

THE VALPARAISO PROJECT

VCS + CCB VERIFICATION REPORT



Document Prepared By: Environmental Services, Inc.

Project Title	The Valparaiso Project
Version	Report Version 01
Report ID	VO13024.02ver

Report Title	The Valparaiso Project - VCS Verification Report
Client	CarbonCo, LLC 853 Main Street, East Aurora, New York 14052 Contact- Brian McFarland, bmcfarland@CarbonCoLLC.com, 240-247-0630
Pages	111
Date of Issue	06 May 2019
Prepared By	Environmental Services, Inc. – Forestry, Carbon, and GHG Services Division
Contact	Corporate Office at: 7220 Financial Way, Suite 100, Jacksonville Florida 32256-USA; Phone: 904-470-2200 Fax: 904-470-2112; www.esicarbon.com
Approved By	Shawn McMahon – Lead Verifier and Janice McMahon – Regional Technical Manager
Work Carried Out By	Lead Verifier – Shawn McMahon; VVB Members –Richard Scharf, Guy Pinjuv, Matthew Perkowski, Eric Jaeschke, Aaron Holley, and Brazilian Portuguese Translator – Livio Veras Junior; QA/QC – Janice McMahon

Summary

Environmental Services, Inc., (ESI) was contracted by CarbonCo, LLC., on 26 February 2018 to conduct the third verification (01 January 2017 to 31 December 2017) of *The Valparaíso Project: A Tropical Forest Conservation Project in Acre, Brazil* (Validated Project Description (PD) dated 09 July 2014). The Valparaíso Project follows the framework of Reducing Emissions from Deforestation and Degradation (REDD) and is achieving Greenhouse Gas (GHG) emission reductions as well as tropical forest protection and conservation through payments for ecosystem services.

Project activities include meeting with the local communities surrounding the project area, engaging Acre state officials working on similar strategies at a regional/state level, developing a plan which will result in lowering the pressure on land and forest resources in consultation with the local community, putting into operation the REDD project implementation plan with the help of local partners and Valparaíso Project staff, undertaking a forest carbon inventory, and modelling regional deforestation. Activities implemented as part of the project to reduce deforestation include:

- Community outreach and education;
- Employment of local community members as project forest guards or other project staff (to replace other sources of income associated with deforestation and land use);
- Agricultural extension training which will help baseline agents to increase productivity on current lands (thus reducing the pressure to expand their farms in the adjacent forest);
- Supporting local farmers association;
- Assist communities in obtaining land tenure; and
- Sharing a portion of carbon related revenue for communities living on the Valparaíso property (replacing other sources of income associated with deforestation and land use).

The verification assessed the Project's compliance with the Verified Carbon Standard (VCS) Version 3 (and all associated updates), the Climate, Community, and Biodiversity Project Design Standards (CCB) Second Edition, the selected methodology, and the validated PD. The method employed by ESI in the verification process was derived from all items in ESI's internal verification process, which included utilizing VCS and CCB documents and ISO 14064-3 to develop and implement a Verification & Sampling Plan. This verification assessed the GHG emission removals through Agriculture, Forestry and Other Land Use (AFOLU) criteria, specifically, REDD – Avoided Unplanned Deforestation (REDD-AUD) activities.

The scope of the verification included the GHG project implementation; physical infrastructure, activities, technologies and processes of the GHG project; GHG sources, sinks and/or reservoirs; types of GHG's; and time periods covered. The geographic verification scope was defined by the project boundary, the carbon reservoir types, management activities, growth and yield models, inventory program, contract periods, and the evaluation of the project's net climate, community, and biodiversity benefits. The verification criteria followed the guidance documents provided by VCS and included the following:

- VCS Program Guide (v3.7, 21 June 2017)
- VCS Standard (v3.7, 21 June 2017)
- Agriculture, Forestry and Other Land Use (AFOLU) Requirements (v3.6, 21 June 2017)

- Program Definitions (v3.7, 21 June 2017)
- AFOLU Non-Permanence Risk Tool (v3.3, 19 October 2016)
- VM0007 (v1.4, 03 May 2013)
- Climate, Community & Biodiversity Standards, v2.0 (December 2008; 2nd Edition)
- CCB Program Rules; Version 3.1 (21 June 2017)
- CCB Program Definitions; Version 3.0 (21 June 2017)
- Validated Project Description
- VM0007: REDD Methodology Modules (REDD-MF), version 1.4 and its associated modules and tools

A summary of all findings is included in Appendix B. There are no restrictions of uncertainty.

ESI confirms all verification activities including objectives, scope and criteria, level of assurance, monitoring and project documentation adherence to VCS Version 3, CCB Second Edition and all associated updates as documented in this report are complete. ESI concludes without any qualifications or limiting conditions that the 01 January 2017 to 31 December 2017 Monitoring & Implementation Report for The Valparaiso Project (v3 dated 18 March 2019) and the Non-Permanence Risk Report (v1.0 dated 05 February 2019) meets the requirements of VCS Version 3 and all associated updates.

The GHG assertion provided by the Project Proponent and verified by ESI has resulted in the GHG emission reduction or removal of 181,536 tCO₂ equivalents by the project during the second monitoring/verification period (01 January 2017 to 31 December 2017). This value is net of the 10% (23,395 tCO₂ equivalents) buffer withholding based on the non-permanence risk assessment tool.

Table of Contents

1	Introduction	6
1.1	Objective	6
1.2	Scope and Criteria	6
1.3	Level of Assurance	7
1.4	Summary Description of the Project	7
2	Verification Process	7
2.1	Audit Team Composition (<i>Rules 4.3.1</i>)	7
2.2	Method and Criteria	8
2.3	Document Review	9
2.4	Interviews	10
2.5	Site Inspections	12
2.6	Resolution of Findings	13
2.7	Eligibility for Validation Activities	15
3	Validation Findings	15
3.1	Participation under Other GHG Programs	15
3.2	Methodology Deviations	15
3.3	Project Description Deviations (<i>Rules 3.5.7 – 3.5.10</i>)	22
3.4	Minor Changes to Project Description (<i>Rules 3.5.6</i>)	23
3.5	Monitoring Plans (CL3.2, CM3.3, B3.3)	23
4	Verification Findings	23
4.1	Public Comments (<i>Rules 4.6</i>)	23
4.2	Summary of Project Benefits	23
4.3	General	24
4.4	Climate	30
4.5	Community	40
4.6	Biodiversity	42
4.7	Additional Project Implementation Information	44
4.8	Additional Project Impact Information	45
5	Verification Conclusion	45
Appendix A: Documents REceived/Reviewed		Error! Bookmark not defined.
Appendix B: VCS NCR/CL/OFI Summary		49
Appendix C: CCB NCR/CL/OFI Summary		69
Verification Non-conformance/Clarification Request		69
G1	Original Conditions in the Project Area	69
G2	Baseline Projections	73
G3	Project Design and Goals	75

G4	Management Capacity and Best Practices	86
G5	Legal Status and Property Rights	91
CL1	Net Positive Climate Impacts	94
CL2	Offsite Climate Impacts (“Leakage”)	96
CL3	Climate Impact Monitoring	97
CM1	Net Positive Community Impacts	98
CM2	Offsite Stakeholder Impacts	99
CM3	Community Impact Monitoring	101
B1	Net Positive Biodiversity Impacts	103
B2	Offsite Biodiversity Impacts	105
B3	Biodiversity Impact Monitoring	106
Gold Level Section.....		107
GL2	Exceptional Community Benefits	107

1 INTRODUCTION

1.1 Objective

The verification objective included an assessment of compliance with VCS Version 3 and all associated updates, the CCB Second Edition, the selected methodology (VM0007, v1.4), and the validated Project Description (PD) *The Valparaíso Project: A Tropical Forest Conservation Project in Acre, Brazil* dated 09 July 2014. ESI assessed the Greenhouse Gas (GHG) emission removals for the verification period 01 January 2017 to 31 December 2017 through Agriculture, Forestry and Other Land Use (AFOLU) criteria, specifically, Reduced Emissions from Deforestation and Degradation – Avoided Unplanned Deforestation (REDD-AUD) and CCB criteria. ESI assessed whether the project proponent adequately addressed project emissions, unplanned reductions in carbon stocks, any possible leakage outside of the project boundary, and the project's net climate, community, and biodiversity benefits.

1.2 Scope and Criteria

The scope of the verification included the GHG project implementation and baseline scenario; physical infrastructure, activities, technologies and processes of the GHG project; GHG sources, sinks and/or reservoirs; types of GHGs; and time periods covered. *The Valparaíso Project: A Tropical Forest Conservation Project in Acre, Brazil* follows the REDD-AUD framework. The geographic verification scope was defined by the project boundary, the carbon reservoir types, management activities, growth and yield models, inventory program, and contract periods. The scope of the project was outlined by the Project Proponent prior to the verification and is re-defined as follows for the GHG project:

Baseline Scenario	Cattle-ranching and small-scale agriculture; deforestation
Activities/Technologies/Processes	Climate, community and biodiversity benefits utilizing VM0007 and CCB 2 nd edition
Sources/Sinks/Reservoirs	Aboveground biomass Belowground biomass Dead wood Biomass burning,
GHG Type	CO ₂ , CH ₄ , N ₂ O
Time Period (state date, crediting period, verification period)	3 rd Monitoring Period: 01 January 2017 to 31 December 2017
Project Boundary	28, 096 hectares Located in Acre, Brazil along the northern bank of the Valparaíso River

1.3 Level of Assurance

The level of assurance was used to determine the depth of detail that the Verifier placed in the Verification and Sampling Plan to determine if there are any errors, omissions, or misrepresentations (ISO 14064-3:2006). ESI assessed the project's implementation of general principles, data collection and processing, sampling descriptions, documentation, ex post calculations, etc., to provide reasonable assurance to meet the Project Level requirements of the VCS Program and the CCB Program. Based on the verification findings, a final evaluation statement reasonably assures that the project GHG representations are materially accurate. The evidence used to achieve a reasonable level of assurance is specified in the following sections.

1.4 Summary Description of the Project

The Valparaíso Tropical Forest Conservation Project was initiated by CarbonCo LLC to protect and conserve tropical forest in the state of Acre, Brazil by providing payments for ecosystem services. Economic incentives for preservation of the tropical forest are created by payments related to the sale of carbon credits generated by the project and issued by the Verified Carbon Standard (VCS). The project is also being developed and registered under the Climate, Community, and Biodiversity Standard (CCBS) for community development and biodiversity preservation.

The Brazilian state of Acre has historically had low deforestation rates until the recent paving of two primary roads near the project area. The previously inaccessible areas of forest in the project region are quickly opening opportunities for agents of deforestation, small subsistence farmers, to reach consumer markets farther away. The small-scale farmers can clear forests over a period of months and subsequently plant crops or convert the land to pasture. Involving local officials and community members, the project aims to lessen deforestation pressures by implementing a series of community enrichment activities. The sustainable revenue stream from carbon credit sales will support local community development, provincial government infrastructure, and project area protection. Community involvement is enhanced through employment in the project area, agricultural extension services, and assistance to communities for obtaining land tenure

2 VERIFICATION PROCESS

2.1 Audit Team Composition (*Rules 4.3.1*)

The audit team was comprised of individuals with experience in the necessary fields to accurately and efficiently audit this project. The audit team has verified multiple REDD projects in Brazil, and also validated and initially verified the Valparaíso project. The audit team includes a Brazilian Portuguese translator, forest biometricians, a geospatial expert, and team members with experience in multiple VCS and CCB verifications. For VCS/CCB verifications, ESI maintains an experienced internal staff of Lead Verifiers, in addition to Certified Foresters, Registered Professional Foresters, TWS Wildlife Biologists, M.S. and PhD Forest Biometricians, Remote Sensing/GIS Specialists, and VCS approved AFOU Experts in IFM, REDD, and WRC categories. ESI's own Lead Verifiers and Project Specialists (e.g. Trained Forest Biometrician) were onsite conducting the field verification activities, and subcontractors included on the audit team were

employed for translation services (as applicable). ESI completes all calculation/modeling review in-house with our team of forest biometricians. ESI has been involved in 34 VCS verifications and 31 CCB verification, including a large number of methodology assessments. ESI has a specialist on staff with 8 years of CCB experience who handles all CCB components for project review. All ESI staff involved in the audit have ecological, biodiversity, natural resources and forestry background to fulfill these requirements.

2.2 Method and Criteria

The verification assessed the Project's compliance with the VCS Version 3 and all associated updates, the selected methodology (VM0007, v1.4), CCB Second Edition, and the validated PD. The verification assessed the GHG emission removals through AFOLU criteria, specifically, REDD-APD. According to the ISO14064-3, the verification criteria are the "policy, procedure or requirement used as a reference against which evidence is compared." For this project, the verification criteria followed the guidance documents provided by VCS and CCB and included the following:

- VCS Program Guide (v3.7, 21 June 2017)
- VCS Standard (v3.7, 21 June 2017)
- Agriculture, Forestry and Other Land Use (AFOLU) Requirements (v3.6, 21 June 2017)
- Program Definitions (v3.7, 21 June 2017)
- AFOLU Non-Permanence Risk Tool (v3.3, 19 October 2016)
- VM0007: REDD Methodology Modules (REDD-MF), version 1.4 and its associated modules and tools
- Climate, Community & Biodiversity Standards, v2.0 (December 2008; 2nd Edition)
- CCB Program Rules; Version 3.1 (21 June 2017)
- CCB Program Definitions; Version 3.0 (21 June 2017)
- Validated Project Description dated 13 March 2014

The non-permanence risk analysis was assessed for this verification. Further, following Section 2.1.2 of the VCS Validation & Verification Manual, V3.2, the objectives of the verification exercise were to evaluate the monitoring report and assess:

- The extent to which methods and procedures, including monitoring procedures, have been implemented in accordance with the validated project description. This includes ensuring conformance with the monitoring plan.
- The extent to which GHG Emission Reductions or Removals reported in the monitoring report are materially accurate.

A project specific Verification and Sampling Plan was developed to guide the verification auditing process to ensure efficiency and effectiveness. The purpose of the Verification and Sampling Plan was to present a risk assessment for determining the nature and extent of verification procedures necessary to ensure the risk of auditing error was reduced to a reasonable level. The Verification & Sampling Plan methodology was derived from all items in our verification process stated above. Specifically, the sampling plan utilized the VCS and CCB guidance documents and ISO 14064-3. Any modifications applied to the Verification and Sampling plan were made based

upon the conditions observed for monitoring in order to detect the processes with highest risk of material discrepancy.

Field sampling and techniques were based on the project parameters/scope and best professional judgment of the verification team in order to meet a reasonable level of assurance as directed by the professional judgment of the Lead Verifier. Because the biomass inventory was validated and has not changed, inventory plots were not selected for detailed review/re-measurement. Rather, extensive review of all remote sensing data was undertaken of the project area and leakage belt to aid the Verification Team in establishing a reasonable level of assurance regarding confirming the reported areas of ex-post disturbance (from the remote sensing analysis) for the quantification of project emissions and leakage emissions.

In addition, a risk-based approach was used for the on-the-ground field sampling effort in order to select key areas for direct observation of forest losses, leakage issues, and stated project activities. The most likely access points for anthropogenic deforestation (Jurua and Valparaíso Rivers and the ramals) within the Project Area and leakage belt were toured in order to allow the Verification Team to establish a reasonable level of assurance regarding the implementation of project activities, and to further confirm the reported areas of ex-post disturbance.

The desktop verification component included a full review of all project documentation and calculations received from the Project Proponent as described below.

2.3 Document Review

A detailed review of all project documentation was conducted to ensure consistency with, and identify any deviation from, VCS Program requirements, the methodology (VM0007, v1.4), and the validated PD. Initial review focused on the validated PD and Monitoring Report (MR) relative to the field conditions observed and interviews with project management staff. Project details, implementation status, data and parameters, and quantification of GHG emission reductions and removals were thoroughly examined. Key supporting documents were also reviewed. These included monitoring data (i.e. remote sensing/Geographic Information System (GIS) data), land ownership documentation, carbon rights contracts, financial analyses, property boundaries, maps and aerial images, fire-specific monitoring data, biomass and carbon calculation spread sheets, and responses to Non-conformance Requests (NCRs) and Clarification Requests (CLs).

The VCS AFOLU Non-Permanence Risk Tool (19 October 2016, v3.3) was used by the Project Proponent to assess overall project risk. The Verification Team reviewed the Non-Permanence Risk Report provided with the verification supporting documentation and confirmed that the Project adheres to the requirements set out in the VCS AFOLU Non-Permanence Risk Tool (19 October 2016, v3.3). Each risk factor was thoroughly assessed for conformance. Any identified NCR and/or CL findings related to the AFOLU Non-Permanence Risk Tool/Report are presented in Appendix B. The final score was calculated to be 10%.

For a listing of all documents received from the client for this verification, please see Appendix A.

2.4 Interviews

The verification site visit occurred between 07 November 2018 and 13 November 2018, it was performed in conjunction with the VCS and CCB verification for the Russas project. Onsite interviews and informal discussions were conducted with project staff, members and leaders of the local communities, a worker's union, and Brazilian government representatives.

The verification body interviewed Ilderlei Souza Rodrigues Cordeiro, the landowner and Project Proponent of the Russas Project, and Manoel Batista Lopes, the landowner and Project Proponent of the Valparaíso Project. In these interviews, it was noted that Ilderlei provided much of the project implementation oversight. Nagila Deni Sarah, the project's assistant was also interviewed, as she is the projects' coordinator in Cruzeiro do Sol.

An official at the Instituto de Meio Ambiente do Acre (IMAC) was interviewed to determine the process and procedures utilized in the Cadastro Ambiental Rural (CAR) process and their implications on the project implementation. The verification body also interviewed a member of the Rural Workers Union (STR) to determine their involvement with the community members. The technical coordinator of SOS Amazonia was interviewed, who explained the agricultural trainings provided to the community members.

The verification body interviewed some local people hired by the project, such as boat drivers, the onsite manager (Willyan Deni Sarah), the assistant onsite manager (Paulo Jorge), and the CAR specialist assisting with land demarcation (Saymo Justiniano da Silva). From these interviews, the verification body was able to draw conclusions on the project's safety procedures, consistency and fairness of pay, and monitoring, surveying, and general progress.

The following is a list of the main interviewees. Given that the two projects (Russas and Valparaíso) are essentially comprised of one community, interviews from both projects are included here:

Name	Title
Brian McFarland	Director-Carbon Projects and Origination, Carbonfund.org – CarbonCo/Project Developer
Pedro Freitas	President, Freitas International Group, LLC. (Carbon Securities)/Project Facilitator
Ilderlei Souza Rodrigues Cordeiro	Landowner, Project Proponent, Project Manager (Russas)
Manoel Batista Lopes	Landowner, Project Proponent, Project Manager (Valparaíso)
Nagila Deni Sarah	Project Assistant
Willyan Deni Sarah	Onsite Project Manager

Paulo Jorge	Onsite Project Assistant Manager (Tres Bocas)
Maria de Fatima Dene de Carvalho Sarah	Headquarters Resident and Caretaker
Saymo Justiniano da Silva	Rural CAR Professional
Adair Pereira Duarte	Technical Coordinator of SOS Amazonia
Eliton Oliveria de Lima	Hired Boat Driver for Project
Antonio Magno da Silva Araujo	Hired Boat Driver for Project
Julio Coelho de Farias	Hired Boat Driver for Project
Jaime Lima da Silva	Hired Boat Driver for Project
Ygoor Yvaney Bessa Neves	IMAC Manager
Francisco das Chagas Rodrigues Santos	Rural Workers Union (STR)
Benjamin Dene de Carvalho	Russas Community Member – Project Area
Francisco Genivaldo Almeida de Souza & Maria Antonia Felix da Silva	Russas Community Member – Project Area
Evangela dos Santos Souza	Russas Community Member – Project Area
Francisco Teixeira da Silva	Russas Community Member – Project Area
Antonio Nonato Ferreira Romao	Russas Community Member – Project Area
Jose Rosimar Gomes da Silva	Russas Community Member – Project Area
Janison Souza da Silva	Russas Community Member – Project Area
Raimundo Silva	Russas Community Member – Project Area
Catiane Souza da Silva	Russas Community Member – Project Area and Leakage Belt
Geilson Souza da Silva	Valparaiso Community Member – Project Area
Jose Maria Souza Silva & Taiane Fernandes Silva	Valparaiso Community Members – Project Area
Clemilton Silva De Carvalho	Valparaiso Community Member – Project Area
Antonio Josias dos Santos de Lima	Valparaiso Community Member – Project Area
Francisco Fabio da Silva Alve	Valparaiso Community Member – Project Area

Antonio James da Silva Ferreira	Valparaiso Community Member – Project Area
Edilson Alves da Rocha	Valparaiso Community Member – Project Area
Francisco Bezerra da Silva	Valparaiso Community Member – Project Area
Antonio Cassimiro Gomes	Valparaiso Community Member – Project Area
Francisco Almeida da Silva	Valparaiso Community Member – Project Area
Maria de Cocicao	Valparaiso Community Member – Project Area
Jose Maria	Valparaiso Community Member – Project Area
Francisco dos Santos Silva	Valparaiso Community Member – Project Area
Jose Nilto	Valparaiso Community Member – Project Area

2.5 Site Inspections

The verification site inspection followed our prepared Verification and Sampling Plan process and was conducted on 07-13 November 2018. The site visit aided the verification team to both understand application of the methodology on-site and to identify possible sources of error to focus desktop verification efforts.

Ground inspection of the Project Area and Leakage Belt were conducted during the site visit in order to allow the Verification Team to confirm the implementation of project activities. To further confirm the reported areas of ex-post disturbance extensive review of remote sensing data was undertaken. Also, a drone was utilized to collect aerial imagery of areas of high concern.

During the field review of the project, the following aspects of the project were considered:

1. Boundaries - reviewed boundaries using a Global Positioning System (GPS)
2. Stratification - checked vegetative cover classifications by taking waypoints and notes through direct observation with handheld GPS and maps.
3. Forest Protection - viewed areas of high likelihood of incursions
4. Reviewed and observed high risk areas and items:
 - Hot-spot areas of recent deforestation and degradation in project boundary, leakage area and carbon accounting area with confirmation of data collection methods in conformance with the stated Standard Operating Procedures (SOPs) for monitoring
 - This included assessments of:
 - Evidence of logging (degradation and deforestation)
 - Evidence of any Fire Hot Spots
 - Evidence of Land Clearing
5. Leakage

- Considered leakage monitoring as described in the validated PD and Monitoring Report.
 - Review possibility of illegal expansion of other concessions
6. Implementation of monitoring
 7. Reported elements of the Risk Assessment

Field observations sufficiently satisfied the professional discretion of the Verification Team that the findings in the monitoring report were accurate.

2.6 Resolution of Findings

During the verification process, there was a risk that potential errors, omissions, and misrepresentations would be found. The actions taken when errors, omissions, and misrepresentations were found included: notifying the client of the issue(s) identified and expanding our review to the extent that satisfied the Lead Verifier's professional judgment.

The process of resolution of findings involved two formal rounds of assessment by the Verification Team. Findings were resolved during the verification by the Project Proponent implementing corrective actions such as amending the Monitoring Report and calculations, as well as and providing written responses. This resulted in project documentation that was in conformance with the requirements of the VCS Standard and the CCB Standard for GHG projects.

Findings were characterized in the following manner:

Non-Conformity Reports (NCRs) were issued as a response to material discrepancies in a part of the project and generally fell into one category:

- Non-conformity to a VCS or CCB guiding document listed in Section 2.2 above
- Consistency among project documentation or calculations was lacking
- Mathematical formulae were incorrect
- Additional information was required by the verification team in order to confirm reasonable assurance for compliance

Clarifications (CL) were issued when language within a project document needed extra clarification to avoid ambiguity.

Opportunities for Improvement (OFI) were issued to the project proponents when an opportunity for improvement was identified.

During the course of the verification, nineteen (19) essential findings were identified. Detailed summaries of each finding for VCS and CCB, including the issue raised, responses, and final conclusions, are provided in Appendix B and C. All NCRs/CLs were satisfactorily addressed.

2.6.1 Forward Action Requests

For future verification events, verifiers are recommended to re-examine the following forward action requests:

1. The previous audit team identified inconsistencies between the agents and deforestation drivers, observed at the project's area (family agriculture and manual deforestation with the "coivara" techniques), and the agents and drivers assumed for the baseline's reference region (Large deforestation polygons, with access by paved roads and with probable use of track tractors). They recommended revising, during the baseline revalidation, the deforestation rate (RRD) as well as deforestation location (RRL) established as baseline for the period of 2011 to 2021. The current verification team agrees with the FAR presented by the previous audit team and re-issues this relevant forward action request for the next verification and for future consideration at baseline renewal.
2. The previous audit team noted that not all the elements of the PD implementation schedule were followed, including "profit sharing on the commercialization of carbon credits. It is the audit team understanding that this change in the project description implementation schedule can be considered as minor. The proponent presents a justification related to the down turn observed in carbon markets." This FAR was addressed in Section 2.2.3 of the MR where activities not completed according to the validated project implementation schedule are listed. The remainder of this section describes the efforts the project has taken to fulfill the validated implementation schedule. The current verification team understands that carbon credit profit sharing has not taken place in the 2017 reporting period therefore this FAR is re-issued.
3. Previous audit team noted the "lack of CCIR or Rural Property Registration Certificate. Established by Federal Law No. 5,868, dated December 12, 1972 and regulated by Federal Decrees No. 72,106 of April 18, 1973 and No. 7,620 of November 21, 2011, the audit team understands that the certificate in question is necessary to prove the regularity of the limits the property and attests that the georeferenced polygon informed does not overlap with any other in the INCRA database. The referenced laws make the certificate mandatory for all rural properties in Brazil. Its proof must be carried out on an annual basis for tax purposes."

The audit team for the third verification reviewed this element at the request of the previous verifiers and adherence to requirements; VM0007 v1.4, section 5.1; VCS standard v3.7, requirement 3.11.1; CCBS, 2a ed. (2008) G1.3; VMD0015 v2.1, step 2. The monitoring report references continued progress for both projects towards receiving the Certificado de Cadastro de Imóvel Rural (CCIR) and conversations on-site with proponents confirm this to be the case. Verifiable evidence of the continued progress to obtain a CCIR for the project areas through INCRA is requested. The verification team notes the project may be in violation of the law for conferring land titles to communities. Lack of proper land certification may have cascading effects on the project, including granting titles to households, baseline deforestation projections and CCB Standards.

The project is at a limited capacity to give out land titles to community members following measurements taken and consultations as part of the Cadastro Ambiental Rural (CAR) process until the project area itself can assert a valid CCIR or Rural Property Registration Certificate.

Evidence was supplied by the project proponent to demonstrate that a CCIR is in the process of being obtained through INCRA.

4. Related to CCB Indicator B3.1, at the next verification, auditors should ensure biodiversity monitoring is proceeding on schedule.

5. Related to CCB Indicator B3.8, future auditors are asked to observe whether communications with the community is improving, whether illiterate members of the community are getting project-related information in a timely manner and whether the problem of unmaintained toilets has been remedied.

6. Related to CCB Indicator B3.11, the future auditor for the next verification should examine if project funding is adequate to implement the project at basic levels (full payment for employees, etc.) or shortfalls are preventing minimal implementation of project activities.

2.7 Eligibility for Validation Activities

Validation activities were not undertaken as part of the verification.

3 VALIDATION FINDINGS

3.1 Participation under Other GHG Programs

The validation process for the PD entitled “The Valparaíso Project: A Tropical Forest Conservation Project in Acre, Brazil” with a validation date of 23 September 2014 is described in the Validation Report, available on the VCS website. The Project Proponent has attested that none of the project area has been or will be registered under another carbon trading scheme during the VCS project lifetime, other than CCBA.

3.2 Methodology Deviations

The following methodology deviations were applied to the project and assessed during the verification.

Methodology Deviation	Verification Findings
Trees in the Cecropia genus were not measured as part of the forest inventory. This has been proposed as a deviation as it stands in conflict with the CP-AB requirement that "all the trees above some minimum DBH in the sample plots" be measured.	Verification team confirmed that Cecropia genus was conservatively omitted from analysis and this is permitted per VCS Standard Section 3.5.1 which states that deviations are permitted where they relate to data and parameters available at validation, data and parameters monitored, or the monitoring plan. Cecropia sp. generally does not grow in a consistent tree form to allow conventional volume estimates using allometric methods. Most species, within the genus, contain hollow portions within the stems making volume measurement difficult. Further, there are relatively few Cecropia sp. across the project area. The omission of Cecropia is conservative and does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.
While sampling lying dead wood using the line intersect method: Two 92-meter transect lines were used rather than two 50-meter transect lines; The sampling lines did not bisect each sample plot, but rather ran from one plot center to the next; and The sampling lines were oriented to the north and east, and no randomization in the bearing of the first line was employed	Verification team confirmed that project proponents measured lying deadwood using two 92-meter transects and all dead wood greater than or equal to 10cm diameter was measured at the point of intersection. This measurement method differs from the requirements on module CP-D where Step 1 of Part 2: Lying Dead Wood states "Two 50-meter lines (164 ft) are established bisecting each sample plot and the diameters of the lying dead wood (≥ 10 cm diameter ≥ 3.9 inches+) intersecting the lines are measured. The first line is oriented along a random bearing, the second line is oriented perpendicular to the first." The PP established two 92-meter transect lines, greater in length, to capture a larger and more representative sample of lying dead wood. These sample lines were permitted not to intersect a given sample plot center, but instead run from one plot to another. This method still ensures a random, but systematic sample of lying dead wood along a transect. The Project Proponent followed the same minimum diameter rule as the requirement, where lying dead wood greater than or equal to 10cm which fell on the transect line was sampled. The first sample line was not at a randomized bearing but rather the two sample lines were oriented at the north and east. The verification team believes that consistent line bearings among sample lines is still in line with good forest sampling practice as no sampling bias is introduced. Field going personnel of varying forest measurement experience are better able to replicate sample line measurements which are consistent in bearing.

	Further, the bearing of sample lines follows the perpendicular rule stated in CP-D. These deviations from the criteria and procedures related to measurement are appropriate given the good forest measurement practices employed, consistency in sampling practices, and conservativeness in larger sample sizes of lying dead wood. Further, the deviations are permissible per VCS Standard Section 3.5.1 given that the issue is a monitoring/measurement deviation and its application does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.
Rather than using a root to shoot ratio to estimate belowground biomass as per the CP-AB module, belowground biomass was estimated using an allometric equation developed by Cairns et al.	The verification team has agreed to allow this deviation as it has been demonstrated by project proponents that using the Cairns¹ approach is a conservative allometric method to estimate belowground biomass. The Cairns et al. 1997 equation predicts root biomass density as a function of the aboveground biomass density, and it was chosen to replace the root to shoot parameter R. The Cairns et al. 1997 equation was confirmed by the verification team to be a widely referenced method during a related literature search. The project proponent (PP) demonstrated the conservativeness of the root to shoot parameter (R) substitution in a separate analysis where the default root to shoot ratios were compared to the Cairns root to shoot ratio. The Cairns et al. method employs an average root to shoot ratio of 0.2286 versus the value of 0.24 (Table 4.4 IPCC GL AFOLU Tropical Forest >125 t.ha⁻¹). This alternative method for determining below ground biomass is acceptable as it is more conservative and accurate. Further, this method for determining below-ground biomass is a parameter available at verification and therefore a justifiable deviation.
The forest inventory has deviated from the criteria for selection (i.e., the equation is based on a dataset comprising at least 30 trees, with an r^2 that is ≥ 0.8) and validation of the allometric equation related to palm biomass, however the equation used is likely to result in a conservative estimate of palm biomass for the following reasons:	The verification team has found this deviation to be permissible as it has been demonstrated by project proponents that using a paraboloid is a conservative alternative to applying a traditional allometric to represent palm trees. Other assertions by the project proponent including the sole inclusion of stem biomass and lower dbh values employed are

¹ Cairns, M. A., S. Brown, E. H. Helmer, and G. A. Baumgardner. 1997. Root biomass allocation in the world's upland forests. *Oecologia* 111, 1-11.

• Volume is calculated as the volume a paraboloid rather than the volume of a cylinder; • Only stem biomass is estimated, thus conservatively excluding other aboveground biomass; and • A conservative measure of basal diameter (i.e., dbh) was used.	acceptable. Further, this method for determining above-ground biomass is a parameter available at validation.
Dead wood collected for density determination was opportunistically sampled from within the project area. The forest inventory collected a total of 13,17,13 samples for the sound, intermediate, and rotten classes, respectively. While the minimum number of samples, twenty, as stated in the CP-D module of the methodology was not collected for each class, the sample was still sufficient for a robust estimate of the mean as indicated by the low coefficient of variations for each of the classes (i.e., less than 20% for each class).	The verification team initially found that the number of samples does not equal the minimum number of samples required for the determination of densities required by the methodology. This deviation was inserted by project proponents (PP) to address the monitoring/measurement of the dead wood densities. The PP has chosen to employ the method of project-specific determination of dead wood density rather than a source of data from the literature for parameter DDWdc. Communication with the project proponent confirmed the nature of the dead wood density “opportunistic samples”. The samples were not collected from forest inventory plot locations but rather throughout the project area and were representative of the relative species composition and abundance as observed in the project area. Through assurances from the project proponent, the scale and representation of the samples is the representative of the forest strata and species composition determined from the inventory. Samples were collected to the widest extent possible given the difficulty in identifying the species of lying dead wood. Further, the samples were collected independently of the forest inventory plots due to the inherent challenge of storage and transport to the laboratory for analysis. Additionally, the conservative nature of the results from the field samples was supported by a demonstration where the PP compared wood density values of the field samples and literature derived wood density values that illustrated the sampled values are conservatively lower. CP-D states that mean value and 90% confidence interval are to be computed for each density class and “If the 90% confidence

	interval is equal to or less than 10% of the mean, the mean density value is applied in project calculations." The PP provided a demonstration that the mean dead wood density value can be applied at the 90% confidence interval and validators duplicated this analysis and achieved the same result. Despite the minimum number of samples, a meaningful statistical inference can still be made. At the 90% confidence interval, mean density values of 7%, 5%, and 8% were achieved for rotten, intermediate, and sound respectively. Furthermore, an examination of the coefficient of variations and other relevant statistics justify the homogeneity of the samples collected. Verification team concludes this deviation is acceptable per VCS Standard Section 3.5.1 as it is a parameter available at validation and does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.
The similarities of the project boundaries were assessed using population density rather than settlement density.	Settlement location data within Acre state is insufficient and therefore population density was used as a surrogate for settlement density to assess similarities in the project boundaries. The verification team interprets the intent of settlement density to capture the relative density of residents within the project boundaries. During validation, the PP stated that the Acre state level settlement density data is out-of-date (last updated 2006) and/or insufficient within the project boundaries. A demonstration was provided of the Acre state settlement data where it was illustrated that densely populated areas contain sufficient data, but data was non-existent in many rural areas. Further, new settlements since 2006 are not evident but occur as confirmed by field visits. This is a permissible deviation because population density is also able to reflect land conversion pressure. Additionally, it is a parameter available at validation and does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.
The parameter TOTFOR has not been "limited	TOTFOR was derived from the source: FAO

to forest areas within 5km of roads and rivers suitable for conversion to agriculture / livestock" as mentioned in the methodology.	publication Global Forest Resources Assessment 2010, Brazil Country Report². As a result, the PROPLB parameter is smaller and produces a more conservative estimate as more leakage outside the leakage belt is accounted for. The verification team believes the monitored TOTFOR parameter is eligible as a methodology deviation because the alternative measurement method is more accurate and conservative. The verification team and the PP interpreted the comment noted for the monitored TOTFOR parameter "Limited to forest areas within 5km of roads and rivers suitable for conversion to agriculture / livestock" to be a mandatory requirement. The total available national forest area was derived from the Brazil FRA and it would largely be infeasible to determine an exact size of all forested areas within 5km of roads and suitable for conversion to agriculture/livestock. A total available national forest area available from the Brazil FRA is inherently more accurate and also conservative in the overall accounting of leakage outside the leakage belt. Additionally, it is a parameter available at validation and does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals
The parameter COLB has not been "limited to forest areas within 5km of roads and rivers suitable for conversion to agriculture / livestock" as mentioned in the methodology.	During the course of the validation project proponents adjusted this parameter from the FAO value for the Amazon basin to the country-specific Brazil value. ESI believes the COLB parameter is eligible as a methodology deviation because it pertains to the conservativeness of a measurement method. The COLB value has been set to a value which is not limited to areas suitable for agriculture or livestock ranching. During validation the PP adjusted the COLB aboveground carbon stock value to a country specific value which is larger than the FAO default value for the Amazon basin. This new COLB value represents a wide range of areas which may include areas unsuitable for agriculture or ranching. The larger COLB stocking value represents a more conservative approach as there is a larger proportional difference in carbon stocks between areas of forest available for unplanned deforestation inside and outside the leakage belt. This change to a larger value was

² FAO. 2009. Global Forest Resources Assessment 2010, Brazil Country Report. Forestry Department, Food and Agriculture Organization of the United Nations, Rome

	deemed more conservative and it also resulted in a larger proportional difference in carbon stocks between areas of forest available for unplanned deforestation inside and outside the LB. While this change in the COLB represents a methodology deviation, the verification team believes it is appropriate given the desire to achieve a higher level of conservativeness. Additionally, it is a parameter available at validation and does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.
The AVFOR parameter used in leakage estimation was stratified using information and data derived from official (government) publications, peer-reviewed published sources, or other verifiable sources. Stratification is not limited to the delineation of different strata where contiguous areas of at least 100 ha differ in stocks by $\geq 20\%$.	The verification team found that AVFOR was stratified by Amazon biomes, source: FAO publication Global Forest Resources Assessment 2010, Brazil Country Report. The requirement in LK-ASU states (Step 4, Definition of the Leakage Belt Boundary), "AVFOR shall be separated into different strata where contiguous areas of at least 100 ha differ in stocks by $\geq 20\%$." The project was stratified into contiguous natural forest biomes according to the FAO data that are larger than 100 ha and differ in in stocks by $\geq 20\%$, thus it meets the above quoted mandatory requirement. No divergences from the FAO document were identified during review. Since the AVFOR parameter is directly related to the TOTFOR parameter which contains a permissible methodology deviation, the verification team agreed with the PP it be mentioned along with the TOTFOR as a methodology deviation. However, the verification team concludes that the actual measurement method for AVFOR does not constitute a methodology deviation because this measurement was performed correctly.
Parameter UP,SS,i,pool# will be monitored at least once every 10 years, on re-measurement of forest carbon stocks. While module X-UNC requires that monitoring of this parameter occur every < 5 years, this requirement is inconsistent with the VM0007 pools modules, which specify that stock estimates (from which uncertainty is calculated) are assumed valid for 10 years. Therefore, a deviation to module X-UNC is applied to permit parameter UP,SS,i,pool# to be monitored every < 10 years, putting it into alignment with modules CP-AB and CP-D.	Verification team confirmed that project proponents are correct in that no other module requires forest measurements to occur in intervals less than 10 years. Since this project also includes remote sensing and is clearly planning to update the baseline carbon stocks at 10-year intervals with inventory sample points, then this deviation is considered to be an acceptable approach by the verification team. The verification team cannot find any other instance where updates to the inventory plots are required in less than 10-year increments, thus there would be no new inventory plots to use for the update of the sampling error, as suggested by this monitoring frequency requirement. Verification team concludes this deviation is acceptable.

The parameter ARRL,forest was not monitored or updated in 2017 as the Acre dataset, the input for the calculation of ARRL,forest, was discontinued in 2017 and the follow-on dataset had not been released by the Brazilian government at the time of reporting. As this parameter does not drive project accounting, it's neglect does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals.	The verification team finds this new methodology deviation for parameter ARRL,forest allowable. Following the VCS Standard Section 3.6.1 (2) the deviation does not impact the applicability of the methodology, additionality or the appropriateness of the baseline scenario, and the project remains in compliance with the applied methodology. The deviation is appropriately described and justified in the monitoring report.
---	---

The verification process confirmed that the above methodology deviations are reasonable and in compliance with the VCS Standard, Section 3.5 and have been appropriately justified. The listed deviations represent a deviation from the criteria and procedures relating to monitoring and/or measurement of GHG emission reductions or removals set out in the selected methodologies. Moreover, the deviations do not negatively impact the conservativeness of the quantification of GHG emissions reductions or removals (where degradation is deemed significant following the steps in T-SIG, it will be accounted for).

3.3 Project Description Deviations (*Rules 3.5.7 – 3.5.10*)

Two project description deviations are reported in the current project monitoring report that are common with previous monitoring periods. Please see the table below.

Project Description Deviation	Verification Team Findings
"Rather than initially assessing the significance of illegal logging using temporary sample plots covering 1% of the potential degradation area (ADegW,i) as proposed in the project document and monitoring module of the VM0007 methodology; information gathered during the course of the participatory appraisals including amounts of fuelwood, charcoal, and timber collected by communities members will be used along with conservative assumptions to assess whether emissions due to degradation are significant using the T-SIG tool, and plot level monitoring of degradation is warranted."	The verification team interviewed individuals and traversed the project area during verification site visits over the course of two verification periods (2014-2016 – and 2017) to assess degradation activities. Community members were surveyed on the main required elements of the degradation Participatory Rural Appraisal (PRA) in M-MON and consistently responses indicated low (de-minimis) levels of timber and fuelwood extraction. The results of the verification team's series of informal degradation surveys were generally in line with the Project Proponent, suggesting that survey data for the Project is sufficient to measure degradation. The project remains in compliance with VM0007 V1.4 (where degradation is determined to be significant per the T-SIG tool, it will be accounted for) and the PD deviation is described and appropriately justified in Section 2.2.4 of the Monitoring Report. The project remains in compliance with the VCS Standard, Section 3.6.1 where Project

	Description Deviations are permissible at verification if the deviation does not impact the applicability of the methodology, additionality or the appropriateness of the baseline scenario, and the project remains in compliance with the applied methodology.
“Rather than monitoring Cpost using modules CP-AB and CP-D as described in the MON modules, C(post) can conservatively be assumed to be zero in the with-project case, not only for natural disturbance (CP,Dist,q,i , as stated in Section 5.2.3 of the M-MON module) but also for deforestation (CP,post,u,i).”	This deviation does not negatively affect the conservativeness of project emissions. Setting parameter Cpost to zero ensures that the most conservative estimate of emissions is achieved. This deviation was reviewed at the previous verification and found to be permissible. The project remains in compliance with the VCS Standard, Section 3.6.1 where Project Description Deviations are permissible at verification if the deviation does not impact the applicability of the methodology, additionality or the appropriateness of the baseline scenario, and the project remains in compliance with the applied methodology.

3.4 Minor Changes to Project Description (*Rules 3.5.6*)

Minor changes were reported by the project proponent to the community and biodiversity elements of the project design regarding the validated Project Implementation Schedule in the monitoring report Section 2.2.3 (Rules 3.5.6). Shortcomings in the implementation schedule were raised as a Forward Action Request (FAR) in the previous verification.

3.5 Monitoring Plans (CL3.2, CM3.3, B3.3)

At this time all of the climate, community or biodiversity impact monitoring plans have been validated against the Climate, Community & Biodiversity Standards therefore this section is not applicable.

4 VERIFICATION FINDINGS

4.1 Public Comments (*Rules 4.6*)

The public comment period was held from 05 October – 04 November 2018. No public comments were received for this project as confirmed by an email from VCS on 09 November 2018.

4.2 Summary of Project Benefits

Please see Section 1.4 of this report for a summary description of *The Valparaíso Project: A Tropical Forest Conservation Project in Acre, Brazil*. Section 1 of the monitoring report appropriately describe activities implemented and/or planned as part of the project to reduce deforestation. Achievements reported (e.g. Community outreach and education; Employment of local community members as forest guards or other project staff (to replace other sources of

income associated with deforestation and land use)) are substantiated with information provided in the body of the document.

4.3 General

4.3.1 Implementation Status (G3.4, CL1.5)

The Project Activities and Monitoring Plan, as described in the validated PD, have been fully implemented and the system is suitable. There are no remaining issues from the validation. At this verification, many activities are still being implemented, but the verification team observed considerable progress during the Verification Site Inspection. Participatory Rural Assessments (PRA), and a Basic Needs Survey (BNS) were conducted, SOS Amazonia provided agricultural trainings to community members, a full-time local project manager was hired, deforestation patrols were initiated, bathrooms had been installed for public use, health clinics and access to clinics had been provided, and official land tenure proceedings had occurred to grant community members ownership of their parcels. Profit sharing, as originally outlined in the validated Project Description was uninitiated as of the 2017 monitoring period. Discussions with project staff and developers suggested that carbon revenues were not to a point where profit sharing was feasible with the project activities implementation. Future profit sharing is still in the planning stages.

Deforestation monitoring was completed by Willyan Deni Sarah, the local project manager. Willyan typically spends approximately 15 days per month visiting the communities in the project. He provided the verification team with monitoring reports he had completed while monitoring the main travel arteries for deforestation. Further monitoring for deforestation occurred using remote sensing data, as described in this report. The PRA and BNS included questions on wood usage to assist in monitoring degradation.

The verification team achieved reasonable assurance that the GHG emissions reductions or removals generated by the project have not become included in an emissions trading program or any other mechanism that included GHG allowance trading, nor has it been rejected from any other GHG program. Also, the verification team achieved reasonable assurance that the project has not received or sought any other form of environmental credit.

No material discrepancies were identified during the verification following the VCS materiality threshold and ISO 14064-3:2006.

The project lifetime is 60 years (two 30-year crediting periods) followed by the potential of two renewable terms of 25 years each (total of 110 years). The initial 30-year crediting period started on March 19, 2011, and extends to March 18, 2041.

Methodology and Project Description deviations are listed in Section 3 of this report.

Thus, it is the verification team's opinion that the project has been implemented as described in the validated project description, with deviations as noted in this report.

4.3.2 Risks to the Project (G3.5)

The AFOLU Non-Permanence Risk Tool (v3.3, 19 October 2016) was utilized by the project to quantify the risks to carbon stocks within the project. The verification team reviewed documents and support necessary to achieve reasonable assurance of the project's reversal risk rating of 8%. Please see section 4.4.3 of this report for further non-permanence risk discussion.

An initial analysis of likely risks to the project was done prior to validation. Natural risks are unlikely, including natural fires. Extensive evidence was provided in this regard.

Human-induced risks include illegal hunting, logging, collection of endangered flora, human-caused fires and the expansion of the Lua Clara Ramal. In order to reduce the risk of the ramal's intrusion into the Project Area, monitoring and discussions with the people at the end of the Lua Clara Ramal is occurring, while the project is offering them agriculture training.

It is the verification team's opinion that reasonable steps have been taken to mitigate risks to the project.

4.3.3 Enhancement of High Conservation Values (G3.6)

The High Conservation Values are thoroughly integrated into the project design. All High Conservation Values are maintained or enhanced through the preservation of the existing forest, which is the central project activity.

Communities were trained to assist with monitoring biodiversity with camera traps and the project proponents state they will focus conservation measures where threatened or endemic species are identified.

Due to the break in activities during the lapse in hiring the local project manager, the training of communities may have been of minimal value, since continuous contact was not maintained. Between the passing of the previous local project manager and the hiring of Willyan Deni Sarah, Nagila Deni Sarah and Maria de Fatima Dene de Carvalho Sarah maintained the project area as able. It was clear from on-site observations that Willyan is engaging the communities. However, the monitoring report states the communities will be engaged again in 2019 for this purpose.

4.3.4 Benefit Permanence (G3.7)

Agreements extend the project far into the future. Many of the benefits projects involve education of one sort or another, or training in new skills. These kinds of activities may extend beyond the project's boundaries and lifetime. A legal entity is in place to manage the project beyond the project proponent's lifetime. Land tenure will clearly extend beyond the project lifetime.

Education and outreach activities during the monitoring period included SOS Amazonia training eco-friendly agriculture, such as turtle husbandry, poultry production, beekeeping, manioc flour, and gardening. Education benefits permeate beyond the borders and timelines of the project. Also, health clinics that included both general health and dental hygiene were provided to the

communities. These clinics provided evaluation, treatment, and education that reach far beyond the monitoring period.

Land ownership rights are in the process of being granted to the community members via the CAR/CCIR processes. Documents were provided that demonstrate that land ownership transfers to the community members is currently underway, with many community members having their parcels demarcated by Saymo Justiniano da Silva, a rural CAR professional hired by the project. This ensures permanence of land ownership of the community members.

Another major benefit is the installation of public bathrooms. While on site, it was noted that many of these bathrooms were in disrepair due to the lack of education on maintaining bathrooms in the communities. In response to requests from the verification team, the project has planned to begin public education meetings to instruct the communities how to maintain their bathrooms.

4.3.5 Stakeholder Engagement (G3.8 – G3.9)

The monitoring report lists all contacts between the project developers/management and stakeholders of all kinds, including the community stakeholders, including efforts by the local project manager who died in 2014.

Between the time of community contact with wildlife biologist Luiz Henrique Medeiros Borges, in August 2014, until May 2, 2017, contact with the communities amounted to approximately 14 agricultural training sessions or thematic meetings, held by SOS Amazonia.

In May of 2017, project developers/management met with community members to conduct the PRA and BNS surveys. Since that time, additional agricultural training sessions were provided through SOS Amazonia, and there was additional contact with project management (along with the hiring of the local project manager).

The auditors for the previous verification period issued a Forward Action Request on this indicator, stating they were not convinced the communities had input into the adaptive management plan, and that efforts to publicize the site visit were inadequate. They believed that the hiring of a new local project manager would remedy that problem. As noted on site and through interviews, the local project manager was hired in May of 2017. Site visit interviews indicate the local project manager is still in place.

Proof of radio broadcasts announcing project-related information was provided to the verification team in the form of receipts. Also, the handouts that were provided to community members with the project's summary was provided to the verification team on site, although many members of the community appeared to be illiterate. The verification team also noted community members with copies of the handout. The auditors for the previous verification period issued a Forward Action Request on this indicator, stating that efforts to publicize the site visit were inadequate. During the site visit, the auditors found that many community members had received the project summary document and the majority knew the auditors' site visit was scheduled. The verification team believe the project to be making positive strides in reaching as many community members as possible through handouts, visits, and radio broadcasts. Future auditors are asked to observe whether communications with the community is improving, whether illiterate members of the

community are getting project-related information in a timely manner and whether the problem of unmaintained toilets has been remedied.

Most community members appreciate benefits, especially the health clinic. Many are eagerly awaiting the procurement of the boat for transporting goods to market and for emergency travel.

4.3.6 Stakeholder Grievance Redress Procedure (G3.10)

The monitoring report states that the grievance procedure was developed between March 2011 and December 2013 and communicated to local communities. It was also included in summary documents in 2014. Phone numbers of the project proponents was available at project HQ. The Climate Change Institute acts as the third party to mediate unresolved conflicts. The contact information, including phone numbers and email address, is provided in the report.

The previous auditors issued a Forward Action Request on this indicator, stating that there is a large, unresolved grievance between community members and the project developers, regarding the amount of land the project is willing to transfer to community members. Community members claim it is inadequate to sustain them. The grievance procedure was devised and is in place. It conforms to the CCB requirements. It was also included, along with contact information, in the summary monitoring report that was provided to the community members.

The grievance regarding the amount of land the project is willing to transfer to community members has not been fully resolved. Several community members mentioned the land offered is insufficient. A description of the Brazilian Forest Code of May 2012 was included in the MR for context in terms of the legal and non-legal reserve responsibilities. The landowner is expected to account for legal reserve lands in order to allow the local communities to utilize the full 50 hectares allotted to them. A hired expert was retained to explain that the lands proposed to communities are for planting crops, and the project will “give the support of the environmental reserve” for the areas offered to the communities.

4.3.7 Worker Relations (G4.3 – G4.6)

The Valparaíso project has hired multiple community members to assist with project activities, such as Willyan Deni Sarah, the local project manager, and Paulo Jorge, the assistant local project manager. Interviews on site indicated that many local community members were hired as laborers or boat drivers to assist with project activities. Through interviews, the verification team was able to reach reasonable assurance that pay was overall fair and delivered in a timely manner.

The monitoring report lists the ways in which community members were involved in the project, between March 2011 and the end of 2017. This list includes; acting as guides, providing lodging, food and transportation, local project manager/coordinators, monitors, retrieval of monitoring data, building and renovation, assisting municipal health boats. The list also includes items such as choosing crop techniques to learn about and other input into the project, but these do not seem to be related to any sort of hiring.

As the project requires more employees, the communities will be considered for additional employment opportunities. The report goes on to explain the positions are advertised via radio and by going door-to-door. Underrepresented groups will be given a fair chance to participate.

The monitoring report states that the project proponents assessed situations and occupations that could pose a risk to worker safety and will continue to inform employees of these risks. It further states that Nagila, Fatima and Willyan were specifically informed about these risks. The main risks to employees of the project on site are drowning, heat exhaustion and dehydration, becoming lost the jungle, venomous snake bites, and tropical diseases. As most of the employees live in the environment in which the above risks are inherent, common sense precautions were provided.

The monitoring report includes a list of all orientations and trainings of employees and consultants, since March 2011. Of specific interest to this verification period, the new local project manager received specialized training from the Climate Change Institute on REDD+. Some training of local community members on wildlife camera trap techniques is mentioned, as well as the ag training sessions provided through SOS Amazonia. Further, it is stated that Manoel Batista Lopes, ME, and Ilderlei Souza Rodrigues Cordeiro of the Russas project will assist with training new workers when there is staff turnover.

The described hiring practices should provide equal opportunities for community members when jobs with the project become available. Positions are currently limited, however discussions with staff and observations indicated that community members were hired when possible, including women for traditional roles. Additionally, the interim onsite management was conducted by a woman (Nagila) who is now the Referential Coordinator in Cruzeiro do Sul.

The monitoring report states that relevant laws pertaining to worker's rights are:

- The Brazilian Constitution, articles 7 – 11
- Consolidate of Working Laws
- Establishment of Regular Norms for Rural Workers.

Agreements between the project proponents and agreements between CarbonCo and its contractors stipulate that firms must abide by labor laws. CarbonCo has an employee handbook to ensure proper guidelines are followed by its employees. ISRC has an explanatory letter on labor rights that was presented to all employees. IRSC provided "Receita Federal, which certifies all taxes and insurance (including social) are paid.

The monitoring report describes a reasonable way to ensure employees are informed of their rights. However, the site visit interviews indicated that much of the community, and potentially some of the onsite staff, are functionally illiterate. The handbook and labor rights letter may not be effective without some other type of formal approach.

Section 2.4.4 of the monitoring report explains that no full-time illiterate employees have, yet, been hired by the project. Some community members were hired for services and some of them

may have been illiterate. But the relationship between the project and the worker appears to be contract work or something similar, for which the worker contracts with others, and well understands the agreement.

The project proponents further commit to ensuring that any full-time employee hired in the future, who happens to be illiterate, that a local teacher or other person will make sure the community member fully understands the contract and their rights.

4.3.8 Technical and Management Capacity (G4.2, G4.7)

The monitoring report lists the following technical skills required to implement this project:

- Stakeholder identification and community engagement.
- Biodiversity assessment and monitoring
- Carbon stock measuring and monitoring
- Regional deforestation and land-use modeling.
- Project management
- Local knowledge and fluency in Portuguese
- Carbon finance.

The monitoring report goes on to direct the reader to the validated PDD for biographies of the various project proponents and consultants that possess these skills.

Carbonfund.org is well established in the world of carbon offset credits. The other consultants and technical workers include TECMAN for measuring carbon stocks and TerraCarbon for all aspects of development and monitoring. These are also organizations known to be competent in their fields.

The monitoring report cites that Carbonfund.org has funded over 170 carbon reduction and tree planting projects and is aware of the financial mechanisms required. A revised pro forma was provided to the auditors, showing the financial situation if VCUs are sold at a variety of prices. Ten-year cumulative net range for different rates for offset credits was provided. The IRS 990 form for Carbonfund.org for 2017 was provided, indicating Carbonfund.org's net assets are over \$9,000,000 – an increase of over \$900,000 in assets over 2016. Thus, the verification team is reasonably assured that the project has technical and management capacity that is significant enough to maintain this project.

4.3.9 Legal Status (G5.1)

A list of international, national and local laws, treaties and regulations were provided, and which were reviewed through 2017. The list also provides the summary of the law and how the project complies with each law.

A forward action request from the previous verification body detailed that there was a “lack of CCIR or Rural Property Registration Certificate”. As detailed in this report, proof of the CCIR/CAR process was provided to the verification team.

4.3.10 Rights Protection and Free, Prior and Informed Consent (G5.3-G5.5)

The project proponents established that the project will not encroach uninvited on private, community or government property during the recent successful validation. Observations made during the site visit did not suggest that the project is encroaching on private, community, or government property uninvited. Free, prior, and informed consent for all communities volunteering to join the project was also demonstrated.

The PIR reiterates that the project requires no relocation of communities or activities important to livelihoods and culture. Compliance with this indicator was established through the declaration and the fact that one of the main project activities is to grant land title to communities on the lands they have cleared, worked and made productive. Observations made during the site visit supported that activities important to livelihood and culture were supported, such as with agricultural training through SOS Amazonia. Further, no forced relocation was observed or noted through interviews.

The project developers state that no one was or will be involuntarily relocated through the project, and the intent is to grant title to the communities. Site visit interviews confirm these statements. Prior to project validation, the project received approval from the property owner and one of the project developers, Ilderlei Souza Rodrigues Cordeiro. Approval was also received from local communities who were living on the land, as evidenced by the Tri-Party Agreement and the ATA signed by local communities. The project developers have been in active contact with the State of Acre, from the start of the project through 2017, and received letters of support from the Municipality of Cruzeiro do Sul, Secretary of Environmental Affairs and the Mayor of Cruzeiro do Sul.

4.3.11 Identification of Illegal Activities (G5.5)

Hunting and fishing for protected fauna, illegal logging and illegal drug manufacture, transportation or distribution were listed as potential illegal activities. Monitoring and public awareness will be used to detect illegal activities. While on site, the verification team interviewed project staff about drug trafficking in the area. While drug trafficking was noted, the police have been notified, and no conflicts were noted between the traffickers and the community members.

4.4 Climate

4.4.1 Accuracy of GHG Emission Reduction and Removal Calculations

The verification team conducted an intensive review of all input data, parameters, formulas, calculations, conversions, statistics and resulting uncertainties and output data to ensure consistency with the VCS standard, the validated project PD and the methodologies. Further, the verification team reproduced select calculations and checked all formulae application for parameters that are derivative to net emission reduction values. Conversion factors, formulas, and calculations were provided by the project proponent in Excel worksheet format to ensure all formulae were accessible for review. The verification team recalculated subsets of the analyses to confirm correctness. The project proponent also provided a step-by-step overview as needed

of calculations to ensure the verification team understood the approach and could confirm its consistency with the methodologies and PD.

An overview of the data and parameters monitored, along with verification team findings, are included in the table below:

Data Unit / Parameter	Accuracy of GHG emission reductions and removals	Whether methods and formulae set out in the PD have been followed	Appropriateness of default values
$\Delta C_{P,Def,i,t}$	Verification team confirmed the net carbon stock change as a result of deforestation in the project case were correct by recalculating and checking input values. The value was traced to the quantification of carbon stock changes for project emission/removals and, ultimately net GHG emission reductions during the monitoring period. This value was found to be calculated correctly for the 2017 monitoring worksheet according to the correct formula for the monitoring period.	This parameter was reviewed and re-calculated using methods set forth in the methodology and the PD and confirmed followed.	Not applicable.
$\Delta C_{P,DefLB,i,t}$	The net carbon stock change as a result of deforestation in the project case in the leakage belt was confirmed by the verification team through an independent check on source data from the Landsat 8 based deforestation analysis dataset. This value was found to have been calculated correctly in the 2017 monitoring worksheet according to the correct formula for the monitoring period.	This parameter was reviewed and re-calculated using methods set forth in the methodology and the PD and confirmed followed.	Not applicable.
$\Delta C_{P,DistPA,i,t}$	Net carbon stock change as a result of natural disturbance in the project case in the project area was correctly determined to be 0. This was appropriate as there were no areas of natural disturbance reported by on-the ground forest monitors/local land managers and confirmed under parameter $A_{DistPA,q,i,t}$.	This parameter was reviewed and re-calculated using methods set forth in the methodology and the PD and confirmed followed.	Not applicable.
$A_{DefPA,u,i,t}$	This data/parameter was appropriately chosen because it pertains to the area of recorded deforestation in the project area stratum i converted to land use u	This parameter was reviewed and re-calculated using methods set forth in the methodology	Not applicable.

	at time t . This value was found to be computed and determined correctly from remote sensing/GIS data as confirmed by an independent workup by the verification team. Hectares deforested during the monitoring period in the project area were also confirmed to have been transcribed and collated properly in the 2017 monitoring worksheet according to the correct formula. The verification team also confirmed the Project's accuracy assessment for landcover classification by randomly selecting points and reviewing them in monitoring period dated Sentinel2 high-resolution imagery. Further, the verification team confirmed all misclassifications using the same Sentinel2 imagery.	and the PD and confirmed followed.	
$A_{DefLB,u,i,t}$	This data/parameter was appropriately chosen because it pertains to the area of recorded deforestation in the leakage belt stratum i converted to land use u at time t . This value was found to be computed correctly from remote sensing/GIS data as confirmed by an independent workup by the VVB. Hectares deforested during the monitoring period in the project area were also confirmed to have been transcribed and collated properly in the 2017 monitoring worksheet according to the correct formula. The verification team also confirmed the Project's accuracy assessment for landcover classification by randomly selecting points and reviewing them in monitoring period dated Sentinel2 high-resolution imagery. Further, the verification team confirmed all misclassifications using the same Sentinel2 imagery.	This parameter was reviewed and re-calculated using methods set forth in the methodology and the PD and confirmed followed.	Not applicable.
$A_{DistPA,q,i,t}$	This data/parameter was appropriately chosen because it pertains to area impacted by natural disturbance in post-natural disturbance stratum q in	This parameter was reviewed and re-calculated using methods set forth in the methodology	Default factors were confirmed correctly obtained from the IPCC for Dissolved Organic Carbon

	stratum i , at time t . The value applied was 0. This was appropriate as there were no areas of natural disturbance reported by on-the ground forest monitors/local land managers. The verification team was unable to distinguish natural disturbance from anthropogenic deforestation with remote sensing analyses of monitoring period dated Landsat data (http://landsatlook.usgs.gov/ accessed 20 August 2018). The VVB further confirmed the value of 0 was appropriate through ground review during the verification site visit.	and the PD and confirmed followed.	(DOC).
$A_{DegW,i,t}$	This data/parameter was appropriately chosen because it pertains to the area potentially impacted by degradation processes in stratum i . The value applied was 0. This was appropriate as CarbonCo's assessment of degradation (2018 determined – M-MON requires degradation survey every two years) indicated that emissions due to degradation (for this monitoring period) are insignificant as per T-SIG.	This parameter was reviewed and re-calculated using methods set forth in the methodology and the PD and confirmed followed.	Not applicable.

4.4.2 Quality of Evidence to Determine GHG Emission Reductions and Removals

During this verification assessment, the evidence provided by the project proponent was sufficient in both quantity and quality to support the determination of GHG emission removals reported by the project. Throughout the verification, the project proponent demonstrated a commitment toward conservativeness and took appropriate measures to ensure the reliability of evidence provided.

The threshold for materiality with respect to the aggregate of errors, omissions and misrepresentations relative to the total reported GHG emission reductions and/or removals was met for this project as defined in the Verification Sampling Plan. Materiality is a concept that errors, omissions and misrepresentations could affect the GHG reduction assertion and influence the intended users (ISO 14064-3:2006). As defined by VCS Version 3, the materiality will be 5% for this project.

The evidence provided to determine emission reductions reported in the Monitoring Report included values, notations, units and sources. This evidence has been cross-checked with supplied emission reduction calculation spreadsheets. The procedure for data recording, transfer and final transposition was also verified and found to be in compliance with the monitoring plan

outlined in the PD. The verification team confirmed through cross checks that adequate monitoring mechanisms are in place where the required parameters need to be monitored.

Interviews conducted (oral evidence) are outlined in Section 2.4 above, and the final documents received from the Project Proponent supporting the determination of GHG removals can be viewed in Appendix A.

4.4.3 Non-Permanence Risk Analysis

The VCS AFOLU Non-Permanence Risk Tool (v3.3, 19 October 2016) was used by the Project Proponent to assess overall project risk. The verification team reviewed the Non-Permanence Risk Report provided with the verification supporting documentation and confirmed that the Project adheres to the requirements set out in the Non-Permanence Risk. Each risk factor was thoroughly assessed for conformance. Any identified NCR and/or CL findings related to the AFOLU Non-Permanence Risk Tool/Report are presented in Appendix B. A brief review of each factor is found in the table below:

Factor	Rationale & Quality	Conclusion
Internal Risks		
Project Management	Ongoing enforcement is required to prevent encroachment by outside actors = 2. Management team does not include individuals with significant experience in all skills necessary to successfully undertake all project activities = 2. Local management partners are based in Cruzeiro do Sul less than a day's travel from the project activity. There is a project manager living on the property and a project headquarters has been established on the property = 0. Project proponents have developed other forest carbon projects and have been working in the forest carbon arena for over 5 years. Brian McFarland of CarbonCo has developed the "Tensas River National Wildlife Refuge Afforestation Project" and the "Purus Project" under the VCS and the CCBS including managing the project design, implementation, and financing = -2.	A risk rating of 2 is appropriate given the rationale provided.
Financial Viability	The verifier has reviewed the support documentation provided by the Project	A risk rating of 0 is appropriate given

	Proponent. Confirmation of funds from the CFO, a bank statement of the company and an emission reduction purchase agreement between CarbonCo and a buyer, all provide evidence to provide reasonable assurance that the break-even point has occurred by the beginning of this monitoring period = 0. Project has secured 100% of funding needed to cover the total cash out before the project reaches breakeven. Details are provided in a cash flow analysis which can be found in the project database = 0. The verifier has reviewed the support documentation provided by the PP. The letter from the CFO provides confirmation that the funds are non-restricted and that there is accessibility to funds. Based on that documentation, and the reviewed bank statement, the verifier has obtained reasonable assurance that the project can access funding as needed = -2.	the rationale provided.
Opportunity Cost	As many baseline activities over the length of the project crediting period are subsistence-driven and net positive community impacts are demonstrated through certification under CCB Second Edition, the project can claim 0 for Opportunity Cost in line with Table 3 – Opportunity Cost of the Non-Permanence Risk tool. Verifiers agree that most of the baseline activities are subsistence driven as evidenced by verifier's observations and discussions with community members in the project area. There is a legal contractual agreement to maintain the project area as forest for at least a 60-year period (i.e. greater than the length of the crediting period) from the project start date = -2.	A risk rating of -2 is appropriate given subsistence driven baseline activities, lack of NPV analysis, community benefits not demonstrated yet, and confirmation of a legally binding agreement.
Project Longevity	There is a legal contractual agreement to maintain the project activities and maintain the project area as forest for at least a 60-year period from the project start date $(30 - (60/2)) = 0$. The project proponent at validation and at the initial verification presented a contractual addendum that provides for the maintenance of the project for a period of 60 years, justifying the score of zero.	A risk rating of 0 is appropriate given the rationale provided.

Total Internal Risks		0
External Risks		
Land Tenure and Resource Access Impacts	The landowner, Manoel Batista Lopes, who is also a project proponent (Manoel Batista Lopes, ME), owns the project area outright (see Section 1.12 of the PD) and has full resource access/use rights, who are not shared with anyone. The property will be geo-referenced and is in the process of being officially registered in the cadaster (Cadastro Ambiental Rural), a process which involves on the ground assessment of all property boundaries and consultations with neighbouring landowners and resolution of any existing boundary disputes. The verification team interviewed individuals involved with the CAR process (see interviews section of this report), and reviewed documentation that supports that the CAR process is in progress. As there is a slight overlapping area in the north-eastern section of the property, a risk score of 10 was claimed for disputes (c). There exist disputes over land use, as noted above. A score of 5 was claimed for (d). There is a legal contractual agreement to maintain the project area as forest for at least a 60-year period (i.e. greater than the length of the crediting period) from the project start date, so a mitigation score of -2 was applied. The Valparaíso Project has begun the CAR process and is working with the adjacent landowner to resolve the overlapping claim, so a mitigation score of -2 was applied. As stated above, the verification team confirmed that the CAR and CCIR processes are underway to settle the overlap issues.	A risk rating of 11 is appropriate given the rationale provided and mitigation deduction applied.
Community Engagement	Given that 100% of the local communities have been consulted and are involved in the project neither A nor B is applicable, and thus	A risk rating of -5 is appropriate given the rationale

	the default risk value of zero is applicable. A mitigation score of -5 was applied as the Valparaíso Project has been previously verified to the CCBS.	provided.
Political Risk	Independent calculation of the governance score for Brazil is -0.10, which includes 2013 through 2017 and is eligible for a score of 2. Acre, Brazil is participating in the Governors' Climate and Forest Taskforce. Further, Brazil has an established Designated National Authority under the CDM and has at least one registered CDM Afforestation/Reforestation project. "The jurisdiction in which the project is located is participating in the Governors' Climate and Forest Taskforce (GCF)." Independent web search reveals that the statement made by the Project Proponent is true = -2	A risk rating of 0 is appropriate given the rating for governance and participation in beneficial projects.
Total External Risks		6
Natural Risks		
Fire, pests and disease, extreme weather, geologic risk,	Fire - justification for the less than 10-year return interval is sound. Given that the area of Acre has historically exhibited low fire incidence as described in (Cochrane and Laurance, 2002³), a low amount of forest edge, and a fire suppression program in the region that inherently would inhibit the positive feedback loop associated with fire incidence, the verifier believes that the associated risk for fire is reasonable = 2. Pest and Disease - The forests of the project area have a high diversity of tree species, with over 150 tree species >10 cm dbh, and like other diverse tropical forests, are not known to be subject to catastrophic disturbance by insect pests or forest diseases.	

³ Cochrane M.A. & Laurance W.F., 2002. Fire as a large-scale edge effect in Amazonian forests, Journal Of Tropical Ecology, 18:311-325.

	Forest pests and diseases as a source of risk are more relevant in temperate forests or plantations, with low species diversity and consequently susceptible to extensive damage due to pest and disease outbreaks, which tend to be concentrated on single host species. Further, there is no history of catastrophic forest disturbance due to forest pests or diseases in the region. Verifiers independently searched the internet for any relevant forest pest or disease issues and could not locate any information that would lead verifiers to think that this item was scored incorrectly. Several references indicate that there are numerous endemic diseases and pests in the Amazon Forest, however none appear to be of epidemic proportions, nor is there much history of such occurrences. The diversity of the forested landscape appears to help to mitigate any widespread issues. Observations on the site visit and in flyovers in the region during previous travels have not ever revealed any widespread disease or pest outbreaks. Clearly climate change could play a greater role in this area in the future, however at this time, this element appears to be scored correctly = 0. Extreme Weather - While extreme weather events in the region include drought, flooding, and disturbance by wind, this analysis is limited to disturbance by wind as this is the only disturbance which has a direct effect on carbon stocks. As flooding within the project region is common, high water levels in the forest do not lead to a reduction in the forest carbon stocks. Drought does not have a direct effect on existing forest carbon stocks, but instead can increase the severity of forest fires and hence is covered above in the section on fire risk. In relation to disturbance by wind, the recurrence intervals for large blow down disturbances in the western Amazon have	
--	---	--

	been estimated at 27,000 years. Verifiers independently searched the internet for any relevant weather-related issues and could not locate any information that would lead verifiers to think that this item was scored incorrectly. Observations on the site visit and in flyovers in the region during previous travels have not ever revealed any widespread disease or pest outbreaks. Clearly climate change could play a greater role in this area in the future, however at this time; this element appears to be scored correctly = 0. Geologic Risk - Neither volcanoes nor active tectonic fault lines are present within the project area. Landslides are not likely to occur within the project area because the project area is relatively level (less than 5% slope) terrain. Verifiers agree with this evaluation. This item is scored appropriately = 0	
Total Natural Risks		2
Overall Risk Rating = 8		

The project is able to employ a non-permanence risk deduction of 10%, the minimum allowable risk deduction.

4.4.4 Dissemination of Climate Monitoring Plan and Results (CL3.2)

The monitoring report describes dissemination of project monitoring plan and results in Section 3.1.4. An identical process is to be applied as for dissemination of other stakeholder materials. The verification team interviewed community members during the verification site visit to determine the extent of distribution of project materials to all stakeholders. Site visit interviews suggested that project materials are being disseminated to households.

4.4.5 Optional Gold Level: Climate Change Adaptation Benefits (GL1.4)

Not Applicable.

4.5 Community

4.5.1 Community Impacts (CM1.1)

The project proponents used a PRA and BNS to develop a theory of change to compare the impacts of the 'with project' scenario to that of the 'without project' scenario. The conclusion is that there were net community benefits in the 'with project' scenario. The 'without project' scenario is continued frontier deforestation, which would result in a reduction in ecosystem services, including increased erosion, flooding, increased GHG emissions and less habitat for game and fish.

The communities would also not have the benefits of the health center, agricultural training and other project activities. They also may be more vulnerable, because they will not have title to the lands they live on. There is little doubt that some of the project activities will have direct, positive impacts on all community members, including women and poorer members of the communities. Other activities are being tested and will be more widely spread if they are effective and the communities show a desire to be involved in them.

4.5.2 Net Positive Community Well-being (CM1.1)

The positive community impacts include the conservation of the community-related HCVs, which would have been eliminated under the 'without project' scenario, and the income generating activities that are being tried in different parts of the project zone. The project has demonstrated their efforts and ongoing consultations will ensure the project does not result in a net negative impact.

4.5.3 Protection of High Conservation Values (CM1.2)

The potential negative impacts of the project are listed. There is no indication that any of these impacts have come to pass. The high conservation values provided by the project area depend on the intact forest. The main project goal is the preservation of the forest and therefore the maintenance of HCVs. It is highly unlikely that the community-related HCVs could be negatively impacted by a project of this nature.

4.5.4 Other Stakeholder Impacts (CM2.2-CM2.3)

No negative impacts have occurred, and the project proponents stay in contact with surrounding landowners for this and other purposes. There have been no increases in the cost of land, but it is mentioned the project could decrease the value of adjacent lands, because no roads will be allowed across the project area. This is considered an acceptable potential impact, given the CCB benefits. There has been no in-migration or out-migration, nor conflict, illegal activity, etc. To help prevent that, some benefits, like the health center and the school, will be available to those living outside project boundaries.

The verification team believes that these negative impacts are either unlikely to occur, unavoidable if they do occur or are reasonably mitigated by the project proponents. Land values are unlikely to be greatly affected, especially in comparison with other activities in the region. Out-

migration due to forced relocation is not permitted to occur in a CCB project. Opening certain benefits to surrounding communities reduces any existing reason to move into the project area or become jealous of project communities.

Ongoing consultations will ensure the project does not result in a net negative impact. While the full promise of the project may not have been fulfilled, in light of the break in project activities during the previous verification period, it appears that the positive benefits of the project outweigh the identified but unrealized negative benefits of the project.

4.5.5 Community Monitoring Plan (CM3.1, CM3.2, GL2.5)

The initial monitoring plan involved regular communications with the communities and informal communications with outside stakeholders. It also incorporated data from the Brazilian census. After that, it was determined the BNS, PRA and theory of change would be sufficient to monitor the communities and HCVs. It further states, "The BNS and PRA shall be administered every two years, with the initial surveys conducted from March to May 2013." The project proponents skipped the BNS and PRA for 2015, and this triggered a Forward Action Request from the previous auditors to ensure the BNS and PRA are done during this verification period. The monitoring report mentions a lack of funds as the reason no monitoring occurred in 2015. The BNS and PRA were conducted in 2017.

The PRA and BNS were designed to measure the community HCVs. The PRA asks about hunting, fishing, building materials and the collection of medicinal plants. The BNS identifies trends in the availability of basic needs, some of which are provided by the HCVs. The project's community monitoring efforts specifically targets the lowest economic quartile in the BNS survey, by making sure to survey specific families.

The monitoring report also claims attention will be paid to gender and generational distribution of assets. The BNS is administered to both men and women, across a range of age groups. Most benefits are equally shared, including access to clinics, bathrooms, agricultural training, etc.

4.5.6 Community Monitoring Plan Dissemination (CM3.3)

The community monitoring plan and monitoring plan summaries were distributed to community leaders and local project offices, posted on the CCB website. Full copies were also available electronically, by request. The monitoring plan was included in the validated PIR.

4.5.7 Optional Gold Level: Barriers to Benefits (GL2.3)

Five potential barriers to project benefits were identified in the monitoring report:

- Greater distance from HQ.
- Few Ag tools.
- Lack of boat, motor or fuel for travel
- Might have poorer soil quality
- Poorer health and nutrition.

The distance barrier is addressed by spreading some activities out through the communities, like ag courses, placement of toilets and granting of land titles. The project proponent is also said to provide gas to travel, food while staying at HQ, and sleeping arrangements. Some planting tools were purchased in July 2017 for the communities. The monitoring report states that the project intends to purchase a boat for increased access to markets and will be acquired in conjunction with acai processing tools and manioc flour houses.

Agricultural training may help community members match their soils with an appropriate crop. Also, courses provide information on soil preparation techniques. These courses are intended to increase nutrition and health of community members. Improvement of the health clinic is also a project activity.

Site visit interviews indicate the barriers described are reasonable. Many community members have been able to take advantage of at least some project benefits/activities. Some interviewees reported receiving fuel and food for travel to clinics, but not all. The procurement of the boat seems to be of great interest to several of the interviewees. The barriers to participation are in the process of being successfully addressed.

4.5.8 Optional Gold Level: Protections for Poorer and the more Vulnerable (GL2.4)

The monitoring report states that community engagement and the surveys (BNS and PRA) identify the poorer and more vulnerable in the community. Four households from the lowest economic quartile are targeted in the BNS survey. Many of the measures taken to include the poorer members of the community, described in GL2.3, also serve to protect members who might be negatively affected by the project.

One way that the poorer households could be negatively affected is if land were distributed by family, rather than by the number of people in the family. The monitoring report explains that older couples, without children, would receive smaller parcels of land. Small families would receive a larger parcel and large families will receive an even larger parcel of land. Another way is if poorer families are not allowed to deforest as they had in the past. This is mitigated by agriculture extension courses.

4.6 Biodiversity

4.6.1 Biodiversity Changes (B1.1)

Biodiversity monitoring was largely done through monitoring changes in forest cover, which is reasonable, given the high biodiversity of the region is dependent on intact primary forest. Further, the island biogeography methodology was used to estimate changes in biodiversity. It was demonstrated that the larger the “island” of habitat in the Amazon Basin, the greater the number of species and population sizes. The without project scenario involves continued unplanned frontier deforestation, further fragmenting habitat.

It is reasonable to assume fragmentation of primary forest habitat will have deleterious effects on biodiversity, especially in comparison with the with-project scenario.

4.6.2 High Conservation Values Protected (B1.2)

The monitoring report states there were no negative effects to HCVs. Monitoring via remote sensing reveals that the project is maintaining intact forest cover. The primary forest cover is the reason the area has biodiversity-related HCVs. Biodiversity-related HCVs, as well as community-related HCVs, are dependent on the continued existence of an intact primary forest. Monitoring via satellite imagery is an acceptable way to determine whether the project is effective in protecting the forest, noting that camera trapping provides more quantifiable data. The last biodiversity monitoring event with camera traps ended in 2015 and the next monitoring event will take place in 2019. Based on the anecdotal evidence provided, the satellite imagery and the site visit, project activities do not appear to be negatively affecting biodiversity HCVs.

4.6.3 Invasive Species (B1.3)

Species used in planting efforts are native to the area. The project proponents are not doing any planting as a project activity, at this time. Species used by communities are not listed as invasive anywhere in the world.

4.6.4 Impacts of Non-native Species (B1.4)

No non-native species are used in the project. Species used by local community members are native. The monitoring report further states that only locally-appropriate, native species will be used in the project. Adverse effects of non-native species are not applicable to this project, as no non-native species are used. Currently, the project activities do not include plantings of any kind.

4.6.5 GMO Exclusion (B1.5)

The monitoring report declares, "The Project Proponents guarantee that no genetically-modified organisms (GMOs) will be used in the Valparaíso Project to generate GHG emissions reductions or removals and no GMOs were used between March 2011 and December 2017." The project management's word that no GMOs were used to generate GHG emissions reductions or removals was accepted.

4.6.6 Negative Offsite Biodiversity Impacts and Mitigation (B2.2)

The project proponents are monitoring deforestation in the project zone. The project seeks to minimize the likelihood of community members shifting their activities outside the project zone, through community benefits. The project is also aligned with Acre's Payment for Ecosystem Services Scheme (SISA), which reduces incentives to migrate into the project zone.

The project seeks to minimize the need for community members to degrade the forest through their community-related project activities/benefits (ag training, land titling) and through bringing other landowners in to similar projects.

4.6.7 Net Biodiversity Benefits (B2.3)

The monitoring report states that net benefits of the project were overwhelmingly positive for biodiversity. The preservation of forest cover was largely successful. The overall effect of the

project, so far, has been positive because much more forest cover was preserved as opposed to deforestation as a result of the project activities. While leakage may occur and have negative impacts on off-site biodiversity, it would be unusual to have leakage equal to or greater than the forest area protected in the project. Monitoring does not indicate leakage was substantial. More habitat was saved through implementation of the project than was lost through leakage.

4.6.8 Biodiversity Monitoring Results (B3.1, B3.2)

The monitoring report describes the process followed when developing the biodiversity monitoring plan. Ultimately, the plan depends on deforestation monitoring to document forest cover and habitat availability, and the use of camera traps to determine the species present.

The initially stated intent was to monitor every four years. According to information gleaned from the monitoring report, camera traps were used from August 2014 to July 2015. An initial monitoring plan was developed. The previous auditors placed a forward action request on this indicator, requesting that we ensure monitoring activities have recommenced. Monitoring activities for biodiversity are only conducted every 4 years, according to the originally devised schedule. The last monitoring for biodiversity apparently ended in 2015. It is said that it will be done again in 2019. Please see Section 2.6.1 of this report for details on the FAR for Indicator B3.1.

Regarding Indicator B3.2, the biodiversity-related HCVs depend on a healthy, intact primary forest. If deforestation is reduced, in comparison to the 'without project' scenario, measures to maintain biodiversity-related HCVs are effective. The plan for assessing the effectiveness of measures to maintain HCVs is obvious. If deforestation/degradation is reduced, measures are effective. Adaptive management will allow the project proponents to analyze the reasons for any detected deforestation and address those reasons, as needed.

4.6.9 Biodiversity Monitoring Plan Dissemination (B3.3)

Results of monitoring were reported, alongside monitoring results from previous monitoring periods, according to the parameters described in the validated project description. The monitoring report states that all monitoring results are incorporated into the summary document that is disseminated to communities and other stakeholders. Some biodiversity results were also presented in a poster titled, "Composition and Relative Abundance of Medium and Large Mammals in REDD+ areas in Acre." Findings are included in the monitoring report summaries. Interviews during the site visit indicates that the summaries were distributed, and the majority of interviewees received them. According to interviews with project staff and observations during the site visit, biodiversity monitoring is being conducted as described in the validated project description.

4.7 Additional Project Implementation Information

No additional project implementation is relevant for reporting here as details on project implementation are included in preceding sections.

4.8 Additional Project Impact Information

The project has been able to demonstrate impacts to all CCB indicators as mentioned throughout this report in addition to achieving CCB Gold Level. No further steps to verify additional monitoring were warranted. The reported project impact information was sufficient and suitable for the verification of the project's CCB impacts.

5 VERIFICATION CONCLUSION

After review of all project information, procedures, calculations, supporting documentation and site visits, ESI confirms that the monitoring conducted by the Project Proponent, along with the supporting Monitoring Report, are accurate and consistent with all aforementioned VCS criteria, the validated PD, and the selected methodology (VM0007, v1.4). ESI confirms that the 01 January 2017 to 31 December 2017 Monitoring and Implementation Report for The Valparaíso Project (v3 dated 18 March 2019) and the Non-Permanence Risk Report (v1.0 dated 05 February 2019) has been implemented in accordance with the validated PD.

ESI confirms all verification activities including objectives, scope and criteria, level of assurance, monitoring and project documentation adherence to VCS Version 3, CCB Second Edition and all associated updates as documented in this report are complete. ESI concludes without any qualifications or limiting conditions that the 01 January 2017 to 31 December 2017 Monitoring & Implementation Report for The Valparaíso Project (v3 dated 18 March 2019) and the Non-Permanence Risk Report (v1.0 dated 05 February 2019) meets the requirements of VCS Version 3 and all associated updates.

The GHG assertion provided by the Project Proponent and verified by ESI has resulted in the GHG emission reduction or removal of 181,536 tCO₂e equivalents by the project during the third monitoring/verification period (01 January 2017 to 31 December 2017). This value is net of the 10% (23,395 tCO₂e equivalents) buffer withholding based on the non-permanence risk assessment tool.

Verification/monitoring period: From 01 January 2017 to 31 December 2017

Verified GHG emission reductions and removals in the above verification period:

Year	Baseline emissions or removals (tCO ₂ e)	Project emissions or removals (tCO ₂ e)	Leakage emissions (tCO ₂ e)	Deductions for AFOLU pooled buffer account (tCO ₂ e)	Net GHG emission reductions or removals (tCO ₂ e)
2017	275,482	41,525	29,026	23,395	181,536
Total	275,482	41,525	29,026	23,395	181,536

APPENDIX A: DOCUMENTS RECEIVED/REVIEWED

Documents received 21 September 2018

- Project Documents and Risk Report
 - Valparaiso Project's CCB - VCS 2017 Monitoring Report (9-21-18).pdf
 - 2017 Valparaiso Non-Permanence Risk Report - 9.21.2018.pdf
 - Valparaiso Project Summary Document (Final Version, English) 9-21-18.pdf
 - Valparaiso Project Summary Document (Final Version, Portuguese) 9-21-18.pdf
- Supplementary Files
 - Updated Pro Forma for Russas and Valparaiso Projects (9-21-18).xls
 - 2017_ValparaisoMonitoring - 9.21.2018.xls
 - Announcement for Public Meeting - May 2018.PDF
 - Carbonfund 2017 990 Public Inspection copy plus efile.pdf
 - Russas and Valparaiso Deforestation Monitoring 2017-Q1 2018.PDF
 - Valparaiso Supp Doc 9.14.2018
 - 2016_ValparaisoDegradation_Updated_2017.xlsx
 - Supporting Documents Risk Assessment - Valparaiso 2017 Monitoring Report - 13.09.2018
 - Espirito_Santo_2014.pdf
 - DL_FIRE_M6_16854
 - Readme.txt
 - fire_archive_M6_16854.cpg
 - fire_archive_M6_16854.dbf
 - fire_archive_M6_16854.prj
 - fire_archive_M6_16854.shp
 - fire_archive_M6_16854.shx
 - Valparaiso_2017Monitoring_9.10.18_GIS
 - ValparaisoDocuments_9.10.18.docx
 - valparaiso_aa
 - Valparaiso_Russas_NF50.shx
 - Brazil566_S2.tif
 - Brazil566_S2.tif.aux.xml
 - Brazil566_S2.tif.ovr
 - Russas_Valparaiso_AA.xlsx
 - Valparaiso_Russas_F50.cpg
 - Valparaiso_Russas_F50.dbf
 - Valparaiso_Russas_F50.prj
 - Valparaiso_Russas_F50.sbn
 - Valparaiso_Russas_F50.sbx
 - Valparaiso_Russas_F50.shp
 - Valparaiso_Russas_F50.shx
 - Valparaiso_Russas_NF50.cpg
 - Valparaiso_Russas_NF50.dbf
 - Valparaiso_Russas_NF50.prj
 - Valparaiso_Russas_NF50.sbn
 - Valparaiso_Russas_NF50.sbx
 - Valparaiso_Russas_NF50.shp
 - Russas_Valparaiso_classification_566_91018.CPG
 - Russas_Valparaiso_classification_566_91018.dbf
 - Russas_Valparaiso_classification_566_91018.prj
 - Russas_Valparaiso_classification_566_91018.sbn
 - Russas_Valparaiso_classification_566_91018.sbx

- Russas_Valparaiso_classification_566_91018.shp
- Russas_Valparaiso_classification_566_91018.shp.xml
- Russas_Valparaiso_classification_566_91018.shx
- Russas_Valparaiso_NF2017.xlsx
- Valparaiso_LB_NF2017strata_91018.cpg
- Valparaiso_LB_NF2017strata_91018.dbf
- Valparaiso_LB_NF2017strata_91018.prj
- Valparaiso_LB_NF2017strata_91018.sbn
- Valparaiso_LB_NF2017strata_91018.sbx
- Valparaiso_LB_NF2017strata_91018.shp
- Valparaiso_LB_NF2017strata_91018.shp.DESKTOP-FRDL1AS.10676.10672.sr.lock
- Valparaiso_LB_NF2017strata_91018.shp.xml
- Valparaiso_LB_NF2017strata_91018.shx
- Valparaiso_PA_NF2017strata_91018.cpg
- Valparaiso_PA_NF2017strata_91018.dbf
- Valparaiso_PA_NF2017strata_91018.prj
- Valparaiso_PA_NF2017strata_91018.sbn
- Valparaiso_PA_NF2017strata_91018.sbx
- Valparaiso_PA_NF2017strata_91018.shp
- Valparaiso_PA_NF2017strata_91018.shp.DESKTOP-FRDL1AS.10676.10672.sr.lock
- Valparaiso_PA_NF2017strata_91018.shp.xml
- Valparaiso_PA_NF2017strata_91018.shx

Documents received 26 September 2018

- 024_02-Valparaiso-VCS+CCB VerifSampling_Finalv1_20180926 (Signed by Brian).pdf

Documents received 02 November 2018 (VCS website)

- VERIF_REP_1113_01JAN2014_31DEC2016.pdf
- MONIT_REP_1113_01JAN2014_31DEC2016.pdf

Documents received 07 February 2019

- PRA files
 - PRA files
 - Russas and Valparaiso Aggregated Degradation Surveys (March-May 2017).xlsx
 - Russas-Val Leakage 2017 Degradation Surveys.pdf
 - Russas-Valparaiso Degradation Appendix (2017).PDF
 - Valparaiso 2017 Degradation Surveys.pdf
- russas_valparaiso_aa_addedpoints_2_1_19
 - russas_valparaiso_aa_addedpoints_2_1_19
 - AdditionalPoints_2119.xlsx
 - Forest_addedpoints_2119.cpg
 - Forest_addedpoints_2119.dbf
 - Forest_addedpoints_2119.prj
 - Forest_addedpoints_2119.sbn
 - Forest_addedpoints_2119.sbx
 - Forest_addedpoints_2119.shp
 - Forest_addedpoints_2119.shx
 - NonForest_addedpoints_2119.cpg
 - NonForest_addedpoints_2119.dbf
 - NonForest_addedpoints_2119.prj
 - NonForest_addedpoints_2119.sbn
 - NonForest_addedpoints_2119.sbx

- NonForest_addedpoints_2119.shp
- NonForest_addedpoints_2119.shp.xml
- NonForest_addedpoints_2119.shx
- 2017_ValparaisoMonitoring_Feb2019.xls
- Amazon Conservation Grant Opportunities (Updated 1-15-19).xlsx
- CCIR Process Open for Valparaiso Project.jpg
- CF Newsletter Announcement of Public Comment Period.pdf
- Initiation of CAR.PDF
- REQUERIMENTO MANOEL BATISTA LOPES - SÓCIO PROPRIETÁRIO DA EMPRE.pdf
- REQUERIMENTO S.N MANOEL BATISTA LOPES - SÓCIO PROPRIETÁRIO DA E.pdf
- Services Agreement with Saymo Justiniano da Silva (CAR Technician).pdf
- WGI_Score_Calculation_Feb2019.xlsx

Documents received 27 February 2019

- 024_02_Valparaiso_CCB_checklist (Round 2 Responses).docx
- 2017_ValparaisoMonitoring_26Feb2019.xls
- Valparaiso Project Summary Document (Final Version, English) 2-27-19.pdf
- Valparaiso Project Summary Document (Final Version, Portuguese) 2-27-19.pdf
- Valparaiso Project's CCB - VCS 2017 Monitoring Report (2-27-19) (Final).pdf
- Valparaiso Project's CCB - VCS 2017 Monitoring Report (2-27-19) (Tracked).pdf
- VO13024_02_Valparaiso_VCS_Round2Findings_20190222 (Responses).xlsx

Documents received 18 March 2019

- Valparaiso Project's CCB - VCS 2017 Monitoring Report (3-18-19) (Final).pdf

Documents received 25 April 2019

- 2017 Valparaiso Non-Permanence Risk Report - 2.5.2019 (Final).pdf

APPENDIX B: VCS NCR/CL/OFI SUMMARY

Item #	1
2nd Period Verification: 01 January 2014 - 31 December 2016 Forward Action Requests	FAR 03/17
2nd Period Verification: 01 January 2014 - 31 December 2016 Forward Action Requests	The previous audit team noted that not all the elements of the PD implementation schedule were followed, including "profit sharing on the commercialization of carbon credits. It is the audit team understanding that this change in the project description implementation schedule can be considered as minor. The proponent presents a justification related to the down turn observed in carbon markets."
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	2017 MR; site visit observations; VERIF_REP_1113_01JAN2014_31DEC2016.pdf
ESI Findings - Round 1 (28 December 2018)	Through on-site interviews, it was determined that profit sharing had not occurred. Section 2.2.1 of the MR reports inconsistent dates regarding profit sharing language. "the Valparaiso Project was designed and implemented from March 2011 to December 2013" (pg. 32) and "In addition, the Project was designed and implemented throughout March 2011 to December 2017" (pg. 45).
Round 1 NCR/CL/OFI	CL: Please ensure language regarding the period of profit sharing is consistent throughout the MR.
Round 1 Response from Project Proponent (07 February 2019)	The language regarding the period of profit sharing has been made consistent.
ESI Findings - Round 2 (22 February 2019)	The noted discrepancies were corrected. This item is addressed. While on site, the verification team noted that profit sharing is not occurring but is planned for the future.
Item #	2
2nd Period Verification: 01 January 2014 - 31 December 2016 Forward Action Requests	FAR 06/17

2nd Period Verification: 01 January 2014 - 31 December 2016 Forward Action Requests	This FAR from the previous auditor includes several items: increase of community awareness relating to the project, Hiring of a project manager, patrolling, social program implementation, agriculture extension services implementation, support to local farm associations, and profit sharing on the commercialization of carbon credits.
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	2017 MR; site visit observations; VERIF_REP_1113_01JAN2014_31DEC2016.pdf
ESI Findings - Round 1 (28 December 2018)	Increase of community awareness: While on site, the verification team noted that a project summary pamphlet was distributed to many of the community members. The verification team was provided with copies of this pamphlet. Further, at least one radio broadcast was issued, of which a copy of a receipt for the broadcast was shown to the verifiers on site. While not all community members seemed fully aware of the project's implementation purposes and results, it is the verifiers' opinion that the odds are low that every person in the project area would be fully apprised of all facets of the project. Thus, given the documentation and interviews, the verification team believes this FAR to be addressed. Hiring of a project manager: Thorough interviewing of multiple sources during the site visit disclosed that multiple able individuals could step-up if Willyan was no longer employed as the project manager. Paulo Jorge, the Tres Bocas local manager could step-up, as could Najila and Fatima. This FAR is addressed. Patrolling: A document was presented and was reviewed on site in which Willyan documented his deforestation monitoring activities. This coupled with aerial imagery review leads the verification team to consider this FAR as addressed. Social programs implementation: The verification team noted while on site that many social programs were continuing, such as dental/health clinics (two of which were witnessed in progress on site) and public restrooms. Many of the public restrooms visited were in disrepair or non-functional. When interviewing the local community members, it was noted that a general feeling amongst the communities was that the toilets were not their property, so they were not required to maintain them. It is the verifiers' opinion that further education and supplies for maintaining the public restrooms is required to continue the social benefits from these activities. Agriculture extension services implementation: On site interviews with Adair Pereira Duarte, the Technical Coordinator for SOS Amazonas as well as with community members revealed that many trainings were provided, such as turtle husbandry, chicken husbandry, gardening, flour, and gravila. Many who did not attend trainings stated that they knew about them, but just chose not to attend. This evidence leads the current verification team to close this FAR. Support to local farm associations: The verification team found no

	references to supporting local farm associations. Profit Sharing; This is addressed elsewhere in this checklist.
Round 1 NCR/CL/OFI	CL: Please address the findings related to the current conditions of the public restrooms installed on site. While doing so, please provide a plan for educating/supplying communities for the upkeep of the public restrooms. CL: Please clarify what assistance was provided to local farm associations.
Round 1 Response from Project Proponent (07 February 2019)	The following was added to the grievance section of the Monitoring Report: "Another grievance that arose was that several of the restrooms installed at the Projects were not being maintained. To rectify this situation, the landowner will renovate the bathrooms and will soon begin a monthly campaign to raise awareness amongst the communities in relation to their responsibility for the stewardship of the restrooms." With respect to the assistance provided to the local farm associations, in 2018 (which is outside of the 2017 MRV period), a large transport boat for the communities' crops was given to the local communities by the Project. This was added to the Monitoring Report.
ESI Findings - Round 2 (22 February 2019)	Section 2.3.4 of the MR now includes language stating that the landowner will renovate the restrooms and begin a public campaign to raise awareness of the stewardship of the restrooms. This item is addressed The response from the project proponent states that a transport boat was given to the local communities by the project in the 2018 monitoring period. The verification team witnessed this craft while on site in November of 2018. While it is outside of the monitoring period currently under review, it is apparent to the verification team that the projects are assisting local farmers. This item is addressed.

Item #	3
2nd Period Verification: 01 January 2014 - 31 December 2016 Forward Action Requests	FAR (NCR 04/17) 07/17
2nd Period Verification: 01 January 2014 - 31 December 2016 Forward Action Requests	Previous audit team noted the "lack of CCIR or Rural Property Registration Certificate. Established by Federal Law No. 5,868, dated December 12, 1972 and regulated by Federal Decrees No. 72,106 of April 18, 1973 and No. 7,620 of November 21, 2011, the audit team understands that the certificate in question is necessary to prove the regularity of the limits the property and attests that the georeferenced polygon informed does not overlap with any other in the INCRA database. The referenced laws make the certificate mandatory for all rural properties in Brazil. Its proof must be carried out on an annual basis for tax purposes."

Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	2017 MR; site visit observations; VERIF_REP_1113_01JAN2014_31DEC2016.pdf
ESI Findings - Round 1 (28 December 2018)	The audit team for the third verification reviewed this element at the request of the previous verifiers and adherence to requirements; VM0007 v1.4, section 5.1; VCS standard v3.7, requirement 3.11.1; CCBS, 2a ed. (2008) G1.3; VMD0015 v2.1, step 2. The monitoring report references continued progress for both projects towards receiving the Certificado de Cadastro de Imóvel Rural (CCIR) and conversations on-site with proponents confirm. Verifiable evidence of the continued progress to obtain a CCIR for the project areas through INCRA is requested. The project is at a limited capacity to give out land titles to community members following measurements taken and consultations as part of the Cadastro Ambiental Rural (CAR) process until the project area itself can assert a valid CCIR or Rural Property Registration Certificate. Further, it was noted that potential overlap with another property was reported. The MR states that this potential issue is currently being assessed. The verification team requests clarification and documentation of the current status of this overlap issue.
Round 1 NCR/CL/OFI	1 CL: Please provide verifiable evidence of the ongoing process to obtain a CCIR for the project areas through INCRA. CL: Please provide verifiable evidence of the ongoing process to resolve the boundary overlap issue noted in the MR.
Round 1 Response from Project Proponent (07 February 2019)	The landowner has provided two files that demonstrate the CCIR process was initiated in 2017, during the MRV period being assessed. In addition, the landowner has provided a recent, electronic publication from INCRA (i.e., the authority that oversees the CCIR process) that states the process is still open ("processo aberto") for the CCIR to be granted to the landowner. The documentation demonstrating the initiation and continuation of the processes to obtain the CCIR and CAR demonstrate the landowner is actively working to resolve the boundary overlap.

ESI Findings - Round 2 (22 February 2019)	The verification team reviewed both the CCIR request form (REQUERIMENTO MANOEL BATISTA LOPES - SÓCIO PROPRIETÁRIO DA EMPRE.pdf) and the update (CCIR Process Open for Valparaiso Project.jpg) that states that the CCIR is in process. Thus, it is the verifiers' opinion that these both constitute a demonstration that the project is undergoing CCIR obtainment. This item is addressed. Future verification bodies should ensure that the CCIR process continues to proceed to eventual obtainment of the CCIR. A document was provided (Initiation of CAR.pdf) that is written by Ilderlei Cordeiro to IMAC asking for the CAR to be implemented. This document provides reasonable assurance that the CAR process is being invoked to clarify the boundary overlap issue. This item is addressed.
--	--

Item #	4
VCS Standard VCS Version 3 Requirements Document 21 June 2017, v3.7 (Section)	Monitoring Report
VCS Standard VCS Version 3 Requirements Document 21 June 2017, v3.7 (Description)	3.16.6 The monitoring report describes all the data and information related to the monitoring of GHG emission reductions or removals. The project proponent shall use the VCS Monitoring Report Template and adhere to all instructional text within the template.
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR General
ESI Findings - Round 1 (28 December 2018)	The most up-to-date MR report template is "CCB & VCS Monitoring Report, CCB v3.0, VCS v3.4". It appears that there are some differences between the current MR and the most up-to-date MR report template.
Round NCR/CL/OFI 1	CL: Please ensure that the VCS/CCB MR follows the most up-to-date MR report template (CCB & VCS Monitoring Report, CCB v3.0, VCS v3.4).
Round 1 Response from Project Proponent (07 February 2019)	The Valparaiso Project used version 2 of the CCB, so the template CCB & VCS Monitoring Report, CCB v2.0, VCS v3.4 is the appropriate template.
ESI Findings - Round 2 (22 February 2019)	The MR utilizes the correct and most recent VCS MR template. This item is addressed.

Item #	5
---------------	----------

VCS Requirements 21 June 2017, v3.6 (Section)	AFOLU	4.7 QUANTIFICATION OF GHG EMISSION REDUCTIONS AND REMOVALS
VCS Requirements 21 June 2017, v3.6 (Description)	AFOLU	* Where the net change in carbon stocks is not a whole number, round the calculated VCU and buffer credit volumes down to the nearest whole number. Where the net change in carbon stocks is a whole number, round the calculated buffer volume up, and the VCU volume down, to the nearest whole number.
Requirement Met (Y, N or Pending)		Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)		MR Section 3.2; 2017 monitoring calc worksheet
ESI Findings - Round 1 (28 December 2018)		The verification team could not confirm that these rounding rules were followed for reporting of calculated VCUs and buffer credit volumes.
Round NCR/CL/OFI	1	CL: Please ensure that the VCS rounding rules are followed while calculating VCU and buffer credits, per this requirement in all relevant calculations and reporting.
Round 1 Response from Project Proponent (07 February 2019)		Where the net change in carbon stocks is not a whole number, the VCS AFOU Requirements V3.6 specify that the calculated VCU and buffer credits must be rounded down to the nearest whole number. We have updated the calculations in cells H3 and I3 of the tab "4.4 Net ER Calculations" in the workbook "2017_ValparaisoMonitoring_Jan2019.xlsx" to round down calculated VCU and buffer credits to the nearest whole number, since the net change in carbon stocks during the monitoring period was not a whole number.
ESI Findings - Round 2 (22 February 2019)		The VCS rounding rules are now met. This item is addressed.

Item #	6
Approved VCS Module VMD0010 Version 1.0 REDD Methodological Module: Estimation of emissions from activity shifting for avoided unplanned deforestation (LK-ASU) Sectoral Scope 14 (Section)	STEP 2. Estimation of the proportions of area deforested by immigrant and local deforestation agents in the baseline

Approved VCS Module VMD0010 Version 1.0 REDD Methodological Module: Estimation of emissions from activity shifting for avoided unplanned deforestation (LK-ASU) Sectoral Scope 14 (Description)	Randomly sample communities living within 2km of the boundaries of the Leakage Belt and project area (defined in BL-UP – Part 1). At least 10% of communities shall be sampled. If 10% of communities is less than 10 communities then the sample size shall be set as 10 (or 100% of the communities). If 10% is more than 30 communities then the sample size shall be set as 30.
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR Section 4.1.1;
ESI Findings - Round 1 (28 December 2018)	The MR contains a description of the PRA undertaken in 2013 and briefly describes the 2017 PRA. However, it is unclear from this language in the MR if the requirement's methods were undertaken by the project proponents.
Round 1 NCR/CL/OFI	CL: Please clarify how the communities were selected for the PRA interviews. While doing so, please describe how the methods satisfy the methods described in this requirement.
Round 1 Response from Project Proponent (07 February 2019)	A total of 50 community members were randomly selected and interviewed from the Russas and Valparaiso Projects and in the leakage belt for the follow up PRA. The requirements state that if 10% is more than 30 communities, then the sample size shall be set as 30. Thus, a total of 25 communities from the Valparaiso Project were interviewed for the PRA and 9 from the leakage belt were interviewed for the PRA.
ESI Findings - Round 2 (22 February 2019)	The verification team reviewed the PRA document (Russas and Valparaiso Aggregated Degradation Surveys (March-May 2017) and noted that 34 members of the community were interviewed for the PRA. After being on site and reviewing the above referenced document, the verifiers are reasonably assured that this requirement was met. This item is addressed.
Item #	7

Approved VCS Module VMD0010 Version 1.0 REDD Methodological Module: Estimation of emissions from activity shifting for avoided unplanned deforestation (LK-ASU) Sectoral Scope 14 (Section)	III. DATA AND PARAMETERS NOT MONITORED (DEFAULT OR MEASURED ONE TIME)
Approved VCS Module VMD0010 Version 1.0 REDD Methodological Module: Estimation of emissions from activity shifting for avoided unplanned deforestation (LK-ASU) Sectoral Scope 14 (Description)	CLB (t CO ₂ -e ha ⁻¹)
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR Section 3.1.1;
ESI Findings - Round 1 (28 December 2018)	While CLB was assessed at validation, it is not included in the Monitoring Report Section 3.1.1;
Round 1 NCR/CL/OFI	CL: Please include CLB in the Data and Parameters Available at Validation section of the MR.
Round 1 Response from Project Proponent (07 February 2019)	CLB has been included in the Data and Parameters Available at Validation section of the MR. "CP, LB" found in the fifth table from the beginning of the section, has been corrected to "CLB".
ESI Findings - Round 2 (22 February 2019)	This item is addressed.

Item #	8
---------------	---

Approved VCS Module VMD0010 Version 1.0 REDD Methodological Module: Estimation of emissions from activity shifting for avoided unplanned deforestation (LK-ASU) Sectoral Scope 14 (Section)	IV. DATA AND PARAMETERS MONITORED
Approved VCS Module VMD0010 Version 1.0 REDD Methodological Module: Estimation of emissions from activity shifting for avoided unplanned deforestation (LK-ASU) Sectoral Scope 14 (Description)	PROPIMM (proportion)
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR Section 3.1.2;
ESI Findings - Round 1 (28 December 2018)	It is unclear to the verifiers from where the value of PROPIMM is sourced. The verification team reviewed the Valparaiso Degradation workbook but could not reproduce the PROPIMM value of 0.063.
Round NCR/CL/OFI	1 CL: Please clarify how the PROPIMM value of 0.063 was calculated.

Round 1 Response from Project Proponent (07 February 2019)	The most recent PRA conducted March - May 2017, upon which the value of PROPIMM for the 2017 monitoring period is based, have been added to the supporting documentation. Interviews conducted in March 2017 included the questions "How long have you lived in the current location?" and interviews conducted in May 2017 did not include this question. Therefore, the value of PROPIMM is based on responses to interviews conducted in March 2017. Section 3.2.3 of the revised MR has been updated with the following text "Of the 16 households interviewed with respect to length of time of residence in the area, two were found to have resided in the area less than 5 years and 14 were found to have resided in the area more than 5 years. According to the monitoring plan "the proportion of area deforested by population that has migrated into the area in the last 5 years" is assumed to be equal to the percentage of recent immigrants among local population with potential access to the project area. Therefore, PROPIMM was calculated as 0.125, equal to the proportion of households interviewed residing in the area less than five years." The value of PROPIMM and leakage calculations have been updated accordingly in the revised MR.
ESI Findings - Round 2 (22 February 2019)	The calculations of PROPIMM=0.125 have been confirmed to a reasonable level of assurance. This item is addressed.

Item #	9
Approved VCS Module VMD0015, Version 2.1 (20 November 2012), REDD Methodological Module: Methods for monitoring of greenhouse gas emissions and removals (M-MON), Sectoral Scope 14 (Section)	5.1.2 Post-processing and accuracy assessment
Approved VCS Module VMD0015, Version 2.1 (20 November 2012), REDD Methodological Module: Methods for monitoring of greenhouse gas emissions and removals (M-MON), Sectoral Scope 14 (Description)	· Update the remaining area of forest in RRL (ARRL,forest,t)
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR Section 2.2.2

ESI Findings - Round 1 (28 December 2018)	This parameter was not updated following this requirement and it is unclear why. The project may apply a methodology deviation if warranted. The deviation is permitted as it represents a deviation from the criteria and procedures relating to monitoring or measurement set out in the methodology. However, the parameter does not factor into project accounting and therefore the deviation is permissible. The description of this methodology deviation is absent from the MR.
Round 1 NCR/CL/OFI	CL: Please clarify the lack of an updated ARRL value, if warranted please report a methodology deviation related to parameter ARRL as noted in the finding, and providing justification as needed.
Round 1 Response from Project Proponent (07 February 2019)	The following text has been added to Section 2.2.2 of the revised MR to describe the methodology deviation: "The parameter ARRL,forest was not monitored or updated in 2017 as the Acre dataset, the input for the calculation of ARRL,forest, was discontinued in 2017 and the follow-on dataset had not been released by the Brazilian government at the time of reporting. As this parameter does not drive project accounting, it's neglect does not negatively impact the conservativeness of the quantification of GHG emission reductions or removals."
ESI Findings - Round 2 (22 February 2019)	The verification team finds this new methodology deviation for parameter ARRL,forest allowable. Following the VCS Standard Section 3.6.1 (2) the deviation does not impact the applicability of the methodology, additionality or the appropriateness of the baseline scenario, and the project remains in compliance with the applied methodology. The deviation is appropriately described and justified in the monitoring report. No further action is needed. The item is addressed.

Item #	10
Approved VCS Module VMD0015, Version 2.1 (20 November 2012), REDD Methodological Module: Methods for monitoring of greenhouse gas emissions and removals (M-MON), Sectoral Scope 14 (Section)	c) Estimating land-use and land-cover (LU/LC) change data in cloud-obscured areas:
Approved VCS Module VMD0015, Version 2.1 (20 November 2012), REDD Methodological Module: Methods for monitoring of greenhouse gas emissions and removals (M-MON), Sectoral Scope 14 (Description)	The overall classification accuracy of the outcome of the previous steps must be 90% or more.

Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR Appendix A; Google Earth Engine; project spatial files
ESI Findings - Round 1 (28 December 2018)	Verifiers reviewed the results of the accuracy assessment for this monitoring period as applied to the project area, leakage belt and areas within the Sentinel 2 raster .tif. Several items were noted: a) No accuracy assessment points were found to fall within detected deforested areas for the Valparaíso project area, this is reasonable as points were randomly placed but the mapped area encompasses the entire region of two project areas. M-MON does not specify "accuracy assessment area size" limitations but the current methods may encourage accuracy sampling outside the areas of interest (project area, leakage belt). A larger area for accuracy assessment of the classification may have the unintended consequence of diluting a truer assessment for the areas of interest. b) The quantity of accuracy assessment points for the combined project areas and leakage belts appears to be less than recommended by the GOFC Gold sourcebook and other remote sensing guidelines
Round 1 NCR/CL/OFI	CL: Please clarify the appropriateness of the larger accuracy assessment area in the context of the assessment points less likely to have fallen in an area of interest from the classification. Please also clarify the appropriateness of the total quantity of accuracy assessment points taken.
Round 1 Response from Project Proponent (07 February 2019)	Additional random points were placed within a bounding polygon that contained both project areas and leakage belts. A minimum of 50 additional points / class were analyzed. Points that fell within clouds or outside of the Sentinel Imagery were removed. The final accuracy assessment table was updated with these additional points.
ESI Findings - Round 2 (22 February 2019)	The added accuracy assessment points for the reference region were reviewed by the verification team and found to be reasonable. Greater than 100 assessment points for large classification areas is recommended. The item is addressed.

Item #	11
VCS AFOLU Non-Permanence Risk Tool, Version 3.3 19 October 2016	Final Opportunity Cost Score. May be less than 0
VCS AFOLU Non-Permanence Risk Tool, Version 3.3 19 October 2016	0 (-2)
Requirement Met (Y, N or Pending)	Y

Evidence Used to Assess (Location in PD/MR or Supporting Documents)	2017 risk report
ESI Findings - Round 1 (28 December 2018)	The project currently reports the final opportunity cost score as 0, but it may be less than zero.
Round 1 NCR/CL/OFI	CL: Please ensure that final opportunity cost is correctly calculated per the Risk Tool v3.3.
Round 1 Response from Project Proponent (07 February 2019)	The opportunity cost risk score has been updated to -2 as allowed by the VCS AFOLU Non-Permanence Risk tool in the revised risk report. Furthermore, the community engagement risk score has been updated to -5 as this score may also be less than zero. The overall risk score and buffer calculations have been updated accordingly. The new overall risk score is 8 and the Valparaiso Project will employ a non-permanence risk deduction of 10%, the minimum allowable risk deduction.
ESI Findings - Round 2 (22 February 2019)	The final opportunity cost score has been set to -2. This is appropriate. This item is addressed.

Item #	12
VCS AFOLU Non-Permanence Risk Tool, Version 3.3 19 October 2016	Mitigation: Where disputes over land tenure, ownership or access/use rights exist, documented evidence is provided that projects have implemented activities to resolve the disputes or clarify overlapping claims
VCS AFOLU Non-Permanence Risk Tool, Version 3.3 19 October 2016	-2
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	2017 risk report
ESI Findings - Round 1 (28 December 2018)	The risk report states: "The Valparaiso Project has begun the CAR process and is working with the adjacent landowner to resolve the overlapping claim." The VB is requesting documentation to support this mitigation score.
Round 1 NCR/CL/OFI	CL: Please provide documentation to support the risk mitigation score of -2 for this mitigation category.
Round 1 Response from Project Proponent (07 February 2019)	The landowner has provided a letter presented to IMAC (the authority responsible for CAR in Acre) demonstrating the process was initiated in 2017, the MRV period being assessed. In addition, the contract for the CAR specialist, who was hired to take measurements at the Project, is included as supplementary evidence.
ESI Findings - Round 2 (22 February 2019)	The CAR documents were assessed elsewhere. This documentation is sufficient to address this item.

Item #	13
VCS AFOLU Non-Permanence Risk Tool, Version 3.3 19 October 2016	Total Community Engagement Score
VCS AFOLU Non-Permanence Risk Tool, Version 3.3 19 October 2016	0 (-5)
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	2017 risk report
ESI Findings - Round 1 (28 December 2018)	The project currently reports the total community engagement score as 0, but it may be less than zero.
Round 1 NCR/CL/OFI	CL: Please ensure that total community engagement is correctly calculated per the Risk Tool v3.3.
Round 1 Response from Project Proponent (07 February 2019)	The community engagement score has now been updated.
ESI Findings - Round 2 (22 February 2019)	This item is addressed.

Item #	14
VCS AFOLU Non-Permanence Risk Tool, Version 3.3 19 October 2016	Governance score of -0.32 to less than 0.19
VCS AFOLU Non-Permanence Risk Tool, Version 3.3 19 October 2016	2
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	2017 Risk Report
ESI Findings - Round 1 (28 December 2018)	The verification team understands that year 2017 WGI data is now available and should be incorporated into the mean for determination of this score. Although unlikely to change the risk score for this element, it is not currently reported correctly in the 2017 risk report.

Round 1 NCR/CL/OFI	1	CL: Please ensure that the governance score utilizes the most recent WGI data.
Round 1 Response from Project Proponent (07 February 2019)		The year 2017 WGI data has been incorporated in the mean for determination of this score. The new overall mean value is -0.10 though this does not change the risk score reported for this element.
ESI Findings - Round 2 (22 February 2019)		This item is addressed.

Item #	15	
VCS Methodology VM0007 Version 1.4, 03 May 2013 REDD+ Methodology Framework (REDD-MF) Sectoral Scope 14 (Section)	Emissions Modules (applicable to baseline, project scenario and leakage):	
VCS Methodology VM0007 Version 1.4, 03 May 2013 REDD+ Methodology Framework (REDD-MF) Sectoral Scope 14 (Description)	E-BB "VMD0013 Estimation of greenhouse gas emissions from biomass burning"	
Requirement Met (Y, N or Pending)	Y	
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR Section 2.1.8	
ESI Findings - Round 1 (28 December 2018)	The module is used. However, it is not listed in section 2.1.8 of the MR.	
Round 1 NCR/CL/OFI	1	CL: Please list VMD0013 as a module utilized in the Title and Reference of Methodology section of the MR.
Round 1 Response from Project Proponent (07 February 2019)		VMD0013 has been listed in Section 2.1.8 of the revised MR.
ESI Findings - Round 2 (22 February 2019)		VMD0013 has been listed in Section 2.1.8 of the MR. However, it is incorrectly listed as "E-BPB, 'VMD0013 Estimation of greenhouse gas emissions from biomass and peat burning.' Version 1.1"
Round 2 NCR /CL/OFI	2	CL: Please correctly report the name of VMD0013 in the MIR.
Round 2 Response from Project Proponent (27 February 2019)		The name of VMD0013 has been updated to E-BB "VMD0013 Estimation of greenhouse gas emissions from biomass burning" in the revised MR.
Final ESI Findings		The E-BB module version has been reported correctly in Section 2.1.8 of the MR. The item is addressed.

Item #	16
---------------	-----------

VCS Methodology VM0007 Version 1.4, 03 May 2013 REDD+ Methodology Framework (REDD-MF) Sectoral Scope 14 (Section)	STEP 1. Definition of the project boundaries
VCS Methodology VM0007 Version 1.4, 03 May 2013 REDD+ Methodology Framework (REDD-MF) Sectoral Scope 14 (Description)	Name of the project area (e.g., compartment number, allotment number, local name); Unique ID for each discrete parcel of land;
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR Section 2.1.7
ESI Findings - Round 1 (28 December 2018)	The Valparaíso project area is comprised by multiple parcels. However, the parcels do not appear to have unique identifiers.
Round 1 NCR/CL/OFI	CL: Please clarify if the discrete parcels have unique identifiers. If not, please ensure that unique identifiers are assigned to each parcel.
Round 1 Response from Project Proponent (07 February 2019)	The two parcels of the Valparaíso Project will be demarcated and given unique identifiers during the georeferencing process in order to obtain the CCIR.
ESI Findings - Round 2 (22 February 2019)	As the CCIR process is ongoing, this item serves as a forward action request to future verifiers to confirm that the parcels of the Valparaíso project are assigned unique identifiers as part of the CCIR process.

Item #	17
Approved VCS Module VMD0013, Version 1.0 (3 December 2010), REDD Methodological Module: Estimation of greenhouse gas emissions from biomass burning (E-BB) (Section)	II. PROCEDURE
Approved VCS Module VMD0013, Version 1.0 (3 December 2010), REDD Methodological Module: Estimation of greenhouse gas emissions from biomass burning (E-BB) (Description)	Based on the IPCC 2006 Inventory Guidelines, estimating greenhouse gas emissions from biomass burning shall be determined using <u>Equation 1 on page 2</u>

Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR; Monitoring Workbook;
ESI Findings - Round 1 (28 December 2018)	The project utilized Equation 1 of the module to calculate greenhouse gas emissions from biomass burning. However, the calculations in cell I8 of the "4.3 Leakage" tab of the 2017_ValparaisoMonitoring - 9.21.2018.xls workbook does not include the FAB - D stratum.
Round 1 NCR/CL/OFI	1 CL: Please clarify why the calculations of greenhouse gas emissions from biomass burning do not include the FAB-D stratum, as detailed in the finding.
Round 1 Response from Project Proponent (07 February 2019)	The FAB-D stratum is included in cell M3 of the "4.3 Leakage" tab of the 2017_ValparaisoMonitoring_Jan2019.xls workbook
ESI Findings - Round 2 (22 February 2019)	The FAB-D stratum is included in cell M3 of the "4.3 Leakage" tab. However, the FAB-D stratum is not incorporated in the calculation of E-CH ₄ Biomass Burning (tCO ₂ e) in the same tab, as noted in the previous finding. It is unclear to the verification team why the FAB-D stratum is not included in the calculations of E-CH ₄ Biomass Burning (tCO ₂ e). Also, it was noted that "FAP + FAB + FD or FAP + FD + FAB CBSL _i (t CO ₂ -e/ha)" was reported as 426.8. However, this is the value for FAB-D, sourced from the "Parameters Monitored" tab.
Round 2 NCR /CL/OFI	2 CL: Please clarify why the calculations of greenhouse gas emissions from biomass burning do not include the FAB-D stratum, as detailed in the finding. CL: Please ensure that "FAP + FAB + FD or FAP + FD + FAB CBSL _i (t CO ₂ -e/ha)" is correctly sourced from the "Parameters Monitored" tab.
Round 2 Response from Project Proponent (27 February 2019)	The calculation of E-CH ₄ Biomass Burning (tCO ₂ e) in cell I8 of the "4.3 Leakage" tab has been updated to incorporate the FAB-D stratum. Please see file "2017_ValparaisoMonitoring_26Feb2019.xlsx" included in the supporting documentaiton to the revised In addition, in this file, "FAP+FAB+FD or FAP+FD+FAB CBSL _i (t CO ₂ -e/ha)" in cell J3 of the "4.3 Leakage" tab has been updated to source the correct value from the "Parameters Monitored" tab. MR. Relevant tables in the MR have been updated accordingly.
Final ESI Findings	Calculations related to biomass burning were confirmed correct and reporting updated appropriately. The item is addressed.

Item #	18
---------------	----

Approved VCS Module VMD0010 Version 1.0 REDD Methodological Module: Estimation of emissions from activity shifting for avoided unplanned deforestation (LK-ASU) Sectoral Scope 14 (Section)	V. TERMS ORIGINATING IN OTHER MODULES
Approved VCS Module VMD0010 Version 1.0 REDD Methodological Module: Estimation of emissions from activity shifting for avoided unplanned deforestation (LK-ASU) Sectoral Scope 14 (Description)	DCP, LB (t CO ₂ -e)
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR Section 3.1.1;
ESI Findings - Round 1 (28 December 2018)	Included in MR Section 3.1.1 - See Step 3 Above. Ex-post - this is calculated from the monitored parameter ADefLB,i,t. This is pending precedents.
Round 1 NCR/CL/OFI	
Round 1 Response from Project Proponent (07 February 2019)	
ESI Findings - Round 2 (22 February 2019)	CP, LB is not included in the MR as a result of another finding and request in this checklist. However, the variable is still utilized in the calculations.
Round 2 NCR /CL/OFI	CL: Please include CP, LB in the MR parameters section.
Round 2 Response from Project Proponent (27 February 2019)	CP, LB has been included in the Data and Parameters Monitored section of the MR. "CP, DefLB" found in the second table from the beginning of section 3.1.2, has been corrected to "CP, LB". In addition, this value has been updated because "FAP+FAB+FD or FAP+FD+FAB CBSL,i (t CO ₂ -e/ha)" in cell J3 of the "4.3 Leakage" tab has been updated to source the correct value from the "Parameters Monitored" tab.
Final ESI Findings	The parameter CP, LB has been updated and is now correct within the monitoring calculation worksheet in addition to reporting. The item is addressed.

Item #	19
Approved VCS Module VMD0010 Version 1.0 REDD Methodological Module: Estimation of emissions from activity shifting for avoided unplanned deforestation (LK-ASU) Sectoral Scope 14 (Section)	V. TERMS ORIGINATING IN OTHER MODULES
Approved VCS Module VMD0010 Version 1.0 REDD Methodological Module: Estimation of emissions from activity shifting for avoided unplanned deforestation (LK-ASU) Sectoral Scope 14 (Description)	EBiomassBurn,i,t (t CO2-e)
Requirement Met (Y, N or Pending)	Y
Evidence Used to Assess (Location in PD/MR or Supporting Documents)	MR Section 3.1.2;
ESI Findings - Round 1 (28 December 2018)	This is included in the MR, section 3.1.2. However, it is pending precedents.
Round 1 NCR/CL/OFI	
Round 1 Response from Project Proponent (07 February 2019)	
ESI Findings - Round 2 (22 February 2019)	This is included in the MR, section 3.1.2. However, it is pending precedents. It does not appear that the parameter table for EBiomassBurn,i,t (t CO2-e) has been updated for revised numbers.
Round 2 NCR /CL/OFI	CL: Please ensure that EBiomassBurn,i,t (t CO2-e) is correctly reported in the parameters table in the MR.
Round 2 Response from Project Proponent (27 February 2019)	EBiomassBurn,i,t (tCO2-e) has been updated in the revised MR. This value now matches the value calculated in the file "2017_ValparaisoMonitoring_26Feb2019.xlsx" included in the supporting documents to the revised MR for both the PA and the LB.

Final ESI Findings

The parameter E BiomassBurn has now been reported correctly in the parameters table in the MR. The item is addressed.

APPENDIX C: CCB NCR/CL/OFI SUMMARY

Summary of Verification Findings to Date

	Criterion	Required/ Optional	Conformance Y/N or N/A
G1	Original Conditions in the Project Area	Required	Y
G2	Baseline Projections	Required	Y
G3	Project Design and Goals	Required	Y
G4	Management Capacity and Best Practices	Required	Y
G5	Legal Status and Property Rights	Required	Y
CL1	Net Positive Climate Impacts	Required	Y
CL2	Offsite Climate Impacts ("Leakage")	Required	Y
CL3	Climate Impact Monitoring	Required	Y
CM1	Net Positive Community Impacts	Required	Y
CM2	Offsite Stakeholder Impacts	Required	Y
CM3	Community Impact Monitoring	Required	Y
B1	Net Positive Biodiversity Impacts	Required	Y
B2	Offsite Biodiversity Impacts	Required	Y
B3	Biodiversity Impact Monitoring	Required	Y
GL1	Climate Change Adaptation Benefits	Optional	N/A
GL2	Exceptional Community Benefits	Optional	Y
GL3	Exceptional Biodiversity Benefits	Optional	N/A

VERIFICATION NON-CONFORMANCE/CLARIFICATION REQUEST

G1 Original Conditions in the Project Area

Indicator G1.1 – The location of the project and basic physical parameters (e.g. soil, geology, climate).	This indicator was more fully answered in the validated project description. However, the monitoring report mentions the project is in Acre, Brazil, along the northern bank of the Valparaíso River, 28,096 hectares in size. It is considered primary rainforest. A series of maps (figures 1.2 – 1.8) depicts the boundaries of the project zone on various map bases, showing forest and deforested zones, project stratification, the location of the project in Acre, the location of the neighboring Valparaíso project and a map of the project and project zone.
Evidence Used to Assess Conformance:	Section 2.1.7 of the monitoring report, v1.0.
Findings:	The monitoring report provides a brief description of the project zone and a link to the validated PDD. Since this indicator describes the original conditions in the project area, which cannot change, this indicator does not need to be re-examined during verification. Item closed.

Date Closed:	17 October 2018
Indicator G1.2 – The types and condition of vegetation within the project area.	This indicator is not addressed in the monitoring report.
Evidence Used to Assess Conformance:	Monitoring report.
Findings:	This indicator addresses the original condition of the vegetation in the project area, which was covered in the validated PDD. In that document, the vegetation is described as primary tropical rainforest, ranging from dense forest to open forest with palms and/or bamboo. Vegetation maps are provided. This item addresses the original conditions of vegetation in the project area and does not need to be re-examined during verification. Item closed.
Date Closed:	17 October 2018
Indicator G1.3 – The boundaries of the project area and the project zone.	A series of maps of the project area is provided. Figure 1.8 depicts the project area and surrounding project zone, which is a buffer, about 6 km wide, surrounding the project area.
Evidence Used to Assess Conformance:	Section 2.1.7 of the monitoring report, v1.0.
Findings:	A map depicting the project area and zone is provided. Item closed.
Date Closed:	17 October 2018.
Indicator G1.4 - Current carbon stocks within the project area(s), using stratification by land-use or vegetation type and methods of carbon calculation (such as biomass plots, formulae, default values) from the Intergovernmental Panel on Climate Change's 2006 Guidelines for National GHG Inventories for Agriculture, Forestry and Other Land Use ⁵ (IPCC 2006 GL for AFOLU) or a more robust and detailed methodology.	In the baseline, total biomass carbon stocks were estimated to be 435.1 tCO ₂ /ha.
Evidence Used to Assess Conformance:	Section 3.2.4 of the monitoring report, v1.0
Findings:	This indicator is part of the description of the land at the start of the project. This was reported in the validated PDD and repeated here. It does not need to be re-examined during verification. Item closed.
Date Closed:	17 October 2018

Indicator G1.5 - A description of communities located in the project zone, including basic socio-economic and cultural information that describes the social, economic and cultural diversity within communities (wealth, gender, age, ethnicity etc.), identifies specific groups such as Indigenous Peoples ⁸ and describes any community characteristics.	This indicator, requesting a description of communities at the start of the project, is not addressed in the monitoring report. The validated PDD includes an extensive description of the local communities and those in the vicinity of Cruzeiro do Sul.
Evidence Used to Assess Conformance:	There are about 20 families in the Valparaíso communities. Income level is low, as shown by the census and the PRA.
Findings:	Monitoring report and validated PDD.
Date Closed:	This indicator was adequately addressed in the PDD and does not need to be re-examined during this verification process. Item closed.
	17 October 2018

Indicator G1.6 - A description of current land use and customary and legal property rights including community property in the project zone, identifying any ongoing or unresolved conflicts or disputes and identifying and describing any disputes over land tenure that were resolved during the last ten years (see also G5).	This indicator, requesting a description of property rights and land disputes over the ten years prior to the project, is not addressed in the monitoring report. The validated PDD describes land ownership and legal and customary rights. It states that no land tenure disputes with the Russas property landowner
Evidence Used to Assess Conformance:	Monitoring report, section G1.5-6 of the validated PDD.
Findings:	This indicator was adequately addressed in the PDD and does not need to be re-examined during this verification process. Item closed.
Date Closed:	17 October 2018

Indicator G1.7 - A description of current biodiversity within the project zone (diversity of species and ecosystems) and threats to that biodiversity, using appropriate methodologies, substantiated where possible with appropriate reference material.	This indicator is not addressed in the monitoring report. The validated PDD indicates that biodiversity surveys were not conducted in the project area. They instead depended on biological surveys on nearby tracts of land. Many threatened and endangered species exist in the Amazon rainforest.
Evidence Used to Assess Conformance:	Subsequent camera trap surveys, during verification periods, demonstrated at least three endangered species use the project area.
Findings:	Section 5.3.1 of the Monitoring report, v1.0, validated PDD.
	This indicator was adequately addressed in the PDD and does not need to be re-examined during this verification process. Item closed.

Date Closed:	17 October 2018
--------------	-----------------

Indicator G1.8 - An evaluation of whether the project zone includes any of the following High Conservation Values (HCVs) and a description of the qualifying attributes. Indicator 8.1 - Globally, regionally or nationally significant concentrations of biodiversity values: - protected areas - threatened species - endemic species - areas that support significant concentrations of a species during any time in their lifecycle (e.g. migrations, feeding grounds, breeding areas). Indicator 8.2 - Globally, regionally or nationally significant large landscape-level areas where viable populations of most if not all naturally occurring species exist in natural patterns of distribution and abundance. Indicator 8.3 Threatened or rare ecosystems. Indicator 8.4 - Areas that provide critical ecosystem services (e.g., hydrological services, erosion control, fire control). Indicator 8.5 - Areas that are fundamental for meeting the basic needs of local communities (e.g., for essential food, fuel, fodder, medicines or building materials without readily available alternatives). Indicator 8.6 - Areas that are critical for the traditional cultural identity of communities (e.g., areas of cultural, ecological, economic or religious significance identified in collaboration	This indicator is not addressed in the monitoring report. The validated PDD indicates that the project area includes: - G1.8.1 – includes threatened species, possibly some endemics. - G1.8.3 – Amazon forest is threatened ecosystem - G1.8.4 – provides hydrological services - G1.8.5 – meets basic needs of local communities
--	--

with the communities).	
Evidence Used to Assess Conformance:	Section 5.3.2 of the monitoring report, section G1.4 of the validated PDD.
Findings:	This indicator was adequately addressed in the PDD and does not need to be re-examined during this verification process. Item closed.
Date Closed:	17 October 2018

G2 Baseline Projections

Indicator G2.1 - Describe the most likely land-use scenario in the absence of the project following IPCC 2006 GL for AFOLU or a more robust and detailed methodology, describing the range of potential land use scenarios and the associated drivers of GHG emissions and justifying why the land-use scenario selected is most likely.	This is not addressed in the monitoring report, but the validated PD states continued frontier deforestation will be the land use scenario in the absence of the project. The previous verifiers noted that the VCS baseline reference area did not match the project area. However, that finding and any change in the baseline reference area should not change the finding that continued frontier deforestation would be the likely scenario in the absence of the project.
Evidence Used to Assess Conformance:	Section G2.1-2 of the PD.
Findings:	This indicator was adequately addressed in the PDD and does not need to be re-examined during this verification process. Item closed.
Date Closed:	17 October 2018

Indicator G2.2 - Document that project benefits would not have occurred in the absence of the project, explaining how existing laws or regulations would likely affect land use and justifying that the benefits being claimed by the project are truly 'additional' and would be unlikely to occur without the project.	This is not addressed in the monitoring report. The validated PDD indicates the most likely scenario would have been leaving the project lands to continued degradation at the hands of settlers. In this scenario, there would be no funding available to implement any of the project activities, including land title, agricultural extension training and the health clinic
Evidence Used to Assess Conformance:	Section G2.1-2 of the PDD.
Findings:	This indicator was adequately addressed in the PDD and does not need to be re-examined during this verification process. Item closed.
Date Closed:	17 October 2018

Indicator G2.3 - Calculate the estimated carbon stock changes associated with the 'without project' reference scenario described above.	This Indicator was satisfied through successful VCS verification for the monitoring period.
--	---

This requires estimation of carbon stocks for each of the land-use classes of concern and a definition of the carbon pools included, among the classes defined in the IPCC 2006 GL for AFOLU. The timeframe for this analysis can be either the project lifetime (see G3) or the project GHG accounting period, whichever is more appropriate. Estimate the net change in the emissions of non-CO₂ GHG emissions such as CH₄ and N₂O in the 'without project' scenario. Non-CO₂ gases must be included if they are likely to account for more than 5% (in terms of CO₂-equivalent) of the project's overall GHG impact over each monitoring period. Projects whose activities are designed to avoid GHG emissions (such as those reducing emissions from deforestation and forest degradation (REDD), avoiding conversion of non-forest land, or certain improved forest management projects) must include an analysis of the relevant drivers and rates of deforestation and/or degradation and a description and justification of the approaches, assumptions and data used to perform this analysis. Regional-level estimates can be used at the project's planning stage as long as there is a commitment to evaluate locally-specific carbon stocks and to develop a project-specific spatial analysis of deforestation and/or degradation using an appropriately robust and detailed carbon accounting methodology before the start of the project.	
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A
Indicator G2.4 - Describe how the 'without project' reference scenario	This is not discussed in the monitoring report. The PD states that the 'without project' scenario is

would affect communities in the project zone, including the impact of likely changes in water, soil and other locally important ecosystem services.	continued frontier deforestation. Critical ecosystem services and areas fundamental to basic needs of the communities would be in decline and possibly lost. Soil erosion and its associated fertility loss, as well as poorer water quality would be expected. Supplementing diets with game would suffer with loss of habitat. The communities would also be vulnerable, because they don't own the land and could legally be evicted.
Evidence Used to Assess Conformance:	Section G2.4 of the PD.
Findings:	This indicator was adequately addressed in the PDD and does not need to be re-examined during this verification process. Item closed.
Date Closed:	28 December 2018

Indicator G2.5 - Describe how the 'without project' reference scenario would affect biodiversity in the project zone (e.g., habitat availability, landscape connectivity and threatened species).	This is not discussed in the monitoring report. The PD states that the 'without project' scenario is continued frontier deforestation. Forest dependent species would lose habitat. The only species that would gain habitat would be domestic animals and species of transitional forests. Landscape connectivity would be negatively impacted. Threatened species, especially flora, would be lost.
Evidence Used to Assess Conformance:	Section G2.5 of the PD.
Findings:	This indicator was adequately addressed in the PDD and does not need to be re-examined during this verification process. Item closed.
Date Closed:	17 October 2018

G3 Project Design and Goals

Indicator G3.1 - Provide a summary of the project's major climate, community and biodiversity objectives.	The monitoring plan states that the project's overarching objective is to generate sustainable economic opportunities and social projects for local communities, mitigating deforestation and preserving the area's biodiversity. The major climate objective is to mitigate deforestation and the associated release of GHG emissions. This is done by taking a forest carbon inventory, develop a deforestation model and
--	--

	address underlying drivers of deforestation, along with ongoing monitoring. Addressing underlying deforestation drivers includes ag extension training, alternative incomes and education regarding the benefits of the forest. The major community objective is to generate sustainable income opportunities and implement social activities. Some detail is included on project awareness, obtaining land tenure, processing manioc flour and acai, agricultural extension training, profit sharing of carbon credit revenues, improve the health center, etc. Some health activities are described as occurring in 2017, including facilitating the health boat visit, building toilets, etc. Some monitoring (PRA and BNS) is said to have been conducted in 2017. The major biodiversity objective is to preserve the area's pre-existing biodiversity. The sustainable income opportunities, mentioned above, are the main ways the project intends to reduce pressure on forest habitat. A monitoring plan is the other wildlife-related project activity.
Evidence Used to Assess Conformance:	Section 2.2.1 of the monitoring report.
Findings:	The project's objectives appear to be as stated, given the project activities described in the report. Item closed.
Date Closed:	28 December 2018
Indicator G3.2 - Describe each project activity with expected climate, community and biodiversity impacts and its relevance to achieving the project's objectives.	The monitoring report categorizes activities based on objective type. Project activities for the climate objective include: • Forest inventory • Land-use/deforestation modeling • Address underlying deforestation drivers to mitigate release of GHGs • Develop monitoring plan • Monitor Deforestation. Project activities for community objectives include: • Project awareness • Social project design with community • Implement social projects

	• Develop monitoring plan • Monitor community impacts Project activities for the biodiversity objective include: • Rapid assessment of biodiversity on project • Develop monitoring plan • Monitor biodiversity impacts.
Evidence Used to Assess Conformance:	Sections 2.1.1 and 4.1.1, site visit, verification report from previous verification period.
Findings:	As noted in the monitoring report and the previous verification report, project activities largely came to a halt between late 2014 and May of 2017. Activities appear to have been restarted. A forward action item from the previous verifiers asks that the auditors ensure a Basic Needs Survey and Preliminary Rural Assessment was conducted in 2017. Results of the BNS are reported. The PRA is mentioned at several places in the report, but little discussion of the results is provided.
Clarification Request (CL):	Please include a description of the results of the PRA in the monitoring report and provide the data – either in the report or as a separate file for the auditors.
Date Issued:	28 December 2018
Project Proponent Response/Actions and Date:	A total of 50 community members were interviewed from the Russas and Valparaíso Project and in the leakage belt for the follow up PRA. This data was added to the Monitoring Report's section 4.1.1 and a brief summary of the results was added. In addition, both the raw data and compiled spreadsheet was provided to ESI.
Evidence Used to Close NCR:	Section 4.1.1 of the monitoring report describes the PRA and its focus on fuel usage. Scans of the survey field sheets were provided, as well as a spreadsheet tallying the results. Item closed.
Date Closed:	13 February 2019
Indicator G3.3 - Provide a map identifying the project location and boundaries of the project area(s), where the project activities will occur, of the project zone and of additional surrounding locations that are predicted to be impacted by project activities (e.g. through leakage).	The monitoring report includes a series of maps of the project area, including: Fig 1.2: the project area boundaries depicted on an aerial image. Fig. 1.3 & 1.4: the project area boundaries on a forest cover map from 2001 and 2011. Fig. 1.5: the project area boundaries superimposed on the strata of the project area and zone. (unnumbered fig.) Political map of the state of Acre. Fig. 1.6: the project area boundaries superimposed

	on a deforestation map (by year) Fig.1.7: the project area on an aerial image, also including the project area of the adjacent Valparaíso Project. Fig. 1.8: The project area and project zone.
Evidence Used to Assess Conformance:	Section 2.1.7 of the monitoring report.
Findings:	The monitoring report includes maps showing the boundaries of the project, the project zone, where off-site impacts would be expected to occur and other information. Item closed.
Date Closed:	17 October 2018

Indicator G3.4 - Define the project lifetime and GHG accounting period and explain and justify any differences between them. Define an implementation schedule, indicating key dates and milestones in the project's development.	The project lifetime and GHG accounting period is 30 years, starting 17 March 2011, continuing through 16 March 2041. The monitoring report provides an implementation schedule in section 2.2.1, in an unnumbered table. Key milestones for this verification period include: • Third PRA survey, March 2017 • Second BNS survey, May 2017. • Ilderlei visited and held meetings with community members, IMAC manager in Cruzeiro do Sol and president of the Union of Rural Workers. • New local project manager hired in May 2017. • Formal forest patrols started again in 2017. • Professor Flores assisted with data acquisition. • Some agricultural trainings are mentioned, but it is not certain how many occurred during this verification period. • Some discussions of manioc flour and acai processing occurred, but perhaps not during this verification period. • Visits by municipal health boat were facilitated by Ilderlei, to visit the Russas and Valparaíso communities. • Discussions of land tenure for community members, including community concerns that the size and shape of the parcels being offered are not adequate. • Saymo Justiniano da Silva was hired to complete work on "CAR," which is not defined in the monitoring report, but is related to land tenure.
---	---

Evidence Used to Assess Conformance:	Sections 2.1.5, 2.1.6 and 2.2.1, verification report from previous verification period, site visit
Findings:	Project lifetime and accounting period agree with each other. An implementation schedule is provided, but progress temporarily stopped between the time the first local project manager died (Sept. 2014) and the current local project manager was hired in May of 2017. According to observations during the site visit, the project appears to be making some progress again. A Forward Action Request was issued by the previous auditors on this indicator to ensure that: • Local stakeholders are more aware of the project • Local project manager is in place • Ensure patrolling is being done. • Check progress on the health clinic. Some local stakeholders were aware of the site visit and had received project summaries. Others claimed they did not receive them. Another received one but could not read it due to illiteracy. The local project manager is still in place. Terrestrial patrolling has commenced again. Health clinic has been improved in several communities, and bathrooms and showers for these facilities were installed.
Non-conformance Request (NCR):	Please provide clarification how the project ensures that all stakeholders are informed of the project benefits and responsibilities. Please clarify the mechanisms/process in place to ensure that illiterate community members are able to understand the project summaries.
Date Issued:	28 December 2018
Project Proponent Response/Actions and Date:	The following was added to the Monitoring Report's section 2.2.1., under the subsection "Major Community Objective: Project Awareness, Meet Community and Discuss Project:" "The Project Proponents undertake several actions to ensure that all stakeholders, particularly community members, are informed about the Project's benefits and responsibilities. For instance, the Monitoring Reports and Summary Documents, which outline the Project's benefits, responsibilities, and progress to date, are publicly posted online,

	hand delivered to communities throughout the Russas and Valparaíso Projects, and distributed to the schools within the Project Areas. One of the reasons the Project Documents are delivered to schools is so that teachers can read their contents to those who are illiterate and so that teachers can help field questions from those who are less knowledgeable about the Projects. Furthermore, the local project manager Willyan Deni Sarah often visits the communities and is able to read the contents of the Project Documents if requested.”
Evidence Used to Close NCR:	The text, above, was added to the version of the monitoring report dated 7 February 2019. Item closed.
Date Closed:	13 February 2019

Indicator G3.5 - Identify likely natural and human-induced risks to the expected climate, community and biodiversity benefits during the project lifetime and outline measures adopted to mitigate these risks.	An initial analysis of likely risks to the project was done prior to validation. Natural risks are unlikely, including natural fires. Extensive evidence was provided in this regard. Human-induced risks include illegal hunting, logging, collection of endangered flora, human-caused fires and the expansion of the Lua Clara Ramal. Monitoring and discussions with the people at the end of the Lua Clara Ramal, offering them ag training and keeping them informed of the project. The report further states that no human-induced risks have significantly impacted the project, since the project start through the 2017 calendar year.
Evidence Used to Assess Conformance:	Section 2.2.5 of the monitoring report, site visit.
Findings:	Risks to the project are described and reasonable efforts are suggested to mitigate for them. Item closed.
Date Closed:	17 October 2018

Indicator G3.6 - Demonstrate that the project design includes specific measures to ensure the maintenance or enhancement of the high conservation value attributes identified in G1 consistent with the precautionary principle.	The monitoring report states that the project has integrated biodiversity-related HCVs into the project’s main objectives, even though they have a limited understanding of the biodiversity that exists in the project area. Communities were trained to assist with monitoring biodiversity with camera traps and the project proponents state they will focus conservation measures where threatened or endemic species are identified.
---	--

	Deforestation is being monitored, along with community impacts to protect the local ecosystem.
Evidence Used to Assess Conformance:	Section 2.2.6 of the monitoring report
Findings:	Since HCVs are all dependent on maintaining the project area in an 'as is' condition, monitoring and reacting when monitoring detects forest loss or degradation is an important measure in maintaining HCVs. Due to the break in activities during the lapse in hiring the local project manager, the training of communities may have been of minimal value, since continuous contact was not maintained. However, the monitoring report states the communities will be engaged again in 2019 for this purpose. Item closed
Date Closed:	17 October 2018

Indicator G3.7 - Describe the measures that will be taken to maintain and enhance the climate, community and biodiversity benefits beyond the project lifetime.	The monitoring report states the measures in place to extend project benefits into the future include the longevity of the Tri-Party agreement, the creation of ISRC Investments e Acessoria, LTDA, the social projects, education and outreach, and legalization of community land tenure.
Evidence Used to Assess Conformance:	Section 2.2.7 of the monitoring report, site visit.
Findings:	The measures described in the monitoring report can reasonably be expected to extend some project benefits beyond the project lifetime, provided the project remains active, with key positions filled. The auditors found that the project has been active again. The local project manager is still in place. SOS Amazonia has given more training courses and local community interviewees have signed up for land tenure transfers. Item closed.
Date Closed:	17 October 2018

Indicator G3.8 - Document and defend how communities and other stakeholders potentially affected by the project activities have been identified and have been involved in project design through effective consultation, particularly with a view to optimizing community and stakeholder benefits, respecting local customs and values and maintaining high conservation values. Project developers must document	The monitoring report lists all contacts between the project developers/management and stakeholders of all kinds, including the community stakeholders. Between the time of community contact with wildlife biologist Luiz Henrique Medeiros Borges, in August, 2014, until May 2, 2017, contact with the communities amounted to about 14 ag training sessions or thematic meetings, held by SOS Amazonia. In May of 2017, project developers/management met
---	--

stakeholder dialogues and indicate if and how the project proposal was revised based on such input. A plan must be developed to continue communication and consultation between project managers and all community groups about the project and its impacts to facilitate adaptive management throughout the life of the project.	with community members to conduct surveys. Since that time, additional ag training sessions were provided through SOS Amazonia, and there was additional contact with project management (along with the hiring of the local project manager). The auditors for the previous verification period issued a Forward Action Request on this indicator, stating they were not convinced the communities had input into the adaptive management plan, and that efforts to publicize the site visit were inadequate. They believed that the hiring of a new local project manager would remedy that problem.
Evidence Used to Assess Conformance:	Section 2.3.1 of the MIR, previous verification report, site visit.
Findings:	Contact with local community members increased in the middle of the verification period. Site visit interviews indicate the local project manager is still in place. Interviews indicate there still may be problems in communications, in that much that is communicated is in written documents and many community members are illiterate. Some interviewees were aware of the audit and site visit, others were not. Most community members appreciate benefits, especially the health clinic. Many are eagerly awaiting the procurement of the boat for transporting goods to market and for emergency travel. There is some perplexity regarding the toilets, as they are not maintained and no instruction on maintenance was provided. While not perfect, it appears that community members have had input into some of the benefits they are receiving. Item closed, with FAR.
Forward Action Request (FAR):	Future auditors are asked to observe whether communications with the community is improving, whether illiterate members of the community are getting project-related information in a timely manner and whether the problem of unmaintained toilets has been remedied.
Date Issued:	28 December 2018
Project Proponent Response/Actions and Date:	Duly noted.
Evidence Used to Close NCR:	N/A
Date Closed:	28 December 2018

Indicator G3.9 - Describe what specific steps have been taken, and communications methods used, to publicize the CCBA public comment period to communities and other stakeholders and to facilitate their submission of comments to CCBA. Project proponents must play an active role in distributing key project documents to affected communities and stakeholders and hold widely publicized information meetings in relevant local or regional languages.	The monitoring report recites all attempts to notify the local communities and other stakeholders, since the early days of the project – including efforts by the local project manager who died in 2014. The report describes the posting of project documents on the CCBA website and announcements in the Carbonfund.org's newsletter in the future tense, because it was written before documents were posted for this verification period. The auditors for the previous verification period issued a Forward Action Request on this indicator, stating that efforts to publicize the site visit were inadequate.
Evidence Used to Assess Conformance:	Section 2.3.2 of the monitoring report, site visit.
Findings:	During the site visit, the auditors found that many community members had received the project summary document and the majority knew the auditors' site visit was scheduled.
Clarification Request (CL):	Please update the language in the monitoring report to reflect that the comment period and efforts to publicize it are in the past.
Date Issued:	28 December 2018
Project Proponent Response/Actions and Date:	The Public Comment Period and the efforts to publicize it were changed to past tense. In addition, Carbonfund.org's newsletter announcement was provided to ESI.
Evidence Used to Close NCR:	Section 2.3.2 of the 7 February 2019 version of the monitoring report was revised to the past tense. Item closed.
Date Closed:	13 February 2019
Indicator G3.10 - Formalize a clear process for handling unresolved conflicts and grievances that arise during project planning and implementation. The project design must include a process for hearing, responding to and resolving community and other stakeholder grievances within a reasonable time period. This grievance process must be publicized to communities and other stakeholders and must be managed by a third party or mediator to prevent any conflict of interest. Project management must attempt to resolve all reasonable grievances	The monitoring report states that the grievance procedure was developed between March 2011 and December 2013 and communicated to local communities. It was also included in summary documents in 2014. Phone numbers of the project proponents was available at project HQ. The Climate Change Institute acts as the third party to mediate unresolved conflicts. The contact information, including phone numbers and email address, is provided in the report. The process is outlined in the report and repeated in the summary. The previous auditors issued a Forward Action

raised and provide a written response to grievances within 30 days. Grievances and project responses must be documented.	Request on this indicator, stating that there is a large, unresolved grievance between community members and the project developers, regarding the amount of land the project is willing to transfer to community members. Community members claim it is inadequate to sustain them.
Evidence Used to Assess Conformance:	Section 2.3.4 of the monitoring report, project summary document for this verification period, site visit.
Findings:	The grievance procedure was devised and is in place. It conforms to the CCB requirements. It was also included, along with contact information, in the summary monitoring report that was provided to the community members. The nurse at the health clinic was unaware of the grievance procedure, however he received the summary document which includes the procedure. The grievance regarding the amount of land the project is willing to transfer to community members has not been resolved. Several community members mentioned the land offered is insufficient.
Non-conformance Request (NCR):	Please describe efforts that will be taken to address the grievance regarding the amount of land being offered to community members for title transfer.
Date Issued:	28 December 2018
Project Proponent Response/Actions and Date:	Section 2.3.4 has been updated to explain how the grievance regarding the amount of land is being addressed.
Findings:	Section 2.3.4 of 7 February 2019 version of the monitoring report includes a discussion about this grievance. An expert in this topic was hired in 2017 to go door-to-door to explain all aspects of the program. One potential resolution is to offer a smaller plot of land to elders who will not be dividing their property among children, a larger plot for small families and the largest plot of land for the largest families. Another resolution was that the hired expert would return and explain that the lands proposed to communities are for planting crops, and the project will “give the support of the environmental reserve” for the areas offered to the communities. It remains to be seen whether the first resolution will

	be considered adequate by the community members and general agreement can be reached. The meaning of the second resolution is unclear.
Clarification Request (CL):	Please explain the problem that the second resolution is meant to address. For what purpose did community members think land was going to be allocated to them? What does “giving the support of the environmental reserve” mean?
Date:	13 February 2019
Project Proponent Response/Actions and Date:	Additional, clarifying information has been added to the Monitoring Report.
Findings:	A description of the Brazilian Forest Code of May 2012 has now been included in the MR for context in terms of the legal and non-legal reserve responsibilities. The landowner is expected to account for legal reserve lands in order to allow the local communities to utilize the full 50 hectares allotted to them. Item closed.
Evidence Used to Close CL:	Section 2.3 of the MR
Date Closed:	01 March 2019

Indicator G3.11 - Demonstrate that financial mechanisms adopted, including projected revenues from emissions reductions and other sources, are likely to provide an adequate flow of funds for project implementation and to achieve the anticipated climate, community and biodiversity benefits.	This indicator was not directly addressed in the monitoring report, except mention that the primary source of funding for the project will come from Carbonfund.org’s existing unrestricted funding, grants and donations and the sale of VCU. An updated pro forma was provided, assuming extremely low prices for VCUs
Evidence Used to Assess Conformance:	Updated pro forma, section 2.4.6 of the monitoring report, discussions with project proponents.
Findings:	It appears that Carbonfund.org has significant assets and could fund the project, as required. It was noted by the previous auditors that a lack of carbon revenue was the reason for the gap in filling the local project manager’s position. During this audit, it was found that the nurse at the clinic now receives less than half the salary he started with and will leave if the problem isn’t addressed.
Clarification Request (CL):	Please clarify, as low carbon prices resulted in delaying project implementation and the nurse’s salary reduction may cause him to leave the position, will Carbonfund.org’s unrestricted funding now step in to address gap or is there another financial mechanism that will do so?
Date Issued:	28 December 2018

Project Proponent Response/Actions and Date:	Carbonfund.org is working to educate the other Project Proponents about the decline in market prices for voluntary carbon offset credits. If necessary, Carbonfund.org's unrestricted funding may be used to assist the Valparaíso Project. In addition, Carbonfund.org has begun to assess potential grant funding opportunities. An excel sheet of these potential grant funding opportunities has been provided to ESI.
Evidence Used to Close NCR:	The potential funding for the project during times of low carbon offset prices have been described and are reasonable. Item closed, with a Forward Action Request.
Forward Action Request (FAR):	The VV body for the next verification should examine if project funding is adequate to implement the project at basic levels (full payment for employees, etc.) or shortfalls are preventing minimal implementation of project activities.
Date Closed:	13 February 2019

G4 Management Capacity and Best Practices

Indicator G4.1 - Identify a single project proponent which is responsible for the project's design and implementation. If multiple organizations or individuals are involved in the project's development and implementation the governance structure, roles and responsibilities of each of the organizations or individuals involved must also be described.	There are three main project proponents, including: - Manoel Batista Lopes, ME, which is responsible for day-to-day management and implementation of project activities. - CarbonCo, a wholly-owned subsidiary of Carbonfund.org, is responsible for project certification and finance. - Carbon Securities acts as a liaison between CarbonCo and ISRC and assists with logistics for site visits.
Evidence Used to Assess Conformance:	Section 2.1.3 of the monitoring report, discussions with project proponents.
Findings:	The project proponents were identified, and their roles described. Item closed.
Non-conformance Request (NCR):	
Date Issued:	
Project Proponent Response/Actions and Date:	
Evidence Used to Close NCR:	
Date Closed:	17 October 2018

Indicator G4.2 - Document key technical skills that will be required to implement the project successfully, including community engagement,	The monitoring report lists the following technical skills required to implement this project: Stakeholder identification and community
--	---

biodiversity assessment and carbon measurement and monitoring skills. Document the management team's expertise and prior experience implementing land management projects at the scale of this project. If relevant experience is lacking, the proponents must either demonstrate how other organizations will be partnered with to support the project or have a recruitment strategy to fill the gaps.	engagement. • Biodiversity assessment and monitoring • Carbon stock measuring and monitoring • Regional deforestation and land-use modeling. • Project management • Local knowledge and fluency in Portuguese • Carbon finance. The monitoring report goes on to direct the reader to the validated PDD for biographies of the various project proponents and consultants that possess these skills. Carbonfund.org is well established in the world of carbon offset credits. The other consultants and technical workers include TECMAN for measuring carbon stocks and TerraCarbon for all aspects of development and monitoring. These are also organizations known to be competent in their fields.
Evidence Used to Assess Conformance:	Sections 2.1.4 and 2.4.1 of the monitoring report.
Findings:	Project management either possesses the skills needed to carry out this project or they have hired suitable consultants for certain tasks. Item closed.
Non-conformance Request (NCR):	
Date Issued:	
Project Proponent Response/Actions and Date:	
Evidence Used to Close NCR:	
Date Closed:	17 October 2018

Indicator G4.3 - Include a plan to provide orientation and training for the project's employees and relevant people from the communities with an objective of building locally useful skills and knowledge to increase local participation in project implementation. These capacity building efforts should target a wide range of people in the communities, including minority and underrepresented groups. Identify how training will be passed on to new workers when there is staff turnover, so that local capacity will not be lost.	The monitoring report includes a list of all orientations and trainings of employees and consultants, since March 2011. Of specific interest to this verification period, the new local project manager received specialized training from the Climate Change Institute on REDD+. Some training of local community members on wildlife camera trap techniques is mentioned, as well as the ag training sessions provided through SOS Amazonia. Further, it is stated that Manoel Batista Lopes, ME, and ISRC of the Russas project will assist with training new workers when there is staff turnover.
Evidence Used to Assess	Section 2.4.2 of the monitoring report.

Conformance:	
Findings:	Due to the small project staff, orientation of new employees appears to be done as needed and is carried out through Manoel Batista Lopes, ME and ISRC, of the Russas project. The project developers appear to be dedicated to capacity building in the communities, mostly through ag training sessions, but also by involving them in gathering biological survey information. Item closed.
Non-conformance Request (NCR):	
Date Issued:	
Project Proponent Response/Actions and Date:	
Evidence Used to Close NCR:	
Date Closed:	28 December 2018

Indicator G4.4 - Show that people from the communities will be given an equal opportunity to fill all employment positions (including management) if the job requirements are met. Project proponents must explain how employees will be selected for positions and where relevant, must indicate how local community members, including women and other potentially underrepresented groups, will be given a fair chance to fill positions for which they can be trained.	The monitoring report lists the ways in which community members were involved in the project, between March 2011 and the end of 2017. This list includes: • Acting as guides; • Providing lodging, food and transportation; • Hired as local project manager/coordinators, monitors; • Retrieval of monitoring data; • Building and renovation; • Assis municipal health boats. The list also includes items such as choosing crop techniques to learn about and other input into the project, but these do not seem to be related to any sort of hiring. As the project requires more employees, the communities will be considered for additional employment opportunities. The report goes on to explain the positions are advertised via radio and by going door-to-door. Underrepresented groups will be given a fair chance to participate.
Evidence Used to Assess Conformance:	Section 2.4.3 of the monitoring report, site visit interviews.
Findings:	The described hiring practices should provide equal opportunities for community members when jobs with the project open up. Positions are currently limited however discussions with staff and

	observations indicated that community members were hired when possible, including women for traditional roles. Additionally, the interim onsite management was conducted by a woman who is now the Referential Coordinator in Cruzeiro do Sul.
Non-conformance Request (NCR):	
Date Issued:	
Project Proponent Response/Actions and Date:	CarbonCo was informed on 1/8/19 by ESI that G4.4 is closed and was not meant to look like a finding.
Evidence Used to Close NCR:	The project proponents are correct.
Date Closed:	28 December 2018

Indicator G4.5 - Submit a list of all relevant laws and regulations covering worker's rights in the host country. Describe how the project will inform workers about their rights. Provide assurance that the project meets or exceeds all applicable laws and/or regulations covering worker rights and, where relevant, demonstrate how compliance is achieved.	The monitoring report states that relevant laws pertaining to worker's rights are: • The Brazilian Constitution, articles 7 – 11 • Consolidate of Working Laws • Establishment of Regular Norms for Rural Workers. Agreements between the project proponents and agreements between CarbonCo and its contractors stipulate that firms must abide by labor laws. CarbonCo has an employee handbook to ensure proper guidelines are followed by its employees. ISRC has an explanatory letter on labor rights that was presented to all employees. IRSC provided "Receita Federal, which certifies all taxes and insurance (including social) are paid.
Evidence Used to Assess Conformance:	Section 2.4.4 of the monitoring report, site visit.
Findings:	The monitoring report describes a reasonable way to ensure employees are informed of their rights. However, the site visit interviews indicated that much of the community, and potentially some of the onsite staff, are functionally illiterate. The handbook and labor rights letter may not be effective without some other type of formal approach.
Non-conformance Request (NCR):	Please clarify how illiterate workers will be made aware of their rights and responsibilities.
Date Issued:	28 December 2018
Project Proponent Response/Actions and Date:	Section 2.4.4. has been updated to clarify how illiterate workers will be made aware of their rights and responsibilities.
Evidence Used to Close NCR:	Section 2.4.4 of the version of the monitoring report

	that is dated 7 February 2019 explains that no full-time illiterate employees have, as yet, been hired by the project. Some community members were hired for particular services and some of them may have been illiterate. But the relationship between the project and the worker appears to be contract work or something similar, for which the worker contracts with others, and well understands the agreement. The project proponents further commits to ensuring that any full-time employee hired in the future, who happens to be illiterate, that a local teacher or other person will make sure the community member fully understands the contract and their rights. Item closed.
Date Closed:	13 February 2019

Indicator G4.6 - Comprehensively assess situations and occupations that pose a substantial risk to worker safety. A plan must be in place to inform workers of risks and to explain how to minimize such risks. Where worker safety cannot be guaranteed, project proponents must show how the risks will be minimized using best work practices.	The monitoring report states that the project proponents assessed situations and occupations that could pose a risk to worker safety and will continue to inform employees of these risks. It further states that Nagila, Fatima and Willyan were specifically informed about these risks in a document prepared by CarbonCo. This document is said to have been provided to the auditors. Main risks are listed as: Drowning Heat exhaustion and dehydration Getting lost in the forest Venomous snake bites Tropical diseases. Common sense precautions are provided for each risk. A Forward Action Request was issued for this indicator, by the previous auditors. They requested that we ensure a list of occupational risks and mitigation measures were provided to employees.
Evidence Used to Assess Conformance:	Section 2.4.5 of the monitoring report, site visit interviews, risk document provided to auditors.
Findings:	The list of risks is reasonable, given known project area conditions. The document describing risks was provided to auditors onsite and confirmed with several project employees. Item closed.
Date Closed:	28 December 2018

Indicator G4.7 - Document the	The monitoring report cites that Carbonfund.org has
--------------------------------------	---

financial health of the implementing organization(s) to demonstrate that financial resources budgeted will be adequate to implement the project.	funded over 170 carbon reduction and tree planting projects and is well aware of the financial mechanisms required. A revised pro forma was provided to the auditors, showing the financial situation if VCUs are sold at a variety of prices. Ten-year cumulative net range for different rates for offset credits was provided. The IRS 990 form for Carbonfund.org for 2017 was provided, indicating Carbonfund.org's net assets are over \$9,000,000 – an increase of over \$900,000 in assets over 2016.
Evidence Used to Assess Conformance:	Section 2.4.6 of the monitoring report, updated pro forma and 2017 IRS 990 form for Carbonfund.org.
Findings:	While the project may not have a net positive income in all years, it appears that Carbonfund.org could run the project at a loss for some years and have sufficient funds to keep it going. Item closed.
Date Closed:	17 October 2018

G5 Legal Status and Property Rights

Indicator G5.1 - Submit a list of all relevant national and local laws and regulations in the host country and all applicable international treaties and agreements. Provide assurance that the project will comply with these and, where relevant, demonstrate how compliance is achieved.	A list of international, national and local laws, treaties and regulations were provided, and which were reviewed through 2017. The list also provides the summary of the law and how the project complies with each law.
Evidence Used to Assess Conformance:	Section 2.5.1 of the monitoring report.
Findings:	The project proponents have provided a list of laws, their descriptions and the way the project complies with the laws. The list of laws and regulations are regularly updated, including during this verification period. Item closed.
Date Closed:	17 October 2018
Indicator G5.2 - Document that the project has approval from the appropriate authorities, including the established formal and/or traditional authorities customarily required by the communities.	The project was successfully validated. Approval from appropriate authorities was demonstrated. The project proponents own the land and are keeping local communities informed.

Evidence Used to Assess Conformance:	Validated PDD.
Findings:	The project proponents demonstrated approval for the project from the appropriate authorities during validation, and there is no reason to reopen this indicator now. Item closed.
Date Closed:	17 October 2018

Indicator G5.3 - Demonstrate with documented consultations and agreements that the project will not encroach uninvited on private property, community property, or government property and has obtained the free, prior, and informed consent of those whose rights will be affected by the project.	Prior to project validation, the project received approval from the property owner and one of the project developers, Ilderlei Souza Rodrigues Cordeiro. Approval was also received from local communities who were living on the land, as evidenced by the Tri-Party Agreement and the ata signed by local communities. The project developers have been in active contact with the State of Acre, from the start of the project through 2017, and received letters of support from the Municipality of Cruzeiro do Sul, Secretary of Environmental Affairs and the Mayor of Cruzeiro do Sul.
Evidence Used to Assess Conformance:	Section 2.5.2 of the monitoring report, validated PDD.
Findings:	The project takes place on property owned by one of the project developers. Consultations and agreements were in place at verification. Item closed.
Date Closed:	17 October 2018

Indicator G5.4 - Demonstrate that the project does not require the involuntary relocation of people or of the activities important for the livelihoods and culture of the communities. If any relocation of habitation or activities is undertaken within the terms of an agreement, the project proponents must demonstrate that the agreement was made with the free, prior, and informed consent of those concerned and includes provisions for just and fair compensation.	The monitoring report states that the project does not require the involuntary relocation of people or the displacement of important activities related to livelihoods and culture. One of the main social activities of the project is to grant official land title to local communities.
Evidence Used to Assess Conformance:	Section 2.5.3 of the monitoring report, site visit interviews.
Findings:	The project developers state that no one was or will be involuntarily relocated through the project, and

	the intent is to grant title to the communities. Site visit interviews confirm these statements. Item closed.
Date Closed:	17 October 2018

Indicator G5.5 - Identify any illegal activities that could affect the project's climate, community or biodiversity impacts (e.g., logging) taking place in the project zone and describe how the project will help to reduce these activities so that project benefits are not derived from illegal activities.	The monitoring report states that between the project start and project validation, these illegal activities were identified as potentially affecting project benefits: • Hunting, fishing or collecting endangered flora or fauna; • Illegal logging • Cultivation, transport or distribution of illegal drugs. Illegal activity will be monitored along with deforestation monitoring and community/biodiversity impact monitoring. Illegal activities will not be allowed in the project and appropriate authorities will be contacted if detected.
Evidence Used to Assess Conformance:	Section 2.5.4 of the monitoring report, site visit impressions
Findings:	The illegal activities identified are reasonably deduced and could certainly affect project benefits. Item closed.
Date Closed:	17 October 2018

Indicator G5.6 - Demonstrate that the project proponents have clear, uncontested title to the carbon rights, or provide legal documentation demonstrating that the project is undertaken on behalf of the carbon owners with their full consent. Where local or national conditions preclude clear title to the carbon rights at the time of validation against the Standards, the project proponents must provide evidence that their ownership of carbon rights is likely to be established before they enter into any transactions concerning the project's carbon assets.	The monitoring report states that the project proponents have clear, uncontested title to both the property rights and the carbon rights of the project area and demonstrated this for project validation. In October and November of 2017, the project developers reviewed the necessity of obtaining a Certificado de Cadastro de Imóvel Rural (CCIR) and the Cadastro Ambiental Rural (CAR) and is in the process of obtaining both. Neither document is required to demonstrate land ownership. According to a Forward Action Request by the previous verifiers, these certificates are necessary in order to transfer land title. Title documentation and carbon rights were otherwise confirmed at validation.
Evidence Used to Assess Conformance:	Section 2.5.3 of the monitoring report, validated PDD.
Findings:	This indicator was successfully demonstrated during the validation and does not need to be reopened here. Certificates required for title transfer does not affect this indicator. Item closed.
Date Closed:	17 October 2018

CL1 Net Positive Climate Impacts

Indicator CL1.1 - Estimate the net change in carbon stocks due to the project activities using the methods of calculation, formulae and default values of the IPCC 2006 GL for AFOLU or using a more robust and detailed methodology. The net change is equal to carbon stock changes <i>with</i> the project minus carbon stock changes <i>without</i> the project (the latter having been estimated in G2). This estimate must be based on clearly defined and defensible assumptions about how project activities will alter GHG emissions of carbon stocks over the duration of the project or the project GHG accounting period.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A

Findings:	N/A
Date Closed:	N/A

Indicator CL1.2 - Estimate the net change in the emissions of non-CO ₂ GHG emissions such as CH ₄ and N ₂ O in the <i>with</i> and <i>without</i> project scenarios if those gases are likely to account for more than a 5% increase or decrease (in terms of CO ₂ -equivalent) of the project's overall GHG emissions reductions or removals over each monitoring period.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL1.3 - Estimate any other GHG emissions resulting from project activities. Emissions sources include, but are not limited to, emissions from biomass burning during site preparation, emissions from fossil fuel combustion, direct emissions from the use of synthetic fertilizers, and emissions from the decomposition of N-fixing species.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL1.4 - Demonstrate that the net climate impact of the project is positive. The net climate impact of the project is the net change in carbon stocks plus net change in non-CO ₂ GHGs where appropriate minus any other GHG emissions resulting from project activities minus any likely project-related unmitigated negative offsite climate impacts (see CL2.3).	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL1.5 - Specify how double counting of GHG emissions reductions or removals will be avoided, particularly for offsets sold on the voluntary market and generated in a country with an emissions cap.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

CL2 Offsite Climate Impacts (“Leakage”)

Indicator CL2.1 - Determine the types of leakage that are expected and estimate potential offsite increases in GHGs (increases in emissions or decreases in sequestration) due to project activities. Where relevant, define and justify where leakage is most likely to take place.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL2.2 - Document how any leakage will be mitigated and estimate the extent to which such impacts will be reduced by these mitigation activities.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL2.3 - Subtract any likely project-related unmitigated negative offsite climate impacts from the climate benefits being claimed by the project and demonstrate that this has been included in the evaluation of net climate impact of the project (as calculated in CL1.4).	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A

Conformance:	
Findings:	N/A
Date Closed:	N/A

Indicator CL2.4 - Non-CO ₂ gases must be included if they are likely to account for more than a 5% increase or decrease (in terms of CO ₂ -equivalent) of the net change calculations (above) of the project's overall off-site GHG emissions reductions or removals over each monitoring period.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

CL3 Climate Impact Monitoring

Indicator CL3.1 - Develop an initial plan for selecting carbon pools and non-CO ₂ GHGs to be monitored, and determine the frequency of monitoring. Potential pools include aboveground biomass, litter, dead wood, belowground biomass, wood products, soil carbon and peat. Pools to monitor must include any pools expected to decrease as a result of project activities, including those in the region outside the project boundaries resulting from all types of leakage identified in CL2. A plan must be in place to continue leakage monitoring for at least five years after all activity displacement or other leakage causing activity has taken place. Individual GHG sources may be considered 'insignificant' and do not have to be accounted for if together such omitted decreases in carbon pools and increases in GHG emissions amount to less than 5% of the total CO ₂ -equivalent benefits generated by the project. Non-CO ₂ gases must be included if they are likely to account for more than 5% (in terms of CO ₂ -equivalent) of the project's overall GHG impact over	This Indicator was satisfied through successful VCS verification for the monitoring period.
---	---

each monitoring period. Direct field measurements using scientifically robust sampling must be used to measure more significant elements of the project's carbon stocks. Other data must be suitable to the project site and specific forest type.	
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

Indicator CL3.2 - Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.	This Indicator was satisfied through successful VCS verification for the monitoring period.
Evidence Used to Assess Conformance:	N/A
Findings:	N/A
Date Closed:	N/A

CM1 Net Positive Community Impacts

Indicator CM1.1 - Use appropriate methodologies to estimate the impacts on communities, including all constituent socio-economic or cultural groups such as indigenous peoples (defined in G1), resulting from planned project activities. A credible estimate of impacts must include changes in community well-being due to project activities and an evaluation of the impacts by the affected groups. This estimate must be based on clearly defined and defensible assumptions about how project activities will alter social and economic well-being, including potential impacts of changes in natural resources and ecosystem	This section is very similar to the corresponding section in previous monitoring report, with slight updates to include the verification year 2017. The project proponents used a PRA and BNS to develop a theory of change to compare the impacts of the 'with project' scenario to that of the 'without project' scenario. The conclusion is that there were net community benefits in the 'with project' scenario. The 'without project' scenario is continued frontier deforestation, which would result in a reduction in ecosystem services, including increased erosion, flooding, increased GHG emissions and less habitat for game and fish. The communities would also not have the benefits of the health center, agricultural training and other
--	--

services identified as important by the communities (including water and soil resources), over the duration of the project. The 'with project' scenario must then be compared with the 'without project' scenario of social and economic well-being in the absence of the project (completed in G2). The difference (i.e., the community benefit) must be positive for all community groups.	project activities. They also may be more vulnerable, because they will not have title to the lands they live on.
Evidence Used to Assess Conformance:	Sections 4.1.1 and 4.1.2 of the monitoring report.
Findings:	It is clear that in the absence of the project, ecosystem services would gradually deteriorate, the community members would not own their land and the other project benefits, including agricultural training, health and infrastructure activities, would not occur. Item closed.
Date Closed:	17 October 2018

Indicator CM1.2 - Demonstrate that no High Conservation Values identified in G1.8.4-6 will be negatively affected by the project.	The HCVs the project area provides for the communities includes critical ecosystem services, mostly hydrological, and supplying basic needs, including fish, game, medicines and building materials. These HCVs would deteriorate or be lost if the forest degrades or is lost.
Evidence Used to Assess Conformance:	Section 4.1.3 of the monitoring report.
Findings:	It is clear that the HCVs provided by the project area do so because they are mostly in a natural state. Maintaining the natural forest, which the project activities are designed to support, will not affect HCVs negatively. Item closed.
Date Closed:	17 October 2018

CM2 Offsite Stakeholder Impacts

Indicator CM2.1 - Identify any potential negative offsite stakeholder impacts that the project activities are likely to cause.	The monitoring report identifies 6 potential negative offsite stakeholder impacts: 1. Increased cost of land – if carbon projects increase property values. 2. Decreased land value – if project prevents adjacent properties from accessing markets. 3. In-migration to areas adjacent to project
---	--

	zone. - Communities migrating out of the project zone, due to forced relocation, and into primary forest. - Project proponents are unable to stop deforestation, and the community continues to expand. - Wealth creates conflict in surrounding areas due to jealousy, increase in illicit activities, elite capture, etc. The project does not consider these potential impacts likely, and they state that none occurred between March 2011 and December 2017.
Evidence Used to Assess Conformance:	Section 4.2.1 of the monitoring report, site visit
Findings:	The potential negative impacts of the project are listed. There is no indication that any of these impacts have come to pass. Item closed.
Date Closed:	17 October 2018/27 December 2018

Indicator CM2.2 - Describe how the project plans to mitigate these negative offsite social and economic impacts.	The monitoring report states that no negative impacts have occurred and the project proponents stay in contact with surrounding landowners for this and other purposes. There have been no increases in the cost of land, but it is mentioned the project could decrease the value of adjacent lands, because no roads will be allowed across the project area. This is considered an acceptable potential impact, given the CCB benefits. There has been no in-migration or out-migration, nor conflict, illegal activity, etc. To help prevent that, some benefits, like the health center and the school, will be available to those living outside project boundaries.
Evidence Used to Assess Conformance:	Section 4.2.1 of the monitoring report,
Findings:	The auditors believe these negative impacts are either unlikely to occur, unavoidable if they do occur or are reasonably mitigated by the project proponents. Land values are unlikely to be greatly affected, especially in comparison with other activities in the region. Out-migration due to forced relocation is not

	permitted to occur in a CCB project. Opening certain benefits to surrounding communities reduces any existing reason to move into the project area or become jealous of project communities. Item closed.
Date Closed:	17 October 2018
Indicator CM2.3 - Demonstrate that the project is not likely to result in net negative impacts on the well-being of other stakeholder groups.	The monitoring report states that the project has had net positive benefits for all stakeholder groups. Benefits include: • Health clinic, dental clinic, school and extension training is available to all, • Increased learning curve for future REDD+ projects • Sharing of knowledge/lessons with stakeholders Ongoing consultations will ensure the project does not result in a net negative impact.
Evidence Used to Assess Conformance:	Section 4.2.2 of the monitoring report.
Findings:	While the full promise of the project may not have been fulfilled, in light of the break in project activities during the previous verification period, it appears that the positive benefits of the project outweigh the identified but unrealized negative benefits of the project. Item closed.
Date Closed:	17 October 2018

CM3 Community Impact Monitoring

Indicator CM3.1 - Develop an initial plan for selecting community variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the project's community development objectives and to anticipated impacts (positive and negative).	The monitoring report states the initial monitoring plan involved regular communications with the communities and informal communications with outside stakeholders. It also incorporated data from the Brazilian census. After that, it was determined the BNS, PRA and theory of change would be sufficient to monitor the communities and HCVs. It further states, "The BNS and PRA shall be administered every two years, with the initial surveys conducted from March to May 2013."
Evidence Used to Assess Conformance:	Section 4.3.2 of the monitoring report, previous verification report, site visit
Findings:	The project proponents skipped the BNS and PRA for 2015, and this triggered a Forward Action Request from the previous auditors to ensure the

	BNS and PRA are done during this verification period. The monitoring report mentions a lack of funds as the reason no monitoring occurred in 2015. The BNS and PRA were conducted in 2017. Some results of the BNS are included in section 4.3.2. Item closed.
Date Closed:	27 December 2018

Indicator CM3.2 - Develop an initial plan for how they will assess the effectiveness of measures used to maintain or enhance High Conservation Values related to community well-being (G1.8.4-6) present in the project zone.	The monitoring report states that the PRA and BNS were designed to measure the community HCVs. The PRA asks about hunting, fishing, building materials and the collection of medicinal plants. The BNS identifies trends in the availability of basic needs, some of which are provided by the HCVs.
Evidence Used to Assess Conformance:	Section 4.3.2 of the monitoring report, verification report from previous monitoring period.
Findings:	The project proponents skipped the BNS and PRA for 2015, and this triggered a Forward Action Request from the previous auditors to ensure the BNS and PRA are done during this verification period. The monitoring report states that both the PRA and BNS were conducted in 2017, and some of the results are discussed in the monitoring report. Item closed.
Date Closed:	27 December 2018

Indicator CM3.3 - Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.	The monitoring plan was included in the validated PIR.
Evidence Used to Assess Conformance:	Validated PIR, Section 4.3.1 of the monitoring report.
Findings:	This item was addressed during project validation and does not need to be re-opened during this verification. Item closed.
Date Closed:	17 October 2018

B1 Net Positive Biodiversity Impacts

Indicator B1.1 - Use appropriate methodologies to estimate changes in biodiversity as a result of the project in the project zone and in the project lifetime. This estimate must be based on clearly defined and defensible assumptions. The 'with project' scenario should then be compared with the baseline 'without project' biodiversity scenario completed in G2. The difference (i.e., the net biodiversity benefit) must be positive.	The monitoring report states that biodiversity monitoring was largely done through monitoring changes in forest cover, which is reasonable, given the high biodiversity of the region is dependent on intact primary forest. Further, the island biogeography methodology was used to estimate changes in biodiversity. It was demonstrated that the larger the "island" of habitat in the Amazon Basin, the greater the number of species and population sizes. The without project scenario involves continued unplanned frontier deforestation, further fragmenting habitat.
Evidence Used to Assess Conformance:	Section 5.1.1 of the monitoring report.
Findings:	It is reasonable to assume fragmentation of primary forest habitat will have deleterious effects on biodiversity, especially in comparison with the with project scenario. Item closed.
Date Closed:	17 October 2018
Indicator B1.2 - Demonstrate that no High Conservation Values identified in G1.8.1-3 will be negatively affected by the project.	The monitoring report states there were no negative effects to HCVs. Monitoring via remote sensing reveals that the project is maintaining intact forest cover. The primary forest cover is the reason the area has biodiversity-related HCVs.
Evidence Used to Assess Conformance:	Section 5.1.2 of the monitoring report, site visit, VCS verification.
Findings:	Biodiversity-related HCVs, as well as community-related HCVs, are dependent on the continued existence of an intact primary forest. Monitoring via satellite imagery is an acceptable way to determine whether the project is effective in protecting the forest, noting that camera trapping provides more quantifiable data. The last biodiversity monitoring event with camera traps ended in 2015 and the next monitoring event will take place in 2019. Based on the anecdotal evidence provided, the satellite imagery and the site visit, project activities do not appear to be negatively affecting biodiversity HCVs. Item closed.
Date Closed:	17 October 2018
Indicator B1.3 - Identify all species to be used by the project and show	No invasive species were used in the project. Some communities plant locally sourced seeds of

that no known invasive species will be introduced into any area affected by the project and that the population of any invasive species will not increase as a result of the project.	hardwood species for use as timber, including: • Angelim (Hymenolobium sp.) • Cedro-rosa, Cedro odorato and Cerejeira (Amburana acreana) • Garapeira (Apuleia molaris /Apuleia leiocarpa) • Mezilaurus itaúba • Calophyllum Brasiliense • Calicophyllum spruceanum
Evidence Used to Assess Conformance:	Section 5.1.3 of the monitoring report, Global Invasive Species Database (2018)
Findings:	The project proponents are not doing any planting as a project activity, at this time. Species used by communities are not listed as invasive anywhere in the world. Item closed.
Date Closed:	17 October 2018

Indicator B1.4 - Describe possible adverse effects of non-native species used by the project on the region's environment, including impacts on native species and disease introduction or facilitation. Project proponents must justify any use of non-native species over native species	No non-native species are used in the project. Species used by local community members are native. The monitoring report further states that only locally-appropriate, native species will be used in the project.
Evidence Used to Assess Conformance:	Sections 5.1.3 and 5.1.4 of the monitoring report, Global Invasive Species Database (2018)
Findings:	Adverse effects of non-native species are not applicable to this project, as no non-native species are used. Currently, the project activities do not include plantings of any kind. Item closed.
Date Closed:	17 October 2018

Indicator B1.5 - Guarantee that no GMOs will be used to generate GHG emissions reductions or removals.	The monitoring report declares, "The Project Proponents guarantee that no genetically-modified organisms (GMOs) will be used in the Russas Project to generate GHG emissions reductions or removals and no GMOs were used between March 2011 and December 2017."
Evidence Used to Assess Conformance:	Sections 5.1.5 and 5.1.3 of the monitoring report.
Findings:	The guarantee was stated. The project activities include no planting. Item closed.
Date Closed:	17 October 2018

B2 Offsite Biodiversity Impacts

Indicator B2.1 - Identify potential negative offsite biodiversity impacts that the project is likely to cause.	The monitoring report states that because this is a payment for ecosystem services conservation project, the only major negative offsite biodiversity impact would be a result of activity-shifting leakage.
Evidence Used to Assess Conformance:	Section 5.2.1 of the monitoring report.
Findings:	Project activities include protecting the forest and monitoring for clearing, aside from community-related activities. Negative impacts of these activities on biodiversity are not possible, with the exception of activity shifting leakage. Item closed.
Date Closed:	17 October 2018

Indicator B2.2 - Document how the project plans to mitigate these negative offsite biodiversity impacts.	The project proponents are monitoring deforestation in the project zone. The project seeks to minimize the likelihood of community members shifting their activities outside the project zone, through community benefits. The project proponents also discuss the project with neighboring landowners, which has resulted in the owner of the Valparaíso project entering his land in a REDD+ project. The project is also aligned with Acre's Payment for Ecosystem Services Scheme (SISA), which reduces incentives to migrate into the project zone.
Evidence Used to Assess Conformance:	Section 5.2.1 of the monitoring report.
Findings:	The project seeks to minimize the need for community members to degrade the forest through their community-related project activities/benefits (ag training, land titling) and through bringing other landowners in to similar projects. Item closed.
Date Closed:	17 October 2018

Indicator B2.3 - Evaluate likely unmitigated negative offsite biodiversity impacts against the biodiversity benefits of the project within the project boundaries. Justify and demonstrate that the net effect of the project on biodiversity is positive.	The monitoring report states that net benefits of the project were overwhelmingly positive for biodiversity. The preservation of forest cover was largely successful. The overall effect of the project, so far, has been positive because much more forest cover was preserved as opposed to deforestation as a result of
---	--

	the project activities.
Evidence Used to Assess Conformance:	Section 5.2.1 and 5.2.2 of the monitoring report.
Findings:	While leakage may occur and have negative impacts on off-site biodiversity, it would be unusual to have leakage equal to or greater than the forest area protected in the project. Monitoring does not indicate substantial leakage. More habitat was saved through implementation of the project than was lost through leakage. Item closed.
Date Closed:	28 December 2018

B3 Biodiversity Impact Monitoring

Indicator B3.1 - Develop an initial plan for selecting biodiversity variables to be monitored and the frequency of monitoring and reporting to ensure that monitoring variables are directly linked to the project's biodiversity objectives and to anticipated impacts (positive and negative).	The monitoring report describes the process followed when developing the biodiversity monitoring plan. Ultimately, the plan depends on deforestation monitoring to document forest cover and habitat availability, and the use of camera traps to determine the species present. The initially stated intent was to monitor every four years. According to information gleaned from the monitoring report, camera traps were used from August 2014 to July 2015.
Evidence Used to Assess Conformance:	Section 5.3.2 of the monitoring report. Major Biodiversity Objective section of the summary report.
Findings:	An initial monitoring plan was developed. The previous auditors placed a forward action request on this indicator, requesting that we ensure monitoring activities have recommenced. Monitoring activities for biodiversity are only conducted every 4 years, according to the originally devised schedule. The last monitoring for biodiversity apparently ended in 2015. It is said that it will be done again in 2019. Item closed.
Forward Action Request (FAR):	At the next verification, auditors should ensure biodiversity monitoring is proceeding on schedule.
Date Issued:	28 December 2018
Project Proponent Response/Actions and Date:	Duly noted – The biodiversity monitoring, using motion sensitive wildlife cameras, was restarted in July 2018.
Evidence Used to Close NCR:	
Date Closed:	28 December 2018

Indicator B3.2 - Develop an initial plan for assessing the effectiveness of measures used to maintain or enhance High Conservation Values related to globally, regionally or nationally significant biodiversity (G1.8.1-3) present in the project zone.	As mentioned previously, the biodiversity-related HCVs depend on a healthy, intact primary forest. If deforestation is reduced, in comparison to the 'without project' scenario, measures to maintain biodiversity-related HCVs are effective.
Evidence Used to Assess Conformance:	Section 5.3.2 and various other parts of the monitoring report.
Findings:	The plan for assessing the effectiveness of measures to maintain HCVs is obvious. If deforestation/degradation is reduced, measures are effective. Adaptive management will allow the project proponents to analyze the reasons for any detected deforestation and address those reasons, as needed. Item closed.
Date Closed:	17 October 2018

Indicator B3.3 - Commit to developing a full monitoring plan within six months of the project start date or within twelve months of validation against the Standards and to disseminate this plan and the results of monitoring, ensuring that they are made publicly available on the internet and are communicated to the communities and other stakeholders.	The monitoring report states that all monitoring results are incorporated into the summary document that is disseminated to communities and other stakeholders. Some biodiversity results were also presented in a poster titled, "Composition and Relative Abundance of Medium and Large Mammals in REDD+ areas in Acre."
Evidence Used to Assess Conformance:	Section 5.3.3 of the monitoring report, English language summary report distributed to communities/stakeholders, site visit interviews.
Findings:	Findings are included in the monitoring report summaries. Interviews during the site visit indicates that the summaries were distributed, and the majority of interviewees received them. Item closed
Date Closed:	28 December 2018

GOLD LEVEL SECTION

GL2 Exceptional Community Benefits

Indicator GL2.1 - Demonstrate that the project zone is in a low human development country OR in an administrative area of a medium or high human development country in which at least 50% of the population of that area is below the national	The validated PDD and section 4.4 of the monitoring report shows that Brazil is a high human development country, but the income in the municipality of Cruzeiro do Sul is less than the national poverty line. This was established during project validation as the
--	---

poverty line.	baseline and does not need to be re-examined until/unless the baseline is re-established.
Evidence Used to Assess Conformance:	Section GL2.1-2.2 of the PDD, section 4.4 of the monitoring report.
Findings:	This was established during project validation as the baseline and does not need to be re-examined until/unless the baseline is re-established. Item closed.
Date Closed:	28 December 2018

Indicator GL2.2 - Demonstrate that at least 50% of households within the lowest category of well-being (e.g., poorest quartile) of the community are likely to benefit substantially from the project.	The monitoring report states that the project proponents did not practice selective enrollment. All community members were allowed to participate. During the verification period, SOS Amazonia visited the area 12 times, including for trainings and follow up visits. The trainings are open to all. The BNS surveys done in 2013 and 2017 show slight improvements in the well-being of the lowest quartile of community members. The project also targets 4 households in the lowest quartile when doing the BNS survey.
Evidence Used to Assess Conformance:	Section 4.4 of the monitoring report, site visit.
Findings:	There appear to be no barriers to participation in project activities. BNS survey is designed to include representatives of the economically lowest quartile of households. The survey also detected some improvement in the economic well-being of the lower quartile of households, though the monitoring report does not claim this improvement is due to the project. During site visit interviews, most interviewees took advantage of at least some project benefits – particularly the health clinic. Should the project proceed as described in the PDD, it is likely that the lowest quartile of community households will benefit from the project. Item closed.
Date Closed:	28 December 2018

Indicator GL2.3 - Demonstrate that any barriers or risks that might prevent benefits going to poorer households have been identified and addressed in order to increase the	Five potential barriers to project benefits were identified in the monitoring report: • Greater distance from HQ. • Few Ag tools.
--	---

probable flow of benefits to poorer households.	• Lack of boat, motor or fuel for travel • Might have poorer soil quality • Poorer health and nutrition. The distance barrier is said to be addressed by spreading some activities out through the communities, like ag courses, placement of toilets and granting of land titles. The project proponent is also said to provide gas to travel, food while staying at HQ, and sleeping arrangements. Some planting tools were purchased in July 2017 for the communities. The monitoring report states that the project intends to purchase a boat for increased access to markets and will be acquired in conjunction with acai processing tools and manioc flour houses. Ag training may help community members match their soils with an appropriate crop. Also, courses provide information on soil preparation techniques. Ag courses are intended to increase nutrition and health of community members. Improvement of the health clinic is also a project activity.
Evidence Used to Assess Conformance:	Section 4.4.1 of the monitoring report, site visit interviews.
Findings:	Site visit interviews indicate the barriers described are reasonable. Many community members have been able to take advantage of at least some project benefits/activities. Some interviewees reported receiving fuel and food for travel to clinics, but not all. The procurement of the boat seems to be of great interest to several of the interviewees. It appears the barriers to participation are in the process of being successfully addressed. Item closed.
Date Closed:	28 December 2018
Indicator GL2.4 - Demonstrate that measures have been taken to identify any poorer and more vulnerable households and individuals whose well-being or poverty may be negatively affected by the project, and	The monitoring report states that community engagement and the surveys (BNS and PRA) identify the poorer and more vulnerable in the community. Four households from the lowest economic quartile are targeted in the BNS survey.

that the project design includes measures to avoid any such impacts. Where negative impacts are unavoidable, demonstrate that they will be effectively mitigated.	Many of the measures taken to include the poorer members of the community, described in GL2.3, also serve to protect members who might be negatively affected by the project. One way that the poorer households could be negatively affected is if land were distributed by family, rather than by the number of people in the family. This is said to be mitigated by a trained professional in rural CARs, but it is not explained how. Another way is if poorer families are not allowed to deforest as they had in the past. This is mitigated by ag extension courses.
Evidence Used to Assess Conformance:	Section 4.4.2 of the monitoring report.
Findings:	The measures described seem reasonable, except the potential mitigation for the negative effect of larger families is not explained.
Clarification Request (CL):	Please explain the way the potential problem of larger families not receiving enough land, or families growing after land has been demarcated, is addressed.
Date Issued:	28 December 2018
Project proponent response/actions	Section 4.4.2 has been updated to further explain how this potential problem is being addressed.
Evidence Used to Close NCR:	Section 4.4.2 of the 7 February 2019 version of the monitoring report explains that older couples, without children, would receive smaller parcels of land. Small families would receive a larger parcel and large families will receive an even larger parcel of land. Item closed.
Date Closed:	13 February 2019

Indicator GL2.5 - Demonstrate that community impact monitoring will be able to identify positive and negative impacts on poorer and more vulnerable groups. The social impact monitoring must take a differentiated approach that can identify positive and negative impacts on poorer households and individuals and other disadvantaged groups, including women.	The project's community monitoring efforts specifically targets the lowest economic quartile in the BNS survey, by making sure to survey specific families. Indicators of impacts include: • Diversity of income • Income generation • Crop diversification • Owned assets • Access to basic needs • Poverty score and index • Inequality of owned assets
--	---

	The monitoring report also claims attention will be paid to gender and generational distribution of assets.
Evidence Used to Assess Conformance:	Section 4.3.2 of the monitoring report.
Findings:	The focus of the BNS survey on the lowest economic quartile in the community should be very useful in monitoring whether positive and negative impacts are being felt. It is not clear what is intended to monitor fair gender and generational distribution of assets.
Clarification Request (CL):	Please clarify how attention is paid to gender and generational distribution of assets.
Date Issued:	28 December 2018
Project proponent response/actions	Section 4.4.2, subsection Community Impact Monitoring, has been updated to reflect how attention is paid to gender and generational distribution of assets.
Evidence Used to Close NCR:	Section 4.4.2 of the 7 February 2019 version of the monitoring report states that the BNS is administered to both men and women, across a range of age groups. Most benefits are equally shared, including access to clinics, bathrooms, ag training, etc. Item closed.
Date Closed:	13 February 2019