

# IWC BRAZILIAN AMAZON GROUPED REDD APD, AUPD AND BIOMASS TO FUEL PROJECTS

## GHG EMISSION REDUCTIONS FROM AVOIDING PLANNED & UNPLANNED DEFORESTATION, BIOMASS TO FUEL



**IWC**  
**INTERNATIONAL WOOD CORPORATION**  
FOREST & NATURAL RESOURCES MANAGEMENT



Draft Document Prepared By IWC

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## 1 PROJECT DETAILS

### 1.1 Summary Description of the Project (Draft version)

The objective of the project, referred to as the IWC BRAZILIAN AMAZON GROUPED REDD APD, AUPD, AND BIOMASS TO FUEL PROJECTS (hereafter, simply the IWC Projects), is to avoid emissions from planned deforestation and unplanned deforestation (e.g. by squatters and poachers), and (if viable) will additionally convert excess biomass from timber operations into a patented high-caloric biomass fuel on a property in the state of Para, Brazil. The project proponent is International Wood Corporation (IWC or “the company”), a development stage public company incorporated in the state of Colorado, with its primary intended business operations comprising of forestry management and the commercialization of exotic hardwoods for export. IWC has been working in forest management in the Brazilian Amazon since 1997. IWC currently holds options to purchase additional parcels of land in the Amazon rainforest upon which future instances of projects, if any, would be located. The specifics regarding these additional lands will be specified in a later draft of this description.

Due to difficulties in the commercial hardwood industry, and tightened regulations on timber harvesting operations, IWC decided to diversify its intended business operations beyond wood products. The diversification alternative chosen was livestock, and to pursue this new business activity IWC had initiated plans to legally harvest and convert up to 20% of its forest property.

The main proposed activities of the is the cancelation of the planned deforestation activities and decision to instead conserve the forest area and continue limited forest management activities in the area under Forest Stewardship Council® Certification (FSC®) with Low Impact Logging (SFMLIL) practices. Also, the company is intensifying and improving its practices to support the sustainable social development, maintaining and improving the biodiversity monitoring at the RCC in the framework of FCS certification and REDD activities. IWC’s responsible stewardship over the area will additionally prevent unplanned illicit deforestation

The financial incentives from the sale of VCU permit the project activity to be competitive with alternative business scenarios like livestock and allow IWC to cancel its forego or modify its wood harvesting plans, and to maintain its forest management activities.

The project is located, in Para State, in the Eastern Amazon, in the Acara municipality. The IWC property includes forest areas of approximately 18,101ha. It is unclear at the time of this draft how much of the area may be submerged under water (Amazon River tributaries etc.), though it is our understanding that an estimated 2,000ha may be under water.

From the implementation of this REDD Project, (on the basis of previously approved, highly similar projects), it is being roughly estimated that five million tonnes of carbon dioxide emissions will be avoided which would have been emitted into the atmosphere in a period of 10 years in the absence of the project, not including the project’s non-permanence risk buffer contribution. This estimate along with many of the more technical aspects of this draft are subject to change as methodologies are more concretely chosen. As a development stage company that is only recently began talks with investors, the deadline for submission into the project pipeline came to IWC’s awareness mere days prior to April 4<sup>th</sup>, 2013. Therefore, this draft constitutes a good faith attempt to portray IWC’s plans, however IWC anticipates that more accurate information and details will become available once it begins to work with a verification body and other contractors and/or consultants.

## 1.2 Sectoral Scope and Project Type

Project Scope 14: Agriculture, Forest and other Land Use (AFOLU)

Project Category: Reduction Emission from Deforestation and Degradation (REDD)

Type of Activity: Avoided Planned Deforestation (APD)

## 1.3 Project Proponent

The project proponent for this project shall be International Wood Corporation (IWC) and any individuals and entities authorized by IWC to update the APX registry account or the VCS registration and issuance.

## 1.5 Project Start Date

The projected start date at the time of writing this draft project description is approximately December 1<sup>st</sup>, 2013.

## 1.6 Project Crediting Period

Crediting period is project to last from December 1<sup>st</sup>, 2013 through November 30<sup>th</sup>, 2023. At this time IWC anticipates renewing the crediting period to the maximum extent currently possible (up to twice), which would continue the period through November 30<sup>th</sup>, 2043. If further renewals, extensions, or further crediting is allowed, IWC intends, as of the time of this draft, to extend crediting as far into perpetuity as is possible (and viable).

## 1.7 Project Scale and Estimated GHG Emission Reductions or Removals

As per VCS guidance on REDD projects (VCS AFOLU v3 3.1.9), ex ante estimates to determine project scale are provided for only the first 10-year baseline period, through July 2017 (Table 1.3). The project is beneath the threshold of mega projects, with less than 1,000,000 tCO<sub>2</sub>e per year in anticipated emissions reductions generated.

Project	X
Large project	

Years	Estimated GHG emission reductions or removals (tCO <sub>2</sub> e)
2014	502,287
2015	502,286
2016	502,287
2017	502,286
2018	502,287
2019	502,286
2020	502,287
2021	502,286
2022	502,287
2023	502,286
<b>Total estimated ERs</b>	5,022,865
<b>Total number of crediting years</b>	30
<b>Average annual ERs</b>	502,286.5

## 1.8 Description of the Project Activity

The main objective of the IWC Project is the conservation of the forest area in the municipality of Acara wherein it currently holds rainforest lands. The main activity of the IWC Project is the cancellation of the planned deforestation activities, the prevention of unplanned deforestation, continued limited forest management activities in the area under limited FSC certified Low Impact Logging practices, and subject to viability, the conversion of excess biomass to a patented high-caloric fuel pellets which are a cleaner-burning substitute for coal as well as a method by which to prevent the production of methane due to natural metabolic processes. It is unclear at the time of this writing whether a methodology for the latter objective is available, and if not, whether IWC will develop a methodology or choose not to include this activity in its final implementation plan. Also, the company will intensify and improve its practices to support the sustainable social development, maintenance and improvement of biodiversity for the region in which IWC lands are located.

## 1.9 The forest logging schedule of the project area is shown in Table 1.4. Project Location

Country: Brazil

State: Para

Municipality: Acara

Size: 18,101 hectares (44,727 acres)

## 1.10 Conditions Prior to Project Initiation

Forests in the area had historically been exploited prior to administration by IWC.

## 1.11 Compliance with Laws, Statutes and Other Regulatory Frameworks

The project activities, including continued forest management and sale of wood products, are all undertaken in compliance with applicable

## 1.12 Ownership and Other Programs

### 1.12.1 Right of Use

IWC, through its wholly owned subsidiary, Norwest, SA – a Brazilian corporation which owns 100% of the parcel of land this project is to be performed upon – has full ownership, authority, permissions, and rights to use the lands in question for the purposes described herein. The titles, agreements, and any other supporting documentation proving ownership and right of use will be made available to auditors during the verification process.

## 2 APPLICATION OF METHODOLOGY

### 2.1 Title and Reference of Methodology

VM0015 Methodology for Avoided Unplanned Deforestation, v1.1 will be the applicable methodology for avoided unplanned deforestation.

VM0007 REDD Methodology Modules (REDD-MF), v1.3, v1.1 will be the applicable methodology for avoided planned deforestation (and replanting).

### 2.2 Applicability of Methodology

In Table 2.1 below is presented the applicability conditions of the methodology and for each its correspondent justification.

Table 2.1: REDD Methodology applicability Conditions of applicability of Methodology	Justification
<b>General Conditions</b>	
Land in the project area has qualified as forest at least 10 years before the project start date.	The project area complies with this condition as mentioned in sections 1.9 and 1.10, with complete forest cover demonstrated for the years 2007 and 1997 (Figures 1.7 and 1.8).
The project area can include forested wetlands (such as bottomland forests, floodplain forests, mangrove forests) as long as they do not grow on peat. Peat shall be defined as organic soils with at least 65% organic matter and a minimum thickness of 50 cm. If the project area includes a forested wetlands growing on peat (e.g. peat swamp forests), this methodology is not applicable.	The project area is "terra firme" rainforest with limited areas of riparian/floodplain forest. None of these areas have a peat substrate, instead all growing on yellow latisol clay soils, "Latossolo Amarelo (Yellow Latossolo)."

Project proponents must be able to show control over the project area and ownership of carbon rights for the project area at the time of verification.	As shown in section 1.12, CKBV has the control of the project area and the ownership of the carbon credits.
Baseline deforestation and baseline forest degradation in the project area fall within one or more of the following categories: <input type="checkbox"/> Unplanned deforestation (VCS category AUDD); <input type="checkbox"/> Planned deforestation (VCS category APD); <input type="checkbox"/> Degradation through extraction of wood for fuel (fuelwood and charcoal production) (VCS category AUDD).	The project falls within the Planned Deforestation category, as it is legally allow according to the Brazilian Forest Law/Legislation, no 4771 of 1997, in its article 16, allows the owner to suppress up to 20% of the total area for its economic use such as livestock or agricultural activities. All the documents are available for validation process.
Baselines shall be renewed every 10 years after the start of the project except where triggers lead to a more frequent renewal.	Baseline will be renewed in July 2017.
All land areas registered under the CDM or under any other carbon trading scheme (both voluntary and compliance-orientated) must be transparently reported and excluded from the project area. The exclusion of land in the project area from any other carbon trading scheme shall be monitored over time and reported in the monitoring reports.	This project is not registered in any carbon trading scheme program. The project will not generate other forms of environmental credits related to GHG, by emission reductions or removals claimed under the VCS Program.

## 2.3 Project Boundary

*Define the project boundary and identify the relevant GHG sources, sinks and reservoirs for the project and baseline scenarios (including leakage if applicable).*

Source		Gas	Included?	Justification/Explanation
Baseline	Biomass burning	CO <sub>2</sub>	No.	CO <sub>2</sub> emissions are already considered in carbon stock changes.
		CH <sub>4</sub>	No.	Conservative to exclude because burning only.
		N <sub>2</sub> O	No.	Occurs in the baseline (on a limited scale, of wood residues post conversion to clean the area prior to pasture establishment). No biomass burning occurs in the with project case.
		Other	No.	
	Fossil Fuel Combustion	CO <sub>2</sub>	No.	Emissions from fossil fuel combustion mostly occur in the baseline, and are from fuel consumption in machinery and transport activity for the suppression and livestock. Emissions from fossil fuel combustion are thus conservatively excluded from accounting in the baseline and project cases.
		CH <sub>4</sub>	No.	Emissions are small and negligible.

Source		Gas	Included?	Justification/Explanation
Project	Use of fertilizers	CO <sub>2</sub>	No.	Emissions are small and negligible.
		CH <sub>4</sub>	No.	Emissions are small and negligible.
		N <sub>2</sub> O	No.	Excluded. No increase in fertilizer use is contemplated in the project case as part of leakage mitigation or any other activity.

## 2.4 Baseline Scenario

The project baseline assumes execution of the suppression plan resulting in deforestation of 18,101 hectares. Under this plan, the area would be clearcut, with wood from the area extracted for sawnwood and fuelwood markets, followed by implementation of livestock activity.

## 2.5 Additionality

The steps to be described below are in accordance with the “Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities”, ver 3.0 (VT0001). At the time of this draft submission the precise details and parameters of the additionality are unclear, however, IWC understands that the carbon sequestration must be above a business-as-usual scenario and will undertake, vis-à-vis consultants and contractors to be hired, to ensure that any and all such requirements are duly satisfied. Reforestation and the planting of fast-growing trees is anticipated, as well as thinning canopy and/or underbrush to maximize the beneficial effects of the project, from a climate change perspective, while maintaining a sustainable and profitable business model. IWC hopes to implement the innovative fuel pellet creation technology to further bolster greenhouse gas reduction benefits above and beyond the norm.