

Submitted to: Verra

Project under public consultation: Hiwi REDD+ Project (ID 3002)

Public consultation response

Hiwi 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 Arca 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, Biofilica, BR Carbon, BVRio, Carbonext, EcoSecurities, ERA Brazil, FAS, IDESAM, Instituto Ekos Brasil, Mirova Natural Capital – Althelia Funds, Permian and South Pole, it is great to see new carbon projects being developed.

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

Baseline

The scenario without project activities considers cattle ranching and other illegal threats (such as non-compliance with existing environmental legislation) as factors associated with land use conversion in the region. The "a" approach was used, based on modeling the analysis of the historical deforestation rate in the Project's Reference Region, according to the database made available by MapBiomas, to project future deforestation. In this sense, the cumulative and projected baseline deforestation to occur in the Project Area over the 30-year life of the project was estimated at 5,160.7 hectares (172.02 ha/yr). Consequently, the project intends to avoid emissions of 2,642,522 tCO₂e for a 30-year period over the life of the project (88,084.07 tCO₂e/yr). This is equivalent to 2,374,702 VCUs (100,352 VCUs/year).

Ownership

The business model is based on the partnership contract, a modality in which possession (and obligations) and ownership (and obligations) belong to the landowner. In order to guarantee the maintenance of the project, this contract foresees "the right of first refusal" in the acquisition of the property by Carbonext. This right guarantees that if the owner wishes to sell the property, he must first offer it to Carbonext. However, if Carbonext does not exercise the right of first refusal, the third-party buyer must acquire the property and must

observe/comply fully with the carbon project, until its completion. In parallel, the project proponents conduct a Legal Due Diligence, in order to verify risk scenarios. The area on which the project will be developed is privately owned (with some exceptions dealt with privately, lawfully) and the property rights are recognized, respected and supported by the Brazilian legislation.

There are no other entities involved in the project. All project proponents are owners of the project. The partnership between the project proponents has been established in a signed legal contract. This contract also establishes the rights over the carbon credit generated, and all project proponents own it.

Local Stakeholder Consultation (VCS)/Free, Prior and Informed Consent (CCB)

Traditional communities that eventually border the Project Area have been consulted. A communication and approval process is being implemented so that the use of the Project Area by surrounding community members can happen in a formalized and organized manner.

AFOLU-Specific Safeguards (VCS)/Stakeholder Identification, Description and Benefit Permanence (CCB)

Stakeholders were analyzed primarily based on their influence, along with their rights, interests, and relevance to the Project to ensure that the Project was properly aligned with stakeholders. The project is governed and implemented by the project proponents who will incorporate the communities in project decision making during the life of the project. For participation in project activities, community members will be consulted based on their social representation to ascertain those interested in participating in project initiatives, including the internal farmworker community on the properties. For this, an organization chart will be defined together with the participation of community members and local leaderships. It is worth reinforcing that all project proponents are the owners of the project, including the carbon credits generated by it.

Other Comments

This is a grouped project, however, at this time, there are no instances planned to be added to the Project Area. Should this occur, the new instances shall be located within the Reference Region.

It is not clear what is the Project Zone itself, only the Area composed of the properties.

A conservative approach was taken, disregarding the carbon pools in the soil. For the carbon stock calculations, only the Dense Ombrophylous Forest phytosionomy was considered.

Possible risks associated with "Statutory and Customary Property Rights" were identified, especially environmental fines, unpaid taxes, possession disputes, usucaption, inheritance

disputes, mortgages, fiduciary alienation, etc. In general, these are situations that may at some point imply a change of ownership of the property, leading to the extinction of the enterprise; and consequently, compromising the project.

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**.
