

# VALIDATION REPORT FOR THE CHYULU HILLS REDD+ PROJECT

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**Summary:**

This report describes the validation audit of the Chyulu Hills REDD+ Project (“the project”), a Reduced Emissions from Deforestation and Degradation (REDD) project located in, Makueni County, Taita Taveta County and Kajiado County, all counties located in Kenya, that was conducted by SCS. The purpose of the validation audit was to assess the conformance of the project with the validation criteria. The validation audit was performed through a combination of document review, interviews with relevant personnel and on-site inspections. A total of 12 findings were raised during the validation. The project complies with all of the validation criteria, and the assessment team has no restrictions or uncertainties with respect to the compliance of the project with the validation criteria, therefore the audit team has validated the Project's compliance with the VCS Program requirements as set out in the VCS Rules.

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## 1 INTRODUCTION

### 1.1 Objective

The purpose of the validation audit activity was to conduct an independent assessment of the Chyulu Hills REDD+ Project (“the project”) to determine whether the project complies with the validation criteria, as set out in the guidance documents listed in Section 1.2 of this report.

### 1.2 Scope and Criteria

In accordance with Section 4.3.4 of ISO 14064-3:2006, the scope was defined as follows:

- The project and its baseline scenarios;
- The physical infrastructure, activities, technologies and processes of the project;
- The GHG sources, sinks and/or reservoirs that are applicable to the project;
- The types of GHGs that are applicable to the project; and
- The project crediting period, as discussed in Section 3.1.4 of this report.

In accordance with Section 5.3.1 of the VCS Standard, the criteria for validation was the VCS Version 3, including the following documents:

- VCS Program Guide
- VCS Standard
- VCS AFOLU Requirements
- VCS AFOLU Non-Permanence Risk Tool

Unless otherwise indicated, the assessment was performed against the most recent version of the relevant VCS guidance document. It should be noted that, while the project complies with the prevailing versions of the VCS guidance documents as of the issuance of this report, the assessment criteria changed during the course of the provision of assessment services, and therefore some findings (described in Section 2.5 below) refer to previous versions of various VCS guidance documents.

### 1.3 Level of Assurance

In accordance with Section 5.3.1 of the VCS Standard, the level of assurance of this report is reasonable.

### 1.4 Summary Description of the Project

The project is located in Kenya, Makueni County, Taita Taveta County and Kajiado County, and is aimed at reducing emissions related to unplanned deforestation.

## 2 VALIDATION PROCESS

### 2.1 Method and Criteria

The validation was performed through a combination of document review, interviews with relevant personnel and on-site inspections, as discussed in Sections 2.2 through 2.4 of this report. At all times, the project was assessed for conformance to the criteria described in Section 1.2 of this report. As discussed in Section 2.5, findings were issued to ensure that the project was in full conformance to all requirements.

The audit team created a sampling plan following a proprietary sampling plan workbook developed by SCS. Per Section 4.4.3 of ISO 14064-3:2006, the audit team identified possible risks of errors, omissions and misrepresentations with respect to the validation criteria. For each identified risk, the audit team assessed the likelihood of the material discrepancy occurring, the likelihood of the material discrepancy not being prevented or detected by the controls of the project the material discrepancy and the likelihood of the material discrepancy not being detected by the audit team. Sampling and data testing activities were planned to address any risk where the likelihood of a material discrepancy not being detected by the audit team was judged to be unacceptably high. The audit team then created a verification plan that took the sampling plan into account.

### 2.2 Document Review

The project design description (Version 1.42-1 dated 23 June 2015) (PDD) and supporting documentation were carefully reviewed for conformance to the validation criteria.

Particular attention was focused on the PDD, given its central role in the description of “the project and its context” (VCS Standard, Section 3.19.1). Through review of the PDD, the audit team ensured that:

- The project design, as described in the PDD, is in conformance with the VCS rules and the requirements of the methodology
- The PDD satisfies all applicable documentation requirements of the VCS rules and the methodology

In addition to the project description, the following written documents (e.g., reports, memos, land deeds and titles) were reviewed to ensure conformance of the project to the VCS rules and the methodology:

Document Description	File Name	Ref.
Field Manual	Annex 3 - Standard Operating Procedure Chyulu - Biomass v2.8.1_2014-02-03	/1/
Field Soils Manual	Annex 4 - SOP - Chyulu Soil Field Sampling v3.1 04-14-2014	/2/

Field Soils Manual	Annex 5 - SOP - Soils Bulk Density v1.4 2014-04-14	/3/
Field Forest Leakage manual	Annex 6 - SOP - Chyulu Hills - Forest Leakage 04-15-2014	/4/
Field Grassland Leakage Manual	Annex 7 - SOP - Chyulu Hills Leakage Grassland 04-15-2014	/5/
Disturbance Monitoring Manual	Annex 8 - Standard Operating Procedure - Disturbance Monitoring - v1.0_2012-10-02	/6/
Forest Inventory Workbook	Annex 9 - Chyulu Hills_inventory v11	/7/
Grassland Inventory workbook	Annex 9 - Chyulu Hills_inventory_Grassland v5	/8/
Deforestation Rates workbook	Annex 14 - BEM Export Grid Forest PAA	/9/
Conversion Rates Grassland	Annex 14 - BEM Export Grid Grassland PAA	/10/
Point Removal Workbook	Annex 15 - BEM Problem Points	/11/
Methodological Annex Imagery	Annex 18 - Image Classification Protocol grassland	/12/
Methodological Annex Imagery	Annex 18 - Image Classification Protocol	/13/
GHG Summary Workbook	Chyulu Hills Project Area VER estimates v7	/14/
Forest GHG Workbook	Chyulu Hills_Forest_NERs U1 linear 1.9_v10_PDD	/15/
Grassland GHG Workbook	Chyulu Hills_Grassland_NERs U1 linear 1.9_v13_PD	/16/
Disturbance Monitoring Process	MODIS Fire Product sample map dates	/17/
Process for Document Distribution	PDD DISTRIBUTION	/18/

Big Life Budget	Big Life USA 990 2013	/19/
Big Life Audit	BLF audited financial stmt 2013	/20/
Public Comments Reviewed	Info public comment period English	/21/
Project Area Stratification	stack16762_01m+01m+01o_ndvi_tc	/22/
Project Employee Safety Plan	CHCT Health and Safety Plan v1	/23/
Additionality Workbook	LandUse Alternative Evidence V2	/24/
Chyulu Hills Redd Project Budget	CHRP financial analysis v3 20150425 NPRA	/25/
David Sheldrick Wildlife Trust Budget	DSWT - AUDITED ACCOUNTS 31.3.2014	/26/
Kenya Wildlife Service Budget	KWS annual report 2013	/27/
Big Life Foundation Budget	MPT audited financial stmt 2013	/28/
Masaai Wilderness Conservation Trust Budget	MWCT 2013 Audited Financial Statements	/29/
Grassland GIS File	Grassland_PAA.shp	/30/
Canopy Cover GIS File	Acacia_SavannahTrees_Buf_individual.shp	/31/
Canopy Cover GIS File	Grassland_Trees_Buf_eachPlot.shp	/32/
Boundary GIS File	120_meter_Check.shp	/33/
Accounting Area GIS File	ForestPAA.shp	/34/
Removed Areas GIS File	OutArea.shp	/35/
Project Area GIS File	ProjectArea.shp	/36/
Chyulu Hills Conservation Trust Creation Document	Duly Executed Trust Deed	/37/
Right of Use Document	Duly Executed Deed of Assignment	/38/



Land-Sat Imagery	Associated scenes	/39/
Canopy Cover Data Forest	CC_Acacia_SCS_ALLPlots	/40/
Canopy Cover Data Grassland	CC_Grassland_SCS_ALLPlots	/41/
KML's of the Project Area	Associated KML files	/42/
Kenya Forest Land Act Cap 358	ken64065	/43/
Email Guidance from VCSA	Question on Additionality Tool for Chyulu Hills REDD Project	/44/
National Soils Database of Kenya	KEN_SOTWISv1.mxd	/45/

### 2.3 Interviews

Interviews constituted an important component of the audit process. The following personnel associated with the project proponent and/or implementing partner were interviewed. The phrase “throughout audit” under “Date(s) Interviewed” indicates that the individual in question was interviewed on multiple occasions throughout the audit process.

Individual	Affiliation	Role	Date(s) Interviewed
Christina Ender	Wildlife Works LLC (WWC)	REDD+ Project Coordinator	Throughout Audit
Chris Tuite	Maasai Wilderness Conservation Trust (MWCT)	Consultant	Throughout Audit
Jeremy Freund	WWC	VP Carbon Development	Throughout Audit
Samuel Kasiki	Kenya Wildlife Service (KWS)	Biodiversity research and Monitoring	25 February 2015
Jane Wamboi	KWS	Biodiversity research and Monitoring	25 February 2015

Tom Ogola	KWS	Company Secretary and Principal Legal Adviser	25 February 2015
Wycliffe Mutero	KWS	GIS Specialist	25 February 2015
Simon Bird	WWC	Carbon development Associate	Throughout Audit
Dave Loubser	African Wildlife Foundation (AWF)	Principle Funder	Throughout Audit
Douglas Salta	Chyulu Hills National Park (CHNP)	Community Warden	27 February 2015
Neville Sheldrick	David Sheldrick Wildlife Trust (DSWT)	Pilot	27 February 2015
James Moutinna	DSWT	Forest Reserve	27 February 2015
Ochieng Mlati	DSWT	Community Projects	27 February 2015
Peter Mbote	CHNP	Warden	27 February 2015
Alfred Gichu	Kenya Forest service (KFS)	Head of Climate Change	25 February 2015
Emilio Mugo	KFS	Acting Director	25 February 2015
Community Leaders	Kuku Group Ranch	Community Liaisons	28 February 2015
Community Leaders	Kuku A Group Ranch	Community Liaisons	28 February 2015
Community Leaders	Rombo Group Ranch	Community Liaisons	28 February 2015
Community Leaders	Mbirikani Group ranch	Community Liaisons	28 February 2015
Lana Muller	MWCT	Data Management	1 March 2015
Dirk Van Der Goes	MWCT	Data Management	1 March 2015

Dr. Mwangi Githiru	WWC	Director of Social and Biodiversity Monitoring	27 February – 1 March 2015
Guy Elms	Raffman Dhanji Elms & Virdee	Legal advisor	25 February 2015
Julius Kimani	KWS	Deputy Director, Parks and Reserves	25 February 2015
Cyprion Mwawasi	WWC	Biomass Team	27 February – 4 March 2015
Moses Mwamodo	WWC	Biomass Team	27 February – 4 March 2015
Mwololo Muasa	WWC	Biomass Team Leader	27 February – 4 March 2015
Richard Bonham	Big Life Foundation (BLF)	Director of Operations	3 March 2015
Daniel Ole Sambu	BLF	Community Liaison	3 March 2015
Anthony Kasanga	BLF	Information and Data Officer	3 March 2015
Mr. Josphat Erupe	Tsavo West National Park	Senior Warden	3 March 2015
Samson Parashina	MCWT	President and Chairman of the Board	27 February – 4 March 2015

Residents of communities located near the project boundary (termed “local residents” within this report) were also interviewed. Whereas, a complete list of individuals is not available, the villages and village groups interviewed are listed below:

- Kuku Group Ranch
- Kuku A Group Ranch

- Mbirikani Group Ranch
- Rombo Group Ranch
- Langata Village
- Employees of Campi Ya Kanzi
- Usigili Women's Group
- Itilat women's Group
- Manyatta Women's Group
- Pastor and Elder Group Otulaki Village
- Self Help Women's Group Kadhekakai
- Osirum Cultural Boma
- Free Pentecostal Church group
- Olbiri Village

## 2.4 Site Inspections

The objectives of the on-site inspections performed were to:

- Ensure that the geographic area of the project, as reported in the project description and the accompanying KML file, is in conformance with Section 3.11.1 of the VCS Standard;
- Select samples of data from on-the-ground measurements for validation in order to meet a reasonable level of assurance and to meet the materiality requirements of the project, as required by Section 5.1.3 of the VCS Standard;
- Perform a risk-based review of the project area to ensure that the project is in conformance the eligibility requirements of the VCS rules and the applicability conditions of the methodology; and
- Perform a risk-based review of the project area to ensure that the project conforms to all other requirements of the VCS rules and the methodology

In fulfilment of the above objectives, the audit team performed an on-site inspection of the project area on the dates 27 February – 4 March 2015. The main activities undertaken by the audit team were as follows:

- Interviewed project personnel (see Section 2.3 of this report) to gather information regarding the design of the project;
- Interviewed project personnel (see Section 2.3 of this report) for the purpose of seeking evidence of conformance with respect to the specific requirements of the methodology and the VCS rules;
- Interviewed residents of several communities (see Section 2.3 above) located in the immediate vicinity of the project area to confirm the claims of the project proponents with respect to the extent of community engagement, the determination of the baseline scenario and the demonstration of additionality.
- Viewed representatives of Wildlife Works LLC. (WWC) conducting re-measurements on four inventory plots, including a re-measurement by the audit team. The representatives were asked to replicate the measurement protocol that was applied, for the purpose of providing the audit

team with reasonable assurance that the measurements were collected to appropriate quality standards.

Following the site visit described above, the audit team held two web-based meetings with project personnel, on 4 June 2015 and 2 July 2015, for the purposes of obtaining further information regarding the carbon stock calculations. In addition, the audit team held a one-day office meeting on 14 April 2015 at the offices of WWC in Mill Valley, CA for the purposes of assessing the accuracy of the baseline conversion rates.

## 2.5 Resolution of Findings

Any potential or actual material discrepancies identified during the assessment process were resolved through the issuance of findings. The types of findings issued by SCS were characterized as follows:

**Non-Conformity Report (NCR):** An NCR signified a material discrepancy with respect to a specific requirement. This type of finding could only be closed upon receipt by SCS of evidence indicating that the identified discrepancy had been corrected. Resolution of all open NCRs was a prerequisite for issuance of a validation statement.

**New Information Request (NIR):** An NIR signified a need for supplementary information in order to determine whether a material discrepancy existed with respect to a specific requirement. Receipt of an NIR did not necessarily indicate that the project was not in compliance with a specific requirement. However, resolution of all open NIRs was a prerequisite for issuance of a validation statement.

**Opportunity for Improvement (OFI):** An OFI indicated an area that should be monitored or ideally, improved upon. OFI's were considered to be an indication of something that could become a non-conformity if not given proper attention, and were sometimes issued in the case that a non-material discrepancy was identified. OFIs were considered to be closed upon issuance.

All findings issued by the audit team during the validation process have been closed. In accordance with Section 5.3.6 of the VCS Standard, all findings issued during the validation process, and the impetus for their closure, are described in Appendix A of this report.

## 2.6 Forward Action Requests

No forward action requests were issued during the validation.

# 3 VALIDATION FINDINGS

## 3.1 Project Details

The audit team confirmed that the PDD provides a detailed description of the project design that is both accurate and complete, as it conforms to Section 3 of both the VCS Standard and the AFOLU Requirements. Moreover, it is the opinion of the audit team that the PDD provides a comprehensive understanding of the nature of the project.

### 3.1.1 *Project scope, type, technologies and measures implemented, and eligibility of the project*

The project exists under sectoral scope 14 (AFOLU). As described in Section 4.2 of the VCS AFOLU Requirements, the project falls under the category of Reduced Emissions from Deforestation and Degradation (REDD).

### 3.1.2 *Project proponent*

The project proponent for the Chyulu Hills REDD+ Project is the Chyulu Hills Conservation Trust (CHCT). While on-site the audit team interviewed multiple trustees of the CHCT who confirmed the creation of the trust (see Section 2.3 above) as the official project proponent for the Chyulu Hills REDD+ Project. Each trustee signed the document titled Duly Executed Trust Deed /37/ on 19-20 May 2015 and each signature was officially stamped by legal notaries (commissioners of oaths, as known in Kenya). Using a web based review, the audit team was able to confirm the official status of each notary. In addition, the audit team met with Guy Elms, a real estate attorney based in Nairobi, while on site, further confirming his status as a notary.

The Chyulu Hills Conservation Trust include representatives from each landowning entity within the project area. While onsite, the audit team held interviews with members from each entity involved in the project and were able to confirm that their roles and responsibilities are accurately described in Section 1.4 of the PDD.

### 3.1.3 *Project start date*

The project start date is listed as 19 September 2013. While onsite, the audit team reviewed the original data sheets dated 19 September 2013 as evidence of the commencement of the project biomass sampling. As the results of biomass sampling are directly linked to the baseline carbon stocks by which the project will be assessed in to the future, it is the opinion of the audit team that start date of this activity represents the date on which activities that lead to the generation of GHG emission reductions or removals are implemented and is therefore justified according to section 3.2.1 of The AFOLU Requirements.

### 3.1.4 *Project crediting period*

The audit team reviewed the PDD and confirmed the project crediting period of 30 years, commencing on 19 September 2013, to be in conformance with Section 3.8.1 of the VCS Standard, as it falls between the 20 year minimum and 100 maximum for AFOLU projects.

### 3.1.5 *Project scale and estimated GHG emission reductions or removals*

As stated in Section 1.7 of the project description, the project is considered a “large project” according to the requirements of Section 3.9.1 of the VCS Standard. The project is estimated to result in GHG emission reductions and removals equivalent to 33,028,286 tCO<sub>2</sub>e over the project crediting period.

### 3.1.6 *Project location*

The audit team reviewed Section 1.2 of the PDD and confirmed it provides an adequate description of the project location. The audit team was provided with a KML file of the project area and were able to confirm

the accuracy of the polygon delineation while on site. In addition, the audit team confirmed that the KML provided is consistent with the KML file on the VCS website and therefore project conforms to all applicable VCS rules with respect to project location.

### **3.1.7 Conditions prior to project initiation**

Section 1.3 of the PDD contains an exhaustive description of the conditions prior to project initiation. Whereas, some project activities had been implemented prior to the validation site visit, the audit team visited a suite of locations across the project area and confirmed the description in the PDD to be accurate. A further description of the validation activities performed on site can be found in Section 3.2.4 below.

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

The audit team held interviews with project personnel, which consisted of government officials, community leaders, and land-use lawyers who provided the audit team with access to what were, in their opinion, all of the laws and statutes and other regulatory frameworks applicable to the project activities. The audit team cross-checked these laws with both the information provided in the PDD and Kenyan online database(<http://www.klrc.go.ke/index.php/constitution-of-kenya/117-chapter-five-land-and-environment/part-1-land/233-66-regulation-of-land-use-and-property>) and confirmed with a reasonable level of assurance that the project is designed to be in conformance with all applicable laws, statutes and other regulatory frameworks.

### **3.1.9 Ownership and other programs**

#### **3.1.9.1 Right of use**

The tract of land encompassing the project area is comprised of seven parcels, Chyulu Hills National Park (CHNP), the Southern Chyulu Extension (SCE), Kibwezi National Forest (KNF), Kuku A Group Ranch, Kuku Group Ranch, Rombo Group Ranch, and Mbirikani Group Ranch. Each group ranch parcel is supported by an official title deed. While on site the audit team reviewed the title documents and confirmed the areas listed in these documents are consistent with the project area shape files provided to the audit team /36/. In addition, the audit team was able to observe the gazetted (gazetting is the process for nationalizing land in Kenya) land areas for CHNP, SCE, and KNF and confirmed that the areas listed are consistent with the areas depicted in the project area shape files /36/ provided to the audit team. Furthermore, the audit team held interviews with representatives from each of the participating landowners in the project and confirmed that they had all voluntarily signed the deed of assignment /38/, giving right of use to the CHCT, which is in conformance with item 6 of Section 3.11.1 of the VCS Standard.

#### **3.1.9.2 Emission trading programs and other binding limits**

As the project has not reduced GHG emissions from activities that are included in an emissions trading program or any other mechanism that includes GHG allowance trading, this section is not applicable. It is the audit team's understanding that emissions from unplanned deforestation activities in Kenya are not included in any emissions trading programs.

### 3.1.9.3 Other forms of environmental credit sought or received

As the project has not sought or received other forms of environmental credit, this section is not applicable.

### 3.1.9.4 Participation under other GHG programs

As the project is not participating under other GHG programs, this section is not applicable.

### 3.1.9.5 Rejection by other GHG programs

As the project has not been rejected by any other GHG programs, this section is not applicable.

## 3.1.10 *Additional information relevant to the project*

### 3.1.10.1 Eligibility for grouped projects

This section is not applicable, as the project is not a grouped project.

### 3.1.10.2 Leakage management for AFOLU projects

The audit team reviewed Section 5.2 of the PDD and confirmed it contains a detailed leakage mitigation strategy. Through interviews with local residents of the project area the audit team confirmed that the activities are designed in conformance with Sections 3.6.1-3.6.2 of the AFOLU Requirements. A further description of the validation activities regarding leakage management can be found in Sections 3.2.6 and 3.3 of this report.

### 3.1.10.3 Commercially sensitive information

As stated in Section 2.8 of the PDD, certain commercially sensitive information has been excluded from the PDD. All information, however has been provided to the audit team. The audit team reviewed this information and agrees that in the context of this project the information excluded from the PDD meets the definition of sensitive information, as defined in the VCS Program Definitions and therefore may be excluded in accordance with Section 3.18.2 of the VCS Standard. Specifically, the rules allow for the exclusion of financial information for whose public disclosure could reasonably be expected to undermine or negatively affect the development and/or implementation of a program.

## 3.2 Application of Methodology

### 3.2.1 *Title and Reference*

The project has applied the following:

- VCS-approved methodology VM0009 (“Methodology for Avoided Ecosystem Conversion”, referred to as “the methodology” in this report), V3.0
- VCS-approved tool VT0001 (“Tool for the Demonstration and Assessment of Additionality in VCS AFOLU Project Activities”), V3.0



3.2.2 Applicability

The project complies with each applicability condition of the methodology, as justified below.

VM0009 v3.0	Methodology for Avoided Ecosystem Conversion
Condition	Steps taken to assess compliance
1)	<p>Confirmation that the drivers and agents of conversion in the baseline scenario must be consistent with those described in section 6 of this methodology, and the end land use in the baseline scenario is non-forest (in the case of REDD project activities) or converted native grassland (in the case of ACoGS project activities). Accordingly, the project activity must be APD or AUDD for forested project accounting areas and APC or AUC for grassland project accounting areas</p> <ul style="list-style-type: none"> <li>• Through interviews with local residents of the project area, government officials, and observations on site, the audit team was able to confirm that the primary agents of deforestation are the agro-pastoralists and agriculturalists throughout the project area</li> <li>• The audit team performed fly-overs across the majority of the project area and confirmed that the end result of the agents and drivers of conversion is non-forest</li> </ul>
2)	<p>Confirmation that all project accounting areas must have been in an unconverted state (i.e., forest or native grassland) for at least 10 years prior to the project start date, according to the following:</p> <ol style="list-style-type: none"> <li>a. Land in all forested project accounting areas has qualified as forest, on average, across the project accounting areas, as defined by FAO 2010 or by the residing designated national authority (DNA) for the project country for a minimum of 10 years prior to the project start date               <ol style="list-style-type: none"> <li>a. The audit team observed the process for ascertaining land cover types using the project Land-Sat imagery /22/ and confirmed the accurate categorization of land cover types and that the area categorized as forest had been so for at least ten years. In addition the audit team reviewed the original plot data sheets on site and confirmed the canopy cover data to be accurate through observing plot re-measurements. Finally, the audit team performed a re-calculation of percent canopy cover for the Acacia-Savannah strata and confirmed that the canopy cover more than meets the 0.5 hectare requirement</li> </ol> </li> </ol>

	<p>b. Land in all grassland project accounting areas has qualified as native grassland or shrubland for a minimum of 10 years prior to the project start date</p> <p>b. The audit team observed the process for ascertaining land cover types using the project Land-Sat imagery /22/ and confirmed the accurate categorization of land cover types and that the area categorized as grassland had been so for at least ten years. In addition the audit team visited random portions of the project area, including aerial flyovers and confirmed that no cropland was included as grassland. Finally, the audit team performed a re-calculation of percent canopy cover for the grassland strata and confirmed no forest land was included in the grassland strata</p>
3)	<p>For project accounting areas with an unplanned baseline type, a conversion threat must exist for each project accounting area as demonstrated by one of the following two options:</p> <p>b. As of the project start date, some point within 2 kilometres of the perimeter of the project accounting area has been converted to the end land use identified in the baseline scenario</p> <p>b. The audit team reviewed the historical Land-Sat imagery /22/ used by the project to delineate the project area and confirmed that as of 2013 there existed many instances in which land conversion had occurred within 2 kilometers of the boundaries of the project areas. In addition, while on-site the audit team performed aerial flyovers in which the threat of land conversion was confirmed within 2 kilometers of a majority of the project area boundary</p>
4)	<p>In the case of baseline type F-U1, at least 25% of the project area boundary is within 120 meters of deforestation and at least 25% of the project area boundary is adjacent to the reference area</p> <ul style="list-style-type: none"> <li>• The audit team reviewed the project shapefiles /36/ used to perform the 120 meter check and confirmed that at least 25% of the project area is within 120 meters of deforestation and 25% of the project area is adjacent to the reference area. In addition, the audit team reviewed the project area KML file /42/ in Google Earth and confirmed with a reasonable level of assurance that the 120 meter check performed by project personnel was performed accurately</li> </ul>
5)	<p>In the case of baseline type G-U1, at least 25% of the project area boundary is adjacent to the reference area</p> <ul style="list-style-type: none"> <li>• See item 4 above, as the audit team performed the same validation activities for the grassland project area</li> </ul>

7)	<p>The project accounting area(s) must not contain peat soil</p> <ul style="list-style-type: none"> <li>• The audit team performed on-site observations and confirmed the absence of peat soils in the project area</li> <li>• The audit team reviewed the national soils database for Kenya /45/</li> </ul>
8)	<p>For each project accounting area, a reference area can be delineated for each baseline type in the baseline scenario that meets the requirements, including the minimum size requirement of Section 6.8.1 of the methodology</p> <ul style="list-style-type: none"> <li>• The audit team reviewed the process for delineating the reference area and the project area and confirmed that both baseline types (FU1 and GU1) meet the requirements of Section 6.8.1 of the methodology. This process is further described further in Section 3.2.4 below</li> </ul>
9)	<p>As of the project start date, historic imagery of the reference area(s) exists with sufficient coverage to meet the requirements of Section 6.8.4 of the methodology</p> <ul style="list-style-type: none"> <li>• The audit team reviewed the historical imagery provided by project personnel and confirmed that sufficient coverage exists to meet the requirements of Section 6.8.4 of the methodology. In addition, the audit team cross-checked the project imagery against the same imagery using USGS Global Visualization Viewer (<a href="http://glovis.usgs.gov/">http://glovis.usgs.gov/</a> ) to ensure the data were both accurate and unchanged. This process is further described in Section 3.2.4 below</li> </ul>
10)	<p>Project activities are planned or implemented to mitigate ecosystem conversion by addressing the agents and drivers of conversion as described in Section 8.3.1 of the methodology</p> <ul style="list-style-type: none"> <li>• See Section 3.1.10.2 of this report</li> </ul>
11)	<p>The project proponent has access to the activity-shifting leakage area(s) and proxy area(s) to implement monitoring (see Sections 8.3.2.1 and 6.4 of the methodology), or has access to monitoring data from these areas for every monitoring event</p> <ul style="list-style-type: none"> <li>• The audit team met with local residents adjacent to the project area and government officials and confirmed that project personnel have access to the activity-shifting leakage area(s) and proxy area(s) to implement monitoring. This should be assessed at each verification event</li> </ul>
13)	<p>This methodology is applicable to all geographies. However, if SOC is a selected carbon pool and the default value from Section 6.19.2 of the methodology is selected, then the project must be located in a tropical ecosystem</p> <ul style="list-style-type: none"> <li>• The audit team visited the project area and confirmed that the project area is located in the dry tropical region of Kenya</li> </ul>
14)	<p>If livestock are being grazed within the project area in the project scenario, there must be no manure management taking place, as emissions from N<sub>2</sub>O as a result of manure management are not quantified or addressed in this methodology</p> <ul style="list-style-type: none"> <li>• While on site the audit team witnessed cattle grazing, during ground-based and airborne inspections, confirmed that cattle are open-grazed and that manure management is highly improbable. The audit team had the luxury of performing a</li> </ul>

	number of low level flights across the majority of the project areas and in each instance observed cattle being open grazed across the landscape
15)	<p>Project activities must not result in significant GHG emissions. All GHG emissions from project activities must be shown to be de minimis (see section 8.3.1 of the methodology VM0009)</p> <p>Given that all of the project activities in decreased emissions, such as increases in the number of games scouts, community based education, improved agricultural techniques, improved access to health care, etc., the project is not expected to result in significant emissions. This condition should be re-evaluated once the project activities are implemented</p>
<b>VT0001 v3.0</b>	<b>Tool for the Demonstration and Assessment of Additionality in VCS AFOLU Project Activities</b>
1)	<p>AFOLU activities the same or similar to the proposed project activity on the land within the proposed project boundary performed with or without being registered as the VCS AFOLU project shall not lead to violation of any applicable law even if the law is not enforced</p> <ul style="list-style-type: none"> <li>The audit team met with members of the Kenyan government who confirmed that no activities, the same or similar to the proposed project activity, that exist within the project area are in violation of any applicable law. In addition, the audit team reviewed the suite of laws applicable to the project area and were unable to find any existence of laws that prohibit such activities</li> </ul>
	<p>The use of this tool to determine additionality requires the baseline methodology to provide for a stepwise approach justifying the determination of the most plausible baseline scenario. Project proponent(s) proposing new baseline methodologies shall ensure consistency between the determination of a baseline scenario and the determination of additionality of a project activity</p> <ul style="list-style-type: none"> <li>The audit team reviewed the VM0009 v3.0 methodology and confirmed that it provides a stepwise approach justifying the determination of the most plausible baseline scenario</li> </ul>

In summary, the audit team concludes that project complies with all of the applicability conditions for both the VM0009 v3.0 methodology and the VT0001 v3.0 additionality tool.

### 3.2.3 Project Boundary

Overall, the project boundary and selected sources, sinks and reservoirs are justified for the project. A further discussion of this is given below.

#### 3.2.3.1 Spatial boundaries

Through a combination of document review, remote sensing, and ground truthing the audit team confirmed that the spatial boundaries of the project area conform to Sections 5.1 and 6.2 of the methodology. The audit team reviewed the PDD and confirmed that it includes maps including all of the geographic and physical boundaries required by the methodology. In addition, the audit team performed a GIS analysis /30/ and /34/ of the stratification of the project accounting areas and confirmed that the

project boundaries include only forest and native grassland, as defined by the methodology and that all areas not meeting the criteria described in Section 3.2.2 above were appropriately masked out of the project accounting boundaries. It should also be noted that the audit team met with the minister of Forests of Kenya who expanded and the national definition of forest to include transitional forest lands.

Specifically, as it is common for dry tropical forests to form patchy mosaics, that the greater matrix covering the mosaic is zoned as forest land, as long as it can be determined that open areas are merely in a transition phase. Through on site observations, the audit team was able to confirm with a reasonable level of assurance that the areas categorized as forest meet this definition.

While on site, the audit team held interviews with representatives from all of the landowners included within the project area and confirmed that the claims in the PDD regarding the details of ownership, including user rights and/or land tenure information were accurately described. Moreover, the audit team confirmed that the information gleaned from such interviews was consistent with the ownership documentation described in Section 3.1.9.1 above.

Finally, the audit team performed field validation activities, included re-measurement of carbon plots and ground truthing strata and project area boundaries and confirmed that the geographic and physical boundaries depicted in the PDD maps is generally accurate.

### 3.2.3.2 Temporal boundaries

The audit team confirmed that the project complies with all of the requirements of the methodology regarding temporal boundaries, See Section 3.1 above for a complete description of how the project meets these requirements.

### 3.2.3.3 Gases

Gas	Source	Inclusion	Step(s) to assess Conformance
CO <sub>2</sub>	Flux in carbon pools	Yes	Check against table 2 of the methodology to ensure conformance
CH <sub>4</sub>	Burning of biomass	No	Conservatively excluded as is allowed by table 2 of the methodology
CH <sub>4</sub>	Livestock	No	Conservatively excluded as livestock in the project scenario is expected to be less than the baseline scenario
N <sub>2</sub> O	Burning of biomass	No	Conservatively excluded as is allowed by table 2 of the methodology
N <sub>2</sub> O	Livestock	No	Conservatively excluded as is allowed by table 2 of the methodology
N <sub>2</sub> O	Synthetic fertilizer	No	Conservatively excluded; The audit team visited multiple communities within the project area who confirmed that the estimate fertilizer use should be

			less in the project scenario than the baseline scenario
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**3.2.3.4 Carbon Pools**

Pool	Included	Step(s) taken to assess conformance
<b>Forest</b>		
Above-ground merchantable tree	No	Excluded as is allowed by table 2 of the methodology; through interviews with local government officials and local residents in and around the project area, and through on-site observations, the audit team confirmed that harvesting long-lived wood products is not the driver of conversion in the project area
Above-ground other (non-merchantable) tree	Yes	Check against table 2 of the methodology to ensure conformance
Above-ground non-tree	Yes	Check against table 2 of the methodology to ensure conformance
Below-ground merchantable tree	No	Check against table 2 of the methodology to ensure conformance
Below-ground other (non-merchantable) tree	Yes	Check against table 2 of the methodology to ensure conformance
Below-ground non-tree	Yes	Check against table 2 of the methodology to ensure conformance
Litter	No	Check against table 2 of the methodology to ensure conformance
Dead wood	No	Check against table 2 of the methodology to ensure conformance.
Standing dead wood	Yes	Check against table 2 of the methodology to ensure conformance
Lying dead wood	No	Check against table 2 of the methodology to ensure conformance
Soil organic carbon	Yes	Check against table 2 of the methodology to ensure conformance

Long-lived wood products	No	Check against table 2 of the methodology to ensure conformance
<b>Grassland</b>		
Above-ground merchantable tree	No	Check against table 3 of the methodology to ensure conformance  While on site it was apparent to the audit team that only annual crops such as corn and beans were being propagated and thus optional
Above-ground other (non-merchantable) tree	Yes	Check against table 3 of the methodology to ensure conformance  See above
Above-ground non-tree	Yes	Check against table 3 of the methodology to ensure conformance  See above
Below-ground merchantable tree	No	Check against table 3 of the methodology to ensure conformance
Below-ground other (non-merchantable) tree	Yes	Check against table 3 of the methodology to ensure conformance
Below-ground non-tree	Yes	Check against table 3 of the methodology to ensure conformance
Litter	No	Check against table 3 of the methodology to ensure conformance
Dead wood	No	Check against table 3 of the methodology to ensure conformance
Standing dead wood	Yes	Check against table 3 of the methodology to ensure conformance
Lying dead wood	No	Check against table 3 of the methodology to ensure conformance
Soil organic carbon	Yes	Check against table 3 of the methodology to ensure conformance

Long-lived wood products	No	Check against table 3 of the methodology to ensure conformance
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**3.2.4 Baseline Scenario**

The audit team reviewed the justification in the PDD and confirmed that the justification was consistent with what was observed during the site visit. The audit team interviewed local residents in and around the project area who corroborated the claims that the current land use and the most plausible scenario in the absence of the project is and will be the conversion of land to subsistence agriculture. The audit team further confirmed this land use scenario through observations during aerial flyovers of the project and surrounding areas. In addition, the audit team observed the process for detecting land cover change through time using remote sensing imagery /39/ and confirmed a consistent trend of the conversion of both grassland and forest land to agricultural crops and eventually to abandonment. The audit team independently downloaded Land-Sat imagery in order to cross-check the remote sensing imagery /33/ used to determine baseline rates of conversion and confirmed the imagery to be both accurate and sufficient to perform the baseline evaluation.

Through interviews with government officials and review of Kenyan land use law, the audit team confirmed that Sections 3.1.2 and 4.5 of the PDD provide an exhaustive list of policies and circumstances explaining the drivers and causes that ultimately lead to such a scenario. Finally, through observations on site and interviews with local residents in and around the project area the audit team confirmed that the agents of conversion complicit in the resulting baseline scenario are consistent with the claims in the PDD.

In conclusion, the audit team confirmed that the baseline scenario as stated in the PDD is justified. A more detailed descriptions of the methods used to determine the most plausible baseline scenario can be found in Section 3.2.5 below.

**3.2.5 Additionality**

Overall, additionality is justified for the project. In accordance with the methodology, and as well-documented within Section 4.6 of the PDD, Version 3.0 (the most recent version) of the VCS-approved “Tool for the Demonstration and Assessment of Additionality in VCS AFOLU Project Activities” has been used to demonstrate additionality. The audit team’s findings regarding the application of this tool are as follows.

**3.2.5.1 Step 1. Identification of alternative land use scenarios to the proposed VCS AFOLU project activity**

**3.2.5.1.1 Sub-Step 1a**

The identified land use scenarios identified in sub-Step 1a of the PDD include those scenarios required by VT0001. The audit team’s findings regarding the identified scenarios are as follows:



Scenario	Audit Findings
i	<ul style="list-style-type: none"> <li>As the continuation of the pre-project land use is required by the VT0001 Tool, the audit team deems this alternative land-use scenario as credible</li> </ul>
ii	<ul style="list-style-type: none"> <li>Through interviews with local community members and observations on site, the audit team was able to confirm that the rationale provided in the Additionality section is accurate; The audit team witnessed conservation based activities that have clearly been in place prior to the development of the AFOLU project</li> </ul>
iii	<ul style="list-style-type: none"> <li>Through a review of project documentation, interviews with government officials, and observations on site, the audit team confirmed that the inclusion of activities similar to the AFOLU project activities on at least part of the land within the project boundaries as a plausible scenario is justified.;The audit team confirmed that the CHNP, the SCE, and the KNF are included within the project boundary, and that activities similar to those proposed by the AFOLU project are carried out within each of these areas</li> </ul>

**3.2.5.1.2 Sub-step 1b**

The audit team reviewed the information provided in Sub-step 1b of Section 4.6 of the PDD and confirmed that it provides a detailed description of the credibility of the baseline land-use scenarios with respect to enforced mandatory applicable laws in regulation. While, the audit team agrees it is nearly impossible to have complete assurance that all of the conversion in the region is illegal, interviews with local government officials provided the audit team with the understanding that conversion by agents other than the legal occupants of the land and conversion within the gazetted national parks is indeed illegal. It is the understanding of the audit team that the conversion activities would require a permit if occurring on state, local authority, or provisional forests (Part V of /43/). Moreover, these same officials expressed their inability to enforce the prohibition of such conversion.

The VT0001 additionality tool requires the following: “If an alternative does not comply with all mandatory applicable legislation and regulations then show that, based on an examination of current practice in the region in which the mandatory law or regulation applies, those applicable mandatory legal or regulatory requirements are systematically not enforced and that non-compliance with those requirements is widespread, i.e., prevalent on at least 30% of the area of the smallest administrative unit that encompasses the project area.” Based on the location of the project area, the smallest administrative unit is the nation of Kenya. The audit team was provided with an email from Sam Hoffer of the VCSA /44/ stating that in this case it would be acceptable to show systematic lack of enforcement over the three counties that encompass the project area. Based on this guidance from the VCSA, the audit team reviewed the analysis provided by project personnel /24/ and confirmed the resulting calculations were both accurate and free from error.

**3.2.5.1.3 Sub-step 1c**

The audit team reviewed the PDD and confirmed that it provides the stepwise approach for selecting the most plausible baseline scenario as prescribed by the methodology. Through observations on site and interviews with government officials and locals residents the audit team confirmed that the continuation of the pre-project conversion activities is the most likely to occur in the absence of the project. In addition,

the audit team performed flyovers of the project area and surrounding region and observed strong visual evidence that the conversion activities described in this scenario were indeed prevalent. In addition, the audit team checked the evidence provided in Figure 18 of the PDD against high resolution Google Earth imagery, further confirming the widespread practice of agricultural conversion and, therefore, the appropriate selection of the pre-project land-use scenario as most plausible.

### **3.2.5.2 Step 2. Investment analysis**

#### **3.2.5.2.1 Sub-step 2a**

The audit team met with representatives of the project proponent and project partners and reviewed the list of project activities as designed in the PDD and agree that the activities are not designed to result in income generation other than that of the VCS related income. The activities as designed are to provide alternative livelihoods, job creation, food security, and education none of which is expected to generate revenue. The audit team agrees that a simple cost analysis is appropriate.

#### **3.2.5.2.2 Sub-step 2b. - Option I. Apply simple cost analysis**

The audit team was provided with the budgets of each participating organization, including estimates of future costs and revenues associated with the project. Whereas, the project is technically in design phase, the audit team was able to compare the expected costs and revenues against the previous year's audited financial statements and confirm with a reasonable level of assurance that the overall project budget is appropriate. Furthermore, the audit team held interviews with members from KWS, KFS, DSWT, and the MWCT and were able to confirm claims of a decreasing budget and supporting the financial benchmark used in the analysis.

#### **3.2.5.3 Step 3 – Barrier analysis**

As the project satisfied the requirements of the simple cost analysis, no barrier analysis is required.

#### **3.2.5.4 Step 4 – Common practice analysis**

While on site, the audit team was made aware of similar activities taking place within the project area. It is hard to assess at this stage whether or not the similar activities are of similar scale as the AFOLU project activities have yet to be implemented, however, in design the project personnel report that the intention is to increase and expand the activities to affect a larger audience over a larger geographical range. Given this inability to assess the scale of the similar activities, the audit requested that project personnel perform the requirements of Section 2.4.3 of the VT0001 additionality tool.

While on site, the audit team was presented with a comparative analysis between which activities were currently in place and what the expectations were for the expansion of such activities and the addition of new project activities. The audit team were able to confirm that the, given the expected costs, such endeavors would not be possible under current grant and government funding mechanisms, which leads to a fundamental and verifiable change in circumstances under which the proposed VCS AFOLU project activity will be implemented when compared to circumstances under which similar activities were carried out. Finally, the audit team was able to confirm the fundamental similarities between the different portions of the project area and therefore agree that the geographic region in which the analysis was performed is appropriate.

In summary, it is the opinion of the audit team that as long as the project is implemented as designed, the justification and the supporting evidence provided are sufficient to show that the additionality of the project is justified.

### **3.2.6 Quantification of GHG Emission Reductions and Removals**

Overall, the methodology and any referenced tools have been applied correctly to calculate baseline emissions, project emissions, leakage and net GHG emission reductions and removals. The quantification of such is described in greater detail below.

The audit team can confirm that the PDD contains a very high level of detail regarding the calculation of GHG emission reductions, such that the following are true:

- All relevant assumptions and data are listed in the project description, including their references and sources: the PD is very thoroughly documented and all equations, data, assumptions and other sources of information are included
- All of the project description requirements (PDR) with respect to the quantification of GHG emission reduction and removals are clearly presented replete with the equations and processes employed

The audit team reviewed a series of workbooks, GIS outputs, and R scripts in order to confirm conformance with the quantification requirements of the methodology. Specifically in each case, the audit team selected a sample of the project data to ensure only accurate data was used to develop the emissions model. The audit team then re-ran the logistical models in order to produce the results described below. In addition, the audit team collected independent data in the field and compared the resulting carbon stock values to those of the project. The audit team then recalculated 100% of the biomass data reported by the project and compared to the project values for accuracy. Finally, the audit team performed a re-calculation of each baseline emissions model and compared the results against those of the project to ensure accuracy. A complete reporting of the resulting values for each requirement of the methodology is as follows:

#### **3.2.6.1 Quantification of baseline emissions**

##### **3.2.6.1.1 Baseline emissions model**

The process for validating the baseline emissions model consisted of tracing data from the remote sensing imagery, evaluating the parameterization, and re-running the logistical model. Specifically in each case, the audit team selected a sample of the project data to ensure only accurate data was used to develop the emissions model. The audit team then re-ran the logistical models in order to produce the results described below. In addition, the audit team collected independent data in the field and compared the resulting carbon stock values to those of the project. The audit team then recalculated 100% of the biomass data reported by the project and compared to the project values for accuracy. Finally, the audit team performed a re-calculation of each baseline emissions model and compared the results against those of the project to ensure accuracy.

As previously stated, the audit team confirmed the requirements were met regarding the imagery necessary to detect land-cover change through time. The audit team first requested the project personnel perform a calculation of the reference region area and determined that the calculation was performed accurately and provided results that the reference area contained similar landscapes to that of the project area and larger than both of the respective project areas. The audit team also performed on site observations and confirmed that the areas comprising the reference areas are of a similar topography and consist of similar cultural and economic conditions. During the office visit, the audit team reviewed the process for training the remote sensing analysts and reviewed the output of the analysis and confirmed that the outputs driving the logistical model were accurately categorized and appropriately transferred as inputs for the development of the model. Finally, the audit team re-ran the logistical model using the R software package loaded with the “Date” package and produced identical results to the reported project results. A complete list of parameters and the validation activities taken to assess the parameters used is located in the table below.

Parameter	Value	Step(s) taken to assess conformance (Forest)
$A_{PAA}$	265547.19	Recalculated the forest project area using the project area shape files. In addition, cross checked the area values provided in the shape files against the ownership documents for each of the parcels in the project area
$\alpha$	-0.5673113	Output from the logistical model performed by the audit team
$\beta$	0.0001032	Output from the logistical model performed by the audit team
$\theta$	0	The audit team confirmed that the use of covariates is not required by the methodology
$t_{PAI}$	0	N/A the project is not a grouped project
$t_{SA}$	0	N/A the project does not fall under F-P1.a or F-P1.b
$t_{PA}$	0	N/A commercial logging does not take place in the project area
$X_0$	0	The audit team confirmed that the use of covariates is not required by the methodology
$X_{PAI}$	0	The audit team confirmed that the use of covariates is not required by the methodology
$m$	0	N/A the project does not fall under F-P1.a or F-P1.b
$y$	0	N/A the project does not fall under F-P1.a, F-P1.b, F-P2 or G-P2
$q$	0	Through interviews with local residents and other observations on site the audit team confirmed that no lag time exists between degradation and conversion. Moreover, it is always conservative

		to set this parameter to 0 according to Section 6.16 of the methodology
$r_u$	0	N/A the project does not fall under F-U2, F-U3, or G-U2

Parameter	Value	Step(s) taken to assess conformance (Grassland)
$A_{PAA}$	265547.19	Recalculated the forest project area using the project area shape files. In addition, cross checked the area values provided in the shape files against the ownership documents for each of the parcels in the project area
$\alpha$	-1.13912	Output from the logistical model performed by the audit team
$\beta$	0.000578	Output from the logistical model performed by the audit team
$\theta$	0	The audit team confirmed that the use of covariates is not required by the methodology
$t_{PAI}$	0	N/A the project is not a grouped project
$t_{SA}$	0	N/A the project does not fall under F-P1.a or F-P1.b
$t_{PA}$	0	N/A commercial logging does not take place in the project area
$X_0$	0	The audit team confirmed that the use of covariates is not required by the methodology
$X_{PAI}$	0	The audit team confirmed that the use of covariates is not required by the methodology
$m$	0	N/A the project does not fall under F-P1.a or F-P1.b
$y$	0	N/A the project does not fall under F-P1.a, F-P1.b, F-P2 or G-P2
$q$	0	Through interviews with local residents and other observations on site the audit team confirmed that no lag time exists between degradation and conversion. Moreover, it is always conservative to set this parameter to 0 according to Section 6.16 of the methodology
$r_u$	0	N/A the project does not fall under F-U2, F-U3, or G-U2

**3.2.6.1.2 Decay emissions model**

The decay emissions model was independently recalculated based on the output of equation f.5 of the methodology and confirmed the project to be applying the model correctly.

**3.2.6.1.3 Soil emissions model**

The decay emissions model was independently recalculated based on the output of equation f.8 of the methodology and confirmed the project to be applying the model correctly.

**3.2.6.1.4 Calculating baseline emissions for biomass types F-U1 and GU-1**

The audit team independently recalculated baseline emissions provided by project personnel. Whereas, the majority of the project calculations are performed using VBA code in Excel, the audit team performed manual recalculation and achieved the same results. A complete list of parameters and the validation activities taken to assess the parameters used is located in the table below.

Parameter	Value	Step(s) taken to assess conformance (Forest)
A <sub>PAA</sub>	265547.19	The audit team performed a recalculation of the shape files provided by project personnel. In addition, the audit team compared the areas with the areas provided in the ownership documents. Also, the audit team cross-checked the forested area against the strata boundaries for one Land-sat scene /22/of the project area. Finally, the audit team created KML files from GPS points collected on the ground and confirmed the project area boundaries to be correctly reported in the PDD
C <sub>p</sub>	66.86	The audit team performed a recalculation of one field plot while onsite and found no significant difference between the audit team calculations and those reported by project personnel. In addition, the audit team confirmed that the allometric equations were derived in conformance with the requirement of the methodology. Finally, the audit team re-calculated the average biomass for the forested project area and confirmed the reported project calculations to be accurate and free from calculation error
C <sub>b</sub>	5.0	The audit team reviewed the proxy area data and compared with observations on site. In certain areas there were more trees than what would be expected according to the plot data, however, interviews with local residents confirmed that these trees had been planted well after the conversion, as is customary in the region. In general the observations of the audit team were consistent with the proxy area data

Parameter	Value	Step(s) taken to assess conformance (Grassland)
A <sub>PAA</sub>	109130.57	The audit team performed a recalculation of the shape files provided by project personnel. In addition, the audit team compared the areas with the areas provided in the ownership documents. Also, the audit team cross checked the forested area against the strata boundaries for one Land-sat scene /22/of the project area. Finally, the audit team created KML files from GPS points collected on the ground and confirmed the project area boundaries to be correctly reported in the PDD
C <sub>p</sub>	17.93	The audit team performed re-measurements of two field plots while onsite and found no significant difference between the audit team data and that reported by project personnel. In addition, the audit team confirmed that the allometric equations were derived in conformance with the requirement of the methodology. Finally, the audit team re-calculated the average biomass for the grassland project area and confirmed the reported project calculations to be accurate and free from calculation error
C <sub>b</sub>	0	The audit team reviewed the proxy area data and compared with observations on site. In all cases the grassland was completely devoid of grassland biomass.

### 3.2.6.1.5 Calculating baseline emissions from SOC types F-U1 and GU-1

The audit team independently recalculated baseline emissions provided by project personnel. Whereas, the majority of the project calculations are performed using VBA code in Excel, the audit team performed manual calculations and achieved the same results. A complete list of parameters and the validation activities taken to assess the parameters used is located in the table below. In addition, the audit team cross checked the reported soil organic carbon values for each strata against the KEN\_SOTIS soils database for Kenya and confirmed the reported values are relatively conservative. It should be noted that soil sampling within the project area is extremely difficult given the large volumes of lava rock on and just below the surface. Based on this difficulty it was not possible to collect a number of samples. The project personnel instead used the SOC estimates from the Taita Hills/Rukinga region near the project area. These values provide similar SOC values and are consistent with what is provided in the KEN\_SOTIS data /45/. Given that the methodology is vague about when these soil samples must be collected, the audit team does not consider this a methodology deviation, as the methodology requires that carbon

stocks must be estimated for the first monitoring period by sampling all plots in all strata in the project, activity-shifting leakage and proxy areas and the project has is not undergoing verification at this time.

**3.2.6.1.6 Calculating cumulative baseline emissions**

The audit team reviewed the calculations for cumulative baseline emissions provided by project personnel and confirmed that they were performed accurately and without error. While the audit team did recalculate these cumulative emissions, the process for calculations of both biomass and SOC were simple calculations and were linked to the baseline emissions models explained above.

**3.2.6.1.7 Project emissions**

As is required by Section 8.2 of the methodology, project emissions are assessed for each monitoring period and therefore were not assessed at validation.

**3.2.6.1.8 Leakage**

The audit team reviewed the process for delineating the activity shifting leakage and confirmed that the activity shifting leakage areas meet all of the requirements of the methodology (PDR.104-109).

PDR #	Requirement	Step(s) taken to assess conformance
104	A list of project activities designed to mitigate leakage	See Section 3.1.10.2 of this report
105	A map of the delineated boundaries	Review of the PDD to ensure the required map is included
106	Maps of the landscape configuration, including: <ul style="list-style-type: none"> <li>a. Topography (elevation, slope, aspect);</li> <li>b. Recent land use and land cover (either a thematic map created by the project proponent or publicly available map);</li> <li>c. Access points;</li> <li>d. Soil class maps (if available);</li> <li>e. Locations of important markets;</li> </ul>	Review of the PDD to ensure all required map characteristics were included



	<p>f. Locations of important resources like waterways or roads; and</p> <p>g. Land ownership/tenure boundaries</p>	
107	<p>A narrative describing the rationale for selection of activity shifting leakage area boundaries. If the activity-shifting leakage area is smaller than the project accounting area or cannot be defined, justification for the size of the area. If foreign agents have been identified as an agent of conversion, justification that they are unlikely to shift their activities outside the activity-shifting leakage area</p>	<p>Review of Section 5.5.1.1 of the PDD to ensure all of the requirements of the methodology had been considered</p>
108	<p>Results of a spatial analysis to demonstrate the activity shifting leakage area is entirely forested as of the project start date</p>	<p>Reviewed the spatial analysis provided by project personnel and confirmed that the entire leakage area was 100% forested/grassland at the project start date. In addition, independently reviewed the leakage areas in Google Earth to corroborate the evidence supplied by the project</p>
109	<p>Results of a spatial analysis to demonstrate the activity shifting leakage area is no larger than the project accounting area</p>	<p>Reviewed the GIS output and confirmed that the activity shifting leakage areas are no larger than the project accounting areas</p>

**3.2.6.1.9 Market leakage**

In accordance with Section 3.6.4 of the VCS AFOLU Requirements, the quantity of market leakage caused by the project was assessed at validation. The information upon which the market leakage assessment was based is contained within project description.

The market leakage assessment findings and conclusion are as follows.

The methodology does not contain require accounting of market leakage when the agents and drivers of conversion only use land converted in the baseline for subsistence, no market leakage will occur as a result of the project, and potential leakage, if any, is restricted to the activity-shifting type. Therefore market leakage attributable to project activities has not been accounted for, in accordance with the methodology.

In summary, the total quantity of market leakage emissions is estimated to be 0 tCO<sub>2</sub>e over the project crediting period. The audit team has concluded that the reporting of market leakage emissions is in conformance with the VCS rules and the methodology. Summary of GHG emission reductions and/or removals

#### **3.2.6.1.10 Summary of GHG emission reductions and/or removals**

As with the other quantification methods employed by project personnel, the audit team recalculated the emission reductions for both the grassland and forest project areas. Whereas, small differences were noted, these were due to small rounding errors and did not result in a material error. In addition, the audit team performed the linear model comparison and found the project calculations to be accurate and free from calculation error. Uncertainties shall be assessed at verification.

#### **3.2.6.2 Project description**

The audit team reviewed the PDD and confirmed that it includes all of the required information prescribed by the methodology. The VM0009 v3.0 methodology is highly prescriptive in what is required to be included in the PDD in the form of a number project description requirement system. In reviewing the PDR's the audit team confirmed that where applicable, all relevant data and assumptions are adequately sourced and referenced. In addition the audit team checked the data and parameter values reported in the PDD against the requirements of the methodology and confirmed that the PDD includes a complete listing of the parameters available at validation and that the values used are considered reasonable in the context of the project as they include appropriately derived values and default values as prescribed by the methodology. Finally, as is evident from Section 3.2.6 above, all estimates of baseline emissions can be replicated using the data and parameter values reported in the PDD.

In summary, it is the opinion of the audit team that the VM0009 v3.0 methodology and the VT0001 additionality tool have been applied correctly and allow for the audit team to have a reasonable level of assurance that the result is the correct calculation of baseline emissions, project emissions, leakage and net GHG emission reductions and removals.

#### **3.2.7 Methodology Deviations**

N/A – No methodological deviations were included in the project design.

3.2.8 Monitoring Plan

Data Unit / Parameter	Step(s) Taken to Assess
$A_{P1}^{[m=0]}$	The audit team reviewed the analysis employed to stratify the forest project accounting area and confirmed the remote sensing analyses followed best practices for remote sensing. In addition, the audit team scrutinized the strata area for the cloud forest (Stratum 1) using one Land-Sat /22/ scene and confirmed that the stratification was performed accurately
$A_{P2}^{[m=0]}$	The audit team reviewed the analysis employed to stratify the forest project accounting area and confirmed the remote sensing analyses followed best practices for remote sensing. In addition, the audit team scrutinized the strata area for the Woodland/Thicket (Stratum 2) using one Land-Sat scene /22/ and confirmed that the stratification was performed accurately
$A_{P3}^{[m=0]}$	The audit team reviewed the analysis employed to stratify the forest project accounting area and confirmed the remote sensing analyses followed best practices for remote sensing. In addition, the audit team scrutinized the strata area for the Woodland Sparse Low (Stratum 3) using one Land-Sat scene /22/ and confirmed that the stratification was performed accurately
$A_{P4}^{[m=0]}$	The audit team reviewed the analysis employed to stratify the forest project accounting area and confirmed the remote sensing analyses followed best practices for remote sensing. In addition, the audit team scrutinized the strata area for the Lava Forest (Stratum 4) using one Land-Sat scene /22/ and confirmed that the stratification was performed accurately
$A_{P5}^{[m=0]}$	The audit team reviewed the analysis employed to stratify the forest project accounting area and confirmed the remote sensing analyses followed best practices for remote sensing. In addition, the audit team scrutinized the strata area for the Lava Forest Sparse Low(Stratum 5) using one Land-Sat scene /22/ and confirmed that the stratification was performed accurately
$A_{P6}^{[m=0]}$	The audit team reviewed the analysis employed to stratify the forest project accounting area and confirmed the remote sensing analyses followed best practices for remote sensing. In addition, the audit team scrutinized the strata area for the Acacia Savannah Mosaic (Stratum 6) using one Land-Sat scene /22/ and confirmed that the stratification was performed accurately
$A_{P1}^{[m=0]}$	The audit team reviewed the analysis employed to stratify the forest project accounting area and confirmed the remote sensing analyses followed best practices for remote sensing. In addition, the audit team scrutinized the strata area for the Grassland strata using one Land-Sat scene /22/ and confirmed that the stratification was performed accurately

$c_B^{[m]}$	<p>The audit team reviewed the processes for measuring forest biomass in the project area and the proxy area and confirmed that the processes conform to the requirement of the methodology and the data collection and monitoring are performed in a manner consistent with industry best practices</p> <p>Confirmed that the equation from Chave et al. (2005) is locally appropriate and conforms with all requirements for models in Section 4.1.6(2)-(6) of VCS Standard (as referenced in Section 3.1.4), as follows: (2) model authors are appropriately qualified experts, as evidenced by their placement at prominent academic institutions, as noted on first page of study; (3) Chave et al (2005) study has been published in “Ecosystem Ecology”, a peer reviewed research publication, and (4)-(6) are not relevant given the relative “simplicity” of the model</p>
$c_B^{[m]}$	<p>The audit team reviewed the processes for measuring grassland biomass in the project area and the proxy area and confirmed that the processes conform to the requirement of the methodology and the data collection and monitoring are performed in a manner consistent with industry best practices</p>
$c_{B\ BGB}^{[m]}$	<p>The audit team performed a recalculation of the ex-ante carbon not decayed in BGB at the end of the monitoring period and confirmed the project calculations to be accurate and in conformance with the methodology</p>
$c_{B\ DW}^{[m]}$	<p>The audit team performed a recalculation of the ex-ante carbon not decayed in DW at the end of the monitoring period and confirmed the project calculations to be accurate and in conformance with the methodology</p>
$c_{B\ SOC}^{[m]}$	<p>The audit team performed a recalculation of the ex-ante carbon not decayed in forest SOC at the end of the monitoring period and confirmed the project calculations to be accurate and in conformance with the methodology</p>
$c_{B\ SOC}^{[m]}$	<p>The audit team performed a recalculation of the ex-ante carbon not decayed in grassland SOC at the end of the monitoring period and confirmed the project calculations to be accurate and in conformance with the methodology</p>
$c_P^{[m]}$	<p>As stated in Section 3.2.6.1.4 the audit team observed the project personnel collecting field data and confirmed the data was collected accurately and within industry best practices. In addition, the audit team re-measured one field plot which resulted in biomass totals consistent with those of the project</p>
$c_P^{[m]}$	<p>See above</p>
$c_P^{[m-1]}$	<p>See above</p>
$c_P^{[m=0]}$	<p>See above</p>

$c_P^{[m=0]}$	See above
$c_{P\ 1\ BM}^{[m=0]}$	See Section 3.2.6.1.4 of this report. The audit team performed a recalculation of the strata level carbon stock values and found the project values to be accurate and calculated in conformance with the methodology
$c_{P\ 2\ BM}^{[m=0]}$	See Section 3.2.6.1.4 of this report. The audit team performed a recalculation of the strata level carbon stock values and found the project values to be accurate and calculated in conformance with the methodology
$c_{P\ 3\ BM}^{[m=0]}$	See Section 3.2.6.1.4 of this report. The audit team performed a recalculation of the strata level carbon stock values and found the project values to be accurate and calculated in conformance with the methodology.
$c_{P\ 4\ BM}^{[m=0]}$	See Section 3.2.6.1.4 of this report. The audit team performed a recalculation of the strata level carbon stock values and found the project values to be accurate and calculated in conformance with the methodology
$c_{P\ 5\ BM}^{[m=0]}$	See Section 3.2.6.1.4 of this report. The audit team performed a recalculation of the strata level carbon stock values and found the project values to be accurate and calculated in conformance with the methodology.
$c_{P\ 6\ BM}^{[m=0]}$	See Section 3.2.6.1.4 of this report. The audit team performed a recalculation of the strata level carbon stock values and found the project values to be accurate and calculated in conformance with the methodology
$c_{P\ 1\ BM}^{[m=0]}$	See Section 3.2.6.1.4 of this report. The audit team performed a recalculation of the strata level carbon stock values and found the project values to be accurate and calculated in conformance with the methodology
$c_{P\ BM}^{[m=0]}$	The audit team recalculated the project carbon stocks and compared the results to the project calculations and confirmed that the project calculations are accurate and in conformance with the methodology
$c_{P\ b}^{[m]}$	The audit team recalculated the project average forest carbon stocks and compared the results to the project calculations and confirmed that the project calculations are accurate and in conformance with the methodology
$c_{P\ b}^{[m]}$	The audit team recalculated the project average grassland carbon stocks and compared the results to the project calculations and confirmed that the project calculations are accurate and in conformance with the methodology
$c_{P\ SOC}^{[m=0]}$	The audit team recalculated the project average forest soil carbon stocks and compared the results to the project calculations and confirmed that the project calculations are accurate and in conformance with the methodology

$C_P^{[m=0] SOC}$	The audit team recalculated the project average grassland soil carbon stocks and compared the results to the project calculations and confirmed that the project calculations are accurate and in conformance with the methodology
$E_{\Delta GER}^{[m]}$	The audit team recalculated the ex-ante GERs and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_{\Delta GER}^{[i]}$	See above
$E_{\Delta NER}^{[i]}$	The audit team recalculated the ex-ante NERs and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_B^{[m]}$	The audit team recalculated the ex-ante cumulative baseline emissions and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_B^{[m-1]}$	See above
$E_{B \Delta}^{[m]}$	The audit team recalculated the ex-ante change in baseline emissions and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_{B \Delta BGB}^{[i]}$	The audit team recalculated the ex-ante change in baseline emissions from BGB and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_{B \Delta DW}^{[i]}$	The audit team recalculated the ex-ante baseline emissions from DW compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_{B \Delta SOC}^{[m]}$	The audit team recalculated the ex-ante change in baseline emissions from SOC and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_{B \Delta SOC}^{[i]}$	The audit team recalculated the ex-ante baseline emissions from SOC and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_{B \Delta BGB}^{[m]}$	The audit team recalculated the ex-ante baseline emissions from BGB and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology

$E_{B\ BGB}^{[m-1]}$	The audit team recalculated the ex-ante change in baseline emissions from BGB and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_{B\ BM}^{[m]}$	The audit team recalculated the ex-ante cumulative baseline emissions from biomass and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_{B\ DW}^{[m]}$	The audit team recalculated the ex-ante cumulative baseline emissions from DW and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_{B\ DW}^{[m-1]}$	See above
$E_{B\ SOC}^{[m]}$	The audit team recalculated the ex-ante baseline emissions from SOC and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_{B\ SOC}^{[m-1]}$	The audit team recalculated the ex-ante cumulative baseline emissions from SOC and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_{BA}^{[m]}$	The audit team recalculated the ex-ante buffer allocation and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_L^{[m]}$	The audit team recalculated the ex-ante emissions from leakage and compared the results to those reported by the project and found them to be calculated accurately and in conformance with the methodology
$E_L^{[m-1]}$	The audit team reviewed the remote sensing imagery and the leakage areas selected for monitoring leakage and confirmed that they were completely forested and native grassland at the beginning of the project. In addition, the audit team interviewed local communities and government officials who confirmed access to such areas for monitoring in the future
$E_{L\ \Delta}^{[m]}$	The audit team reviewed the ex-ante emission calculations and confirmed that a system for including leakage into the calculations is in place and in conformance with the methodology
$E_{L\ AS\ F}^{[m]}$	See above
$E_{L\ AS\ G}^{[m]}$	See above
$E_{L\ ME}^{[m]}$	As discussed in the baseline scenario above, logging is not an anticipated driver of deforestation at this time, however the project has included this parameter in case of changes in the future

$E_{P \Delta}^{[m]}$	As the project is currently undergoing validation, the audit team confirmed that the parameter was included in the PDD for future verification events. In addition the audit team observed the systems in place to allow for quality monitoring at each monitoring period
$E_{P \Delta BRN}^{[m]}$	See above. In addition the audit team reviewed the project calculations and confirmed that a system is in place for including such emissions data in future calculations
$E_{P \Delta LS}^{[m]}$	As discussed in the baseline scenario above, an increase in grazing as a result of project activities is not anticipated, however the project has included this parameter in case of changes in the future
$E_{P \Delta SF}^{[m]}$	As discussed in the baseline scenario above, an increase in fertilizer use as a result of project activities is not anticipated, however the project has included this parameter in case of changes in the future
$E_U^{[m]}$	The audit team reviewed the project calculations workbook and confirmed that the calculations are designed to include cumulative confidence deductions calculations at future monitoring events
$n_{LS i}$	Through interviews with project personnel and local community members the audit team confirmed that expert knowledge exists at a level capable of quantifying livestock numbers in the project area at each monitoring event
$p_{L DEG}^{[m]}$	See leakage parameters above
$p_{L DEG}^{[m=0]}$	See leakage parameters above
$p_{L CON G}^{[m]}$	See leakage parameters above
$p_{L CON G}^{[m=0]}$	See leakage parameters above
$p_{L CON G}^{[m-1]}$	See leakage parameters above
$p_{SL}^{[m]}$	As stated above, illegal logging is not anticipated as a major driver of conversion, however this parameter is included in case of changes in the future
$t^{[i-1]}$	The audit team recalculated the ex-ante baseline emissions and confirmed that this parameter is included in conformance with the methodology
$t^{[m]}$	The audit team recalculated the ex-ante baseline emissions and confirmed that this parameter is included in conformance with the methodology
$t^{[m-1]}$	The audit team recalculated the ex-ante baseline emissions and confirmed that this parameter is included in conformance with the methodology



$U_B^{[m]}$	The audit team reviewed the project calculations workbook and confirmed that the calculations are designed to include uncertainty of carbon stocks in the proxy area calculations
$U_{EM}^{[M]}$	The audit team re-performed the logistic function that created the BEM's for both the forest and grassland project areas and were able to confirm the model uncertainty values
$U_{EM}^{[M]}$	See above
$U_P^{[m]}$	The audit team recalculated the project carbon stocks for the forested project area and confirmed the uncertainty values included in the PDD
$U_{P[m]}$	The audit team recalculated the project carbon stocks for the grassland project area and confirmed the uncertainty values included in the PDD
$wC_{Pi}^{[m=0]}$	See above
$x^{[m]}$	Covariate data was not included in the baseline emissions calculations

In summary, the audit team confirmed that the monitoring parameters have been included in conformance with the applicable methodology and that the monitoring methods and procedures are designed using best practices as required by the methodology.

### 3.3 Non-Permanence Risk Analysis

In accordance with Section 3.7.3 of the VCS AFOLU Requirements, the project's non-permanence risk report was assessed by the audit team. The risk analysis assessment was based on the Version 6.0 of the non-permanence risk report, which is dated 13 August 2015. The findings and conclusion regarding the non-permanence risk analysis undertaken for the project are summarized below for each risk category and factor. Unless noted otherwise, the audit team agrees with the conclusion stated in the non-permanence risk report.

The findings of the audit team regarding the risk scores applied for each factor are as follows.

	Project Management		
Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of the risk rating
a)	No credits have been issued at this time and therefore this risk score is not applicable	N/A	N/A

b)	No credits have been issued at this time and therefore this risk score is not applicable	N/A	N/A
c)	The audit team is familiar with many of the project management team and was able to confirm that this team designed and implemented these project types dating back to 2011. The audit team also reviewed published literature showing further experience in each of the required areas	The audit team was provided with access to all of the company websites showing the experience of the team members. The audit team considers this high quality	The Risk Score Is Appropriate
d)	The management team has offices in Kasigau and in many places within the project area. The audit team visited all of these sites while in the project area confirming the claims in the PDD	Given that the audit team had previous validated projects in and around the management team offices, the audit team considers their own experience and knowledge high quality	The Risk Score Is Appropriate
e)	The same individuals alluded to in item c above have also successfully implemented a number of AFOLU projects around the world, therefore meeting these requirements. The audit team reviewed the VCS project database on 6 March 2015 providing evidence for meeting this criteria	Also, as stated in item c above the project team has evidence of the types and number of projects available on their respective websites. In addition, the same information is available on the VCS website; therefore, the information can be considered to be of high quality	The Risk Score Is Appropriate
f)	The audit team reviewed the PDD and confirmed that Sections 2.3.1 and 5.7.4 include an exhaustive description of the adaptive management strategies for each risk associated with the project and constituting and adaptive management plan	Through interviews with local communities and project personnel, and review of meeting minutes, the audit team confirmed that the adaptive strategies were the result of a long collaborative process therefore are considered high quality	The Risk Score Is Appropriate
Total Project Management (PM) [as applicable, (a + b + c + d + e + f)] Total may be less than zero.			The Risk Score Is Appropriate

<b>Financial Viability</b>
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Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of the risk rating
a)	N/A	N/A	N/A
b)	N/A	N/A	N/A
c)	N/A	N/A	N/A
d)	The audit team was provided with a suite of documentation supporting the breakeven analysis /19-20/ and 25-29/. The audit team traced organization budget values through the series of project budget worksheets and confirmed that the secured funding values were appropriate. In addition, the audit team reviewed the current and anticipated expenses and confirmed that the values provided for the anticipated project expenses were reasonable	The documentation provided included audited financial documents and a detailed, user friendly budget workbook that allowed for assessment by the audit team and is therefore of high quality	The Risk Score Is Appropriate
e)	N/A	N/A	N/A
f)	N/A	N/A	N/A
g)	In addition to the documentation provided above, the audit team held interviews with government officials and participating project partners who all confirmed the financial inputs provided, thus supporting this risk score	See item d above	The Risk Score Is Appropriate
h)	N/A	N/A	N/A
i)	N/A	N/A	N/A
Total Financial Viability (FV) [as applicable, (a + b + c + d + e + f+g+h+i)]  Total may not be less than zero.			The Risk Score Is Appropriate

Opportunity Cost			
Risk	Assessment of rationale, assumptions and justification	Assessment of quality of documentation and data provided	Conclusion regarding appropriateness of the risk rating
a)	N/A	N/A	N/A
b)	N/A	N/A	N/A
c)	N/A	N/A	N/A
d)	The audit team performed on site evaluations including interviews with local communities in the project area who confirmed that the main agent of conversion in the baseline is engaged in subsistence agriculture. The audit team was further able to confirm this through observing the scale of the agriculture and the scarcity of water in the region that would make commercial agriculture highly unlikely. In addition the audit team performed the validation of the CCB portion of the project and were able to confirm that the project is designed to demonstrate net positive community benefits, as it is currently listed as certified under the CCBS	The CCB PDD and validation report have been accepted by the CCBA and are available on the CCBA website and is considered high quality	The Risk Score Is Appropriate
e)	N/A	N/A	N/A
f)	N/A	N/A	N/A
g)	N/A	N/A	N/A
h)	The audit team reviewed the deed of assignment /32/ and confirmed that it contains language bestowing the carbon rights to the project proponent. In addition, the audit team met with members of the	The deed of assignment has been executed and requires a court order to change and therefore is legally binding and of high quality	The Risk Score Is Appropriate

	Chyulu Hills Conservation Trust who confirmed that the language in the deed was a result of input from all of the rights owners in the project area. Finally, the audit team held community meetings with representatives from each of the group ranches who confirmed that their representatives had the rights to sign their rights into the deed		
i)	See item h above	See item h above	The Risk Score Is Appropriate
Total Opportunity Cost (OC) [as applicable, (a + b + c + d + e + f+g+h+i)] Total may not be less than zero.			The Risk Score Is Appropriate

	<b>Project Longevity</b>		
<b>Risk</b>	<b>Assessment of rationale, assumptions and justification</b>	<b>Assessment of quality of documentation and data provided</b>	<b>Risk</b>
a)	Not Applicable		N/A
b)	The audit team reviewed the Deed of Assignment /38/ and The Chyulu Hills Conservation Trust /37/ and held interviews with the trustees of the trusts, including government officials who confirmed that the legally binding commitment is in perpetuity and therefore a score of 0 is appropriate; Moreover, the objectives of the conservation trust specifically require the implementation of the REDD+ activities	See item h above	The Risk Score Is Appropriate
Total Project Longevity (PL) May not be less than zero			The Risk Score Is Appropriate

	Opportunity Cost		
Risk	Assessment of rationale, assumptions and justification		Risk
a)	N/A	N/A	N/A
b)	Through a review of title documents and the deeds associated with the project the audit team was able to confirmed that ownership and resources access/use rights are in many cases held by different entities	All of the title and deed documents were provided with the relevant government stamp and signature and are therefore of high quality	<b>The Risk Score Is Appropriate</b>
c)	The audit team was able to uncover only one instance of land dispute occurring in the project area which, when computed by the audit team, results in approximately 1% of the total project area and therefore this risk score is not applicable	N/A	N/A
d)	The dispute mentioned above is comprised in a disagreement between Mukulolo Ranching and Directed Company Ltd and Chyulu Hills National Park. The audit team was provided with evidence that the dispute is currently in the courts and has been going on since 1995	The documentation provided to the audit team, along with the corroborating claims from government officials are considered of high quality	The Risk Score Is Appropriate
e)	N/A the project is not a WRC project	N/A	N/A
f)	See item h of the opportunity cost above	See item h of the opportunity cost above	The Risk Score Is Appropriate
g)	The audit team met with project personnel and local community members who corroborated the documented evidence in the PDD of how past disputes have been resolved	The information provided in the CCB PDD and the CCB validation report memorializing this documentation is considered high quality	The Risk Score Is Appropriate
Total Land Tenure (LT) [as applicable, ((a or b) + c + d + e + f + g)] Total may not be less than zero.			The Risk Score Is Appropriate

	Opportunity Cost		
Risk	Assessment of rationale, assumptions and justification		Risk

a)	The audit team held interviews with communities inside of the project boundary and confirmed that the all of the individuals in the audit sample had been consulted. The results of this sample leads the audit team to believe that the majority of communities inside the project area have been consulted	Interviews, consultation meeting minutes are considered high quality	The Risk Score Is Appropriate
b)	The audit team held interviews with individuals outside of the boundary of the project area where it was clear that the individuals have somewhat reliance on the project area. All of those interviewed had been consulted. The project area is unique insofar as adjacent communities around other areas of the project boundaries are members of the group ranch(es) in which they have ownership and therefore are not considered reliant on the project area. Based on the results of the audit sample the audit team believes that the majority of those living outside the project area and who are also reliant on the project area have been consulted	Interviews and consultation meeting minutes are considered high quality	The Risk Score Is Appropriate
c)	The audit team also conducted the CCB validation of the project which was recently accepted by the CCBA and thus certified therefore meeting the requirements of this risk indicator	The CCB PDD and validation report are available on the CCBA website and are considered high quality	The Risk Score Is Appropriate
Total Community Engagement (CE) [where applicable, (a + b + c)]  Total may be less than zero.			The Risk Score Is Appropriate

	Opportunity Cost		
Risk	Assessment of rationale, assumptions and justification		Risk
a)	N/A	N/A	N/A

b)	The audit team download the WGI scores on 4 April 2015 and confirmed the governance score -0.736667 as reported in the project non-permanence risk report	The World bank governance indicator online database is considered of high quality ( <a href="http://info.worldbank.org/governance/wgi/index.aspx#home">http://info.worldbank.org/governance/wgi/index.aspx#home</a> )	The Risk Score Is Appropriate
c)			N/A
d)			N/A
e)			N/A
f)	The audit team met with the Kenyan government, particularly the Director of Climate Alfred Gichu who confirmed that Kenya was taking part and receiving funding for REDD Readiness. The audit team was able to corroborate this through the REDD Readiness online database	The audit team considers the REDD Readiness online database of high quality ( <a href="http://www.unredd.net/index.php?option=com_country&amp;view=countries&amp;id=16&amp;Itemid=573">http://www.unredd.net/index.php?option=com_country&amp;view=countries&amp;id=16&amp;Itemid=573</a> )	The Risk Score Is Appropriate
<b>Total Political (PC) [as applicable ((a, b, c, d or e) + f)]</b>			2 The Risk Score Is Appropriate
<b>Total may not be less than zero.</b>			

Natural Risk - Fire		
Risk	Assessment of rationale, assumptions and justification	Risk
	The audit team interviewed local communities and government officials who confirmed the claims in the PDD that natural fire is not a threat to carbon stocks in the project area. The project is comprised of fire adapted ecosystems that only become threatened by anthropogenic activities. The audit team has experience working in the region further corroborating the expert opinion of the local communities and government	The Risk Score Is Appropriate

Natural Risk - Pest		
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Risk	Assessment of rationale, assumptions and justification	Risk
	The audit team interviewed local communities and government officials who confirmed the claims in the PDD that natural risks from pests are not a threat to carbon stocks in the project area. The project is comprised of multiple ecosystems that only become threatened after conversion. The audit team has experience working in the region further corroborating the expert opinion of the local communities and government	The Risk Score Is Appropriate
Significance	No Loss - natural ecosystem does not suffer from pest damage or disease	

Natural Risk - Extreme Weather		
Risk	Assessment of rationale, assumptions and justification	Risk
	The audit team interviewed local communities and government officials who confirmed the claims in the PDD that natural risks from extreme weather is drought and not a threat to carbon stocks in the project area. The project is comprised of multiple ecosystems that only become threatened after conversion. The audit team discovered that the drought ending in 2009 was one of the most extreme on record, however the drought adapted ecosystems showed no signs of carbon stock loss due to drought. The audit team has experience working in the region further corroborating the expert opinion of the local communities and government	The Risk Score Is Appropriate

Natural Risk – Geological Risk		
Risk	Assessment of rationale, assumptions and justification	Risk
	The audit team interviewed local communities and government officials who confirmed the claims in the PDD that geological risks are not a threat to carbon stocks in the project area. The project area has experienced past volcanic activity, however the recurrence frequency does not fall within the requirements of the risk tool, as the most recent volcanic activities are estimated at 400 to 500 years BP	The Risk Score Is Appropriate

In summary, given the audit teams experience in the region, the audit team agrees with the assessment of project personnel that the natural risk literature is indeed lacking. Overall, the audit team agrees with the expert opinion that has been documented in the PDD. Finally, the audit team agrees that the minimum risk score of 10% has been appropriately applied in this project case.

### 3.4 Environmental Impact

The audit team also performed the validation of the CCB portion of the project and confirmed that project personnel provide a complete environmental assessment within the PDD. It is the experience of the audit

team that protecting native ecosystems through community incentives and alternative livelihoods is, by design, more than likely to result in only positive environmental impacts.

### 3.5 Comments by Stakeholders

The audit team also performed the validation of the CCB portion of the project and included a complete list of stakeholder comments under the cover of the CCB Validation report. Interested readers are able to access the document through the following link (<http://www.climate-standards.org/2014/06/25/chyulu-hills-redd-project/>).

## 4 VALIDATION CONCLUSION

In conclusion, the project complies with the validation criteria for projects set out in VCS Version 3. The audit team holds no qualifications or limitations regarding the above statement. Thus, the audit team has validated the Project's compliance with the VCS Program requirements as set out in the VCS Rules. While only time will tell whether the project is able to achieve the estimated GHG emission reductions, it should be noted that the methodology requires fairly conservative methodological choices for ex-ante calculation. These conservative methodological choices, along with the conservative choices inherent in the approach selected by project personnel, make it quite likely that the project will meet or exceed the estimated GHG emission reductions.

Table 1. Validated Ex-Ante GHG Emission Reductions

Emission Year	Project emissions or removals (tCO <sub>2</sub> e)	Buffer Contribution (tCO <sub>2</sub> e)	Net GHG emission reductions or removals (tCO <sub>2</sub> e)
2014	1,253,872	125,387	1,128,485
2015	1,010,559	101,056	831,172
2016	1,114,502	111,450	916,396
2017	1,209,842	120,984	995,038
2018	1,295,511	129,551	1,153,454
2019	1,377,024	137,702	1,132,144
2020	1,450,347	145,035	1,191,836
2021	1,493,276	149,328	1,226,872
2022	1,531,853	153,185	1,258,641
2023	1,556,716	155,672	1,464,819
2024	1,551,592	155,159	1,287,787
2025	1,543,890	154,389	1,281,604
2026	1,531,277	153,128	1,271,327

2027	1,507,041	150,704	1,251,427
2028	1,473,126	147,313	1,495,892
2029	1,416,334	141,633	1,176,751
2030	1,371,925	137,192	1,140,664
2031	1,334,835	133,483	1,109,874
2032	1,282,393	128,239	1,067,120
2033	1,230,460	123,046	1,355,646
2034	1,188,684	118,868	990,403
2035	1,152,627	115,263	960,814
2036	1,124,564	112,456	937,763
2037	1,067,424	106,742	890,728
2038	1,020,063	102,006	1,217,146
2039	1,005,761	100,576	840,433
2040	968,351	96,835	810,277
2041	930,435	93,043	778,692
2042	899,352	89,935	753,599
2043	871,860	87,186	1,111,482
<b>Total</b>	<b>37,765,494</b>	<b>3,776,549</b>	<b>33,028,286</b>

**APPENDIX A: VALIDATION FINDINGS**

The following tables include all issues raised during the validation audit of the Chyulu Hills REDD+ Project. It should be noted that all language under “Client Response” is a verbatim transcription of responses to findings as provided by project personnel.

**NCR 2015.1 dated 04/05/2015**

**Standard Reference:** VCS Standard v3.5 Section 3.10.1 (3)

**Document Reference:** NA

**Finding:** The VCS Standard (the Standard) states that "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."

The Project location has not been provided in a KML file and therefore is not in conformance with the Standard.

**Client Response:** The Project Proponents have submitted to the registry a KML file delineating the Project Area and Project location. This KML file has been uploaded to the Chyulu Hills REDD+ Project VCS Pipeline listing, and is publically available to be viewed there. We are therefore now in conformance with this requirement.

**Auditor Response:** Whereas, the audit team is unable to locate a copy of the KML file of the project area on the VCS website, the audit team has been provided with said file. The audit team understands that there is often a lag between the time documents are provided to the VCS and when they are posted for public viewing and therefore find that the submission of the project area KML to the audit team is sufficient for closing this finding.

**Closing Remarks:** The Client’s response adequately addresses the finding.

**NCR 2015.2 dated 04/05/2015**

**Standard Reference:** AFOLU Non-Permanence Risk Tool section 2.2.1 (4)

**Document Reference:** The Chyulu Hills VCS Non-Permanence Risk Report Template v3.1 v2 Project Management (b)

**Finding:** Section 2.2.1 (4) of the AFOLU Non-Permanence Risk Tool (the Risk Tool) requires that for a risk score of 2 that "Ongoing enforcement to prevent encroachment by outside actors is required to protect more than 50% of stocks on which GHG credits have previously been issued."

Given that the Project is currently undergoing validation GHG credits have not previously been issued and therefore the risk score of 2 for this section of the Project risk report is not in conformance with the Risk Tool.

**Client Response:** The Project Proponents accept this finding. Due to an error while completing the Non-Permanence Risk Tool the Project Proponent selected a risk score of 2 for the risk item "Ongoing enforcement to prevent encroachment by outside actors is required to protect more than 50% of stocks on which GHG credits have previously been issued." The validator is correct that no credits have been issued to date, and therefore the value of 2 chosen by the Project Proponents is inappropriate. The Project's Non-Permanence Risk Tool has been revised, and this risk category item has been updated to be a risk score of "0."

**Auditor Response:** The audit team reviewed the updated non-permanence risk report and confirmed that the correct risk score for this category is now being claimed by the project. The amended risk report is sufficient for resolving this issue.

**Closing Remarks:** The Client's response adequately addresses the finding.

**NIR 2015.3 dated 04/05/2015**

**Standard Reference:** AFOLU Non-Permanence Risk Tool section 2.2.2 (2)

**Document Reference:** The Chyulu Hills VCS Non-Permanence Risk Report Template v3.1 v2 Financial Viability (h)

**Finding:** Section 2.2.1 (4) of the Risk Tool requires that for a risk score of 1 that the "Project has secured 40% to less than 80% of funding needed to cover the total cash out required before the project reaches breakeven."

Additionally, the Risk Tool states "The percentage of needed funding secured shall be calculated by adding up all funding and revenue already secured and dividing this by the total cash out up to and including the year the project reaches breakeven."

The financial budget reviewed during the site visit did not include revenue and funding already secured which does not allow for assessment of this risk item. Please provide the analysis performed to determine this risk score, along with documented evidence of any funding and revenue already secured.

**Client Response:** A comprehensive financial model has been developed, that shows income to the project, including from the sale of carbon credits and associated expenses from 2014-15 through the 30-year crediting period (File ref: CHRP financial analysis v3 20150425 NPRA). During the development phase of the project (2011 - 2015) funding has been provided largely by philanthropic sources through the NGOs (MWCT, Big Life, DSWT) that manage conservation and socioeconomic activities in the Project Area on behalf of the land owners. Two external NGOs, AWF and CI have also supported the local NGOs and provided specific support for aspects of the REDD+ project development. KWS funds management of the Chyulu Hills National Park and the Southern Chyulu Extension, which forms part of Tsavo West National Park. KWS derives the majority of its income from park entry fees (KWS Annual Report 2013. File: KWS annual report 2013.pdf). The Government of Kenya also make a subvention from general government funds to KWS to support shortfalls in other income sources through its status as a government parastatal organisation.

Thus the project can be considered as having reached break even in the current period (2014-15). Primary evidence that the project has reached break-even as defined by the standard is that the balance sheets (Statement of Financial Position) in the most recent audited financial statements of all the organisations managing project operations show positive net assets, indicating the generation of surpluses over time and the ability to support current year budgets.

The financial model presented begins with the period 2014-15. Prior to this period the various organisations have demonstrated financial viability through maintaining their operations over 15 years or more and all have positive net assets shown in the balance sheets of their most recent audited financial statements (Table 1 and references therein). Thus indicating that the organisations have more than achieved break-even up to the present period.

The forward-looking financial projections show that the project will continue to break-even. This is a likely scenario since all the organisations that make-up the project have a significant history of successfully managing their operations within the constraints of the available funding streams and have funding models that are supported by strong external partners. KWS continues to be supported by government budget subvention in recognition of its importance to the national tourism economy. MWCT and Big Life are linked to supporting charities based in the USA (Maasai Wilderness Conservation Fund and Big Life USA respectively<sup>1</sup>). Both these charities are registered 501(c)(3) organisations and both are supported by strong boards that include celebrity leaders (Nick Brandt for Big Life and Edward Norton for MWCT). The operations of the David Sheldrick Wildlife Trust in Kibwezi are a relatively small part of a much larger organisation. DSWT raises funds through visitor entrance fees to its very popular Nairobi animal orphanage and through traditional donations and by supporters paying to “adopt” specific baby elephants by paying for their care. In addition DSWT has an associated UK charity.

In the financial model, the current year figures are based on the 2014-15 approved budgets of the on-the-ground organisations (KWS, MWCT, Big Life and DSWT). Based on the successful history of these organisations, their strong balance sheets, and links to international sources of funding, the current year budgets are at least 80% funded. We would therefore propose to adjust the risk tool to reflect that “Project cash flow breakeven point is less than 4 years from the current risk assessment” (option d) and “Project has secured 80% or more of funding needed to cover the total cash out before the project reaches breakeven” (option h), giving a financial viability risk score of 0. Please refer to the supporting file "VCS Response NA3 and NA 6 Tables.docx" for Table 1 Balance sheet summaries for organisations operating in the project area and providing funds for project development and future project activities.

Footnote:

1 Form 990 Federal Tax returns for Maasai Wilderness Conservation Fund and Big Life are provided in the files MWCF Form 990 2013.PDDf and Big Life USA 990 2013.pdf

**Auditor Response:** Whereas, the audit team understands that the budget provided is based on design estimates, the information provided claims an estimate of CO<sub>2</sub>e sales at \$6.00 per tonne.

Keeping in mind that the VCS Non-Permanence Risk Tool requires that a conservative estimate of credit sales be used, the audit team does not agree with the \$6.00 assumption. As of the latest Forest Trends report from ecosystem market place, the average price per credit for projects that reduce emissions from avoided deforestation and degradation is approximately \$5.00. Until such time that the audit team receives evidence for choosing \$6.00 as a conservative estimate, this finding will remain open.

**Client Response 2:** The Project Proponenets accept this finding. The auditors suggestion to revise the initial carbon credit price to \$5 per metric tonne CO<sub>2</sub>e as a more conservative value based on recent price data is a valid argument. With this change the project still at break-ven currently and continues to generate a projected surplus.

**Auditor Response 2:** The audit team reviewed the updated project budget including the more conservative estimates of future credit sales and agree that the project indeed continues to reach breakeven at the same point in time. The client response is sufficient for closing this finding.

**Closing Remarks:** The Client’s response adequately addresses the finding.



**NCR 2015.4 dated 04/05/2015**

**Standard Reference:** AFOLU Non-Permanence Risk Tool section 2.3.1 (d)

**Document Reference:** The Chyulu Hills VCS Non-Permanence Risk Report Template v3.1 v2 Land Tenure (d)

**Finding:** Section 2.3.1 (d) of the Risk Tool requires that if "There exist disputes over access/use rights (or overlapping rights)" a risk score of 5 be applied.

The PDD states "Machakos Hccc court case 475 was filed in 1995 by Mikulolo Ranching and Directed Agriculture Co Ltd." Given this dispute a risk score of 5 should be applied, however, this score is not applied in the project risk report and therefore is not in conformance with the Risk Tool.

**Client Response:** The Project Proponents accept this finding. There has been an on-going land dispute in the Chyulu Hills National Park since 1995. At the time of the initial Project development it appeared that this court case had been resolved and would be dismissed. However, the case instead became increasingly active. During late-2014 and 2015 the court has heard many arguments in this case and is working towards an acceptable solution. The Project's Non-Permanence Risk Tool has been revised accordingly, and this risk category item has been updated to be a risk score of "5."

**Auditor Response:** The audit team reviewed the amended non-permanence risk report and confirmed that the appropriate risk score is now being claimed for this category. The information provided is sufficient for resolving this issue.

**Closing Remarks:** The Client's response adequately addresses the finding.

**NIR 2015.5 dated 04/05/2015**

**Standard Reference:** AFOLU Non-Permanence Risk Tool section 2.3.1 (g)

**Document Reference:** The Chyulu Hills VCS Non-Permanence Risk Report Template v3.1 v2 Land Tenure (g)

**Finding:** Section 2.3.1 (g) of the Risk Tool requires that if "Where disputes over land tenure, ownership or access/use rights exist, documented evidence is provided that projects have implemented activities to resolve the disputes or clarify overlapping claims."

While on site, it was brought to the attention of the audit team that the current dispute is being settled in the courts. In order to claim the mitigation score of -2 for this item, please provide documented evidence of the activities to resolve this dispute.

**Client Response:** The Project Proponents accept this finding. There has been an on-going land dispute in the Chyulu Hills National Park since 1995. At the time of the initial Project development it appeared that this court case had been resolved and would be dismissed. However, the case instead became increasingly active. During late-2014 and 2015 the court has heard many arguments in this case and is working towards an acceptable solution. The Project Description has been revised to include a description of this land dispute and the process that is being followed to resolve this land dispute. Please see section 1.3.4 "Current Land Use, Customary and Legal Property Rights, and any Ongoing or Unresolved Conflicts", sub-section "On-going or unresolved conflicts" for the revised text. The Project's Non-Permanence Risk Tool has been revised accordingly, and this risk category item has been updated to be a risk score of "-2."

**Auditor Response:** The audit team reviewed the amended non-permanence risk report and confirmed that the appropriate risk score is now being claimed for this category. The information provided is sufficient for resolving this issue.

**Closing Remarks:** The Client's response adequately addresses the finding.

**NIR 2015.6 dated 04/05/2015**

**Standard Reference:** AFOLU Non-Permanence Risk Tool section 2.3.1 (g)

**Document Reference:** The Chyulu Hills VCS Non-Permanence Risk Report Template v3.1 v2  
Community Engagement (g)

**Finding:** Section 2.3.2 (g) of the Risk Tool requires that if "Less than 20 percent of households living within 20 km of the project boundary outside the project area, and who are reliant on the project area, have been consulted," a risk score of 5 shall be applied.

Additionally the Risk Tool states "Community engagement shall be assessed for projects where local populations, including those living within or surrounding the project area (given as within 20 km of the project boundary), are reliant on the project area, such as for essential food, fuel, fodder, medicines or building materials. Where local populations are not reliant on the project area, the risk is not relevant to the project and the risk rating for community engagement (CE) shall be zero. Evidence may include social assessments such as household surveys and participatory rural appraisals."

Please provide evidence that greater than or equal to 20 percent of households living within 20 km of the project boundary outside the project area, and who are reliant on the project area, have been consulted or that local populations are not reliant on the project area.

**Client Response:** The Chyulu Hills REDD+ Project carried out an extensive community engagement process during the Project design stage in order to ensure full consultation and participation by the communities living in and adjacent to the Project Area. Close attention was placed to warrant full engagement of leaders on various levels, including official government representatives, provincial administration, chiefs, Group Ranch Board of Directors and local leaders. This ensured that a large number of households were consulted and involved in the participatory planning of the Chyulu Hills REDD+ Project due to the high representation of leaders, association and community group representatives that are legally recognized to represent the households and whose role and responsibility it is to represent the communities' interest as well as inform these of any update of the Project.

On the Eastern side of the Project Area KWS carried out two meetings that specifically targeted Provincial leaders. Attendees included representatives of the Provincial Administration, Chiefs and local Police. Furthermore, religious leaders, community leaders and women groups were widely consulted. These meetings were held in the Project Zone, and hence targeted community members that live within the 20 km range from the Project Area boundary.

On the Western side of the Project Area officials of the Group Ranch were consulted during a number of meetings. These officials are elected on behalf of the Group Ranch members, whom are largely members of the surrounding communities, to represent their interests and communicate Ranch business with the larger community. Members of Parliament also attended the meetings. In addition, numerous outreaches were carried out at the grassroots level to consult as many members of the community as possible. The FPIC process recorded a total of 53 official meetings that counted a total of 2,815 attendees, whilst additional casual consultation and participation of community members had been and is still currently on-going. All of the FPIC meetings were minuted and the records are kept at a central location in the landscape (MWCT office on Kuku Ranch). Electronic copies of the minutes have been made and archived securely, these can be provided at the request of the auditor. The table below provides further details of the meetings and attendees held during the FPIC stage.

Besides direct community outreaches, emphasis was placed on providing updates of the process as well as access to any documentation that the community wishes to consult. Information posters were printed and put up in local meeting points in English, Swahili and Maa to provide more information on the REDD+ Project. The phone numbers and names of the FPIC officers in each location were clearly presented on these posters. Further posters were put up to inform the community of the Public Comment Period, which also provided instructions of how community members were able to voice their opinion or concerns independently. Finally, a total of 35 copies of the Project Design Documents were distributed at chiefs' offices, local administration, and Project partners, which allows any community member to consult the PDD and seek further information at any time. Documentation of this can be found in the PDD Distribution Lists.

Finally, the CHRP is of the strong belief that communities on the Western side living within 20 km of the Project Area boundary are not relying on the Project Area, specifically for food, fodder, medicine, building material or fuel. Pastoralists of neighboring Group Ranches graze their cattle on their land and it is not common practice to trespass into other ranches during normal times (i.e. no drought). Many of the neighboring ranches have been sub-divided and agriculturalists farm in their allocated area. There is therefore no immediate reliance on the Project Area by communities outside the Western side of the Project Area.

Given the details provided above, the Project Proponent is confident to say that greater than 20 % of the households living within 20 km of the Project boundary outside of the Project Area who are reliant on the Project Area have been fully informed and consulted on this Project. Therefore we believe for this risk category a risk score of "0" should be applied. Please see the supporting file "VCS Responses NA3 and NA6 Tables.docx" for Table 2: FPIC meetings held, location and number of attendants.

**Auditor Response:** The information provided is consistent with what was observed by the audit team while onsite. Whereas, the verification activities are not designed to replicate the community consultation process, the audit team selected communities outside the project area to visit at random. In each case where communities residing outside the project area were interviewed, the audit team was able to confirm that consultation with project personnel had taken place as claimed. Given these findings while on site, the audit team has a reasonable level of assurance that the project has met the requirements to claim this risk score.

**Closing Remarks:** The Client's response adequately addresses the finding.

**NCR 2015.7 dated 04/05/2015**

**Standard Reference:** AFOLU Non-Permanence Risk Tool section 2.4.1 (2)

**Document Reference:** The Chyulu Hills VCS Non-Permanence Risk Report Template v3.1 v2 Natural Risk - Fire

**Finding:** Section 2.4.1 of the Risk Tool states that "The significance of natural risks shall be determined by the damage that the project would sustain if the event occurred, expressed as an estimated percentage of average carbon stocks in the project area that would be lost in a single event."

The natural risk for fire in the project risk report claims that the carbon stocks are insignificant, however grass is not included in the project carbon stocks. The appropriate significance for this category under this claim should be zero and is therefore not in conformance with the Risk Tool.

**Client Response:** The Project Proponents accept this finding. Due to an error while completing the Non-Permanence Risk Tool the Project Proponent selected a risk score of 2 for the risk item Natural Risks: Fire Risk. It has been identified that the natural fire risk in the Project Area affects annual grasses, very rarely causing mortality in tress. The Chyulu Hills REDD+ Project does not include grasses as an included carbon pool, therefore the normal fires that occur in the Project Area would not affect the Project's carbon pools. The Project's Non-Permanence Risk Tool has been revised, and this risk category item has been updated to be a risk score of "0." Please refer to the Non-Permanence Risk tool v2 for this revision.

**Auditor Response:** The audit team reviewed the response provided in the client response and agree with the current risk score for this category. The audit team has experience working in the forest types comprising the project area and agrees that natural fires are extremely unlikely to result in a loss of carbon stocks. The forest types comprising the project area are highly fire adapted and losses due to fire are predominately a result of human caused fire as a result of slash and burn practices. In addition, the audit team reviewed the MODIS fire data provided to the audit team and confirmed that many of the incidents of fire took place in areas visited by the audit team while on site, and no loss of carbon stocks was observed in these areas. The audit team has a reasonable level of assurance that the risk score being claimed in the project risk report is appropriate.

**Closing Remarks:** The Client's response adequately addresses the finding.

**NIR 2015.8 dated 04/05/2015**

**Standard Reference:** AFOLU Non-Permanence Risk Tool section 2.4.1 (1)

**Document Reference:** The Chyulu Hills VCS Non-Permanence Risk Report Template v3.1 v2 Natural Risk

**Finding:** Section 2.4.1 of the Risk Tool states that "T) Natural risk is based on likelihood (i.e., the historical average number of times the event has occurred in the project area over the last 100 years) and significance (i.e., the average significance of each event). Any significant natural risk (i.e., a risk affecting more than 5% of the project area) that has occurred over the past 100 years in the project area shall be considered applicable to the project. The frequency and significance of events shall be estimated based on historical records, probabilities, remote sensing data, peer-reviewed scientific literature, and/or documented local knowledge, such as survey data in project areas, and may include projected climate change impacts. Where data are available for at least 20 years, but less than 100 years, projects shall conservatively extrapolate using available data. Where such data are not available for the project area, likelihood and significance shall be determined based on conservative estimates (i.e., not underestimating the possible frequency or severity) of historical events in the region in which the project is located."

The information on the frequency and significance of events provided in the project risk report does not include any of the appropriate evidence as described above. Please provide the information required to assess the frequency and significance of events for the natural risks category of the risk report (i.e. historical records, probabilities, remote sensing data, peer-reviewed scientific literature, and/or documented local knowledge, such as survey data in project areas, and may include projected climate change impacts. Where data are available for at least 20 years, but less than 100 years, projects shall conservatively extrapolate using available data).

**Client Response:** The Project Proponent accepts this finding. The Project Areas for the Chyulu Hills REDD+ Projects is located in Southeastern Kenya. This region is not a prime area for forestry, industrial agriculture or development. As such there is very little research or publication on the ecosystem properties and dynamics in this region, including the main topics of the Natural Risk section of the VCS Non-Permanence tool. Therefore, there are no clear estimates of the frequency of and significance to forest biomass of the various natural disturbances listed in the VCS tool available from historical records, probabilities, remote sensing data, or peer-reviewed scientific literature. Some members of the Project Proponent (Chyulu Hills Conservation Trust) have had a presence in this region for many decades, and have become very familiar with the potential natural risks, including their trends and frequencies'. This has provided us with significant expertise gained from first hand experience of the natural risk cycles and disturbance regimes that are present in this ecosystem and the effect of the disturbances on forest biomass. We have provided the auditor with written evidence to support the frequency and significance estimates that were made in the VCS Non-Permanence tool. This evidence relies on published data where available, or where not, the documented first hand expertise of the members of the Project Proponent. This is the evidence that the Project Proponent has used to select conservative estimates of the frequency and significance for each of the natural risk categories in the VCS Non-Permanence tool. Please refer to the supporting file "Chyulu Hills Non-Permanence Risk Tool Natural Risk Narrative.docx" for this information.

**Auditor Response:**

**Closing Remarks:** The Client's response adequately addresses the finding.

**NCR 2015.9 dated 06/05/2015**

**Standard Reference:** VM0009 v3.0 Methodology Section 6.6; Eq F3,F4,F5

**Document Reference:** NA

**Finding:** The VM0009 v3.0 requires that for baseline types F-U1 and G-U1 that equation [F.5] be used to estimate the baseline emissions.

During the quantitative assessment of the project workbooks it was apparent that the project calculations were using equation [F3]. Given that the baseline types for the project are F-U1 and G-U1 the project is not in conformance with the methodology.

**Client Response:** The client provided a response outside the cover of this workbook

**Auditor Response:** The audit team reviewed the updates to the calculation workbooks and agree that the equations being used are now in conformance with the methodology.

**Closing Remarks:** The Client's response adequately addresses the finding.



**NCR 2015.10 dated 06/05/2015**

**Standard Reference:** VM0009 v3.0 Methodology Section 6.18; Eq F10

**Document Reference:** NA

**Finding:** The VM0009 v3.9 methodology requires that users of eq [f.10] that an exponential function be employed in the denominator of the first step of the equation.

While reviewing the project calculation workbooks the audit team found that the function being used in the workbook does not include this exponential function in the dominator and therefor is not in conformance with the methodology.

**Client Response:** The client provided a response outside the cover of this workbook

**Auditor Response:** The audit team reviewed the updates to the calculation workbooks and agree that the equations being used are now in conformance with the methodology.

**Closing Remarks:** The Client's response adequately addresses the finding.

**NIR 2015.11 dated 08/12/2015**

**Standard Reference:** VCS Non-Permanence Risk Tool Section 2.2.2 (3)

**Document Reference:** Chyulu Hills\_VCS non-permanence risk report template, v3.1-5

**Finding:** The VCS non-permanence risk tool requires that in order to claim a score of zero for item (h) that "Project has secured 80% or more of funding needed to cover the total cash out before the project reaches breakeven." Additionally, the tool states "The percentage of needed funding secured shall be calculated by adding up all funding and revenue already secured and dividing this by the total cash out up to and including the year the project reaches breakeven."

The audit team is unable to locate this calculation showing that the project has secured 80% or more of the funding to cover total cash out before the project reaches breakeven

**Client Response:** The client provided a response outside the cover of this workbook

**Auditor Response:** The audit team was provided with and reviewed the inputs and calculations for the calculation of secured funding for meeting the requirements of item G of the non-permanence risk tool and confirmed that the evidence is sufficient for supporting the risk score being claimed.

**Closing Remarks:** The Client's response adequately addresses the finding.

**NCR 2015.12 dated 08/12/2015****Standard Reference:** VCS Non-Permanence Risk Report Template v3.1**Document Reference:** Chyulu Hills\_VCS non-permanence risk report template, v3.1-5**Finding:** The VCS non-permanence risk tool requires that "All instructions, including this introductory text, should be deleted from the final document. And "All sections must be completed using Arial 10pt, black, regular (non-italic) font."

There are a number of areas in which the instructions have not been deleted from the final document and therefore is not in conformance with the requirements of the template.

**Client Response:** The client provided a response outside the cover of this workbook**Auditor Response:** The audit team was provided with and reviewed v6.0 of the Chyulu Hills non-permanence risk report and confirmed that the report now conforms to all the requirements of the template.**Closing Remarks:** The Client's response adequately addresses the finding.