

# VCS PROJECT REVIEW REPORT

<b>Project ID</b>	1686
<b>Project Name</b>	<i>Agrocortex REDD Project</i>
<b>Project Proponent</b>	<i>Agrocortex Madeiras do Acre Agroflorestal Ltda.</i>
<b>Methodology</b>	<i>VM0015 Methodology for Avoided Unplanned Deforestation, v1.1</i>
<b>Sectoral Scope(s)</b>	<i>14. AFOLU</i>
<b>Validation/Verification Body (VVB)</b>	<i>RINA Services S.p.A</i>
<b>Registry</b>	<i>APX</i>

<b>Assessment Criteria</b>	<i>VCS Standard, v3.7</i>
<b>Date of First Issue</b>	<i>15 February 2018</i>
<b>Date of Final Issue</b>	<i>10 April 2018</i>

## Summary:

An accuracy review of the Agrocortex REDD Project registration request has been conducted by VCS in accordance with Section 4.3 of the *Registration and Issuance Process*.

The accuracy review has raised 4 assessment findings and no minor findings, detailed below. The VVB, in coordination with the project proponent, is hereby required to provide a response to the assessment findings presented in Section 1. The four assessment findings must be addressed to the satisfaction of VCS. The VVB need not address the minor findings during this review.

This findings report may be made publically available. Confidential information may be provided as separate attachments.

## 1 ASSESSMENT FINDINGS

### Finding 1

Section 1.1.1 of VM00015, v1.1 requires a reference region be assessed to ensure the following in the project area are similar or expected to be similar to those found reference region:

- Agents and drivers of deforestation
- Landscape configuration and ecological conditions
- Socio-economic and cultural conditions

Section 1.9 of the project description includes a discussion of the reference region. However, the project description does not provide a detail discussion of the above criteria, and sub-criteria as required by the methodology.

The project proponent is thus requested to update the project description to include this detailed discussion. Additionally, the VVB is required to update the validation report to discuss in detail how this information was assessed to be appropriate and conforming with the requirements of the methodology.

#### VVB Response:

A detailed discussion of the above criteria, and sub-criteria as required by the methodology, citing new references were added to section 1.9 of the PD version 5.

The VVB has discussed in the Validation Report version 3 how this new more detailed information was assessed to be appropriate and how it conforms to the methodology.

#### VCS Response:

The updates project description and validation report provide more detail discussion of the appropriateness of the reference region selection, particularly noting the sub-criteria. This updated discussion is sufficient to close the finding, and no further updates are required.

### Finding 2

Section 1.11 of the *VCS Project Description Template, v3.3* requires project proponents to identify and demonstrate compliance with all and any relevant local, regional and national laws, statutes and regulatory frameworks.

On November 26, 2015, Federal Decree 8576 was issued in Brazil which VCS understands to place restrictions on how carbon credits may be used in the country. The project proponent and VVB are requested to please clarify how the project does not contradict Article 6 of the Federal Decree referenced above, and update the project and audit reporting to discuss this information.

#### VVB Response:

At the time of validation and first verification the project proponents had not sold the credits, they were still looking for buyers, and thus Rina is not able to anticipate who the PPs will be selling the credits to

after the validation is complete.

However, as stated in the VR version 3, in Brazil, there is no law governing REDD implementation activities. With regards to the Federal Decree 8576 of November 26, 2015, Rina understands it has been drawn to detail aspects of the requirements of the Law no 12.187, of December 29th 2009 which creates the National Policy on Climate Change (which in turn officialises the voluntary commitment Brazil has with the UNFCCC to reduce emissions of GHG till 2020) and the Decree no 2.652, of July 1st 1998 which enacts the UNFCCC. The scope of both is therefore the United Nations Framework Convention on Climate Change. In fact Paragraph 1 of decree 8576 of 2015 explicitly states that it creates the National Commission to address REDD+ strategies and coordinate guidelines for the access of payments for REDD+ results in Brazil which are recognised by the UNFCCC, and Paragraph 6 is explicit to say that the restriction in the utilization of carbon credits generated by REDD activities is “for the accomplishment of mitigation of other countries before the United Nations Framework Convention on Climate Change” and not the voluntary market.

Furthermore, Rina crosschecked the information given by the PPs lawyers (LRS lawyers have extensive experience on climate change issues /64/) on PD version 5 /1/ against the website of Jusbrasil /65/ (a recognised legal advice website in Brazil) which states that “in the current Brazilian constitutional regime, decrees do not oblige or release anyone from obligations, a law does”.

This discussion was placed in the VR version 3 too.

**VCS Response:**

The information presented in this response and in the updated validation report is sufficient to close this finding and no further updates are required.

**Finding 3**

Section 1.12.2 of the *VCS Project Description Template, v3.3* requires project proponents indicate whether the project reduces GHG emissions from activities that are included in an emissions trading program or any other mechanism that includes GHG allowance trading, and include details about any such programs or mechanisms.

Section 1.12.2 of the project description states “The project activity is not included in an emission trading program or any other mechanism that includes GHG allowance trading.”

The Brazilian state of Acre has developed the SISA-Carbono, which is a GHG Program, and includes the possibility of issuing carbon credits in the state. This program was developed under the Acre Instituto de Mudanças Climáticas (IMC) Normative Instruction (Instrução Normativa) nr. 01.

As part of the project is located in Acre, the project proponent and VVB are requested to clarify how the Agrocoortex REDD project interacts with the SISA-Carbono program and IMC’s Normative Instruction (Instrução Normativa) nr. 01, particularly in respect of how emission reductions issued as VCUs with the VCS Program are not double counted with the SISA-Carbono program. The project

proponent and VVB are requested to update the project and audit documentation to provide a discussion of this information.

**VVB Response:**

The PP has updated the PD version 5 with a discussion regarding the SISA-Carbono program.

The VVB checked the statement made by the PP in the PD version 5 and confirms that the Normative Instruction clarifies the procedure to be adopted for those who want to be registered by the State of Acre as a special project and that the deduction of GHG emission reductions that were generated by private REDD projects within the State are discounted from the reductions claimed to have happened under such program as described by the PP on page 64 of the PD /1//67/

**VCS Response:**

The updated project description now discusses the SISA-Carbono program and is sufficient to close this finding, an no further updates are required.

**Finding 4**

Section 6.1.1(f) of VM0015, v1.1 requires project proponents to conduct an assessment of uncertainty.

Section 3.2.6 of the validation report states “the uncertainties regarding the estimated emission reductions are not described in the VCS PD”. A review by VCS confirms that there is no discussion of uncertainty within the project description. Therefore, the project proponent is required to update the project description to discuss any uncertainty assessment and calculations as required by the methodology. The VVB is required to update the validation report to discuss how this information was assessed and found to be appropriate.

**VVB Response:**

A discussion of the estimated uncertainties required by Section 6.1.1(f) of VM0015, v1.1 is now presented at the VCS PD version 5, used in the calculations in the ERs spreadsheets version 5 and the assessment of this calculations are now in the Validation Report version 3.

**VCS Response:**

The updated project description and validation report now include a discussion of uncertainty. This update is sufficient to close the finding and no further updates are required.

**2 MINOR FINDINGS**

No minor findings were raised.

### 3 ASSESSMENT CONCLUSION

On 15 April 2018, Verra issued four assessment findings related to further information on how the reference region was selected, information on specific laws in regulations in Brazil and the Brazilian State of Acre, and finally on the assessment of uncertainty.

On 19 March 2018, RINA auditors and the project proponent submitted responses to the assessment findings as well as an updated project description and validation report. These responses and updates were sufficient to close all findings.

On 10 April 2018, Verra closed all findings thus closing the accuracy review of the project.