SIPORAE FOREST CARBON PROJECT

BABATANA REGION, CHOISEUL PROVINCE, SOLOMON ISLANDS

PROJECT DESIGN DOCUMENT

PART B (GENERIC INFORMATION)

Version 1.2

27 January 2026

SIPORAE TRIBAL ASSOCIATION

Developed by:

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Validated by:

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List of abbreviations and terms

AFD-LtPF	Avoided forest degradation: Logged to protected forest
CLMP	Conservation [and] land management plan
EFA	Eligible forest area
FPIC	Free, prior and informed consent
GHG	Greenhouse gas/es
IUCN	International Union for Conservation of Nature
MECDM	Ministry of Environment, Climate Change, Disaster Management and Meteorology (Solomon Islands Government)
MoFR	Ministry of Forestry and Research (Solomon Islands Government)
MoU	Memorandum of understanding
MRV	Measurement, reporting and verification
NCP-SI	Nakau Conservation Programme – Solomon Islands
NDC	Nationally Determined Contribution (under UNFCCC)
NGO	Non-government organisation
PA	Protected area
PDD	Project Design Document
Project owners	Nakau term for indigenous project participants
PVC	Plan Vivo Certificates
REDD+	Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UNFCCC initiative). See https://redd.unfccc.int/
SBD	Solomon Islands Dollar
SOP	Standard operating procedure
UNFCCC	United Nations Framework Convention on Climate Change (the Paris Agreement)
VCM	Voluntary carbon market
VVB	Validation/verification body

Overview

Project title:	Siporae Forest Carbon Project
Location:	Babatana Region, South-West Choiseul, Choiseul Province, Solomon Islands
PDD Version:	Version 1.2
Programme operator:	Nakau (The Nakau Programme Pty Ltd) Mr Robbie Henderson robbie.henderson@nakau.org
Project coordinator:	Natural Resources Development Foundation (NRDF) Mr Fred Tabepuda nrdf@solomon.com.sb
Validator:	Mutu International PT Mutuagung Lestari Tbk lvvservices@mutucertification.com
Validation date:	27 January 2026
Project intervention(s):	Avoidance of commercial logging activities and legal forest protection in the project area.
Project participants:	Siporae tribal group
Project area:	Siporae project area: 666 hectares Siporae eligible forest area: 647.2 hectares
Project period:	30 years (1 January 2019 – 31 December 2048)
Carbon Methodology:	Nakau approved approach
Expected carbon benefit:	Annual PVCs: 9,847 t CO_2e
Expected ecosystem benefit:	Biodiversity protection, maintenance of healthy hydrological system, climate change resilience through reduced impact of extreme weather events.
Expected livelihood benefit:	Increased financial capital available for investment into activities that directly or indirectly support livelihoods. Improved community governance, community development outcomes, job creation, and empowerment of women and girls.

The Nakau Conservation Programme Solomon Islands

The Nakau Conservation Programme – Solomon Islands (NCP-SI) is a national program designed to support replication of standalone forest carbon projects in the Solomon Islands. This Project Design Document (PDD Part B) can be described as the 'generic PDD' for NCP-SI projects which lays out the program architecture and methodological guidance to be followed by all standalone projects.

The NCP-SI is designed for potential application in all terrestrial areas of the Solomon Islands as illustrated in section 1.2.1. The principal objective of NCP-SI projects is to substantially increase the area of ecosystems protected or restored under community-based and legally constituted conservation arrangements and thereby reduce carbon emissions to the atmosphere. All projects further aim to enhance the communities' wellbeing and reduce vulnerability to the impacts of climate change.

The NCP-SI is designed to support replication of standalone projects that can be scaled with care and seeks to afford opportunities for tribal groups within the country to register and join the program. All projects using this Project Design Document (PDD) Part B are designed to reduce carbon emissions to the atmosphere and enhance community resilience and livelihoods by changing forest management in the eligible areas from unsustainable commercial logging to forest protection. This is achieved by compensating project owners for forgone income from logging with carbon payments, revenue which can be invested into means to increase community wellbeing through community and economic development.

The NCP-SI and partners are committed to work under the following guiding principles:

1. To strengthen or maintain customary land and resource rights
2. To respect customary rights and follow the principles of free, prior and informed consent (FPIC)
3. To foster community-led development, valuing local objectives, partnerships, empowerment and self-determination
4. To empower women and disadvantaged community members
5. To maximise benefits to customary rights holders
6. To provide stable long-term support for local communities and participants
7. To protect and enhance biodiversity and cultural values
8. To be transparent and accountable in all activities and dealings in the program.

Each standalone project in the NCP-SI program will manage and hold its benefits and liabilities separately from other projects and will submit PDDs (Part A & Part B) for joint validation and verification. The Nakau Programme will undertake the role of 'programme operator' to ensure all standalone projects meet program entry criteria and adhere to project development and implementation requirements.

Siporae Project Design Document (PDD) content

Projects are required to develop separate PDDs following the Plan Vivo Carbon Standard (PV Climate) (Version 5) PDD templates. The project PDDs will consist of a specific PDD section containing local and project specific content (PDD Part A), and a generic section (PDD Part B) wherever the generic content is applicable. The table below provides an overview of PDD sections that require site-specific information (in PDD Part A) and those that will be presented generically (in PDD Part B).

Section ID	Section heading	Siporae PDD Part A	Siporae PDD Part B
1	General information		
1.1	Project interventions	✗	✓
1.2	Management rights	✓	✓
2	Stakeholder engagement		
2.1	Stakeholder analysis	✓	✓

Section ID	Section heading	Siporae PDD Part A	Siporae PDD Part B
2.2	Project coordination and management	✓	✓
2.3	Project participants	✓	✓
2.4	Participatory design	✓	✓
2.5	Stakeholder consultation	✓	✗
2.6	Free, prior and informed consent (FPIC)	✓	✓
3	Project design		
3.1	Baseline scenario	✓	✗
3.2	Carbon baseline	✓	✗
3.3	Livelihood baseline	✓	✓
3.4	Ecosystem baseline	✓	✓
	Theory of change		
3.5	Project logic	✗	✓
3.5.1	Outputs and results	✓	✓
	Technical specification		
3.6	Project activities (technical)	✗	✓
3.7	Additionality	✓	✗
3.8	Carbon benefits	✓	✗
3.9	Environmental and social safeguards		
3.9.1	Exclusion list	✓	✗
3.9.2	Environmental and Social Screening	✓	✗
3.9.3	Environmental and Social Assessment	✗	✓
3.9.4	Environmental and Social Management Plan	✓	✗
3.9.5	Native Species	✓	✗
3.10	Achievement of carbon benefits	✓	✗
3.11	Reversal of carbon benefits	✗	✓
3.12	Leakage	✓	✓
3.13	Double counting	✗	✓
3.14	Land management plans	✓	✓
3.15	Crediting period	✗	✓
3.16	Benefit-sharing mechanism	✓	✓
3.17	Grievance mechanism	✓	✓
3.18	Project agreements	✗	✓
4	Monitoring and reporting		
4.1	Progress indicators	✓	✗
4.2	Carbon indicators	✓	✗
4.3	Livelihood indicators	✓	✗
4.4	Ecosystem indicators	✓	✗
4.5	Monitoring plan	✓	✓
4.6	Progress monitoring	✓	✗
4.7	Carbon monitoring	✓	✗
4.8	Livelihood and ecosystem monitoring	✓	✓
4.9	Annual report	✓	✓
4.10	Record keeping	✗	✓
5	Governance and administration		
5.1	Project governance structure	✓	✓
5.2	Equal opportunities	✓	✓
5.3	Legal and regulatory compliance	✗	✓
5.4	Financial plan	✗	✓

Section ID	Section heading	Siporae PDD Part A	Siporae PDD Part B
5.5	Financial management	×	✓

Project validation and verification

Program validation is to be completed at the project level. All projects are required to produce separate monitoring reports and undergo third-party validation and verification to enable credit issuance.

Project eligibility criteria

To be eligible to operate under the NCP-SI all projects must conform with the methodologies and information provided in this document. This includes but is not limited to the following key criteria:

- The project coordinator entity must hold a licence to operate under the Nakau Programme.
- Projects must be located within the NCP-SI, program area, as defined in Annex 1 of this PDD.
- Projects areas must be either customary land, or registered customary land that is under management of landowner trustees, as per section 1.2.2.
- At program commencement, the primary project intervention for all projects is avoided commercial logging and community-centred, legally constituted forest protection. Projects may implement additional interventions, such as restoration activities, which may also constitute an emissions reduction activity subject to validation of the appropriate methodology and technical specifications (see above).
- Activity-shifting leakage must be determined at the project level and will apply to land use and land-use change in relation to (but also limited to) the group that holds the land management rights to the project area.
- Avoidance of double counting must be demonstrated for each NCP-SI project separately at project verification.
- No project shall exceed the ratings of environmental, social and reversal risks identified in sections 3.9.2 and 3.11

1 General information

1.1 Project interventions

The only project intervention of the Siporae project is avoided commercial logging and the legal protection of intact natural forest. Table 1.1 summarises the expected impacts on emissions and livelihood benefits of the project interventions.

Table 1.1: Summary of avoided logging and forest protection intervention

Intervention	Impact on emissions	Livelihood benefits (exceeding PVC income)
Avoided logging; forest protection Project owned by customary landowners	• Avoidance of GHG emissions from baseline activity (commercial logging). • GHG removals from forest growth under the project scenario • Permanence achieved by legal protection under the *Protected Areas Act 2010*.	• Increased capacity of landowners to manage a business (social capital). • Increased financial capital through investment of Plan Vivo Certificate (PVC) sales funds, managed by the landowner group. • Investments may include new livelihood activities, social services (e.g. school fees) or infrastructure (e.g. sanitation) as determined by participants. • Increased cultural capital, through incorporation of Indigenous

Intervention	Impact on emissions	Livelihood benefits (exceeding PVC income)
		knowledge and governance, supporting long term resilience. • Maintaining or enhancing environmental capital, such as ecosystem services (e.g. healthy waterways). • Increased security of customary landowners' land and resource rights.

1.2 Management rights

1.2.1 Project boundaries

The geographic scope of the NCP-SI is the whole land area of the Solomon Islands (see

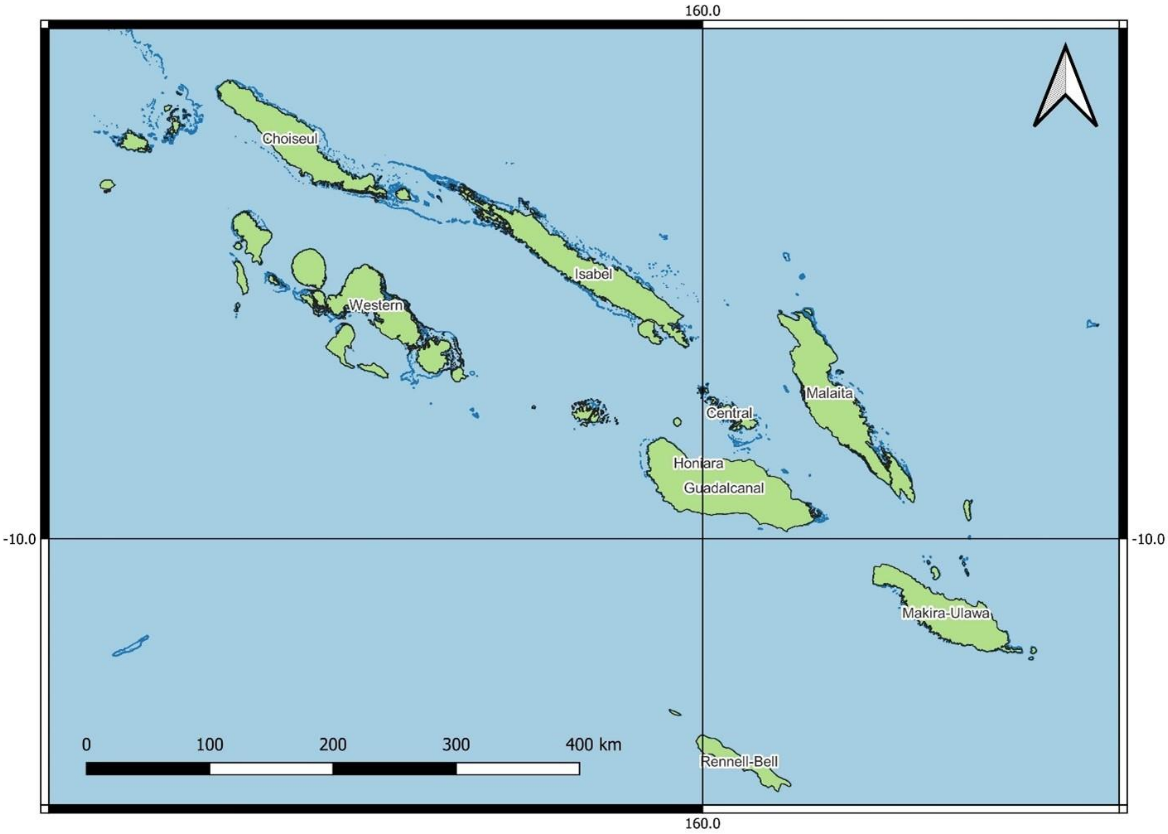

Figure 1.2.1). Any tribal group owning eligible land and suitable forest within the country may develop a standalone project in the future. project

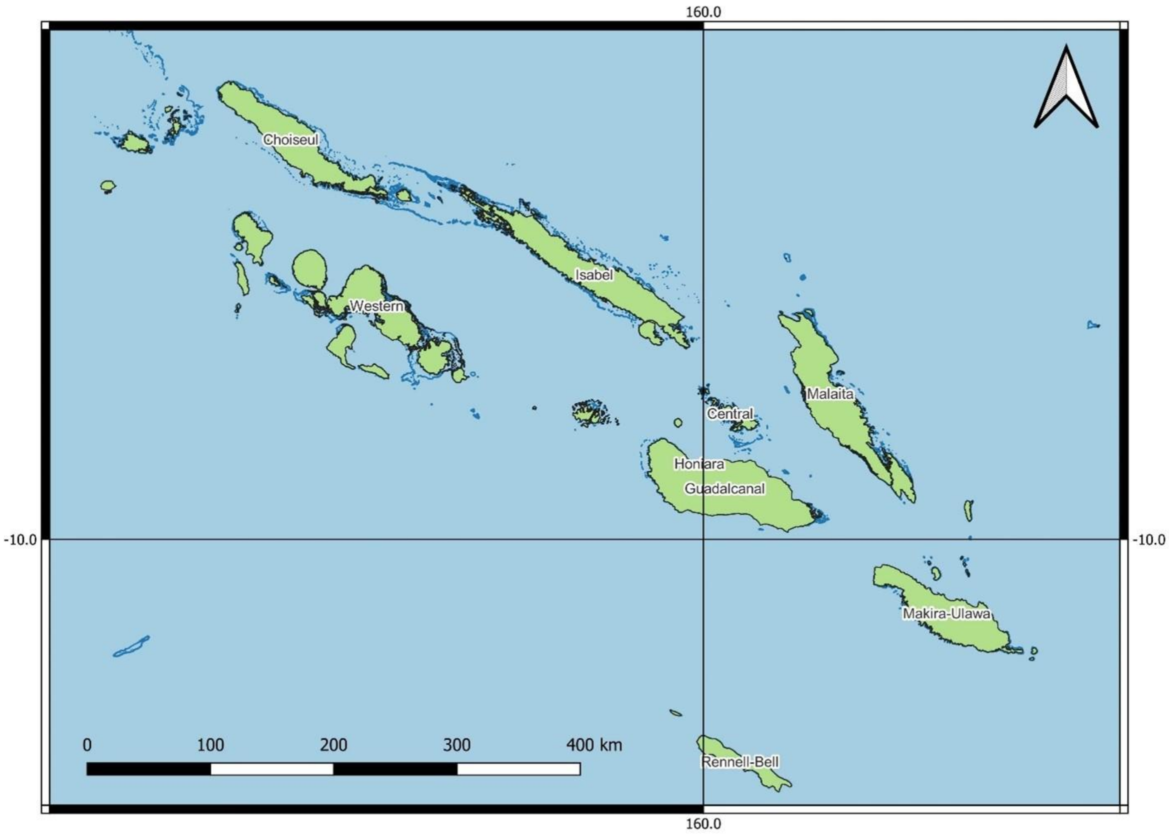

Figure 1.2.1: Geographical scope of the NCP-SI

1.2.2 Land and carbon rights

All participants in projects under the Nakau Conservation Programme must demonstrate clear and secure land ownership and user rights.

Customary land

Most participants in the NCP-SI are landowners or rights holders of customary land, which is a legally recognised title, where customary law is used to determine group membership and tribal land boundaries. The *Constitution of the Solomon Islands 1978* states that 'the natural resources of our country are vested in the people and the government of Solomon Islands'.[1]

In the Solomon Islands, 86% of the land is under customary ownership,[2] which is held communally, by a tribe, or by multiple groups which hold different rights to land and resources. The *Land and Titles Act Cap 133* preserves the system of customary land holding. The Act states that, 'The manner of holding, occupying, using, enjoying and disposing of customary land shall be in accordance with the current customary usage applicable thereto, and all questions relating thereto shall be determined accordingly'.[3] The Solomon Islands legislation is highly restrictive regarding the rights of ownership and utilisation of customary land, which are limited to Indigenous citizens only. In customary land, a variety of customary laws regulate land and forest ownership. These differ from place to place and, although generally not written down, they are legally recognised under the Act and constitution.

To allow for a formal recognition of customary land and resource ownership rights, the Solomon Islands government has established the process of 'customary land recording' under the *Customary Land Records Act 1994*. The Act provides a legal mechanism to formally record customary land rights.

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[1] *Constitution of Solomon Islands 1978 Preamble*. http://www.parliament.gov.sb/files/business&procedure/constitution.htm

[2] J Corrin, *REDD+ and Forest Carbon rights in SI: background and legal analysis* (para. 3.1.1), SPC/GIZ Regional Project, 2012. https://www.pacificclimatechange.net/document/redd-and-forest-carbon-rights-solomon-islands-background-legal-analysis

[3] *Land and Titles Act*, s 239(1), accessed at https://www.lands.gov.sb/resources/related-legislation.html

It is the means to securing and protecting land rights and storing knowledge and information for reference of future generations. As such, the Act provides the legal instrument to bridge the gap between traditional and formal ownership. Customary land recording is carried out by the Tribal Land Recording unit of the Ministry of Lands, Housing and Survey (MLHS) on behalf of the landowners. Although customary land recording is in operation and has received increasing demand from landowners, the the offices responsible for implementation of the Act have not been established in the provinces, and land recording progress is slow.[4] However customary land rights still exist and can be demonstrated in the absence of land recording.

Registered land

About 10% of the land mass in the Solomon Islands is registered land, where ownership and interests on land have been formalised and alienated from customary tenure. This situation currently does not apply to NCP-SI projects established at program inception but may apply to future projects. The Land and Titles Act provides the legal mechanism for land registration. Through registration, the land loses its status as customary land and is converted into perpetual estate. With respect to the registered land, participation in the NCP-SI will be limited to situations where the interest in the land remains with customary landowners, acting as the trustees. Land registered with non-customary landowner trustees is ineligible for inclusion under the NCP-SI.

Carbon rights

Solomon Islands does not yet have any statutory framework for forest carbon rights or any reference to carbon ownership in its legislation. In customary land, customary law dictates that the Indigenous People own the land and the forests, and by implication under 'common law', also the carbon stored in the soils and forest. The Solomon Islands constitution and land tenure laws, however, restrict how customary land and interests can be dealt with.

[4] Source: Mary Tegavota (personal communication), National Recorder, Solomon Islands Ministry of Lands, Housing and Survey, 2022

2 Stakeholder engagement

2.1 Stakeholder analysis

2.1.1 Stakeholder identification

A detailed description of the stakeholder groups that are relevant in the project context, as well as their impacts, influence and ways of engagement is provided in section 2.1.1 of the PDD Part A.

2.1.2 Indigenous Peoples and local communities

All local project owners and participants in the NCP-SI are Indigenous landowners who hold the customary rights to land and resources. A description of the project-specific indigenous customary landowners is provided in section 2.1.2 of the PDD Part A.

2.1.3 Disputes over land or resources

Approximately 86% of landmass in Solomon Islands is under customary land tenure, regulated by customary governance through oral tradition passed down from generation to generation. Disputes among landowners and customary groups over land and resources use are common.

Land rights disputes have occurred during various stages of project development of the NCP-SI project sites and surrounding areas. Land disputes (disagreements) are most common in the NCP-SI during the protected area declaration process, at an early stage of project development, when land ownership and boundaries are clarified. The protected area declaration process is participatory and incorporates a requirement for free, prior and informed consent (FPIC) under the Protected Areas Act. As such, this process creates the opportunity for disputes and objections between tribal groups to emerge and be resolved.

At the tribal level, objections and disputes that relate to the project areas are settled through the legally recognized process of local chief hearings. Chief hearings are led by local chief councils, comprising chiefs from surrounding tribes. During those hearings, both parties (objectors and defendants) present their landownership claims (genealogy) and proposed land boundaries, with witnesses as support. The chief hearing includes a site visit to the contested land, visiting cultural and historical sites and other features to verify the proof of landownership by both parties. After the hearing the council of chiefs will elaborate the claims presented by the parties and determine which party can claim rightful ownership. Chief hearings are legally recognized in the Solomon Islands legal system as the lawful way to determine landownership and settle disputes.

The losing parties can appeal against the declaration through the Customary Land Appeal Court and further through the high courts. During the appeal process, the High Court commonly refers to the original chief hearing outcome or may order the chief hearing to be repeated.

Importantly, a protected area cannot be declared until disputes are resolved. All NCP-SI projects must have a declared protected area, inferring that disputes must be resolved during the project development process prior to verification.

2.2 Project coordination and management

Nakau (the programme operator) is responsible for the general oversight and integrity of all standalone projects under the NCP-SI. For each project, Nakau will identify a project coordinator to support local implementation, including project management and monitoring. The project coordinator must have demonstrated project implementation experience to allow for appropriate engagement with the project owners for the lifetime of the project. Nakau will work with the project coordinator to define the roles and responsibilities for project coordination and management in each project as a part of the project's governance arrangements. Table 2.2 gives an overview of the project coordination and management system of **Error! Reference source not found.**the NCP-SI.

Table 2.2: Project coordination and management roles under the NCP-SI

Project actor	Roles and responsibilities	Agreements
Project owner (Tribal Association) NB: The Tribal Association may establish a community company (optional) to operate the business activities.	• Owner of carbon rights • Owner of PVC sale surplus • Local project governance • Project co-management • Project co-monitoring • Managing project finances and dispersal of income to project participants as described by the project owner business plan and benefit-sharing plan	• Project Agreement with project coordinator and programme operator (tri-party agreement)
Project coordinator (NGO or private sector)	• Project design and development, including land-use and community development planning • Support in setting up project governance structures • Stakeholder engagement during project development and implementation • Co-monitoring of project indicators together with project owner and providing technical support • Technical assistance and capacity building required for project owner to implement conservation management and forest monitoring • Support to communities in entrepreneurship and alternative livelihood activities	• Licence Agreement with programme operator • Project Agreement with project owner and programme operator (tri-party agreement)
Programme operator (Nakau)	• Owner of intellectual property associated with Nakau Programme and methodologies • Oversight over project design and development, preparation of PDDs • Ensuring conformance with PV Climate requirements and compliance with applicable policies, laws and regulations • Registration and recording of management plans, project agreements, monitoring results and sales agreements • Prepare PDDs and annual reports and coordinate project verification events • Technical assistance and capacity building required for project participants to implement project interventions • Design of monitoring system, monitoring of project indicators • PVC unit sales and marketing agent • Guardian of environmental and co-benefit integrity of Nakau Programme • Managing Plan Vivo Certificates (project registry agent)	• Licence Agreement with project coordinator • Project Agreement with project owner and project coordinator (tri-party agreement) • Sale and purchase agreements with carbon credit buyer
External auditor	• Project validator/verifier	• Validation/verification body (VVB) service agreement with project coordinator

Project actor	Roles and responsibilities	Agreements
Project registry (Markit Registry)	Carbon credit registry • Issuance of Plan Vivo Certificates	• Registry terms and conditions
PVC buyers	• Purchase of Plan Vivo Certificates	• Sale and purchase agreements with Nakau

All projects will abide by and refer to the project coordination and management arrangements provided in Table 2.2. In addition, the project level PDD (Part A) will provide information about the specific project coordinator organisation responsible for supporting project development and implementation.

2.3 Project participants

All project participants (project owners) in the NCP-SI eligible program region are Indigenous Peoples who have customary (and statutory) rights to land and resources that constitute the project areas.

Solomon Islands, 86% of land is under customary resource tenure, and all natural resources on that land belong to customary landowners. Inheritance of customary land ownership or user rights differs with custom from island to island. Some islands (including those in Guadalcanal, Central and Western provinces) typically practice matrilineal inheritance, and the remaining provinces practice patrilineal inheritance. A common element of all eligible land areas is that land is controlled by customary (tribal or clan) groups, subject to customary group governance and managed for the benefit of the group rather than for individual benefit.

Under the NCP-SI participants are also known as 'project owners.' The NCP-SI may also involve participants from sites where customary land has been converted to Registered Land. This applies only where trustees from the customary landowner group are granted long-term user and management rights over the registered land. The classification of project participants is shown in Table 2.3.

Table 2.3: Project participants in the Siporae context

Project participant	Participant type	Location of residence	Typical land holding	Land and natural resource use
Local Customary landowners	Type I	Project participants reside within the project area, and manage land or natural resources within the project area for small-scale production and may be structurally dependent on year-round hired labour for their land or natural resource management activities	Customary or registered land	Traditional use
Local Customary landowners	Type II	Project participants that are not resident within the project area, do not manage land or natural resources within the project area for small-scale production, or are structurally dependent on year-round hired labour for their land or natural resource management activities	Customary or registered land	Traditional use

It is important to note that all project owners are members of the tribal group and have user and management rights irrespective of their current location of residence

2.4 Participatory design

Projects within the NCP-SI must employ a participatory approach to project development and implementation as informed in sections 2.4.1-2.4.4 that follow. This includes strategies to include people who may otherwise be marginalised due to gender, age or cultural group.

2.4.1 Representation

All projects must ensure that participation in project development processes is fully representative of all groups with user rights relevant to the project area.

The project must implement a process of 'beneficiary mapping' or 'social systems analysis' (or equivalent) to map out the tribal groups and sub-groups (clans), their members and relationships. This should adequately cover all groups who have land ownership or user rights over the project area and who have a claim as beneficiaries and project owners.

Communication with the tribes and clans should always go through the clan or tribal chiefs and/or elders or executives. In the Solomon Islands, chiefs are generally titled through paternal or maternal lineage, however in some instances, chiefs are selected because the person in question is seen as the most appropriate leader for the tribe or clan.

2.4.2 Indigenous Peoples' participation

To ensure Indigenous knowledge systems and systems are acknowledged and valued, all projects must incorporate a 'two-way' approach to participation. In practice, this means projects will make space for Indigenous knowledge systems and ways of decision-making to be practised alongside 'modern systems' of planning (e.g. developer facilitated workshops, alongside meetings conducted under customary practices).

Key considerations in this two-way approach are:

- Participation must be centred around customary land rights holders with the local authority and recognise local decision-making systems (see section 2.4.1).
- Participatory design must occur in places that are geographically and culturally accessible. Projects must consult customary leaders for advice on the best place(s) to begin and then carry on work with their community. Generally, participation in planning or consultation should occur in the participants' communities or on their land, recognising that local people feel comfortable and strong by meeting on their customary lands, and that this is an important foundation for good partnership relations.
- Each project must engage with members of a project owner group who are living or working in locations away from the project area, such as regional townships or in Honiara. The customary leaders should advise on the appropriate people to engage, and systems should be established to ensure opportunities to engage are provided to remote members of the group.
- Projects must consider the appropriateness of timing and timeliness when undertaking participatory activities. This should be considerate of the many influences on the local community's priorities and sense of time, for example, cultural obligations, social issues (e.g. mourning periods) and events that require everyone's involvement. Participants should be provided with adequate opportunities (e.g. sufficient time) to utilise customary processes to engage with traditional decision-making processes in their communities.
- Each project must be sensitive to the languages spoken by the project owner group. Solomon Pijin may generally be used as the language of meetings, workshops and explanations regarding project documents. Local language interpreters must be used in instances where a significant number of participants cannot speak Pijin.

- Many local languages are not written languages, or where they are, then it is common that not many speakers are able to read them. It is also common for people to speak but not read Solomon Islands Pidgin. Project documents often cover many technical terms that are hard to translate into both the local language and Pidgin. It is for this reason that English may be used in all legal documents and agreements to ensure the content of the documentation is consistent and legally sound. The English version can then be used a 'single point of truth' for verbal translation.

2.4.3 Inclusion of potentially marginalised groups

Each project must identify and apply strategies to engage potentially marginalised groups from within the project owner participant community. Each landowner group is unique; however, the marginalised groups are likely to include:

- women
- youth
- individuals dependent upon the land with low cultural authority (e.g. married into the tribe).

The marginalised (or vulnerable) groups are to be identified in Annex 9 of each project PDD Part A.

Strategies to enable and remove barriers to the participation of historically marginalised groups should include the following:

- Identify the issues and barriers to inclusion of marginalised groups within individual partner communities, through local discussions and reliable background information.
- Engage with landowner participants to identify inclusion issues and discuss what might be done to alleviate them through project development and project implementation processes.
- Ensure potentially marginalised people are fairly represented in participatory project development workshops.
- Where necessary or appropriate, undertake separate sessions with marginalised groups that are designed to ensure their voice is heard (e.g. workshops for women).
- Ensure representatives of potentially marginalised people are consulted and afforded the opportunity to give or withhold their free, prior and informed consent on key decisions (see section 2.6).
- Include and track key indicators for inclusion in livelihood monitoring (see section 4.8.1).
- Monitor participation in project development and planning activities through the collection of disaggregated participation data, based on gender, age and cultural indicators (as appropriate).

Evidence of participation that is inclusive of potentially marginalised groups must be provided in Annex 4. For example, workshop reports should include gender-disaggregated attendance data.

2.4.4 Level of participation

In determining the level of participation that must be implemented, all projects under the NCP-SI take guidance from tables 2.4.4a and 2.4.2b which are adapted from the 'Public Participation Spectrum' developed by the International Association for Public Participation (IAP2).[5]

Table 2.4.4a. Public participation spectrum

	Inform	Consult	Involve	Collaborate	Empower
Participation goal	To provide participants with balanced and objective	To obtain participant feedback on analysis,	To work directly with participants throughout the	To partner with participants in each aspect of the decision	To place final decision-making in the

[5] Adapted with permission from:
International Association for Public Participation (IAP2), *IAP2's public participation spectrum* [graphic], 2014. https://iap2.org.au/wp-content/uploads/2019/07/IAP2_Public_Participation_Spectrum.pdf

	Inform	Consult	Involve	Collaborate	Empower
	information to assist them in understanding the problems, alternatives and/or solutions.	alternatives and/or decision.	process to ensure that issues and concerns are consistently understood and considered.	including the development of alternatives and the identification of the preferred solution.	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.

Table 2.4.4b. Level of participation required for key project activities or outcomes

Key activity/outcome	Inform	Consult	Involve	Collaborate	Empower
1. Education for forest carbon project participation	Two-way learning				
2. Establish legal project owner group (to act on participants' behalf)				✓	
3. Determine respective roles and responsibilities of project owners and project coordinator			✓		
4. Development of benefit-sharing arrangements (within project agreements)				✓	
5. Protected area establishment and management				✓	
6. Project owner capacity building				✓	
7. PDD submission				✓	

PDD Part A section 2.4.4provides a description of how the participatory process was applied at the project level, in accordance with the guidelines provided in the Tables 2.4.4a and 2.4.4.b. This section is linked with Annex 4, where documented evidence (e.g. meeting notes, photographs and attendee lists) is provided for each of the participation steps.

2.5 Stakeholder consultation

2.5.1 Design phase consultations

A description of the design phase consultation carried out at the project level is provided in section 2.5.1 of the PDD Part A.

2.5.2 Stakeholder engagement plan

The project-level stakeholder engagement plan including a stakeholder consultation and feedback mechanism is provided in section 2.5.2 of the PDD Part A.

2.6 Free, prior and informed consent (FPIC)

2.6.1 FPIC legislation

All projects in the NCP-SI will follow the statutory requirements for FPIC as described in Table 2.6.1.

Table 2.6.1: National legislation and international standards on FPIC

Legislation/standard	Compliance measures
Protected Areas Act 2010 **Relevance to project** All projects are to establish a protected area (PA) under the Act as the legal instrument to protect the sites against logging and mining, while still allowing for customary use and management.	A meeting must be held with leaders of neighbouring tribes and local communities to obtain endorsement of the application and reach an agreement with respect to the boundary of the protected area (Regulation 44(1)(c)). A written agreement must be made between leaders of all neighbouring tribes (where applicable) and the landowning tribe making the PA application (Regulation 44(1)(d)). A map must be prepared displaying the boundaries of the proposed protected area. This must be signed by at least one leader of neighbouring tribes sharing a common boundary with the protected area (Regulation 44(1)). After the director receives the application the director must do some things before making a recommendation to the minister to declare the area protected or not. These include: • conduct meetings and consultation with the owners of the area or other persons who may be affected by the proposed declaration • carry out a field study to assess and evaluate the biodiversity significance of the area • verify the rights and interests in the area • publish in a newspaper having wide circulation in Solomon Islands a prescribed public notice setting out the area to be declared and the biodiversity significance of the area (Act Section 10(2)). There is a statutory process for landowners, or any affected person to make an objection to the proposed declaration of a protected area which must be resolved prior to the PA being declared.
Charitable Trust Act (Chapter 55) Laws of the Solomon Islands 1996 **Relevance to project** Landowner participants are required to form and register a Tribal Association that must be owned by and represent all customary landowners (rights holders) in the project; including representing carbon rights holders in carbon credit transactions.	The following compliance measures are to be in place: • The Tribal Association must develop a constitution. • The constitution must be approved by the Registrar of Companies. • The Tribal Association must nominate trustees; the trustees must sign agreement to the constitution.
United Nations Declaration on the Rights of Indigenous People (UNDRIP) (United Nations 2008) and the Indigenous and Tribal Peoples Convention (1989) (also known as ILO 169).	Refer to section 2.6.2 and Table 2.6.2

Legislation/standard	Compliance measures
Relevance to project The Solomon Islands Government are not signatories to UNDRIP or ILO 169, however Nakau has committed to the FPIC principles under UNDRIP (which also align with ILO 169 principles)	

2.6.2 FPIC process

Projects within the NCP-SI operate under the principles of free, prior and informed consent (FPIC), defined by reference to the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP),[6] and consistent with ILO 169, where:

- 'Free' means (Indigenous Peoples) are subjected to 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.

FPIC triggers

The NCP-SI requires that FPIC is realised though the cross-cutting participatory co-design process (see section 2.4). However, there are some key decisions in the project development process where formal evidence of an effective FPIC process must be provided, referred to as 'FPIC triggers'. The triggers are key points in project design, development and implementation that trigger the need for a mandate or decision by the Indigenous project owner participants. The decisions that trigger FPIC and the evidence requirements are provided in Table 2.6.2.

Table 2.6.2: Decisions that trigger FPIC and/or require a mandate

Decision	Supporting evidence
1. Register a legally constituted Tribal Association to act on behalf of land/resource user rights holders.	• Project owner Tribal Association registration documents, and • Signed letter (or meeting minutes) from the recognised land and resource user rights holders or their representatives (e.g. clan leaders) mandating the Tribal Association and its role in the project.
2. Agreement with the terms and conditions of the Project Agreement.	• Project Agreement consultation report: this report must describe how the project owner committee and broader project owner membership were adequately informed and consulted on the Project Agreement. • Signed letter (or meeting minutes) from the recognised land and resource user rights holders or their representatives (e.g. clan leaders) that a) accepts that an adequate consultation process took place, and b) mandates the Tribal Association committee to sign the Project Agreement.
3. Agreement to protected area (PA) management plan including project boundaries	• The statutory process for legal registration of a protected area under the *Protected Areas Act 2010* (Table 2.6.1) is considered satisfactory to comply with FPIC requirements.

[6] United Nations, *United Nations Declaration on the Rights of Indigenous Peoples* (A/RES/61/295), 2007. https://social.desa.un.org/issues/indigenous-peoples/united-nations-declaration-on-the-rights-of-indigenous-peoples

and management regime for the project area.	• Evidence of PA registration under the Act meets FPIC evidence requirements.
4. Agreement for the PDD to be submitted for verification.	• Letter or minutes signed by the recognised land and resource user rights holders or their representatives (e.g. tribal or clan leaders), including members of the project owner committee, agreeing to submit the PD for verification.

2.6.3 Initial FPIC (Project level)

The FPIC processes that were conducted in the design phase are described in section 2.6.3 of the PDD Part A.

3 Project design

Baselines

3.1 Baseline scenario

The determination of the baseline scenario is a stepwise analysis to demonstrate that commercial logging is the most realistic and credible baseline scenario for projects applying avoided-logging and forest conservation interventions in the NCP-SI. The baseline assessment follows the procedures of the "Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities" (CDM A/R Methodological tool 02 version 1.0). The details of the baseline assessment at the project level are provided in section 3.1 of the PDD Part A.

3.2 Carbon baseline

The project-specific carbon baseline is provided in section 3.2 of the PDD Part A.

3.3 Livelihood baseline

3.3.1 Initial livelihood status

Each project in the NCP-SI will conduct a social baseline assessment to understand the livelihood status of the primary project participants prior to the first issuance of PVCs. The livelihood baseline specifically targets the project participants (project owners). Projects shall use the Social Impact Assessment Manual (updated from time to time) to guide the initial livelihood baseline assessment and subsequent livelihood surveys (see project monitoring plans in Annex 13).

Each NCP-SI project will conduct a livelihood baseline assessment using the livelihood criteria presented in Table 3.3.1. The results of the initial livelihood status at the project level are presented in section 3.3.1 of the PDD Part A.

Table 3.3.1: Criteria used to assess the livelihood status across NCP-SI projects

Livelihood criteria	Livelihood status
Access to land	
Access to resources	
Main land uses	
Livelihood activities and income sources	
Employment rate (Men/Women)	Formal: % Informal: %
Income level (SBD per month)	0–500: % 500–100: % 1000–2000 %

Livelihood criteria	Livelihood status
Main expenditures	
Expenditure level (SBD per month)	0–500 % 500–1000 %
Percentage of households which can save some money	Yes % No %
Power source	
Water source	
Sanitation	
Housing	

3.3.2 Expected livelihood change (under the baseline scenario)

Table 3.3.2 provides a summary of expected change to livelihoods for project stakeholders under the baseline scenario of commercial logging. The scenario draws on published literature on the impacts of logging on people's livelihoods and is relevant for all communities that undergo logging in the Solomon Islands, and all projects under the NCP-SI projects that have a logging baseline.

Table 3.3.2: Expected livelihood change of project owners in a logging baseline

Stakeholder group	Expected livelihood change in baseline scenario
Project owner	Livelihood benefits from commercial logging are provided mainly in four areas: 1. income from logging royalties 2. income from timber milling and timber sales 3. improved access/market conditions for agricultural products 4. employment benefits. The following section describes the expected benefits and in each of the abovementioned areas. a) Several studies have highlighted that the royalties paid by logging companies in the Solomon Islands provide only low and short-term benefits for rural communities. This is mainly due to an unequal distribution of benefits where the majority is captured by an elite group of individuals and only a fraction remains to be distributed among the rest of the beneficiaries. Royalties income at the household level is commonly quickly used up in everyday expenditures and is seldom enough to provide investment opportunities or lasting livelihood improvements. b) Timber milling normally occurs in conjunction with logging. Logging companies often help transport logs to milling sites, and sometimes provide portable sawmills to landowners. Depending on the scale, milling income can be significant but is usually high for a few (e.g. owners of portable sawmills and other machinery) and low for most (the workforce). Milling is relatively short-lived and ceases with the completion of the logging operations. c) One of the logging impacts that is welcomed by many landowners is the network of logging roads that create access to previously less accessible forest areas. This gives landowners the opportunity to create new gardens and cultivate crops that can easily be transported and sold. Logging operations further tend to create new market sites as log ponds and logging camps concentrate workers. Again, this benefit is relatively short-lived as the logging infrastructure is transient and quickly deteriorates without maintenance, and the improved conditions diminish. d) Local employment in logging is short-term and characterised by low wages and long working hours which make it unattractive to many villagers. In summary, commercial logging does create livelihood benefits for communities, but they are mostly short-lived and not fairly distributed. Logging companies act out of purely commercial interests and do not have community livelihoods as a priority. At the community level and over the long-term (i.e. compared to a 30-year carbon market project), the livelihood status of the project owners is not expected to improve under a logging baseline and may in fact deteriorate due to reduced ecosystem services and

Stakeholder group	Expected livelihood change in baseline scenario
	greater vulnerability of communities to extreme weather events resulting from forest degradation.*
Neighbouring tribes	Logging can have several adverse impacts that may lead to livelihood changes for neighbouring communities. The most immediate effect is the sedimentation of rivers and reefs from logging in upstream catchment areas, which negatively affects all communities located further downstream. The impacts on livelihoods stem from damages to fishing grounds in rivers and reefs, as well as the pollution of natural water sources. Trespassing of logging to areas outside the concession boundaries is commonplace as mostly there is no alignment between logging concession and tribal land boundaries. This has on many occasions led to conflict and tensions between the landowners and logging companies, in which the former are usually disadvantaged. In some cases, neighbouring landowners will negotiate 'bush deals' with logging companies to illegally harvest trees outside the concession boundaries to earn income or pay for use of the logging machinery for earthmoving on their land. In such cases, landowners will receive financial benefits from log sales, or in-kind benefits such as the clearing of forest for settlements or agriculture which they would otherwise need to do manually.
Solomon Islands Government	The Solomon Islands Government would benefit from the logging by earning revenue from log export duty.

* Minter et al., *From happy hour to hungry hour*; Global Witness, *Paradise lost: How China can help the Solomon Islands to protect its forests*, 2018. https://www.globalwitness.org/en/campaigns/forests/paradise-lost/

3.4 Ecosystem baseline

3.4.1 Initial ecological conditions

All avoided-logging projects under the NCP-SI aim to protect undisturbed or moderately disturbed natural rainforest forest which could be legally logged in the baseline (e.g. forest areas below 400m elevation).

According to the Solomon Islands forest classification, the habitat types which are relevant for the NCP-SI are lowland and hill rainforest, swamp forest, riverine forest and coastal forest.

The minimum requirement for establishment of the ecosystem baseline is to undertake a review of relevant literature and conduct a forest inventory. Where resources allow, projects should also implement a baseline biodiversity survey or inventory. Where relevant, projects should identify species that have local cultural significance.

Results of the ecological baseline assessment should be presented in section 3.4.1 of the project PDD Part A, or by providing a reference to a biodiversity survey report that presents an inventory of significant species known or expected to occur within or near the project site.

3.4.2 Expected ecosystem change

This section provides a description of how ecological conditions in the projects are expected to change under a commercial logging baseline. Projects using a degraded or disturbed forest baseline are required to provide information in their project PDD Part A.

Several studies have shown that commercial logging is highly unsustainable and destructive in the whole country.[7] The lack of law enforcement and absence of binding annual allowable cut regulations result in overharvesting and significant forest cover loss. Forests are usually repeatedly logged with such high intensities that the ecological functions and regenerative potential of the forest

[7] Global Witness, *Paradise lost: How China can help the Solomon Islands to protect its forests*, 2018. https://www.globalwitness.org/en/campaigns/forests/paradise-lost/; T Minter, G Orirana, D Boso and J van der Ploeg, *From happy hour to hungry hour: logging, fisheries and food security in Malaita, Solomon Islands*, 2018, WorldFish. https://hdl.handle.net/20.500.12348/689

ecosystems are severely impaired. Under a logging baseline, all forest ecosystems in the projects under the NCP-SI would be subjected to severe disturbance, causing changes to ecological conditions and ecosystem services, as described in Table 3.4.2 below.

Table 3.4.2: Expected ecosystem change in a commercial logging baseline

Driver of ecosystem change	Description of ecosystem change
Unsustainable, high intensity timber harvesting	Reduction of large, mature trees and the ecological functions these provide
	Changes to species composition and loss of diversity through depletion of valuable commercial tree species
	Destabilisation of forest structure and increased vulnerability to strong winds
	Damage and destruction of residual stand and natural regeneration from felling
	Mortality and impaired natural regeneration through post-logging invasion of residual stand by climbers (*Merremia peltata*)
Excessive forest clearing for logging infrastructure	Loss and fragmentation of forest cover, degradation of forest habitats and reduction of biodiversity and carbon stocks
	Loss of sensitive fauna species that depend on undisturbed, closed canopy forest
	Increase of fauna species that thrive in open vegetation and xylophagous species
	Increase in pioneer species and climbers
	Mortality of forest habitats through impaired drainage from blockage of waterways with logs and soil
	Changes to water quality and loss of sensitive river species that depend on high water quality
	Soil pollution from leakage of oil and lubricants from heavy machinery used in logging operations
	Loss of vulnerable and endangered fauna through increased hunting pressure
Increase of post-logging clearing of forest for agriculture along logging roads	Further loss and fragmentation of forest cover and loss of biodiversity and carbon stocks
	Agricultural activity creates pathways for population with invasive species in forest clearings and drives changes in species composition
	Increase in pioneer species and climbers in fallows

Theory of change

3.5 Project logic

The following results diagram (Figure 3.5) and project logic (Table 3.5 below) is applied to all forest conservation projects under the Nakau Forest Conservation Programme (Solomon Islands). The diagram steps through the long-term and medium-term outcomes resulting from the project outputs and activities.

Aim: To provide a viable alternative for sustainable economic participation that:

- protects or restores forests, forest biodiversity and the ecosystem services they provide
- supports and strengthens Indigenous Peoples' rights to land, resources and cultural well-being
- provides a fair distribution of benefits that results in positive community development outcomes.

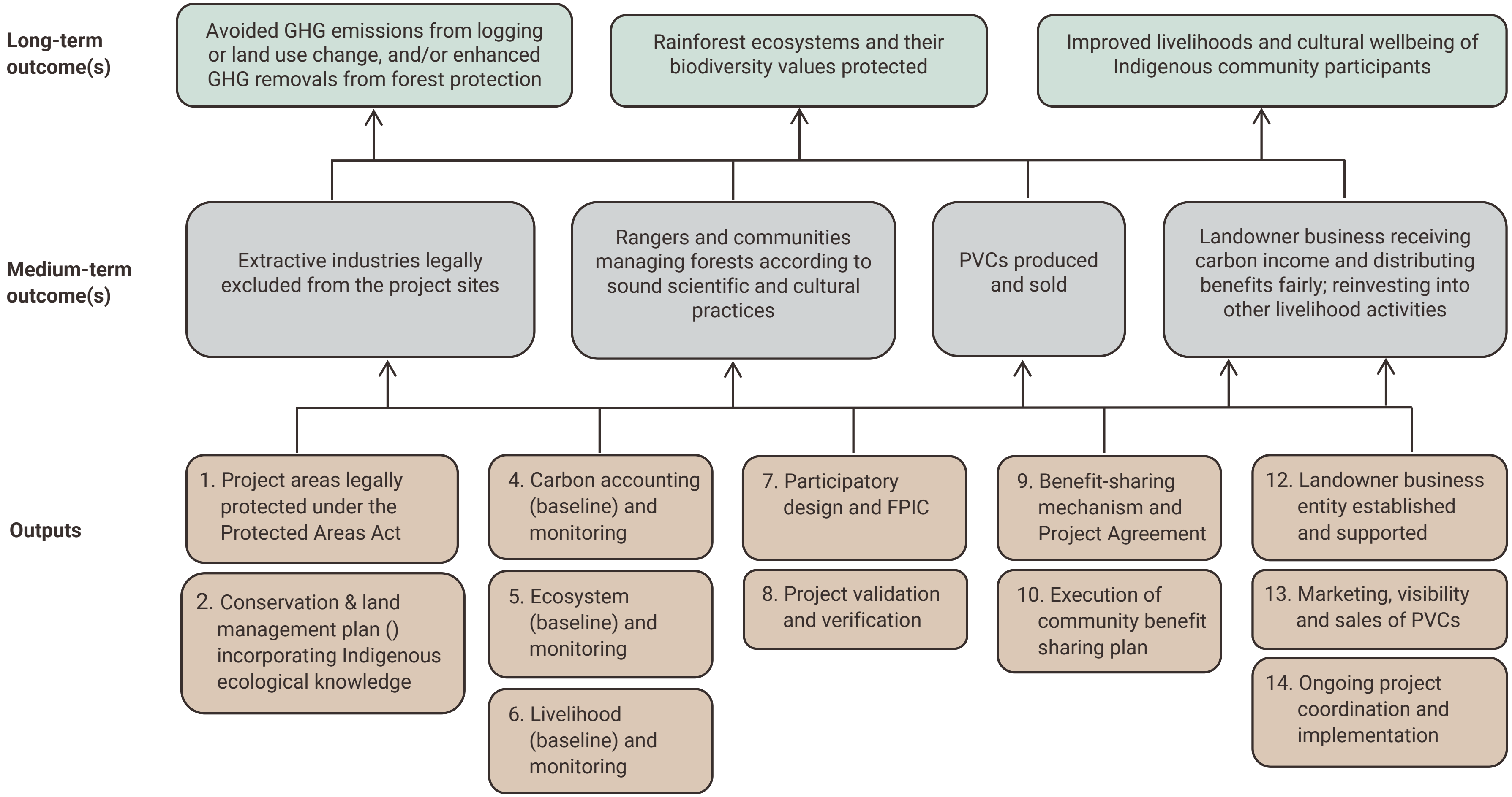

Figure 3.5: Results Diagram

Table 3.5. Project logic

Problem

The project seeks to address the baseline activity of unsustainable commercial logging that creates long-term impacts on the environment and communities. The problems include:

- environmental damage to forests, waterways and loss of biodiversity
- carbon dioxide emissions that contribute to climate change
- social impacts, including conflict and breakdown of traditional governance
- cultural impacts, including loss of cultural resources (e.g. medicinal plants) and damage to sacred sites
- unequal and unfair distribution of benefits from development
- lack of viable alternative models for sustainable economic activities centred on forest resources.

Project aim

The project objective is therefore to provide a viable alternative for sustainable economic participation that:

- protects forests, forest biodiversity and the ecosystem services they provide
- supports and strengthens Indigenous Peoples' rights to land, resources and cultural wellbeing
- provides fair distribution of benefits that results in positive community development outcomes.

Long-term outcomes	**Assumptions**
Avoided GHG emissions from logging or land use change, and/or enhanced GHG removals from forest protection	Commercial/industrial scale logging would occur in the baseline scenario.
Rainforest ecosystems and their biodiversity and cultural values protected	Logging is the main threatening process to the project forest areas and that it's exclusion will protect its values. Other threatening processes (e.g. invasive species or over-harvesting) are less critical than land clearing
Improved livelihoods and cultural wellbeing of Indigenous community participants	PVCs are created and sold, and sufficient income is returned to participants in a way that has positive, culturally appropriate livelihood impacts
Medium-term outcomes	**Assumptions**
Logging and mining legally excluded from project sites	Protected Areas Act and regulations enforced by the Government
Rangers and communities managing forests according to sound scientific and cultural practices	Existing capacity of rangers to implement the conservation management
Plan Vivo Certificates produced and sold	Solomon Islands Government policy and regulations allow VCM activities Suitable market conditions, buyer demand
Landowner businesses receiving carbon credit income and distributing benefits fairly; reinvesting into other livelihood activities	Local capacity and good governance, access to markets and opportunities

A summary of the project level outputs and expected results is provided in section 3.5.1 of the PDD Part A.

Table 3.5.1 Project outputs and activities.

Outputs/Activities	**Expected results**	**Assumptions**
Output 1. Protected Areas (PA) legally established under the Protected Areas Act	Logging and mining legally excluded from project area	MEDCM supports PA application
Activity 1.a Land demarcation process and PA boundary mapping. Activity 1.b Appointment of Protected Areas management committee. Activity 1.c Development of bi-laws. Activity 1.d Biodiversity Assessment. Activity 1.e PA application process under MECDM		

Outputs/Activities	**Expected results**	**Assumptions**
Output 2. Protected Area Management Plan incorporating Indigenous Ecological Knowledge (IEK)	Rangers and communities managing forests according to sound scientific and cultural practices	Protected area management plan is used by rangers to guide their activities
Activity 2.a Participatory land use planning. Activity 2.b Development of maps using spatial data. Activity 2.c Development of a PA management plan with the landowner community.		
Output 3. Implementation of forest management and monitoring activities	PA rules enforced; Conservation land management plans (CLMP) implemented	Rangers have capacity to undertake conservation work
Activity 3.a Rangers appointed/employed. Activity 3.b Education and enforcement of PA management plan rules and regulations. Activity 3.c Implementation of forest management actions (as per PA management plan).		
Output 4. Carbon accounting and monitoring	Forest cover loss detected and quantified Carbon benefits quantified according to Plan Vivo standard requirement	Methodologies used meet standard requirements
Activity 4.a Mapping/stratification of Eligible Forest Area (EFA). Activity 4.b Forest inventory. Activity 4.c Quantification of Carbon Benefits. Activity 4.d Development of forest/carbon monitoring plan Activity 4.e Participant-led forest monitoring using mapping application Activity 4.f Remote forest cover change assessment		
Output 5. Ecosystem baseline and Monitoring	Ecosystem and biodiversity values identified	Literature, data and/or expertise available
Activity 5.a Biodiversity survey or literature review. Activity 5.b Creation of biodiversity/ecosystem indicators Activity 5.c Development of ecosystem monitoring plan Activity 5.d Field Monitoring of ecosystem indicators.		
Output 6. Livelihood baseline and monitoring	Livelihood indicators measured	Communities / households agree to participate
Activity 6.a Livelihood baseline survey. Activity 6.b Livelihood monitoring survey. Activity 6.c Develop livelihood monitoring reports.		
Output 7. Project participation and FPIC	Informed landowner participation and ability to provide or withhold FPIC	Participation is effective; accessed by a broad cross-section of the participant group
Activity 7.a Broad project owner participation and FPIC in forest carbon activities. Activity 7.b PES Education embedded within participatory design activities.		
Output 8. Project Validation and Verification	Projects are validated or verified to the PV Standard	VVBs are available; PDD meets PV Stand requirements
Activity 8.a Preparation of Project Design Document (PDD). Activity 8.b PDD verification/validation process.		
Output 9. Benefit Sharing Mechanism (Plan)	Landowner tribal association receiving PES income and	All parties implement the benefit sharing plan as designed

Outputs/Activities	Expected results	Assumptions
	distributing benefits fairly; reinvesting into other livelihood activities	
Activity 9.a Beneficiary mapping (recording of rights holders) Activity 9.b Co-development of benefit sharing plan. Activity 9.c Facilitate community development/livelihood reinvestment plan (optional) Activity 9.d Education, consultation and FPIC for signing of Project Agreement.		
Output 10. Distribution of benefits		
Activity 10.a Execution of Project Agreement; disbursement of sales revenue in accordance with benefit sharing plan. Activity 10.b Monitoring of benefit distribution		
Output 11. Grievance redress mechanism	Grievances or disputes communicated and addressed	Participants agree to utilise dispute resolution system
Activity 11.a Education and consultation on grievance redress mechanism Activity 11.b Implementation of grievance redress mechanism (if grievances arise)		
Output 12. Landowner (participant) business entity established and supported	Transfer of carbon rights to landowner business	Transfer of rights is supported by landowners (FPIC) and allowable under law
Activity 12.a Participatory design/establishment of project owner tribal association. Activity 12.b Tribal association business plan development. Activity 12.c Tribal association business operation, monitoring and reporting		
Output 13. Marketing, visibility, and sales of Plan Vivo Certificates	Buyer, donor and investor support for the project	Positive response to marketing and visibility actions
Activity 13.a Development of marketing materials for Nakau channels including stories, photos and case studies. Activity 13.b Produce project stories for credit buyer platforms and channels. Activity 13.c Prepare case studies and reports for knowledge and learning, including annual reports.		
Output 14. Ongoing Project coordination/implementation support	Adherence to and maintenance of project implementation systems; meeting all PV requirements	Ongoing capacity and viability of Nakau and NRDF
Activity 14.a Technical support & training for project monitoring. Activity 14.b Technical support & training for project governance. Activity 14.c Technical support & training for business management. Activity 14.d Provision of data management services. Activity 14.e Assessment and reporting of project monitoring results and project impacts. Activity 14.f Support for annual and monitoring cycle reporting.		

Technical specification

3.6 Project activities

This section provides a summary of the avoided logging project activity under the NCP-SI. The methodological details of project activities and inputs are provided in the Technical Specification under Annex 7.

Table 3.6: Summary of project activity

Project intervention	Summary of project activities (technical)	Project inputs
Avoided forest degradation: Logged to protected forest Technical Specification AFD-LtPF.	The scope of project activities under this intervention involves the legal protection of natural forest from commercial logging and the active conservation management, and protection of forest carbon stocks and ecosystems services. Active conservation management involves the prevention of avoidable forest disturbance through monitoring and enforcing the regulations laid out in the PA regulations and CLMP. The scale of the project activities comprises eligible and suitable forest area throughout the Solomon Islands.	The programme operator and coordinators provide technical support and training to the project owner groups in the protected area establishment, forest conservation management, and carbon and ecosystem monitoring. Carbon and ecosystem indicators are monitored annually, and results are reported in the forest monitoring report once per verification period.

3.7 Additionality

The additionality assessment includes an analysis of the barriers that would prevent the project activity, and the a description of the measures that have been taken to overcome these barriers. The full details of the additionally assessment at the project level are provided in section 3.7 of the PDD Part A.

3.8 Carbon benefits

A summary of the project-specific carbon benefits is provided in section 3.8 of the PDD Part A. The full details on the methodology to estimate carbon benefits following the Nakau approved approach are provided in the project and activity-specific Technical Specification in Annex 7.

Risk management

3.9 Environmental and social safeguards

3.9.1 Exclusion list

All projects under the NCP-SI will have no activities that are present on the Plan Vivo exclusion list.

3.9.2 Environmental and social screening

The environmental and social screening follows the template provided by Plan Vivo (PDD Annex 9). A summary of the environmental and social risk screening results at the project level is provided in section 3.9.2 of the PDD Part A. The full details of the environmental and social screening are provided in PDD Annex 9

3.9.3 Environmental and social assessment

Nakau has undertaken a program-wide environmental and social risk assessment (ESRA) of the whole of the NCP-SI programme. The ESRA provides a high-level assessment of potential environmental and social risks and describes the strategies and activities designed to avoid, minimise or mitigate the risks that have been identified. The details of the ESRA are contained in the 'Environmental and social risk assessment' report, provided in PDD Annex 10.

3.9.4 Environmental and social management plan

Each project under the NCP-SI will outline the mitigation measures for environmental and social risks that have been identified. The mitigation measures are fully integrated into the project logic (theory of change) provided in section 3.5. The localized environmental and social management plan at the project level is provided in section 3.9.4 of the PDD Part A.

3.9.5 Native species

Where project or livelihood activities involve tree planting, native species shall be used unless non-native species provide clear livelihood or ecosystem benefits and the project activity would not be feasible with an alternative native species.

If non-native tree or plant species are planted or introduced, the project shall provide justification for their selection over alternative native species and provide an assessment and evidence that they pose no environmental risk or threat.

3.10 Achievement of carbon benefits

The NCP-SI incorporates a comprehensive suite of practices and safeguards which are applied during site selection, project development and implementation to de-risk the likelihood of underachievement occurring in projects.

3.11 Reversal of carbon benefits

In line with PV Climate requirements, 20% of the PVCs issued during a verification period are allocated to a risk buffer. These credits remain unsold and function as an insurance against loss events and reversals of carbon benefits.

In addition, the NCP-SI incorporates a comprehensive suite of practices and safeguards which are applied during site selection, project development and implementation to mitigate the likelihood of forest loss events and potential occurrence of reversals.

Table 3.11 describes the impact and likelihood of risks to the long-term maintenance of carbon benefits that can be applied to all forest conservation projects operating under the NCP-SI.

In the impact and likelihood columns, we have used a score of 0, 1, 2, or 3 where 0 = none, 1 = low, 2 = moderate and 3 = high, and provided a description of the potential impact and likelihood of the risk factor on the carbon benefits achieved by the project, if the stated mitigation measures are in place. The determination of the scores was carried out through expert judgment by Nakau and partner team members who are based in the Solomon Islands and familiar with the local social, economic, environmental circumstances and the risks these potentially present for forest carbon project development and implementation.

In the Score column, we have multiplied the impact and Likelihood scores to give a total score between 0 and 9. If the score is greater than 4 for any risk factor additional mitigation measures may be required to reduce the risk to an acceptable level.

The mitigation measures to avoid reversals are linked to the project outputs and results presented in section **Error! Reference source not found.**

Table 3.11: Description of reversal risks and of mitigation measures in the Nakau Conservation Programme

Rating of impact and likelihood: 0 = none, 1 = low, 2 = moderate and 3 = high

Risk factor	Impact	Likelihood	Mitigation measures and reference to project activities (section Error! Reference source not found.Error! Reference source not found.)	Score
Social				
Land tenure and/or rights to project benefits are unclear or disputed	High (3) The impacts of any dispute over land and resources are potentially high and could lead to disruptions in project implementation.	Low (1) The likelihood of disputes emerging during the project implementation phase is low due to the application of appropriate measures in the project design phase.	• As part of the PA process the landowners of the project area have been formally recognised (through a chief hearing), and determined as the true rightsholders of the land and forest (Activity 1a). • As part of the PA process, project owners have mapped their land boundaries and formally agreed on them with neighbouring tribes (Activity 1a). • Each tribe participating in the Nakau Conservation program has mapped project beneficiaries and developed a fair and transparent benefit sharing mechanism (Activities 8a-b). • Project governance and benefit sharing arrangements have been broadly consulted in the community and agreed on under application of free prior and informed consent (Activity 5c)	3
Political or institutional barriers threaten forest carbon project feasibility and operation	Moderate (2) We consider the impact of potential political or institutional barriers, including potential taxes imposed on carbon projects, to be moderate. Out of self-interest, we do not anticipate the government to impose heavy financial burdens or other restrictions which would jeopardize the	Moderate (2) The likelihood of the emergence of political or institutional barriers for VCM carbon projects is considered moderate. Solomon Islands is yet to develop a policy and legislation to regulate carbon trading on the VCM and there is uncertainty around how the government will shape	• Timely and consistent engagement with the relevant SIG agencies to foster a strong relationship, which in turn allows Nakau to understand and react to potential changes to forest sector policies, which could potentially impact the circumstances for forest carbon projects (Activity 5c) • Nakau engages with the Solomon Islands Government to support creating a carbon market policy and regulatory framework that would ensure the feasibility of voluntary market forest carbon projects in the long term (Activity 5c)	4

Risk factor	Impact	Likelihood	Mitigation measures and reference to project activities (section Error! Reference source not found.Error! Reference source not found.)	Score
	feasibility of VCM carbon projects and carbon trading.	regulations and how these will affect the business environment for project developers and owners.		
Community interest in and support for operating the forest carbon project is not maintained	Moderate (2) Potential negative impacts related to declining community support for the carbon project are considered moderate: While there may be dwindling support due to unrealistic expectations regarding project benefits among some individuals, this will hardly have a significant impact on project support from the community as a whole.	Low (1) The likelihood of declining community support for the forest carbon project is low as communities depend on the generated income and benefits and therefore have a strong interest in continuing with the project.	• The project owner provides employment for community members through the project to ensure community support (Activity 3a, 9a). • Carbon credit income streams enable the project owner to implement the benefit-sharing, community development and business plans and improve community livelihoods (Activities 8a). • Carbon credit income create new opportunities for alternative community livelihood activities that positively impact communities' wellbeing and willingness to maintain the project activity (Activity 8a). • Nakau and project coordinator will provide ongoing support to the project owner to ensure community members are sufficiently engaged in and are benefiting from the carbon project (Activities 11a-c)	2
Failure to implement management and monitoring activities for forest and biodiversity conservation	High (3) Failure to implement forest monitoring activities could lead to undetected forest loss and potentially, reversals. The impact is potentially high, particularly in the case of logging encroachment from neighbouring logging concessions.	Low (1) The likelihood of failing to implement forest monitoring is low due to established forest monitoring procedures and support provided by Nakau and the project coordinator.	• Nakau and NRDF have developed and supervise forest and ecosystem monitoring procedures and monitoring schedule • Forest rangers are employed, trained and supported to carry out actions guided by the conservation management plan. (Activities 2a-e, 3a-b.) • Nakau and NRDF operate a remote forest monitoring system allows for timely detection of potential disturbance incidents (Activity 3c)	3
Economic				

Risk factor	**Impact**	**Likelihood**	**Mitigation measures and reference to project activities (section** Error! Reference source not found.Error! Reference so urce not found.**)**	**Score**
Lack of financial sustainability to support project activities	Moderate (2) Potential negative impacts related to a lack of the projects financial sustainability are moderate. In such a situation, Nakau and project coordinators would reduce project support and associated costs to a sustainable level while keeping negative impacts to project owners at a moderate level.	Low (1) The likelihood of a lack of financial stability is low and has been mitigated through appropriate measures and safeguards that ensure sound project design and financial governance.	• As the Nakau project scope grows, carbon credit income will increase until it can sustainably cover project operator and coordinator costs to support project activities without reliance on donor funding. • Over time, the capacity of the project owner entities to manage the activities increases and reliance on external support will decline, thus reducing programme operator and coordinator costs (Activity 9a) • Nakau has established strong relationships with buyers to sell credits at a price agreed to with the project owners, which will support the ongoing finance of the project implementation (Activity 10a). • Nakau, the project coordinator and the project owners develop a financial plan to ensure the ongoing project support is sufficiently financed that is updated regularly (Activity 9b) • The disbursement of carbon income is monitored and controlled by Nakau to mitigate the risk of misuse and financial bottlenecks on the project owner side (Activity 8b) • Nakau and the project coordinator will provide ongoing support to the project owner to adequately manage carbon income in line with the financial plan (Activity 11a).	2
Alternative (including commercial extractive) land uses become more attractive to the project owner and local community	High (3) The impact of a shift from forest conservation to extractive industries such as logging and mining would be high, as this would lead to the premature termination of the PA and carbon project.	Low (1) While the community enjoys the benefits of the carbon project, the likelihood of quitting forest conservation and shift to alternative land-use and income from logging or mining is considered low	• All Nakau projects in the Solomon Islands are registered as protected areas under the Protected Areas Act 2010, which ensures that commercial extractive activities are legally prohibited (Activity 1a). • Active conservation management strictly follows a management plan that was developed and endorsed by the project owner. Encroachment of prohibited land-use activities into the PA are monitored and reported by the project owners and project coordinator (Activities 2.c, 4.e).	3

Risk factor	Impact	Likelihood	Mitigation measures and reference to project activities (section Error! Reference source not found.Error! Reference source not found.)	Score
		due to the associated uncertainties. There is however a risk of this shift happening after the end of the project cycle and flow of carbon income. This should be mitigated through the development of livelihood activities that aim to compensate the carbon income after the end of the project life. We recognize however that this risk cannot be fully mitigated through the project coordinators because these cannot exert influence over the community's land-use decisions.	• Carbon credit income that is earned through forest conservation activities provides compensation for forgone income from commercial logging and creates opportunities for investment into alternative livelihood activities as per the business and benefit sharing plan (Activity 8a). • Land-use planning is carried out prior to the designation of conservation areas to leave sufficient land reserves for future agriculture and food production to ensure that pre-project land uses and livelihoods can continue and provide food security • Small-scale timber milling for domestic purposes is allowed in the PA if sanctioned by the conservation management plan, to ensure supply of timber for domestic purposes (Activity 2c). • The distribution of financial benefits and impacts of investments are monitored and create incentives for all participants to continue to engage in forest conservation activities. Community benefit-sharing will be monitored more closely with community participants that may be at risk of breaking the project agreements (Activity 8b). • In areas and project participant sites at higher risk of portable timber milling or illegal logging, community engagement will occur more often, especially with communities that may be at risk of breaking project agreements (Activities 2c, 3a-b). • During the project period, the project coordinator will assist the project owner to develop sustainable livelihood activities that aim to compensate the carbon income after the end of the project cycle (Activity 11a)	
Environmental				

Risk factor	**Impact**	**Likelihood**	**Mitigation measures and reference to project activities (section Error! Reference source not found.Error! Reference source not found.)**	**Score**
Small-scale loss of forest cover and carbon stocks due to human disturbance (by parties internal and external to the project)	Low (1) The impacts of small-scale human disturbance (such as timber harvesting for domestic purposes) on forest cover are low due to the limited extent of these activities	Moderate (2) The likelihood of small-scale forest cover loss due to human disturbance is considered moderate. Members of the tribe may be allowed to harvest timber from the project area, and members of neighbouring tribes may not be aware of the exact location of land boundaries, leading to small-scale tree felling or agriculture encroaching into the PA.	• The PA process includes consultations with the Ministry of Forestry and the Ministry of Mines to ensure that there is no overlap between the PA and logging concessions and mining tenements (Activity 1a) • Nakau and the project coordinator have subscribed to a web-based remote-sensing forest monitoring application, where the integrity of forest cover can be monitored in all project sites on a monthly basis (Activity 3c) • Forest rangers frequently monitor the EFA boundaries and the interior of the -project area to detect potential encroachment or other illegal activities (Activities 2c, 3a-b). • Areas for future agricultural use are defined and mapped through participatory land-use planning and excluded from the project crediting area. This mitigates the risk that agricultural activities will not take place inside the EFA and prevent associated forest loss	2
Large-scale loss of forest cover and carbon stocks due to human disturbance (by parties internal and external to the project)	High (3) The impacts of encroachment of logging from neighbouring concessions are potentially high due to highly destructive logging practice.	Low (1) The likelihood of large-scale encroachment of logging into the protected area is low. Neighbouring tribes are aware of the PA and PA boundaries which they formally agree to through signed MoUs with the project owners.	• Each Nakau project is registered as a PA under the Solomon Islands Protected Areas Act 2010. In PAs, commercial extractive industries are prohibited, which prevents the issuance of logging or mining permits while the PA is in effect. • Illegal logging or mining activities in the PA are subject to heavy penalties under the PA regulations (Activity 1a), which would deter potential trespassers. • Nakau and NRDF operate a remote forest monitoring system in near-real time. If a threat is detected by remote sensing, rangers are deployed to investigate the occurrence and the area is closely monitored until	3

Risk factor	Impact	Likelihood	Mitigation measures and reference to project activities (section Error! Reference source not found.Error! Reference so urce not found.)	Score
			the threat is considered removed. (Activities 2b-c, 3b-c).	
Forest cover loss from fire	Low (1) The impact of forest cover loss from fires is low. Fires are unable to penetrate deeply into intact humid natural forest	Low (1) The likelihood of forest cover loss from fires is low in a landscape of intact humid natural forest	• Actively protecting natural forest ecosystems from logging degradation is in itself a mitigation measure against potential environmental damage from fires, pests and diseases and extreme weather and geological events.	1
Forest cover loss from pest and disease attacks	Nil (0) The impact of pests and diseases on forest cover is zero. Undisturbed mature forests such as Siporae are structurally and biologically diverse and stable ecosystems in which pests and diseases are unable to have detrimental impacts.	Nil (0) The likelihood of forest cover loss from pests and diseases in intact natural forest is zero		0
Forest cover loss from extreme weather or geological events	Moderate (2) The impact of extreme weather and geological events (cyclones and landslides) on forests in the Solomon Islands is moderate. Due to the generally weak or moderate strength of cyclone winds, the impact is limited to damaging or uprooting individual trees, rather than causing loss of forest cover.	Moderate (2) Although cyclones frequently occur in the Solomon Islands, the likelihood of strong and damaging cyclones is moderate. Solomon Islands experiences an average of 3 cyclones per year and only 27% attain category 3 or stronger. The most cyclone-prone provinces in the Solomon Islands are		4

Risk factor	Impact	Likelihood	Mitigation measures and reference to project activities (section Error! Reference source not found.Error! Reference source not found.)	Score
	This can be seen by the concentration of tall trees along exposed areas such as ridges, a phenomenon that is not observed in countries prone to frequent strong cyclones, such as Vanuatu or Fiji, where trees along ridges tend to be stunted. Landslides after extreme rainfall events can lead to forest loss, but the impact is generally localized and limited to small areas on very steep slopes.	Renell & Bellona, Temotu and Makira while Choiseul province is less affected (***see Siporae PDD supporting documents-SD16***). The likelihood of extreme rainfall is moderate and limited to isolated events during the rainy season.		
Administrative				
Capacity of the project coordinator to support the project is too low	High (3) The impact of a lack of project coordinator capacity to support any Nakau project would be high. The project coordinator plays a vital role in providing on-the-ground support to the project owner in implementing the project activities according to Plan Vivo requirements.	Low (1) NRDF is a highly qualified organization with over 10 years of experience in carbon project development and implementation. The likelihood of a loss in project coordinator capacity is low while NRDF continues to be engaged as the project coordinator organization.	• Nakau provides education and capacity building activities, technical assistance and backstopping for NRDF and other local project coordinators (Activities 11a-b). • Nakau and NRDF have teams of experienced experts to deliver ongoing support to project owners where necessary, and a proven track record of successful forest carbon project development and implementation (Activities 11a-b). • Nakau and NRDF promote information and knowledge exchanges between project owners in different parts of the Solomon Islands and regionally in the Pacific (Activity 5c)	3
Technical capacity of project owner to	Low (1)	High (3)		3

Risk factor	Impact	Likelihood	Mitigation measures and reference to project activities (section Error! Reference source not found.Error! Reference source not found.)	Score
implement project activities is too low	The impact of a lack of project owner capacity to implement the project is low. Project owners initially do not possess the technical capacity to implement project activities but are able to do so with the support from Nakau and NRDF.	The likelihood of a lack in project owner capacity is high. Tribal association members often have low levels of education and little or no experience in project or financial management. This lack of capacity is mitigated through the engagement of a project coordinator who provides support and training in the areas where the project owner lacks capacity.		

3.12 Leakage

This section provides an overview over leakage risks applicable across projects under the NCP-SI. There are two types of potential leakage relevant to projects in the NCP-SI:

a. **Activity-shifting leakage**: Refers to the displacement or intensification of production activities to/in areas outside the project area that are owned or controlled by the project owner and as a direct result of the implementation of project activities. This type of leakage is monitored or mitigated.
b. **Market leakage**: Refers to displacement of logging activities to areas outside the project area due to changes in the timber supply–demand equilibrium caused by the project activities. This type of leakage is assessed but not monitored.

Table 3.12 provides a description of the activity and market leakage risks in projects under the NCP-SI.

Table 3.12: Leakage risks and mitigation for projects under the NCP-SI

Intervention	Leakage risk	Mitigation measures
Avoided Logging	Activity-shifting leakage from displacement or intensification of production activities outside the project areas In projects where tribes own or control areas outside the PA/EFA, agriculture or timber milling may be displaced to or intensified in these areas as a result of the restrictions imposed by conservation management in the PA/EFA. The risk of activity-shifting leakage is site-specific and assessed and monitored at the project level	1. Stratification and exclusion of areas from the project area (eligible forest area- EFA) which are currently used or which are planned to be used for production activities (gardening, milling) by members of the landowning group during the project period. Production is usually concentrated in easily accessible areas (near settlements or areas with road or river access. The stratification methodology consists of identifying and mapping current and future production areas through participatory land-use planning workshops with community members held early in the project development phase. This is followed by digitizing the area boundaries in a GIS and subtracting this area from the EFA. The exclusion of these areas from the EFA will set aside land for food security and materials and eliminate the necessity of shifting production activities elsewhere, thereby mitigating the risk of leakage. 2. Where landowners plan to carry out commercial milling on parts of their land (outside the project area), provide technical support to introduce and monitor an annual allowable cut (AAC) based on the baseline harvest rate in the EFA. Ensure that project owners understand that an intensification of the AAC in the reserve areas would reduce carbon benefits.
	Market leakage from timber supply shortages: Market leakage refers to the displacement or intensification of commercial logging in areas outside the project area due to changes in the timber supply–demand equilibrium caused by the project activities. In this scenario, logging companies would increase the harvest intensity in the areas they operate in due to higher demand caused by forgone timber production in protected areas.	Impossible to mitigate as Nakau has no influence over the issuance of felling licenses outside the project areas.

Intervention	Leakage risk	Mitigation measures
	Only a significant increase of PAs and forest conservation projects in productive forests could cause changes in the timber supply. From 2019-2023, forest conservation projects under the NCP-SI account for avoided-logging volumes of less than 100,000 m^3 per year, which represents less than 4% of the annual national log export volume. The forgone timber volume is too insignificant to cause any changes to timber supply/demand on the markets. The assumptions for market leakage are revised at each verification to include increases in the areas under the Nakau Conservation Programme compared to national production. .	

The project-specific leakage risks and mitigation measures are described in section 3.12 of the PDD Part A.

3.13 Double counting

Solomon Islands has initiated a national REDD+ Programme with support from UNREDD and FAO, but which has not progressed beyond early development due to lack of a clear strategy and funding. In a scenario where the REDD+ programme progresses to implementation stage, double counting of carbon benefits could become an issue if Nakau's current and future project areas are not excluded from the programmes' geographic scope (i.e. through a jurisdictional nested approach). Although the risk posed by this situation is currently assessed as very low, Nakau has established procedures to monitor potential double counting, through the monitoring of the progress of the national REDD+ programme (refer to carbon indicators in sections 4.2 and 4.7 in this PDD).

Table 3.13: Overview of Climate action programmes in the Solomon Islands

Project, program or initiative	Scope	Carbon credit generation/	Risk mitigation
Solomon Islands National REDD+ Programme	The Solomon Islands REDD+ Programme was initiated in 2012 as a national-level climate action program reducing GHG emissions by slowing, halting and reversing forest loss and degradation by increasing of GHG removals through the conservation, management and expansion of forests. The national REDD+ programme was initiated with support through the UNREDD programme and the FAO.	Thirteen years after its inception, the national REDD+ Programme hasn't moved beyond very early progress, and doesn't yet meet the minimum requirements of the Warsaw Framework, including the institution of a national REDD+ strategy, a forest monitoring and reporting system (MRV) and a safeguards system mechanism. Due to a lack of funding and understaffing, the national REDD+ Programme is not expected to generate transferable carbon credits for the foreseeable future.	Nakau has established procedures to monitor the progress of the REDD+ Programme (refer to sections 4.2 and 4.7 in this PDD). Nakau maintains regular communication with the MOFR's through participation in biannual meetings of the Project Governance Group. Nakau further maintains regular contact with the National REDD+ focal point and officer(s) through participation in forest sector related events.

Agreements

3.14 Land management plans

All NCP-SI projects must undertake participatory land-use planning, however projects may select from the following approaches depending on the project scenario:

Table 3.14a: Project scenarios for land-use planning in the NCP-SI

Scenario	Approach
a. Project area is located remotely from villages or areas where landowners are residing. It is not considered readily accessible for gardening or daily use.	A protected area (PA) management plan must be developed and will satisfy the requirement for land-use planning. The plan does not need to include non-conservation land uses.
b. Project area is located near villages or areas where landowners are residing, where the project activities need to integrate with other land uses.	A PA management plan must be developed, and: • the plan must include provision for non-conservation land uses, and/or • an additional land-use plan must be created that integrates forest protection activities with other land uses.

The development of a conservation management plan is a legal requirement under the 12-step protected area process as described in the Solomon Islands *Protected areas toolkit 2013*[8]. Under the NCP-SI, every project will prepare a protected area (PA) management plan, following the framework provided through the *Protected Areas Act 2010* and Protected Areas Regulations 2012. The PA management plans are developed following the Nakau PA management plan guidelines and template.[9]

The PA management plans will include descriptions of:

- PA location and biophysical features (boundaries with neighbouring tribes, habitats and ecosystems, fauna and flora, land use)
- key values (biophysical and cultural)
- threats to the ecosystems
- PA rules and regulations
- PA zoning and management
- PA monitoring procedures
- benefits and opportunities for livelihood activities.

The PA management plans are prepared by the PA Management Committees along with the project coordinators. The management plans must be developed through participatory land-use and conservation planning processes with tribal members. Table 3.14b maps the measures to be applied in projects in accordance with Plan Vivo requirements.

Table 3.14b: Plan Vivo requirements for land management plans and measures to be applied in Nakau projects

Plan Vivo requirements	Description of measures
Protected area (PA) management plan shall provide information on location and extent of project area.	Maps are provided that show the boundaries of the protected area and neighbouring tribes, land cover and topography.
PA management plan shall provide details how to estimate carbon benefits.	The PA is developed through a participatory co-design process, which includes PES education

[8] Landowners' Advocacy and Legal Support Unit (LALSU), *Protected areas toolkit: a step-by-step guide to creating protected areas in Solomon Islands*, 2013. https://library.sprep.org/content/protected-areas-toolkit-step-step-guide-creating-protected-areas-solomon-islands

[9] Solomon Islands *Information and guidelines for writing a protected area management plan* [internal document]; Solomon Islands PA management plan template [internal document].

Plan Vivo requirements	Description of measures
Measures have been taken to ensure details of estimating carbon benefits are fully understood and agreed to by tribal members.	Agreement to the PA management plan including project boundaries and management regime for the project area is an FPIC trigger under the NCP-SI (see PDD section 2.6).
PA and project activities have the potential to enhance the livelihoods of the project owners.	PES income from forest conservation will be used to improve livelihoods at the community level. Priority areas for enhanced livelihood are detailed in project business and benefit-sharing plans.
The establishment of the PA and forest carbon project do not risk undermining the food security and/or income security of project owners.	All NCP-SI PAs are established in the PA category 'resource management area', as per the PA Act 2010. Under this category, project owners are allowed to carry out gardening or other sustainable livelihood activities inside the PA if these are sanctioned in the PA management plan. In relevant scenarios (see table 3.1.4a), the PA management plan will include a section that considers participants' needs for food security, living areas and other needs.

All NCP-SI projects will provide a protected area management plan (or equivalent) as Annex 11 to their PDD.

3.15 Crediting period

The intention of the Nakau Programme is to provide for forest protection in perpetuity but in a manner that respects the rights of Indigenous peoples and other private landowners in relation to the ability to make land use decisions in future generations. The NCP-SI provides for this by adopting a crediting period of 30 years as the recommended period for forest protection activities, however the project period may vary for different activities and will be specified in PDD Part A. This project period cycle is designed to provide a degree of intergenerational equity that would not be available to landowners under a permanent covenant. This enables future generations of project owners to make informed decisions concerning the management of their forests in light of a re-evaluation of the realities of forest resource management every 30 years. The Nakau Programme has adopted this approach to demonstrate respect for future landowners under the premise:

- That the governance rights (including strategic development decisions) over forest resources ought not to be permanently locked by past generations as a consequence of participation in carbon market activities, and
- That there is a degree of uncertainty concerning the future existence of carbon markets beyond 30 years from the present and where an adaptive management approach would need the flexibility to change with changing circumstances.

This programme feature is designed to enable a larger number of forest resource owners to feel sufficiently empowered to participate in this programme compared with a programme that locked all future generations of landowners into a particular regime. This is of particular relevance to project owners who own land communally.

The start date of the crediting period must be on or after the 1st of January 2015 and be based on evidence that determines the date on which landowners switch from pursuing baseline activities to agreeing to undertake project activities. Crediting period and start date of each project are specified individually in each the project agreement and PDD Part A.

3.16 Benefit-sharing mechanism

All projects under the NCP-SI will adopt a benefit-sharing mechanism following the principles and general model outlined in the Nakau Methodology (updated periodically) and as described below. The participatory approach for developing the benefit-sharing mechanism is outlined in section 2.4. All projects will provide evidence for the participatory process in the project PDD Annex 4.

3.16.1 Benefit-sharing model

All NCP-SI projects are to apply the general Nakau benefit-sharing model (Figure 3.16a), which illustrates the percentage allocation of income from the sale of Plan Vivo Certificates to different stakeholders. Percentage allocations shared between parties can be varied on agreement provided that a minimum of 60% is provided to the project owner.

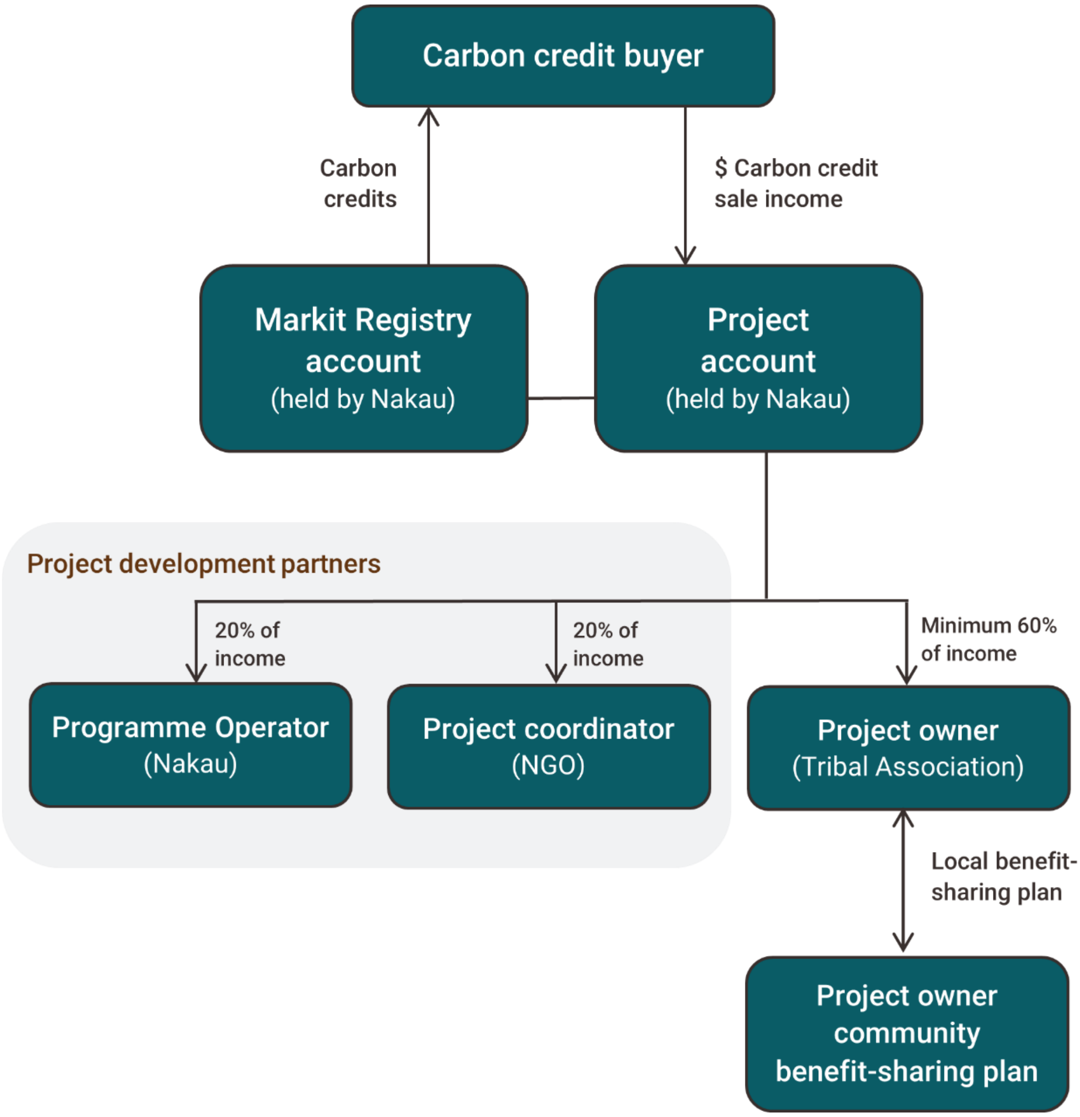

Figure 3.16a: NCP-SI benefit-sharing model replicated in each project

3.16.2 Project Agreement

Each project in the NCP-SI must establish a Project Agreement between the following parties:

- the Nakau Programme Pty Ltd (Nakau)
- the project owner entity (e.g. Tribal Association), and
- the project coordinator (local NGO).

The Project Agreement is the legal instrument for defining roles and responsibilities and distributing liabilities, costs and benefits associated with the project. This includes the legal basis for requiring at least 60% of income from the sale of PVCs (after payment of any charges, taxes or similar fees levied by the host country) is paid to the project owner for the benefit of project participants. The Agreement is also the mechanism that establishes dependencies (conditions) for the dispersal of funds to project participants including monitoring responsibilities, targets and corrective actions, for example in relation to reversals. Each project will establish and execute a Project Agreement in accordance with the FPIC process (see PDD section 2.6) using a template provided by Nakau (updated from time to time). Each project will sign an individual Project Agreement provided in Annex 12 to the project PDD.

3.16.3 Sales of Plan Vivo Certificates (PVCs)

All NCP-SI project owners (customary landowner participants) will appoint Nakau as the sales and carbon credit registry agent. PVC sales are to be transacted by Nakau on behalf of the project owner. This is to be executed under the Project Agreement.

Nakau is also appointed as the registry agent to manage credit issuances, transfers and retirements for all NCP-SI projects. Nakau will open a separate sub-account for each project. All NCP-SI PVCs will be managed in the Markit Registry.

3.16.4 Project bank account

Nakau shall open a project bank account to receive 100% of PVC sales income (from the buyer) for each project operating within the NCP-SI.

The project bank account shall be established entirely for the purpose of financial administration of the project carbon sales income and be separate from Nakau's other accounts.

The Project Agreement will define how income received into the project bank account will be disbursed as; (a) fees for services required to operate the project, (b) taxes and levies (if required), and (c) income for disbursement to project owners. The project bank account may also be used to directly pay other sub-contractors (e.g. third-party verification auditors) if required, subject to the Project Agreement conditions.

Nakau shall establish a system to maintain records of all PVC sales income and project-related transactions from the project bank account, including amounts transacted, transaction dates, conditions and contact details of parties involved. Nakau will produce financial transaction reports on project bank account activity that must be provided to the project owner at least every 6 months.

3.16.5 Fees for services delivered by Nakau and the project coordinator

Nakau (programme operator) and the project coordinator will receive payments from the project bank account for the provision of agreed services to the project, in accordance with their responsibilities (see section 2.2). The Project Agreement will establish the services to be provided and the service fee payable to each party as a percentage of sales income. The fee percentage taken by Nakau and the project coordinator may vary but must always be no greater than 40% of the total sales income.

In the case that the government introduces a carbon credit export levy (or equivalent duty), the percentage paid to each party will be calculated after the levy has been subtracted.

3.16.6 Disbursements to the project owner (participants)

The project owner will receive payment of 60% (minimum) of the price of each unit sold from the project.

The timing of revenue disbursements to project owners must occur in a manner that is fair, based on performance (e.g. implementation and reporting on agreed activities), and maintains the incentive for project permanence.

The disbursement payment to the project owner is due quarterly, subject to the project owner meeting the conditions or dependencies for receiving the payment. The amount paid to the project owner shall not exceed one-quarter of the financial value of one year's volume of units, based on the average sale price, unless agreed by the Nakau programme operator. The Nakau Programme guarantees that the balance of income owed to the project owner will be held in trust until subsequent quarterly payments are due.

To receive a payment, the project owner must provide the Nakau Programme with the following:

a. invoice for the quarterly instalment
b. quarterly forest management report
c. quarterly financial report.

The Nakau Programme may withhold payment of the invoice if the reports, (a–c) above, are not provided, or do not contain sufficient information, or if the reports indicate non-compliance with the requirements of the Project Agreement or project design. However, Nakau will not unreasonably withhold payment and will recognise the capacity of the project owner to produce the reports.

On the agreement of the Nakau Programme, the project owner may receive a payment that exceeds the 'default' quarterly disbursement value; however, the Nakau Programme will consider project risks and require a satisfactory justification

3.16.7 Project owner business plan

All NCP-SI project participants must develop a project owner business plan and provide this in PDD Annex 16 of the project PDD. The business plan will describe how the project owner entity (e.g. Tribal Association) will manage and distribute the funds received from carbon sales.

Each NCP-SI project must produce a business plan that clearly delineates income used for 'community benefit' from income set aside to ensure the ongoing viability of the project owner as the 'business' responsible for the implementation of their project on the ground.

The business plan should include the following elements or describe an equivalent system that can achieve the same results:

A financial plan which includes:

- budget forecast (for the monitoring period)
- recommended targets for operations (business money accounts)
- a target for a reserve account (contingency funds or 'safety money')
- a plan for determining the allocation of money for community benefit-sharing
- rules for financial delegations, financial discipline and governance
- a process for communicating financial reports to group members
- a community benefit-sharing plan, either incorporated into the business plan, or annexed as a separate document (see section 3.16.8).

3.16.8 Project owner community benefit-sharing plan

The community benefit-sharing plan will be included in a project owner's business plan or be an annex thereof. All NCP-SI projects will provide a business plan and community benefit-sharing plan in Annex 16 of the project PDD.

The project owner business plan must be referenced in the Project Agreement signed between the project coordinator and project owner.

The community benefit-sharing plan shall clearly describe how the respective project owner will allocate the surplus derived from PVC sales for the benefit of the project owner members and community (after costs have been met).

The plan must include:

a. rules determining the allocation of money for (a) group benefit and (b) individual benefit (if there are to be individual payments)
b. identification of priority investments/activities capable of delivering sustained group or community benefits (linked to budgets where possible)
c. rules for financial discipline and governance of community benefit-sharing plan – which will include provision for review and change over time.

The community benefit-sharing plan can begin as a simple plan and increase in complexity through time as a living document. The project coordinator is required to provide support, and where appropriate, assist to facilitate a process to identify group benefits in a strategic way.

Nakau outlines the following principles that should underpin the benefit-sharing plan:

a. Transparency: group members should be able to see how project finances and their benefits are managed.
b. Fairness: all group members should benefit.
c. Accountability: those responsible for managing the funds should be accountable to the group. Good practice financial management practices should be employed to reduce risk of financial mismanagement (e.g. fraud or theft).
d. Participation: those managing the distribution of benefits should be representative of participants' diversity (e.g. sub-groups). This includes gender.
e. The project should not simply focus on the distribution of cash payments. Wherever possible it should include project/activity ideas that support local livelihoods (supporting micro-enterprise with equipment, improving local transport, small infrastructure, paying school fees, social equity and inclusiveness initiatives, cultural programs etc.).

3.16.9 Project owner model for allocation of funds

All NCP-SI project participants shall apply or adapt the following model (Figure 3.16b) for funding allocation and management of accounts. A similar or equivalent system may be adopted if agreed upon by the Nakau Programme and justified by the local situation (e.g. access to banking services).

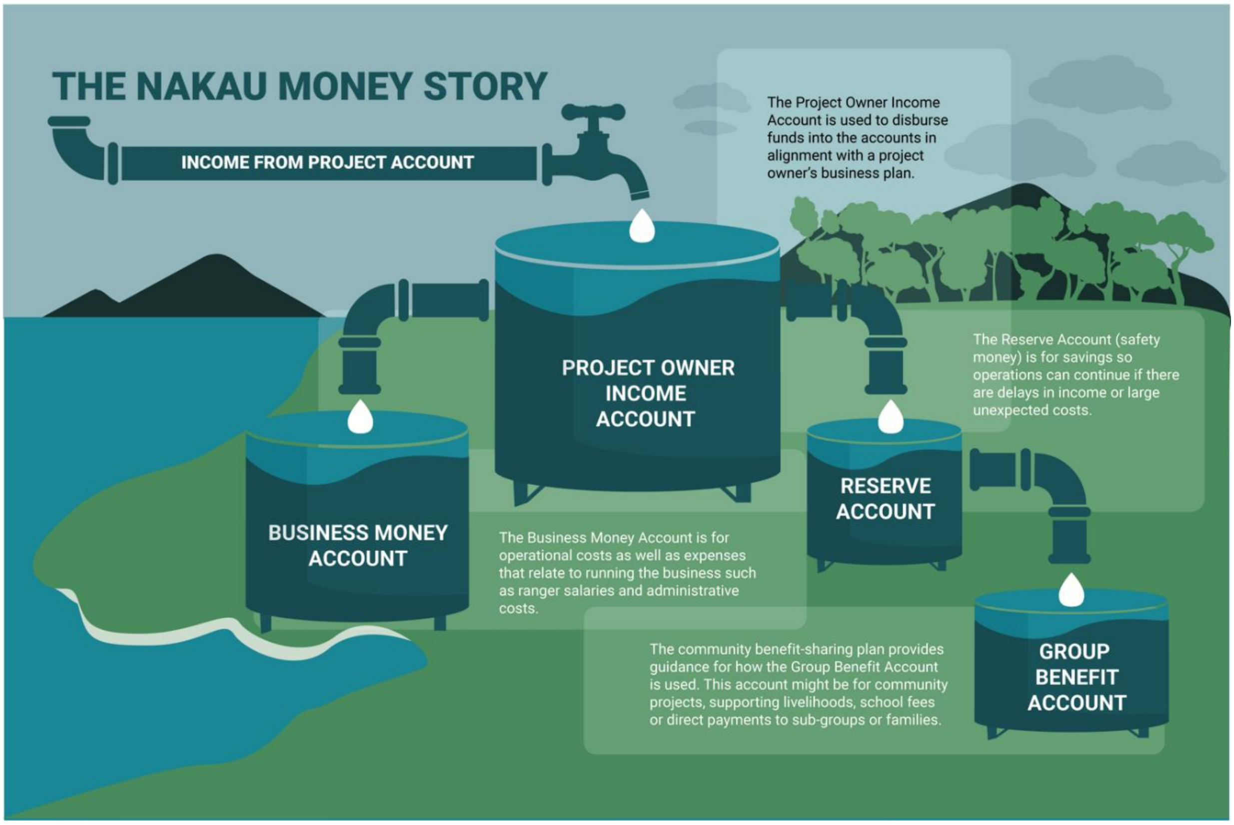

Figure 3.16b: Nakau model for funding allocation and management of accounts

Table 3.16 describes the use of project owner accounts in accordance with the financial model.

Table 3.16: Guidance for project owner accounts

Account	Income source and target	Use/purpose	Conditions
Project owner income account	Received from project account held by Nakau. Receipt of payments subject to Project Agreement conditions (quarterly reports etc) and availability of funds from PVC sales.	Record of gross payments received; manage disbursements to other accounts as per the project business plan.	To be used exclusively to disburse funds into the accounts (below) in accordance with the business plan. Must never be used for business payments or benefit-sharing.
Business money account	Received from project owner income account. A recommended target is established within the business plan for the level of the 'business money' to be maintained in this account. E.g. 6 months of operating expenses or 30% of project owner revenue.	Expenses related to running the business and implementing the project (e.g. ranger salaries, administrative costs).	To be used exclusively for operational costs and never for community or individual benefit. Other conditions are determined by the business plan.
Reserve account ('safety money')	Received from project owner income account. A recommended target is established within the business plan.	Funds reserved in this account for contingency, e.g. delays in sales or unexpected costs.	To be used exclusively for operational costs if needed. Other conditions are determined by the business plan.
Group benefit account (Note: multiple group benefit accounts may be established if benefits are to be shared through sub-groups, e.g. clans)	Received from project owner income account. Funds are only received in this account if the project owner can also achieve business money targets (this is to ensure the business is viable before surplus funds can be distributed).	Used as determined by the project owner in their community benefit-sharing plan. This may include investments into community infrastructure, livelihood projects, school fees, or direct payments to sub-groups or families.	To be used exclusively for community benefit-sharing. Other conditions are determined by the benefit-sharing plan.
Investment savings account (optional)	Received from project owner income account, or Group benefit account. As above, funds are only available for this account if the project owner can achieve business money targets.	Used as determined by the project owner in their community benefit-sharing plan.	To be used exclusively for community benefit-sharing. Other conditions are determined by the benefit-sharing plan.

3.16.10 Performance and corrective actions

Project owners' performance in implementation of the benefit-sharing mechanism will be assessed on an ongoing basis upon receipt of quarterly reports and payment requests (see section 3.16.6).

Implementation of the benefit-sharing mechanism will also be reviewed annually at the project management/monitoring meeting or AGM.

Corrective actions associated with under-performance or non-compliance will usually involve provision of capacity building and support for improvement (e.g. improved record keeping and reporting). However, serious non-compliance issues (e.g. deliberate misuse of funds or failure to produce reports) will trigger further actions. Any action taken must be in accordance with the Project Agreement. If appropriate, payment may be withheld until a corrective action is completed.

3.17 Grievance mechanism

This section describes the mechanism through which grievances raised by all stakeholders are reported and resolved in projects under the NCP-SI.

All projects under the NCP-SI will adopt a grievance mechanism following the principles and general model outlined in the Nakau Methodology (updated from time to time) and as described below.

The Nakau grievance mechanism is set out in Annex 17 (updated from time to time), including a complaint handling mechanism, guidance for projects and a dispute resolution framework. Further contractual clauses are found in the Project Agreement.

Each project will develop a basic, project-specific grievance handling SOP (updated from time to time), using the guidance provided in the Nakau grievance mechanism ('Guidance for projects').

The Provincial Peace Building Officer for the Solomon Islands Ministry of Traditional Governance, Peace and Ecclesiastical Affairs is nominated as the independent arbitrator of last resort for all projects within the NCP-SI, which corresponds with Plan Vivo Standard v5 requirement 3.17.3.

In the Solomon Island context, disputes are most often resolved through an informal or customary process. Usually when a complaint or conflict arises, an informal way of resolving the issue is followed before it is decided whether to refer conflicts or disputes to other, more formal, levels.

The Nakau grievance mechanism works from the principle that complaints, 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. Informal and customary forms of dispute resolution relevant to the Solomon Islands context are preferred wherever possible.

In most if not all cases of community-level conflict in the Solomon Islands, a trusted third party (or independent arbitrator) is called upon in helping to resolve the conflict. However, this role is played by different individuals or groups for different conflict types, to ensure they are trusted by both parties, but are also a non-conflicted party themselves. Therefore, independent arbitrators will need to be selected for disputes on a case-by-case basis, as per the Nakau grievance mechanism.

Examples of different types of third parties may include:

- Informal dispute resolution process
    - third party individual (family, clan or tribal members)
    - community leaders (chief, tribe elder, women's group leader, church leader)
- Customary dispute resolution process
    - third party tribal group (e.g. neighbouring tribes in case of land/ownership issues)
    - village committees
- Formal dispute resolution process
    - Ministry of Peace and Reconciliation, for conflict resolution
    - pro-bono, conflict resolution services (by an NGO or Legal Aid) – for example in Choiseul the 'Lauru Land Conference of Tribal Communities' – or a public solicitor
    - paid legal representation (local lawyer and legal firms).

3.18 Project agreements

The Project Agreement (previously referred to under Plan Vivo as a 'PES Agreement') is a tripartite contract between the project owner, the project coordinator and the programme operator that sets out each of the parties' roles and responsibilities in project development and implementation under the NCP-SI and Nakau Methodology.

Nakau has developed a project agreement template that must be applied to each project in the Nakau Conservation Programme. The Project Agreement must be populated with locally relevant content and may be updated from time to time, for example, to accommodate improvements or in response to regulatory changes.

The Project Agreement includes a clause (see 'Project agreement template', Clause (C)) which states that the 'Agreement does not alter or transfer in any way pre-existing customary rights of ownership, access to or use of resources over the land to which this Agreement relates.'

Table 3.18 identifies the specific content of the project agreements that meets key requirements of PV Climate.

Table 3.18: PV Climate requirements and related contents in project agreements under the NCP-SI

PV Climate v.5 requirements	Content of project agreements	Clause/location in project agreement
1.2 Management rights	Project participants have statutory or customary rights in the project area.	Clause (B)
2.2 Project coordination and management	A legally established project coordinator must take overall responsibility of the project.	Clause 1.1
2.4 Participatory design	The project coordinator will assist the project owner with the design, development and implementation of the project.	Clause 4.1
	The community company will co-manage and co-monitor the project in accordance with the PDD for the project.	Clause 5.2 (a)
2.6 FPIC	The project coordinator will work with the project owner and commit to participatory decision-making processes and FPIC principles consistent with the Nakau Methodology.	Clause 4.2 (h)
3.9 Environmental and social safeguards	The project coordinator shall undertake an environmental and social risk assessment and describe mitigation measures that are reviewed at the end of each monitoring period.	Clause 4.2 (e)
3.11 Reversal of carbon benefits	Risk buffer and buffer account rules.	Clause 3.2 (d) Schedule 3
	Detailed conditions for avoidable and unavoidable reversals.	Clause 11
3.14 Land management plan	The project owner shall establish a land management committee (or equivalent committee) as per the Nakau Methodology to ensure continued compliance with the protected area management plan (or equivalent plan) developed for the project.	Clause 5.2 (e)
3.15 Crediting period	The start date and project period for projects are specified and will be for a period of 30 years unless otherwise stated.	Clause 1.5
3.16 Benefit-sharing mechanism (and minimum amount)	The parties agree to arrangements for the distribution of income from carbon credit sales. A detailed disbursement schedule is provided. The minimum amount distributed is established at 60% of sales revenue and a minimum sales price is established.	Clause 7.3 Schedule 2
3.17 Grievance mechanism	The Project Agreement includes a 'Dispute' section that provides an agreed process to deal with grievances including agreement to follow the Nakau Programme Dispute Resolution Framework (see Nakau Methodology).	Clause 10

PV Climate v.5 requirements	Content of project agreements	Clause/location in project agreement
3.18 Project Agreement	The Project Agreement term will continue for the duration of the project period (as per Clause 1.5) unless terminated earlier as permitted by the Agreement or extended by mutual agreement between parties.	Clause 9
	The Nakau Programme is appointed as the registry and sales agent on behalf of the project owner.	Clause 3.2 (f), (h) Clause 6
4.10 Record keeping	The programme operator will maintain and store all documents in association with this project in accordance with the standard operating procedures for data quality, storage and security developed in compliance with the Nakau Methodology.	Clause 3.2 (k)
	The project coordinator will co-manage data quality, storage and security in accordance with the standard operating procedures for data quality, storage and security developed in compliance with the Nakau Methodology.	Clause 4.2 (s)
5.1 Governance structure	The project coordinator shall assist the project owner in the development and management of governance structures and assist to build the project owners' capacity to run a carbon enterprise.	Clause 4.2 (g)
5.3 Legal and regulatory compliance	The project coordinator shall identify and document all relevant local, national and international laws and regulations that impact on the project and ensure that the project complies with these laws.	Clause 4.2 (d)
	The project owner shall maintain the legal registration of the community company including compliance with all government registration requirements.	Clause 5.2 (g)
5.4 Financial plan	The project owner shall develop a business plan in accordance with the project owner business model and distribute all money received under this project in accordance with the business plan and benefit-sharing system.	Clause 5.2 (h), (i)
5.5 Financial management	The project owner shall ensure good governance, financial discipline and financial transparency standards are met as per the Nakau Methodology.	Clause 5.2 (g)
Estimates of the expected annual carbon benefit from the project area(s) for each year of the crediting period	Estimated carbon credit volumes from the project area(s) are detailed in PDD Part A, which is referenced in the Project Agreement. Signed agreement to submit the PDD is also a FPIC trigger (see section 2.6).	PDD, Annex 7 'Technical specification'

4 Monitoring and reporting

4.1 Progress indicators

Every project under the NCP-SI will monitor performance through progress indicators, based on expected key project outputs as described in the theory of change and results diagram (see section 3.5). The delivery of activities is monitored using a project management system (e.g. Microsoft Planner), or under a similar system as required (e.g. by donors).

Each project is required to develop and implement a monitoring plan including detailed description of progress monitoring indicators (project Annex 13).

Progress monitoring will focus on outputs that recur during the project implementation period. These are distinguished from outputs that occur once and are expected to be attained by first verification and maintained for the duration of the project. The 'one off' activities do not need to be monitored under project monitoring plans and need only be reported against at verification events if there has been a material change (e.g. change in the status of legal protection).

The progress indicators to monitor the performance at the project level are provided in section 4.1 of the PDD Part A.

4.2 Carbon indicators

Table 4.2 provides a brief description of indicators used for carbon monitoring in projects under NCP-SI. A summary of carbon indicators monitored at the project level, including methods of measurement, sampling approach, monitoring frequency, groups involved, and resources and capacity requirements is provided in section 4.2 of the PDD Part A.

Table 4.2: Brief description of carbon indicators monitored under the NCP-SI

Carbon indicator	Description
Forest cover loss	Monitoring and measurement of potential areas of forest cover loss caused by encroachment of non-conservation activities in the EFA and quantification of actual project emissions from avoidable forest carbon stock reversals.
Baseline scenario	Periodic assessment of potential forest sector policy and regulatory changes that affect baseline assumptions and project additionality
Carbon baseline	Periodic verification of the carbon stock and avoided emissions in the baseline scenario.
Project removals	Modelling or sample-based approach
Activity-shifting leakage	Periodic verification of leakage caused by the displacement or intensification of production activities caused by project activities to areas outside the EFA boundaries that are owned/controlled by the project owner.
Market leakage	Periodic verification of the significance of potential market leakage. Market leakage occurs when forest conservation projects significantly reduce logging and cause a change in the timber supply-and-demand equilibrium (on the international or domestic markets) that results in the intensification of logging elsewhere to make up for the lost supply.
Double counting	Assessment of overlap between the project areas under the NCP-SI and jurisdictional forest sector emission reduction and trading schemes

4.3 Livelihood indicators

All projects in the NCP-SI must undertake livelihood monitoring, guided by the livelihood indicators and requirements described in Table 4.3.

Table 4.3: Livelihood indicators and project requirements in the NCP-SI

Livelihood indicator	Project requirements
Food Security	The project will have no detrimental effect on food security and access to land for food production and gathering food items (or will have a positive effect on access).
Water Security	The Project will not have a detrimental effect of water security (or will have a positive effect on water security and sanitation).
Financial Security	The project and its financial benefits will not have a detrimental effect on the community and education will not decrease (or will have a positive impact on financial security indicators).
Project participation	The project will aim to improve the communities participation and trust from the project baseline

The project-specific livelihood indicators and sub-indicators are described in section 4.3 of the PDD Part A.

4.4 Ecosystem indicators

This section provides a summary of the ecosystem indicators that are monitored in projects under the project intervention AFD-LtPF. A site-specific description of the monitoring procedures and measures of verification is provided in the monitoring plan provided in Annex 13. Table 4.4 summarises ecosystem indicators under NCP-SI projects.

Table 4.4: Brief description of ecosystem indicators in projects under the Nakau Conservation Programme

Ecosystem indicator	Description
Presence of key flora and fauna species	Large-scale forest degradation is prohibited in the protected areas and EFAs, therefore no significant changes in ecological conditions or loss of biodiversity are expected to occur as a result of the project activities. There are however human activities that are allowed or expected to occur in the project areas which could impact certain flora and fauna species. Changes in populations of species that are vulnerable to human impacts are considered indicative of any changes in biodiversity. Key species should have one or several of the following characteristics: • characteristic of undisturbed forest habitats • possess high conservation value (legal protection, IUCN Red List status and/or endemism) • threatened by human disturbance (hunting/harvesting, pet trade) • possessing significant cultural value (e.g. for food, medicine or spiritual significance) • well-known and conspicuous – can be easily identified and monitored by forest rangers. The key species in the project area are monitored by forest rangers through opportunistic observations and recording of sighting locations. Changes in species observations over time are used as a proxy to identify potential populational changes.

Key species will be identified by the following criteria:

a. common name (where possible)
b. taxonomic name (essential)
c. IUCN classification (VU, EN or CR)
d. specify if a priority species meets criteria for Critical Ecosystem Partnership Fund (CEPF) investment
e. specify if endemic and at what scale (e.g. island or country)

f. provide concise remarks for species deemed significant based upon special cultural or use values as defined by the landowners
g. threats to species in the project area
h. any other relevant information
i. include source of data (references).

Monitoring

4.5 Monitoring plan

Nakau will develop a monitoring plan for each project that contains the specifications to monitor progress, carbon, livelihood and ecosystem indicators with details of monitoring approaches, sampling, frequency of assessment, responsible groups and individuals, and resource and capacity requirements. The monitoring plan is provided in Annex 13 which can be used as a template and adapted for additional projects joining the program throughout the country.

Monitoring at the community level is carried out by the project owner, namely their land management committee and forest rangers, with support from the project coordinator. The committee will appoint community forest rangers and equip these with resources to undertake field monitoring tasks. The project owner will be responsible for the management of rangers and provide planning, supervision and financial support for the monitoring and ranger activities.

The forest rangers receive ongoing support and training from the project coordinator and Nakau, to conduct the field monitoring of carbon and ecosystem indicators according to Plan Vivo requirements. Some of the technical aspects of the training include boundary inspection, patrolling along transects across the protected area and collecting field data, including measuring potential changes and disturbance events. The aim of the training is to enable forest rangers to carry out the monitoring before the first project verification and progressively throughout the project period after. The project coordinator and Nakau will supervise and continue to support the project owner in order to meet their monitoring requirements with the intention to reduce the level of effort of the project coordinator over time and increase the responsibility of the project owner.

Nakau, with input of the project coordinator, has created monitoring toolkits for data collection on forest carbon and social indicators. Nakau and the project coordinator will train and support and the project owners in the use of tools and procedures to monitor their projects according to the Plan Vivo requirements. Nakau and the project coordinators have made mutual commitments to opportunistically seek sources of funding to continue to increase the capacity of the project owners, through training and updated resources.

4.6 Progress monitoring

A summary of the progress monitoring at the project level, including milestones and potential corrective actions if milestones are not met is provided in section 4.6 of the PDD Part A.

4.7 Carbon monitoring

The carbon monitoring schedule at the project level project throughout the project period is provided in section 4.7 of the PDD Part A.

4.8 Livelihood and ecosystem monitoring

4.8.1 Livelihood monitoring

The project-level livelihood monitoring, based on targets established through the initial values of livelihood indicators is described in section 4.8.1 of the PDD Part A. The targets may be modified or improved in the project monitoring plan, which should be revised and updated from time to time.

4.8.2 Ecosystem monitoring

An overview of the project-specific ecosystem monitoring schedule and targets throughout the project period is provided in section 4.8.2 of PDD Part A.

4.8.3 Sharing of monitoring results

The project coordinator for each NCP-SI project is responsible for ensuring the project owner group is engaged with the monitoring process, including active engagement in interpretation of monitoring results.

The results of forest and ecosystem monitoring should be considered with the ranger group and used to adjust monitoring activities accordingly (e.g. level of effort, targeted monitoring of a particular species, or inspection of a specific location/situation).

The results of forest and ecosystem monitoring will be recorded in project monitoring reports prepared by the project coordinator. These must be reported and discussed with the project owner group at the project management meeting/AGM or monitoring meeting, at least once per verification cycle.

Project owner representatives be engaged in interpretation of livelihood monitoring results as part of the report preparation process. The livelihood monitoring report must be shared and discussed with the project owner group at the project monitoring meeting, at least once per verification cycle.

Reporting

4.9 Annual reports

Each project participating under the NCP-SI is required to submit an annual report to Plan Vivo, using the most-up-to-date templates provided by PV Climate. The first annual report will be submitted at the completion of the project development period (first validation) and will cover a period up to five years prior to the completion of the first validation. Thereafter, the projects will submit the reports annually for the remainder of the project period.

4.10 Record keeping

Nakau has established a centralised cloud-based database using Microsoft Teams and Microsoft SharePoint catering for all NCP-SI projects. The database may be updated or improved from time to time.

Each project is provided with a separate sub-folder that includes further nested sub-folders following a standardised directory structure.

The final versions of each project's PDD and accompanying documents and files are stored within the sub-folder directory. These include the final versions of the PDD, supporting annexes, project agreements, land management plans, key spatial data and monitoring reports.

A descript[tion of the project-specific database is provided in PDD Annex 14. During verification events, the third-party validation and verification body and Plan Vivo will be given access to the project database and documentation.

5 Governance and administration

5.1 Project governance structure

All NCP-SI projects will follow the same general governance structure, as summarised in Figure 5.1.

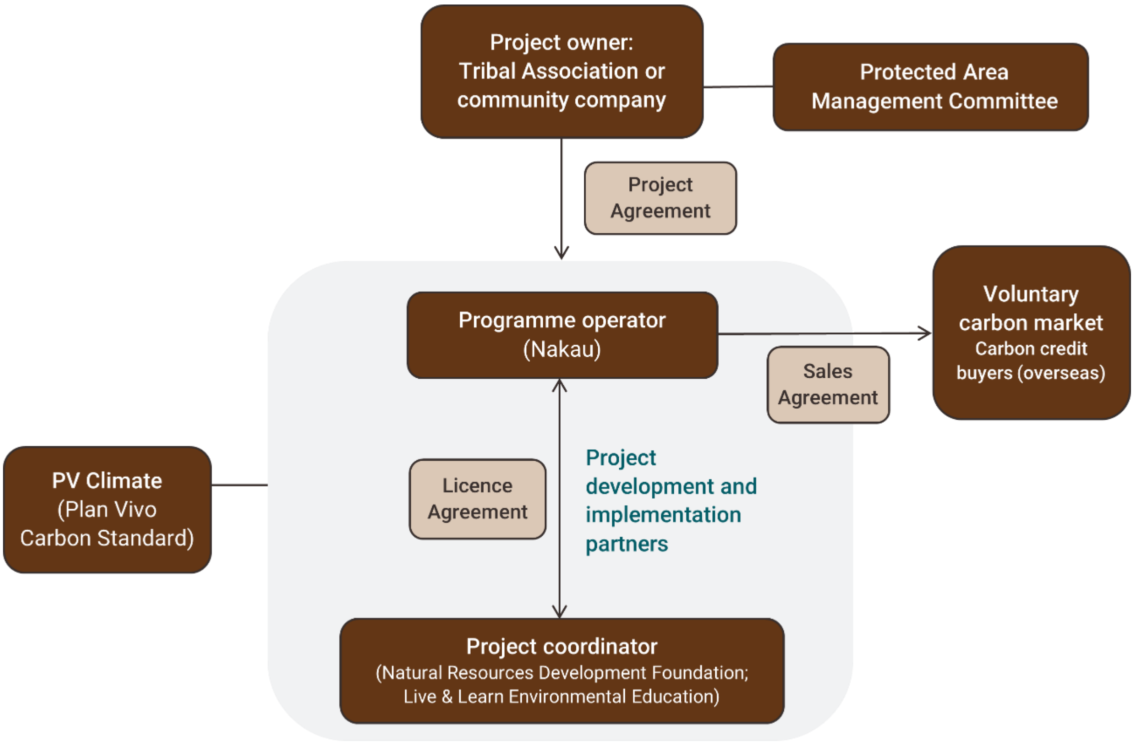

Figure 5.1. NCP-SI project governance structure

The roles and responsibilities of the organisations involved in the project governance shown in Figure 5.1 are described in detail in Section 2.2

5.1.1 Project coordinator

All project coordinators must have a licence agreement with Nakau to operate under the NCP-SI. The Licence Agreement is an instrument that allows Nakau to manage quality assurance and compliance with program operating principles.

The Project 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, but will generally align with section 2.2.

The project coordinator may sub-contract provision of services (e.g. remote sensing and mapping) to other service providers in accordance with the Project Agreement.

A project coordinator may be a local or international NGO, or a social purpose business entity. The project coordinator can also comprise a partnership between more than one organisation.

The project-specific project coordinator organization is described in section 5.1.1 of the PDD Part A.

5.1.2 Tribal Association

The Tribal Association is the carbon rights holder and overarching decision-making body that represents the tribe and all its members in the project. The Tribal Association constitution must establish that membership is inclusive of all tribal members with rights under *kastom* (customary law). For clarity, it is not sufficient for a smaller sub-group of tribal members or leaders to comprise the Tribal Association membership. Tribal Associations are registered as charitable organisations under the *Solomon Islands Charitable Trust Act 1996*. The appointment of Tribal Association office bearers and the endorsement of the constitution (purpose of the organisation) is an FPIC trigger. Please refer to Section 2.6.2 and Table 2.6.2 for an explanation of the FPIC process.

The Tribal Association roles and responsibilities are detailed in Section 2.2. This includes decisions on forest management activities (e.g. supervision of rangers) and execution of benefit-sharing through implementation of the business plan.

The Tribal Association may, at its discretion, establish a community company to operate the business operations required at landowner level. This could include administration of ranger salaries and administrative support for the project. If established, the community company must be entirely owned by the Tribal Association. A company will be guided by the model rules for a community company set by the Schedule 5 (Section 15(4)) by the *Companies Act 2009*. The main reason for establishing a subsidiary company is tax optimisation and to separate administrative functions from the community benefit-sharing function. In all cases the primary carbon rights holder remains as the Tribal Association.

The Tribal Association may establish subcommittees to undertake specific roles in accordance with the constitution. This may include but is not limited to a forest management subcommittee, finance subcommittee and benefit-sharing subcommittee.

A description of the project-specific tribal association is provided in section 5.1.2 of the PDD Part A.

5.1.3 Protected Area Management Committee

A Protected Area (PA) Management Committee (PAMC) is a requirement under the Protected Area Regulations 2012. It is responsible for the management of the protected area, enforcement of PA rules and regulations and forest monitoring. The PAMC is comprised of committee members, forest rangers and inspectors and is guided by its constitution and the PA management plan.

While the PAMC is a legislative requirement and must exist as a separate entity, NCP-SI project owners are encouraged to closely link, and if possible, integrate the PAMC with other structures. For example, the PAMC may function in lieu of a forest management committee.

A description of the project-level PAMC is provided in section 5.1.3 of the PDD Part A.

5.2 Equal opportunities

5.2.1 Employment procedures

All employment administered through NCP-SI projects will follow the laws as regulated by the Solomon Islands Ministry of Commerce, Industries, Labour and Immigration. Project coordinators must have employment policies and procedures which meet or exceed the minimum requirements established under Solomon Islands labour laws.

Community members, including women and members of marginalised groups, will 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. The participant groups will be actively engaged in education and planning processes designed to build consensus for expanding traditional gender roles, and hence the project will have a transformative impact. At the same time, necessary cultural protocols will be observed in filling positions that must undertake specific work or work in locations that are subject to customary restrictions.

Direct employment is created through the project governance groups. The Tribal Association and PA Management Committee require staff to fulfil the organisational functions as per constitutions and regulations. In return for their duties, staff receive adequate renumeration or allowances.

While staff will generally be selected based on skills and experience, there may also be allowances made for clan or family affiliation, such that opportunities for employment are equitably shared across a tribal group. The project managers are selected by the Tribal Association and the tribe based on their skills in project management. Forest rangers who are employees in the PA Management Committee are selected by the Committee based on their knowledge of the forest area and are officially registered and recognised under the Protected Areas Act by the MECDM.

5.2.2 Avoiding elite capture

To avoid biased representation, the Tribal Associations are formed through an FPIC process, and must be broadly representative of the tribe's diversity (e.g. clans). Decisions on employment and benefit-sharing are made by the executive committee (or subcommittee) of the Tribal Association in consultation with members. This process of representation and accountability of representatives to the tribe is in place to ensure that opportunities are not skewed in favour of educated or otherwise powerful elites.

A description of elite capture risk and mitigation strategies at the project level is provided in section 3.9.4 of the PDD Part A.

5.2.3 Women's projects

All NCP-SI projects must include plans and initiatives to ensure women are engaged in decision making and have equal opportunity to benefit from project income and employment opportunities. Inclusion will be facilitated through the strategies detailed in section 2.4.3.

Strategies and initiatives will vary between projects and may include support for women-only ranger groups, women's saving clubs or microloan schemes, or involve a specific portion of benefits being set aside for women and managed by women.

A description of women's projects in the project context is provided in section 5.2.3 of the PDD Part A.

5.3 Legal and regulatory compliance

The NCP-SI has been designed to be compliant with relevant Solomon Islands laws and regulations. In the absence of specific regulations around PES and carbon trading, Annex 15 provides a letter of no objection from the Climate Change Division of MECDM in support of Nakau projects in the Solomon Islands. When and if necessary (subject to government policy), a further letter of support will be obtained for each project. Table 5.3 details the legal and regulatory compliance measures of projects under the NCP-SI.

Table 5.3: Legal and regulatory compliance of projects under the Nakau Conservation Programme

Legislation	Relevance	Compliance measures
Customary Land Records Act 1994 and *Land and Titles Act 1996*	The Customary Land Records Act provides a legal mechanism to formally record customary land rights. It is the means to securing and protecting land rights and storing knowledge and information for reference of future generations.	At inception, all projects in the NCP-SI are located on customary land, where the forests are owned by tribes and rights are regulated through customary law. In parallel, the Solomon Islands Government through the Land and Titles Act article 241 regulates that only Solomon Islanders can hold an 'interest' in customary land. NCP-SI complies by establishing the Tribal Association as the project owner and rights holder.
Solomon Islands Protected Areas Act 2010 and *Protected Area Regulations 2012*	The Protected Areas Act and regulations enable the project to establish a legal protected area (PA). In PAs, extractive industries such as logging and mining are prohibited. The PA instrument is an important safeguard for project permanence.	PAs are established in NCP-SI projects as a predecessor to, or in parallel with VCM project development. The *Protected Area Act 2010* prohibits commercial logging and mining in areas where it is applied, it is a strong legal instrument to demonstrate project permanence. Under the regulations of the Act, activities such as traditional harvesting of timbers, foods, non-timber forest products and other items are all acceptable, if described under the management plan and accepted by MECDM. Hence all project activities comply with the PA Act.

Legislation	Relevance	Compliance measures
Solomon Islands Forest Resources and Timber Utilisation Act 2000 (FRTUA)	The purpose of the Act is to regulate the utilisation of forest resources and activities of stakeholders in the forestry sector relating to commercial forest management.	The FRTUA provides the forest management regulations that underpin the eligibility context for forest carbon project activities. Projects that involve the avoidance of logging are only eligible in areas where timber harvesting is legally sanctioned and may include only legally harvestable species.
Environment Act 1998 (EA)	Solomon Islands has a comprehensive legislative framework for environmental impact assessments in the form of the EA. Under the EA, prescribed developments such as commercial extractive industries require approval in the form of a development consent from the Director of the Environment and Conservation Division of the MECDM, based on a public environment report or a more detailed environmental impact statement (EIS).	Existing projects under the NCP-SI have not required an environmental impact assessment, since the activities are deliberately designed as alternatives to environmentally damaging, extractive practices.
National Forest Policy (NFP) 2020	The NFP aims to strengthen the enabling environment for climate and forest conservation and create incentives for forest conservation and rehabilitation finance mechanisms. The NFP further aims to strengthen the business enabling environment for forest-based micro- small and medium enterprises, community–private company partnerships and alternative economic sectors.	The NCP-SI aligns well with the NFP goals to stimulate forest-based enterprises and innovative conservation finance mechanisms.
Solomon Islands Charitable Trust Act 1996	The Act regulates the establishment of charitable trusts.	Each participating project owner under the NCP-SI will establish a Tribal Association in the form of a charitable trust in compliance with the Charitable Trust Act 1996.
Solomon Islands Companies Act 2009	The Act regulates the establishment of community companies.	Community companies may be established (as an option) under the Tribal Association. These will comply with the requirements from the *Solomon Islands Companies Act 2009* and the business registry (Company Haus).
Labour Act 1996 and *Employment Act 1996*	The project owner employs staff in the Tribal Association and community company	Community companies and Tribal Associations will comply with employment regulations of the *Labour Act 1996* and *Employment Act 1996*.

5.4 Financial plan

Development of projects under the NCP-SI is subject to availability of funds required to implement project development activities that are outlined in section 3.5.

Project development funding will be sourced through either a) donor or grant funds, or b) private sector finance, as determined on a case-by-case basis. Nakau will assess and manage risk associated with project development finance to ensure each project is feasible. Approval to undertake NCP-SI project development is executed under the Licence Agreement.

Project implementation activities are defined as those occurring after the project has reached first issuance and is selling PVCs. Implementation activities (including benefit sharing) are to be financed through PVC sales, as per the benefit-sharing arrangements detailed in section 3.16. Project partners may also access donor funding to supplement project implementation activities, for example for training, capacity building or to support new livelihood development.

All NCP-SI projects must develop a financial plan, to be incorporated into the business plan (Annex 16 of the project PDD Part A). The finance plan may include costed activities, alternatively it may contain costed budget inputs (e.g. personnel budget, travel budget etc.), sufficient to enable delivery of project activities.

5.5 Financial management

All NCP-SI projects must develop good financial practices for managing the finance generated from the sale of PVCs. All NCP-SI projects will follow best-practice principles of financial management which include:

- Quarterly annual review and updating of their business and financial planning (Annex 16)
- establishment of internal financial controls and clear segregation of duties
- establishment of approved financial management policies and procedures
- a transparent approach to financial reporting to all project stakeholders.

The above will be adapted, as required, to suit the individual needs of each project and may be reviewed and updated from time to time.

5.5.1 Financial controls

All NCP-SI projects will maintain an accounting system which is operated by a suitably skilled bookkeeper. The bookkeeper must create and share financial reports (e.g. profit and loss, balance sheet, budget/actuals) each quarter that are provided to the project governing board and the project coordinator at least quarterly.

Project owners are required to establish transparent and accountable systems for financial controls which include establishing of accounts to support the operations of the Tribal Association which include:

- project account (operations)
- reserve account (savings)
- group benefit account (community funds).

It is recommended that a minimum of 3 signatories are listed on a Tribal Association account and that all signatories are approved by the project governing board.

An annual audit of project finances will be conducted by an independent financial auditor within 12 months of the end of each financial year.

5.5.2 Transparency and accountability

All NCP-SI projects must follow the procedures for management PVC sales income in accordance with the benefit-sharing mechanism detailed in section 3.16. All income received from the sale of Plan Vivo Certificates is paid to a dedicated project bank account which is maintained by the programme operator and accessible to the project owner.

All NCP-SI projects are encouraged to develop a system for effectively communicating the financial data in an accessible report presented to the members of the project owner group.

The project financial data is provided as Annexes to the PDD and Annual reports, as follows

- Project Financial Plan (PDD Annex 16)
- Project Financial Results (AR section 5).

Annexes

Annex 1 – Project spatial data

Contains spatial data and maps of the project area

Annex 2 – Project registration certificate and partner agreements

Contains the partner certificates and agreements for the project

Annex 4 –Project participatory design evidence

Contains evidence documents of participatory processes during the project design phase

Annex 5 – FPIC processes and evidence

Contains evidence documents of the FPIC processes during the project design phase

Annex 6 – Project carbon calculations

Contains the project forest inventory data and carbon calculations

Annex 7 – Project technical specifications

Contains the project technical specification document.

Annex 8 – Project exclusion list

Contains the Plan Vivo exclusion list applicable to the project.

Annex 9 – Project environmental and social screening report

Contains the project environmental and social screening report

Annex 10 – Environmental and social assessment report

Contains the national-level Environmental and social screening report

Annex 11 – Protected area management plan

Contains the projects' protected area management plan document

Annex 12 – Project agreement

Contains the signed project agreement document.

Annex 13 – Monitoring plan

Containers the project monitoring plan document.

Annex 14 – Project database

Contains a description of the of the project filing system.

Annex 15 –Letter of approval

Contains a government letter of no objection of Nakau projects in the Solomon Islands

Annex 16 – Project financial plan

Contains the projects' business and benefit sharing plan and the financial plan

Annex 17 – Grievance mechanism

Contains the project grievance mechanism document.