

PROJECT REVIEW REPORT

This document tracks the findings raised in Verra’s review of the project specified below. The VVB must address the findings before the project request can be considered by Verra for approval. The document will be made publicly available on the Verra Registry. Confidential information may be provided as separate attachments.

Review Type	Registration & Verification
Project ID	2367
Project Name	Afforestation in Eucalyptus and Acacia plantations for Burapha Agroforestry Co., Ltd.
Program(s)	VCS
Verification Period	31 May 2016 to 22 December 2020
Project Proponent	Burapha Agro-Forestry Co. Ltd..
Methodology	AR-ACM0003 Afforestation and reforestation of lands except wetlands, Version 2.0
VVB	TÜV NORD CERT GMBH
Assessment Criteria	VCS Standard, v4.2, AR-ACM0003 v2.0
Date of First Issue	21 June 2022
Review Conclusion	Approved
Date of Final Issue	08 March 2023

ASSESSMENT FINDINGS

#	Description	Response	Status
1	<p>Inconsistent estimated average annual emission removals:</p> <p>Issue:</p> <p>There are inconsistencies in the numbers reported in the Joint PD/MR and Joint validation and verification report regarding the estimated average annual emission removals. The Verra Registry and Section 1.10 of the Joint PD/MR report an Average Annual Volume of VCUs of 44,946; but Section 1.1 of the Joint PD/MR reports 30,201 tCO₂/year. The validation and verification report states that the expected GHG emission reductions or removals will be 882,761 tCO₂e for a 20-year crediting period, which translates into 44,138 tCO₂e/year; however, Section 3.1 states that the average GHG removals by sinks is 44,946 tCO₂-e/year.</p> <p>Required Action:</p> <p>The VVB must clarify what is the correct average annual emission removals from the project. The Joint PD/MR and validation and verification report must be updated accordingly.</p> <p>Program rule:</p> <p>VCS Joint PD/MR Template, Section 1.1</p>	<p>Round 1:</p> <p>VVB Response:</p> <p>The PP has updated Section 1.1 of the Joint PD/MR to be consistent. Estimated Project GHG removals are 898,927 tCO₂e for a 20-year crediting period, with an average of 44,946 tCO₂e/year, and estimated net GHG removals (i.e., adjusted for buffer, baseline removals and project emissions) of 604,015 tCO₂e over 20 years, or 30,201 tCO₂e/yr.</p> <p>The Joint PD/MR and validation and verification report have also been adapted to provide clarification on the data^{65/}.</p> <p>Verra Response: The information on estimated Project GHG removals has been harmonized in the different documents.</p>	Closed
2	<p>Clarification needed on articulation with the FCPF-CF Norther Lao PDR Emission Reduction Program (ERP)</p> <p>Issue:</p> <p>There is no clear information and documented evidence on how double counting will be avoided and how the existing ERPAs affect project ownership.</p> <p>Required Action:</p> <p>(a) The VVB must provide detailed information on how it has assessed that any removals associated with plantations implemented in Xayabouly Province will not be counted for in the</p>	<p>Round 1:</p> <p>VVB Response:</p> <p>The FCPF-CF Northern Lao PDR Emission Reduction Program is focused on Emissions Reductions (ER) from reduced deforestation, forest degradation and enhancement of forest carbon stocks (REDD+) in six Lao PDR provinces, which includes Xayabouly Province. Respective information has been reviewed^{76/}.</p>	Closed

- program’s MRV system and are not covered by the ERPA signed between Lao PDR government and the IRBD.
- (b) The VVB must ensure that the project proponent provides clear information and documented evidence (e.g., a letter from the government) on how the project will nest within the ERP, how double-counting will be avoided and how the interdiction of standalone projects stated in the ER-PD (Section 18.1) has been overcome.
 - (c) The VVB shall ensure that the ERPAs signed in 2020 and effective from 2021 do not compromise the project ownership.

Program rule:

VCS Standard 4.2, Section 1.11, 3.21

Background:

The outer boundary of the grouped project includes Xayabouly Province that is also part of the FCPF-CF Norther Lao PDR ERP. Removals are included in the program ex-ante calculations and MRV system. ERPA’s conditions of effectiveness have been fulfilled in December 2021.

Project 2367 is an ARR project, being implemented on degraded lands, formerly used for swidden agriculture, which would not be suitable (or eligible) for implementation of a REDD+ project.

The areas that will be included in the ARR project within Xayabouly Province are covered by a long-term lease agreement with the GoL. The project has also a Letter of Endorsement from Government of Lo/Ministry of Agriculture and Forestry/Department of Forestry^{44a/}, acknowledging the implementation of the carbon credit project. This letter confirms “that Burapha Agro-Forestry Co. Ltd shall proceed forest carbon credit trade by itself.”

Hence, no indication of double counting is observed and as mentioned above, the ERPA does not cover AR activities.

Verra Response:

Issue

The response provided is insufficient to demonstrate how double counting will be avoided. Per FCPF ERP document, removals are included in the program ex-ante calculations and in the MRV system.

Action required.

- (1) The VVB must ensure that the Letter of Endorsement from Government of Lao/Ministry of Agriculture and Forestry/Department of Forestry is shared with Verra, as well as an English translated version of this letter if needed.
- (2) The VVB must describe in Section 1.10 of the joint VVR, how this letter prevents any risk of double-counting, taking into consideration the FCPF-ER-PD and the ERPA, or any most updated and documented information.

Round 2:

VVB Response:

- (1) The letter including official translation ^{/44/44a/} has been verified by the audit- and technical review team of the VVB. Sharing documents with the standard setting organization is not an obligation and can only be accepted as bilateral action between Verra and the PP. In addition to assure complete transparency, the PP is seeking a confirmation letter from the Lao Government of no double counting. This only impacts Xayabouly Province. Therefore, the PP have added an additional eligibility criterion for project instances, requiring any areas in Xayabouly to also obtain a letter confirming no double counting with The World Bank program. While the PP is seeking the confirmation letter from the government it will exclude the 170 hectares currently planted from the first verification. All calculations for the first monitoring period have been adjusted to be net of the 170 hectares in Xayabouly, and the PD tables adjusted.
- (2) Respective information has been included in Section summary and 3.2 of the joint VVR.

Verra response:

A clarification has been included in the joint PD/MR. The joint VVR has been adjusted accordingly.

Additionally, a letter of endorsement from the government has been submitted to Verra following a request via email.

However, this finding cannot be closed.

Issue

It is still not clear how the Letter of Endorsement provided by the government prevents any risk of double-counting, taking into consideration the FCPF-ER-PD and the ERPA, or any most updated and documented information.

In addition, it is unclear how the VVB assessed that the confirmation letter requested will be sufficient to avoid any risk of double counting for future inclusion of project activity instances

(PAIs) within Xayabouly province, during the FCPF-CF ERPA validity period.

Action required.

- (1) The VVB must clarify how it has assessed that the confirmation letter will be sufficient to avoid any risk of double counting of future PAI added in Xayabouly Province during the validity of the ERPA.
- (2) The VVB must raise a FAR, to ensure that the confirmation letter will be assessed at subsequent verifications, especially its sufficiency to avoid the risk of double counting for any PAI included in Xayabouly.

Program Rule:

VCS Standard 4.2, Section 3.21

Round 3:

VVB Response:

- (1) As stated in the PD and above, the PP has added an additional eligibility criterion for future PAIs, requiring any areas in Xayabouly to also obtain a letter confirming no double counting with The World Bank program. As the PP did not yet receive the requested letter specifying the double counting issue for Xayabouly province, the complete part of the project area within Xayabouly Province (170 hectares) has been excluded from the 1st verification. Hence the VVB clarifies herewith that it does not accept the confirmation letter provided^[44/44a] for PAIs in Xayabouly.
- (2) The VVB issued FAR 05 to assure that the risk of double counting will be assessed for any future PAI for all provinces covered by the ERPA^[65], specifically Xayabouly Province, in line with the VCS Standard requirement (VCS 4.2, Section 3.21.3). The joint VVR has been updated accordingly in section 3.2 and Appendix 4.

Verra response:

	<p>A clarification has been added that all calculations for the current monitoring period have been adjusted to exclude the 170 hectares in the province covered by the ERPA (Xayabouly province).</p> <p>A FAR has been raised requiring that the risk of double counting will be assessed for any future PAI for all provinces covered by the ERPA^{65/}</p>
<p>3 Sectoral scope missing:</p> <p>Issue: The joint PD/MR does not include the sectoral scope.</p> <p>Required Action: The VVB must ensure that the project proponent includes the sectoral scope in Section 1.2 of the joint PD/MR.</p> <p>Program rule: VCS Standard 4.2, Section 2.1.1.</p>	<p>Round 1:</p> <p>VVB Response: Closed</p> <p>The PP has updated Section 1.2 of the joint PD/MR as follows: “The project is under the Sectoral Scope 14 “Agriculture, Forestry, and other Land Use”, in the Afforestation, Reforestation and Revegetation (ARR) category.”</p> <p>Verra Response: The sectoral scope has been added in section 1.2 of the PD/MR.</p>
<p>4 Clearance of Native Ecosystems assessment missing:</p> <p>Issue: The Joint validation and verification report does not contain a conclusion from the VVB that there has not been a conversion of native ecosystems within the last 10 years before the project start date.</p> <p>Required Action: The VVB must provide the detailed steps and what evidence was used to assess that no native ecosystems were converted for the implementation of the project under Section 3.1 of the Joint validation and verification report.</p> <p>Program and template rule: VCS Standard 4.2, Section 3.2.4</p>	<p>Round 1:</p> <p>VVB Response: Closed</p> <p>The section 3.1 Eligibility has been updated, further evidence and VVB statement/conclusion has been included.</p> <p>Verra Response: The steps to assess that no native ecosystems were converted for the implementation of the project have been added in section 3.1 of the validation and verification report.</p>
<p>5 Missing assessment conclusion in validation findings:</p> <p>Issue:</p>	<p>Round 1:</p> <p>VVB Response: Closed</p>

Under Section 3.1 of the Joint validation and verification report, the VVB provided limited evidence of the assessment process, and the level of assurance of its assessment.

Required Action:

The VVB must include an assessment conclusion for each item under Section 3.1 of the validation and verification report that describes in detail how the relevant information from the project description was reviewed.

Program and template rule:

Joint Validation and Verification Report Template, v4.1, Section 3.1

Respective information and conclusions have been included in the VVR.

Verra Response: An assessment conclusion has been concluded to each item in section 3.1 of the validation and verification report

6 **Grouped project geographic area unclear:**

Issue:

The geographic location of the grouped project is unclear.

Required Action:

The VVB must ensure that the project proponent includes under Section 1.12 of the Joint PD/MR a delineation of the geographic area(s) of the grouped project within which future project activity instances may be developed. Such area(s) need to be defined by geodetic polygons.

Program rule:

VCS Standard 4.2, Section 3.5.8

Round 1:

Closed

VVB Response:

Geodetic polygons of the area where future project activity instances may be developed are provided in the PD/MR. Respective information is provided in Appendix 3.

Verra Response: Geodetic polygons of the area where future project activity instances may be developed are provided in the PD/MR.

7 **Details of project location and ownership missing:**

Issue:

Details of each polygon and the ownership are missing from Section 1.12 of the Joint PD/MR.

Required Action:

The VVB must ensure that the project proponent includes the project location details of each polygon/parcel, including details of ownership under Section 1.12 of the Joint PD/MR.

Program rule:

VCS Standard 4.2, Section 3.10.2

Round 1:

Closed

VVB Response:

Section 1.12 has been updated. Nevertheless, detailed information of each polygon and the ownership are not provided in section 1.12 due to its complexity and size (2164 different stands). There is a project database^{45/} that contains detailed data of all stands including size, contract, ownership, GPS data etc. Reference to project shapefiles/09/ is also provided. These documents will be made available to VERRA.

Verra Response: A Reference to Appendix 3 with a summary on project areas ownership has been added in Section 1.12

<p>8 Incomplete assessment of wetlands:</p> <p>Issue:</p> <p>Section 3.2 of the Joint PD/MR states that a small area in the Southern region of Vientiane is constituted of <i>Dystric Gleysols</i> which belong to the IPCC class of wetlands. However, it is unclear if any of the project instances are developed on wetlands.</p> <p>Required Action:</p> <p>The VVB is required to assess if any of the project instances are developed on wetlands. Currently,</p> <p>Program rule:</p> <p>AR-ACM0003: Afforestation and reforestation of lands except wetlands, v2.0, Section 2</p>	<p>Round 1:</p> <p>VVB Response:</p> <p>There are currently no plantation areas planned or implemented on wetlands. The PP has updated Section 3.2 of the Joint PD/MR accordingly.</p> <p>Assessment and justification is included in section 3.4.2 of the FVVR.</p> <p>Verra Response: Clarifications have been included in sections 3.2 of the Joint PD/MR and 3.4.2 of the FVVR.</p>	<p>Closed</p>
<p>9 Uncomplete description of compliance with laws, statutes, and regulations:</p> <p>Issue:</p> <p>Section 1.14 of the Joint PD/MR lists all the laws, statutes and regulations but doesn't demonstrate the project complies with the same.</p> <p>Required Action:</p> <p>The VVB must ensure that the project proponent updates Section 1.14 of the Joint PD/MR to describe (and not only list) how the project complies with all relevant laws, statutes, and regulations.</p> <p>Program rule:</p> <p>VCS Standard 4.2, Section 3.1.3</p>	<p>Round 1:</p> <p>VVB Response:</p> <p>The PP has updated Section 1.14 of the Joint PD/MR to demonstrate how the project complies with all relevant laws, statutes and regulations, and provided additional references where appropriate.</p> <p>The audit team verified that there is no known conflict with any law during the audit by interview with different levels of LAO PDR forestry authorities, other stakeholders and considering the comments (non) of the public comment period.</p> <p>FVVR has been also updated.</p> <p>In general: Compliance with applicable laws are difficult to demonstrate as no authority will generally confirm compliance with all applicable laws. It is rather the other way around: Authorities confirm only that there is no detected non-compliance with applicable laws.</p> <p>Verra Response: Information on how the project complies with the relevant laws, statutes, and regulations in Section 1.14 of the Joint PD/MR and 3.1 of the FVVR.</p>	<p>Closed</p>

<p>10 Missing link between project activities and contribution to SDGs:</p> <p>Issue: The Joint PD/MR does not include the relationship of project activities and SDGs.</p> <p>Required Action: The VVB must ensure that the project proponent clarifies in Section 1.17 of the Joint PD/MR how the project activities, or additional activities implemented by the project proponent, contribute to sustainable development, as defined by and tracked against the United Nations Sustainable Development Goals (SDGs).</p> <p>Program rule: VCS Standard 4.2, Section 3.16.1</p>	<p>Round 1: VVB Response: The following is noted: The “2022 Q1 VCS PROGRAM UPDATE: OVERVIEW OF SUBSTANTIVE UPDATES TO PROGRAM RULES & REQUIREMENTS”, found at https://verra.org/wp-content/uploads/2022/01/VCS-Summary-of-Effective-Dates-2022-Q1.pdf states the following effective dates for the requirement VCS Standard, v4.2, Section 3.16:</p> <p>4 Required project proponents to demonstrate contributions to a minimum of three SDGs in all monitoring reports verified after the effective date:</p> <p>1) Effective immediately for all projects that request registration with the VCS Program on or after 20 January 2023.</p> <p>2) Projects that request registration with the VCS Program before 20 January 2023 shall demonstrate contributions to at least three SDGs by 20 January 2025.</p> <p>As Project 2367 is requesting registration before 20 January 2023, the PP intends to demonstrate contributions to SDGs before 20 January 2025. However, the PP has added information into Section 1.17 of the Joint PD/MR on the SDGs the project is expected to contribute towards.</p> <p>Verra Response: Sections 1.17 of the Joint PD/MR and 3.1 of the FVVR have been updated with information on the project’s contribution to the SDGs.</p>	<p>Closed</p>
<p>11 Non-native species impacts assessment missing:</p> <p>Issue: Evidence and information are missing on the effects of non-native species on the project area under Section 2.1 of the Joint PD/MR.</p> <p>Required Action: (a) The VVB must ensure that the project proponent includes the use of any non-native species in the project zone and the</p>	<p>Round 1: VVB Response: The PP has updated Section 2.1 of the Joint PD/MR to include further detail on risks and mitigation measures regarding non-native species impacts. The VVB updated the respective section in the FVVR.</p>	<p>Closed</p>

<p>possible adverse effects of non-native species on the region’s environment, including impacts on native species and disease introduction or facilitation.</p> <p>(b) The VVB is requested to describe in Section 3.3.1 of the validation and verification report the steps taken and evidence used to assess how the use of non-native species will not have any adverse effects on the project zone.</p> <p>Program rule: VCS Standard 4.2, Section 3.17.16 (2) (b)</p>	<p>An ESIA^{08/} has been conducted and an Environmental Compliance Certificate issued by the Ministry of Natural resources and Environment, Department of Environment^{83/}.</p> <p>Verra Response: The risks and mitigation measures regarding non-native species impacts have been included section 2.1 of the Joint PD/MR and verified by the VVB as stated in section 3.1.1 of the FVVR.</p>
<p>12 Invasive Species assessment not clear:</p> <p>Issue: Evidence is missing on the use of invasive species in the project area.</p> <p>Required Action: The VVB is requested to describe in Section 3.3.1 of the validation and verification report the steps taken and evidence used to evaluate that no known invasive species will be introduced into any area affected by the project.</p> <p>Program rule: VCS Standard 4.2, Section 3.17.16 (2) (a)</p>	<p>Round 1: Closed</p> <p>VVB Response: The PP has updated Section 2.1 of the Joint PD/MR to include further detail on risks and mitigation measures regarding invasive species in the project area. The VVB updated the respective section in the FVVR.</p> <p>Verra Response: The information provided is sufficient.</p>
<p>13 Impact on the use of fertilizers and biological control agents unclear:</p> <p>Issue: An assessment is missing on the potential adverse effects of fertilizers and biological control agents used in the project zone</p> <p>Required Action: The VVB is requested to describe in Section 3.3.1 of the validation and verification report the steps taken and evidence used to evaluate the possible adverse effect of the use of fertilizers and biological control agents used in the project zone.</p>	<p>Round 1: Closed</p> <p>VVB Response: The PP has updated Section 2.1 of the Joint PD/MR to include further detail on risks and mitigation measures regarding the use of fertilizers and biological control agents.</p> <p>Verra Response: The steps taken, and evidence used to evaluate the possible adverse effect of the use of fertilizers and biological control agents in the project zone have been added.</p>

Program rule:

VCS Standard 4.2, Section 3.17.16 (2) (c)

<p>14 Local stakeholder consultation missing information:</p> <p>Issue:</p> <p>It is unclear whether the methods detailed in Section 2.2 of the Joint PD/MR have been implemented, when the meeting took place and how the outcomes were documented and taken into consideration.</p> <p>Required Action:</p> <p>The VVB must ensure that the project proponent provides more details in Section 2.2 of the Joint PD/MR, regarding:</p> <p>(a) the procedures or methods used for engaging local stakeholders (e.g., dates of announcements or meetings, periods during which input was sought). It is unclear whether the methods detailed in Section 2.2 have been implemented and when the meetings took place.</p> <p>(b) how due account of all and any input received during the consultation has been taken, including details on any updates to the project design or justify why updates are not appropriate</p> <p>(c) the procedures or methods used for documenting the outcomes of the local stakeholders' consultation</p> <p>Program rule:</p> <p>VCS Standard 4.2, Section 3.17.17</p>	<p>Round 1: Closed</p> <p>VVB Response:</p> <p>The PP has updated Section 2.2 of the Joint PD/MR to include a more detailed account of stakeholder consultation processes undertaken to date.</p> <p>Verra Response:</p> <p>The procedures or methods used for engaging local stakeholders and documenting the outcomes of the local stakeholders' consultation have been included. However, this finding cannot be closed.</p> <p>Issue</p> <p>Information is still missing on how all and any input received during the consultation have been considered, including details and justification on any updates to the project design.</p> <p>Action required:</p> <p>The VVB must ensure that Section 2.2 of the Joint PD/MR is updated with the missing information.</p> <p>Round 2:</p> <p>VVB Response:</p> <p>Respective information has been included in section 2.2 and in Appendix 4 of the Joint PD/MR.</p> <p>Verra response:</p> <p>Respective information has been included in section 2.2 and Appendix 4 of the Joint PD/MR.</p>
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<p>15 Project communication to stakeholders missing information:</p> <p>Issue:</p> <p>Under Section 2.2 of the Joint PD/MR, information is missing on requirements related to communication with stakeholders.</p> <p>Required Action:</p> <p>(a) The VVB must ensure that the project proponent provides more details regarding:</p> <ul style="list-style-type: none"> • how the project has or will communicate the project design and implementation, including the results of monitoring • how the project has or will communicate the risks, costs, and benefits the project may bring to local stakeholders • how the project has or will communicate the process of VCS Program validation and verification and the validation/verification body's site visit • how the project has or will communicate all relevant laws and regulations covering workers' rights in the host country • how communication and consultation are performed in a culturally appropriate manner, including language and gender sensitivity, directly with local stakeholders or their legitimate representatives when appropriate <p>(b) The VVB is required to assess that communication with stakeholders has been done in compliance with the VCS Standard, v4.2 and update Section 3.3 of the validation and verification report as needed.</p> <p>Program rule:</p> <p>VCS Standard 4.2, <i>Section 3.17.17</i></p>	<p>Round 1:</p> <p>VVB Response:</p> <p>The PP has updated Section 2.2 of the Joint PD/MR to include a more detailed account of communication with stakeholders.</p> <p>The FVVR has been adapted accordingly.</p> <p>Verra Response:</p> <p>Information on the stakeholder grievance mechanisms and FPIC process has been included. However, this finding cannot be closed.</p> <p>Issue</p> <p>Information is still missing on</p> <ul style="list-style-type: none"> • how the project has or will communicate the project design and implementation, including the results of monitoring • how the project has or will communicate the risks, costs, and benefits the project may bring to local stakeholders • how the project has or will communicate the process of VCS Program validation and verification and the validation/verification body's site visit • how the project has or will communicate all relevant laws and regulations covering workers' rights in the host country • how communication and consultation are performed in a culturally appropriate manner, including language and gender sensitivity, directly with local stakeholders or their legitimate representatives when appropriate <p>Action required:</p> <p>The VVB must ensure that Section 2.2 of the Joint PD/MR is updated with the missing information on the project communication to stakeholders.</p> <p>Round 2:</p> <p>VVB Response:</p>	<p>Closed</p>
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	<p>Respective information has been included in Section 2.2, 2.5 and Appendix 4 of the Joint PD/MR.</p> <p>Verra response:</p> <p>The respective information has been included in Section 2.2, 2.5 and Appendix 4 of the Joint PD/MR.</p>	
<p>16 AFOLU Specific Safeguards missing information:</p> <p>Issue:</p> <p>Under Section 2.5 of the Joint PD/MR, information is missing on requirements related to AFOLU specific safeguards.</p> <p>Required Action:</p> <p>(a) The VVB must ensure that the project proponent provides more information regarding:</p> <ul style="list-style-type: none"> • any significant changes in the makeup of local stakeholders over time • the expected changes in well-being and other stakeholder characteristics under the baseline scenario, including changes to ecosystem services identified as important to local stakeholders • the location of communities, local stakeholders and areas outside the project area that are predicted to be impacted by the project • that neither the project proponent nor any other entity involved in project design or implementation, are being involved in any form of discrimination or sexual harassment <p>(b) The VVB is required to assess that AFOLU specific safeguards have been addressed in compliance with the <i>VCS Standard, v4.2</i> and update Section 3.3 of the validation and verification report as needed</p> <p>Program rule:</p> <p>VCS Standard 4.2, Section 3.17.11; Section 3.17.14; Section 3.17.19</p>	<p>Round 1:</p> <p>VVB Response:</p> <p>The PP has updated Section 2.5 of the Joint PD/MR to include more information on AFOLU specific safeguards.</p> <p>The FVVR has been adapted accordingly.</p> <p>Verra Response:</p> <p>Information on any significant changes in the makeup of local stakeholders over time, the expected changes in well-being and other stakeholder characteristics under the baseline scenario, including changes to ecosystem services identified as important to local stakeholders and, the location of communities, local stakeholders and areas outside the project area that are predicted to be impacted by the project has been added. However, this finding cannot be closed</p> <p>Issue</p> <p>In Section 2.5 of the joint PD/MR, Information is still missing on the fact that neither the project proponent nor any other entity involved in project design or implementation is involved in any form of discrimination or sexual harassment.</p> <p>Action required</p> <p>The VVB must ensure that Section 2.5 of the Joint PD/MR is updated with the missing information.</p> <p>Round 2:</p> <p>VVB Response:</p> <p>Respective supporting documentation^{86/} has been provided and information included in Section 2.5 of the Joint PD/MR</p> <p>Verra review:</p>	<p>Closed</p>

Section 2.5 of the joint PD/MR has been updated to include the respective information

17 GHG Pools and Emission Sources missing information:

Issue:

In Section 3.3 of the Joint PD/MR, information is missing on requirements related to GHG pools and emission sources.

Required Action:

- (a) The VVB must ensure that the project proponent provides the following:
 - Justification for the exclusion of dead wood or litter under the selected carbon pools
 - The emission sources and associated GHGs selected for accounting (burning of woody biomass)
- (b) The VVB is requested to describe the steps taken to assess each GHG source, sink and reservoir, and emission sources in Section 3.4.3 of the Joint validation and verification report. The VVB shall ensure that they have been selected in accordance with the methodology requirements.

Program rule:

AR-ACM0003: Afforestation and reforestation of lands except wetlands, v2.0, Section 5

Round 1:

VVB Response:

Section 3.3 of the Joint PD/MR has been updated by the PP. The FVVR has been adapted accordingly.

Verra Response:

A justification for excluding dead wood under the selected carbon pools has been added. Section 3.4.2 of the joint Validation and verification report has been updated accordingly.

Closed

18 Investment barrier analysis unclear:

Issue:

It is not clear how and based on what evidence the VVB reached the conclusion that an investment barrier would prevent the implementation of the project scenario without GHG revenues. References included in the Joint PD/MR are not available to the reader.

Required Action:

Round 1:

VVB Response:

As described in the Joint PD/MR, the proposed project activity without the consideration of carbon credits was not viable. The project struggled for many years, could not find investors, did not reach the required size to meet a positive cash flow.

As the market for Carbon Credits changed, investors became interested, and a “VER-Purchasing agreement”/ offered the possibility for additional funds.

Closed

<p>The VVB must provide more details on how and using what evidence it has assessed that the project activities could not have been implemented without the carbon revenues (investment barrier).</p> <p>Program rule: VCS Standard, v4.2, Section 3.13.1(2)</p> <p>Background: The non-permanence risk report states the project is cash-flow positive after only one year and 80% of the finance is already secured.</p>	<p>Through this purchasing agreement the project “is cash-flow positive after only one year and 80% of the finance is already secured”</p> <p>The FVVR has been updated including all references considered for the barrier analysis.</p> <p>Verra Response: The documents assessed by the VVB to conclude on the investment barrier have been included in section 3.4.4 of the FVVR.</p>
<p>19 Reference to correct methodology:</p> <p>Issue: Several sections refer to either AR-AM0014 (e.g., Section 4.1) or to AR-AM0003 (e.g., Sections 4.3 and 4.4).</p> <p>Required Action: The VVB must ensure that the project proponent references the correct methodology throughout the entire Joint PD/MR.</p>	<p>Round 1: Closed</p> <p>VVB Response: The PP has updated the Joint PD/MR to refer consistently to AR-ACM0003 throughout the document.</p> <p>Verra Response: The Joint PD/MR has been revised to reference the correct methodology throughout the entire document.</p>
<p>20 Leakage assessment not conclusive of no risk:</p> <p>Issue: Section 4.3 of the Joint PD/MR fails to demonstrate that there are no risks of leakage due to displacement of agricultural activities nor due to the displacement of grazing activities.</p> <p>Required Action: Beyond the FAR, the VVB must ensure that the project proponent:</p> <ul style="list-style-type: none"> (a) Update Section 4.3 of the Joint PD/MR to either clearly demonstrate the absence of risk of leakage or conclude of a low risk that will have to be monitored. (b) Provide more information on how the proposed mitigation activities will effectively convince farmers to abandon their traditional agricultural practices and stop them converting areas outside of the project area, over the entire project lifetime. <p>Program rule: VCS Standard, v4.2, Section 3.14.7</p>	<p>Round 1: Closed</p> <p>VVB Response: The PP has updated Section 4.3 of the Joint PD/MR in accordance with AR Tool 15 “A/R Methodological tool: Estimation of the increase in GHG emissions attributable to displacement of pre-project agricultural activities in A/R CDM project activity” (Version 2.0).</p> <p>According to the standard and the correct application of the tool the project does not fail to demonstrate “no risk of leakage” as a variety of reverences show and onsite observations verify these. (EISA/Lao Authorities/Field-Observations/ Interviews etc.) There is presently also no indication that areas outside the project boundary are converted from forest to agriculture as there is abandoned area for agricultural activities available.</p> <p>The audit team could not detect any N/C towards a standard requirement at the stage of the Val/Ver. Nevertheless, the experience of the audit team and the risk associated due to the size of the project led to the conclusion of the Auditor to include FAR 1.</p>

Background: Currently, the Joint PD/MR states that farmers will have access to the intercropping systems for only a few years and provides low evidence that farmers will be interested in the project.

Verra Response: A FAR required has been raised by the VVB to demonstrate 0 leakage.

21 **Non-permanence Risk – Non-native species associated risk assessment unclear:**

Issue:

It is unclear why the risk rating related to non-native species is zero. Although it is justified for eucalyptus, but not for acacia.

Required Action:

The VVB must clarify why the risk rating related to *species associated with more than 25% of the stocks on which GHG credits are issued* is set as zero considering that all species used are non-native.

Program rule:

Non-Permanence Risk Tool, Section 1, Internal Risk

Round 1:

Closed

VVB Response:

The risk tool states that “Species planted (where applicable) associated with more than 25% of the stocks on which GHG credits have previously been issued are not native or proven to be adapted to the same or similar agro-ecological zone(s) in which the project is located.”

No GHG Credits have been issued so far. Hence this is not applicable.

In addition, the PP has added further justification for the zero-risk rating for Acacia in the Annex.

Verra Response:

Issue

The Annex referred to by the VVB does not clearly justify the zero-risk rating for Acacia.

Action required

The VVB must raise a FAR to ensure that the corresponding risk rating score will be updated and clearly justified for the next verification request, i.e., once VCUs have been issued.

Round 2:

VVB Response:

- “Non applicability” is justified, as no credits have previously been issued and Acacia is associated with less than 25 % of stock on which GHG credits will be issued (abt. 5 %) ^{06/}
- The Risk Assessment according to the tool is rather associated to the potential carbon sink of the species than to negative ecological aspects. The provided supporting documents ^{04/05/} do not show negative potential carbon sink aspects.
- At every verification a Risk Assessment is part of the required procedure.

	<p>- Nevertheless, as required by VERRA in this Project Review Report, FAR 4 has been issued to assure that the potential negative aspects of the non-native Eucalyptus and Acacia species planted are assessed and considered according to the standard requirements.</p> <p>Verra response: A FAR has been raised to ensure that the corresponding risk rating score will be updated and clearly justified for the next verification request.</p>	
<p>22 Non-permanence Risk – Opportunity Cost analysis lacks clarity:</p> <p>Issue:</p> <p>The Non-Permanence Risk Tool compares the Net present value (NPV) of mountain rice and the NPV to be generated by the project. However, the benefits of these activities are accrued by different stakeholders.</p> <p>Required Action:</p> <p>The VVB must ensure that the project proponent clarifies how the communities involved in subsistence driven agricultural practices under the baseline scenario will benefit from the project and how those new revenues are compared to their revenues under the baseline scenario.</p> <p>Program rule:</p> <p>Non-Permanence Risk Tool, Section 1, Internal Risk</p>	<p>Round 1:</p> <p>VVB Response:</p> <p>The PP has updated the non-Permanence Risk Report to provide clarity and further justification for the rating chosen in the Opportunity Cost section.</p> <p>Verra Response: Further clarification has been provided in Section opportunity cost section of the non-Permanence Risk Report</p>	<p>Closed</p>
<p>23 Long-term average calculation not included:</p> <p>Issue:</p> <p>The project proponent did not include the calculation for the long-term average in the Joint PD/MR.</p> <p>Required Action:</p> <ul style="list-style-type: none"> (a) The VVB must ensure that the project proponent calculates the long-term average and includes the result in the Joint PD/MR. (b) The VVB must request that the project proponent provides Verra a calculation worksheet with baseline emissions, project emissions, leakage emissions and the long-term average. (c) The VVB must evaluate this calculation and include its conclusion in the joint validation and verification report. <p>Program rule:</p> <p>VCS Standard, v4.2, Section 3.2.20</p>	<p>Round 1:</p> <p>VVB Response:</p> <p>The PP has updated the Joint PD/MR</p> <p>The PP was requested to provide the ex-ante and ex post calculations to verra</p> <p>The FVVR has been adapted accordingly. The long -term average value is presented in the “Summary”.</p> <p>Verra Response:</p> <p>Ex post and ex ante calculations of the long-term average (LTA) have been added in the Joint PD/MR. However, this finding cannot be closed</p> <p>Issue</p>	<p>Closed</p>

The LTA estimates in the Joint PD/MR do not match with those in the calculation spreadsheet.

Action Required

- I) The VVB must ensure that the LTA estimates in the Joint PD/MR match with those in the calculation spreadsheets.
- II) The VVB must evaluate this calculation and include its conclusion in the joint validation and verification report as needed.

Round 2:

VVB Response:

The PP updated the carbon calculations^{05/06/} to reflect the exclusion of the 170 ha in Xayanbouly province (see Finding 2, potential double counting) and minor clarification adaptations.

- (I) The PD/MR has been updated to reflect the changes in the calculations^{05/06/} and provide consistency of the data of the calculation spreadsheets and the PD/MR, including the LTA.
- (II) Updated carbon calculations have been evaluated and a conclusion provided in the Joint VVR.

Verra response:

The PP has updated the LTA estimates in the Joint PD/MR match with those in the calculation spreadsheets.