

# VCS PROJECT REVIEW REPORT

<b>Project ID</b>	1529
<b>Project Name</b>	<i>Inner Mongolia Chao'er Improved Forest Management Project</i>
<b>Project Proponent</b>	<i>Chao'er Forest Bureau of Inner Mongolia Autonomous Region, P.R.China</i>
<b>Methodology</b>	<i>VM0010 Methodology for Improved Forest Management: Conversion from Logged to Protected Forest</i>
<b>Sectoral Scope(s)</b>	<i>14: Agriculture, Forestry, and Other Land Use</i>
<b>Validation/Verification Body (VVB)</b>	<i>China Environmental United Certification Center Co., Ltd. (CEC)</i>
<b>Registry</b>	<i>Markit</i>

<b>Assessment Criteria</b>	<i>VCS Standard, v3.5; VM0010 Methodology for Improved Forest Management: Conversion from Logged to Protected Forest, v1.2</i>
<b>Date of First Issue</b>	<i>13 April 2016</i>
<b>Date of Final Issue</b>	<i>20 May 2016</i>

## Summary:

An accuracy review of the *Inner Mongolia Chao'er Improved Forest Management Project* registration request has been conducted by VCS in accordance with Section 4.3 of the *Registration and Issuance Process*.

The accuracy review has raised three assessment findings and no minor findings, detailed below. The VVB, in coordination with the project proponent, is hereby required to provide a response to the assessment findings presented in Section 1. The three assessment findings must be addressed to the satisfaction of VCS. The VVB need not address the minor finding(s) during this review. Please note, however, that where VCS finds consistent minor findings by the VVB in future reviews, minor findings shall be escalated to assessment findings.

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

## 1 ASSESSMENT FINDINGS

### Finding 1

Section 3.7.3 of the *VCS Standard* requires that AFOLU projects with a start date on or after 8 March 2008 are to complete validation within five years. As the project has a start date of 1 January 2010 and this validation report is dated 13 January 2016, please clarify how it is in conformance with Section 3.7.3 of the *VCS Standard*.

#### VVB Response:

The project started on 01/01/2010, and the validation report was completed on 13/12/2014, which is within five years since the project started. The validation report was delivered to the authorized representative for submission right after it is completed. However, the authorized representative preferred to submit the registration application documents with issuance application documents simultaneously for the consideration of efficiency and convenience. Therefore, when the verification was finished in 13/01/2016, considering the time gap between the validation and verification report, CEC was asked to update the date of validation report. After updating the date in validation report, both the registration and issuance application documents were submitted to the registry with the same date (13/01/2016). For the validation report dated 13/12/2014 and 13/01/2016, the contents are the same except that the date was updated.

It is CEC's opinion that the project started on 01/01/2010 which is after 08/03/2008, and the validation was completed on 13/12/2014 which is within five years of the project start date. Hence, this is in conformance with Section 3.7.3 of the *VCS Standard*.

#### VCS Response:

The above response as well as evidence provided to VCS showing the transmission of the original report (dated 13 December 2014) to the project proponent demonstrate that the project completed validation within five years of the project start date and is in compliance with the VCS rules.

VCS recommends that CEC auditors should not update the issuance dates of validation and verification reports where no edits are made, regardless of the submission date, to ensure an accurate reporting trail and that projects comply with VCS rules.

### Finding 2

Section 5.3.6 of the *VCS Standard* requires that VVBs produce a validation report using the *VCS Validation Report Template* and adhere to all instructional text within the template.

Section 5.1.2 of the *VCS AFOLU Requirements* requires VVBs to conduct an assessment of the risk analysis produced by the project proponent in accordance with the *VCS AFOLU Non-Permanence Risk Tool*.

Section 3.3 of the *VCS Validation Report Template* requires VVBs to provide the following information for each risk factor included in the AFOLU Non-Permanence Risk Report: an assessment of all rationale, assumptions and justifications used to support the risk score; an assessment of any documentation and data provided to support the risk score; and, a conclusion regarding the

appropriateness of the risk score.

Though Section 3.3 of the validation report includes a summary of the non-permanence risk assessment conducted, please update the validation report to include information on the assessment of each risk score in accordance with the VCS reporting requirements described above.

**VVB Response:**

The assessment process conducted has been added into the section 3.3 of validation report. Please refer to section 3.3 of validation report for details.

Through reviewing the documents provided by PP (e.g. the business license, financial analysis calculation, etc.), and other public available information (e.g. WGI published by World Bank, etc.), CEC confirmed that the risk score of every risk factor is appropriate, the non-permanence risk analysis is correctly conducted according to the AFOLU Non-Permanence Risk Tool (version 3.2) based on the actual situation of the project.

**VCS Response:**

The above response in addition to the updated validation report submitted now includes a detailed assessment of the non-permanence risk analysis. As such, this finding is now closed.

**Finding 3**

Section 5.3.6 of the *VCS Standard* requires that VVBs produce a validation report using the *VCS Validation Report Template* and adhere to all instructional text within the template.

Section 3.2.6 of the *VCS Validation Report Template* requires VVBs to “provide an assessment of the following with respect to the project description:

- All relevant assumptions and data are listed in the project description, including their references and sources.
- All data and parameter values used in the project description are considered reasonable in the context of the project.”

Though Section 3.2.6 of the validation report does provide an assessment of some parameters, such as the global warming potential of certain greenhouse gases, the report does not include an assessment of the appropriateness of most assumptions and values applied to data and parameters available at validation. Please update the information included in Section 3.2.6 of the validation report in accordance with VCS reporting requirements described above.

**VVB Response:**

The assessment process conducted has been added into the section 3.2.6 of validation report. Please refer to section 3.2.6 of validation report for details.

All the relevant assumptions, data and parameters, available at validation or needs to be monitored,

including their references and sources are listed in the project description as required by the methodology.

The validation team also checked all the data and parameter values used in the GHG calculation of project description as well as their data source e.g. the project second class investigation data, timber production plan, the default value as specified in the methodology, National Forestry GHG Inventory, and inputs from expertise in forestry. It is confirmed that all data and parameter values used in the project description are considered reasonable in the context of the project.

Through reviewing the calculation process in ER calculation spreadsheet, it is confirmed that all estimates of the baseline emissions can be replicated using the data and parameter values provided in the project description.

Therefore, CEC confirmed that the methodology and referenced tools have been applied correctly to calculate baseline emissions, project emissions, leakage and net GHG emission reductions and removals.

**VCS Response:**

The above response in addition to the updated validation report submitted now includes a detailed assessment of the respective parameters and assumptions included in the monitoring report. As such, this finding is now closed.

## 2 MINOR FINDINGS

No minor findings were raised.

## 3 ASSESSMENT CONCLUSION

On 12 May 2016 CEC auditors submitted to VCS responses and documentation showing that the validation report was issued on 13 December 2014 and update to 13 January 2016 at the behest of the project proponent to have a consistent date with the verification report. Additionally, on 16 May 2016 CEC auditors provided VCS with evidence showing the original transmission of the completed validation report to the project proponent on 15 December 2016. This response and evidence demonstrated that the project had completed validation within five years of the project start date and the finding was closed. On 12 May 2016 in addition to the responses, CEC auditors submitted an updated validation report that now includes a detailed assessment of the non-permanence risk analysis as well as the data and assumptions included in the monitoring report. This updated documentation allowed VCS to close these findings, and ultimately close the review on 20 May 2016.