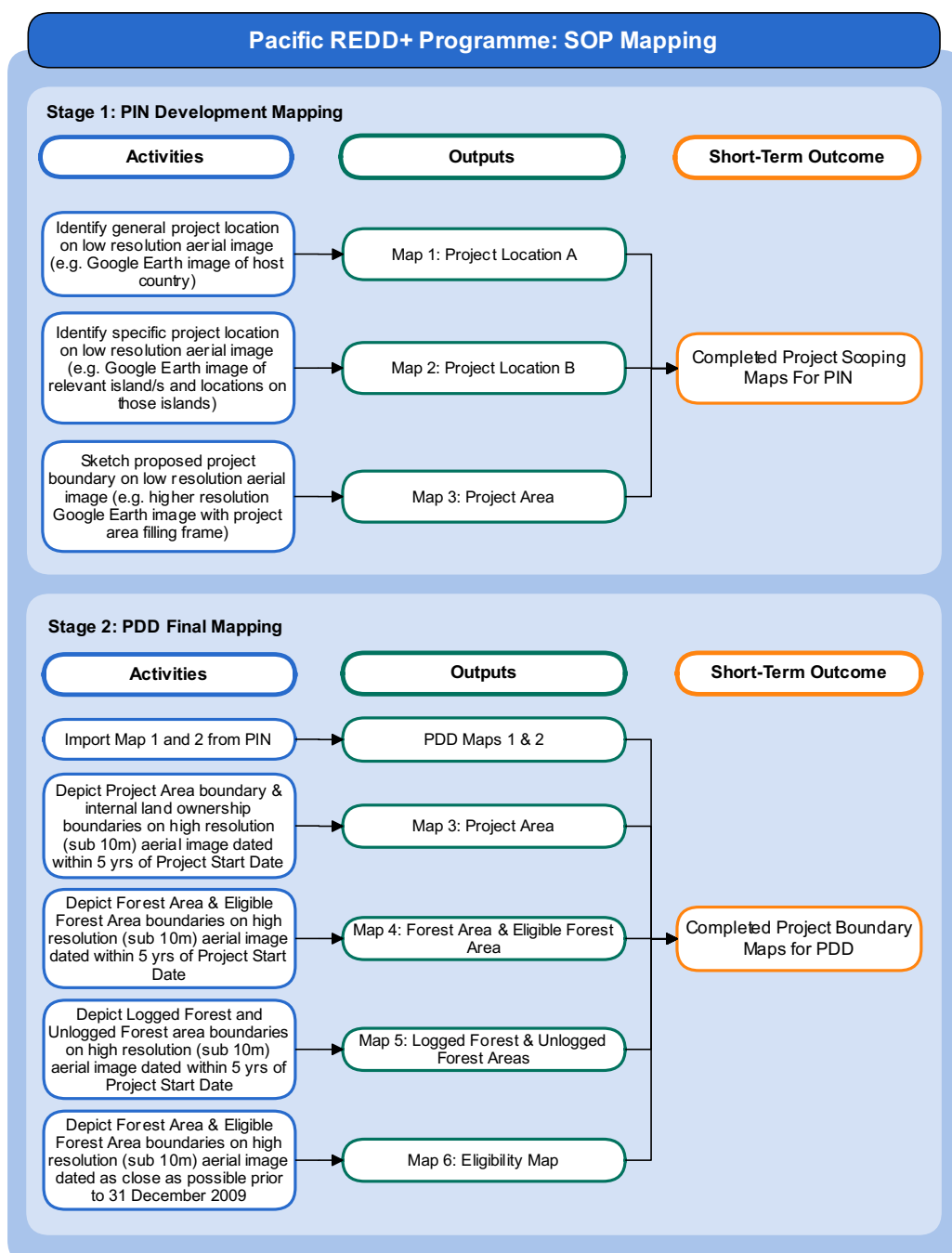
1. Scoping Potential Boundaries

The first stage in project development involves determining the potential location for a carbon project. Landowner consultations will then determine actual project boundaries for project carbon accounting purposes. The determination of final project boundaries will commonly go hand in hand with the development of a benefit-sharing plan for the landowner community. This is because boundary determination will commonly involve the aggregation of multiple landholdings into a single management unit, and these multiple landholdings will reflect different volumes of forest, timber, and potential carbon revenue generation capability.

The depiction of the proposed project area can be undertaken during PIN development using relatively low-resolution aerial imagery combined with sketch maps provided from landowner consultations. The purpose of scoping maps is to define the intended location of the project prior to the final determination of actual project boundaries.

Eventually detailed maps of project boundaries will be required for carbon accounting purposes, whereby carbon stocks and stock change per unit area need to be determined.

The mapping requirements set out in the methodology will determine the scope of mapping required in a completed project description (PD). But the determination of such map boundaries will usually require a detailed consultation process with landowners following PIN development. Figure 1 presents a flow diagram of the Standard Operating Procedure for mapping, split between scoping and PD development.

Acquiring And Editing Scoping Maps

The project location maps (Maps 1 and 2) can be acquired using Google Earth. Open Google Earth and search for the relevant country or island. Change to the 'Earth' or 'Satellite' mode of Google Earth and then position the country or island appropriately in the frame using the zoom function. Once the image is correctly located on the screen, select 'print' and then 'save as PDF'. This will create a PDF image that you can put on file. Open the PDF document and use the 'select' function in Preview (or equivalent image viewing software). Select the rectangle you wish to use by dragging the pointer/cursor over the area of interest. Then copy (control 'C'); then go to your MS Word document and do control 'V' to paste into the document. Select Format Picture from the top line in Word, and select the 'In Front Of Text' option. This allows you to position the image anywhere on the page that you like by dragging and dropping. Give the image a heading by either typing text into the line immediately above the image, or inserting a text box to locate the image title where you wish to put it.

If you wish to draw the approximate project boundary on this image or add other information such as arrows or text, you have a number of options. One option is to use Photoshop or similar image editing software. Another is to use Powerpoint. To use Powerpoint to edit an image, simply insert the image into a Powerpoint slide, and then use

the Powerpoint drawing and editing tools to draw lines or insert arrows or text. To create a PDF image, simply select print and then Save as PDF to create your PDF image.

Higher resolution information will also usually need to be mapped in a PIN. This might include land use planning and other detailed information arising from landowner consultations. It is perfectly appropriate to use sketch maps drawn by local community participants in a PIN and PDD document. One approach is to draw such maps in community consultation processes, and then photograph the map image, or reproduce the image by redrawing it using drawing software of some form. Powerpoint is an ideal and accessible drawing software for this purpose. Other drawing software can also be used if need be. A free online drawing software package is called Cacoo. This allows for detailed diagram and drawing options that can also be shared with colleagues by sharing the web address of the page by emailing it to a colleague. You can then simultaneously edit a page if need be. Limited use of this software is free but more extensive use will require purchasing a license.

2. Final Mapping For PD

The final mapping outcome for project development requires full and final maps of the following project parameters:

- Project Area
- Forest Area
- Eligible Forest Area
- Logged Forest Area

- Unlogged Forest Area
- Land Tenure Boundaries
- Reference Area
- Project Eligibility Map

The determination of finalized boundaries for the mapping parameters will require detailed consultation with landowners in order to gain free prior informed consent for project implementation. Figure 2 depicts a flow diagram on the process for gaining free prior informed consent on project boundaries.

Figure 2. Landowner approval of project boundaries
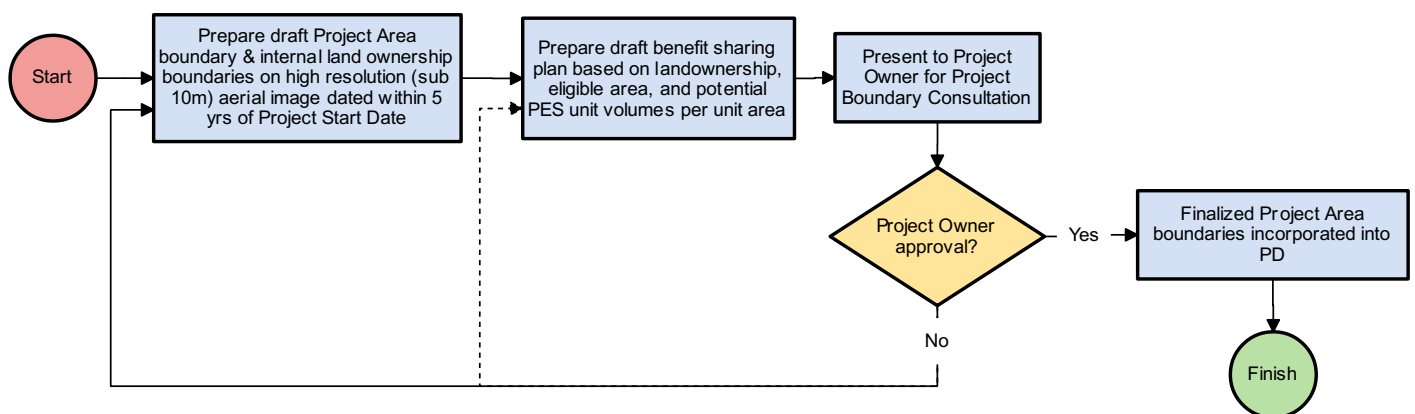
The determination of final project boundaries will require a detailed consultation process with landowners. In turn, such consultation requires landowners to clearly identify proposed boundaries in relation to significant landmarks that they recognize in their local area. This requires the presentation of detailed (high-resolution) aerial imagery together with land tenure boundaries and proposed project boundary lines on maps capable of being taken to remove villages for consultation meetings.

High-resolution (sub-10 meter) aerial images will need to be acquired to meet the mapping requirements for PD finalization.

Boundary Mapping Procedure

Preparations for a boundary consultation with landowners will involve the following steps:
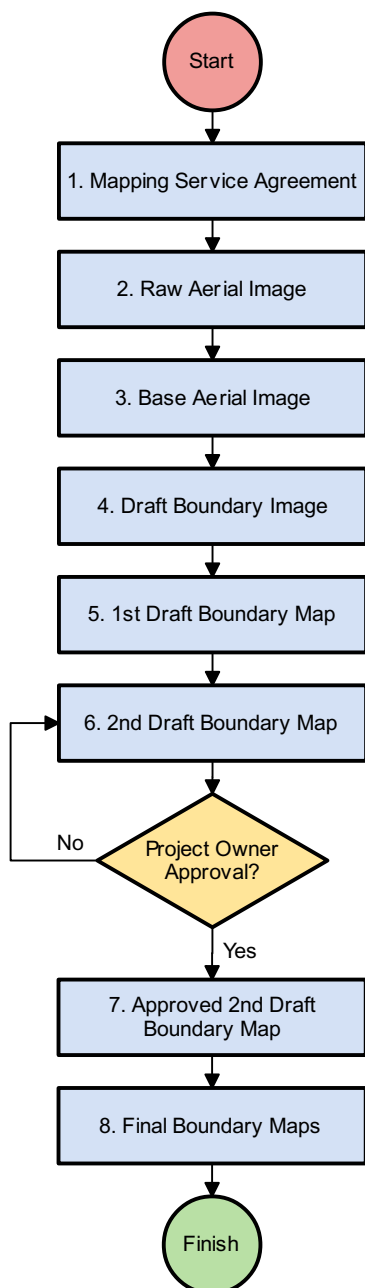
When working with an aerial imagery service provider it is very important to be very clear what your needs are when providing instructions to their mapping team. In many cases the detailed determination of project boundaries requires a lengthy consultative process with landowners, using accurate forest and project boundaries set against accurate landownership boundaries in a manner that allows local people to see the aerial images.

Table 1. Boundary Mapping Procedure		
No.	Step	Description
1.	Mapping Service Agreement	Gain a service agreement with a mapping service provider to provide maps as required by the project, including clarification of protocols required by the mapping service provider for how the Project Coordinator team will interact with the mapping service provider. This needs to recognize that Project Coordinator teams may only be able to communicate with the mapping service provider by phone and email due to their potential location in a country other than that of the project/s.
2.	Raw Aerial Image	Request that the mapping service provider captures high-resolution (sub-10 meter) aerial imagery for the project site/s from the most recent aerial imagery data sets held by that service provider. This will be called the Raw Aerial Image.
3.	Base Aerial Image	Request the mapping service provider to transpose land tenure boundaries onto the Raw Aerial Image. This will be called the Base Aerial Image. The position of these land tenure boundaries will need to use the most accurate source of information from the government of the country where the project is to take place.
4.	Draft Boundary Image	Request the mapping service provider to draw a preliminary set of project boundaries on the Base Aerial Image. These preliminary project boundaries will include the land tenure boundaries together with the Draft Project Area, Draft Forest Area, Draft, Eligible Forest Area, Draft Logged Forest, Draft Unlogged Forest etc. This is a more substantial task and will require considerable time investment by the mapping service provider. In the request to the mapping service provider the Project Coordinator needs to request imagery analysis to determine any additional strata sought in the Draft Boundary Images.
5.	1st Draft Boundary Map	Undertake boundary consultation with landowners using Draft Boundary Image/s. The outcome of this consultation is the completion of the 1st Draft Boundary Map, which will include a draft of all final images required in the PD (e.g. Project Area, Forest Area, Eligible Forest Area, Logged Forest Area, and Unlogged Forest Area). It is necessary to gain Project Governing Board approval for these boundaries, which in turn requires broader community approval among landowners of the Project Area. Project Governing Board approval of this map and its boundaries is signaled by means of signatures of each Governing Board Member on the 1st Draft Boundary Map (e.g. at bottom of map) and initials of Governing Board members in at least three places where the Project Area boundary is depicted. Take a photograph of these signatures with members of the Project Governing Board. The purpose of these signatures and this photograph is to avoid disputes at a later stage in project development by securing evidence of agreement of the project boundaries as determined by this consultation process. Note: This boundary mapping exercise needs to be undertaken in conjunction with a benefit sharing consultation with the relevant landowners. This is because the project boundaries and the benefit sharing arrangements are fundamentally linked.
6.	2nd Draft Boundary Map	Send the 1st Draft Boundary Map (as drawn by and approved by landowners) to the mapping service provider for incorporation into a 2nd Draft Boundary Map. This involves transposing the sketched lines of the 1st Draft Boundary Map onto the Raw Aerial Image and generating a formalized map using GIS software capable of registering the relevant data points as coordinates.
7.	Approved 2nd Draft Boundary Map	Make an A1 or A2 printout of the 2nd Draft Boundary Map together with the original 1st Draft Boundary Map and take to landowners for a second round of boundary consultations. Show the landowners (and especially the Project Governing Board) the 2nd Draft Boundary Map together with the original 1st Draft Boundary Map that they drew. Gain landowner approval of 2nd Draft Boundary Map through formal governance process

		(e.g. consensus decision) and record that approval through signatures on the 2nd Draft Boundary Map and initials in at least three places where the Project Area boundary is depicted (same process as the previous signature gathering). As before, photograph the Project Governing Board holding the Approved 2nd Draft Boundary Map to demonstrate agreement with this version. The Project Governing Board needs to then sign a letter stating their approval of this 2nd Draft Boundary Map (prepare a draft letter in advance to make the process easier and faster).
8.	Final Boundary Maps	Request the mapping service provider to prepare a final set of Project Boundary Maps as required in the Nakau Methodology Framework, based on the Approved 2nd Draft Boundary Map. Keep a copy of evidence of landowner approval of project boundaries by keeping hard copies of signed maps and scan these maps to enable electronic storage and backup. Request the mapping service provider to provide a CD/DVD with all the relevant Shape Files for the relevant maps, and also to prepare high-resolution PDF versions of each of the maps so that you can use them directly in the PD.

APPENDIX 3: DISPUTE RESOLUTION FRAMEWORK

A Dispute Resolution SOP is a requirement of the Nakau Methodology Framework. This Dispute Resolution Framework is a recommended template for the development of a Dispute Resolution SOP for each Project in the Nakau Programme to be submitted as an appendix to each Project Description.

1. Scope

The scope of this Dispute Resolution Framework is to:

1. Help resolve disputes between the following parties:
   a. Project Owner
   b. Project Developer
   c. Programme Operator
2. Avoid or minimize the need for any party resorting to seek legal remedy for any dispute or grievance associated with the implementation of projects within the Nakau Programme.

2. Methodological Requirements

2.1 Nakau Methodology Framework

Section 3.2 of the Nakau Methodology Framework D2.1 v1.0 states:

Each project in the Nakau Programme is required to prepare a Standard Operating Procedure for Dispute Resolution to guide the process of dispute resolution should it occur during the course of the project.

Project Coordinators are required to co-design the SOP: Dispute Resolution together with Project Owners based on principles of conflict resolution and non-violent communication, in addition to local customary procedures.

3. Principles

This Dispute Resolution Framework is based on the following principles:

- Technical and social balance
- Conflict resolution
- Collaborative approach
- Non-violent communication
- Principled negotiation
- Mutual respect
- Customary principles

The principles of conflict dynamic, conflict styles, self-management, and principled negotiation are included in a dispute resolution guidance tool (powerpoint presentation) developed for the Nakau Programme (available on request).

3.1 Technical and Social Balance

The parties acknowledge that:

➢ The success of a forest carbon project is dependent upon both technical and social (including cultural and economic) investments.

➢ The technical dimensions are required for the production of carbon assets. The social dimensions are required for project implementation and management success, and to reduce non-permanence risk.

➢ Under-investment in technical and social dimensions will increase the risk of project failure. Over-investment in either the technical or social dimensions will reduce efficiency, and also increase the risk of project failure.

➢ The on-going success of a forest carbon project, therefore, is dependent on applying an appropriate balance between technical and social investments.

➢ Social investments include time and financial resources sufficient to enable the effective and efficient resolution of disputes.

➢ Each party to the dispute shares the responsibility for investments in dispute resolution.

3.2 Conflict Resolution

The parties assume that a conflict can be resolved in a manner that is agreeable to all parties. The parties will approach conflict in a manner that is open to the mutual co-design of a resolution to the conflict, rather than the assumption that one party will dominate any conflict resolution process. The parties will establish a partnership atmosphere when addressing conflicts or disputes. The parties will actively listen to each other's views and evidence. The aggrieved party will present their issue to the other party or parties. The party/ies receiving a complaint will actively listen to the complaint with the purpose of coming to a full understanding of the substance of the complaint.

3.2.1 Conflict Dynamic

The parties acknowledge that a conflict dynamic should it arise, can follow either:

a. Provocation and reaction/counter provocation, which will lead to an escalation of a conflict increasing the likelihood of a zero-sum game (win/lose), and the need for recourse to legal remedy.

b. Open and active listening and dialogue by all parties, which will enhance the opportunity to resolve the dispute or conflict in a constructive manner that is

beneficial to both the project and the relationship between the parties and is more likely to lead to a non-zero sum game (win/win).

3.2.2 Problem Solving Sequence

The Parties will follow the following problem solving sequence to any dispute:

1. Problem Identification
2. Cause Analysis
3. Solution Design
4. Implementation Strategy

Each of the four components of the problem solving sequence will involve a process where each party presents a considered view supported by facts and understanding.

Each stage of the problem solving sequence will involve each party

- Presenting their perspective to the other party.
- Actively listening to the other party and seeking clarifications to arrive at a full understanding of the other party's view and position.
- Preparing a list of points of agreement.
- Preparing a list of points of disagreement.
- Agreeing a proposed solution to each point of disagreement.
- Where a solution to a point of disagreement cannot be reached between the parties those points are noted for further treatment.
- Agreeing with the other party to a record of the outcome of each stage.
- Agreeing to move to the next stage in the problem solving sequence.

3.3 Collaborative Approach

The parties will adopt a collaborative approach to dispute resolution. The goal of a collaborative approach is to find a way to meet the needs of all stakeholders, by each party being assertive but cooperative, and acknowledging the importance of each party and their role in the project.

3.4 Non-Violent Communication

The parties understand and acknowledge that the conflict dynamic can escalate in the direction of further conflict when communication uses expressions that are divisive. The parties also understand and acknowledge that dispute and conflict resolution is enhanced with the use of expressions that are inclusive.

Divisive Increase Conflict	Inclusive Enhance Resolution
Divisive	Inclusive
Anger	Equanimity
Selfishness	Generosity
Divisiveness	Inclusiveness
Provocation	Responsiveness
Manipulation	Openness
Dishonesty	Honesty
Negative	Positive

The parties understand and acknowledge that underlying issues that need to be aired, understood and acknowledged commonly accompany disputes and conflict. It is, therefore, important to provide an opportunity to discover these underlying issues if they present a barrier to the resolution of the dispute or conflict.

3.5 Principled Negotiation

The parties will use principled negotiation to any negotiation concerning a dispute or conflict. The parties understand and acknowledge that principled negotiation[13] is a more effective and constructive approach compared with positional bargaining, and involves the following attributes:

Positional Bargaining		Principled Negotiation
Soft	Hard	Principled
Participants are friends	Participants are adversaries	Participants are problem solvers
Goal = agreement	Goal = victory	Goal = wise outcome
Make concessions to cultivate relationship	Make demands as a condition of relationship	Assume collaborative but mutually assertive relationship
Trust other party	Distrust other party	Proceed independent of trust
Change position readily	Dig into fixed position	Focus on interests not positions
Make offers	Make threats	Explore interests
Disclose bottom line	Mislead on bottom line	Avoid having a bottom line
Seek a solution agreeable to other party	Seek own solution	Insist on objective criteria
Try to avoid a contest of will	Try to win a contest of will	Results based on objective criteria
Yield under pressure	Apply pressure	Yield to principle not pressure

3.6 Customary Principles

The parties acknowledge that local custom provides a framework for dealing with disputes and conflicts and that local custom will be used wherever this is sought by any of the parties.

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[13] See Fisher, R., and Ury, W. 1991. Getting to yes. Negotiating agreement without giving in. Second edition. Penguin Books, New York.

The local custom methods used will be consistent with those described in Sections 3.1 to 3.5 above.

4. Procedure

When a dispute arises the following procedure is required:

1. Step 1: Early Identification And Action
2. Step 2: Informal Communication
3. Step 3: Formal Communication

4.1 Step 1: Early Identification And Action

The parties acknowledge that disputes and conflicts can be resolved at least cost if issues are addressed as soon as possible and preferably in the form of prevention rather than cure. The longer issues are left the greater the likely time and financial cost of resolution to all parties.

4.2 Step 2 Informal Communication

Informal communication involves the communication of disputed themes and topics between a representative of the parties by means of telephone, email, or personal contact, where the issue is raised for remedy without recourse to formal procedure.

When informal communication fails to resolve the dispute one or other or both of the parties to the informal communication moves the process to the formal communication.

Informal dispute resolution events are recorded for purposes of reporting in the annual Project Management Report. Informal dispute reporting uses the Informal Communication template (Annex 2).

4.3 Step 3 Formal Communication

Formal Communication involves a formal process of two parties coming together to institute a process to resolve a dispute or conflict that could not be resolved by means of Informal Communication. Formal Communication will involve the following process:

1. Process Agreement
2. Criteria Agreement
3. Implement Process
4. Evaluation and Reporting

Each stage in the process must be agreed to between the parties to the dispute with this agreement recorded and included in the annual Project Management Report.

4.3.1 Process Agreement

The Process Agreement has the following elements: Scope, Process, and Criteria.

Scope

A Scope Agreement determines the scope of the dispute by agreeing the entities that are party to the dispute and naming any relevant stakeholders (including third parties).

Process

The Process Agreement determines the process for addressing the dispute. All parties to the dispute as recorded in the Scope Agreement must agree the Process Agreement. This Process Agreement will include the following:

1. Process Location (e.g. where face-to-face meeting/s will occur)
2. Dialogue Procedure (the sequence of events in the resolution process)
3. Dialogue Method (how communication between the parties will be undertaken)

4.3.2 Criteria Agreement

The Criteria Agreement involves defining objective criteria to use as the basis for evaluating progress and outcomes in the dispute resolution process.

4.3.3 Implement Process

The process of Formal Communication takes place only after the parties to the dispute have completed the Process Agreement. Evidence of the completion of these three agreements is lodged in the form of a Dispute Process Agreement Memo. This memo is included as an appendix to the annual Project Management Report, but is also lodged with the Programme Operator as soon as possible. This is to enable the Programme Operator to keep track of any disputes occurring in the programme and to have an opportunity to offer support if need be. Where the Programme Operator is a party to the dispute then the Dispute Process Agreement Memo is lodged with a mutually agreed third party until the dispute is resolved.

4.3.4 Evaluation and Reporting

Each Formal Communication in the dispute resolution process is evaluated by all parties to the dispute by recording the Formal Communication template (Annex 3).

Annex 1. Dispute Resolution Clauses in Contracts

PES Agreement

Insert sections of the PES Agreement that refer to dispute resolution procedures.

Programme Agreement

Insert sections of the Programme Agreement that refer to dispute resolution procedures.

Annex 2. Informal Communication Report Template

Dispute Resolution Report	
Informal Communication	
Report Name and Number	Use document-naming convention provided in the Methodology Framework. *
Date	*
1. Party 1 (initiator)	*
2. Representative/s	*
3. Party 2 (respondent)	*
4. Representative/s	*
5. Means of communication	Telephone, email, letter, personal contact *
6. Issue resolved?	Yes / No * (If "Yes" describe solution in 7. below. (If "No" proceed to either next steps or Formal Communication process)
7. Resolution	State resolution reached *
8. Next steps	State agreed next steps if not moving to formal communication *
9. How dispute was resolved	*
10. Unresolved issues	Insert list (if none state "none") *
11. Further action if not resolved	E.g. Repeat Informal Communication but with altered scope; move to Formal Communication; or separate proposals by the parties.
a. Party 1 Proposal	
b. Party 2 Proposal	
12. Signature of parties	
a. Party 1 Signature	*
b. Party 2 Signature	*

* = Obligatory Fields

Annex 3. Formal Communication Report Template

Dispute Resolution Record			
Formal Communication			
Report Name and Number	*		
Date	*		
1. Party 1 (initiator)	*		
2. Party 1 representative/s	*		
3. Party 2 (respondent)	*		
4. Party 2 representative/s	*		
5. Process Agreement Completed?	Yes/No *		
6. Describe Process Agreement	*		
7. Did actual process follow the Process Agreement?	Yes / No *		
8. Justify deviations from Process Agreement (if any)	*		
9. How dispute was resolved	*		
	Issue 1 (repeat for each issue)		
	a. Problem Analysis		
	(i) Present perspective	Party 1 Yes/No	Party 2 Yes/No
	(ii) Active Listening	Party 1 Yes/No	Party 2 Yes/No
	(iii) Agreement Points	Insert list	
	(iv) Disagreement Points	Insert list	
	(v) Method for addressing disagreement points		
	(vi) Further Treatment		
	(vii) Agree to proceed	Party 1 Yes/No	Party 2 Yes/No
	b. Cause Identification		
	(i) Present perspective	Party 1 Yes/No	Party 2 Yes/No
	(ii) Active Listening	Party 1 Yes/No	Party 2 Yes/No
	(iii) Agreement Points	Insert list	
	(iv) Disagreement Points	Insert list	
	(v) Method for addressing disagreement points		
	(vi) Further Treatment		
	(vii) Agree to proceed	Party 1 Yes/No	Party 2 Yes/No
	c. Solution Design		
	(i) Present perspective	Party 1 Yes/No	Party 2 Yes/No
	(ii) Active Listening	Party 1 Yes/No	Party 2 Yes/No
	(iii) Agreement Points	Insert list	
	(iv) Disagreement Points	Insert list	

	(v) Method for addressing disagreement points		
	(vi) Further Treatment		
	(vii) Agree to proceed	Party 1 Yes/No	Party 2 Yes/No
d. Implementation Strategy			
	(i) Present perspective	Party 1 Yes/No	Party 2 Yes/No
	(ii) Active Listening	Party 1 Yes/No	Party 2 Yes/No
	(iii) Agreement Points	Insert list	
	(iv) Disagreement Points	Insert list	
	(v) Method for addressing disagreement points		
	(vi) Further Treatment		
	(vii) Agree to implement	Party 1 Yes/No	Party 2 Yes/No
10. Summary of outcome	*		
12. Unresolved issues	Insert list *		
13. Further action if not resolved	E.g. progress to contractual remedy such as mediation. *		
	a. Party 1 Proposal		
	b. Party 2 Proposal		
12. Next steps	*		
14. Signature of parties			
	a. Party 1 Signature	*	
	b. Party 2 Signature	*	

* = Obligatory fields

APPENDIX 4 – SOP PROJECT RISK MANAGEMENT

A Standard Operating Procedure (SOP) is a useful tool for project management, particularly with regard to risk management.

This appendix contains a recommended template for a Project Risk SOP.

1. Project Management

Project Management SOP is broken into two themes:

a. Project Risk Management
b. Project Implementation Activity

1a. Project Risk Management

Project Risk Management is broken down into the following categories:

(i)   Day-To-Day Risk Management
(ii)   Fire Response
(iii)   Illegal Logging Response
(iv)   Natural Hazards Response

This SOP has 4 Communication Levels:

Level 1.   Ranger to Project Manager
Level 2.   Project Manager to Project Owner Committee
Level 3.   Project Owner Committee to Project Coordinator
Level 4.   Project Coordinator/Project Owner Committee to 3rd Party Verifier

SOP 1a(i): Day-To-Day Risk Management	
Detail:	[Describe day to day project risk management systems (e.g. periodic ranger inspections of forest area)]
Communication Level 1:	
Communication Parties:	Ranger to Project Manager
Communication Content:	[Enter text here]
Mode of Communication:	[Specify]
Timing of Communication:	[Specify]
Documentation:	[Specify]
Actions:	[Specify]
Quality Assurance:	[Specify]
Communication Level 2:	
Communication Parties:	Project Manager to Project Owner Committee
Communication Content:	[Specify]
Mode of Communication:	[Specify]
Timing of Communication:	[Specify]
Documentation:	[Specify]
Actions:	[Specify]
Quality Assurance:	[Specify]
Communication Level 3:	
Communication Parties:	Project Owner Committee to Project Coordinator
Communication Content:	[Specify]
Mode of Communication:	[Specify]
Timing of Communication:	[Specify]

Documentation:	[Specify]
Actions:	[Specify]
Quality Assurance:	[Specify]
Communication Level 4:	
Communication Parties:	Project Coordinator/Project Owner Committee to 3rd Party Verifier
Communication Content:	[Specify]
Mode of Communication:	[Specify]
Timing of Communication:	[Specify]
Documentation:	[Specify]
Actions:	[Specify]
Quality Assurance:	[Specify]

Repeat for each Risk Management category:

- Fire Response
- Illegal Logging Response
- Natural Hazards Response

1b. Project Implementation Activity

Specify according to the Conservation / Land Management Plan.

2. Project Monitoring

Standard Operating Procedures for project monitoring activity is covered by the Project Monitoring Plan.

3. Project Data Storage and Security

SOP 3: Project Data Management	
Project Owner	
Data Content:	[Specify].
Data Storage Summary:	[Specify]
Date Storage	[Specify]

Detail:				
Requirement fulfilled?	#	Document Name	Data Storage Type	Location
Yes/No	1	e.g. Electronic Master Copy	[Specify]	[Specify]
Yes/No	2	e.g. Electronic On-Site Backup A	[Specify]	[Specify]
Yes/No	3	e.g. Electronic On-Site Backup B	[Specify]	[Specify]
Yes/No	4	e.g. Electronic Off Site Backup A	[Specify]	[Specify]
Yes/No	5	e.g. Electronic Off Site Backup B	[Specify]	[Specify]
Yes/No	6	[Specify]	[Specify]	[Specify]
Yes/No	7	[Specify]	[Specify]	[Specify]

Project Coordinator				
Data Content:	[Specify]			
Data Storage Summary:	[Specify]			
Date Storage Detail:	[Specify]			
Requirement fulfilled?	#	Data Storage Requirement	Data Storage Type	Location
Yes/No	1	e.g. Electronic Master Copy	[Specify]	[Specify]
Yes/No	2	e.g. Electronic On-Site Backup A	[Specify]	[Specify]
Yes/No	3	e.g. Electronic On-Site Backup B	[Specify]	[Specify]
Yes/No	4	e.g. Electronic Off Site Backup A	[Specify]	[Specify]
Yes/No	5	e.g. Electronic Off Site Backup B	[Specify]	[Specify]

APPENDIX 5 – PIN DEVELOPMENT MODULE

INSTRUCTIONS FOR USING THIS DOCUMENT

The purpose of this PIN Development Module is to guide and project manage the drafting of the Project Idea Note for projects in the Nakau Programme.

Document Formatting

This PIN Development Module uses the following formatting convention:

Text in green font is used when presenting background information or PIN development issues.

Text contained in a grey box in italics signifies verbatim methodological requirements and/or methodological guidance. Where no italics are used in a yellow box then the methodological guidance has been paraphrased. The specific source of the information is provided for transparency.

Text in a blue box signifies a task for the project development team. Tasks are numbered and include a Task Responsibility code (see below for details). Highlighted Task Responsibility Codes signify whose responsibility it is to fulfil that task.

Task Responsibility ➜	LLF	LLA	LLP	OTHER

Red font signifies a comment/clarification from one member of the project team to another.

Blue font signifies a task for the project development team. The author of the task comment provides their name prior to the comment (e.g. **Sean:** L&L will need to …).

Black font signifies completed information/data provided by any entity in the project development team in response to a methodological requirement, element or task.

When a PIN drafting stakeholder provides a comment, question or additional information, please do so in green font so that it is easy to trace who is writing what.

Data Requirements

Specific data requirements are sometimes specified in green tables that provide:

- Data Requirements from the relevant component of the Plan Vivo standard or project methodology. The source of each Data Requirement is provided in the left hand column under Data Element.
- A Task/Comment field to provide instructions on what data is needed and/or how to get it. The person entering the task instruction or the comment will put their name to the comment (see example below)
- A data status code.
- A task responsibility code.
- A space below the table to insert the required data.

Example of Data Requirements:

0.1 Producers							
Data Element	**Data Requirement**	**Task/Comment**					
0.1.1 Small Scale Farmers PV Eligibility Checklist, p1	*Producers must be small-scale farmers, land-users or forest dwellers in developing countries with recognised land tenure or user rights*	**Sean:** L&Lto provide a detailed description of the Sassamungga and Ngoreabara communities					
	Data Status Code ➔	1	2	3	4	5	
	Task Responsibility Code ➔	CP	LLF	LLA	LLP	Other	

Enter text here in response to Data Requirement above

0.1.2 Community Organisation PV Eligibility Checklist, p1	*Producers must be organised into cooperatives, associations, community-based organisations or other organisational forms able to contribute to the social and economic development …*	**Sean:** L&L to provide information on the governance structure of the local communities participating in the project. It may be necessary to form a legal entity for the purposes of the project unless they have already done so.					
	Data Status Code ➔	1	2	3	4	5	
	Task Responsibility Code ➔	CP	LLF	LLA	LLP	Other	

Enter text here in response to Data Requirement above

The project development team will respond to each Data Requirement as follows:

1. Enter a 'Data Status Code' and a 'Task Responsibility Code' into the Data Requirement table (see below for details).
2. Supplying the required data or information in the space immediately below each Data Requirement. If the data is not readily available or requires more substantial work to produce, then the project team member inserts a comment in the Task/Comment field to provide a data update to the project team.

3. Where the required data will be supplied (and eventually submitted for validation/verification)in a separate document or file, the person responsible for supplying this information will supply a reference to the location of the required information in the space immediately below the relevant Data Requirement.

Data Status Codes

The Data Status Codes refer to the following data status situations:

Data Status Categories		
Score	**Description**	**Resourcing Status**
1	Data is already available within the project development team information systems and formatted correctly for Plan Vivo	No additional resourcing required
2	Data is already available within the project development team information systems but needs collating and formatting to the Plan Vivo standard or relevant methodology	No additional resourcing required
3	Data is not currently available	Some additional resourcing required within current capability
4	Data is not currently available	Requires outsourced capability
5	It is not possible to provide this data	Re-evaluate project scope/design

Task Responsibility Codes

Task Responsibility Codes refer to the entity responsible for supplying Data Requirements. An example is provided in the table below.

Code	Name of Organization
CP	Carbon Partnership
LLF	Live & Learn Country Office (Fiji)
LLA	Live & Learn Australia Office (Robbie)
LLP	Live & Learn Pacific Regional Office (Anjali)
Other	Where another organization is selected this usually means an outsourced technical entity. Such entities need to be named and coded. In these situations the different 'Other' entities will be listed in an appendix to the document.

The PIN Development Module will eventually become filled with all of the necessary data/information requirements for Plan Vivo PIN document completion.

DOCUMENT MANAGEMENT

Each module will be edited several times between the start and the completion of the PIN. Each time a module is modified and shared with other entities in the Project Development

Team it is given a new version number. Document version numbers are recorded in the file name for the document and the document header. There are two headers: one for the title page and one for all subsequent pages. The format for module version naming is as follows:

- *[Project Name] PIN Dev VX.X [date:yymmdd][[author: CP/LL]*

For example the first version of the Choiseul PIN Development Module will be:

Choiseul PIN Dev V1.0 120321 CP

Empty modules with not data and that exist only as templates have the version number v0.0. Any updates of the module template will use a different version number but will remain with the 0 main numbers (e.g. the third revision of the module will be v0.3).

The document title page will use the same convention but will use full words, e.g.:

Choiseul Forest Carbon Project: Project Idea Note (PIN) Development Module

Once the entire document elements are complete the module instructions will be removed and the document will be submitted to Plan Vivo for official project quality assurance, auditing, and/or registration.

PLAN VIVO GUIDANCE - PIN

What is a Project Idea Note?

The first step in registering a Plan Vivo project is submitting a PIN, which allows the Plan Vivo Foundation to assess the applicability of the Plan Vivo Standard and System to the project, facilitate project design by providing guidance, and gives projects a platform to attract support through inclusion of approved PINs in the Plan Vivo project register.

Before writing and submitting a PIN, applicants should ensure they have consulted the Plan Vivo basic eligibility checklist and Plan Vivo Standard to check that the Plan Vivo System is applicable to their project.

Source: Plan Vivo PIN Template, p1.

Approval and Registration

Evaluation of a PIN involves a desk-based review by the Plan Vivo Foundation. For a PIN to be approved it is necessary that the proposed project has the demonstrable potential to provide quantifiable ecosystem services and promote sustainable livelihoods over a long-term period. The key elements of demonstrating eligibility are:

1. ***Organisational Capacity***
   Project coordinator and partners have the organisational capacity to undertake a long-term community-led project.
2. ***Eligible land-tenure***
   The project applies to land over which the target communities have ownership or long-term user rights.
3. ***Suitable land-use activities***
   Project activities are eligible under the Plan Vivo Standard and are/will be designed to promote sustainable land-use and livelihoods, and produce quantifiable carbon benefits and additional ecosystem benefits.

Source: Plan Vivo PIN Template, p1.

How to Apply

The report should use the headings below to present information. Applicants can reference supporting documentation where necessary. Applications (and any question relating to applications) should be submitted to the Plan Vivo Foundation at:

alexa.morrison@planvivofoundation.org

The applicant should include (in a covering letter or email) a statement that they have read and intend to apply the Plan Vivo principles in their project (see www.planvivo.org). The application fee must be paid in full prior to PIN registration (for up-to-date information on fees see the Plan Vivo website), which is a nominal fee to cover evaluation expenses.

Source: Plan Vivo PIN Template, p1.

ELIGIBILITY

The project applies to land over which the target groups have ownership or long-term user rights. There are no significant disputes or issues in the proposed project area relating to land-use rights or any issue, which could significantly affect the implementation or long-term viability of the project.

Source:Plan Vivo Standards 2008, pg.29.

Project Coordinators must first demonstrate the eligibility of this project prior to developing the PIN and PD.

1. Producers							
Data Element	Data Requirement	Task/Comment					
1.1 **Small Scale Farmers** PV Eligibility Checklist, p1	*Producers must be small-scale farmers, land-users or forest dwellers in developing countries with recognised land tenure or user rights*	**NB: Task responsibility codes included in this template are examples only**					
	Data status code ➔	1	2	3	4	5	
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other	

Enter text here in response to Data Requirement above

1.2 **Community Organisation** PV Eligibility Checklist, p1	*Producers must be organised into cooperatives, associations, community-based organisations or other organisational forms able to contribute to the social and economic development of their members and communities and democratically controlled by the members*						
	Data status code ➔	1	2	3	4	5	
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other	

Enter text here in response to Data Requirement above

1.3 Livelihood Needs PV Eligibility Checklist, p1	*Producers must be able to use existing forest/ woodland or other land for project activities without undermining livelihood needs*						
	Data status code ➔	1	2	3	4	5	
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other	

Enter text here in response to Data Requirement above

1.4 **Community-Owned Land** PV Eligibility Checklist, p1	*Must have a registered Plan Vivo for their own piece of land or be part of a group with a Plan Vivo for a piece of community-owned or managed land. Producers should not be structurally dependent on permanent hired labour, and should manage their land mainly with their own and their family's labour force*						
	Data status code ➔	1	2	3	4	5	
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other	

Enter text here in response to Data Requirement above

2. Project Coordinators							
Data Element	Data Requirement	Task/Comment					
2.1 **In-Country Presence** PV Eligibility Checklist, p1	*Must have a strong in-country presence and the respect and experience required to work effectively with local communities and partner*						
	Data status code ➔	1	2	3	4	5	
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other	

Enter text here in response to Data Requirement above

2.2 Capability PV Eligibility Checklist, p1	*Must be focused and have the organisational capability and an ability to mobilise the necessary resources to develop the project*						
	Data status code ➔	1	2	3	4	5	
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other	

Enter text here in response to Data Requirement above

2.3 **Government Relations** PV Eligibility Checklist, p1	*Must have the capability to negotiate and deal with government, local organisations & institutions, and buyers of ecosystem services*						
	Data status code ➔	1	2	3	4	5	
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other	

Enter text here in response to Data Requirement above

2.4 **Training** PV Eligibility Checklist, p1	*Must have the ability to mobilise and train participants, implement and monitor project activities, carry out technical functions*						
	Data status code ➔	1	2	3	4	5	
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other	

Enter text here in response to Data Requirement above

2.5 Voluntary Participation PV Eligibility Checklist, p1	*Must recognise that the decision of producers to participate in project activities is entirely voluntary*					
	Data status code ➔	1	2	3	4	5
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

2.6 Producers Own Carbon PV Eligibility Checklist, p1	*Must recognise that producers own the carbon benefits of the project activities they choose to undertake*					
	Data status code ➔	1	2	3	4	5
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

2.7 Equitable & Transparent Payments PV Eligibility Checklist, p1	*Must ensure that the PES producers receive are fair and equitable and that payments are made in a transparent and traceable manner*					
	Data status code ➔	1	2	3	4	5
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

3. Land Tenure / Use Rights						
Data Element	Data Requirement	Task/Comment				
3.1 In-Country Presence PV Eligibility Checklist, p1	*Land tenure and use rights must be secure (land tenure or use rights) so that there can be clear ownership, traceability and accountability for carbon reduction or sequestration benefits*					
	Data status code ➔	1	2	3	4	5
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

4.Project Activities						
Data Element	Data Requirement	Task/Comment				
4.1Community Control PV Eligibility Checklist, p2	*Must enable communities to plan and take control of their resources in a sustainable way that promotes rural livelihoods and other environmental and social co-benefits*					
	Data status code ➔	1	2	3	4	5
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

4.2 **Eligible Activities** PV Eligibility Checklist, p2	*Must be eligible to receive payments for ecosystem services (PES) under the Plan Vivo System, i.e. Afforestation / reforestation, Agroforestry,Forest restoration, Avoided deforestation*					
	Data status code ➔	1	2	3	4	5
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

4.3 **Additionality, Leakage, Permanence** PV Eligibility Checklist, p2	*Must be additional, not liable to cause leakage, and provide foundations for permanence, as described in the Plan Vivo Standards*					
	Data status code ➔	1	2	3	4	5
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

4.4 **Native Species** PV Eligibility Checklist, p1	*Must involve the planting and/or promote the restoration or protection of native or naturalised tree species.*					
	Data status code ➔	1	2	3	4	5
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

4.5 **Minimize Dependency** PV Eligibility Checklist, p2	*Must encourage the development of local capacity and minimise dependency on external support*					
	Data status code ➔	1	2	3	4	5
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

5. Project Landscape						
Data Element	Data Requirement	Task/Comment				
5.1 **Boundaries** PV Eligibility Checklist, p2	*Must have clear boundaries that can be mapped*					
	Data status code ➔	1	2	3	4	5
	Task responsibility code ➔	CP	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

5.2 **Activities** PV Eligibility	*Must be suited to the replication and expansion of project activities into new areas*					
	Data status code ➔	1	2	3	4	5

Checklist, p2	Task responsibility code ➜	CP	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

6. Expansion Ambitions						
Data Element	Data Requirement	Task/Comment				
6.1 Learning By Doing PV Eligibility Checklist, p2	*Must be based on an commitment to initiating activities on a pilot basis, gaining experience, and identifying improvements ('learning by doing')*					
	Data status code ➜	1	2	3	4	5
	Task responsibility code ➜	CP	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

6.2 Practicable PV Eligibility Checklist, p2	*Must be based on practical capabilities 'on the ground', not on high level targets imposed from above ('plant x no. of trees in y years')*					
	Data status code ➜	1	2	3	4	5
	Task responsibility code ➜	CP	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

PLAN VIVO PIN TEMPLATE

Key Information

Key Information	
Project title	
Project location (country and region/district)	
Project coordinator & contact details	
Summary of proposed activities (max 30 words)	
Summary of proposed target groups (max 30 words)	

Task 1: Project Coordinators to insert additional information on these communities (note 30 word limit for this section). We need to include the names of the specific land-owning groups for each of these communities.				
Task Responsibility ➔	LLF	LLA	LLP	other

Project Objectives and Activities

Max 500 words.
- *Describe the objectives of the project.*
- *Describe all proposed project activities that will generate Plan Vivo Certificates (e.g. reforestation, agro forestry, forest conservation) and how they relate to the project objectives.*
- *Describe any additional activities to be supported or implemented by the project and how they relate to the project objectives.*

NB/ Applicants must demonstrate a willingness to promote the use of indigenous species and recognise that Plan Vivo activities (i.e. those generating Plan Vivo Certificates) must be limited to native and naturalised species.

Source: 2010 Plan Vivo PIN Template, p4.

Enter text here in response to Data Requirement above

Task 2: Project Coordinators to add material to this section above if need be. Note the word limit of 500 words for this section: Project Objectives; Project Activities; Additional Activities.				
Task Responsibility ➔	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

Identify Target Groups/Communities

Max 350 words.
Identify and describe the target groups and briefly describe local organisational capacity.
"Target groups" are those communities, groups and individuals that are expected to benefit from the project (e.g. rural communities living in and around a certain forest area or women agricultural workers in a certain district).
Source: 2010 Plan Vivo PIN Template, p4.

Enter text here in response to Data Requirement above

Task 3: Live & Learn to add material to this section above. Please provide a detailed description of the specific participating landowning groups within the communities. This needs to clearly specify exactly what land parcels are to be included in the project. Note the word limit of 350 words for this section.				
Task Responsibility ➔	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

Description of Proposed Project Area

Max 500 words (excluding maps and other figures).

Physical environment
Briefly describe the physical environmental context of the proposed project, including the following:
  - *A map with proposed project areas marked;*
  - *Identify any legally designated/protected conservation areas within, overlapping or adjacent to the project area;*
  - *Physical description of the land and habitat types;*
  - *Current main categories of land-use;*
  - *Any known local land degradation processes or trends and what are considered to be the main drivers of these processes (e.g. population pressure, charcoal production, fire, conversion for agriculture).*

Socio-economic environment

Briefly describe the socio-economic context of the proposed project, including the following information:

- *A description of local cultural groups;*
- *Average income and main income sources in target communities;*
- *A summary of relevant local and national governance structures.*

Additional information: Availability of Technical Data

The carbon baseline can be defined as the current status of carbon stocks or emissions (and expected changes or trends) in the absence of the project. At the PIN stage there is no requirement for a comprehensive analysis of the carbon baseline, but any information held on the carbon potential of the proposed activities may be included for additional information.

Source: 2010 Plan Vivo PIN Template, p4.

Enter text here in response to Data Requirement above

Task 4: Project Coordinators to provide a detailed map of the forest areas to be included in the project, depicting the exact land parcels included in the project. This map or maps eventually needs to include areas inside the land ownership boundary of the project owners but which area designated for other (non-project) land uses such as gardening, woodlots, etc.

Task Responsibility ➔	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

Task 6: Project Coordinators need to gather information to specify whether there are any existing protected natural areas with or near the project areas and their conservation status.

Are any of these areas legally protected? Are any of these areas included inside the proposed project boundary?

Task Responsibility ➔	LLF	LLA	LLP	Other

Enter text here in response to Data Requirement above

Task 7: Project Coordinators to enter text in relation to the requirements above.

Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Task 8: Project Coordinators to provide an accurate description of the cultural groups within

the communities.				
Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Task 9: Project Coordinators to provide information on the average income and income sources from the communities.				
Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Task 10: Project Coordinators to provide an accurate description of the local and relevant national governance structures for the communities.				
Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Ownership of carbon rights and land-tenure

Max 350 words.

Describe the land-tenure context in the project area, and how the target communities have ownership rights for the carbon associated with proposed activities.
Include a brief description of the typical size ranges of land-holdings.

Describe any conflict or instability in the project area related to land-tenure that may affect the project.

[Plan Vivo Certificates are generated through activities where communities or smallholders have rights to implement activities and benefit from payments for ecosystem services. This can be demonstrated through land-tenure or long-term recognised user rights. Deeds of title are not strictly required if tenure can be shown to be lawful and widely recognised. If project activities are to be undertaken on government owned land that individuals or communities have use-rights for, it should be demonstrated that the government body will recognise the community's ownership of the carbon credits.

Important questions to consider:
- *How difficult is it to prove land-tenure in the project area?*
- *Is there a system of national or regional land reform underway that could affect the project?]*

Source: 2010 Plan Vivo PIN Template, p5.

Enter text here in response to Data Requirement above

Task 11: Project Coordinators to provide an accurate description of the land tenure status of the Project Area forests.				
Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Task 12: Project Coordinators to provide an accurate description of the carbon rights of the Project Area forests.				
Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Task 13: Project Coordinators to provide an accurate description of the typical size of land holdings for communal lands within the Project Area forests.				
Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Task 14: Project Coordinators to provide an accurate description of the status of any land tenure disputes or land governance issues (if any) for the Project Area forests.				
Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Description of applicant organisation(s) and proposed governance structure

Max 750 words.

Identify which organisations, communities, groups and individuals may/will be involved in the project and what their roles are expected to be. The organisational structure must describe how the following roles will be fulfilled:

- *Project coordinator*
  - *Technical functions*
  - *Administrative functions*
  - *Social functions*
- *External support services (if required)*

The organisation making the application (the 'applicant') must provide the following

information about itself:

- *Legal status (e.g. registered NGO);*
- *Long-term objectives of the organisation;*
- *Brief history and achievements;*
- *Summary of current activities including details of scale and range;*
- *Personnel to be involved in the project with details of relevant skills and experience.*

If the applicant organisation identifies another organisation to act as the project coordinator, the PIN should be accompanied by a signed statement on behalf of the nominated organisation that the PIN was submitted with their full consent.

NB: The Plan Vivo System does not prescribe a specific organisational structure; this will vary depending on the project context. More than one organisation may be involved in implementing a project. There must, however, be one organisation that takes on the role of 'project coordinator' and as such is responsible to the Foundation for conformance with the Plan Vivo Standard.

Below is a summary of the key responsibilities in a Plan Vivo project.

Administrative

- *Registration and recording of plan vivos and sale agreements;*
- *Managing the use of project finance in the Plan Vivo and making payments to producers;*
- *Coordinating and recording monitoring;*
- *Negotiating sales of Plan vivo Certificates;*
- *Reporting to the Plan Vivo Foundation;*
- *Contracting project validation and verification;*
- *Managing project data.*

Technical

- *Providing technical support and training to producers in planning and implementing project activities;*
- *Developing, reviewing and updating forestry and agroforestry systems (technical specifications);*
- *Evaluating plan vivos;*
- *Monitoring plan vivos.*

Social

- *Conducting preliminary discussions and continued workshops with communities;*
- *Gathering socio-economic information for project registration and reporting purposes;*
- *Helping groups/individuals to demonstrate land-tenure;*
- *Advising on issues such as mobilisation, setting up bank accounts, dispute resolution*

> *etc.*
> - *External Technical Support/Project Development Services*
> - *Project co-ordinators may require technical assistance to develop certain aspects of the project. Potential areas of assistance:*
> - *Assisting in technical aspects of project design and development;*
> - *Providing training to project technicians;*
> - *Developing carbon modelling and technical specifications*
>
> Source: 2010 Plan Vivo PIN Template, p5.

Enter text here in response to Data Requirement above

Task 15: Project Coordinators to provide a description of its technical functions, administrative functions, and social functions as an organisation. Be brief (bullet points will suffice).				
Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Task 16: Project Coordinators to provide a description of its organisation details including legal status.				
Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Task 17: Project Coordinators to provide a description of its legal status as an organisation. Be brief (bullet points will suffice).				
Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Task 18: Project Coordinators to provide a description of the long-term objectives of its in-country office. Be brief (bullet points will suffice).				
Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Task 19: Project Coordinators to provide a brief history of the organisation. Be brief (bullet points will suffice).				
Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Task 20: Project Coordinators to provide a description of the current project activities of its in-country office. Be brief (bullet points will suffice).

Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Task 21: Project Coordinators to provide a description of its project personnel in the In-country Office, as well as its collaborative partnership with other, and its connection to its other offices in the region where relevant. Be brief (bullet points will suffice).

Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Community-Led Design Plan Submitted

Max 300 words.

Submit a plan for achieving community participation in the project. This plan must include a mechanism for ongoing consultation with target groups and producers.

Participation in Plan Vivo must be informed and voluntary, demonstrable through consultation and participatory design processes. Projects should, at an early stage, initiate discussions with target groups to identify project activities.

Source: 2010 Plan Vivo PIN Template, p7.

Enter text here in response to Data Requirement above

Task 22: Project Coordinators to provide a description of its community-led design plan/process by including a description of its processes/methodologies for participatory design/consultation/governance. Do not include material for on-going consultation (this is covered below).

Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Task 23: Project Coordinators to provide a description of its community consultation methodology/ies that are relevant to on-going consultation with the community.

Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Additionality Analysis Provided

Max 300 words.

Briefly describe how the project and activities are additional, through:

- *A statement that the project is not the product of a legislative decree, or commercial land-use initiative likely to have been economically viable in its own right; and*
- *A description of the current barriers to implementing the proposed e.g. lack of finances, lack of technical expertise.*
- *Describing how the project will overcome these barriers.*

Additionality is a key requirement for the sale of carbon services. A project can be described as additional where it and the activities supported by it could not take place without the availability of carbon/PES finance.

Source: 2010 Plan Vivo PIN Template, p7.

Enter text here in response to Data Requirement above

Compliance With Regulations And Notification Of Relevant Bodies

Provide evidence (e.g. a copy of a letter or email) of notification of the relevant national regulatory body of the project proposal (e.g. national climate change focal point or department of environment).

Provide a statement of intention to comply with all relevant national and international regulations.

Source: 2010 Plan Vivo PIN Template, p7.

Enter text here in response to Data Requirement above

Task 24: Project Coordinators to provide evidence of the notification of this project with relevant national regulatory bodies (e.g. Department of Forestry).

Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above

Sources Of Start-Up Funding Identified

Start-up funding is an internal issue for project developers. However, start-up funding can be a significant hurdle for new projects as carbon finance only becomes available after technical specifications have been developed, community training undertaken, and multiple other costs such as hiring staff, travel and external consulting costs have been incurred. Therefore projects are encouraged to consider potential funding sources at an early stage.

Source: 2010 Plan Vivo PIN Template, p7.

Enter text here in response to Data Requirement above

Task 25: Project Coordinator to provide a statement concerning start-up financial resources available for project development and implementation. This will need to include the scale of funding and the outcomes purchased by this funding.

Task Responsibility ➔	LLF	LLA	LLP	OTHER

Enter text here in response to Data Requirement above