

Submitted to: Verra

Project under public consultation: **REFORESTATION FOR MULTIPLE PURPOSES AS A MEANS OF SUSTAINABLE DEVELOPMENT (ID 3822)**

Date: June 14, 2023

## Public consultation response

### REFORESTATION FOR MULTIPLE PURPOSES AS A MEANS OF SUSTAINABLE DEVELOPMENT

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 REFORESTATION FOR MULTIPLE PURPOSES AS A MEANS OF SUSTAINABLE DEVELOPMENT 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 with 25 members including Agro cortex, Bioassets, Biofílica, Biofix, BR Carbon, BVRio, Carbon Credits Consulting, Carbonext, Conservação Internacional, Eco securities, Ekos Brasil, ERA Brazil, FAS, IDESAM, Impact Earth, MyCarbon, Radicle, Redda+, Re.green, Rioterra, Systemica, South Pole, Sustainable Carbon, Volkswagen Climate-Partner and WayCarbon, it is great to see new carbon projects being developed.

The following aspects contained within the Project Description were observed:

#### Methodology and Baseline

Section 1.11 "Description of the Project Activity" states that in some of the APP areas, tree individuals of exotic species will be removed gradually and native species will be planted. However, it was not presented how the eligibility analysis of this area will be carried out (considering that they may present forest characteristics) nor the baseline discount (these individuals present an already established biomass, even if they are of exotic species).

#### 3.2 Applicability of Methodology:

The identification of wetland areas only by the soil map of Brazil is questionable. In addition to this base not being specific to identifying wetlands, the scale is high/low resolution at the property level.

Additionality: In the technological barrier (which is not applicable only to the projected scenario), it is stated that "in commercial reforestations there is a need for a good

knowledge of the wood market, the production costs, and expected revenue, to be able to evaluate whether a project is viable, since the return takes place over a very different time than in the case of other farming cultures (Embrapa, 2014). Further, the type of handling can vary depending on the specificities imposed by clients (IPEF, 2008)." It is not clear how the owner will overcome this barrier. Will Klabin provide this information and support in the feasibility analysis for the owner?

It is also stated that "another issue that reduces the attractiveness of reforestation is linked to the tree stumps. Removal of stumps is a highly necessary but expensive activity for reconversion of areas into other uses at the end of the rotation cycle. This characteristic makes land-use flexibility more difficult and keep the independent producers unmotivated" – How will the project act on this issue?

In this same barrier, it is not clear who will carry out the planting and maintenance activities (which require knowledge - another aspect of the barrier). Will it be Klabin's trained field team or will it be the owner?

In the barrier related to the local tradition of land use, an analysis of land use in the states of Santa Catarina and Paraná shows mainly agricultural and livestock land use. However, several forestry companies (including those mentioned at the end of the barriers) operate in these states, including Klabin.

It is also stated in "STEP 4. Common practice analysis" that "previous reforestation activities established in the region are mainly related to verticalized/single owners' operations from large companies at scale to provide dedicated inputs". As much as the activity is not common in the region, it is known that it is common for forest companies to act with forest promotion and leasing. So, how does this program differ from the company's promotion programs? Doesn't Klabin work with development in this region? Isn't this a common company practice?

On the other hand, a set of incentives is presented for owners to join the "Plante com Klabin" program. Has the company been facing difficulties in recent years in expanding its planting areas and is it only with these incentives that new owners will join? If this is the case, it would be interesting to present more information in the PDD. The way that it is presented now raises questions about the additionality or existence of this barrier.

In the baseline estimate of the restoration area, it is not clear how they will consider the existing trees in the area (at the pre-project moment) and if they will be measured or not during the (at least) 30 years of the project. And if they will not be measured, how are they going to guarantee that the trees planted won't be those that already exist in the area?

## Ownership and Project Proponents

It will be a grouped project, with several landowners. Details on the assignment or sharing of credits were not presented. Due diligence is mentioned.

From what is presented, the owners will have part of the credits (probably 50%), but it is not clear whether Klabin itself will sell the credits (or a trader). The owner retains the right to trade with a third party.

p.65: Klabin will guarantee a minimum price of approximately R\$ 5 (five Brazilian reais) for each VCU generated under the grouped project. If market value exceeds this level, Klabin will share the excess with producers participating in the grouped project (50% for Klabin, and 50% for the independent producers). It is also stated that "in the event that the producer opts to sell the VCUs to a third party or opts for the voluntary cancellation of the VCUs, Klabin will have the right to deduct the administrative and structuring costs of the project, including, but not limited to, taxes, applicable fees and costs related to service providers related to the project."

## Local Stakeholder Consultation and AFOLU-Specific Safeguards

The public consultation process considered only 10km around the first instance and it was mentioned that no stakeholders were identified except the owner and a couple who live on the farm. An online meeting with the owner and a visit to the couple were held. As for public bodies or other institutions, only an e-mail was sent with information about the project and a form to be filled out. Only one form was answered, but no details were given about the content (only that there was no suggestion or comment and therefore did not require a response). There was no further attempt by the proponents to consult with these parties. Considering the size of the region covered, the identification of stakeholders and the public consultation process can be considered fragile.

This section had very few details citing only that "Local stakeholders were identified and selected by their representing role in the municipality of Pitanga and level of connection to the Santa Lucia Lontana farm" and that more details were given in section 2.2 above. However, little was presented in the aforementioned section (and noted above, in the public consultation item).

In addition, It is only stated that "No risks to local stakeholders were identified due to the implementation of the project, nor to their resources or property rights. The landowner is fully aware of the project's purposes and his consent if evidenced by the contract signed with the PP ."

Finally, they present all existing communication channels at Klabin.

## Other Comments

In addition to the above, it was not very clear how they expect to increase income and employment generation compared to the baseline scenario (grain farming or livestock) and with whom and how training will be carried out.

---

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**, at **[nbs@nbsbrazilalliance.org](mailto:nbs@nbsbrazilalliance.org)**.