PROJECT REVIEW REPORT

Project ID	2498
Project Name	Afforestation of degraded grasslands in Caazapá and Guairá
Program(s)	VCS
Verification Period	13-January-2016 to 19-November-2020
Project Proponent	Miller Forest Investment AG
Methodology	*AR-ACM0003, Afforestation and reforestation of lands except wetlands, Version 2.0*
Sectoral Scope(s)	Sectoral Scope 14. Agriculture, Forestry and Other Land Use (AFOLU)
Validation/Verification Body (VVB)	AENOR

Assessment Criteria	VCS Standard, v4.1, AR-ACM0003, v2.0
Date of First Issue	04 November 2021
Date of Final Issue	30 December 2021

Summary:

An accuracy review of the Afforestation of degraded grasslands in Caazapá and Guairá project validation and verification approval review request has been conducted by Verra in accordance with Section 4.3 of the VCS *Registration and Issuance Process*.

The accuracy review has raised three assessment findings and no minor findings, detailed below. The VVB, in coordination with the project proponent, is hereby required to respond to the assessment findings presented in Section 1. The assessment findings must be addressed to the satisfaction of Verra.

This project review report will be made publicly available. Confidential information may be provided as separate attachments.

1. ASSESSMENT FINDINGS

Finding 1
The joint validation and verification report, CAR 02, mentions that "The correction is made in table 37 since the non-permanence risk rating for the project is 16% after performing the risk analysis". Section 6.3 of the Joint project description & monitoring report indicates that the non-permanence risk is 14%. The VVB is requested to clarify or correct the non-permanence risk rating mentioned in CAR 02.
Project Developer Response: During the validation process, inconsistencies were detected in the assignment of scores in the Risk Report Calculation Tool, v4.0. The Mitigation score "h" of the Opportunity Cost had been omitted. After the corresponding updates, the Overall Non-Permanence Risk Rating and Buffer was reduced from 16% to 14%.
VVB Response: During the validation process, inconsistencies were detected. These were corrected by the project developer in a proper way. The correction is made in CAR 02 of the joint validation and verification report
Verra Response: The VVB has made a correction of the Non-Permanence Risk Rating and Buffer from 16% to 14% in CAR 02 of the joint validation and verification report. This finding is now closed, and no further response is required.

Finding 2
Section 3.16.16 of the VCS Standard states that "the project shall justify the use of non-native species over native species, explaining the possible adverse effects of non-native species" and "The project shall not introduce any invasive species or allow an invasive species to thrive through project implementation." The project indicates that it intends to use eucalyptus species which is a non-native species in Paraguay. The project is requested to justify using non-native species over native species, explaining the possible adverse effects of non-native species under Section 1.11 of the Joint project description and monitoring report.
Project Developer Response: There was made a description and justification about the use of non-native species and its impacts or possible adverse effects in Paraguay in the joint project description and monitoring report in section 1.11.
VVB Response:

The PP, described and justified in a correct way the use of non-native species in Paraguay in section 1.11 (Selection of forest species) of the Joint project description and monitoring report. Furthermore, described the possible adverse effects or impacts and their respective mitigation measures. The justification was made in section 3.3.3 of the joint validation and verification report

Verra Response:

The project proponent described and justified in a correct way the use of non-native species in Paraguay in Section 1.11 of the project description. The VVB has also made a justification in Section 3.3.3 of the joint validation and verification report. This finding is now closed, and no further response is required.

Finding 3

Section 3.2.21 of the *VCS Standard v4.1* states "the period over which the long-term average GHG benefit shall be calculated a) For ARR or IFM projects undertaking even-aged management, the time period over which the long-term GHG benefit is calculated shall include at minimum one full harvest/cutting cycle, including the last harvest/cut in the cycle. For example, where a project crediting period is 40 years and has a harvest cycle of 12 years, the long-term average GHG benefit will be determined for a period of 48 years."

Since the project's crediting period is 30 years with 12 years rotation, the project proponent is requested to calculate the long-term average GHG benefit over the period following the guidelines set out under Section 3.2.21 (1) of the *VCS Standard v4.1.*

Project Developer Response:

There was corrected the projected estimations (ex ante) considering a period with an entire harvest cycle for each stratum, as suggested in Section 3.2.21 (1) of the VCS Standard v4.1. The new calculations can be found in the Excel file "211117_Estimaciones_proyectadas" in the folder "Document Management/Estimaciones". The corrected LTA value is 530,981 tCO2e.

VVB Response:

The PP, has corrected the estimations based in Section 3.2.21 (1) of the VCS Standard v4.1. and made the adequate corrections.

Verra Response:

The project proponent has now calculated the long-term average following the requirements set out under Section 3.2.21 (1) of the *VCS Standard v4.1.* This finding is now closed, and no further response is required.

2. MINOR FINDINGS

3. ASSESSMENT CONCLUSION

On 04 November 2021, Verra sent to project review report with three assessment findings and two minor findings to AENOR and Miller Forest Investment AG.

On 30 December 2021, Verra closed all findings, and no further response is required.