

PROJECT REVIEW REPORT

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

Project ID	4888
Project Name	OYU- Reforesting Uganda for a better tomorrow
Review Type	Registration and Verification
Program(s)	VCS
Verification Period	01-March-2021 - 31-January-2024
Project Proponent	OYU Green Pvt. Ltd.
Methodology	AR-ACM0003: Afforestation and Reforestation of Lands Except Wetlands Version 2.0.
VVB	KBS Certification Services. Ltd.
Assessment Criteria	VCS Standard v4.7
Date of First Issue	19 February 2025
Date of Second Issue	25 July 2025
Date of Third Issue	22 October 2025
Review Conclusion	Approved
Date of Final Issue	26 January 2026

FINDINGS

#	Finding Description	VVB Response	Status
1	Missing information on the eligibility assessment <u>Issue</u> 1. It is unclear how the VVB confirmed that no native ecosystems were converted using NDVI and GIS assessments, given that satellite images show vegetation cover in the project area prior to the project's start date (see background). 2. Although the PD&MR states that the project is not developed on wetlands, it provides no supporting evidence, analysis, or references. <u>Action Required</u> 1. The VVB must ensure that Section 1.4.2 of the PD& MR is updated to clearly demonstrate that no native ecosystems were converted for the establishment of the project within 10 years of the project start date. 2. The VVB must ensure the PP includes additional details in Section 3.2 to substantiate the claim that no wetland is in the project area. 3. The VVB must enumerate in the VVR the independent and relevant evidence assessed to confirm the project's compliance with these aspects. <u>Program Rule(s)</u> VCS Standard v4.7, Section 3.19.29 AR-ACM0003, v2.0, Section 2.2 <u>Background</u> Image from Google Earth Pro, 3/3/2019 around coordinates "N0°52'26.49" & E31°35'02.72" show vegetation cover in the project area prior to the project's start date.	Round 1 <u>VVB Response</u> 1. Audit team reviewed the section 1.4.2 of the PD& MR and confirm that now it is clearly demonstrated that no native ecosystems were converted for the establishment of the project within 10 years of the project start date. 2. Audit team reviewed additional details i.e. use of NDWI index which has been detailed in the section 3.2 of PD-MR. 3. The audit team included the independent and relevant evidence assessed to confirm the project's compliance with these aspects. The section 3.1 of VVR (AFOLU project eligibility) and Section 3.4.2. of VVR has been revised. <u>Verra Response</u> This finding cannot be closed. <u>Issue</u> 1. It is unclear why the term "degraded forest land" is used as part of the baseline scenario, considering that tree planting activities on forest lands are categorized as IFM activities rather than ARR. <u>Action required</u> 1. The VVB must ensure that only non-forest area is included in the baseline or that appropriate terminology is used in alignment with the applicability conditions of an ARR activity.	Closed

	<u>Program Rule(s)</u> VCS Standard v4.7, Appendix 1, Section A1.1 VCS Standard v4.7, Section 2.2.1, Principle of Accuracy <u>Background</u> Per section A1.1 of the VCS Standard, v4.7, activities such as enrichment planting in forested areas are categorized as IFM activities. If an area qualifies as a forest, it is not eligible for ARR activities. Round 2 <u>VVB Response</u> (Pending) This is to clarify that eligible areas considered under this project for ARR activities do not contain any forest areas within the baseline scenario. This was ascertained by means of the following assessments, including: - Hansen Tree Cover Assessment: Employed to analyse existing tree cover against Uganda's national forest definition. - Visual Satellite Imagery Interpretation: Conducted to cross-verify the results from the NDFI and Hansen assessments. - Ground Truthing: Performed to validate remote sensing data on the ground (as further elaborated under response As a result, areas with significant vegetation, either vegetation meeting the 30% crown cover threshold or dense invasive shrubs misclassified as forests in satellite imagery were eliminated from the project boundary. According to Uganda's national forest definition¹, a forest is characterized by: - A minimum crown cover of 30% over an area of at least 1 hectare, and - Trees height reaching 4 meters and above. However, Hansen's tree cover assessment detects vegetation starting from 5 meters in height. For the purpose of this project,	
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Similarly, an image from Google Earth Pro, 5/17/2016 around coordinates "N0° 46'19.46" & E31° 46'58.83" show vegetation cover in the project area prior to the project's start date.

¹ [Uganda's National Forest Definition](#) (see the definition on page #6)

		forest determination applied the threshold of $\geq 30\%$ crown cover over ≥ 1 hectare with trees ≥ 5 meters high, ensuring consistency with national definitions and international reporting standards. Upon concluding the aforementioned assessments, ineligible areas were identified and subsequently removed from the project area. Thus, adhering to Section A1.1 of the VCS Standard v4.7, only non-forest areas were used under the baseline scenario and subsequent planting or ARR activities. Furthermore, acknowledging the suggested action required on the use of appropriate terminology, the term 'degraded forest land' has been realized as a typo in the LULC classification legend and has been updated to 'degraded land' to correctly demonstrate the land use w.r.t the applicability conditions of an ARR activity. The respective sections in both the PDMR and the VVR have been updated accordingly. <u>Verra Response</u> The issue has been addressed, the finding is closed, and no further action is required.	
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2	Insufficient baseline description		
	<u>Issue</u> Section 3.4 of the PD&MR does not explain how it was determined that the baseline is solely scrubland, as it does not provide data, analysis or reference to justify that the validated project area consists of only one baseline type. <u>Action Required</u> 1. The VVB must ensure that the PP provides justification in Section 3.4 of the PD&MR for having only one baseline in the project area. 2. The VVB must update the VVR to include the independent analysis conducted to confirm the baseline description.	Round 1 <u>VVB Response</u> 1. Audit team reviewed the section of 3.4 of PD-MR and confirmed that the details explanation for baseline was given. 2. The audit team revised the section 3.4.4. of VVR with independent analysis conducted to confirm the baseline description. <u>Verra Response</u> Although significant information has been provided, this finding remains open upon the closure of finding #1. Round 2	Closed

	<u>Program Rule(s)</u> VCS Standard v4.7, Section 3.13.1 and 3.13.3, AR-TOOL02, v1, Paragraph 9 to 11	<u>VVB Response</u> (Pending) There is a typo error in the baseline terminology in the PD which has been corrected throughout the PDMR and VVR. The baseline is degraded scrubland and cropland which has been analysed through NDFI, Hansen Tree Cover assessment, satellite imagery and ground truthing (all the reference has been shared with the verra during the PRR round 1.). During the site visit the audit team has also cross verified the baseline scenario which is degraded scrubland and cropland. The justification has also given in the finding #1.	
		<u>Verra Response</u> The issue has been addressed, the finding is closed, and no further action is required.	

3	Presence of pre-existing plantations before the start date		
	<u>Issue</u> - Satellite images show trees covered several project polygons before the project start date (see background). - Under section 3.1 of the VVR, it is unclear what independent evidence the VVB assessed to confirm the project start date, i.e., when field planting started in the project area. <u>Action Required</u> - The VVB must ensure the PP excludes from the project all polygons with plantations established before the project start date. All the project documentation, including the ERR calculations, must be updated accordingly. - Under Section 3.1 of the VVR, the VVB must specify the independent evidence assessed to confirm the project start date. - The VVB must review the document adjustments and update the VVR accordingly.	Round 1 <u>VVB Response</u> - Audit team reviewed the revised documents and confirmed that all such project polygons showing trees or vegetation cover have been identified and removed along with the one highlighted in the Background (i.e. Polygon RUBT_26, RUBT_63, RUBT_54, RUBT_68 etc). Moreover, the revised project area figures have been applied to the ERR calculations and updated in the PD&MR. Moreover, all project polygons have been checked for any vegetation or tree cover making them ineligible for inclusion. - Section 3.1 of the VVR is updated to include details on the evidence of project start date, independently verified by the VVB. To confirm the project, start date evidence, the project proponent has provided seedling invoice from nursery and then subsequently planting and additionally payment vouchers has been verified. - Audit team reviewed the documents and evidence made updates in the VVR accordingly.	Closed

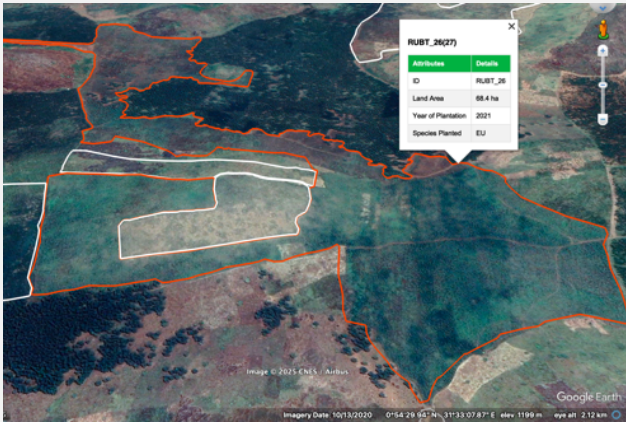
<u>Program Rule(s)</u> VCS Standard v4.7 Section 3.8 VCS Standard v4.7 Section 2.2.1 Principle of Accuracy <u>Background</u>  <i>Figure 1. Polygon RUBT_26 reported to be planted in year 2021 and showing plantations in year 2020.</i>	<u>Verra Response</u> The issues have been addressed. The finding is closed, and no further action is required.	
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Figure 2. Polygon RUBT_63 reported to be planted in year 2023 with plantations in year 2020.



Figure 3. Several polygons (including but not limited to RUBT_54 (325 ha), RUBT_68 (93.8 ha)) show plantation established in year 2019, before the project start date.

4 Missing eligibility criteria for new project activity Instances (PAIs)			
	<u>Issue</u> Section 1.5 of the PD&MR does not include the eligibility criteria for the inclusion of new PAIs as specified in Section 3.6.16 of the VCS Standard, v4.7. <u>Action Required</u> - The VVB must ensure the Section 1.5 of the PD&MR is revised to include the eligibility criteria for the inclusion of new PAIs as specified in Section 3.6.16 of the VCS Standard, v4.7. - The VVB must review these updates and adjust the VR accordingly. <u>Program Rule(s)</u> VCS Standard v4.7, Section 3.6.16	Round 1	Closed
		<u>VVB Response</u> - The Section 1.5 of the PD&MR is revised in-accordance with the guidelines of section 3.6.16 of the VCS Standard, v4.7 and now includes the eligibility criteria for the inclusion of new PAIs. Being a grouped project with more than one baseline scenarios, the project is meeting more than one set of eligibility criteria for each combination of baseline scenario and demonstration of additionality as mentioned in the PD&MR. - The audit team has reviewed the updates section and same has been updated in the VVR.	
		<u>Verra Response</u> The issue has been addressed. The finding is closed, and no further action is required.	

5 Clarification needed on ownership			
	<u>Issue</u> - Section 1.8 of the PD&MR does not sufficiently describe the different ownership types in the project area. - It is unclear whether the landowners leasing land from the National Forest Authority (NFA) are legally authorised to transfer carbon rights. - As per the <i>Landowner Project Registration Agreement</i> document submitted as part of the NPR attachments, it is unclear whether all the landowners legally own the land, as clause #1 states that the owner can be a leaseholder or possess the land. - It is unclear whether an individual who is a possessor	Round 1	Closed
		<u>VVB Response</u> - The audit team reviewed the section 1.8 of the PD&MR and confirm that the land ownership types in the project area, the conditions of the lease agreements between the landowners and the PP, and the agreements between the landowners and the NFA. - The audit team provided a sample of a land lease agreement between the PP and the landowners. - Post reviewing and verifying the terms and conditions of the leased land agreement (between NFA and lessee) under 'freehold' category, VVB is of	

	can transfer carbon rights from “freehold” land to another organization through a memorandum. 5. It is unclear what type of land ownership documents the VVB checked to confirm that the PP holds ownership of the project. 6. It is unclear whether the Free Prior Informed Consent (FPIC) was properly conducted as it is unclear if all the landowners legally own the land. <u>Action Required</u> 1. The VVB must ensure the PP adds details in Section 1.8 of the PD&MR to clarify the land ownership types in the project area, the conditions of the lease agreements between the landowners and the PP, and the agreements between the landowners and the NFA (see background). 2. The VVB must provide a sample of a land lease agreement between the PP and the landowners. 3. The VVB must provide an independent legal opinion confirming that an individual with NFA-leased land or in possession of a “freehold” land can transfer carbon rights to another organization. 4. The VVB must demonstrate that the memorandums signed between the landowner and the PP are legally binding agreements. 5. The VVB must provide additional clarification in the VVR to demonstrate that the PP holds the project ownership according to the VCS requirements.	the opinion that the lease agreement grants the lessee legal rights to willingly enter into binding agreements (e.g. carbon projects) with other organization to transfer his/her carbon rights given the lease tenure does not expire before the project end date. 4. The memorandums signed between the landowner and the PP are legally binding agreements. The project proponent holds the ownership of the project by virtue of the terms and conditions of the legal agreement signed between OYU Green and the stakeholders (e.g. landowners) who have agreed to the terms of agreement and signed it. All the landowners who are part of the project have legal ownership of the land, which has been verified by the VVB via access to the digital landownership records (database) maintained by the project proponent. The same was verified for all landowners visited during the on-site visit by the VVB 5. The audit team provided the additional clarification in the VVR to demonstrate that the PP holds the project ownership according to the VCS requirements. 6. The audit team provided the additional clarification in the VVR to demonstrate that the PP has conducted the FPIC according to the VCS requirements.	
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	6. The VVB must provide additional clarification in the VVR to demonstrate that the PP has conducted the FPIC according to the VCS requirements. <u>Background</u> The information to be disclosed in the PD&MR should be only the public one that allows to conclude that the PP holds the project ownership during the project longevity. <u>Program Rule(s)</u> VCS Program Definitions VCS Standard v4.7, Section 3.7.1, 3.18.7 and 3.18.8	<u>Verra Response</u> This finding cannot be closed. <u>Issue</u> The information of the proportion of lands that is leased from NFA is inconsistent in Section 3.5.2 (79% of the project area) and Section 1.8 Table 1 (87% of the project area) <u>Action Required</u> The VVB must ensure that the information about project ownership is consistent across the entire project documentation. <u>Program Rule(s)</u> VCS Standard v4.7, Section 2.2.1 Principle of Consistency Round 2 <u>VVB Response</u> The information about project ownership has been made consistent across the entire project documentation. Also, the information of the proportion of lands that is leased from NFA has been updated and made consistent in Section 3.5.2 (87% of the project area) and Section 1.8 Table 1 of the PD&MR and also section 3.4.5 of the VVR. <u>Verra Response</u> The issue has been addressed, the finding is closed, and no further action is required.	
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6	Clarification needed on the scope 3 emissions		
	<u>Issue</u> Section 1.17.3 of the PD&MR states that the PP will not buy or sell any products affected by the project's activities. However, it is unclear who owns the timber generated by the project and how the VVB verified that the timber is not part of a supply chain.	Round 1 <u>VVB Response</u> The audit team concludes that the PP's role is limited to forest management for carbon sequestration, with no participation in timber sales or distribution. The independent nature of landowner-driven timber utilization precludes any supply chain-related	Closed

	<u>Action Required</u> The VVB must clarify in Section 3.1 of the VVR, how they determined that the timber generated by the project activities is not part of a supply chain subject to scope 3 emissions reporting.	obligations on the PP, ensuring alignment with the applicable provisions of the VCS Standard v4.7. A clarification for the same has been added to section 3.1 of the VVR.	
	<u>Program Rule(s)</u> VCS Standard v4.7, Section 3.24	<u>Verra Response</u> The issue has been clarified. The finding is closed, and no further action is required.	

7	Missing elements in the working conditions assessment		
	<u>Issue</u> 1. It is understood that the PP does not hire the workers, but the landowners do. However, it is unclear if the project's working conditions comply with all legal requirements as there is no mention of checking workers documentation (i.e., contracts) during the audit. 2. It is unclear whether the PP communicated all relevant laws and regulations covering workers' rights in the host country, as this is not explicitly indicated in the PD&MR or in the VVR.	Round 1 <u>VVB Response</u> 1. The section 3.3.1.2 of the VVR has updated to detailed out how the project is complied with the laws regarding the working conditions. 2. The PP has updated the Section 2.1.2 of the PDMR to incorporate all relevant laws and regulation covering worker's right which had explained during the local stakeholder consultation. 3. The VVB has reviewed the worker right policy, salary voucher, worker time log sheet and during the onsite audit the audit team interviewed the worker to ensured that the worker was informed about the laws and regulations during the stakeholder meetings. The audit team has also cross checked the meetings minutes to confirm the same.	Closed
	<u>Action Required</u> 1. The VVB must include additional details in the VVR to demonstrate how the project is complying with the laws regarding the working conditions. 2. The VVB must ensure the PP includes additional details in Section 2.1.2 to explain how all relevant laws and regulation covering worker's right were explained during the local stakeholder consultation. 3. The VVB must include additional details in the VVR, demonstrating its independent assessment in this regard.	<u>Verra Response</u> The issues have been addressed. The finding is closed, and no further action is required.	

	<u>Program Rule(s)</u> VCS Standard v4.7 Section 3.1.4 <u>Background</u> It is acknowledged that the landowners are offering accommodation and food, and the PP offers trainings and personal protective equipment PPE. However, these elements are not <i>per se</i> demonstration of working conditions law compliance.		
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8	Lack of clarity in the SDG's project contributions		
	<u>Issue</u> 1. In Table 3 of the PD&MR, the specific project contributions for the following are unclear: a) SDG Target 1.1: The number of jobs created during this monitoring period (MP), as the PD&MR indicates a range of 100-300, without providing a precise figure. b) SDG Target 2.1: The measurable result for the current MP is not specified. The PD&MR mentions a range of 100-300 jobs, and also refers to food in a qualitative manner, without providing a clear, quantifiable result. c) SDG Target 8.2: The current contribution mentions the monthly and daily wage of the workers for year 2023. However, the indicator is defined as an annual growth rate. Additionally, the current MP covers the years 2021 and 2022, but the data for those years is missing. d) SDG Target 15.2: The indicators for the mentioned contributions. e) SDG Target 15.8.1: The metric to be used for	<u>Round 1</u> <u>VVB Response</u> 1. The PP has updated the SDG table 5 in section 1.18.2 of the PD&MR. The SDG 1.1, 2.1 and 8.2 are directly and indirectly linked with the SDG Target 8.5, so now the PP has taken the SDG target 8.5, indicator 8.5.2. 2. Audit team reviewed the section 1.18.2 of the PD&MR and updated the section 3.1 of the VVR. <u>Verra Response</u> The issues have been addressed. The finding is closed, and no further action is required.	Closed

	this contribution. - It is unclear how the VVB determined that the SDG indicators 1.1.1, 2.1.2, 8.2.1, 15.2.1 in Table 3 of the PD&MR are attributable to the implementation of the project activity. <u>Action Required</u> - The VVB must ensure the PP addresses the issues mentioned above, adjusts the indicators to specific quantifiable variables, and ensures full coverage of the MP. - The VVB must review these updates and adjust the VVR accordingly, ensuring it includes the evidence assessed to confirm that the contributions are correctly attributed to the project. <u>Program Rule(s)</u> VCS Standard v4.7, Section 3.17.1		
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9	Inconsistencies in the stakeholder identification		
	<u>Issue</u> There is inconsistency in the stakeholder identification and classification between the PD&MR and the VVR (see background). <u>Action Required</u> - The VVB must ensure that the identified project stakeholders are accurate and consistently described throughout the project documentation. - The VVB must update the VVR as required. <u>Program Rule(s)</u> VCS Standard v4.7, Section 2.2.1 Principle of Consistency	Round 1 <u>VVB Response</u> - Adhering to the guidelines of VCS Standard v4.7, Section 2.2.1 (Principle of Consistency) all inconsistencies related to the stakeholders had been removed from both PD&MR and VVR. Keeping in view the background, the following identified stakeholder groups had been made consistent in the project documentation (PD&MR and VVR): - Local Community Members - Member of village- level local council. - Village heads - Accordingly, section 3.3.1.1 of the VVR updated.	Closed

	<u>Background</u> PD&MR - Associated primary stakeholder group: Local community members surrounding to the plantation sites. - Secondary stakeholders: Local community members, member of village-level local council and village heads VVR: - Primary stakeholders: Communities residing near the project area, women, local youth. - Secondary stakeholders: Sub- County/town council, Area councillor officials, Ministry of water and agriculture, Village heads/Local Chiefs, Government of Uganda	<u>Verra Response</u> The issue has been addressed. The finding is closed, and no further action is required.	

10	Inaccurate elements in the additionality analysis		
	<u>Issue</u> 1. Section 3.5.2 of the PD&MR, Step 0, does not address whether carbon finance was considered in the decision to proceed with the project activity. Additionally, the VVB has not discussed the evidence assessed to confirm this in the VVR. 2. It is unclear how the lease agreement, used to eliminate land use scenarios 3, constitute mandatory legal and regulatory requirements of legally binding status. 3. The barriers indicated in Section 3.5.2 of the PD are specific to the PP and the landowners, but Section 13 of AR-TOOL02, v1 requires that	<u>Round 1</u> <u>VVB Response</u> 1. The audit team reviewed the evidence and confirmed that the project includes evidence in Section 3.5.2 of the PD&MR to demonstrate that carbon finance was considered in the decision to proceed with the project activity. 2. The scenario 3 is eliminated by virtue of the terms of the lease agreement between the NFA (licensor) and landowner/lessee (licensee) which mandates the use of land by the licensee under one of the conditions that the licensee will not use the land for purposes other than the ones stated in clause 2 and schedule A of the agreement. Some of these conditions are briefly mentioned below:	Closed

	barriers not be specific to the project participants. 4. It is unclear how the plantations adjacent to the project area were established, given the barriers discussed in section 3.5.2 of the PD&MR (see background). <u>Action Required</u> 1. The VVB must ensure the project includes evidence in Section 3.5.2 of the PD&MR to demonstrate that carbon finance was considered in the decision to proceed with the project activity. 2. The VVB must explain how they determined that the lease agreement, used to eliminate scenario 3, meets mandatory legal and regulatory requirements of legally binding status or incorporates scenario 3 in the subsequent steps of the additionality analysis. 3. The VVB must specify in Section 3.4.5 of the VVR the evidence they assessed to confirm the consideration of carbon finance. 4. The VVB must ensure the PP adjust the barriers analysis to describe how the barriers apply to the intended project activity, ensuring that the barriers are not specific to the project participants. 5. The VVB must ensure the project justifies how the plantations adjacent to the project area were established, given the barriers discussed in Section 3.5.2 of the PD&MR. <u>Program Rule(s)</u> AR-TOOL02, v1, Steps 0-3 <u>Background</u>	“Growing of agriculture crops amongst trees is prohibited”. Keeping in mind the above conditions, the lease agreement i.e. a legally binding agreement between both parties is eliminating scenario 3 i.e. Sustainable agriculture practices including horticulture plantation or Agroforestry. Since, the lease agreement mandates that only commercial forest plantation be established and managed by the licensee/lessee, scenario 3 is eliminated by virtue of its mandatory legal requirement which if not followed will result in cancellation of the license. 3. The audit team revised the section 3.4.5 of the VVR includes the evidence assessed to confirm the consideration of carbon finance. 4. The audit team confirm that the PP adjust the barriers analysis to describe how the barriers apply to the intended project activity, ensuring that the barriers are not specific to the project participants in the section 3.5.2 of PD-MR. 5. The audit team confirms that the project justifies the plantations adjacent to the project area were established, given the barriers discussed in Section 3.5.2 of the PD&MR. <u>Verra Response</u> An explanation has been provided. However, this finding cannot be closed. <u>Issue:</u> 1. The evidence assessed by the VVB to confirm that carbon finance was considered in the decision to proceed with the project activity remains unclear. 2. It remains unclear whether the establishment of tree plantations on land leased from the NFA (which constitutes over 79% of the project area) is not mandated by law, and whether reforestation or commercial forestry is not a common practice on such lands.	
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Image from Google Earth Pro around coordinates "NO°58'12.50" & E32°24'48.32" show plantations adjacent to the project area.		3. It is unclear how the VVB confirmed that there are no barriers to land use scenario 1, i.e., croplands on land leased from the NFA (79% of the project area), given that Section 3.5.2 of the PD/MR indicates that cultivation on such land is prohibited.	
		<u>Action required</u> 1. The VVB must describe the details of the evidence assessed to confirm that carbon finance was considered in the decision to proceed with the project activity. 2. The VVB must clarify whether the establishment of tree plantations on land leased from the NFA (comprising over 79% of the project area) is not mandated by law. 3. The VVB must clarify whether reforestation or commercial forestry by small and medium-scale landowners is not a common practice on these lands. 4. The VVB must discuss how they confirmed that there are no barriers to land use scenario 1, i.e., croplands on land leased from the NFA (79% of the project area), given that Section 3.5.2 of the PD/MR indicates that cultivation on such land is prohibited.	
		Round 2 <u>VVB Response</u> 1. This is to clarify that carbon finance was considered in the decision to proceed is based on the official meeting minutes. This meeting was organised to discuss the financial viability of the project and the requirement of carbon finance to overcome huge funding gaps. The minutes explicitly state the project's dependency on carbon credit revenue to cover substantial plantation establishment and maintenance costs. The decision to proceed with the project activity was formally contingent upon securing the additional financing via carbon finance. Thus, it is confirmed that carbon finance was	

		considered in the decision to proceed with the project activity. Accordingly, the section 3.4.5 of VVR and section 3.5.2 of the PDMR has updated. 2. To address the legal mandate, it is to clarify that while the establishment of tree plantations is an encouraged activity under the terms and conditions of the lease agreement with the NFA, it is not mandated by any national law or country-wide regulation that compels all lessees to plant trees. The National Forestry and Tree Planting Act of 2003 encourages such activities but does not make them a compulsory legal requirement for all land lease scenarios. Moreover, it is to be noted that, the lease agreement itself creates a contractual obligation, but there is no legal law forcing this practice. Accordingly, the section 3.4.5 of VVR and section 3.5.2 of the PDMR has updated. 3. In accordance with Step 4 of the CDM AR Tool 02 (v1.0), the audit team assessed the extent to which activities similar to the proposed project have been implemented in Uganda, with respect to their scale, funding source, and geographical area. • Scale: The project involves both small-scale (<50 ha) and medium-scale (51–100 ha) landholders, covering a total project area of 2,891.9 ha (87%) under leasehold ownerships. The remaining 432.12 ha (13%) falls under Private Mailo and freehold land ownership. The audit team cross-checked the ownership details against lease agreements provided by the National Forestry Authority (NFA) and land titles from private stakeholders. Records confirmed the scale distribution as presented in the PDD. • Funding: The plantation establishment has been financed directly by the participating landowners without reliance on upfront carbon revenues. The audit team reviewed financial disclosures from project participants, including signed meeting minutes, landowner investment receipts, and stakeholder consultation records. These confirmed that prior to project registration, no concessional loans or external carbon finance were accessed.	
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		Geographical area: Uganda, specifically including leased lands under small and medium-scale holders, as well as Mailo and freehold owners. The audit team validated the project's geographic delineation through KML, NFA lease agreements, and field inspections at sampled sites. A quantitative review was carried out in line with paragraph 32 of the AR Tool, assessing comparable reforestation or commercial forestry activities implemented or initiated since 31 December 1989, excluding other registered carbon projects. The review indicated that while Uganda's plantation forestry expanded to approximately 84,000 ha by 2019, this growth was predominantly driven by large-scale private organizations and not by small or medium landholders. Records from the National Forestry Authority (NFA) confirm that although a plantation strategy was adopted in 2005 (targeting 200,000 ha by both NFA and the private sector), actual outcomes remained modest. Large-scale companies such as New Forest Company (7,320 ha), Green Resources Ltd (5,791 ha), and Global Woods (2,600 ha) account for the majority of plantations established, whereas diffusion of similar plantation activities by small and medium-scale landholders is either absent in official records or characterized by frequent failures, non-compliance, and revocation of lease licenses due to financial and resource barriers. Based on this assessment, the audit team concludes that plantation establishment and long-term maintenance by small- and medium-scale landholders in Uganda has not been common practice. The project activity is therefore not considered to be a prevailing practice within the defined region and scale, and its additionality is upheld. The Project identified that the project activity represents a first-of-its-kind initiative in Uganda, where small and medium-scale landholders (<50 ha and 51–100 ha, respectively) have jointly implemented long-rotation reforestation activities on NFA-leased lands. The initiative is principally dependent on carbon revenue for long-term sustenance, with landowners themselves contributing the initial working capital without debt funding or large-scale investor	
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		involvement. To substantiate this claim, the audit team cross-verified the information by reviewing: • Historical Programs and Schemes – Records of the Sawlog Production Grant Scheme (SPGS Phases I–III) were assessed. The audit team confirmed that earlier smallholder-led plantations were established only with direct support under SPGS, whereas landowners participating in this project (planting initiated from 2021 onwards) were ineligible due to the declared program end date in 2020. • COVID-19 Restrictions – Publicly available government orders and international publications were reviewed to confirm that severe restrictions between March–July 2020, including nationwide lockdowns, business closures, and associated loss of incomes, created financial and operational barriers that further limited plantation activity during the SPGS III timeline. • Market Conditions – Sectoral reports and government notifications on timber export bans and resulting price volatility were examined. The audit team verified that these conditions discouraged private investors and rendered smallholder-led plantations financially unviable without carbon revenue support. • Comparability Check – The audit team examined National Forestry Authority (NFA) plantation data and sector studies, which confirmed that reforestation or commercial forestry by small/medium-scale landholders on leased lands has not been widely practiced. Past attempts outside carbon finance were either discontinued or failed due to high establishment and maintenance costs, long rotation periods, and lack of consistent funding mechanisms. The evidence confirms that: • Large-scale plantations have diffused in Uganda since the 1990s, but these are supported by significant capital	
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		investments from major organizations. • Attempts by small and medium-scale landholders have been rare, unsustained, and heavily dependent on external grant schemes. • Without carbon finance, such initiatives have consistently failed due to high establishment and maintenance costs, long rotation periods, and lack of interim financial returns. • The present project is therefore distinguished as the first coordinated effort of small and medium-scale landholders collectively investing their own capital, relying on carbon revenue as the principal enabling factor for long-term viability. Based on this independent review, the audit team concludes that the project activity is not a common practice within the defined geographic and sectoral context. The analysis demonstrates that similar activities, when implemented, relied heavily on grant schemes and did not sustain beyond their support periods. In contrast, the present project's reliance on carbon finance as the principal enabling factor confirms its additionality and alignment with the requirements of the applied methodology and the VCS Standard v4.7. Accordingly, the section 3.4.5 of VVR and section 3.5.2 of the PDMR has updated. 4. This is to clarify that there are no croplands on the NFA leased lands (updated correction: 87% not 79% in-line with finding 5 issue 1) as such an activity is prohibited or not encouraged on these lands (as per the terms and conditions of the agreements with lessee). Keeping note of the finding it acknowledges that the alternative scenario 1 i.e. "Continuation of the pre-project land use contained use of the term 'croplands' it is not meant to imply that the presence of croplands is on NFA leased lands instead, these are referred to as 13% project area which was under croplands (under private Mailo & freehold ownership types) in the pre-project scenario. The PDMR has been updated to clearly specify the pre-project land use scenario.	
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		Both PDMR (section 3.5.2) and the VVR section 3.4.5 have been updated.	
		<u>Verra Response</u> The issues have been addressed. The finding is closed, and no further action is required.	

11	Missing LTA calculations		
	<u>Issue</u> The spreadsheet VCS_4888_Expost does not include the Long-term Average (LTA) calculation <u>Action Required</u> The VVB must ensure the PP includes the LTA calculation in the ex-ante and ex-post calculations. <u>Program Rule(s)</u> VCS Standard v4.7 Section 3.2.28 to 3.2.30	<u>Round 1</u> <u>VVB Response</u> The spreadsheet VCS_4888_Expost has been updated and now includes Long-term Average (LTA) calculation. The calculation included in both ex-ante and ex-post spreadsheets are prepared adhering to the guidelines of section 3.3.28 to 3.2.30 of the VCS Standard. <u>Verra Response</u> Although clarification and additional calculations have been provided, this finding cannot be closed: <u>Issue</u> 1. The time period over which the LTA is calculated does not align with the provisions in Section 3.2.30 (1) (a) of the VCS Standard, v4.7 2. The LTA value presented in the table in Section 7.5 of the PD-MR does not match with the LTA value in the ex-ante spreadsheet. <u>Action Required</u> 1. The VVB must ensure the time period over which the LTA is calculated follows Section 3.2.30 (1) (a) of the VCS Standard, v4.7, reflecting the crediting period and the last harvest or cut in the cycle, rather than the project longevity.	Closed

		2. The VVB must ensure the LTA value indicated in Section 7.5 of the PD-MR matches the value in the ex-ante spreadsheet. <u>Program Rule(s)</u> VCS Standard v4.7 Section 3.2.30 Round 2 <u>VVB Response</u> (Pending) 1. The project LTA calculations have been updated and now aligns with the provisions in section 3..2.30(1) of the VCS standard v4.7 to include the last harvest in the cycle considering 20-yr crediting period. The Eucalyptus hybrid has the harvesting cycle of 10 years and Pinus caribaea of 20 years. Accordingly, the LTA has updated. 2. The section 7.5 of the PD-MR has updated with the LTA value i.e 1,017,275 tCO2e. Accordingly the section 5.3 of the VVR has updated with the LTA value. <u>Verra Response</u> The issue has been addressed, the finding is closed, and no further action is required.	
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12	Zero baseline insufficiently justified		
	<u>Issue</u> 1. No evidence or analysis has been provided to demonstrate compliance with sections 5 (11) and (12) of the AR-Tool 14, v4.2 regarding the justification for zero baseline emissions. Moreover, section 5.1 of the PD&MR indicates that the project will only refrain from clearing trees with a DBH> 10 cm during site preparation, suggesting that the biomass of juvenile trees (DBH < 10 cm) and shrubs will be removed.	Round 1 <u>VVB Response</u> 1. The audit team reviewed the section 5.1 of PD-MR and confirmed that the PP justifies, with analysis and evidence, why the baseline biomass is zero. 2. The audit team observed that, in accordance with methodology conditions under section 5.3, the project proponent stratified the baseline project area based on land cover classes comprising only homogeneous land classes, as detailed in section 3.4. These land cover	Closed

	2. The project area polygons in the KML file comprise heterogeneous land covers before the project start date, which is not reflected in the project area stratification. <u>Action Required</u> 1. The VVB must ensure the PP justifies, with analysis and evidence, why the baseline biomass is zero. If not, the PP must include baseline deductions in the GHG ERR estimations according to the methodology and associated tools. 2. The VVB must ensure that the project area is stratified according to major vegetation types, crown cover, and/or land use types, as required by the methodology. The ERR calculations must reflect this stratification. 3. The VVB must assess these updates and adjust the VVR accordingly. <u>Program Rule(s)</u> AR Tool 14, v4.2, Section 5 (12), AR-ACM0003, v2.0, Paragraph 12. <u>Background</u> Image from Google Earth Pro, 5/17/2016 around coordinates "N0°46'19.46" & E31°46'58.83" show heterogeneous land covers before the project start date.	classes are Degraded Forest lands and Cropland. The audit team noted the baseline year 2020 land cover sub-classification, including the percentage distribution of land cover and the average tree cover per hectare on the total planted area in the first instance. The audit team clarified that Degraded Forest land (Open Land) and Degraded Forest land (Scrubland) are to be understood as degraded forest land, the principal land cover class, and not as separate land cover classes. 3. The audit team has updated the section 3.4.6 of VVR. <u>Verra Response</u> Although relevant information has been provided. This finding cannot be closed. <u>Issue</u> 1. The vegetation existing in the baseline (excluding native trees as previously indicated) had biomass that was removed. Only carbon stocks in shrubs may be accounted as zero if the demonstration is done following Paragraph 12 in the AR Tool 14. 2. Considering that cropland is included in the baseline. It is unclear how the VVB independently assessed the zero leakage due to agricultural activities displacement. <u>Action Required</u> 1. The VVB must ensure the PP follows the Paragraph 12 of the AR-Tool 14 to demonstrate that the biomass in the vegetation removed for land preparation may be accounted as zero. 2. The VVB must describe the evidence reviewed and independent assessment done to confirm the zero leakage due to agricultural activities displacement for the current monitoring period.	
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		3. The VVB must assess these changes and update the VVR accordingly. <u>Program Rule(s)</u> AR Tool 14, v 4.2, Section 5 (12) AR Tool 15, v2.0, Section 6 Round 2 VVB Response (Pending) 1. This is to clarify that the invasive shrubs for which the baseline carbon stocks were accounted as zero or insignificant followed the indicator (c) under paragraph 12 of the AR tool 14 v4.2, which states: "the presence of plant species locally known to be indicator of infertile land." The vegetation existing in the baseline (t=0) comprise two distinct types: a. Sparsely distributed native trees that were not cleared or removed during land preparation activities. They have been and will continue to be retained throughout the crediting period. b. Invasive shrubs that were cleared or removed for land preparation. The invasive shrub species identified in the project are viz., Lantana camara and Senna spectabilis (a species of genus 'Senna'). Degraded lands are infertile lands: It would like to emphasize that degraded lands often result from reduced soil fertility stemming from intensive management, poor soil conservation measures, and climate change². Moreover, Soil degradation is the process that lowers the current or future capacity of the soil to produce goods or services. The term implies	
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² Mosier S, Córdova SC and Robertson GP (2021) Restoring Soil Fertility on Degraded Lands to Meet Food, Fuel, and Climate Security Needs via Perennialization. Front. Sustain. Food Syst. 5:706142. doi: 10.3389/fsufs.2021.706142

		a long-term decline in soil productivity and its environment-moderating capacity (Blum, 1998)³. It is the soil degradation that lowers the soil fertility⁴ (or renders it infertile). Furthermore, the United Nations Convention to Combat Desertification (UNCCD)⁵ defines land degradation as reduction or loss, in arid, semi-arid and dry sub-humid areas, of the biological or economic productivity and complexity of rain-fed cropland, irrigated cropland or range, pasture, forest and woodlands resulting from land uses or from a process or combination of processes, including processes arising from human activities and habitation patterns such as: soil erosion caused by wind and/or water; deterioration of the physical, chemical and biological or economic properties of soil; and long-term loss of natural vegetation, noting a decline in soil fertility as a consequence. Similarly, the Food and Agriculture Organization (FAO)⁶ of the UN defines land degradation as a natural and human-induced process that negatively affects the land's natural functions related to water, energy, nutrient storage, and recycling, leading to a decline in land productivity. It links degradation to a “decline in the productive capacity of soil” and a “diminished capacity of the ecosystem to provide goods and services.” Therefore, when a land is degraded, it loses its ability to support plant growth and provide ecosystem services, rendering it functionally infertile for its natural or desired productive uses. Thus, it is implied that the identified degraded lands in the baseline (via. LULC assessment) are infertile lands. Invasive shrub, an indicator of degraded or infertile lands:	
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³ Blum, W.E.H. (1998). Basic concepts: degradation, resilience, and rehabilitation. In: Methods for Assessment of Soil Degradation, edited by Lal R, Blum WEH. Advances in Soil Science. CRC Press, Boca Raton, pp. 1-16

⁴ Asio, Victor & Asio, Luz. (2021). Properties, Fertility Status, and Sustainable Management of Degraded Tropical Soils..

⁵ [UNCCD, 1993](#)

⁶ Ziadat, Feras & Zdruli, Pandi & S., Christiansen & L., Caon & M., AbdelMonem & Fetsi, Theodora. (2021). An Overview of Land Degradation and Sustainable Land Management in the Near East and North Africa. Sustainable Agriculture Research. 11. 11-11. 10.5539/sar.v11n1p11.

		According to the FY 2021 report⁷ from the Office of the Auditor General, both invasive and exotic plant species in Uganda have been responsible for displacing the native species by competing for food, degrading habitats and introducing disease, as some are also poisonous to animals. The report also recognizes both <i>Lantana camara</i> and <i>Senna</i> species as invasive amongst other plant species⁸. Furthermore, invasive species are also responsible for reducing native plant biomass by competition^{9/10}, decreasing nutrient uptake of native plants¹¹ and altering nutrient cycling. Such impacts on soil nutrient balance potentially lead to the persistence of invasive species, while hampering the recovery of disturbed native communities¹². <i>Lantana camara</i> is invasive in large parts of Kenya, Tanzania and Uganda (Lyons and Miller 1999)¹³. It is very widespread in all three countries and occurs along roadsides, in degraded lands, in riparian zones (banks of watercourses), along fence lines and in pastures and parklands, in plantations, forest edges and gaps. It is probably the most widespread terrestrial invasive plant in Africa and its rapid spread is associated with human induced disturbance. Another shrub species i.e., <i>Senna spectabilis</i>¹⁴ is also considered to be invasive in parts Tanzania (Henderson	
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⁷ FY 2021 report

⁸ REPORT OF THE AUDITOR GENERAL TO PARLIAMENT FOR THE FINANCIAL YEAR ENDED 30TH JUNE 2021

⁹ Vilà, M., Espinar, J.L., Hejda, M., Hulme, P.E., Jarošík, V., Maron, J.L., Pergl, J., Schaffner, U., Sun, Y. and Pyšek, P. (2011), Ecological impacts of invasive alien plants: a meta-analysis of their effects on species, communities and ecosystems. *Ecology Letters*, 14: 702-708. <https://doi.org/10.1111/j.1461-0248.2011.01628.x>

¹⁰ Vilà, M. and Weiner, J. (2004), Are invasive plant species better competitors than native plant species? – evidence from pair-wise experiments. *Oikos*, 105: 229-238. <https://doi.org/10.1111/j.0030-1299.2004.12682.x>

¹¹ Weidenhamer, J.D., Callaway, R.M. Direct and Indirect Effects of Invasive Plants on Soil Chemistry and Ecosystem Function. *J Chem Ecol* 36, 59–69 (2010). <https://doi.org/10.1007/s10886-009-9735-0>

¹² Teixeira, L.H.; Yannelli, F.A.; Ganade, G.; Kollmann, J. Functional Diversity and Invasive Species Influence Soil Fertility in Experimental Grasslands. *Plants* 2020, 9, 53. <https://doi.org/10.3390/plants9010053>

¹³ Factsheet - *Lantana camara* (Lantana)

¹⁴ Factsheet - *Senna spectabilis* (Spectacular Cassia)

		2002) and Uganda (Mungatana and Ahimbisibwe 2010)¹⁵. Thus, it is implied that the invasive shrubs identified are known indicators of degraded or infertile lands in Uganda (project area). It has been ensured that the PP has followed the Paragraph 12 of the AR-Tool 14 to demonstrate that the biomass in the vegetation removed for land preparation may be accounted as zero. Accordingly, the section 3.4.6 of the VVR and section 5.1 of the PDMR updated. 2. The baseline scenario or the pre-project scenario identified in the project is the lands (Under National Forest Authority) lying in a degraded in the form of degraded scrublands (i.e. 87%) and croplands (i.e. 13%). These (87%) lands had been procured by the project participants (i.e. landowners) by means of a lease agreement (legally binding) with the Uganda land commission or National Forest Authority (NFA) encouraging that only the land use practices restricted to the establishment and management of commercial tree plantations are to be carried out on these lands with prohibition on planting of agriculture crops with trees (i.e. taungya) (i.e. an agriculture practice) by virtue of its terms and conditions. Keeping note of the above, it is only appropriate to conclude that agricultural activities are prohibited to be carried out on these (87%) lands. The same is also observed by the Project Proponent (PP) during the baseline survey and had been verified by the VVB via ground truthing of selected land parcels during on-site visits which were found in a degraded state with only a few scattered baseline trees. According to the paragraph 9, Note 1 of the AR-TOOL 15 v2.0:	
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¹⁵ Mungatana, E. and Ahimbisibwe, P.B. (2010). Quantitative impacts of invasive *Senna spectabilis* on distribution of welfare: a household survey of dependent communities in Budongo forest reserve, Uganda. Poster presented at the Joint 3rd African Association of Agricultural Economists (AAAE) and 48th Agricultural Economists Association of South Africa (AEASA) Conference, Cape Town, South Africa, September 19-23, 2010.

		“Displacement of an agricultural activity by itself does not result in leakage emission rather, such emission occurs when the displacement leads to an increase in GHG emissions relative to the GHG emissions attributable to the activity as it exists within the project boundary” Since, the project activity is restricted to only planting of trees on the NFA lands, a national forest body which advocates only plantation activities and opposes agricultural practices such as ‘taungya’ (evident in the lease agreement), none of the 87% project had been found under the pre-project agricultural activities. This is further corroborated by the results of Land Use and Land Cover (LULC) analysis conducted between 2011 and 2020, showing insignificant area under agriculture activities. The same was verified by the VVB during site visits. Thus, in absence of pre-project agriculture activities, no such activities are being displaced by the project activity. Hence leakage has been accounted as zero for 87% of the project lands under leasehold. The project has determined that no leakage emissions from the displacement of agricultural activities are expected, for the 13% of the project area (432.12 ha) that was previously utilized as cropland for crops such as groundnuts, sorghum, beans, millets, and sweet potatoes¹. The transition from agriculture to ARR activities on these land parcels is not an isolated decision but one made with due consideration of persistent challenges faced by these landowners. The introduction of carbon finance offers a more viable and economically feasible alternative to traditional agriculture, which has been undermined by the following factors: i. Low Profitability and Market Challenges: Landowners consistently face challenges including low and volatile market prices, poor infrastructure for getting goods to market, and high post-harvest losses. This leads to low and unpredictable revenue, making traditional agriculture an unreliable source of income¹.	
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		ii. Declining Land Productivity: Widespread land degradation and soil erosion are significant problems in Uganda, leading to declining soil fertility and lower crop yields¹. iii. Climate Vulnerability: Ugandan agriculture is predominantly rain-fed and, therefore, highly vulnerable to the impacts of climate change, including erratic rainfall, prolonged droughts, and increased temperatures. These climatic stressors make crop failure more frequent and farming a riskier enterprise¹. The project design ensures that this land-use change does not result in the displacement of agriculture activity. Since, landowners have not converted 100% of their holdings to the ARR project activity. Instead, each participating landowner has intentionally retained a portion of their land for subsistence agriculture to meet their household food needs hence the need for them to practice agriculture elsewhere for meeting their food needs is out of the question. The same was confirmed via; 1. The baseline survey and household questionnaires. 2. Local Stakeholder Consultation (LSC) meetings. 3. Analysis of satellite imagery (refer to the PDMR section 5.3) In accordance with the AR-TOOL 15, Section 6, Paragraph 9, the leakage is estimated as the decrease in carbon stocks on land receiving a displaced activity. As no agricultural activities have been displaced, no such external land conversion is occurring, and thus no associated decrease in carbon stocks is anticipated. Moreover, note 1 of the tool clarifies that displacement itself does not cause leakage; leakage occurs if the displacement leads to an increase in GHG emissions. Since landowners are meeting their food needs on-site on their retained land, no emission-generating activity (like clearing a forest for a new farm) is taking place elsewhere as a result of the project.	
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		While leakage is not anticipated, the project has leakage monitoring system as a safeguard. It comprises: a. Regular Patrols: Project staff and community patrols will monitor areas adjacent to the project boundary for any signs of new land clearing or agricultural expansion. b. Satellite Imagery Analysis: Annual review of satellite imagery will be conducted to detect any unplanned deforestation or land-use change w.r.t the probable leakage areas surrounding the project area. c. Community Feedback: Ongoing engagement with local communities will be done on regular basis to receive reports of any unauthorized activities. d. Forest Fire Monitoring: Systems are in place to monitor and suppress forest fires, which can be a precursor to illegal land conversion. In the unlikely event that leakage attributable to the displacement of agriculture is detected in the future, the project is committed to quantifying the associated emissions. As such, any leakage emissions attributable to the displacement of agricultural activities are considered insignificant and hence accounted as zero. Accordingly, the section 3.4.6 of the VVR and section 5.3 of the PDMR updated. 3. All the changes has updated in the respective sections of the PDMR and VVR. <u>Verra Response</u> The issue has been addressed. The finding is closed, and no further action is required.	
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13	Allometric equations insufficiently justified		
	<u>Issue</u>	Round 1	Closed
	1. The allometric equation for the <i>Pinus taeda</i> has been	<u>VVB Response</u>	

	applied in the GHG calculations, whereas the project is planting <i>Pinus caribaea</i>. 2. It is unclear which species of Eucalyptus is being planted, making it unclear whether the selected equation for <i>Eucalyptus grandis</i> is appropriate. <u>Action Required</u> 1. The VVB must ensure the PP specifies the tree species planted in sections 1.12 and 6.2 of the PD&MR. 2. The VVB must review this update and provide additional analysis in the VVR to confirm that the selected equations comply with the methodology requirements for ex-ante and ex-post calculations. <u>Program Rule(s)</u> VCS Standard v4., Section 2.2.1 Principle of completeness AR Tool 14	1. The audit team reviewed the revised sections 1.12 and 6.2 of the PD&MR and confirms that PP specified the tree species planted. 2. The audit team confirmed the selected equations comply with methodology requirements. For <i>Pinus caribaea</i>, a general tropical dry region equation with a 1.2 expansion factor was used due to lack of a species-specific one, consistent with other VCS projects. For the <i>Eucalyptus</i> hybrid, the conservative equation of its parent species, <i>Eucalyptus grandis</i>, was applied, supported by slightly higher ex-post DBH values. The section 3.4.6 of VVR has been updated. <u>Verra Response</u> This finding cannot be closed. <u>Issue</u> 1. Although it is acknowledged that the project is taking a conservative approach by using the <i>E. grandis</i> allometric equation, this has not been reported or assessed as a methodological deviation. 2. It is not described how the VVB determined that there are no allometric equations for <i>Pinus Caribaea</i> in Uganda as stated in this finding response. <u>Action Required</u> 1. The VVB must ensure the PP reports the usage of the allometric equation of <i>E. grandis</i> as a methodological deviation. Further, the VVB must assess it and updated the VVR as appropriate. 2. The VVB must include additional details in the VVR to describe how independently assessed the availability of allometric equations for <i>Pinus caribaea</i> in Uganda. <u>Program Rule(s)</u> VCS Standard v4.7, Section 2.2.1 (Principle of completeness) AR Tool 17 v1.0, Paragraph 6 Round 2	
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		<u>VVB Response</u> (Pending) 1. It has confirmed that the species planted is Eucalyptus hybrid, a clonal variety developed from the parent species i.e. <i>Eucalyptus grandis</i>. Moreover, the issue of methodological deviation is acknowledged and the PP has reported the use of <i>Eucalyptus grandis</i> allometric equation for the Eucalyptus hybrid in the updated version of the PDMR (section 3.6) and the same has been assessed w.r.t conservative principle (or conservative approach). Moreover, the VVR section 3.4.7 has been updated accordingly. As per the reviewed literature¹⁶ the Clonal eucalypt wood (6–7 years old) remains a viable fuelwood option in Uganda. Despite having lower calorific value compared to parent species, the clones compensate with significantly faster growth (high volume increment) and relatively moderate cleavage resistance, making them easy to split. While the clonal woods' calorific values were consistently lower than those of their parent species, the combination of fast growth (yield) and moderate splitting resistance makes them practical for fuelwood—especially where rapid biomass production is critical. 2. The audit team conducted an independent assessment regarding the availability of allometric equations for <i>Pinus caribaea</i> in Uganda was carried out via. Systematic review which comprises the following: • Review of available National Forest Authority Uganda publications. • Consultation with local forestry expert	
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¹⁶ https://www.researchgate.net/publication/260909193_Density_Calorific_Value_and_Cleavage_Strength_of_Selected_Hybrid_Eucalypts_Grown_in_Uganda

		• Review of published literature specific to Uganda (specifically Nakasongola, Jinjha etc) • Review of similar VCS projects registered in Uganda Based on the above-mentioned assessment, the VVB concluded that a suitable and locally developed allometric equation for <i>Pinus caribaea</i> in the project area was not available. Furthermore, the allometric equation used for converting DBH (cm) values to biomass and further GHG calculations in case of <i>Pinus caribaea</i> is a general equation applicable to tropical dry regions (with rainfall 900-1500mm)¹⁷ same as the project area. This equation is employed in the project for GHG calculations in the absence of species specific allometric equation applicable to the project location. Accordingly, the section 3.4.8 of the VVR has updated. Moreover, the general equation is applied as a default equation for <i>Pinus</i> sp. (i.e. <i>Pinus caribaea</i>) with a biomass expansion factor (bole to tree biomass) of 1.2 as applied by “TIST Program in Uganda, VCS-CCB 011” [Project ID: 2497] – a registered VCS CCB project¹⁸ and “TIST Program in Kenya CCB-001”¹⁹. Furthermore, the default or general allometric equation²⁰ being used for <i>Pinus caribaea</i> is as follows: $Y = (0.2035 \times DBH^{2.3196}) \times 1.2$	
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¹⁷ Sourcebook for land use, land-use change, and forestry projects by timothy Pearson, Sarah Walker and Sandra brown

¹⁸ TIST Program in Uganda, VCS-CCB 011

¹⁹ TIST Program in Kenya CCB-001

²⁰ Tim Pearson, Sandra Brown and David Shoch, in “Assessment of Methods and Background for Carbon Sequestration in the TIST Project in Tanzania,” Report to Clean Air Action Corporation, (December 2004)

		Where, Y= aboveground dry matter, kg (tree)-1 DBH = diameter at breast height, cm and 1.2 = expansion factor to go from bole biomass to tree biomass. <u>Verra Response</u> Although significant information has been provided, this finding cannot be closed. <u>Issue</u> It is unclear why the equation by Alder et al, developed from a large destructive sampling of Ugandan plantations was not considered. It is still unclear how the VVB determined that the equation used for ex-post estimation of carbon stocks in <i>Pinus caribaea</i> complies with AR-TOOL17, v1, Paragraph 6. <u>Action Required</u> The VVB must revise the VR to explain how they determined that the equation used for ex-post estimation of carbon stocks in <i>Pinus caribaea</i> complies with AR-TOOL17, v1, Paragraph 6. <u>Program Rule</u> AR-TOOL17, v1, Paragraph 6 Round 3 <u>VVB Response (Pending)</u> 1. The audit team would like to emphasize that the study by Alder et al, “Yields of Eucalyptus and Caribbean Pine in Uganda” was carried out for developing yield models for two major plantation species in Uganda, i.e. <i>Pinus caribaea</i> and <i>Eucalyptus grandis</i>, and providing recommendations for future growth and yield monitoring plots in plantations; The study (paper) however, does not contain equations for assessing biomass of the concerned tree species.	
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		Moreover, audit team acknowledges that the cited study (paper), has used data (from the 1989-93 plantation inventory) for developing the yield functions for Pinus caribaea which comprised: - Tree volume measurements from destructive sampling for Pinus caribaea for 594 trees. - Temporary sample plot measurements for 2859 plots, including 868 plots in Pinus caribaea stands. Unfortunately, neither the aforementioned datasets nor the Pinus caribaea yield model excel workbook (meant for user inputs – page no. 26) found accessible at the URL(now inactive) provided in the study paper. The URL http://www.denisalder.com/uganda03 (Page no. 02) meant for downloading the Pinus caribaea and Eucalyptus grandis yield models, data summaries, report, and some related presentations is not active or accessible. The audit team would like to emphasize the following to justify the rationale: - The audit team reviewed the study hyperlinked by the reviewer, that contains inactive URLs, which were meant for accessing the datasets used for developing the growth and yield models of Pine and Eucalyptus, automated excel spreadsheets or yield models. - The audit team would also like to clarify that the PP had initially checked these URLs at the time of project development, and found in-active/deleted/disabled by the author/owner at that time. The audit team further	
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		cross checked these URLs and found that these were not working or disabled at the time of validation. 3. To clear any doubts regarding the accessibility, PP has also explored the official website of Denis Alder (principal author in the quoted/hyperlinked study) at http://www.denisalder.com/menu.php?pg=pubs and found that the latest and most relevant publication/study (http://www.denisalder.com/pdf/an1146.pdf) by the author also contains in-active or deleted URLs. For example, the link for accessing the pine model i.e. Uganda GW Pine Model 2017 (v1.2).xlsm has been deleted by the author. To validate the given reference the audit team also tried to access the URLs and found not accessible. Thus, it is appropriate to conclude that the URLs have been either deleted or disabled by the owner/author of the publication since the project started validation. Also, since, these URLs are not available on the author's website (amongst listed studies/reports relevant to Uganda or the project area);therefore, the equation from Alder et al. was not considered. Alder et al. (Yields of Eucalyptus and Caribbean Pine in Uganda), the cited study was conducted to develop growth and yield models and does not provide biomass equations for Pinus caribaea or Eucalyptus grandis. Although it refers to destructive sampling data (594 trees) and temporary plots (2,859 plots, including 868 for Pinus caribaea), the associated datasets and yield model workbooks (URL: http://www.denisalder.com/uganda03) had always been	
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		inactive since project started validation. Therefore, the equation from Alder et al. was not considered. 2. The audit team would like to also clarify that the tropical general (Biomass) equation used for ex-post (& ex-ante) estimation of carbon stocks in <i>Pinus caribaea</i> is in accordance with the guidelines of AR-TOOL 17, v1, Paragraph 6 and applicable to Uganda or project area being a tropical climate country²¹. In applying the aforementioned tool to the project, Section II, Appropriateness of Allometric Equations, was used to determine the appropriateness of the equation. As per section II, paragraph 5 “For ex ante estimation of aboveground tree biomass in project scenario any allometric equation can be used” Whereas, the paragraph 6 identifies that “For ex-post estimation an equation is considered eligible for estimation if it meets one of the following criteria. <i>(a) The equation is used in the national forest inventory, or the national GHG inventory, of the host Party;</i> <i>(b) The equation has been used in commercial forestry sector of the host Party for ten years or more;</i> <i>(c) The equation was derived from a data set of at least 30 sample trees, and the value of coefficient of determination (R²) obtained was not less than 0.85.</i>	
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²¹ [Uganda climate](#)

		The tropical general (biomass) equation used for the ex-post calculation of Pinus caribaea under the project is sourced from page #43 of the “Sourcebook for Land Use, Land Use Change, and Forestry Projects (Timothy Pearson, Sarah Walker, and Sandra Brown, Winrock 2005)”²². Thus, the equation satisfies criteria (c) (above), as it was developed from a dataset of more than 500 trees with a value of coefficient of determination (R²) as 0.97. Furthermore, the dataset²³ collated by Sandra Brown (Winrock International) which was used for development of this tropical equation has been independently reviewed for its appropriateness w.r.t the AR-TOOL 17 v1, Paragraph 6. On compliance with AR-TOOL 17, v1, Paragraph 6: The project applied the tropical general biomass equation from Timothy Pearson, Sarah Walker, and Sandra Brown, Winrock 2005 et al., (Winrock Sourcebook, p.43) for Pinus caribaea. This equation meets Paragraph 6(c) of AR-TOOL 17, v1, as it was developed from a dataset of over 500 trees with an R² of 0.97. The dataset compiled by Winrock International (furnished by PP) has been independently reviewed and found appropriate for use under the applied tool. Accordingly, the section 3.4.6 of the VR has been updated. <u>Verra Response</u> The issue has been addressed. The finding is closed, and no further action is required.	
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²² [Sourcebook for land use, land-use change, and forestry projects by timothy Pearson, Sarah Walker and Sandra brown](#)

²³ [Tropical General \(biomass\) Equation Dataset](#)

14	Lack of clarity in the financial viability score assessment		
	<u>Issue</u>	<u>Round 1</u>	Closed
	1. In the Non-Permanence Risk (NPR), it is unclear how the financial viability score is realistic, considering that the NPV spreadsheet, (attached as supporting document) contains carbon credit revenue for years 2021 to 2024, despite the project not yet being registered or issuing carbon credits. 2. It is unclear what specific evidence the VVB cross-checked to confirm that the project has secured at least 80% of the total cash out before reaching breakeven point, as this is neither specified in the VVR nor referenced in the NPR.	<u>VVB Response</u>	
		1. The audit team reviewed the updated Non-Permanence Risk report along with the financial viability score. The Net present Value spreadsheet has been corrected to exclude the carbon credit revenue for years 2021 to 2024 keeping in view that the project is not registered yet. The cashflows are adjusted to reflect the project's realistic income projections. 2. A declaration by the PP is submitted of 5 years secured funding that demonstrates that project has secured at least 80% of the total cash out before reaching breakeven point. 3. The audit team has updated the section 3.5 of VVR.	
	<u>Action Required</u> 1. The VVB must ensure that the financial viability score is based on realistic income projections. The cashflows must be adjusted to reflect the project's reality. 2. The VVB must specify the evidence checked to confirm that the project has secured at least 80% of the total cash out before reaching breakeven point. 3. The VVB must update the VVR accordingly.	<u>Verra Response</u>	
	<u>Program Rule(s)</u> VCS Standard v4.7, Section 2.2.1 Principle of Accuracy	The issue has been addressed. The finding is closed, and no further action is required.	

15	Grievance mechanism insufficiently described		
	<u>Issue</u>		Closed
	In Section 2.1.4 of the PD&MR on the grievance redress procedure, it is unclear what happens to the grievances that remain unresolved when escalated to the program manager at the head office of OYU Green. Additionally, it is unclear whether this entity acts as a neutral third party.	<u>VVB Response</u>	
	<u>Action Required</u> 1. The VVB must ensure the PP adjusts Section 2.1.4 of	1. The audit team reviewed the section 2.1.4 of PD-MR outlining the key characteristics of the arbitration process and the village head who will be acting as a neutral third party in cases of unresolved grievances. 2. The audit team reviewed the revised section 2.1.4 of PD-MR and updated the section 3.3.1.4.VR.	

	the PD&MR to include the following details regarding the grievances redress procedure: - The neutral third party to which the unresolved grievances are referred. - The characteristics of the arbitration process to which grievances will be referred if no resolution is achieved at the managing level in the head office of OYU Green. 2. The VVB must review the update and adjust the VR accordingly. <u>Program Rule(s)</u> VCS Standard v4.7 Section 3.18.4 to 3.18.6	<u>Verra Response</u> The issue has been addressed. The finding is closed, and no further action is required.	
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16	Rare, threatened, and endangered species presence not evaluated		
	<u>Issue</u> The VVB has not indicated the evidence checked or provided an assessment conclusion regarding the presence of rare, threatened, and endangered species in or adjacent the project area. <u>Action Required</u> The VVB must complete the table in Section 3.3.4.1 of the VVR. <u>Program Rule(s)</u> VCS Standard v4.7, Section 3.19.26 VCS Standard v4.7, Section 4.1.20	Round 1 <u>VVB Response</u> The audit team reviewed baseline report and based on onsite visit observations, confirm that the project area does not contain rare or endangered species to prove; instead, the majority of the vegetation consists of degraded forest land dominated by invasive species. <u>Verra Response</u> This finding cannot be closed. <u>Issue</u> The table in Section 3.3.4.1 of the VVR should be completed in accordance with the template instructions. If the area does not contain rare on endangered species, this should be depicted in the VVR. <u>Action Required</u> Complete the table in section 3.3.4.1 in the VVR, following the	Closed

		template instructions. <u>Program Rule(s)</u> VCS Standard v4.7, Section 4.1.20 VCS Joint Validation & Verification Report Template, v4.3, Section 3.3.4.1 Round 2 VVB Response During validation and verification, a review of project documents and an onsite visit and interview with local stakeholders confirmed that no rare, threatened, or endangered species were present. Furthermore, the audit team also verified the planted species from the ICUN red list²⁴ and found that the species which has planted are not categorized as threatened species. Before the implementation of the project activity, the project area was primarily covered by sparse scrubland vegetation, which consisted mainly of invasive species. These species did not fall into the rare, endangered, or threatened categories, as they were classified as invasive and did not contribute to biodiversity conservation. The pre-project land use scenario in the Northern, Central and Western region of Uganda plantation sites consisted degraded lands (<i>i.e. open lands & scrublands</i>) and <i>Cropland</i> (mostly under illegal agriculture activities by encroachers) (hereinafter referred to as 'Degraded lands and croplands) <i>before the implementation of the project</i>. These areas featured sparse to dense shrubby vegetation, with a high presence of invasive shrub species. Accordingly, the section 3.3.4.1 of the VVR has updated. <u>Verra Response</u>	
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²⁴ <https://www.iucnredlist.org/>

		The issue has been addressed. The finding is closed, and no further action is required.	
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17	Unclear measurement equipment calibration process assessment		
	<u>Issue</u> Section 4.3 of the VVR does not explain how the VVB assessed the measurement equipment calibration frequency. <u>Action Required</u> The VVB must include details about the assessment of the appropriateness of implemented calibration frequency. <u>Program Rule(s)</u> VCS Joint Validation & Verification Report template v4.3 Section 4.3 VCS Standard v4., Section 4.1.20	Round 1 <u>VVB Response</u> The audit team observed that the project employs a measuring tape to determine tree girth at Breast Height (GBH). The audit team confirmed that this measuring tape, utilized to measure the circumference at breast height of all trees within the permanent sample plots, does not necessitate a calibration frequency value and will undergo frequent replacement. The audit team noted that the Diameter at Breast Height (DBH) is subsequently calculated by converting the measured CBH using the formula: $DBH = CBH / 3.14$.	Closed
		<u>Verra Response</u> The issue has been addressed. The finding is closed, and no further action is required.	

18	Overlap risk not assessed		
	<u>Issue</u> It is unclear how the VVB assessed the overlap risk of the project (see background), since this is not specifically indicated in the VVR. <u>Action Required</u> The VVB must include additional details in the VVR to demonstrate the assessment of the overlap risk. <u>Program Rule(s)</u>	Round 1 <u>VVB Response</u> The overlap risk has been assessed based on the overlap analysis keeping the background. Following are the results of the overlap analysis: Project ID 3774 – [Status: Registration requested (Boomitra) agriculture project in Kenya] and Project ID 2881 [Status: Under Validation (NFC) (Uganda)]: - No Overlap with Boomitra Project (Kenya) has been found. The project (VCS 4888) does not overlap with the Boomitra project in Kenya. Since, Boomitra project KML	Closed

	VCS Standard v4.7 Section 3.11.3 <u>Background</u> According to the VCS Registry, there appears to be potential overlap with projects 899, 2497, 2881 and 3774.	does not demarcate the land parcels of the project area, making it difficult to assess spatial boundaries for each parcel. Project ID 899 – [Status:Verification requested] TIST (Kenya) and Project ID 2497 - [Status Registered] TIST (Uganda): No Overlap has been found with TIST Projects (Kenya & Uganda) The project does not overlap with the TIST KE PD-VCS-006g project in Kenya, as it is in a different country. Also it does not overlap with the TIST UG PD-VCS-011d project in Uganda which is confirmed via QGIS topology checker which confirmed no overlap furthermore, manual verification was carried out which validated the results. <u>Verra Response</u> The issue has been addressed. The finding is closed, and no further action is required.	
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