

VCS Project Validation Report - Bull Run Overseas Forest Carbon Project: Phase 1



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Report Title	VCS Project Validation Report - Bull Run Overseas Forest Carbon Project: Phase 1
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Summary:

Environmental Services, Inc., (ESI) was contracted by the Project Proponents to conduct the project validation of the Bull Run Overseas Forest Carbon Project: Phase 1 on 29 July 2011.

The goal of the Bull Run Overseas Forest Carbon Project: Phase 1 is to protect the property as a carbon sink, maintain the biodiversity values of the property, and enhance the local economic environment with sustainable livelihoods. The climate objective is to avoid emissions from deforestation during the project timeframe. The project area is slated for conversion to coffee agriculture.

The project consists of protection of the property through 2038 through patrols and placing a restriction on the property deeds for the life of the project. Bull Run Overseas Ltd. (BRO) owns the property. Forest Carbon Offsets LLC (FCO) is an agent of BRO to develop the carbon finance project. Conservation Management Institute at Virginia Tech (CMI) is a subcontractor hired to conduct technical analysis on behalf of FCO.

The major project activities for Phase I are:

- control access to the site through regular patrols,
- place a deed restriction on the property
- monitor results.

The validation objective included an assessment of compliance with VCS Standard, Version 3.2 (1 February 2012) and the likelihood that implementation of the planned GHG project will result in the GHG emission removal enhancements as stated by the project proponent (ISO 14064-3:2006). This validation assessed the GHG emission removals through AFOLU projects, specifically Reduced Emissions from Deforestation and Degradation (REDD).

The scope of the validation included the GHG project and baseline scenarios; 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 validation scope was defined by the project boundary, the carbon reservoir types, management activities, growth and yield models, inventory program, and contract periods. The project is not a grouped project.

The validation criteria followed the guidance documents provided by VCS and included the following: VCS Program Guide (1 February 2012, v3.2), VCS Standard (1 February 2012, v3.2), Program Definitions (1 February 2012, v3.2), Agriculture, Forestry and Other Land Use (AFOLU) Requirements (1 February 2012, v3.1), AFOLU Non-Permanence Risk Tool (1 February 2012, v3.1), Approved VCS Tool VT0001 Version 1.0 "Tool for the Demonstration and Assessment of Additionality in VCS AFOLU Project Activities" (21 May 2010), and Approved VCS Methodology VM0007 Version 1.1, 7 September 2011 REDD Methodology Module REDD Methodology Framework (REDD-MF), Sectoral Scope 14.

A summary of all findings is included in Attachment B.

ESI confirms all validation activities including objectives, scope and criteria, level of assurance and the Project Description (PD) adherence to the VCS Standard (v3.2, 1 February 2012) as documented in this report are complete and concludes without any qualifications or limiting conditions that the PD for the Bull Run Overseas Forest Carbon Project: Phase 1 dated 14 March 2012, meets the requirements of VCS Standard.

Table of Contents

1	Introduction	4
1.1	Objective	4
1.2	Scope and Criteria	4
1.3	Level of assurance	4
1.4	Summary Description of the Project	5
2	Validation Process	5
2.1	Method and Criteria.....	5
2.2	Document Review	6
2.3	Interviews	6
2.4	Site Inspections	6
2.5	Resolution of Any Material Discrepancy	7
3	Validation Findings.....	7
3.1	Project Design	7
3.1.1	Project Scope, Type, Technologies, and Measures Implemented, and Eligibility of the Project	7
3.1.2	Project Proponent and Other Entities	8
	Contact Information:	8
3.1.3	Project start date	8
3.1.4	Project crediting period	8
3.1.5	Project scale and estimated GHG emission reductions or removals	8
3.1.6	Project activities	10
3.1.7	Project location.....	11
3.1.8	Project compliance with applicable laws, statutes and other regulatory frameworks	11
3.1.9	Right of Use.....	12
3.1.10	Emissions trading programs and other binding limits	12
3.1.11	Participation under other GHG programs	12
3.1.12	Other forms of environmental credit sought or received	12
3.1.13	Rejection by other GHG programs.....	12
3.1.14	Eligibility criteria for grouped projects	12
3.1.15	Leakage management for AFOLU projects	12
3.2	Application of Methodology	13
3.2.1	Title and Reference	13
3.2.2	Applicability	13
3.2.3	Project Boundary	14
3.2.4	Baseline Scenario	14
3.2.5	Additionality	14
3.2.6	Quantification of GHG Emission Reductions and Removals	16
3.2.7	Methodology Deviations	17
3.2.8	Monitoring Plan	17
3.3	Environmental Impact	17
3.4	Comments by stakeholders.....	18
4	Validation conclusion	18
5	APPENDIX A	20
6	APPENDIX B	22

1 INTRODUCTION

1.1 Objective

The validation objective for this project included an assessment of compliance with VCS (Version 3 and updates) and the likelihood that implementation of the planned GHG project will result in the GHG emission removal enhancements as stated by the project proponent (ISO 14064-3:2006). This validation assessed the GHG emission removals through AFOLU projects, specifically Reduced Emissions from Deforestation and Forest Degradation (REDD).

1.2 Scope and Criteria

The scope of the validation included the GHG project and baseline scenarios; 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 validation 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 Bull Run Overseas Forest Carbon Project: Phase 1 project was outlined by the project proponent prior to the validation initiation and is re-defined as follows:

Baseline Scenario	Avoided conversion (coffee plantations)
Activities/Technologies/Processes	Reduced emissions from deforestation and degradation (REDD); forest/biodiversity protections, etc.
Sources/sinks/Reservoirs	Sinks: above- ground and below-ground biomass Sources: biomass burning, combustion, use of fertilizers
GHG Type	Carbon dioxide (with potential emissions for CH ₄ and N ₂ O)
Time Period	Project start date: 1 January 2009 Project crediting period: 1 January 2009 to 31 December 2038 Validation Period 1 January 2009 to 31 December 2010
Project Boundary	Project Location- Cayo District, Belize 23.5 km east-southeast of San Ignacio, Belize. The Project boundary encompasses 4,650 ha of which 666.3 ha are available and suitable for conversion to agricultural uses in the absence of finance from a carbon trade scheme under this project document. Of the 666.3 ha slated for conversion to coffee, 567.3 ha are classified as broadleaf forest and included in the calculations for avoided emissions from conversion.

1.3 Level of assurance

The level of assurance was used to determine the depth of detail that the validator placed in the validation sampling plan to determine if there are any errors, omissions, or misrepresentations (ISO 14064-3:2006). ESI assessed the project (general principles, data, sampling descriptions, documentation, calculations, etc.) to provide *reasonable assurance* to meet the Project Level requirements of the VCS Program. The evidence used to achieve a *reasonable* level of assurance is specified in the following sections.

1.4 Summary Description of the Project

The goal of the project is to protect the property as a carbon sink, maintain the biodiversity values of the property, and enhance the local economic environment with sustainable livelihoods. The climate objective is to avoid emissions from deforestation during the project timeframe. The project area is slated for conversion to coffee agriculture.

The project consists of protection of the property through 2038 through patrols and placing a restriction on the property deeds for the life of the project. Bull Run Overseas Ltd. (BRO) owns the property. Forest Carbon Offsets LLC (FCO) is an agent of BRO to develop the carbon finance project. Conservation Management Institute at Virginia Tech (CMI) is a subcontractor hired to conduct technical analysis on behalf of FCO.

The major project activities for Phase I are:

- control access to the site through regular patrols,
- place a deed restriction on the property
- monitor results.

2 VALIDATION PROCESS

2.1 Method and Criteria

The validation process closely followed the process outlined in the documents above and ESI's procedures for VCS validations outlined within our Management System Manual. The sampling methodology is derived from all items in our validation process stated above. Specifically, the sampling methodology utilizes the VCS guidance documents, selected methodology (VM0007), and ISO 14064-3. Sampling was based on the project parameters and best professional judgment.

The validation criteria followed the guidance documents provided by VCS and included the following:

- VCS Program Guide (1 Feb 2012 v3.2)
- VCS Standard (1 Feb 2012, v3.2)
- Program Definitions (1 February 2012 v 3.2)
- Agriculture, Forestry and Other Land Use (AFOLU) Requirements (1 Feb 2012, v3.1)
- AFOLU Non-Permanence Risk Tool 1 Feb 2012, v3.1)
- VCS Methodology VM0007 Version 1.1, (7 September 2011) REDD Methodology Module REDD Methodology Framework (REDD-MF)
- Approved VCS Tool VT0001 Version 1.0 "Tool for the Demonstration and Assessment of Additionality in VCS AFOLU Project Activities" (21 May 2010)
- VCS Module LK-ASP of VCS Methodology VMD0009 (3 December 2010)
- VCS Module VMD0001 Version 1.0 REDD Methodological Module: Estimation of carbon stocks in the above- and belowground biomass in live tree and non-tree pools (CP-AB) (3 December 2010)
- VCS Module VMD0006 Version 1.0 REDD Methodological Module: Estimation of baseline carbon stock changes and greenhouse gas emissions from planned deforestation (BL-PL)
- VCS Module VMD0007 Version 1.0 REDD Methodological Module: Estimation of baseline carbon stock changes and greenhouse gas emissions from unplanned deforestation (BL-UP)
- VCS Module VMD0015 Version 1.0 REDD Methodological Module: Methods for monitoring of greenhouse gas emissions and removals (M-MON) (3 December 2010)

- VCS Module VMD0017 Version 1.0 REDD Methodological Module: Estimation of uncertainty for REDD project activities (X-UNC) (3 December 2010)
- VCS Module VMD0013 Version 1.0 REDD Methodological Module: Estimation of greenhouse gas emissions from biomass burning (E-BB)
- CDM A/R Methodological tool "Estimation of direct nitrous oxide emission from nitrogen fertilization" (Version 01) (27 July 2007).

2.2 Document Review

A detailed review of all project documentation was conducted to ensure consistency with, and identify any deviation from VCS program requirements (VCS v3.2), and the methodology (VM0007). Initial review focused on the PD and included an examination of the project details, data and parameters, and quantification of GHG emission reductions and removals.

AFOLU Non-Permanence Risk Tool (1 February 2012 v3.1) was used by the project proponent to assess overall project risk. Overall project risk was calculated to be 23%. The information in this report was evaluated by validators and found to have been conducted appropriately and in compliance with VCS Standards v3.2. No discrepancies were found in the evaluation of the elements of the Risk Analysis.

For a complete list of project documents reviewed during this project validation, please see Appendix A.

2.3 Interviews

Interviews were conducted at multiple levels of the Bull Run project to assess understanding of program requirements and to determine if baseline monitoring was conducted appropriately. Interviews included discussions with Bull Run senior management, field managers, staff and local stakeholders affected by the project. The following is a list of the main interviewees:

- George Headley – BRO, Project Proponent
- Jeff Waldon – FCO, Project Consultant
- Peter Gunther – BRO, Site Manager
- Solomon Tzib – BRO Staff
- Tulio Mas – BRO Staff
- Patricia Tzib – BRO Staff
- Jose Gelvez – BRO Staff
- Aninias Tzib – BRO Staff
- Javier Bull – BRO Staff
- Esaura Tzib – BRO Staff

2.4 Site Inspections

Site inspections occurred on 14-17 July 2011 and 19-21 December 2011. During the site inspections, ESI assessed the following items:

- project and stand boundaries;
- pre-project conditions, as evidenced by condition of adjacent or nearby non-project areas, by evidence of site-preparation activities;

- current project conditions, including reported tree species, reported growth characteristics (diameter, or similar), reported biomass volume, and implementation of management plan/monitoring (historical and current)
- conversion plan / pilot project coffee bean operation
- project support and community involvement

2.5 Resolution of Any Material Discrepancy

During the validation 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 will satisfy the verifiers professional judgment.

During the course of the validation 69 non-conformity reports (NCR's) and clarification requests (CL's) were identified. All NCRs/CLs were addressed satisfactorily by the project proponent during the project validation process. No material discrepancies were identified. The NCRs/CLs provided necessary clarity to ensure the project was in compliance with the VCS Standard requirements for GHG projects. For a complete list of all NCRs/CLs and their resolutions, please see Appendix B.

3 VALIDATION FINDINGS

3.1 Project Design

3.1.1 Project Scope, Type, Technologies, and Measures Implemented, and Eligibility of the Project

The scope of the validation included the GHG project and baseline scenarios; 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 validation 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 Bull Run Overseas Forest Carbon Project: Phase 1 was outlined in Section 1.2 of this report.

The Bull Run Overseas Forest Carbon Project: Phase 1 is a REDD project, which falls under VCS scope 14. The project consists of protection of the property through patrols and placing a restriction on the property deeds for the life of the project. Bull Run Overseas Ltd. (BRO) owns the property. The major project activities for Phase I are:

- control access to the site through regular patrols,
- place a deed restriction on the property
- monitor results.

The primary technology employed to achieve the desired result is patrols of the property to prevent incursions and illegal logging plus monitoring of the results. The following activities will also occur:

- rangers and patrols,
- monitoring
 - forest carbon data collection,
 - biodiversity data collection,

- remote sensing
- accounting,
- personnel management,
- road maintenance, and
- restrictive covenants.

All eligibility requirements of the VCS have been satisfactorily addressed, as have all applicability criteria of the selected methodology and associated tools.

3.1.2 Project Proponent and Other Entities

BRO is the project proponent. BRO has hired FCO to develop the strategy, implementation, and monitoring of the carbon credits generated by this project. FCO hired CMI Virginia Tech to collect initial data, develop the monitoring protocol and conduct the baseline study for the monitoring program. Supporting documents are available by contacting FCO. Decisions on implementation of the project activities are the responsibility of BRO.

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3.1.3 Project start date

The project start date is 1 January 2009

3.1.4 Project crediting period

The project crediting period is stated as 30 years starting 1 January 2009 and ending 31 December 2038.

3.1.5 Project scale and estimated GHG emission reductions or removals

The following table outlines the estimated greenhouse gas removals as a result of this project.

Project	yes
Mega-project	no

Years	Estimated baseline emissions or removals (tCO ₂ e)	Estimated project emissions or removals (tCO ₂ e)	Estimated leakage emissions (tCO ₂ e)	Estimated net GHG emission reductions or removals (tCO ₂ e) after uncertainty deduction
2009	169,011	0	0	158,221
2010	169,562	0	0	158,737
2011	1,104	0	0	1,033
2012	1,104	0	0	1,033
2013	1,104	0	0	1,033
2014	1,104	0	0	1,033
2015	1,104	0	0	1,033
2016	1,104	0	0	1,033
2017	1,104	0	0	1,033
2018	1,104	0	0	1,033
2019	1,104	0	0	1,033
2020	1,104	0	0	1,033
2021	1,104	0	0	1,033
2022	1,104	0	0	1,033
2023	1,104	0	0	1,033
2024	1,104	0	0	1,033
2025	1,104	0	0	1,033
2026	1,104	0	0	1,033
2027	1,104	0	0	1,033

2028	1,104	0	0	1,033
2029	1,104	0	0	1,033
2030	1,104	0	0	1,033
2031	1,104	0	0	1,033
2032	1,104	0	0	1,033
2033	1,104	0	0	1,033
2034	1,104	0	0	1,033
2035	1,104	0	0	1,033
2036	1,104	0	0	1,033
2037	1,104	0	0	1,033
2038	1,104	0	0	1,033
Total	369,472	0	0	345,885

3.1.6 Project activities

The goal of the project is to protect the property as a carbon sink, maintain the biodiversity values of the property, and enhance the local economic environment with sustainable livelihoods. The climate objective is to avoid emissions from deforestation during the project timeframe. The project area is slated for conversion to coffee agriculture.

The project consists of protection of the property through 2038 through patrols and placing a restriction on the property deeds for the life of the project. Bull Run Overseas Ltd. (BRO) owns the property. The major project activities for Phase I are:

- control access to the site through regular patrols,
- place a deed restriction on the property
- monitor results.

The primary technology employed to achieve the desired result is patrols of the property to prevent incursions and illegal logging plus monitoring of the results. The following activities will also occur:

- rangers and patrols,
- monitoring
 - o forest carbon data collection,
 - o biodiversity data collection,
 - o remote sensing

- accounting,
- personnel management,
- road maintenance, and
- restrictive covenants.

The project will use carbon financing to protect the forest and avoid conversion to coffee.

3.1.7 *Project location*

The Project area is located at Latitude 17°04'00.00" N and Longitude 88°47'00.00" W in the Cayo District, Belize 23.5 km east-southeast of San Ignacio, Belize. The Project boundary encompasses 4,650 ha of which 666.3 ha are available and suitable for conversion to agricultural uses in the absence of finance from a carbon trade scheme under this project document. Of the 666.3 ha slated for conversion to coffee, 567.3 ha are classified as broadleaf forest and included in the calculations for avoided emissions from conversion. The remaining 99 ha of pine forest are conservatively excluded from the claim due to high uncertainty about the aboveground and below ground biomass present. A one-chain buffer surrounding perennial streams is excluded from consideration.

3.1.8 *Project compliance with applicable laws, statutes and other regulatory frameworks*

BRO complies with all applicable local, district, and national labor standards. BRO follows all applicable environmental laws including the Belize Environmental Protection Act Chapter 328, Revised Edition 2000. Belize has the following relevant labor laws:

- International Labour Organization Conventions Act,
- Labour Act,
- Labour (Subsidiary Laws),
- Protection Against Sexual Harassment Act,
- Protection Against Sexual Harassment Commencement Act Order,
- Public Safety Act,
- Trade Unions Act,
- Trade Unions Regulations,
- Trade Unions and Employers Organizations (Registration, Status and Recognition) Act
- Trade Unions and Employers Organizations (Registration, Status and Recognition) Act (Commencement) Order.

The project team conducted a law review including:

- Belize Private Forests (Conservation) Act, Chapter 217, Revised Edition 2000.
This is a revised edition of the law, prepared by the Law Revision Commissioner under the authority of the Law Revision Act, Chapter 3 of the Laws of Belize, Revised Edition 1980 - 1990.
- Forests Act, Chapter 213, Revised Edition 2003.
This is a revised edition of the Subsidiary Laws, prepared by the Law Revision Commissioner under the authority of the Law Revision Act, Chapter 3 of the Substantive Laws of Belize, Revised Edition 2000.
- Forest Fire Protection Act, Chapter 212, Revised Edition 2000.
- Water and Sewage Act, Chapter 222.
Defines riparian protection as "that the flow of the stream does not fall below the minimum quantity necessary to secure the interest of public health and the protection of the rights of riparian and other land-owners." (p. 46)
- Water Industry Act, Chapter 222.
- Belize Agricultural Health Authority Act, Chapter 211.
- Fisheries Act, Chapter 210.

- Timber Industry Act, Chapter 341.
- Land Utilization Act, Chapter 188. The Minister may, for the better utilization of land, make regulations- to demarcate areas, water catchment areas or watersheds and prohibiting the clearing of any vegetation within those areas; to provide for such other measures as may be required to prevent soil erosion; restricting the construction of buildings within stipulated distances from the middle line of any road or street; to demarcate specific areas as special development areas and to stipulate the type of development that will be permitted within those areas; for the clearing of any forest or the felling of any trees; and to provide for all such other things as may be necessary for the better carrying out of the provisions of this Part of the Act.
- Environmental Impact Assessment (Amendment) Regulations 2007.

3.1.9 Right of Use

The property is owned in fee simple ownership under the laws of Belize. Titles have been produced and reviewed by the auditors.

3.1.10 Emissions trading programs and other binding limits

The Project Proponent declares that net GHG emission reductions or removals generated by the project will not be used for compliance with another emissions trading program, or to meet binding limits on GHG emissions.

3.1.11 Participation under other GHG programs

The Project Proponent declares the project has not been registered, nor is it seeking registration under any other GHG programs.

3.1.12 Other forms of environmental credit sought or received

The Project Proponent declares this project does not create another form of GHG-related environmental credit for GHG emission reductions or removals claimed under the VCS Program.

3.1.13 Rejection by other GHG programs

The Project Proponent declares this project has not be rejected by any other GhG program, has not been submitted to any other GhG project for crediting and is not claiming credits associated with the trees planted and maintained by this project under any other program.

3.1.14 Eligibility criteria for grouped projects

Not applicable - not a grouped project.

3.1.15 Leakage management for AFOLU projects

Leakage was determined using module "Estimation of emissions from activity shifting for avoided planned deforestation (LK-ASP)". Because this is a planned deforestation project and the agent of deforestation is known no deductions are taken for leakage. Monitoring of the landowners property will occur as indicated in LK-ASP and M-MON.

3.2 Application of Methodology

3.2.1 Title and Reference

VM0007 REDD Methodology Modules (http://www.v-c-s.org/methodology_rmm.html). In particular the following methodology modules were used for this project:

- REDD-MF
- M-MON
- T-ADD
- T-BAR
- X-UNC
- X-STR
- BL-PL
- LK-ASP
- CP-AB
- T-SIG
- E-BB
- A/R Methodological tool “Estimation of direct nitrous oxide emission from nitrogen fertilization” (Version 01) with correction for percentage of nitrogen in applied fertilizer (NCSFi)

3.2.2 Applicability

Validation finds the proposed project activity fulfills all of the applicability conditions stated by VM0007 REDD

Based on the methodology and the reference for the methodology, VCS “Tool for AFOLU Methodological Issues”, this project qualifies because of a reduction in emissions of carbon dioxide from planned deforestation in the project scenario. This methodology is applicable because:

- land in the project area qualified as forest at least 10 years before the project start date based on definition of forest land in FAO Forest Resource Assessment of 2000 (FAO 2001) and remote sensing analysis;
- no peat soils are present on the project site;
- project proponents can show ownership of the project site and ownership of the carbon rights for the project area;
- baseline deforestation in the project area falls within the category of planned deforestation (VCS category APD);
- baselines shall be renewed every 10 years after the start of the project except where triggers lead to a more frequent renewal;
- no areas registered under the CDM or any other carbon trading scheme are included within the project site; validation under the Climate, Community, and Biodiversity Alliance for co-benefits has been disclosed;
- the baseline condition is conversion of the property to a permanent deforested state of coffee agriculture;
- no reforestation is proposed for the project; and
- leakage avoidance activities do not include either agriculture lands flooded to increase production, or intensifying livestock production.

The project is considered under the category “Avoided Planned Deforestation”. This project qualifies because:

- conversion of forest lands to a deforested condition is legally permitted,
- documentation is available to clearly demonstrate with credible evidence that the land would have been converted to non-forest use if not for the REDD project, and
- post deforestation land use does not include reforestation.

3.2.3 *Project Boundary*

The Project boundary encompasses 4,650 ha of which 666.3 ha are available and suitable for conversion to agricultural uses in the absence of finance from a carbon trade scheme under this project document. Of the 666.3 ha slated for conversion to coffee, 567.3 ha are classified as broadleaf forest and included in the calculations for avoided emissions from conversion. The remaining 99 ha of pine forest are conservatively excluded from the claim due to high uncertainty about the aboveground and below ground biomass present. A one-chain buffer surrounding perennial streams is excluded from consideration.

3.2.4 *Baseline Scenario*

In order to estimate potential carbon stock changes over the life of the project, a detailed description of a plausible and realistic baseline scenario is required. Based upon FCO analysis of alternative land use scenarios, the conversion to agriculture is the most likely land use in the baseline scenario. Of the various agricultural conversion options common in the area, coffee conversion is the most likely based on the history and plans of the property owner.

The property owner has a conversion plan that has been evaluated and a pilot project conducted to convert land to coffee. The equipment and manpower required is on site. Of the 666.3 ha slated for conversion to coffee, 567.3 ha are classified as broadleaf forest and included in the calculations for avoided emissions from conversion. The remaining 99 ha of pine forest are conservatively excluded from the claim due to high uncertainty about the aboveground and below ground biomass present.

Conversion of the forest includes harvesting merchantable trees, bulldozing, piling, and burning the remaining vegetation, and planting the site to coffee. Management of the coffee includes annual application of fertilizer.

3.2.5 *Additionality*

Per instructions from the methodology, the following analysis is offered of alternative baseline scenarios according to the procedure presented in "VT0001 Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities"

This tool is applicable because a) the proposed project activities will not violate any Belizean law, and b) the use of this tool results in identification of the most plausible baseline scenario of the several possible baseline scenarios identified below.

Some of the alternative land uses are more likely and pose a much larger deforestation threat than others. The following is a "ranking" of the three most likely alternative land uses. Each alternative is considered legal in Belize.

1. Conversion to Agriculture

The most likely alternative land use scenario is the conversion to agriculture, and it is the most pervasive driver for deforestation and land use change in the region. The conversion of forestland in Belize to agriculture is both a national and regional trend. The FAO (2003) estimated that by 1989 about 217,241 hectares, or about 10%, of the national land area had been converted from forest to agricultural land. Furthermore, by the first half of the 1990's 25,000 hectares of forested land were being lost yearly due to conversion to agricultural land (FAO 2003). Conversion of forest land for cattle and citrus is occurring in Belize near the project area. Suitability of soils for conversion to agriculture, particularly coffee were evaluated by on site testing by planting and harvesting coffee over many years in small plots. This is a planned deforestation project and the plan calls for coffee conversion.

2. Purchase of the Land to Operate Ecotourism Lodges

One alternative land use would be the conversion of the property for ecotourism. This strategy is employed by several lodges in the area already. A portion of the property was purchased for that very purpose many years ago, which now supports Hidden Valley Inn. To pursue this alternative would require finding a buyer with the resources to purchase the property, protect the property, and build competitive facilities in an area that already has several tourist lodges.

3. Purchase of the Land as a Conservation Area

There are privately owned protected areas in the area and throughout Belize. Most landowners that own these properties are members of the Belize Association of Private Protected Areas (BAPPA). Landowners purchase properties for conservation for a variety of reasons. Some establish nonprofit companies to hold the property and some simply hold onto the property out of a desire to protect the biodiversity or other values of the site. There is no inherent financial income stream from owning a private protected area while there are several required expenses. The initial purchase price, annual taxes, maintenance, and protection from trespass are all expenses that can run into the millions of dollars. Landowners that pursue this strategy are required to be relatively wealthy or have outside sponsors or pursue a strategy of income generation that is consistent with conservation such as ecotourism.

Analysis of Alternatives

Scenario 1 is considered the most likely scenario given the resources and experience of the landowner. Scenario 2 is considered less likely given the competition and expense of starting up a new ecotourism lodge and supporting the protection activities of the property. Scenario 3 is feasible but unlikely given the great expense and lack of income from such an endeavour.

No income is expected from the project other than the carbon finance. The baseline scenario of agriculture and particular coffee is considered positive as indicated by the coffee conversion plan. Therefore at least one of the baseline scenarios is more profitable than the project scenario excluding the carbon project income.

Financial plans for both the coffee operation and the carbon project were made available to the auditors.

Common Practice Analysis

- The practice of converting land to industrial agriculture is commonplace in the region as indicated in Tzul 2010, FCO's land cover analysis, and observations on the ground.
- Two other nearby properties are of a similar size and are managed as ecotourism lodges. Multiple private properties are listed as private protected areas in Belize through the Belize Association of Private Protected Areas

3.2.6 Quantification of GHG Emission Reductions and Removals

GHG emissions and/or removals for the project are described for the same pools and variables as the baseline scenario with the addition of activity shifting leakage which only applies to the project scenario.

1. Area of forest available for conversion

Of the total area of the property, 666.3 ha are slated for conversion to coffee. Of the 666.3 ha slated for conversion to coffee, 567.3 ha are classified as broadleaf forest and included in the calculations for avoided emissions from conversion. After analyzing the inventory from the pine component (99 ha), the project proponents determined that the recent history of that part of the forest introduced a high degree of variability resulting from insect and fire effects. Therefore, to reduce the uncertainty of the pool claims and insure a conservative estimate for the claimed avoided emissions of the project, the pine component aboveground and belowground biomass has been excluded from the project claims. A 1-chain buffer around perennial streams is excluded to comply with directives from the Belize Forest Department.

2. Baseline carbon stocks

Baseline biomass carbon stocks consisted of above ground biomass and below ground biomass of the broadleaf component of the coffee conversion area. The mean carbon pool in 2011 was based on field measurements conducted in 2011 and independently verified. The moist forest allometric equation for biomass prediction published in Pearson et. al. (2005) was used to predict above ground biomass. A factor of 50% was used to convert biomass to carbon. A pantropic equation was chosen because higher priority equations were unavailable or unsuitable for the forest on the project area. Accuracy of the equation was validated using the procedure described in module CP-AB "Estimation of carbon stocks in the above- and belowground biomass in live tree and non-tree pools".

Below ground biomass was estimated based on above ground biomass using the equation found in Pearson et al (2005). An uncertainty level of 6.4% was calculated using module "Estimation of uncertainty for REDD project activities (X-UNC)". Aboveground and belowground biomass attributed to non-tree biomass (palms and lianas) and soil carbons were conservatively excluded.

3. Deforestation/conversion rates

No reductions or removals are planned for the life of the project.

4. Carbon stocks in agro-ecosystems

N/A, no conversion is allowed in the project.

5. Fate of commercial timber and long-lived wood products

No reductions or removals are planned for the life of the project.

6. Losses of biomass attributable to fuel-wood collection

No reductions or removals are planned for the life of the project.

7. Avoided emissions from fertilizer use

No fertilization is anticipated as a project activity.

8. Avoided emissions from biomass burning

N/A, no conversion is allowed in the project. In the event of ex-post fires occurring, the REDD Methodological Module: Estimation of greenhouse gas emissions from biomass burning (E-BB) Sectoral Scope 14 will be applied.

9. Avoided emissions from transportation fuel use

Emissions from transportation fuel use are conservatively omitted in both the baseline and project scenarios.

10. Activity shifting leakage

Leakage was determined using module "Estimation of emissions from activity shifting for avoided planned deforestation (LK-ASP)". Because this is a planned deforestation project and the agent of deforestation is known no deductions are taken for leakage. Monitoring of the landowners property will occur as indicated in LK-ASP and M-MON.

Please see section 3.1.5 of this report for the estimated GHG emissions reductions or removals.

3.2.7 Methodology Deviations

The project and project monitoring plan meet all of the requirements of the methodology and does not deviate from the baseline scenario, additionality determination or inclusion of project GHG sources, sinks and reservoirs.

3.2.8 Monitoring Plan

The monitoring plan, as described in the PD, was found to be appropriately designed to provide reasonable assurance that the sequestration occurring from GHG sources, sinks, and reservoirs will be accurately assessed.

- Project Forest Cover Monitoring Map
- Area of recorded deforestation in the project area
- Area burnt
- Total area deforested by class of deforestation agent
- Tree species
- DBH
- Total CO₂

3.3 Environmental Impact

The environmental impact of the project, as described in the PD, was found to be positive and sufficiently documented.

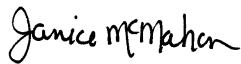
3.4 Comments by stakeholders

Comments from stakeholders were appropriately documented and were found to be overwhelmingly positive. All comments from stakeholders were sufficiently answered by the project proponent.

4 VALIDATION CONCLUSION

ESI confirms all validation activities including objectives, scope and criteria, level of assurance and the PD adherence to the VCS Standard (v3.2, 1 February 2012) as documented in this report are complete and concludes without any qualifications or limiting conditions that the project documentation Bull Run Overseas Forest Carbon Project: Phase 1, dated 14 March 2012 meets the requirements of the VCS Standard.

Report Submitted to:	Verified Carbon Standard Association 1730 Rhode Island Ave. NW Suite 803 Washington, D.C. 20036 Jeff Waldon, Chief Technical Officer Forest Carbon Offsets LLC 600 Cameron St. Alexandria, VA USA Telephone: +1 (540) 230-2854 Email: jeffwaldon@forestcarbonoffsets.net
Report Submitted by:	Environmental Services Inc. Corporate Office 7220 Financial Way, Suite 100 Jacksonville, Florida 32257
ESI Lead Validator Name and Signature	 Shawn McMahon Lead Validator

ESI Division Regional Technical Manager Name and Signature	 Janice McMahon Vice President and Forestry, Carbon and GHG Division Regional Technical Manager
Date:	15 March 2012

SMM/JPM/rmb/VO11048.0 VCS Validation Report.docx
K: pf 03/15/12f

5 APPENDIX A

The following is a listing of the project documents reviewed during this project validation:

- o Received on 07-21-2011
 - BRO VCS Carbon Database 2011 ver 2.xlsx
 - BRO VCS PDD Phase I Version 2.docx
- o Received on 07-25-2011
 - VCS_FCO_BC_Verification_Report_Final_Signed_072111.pdf
 - VCS_RPT_FCO_BC_Validation_RPT_Final_Signed_062411.pdf
- o Received on 8-12-2011
 - 20110424_coffee_plan.pdf
- o Received on 9-13-2011
 - 20100423_TCT_V54F149.pdf
 - 2009_50000_fairweather.pdf
 - 20100423_TCT_V54F147.pdf
 - 20100423_TCT_V54F148.pdf
- o Received on 9-15-2011
 - ROUND 1 NCRs JLW Response.xlsx
 - 20110424_coffee_plan_final.pdf
 - BRO VCS Carbon Database 2011 ver 2.xlsx
 - BRO Monitoring Report 2011 ver 1-0.docx
 - BRO VCS PDD Phase I Version 1-0.docx
- o Received on 9-21-2011
 - nc_2000_Haack_004.pdf
 - Nitrogen Application in Nicaragua coffee.pdf
 - 1Bull_Run_Execution Copy Agency Agreement.DOC
 - Financial Model.xlsx
 - BRO Financial Plan for Financial Additionality Analysis.xlsx
 - BRO VCS PDD Phase I Version 1-1.docx
 - cdm_methodology-mpr_belize.pdf
 - Central American Pine Assessment.pdf
 - coffee fertilizer el salvador.pdf
 - Community Analysis BRO.docx
- o Received on 9-30-2011
 - BRO VCS Non-Permanence Risk Report Template, v3.0_0 2009-2010.docx
- o Received on 10-5-2011
 - BRO VCS PDD Phase I Version 1-2.docx
 - Bull_Run_GIS_NAD27.mdb
 - BRO VCS Carbon Database 2011 ver 3.xlsx
 - Bull_Run_Validation_Hardwood_Pine.kmz
 - Bull_Run_Validation_Error_Matrix.xlsx
- o Received on 10-6-2011
 - ROUND 1 NCRs JLW Response.xlsx
- o Received on 10-24-2011
 - DSC_0001.JPG
 - ROUND 2 NCRs JLW Response.xlsx
 - 20100518_corp_structure.pdf
 - BRO VCS Carbon Database 2011 ver 4 .xlsx
 - BRO Financial Plan for Financial Additionality Analysis ver 2.xlsx
 - BRO VCS Non-Permanence Risk Report Template, v3.0_0 2009-2010 ver 2.docx
 - BRO VCS PDD Phase I Version 2.docx
 - Bull_Run_Validation_Hardwood_Pine_Labels_3.kmz
- o Received on 11-15-2011
 - Copy of ROUND 3 NCRs JLW.xlsx
 - 2011_bro_capital_activity2.pdf

- BRO VCS Carbon Database 2011 ver 4.xlsx
- BRO Monitoring Report 2011 ver 1-3.docx
- BRO VCS Non-Permanence Risk Report Template, v3.0_0 2009-2010 ver 2.docx
- BRO VCS PDD Phase I Version Final.docx
- BULL RUN_VCS VER_ROUND 1 NCRs JLW.xlsx
- Bull_Run_Centroids.zip
- Bull_Run_Validation_Error_Matrix.xlsx
- o Received on 11-28-2011
 - BRO VCS PDD Phase I Version Final.docx
- o Received on 11-29-2011
 - 20100423_TCT_V54F149 Parcel 7.pdf
 - 20100423_TCT_V54F149 Parcel 7.pdf - Shortcut.Ink
 - Bull_Run_GIS_NAD27_Shapefile.zip
 - 2009_50000_fairweather.pdf
 - 2009_50000_fairweather.pdf - Shortcut.Ink
 - 2010_title_31680.pdf
 - 2010_title_31680.pdf - Shortcut.Ink
 - 20000928_gob_fiat904.pdf
 - 20000928_gob_fiat904.pdf - Shortcut.Ink
 - 20000928_gob_fiat905.pdf
 - 20000928_gob_fiat905.pdf - Shortcut.Ink
 - 20000928_gob_fiat906.pdf
 - 20000928_gob_fiat906.pdf - Shortcut.Ink
 - 20100117 Title Summary Table.xls
 - 20100117 Title Summary Table.xls - Shortcut.Ink
 - 20100423_TCT_V54F147 Parcel 4.pdf
 - 20100423_TCT_V54F147 Parcel 4.pdf - Shortcut.Ink
 - 20100423_TCT_V54F148 Parcel 6.pdf
 - 20100423_TCT_V54F148 Parcel 6.pdf - Shortcut.Ink
- o Received on 12-5-2011
 - 20111205_esi_lands.pdf
 - BAPPA membership.kmz
- o Received on 12-6-2011
 - BRO Monitoring Report 2011 ver 1-3.docx
 - BRO VCS PDD Phase I Version Final.docx
- o Received on 12-7-2011
 - BRO VCS PDD Phase I Version Final.docx
- o Received on 12-12-2011
 - BRO VCS PDD Phase I Version 1-4 Final.docx
- o Received on 1-17-2012
 - 20111204_deed_restriction.docx
- o Received on 2-24-2012
 - BRO VCS PDD Phase I Version 1-5 Final.docx
- o Received on 3-2-2012
 - incumbrance-eastpoint-tctvol54folio149.pdf
 - incumbrance-eastpoint-fiatgrant904-2000.pdf
 - schedulestoincumbrances-pinetree&eastpoint&mpr.pdf
 - receipt-landtitlesunit.pdf
 - Incumbrance-pinetree-tctvol54Folio148.pdf
 - incumbrance-pinetree-fiatgrant906-2000.pdf
 - incumbrance-pinetree-fiatgrant905-2000.pdf
 - incumbrance-MPR-tctvol54folio47.pdf
- o Received on 3-12-2012
 - BRO VCS PDD Phase I Version 1-5 Final.docx
- o Received on 3-14-12
 - BRO VCS PDD Phase I Version 1-6 Final.docx

6 APPENDIX B

Complete listing of Non-conformity reports and clarifications.

Environmental Services, Inc. Forest Carbon Offsets - Bull Run - VSC Version 3 - Validation Final Summary Non-Conformity Reports/Clarifications 12 March 2012													
Item #	VCS Standard 3.1 Requirements (15 July 2011)	Applicability to the Project (Y or N/A)	Requirement Met (Y, N, or N/A)	Location in POD or Supporting Documents	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OFI)	Response from Client	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OFI)	Response from Client	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OFI)	Response from Client	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OFI)	Response from Client	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OFI)
1	Completeness Include all relevant GHG emissions and removals. Include all relevant information to support criteria and procedures.	Y	Y	General	Please provide additional clarification on the selection of combustion factors for direct emissions from Non CO2 sources; review of cell B16 value; and the area used.	The B16 issue appears to have been a mistake that didn't get picked up because it is in the project scenario where no burning occurs. The combustion factors are all defaults from the methodology module.	NCR addressed.						
2	3.1 Projects shall meet all applicable rules and requirements set out under the VCS Program, including this document. Projects shall be guided by the principles set out in Section 2.4.	Y	Y	General		See attached revised POD.	NCR addressed.						
3	3.1.1 If Project location for AFOLU projects shall be specified using geodetic polygons to delineate the geographic area of each AFOLU project activity and provided in a KML file.	Y	N	N/A	Please provide the project location described in geodetic polygons in a KML file. Please ensure the boundaries are clearly identified. Provide narrative or documentation that the map complies with VDM005.	Jml file attached. Accuracy assessment attached. Geodatabase attached.	A spreadsheet was supplied that shows how it was validated but it does not appear to link to actual tool used to assure conformity. e.g. map showing the acres or polygons used to do the validation. KML file also does not appear to have labels identifying polygons/vegetative types. Please address.	See attached revised Jml file. The map used to do the validation is in the geodatabase and is a much higher resolution than what can be accomplished with a .jml file.	Access link to imagery and shapefiles provided/reviewed. NCR addressed.				
4	3.12.1 The project description shall be accompanied by proof of title in respect of one or more of the following rights of use (see VCS document Program Definitions for definition of right of use) according to the project proponent(s):	Y	N	Pages 21 & 22	Please provide proof of title in accordance with Section 3.12.1 of the VCS Standard 3.1 requirements. In addition, please provide deed restrictions mentioned on Page 3 of POD.	Scans of title documents transmitted 9/13/11.	Section 1.9 pg 5 says the project encompasses 4650 ha but in Section 3.12.1 Proof of Title, the total is listed as 4622 ha. Recent submission of documents only covers 3 tracts which total 3504.7 ha. These documents appear to conflict and not cover the entire project area. Please discuss.	4,650 was in error and has been corrected to 4,622 in the POD. That's the total for the entire property. The titles submitted cover the actual project area of 660 ha.	Discussions w the client indicated that a supervised vs non-supervised GIS analysis yielded an increase in acreage for the project. As this appears to have been conducted through a remote sensing analysis, please provide evidence that the minimum map accuracy of 90% for the classification of forest /non-forest in the remote sensing imagery was satisfied.	Error matrix attached. NCR addressed.			
5	3.12.4 Projects may be registered sequentially under the VCS Program and an approved GHG program, and the following applies in relation to validation:	N/A	N/A	Page 10	Please confirm if CCBA status has already been achieved for the BRO project.	CCBA audit underway.	CCB validation still underway.	Is this a nonconformity? I wasn't aware that CCB validation was a requirement for VCS.	This question was asked because you had selected the mitigation credit in the risk analysis pertaining to CCB. Since this credit has been dropped from the analysis, this NCR is considered addressed. Requirement addressed.				
6	3.14 In developing the baseline scenario, assumptions, values and procedures shall be selected that help ensure that net GHG emission reductions and removals are not overestimated.	Y	Y		Please provide documentation/source of fertilizer application rates.	See coffee plan.	NCR addressed.						
7	3.17.1 Data and Parameters Data and parameters used for the quantification of GHG emission reductions and/or removals shall be provided in accordance with the methodology. Quality management procedures to manage data and information shall be applied and established. Where applicable, procedures to account for uncertainty in data and parameters shall be applied in accordance with the requirements set out in the methodology.	Y	N	N/A	Please provide updated maps of plot locations and aerial photos that detail where monitoring occurs. Please note that plots that were located within riparian zones were removed during the verification site visit.	See updated graphics in POD. The plots have been withdrawn. The riparian buffers at Bull Run are a management based designation based upon Belizean forestry best management practices, though in practice these buffers are rarely observed, and were excluded from the available forest area calculation. The buffers do not represent a different stratum and in fact are much larger than the actual riparian area because the streams are relatively small, high order streams. The forest type occurring within the riparian buffers at Bull Run are indistinguishable from the surrounding montane tropical broadleaved wet forest. Thus, plots randomly allocated in the riparian management zone can be used to characterize the biomass of the surrounding forest.	The issue of the plot centered in the riparian buffer (plot 101) is primarily one of project area, i.e. in order to properly represent the areas proposed for conversion to coffee, the plots have to be taken from only the areas proposed for conversion. If the riparian buffers are excluded from the area of proposed conversion, then the plot taken in this area should not be used to represent the proposed conversion sites, regardless of their similarity to the conversion areas. Please remove this plot and provide updated calculations.	Plots 101, 118, and 131 have been removed and an updated model spreadsheet is attached. The POD and financial plan have also been updated and are attached.	On page 30 please change the number of plots reported from the forest inventory from 27 to 24 to reflect the plots removed from the riparian zones. Similarly, figure 3a and 3b on page 32 still show the locations of the removed plots. Please correct.	See attached revised POD	It is not understood how the plots reduced from 23 to 18 if only 3 plots were dropped from the riparian areas? Also, figures 1a and 1b only show 17 plots. Figure 2a, plot 112 is missing the proper label. Additionally, the changes were not made to figures 3a and 3b (pages 32 and 33) to remove the plots shown in the riparian areas. Please correct these inconsistencies.	Maps in POD have been updated to show 18 plots. NCR Addressed	
8	3.17.1 The project proponent shall establish a GHG information system for obtaining, recording, compiling and analyzing data and information important for quantifying and reporting GHG emissions and/or removals relevant for the project (including leakage) and baseline scenario.	Y	Y	Appendix A, Page 26	Please discuss who will ultimately be responsible for saving and archiving the data, and discuss the capability of the computer systems to store the amount of data required for the project.	response in revised POD section 4.3 "All data collected as part of monitoring will be archived electronically on DVD (or similar media) in Excel compatible spreadsheets or Arc/View compatible (.shp) files and kept at least for two years after the end of the project, and held by BRO at the BRO office in Belize."	NCR addressed.	Not a requirement, but a suggestion to add the location that the data will be stored at in the monitoring plan and report.	See attached revised POD. "All data collected as part of monitoring will be archived electronically on DVD (or similar media) in Excel compatible spreadsheets or Arc/View compatible (.shp) files and kept at least for two years after the end of the project, and held by BRO at the BRO office in Belize. All of the data will be monitored if not indicated otherwise in tables below."	NCR addressed.			

9	A monitoring plan for the project that includes roles and responsibilities shall be established.	Y	Y	Page 9	Please include roles and responsibilities in the monitoring plan. In addition, please clarify if FCO will be retained during the entire project. If not, please clarify future roles and responsibilities, and also how the integrity of the project will be maintained. Please identify any additional entities involved in the project. Please add a mailing address for Mr. George Headley.	See updated PDO section 1.3 for Mr. Headley's address. See updated PDO section 4.3 "The first monitoring event will be conducted by FCO in 2011. Subsequent monitoring events will be conducted by BRO and CM or another equally qualified contractor. FCO will be available as needed/desired by BRO for advice and consultation."	NCR addressed.										
10	Where measurement and monitoring equipment is used, the project proponent shall ensure the equipment is calibrated according to the equipment's specifications and/or relevant national or international standards.	Y	Y	N/A	Please clarify in the PDO if any monitoring equipment will be used; if so, please discuss how the equipment will be calibrated according to the equipment's specifications and/or relevant national or international standards.	See updated PDO section 4.2 "Monitoring Equipment" blocks for each data monitored table.	NCR addressed.										
11	3.17.3 The monitoring report shall include all the data and information as set out in the monitoring requirements of the project description and the applied methodology. It shall be prepared using the VCS Monitoring Report Template and shall include the following:...	Y	Y	N/A	Please provide a monitoring report as specified by VCS.	See attached file transmitted on 9/15/11.	NCR addressed.										
12	3.18.2 For validation, the project proponent shall make available to the validation/verification body the project description, proof of title and any requested supporting information and data needed to support statements and data in the project description and proof of title.	Y	N	General	See below.	Transmitted 9/15/11	Though the titles have been provided and reviewed, please state in the PDO who the owner(s) of the land and project are. The project proponent (which can be different from the owner) is listed as BRO.	See updated PDO section 1.3. A flow chart of ownership is attached.	NCR addressed.								
13	3.18.2 For verification, the project proponent shall make available to the validation/verification body the project description, validation report, monitoring report applicable to the monitoring period and any requested supporting information and data needed to evidence statements and data in the monitoring report.	Y	Y	General	Please provide all relevant information and supporting documentation to support statements and data in the PDO, including monitoring report.	see attached files.	NCR addressed.										
14	3.19 PROJECT DESCRIPTION The project and its context shall be described in the project description using the VCS Project Description Template (or approved GHG program project description template where the project is requesting registration under an approved GHG program).	Y	Y	General	Please ensure you are using the most up-to-date "Project Descriptions, v3.0" located here: http://www.vcs.org/program-documents	see attached file updated PDO	NCR addressed.										
15	3.19.1 a) The project title, a summary description of the project, the sector scope(s) of the project and project type.	Y	Y	Page 3	Please add sector scope.	see attached updated PDO section 1.2 "This project is certified as compliant with the Verified Carbon Standard Version 3.1 as an Agriculture, Forestry, or Land Use (AFLU) Project using a strategy of Reduced Emissions from Deforestation and Degradation (REDD). This project is not a grouped project."	NCR addressed.										
16	d) A description of the project activities, a specification of the project location and geographic boundaries, and a description of conditions prior to project initiation.	Y	N	Pages 3 & 5	Please provide proof of the pine beetle outbreak from a forester or government official. Please confirm if the pilot project and actual coffee conversion was successfully implemented. Please clarify if illegal harvesting is also part of the conditions prior to project initiation, as regular patrols are listed as part of the project activity.	see attached reference for pine beetle history, note coffee plan history of coffee pilot project, illegal harvesting is not a current problem. Pine beetle papers submitted 9/21/11.	Pine beetle impact confirmation issue addressed. Illegal harvesting issue addressed. Regarding the coffee pilot project, the coffee plan states that a decision was made to cease coffee expansion, but that coffee sales still continue locally. In discussions with the project proponent, and as subsequently verified by ES, the coffee trial sites are no longer functional as they were uprooted by local animals (tapirs) and only a small portion of coffee plants remain associated with the residences onsite. What will prevent the animals from similarly uprooting the coffee if the large scale coffee operation were implemented as indicated in the coffee plan?	The remaining production coffee is protected from animal degradation by an electrified fence. The baseline scenario coffee production would be protected in a similar manner.	NCR addressed.								

17	e) Identification and demonstration of compliance with relevant laws, statutes and other regulatory frameworks, an indication of whether the project has been registered or rejected under any other GHG program and provision of information relevant to the demonstration of compliance with VCS requirements with respect to such, and a demonstration that the project neither has nor intends to generate other forms of GHG related environmental credits for VCs claimed under the VCS program (noting that the project may be registered sequentially with the VCS and other GHG programs, as set out in Section 3.12.4).	Y	N	Pages 6 & 7	Due to the large number of environmental laws in Belize, please provide a brief summary of how the project complies with each law, or state the general requirement of the law, or provide an attestation that the project complies with the applicable laws and labor standards. Please provide proof that no EIAs are being conducted for agricultural land clearing. Please provide proof of the required 1-chain riparian buffer or the documentation of the personal communication with the Ministry of Natural Resources.	See PDO section ###. The list of EIAs processed by the Department of Environment is located at http://www.doe.gov.bz/EIAs.html . The 1-chain buffer was indicated during a phone call to the Belize Forest Department as a best practice for Belize. No formal requirement is in the regulations requiring a buffer.	NCR addressed.							
18	f) Additional information relevant to the project, including eligibility criteria for new instances of project activities for grouped projects, a description of any leakage management plan or mitigation measures and any further information which may relate to the eligibility of the project, risks to net GHG emission reductions or removals, the quantification of net GHG emission reductions or removals, and an indication of commercially sensitive information that has been excluded from the public project description.	Y	N	Page 8	Please include a leakage management plan.	See attached updated PDO. Following language added: Since leakage can only occur on property owned by the project proponent in Belize, the primary leakage management strategy is to protect the rest of the property from conversion or fire damage. The project proponent is expending considerable effort in fire prevention and suppression (built and maintain a fire tower, on staff fire crew and equipment, prescribe fire and thinning regime to reduce severity of fires) and has committed to not converting any land to nonforest uses.	Leakage appears to correctly be determined to be de minimus, however within the PDO the justification for why leakage can be excluded does not discuss in sufficient detail the reason it can be excluded; mainly that the merchantable timber eliminated is not significant (below 5% of the benefits being claimed). It would be helpful to have a discussion to this effect within the PDO (specifically referencing BL, PL, T-SIG and LK-ASP), along with some discussion of the historical level of harvest from the mixed broadleaf forest for background.	See updated PDO section 1.13 and 3.3. Merchantable timber isn't a consideration according to the methodology for leakage. The long-leaf wood products pool is excluded because it is de minimus.	NCR addressed.					
19	2) The title and reference of the methodologies applied to the project (including the version number), a demonstration that the project activity or activities meet the applicability conditions of the methodology(s) applied to the project, a definition of the project boundary and identification of GHG sources, sinks and reservoirs as well as sources of leakage, a description of the baseline scenario, a demonstration of additionality, and a description of any methodology deviations applied to the project. With respect to the demonstration of additionality, sufficient information shall be provided so that a reader can reproduce the analysis and obtain the same results.	Y	Y	General	Please clarify the overarching VCS version in the PDO.	see attached updated PDO	NCR addressed.							
20	5) A summary of any environmental impact assessments conducted.	Y	Y	Page 20	Please clarify the plan/process to identify negative environmental impacts.	No environmental impact assessment required. See PDO update.	NCR addressed.							
21	6) A summary of relevant outcomes from any stakeholder consultations conducted.	Y	Y	Pages 20 & 21	Please provide a summary of relevant outcomes/comments from any stakeholder consultations conducted	See attached community analysis transmitted 9/21/11. Comments received are posted on the CCR web site at http://www.climatestandards.org/projects/index.html .	NCR addressed.							
22	8) For AFOLU projects, where required, the project description shall be accompanied by a non-permanence risk analysis prepared in accordance with VCS document AFOLU Non-Permanence Risk	Y	N	Pages 22-24	Please ensure you are using the most up-to-date non-permanence risk tool, per VCS Version 3.	A new version of the risk assessment using the latest version of the risk tool is included as Appendix B of the PDO.	See NCR's 63-69		NCR addressed.					
	VCS AFOLU Requirements Version 3.0 (08 March 2011)	Applicability to the Project (Y or N/A)	Requirement Met (Y or N)	Location in PDO or Supporting Documents	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OI)	Response from Client		Response from Client	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OI)	Response from Client				
23	3.1.2 Implementation of the project activities shall not lead to the violation of any applicable law, regardless of whether or not the law is enforced.	Y	Y	Pages 6 & 7	Due to the large number of environmental laws in Belize, please provide a brief summary of how the project complies with each law, or state the general requirement of the law, or provide an attestation that the project complies with the applicable laws and labor standards. Please provide proof that no EIAs are being conducted for agricultural land clearing. Please provide proof of the required 1-chain riparian buffer or the documentation of the personal communication with the Ministry of Natural Resources.	See PDO section 1.11. The list of EIAs processed by the Department of Environment is located at http://www.doe.gov.bz/EIAs.html . The 1-chain buffer was indicated during a phone call to the Belize Forest Department as a best practice for Belize. No formal requirement is in the regulations requiring a buffer. Updated PDO Section 1.11 "BRO has a history of compliance with and currently complies with all applicable local, district, and national labor standards. BRO follows all applicable environmental laws including the Belize Environment Protection Act Chapter 328, Revised Edition 2000. Belize has the following relevant labor laws"	NCR addressed.							

24	3.1.4 Project proponents shall identify potential negative environmental and socio-economic impacts and shall take steps to mitigate them. Additional standards such as the Climate, Community & Biodiversity Standards (CCBS) or Forest Stewardship Council (FSC) certification may be applied to demonstrate social and environmental benefits beyond GHG emissions reductions or removals. VCU may be tagged with additional standards and certifications on the VCS project database where both the VCS and another standard are applied.	Y	N	Page 20	Please clarify the plan/process to identify negative environmental impacts. Please identify any socio-economic impacts from the project.	See attached revised POD section 5 "Socioeconomic impacts are considered positive for existing community. Jobs will be retained for maintenance, monitoring, and patrols." See attached community analysis. Note that an environmental impact assessment is required for clearing over 300 acres. That is the baseline scenario. The project scenario requires no environmental impact assessment since no clearing will take place. The text was unclear and has been clarified. See attached updated POD section 5 "No environmental impact study is required for the project. The Project does not anticipate any negative environmental impacts within the area surrounding the Project since the project scenario consists entirely of protecting the forest as it currently exists. Offsite impacts will be positive since larger habitat and forest areas will improve the long term viability of fauna and flora populations offsite by maintaining connectivity and avoiding fragmentation of habitats.	A considerable argument has been made to support the case that in the baseline project case an EIA would not be required, which appears to have been based on a detailed legal analysis. If it is the opinion of BNC's legal counsel that it is common practice not to conduct EIA's prior to undertaking such an activity, can a formal statement by this entity to this effect be provided?	An EIA is required for clearings over 300 acres. Common practice is to ignore the requirement (or split the project into sub-300 acre components accomplishing the same thing). An EIA is not a barrier to the project as evidenced by significant clearing of land in Belize for agriculture. Legal counsel is unlikely to go on the record regarding common practice to ignore a law.	NCR addressed.						
25	3.2.1 As set out in the VCS Standard, the project start date of an AICU project shall be the date on which activities that lead to the generation of GHG emission reductions or removals are implemented. Such activities may include preparing land for seeding, planting, changing agricultural or forestry practices, or implementing management or protection plans.	Y	Y	Page 4	Please provide the conservation easement or legal document to prevent planned deforestation that was signed on 03 January 2009 to justify project start date.	The restrictive covenant is still in process with the lawyer. The start date is based on a reasonable estimation of when the baseline scenario would have been implemented if not for the carbon project. The project started prior to 2009 in the sense that the land was protected from the planned deforestation pending a carbon finance project. BNC began discussions with FCO in 2009 and an agreement was signed to start the project in 2010.	NCR addressed.								
26	3.4.1 2) Maps of the project area.	Y	N	Page 4	Please provide detailed maps depicting the project area and compartments, aerial photos, and maps containing the location of monitoring plots, in addition to any others that may be required by VCS.	Geodatabase attached.	See NCR 7.		NCR addressed.						
27	3) Geographic coordinates of the project area boundary, provided in the format specified in the VCS Standard.	Y	N	N/A	Please provide the project location described in geodetic polygons in a KML file. Please ensure the boundaries are clearly identified.	.xml file attached.	See NCR 3.		NCR addressed.						
28	Where the project area is comprised of multiple polygons (parcels), the project location details of each polygon/parcel shall be included in the project description.	Y	N	N/A	Please clarify if there are multiple polygons; if so, please provide details of each in the POD.	There are multiple polygons. See attached geodatabase.	See NCR 3.		As it is a stated requirement of VCS for projects with multiple polygons, please include the project location details of each polygon/parcel in the project description.	See revised POD.	Maps for each polygon and (separately) the centroids for each polygon provided. NCR addressed.				
29	3.4.2 The project proponent shall demonstrate control over the entire project area with proof of title with respect to one or more rights of use accorded to the project proponent as set out in the VCS Standard, noting the following:	Y	N	Pages 21 & 22	Please provide proof of title in accordance with Section 3.12.1 of the VCS Standard 3.1 requirements. In addition, please provide deed restrictions mentioned on Page 3 of POD.	See attached files transmitted 8/13/11. Restrictive covenants for the project are still at the lawyers.	Prior to validation approval the restrictive covenants will need to be reviewed/confirmed.	Understood.	Pending.		ESI received additional updated information concerning the titles and surveyed parcels. Has ESI Reviewed the final copy of the covenant restriction language to review? Please submit. Also please submit a copy of the submittal letter for our records.	All of this information has been submitted. NCR is satisfied.			
30	3.5.2 Activities to mitigate leakage and sustainably reduce deforestation and/or degradation are encouraged and may include the establishment of agricultural intensification practices, lengthened fallow periods, agroforestry and fast-growing woodlots on degraded land, forest under-story farming, ecotourism and other sustainable livelihood activities, and/or sustainable production of non-timber forest products. Leakage mitigation activities may be supplemented by providing economic opportunities for local communities that encourage forest protection, such as employment as protected-area guards, training in sustainable forest use or assisting communities in securing markets for sustainable forest products, such as rattan, vanilla, cacao, coffee and natural medicines.	Y	N	Page 8	Please include a leakage management plan or a more thorough leakage analysis in the POD.	See attached updated POD 1.13 Leakage was determined using module "Estimation of emissions from activity shifting for avoided planned deforestation (LAFSP)". Because this is a planned deforestation project and the agent of deforestation is known, no deductions are taken for leakage. Monitoring of the landowners property will occur as indicated in LAF-ASP and M-MON. Since leakage can only occur on property owned by the project proponent in Belize, the primary leakage management strategy is to protect the rest of the property from conversion or fire damage. The project proponent is expending considerable effort in fire prevention and suppression (built and maintain a fire tower, on staff fire crew and equipment, prescribe fire and thinning regime to reduce severity of fires) and has committed to not converting any land to nonforest uses.	See NCR 18.		NCR addressed.						

31	3.5.3 Where projects are required to account for leakage, such leakage evaluation shall be documented in the appropriate section of the project description and/or monitoring report, as applicable.	Y	N	Page 8	The PDD does not appear to provide a sufficient leakage analysis. Please provide.	Under the methodology, in a case where a known agent of deforestation can be identified, leakage is limited to that agent of deforestation. See updated leakage monitoring plan in the attached PDD. In module LK-ASP when a deforestation agent is known, a stepwise approach is provided for determining leakage. Step 1: baseline rate is 0. Step 2: projection is 0. Step 3 monitor all areas deforested which was 0. Step 4 monitor GHG outside the project boundary. Fertilizer use is negligible. No burning occurred that resulted in deforestation. Emissions from biomass burning have gone down due to leakage management.	See NCR 18.		NCR addressed.					
32	3.5.4 Market leakage assessments shall occur at validation and verification. The rules and requirements for the assessment of market leakage are set out in Section 5 below.	Y	N	N/A	Please provide an analysis of market leakage.	Under the methodology, in a case where a known agent of deforestation can be identified, leakage is limited to that agent of deforestation. See updated leakage monitoring plan in the attached PDD. Market leakage is only applicable if timber is harvested for commercial markets greater than 50km away. Timber sold at Bull Run goes to San Ignacio or Belmopan both of which are well within 50 km.	See NCR 18.		NCR addressed.					
33	3.6.1 Projects with tree harvesting shall demonstrate that the permanence of their carbon stock is maintained and shall put in place management systems to ensure the carbon against which VCU's are issued is not lost during a final cut with no subsequent replanting or regeneration.	Y	N	Pages 22-24	Please ensure you are using the most up-to-date non-permanence risk tool, per VCS Version 3; in addition, Page 24 states a 10% buffer, while Table 2 and spreadsheet state 15%. Please clarify.	I note that there isn't a place for the risk assessment in the new PDD format. A new risk assessment based on the latest version of the tool is included as Appendix B of the PDD.	See NCR 22.		NCR addressed.					
34	3.6.4 Buffer credits shall be deposited in the AFOLU pooled buffer account based upon the non-permanence risk report assessed by the validation/verification body(s). Buffer credits are not VCUs and cannot be traded.	Y	N	N/A	Please clarify how buffer credits will be handled.	When the project is verified, the registry reviews the PDD and risk assessment for the published risk buffer percentage. When the credits are added to the registry account (Market Environmental Registry), the registry operator sets up two accounts, one owned by the proponents and one owned by VCS. The buffer credits are transferred from the proponents account to the VCS account for each issuance by vintage. Over time, the proponent can petition for release of the buffer credits back to the proponents account based on a reduction of risk.	See NCR 22.		NCR addressed.					
VCS AFOLU Requirements (REDD) 3.0		Applicability to the Project (Y or N/A)	Requirement Met (Y or N)	Location in PD or Supporting Documents	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OFI)	Response from Client		Response from Client	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OFI)	Response from Client				
35	4.6 1) APO: Leakage shall be quantified by directly monitoring the activities of the deforestation agent identified in the baseline scenario. The deforestation agent can be an entity that has ownership of, management of, or legally sanctioned rights to use, multiple parcels of forest land within the country. Such forest land could be used to make up for the generation of goods and/or services lost through implementation of the REDD project, therefore leading to reductions in carbon stocks or increases in GHG emissions outside the project boundary. Leakage shall be accounted for as follows:	Y	N	Page 8	Please include a leakage management plan or a more thorough leakage analysis in the PDD.	see attached updated PDD 1.13 "Leakage was determined using module "Estimation of emissions from activity shifting for avoided planned deforestation (LK-ASP)". Because this is a planned deforestation project and the agent of deforestation is known, no d	See NCR 18.		NCR addressed.					
36	4.6.16 Where the project baseline includes illegal logging activities that supply regional, national and/or global timber markets, domestic market leakage shall be quantified using the market leakage discount factors for IFM projects set out in Sections 4.6.14 and 4.6.15. The market leakage effects associated with stopping illegal logging need not be considered where GHG emissions are not included in the baseline and GHG credits from stopping such activities are not claimed.	Y	Y	Page 5, 14, 26, and 37	Please clarify the presence and extent of any illegal logging activities on-site. PDD seems to indicate it or has been a problem on-site.	Illegal logging has not been a problem. PDD has been updated to clarify. In section 1.10 "Illegal logging and other reversible" it is not been a problem on the property historically. As the trees become larger and more valuable, the risk of illegal logging is expected to increase."	NCR addressed.							
Methodological tool "Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities"		Applicability to the Project (Y or N/A)	Requirement Met (Y or N)	Location in PD or Supporting Documents	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OFI)	Response from Client		Response from Client	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OFI)	Response from Client				

[illegible]

48	i) Demonstrate that all land use scenarios identified in the sub-step 1a: are in compliance with all mandatory applicable legal and regulatory requirements;	Y	Y	N/A	In accordance with Sub-step 1B of the tool, please demonstrate that all land use scenarios identified are in compliance with all mandatory applicable legal and regulatory requirements. A greater degree of explanation in the PDO is needed to justify that the alternate land use scenario chosen for baseline is warranted.	See attached updated PDO. Additional language was added to the coffee conversion scenario. The other scenarios don't have any legal implications.	NCR addressed.								
49	ii) If an alternative does not comply with all mandatory applicable legislation and regulations then show that, based on an examination of current practice in the region in which the mandatory law or regulation applies, those applicable mandatory legal or regulatory requirements are systematically not enforced and that non-compliance with those requirements is widespread, i.e., prevalent on at least 30% of the area of the smallest administrative unit that encompasses the project area;	Y	Y	N/A	See above	See attached updated PDO.	NCR addressed.								
50	iii) Remove from the land use scenarios identified in the sub-step 1a, any land use scenarios which are not in compliance with applicable mandatory laws and regulations unless it can be shown these land use scenarios result from systematic lack of enforcement of applicable laws and regulations.	Y	Y	N/A	See above	See attached updated PDO.	NCR addressed.								
51	6. If it can be shown that these activities result from laws, statutes, regulatory frameworks or policies implemented since 11 November 2001 that give comparative advantage to less emissions-intensive technologies or activities relative to more emissions-intensive technologies or activities they need not be taken into account and the baseline scenario could refer to a hypothetical baseline rate of avoided emissions or sequestration without the national and/or sectoral laws, statutes, regulatory frameworks or policies being in place. 7. E.g. construction of an airport is usually not a credible land use scenario in a rural region with low population density and weak road infrastructure.	Y	Y	N/A	See above	See attached updated PDO.	NCR addressed.								
52	b) Outcome of Sub-step 1b: List of plausible alternative land use scenarios to the VCS AFOLU project activity that are in compliance with mandatory legislation and regulations taking into account their enforcement in the region or country and E6 decisions on national and/or sectoral policies and regulations.	Y	Y	N/A	See above	See attached updated PDO.	NCR addressed.								
53	If the list resulting from the Sub-step 1b is empty or contains only one land use scenario, then the proposed VCS AFOLU project activity is not additional.	Y	Y	N/A			NCR addressed.								
54	Sub-step 1c. Selection of the baseline scenario:														
55	The baseline methodology that would use this tool shall provide for a stepwise approach justifying the selection and determination of the most plausible baseline scenario.	Y	N	Pages 11 & 12	See above	See attached updated PDO. Note that the stepwise approach is found in the methodology module "V/T0001 Tool for the Demonstration and Assessment of Additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities"	The PDO does not detail the full stepwise approach nor does it include all required steps, rather it appears to summarize the intent of the main elements in the "Tool for demonstration and assessment of additionality in VCS Agriculture, Forestry and Other Land Use (AFOLU) Project Activities". Please provide the additionality analysis/baseline selection and determination in the stepwise format as this is a requirement of the tool.	See updated PDO section 2.5	NCR addressed.						
56	b) STEP 2. Investment analysis to determine that the proposed project activity is not the most economically or financially attractive of the identified land use scenarios	Y	N		There is a lack of a description of an investment analysis in the PDO; has this been done and documented in another document? It needs to be demonstrated that the project scenario is less financially attractive than conversion to coffee. The PDO cites the results of the coffee trial on BRD lands and infers that a cost/benefit analysis is a part of this. ESI needs to have a copy of this coffee trial report.	See coffee plan. Income from coffee scenario is included. Income from project without carbon finance is zero. More detailed financials can be provided if necessary.	Though the coffee plan provides a "profit and loss" table on page 18, it is not clear which of the "raw revenues" from the table on page 17 were used to derive the profits and losses. Please clarify.	A close reading of the plan reveals the following statement "Income projections shown below are based on the assumptions that the company will outsource the cultivation to tenant farmers and the storage, roasting, and distribution to a processor. If the company chose to perform all activities itself the income numbers would likely be much higher." This indicates that the numbers are based on selling raw coffee at \$-42/6.	NCR addressed.						

57	Determine whether the proposed project activity, without the revenue from the sale of GHG credits is economically or financially less attractive than at least one of the other land use scenarios. Investment analysis may be performed as a stand-alone additional analysis or in connection to the Barrier analysis (Step 3). To conduct the investment analysis, use the following sub-steps.	Y	N		If there is only "one" plausible land use scenario, then the project activity is not "additional". This alternative land use analysis must be more comprehensive than that in the POD.	If the only plausible baseline scenario without carbon finance results in deforestation then the project with carbon finance is additional. In the case of planned deforestation, the plan (if it is "valid and verified") is automatically the most likely baseline scenario. If the plan is more profitable than the project then the project is additional.	Though the scale of difference in revenues appears to clearly indicate coffee is considerably "more attractive" and the proposed project activity is "less attractive", more clarity is needed on the coffee financial model in order to approve the outcome of this step. Please see NCR 56.	A close reading of the plan reveals the following statement "Income projections shown below are based on the assumptions that the company will outsource the cultivation to tenant farmers and the storage, roasting, and distribution to a processor. If the company choose to perform all activities itself the income numbers would likely be much higher." This indicates that the numbers are based on selling raw coffee at \$42/lb.	NCR addressed.					
58	Sub-step 2d. Sensitivity analysis (only applicable to options II and III) Include a sensitivity analysis that shows whether the conclusion regarding the financial attractiveness is robust to reasonable variations in the critical assumptions. The investment analysis provides a valid argument in favor of additionality only if it consistently supports (for a realistic range of assumptions) the conclusion that the proposed VCS AFOLU project without the financial benefits from the VCS is unlikely to be financially attractive.	Y	N		If the investment analysis has determined that the VCS project is "not" the most financially attractive, then a sensitivity analysis needs to be conducted. The POD does not mention that such has been conducted. If it has then it would need to be in the POD.	See attached updated POD. The investment analysis indicates that the coffee plan is far more profitable than any other scenario.	See NCR 57.		NCR addressed.					
59	b) Investment barriers, other than the economic/financial barriers in Step 2 above, inter alia: i) For AFOLU project activities undertaken and operated by private entities: Similar activities have only been implemented with grants or other non-commercial finance terms. In this context similar activities are defined as activities of a similar scale that take place in a comparable environment with respect to regulatory framework and are undertaken in the relevant geographical area; ii) Debt funding is not available for this type of project activity; iii) No access to international capital markets due to real or perceived risks associated with domestic or foreign direct investment in the country where the project activity is to be implemented, as demonstrated by the credit rating of the country or other country investment reports of reputed origin; iv) Lack of access to credit.	Y	N		This may be conducted in lieu of a sensitivity analysis. The POD does not mention that such has been conducted i.e. investment barriers for the project. In view of the weakness of the financial analysis, inclusion of this would enhance the POD.	See attached updated POD. Similar activities to the project scenario have only been accomplished through private donor grants or other noncommercial financing. Debt funding is not available for the project scenario. Since the project scenario generates no income, credit or other outside financing is not possible.	The barriers are not identified in the stepwise format required by the tool. Please revise.	See updated POD section 2.5	As required by substep 2b of the tool and demonstrated through the supporting documentation provided by the Project Proponent, they have sufficiently shown that the project produces no financial benefits other than VCS related income and do not have to apply any further substeps of 2b (go directly to Step 4) NCR addressed.					
60	The previous steps shall be complemented with an analysis of the extent to which similar activities have already diffused in the geographical area of the proposed VCS AFOLU project activity. This test is a credibility check to demonstrate additionality that complements the barrier analysis (Step 3) and the investment analysis (Step 2).	Y	N		Assuming the above issues have been addressed, then a common practice analysis needs to be conducted. This appears to be lacking in the POD as well. Perhaps, understandably so as this project would not be the first of its kind. The Rio Bravo Conservation Project is primarily an avoided deforestation project on 34,000 acres. The POD would need to include a narrative as to why this project is different (i.e. totally private financing?) than the Rio Bravo Project. Only then would it be considered "additional".	See attached updated POD. Rio Bravo is more like 50k acres so the scale is quite different. Financing for Rio Bravo came from a consortium of international NGOs and energy companies. Rio Bravo was started more than 10 years prior to project start. There are private protected areas in Belize as described in the POD. Also, why is does the discussion provided here not include the Boden Creek project?	Though touched upon here, there does not appear to be an analysis of the extent to which similar activities have already diffused in the geographical area of the proposed VCS AFOLU project activity within the POD. Also, why is does the discussion provided here not include the Boden Creek project?	The common practice analysis is fairly brief and appears to lack the detail requested (analysis) in section 2.5.2. You indicate in your common practice analysis that as stated in the POD , multiple private properties are listed as private protected areas in Belize through the Belize Association of Private Protected Areas . Please provide the list and location in comparison to this project. Please include existing VCS project as well. This additional information should provide the evidence to sufficiently address this NCR.	The project proponents are unaware of any other properties conducting a project of this type (patrols or protective covenants) without carbon financing or outside international donor financing.	As stated in the POD, multiple private properties are listed as private protected areas in Belize through the Belize Association of Private Protected Areas. Please provide the list and location in comparison to this project. Please include existing VCS project as well. This additional information should provide the evidence to sufficiently address this NCR.	Provided requested list and map of BAPPA areas and owners including the other VCS project.		NCR Addressed	
61	Provide an analysis to which extent similar activities to the one proposed as the VCS AFOLU project activity have been implemented previously or are currently underway. Similar activities are defined as that which are of similar scale, take place in a comparable environment, inter alia, with respect to the regulatory framework and are undertaken in the relevant geographical area, subject to further guidance by the underlying methodology. Other registered VCS AFOLU project activities shall not be included in this analysis. Provide documented evidence and, where relevant, quantitative information. Considerations shall be limited to the period beginning 10 years prior to the project start date.	Y	N		See above	See attached updated POD. One CDM project for replanting in the MPR was conducted and failed. Other private protected areas have already been described. Two of the largest are pursuing VCS projects to cover expenses. One is for sale. Others are struggling to stay afloat. Confirmation of the status of private protected areas can be had by contacting the BAPPA coordinator, Ms. Leah Pandey, coordinator@bappa.org.	This could not be located within the POD. Please provide.	See updated POD section 2.5	See NCR # 60	See NCR #60	See NCR #60	See NCR #60	NCR Addressed	
62	If activities similar to the proposed VCS AFOLU project activity are identified, then compare the proposed project activity to the other similar activities and assess whether there are essential distinctions between them. Essential distinctions may include a fundamental and verifiable change in circumstances under which the proposed VCS AFOLU project activity will be implemented when compared to circumstances under which similar activities were carried out. For example, barriers may exist, or promotional policies may have ended, if certain benefits rendered the similar activities financially attractive (e.g., subsidies or other financial flows), explain why the proposed VCS AFOLU project activity cannot use the benefits. If applicable, explain why the similar activities did not face barriers to which the proposed VCS AFOLU project activity is subject.	Y	N		See above	See attached updated POD. The change from past management of the project area is that the landowner no longer has pine lumber income due to the pine bark beetle infestation. Without that income, he needs to pursue other options to make a profit from the property and he plans to expand his coffee operation to make up the difference.	This could not be located within the POD. Please provide.	See updated POD section 2.5	Please discuss the change in management due to pine beetle infestation in the POD. Could not locate in Section 2.5. Is there any documented evidence of the pine beetle infestation?	ates have been made to Sector	NCR Addressed			

Item #	AFOLU Non-performance Risk Tool, V3.0	Applicability to the Project (Y or N/A)	Requirement Met (Y, N, or N/A)	Location in PD or Supporting Documents	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OFI)	Response from Client	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OFI)	Response from Client	Non-conformity Report (NCR)/Clarification (CL)/Opportunity for Improvement (OFI)	Response from Client			
63	Adaptive management plans are those that identify, assess and create a mitigation plan for potential risks to the project, including those identified in this document, and any other obstacles to project implementation. They include a process for monitoring progress and documenting lessons learned or corrections that may be needed, and incorporating them into project decision-making in future monitoring periods. The onus is on the project proponent to demonstrate that such plans are in place, that such plans have considered the realm of potential risks and obstacles to the project, and that a system is in place for adapting to changing circumstances.	Y	N	2.2.1. Item 5	n/a	n/a	It does not appear that an adaptive management plan is provided (please see adaptive plan requirement language). Without this plan the score would be a 2 instead of a 0.	Adaptive management plans are a mitigation strategy not a requirement.	NCR addressed.				
64	Callable financial resources are those not included in secured funding, but that are readily available to the project. The availability of such resources may be indicated through letters of credit, revolving credit lines or other financial backing, as evidenced by signed agreements and which demonstrate the project's ability to access funding as needed.	Y	N	2.2.2 Item 5	n/a	n/a	Letters of credit, revolving credit lines, or signed agreements demonstrating the projects ability to access funding does not appear to be provided. Please provide.	Waiting on George.	Pending.	Submitted 11/2/21. Attached again.	NCR addressed.		
65	NPV from the most profitable alternative land use activity is expected to be between 20% more than and up to 20% less than from project activities; or where baseline activities are subsistence-driven, net positive community impacts are demonstrated	Y	N	2.2.3 item d	n/a	n/a	The coffee plan does not clarify which revenue scenario is used in the profit/loss and npv analysis. Please provide details indicating which scenario (raw/green/roast price) was used and the estimated revenue.	A close reading of the plan reveals the following statement "Income projections shown below are based on the assumptions that the company will outsource the cultivation to tenant farmers and the storage, roasting, and distribution to a processor. If the company chose to perform all activities itself the income numbers would likely be much higher." This indicates that the numbers are based on selling raw coffee at \$5.42/lb.	NCR addressed.				
66	To achieve the mitigation credit, it shall be demonstrated that a participatory assessment of the positive and negative impacts of the project activities on the local communities who derive livelihoods from the project area has been completed and demonstrates net positive benefits on the social and economic well-being of these communities. Certification against the Climate, Community & Biodiversity Standards (CCBS) or ISO26000:2011 Standard may be used to demonstrate that a project satisfies this mitigation requirement.	Y	N	2.2.2 Item 3	n/a	n/a	Pending CCB approval.	The mitigation credit is withdrawn. See revised risk assessment attached.	NCR addressed.				
67	A governance score (of between 2.5 and 2.9) shall be calculated from the mean of Governance Scores across the six indicators of the World Bank Institute's Worldwide Governance Indicators (WGI), averaged over the most recent five years of available data. Governance scores shall be translated into risk scores as set out in Table 9.	Y	N	2.3.3 item 1	n/a	n/a	The mean WGI score across the six indicators, averaged over the most recent five years of data was 0.113, which resulted in a political risk rating of 2. The project proponent provided a score of 1. Please discuss how the score was calculated. Note - it appears that this change would not alter the total risk rating for external risks (0).	Risk tool has been corrected. See revised risk assessment attached.	NCR addressed.				
68	All natural risk factors applicable to the project shall be assessed using Table 10 (including at a minimum fire, pest and disease outbreaks, extreme weather events such as hurricanes, and geological risk such as earthquakes and volcanoes).	Y	N	2.4.1 item 4a	n/a	n/a	Though it is understood the likelihood of geologic risk will be insignificant, the tool requires that geologic risk be considered. Please add a table for geologic risk.	Geologic risk is added to the table. See revised risk assessment attached.	NCR addressed.				
69	The significance of natural risks shall be determined by the damage that the project would sustain if the event occurred, expressed as an estimated percentage of average carbon stocks in the project area that would be lost in a single event.	Y	Pending	2.4.1 Item 2	n/a	n/a	Please discuss the significance defined as pg 109 for the natural risk of fire. (Eg - The increased frequency of fire is such that fuel loads do not build to levels sufficient to damage the existing tree/canopy) Please provide more detail.	Fire is not a natural part of the tropical hardwood system. Fuel does not build up but rather rots rapidly due to high heat, humidity, and rainfall. See http://biological-diversity.info/fire.htm	NCR addressed.				