

Submitted to: Verra

Project under public consultation: Zero Carbon Holdings REDD Project (ID 2587)

Public consultation response

Zero Carbon Holdings REDD Project

[The Nature-based Solutions Brazil Alliance](#) aims to promote and stimulate an agenda to discourage deforestation and forest degradation through the creation of guidelines and good practices, generating a safe and reliable business environment. The NBS Brazil Alliance appreciates this opportunity to share input on the Zero Carbon Holdings REDD Project. The open consultation process and the possibility to participate actively is an opportunity to improve the integrity of the carbon credits.

As a non-profit association of project developers whose members are: Agrocortex, Bioassets, Biofíllica, Biofix, BR Carbon, BVRio, Carbon Credits Consulting, Carbonext, Conservação Internacional Brasil, Ecosecurities, Ekos Brasil, ERA Brazil, FAS, IDESAM, Impact Earth, MyCarbon, Permian Brasil, Radicle, Rioterra, South Pole, Sustainable Carbon and Volkswagen Climate-Partner, it is great to see new carbon projects being developed.

The following aspects contained within the Project Description were seen as concerns:

Methodology and Baseline

Applicability conditions of the methodology VM007, v.1.6. Modules, and tools used are partially well described and seem properly applied. However, incorporating APD activities in the project presents a challenge in integrating with the jurisdictional accounting of the state of Amazonas, which does not have a clear allocation mechanism for the projects to avoid overestimations. In the case of the project, the APD activities must have the prior authorization requirements given by the national environmental system (SEMAS in portuguese) according with Chapter Vi, Article 29 of Law 12651, and also have the minimum characteristics required for forestry exploitation (Chapter VII, Article 31 of Law 12651). The prior authorization should be dated before the consideration of carbon credits to avoid overestimations.

The PP presented three alternative credible land use scenarios, with n.2 being considered the most plausible baseline scenario due to its economic return and the fact that the conversion is legally authorized.

The first scenario is based on the premise of maintaining 20% forest cover, which involves costs for protection and pressure for the opportunity of the adjacent common practice (legal deforestation [scenario 2]). The third scenario is based on the uninterrupted threat of illegal deforestation, which makes it unlikely that the forest will remain, considering the history of

the region. As mentioned in the text, "evidence suggests that most deforestation in Brazil is illegal". Dealing with the entire country seems to be a very large spatial area, perhaps it would be interesting to mention specific bibliographical references from the Amazon region.

The additionality analysis is insufficient to demonstrate the additionality of the project and is justified only by the Brazilian legislation for the extraction of 20% of the forest cover within the property. In fact, a more detailed observation of the project areas shows that they are not at risk because they are surrounded by special protection areas such as the Dos Campos Environmental Protection Area, the Manicoré Biological Reserve and the Aripuana National Forest.

Regarding the investment analysis, the justification is that the only resource generated will come from credits, therefore a simple cost analysis is justified. It does not seem consistent with what VT0001 Step 2 asks for. "Determine whether the proposed project activity, without the revenue from the sale of GHG credits is economically or financially less attractive than at least one of the other land use scenarios. Investment analysis may be performed as a stand-alone additionality analysis or in connection to the Barrier analysis (Step 3). To conduct the investment analysis, use the following sub-steps." Items that demonstrate that the project activity without revenue from the sale of credits is less attractive than at least one of the land use scenarios are not presented.

Ownership and Project Proponents

Land ownership is attributed to Transmaranata Transportes Ltda., according to the PDD this is according to the Brazilian documentation. However, there is not a valid copy of the land documentation. The PA is surrounded by public protected areas and there is not a document certifying that communities or settlers have not been affected by the acquisition of this property.

It is not clearly described in the PDD who gets the carbon credits and who has the right to sell them.

Local Stakeholder Consultation and AFOLU-Specific Safeguards

The stakeholder consultation was carried out with related agencies, institutions, and municipal and state departments, on three different dates and locations. However, no feedback or clear mitigation measures for improvement are presented.

As described on page 32, in item 2.2, no communities or human activity were identified at least within a radius of 19 km from the project area. For that reason, the main stakeholder considered in the Project is the city of Manicoré, which was consulted during the consultation visits, and will continue to be involved in the Project, through the Townhall and the City's Secretaries, who will contribute to the local development.

We found no evidence that there will be no impact on stakeholders. Even if there are no communities in or around it. It would be really important to demonstrate that there really are

no people, even if they are distant fishermen or hunters or gatherers who use this area. How was it possible to demonstrate that there are no people who get there?

The PP features an EMS (Environmental Management System) that was designed to support the environmental impact assessment, based on ISO 14001/2015. It is mentioned that such a document is in Appendix 2, but it was not found. Table 6 presents aspects, impacts and control measures of the project related to the EMS. In principle, there seems to be a robust system for assessing impacts, but it would be interesting if the Appendix were present.

Other Comments

It is notable that this project plans to generate economic benefits to a private company, which owns the project area. It is then when doubts arise as to whether the private sector is currently being privileged over the settler or indigenous communities of this region.

About common practice analysis, we suggest creating a more concise narrative line, although everything presented makes sense and is logical. We were unable to establish a relationship between the elements presented. The first and second paragraphs deal with government incentives related to protected areas (we understand here that this is the context of the project area, which is surrounded by protected areas) and that such incentives are not eligible for the present project as it is not a public protected area; the next paragraph is related to the CAR, it seems to us just a conceptual paragraph and not objective in relation to the role of the CAR in the context of the project.

The next paragraph deals with CRAs (Environmental Reserve Quotas) and that this mechanism only applies to forest cover and not to carbon stocks and that this is not related to the context of the project (compensation of emissions). The last paragraph deals with ICMS-E and states that this tax does not benefit landowners to conserve forests.

The NBS Brazil Alliance appreciates this important opportunity to record our comments. We welcome the project proponents to reach-out directly with any questions or follow-up requests related to the comments shared above by contacting **NBS Brazil Alliance Coordinator, Victor Ferraz**, at nbs@nbsbrazilalliance.com.
