

PROJECT REVIEW REPORT

Project ID	868
Project Name	REDD Project in Brazil Nut Concessions in Madre de Dios
Program(s)	VCS
Verification Period	01-January-2019 to 31-December-2019
Project Proponent	Bosques Amazónicos SAC – BAM
Methodology	REDD Methodology Modules (VM0007), version 1.1
Sectoral Scope(s)	14. Agriculture, Forestry, and Other Land Uses (AFOLU), project activities
Validation/Verification Body (VVB)	AENOR

Assessment Criteria	VCS Standard, v4.1
Date of First Issue	02 December 2021
Date of Second Issue	18 February 2022
Date of Final Issue	28 March 2022

Summary:

An accuracy review of the *REDD Project in Brazil Nut Concessions in Madre de Dios* verification request has been conducted by Verra in accordance with Section 4.3 of the *Registration and Issuance Process*.

The accuracy review has raised 20 assessment findings and 2 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 20 assessment findings must be addressed to the satisfaction of Verra.

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

1. ASSESSMENT FINDINGS

Finding 1

Section 1.1 of the *Monitoring Report Template v4.0* requires the project proponent to provide a summary description of the implementation status of the project.

Section 1.1 of the monitoring report provides a summary of the project; however, it does not provide an update of the implementation status of the project, including which activities were implemented during the monitoring period.

The project proponent is requested to include information of the implementation status of the project during this monitoring period.

VVB Response:

A summary of the project activities implemented during this period has been added in section 1.1. to the correspondent Monitoring Report. Specific references have been added to the concessionaire's meetings, training workshops and technical and legal assistance for concessionaires.

Verra Response:

The project proponent has included information on the project's implementation status during this monitoring period in Section 1.1 of the monitoring report. This finding is now closed, and no further response is required.

Finding 2

Section 1.2 of the *Monitoring Report Template v4.0* requires the project proponent to state whether the project is a grouped project.

Section 1.2 of the monitoring report states that the project is a grouped project.

The project proponent is requested to clarify if any new instances were included during this monitoring period.

VVB Response:

The required detail has been included by the project proponent in section 1.2. in the Monitoring Report: *"For this verification period, no additional areas have been incorporated to the project from the previous verification process. The concession partners of the project are: 405 concessions"*.

Verra Response:

The project proponent clarified in Section 1.2 of the monitoring report that no new instances were included during this monitoring period. This finding is now closed, and no further response is required.

Finding 3

Section 1.2 of the *Monitoring Report Template v4.0* requires the project proponent to state whether the project is a grouped project.

Section 1.2 of the monitoring report states that the project is a grouped project. In addition, section 1.1. says that the project area consists of 384 concessionaires: three fewer concessionaries than

the reported in 2017 and 15 more than the reported for the reporting year 2018.

The project proponent is requested to clarify the instances that are part of the project for the reported year and the reason behind the inclusion and exclusion of areas.

VVB Response:

As it has been detailed by the project proponent in the Monitoring Report, concessionaires who conducted legal logging activity within their concessions in the different periods were not accounted for climate contribution due to a methodological restriction. Even though this activity was performed according to the Concession contract with the Peruvian State, the net reductions occurring in these areas could not be accounted for in calculating climate contribution in each verification period. The reason is because, at the moment of performing the verification period, the Project had not yet achieved the FSC certification, required according to the VCS methodology for including these concessions in the evaluation. It is important to mention that this does not mean that the concessionaires/concessions were excluded from the project. All 405 concessionaires are equally part of the project and receive equal benefits from it. The concessionaires that presented legal extraction levels in one specific period were only excluded from the calculation of the contribution to the net reductions generated by the project during that specific verification period. AENOR considers this conservative approach for calculating emission reductions correct and has been performed and approved in past project verifications.

Verra Response:

The project proponent and the VVB have described the reasons for the exclusion of concessions for 2019 accountability. However, it is still unclear why the excluded concessions do not have the FSC certification yet, and how that fact could represent a risk for the permanence of the project. In addition, it is unclear why the number of concessions excluded in 2017, 2018 and 2019 is different. The project proponent is required to describe the reasons for the missing FSC certifications and the reasons why some concessions had FSC certification in 2017 but not in 2018 and 2019, and how it could impact the permanence of the project net benefits and how it will be improved for future verifications.

VVB Response:

It is important to clarify that no concession in any period during the development of the project has had FSC certification. All concessions are equal in this regard: they do not have FSC certification. The reason why the number of concessions that are not accounted for in the calculations of the net emissions reduction generated by the project varies by period is the following: only those concessions that have presented legal/selective/minimum levels of timber extraction in a corresponding year are only excluded for calculating environmental contribution (net emission reductions) in that same period. For example, if a concessionaire performed legal artisanal extraction -as allowed in their concession contract with the Peruvian state- in year “1”, it has to be excluded from the accounting of emission reductions in the period due to a VCS methodological restriction, even though net emission reductions have had occur in the area. If the same concessionaire did not carry out artisanal extraction in year “2”, then it can be counted in the contribution of emission reductions for the period generated by the project. In other words, concession holders do not cease to be part of the project, only the net emission reductions that occur in a concession where the concessionaire has made use of the permitted sustainable complementary activity (timber extraction) within limited volumes cannot be accounted for the project’s environmental contribution (emission reduction).

It is important to note that sustainable timber extraction is a complementary activity within the framework of the concession contract of the families involved in this project. Since these are Brazil nut forests, the main activity of the families in this case is the collection and commercialization of

the Brazil nut: a non-timber forest product (NTFP), that grows wild in this primary forest. However, within the concession contract for these forests, the families are allowed to carry out minimal selective and sustainable timber extraction as a complementary activity (which is duly regulated). In this sense, concessionaires do not regularly extract timber, they do it sporadically, following the requirements, controls and evaluations allowed by the national authorities.

Concessions have a size of 800 hectares as an average, too small for doing logging at an intensive scale (yearly). For this reason, the artisanal logging done in these concessions imply a seldom frequency of around a unique harvesting every 15 years. Hence, this approach does not imply any change on non-permanence risk valuation as the “exclusion” is only for VCU calculations and there isn’t any difference in the benefits that the non-accounted concessionaires receive from the project compared with the accounted concessionaires. For this reason, the level of protection and the behavior and land use pattern is similar and does not have a change that may vary the risk of non-permanence.

In order to account for the emission reductions occurring in these areas, the project proponent consulted on the feasibility of achieving FSC certification for this specific project. After a conversation with the FSC team, it was considered hard and even unviable to achieve this certification due to the difficulty to use this type of monitoring in such a large non-contiguous area (+320K ha) of smallholder concessions (in average have less than 800 ha. each). Therefore, a methodological addendum is being presented to VERRA for the consideration of other type of controls within the area (e.g. National Controls, Reporting and Monitoring according to the Peruvian Forest Laws) so that the project can account for emissions avoided in properly managed concessions in the next verification periods.

Verra Response:

The project proponent has described the reasons for the missing FSC certifications and the reasons why some concessions had FSC certification in 2017 but not in 2018 and 2019, and how it does not have an impact on the permanence of the project net benefits. This finding is now closed, and no further response is required.

Finding 4

Section 1.7 of the *Monitoring Report Template v4.0* requires the project proponent to indicate the project location of the project.

Section 1.7 of the monitoring report states that “the areas of these concessions cover 329,564,04 hectares.” However, Section 1.1 of the monitoring report states that “the accounted project area for current verification is 310,041.13 ha, consisting of 384 concessionaires.”

The project proponent is requested to clarify the correct number of hectares throughout the document, where applicable.

VWB Response:

The clarification has been addressed in the Monitoring Report. “As previously mentioned, only 384 of the 405 partners of the project were included for calculating climate contribution during this verification period (2019). The 384 concessions accountable represent an area of 310,041.53 hectares” Furthermore, a map detailing the concessions accounted for in the verification period and the concessions non-accounted for in the verification period has been added in the MR.

Verra Response:

The project proponent clarified that the difference of hectares corresponds to the exclusion of some concessions for the period 2019. This finding is now closed, and no further response is required.

Finding 5

Section 1.7 of the *Monitoring Report Template v4.0* requires the project proponent to indicate the project location of the project.

Section 1.7 of the monitoring report states that “the areas of these concessions cover 329,564,04 hectares.” However, Section 1.1 of the monitoring report states that “the accounted project area for current verification is 310,041.13 ha, consisting of 384 concessionaires.”

The project proponent is requested to submit a .KML file with the concessions included in this monitoring report.

VVB Response:

KLM file has been provided by the Project Proponent. Also, the project proponent has included information of the concessions excluded in section 1.7 the MR.

Verra Response:

The project proponent has provided a KML file with the concessions included in 2019. In addition, more information about the excluded concessions was provided. This finding is now closed, and no further response is required.

Finding 6

Section 1.11 of the *Monitoring Report Template v4.0* requires the project proponent to “describe how the project contributes to achieving any nationally stated sustainable development priorities, including any provisions for monitoring and reporting same.”

Section 1.11 of the monitoring report provides a summary of the sustainable development priorities; however, it does not include provisions for monitoring and reporting them.

The project proponent is requested to include information on any provisions for monitoring and reporting the sustainable development priorities.

VVB Response: The required information has been included in section 1.11 of the Monitoring Report: “The project monitors these achievements by a continuous registration process of all the activities developed by FEPROCAMD and other grassroots organizations. In addition, the project applies periodical surveys to monitor the progress of the community, specifically the progress of concessionaire families part of the project, in terms of the Sustainable Development goals, evaluating indicators such as: Gender equity; Income improvement; Capacity building (economic activities)”.

Verra Response:

The project proponent has provided information about the provisions for monitoring and reporting sustainable development priorities. This finding is now closed, and no further response is required.

Finding 7

Section 2.2 of the *Monitoring Report Template v4.0* requires the project proponent to document if any input was received during ongoing communications and to include details on any updates to the project design or justify why updates are not available.

Section 2.2 of the monitoring report provides a summary of local stakeholder consultation; however, it does not include if any input was received during this monitoring period.

The project proponent is requested to include if any input was received during this monitoring period, including any updates to the project design, if applicable.

The VVB is requested to clarify how this was verified without a site visit.

VVB Response:

Section 2.2. of the MR has been updated with information related to the inputs received by the stakeholders. Besides, section 4.2.2. of the verification report has been reinforced with the different remote interviews carried out by AENOR, the video testimonies and different documented evidence that support section 2.2 of the Monitoring Report.

Verra Response:

The project proponent has provided information about input received from local stakeholders during this monitoring period. The VVB has included more information about the verification of inputs without site visit. This finding is now closed, and no further response is required.

Finding 8

Section 2.2 of the *Monitoring Report Template v4.0* requires the project proponent to document any changes, where relevant, to risks, costs and benefits the project may bring to local stakeholders.

Section 2.2 of the monitoring report provides a summary of local stakeholder consultation; however, it does not include any update of relevant changes to risks, costs and benefits the project may bring to stakeholders or the implementation of the project considering the exclusion of concessions situation mentioned throughout the document.

The project proponent is requested to describe how the exclusion of concessions and the occurring logging process has or could affect stakeholders. Additionally, the project proponent is requested to clarify how changes to the costs and benefits (e.g., the construction of the plant) have been transmitted to the local stakeholders.

The VVB is requested to clarify how the information was verified without a site visit.

VVB Response:

Section 2.2 of the MR has been reinforced and it has been clarified that the concessionaries have not been excluded from the project activity, only for the calculations of the emission reductions. Section 4.2.2. of the verification report has been reinforced with the different remote interviews carried out by AENOR, the video testimonies and different documented evidence that support section 2.2 of the Monitoring Report.

The project proponent has provided detail on the impact for different activities in the project design that have been delayed. Furthermore, the Project Proponent has provided detail on how these issues are communicated to the community.

Verra Response:

The project proponent has clarified that the concessions are not excluded from the project but only for the 2019 accountability. However, it is still unclear how the VVB has verified the perception of the concessionaries of the concessions excluded from the accountability. The VVB is required to provide further details of how the remote site visit included a representative sample of stakeholders, including the concessionaires excluded from the 2019 accountability.

VVB Response:

Due to a methodological restriction, those concessions where selective, minimal and permitted timber extraction was carried out by concessionaire rural families in accordance with their legal concession contract granted by the Peruvian state, could not be accounted for in the climate contribution (net emissions reductions) generated by the project during the period under evaluation. It is important to mention that these concessions do not cease to be part of the project, they are just excluded from the accounting of climate contribution, even though they present net emissions reductions in their area during the period.

The concessionaires non-accounted in the emissions reduction occurred in this specific period (2019) for presenting legal/selective/artisanal levels of timber extraction permitted under their concession contracts with the Peruvian state, have not ceased to receive the same treatment and benefits from the project as the other project partners (accounted in the emissions reduction occurred). In that regard, the sample of testimonies and interviews requested by AENOR was made on the universe of concessionaires (total project partners) as there is no difference between the concessionaires excluded only for accounting emission reduction purposes with the other project partners. Furthermore, AENOR included other FEPROCAMD representatives and Project stakeholders in its evaluation for a complete view of FEPROCAMD's and concessionaires' perception of the project. Even though there is no difference between the partners as mentioned, the testimony of Mr. Juan Emilio Barriga Viza (concessionaire excluded from the accountability of emission reductions in the period), was taken in consideration. Additionally, AENOR verified that the project activities and delivery of economic benefits also occurred for the non-accounted partners by reviewing the pictures, list of attendance and bank transfers made by the project.

Verra Response:

The VVB provided further details of how the remote site visit included testimonies from concessionaires excluded from the 2019 accountability. This finding is now closed, and no further response is required.

Finding 9

Section 2.2 of the *Monitoring Report Template v4.0* requires the project proponent to indicate the results of project implementation, including the results of monitoring.

Section 2.3 of the monitoring report states that “The project is a partnership between 405 Brazil nut harvesters (with the option to add new instances as it is a grouped project), the Federation FEPROCAMD and Bosques Amazónicos (BAM).” However, Section 1.1 states “for current verification is 310,041.13 ha, consisting of 384 concessionaires.”

The project proponent is requested to clarify throughout the document the correct number of concessionaires or clarify if the number corresponds for the total number of concessions included at validation or the number of concessions for the specific monitoring period.

VB Response:

The Project Proponent has included more information in section 2.3 of the Monitoring Report and through all the document has been clarified the number of concessionaires.

Verra Response:

The number of concessionaires has been clarified in the monitoring report. This finding is now closed, and no further response is required.

Finding 10

Section 2.2 of the *Monitoring Report Template v4.0* requires the project proponent to indicate how the project has communicated the process of VCS Program verification and the validation/verification body's site visit.

Section 2.3 of the monitoring report provides information on specific AFOLU safeguards; however, it does not include how the project has communicated the process of VCS Program verification and the validation/verification body's site visit.

The project proponent is requested to provide information to demonstrate how the project proponent communicated the process of VCS Program remote verification.

VB Response:

The Project Proponent has provided detail in section 2.3 of the MR on how the new verification process was communicated with the stakeholders.

Verra Response:

The project proponent provided information that demonstrates that the verification process was communicated to local stakeholders. This finding is now closed, and no further response is required.

Finding 11

Section 3.1 of the *Monitoring Report Template v4.0* requires the project proponent to "describe the implementation status of the project activities."

Section 3.1 of the monitoring report summarizes how the activities that commenced prior to the monitoring period continue; however, there are no significant distinctions of the information presented in the prior monitoring report (2018) and the current monitoring report (2019). In addition, there are no details on the implementation of activities that include concessionaires doing logging within the project area, which seems to be one of the significant agents of degradation.

The project proponent is required to explicitly present and detail the activities implemented during 2017 to reduce deforestation and forest degradation in the project and leakage areas and state how these have contributed to reduce deforestation in the project area.

VB Response:

In section 3.1 Implementation Status of Project Activity, the Project Proponent has given detail regarding the activities that were implemented in the current verification period. Also, in section 1.1 of the MR has been reinforced with documented evidences.

Verra Response:

The project proponent included in the monitoring report the activities implemented in 2019. This finding is now closed, and no further response is required.

Finding 12

Section 3.1 of the *Monitoring Report Template v4.0* requires the project proponent to indicate “any information on events that may impact the GHG emission reductions or removals and monitoring.”

Section 1.1 of the monitoring report states “for current verification is 310,041.13 ha, consisting of 384 concessionaires.” Section 2.1 states “Within this period of evaluation (2019), 21 Brazil nut producers (5% of total partners of the project) presented harvesting levels in their concessions. As the Project has not yet achieved the required certification (FSC or other) for including these concessions/concessionaires in the evaluation, they have been removed temporarily from this verification period.”

The project proponent is required to indicate how the change in concessions impacts the GHG emission reductions or removals and monitoring.

VVB Response: The project proponent has provided the correspondent detail in section 1.1. of the MR and demonstrates how the "exclusion" (on net reduction calculations) of the 21 concessions which presented legal logging within their areas has followed a conservative approach.

AENOR considers that the approach taken is conservative. These concessions have not been excluded from the Project, only from the accounting of emission reductions in the period. Because of the restriction in the methodology, neither the reductions nor the emissions occurring within these areas are being accounted for calculating net emission reductions in the 2019 verification period. This conservative approach has been performed and approved in past project verifications.

Verra Response:

Section 1.1. of the monitoring report does not describe how the exclusion of the 21 concessions represents a conservative approach for reporting GHG emission reductions or removals. The project proponent is required to provide more details in the process followed to estimate GHG emission reductions or removals without the 21 concessions. The VVB is requested to verify the information to demonstrate that this is a more conservative approach.

VVB Response:

The project proponent has provided detail to demonstrate how the non-accountability of the 21 concessions is a conservative approach for reporting GHG emission reductions:

“Not considering concessions where legal/artisanal/selective logging was performed in the accounting of net emission reductions occurred within the period is a conservative approach due to the following:

considering only the non-accounted concessions for calculations (emission reductions) in 2019, and according to the baseline scenario, 180,207 tCO₂e would have been emitted due to land use change in the mentioned area. In the with-project-scenario, the actual deforestation in those 21 concessions was zero.

During this period, the deforestation in baseline within the excluded area (19,522.91 hectares) would have been 180,207 tCO₂ (ΔCBSL,unplanned), however, the actual reported deforestation in the area was zero (ΔCP = 0). Hence, as the real avoided emissions (CREDD,t) is the result of discounting the emissions in baseline minus the reported emissions from

deforestation and emissions from leakage (4,338 tCO₂e), for this period the **real avoided emissions** were: $180,207 - 0 - 4,338 = 175,869 \text{ tCO}_2\text{e}$.

Furthermore, to calculate **adjusted avoided emissions** uncertainty was assessed at 19.63% (Excel file: uncertainty analysis). According to methodology, real avoided emissions were discounted, multiplying its value by the result of $100\% - 19.63\% + 15\%$, resulting in **167,734 tCO₂e** (Adjusted CREDD,t),

For calculating the **buffer**, the difference between emissions from deforestation in the baseline scenario and emissions from real deforestation was first calculated ($180,207 - 0 = 180,207$) and then discounted by multiplying the value by the non-permanence risk (Document: non-permanence risk tool), resulting in $180,207 * 10\% = 18,201 \text{ tCO}_2\text{e}$.

According to methodology, the value of VCUs is the adjusted emissions reductions minus the buffer, hence the **number of VCUs** calculated for the period is: $167,734 - 18,021 = 149,713 \text{ tCO}_2\text{e}$.

To consider **degradation**, the total volume of timber extracted (in cubic meters) by the concessionaires temporarily excluded for the emission reduction calculations in this period (Excel file: BAM Castañeros excluidos por periodo), was multiplied by the factor 0.49 (carbon fraction, IPCC 2006) ($17,109 * 0.49 = 8,384$) to convert it to carbon, and finally multiplied by 44/12 to convert it to tCO₂e, resulting in: $8,384 * 44/12 = 30,740 \text{ tCO}_2\text{e}$.

Additionally, after subtracting the emissions from legal logging (harvested m³) during the period from the calculated VCUs for 2019, the value of **net emission reductions** was **118,973 tCO₂e** ($149,713 - 30,740 = 118,973 \text{ tCO}_2\text{e}$).

Due to the methodological restriction, these **118,973 tCO₂e** net emission reductions occurring in the aforementioned area have not been accounted for in the final calculations of the project. In other words, the **118,973 tCO₂e ER has not been generated in favor of the project despite having occurred as a result of the project's management, following the principle of conservatism required by the methodology.**

AENOR considers that a conservativeness principle of section 2.2, VCS standard, have been followed since assumptions, values and procedures to ensure that net GHG emission reductions removals are not overestimated.

Section 4.4 of the verification report and section 1.1. of the MR has been reinforced with all this explanation.

Verra Response:

The project proponent provided details of the process followed to estimate GHG emission reductions or removals without the 21 concessions. The VVB verified that the approach followed by the project is conservative. This finding is now closed, and no further response is required.

Finding 13

Section 3.2.2 of the *Monitoring Report Template v4.0* requires the project proponent to indicate any project description deviations applied during this monitoring period.

Section 3.2.2 of the monitoring report states: "During the previous monitoring period, the following project deviations were described:"; however, the previous monitoring period, 01 January 2018 to 31 December 2018, included the same statement with the same project deviations.

The project proponent is required to specify to what monitoring period is referring throughout the document, where applicable.

VB Response:

The Project Proponent has clarified the correct year in the monitoring period.

Verra Response:

The project proponent has provided clarification on Section 3.2.2 of the monitoring report. This finding is now closed, and no further response is required.

Finding 14

Section 6.2 of the *Module VM0015* of the *Methodology VM0007* requires that the project proponent indicate the area of recorded deforestation in the project area and leakage belt in stratum i converted to land use u in year t .

Section 4.2 of the monitoring report included the total area of recorded deforestation in the project area and leakage belt; however, there is no detail of deforestation area by stratum.

The project proponent is required to specify the area deforested by stratum in the project area and leakage belt during the reporting period.

VB Response: The spreadsheet calculation files have been provided (in mega). A table with the area deforested by stratum has been included in the Monitoring Report.

Verra Response:

The project proponent specified the area deforested by stratum in the project area and leakage belt. However, discrepancies exist between the numbers presented in the monitoring report and the numbers in the map provided ("*Project Area 2019 Deforestación*"). The project proponent is required to provide more detailed and explicit information about the location of the deforested area within the project area and leakage belt during 2019. In addition, the project proponent is required to provide an accuracy assessment of the classification conducted to identify the actual deforestation.

The VVB is required to present explicit details on how the actual deforestation occurred in 2019 was verified.

VB Response:

The map provided "Deforestation in PA 2019" are reflected in the numbers presented in the monitoring report. Furthermore, the Project Proponent has provided a detailed accuracy report prepared by the independent consulting firm in charge of developing the maps. For the corresponding period the value was of 96.67%.

It is important to note that for this period, there was a small difference between the deforested area presented in the monitoring report and the initial calculations in the excel "Deforestation and Change of Use 2019", which reported 87.66 ha deforested. This has been corrected with the excel "Deforestation and Change of Use 2019_new_PR", which shows the 87.49 ha deforested corrected in the monitoring report, whose calculations were adjusted on that basis, which can be seen in the folder provided "Equations", within the 2019 folder on the MEGA page.

AENOR has verified this issue with the Deforestation map in PA 2019 and the MR.

Verra Response:

The project proponent has provided an accuracy assessment report of the classification conducted to determine the actual annual deforestation. The VVB has indicated that the estimation of deforestation is accurate. This finding is now closed, and no further response is required.

Finding 15

Section 4 of the *Module VM0015* of the *Methodology VM0007* requires “to complete a participatory rural appraisal (PRA) of the communities inside and surrounding the project area to determine if there is the potential for illegal extraction of trees to occur.”

Section 4.2 of the monitoring report included in the subsection: “Data and parameters monitored for verification” the parameter “Degradation PRA Results;” however, it does not detail what communities were included in the PRA reported for this monitoring period.

The project proponent is required to detail the communities included in the PRA described for the reporting year 2019, ensuring all the concessions, with or without FCS certification, doing logging were included in the degradation analysis and calculations.

VVB Response:

The Project Proponent has provided the detail of the communities included in the PRA (see table in Data and parameters, PRA Results”).

Verra Response:

The project proponent has provided details on the concessions where the surveys of 2018 PRA were conducted. This finding is now closed, and no further response is required.

Finding 16

Section 5.1 and 5.2 of the *Monitoring Report Template v4.0* requires the project proponent to provide sufficient information to allow the reader to reproduce the calculations

The project proponent is requested to attach electronic spreadsheets as an appendix or separate file to facilitate the verification of the results; including the baseline model.

VVB Response:

The requested spreadsheets are in the mega file.

Verra Response:

The project proponent has provided the emission reductions calculation spreadsheet for review. This finding is now closed, and no further response is required.

Finding 17

Section 4 of the *Module VM0015* of the *Methodology VM0007* requires that the project proponent reports “Net carbon stock change as a result of degradation in the project area”.

Section 5.1 of the monitoring report states: “Leakage Belt area in this verification period contains all the Brazil nut concessions that have not been included in the Project Area, including the 21 BN concessionaries that are part of the REDD+ project but that were excluded for this verification

because they did logging during the current verification period.” This means degradation that occurred in the 21 concessionaires excluded is not included for this reporting period.

The project proponent is requested to argue the reasons for not including degradation in the non-FSC concessions and demonstrate that the followed approach is conservative.

VVB Response:

As demonstrated in finding 12, the approach taken is conservative. It is important to mention that these concessions have not been excluded from the Project only from the accounting of emission reductions in the period. Because of the restriction in the methodology, neither the reductions nor the emissions occurring within these areas are being accounted for calculating net emission reductions in the 2019 verification period. This conservative approach has been performed and approved in past project verifications.

Verra Response:

Section 1.1. of the monitoring report indicated in Finding #12 does not describe how the exclusion of the 21 concessions represents a conservative approach for reporting GHG emission reductions or removals. The project proponent is required to provide more details in the process followed to estimate GHG emission reductions or removals without the 21 concessions.

In addition, the project proponent is required to demonstrate the statement presented in section 5.1. is correct: “Leakage Belt area in this verification period contains all the Brazil nut concessions that have not been included in the Project Area, including the 21 BN concessionaires that are part of the REDD+ project but that were excluded for this verification because they did logging during the current verification period.” The shapefiles (i.e., “*Usos_2019_Estratos_2019_def_lb*” and “*Excluded_concessions_2019*”) provided by the project proponent do not reflect that the leakage belt area contains the 21 concessions not included in the project area for 2019. The project proponent is required to indicate how the excluded concessions were included in the leakage belt area.

VVB Response:

The project proponent has provided detail to demonstrate how the non-accountability of the 21 concessions is a conservative approach for reporting GHG emission reductions.

Regarding the paragraph in mention, the project proponent has corrected the information/wording, since the concessionaires not included in the accounting of emission reductions (21) are not part of the leakage belt:

“The same procedure is followed for the Leakage Belt, considering that the Leakage Belt area contains Brazil nut concessions that are not part of the Project Area (Brazil nut concessions non-project partners). It is important to mentioned that the leakage belt does not include the 21 BN concessionaires that have been excluded from emission reductions accounting in the period, as they are still part of the REDD+ project but were only excluded from the calculation of net reductions generated by the project during the specific verification period due to the methodology restriction previously explained. A similar approach was applied in previous verification satisfactorily.”

Verra Response:

In the monitoring report, the project proponent has clarified that the concessions not included in the project accountability are not part of the leakage belt. This finding is now closed, and no further response is required.

Finding 18

Section 5.4 of the *Monitoring Report Template v4.0* requires the project proponent to “state the non-permanence risk rating (as determined in the AFOLU non-permanence risk report) and calculate the total number of buffer credits that need to be deposited into the AFOLU pooled buffer account.”

Section 5.4 of the monitoring report does not include the rate rating.

The project proponent is requested to include the rate rating within the monitoring report.

VVB Response:

The Project proponent has included the rate rating in the correspondent Monitoring Report.

Verra Response:

The project proponent has included the non-permanence risk rating. This finding is now closed, and no further response is required.

Finding 19

CAL ID 02, “in accordance with the FAR#10/2020, raised in the previous verification event (period 2015-2016): Evidence of net social benefits promoted by the implementation of the project in the monitored period shall be provided.”

The project proponent stated “The project bonds were delivered. Some pictures of the received benefits are attached.” However, the details of pictures and provided information are not provided.

The VVB is required to describe how the net social benefits promoted by the implementation of the project were evidenced without conducting a site visit.

VVB Response:

Section 4.2.2. of the verification report was reinforced with documented evidence. AENOR also through the review of the video testimonies and different interviews with concessionaires could check the compliance of the net social benefits.

Verra Response:

Section 4.2.2 of the verification report was reinforced. This finding is now closed, and no further response is required.

Finding 20

Section 3.2.13 of the *VCS Standard v4.1* states that that “Projects shall perform the non-permanence risk analysis at every verification event because the non-permanence risk rating may change.”

The project proponent has submitted a non-permanence risk assessment report for the period 2017-2020; however, the report does not reflect the situation with logging occurring within some of the concessions that were part of the project area.

The project proponent is requested to include logging situations as part of the internal and external risks assessment and adjust the overall risk rating accordingly.

The VVB is required to describe how the exclusion of concessionaries doing logging was evaluated around the project permanence risks.

VVB Response: The extraction occurring within the unaccounted concessions (21) is authorized legal extraction under management plans established and supervised by the national and regional forestry authorities (artisanal logging). This extraction is done by the concessionaire and therefore does not generate any dispute with the property or access to the area. Consequently, it does not generate changes in the risk report. It is not that the concessionaires are excluded from the project, they are only excluded from the accounting of net reductions occurring in the period.

AENOR could check this issue through the documentation review of the law “Decreto Supremo DS-044-2002” and different examples of concessions contract from the State in accordance with the Forestry Plans, section 8va.8.4.

Verra Response:

The project proponent and the VVB have described why the exclusion of concessions for 2019 accountability does not represent additional project permanence risks. However, it is still unclear why the excluded concessions do not have the FSC certification yet, and how that fact could represent a risk for the permanence of the project. The project proponent is required to describe the reasons of the missing FSC certifications and how it could impact the permanence of the project net benefits and how it will be improved for future verifications.

VVB Response:

It is important to mention that the approach of excluding concessionaires that have presented levels of legal/selective/artisanal timber extraction is conservative (net emission reductions that have occurred are not being taken into account as previously mentioned) and that this approach has been approved by VERRA in all previous verification processes of the project (2010 to 2016). Due to the methodological restriction, emission reductions that do occur in the areas as a consequence of the project management cannot be accounted for their climate contribution in the period. That is, they cannot be translated into verified ER generated as a result of the project activities. It is important to mention that these concessions do not cease to be part of the project, they are just excluded from the accounting of climate contribution, even though they present net emissions reductions in their area during the period.

According to the applicability conditions of M-MON tool (Modular Methodology: Module VMD0015 v2 “M-MON” developed by Avoided Deforestation Partners, approved by VCS on December 2010), when selective logging is taking place in the project case, emissions from logging may be omitted if it can be demonstrated the emissions are de minimis using Tool T-SIG. If emissions from logging are not omitted as de minimis, logging may only take place within forest management areas that possess and maintain a Forest Stewardship Council (FSC) certificate for the years when the selective logging occurs. According to T-SIG tool, the sum of decreases in carbon pools and increases in emissions that may be neglected shall be less than 5% of the total decreases in carbon pools and increases in emissions, or less than 5% of net anthropogenic removals by sinks, whichever is lower.

For this reason, as the concessionaries are not FSC certified and their GHG emissions by selective logging do not fall in minimis, the concessionaries must be excluded for accounting purposes only for the years when they do logging, which is very seldom. It must be highlighted that the main forest resource harvested from this type of concessions is the Brazil nut, a non-timber forest product (NTFP), that grows wild in this primary forest. These concessions has a size of 800 hectares as an average, too small for doing logging at an intensive scale (yearly). For this reason, the artisanal logging done in these concessions imply a seldom frequency of around a unique harvesting every

15 years.

Hence, this approach does not imply any change on non-permanence risk valuation as the “exclusion” is only for VCU calculations and there isn’t any difference in the benefits that the non-accounted concessionaries receive from the project compared with the accounted concessionaries. For this reason, the level of protection and the behavior and land use pattern is similar and does not have a change that may vary the risk of non-permanence.

In order to account for the emission reductions occurring in these areas, the project proponent consulted on the feasibility of achieving FSC certification for this specific project. After a conversation with the FSC team, it was considered hard and even unviable to achieve this certification due to the difficulty to use this type of monitoring in such a large non-contiguous area (+320K ha) of smallholder concessions (in average have less than 800 ha. each). Therefore, a methodological addendum is being presented to VERRA for the consideration of other type of controls within the area (e.g. National Controls, Reporting and Monitoring according to the Peruvian Forest Laws) so that the project can account for emissions avoided in properly managed concessions in the next verification periods.

Verra Response:

The project proponent has described the reasons for the missing FSC certifications and how it does not have an impact on the permanence of the project net benefits. This finding is now closed, and no further response is required.

2. MINOR FINDINGS

Finding 1

The monitoring report presented is for the period 01-January-2019 to 31-December-2019; however, throughout the document the project proponent makes reference to future dates. For example, in Section 2.2.2 the project proponent states “Starting 2021, the project has strengthened its monitoring system, scaling it up to a three-level control: through satellite technologies, governmental information/legal support, and in-field efforts.”

The project proponent is requested to review the monitoring report to make sure it reflects the activities and results specific for the monitoring period that is being verified or clarify the language.

VB Response:

The language of the monitoring report has been reinforced and corrected.

Verra Response:

The project proponent has reviewed some of the language of the monitoring report. However, the monitoring report still references activities occurred during different periods to the reported. For example, in Section 3.2.2 the project proponent provided a document developed in 2020 (i.e., “*Propuesta programa mejoramiento genético BAM 2020*”) for an activity that will occur in 2021 (i.e., the implementation of the nursery). The project proponent is requested to review the monitoring report to make sure it reflects the activities and specific results for the monitoring period that is being verified or clarify the language.

VB Response:

The language has been reinforced and corrected in the monitoring report, reflecting the activities

and specific results for the period.

Verra Response:

The project proponent has made the necessary adjustments to the monitoring report. This finding is now closed, and no further response is required.

Finding 2

Section 5.3 of the monitoring report states, “For this third verification, the module VMD0010 (LK-ASU) v. 1.1 approved in March 2015”.

The project proponent is requested to update the text to make reference to the correct verification.

VWB Response:

The MR has been corrected to make the correct reference to the number of verification.

Verra Response:

The project proponent has corrected the verification event referenced in Section 5.3 of the monitoring report. This finding is now closed, and no further response is required.

3. ASSESSMENT CONCLUSION

On 02 December 2021, Verra completed an accuracy review of *project ID 868 REDD Project in Brazil Nut Concessions in Madre de Dios*, the results of which can be found above. Verra sent the findings report to AENOR Internacional, S.A.U.

On 19 January 2022, AENOR Internacional, S.A.U. sent the answers to the first round of findings to Verra with updated documentation. The updates were sufficient to close several findings. However, findings 3, 8, 12, 14, 17, 20, and minor finding 1 remain open.

On 18 February 2022 Verra submitted the review report to the VWB and project proponent with a request for further responses.

On 04 March 2022, AENOR Internacional, S.A.U. sent the answers to the second round of findings to Verra with updated documentation.

On 28 March 2022 Verra completed the review of the Project Review Report. The updates were sufficient to close all findings. The review is now closed.