



**Validation Assessment
Report for:**

**EcoPlanet Bamboo Group, LLC
in
El Rama and Kukra Hill, RAAS, Nicaragua**

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ECOPLANET BAMBOO GROUP VCS VALID 12

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Summary:

The Rainforest Alliance started the validation process on July 06, 2012 with a desk review audit, where the main objective was to identify major gaps that could prevent a field visit. The validation visit took place on August 2012 in which the audit team visited the plantation projects, interviewed key stakeholders, staff and other related experts, and also reviewed the PD and supporting documents. The purpose of the visit was to determine the conformance of the project with respect to the VCS Version 3 standard. The scope of the validation was to assess the conformance of EcoPlanet Bamboo Central America project in El Rama and Kukra Hill, RAAS, Nicaragua against the Verified Carbon Standard V3.

The audit team submitted a report on October 30, 2012 with one open Non-Conformity Report (NCR). On November 2, 2012 the project proponent submitted documents to clarify in a better way some key points, and also supporting documentation, in order to close the NCR. After reviewing the new evidence, the Rainforest Alliance audit team has found that, with reasonable level of assurance, the project is in conformance with the VCS v3 standard. For a complete summary of the audit process, please refer to section 3 of this report.

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1 INTRODUCTION

Rainforest Alliance certification and auditing services are managed and implemented within its RA-Cert Division. All related personnel responsible for audit design, evaluation, and certification/verification/validation decisions are under the purview of the RA-Cert Division, hereafter referred to as Rainforest Alliance or RA. Rainforest Alliance is an ANSI ISO 14065:2007 accredited validation and verification body; additionally, Rainforest Alliance is a member of the Climate, Community, and Biodiversity Alliance (CCBA) standards, and an approved verification body with a number of other forest carbon project standards. For a complete list of the services provided by the Rainforest Alliance, see http://www.rainforest-alliance.org/climate.cfm?id=international_standards.

Dispute resolution: If Rainforest Alliance clients encounter organizations or individuals having concerns or comments about Rainforest Alliance and our services, these parties are strongly encouraged to contact the local Rainforest Alliance regional office or the RA-Cert Division headquarters directly. Formal complaints or concerns should be sent in writing.

1.1 Objective

The purpose of this report is to document the conformance of EcoPlanet Bamboo Central America with the requirements of the Verified Carbon Standard (VCS). The project was developed by EcoPlanet Bamboo Group LLC, hereafter referred to as “Project Proponent”. The report presents the findings of qualified Rainforest Alliance auditors who have evaluated the Project Proponent’s systems and performance against the applicable standard(s).

1.2 Scope and Criteria

Scope: The scope of the audit is to assess the conformance of EcoPlanet Bamboo Group LLC Reforestation project in El Rama and Kukra Hill, RAAS, Nicaragua against the Verified Carbon Standard. The objectives of this audit included an assessment of the project’s conformance with the standard criteria. In addition, the audit assessed the project with respect to the baseline scenarios presented in the project design document. The project covers an area of 1,235 hectares. The land is privately owned. The project has a lifetime of 20 years, and estimates it will remove 816,301 tCO₂e over the course of the project lifetime.

Standard criteria: Criteria from the following documents were used to assess this project:

- Verified Carbon Standard Program Guide Version 3.4;
- Verified Carbon Standard Version 3.3;
- Verified Carbon Standard Agriculture, Forestry and Other Land Use (AFOLU) Requirements Version 3.3;
- Verified Carbon Standard AFOLU Non-Permanence Risk Tool Version 3.2;
- Verified Carbon Standard Program Updates (please see VCS website for the latest updates); and as applicable,
- The VCS approved methodology/modules used by the project.

Materiality: All GHG sinks, sources and/or reservoirs (SSRs) and GHG emissions equal to or greater than 5% of the total GHG assertion unless otherwise defined by the standard criteria.

1.3 Level of assurance

The assessment was conducted to provide a reasonable level of assurance of conformance against the defined audit criteria and materiality thresholds within the audit scope. Based on the audit findings, a positive evaluation statement reasonably assures that the project GHG assertion is materially correct and is a fair representation of the GHG data and information.

1.4 Summary Description of the Project

From the PD Version IV:

“The proposed project activity is an AFOLU ARR, specifically a reforestation project, utilizing native bamboo, Guadua aculeata, for the regeneration of degraded pasture lands on the Atlantic coast of Nicaragua. Guadua aculeata has the potential to not only address global climate change through its fast sequestration rate of atmospheric carbon, but if combined with value added processing has the potential to address the global trend of deforestation through the provision of a sustainable alternative to traditional timber sources.

The reforestation project activity has the following climate objectives:

- *Bamboo’s fast growth enables it to sequester significant amounts of carbon dioxide (CO₂) in a relatively short time period. Grown on land that has inherently low and decreasing biomass, a managed bamboo plantation can represent a significant sink for long term storage of this carbon.*

- The ecology of bamboo as a grass means that the harvesting of selective culms does not kill the plant but rather stimulates further growth and therefore further sequestration, not only above ground but below ground in the intricate rhizome system, and through increased soil carbon levels. Thus some of the permanence issues associated with traditional sequestration projects are overcome, and the climatic benefits greater.
- 20 -25% of global greenhouse gas emissions currently come from land use change -in particular deforestation and degradation. EcoPlanet Bamboo is growing *Guadua aculeata* for high end markets such as flooring, construction, and structural products. Such markets traditionally rely on species harvested from natural forests, therefore contributing to such deforestation, as well as the continued trend towards endangered status for many of these species. EcoPlanet Bamboo’s plantation development of timber bamboo will offer a sustainable source of timber for these markets. The proposed project activity will therefore not only have high sequestration benefits, but will indirectly reduce greenhouse gas emissions from deforestation and degradation of natural forests.

The proposed project activity falls within the Afforestation, Reforestation, Revegetation (ARR) category within the AFOLU section of the VCS. In particular, it is a human assisted reforestation activity, carried out through direct planting on land that was cleared of primary forest ecosystem more than 10 years prior to the project start date. The proposed project activity includes selective harvesting within its management plan. The project is a Grouped Project, with an additional area of approximately 1,500 ha with unique boundaries to be added between 2012 and 2015.”

EcoPlanet Bamboo Group LLC is also pursuing FSC certification and also CCBA validation of the project, simultaneously.

2 VALIDATION PROCESS

2.1 Method and Criteria

2.1.1 Audit Team

Overview of roles and responsibilities:

Auditor(s)	Responsibilities							
	Lead	Desk Review	On-site visit	Climate Specialist	Biodiversity Specialist	Social Specialist	Report	Senior Internal Review
Galia Selaya	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
William Arreaga	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Adolfo Lemus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Auditor qualifications:

Auditor(s)	Qualifications
William Arreaga, Rainforest Alliance Verification Services Coordinator Mesoamerica <i>Lead auditor</i>	Guatemalan forester from San Carlos de Guatemala University, and M.Sc. from CATIE, Turrialba, Costa Rica. He is also involved in a MBA program on Financial Administration in Guatemala. William serves as a lead auditor for FSC Forest Management, and Chain-of-Custody. He has developed two biomass allometric equations in natural forests and plantations in Guatemala. Moreover, he had received formal training in Environmental Services, including Carbon issues at Winrock International; as well as he had developed a great experience with Carbon issues by his participation in the field for CCB validations in Mexico, Nicaragua, Costa Rica, Panama and Ecuador; VCS validations in Guatemala, Honduras, Panama, Mexico, and Uruguay; Carbon Fix verifications in Panama; and VCS verifications in Guatemala. He had received formal training as carbon validator in Vermont, and as lead auditor against ISO 14001 in Guatemala. Nowadays, he is the Verification Services Coordinator for the Rainforest Alliance Mesoamerica Region.
Galia Selaya, <i>Audit team member</i> <i>Contact info:</i> gselaya@yahoo.com	Interdisciplinary approach for environmental management and climate change adaptation; Application of best management practices and eco-efficiency in forest and agroforestry sectors; Monitoring and verification of carbon stocks and forest environmental services conservation; Environmental perturbations and land use changes impacts on forest succession pathways and biodiversity; Scaling up species specific biomass allocation and carbon dynamics to canopy structure and species assembly in response to environmental changes.

2.2 Review of Documents

The following documents were viewed as a part of the field audit:

Ref	Title, Author(s), Version, Date	Electronic Filename
1	EPB Group LLC, Forest management plan Rio Siquia, 2012	EPB Rio Siquia Management Plan 05-16-12.pdf
2	EPB Group LLC, Forest management plan Rio Kama, 2012	EPB Rio Kama Management Plan 05-16-12.pdf
3	EPB Group LLC, VCS additionality report, 2012	VCS Additionality Report EPB CA.doc
4	EPB Group LLC, Carbon calculations, 2012	EPB CA carbon calculations – spreadsheets.xls
5	EPB Group LLC, Project Document V1, 2012	EPB CA VCS PD V1.doc
6	EPB Group LLC, Risk report, 2012	VCS Non-Permanence Risk Report EPB CA.pdf
7	EPB Group LLC, Forest management plan Kama, 2012	PlandemanejoKAMA.doc
8	EPB Group LLC, Forest management plan Siquia, 2012	PlandeManejoSiquiaFINAL.doc
9	EPB Group LLC, Informe interpretacion de análisis de suelos y foliares finca Río Siquia, 2012	Report Rio Siquia.pdf
10	EPB Group LLC, Informe interpretacion de análisis de suelos y foliares finca Río Kama, 2012	Report Rio Kama.pdf
11	EPB Group LLC, KML polygons, 2012	Rio Siquia ex post project strata.kml
12	EPB Group LLC, KML polygons, 2012	Rio Siquia ex ante project strata.kml
13	EPB Group LLC, KML polygons, 2012	Rio Siquia 2011 land cover.kml
14	EPB Group LLC, KML polygons, 2012	Rio Kama ex post project strata.kml
15	EPB Group LLC, KML polygons, 2012	Rio Kama ex ante project strata.kml
16	EPB Group LLC, KML polygons, 2012	Rio Kama 2011 land cover.kml
17	EPB Group LLC, KML polygons, 2012	Project Boundary Locations.kml
18	EPB Group LLC, KML polygons, 2012	Project Area Boundary.kml
19	EPB Group LLC, Financial model, 2012	VCS Plantation Financial Model EPB CA.xls
20	EPB Group LLC, Project Document (1), 2012	EPB CA VCS PD (1).pdf
21	EPB Group LLC, Carbon calculations, 2012	CarbonCalculationtoVCS.xls
22	EPB Group LLC, Project Document V2, 2012	EPB CA VCS PD V2.pdf

2.3 Interviews

The following is a list of the people interviewed as part of the audit. The interviewees included those people directly, and in some cases indirectly, involved and/or affected by the project activities.

Audit Date	Name	Title
27-31/08/12	John Vogel	Principal Manager EcoPlanet Bamboo Nicaragua S.A.
27-31/08/12	Bernard Vogel	Vicepresident
27-31/08/12	Camille Rebelo	Partner, Co-Founder
27-31/08/12	Troy Wiseman	CEO, Co-Founder
27-31/08/12	Chase Wiseman	Vicepresident
27-31/08/12	Juan Carlos Camargo	Consultant, bamboo expert
02/11/12	David Cox	Partner, Financial responsible
27/08/12	Ricardo Fernández Martínez	Former owner, Comunidad La Esperanza
27/08/12	Dr. José Andrés Fernández	Former owner, Comunidad El Calderón
27/08/12	Lester Iván Ortega Sequeira	Oficina de Educación del Sector Río Kama Comunidad Carlos Fonseca
28/08/12	Carlos Agustín Miranda Larios	Major, Comunidad Kukra Hill
28/08/12	Jorge Palacios Campos	Regional office INTA-RAAS, Comunidad Kukra Hill
28/08/12	Antonio Suárez	Union President Nicabambú, Comunidad el Fonseca
28/08/12	Joanna Schwartz Saúl Reyes	Environmental división, MARENA Blufields
28/08/12	Javier Balmaceda	Planning director, Major office, El Rama
28/08/12	Alejandro Balmaceda	Taxes office, Major office, El Rama
30/08/12	Yader Guzmán	Director MAGFOR
28/08/12	Pedro Jose Guidel	Priest of Fonseca Community
28/08/12	Cecilio Lazo	Priest at Samuel Lago community

28/08/12	Máximo López	Priest at Comarca Pichinga
27-31/08/12	Norma Elizabeth Morataya Vázquez	Legal department
27-31/08/12	Walter Antonio Manzanares Huembes	Accountant associate
27/08/12	Maritza Tenorio	Field Supervisor at Siquia Farm
27/08/12	Yasiri Duarte Zenteno	Storage facilities responsible
27/08/12	Nora Ester Gonzales	Field Supervisor Zone 1
27/08/12	Lenin Arquim Mayorga	Support technician zone 1
27/08/12	Maria Jose Gonzales	Field Supervisor Zone 3
27/08/12	Pedro Odel Mendoza	Chofer
27/08/12	Maria Luisa Miranda	Chief at Siquia Farm
27/08/12	Andres Santana	Nurse
28/08/12	Pedro Jose Guidel	Priest of Fonseca community
28/08/12	Cecilio Lazo	Priest at Samuel Lago community
28/08/12	Máximo López	Priest Comarca Pichinga
28/08/12	Felix Rocha Garcia	Field supervisor Zone 1 Kama Farm
28/08/12	Julio Mendoza Lazo	Field supervisor Zone 2
28/08/12	José Lopez	Support field
28/08/12	Elder Andres Pérez	Field supervisor Zone 3
28/08/12	Erick Joaquín Orozco	Fire prevention responsible
28/08/12	Antonio Suárez	Union Nicabambu President
29/08/12	Olga Smith Luis Gaitán Lorenzo Quinto	CRASS representative environment and indigenous groups
29/08/12	Joanna Schwartz Saúl Reyes	Environmental Division MARENA Bluefields
30/08/12	María Nelis Mora	INAFOR, El Rama
30/08/12	Alvaro Lopez Vargas	Social Security Director, El Rama
30/08/12	Jarvin Brenez Jimenez	Social Security Inspector, El Rama
30/08/12	Zelmira Guamán	Ministerio de Trabajo, Chontales
31/08/12	Bismark Morales	Climate Change Office, Managua
31/08/12	Edilberto Duarte	Biodiversity Division Officer, Managua
31/08/12	Francisco bolaños	Ministerio de Trabajo, Managua
31/08/12	Lucia Flores	Ministerio de Trabajo, Managua

2.4 Site Inspections

Location/Facility	Date(s)	Length of Audit	Auditor(s)
Administrative office in El Rama, RAAS	August 27 - 29, 2012	8 hours	G.Selaya, W.Arreaga
Rio Siquia Farm, Comarca Calderón and Esperanza, RAAS	August 27, 2012	8 hours	G.Selaya, W.Arreaga
Rio Kama Farm, Comarca La Fonseca, RAAS	August 28, 2012	One full day	G.Selaya, W.Arreaga
Stakeholder consultation: Bluefields and El Rama	August 29, 2012	One full day	G.Selaya, W.Arreaga
Stakeholder consultation: El Rama and Chontales	August 30, 2012	One full day	G.Selaya, W.Arreaga
Stakeholder consultation in Managua	August 31, 2012	4 hours	G.Selaya, W.Arreaga

Administrative office in Managua	August 31, 2012	4 hours	G.Selaya, W.Arreaga
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2.5 Resolution of Any Material Discrepancy

A materiality threshold of 5% was used to ensure a reasonable level of assurance. Material discrepancies shall be resolved through the issuance of appropriate NCRs. The proponent shall address all NCRs prior to the issuance of the validation and/or verification statement. Corrective actions taken in response to the issuance of NCRs shall be reevaluated by Rainforest Alliance and the final validation and/or verification statement shall only be issued when all NCRs are closed.

3 VALIDATION FINDINGS

Note: Findings presented in this section are specific to the findings resulting from the field audit as presented in the Draft Audit Report. Any non-conformances or observations identified during the field audit are noted in this section, and specific NCR and OBS tables are included in section 4 of this report for each identified non-conformance and observations. All findings related to audit team review of additional evidence submitted by the Project Proponent following the issuance of the Draft Audit Report by Rainforest Alliance, is included within section 4 of this report.

3.1 Project Design

3.1.1 VCS Standard Section 3.18.1: Project description

The project shall include at a minimum all requirements outlined in section 3.18.2 of the VCS Standard. Additionally, section 3.18 of the VCS Standard notes that project and its context shall be described in the project description using the VCS Project Description template (or approved GHG program description template where the project is requesting registration under an approved GHG program).

Findings from Field Audit			
The PP used the VCS Version 3 template in order to address all the VCS Standard (Version 3.3) requirements outlined in section 3.18.2. The PD corresponds to the version III submitted by mid October 2012, that is after the validation field visit. By using the template, the PP has designed the PD according to all requirements. The audit team reviewed the content and confirmed that all the project details were included. Since this is an AFOLU project, the PD was accompanied by the non-permanence risk analysis.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.1.2 VCS AFOLU Requirements Section 4.2: Eligible AFOLU project type

The project is an eligible AFOLU project type, as per the guidance set out in the VCS AFOLU Requirements Section 4.2. Note project types can be combined as outlined in the AFOLU Requirements.

Findings from Field Audit			
Based on its characteristics, the project named “EcoPlanet Bamboo Central America” falls into one of the six AFOLU categories under the VCS Program: Afforestation, Reforestation and Revegetation (ARR). The main objective of this project is to increase carbon sequestration by planting bamboo in lands which were not covered by natural forests by at least the last 10 years. Considering all these facts, the project is eligible under VCS.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised		

3.1.3 VCS AFOLU Requirements Section 3.1.4: Identification of Project Proponent

Where an implementation partner is acting in partnership with the project proponent, the implementation partner shall be identified in the project description. The implementation partner shall identify its roles and responsibilities with respect to the project, including but not limited to, implementation, management and monitoring of the project, over the project crediting period.

Findings from Field Audit			
Section 1.3 of the PD clearly states that the sole Project Proponent (PP) is EcoPlanet Bamboo Group, a US based Series LLC. As the unique investor within the project activity, this company owns other local LLCs such as EcoPlanet Bamboo Nicaragua S.A. which is the responsible for the management of daily operations. There are other companies in the Series LLC: EcoPlanet Bamboo CA I, LLC who owns Finca Rio Siquia and EcoPlanet Bamboo CA II, LLC who owns Finca Rio Kama. All those companies are owned by EcoPlanet Bamboo Group, LLC. Being EcoPlanet Bamboo Group a Series LLC, it is also clear that the land belongs indirectly to EcoPlanet Bamboo Group. All the subsidiary companies, either based on the US or Nicaragua, will act as project participants and/or implementation partner, but the sole rights to the carbon credits belong to EcoPlanet Bamboo Group, LLC, as the only project proponent, meaning that it has overall control and responsibility of the implementation of the project during the project lifetime.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.1.4 VCS Standard Section 3.7.1 - 3.7.5 and VCS AFOLU Requirements Section 3.2.1: Project start date

Project shall include a project start date in conformance with section 3.7.3 – 3.7.5 of the VCS Standard, where specific requirements for AFOLU projects are outlined. As set out in the *VCS Standard*, the project start date of an AFOLU project shall be the date on which activities that lead to the generation of GHG emission reductions or removals are implemented. Such activities may include preparing land for seeding, planting, changing agricultural or forestry practices, or implementing management or protection plans.

Findings from Field Audit			
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In Section 1.5 Project Start date of the PD, the PP establishes June 1st, 2011 as the project start date. According to the forest management plan of the farms, the first project activity implemented (land preparation) was done by April 2011 (Finca Rio Siquia) and by June 2011 (Finca Rio Kama). Also, based on the interviews with workers, the audit team confirmed the appropriateness of selecting June 2011 as the project start date.

Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.1.5 VCS Standard Section 3.8 and VCS AFOLU Requirements Section 3.3: Project crediting period

Project shall include a project crediting period in conformance with section 3.8 of the VCS Standard. In general, for all AFOLU projects (ALM projects are an exception to this requirement) a crediting period of 20-100 years shall be used. The earliest project crediting period start date for AFOLU projects shall be 1 January 2002. Renewal of project crediting period shall follow requirements outlined in section 3.8.5 of the VCS Standard.

The project crediting period rules are set out in the *VCS Standard*. Projects shall have a credible and robust plan for managing and implementing the project over the project crediting period. For ARR or IFM extension of rotation age or low-productive to high-productive projects with harvesting, the length of the project crediting period shall be set to include at least one complete harvest/cutting cycle. In the case of selectively cut IFM projects, where trees are individually selected for harvest, the harvest/cutting cycle is the allowable re-entry period into the harvest area as determined by legal and regulatory requirements, and common practice.

Findings from Field Audit			
The project crediting period is proposed to be of 20 years, from 1 June 2011 to 31 May 2031. The project crediting period was defined as such, to be aligned with the project start date. The PP has designed a forest management plan for each farm, the audit team reviewed the last version of them – apparently draft versions. Here, all the project activities are included: land preparation, maintenance, harvest and monitoring for instance. <i>Guadua aculeata</i> plantations will be harvested in a yearly basis after year 8, but until year 80 in which the PP considers the lands will be replanted, completing a cycle. During the field visit the audit team visited two nurseries and lands in which the lands had been planted. This served to confirm that the project activities actually started on June 2011. The project started on June 2011, after 8 March 2008 (date delineated by VCS Standard V3.3 Section 3.7.3), and it is expected to complete the validation process within the following 5 years after the project’s starting date.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised		

3.1.6 VCS Standard Section 3.10 and VCS AFOLU Requirements Section 3.4: Project location

Project location shall follow requirements outlined in section 3.10 of the VCS Standard and 3.4 of the VCS AFOLU Requirements. Project location for AFOLU projects shall be specified using geodetic polygons to delineate the geographic area of each AFOLU project activity and provided in a KML file.

Findings from Field Audit			
The project location is clearly described in the PD. A map is included as a reference in the PD, but geodetic polygons in KML were created to show the limits of both farms. In summary, Farm Rio Siquia, with a total of eligible area of 431 hectares, and also Farm Rio Kama with a total of eligible area of 934 hectares, are included in the project boundary. The location of both farms is defined in the PD, but also the details of ownership. Due to this project is a grouped project, the PP has established in the PD the project location of the new potential instances to be added in the near future. The location consists basically in a square, which is delimited by both Rio Siquia (west side) and Rio Kama (east side). The two initial instances (farms) are owned by the PP and the future instances will be alike (e.g., expected to be of the same ownership).			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised		

3.1.7 VCS AFOLU Requirements Section 3.1.3: Compliance with applicable laws and regulations

Implementation of the project activities shall not lead to the violation of any applicable law, regardless of whether or not the law is enforced.

Findings from Field Audit			
Representatives of local and national government institutions and other stakeholders interviewed by the audit team indicated that EcoPlanet Bamboo fully complies with environmental and labor legislation in Nicaragua. Complaints about the lack of payment of municipal taxes that the law assigns has not been presented. The audit team verified the compliance of national laws through environment and labor documentation review. Also through field observations, review of tax receipts on land possession, interviews with community representatives, workers and representatives of the farms. The PP has established a legal department in El Rama administrative office, and also in Managua administrative office. In both places there are copies of all relevant laws; the project staff in management and supervisory positions are familiar with, and adhere to the following laws: Ley General del Ambiente;			

Ley Forestal y su Reglamento; Normas técnicas y disposiciones administrativas del INAFOR; Ley de áreas protegidas y su reglamento; Ley de autonomía de las regiones de la costa caribe (RAAN, RAAS); Ley de municipios; Código del Trabajo. The EcoPlanet Bamboo project is also been assessed against the FSC standards, then the PP used the list of related laws, regulations, norms, in order to show compliance with both standards: VCS and FSC. Locally, the PP met with local representatives to present the project idea, but also to demonstrate how the implementation of the project activities will follow the local, national and international law framework. As a result, the PP received certificates from both the Environmental Commission of Nicaragua, and the Commission of the RAAS – both approving the project’s environmental impact assessment and operation. The audit team interviewed representatives of both organizations and found no inconsistencies.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.1.8 VCS Standard Section 3.11.1: Right of use

Project description shall be accompanied by right of use as outlined in section 3.11.1 of the VCS Standard.

Findings from Field Audit			
The PP (EcoPlanet Bamboo Group) has been established as the only one with the ability to claim that the project will generate removals, and therefore to the proceeds from the sale of VCU’s once the project is verified. Also see the findings for 3.1.6 above.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.1.9 VCS Standard Sections 3.11.2 – 3.11.10 and VCS AFOLU Requirements Section 3.5: Linkage to other GHG programs and trading schemes

For those projects previously or currently involved in other GHG program or emission trading schemes, the project shall document how it meets the requirements of the VCS Standard Sections 3.11.2 thru 3.11.10 and VCS AFOLU Requirements Section 3.5.

Findings from Field Audit			
The EcoPlanet Bamboo Central America project has not previously or is currently involved in other GHG program or emission trading schemes. The audit team reviewed the CDM projects listed at http://cdm.unfccc.int/Projects/projsearch.html to confirm that the project is not registered as a CDM project.			
Conformance	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.1.10 VCS AFOLU Requirements Sections 3.1.11: Project activities on peatlands and Wetlands Restoration and Conservation (WRC) areas

Where ARR, ALM, IFM or REDD project activities take place on peatlands or wetlands, the project shall adhere to both the respective project category requirements and the WRC requirements, unless the expected emissions from the soil organic carbon pool or change in the soil organic carbon pool in the project scenario is deemed below *de minimis* as set out in Section 4.3.3, in which case the project shall not be subject to the WRC requirements.

Findings from Field Audit			
The EcoPlanet Bamboo Central America project will not take place on peatlands or WRC areas. The audit team visited both farms (first two instances) and confirmed that the implementation of the project activities had taken place in degraded lands, and so will the new instances.			
Conformance	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.1.11 VCS Standard Section 3.2 and VCS AFOLU Requirements Section 3.1.8: Multiple project activities

Projects may include multiple project activities where the methodology applied to the project allows more than one project activity and/or where projects apply more than one methodology. Such projects shall comply with the respective project requirements of each included AFOLU category. For example, projects that combine agroforestry or enrichment planting with community forestry in a single project where farmers integrate these activities within a single landscape shall follow an ARR methodology for planting activities and an IFM methodology for community forestry activities (except where the activities have been combined in a single methodology). For each activity covered by a different methodology, the geographic extent of the area to which the methodology is applied shall be clearly delineated. Where more than one methodology has been applied to a project with multiple project activities, the requirements outlined in Section 3.2 of the VCS Standard must be met.

Findings from Field Audit			
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According to the PD, the Project Proponent is only planning to implement one project activity in the project area which is categorized as ARR, specifically reforestation of degraded lands. Being that the case, the project does not include multiple project activities. Hence, no more than one methodology had been applied.

Conformance	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.1.12 VCS Standard Section 3.4 and VCS AFOLU Requirements Section 3.8: Grouped projects

Grouped projects are projects structured to allow the expansion of a project activity subsequent to project validation. Validation is based upon the initial project activity instances identified in the project description. The project description sets out the geographic areas within which new project activity instances may be developed and the eligibility criteria for their inclusion. New instances meeting these pre-established criteria may then be added to the project subsequent to project validation, as set out in the sections below. Section 3.4 of the VCS standard provides the requirements for all grouped projects, which are further expanded upon in VCS document AFOLU Requirements Section 3.8.

Findings from Field Audit			
<p>The project named “EcoPlanet Bamboo Central America” was conceived as a grouped project. The project is planning to start with two instances (Farms Rio Siquia and Rio Kama) distributed in two regions in Nicaragua: El Rama and Kukra Hill, department of RAAS, Nicaragua. The initial instances are conformed by two individual lands, which are described in the PD regarding their geographical location, and also their biodiversity, community and climate context.</p> <p>The PP will work on adding at least another 14,000 hectares specifically in an area between the two first instances in the following 2-3 years for a total of 15,000 hectares. To do so, in the PD there are eligibility criteria already established, as follows:</p> <ol style="list-style-type: none"> 1. All new project instances will meet the applicability conditions as set out in the methodology in use, AR-ACM0001 “Afforestation and reforestation of degraded land” and as have been detailed for the current project areas in Section 1.3 below. The latest version of this methodology at the time of submissions of additional project activity instances will be used. <ol style="list-style-type: none"> a. Project activity instances will be implemented on degraded lands, which are expected to remain degraded or to continue to degrade in the absence of the project. The AR Tool for the identification of such degraded land will be applied to new project instances, in the same manner as it has been applied to the initial project areas. b. Project activity instances will not occur on organic soils. c. Project activity instances shall not occur within designated wetlands. 2. Project activities on new project instances will utilize the same technology for land preparation, planting, maintenance and monitoring as detailed within this project document. All project activity instances will be developed utilizing the same standard operating procedures as detailed in EcoPlanet Bamboo’s forest management plans, which is in line with Forest Stewardship Certification requirements for sustainable forest management. All project activity instances will be developed with the aim of acquiring FSC certification. 3. The manner in which the project proponents apply technologies specific to the development of commercial bamboo plantations must be the same for all new project instances as has been detailed within this document for current project areas. 4. The baseline for all additional project activity instances must be subject to a baseline approach “a” which is defined as “Existing or historical, as applicable, changes in carbon stocks in the carbon pools within the project boundary”. Which for the project activity and geographic area has been defined as the pre-project land use of continued deforestation and degradation due to low intensity cattle grazing and subsistence farming. 5. All project activity instances face barriers to implementation as have been detailed within the Tool for the Demonstration and Assessment of Additionality within this project document. <p>The new instances will be added to the project only if these conditions are met, and if the new instances are geographically located within defined area delimited by Rio Siquia Farm (west side) and Rio Kama (East side). The PD shows maps in which it is delimited the potential area where the PP will implement the project activities in the new instances (farms); also it was explained that the PP will fully apply what it is considered in the PD, such as technologies, procedures, measures among, others.</p> <p>Regarding the VCS Standard and the VCS AFOLU Requirements, the audit team found the following:</p> <ol style="list-style-type: none"> 1. The PD establishes that the new instances will be assessed against the chosen methodology and tool for the demonstration of baseline and additionality, the same way the PP did at evaluating the initial project activity instances. 2. No multiple project activities are considered to be developed in the new instances. There will be implemented only one project activity: reforestation with bamboo (<i>Guadua spp</i>). 3. No capacity limits are exceeded by any project activity instance, or a single cluster of project activity instances. 4. The new instances will be included following the requirements of VCS Standard and will pursue FSC certification. 5. The PD describes that the GHG information will be managed and controlled by the PP. 6. The non-permanence risk analysis will be assessed for each geographic area specified in the PD, current and new instances. 			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.1.13 VCS Standard Section 3.18.3: Commercially sensitive information

All information in the project documents shall be presumed to be available for public review, though commercially sensitive information may be protected, as set out in VCS document *Registration and Issuance Process*, where it can be demonstrated that such information is commercially sensitive. The validation/verification body shall check that any information designated by the project proponent as commercially sensitive meets the VCS Program definition of commercially sensitive information. Information in the project documents related to the determination of the baseline scenario, demonstration of additionality, and estimation and monitoring of GHG emission reductions and removals shall not be considered to be commercially sensitive and shall be provided in the public versions of the project documents.

Findings from Field Audit			
The PP considers all information public to be available for public upon request, except by the title deeds, which contain financial information. The audit team had full access to all kind of documentation.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised		

3.2 Application of Methodology

3.2.1 VCS Standard Section 3.1.3: Title and Use of approved methodology

Projects shall apply methodologies eligible under the VCS Program. Methodologies shall be applied in full, including the full application of any tools or modules referred to by a methodology, noting the exception set out in Section 3.14.1.

Findings from Field Audit			
The PP selected the CDM methodology AR-ACM001 “Consolidated afforestation and reforestation baseline and monitoring methodology AR-ACM001 (version 05.2.0 Sectoral scope 14, EB 65) for the project. The methodology is eligible under the VCS Program. Also, the PP used the correspondent tools and guidance cited in the methodology. The audit team verified the correct use of the methodology, as well as the use of the related tools and procedures through review of GHG quantification spreadsheets conducted with the PP during the field audit. During the audit the PP provided, to the audit team, several clarifications about the use and interpretation of the tools and procedures used, and supporting documents were also reviewed by the audit team to confirm correct application of the methodology.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.2 Conformance with methodology applicability conditions

The project shall demonstrate conformance with all methodology applicability conditions. A project cannot use a methodology unless it meets all applicability conditions. Any change in applicability conditions is considered a Methodology Revision and must be submitted for double approval under the VCS Methodology Approval Process.

Findings from Field Audit: The “Consolidated afforestation and reforestation baseline and monitoring methodology AR-ACM001 (version 05.2.0” states the following: “This methodology is applicable to afforestation and reforestation CDM project activities that are in degraded lands”.

Since the PP states in the PD that the EcoPlanet Bamboo Central America project is a revegetation project -due that the bamboo is not considered as forest-, the proposed methodology is not applicable. Hence, in order for the PP to establish baseline (additionality) and monitoring procedures to develop the project and claim the VCUs, the PP shall either find a forest definition in which bamboo is included, or select a methodology designed specifically for revegetation projects.

NCR 01/12

Applicability Condition	Finding
(a) The A/R CDM project activity is implemented on degraded lands, which are expected to remain degraded or to continue to degrade in the absence of the project, hence the land cannot be expected to revert to a non-degraded state without human intervention;	The PP used the CDM AR “Tool for the identification of degraded and degrading lands” (EB 41, Report, Annex 15 (UNCFF/CCNUCC 2008) in order to demonstrate that the land in which the project will take place, is already degraded or degrading. Through the analysis, the PP used studies, maps, statistics, and results of self-studies (stage 1 of the tool). A summary of the analysis appears in section 2.2 of the PD Version 3. Two global studies were used as evidence of land degradation within the project boundary: FAO throughout the Country Profiles and Mapping Information System, and Oldeman <i>et al.</i> (1991) with the project Global Assessment of Soil Degradation (GLASOD). The audit team reviewed the following sites to confirm the accuracy of

		the information stated in the PD: World map of the status of human-induced soil degradation, an explanatory note. http://www.isric.org/sites/default/files/ExplanNote_1.pdf GLASOD map 1990. http://www.isric.org/projects/global-assessment-human-induced-soil-degradation-glasod As a complement of the analysis, the PP provided direct evidence of land degradation: soil samples were collected and analysed in a soil and water laboratory. Acidity (ultisols order), low organic matter content and penetration resistance were used to demonstrate the land is degraded. The audit team agreed with the PP analysis and conclusions.	
(b)	If at least a part of the project activity is implemented on organic soils, drainage of these soils is not allowed and not more than 10% of their area may be disturbed as result of soil preparation for planting;	The audit team visited a wide variety of lands in both farms, all of them were observed to be eligible under the methodology requirements; none of them contain organic soils, and according to direct observations in the fields, the audit team confirms that no more than 10% of the area has been disturbed as a result of soil preparation.	
(c)	The land does not fall into wetland ¹ category.	The project will not take place in wetlands. Direct observations confirmed this fact.	
	If the PPs choose to account for changes in carbon stock in soil organic carbon (SOC) pool in the project scenario, then in addition to the above the following conditions apply: (d) Litter shall remain on site and not be removed in the A/R CDM project activity; and (e) Ploughing/ripping/scarification attributable to the A/R CDM project activity, if any, is: (i) Done in accordance with appropriate soil conservation practices, e.g. follows the land contour; and (ii) Limited to the first five years from the year of initial site preparation; and (iii) Not repeated, if at all, within a period of 20 years.	SOC had been accounted for in the project scenario. No litter had been removed by the PP or participants; in the PD it is also not considered to remove litter from the sites while implementing the project activity. Although in the forest management plan of both farms, the PP does not explain how the preparation of land took place, the direct observation of the audit team along with the stakeholder consultation confirmed that the preparation of the land was done based on technical knowledge. During the interviews, the audit team was told that the activities were done only the first year. It is not considered that the the activities will be repeated in the next period of 20 years.	
Conformance	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	NCR 01/12		

3.2.3 VCS Standard Section 3.12: Project boundary

The project boundary shall be described (using diagrams, as required) and GHG sources, sinks and reservoirs shall be identified and assessed in accordance with the methodology applied to the project. The project shall justify not selecting any relevant GHG source, sink and reservoirs.

Findings from Field Audit
As it is stated in the PD, “the project boundaries are delineated by EcoPlanet Bamboo’s legal ownership of the land and consist of two discrete areas”. These two areas are Rio Siquia Farm, with a total of 430.89 hectares and Rio Kama Farm with a total of 933.65 hectares. However, within these two farms, there is 128.9 hectares that falls in the definition of forest, and then will not be included in the project boundary. The audit team reviewed the KML maps and compared with GPS points taken in the fields; no inconsistencies were found between the two databases. As a consequence, a total of 1,235.2 hectares are included in the project boundary. With respect to the GHG SSRs, the PP has established in the PD that this will follow strictly the methodology requirements. As such, above-ground and below-ground biomass, and litter will be taken into account for baseline scenario. Carbon pools for the estimations of removals

¹ “Wetlands”, “settlements”, “cropland” and “grassland” are land categories as defined in the *Good Practice Guidance for Land Use, Land-use Change and Forestry* (IPCC, 2003).

due to the implementation of the project are above-ground, below-ground and SOC. Methane and nitrogen oxide may be considered as insignificant and hence can be neglected in baseline and monitoring. Carbon stock of above and below-ground biomass of non-tree vegetation, dead wood, litter and soil organic pools may be conservatively assumed to be zero for all the strata in the baseline scenario. Justification for not selecting pools are shown in the PD.

Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.3.1 VCS AFOLU Requirements Section 4.3.1 and VCS AFOLU Requirements Sections 4.3.2 – 4.3.25 (Project type specific carbon pools): Relevant carbon pools

The relevant carbon pools for AFOLU project categories are aboveground tree biomass (or aboveground woody biomass in ARR and ALM projects), aboveground non-tree biomass (aboveground non-woody biomass in ARR and ALM projects), belowground biomass, litter, dead wood, soil (including peat) and wood products. Methodologies shall include the relevant carbon pools set out in Table 2 of Section 4.3.1 of the VCS AFOLU Requirements.

Specific carbon pools and GHG sources, including carbon pools and GHG sources that cause project and leakage emissions, may be deemed *de minimis* and do not have to be accounted for if together the omitted decrease in carbon stocks (in carbon pools) or increase in GHG emissions (from GHG sources) amounts to less than five percent of the total GHG benefit generated by the project. Additional information on *de minimis* carbon pools is available in section 4.3.3 of the AFOLU Requirements.

The VCS AFOLU Requirements contain project type specific requirements for all AFOLU project types, the following criteria shall be met for each project type:

- ARR: VCS AFOLU Requirement 4.3.7
- ALM: VCS AFOLU Requirements 4.3.8 – 4.3.11
- IFM: VCS AFOLU Requirements 4.3.12 – 4.3.15
- REDD: VCS AFOLU Requirements 4.3.16 – 4.3.17
- ACoGS: VCS AFOLU Requirements 4.3.18 – 4.3.21
- WRC: VCS AFOLU Requirements 4.3.22 – 4.3.25

Findings from Field Audit			
The PP has selected the following carbon pools: above-ground, below-ground and soil organic carbon, in order to determine the actual removals due to the implementation of the project. Baseline scenario carbon pools are above-ground, below-ground, and litter.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.3.2 VCS AFOLU Requirements Section 4.3.5 and 4.3.6: Non-CO₂ GHGs

Reductions of N₂O and/or CH₄ emissions are eligible for crediting if in the baseline scenario the project area would have been subject to livestock grazing, rice cultivation, burning and/or nitrogen fertilization. Reductions of CH₄ emissions are eligible for crediting if fire would have been used to clear the land in the baseline scenario.

Findings from Field Audit			
Reductions of N ₂ O and/or CH ₄ emissions are not eligible for crediting in this case. In the PD the PP justifies why these two non-GHG gases are taken into account.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.4 VCS AFOLU Requirements Section 4.5 and VCS Standard Section 3.13: Baseline scenario selection

The baseline scenario for the project shall be determined in accordance with the requirements set out in the methodology applied to the project, and the choice of baseline scenario shall be justified. Equivalence in type and level of activity of products or services provided by the project and the baseline scenario shall be demonstrated and, where appropriate, any significant differences between the project and the baseline scenario shall be explained. In developing the baseline scenario, assumptions, values and procedures shall be selected that help ensure that net GHG emission reductions and removals are not overestimated.

Findings from Field Audit	
Baseline Determination Step*	Findings
STEP 1. Identification of alternative land use scenarios to the AFOLU project activity;	The audit team agrees that these alternative scenarios are credible, and realistic: <ul style="list-style-type: none"> 1. Continuation of pre-project land use (low intensity cattle grazing). 2. Conversion to large scale oil palm plantations.

	<p>3. Bamboo reforestation without being registered as an AFOLU project.</p> <p>All the scenarios are consistent with enforced mandatory applicable laws and regulations.</p> <p>The determination of these alternative scenarios was done by the PP based on analysis of historical and current land use, levels of development assistance and economic trend.</p> <p>(Step 1 including both substeps 1a and 1b were followed by the PP according to the methodology. Substep 1c is also included; however, this is not part of the methodology).</p>		
STEP 3. Barriers analysis (step 2 is not chosen)	<p>A list of various possible barriers for the land-use alternatives identified in substep 1b was presented. Then, the PP explained in detail why the barriers do not prevent any of the alternative scenarios, including the continuation of pre project. Assumptions and scientific literature were used as a reference.</p> <p>The conclusion of the barrier analysis is that none of the barriers prevent any of the alternative scenarios.</p>		
STEP 4. Common practice analysis.	<p>It is said in the PD that “<i>there are no similar activities within the project area neither in scale, nor objective as a private enterprise.</i>” This statement is justified by providing a basic analysis in which only one similar bamboo plantation initiative is mentioned. The audit team discussed this with local stakeholders and confirmed that only CO2Bambu project is similar, but only because it is a bamboo plantation in the region. However, it is explained that this is a low income housing non-profit entity that has operated in RAAN since 2008, and so far there are only around 150 hectares planted and no industry has been planned. On the contrary, EcoPlanet Bamboo project does have a plan to even plant more bamboo in the region, and also to initiate and develop an industry in which the main products will be finished products, e.g. flooring.</p> <p>This bamboo project cannot be considered as the first of its kind; however, there are major differences versus CO2Bambu project. The audit team agrees the analysis leads to the conclusion that the EcoPlanet Bamboo Central America project is additional.</p>		
<p>* These steps correspond to the “Tool for the demonstration and assessment of additionality in vcs agriculture, forestry and other land use (AFOLU) project activities” VT0001, Version 3.0, 1 February 2012, Sectoral Scope 14.</p>			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.5 VCS Standard Section 3.14: Additionality

Additionality shall be demonstrated and assessed in accordance with the requirements set out in the methodology applied to the project.

Findings from Field Audit			
<p>The selected methodology states that the PP shall use the most recent version of the tool “Combined tool to identify the baseline scenario and demonstrate additionality in A/R CDM project activities”. However, the PP decided to use the Tool for the demonstration and assessment of additionality in vcs agriculture, forestry and other land use (AFOLU) project activities” VT0001, Version 3.0, 1 February 2012, Sectoral Scope 14. This is acceptable based on the VCS criteria in which the VCS requirements take precedence over CDM methodology requirements. Additionality was demonstrated in accordance with the VCS tool.</p>			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.6 Quantification of GHG emissions

3.2.6.1 VCS Standard Section 3.15: Quantification of GHG emission reductions and removals

GHG emissions and/or removals shall be estimated for each GHG source, sink and/or reservoir relevant for the project (including leakage) and the baseline scenario.

Findings from Field Audit			
<p>According to the PD, the baseline net GHG removals by sinks was determined based on the density of standing trees; litter, dead wood and soil was also measured. In average, standing trees in Rio Siquia farm have between 99 and 217 tCO₂e/ha, and Rio Kama farm between 148 and 197 tCO₂e/ha.</p> <p>The use of fire during the land preparation is not a management practice; this was confirmed by the audit team through stakeholder consultation. Therefore, the GHG emission within the project boundary is assumed to be zero.</p> <p>According to section 3.3 of the PD, leakage can be neglected because “a probably displacement of grazing activities caused by the implementation of project activities could occur”. The PP submitted evidence related with the number of cows prior and after the implementation of the project in order for the audit team to verify that there were no displacement of this activity to new forest lands. Also, the audit team interviewed former land owners and neighbours; no inconsistencies were found.</p> <p>The PD document presents the quantification of GHG removals for each GHG relevant source/reservoir. The proponent makes an analysis of the carbon stocks changes using different suitable parameters.</p> <p>The PD shows the estimated actual net GHG emission removals in a yearly basis (tables 5, 6 and 7). A total of 941,805 tCO₂e is expected by year 2031 (20 years of crediting period).</p> <p>Estimations of GHG removals considered three carbon pools selected: above-ground, below-ground, and soil; litter, and dead wood were conservatively neglected.</p>			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.6.2 VCS AFOLU Requirements Section 3.1.1: Data requirements

As set out in the *VCS Standard*, standards and factors used to derive GHG emissions data as well as any supporting data for establishing baseline scenarios and demonstrating additionality shall be publicly available and derived from a reputable and recognized source, such as *IPCC 2006 Guidelines for National GHG Inventories* or the *IPCC Good Practice Guidance for Land Use, Land-Use Change and Forestry*.

Findings from Field Audit			
<p>In general, all the supporting documents and the information stated in the PD are derived from the use of VCS methodological tools, procedures and guidance. Some other sources were considered, such as scientific literature and personal experience of the PP staff and other participants.</p> <p>The PP has used a recognized methodology: CDM, AR-ACM0001 version 05.2.0; and several tools about soil organic carbon estimation, estimations of carbon stock in trees and shrubs, estimation of carbon stock in litter, and another tools.</p>			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.6.3 VCS AFOLU Requirements Section 4.5: Calculation of emissions in the baseline scenario (ex-ante estimate)

Methodologies shall establish procedures to quantify the GHG emissions or removals for the project and baseline scenario. *The IPCC 2006 Guidelines for National GHG Inventories* or the *IPCC 2003 Good Practice Guidance for Land Use, Land-Use Change and Forestry* shall be used as guidance for quantifying increases or decreases in carbon stocks and GHG emissions. The IPCC Guidelines shall also be followed in terms of quality assurance/quality control (QA/QC) and uncertainty analysis.

Section 4.5.3 of the AFOLU Guidance includes specific requirements for the quantification of carbon stocks in belowground, dead wood, soil carbon, and wood products pools. Projects shall follow methodological guidance for the estimation of carbon stock change all required and selected SSRs.

Findings from Field Audit			
<p>During the field visit, the audit team verified that the project is being implemented in degraded lands with standing vegetation such as scattered trees. According to the PD the PP “<i>It is important to note that the proposed project activities guarantee the permanence of these trees as well as those areas which still remain under forest.</i>” Baseline emissions were anyway estimated but the carbon stocks have not been taken into account in the net GHG removal calculations. Since the project activity will not impact on these trees or small patches of trees, the audit team agrees that the baseline can be conservatively neglected, and therefore considered as 0 in the calculations.</p>			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.6.4 Calculation of emissions reductions or avoided emissions due to the project (ex-ante estimate)

Findings from Field Audit			
<p>The proponent calculated a total of 941,881.5 tCO₂e as emissions removals due to the project. Regarding this calculation, the annual emissions removals is 47,094 tCO₂e. Section 1.7 of the PD shows the estimated net GHG emission removals within the project boundary and through the crediting period. More precisely, table 5, 6 and 7 of the PD shows the results of every strata: Without trees stratum 12,798.9 tCO₂e (n = 16.8 ha); low stratum 680,880 tCO₂e (n = 893 ha); and moderate stratum 248,202.6 tCO₂e (n = 325 ha).</p>			

The PP explains in detail all the procedures, tools and guidance used to estimate the GHG removals in the PD. Basically, the calculations were based on the requirements established by the methodology with some exceptions (discussed below in methodology deviations section): The actual net GHG removals by sinks were calculated by using the equation 3, 4 and 5 of the methodology. When using the equation 5 the PP, demonstrated that carbon stocks from shrubs and deadwood can be neglected and therefore assumed to be 0. Change in carbon stock in SOC in project was estimated by using the appropriate tool. This tool requires to estimate SOC_{initial} by using the equation 1(of the SOC tool); however, the PP actually measured this parameter and being so, this value was used in the estimation. The data is considered more accurate, 38.8 tC/ha Rio Kama and 25.34 tC/ha Rio Siquia. A total of 72,488 tCO₂e is estimated as ex-ante removal. The estimation of carbon stocks in litter was not done according to the methodology. Instead, a value obtained within the *Guadua aculeata* plantation was considered more precise (2.92% of the total carbon stock).

Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.6.5 Calculation of emissions from project activities (ex-ante estimate)

Findings from Field Audit

After using the tool for “Estimation of non-CO2 GHG emissions resulting from burning of biomass attributable to an A/R CDM project activity”, the PP determined that project emissions can be neglected and therefore can be estimated as zero. The audit team interviewed key personal in the fields and ratified that the use of fire for site preparation or any other activity that could cause emissions during the site preparation or burning residues have not been presented.

Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.6.6 VCS AFOLU Requirements Sections 3.1.8 and 4.5.4: ARR and IFM Long-term average calculation

ARR or IFM projects with harvesting activities shall not be issued GHG credits above the long-term average GHG benefit maintained by the project. The long-term average GHG benefit shall be calculated as set out in Section 4.5.3 of the VCS AFOLU Requirements.

Findings from Field Audit

The project has correctly followed the VCS calculation process for estimating project emissions removals in ARR projects with planned harvesting. The project calculates a long term average (LA) of 830,716.3 tCO₂e over the course of the project crediting period. The calculation of the LA was reviewed by the audit team based on the spreadsheets.

Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.6.7 The assumptions made for estimating GHG emission reductions and/or removals

Findings from Field Audit

The estimation of GHG emission removals were done based on parameters from the scientific literature, including IPCC default factors, and personnel field experiences. Some assumptions were taken into account in the calculations.

Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.6.8 Leakage

3.2.6.9 VCS AFOLU Requirements Section 3.6.1: Identification of leakage

The potential for leakage shall be identified, and projects are encouraged to include leakage management zones as part of the overall project design. Leakage management zones can minimize the displacement of land use activities to areas outside the project area by maintaining the production of goods and services, such as agricultural products, within areas under the control of the project proponent or by addressing the socio-economic factors that drive land use change.

Leakage that is determined, in accordance with Section 4.3.3, to be below *de minimis* (ie, insignificant) does not need to be included in the GHG emissions accounting. The significance of leakage may also be determined using the CDM A/R methodological tool *Tool for testing significance of GHG Emissions in A/R CDM Project Activities*.

Findings from Field Audit

Section 3.3 of the PD explains in detail the procedure to estimate leakage due to a potential displacement of grazing activities caused by the implementation of the bamboo plantations in the project boundary. The appropriate tool was used and the conclusion was that the displacement of pre-project activities attributable to the A/R CDM project activity is insignificant, and therefore may be accounted as zero. The audit team reviewed the calculations, use of data, parameters and assumptions and agreed that there is no leakage to take into account in the net GHG benefits calculations.

Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
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NCR/OBS	No NCRs or OBS were raised.
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3.2.6.10 VCS AFOLU Requirements Section 3.6.2: Leakage mitigation

Activities to mitigate leakage and sustainably reduce deforestation and/or degradation are encouraged and may include the establishment of agricultural intensification practices, lengthened fallow periods, agroforestry and fast-growing woodlots on degraded land, forest under-story farming, ecotourism and other sustainable livelihood activities, and/or sustainable production of non-timber forest products. Leakage mitigation activities may be supplemented by providing economic opportunities for local communities that encourage forest protection, such as employment as protected-area guards, training in sustainable forest use or assisting communities in securing markets for sustainable forest products, such as rattan, vanilla, cacao, coffee and natural medicines.

Findings from Field Audit			
No leakage is expected during the crediting period. Therefore, no leakage mitigation is necessary.			
Conformance	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.6.11 VCS AFOLU Requirements Section 3.6.4, 4.6.4, 4.6.14 and 4.6.15: Market leakage

Market leakage assessments shall occur at validation and verification. The rules and requirements for the assessment of market leakage are set out in Section 5 of VCS AFOLU Requirements. Projects shall account for market leakage where the production of a commodity (eg, timber) is significantly affected by the project. The significance of timber production is determined as set out in Section 4.3.3 above or as set out in Table 3 of the VCS AFOLU Requirements.

Findings from Review on INSERT FIRST DATE			
Market leakage is not applicable in ARR projects.			
Conformance	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.6.12 VCS AFOLU Requirements Sections 4.6.8 – 4.6.22: Project type specific leakage requirements

The VCS AFOLU Requirements includes the following project type specific criteria (see VCS AFOLU Requirements for complete reference of criteria requirements):

- ARR: VCS AFOLU Requirements Sections 4.6.8 – 4.6.9
- ALM: VCS AFOLU Requirements Sections 4.6.10 – 4.6.12
- IFM: VCS AFOLU Requirements Sections 4.6.13 – 4.6.14
- REDD: VCS AFOLU Requirements Sections 4.6.15 – 4.6.16
- ACoGS: VCS AFOLU Requirements Section 4.6.17 – 4.6.18
- WRC: VCS AFOLU Requirements Sections 4.6.19 – 4.6.22

Findings from Field Audit			
As noted above, leakage was assumed to be equal to zero based on the application of the appropriate tool and guidance.			
Conformance	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.6.13 VCS AFOLU Requirements Section 4.6.3: Quantification of leakage

GHG emissions from leakage may be determined either directly from monitoring, or indirectly when leakage is difficult to monitor directly but where scientific knowledge provides credible estimates of likely impacts. The GHG credit calculation table provided in Section 4.7 of the VCS AFOLU Requirements includes an example of indirect leakage accounting.

Findings from Field Audit			
The proponent does not identify any source of leakage due to project activities. Grazing activities are not displaced; therefore, there is not a source of leakage displaced.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.6.14 Summary of GHG emission reductions and removals

3.2.6.15 VCU Calculation

As set out in the AFOLU Requirements, any leakage shall be subtracted from the number of GHG emission reductions and removals eligible to be issued as VCUs.

VCUs should be estimated, and auditors should evaluate the correct calculation of buffer contribution in order to derive ex ante estimates of anticipated VCUs from project activities.

Findings from Field Audit			
The long-term average calculation tables in the PD shows the total credits available each year in terms of VCUs after buffer stock. Buffer was estimated to be 10% of the expected total GHG benefit. On this calculation method, the PP has subtracted leakage (even when this is 0) before to subtract the buffer stock. This is in compliance with the AFOLU Requirements Section 4.7. Quantification of GHG emission reductions and removals.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.6.16 Uncertainties assessment associated with the calculation of emissions

Generally uncertainty deduction methods are detailed within the VCS approved methodologies. Auditors should confirm appropriate uncertainty assessments have been conducted when calculated GHG emission reductions and/or removals.

Findings from Field Audit			
A series of procedures to take control under the potential uncertainties are explained in section 4.4 of the PD. Here, the PP explains how the “Guidelines on conservative choice and application of default data in estimation of the net anthropogenic GHG removals by sinks” were utilized as it is required by the selected methodology. The audit team reviewed this information to confirm that uncertainties were identified, but also a specific procedure to assess and address them.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.7 VCS Standard Section 3.5: Methodology Deviations

Deviations from the methodology applied to the project are permitted where they represent a deviation from the criteria and procedures relating to monitoring or measurement, for example relating to data and parameters at validation, or monitored in the monitoring plan (but not quantification) of GHG emission reductions or removals set out in the methodology. Deviations relating to any other part of the methodology shall not be permitted. Methodology deviations shall not negatively impact the conservativeness of the quantification of GHG emissions reductions or removals.

Methodology deviations shall be permitted at validation or verification and their consequences shall be reported in the validation or verification report, as applicable and all subsequent verification reports. Methodology deviations are not considered to be precedent setting.

Findings from Field Audit			
The estimation of carbon stock of the following carbon pools are considered by the audit team as methodology deviation, a concrete explanation is given:			
<ul style="list-style-type: none"> - Change in carbon stock in litter biomass in project in year t (equation 5 of the methodology): instead of following the appropriate tool, the PP used 2.92% of the total carbon stocks. This value comes from an actual measurement in a <i>Guadua aculeata</i> plantation. - Change in carbon stock in SOC in project (equation 5 of the methodology): instead of following the appropriate tool, the PP used 38.8 tC/ha Rio Kama and 25.34 tC/ha Rio Siquia. These values come also from actual measurements. 			
The PP explain in the PD how these values are more conservative than those from the use of the tools. The audit team agrees that it is more conservative to actually measure litter and SOC; therefore both methodology deviations are accepted.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.8 Monitoring plan

3.2.8.1 VCS Standard Section 3.17.1: Data and parameters available at validation

The project proponent shall ensure that all documents and records are kept in a secure and retrievable manner for at least two years after the end of the project crediting period.

Findings from Field Audit			
The PP has stated in the PD the following: “All data collected as part of monitoring shall be archived electronically and shall be kept at least for two years after the end of the last crediting period.” The crediting period is 20 years so it is expected that all kind of information related with validation and verification will be kept at least until year 2033. During the field visit the PP did not specify which place the records will be filed; however, it is implicit that there is plenty of room in the administrative offices in Nicaragua.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.8.2 VCS Standard Section 3.16 Data and parameters monitored

Data and parameters used for the quantification of GHG removals shall be provided in accordance with the methodology. Quality management procedures to manage data and information shall be applied and established. Where applicable, procedures to account for uncertainty in data and parameters shall be applied in accordance with the requirements set out in the methodology.

Findings from Field Audit			
Data and parameters used for the quantification of GHG emission removals were provided by the proponent. The PD establishes the methods to be used for each calculation and also the PP demonstrated a deep knowledge of them. Procedures to assess potential uncertainties were established as required by the methodology.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.2.8.3 VCS Standard Section 3.16.3 – 3.16.5 VCS AFOLU Requirements Section 4.8: Monitoring plan

The project proponent shall establish a GHG information system for obtaining, recording, compiling and analyzing data and information important for quantifying and reporting GHG emissions and/or removals relevant for the project (including leakage) and baseline scenario.

A monitoring plan for the project that includes roles and responsibilities shall be established. Where measurement and monitoring equipment is used, the project proponent shall ensure the equipment is calibrated according to the equipment's specifications and/or relevant national or international standards.

Leakage shall be monitored as set out in Section 4.6 of the VCS AFOLU Requirements. Where projects are required to account for leakage, such leakage evaluation shall be documented in the appropriate section of the project description and/or monitoring report, as applicable.

Findings from Field Audit			
The PP defines criteria and procedures for monitoring, and specifies the data and parameters to be monitored in Section 4 of the PD. The following activities will be monitored: project boundary, plantation management (weed control, fertilization and amendments, pruning, harvesting), actual GHG benefits, and leakage if necessary, among others. The monitoring plan will be complemented with social/community and biodiversity indicators as part of the FSC and the CCBA standard requirements.			
As per the methodology requirements, the PP has established sampling design and stratification procedures. The stratification is first based on planting spacing, and then on number of culms per clump. Preliminary, five strata have been defined in total. It was estimated that 34 Permanent Sample Plots (PSP) will be established for the whole project area according to the methodological tool. GIS software will be used to randomly locate the PSP within the project boundary.			
Data and parameters will be monitored periodically in the fields and before every verification event. Destructive sampling is also considered. Roles and responsibilities to implement the monitoring plan have been established. QA/QC procedures will be implemented to make sure the data consistency, correctness and completeness.			
Finally, the monitoring plan will aim at an estimation of the mean carbon stocks with a precision level of 10%, with 90% of confidence as per the methodology requirement.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.3 Environmental Impact

3.3.1 VCS AFOLU Requirements Section 3.1.5: Negative environmental and socio-economic impacts

Project proponents shall identify potential negative environmental and socio-economic impacts and shall take steps to mitigate them. Additional standards such as the Climate, Community & Biodiversity Standards (CCBS) or Forest Stewardship Council (FSC) certification may be applied to demonstrate social and environmental benefits beyond GHG emissions reductions or removals. VCU's may be tagged with additional standards and certifications on the VCS project database where both the VCS and another standard are applied.

Findings from Field Audit			
Both forest management units have a specific environmental impact assessment performed by a local consultant firm (Fiallos and Associates). The document includes general information and socioeconomic and environmental diagnosis in order to determine which project activity could cause an impact, either positive or negative. Mitigation activities have been identified. Besides, the proponent has a clear environmental policy and it has been shown an active role protecting forest reserves and cultural attributes.			
The PP is also pursuing the FSC certification and CCBA validation. These two standards are strong regarding the environmental and socio-economic impacts. The audit team reviewed both assessments and interviewed local stakeholders; some explained that submission of an EIA is not legally required, some others thought the opposite. The PP decided to submit both documents and MARENA and The Commission of the RAAS has signed certificates as an evidence of the company's adherence to all relevant regulations.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.3.2 VCS AFOLU Requirements Section 3.1.6: Conversion of native ecosystems

Project activities that convert native ecosystems to generate GHG credits are not eligible under the VCS Program. Evidence shall be provided in the project description that any ARR, ALM or PRC project areas were not cleared of native ecosystems to create GHG credits (eg, evidence indicating that clearing occurred due to natural disasters such as hurricanes or floods). Such proof is not required where such clearing or conversion took place at least 10 years prior to the proposed project start date. The onus is upon the project proponent to demonstrate this, failing which the project shall not be eligible. **Additional requirements for WRC project types** are outlined in VCS AFOLU Requirements section 3.4.3

Findings from Field Audit			
The PP explains in the PD the multi-temporal analysis made using remote sensing, in order to demonstrate that no conversion of natural forest happened to implement the project activity. Ground referencing was carried out to double check the results of the remote sensing interpretation. To do so, multispectral landsat images year 1978, 1992 and 2002 were used. The audit team took GPS points in the boundary of natural forests still in the project land, and then checked their correspondence with the images. Also, interviews with former landowners and neighbours confirmed that the natural forest has decreased.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.4 Comments by stakeholders

3.4.1 Findings from stakeholder comments received

Findings from Field Audit			
Frequent meetings are carried out with local organizations and also people from communities (neighbours) and workers. According to the people interviewed, these meetings are a good opportunity for the parties to discuss or analyse concerns, suggestions, or questions. Finally, the PP has boxes in which all the people can submit questions anonymously.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.5 Non-permanence Risk Assessment

Note: Risk factors are determined through a qualitative analysis conducted, following the guidance of the VCS AFOLU Non-Permanence Risk Tool. As stated in Section 1.1.3 “Project proponents shall clearly document and substantiate the risk analysis covering each risk factor applicable to the project. During the analysis, the validation/verification body shall evaluate the risk assessment undertaken by the project proponent and assess all data, rationales, assumptions, justifications and documentation provided by the project proponent to support the non-permanence risk rating.”

3.5.1 VCS AFOLU Non-Permanence Risk Tool Section 2.2.4: Projects with tree harvesting

For ARR and IFM projects with harvesting, project longevity may include the length of time the activities that maintain carbon stocks will continue, either through the continuation of the project activity or by replanting or re-growth of the trees after the last harvest in the project crediting period. Such commitment to continue the management practice, or to replant or allow re-growth shall be demonstrated through evidence such as certification of sustainable forest management under Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or other internationally recognized schemes, or contractual agreements for timber supply beyond the last harvest in the project crediting period. Re-growth may be considered only where project areas, after harvesting, will be managed for regeneration (naturally or with assistance), maintaining the current species mix and allowing trees to re-grow to an age equivalent to at least the age at which trees were harvested, as demonstrated in management plans.

Findings from Field Audit			
The project longevity has been defined as 80 to 85 years. This parameter is based on the time in which <i>Guadua aculeata</i> flowered in Nicaragua (2008 – 2012), which was the source of seed for the project activities, and also the time after the flowering in which the bamboo plants could finally die. The PP explained to the audit team that after year 80 (or 85) all the land would be replanted again using bamboo. The bamboo plantation project is also pursuing FSC certification and CCBA validation; so, there is a formal commitment to implement responsible management practices in the long term.			
Conformance	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
NCR/OBS	No NCRs or OBS were raised.		

3.5.2 VCS AFOLU Non-Permanence Risk Tool Section 2.1.1: Risk analysis

Projects shall prepare a non-permanence risk report in accordance with VCS document *AFOLU Non-Permanence Risk Tool* at both validation and verification. In the case of projects that are not validated and verified simultaneously, having their initial risk assessments validated at the time of VCS project validation will assist VCU buyers and sellers by providing a more accurate early indication of the number of VCUs projects are expected to generate. The non-permanence risk report shall be prepared using the *VCS Non-Permanence Risk Report*

Template, which may be included as an annex to the project description or monitoring report, as applicable, or provided as a stand-alone document.

The potential transient and permanent losses in carbon stocks shall be assessed over a period of 100 years from the start of the current monitoring period, unless otherwise specified in Sections 2.2 to 2.4 of the VCS AFOLU Non-Permanence Risk Tool, to determine the appropriate risk rating.

Risk Factor	Self Assessment Risk Rating	Findings (including description of any mitigation activities as required per VCS AFOLU Non-Permanence Risk Tool Section 2.1.2.2)	NCR/OBS
Internal Risks (VCS AFOLU Non-Permanence Risk Tool Section 2.2):			
Project Management: Shall be assessed using Table 1 of VCS AFOLU Risk Tool.	-4	<ul style="list-style-type: none"> - The species planted are native to Nicaragua. There are no intentions of using non-native species within the crediting period or beyond. The audit team visited two nurseries, in which the participants are cultivating native species collected from local natural forests. - Physical boundaries surround all the project lands already. Audit team confirmed this when visiting the farms. - The project is permanently supervised by local experts, field workers, and also is technically supported by partners from the USA and England. - Management team maintains a continuous presence over the project site. - Mitigation: Management team includes professional personnel and partners with more than 5 years of experience in AFOLU projects. - Mitigation: There are forest management plans, but also a Policy on Adaptive Management. 	No NCRs or OBS were raised.
Financial viability: Shall be assessed using Table 2 of VCS AFOLU Risk Tool.	3	<ul style="list-style-type: none"> - The project cash flow breakeven point, where annual income consistently exceeds annual outgoings occurs in Year 8. The audit team discussed key details with the PP regarding the cash in and cash out used to create the cash flow in which it is demonstrated where the breakeven point is reached. - 52% of the funds before the project reaches the breakeven point, is secured. The calculations are explicit in the spreadsheet. 	No OBS or NCRs were raised.
Opportunity cost: Shall be assessed using Table 3 of the VCS AFOLU Risk Tool.	0	<ul style="list-style-type: none"> - No risk is taken based on the fact that oil palm plantations are expected to be more profitable than the bamboo plantation project. 	No OBS or NCRs were raised.
Project longevity: Shall be assessed using Table 4 of the VCS AFOLU Risk Tool.	7	<ul style="list-style-type: none"> - The PP defined that the project longevity is 85 years based on the time the bamboo takes to flower (80 years) and then die (5 years). However, the PP has a commitment to continue planting the bamboo since this is planned to be the core business in the long 	No NCRs or OBS were raised.

		term. Risk factor is determined by the following equation: $24-85/5 = 7$	
Total Internal Risk: Shall be calculated using Table 5 of the VCS Risk Tool.	6		
External risks (VCS AFOLU Non-Permanence Risk Tool Section 2.3):			
Land and resource tenure: Shall be assessed using Table 6 of the VCS Risk Tool.	0	- All land within the project boundaries is fully and legally owned by EcoPlanet Bamboo Group, LLC. The PP implements strict land acquisition policies. The audit team did not find existing or prior conflicts to any land owned. All resource and use rights of the land and the bamboo plantations also lie with EcoPlanet Bamboo.	No NCRs or OBS were raised.
Community engagement: Shall be assessed using Table 7 of the VCS Risk Tool.	-5	- Local population do not rely on the project area; the audit team confirmed during the field visit that people do not live within the project area; hence they are not reliant on the EcoPlanet Bamboo project. - Mitigation: The carbon project has developed a socioeconomic baseline assessment in order to meet the FSC and CCBA requirements. The project generates net positive impacts on the social and economic well-being of the local communities who derive livelihoods from the project area.	No NCRs or OBS were raised.
Political risk: Shall be assessed using Table 8 of the VCS Risk Tool.	2	- The PP estimated as -0.560 the governance score according to WBI. - Mitigation: Nicaragua is receiving funding from the WB Forest Carbon Partnership Facility. R-PP was submitted recently.	No NCRs or OBS were raised.
Total external risks: Shall be calculated using Table 9 of the VCS Risk Tool.	0		
Natural Risks (VCS AFOLU Non-Permanence Risk Tool Section 2.4):			
Natural risks: Shall be assessed using Table 10 of the VCS Risk Tool.	0.5	- The PP has determined natural risk due to fire events, pest and disease outbreaks, and also extreme weather. - All the natural risks were evaluated over a period of 0 to 100 years.	No NCRs or OBS were raised.

3.5.3 VCS AFOLU Non-Permanence Risk Tool Section 2.5.1 – 2.5.3: Overall Project Risk Calculation

Note: As per VCS AFOLU Non-Permanence Risk Tool 2.5.2, the minimum risk rating shall be 10, regardless of the risk rating calculated using Table 11. Furthermore, where overall risk rating is greater than 60, project risk is deemed unacceptably high and the project fails the entire risk analysis (see VCS AFOLU Non-Permanence Risk Tool 2.5.3). For additional information on project risk assessment failure see VCS AFOLU Non-Permanence Risk Tool 2.1.

To determine the number of buffer credits that shall be deposited in the AFOLU pooled buffer account, the overall risk rating shall be converted to a percentage (e.g., an overall risk rating of 35 converts to 35%). This percentage shall be multiplied by the net change in the project’s carbon stocks (stated in the verification report), as set out in the VCS document *Registration and Issuance Process*. Where a project is divided into more than one geographic area for the purpose of risk analysis, the overall risk rating percentage for each area shall be multiplied by the net change in the project’s carbon stocks (stated in the verification report) in such geographic area.

Risk Factor	Self Assessment Risk Rating	Findings	NCR/OBS
Overall non-permanence risk rating as determined using Table 11 of the VCS Risk Tool.	10%	The total score was actually 6% of non-permanence risk; however, as it is required by VCS standard, the minimum buffer is 10%. The PP has interpreted this topic correctly in the risk assessment.	No NCRs or OBS were raised.

Based on Project's conformance with audit criteria, the auditor makes the following recommendation:		
Final Report Conclusions		
<input checked="" type="checkbox"/>	Validation approved: <i>No NCRs issued</i>	
<input type="checkbox"/>	Validation not approved: <i>Conformance with NCR(s) required</i>	
Draft Final Report Conclusions		
<input checked="" type="checkbox"/>	Validation approved: <i>No NCRs issued</i>	The Project Proponent has 7 days from the date of this report to submit any comments related to the factual accuracy of the report or the correctness of decisions reached. The auditors will not review any new material submitted at this time.
<input type="checkbox"/>	Validation not approved: <i>Conformance with NCR(s) required</i>	
Draft Report Conclusions		
<input type="checkbox"/>	Validation approved: <i>No NCRs issued</i>	The Project Proponent has 30 days from the date of this report to revise documentation and provide any additional evidence necessary to close the open non-conformances (NCRs). If new material is submitted the auditor will review the material and add updated findings to this report and close NCRs appropriately. If no new material is received before the 30 day deadline, or the new material was insufficient to close all open NCRs the report will be finalised with the NCRs open, and validation and/or verification will not be achieved. If all NCRs are successfully addressed, the report will be finalised and proceed towards issuance of a assessment statement.
<input checked="" type="checkbox"/>	Validation not approved: <i>Conformance with NCR(s) required</i>	

4 VALIDATION CONCLUSION

Rainforest Alliance Report Criterion	Draft Report Project Conformance		Final Report Project Conformance	
1 Project Design	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
2 Application of Methodology	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
3 Additionality and baseline selection	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
4 Quantification of GHG emissions	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
5 Leakage	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
6 Net emission reductions and removals	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
7 Monitoring plan	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
8 Environmental Impact	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
9 Comments by stakeholders	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
10 Non-permanence Risk Assessment	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

Considering the additional information submitted by the project proponent on Nov 2, 2012, the Rainforest Alliance audit team found the project to be in conformance with the VCS Version 3 standard.

4.1 Nonconformance evaluation

Note: A non-conformance is defined in this report as a deficiency, discrepancy or misrepresentation that in all probability materially affects carbon credit claims. Each NCR is brief and refers to a more detailed finding in the appendices.

NCRs identified in the Draft Report must be closed through submission of additional evidence by the Project Proponents before Rainforest Alliance can submit an unqualified statement of conformance to the GHG program. Findings from additional evidence reviewed after the issuance of the draft report are presented in the NCR tables below.

NCR#:	01/12
Standard & Requirement:	VCS Standard V3.3
Report Section:	3 Validation Findings / Section 3.2.2. Conformance with methodology applicability conditions
Description of Non-conformance and Related Evidence:	
<p>The “Consolidated afforestation and reforestation baseline and monitoring methodology AR-ACM001 (version 05.2.0)” states the following: “This methodology is applicable to afforestation and reforestation CDM project activities that are in degraded lands”.</p> <p>Since the PP states in the PD that the EcoPlanet Bamboo Central America project is a revegetation project -due to the bamboo is not considered as forest-, the proposed methodology is not applicable. Hence, in order for the PP to establish baseline (additionality) and monitoring procedures to develop the project and claim the VCU, the PP shall either find a forest definition in which bamboo is included, or select a methodology designed specifically for revegetation projects.</p>	
Corrective Action Request:	<p>Organization shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.</p> <p>Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.</p>
Timeline for Conformance:	Prior to Validation.
Evidence Provided by Organization:	
Findings for Evaluation of Evidence:	<p>The updated version of the PD includes clarifications regarding the non-conformance. In general terms, the PP used a FAO* definition of forest, which states the following:</p> <p><i>“Land spanning more than 0.5 hectares with trees higher than 5 meters and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. It does not include land that is predominantly under agricultural or urban land use. Includes areas with bamboo and palms provided that land use, height and canopy cover criteria are met.”</i></p> <p>* Global Forest Resource Assessment of the Food and Agricultural Organization, 2010.</p> <p>The audit team reviewed the document but also the VCS program definition V3.4 in which it is stated that Forest is the “Land with woody vegetation that meets an internationally accepted definition (eg, UNFCCC, FAO or IPCC) of what constitutes a forest, which includes threshold parameters, such as minimum forest area, tree height and level of crown cover, and may include mature, secondary, degraded and wetland forests”. The use of FAO 2010 definition of forest is useful to demonstrate that bamboo plantations can be considered as forests, even when the national forest definition (or other) classifies bamboo plantations as grassland. The audit team accepts the use of FAO 2010 forest definition since VCS takes precedence.</p>
NCR Status:	CLOSED.
Comments (optional):	N/A.

4.2 Observations

Note: Observations are issued for areas that the auditor sees the potential for improvement in implementing standard requirements or in the quality system; observations may lead to direct non-conformances if not addressed. Unlike NCRs, observations are not formally closed. Findings from the field audit related to observations are discussed in Appendix A below.

No OBS were raised

4.3 Actions taken by the Project Proponent address NCRs (including any resolution of material discrepancy)

Action Taken by Project Proponent following the issuance of the Draft Report		Date
Additional documents submitted to audit team (additional documents listed below)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	Nov 2, 2012
Additional stakeholder consultation conducted (evidence described below)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	Nov 2, 2012
Additional clarification provided	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	Nov 2, 2012
Documents revised (document revision description noted below)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	Nov 2, 2012
GHG calculation revised (evidence described below)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A	Nov 2, 2012

Included in the actions taken by the Project Proponent to address NCRs was the submission of the following revised files:

Ref	Title, Author(s), Version, Date	Electronic Filename
1a.	EcoPlanet Bamboo Group LLC, PD Version IV, Nov 12	EPB CA VCS PD V4.pdf
2a.	EcoPlanet Bamboo Group LLC, Non-permanence risk report, Nov 12	VCS Non-Permanence Risk Report EPB CA – final.pdf
3a.	EcoPlanet Bamboo Group LLC, Adaptive Management Policy, Nov 12	Adaptive Management Policy.doc
4a.	EcoPlanet Bamboo Group LLC, Carbon calculations, Nov 12	CarbonCalculationtoVCS1.xls
5a.	EcoPlanet Bamboo Group LLC, Financial analysis, Nov 12	EcoPlanet Bamboo CA Plantation Model Oct 31 2012.xls