Verification Report

Version 4.0

02 July 2026

Document Prepared by

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Forest Carbon Partnership Facility (FCPF)
Carbon Fund

Verification Report (VER)

ER Program Name and Country	Promoting REDD+ through Governance, Forest Landscapes & Livelihoods in Northern Lao PDR
Reporting Period Covered In this Report	01-01-2022 to 31-12-2024
Number of FCPF ERs	1,837,467 tCO2e
Number of ERs allocated to the Uncertainty Buffer	381,480 tCO2e
Number of ERs allocated to the Pooled Reversal Buffer	324,258 tCO2e
Number of FCPF ERs from enhanced removals through afforestation/ reforestation	N/A
Name of the VVB	Scientific Certification Systems Global Services (SCS)
Contact information of the VVB	2000 Powell Street, Suite 600, Emeryville, CA 94608, USA http://www.scsglobalservices.com Email: cpollet-young@scsglobalservices.com Telephone: +1 (510) 452-8000
Report Version	V4.0
Date of the Verification Report	02 July 2026
Report Approved by	Christie Pollet-Young

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1. VERIFICATION STATEMENT

The review and cross-check of explanations and justifications included in the Monitoring Report dated 06-10-2026 (Version 1.3) and supporting documents have provided Scientific Certification Systems Global Services (herein referred to as SCS) with sufficient evidence to determine with a reasonable level of assurance the compliance of the reported information with the FCPF Methodological Framework, the Validation and Verification Guidelines and other applicable normative documents.

The scope covered by the verification includes the Emission Reduction Program´s crediting period 01-01-2019 to 31-12-2024, the reporting period 01-01-2022 to 31-12-2024, the accounting area of 8,123,149 hectares, the REDD Country Participant's Forest Monitoring System, the national REDD+ Programs and Projects Data Management System and the following GHG sources, sinks, and carbon pools:

The following GHG sources, sinks and/or reservoirs:

- Emissions from deforestation
- Emissions from forest degradation
- Removals from forest enhancements (restoration)
- Removals from forest enhancements (reforestation)

The following Carbon pools:

- Above Ground Biomass (AGB)
- Below Ground Biomass (BGB)

The following types of GHGs:

- CO_2

A total of 11 MCARs, 0 mCARs and 4 Observational findings were addressed, as required, by the ER Program. Three MCAR findings were converted to Observations following FCPF FMT's guidance on the application of the FCPF Standard. These findings are described in Appendix 1 of this report.

SCS is able to verify with a reasonable level of assurance that the Emission Reductions generated by the ER Program in Northern Lao, People's Democratic Republic, were quantified in accordance with the FCPF verification criteria including project-specific guidance from the FMT, amount to 2,543,205 tonnes of CO2 equivalent. SCS verified that the uncertainty buffer ERs amount to 381,480 tonnes of CO2 equivalent, that the quantity of ERs allocated to the pooled reversal buffer amount to 324,258 tCO2e. The amount of FCPF Units to be issued would be 1,837,467 tCO2e. There are no uncertainties associated with the verification conclusion.

Statement Issuing Date: 02 July 2026

Intended User: World Bank Group, FCPF Carbon Fund Participants

TEAM LEADER: Erynn Maynard-Bean

LEGAL REPRESENTATIVE: Christie Pollet-Young

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2. AGREEMENT

2.1 Level of Assurance

The audit assessment was conducted to provide a reasonable level of assurance concerning material misstatements, errors, or omissions in conformance with the FCPF program verification criteria and scope stated in the FCPF Validation and Verification Guidelines. The provisions undertaken to ensure such a reasonable level of assurance included:

- Perform a risk-based assessment of the program area and program activities to ensure that the program, and the measuring, monitoring and quantification of GHG emissions and removals for the verification period conforms to the FCPF verification criteria.
- Assess and select samples of data and information from the program area and program activities in order to confirm they meet a reasonable level of assurance and the materiality requirements of the program, as required by the FCPF.
- Independent recalculation of the quantification of GHG emissions and removals and the recalculation of the ER program estimates for the reporting period (01 January 2022 to 31 December 2024).
- Assessment of the data collection, the selection of categories, the measuring, monitoring and reporting methods, standard operating procedures, the Monitoring Report, the parameters, equations, calculations and supporting documentation are correct and in conformance with the FCPF program requirements.

Based on the previous provisions and considering the findings raised during the audit, a positive evaluation statement reasonably ensures that the FCPF Program GHG assertion is materially correct and is a fair representation of the GHG data and information provided in the ER Monitoring Report and supporting documents.

2.2 Objectives

The second verification of the 'Promoting REDD+ through Governance, Forest Landscapes & Livelihoods in Northern Lao PDR' ER Program (hereafter, the ER Program) covering the objectives as follows from the FCPF Validation and Verification Guidelines v2.8 Section 8.18:

- Review of the ER Monitoring Report (ER-MR) and supporting information to confirm the accessibility and correctness of presented information as well as conformance to template requirements.
- Assess the extent to which reported ERs have been reported with a transparent and coherent step-by-step process that enables reconstruction and meets the requirements of applicable criteria (e.g., public availability of data).
- Assess the extent to which the reported GHG emissions / Emission Reductions are materially accurate, i.e. free of material misstatements, errors or omissions.
- Assess the source(s) of Uncertainty due to both random and systematic errors and any sources of bias that can impact the estimate of the Total ERs.
- Determine whether the ER Program has conducted the Uncertainty analysis in compliance applicable criteria.

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- Ensure, according to the applicable level of assurance (see Section 'Level of Assurance', below), that the information provided in the MR is correct and complete (i.e., not leaving out information that might affect the opinion of the reader).
- Assess the extent to which the methodologies and methods used to estimate GHG emissions and removals during the Reporting Period are consistent with the Reference Level and with the Monitoring Plan as described in the ER Monitoring Report.
- Assess the Forest Monitoring System of the ER Program and verify that there are controls in place for sources of potential errors, omissions, and misstatements.
- Identify components of the Forest Monitoring System that require attention and/or adjustment in future monitoring and reporting or identify areas of risk of future non-compliance.
- Assess the extent to which the ER Monitoring Report includes a complete and accurate report, to the extent possible, on the implementation of its strategy to mitigate and/or minimize potential Displacement and on any on changes in major drivers in the ER Accounting Area.
- Assess the extent to which the ER Monitoring Report contains a complete and accurate report on the mitigation, to the extent possible, of significant risks of Reversals identified in the assessment, and addresses the sustainability of ERs.
- Determine whether the ER Program has quantified ERs allocated to the Uncertainty, Reversal, and Pooled Reversal Buffer during the Reporting Period in compliance with the Methodological Framework and other applicable criteria.
- Assess the extent to which systems to avoid that ERs generated under the ER Program have not been counted or compensated for more than once have been adequately implemented and confirm that issuance has not occurred in other known registries.
- Determine whether the national or centralized REDD+ Programs and Projects Data Management System are implemented and operated in compliance with the Methodological Framework and other applicable criteria.
- Conduct an independent assessment of the conformance against the approved ER Program Requirements and associated guidelines.
- Issue a verification report that includes the VVB's opinion addressed to the FCPF Carbon Fund, on the GHG assertion whether representing a positive or negative opinion.

2.3 Criteria

The criteria for the assessment are as follows:

- FCPF Process Guidelines, Version 6.4, 2025
- FCPF Validation and Verification Guidelines, Version 2.8, 2025
- FCPF Methodological Framework (MF), Version 3.0, 2020
- FCPF Glossary of Terms, Version 2.3, 2025
- FCPF Buffer Guidelines, Version 4.3, 2025
- FCPF Guidelines on the application of the MF Number 1, On the Use of Interpolation of Data in relation to the Reference Period of an ER program, Version 1.0
- FCPF Guidelines on the application of the MF Number 2, On technical corrections to GHG emissions and removals reported in the reference period, Version 2
- FCPF Guidelines on the application of the MF Number 3, On the definition of reporting periods of Emission Reduction Programs, Version 1
- FCPF Guidelines on the application of the MF Number 4, On Uncertainty Analysis of Emission Reductions, Version 1

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- FCPF ER Monitoring Report Template, Version 3.2
- Process Guidelines:
- ISO 14064-3:2019
- ISO 14065:2020
- ISO 14066: 2023
- IAF MD 6:2024
- Any formal clarification or program-specific guidance provided by the FMT
- The following guidance documents (or collections of documents) will be considered to contain good practice in undertaking the assessment, though said documents are not formally considered to be part of the assessment criteria.
- 2006 IPCC Guidelines
- 2013 IPCC Wetlands Supplement
- 2019 Refinement to the 2006 IPCC Guidelines
- GFOI 2020 Methods and Guidance Document
- FCPF Guidance Notes

2.4 Scope

The scope of the verification of the ER Program, which is the subject of the audit engagement described above, included the following:

- The time period:
  - Crediting period: 01-January-2019 to 31-December-2024
  - Reporting period: 01-January-2022 to 31-December-2024
- The ER Program Accounting Area of 8,123,149 hectares
- The GHG sources, sinks and reservoirs associated with any of the REDD+ Activities accounted for as required by the Methodological Framework:
  - Emissions from deforestation
  - Emissions from forest degradation
  - Removals from forest enhancements (restoration)
  - Removals from forest enhancements (reforestation)
- The following Carbon pools:
  - Above Ground Biomass (AGB)
  - Below Ground Biomass (BGB)
- The following types of GHGs:
  - CO2
- The ER-Program's Forest Monitoring System comprised the following data collection components:
  - Activity data from:
    - The Lao PDR's Forestry Inventory and Planning Division (FIPD) use of the Collect Earth Online (CEO) tool with remote sensing imagery provided by various sources, including Landsat, RapidEye, and Sentinel 2.
    - National Forest Inventory Database (logging carbon stocks)

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- Emission Factors from:
  - National Forest Inventory Database (carbon stocks)
- The national REDD+ Programs and Projects Data Management System as described in the Monitoring Report.

2.5 Materiality

The verification process based on the desk review found that there are not quantitative and/or qualitative material discrepancies affecting the GHG assertion or leading to overestimations of the reported GHG emissions and removals. The process for estimating the threshold of materiality is described below:

The term "discrepancy", as implicitly defined in Section 2.30 of ISO 14064-3:2006, encompasses the terms "error", "omission" and "misrepresentation" (i.e., these three types of distortion are different categories of discrepancies). Any discrepancies which also presented clear divergence from stated requirements of the assessment criteria were treated as non-conformities in the assessment process. Any other discrepancies identified during the course of the assessment were subject to the following materiality assessment.

Qualitative and quantitative materiality refers to "errors", "omission" and "misrepresentation" that either individually or in the aggregate form affect the GHG assertion.

Where the methodology used in production of the ER Monitoring Report (ER-MR) does not follow the FCPF Methodological Framework and applicable guidelines assessed by the verification team, a discrepancy between the output produced by the assessment team and the information reported in the ER-MR resulted, and in that case such discrepancies were evaluated for materiality according to the following criteria:

- The threshold for quantitative materiality concerning the aggregate of misstatements, errors or omissions relative to the total reported GHG emissions and removals or emission reductions shall be 1%.
- Qualitative issues related to management system and controls, poorly managed documentation, and non-compliance with the applicable requirements of the Methodological Framework and other applicable criteria.
- Any errors in the reporting of factual information in the ER Monitoring Report will be considered material if the incorrectly reported information is directly or indirectly required to be reported by the FCPF Methodological Framework.
- A 1% materiality threshold applies to any over-estimation of Reference Level and ER.[1] Under-estimation of the Reference Level or Emission Reductions will not be considered a material discrepancy.

Any discrepancies identified as material through application of the above criteria were treated as non-conformities in the assessment process. Any discrepancies not identified as material through application of the above criteria were inherently considered immaterial. In the event that discrepancies were

[1] The materiality analysis was carried out by first calculating the difference between the reported ERs and the assessment team's calculation of the same quantity, and then dividing by the reported ERs. If the resulting quantity was greater than 1.00%, the discrepancy was considered material. Otherwise, the discrepancy was not considered material. Under-estimation of the ERs were not considered a material discrepancy.

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identified that do not required immediate correction but that required corrective action or mitigation later in time were stated as Observation.

3. METHODOLOGY AND PLANNING

3.1 Verification team

The verification team was conformed as follows:

Name	Role	Activities				
		Desk review	Site visit	Reporting	Supervision	Technical review
Dr. Erynn Maynard-Bean	• Lead Auditor; Technical Manager, GHG Verification Program	X	X	X	X	
Dr. Raleigh Ricart	• Auditor; Verification Scientist	X		X		
Bouangeunh Khensabab	• In-country expert; Forester	X	X			
Alexa Dugan	• Technical reviewer; Senior Technical Manager, GHG Verification Program					X

3.2 Verification schedule

An indicative schedule developed for the assessment of the milestones and activities planned, is included below. The table includes details of the start and end date of each of the milestones undertaken for the assessment.

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Milestone	Start Date	End Date
Kick Off Call	Thursday, December 18, 2025	Thursday, December 18, 2025
SCS Receipt of ER-MR for MP2	Thursday, December 18, 2025	Thursday, December 18, 2025
SCS Data and Document Review	Friday, December 19, 2025	Friday, February 20, 2026
SCS Out of Office: End of year holiday	Thursday, December 25, 2025	Friday, January 2, 2026
SCS Issuance of Findings I	Friday, February 20, 2026	Friday, February 20, 2026
Findings Review Call	Monday, February 23, 2026	Monday, February 23, 2026
Laos Response to Findings I	Monday, February 23, 2026	Tuesday, March 24, 2026
SCS Receives Additional Client Finding Docs	Tuesday, April 7, 2026	Tuesday, April 7, 2026
Site Visit	Sunday, March 22, 2026	Sunday, March 29, 2026
SCS Review of Responses to Findings	Monday, March 30, 2026	Monday, April 20, 2026
FMP Secretariat Guidance Issued via email to SCS	Saturday, March 21, 2026	Saturday, March 21, 2026
Closure of All Findings	Monday, April 20, 2026	Monday, April 20, 2026
SCS Report Writing	Monday, April 20, 2026	Friday, May 1, 2026
SCS Technical Review	Monday, May 4, 2026	Monday, May 18, 2026
SCS Issuance of Draft Report	Tuesday, May 19, 2026	Friday, May 22, 2026
Client Response to Draft Report	Monday, May 25, 2026	Tuesday, June 2, 2026
SCS Issuance of Draft Report	Wednesday, June 3, 2026	Monday, June 15, 2026
Client Response to Draft Report	Tuesday, June 16, 2026	Monday, June 22, 2026
SCS Issuance of Final Report	Tuesday, June 23, 2026	Tuesday, June 23, 2026
Conditional: Exit Meeting	Tuesday, June 30, 2026	Tuesday, June 30, 2026

3.3 Methodology description

The assessment was performed through a combination of document review and interviews with relevant personnel, as discussed in Sections 3.4 and 3.5 of this report. At all times, the MR and the ER Program described therein were assessed for conformance to the criteria described in Section 2.3 of this report. As a result of this verification process, findings were issued to identify any actual or potential areas of risk or concern.

A risk assessment was conducted, and a sampling plan produced, in accordance with Sections 4.4.1 and 4.4.3 of ISO 14064-3:2006, respectively, following a proprietary approach developed by SCS. The process involved identification of key areas of "residual risk" (areas where there exists risk of a material discrepancy that is not prevented or detected by the QA/QC processes of the ER Program). Sampling and data testing activities were planned to address any risk where the likelihood of an area of nonconformance or material discrepancy going undetected by the assessment team was judged to be unacceptably high. An audit plan was created that took the sampling plan into account.

The assessment team took the following steps to assess whether the best available data sets, methods, models and assumptions have been used with transparency, consistency, completeness and accuracy, and are in conformity with the FCPF's Methodological Framework requirements:

- Held meetings with the program's technical team to gain a clear understanding of the process in determining the best available data sets, methods and models employed by the program.
- Independently reviewed available literature regarding the availability of datasets pertaining to forest inventory and land cover change in the program area to confirm that the best available data sets have been utilized by the program.
- If no country specific or region-specific information was available, the assessment team confirmed that the most relevant and accurate default values from the IPCC Guidelines were applied in conformance with Criterion 5 of the FCPF Methodological Framework requirements.

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3.4 Review of documentation

The Emissions Reductions Monitoring Report (Lao PDR 2nd ERMR_v1.3_20260609, “ER-MR”), was carefully reviewed for conformance to the FCPF assessment criteria. The following additional documents, provided by ER Program personnel in support of the ER-MR, were also reviewed by the assessment team for consistency, accuracy, and appropriateness with regard to the FCPF Methodological Framework and associated requirements:

File Name	Ref.
Lao PDR 2nd ERMR_v1.3_20260609.docx	1
Emissions from logging NFI4 ERPA_20250624.xlsx	2
FCPF ER-MR Template Tool_Lao20250909.xlsm	3
10_2nd-NFI-Report_20180108_Eng.pdf	4
12_AE-Report_20180108.pdf	5
15_SOP_FTM_20200623.pdf	6
16_NFI3-SOP-Eng-Manual-Lao-PDR_fin.pdf	7
17_SOP-for-ERs-and-REs-Calculation_Clean.pdf	8
18_SOP-for-ERs-and-REs-Calculation_Annex.zip	9
19_NFMS-User-Manual.pdf	10
1_Eng_NFMS-Roadmap-FINAL-20210909.pdf	11
20_NFMS-Data-Installation-Manual.pdf	12
23_NFMS-Servers-_-Network-SOP-v0.1_compressed.pdf	13
2_Biennial-update-report-BUR-1_24July2020.pdf	14
3_LaoPDR_Technical-Annex_20200715.pdf	15
5_3rd-NFI-Report_20201126.pdf	16
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3.5 REDD Country Visit

Following the desk review and the development of an audit plan, SCS conducted a field tour to verify the accuracy of the results reported by program personnel in the ER-MR, as well as the program monitoring activities as described in the ER-MR, to gather the necessary evidence and ensure it was in compliance with the FCPF program requirements.

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The country visit also helped assess the environmental condition of forests firsthand, to investigate some issues or questions identified during the assessment of the documentation related to the reported monitored data and parameters, program activities, interventions and risk management and to identify any discrepancies or risks.

In pursuance of the above objectives, the audit team conducted the field tour between 22 and 29 of March 2026.

During the site visit, the audit team representative visited the 4th National Forest Inventory (NFI4) data collection points, observed and interviewed technical staff responsible for monitoring, reporting, and activity data. Discussions focused on forest surveillance and reporting.

Key observations included consistent and conservative identification of stumps in the field NFI4 data plots.

The main activities carried out by the audit team were as follows:

- In the field, visited pre-determined representative, randomized plots to verify and confirm data collected, landscape conditions, and evidence of threats.
- Took GPS measurements to document plot locations and key landmarks through the program area, took pictures and collected observational evidence during the site visit.

4. SUMMARY OF FINDINGS

4.1 Implementation status of the ER Program and update on drivers

The SCS audit team reviewed the Monitoring Report, calculation workbooks, standard operating procedures (SOPs) and supporting documentation provided by the REDD Country Participant (detailed above in section 3.4) and concludes that sufficient information has been included to explain any changes in major drivers in the ER Accounting Area and the status of the implementation of the strategy to mitigate and/or minimize potential displacement.

4.2 Methodological Deviations

The audit team confirms that – outside of the previously validated and verification technical corrections – no methodological deviations were applied during Reporting Period 2 (RP2), which is the subject of this report. This aligns to ER Program reporting in Section 1.3 of the ER-MR for RP2.

4.3 System for measurement, monitoring and reporting emissions and removals occurring within the monitoring period

4.3.1 Forest Monitoring System

SCS performed a comprehensive assessment of the Monitoring System in place of the ER Program. The primary component of the monitoring system (Lao PDK's National Forest Monitoring System, "NFMS") integrates activity data on land-use, land-cover, and land-use change, generated mainly through remote-sensing analyses carried out by the Department of Forestry (DOF) Forestry Inventory and Planning Division (FIPD). The FIPD relies on satellite imagery, cartographic databases, and spatial analyses, supported by

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the Collect Earth Online tool, to visually interpret high-resolution imagery and monitor deforestation and forest degradation. These analyses are complemented by field surveys, stakeholder interviews, and community-based monitoring.

- Through independent checks on land cover classification maps using ancillary high-resolution imagery covering the reporting period, the auditors confirmed that the activity data component of the Forest Monitoring System is functioning and can produce high-quality data.

- Through review of the monitoring report and supporting documentation and interviews with the program personnel, the auditors confirmed that the program has in place the necessary controls to address relevant sources of potential errors, omissions, and misstatements in place.

The auditors do not propose opportunities for future technical improvements of areas identified as presenting a high risk of future non-compliance.

4.3.2 Forest Monitoring Approach

The Forest Monitoring Approach was updated since the last verification period. The audit team confirmed that Section 2.2 of the ER-MR correctly indicates that, for this Reporting Period 2 (RP2), there were the following updates:

- The audit team confirmed, through review of the ER-MR document and supporting information, that the monitoring approach for RP2 was updated through the implementation of the 4th National Forest Inventory (NFI), launched in October 2024.

- The audit team confirmed that these updates improved the robustness and statistical soundness of monitoring, while Emission Factors remain unchanged from those used in the Reference Level and RP1.

- Through document and data review, the audit team confirmed that the approach to Activity Data estimation was updated by shifting from a predominantly random sampling design to a systematic, two-phase sampling framework, increasing sampling density and coverage.

- The audit team confirmed that the 4th NFI combines visual interpretation of systematically distributed plots across all land and forest cover classes, and field measurements on a systematic sub-sample of plots.

- The audit team confirmed that, compared to RP1, a substantially higher number of plots was used for RP2, which is expected to reduce uncertainty in estimates.

- Through review of interpretation protocols, the audit team confirmed that the methods and tools for visual interpretation remain consistent with those applied in RP1.

- The audit team confirmed that emissions from logging continue to be estimated using a proxy-based approach relying on stump measurements.

- The audit team confirmed that, for RP2, stump data are sourced from the 4th NFI field measurements, replacing earlier data sources used in previously.

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- Through review of technical documentation, the audit team confirmed that field plot layout and measurement design were revised under the 4th NFI and are intended to strengthen the robustness of logging emissions estimates.

4.3.3 Measurement, monitoring and reporting approach

The assessment team conducted the following activities to evaluate the measurement, monitoring and reporting approach:

- Expert review of the Monitoring Report (ER-MR), calculation workbooks, SOPs and supporting documentation, to confirm that the equations and methods used for the quantification and monitoring are consistent with the Reference Level.
- Independent review of the activity data using ancillary satellite imagery to confirm the accuracy of the land cover classification and the consistency with the approach applied for the Reference Level.
- Independent recalculation of the equations used to calculate the emissions and removals during the Reporting Period and the subsequent emissions reductions as compared to the Reference Level.

Additionally, the SCS assessment team confirms that the link between the equation parameters, the parameters under fixed data, the monitored parameters and data used for the measurement, monitoring and reporting are correct and free of errors and misstatements.

4.4 Fixed Data and Parameters

The audit team reviewed the ER-MR, SOPs, quantification workbooks and supporting documentation. After the assessment of the data and parameters used in the measuring, monitoring and reporting, the assessment team confirmed that all fixed data and parameters have been reported and are consistent with the prior Reporting Period as per the FCPF Validation and Verification Guidelines and the Methodological Framework requirements. Additionally, SCS confirms that the data and information are available publicly in accordance with Criterion 6 of the FCPF Methodological Framework requirements.

4.5 Monitored Data and Parameters

After the review of the ER-MR, calculation workbooks, SOPs and supporting documentation, SCS confirms that all data and parameters subject to monitoring have been reported in conformance with the FCPF program requirements and the guidelines provided in the ER Monitoring Report template. The assessment of the monitored parameters is described as follows:

Monitored Data and Parameter(s):	$A(j,i)_{MMR}$ - Activity Data (AD) for the Reporting Period 2022-2024 (3 years)
Free of error and material misstatement:	Yes
Assessment:	▪ This parameter represents: Area of REDD+ strata change over the Reporting Period (2022-2024) provided by the overlay of the stratified Forest Type Maps and adjusted by a sample-based estimation. Twenty possible changes

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	describe four activities: Deforestation, Degradation, Restoration and Reforestation. ▪ ERP Lao PDR presented information about data sources for estimating Activity Data, methods for mapping land-use and land-use change (including sampling design and size, assessment and labelling, analysis and Activity Data calculation), QA/QC procedures applied, values applied, and uncertainty associated with these parameters. ▪ The audit team conducted an independent analysis of similar remotely sensed data through the Collect Earth Online (CEO) platform, with supplemental imagery from Google Earth and Sentinel 2, to confirm that the source data was reliable and appropriate. ▪ Through interviews with the project team and review of documentation, the audit team confirmed the definition of each activity class – Deforestation, Degradation, Restoration, and Reforestation was appropriate and clearly defined. ▪ Independent recalculation of the uncertainty applied from Olofsson, et al. (2014) was conducted, confirming that the estimation was correct and without any error.

Monitored Data and Parameter(s):	$RegrowthRate$, $Reversal$ and $Doublecounting(stumps)$ Adjustments to emissions and removals for the Reporting Period to account for previous change in cover class
Free of error and material misstatement:	Yes
Assessment:	▪ This parameter represents: Adjustments to emissions and removals for the Reporting Period to account for overestimation of biomass regrowth rate and double counting. ▪ Adjustments use a time-series analysis to identify the land cover change patterns that lead to over-estimation and adjusts the removals and emissions to reflect the actual time needed for forest recovery following a change in forest cover class (IPCC 2006). ▪ The audit team has reviewed the calculation workbooks referenced in the MR as well as the applicability of the procedure within the calculations and the MR. The audit

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	team independently recalculated the adjustment values in alignment with the stated methodology.

Monitored Data and Parameter(s):	$Emissions_{logging}$ Emissions from logging for the Monitoring Period
Free of error and material misstatement:	Yes
Assessment:	▪ This parameter represents: Emissions from logging estimated from the 4th NFI conducted from December 2024 to April 2025. Field stump surveys were conducted in the six northern provinces of the ER Program. ▪ Through review of the project documentation and interviews with project staff, the audit team confirmed that a dedicated team conducts QA/QC by revisiting 10% of the measured plots. ▪ During the site visit, the audit team performed a resampling of a risk-based, randomized sample of plots to confirm the presence/absence of stumps. ▪ The audit team has reviewed the SOP referenced in the MR as well as the applicability of the procedure within the calculations and the MR.

SCS concludes that the data and evidence provided regarding the identification, quantification, and monitoring of the parameters proposed Area of Deforestation and Forest Degradation are sufficient, complete and free of error and misstatements. Furthermore, SCS reviewed the ER-MR and confirmed that publicly accessible links are provided to the monitored data, parameters, and methodological steps in accordance with Criterion 6 of the FCPF Methodological Framework.

5. VERIFICATION OF GHG ASSERTION

5.1 ER Program Reference Level for the Reporting Period

The reference level established by the ER Program is based on a 10-year historical period from 2005 to 2015, aligned with methodological framework criteria. Average annual historical emissions for the reference level were estimated using forest inventory-based emission factors combined with remote-sensing–derived activity data from multiple sources, including RapidEye, SPOT4, Landsat, Sentinel 2, to quantify GHG emissions and removals from deforestation, forest degradation, and carbon stock enhancements.

The assessment team took the following steps to verify the correctness and completeness of the data, methods and procedures used on the estimation of the Reference Level for this Reporting Period:

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- Reviewed Reference Level calculations for alignment to what is outlined in the current and prior ER Monitoring Reports and for alignment to the Reporting Period calculation approaches.

- Verified the application of the technical corrections in reference to the following:
  - Accounting for selective logging emissions
  - Estimating degradation emissions from shifting agriculture
  - Using 3rd NFI to improve emission factor estimates

The numbers in the table below correspond to the portion of the Reference Level that was assessed during this Reporting Period. The Reporting Period aligns with complete calendar years vintage.

Year of Monitoring / Report Period t	Average annual historical Emissions from deforestation over the Reference Period (tCO_{2-e}/yr)	If applicable, average annual historical Emissions from forest degradation over the Reference Period (tCO_{2-e}/yr)	If applicable, average annual historical enhanced Removals from afforestation/reforestation (AR) (tCO_{2-e}/yr)	If applicable, average annual historical enhanced Removals from other activities besides A/R (tCO_{2-e}/yr)	Adjustment, if applicable (tCO_{2-e}/yr)	Reference Level (tCO2-e/yr)
2022	3,015,638	10,627,760	-743,589	-593,805		12,306,004
2023	3,015,638	10,627,760	-743,589	-593,805		12,306,004
2024	3,015,638	10,627,760	-743,589	-593,805		12,306,004
Total	**9,046,914**	**31,883,280**	**-2,230,767**	**-1,781,415**		**36,918,012**

5.2 ER program emissions by sources and removals by sinks

The audit team took the following steps to verify the correctness and completeness of the data, methods and procedures used to estimate the ER program emissions by sources and removals by sinks for RP2.

- Independently reviewed the ER program's reporting period quantification to assess whether the data, methods, and assumptions used to quantify the GHG emissions and removals are in conformity and in alignment with the Reference Level quantification.
- Selected a random sample of interpretation data points from the land cover change analysis and independently assessed the land use land cover (LULC) classification with other sources of remote sensing data to ensure the accuracy of the classification, including Google Earth and Sentinel 2.
- Independently recalculated and quantified the ER program emission reductions and removals emission for RP2. This included recalculation of activity data, the number of sample points within the program boundary, program area stratification, area calculated for each stratum, area of conversions within each stratum, and the quantification of GHG emissions and removals resulted from deforestation and forest degradation.

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- Conducted an independent review of the Monitoring report, SOPs, calculation spreadsheets and supporting documentation to evaluate the consistency, completeness, and transparency of the monitoring activities.

The assessment team concludes that the data, methods, and equations used for the quantification, monitoring and reporting of the ERs are correct and have been reported with a transparent and coherent step-by-step process that enabled the reconstruction of the estimates and are consistent with the Reference Level. SCS confirms that the reported ERs are materially accurate and comply with the requirements of the FCPF program including project-specific FMT guidance on quantification methods (see OBS in Appendix 1 for additional context).

The numbers in the table below correspond to the portion of the Monitoring Period that was assessed during this Reporting Period (i.e., MP and RP overlap 100% for this engagement). The Reporting Period aligns with complete calendar years vintage.

Year of Monitoring / Report Period t	Emissions from deforestation (tCO2-e/yr)	If applicable, Emissions from forest degradation (tCO2-e/yr)*	If applicable, enhanced Removals from afforestation/reforestation (AR) (tCO2-e/yr)	If applicable, enhanced Removals from other activities besides A/R (tCO2-e/yr)	Net Emissions and Removals (tCO2-e/yr)
2022	10,146,623	2,687,838	-490,435	-885,757	11,458,269
2023	10,146,623	2,687,838	-490,435	-885,757	11,458,269
2024	10,146,623	2,687,838	-490,435	-885,757	11,458,269
Total	**30,439,869**	**8,063,514**	**-1,471,305**	**-2,657,271**	**34,374,807**

5.3 Uncertainty of Emission Reductions

5.3.1 Uncertainty analysis

The audit team took the following steps to assess whether the uncertainty in the quantification of GHG emissions and removals has been correctly identified and assessed in conformance with Criterion 7, 8 and 9 from the FCPF Methodological Framework:

- Reviewed the Monitoring Report, data, calculation workbooks, SOPs and supporting documentation to verify the reported sources of uncertainty.
- Applied expert judgement and best practices as outlined in the IPCC guidance to confirm that a comprehensive approach to mitigate and reduce key areas of uncertainty have been addressed to minimize systematic errors (bias) through the implementation of consistent and comprehensive Quality Assurance / Quality Control (QA/QC) procedures.
- Applied expert judgement to assess whether all assumptions and sources of uncertainty associated with activity data, emission factors, the equations and calculation methods that

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contribute to the uncertainty of the estimates of emissions and removals were assessed with a stepwise approach and are correct.

- Applied expert judgement to conclude that the assessment of sources of uncertainty in quantification of the Emissions Reductions is justifiable.

Based on the aforementioned assessment, SCS confirms that a stepwise approach has been applied correctly for the identification of sources of random and systematic errors related to the activity data and emission factors for the estimation of total ERs and is in compliance with the FCPF program requirements.

5.3.2 Uncertainty of the estimate of Emission Reductions

The audit team took the following steps to evaluate the application of Monte Carlo simulation for the quantification of uncertainty of the estimate of Emissions Reductions and to confirm its accuracy:

- Performed an independent review of the selection of sources of (residual) uncertainty included in the analysis, including the recalculation of their standard error and confidence intervals.
- Independently reviewed the steps, assumptions, and parameter values stated in the Monitoring Report and compared them to those in the calculation workbooks to ensure consistency and completeness.
- Reviewed the Monte Carlo analysis to reach a reasonable level of assurance regarding the GHG assertions in alignment with the requirements.
- Through the assessment of the Monte Carlo analysis, we confirmed that all underlying sources of error in data and methods for integrated measurements of deforestation, forest degradation and enhancements have been combined into a single combined uncertainty estimate and have been reported at the two-tailed 90% confidence level (Criterion 9).
- The audit team reviewed Criterion 22 of the MF regarding the conservativeness factor and confirmed that the appropriate uncertainty discount of 15% was identified and correctly applied to the Reporting Period emissions reductions.

Based on the aforementioned review, SCS confirms that the Emission Reductions uncertainty estimation was done in conformance with the Methodological Framework Criterion 7, 9, and 22 and the Guidelines on the application of the Methodological Framework Number 4 On Uncertainty Analysis of Emission Reductions. SCS concludes that the application of the Monte Carlo simulation and the quantification of the Uncertainty of the Emission Reductions results in an uncertainty deduction that aligns with FCPF requirements.

5.3.1 Sensitivity analysis and identification of areas of improvement of the MRV system

The audit team took the following steps to assess the sensitive analysis conducted to estimate the relative contribution of each parameter to the overall uncertainty:

- Performed an independent review of the selection of sources of (residual) uncertainty included in the analysis, including a review of their standard error and confidence intervals.
- Independently reviewed the steps, assumptions, and parameter values stated in the Monitoring Report and compared them to those in the calculation workbooks to ensure consistency and completeness.
- Reviewed the sensitivity analysis outputs to ensure that the ER program has identified the highest sources of uncertainty and has reported so transparently and completely in the Monitoring Report and the calculation workbooks.

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The assessment team has reached a reasonable level of assurance on the implementation of the sensitivity analysis.

5.4 Transfer of Title to ERs

5.4.1 Ability to transfer title

SCS received confirmation from the FMT that the ER Program has the clear and uncontested ability to transfer title of 100% of the ERs. The VVB is not required to assess the correctness of this information.

5.4.2 Program and Projects Data Management System

SCS undertook the following steps to assess conformity of the ER Program's Program and Project Data Management System with ER Program Requirements:

- Through discussions with Program representatives and review of the Monitoring Report, SCS confirmed that Lao PDR has established a national platform for managing and disclosing REDD+ program and project information through the NFMS web-portal (https://nfms.dof.maf.gov.la/), administered by the Department of Forestry (DOF). The system supports transparent and coordinated implementation of REDD+ activities across scales and facilitates the identification of forest carbon initiatives to reduce the risk of geographic overlap and double counting.

- The NFMS web-portal publishes information on formally recognized REDD+ projects, including geospatial boundaries, responsible entities, descriptions of REDD+ activities, applicable carbon pools and gases, and links to relevant documentation. Program and project information, including initiatives under development, is periodically reported to the National REDD+ Task Force (NRTF). The DOF, with support from the REDD+ Division and the Forest Inventory and Planning Division (FIPD), is responsible for maintaining and updating the system, with technical discussions supported through the NFMS Technical Working Group.

- At the time of verification, SCS confirmed that formalized administrative procedures governing operation of the Program and Project Data Management System are still under development. Lao PDR is actively strengthening the governance framework for carbon projects through recent and ongoing legislative developments, including the Prime Minister's Decree on Carbon Credit (May 2025) and the drafting of Carbon Project Approval and Management Guidelines. These measures are expected to further formalize operational procedures applicable to the Data Management System.

5.4.3 Double counted ERs

The audit team conducted due diligence and an independent search across multiple registries and confirmed that the ERs accounted for under the Lao PDR Emission Reduction Program have not been issued elsewhere or credited more than once.

Through a finding (see MCAR13 in Appendix 1) and interviews with program personnel, the team identified one VCS project located within the program area: VCS2367 – Afforestation in Eucalyptus and Acacia plantations for Burapha Agroforestry Co., Ltd. After reviewing the provided documentation and supporting evidence (Refs. 80, 81), the audit team confirmed that the VCS program has ceded all emissions credits to the ER program, thus no double counting of ERs has occurred during this crediting period.

The number of ERs that have been double counted is zero.

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5.5 Reversals

5.5.1 The occurrence of major events or changes in ER Program circumstances that might have led to Reversals during the Reporting Period compared to the previous Reporting Period(s)

Through the review of the ER-MR, the program documentation, field visit, interviews with the ER-Program Team, and supporting evidence provided the assessment team concludes that there have not been any natural or human-induced reported events or changes in ER program circumstances that have led to reversals during this Reporting Period (RP2) compared to the previous Reporting Period (RP1).

The assessment team confirms that no reversals have been previously transferred to the Carbon Fund, nor have occurred during this Reporting Period.

5.5.2 Quantification of Reversals during the Reporting Period

No reversals were observed during this 2022–2024 Reporting Period. Likewise, no ER reversals were associated with the prior Reporting Period.

5.5.3 Reversal Risk Assessment and Buffer ERs

Through the review of the ER-MR, the program documentation, field visit, in-site interviews with farmers and stakeholders and supported evidence provided the audit team concludes that the Buffer Guidelines have been correctly followed and used to determine the total reversal risk set-aside percentage of 15% (see table below), that comprises a total of 324,258 tCO2e (see table in Section 5.6, option L).

Risk Factor	Risk indicators – Assessment by VVB	Resulting reversal risk set-aside percentage
Default risk	N/A	10%
Lack of broad and sustained stakeholder support	The audit team assessed the stakeholder support of the ER Program. The audit team determined that, through a complete review of the ER Program documentation and supporting evidence provided on the implementation of safeguards, the benefit sharing plan, grievance redress mechanisms, the consultation and engagements shown with the rural communities, the private sector, and other stakeholders are sufficient. However, the program is conservatively assigning a **MEDIUM** risk rating, with the justification that the program implementation is recent and community-level activities are still being enacted.	5%
Lack of institutional capacities and/or ineffective	The audit team assessed the risk associated with institutional capacity and cross-sectoral coordination of the ER Program. Based on the review of the ER	0%

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vertical/cross sectorial coordination	Program documentation and supporting evidence, the **LOW** risk rating is justified. The program is operated by the central government, with a well-established forest monitoring program controlled by a single government agency.	
Lack of long term effectiveness in addressing underlying drivers	The audit team assessed the program interventions and actions taken to reduce the risks from the main drivers of deforestation and forest degradation — particularly expansion of agriculture, shifting cultivation, infrastructure, and unsustainable and illegal wood harvesting — to ensure avoidance of reversal. The audit team reviewed the ER-MR, the program documentation and supporting evidence to confirm the agreements between the ER Program and the World Bank, and the coordination with the national government, have been implemented properly. Therefore, the audit team concludes that a **LOW** risk rating is justified.	0%
Exposure and vulnerability to natural disturbances	The audit team reviewed the ER Program documentation and supporting evidence related to natural disturbance risks —specifically fire, pests and diseases, and extreme weather events—and confirms that these risks are present in the country but are less prevalent in the forested systems. In addition, to monitoring and institutional policies, the program area has avoided significant impacts from natural disturbances. Based on the aforementioned assessment, the audit team concludes that a **LOW** risk rating is justified.	0%
	Total reversal risk set-aside percentage	15%
	Total reversal risk set-aside percentage from ER-PD or previous monitoring report (whichever is more recent)	15%

5.6 Calculation of emission reductions

	Year	2022	2023	2024	TOTAL
A	**Reference Level (tCO_2-e) (Section 5.1)**	12,306,004	12,306,004	12,306,004	**36,918,012**

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	Year	2022	2023	2024	TOTAL
B	**Net Emissions and Removals under the ER Program (tCO_2-e) (Section 5.2)**	11,458,269	11,458,269	11,458,269	**34,374,807**
C	**Emission Reductions during Reporting Period (tCO_2-e) (A-B)**	847,735	847,735	847,735	**2,543,205**
D	**If applicable, number of Emission Reductions from reducing forest degradation that have been estimated using proxy-based estimation approaches (use zero if not applicable)**	652,908	652,908	652,908	**1,958,724**
E	**Number of Emission Reductions estimated using measurement approaches (C-D)**	194,827	194,827	194,827	**584,481**
F	**Percentage of ERs (A) for which the ability to transfer Title to ERs is clear or uncontested (Section 5.4.1)**	100%	100%	100%	
G	**ERs for which the ability to transfer Title to ERs is unclear or contested because they are sold, assigned or otherwise used by any other entity for sale, public relations, compliance or any other purpose (Section 5.4.3)**	0	0	0	**0**
	If applicable, any buffer replenishments	0	0	0	**0**
H	**Total ERs (D+E)*F-G minus, if applicable, any replenishments**	847,735	847,735	847,735	**2,543,205**
I	**Conservativeness Factor to reflect the level of Uncertainty from non-proxy based approaches associated with the estimation of ERs during the Crediting Period (Section 5.3.2)**	15%	15%	15%	
J	**Emission Reductions allocated to the Uncertainty Buffer (0.15*D/C*H)+(I*E/C*H)**	127,160	127,160	127,160	**381,480**
K	**Total Reversal Risk set-aside percentage applied to the ER Program (Section 5.5)**	15%	15%	15%	

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	Year	2022	2023	2024	TOTAL
L	Emission Reductions allocated to the Pooled Reversal Buffer (H-J)*K	108,086	108,086	108,086	**324,258**
M	Number of FCPF ERs (H-J-L)	612,489	612,489	612,489	**1,837,467**
N	Percentage of Emission reductions from enhanced Removals from afforestation/reforestation as a percentage of the total Removals [Optional if the country wishes to generate enhanced Removals]	0%	0%	0%	
O	Number of FCPF ERs from enhanced Removals from afforestation/reforestation (M * N) [Optional if the country wishes to generate enhanced Removals]	0	0	0	**0**

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6. NON-COMPLIANCES AND OBSERVATIONS

As part of the verification process, any potential or actual discrepancies and non-compliances with the FCPF program requirements were identified and resolved through the issuance of findings. Findings are the formal mechanism used by SCS to identify any actual or potential areas of risk or concern.

This verification was comprised of three main formal rounds of findings with two additional rounds to clarify and/or request corrective actions to the findings submitted. The findings were issued to the ER Program personnel using a proprietary approach tailored for this engagement, termed the Findings Presentation Document. This gave the ER Program personnel the opportunity to respond to the findings and allowed for efficient and transparent tracking of the current status of each finding. The following discusses the types of findings that were issued during the assessment process.

A Minor Corrective Action Request (mCAR) was issued when the assessment team determined that there was not enough information to make a decision regarding conformance:

- The evidence provided to demonstrate conformity is insufficient, unclear or not transparent, but does not lead to a material error, omission or misstatement, and/or a breakdown in the systems delivery
- Non-material errors, omissions or misstatements have been made in applying assumptions, in data or calculations

A Major Corrective Action Request (MCAR) was issued when the assessment team identified that:

- The evidence provided to demonstrate conformity is insufficient, unclear or not transparent and may lead to a material error, omission or misstatement, and/or a breakdown in the systems delivery
- Underlying assumptions used to develop the reported estimates26 are not supported by data
- Material errors, omissions or misstatements have been made in applying assumptions, in data or calculations
- Non-compliance with the Verification criteria
- The REDD+ Country Participant has failed to implement or made inadequate progress with the mCARs from the previous verification

An observation (OBS) was issued when:

- There was no objective evidence to prove that there was a non-conformity, but the VVB observed practices and/or methods that could result in future MCAR and mCAR
- The VVB identified an area of the Forest Monitoring System that requires attention and/or adjustment in future monitoring and reporting
- An area where immaterial discrepancies exist between the observations, data testing results or professional judgment of the assessment team and the information reported or utilized (or the methods used to acquire such information) within the ER Monitoring Report.
- An area where the expert judgement of the assessment team suggests that there are opportunities for improvement in the areas falling within the assessment scope.

As part of the audit process, initially a total of 14 MCARs, 0 mCARs and 1 Observational finding were issued. Of note, three MCAR findings were transitioned to Observational findings following project-specific World Bank FMT guidance, which confirmed that the utilized quantification methods were

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acceptable under their standards. All findings remaining MCARs (11) have been successfully addressed by the ER program. Observational findings (4) do not require corrective action.

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APPENDIX 1: OVERVIEW OF NON-COMPLIANCES & OBSERVATIONS ISSUED DURING THE VERIFICATION BY THE VERIFICATION TEAM

MCAR 1 – AD hectares exceed assessment area hectares in MP1 & MP2 – CLOSED
Dated 20 Feb 2026
Standard Reference: FCPF Methodological Framework
Document Reference: MMR2_AD_ERs_20250624.xlsx
Finding: The FCPF MF Section 3.3 states that, "When developing Reference Levels, ER Programs shall ensure that consistent methods and Accounting Area are to be maintained between estimation of emissions in the Reference Period and during the Crediting Period." Because of the change in the approach of how CCDC-SMA data is incorporated between the reference period and MPs, the sum of AD in the MP exceeds the assessment area, as seen in cell S29 of sheet 'Total' of the 'MMR2_AD_ERs_20250624.xlsx' workbook. This constitutes a nonconformity to the requirements of consistent methods and accounting area.
Note: In a quantification call with the ER Program on 27 Jan 2026, this approach was justified because, 'the DG AD is later replaced in the calculations.' The audit team notes that even if the total AD for degradation were (erroneously) removed, there remains an excess of AD hectares compared to the assessment area. Please see also findings MCAR 6 and MCAR8, pertaining to DG AD that is replaced later in the calculations.
Project Personnel Response:
The Lao Team acknowledges that the value of cell S29 is not equal to the total area monitored and that it can be misleading for the readers. However, this discrepancy has no effect on the following steps of the estimations of ERs. The sample-Based Estimation was based on an Activity Data map that combines a vector AD map (from wall-to-wall Forest Type Map) and the CCDC-SMA raster map that capture the forest degradation. The CCDC-SMA map supplements the AD map with pixels of degradation overlaying areas of Stable Forest. In the spreadsheet, the matrix (cell E23:J28) that shows the areas for the 25 transitions, comes from the AD vector map (before the combination with the CCDC-SMA map). The estimated areas for the Stable Forest, in cells N24, O25, P26 and Q27 are inflated because it uses the ratio on cell H17 from the final Activity Data map and the mapped areas from the vector map. To get the correct estimated area for the Stable Forest, the area of Stable Forest overlaid by the CCDC-SMA map should be multiplied by the ratio for DG in cell H14, while the area of Stable Forest outside the CCDC-SMA map by the ratio in cellH17.
The Lao Team applied this approach in a revised spreadsheet.

=N14*H14/100 + (F24-N14)*H17/100

Mapped Area — Copy from 【AD_Area】

	2005-2010	2010-2015	2019-2021	2022-2024
DF	271,972	131,034	106,663	272,422
DG	97,911	125,686	1,404,565	1,375,853
RF	178,200	148,853	93,493	88,003
RS	45,869	45,606	61,756	27,868
SF	6,933,250	6,952,904	5,691,961	5,575,632
NSF	595,948	719,066	764,711	783,371
	8,123,149	8,123,149	8,123,149	8,123,149

Estimated area from reference sampling — Copy from 【AD_Area】

	2005-2010	2010-2015	2019-2021	2022-2024
DF	252,620	142,979	214,999	291,727
DG	129,796	102,273	618,564	298,288
RF	182,805	142,703	161,384	97,933
RS	57,492	45,845	31,994	11,555
SF	6,809,802	6,983,872	6,045,153	5,749,732
NSF	690,635	705,477	1,051,055	1,673,915
	8,123,149	8,123,149	8,123,149	8,123,149

based on the accuracy assessme

and adjusted area — Change rate(%)

	2005-2010	2010-2015	2019-2021	2022-2024
DF	92.9	109.1	201.6	107.1
DG	132.6	81.4	44.0	21.7
RF	102.6	95.9	172.6	111.3
RS	125.3	100.5	51.8	41.5
SF	98.2	100.4	106.2	103.1
NSF	115.9	98.1	137.4	213.7

	Area of Stabl	Area (map)	#pixel
EG	32,215	32036.49	355961
MD/CF/MCB	476,437	473795.19	5264391
DD	5,889	5856.57	65073
P/B/RV	769,180	764914.86	8499054
	1,283,721	1,283,721	1,276,603	14,184,479

for multiplying E/R Factor — Mapped Area

2022 \ 2024	EG	MD/CF/MCB	DD	P/B/RV	NF	
EG	470,493	395		2,289	2,499	
MD/CF/MCB	42	3,492,087	11	89,244	75,214	
DD	0	0	16,443	193	431	
P/B/RV	0	27,761	64	2,880,330	194,278	
NF	0	0		88,003	783,371	
						8,123,149

Estimated area from reference sampling

2022 \ 2024	EG	MD/CF/MCB	DD	P/B/RV	NF	
EG	100	86	0	496	2,676	
MD/CF/MCB	18	3,213,107	2	19,348	80,544	
DD	0	0	12,160	42	462	
P/B/RV	0	11,511	27	2,343,831	208,045	
NF	0	0	0	97,933	1,673,915	
						8,123,149

The areas of Stable Forest (for strata 1,2,3 and 4) overlaid by CCDC-SMA are calculated in the spreadsheet and come from numbers of pixels from the raster map SF_DEG.tif, shared in the Google Drive folder. Due to the raster resolution, the area that comes straight from the raster need to be adjusted to correspond to the area shown in cell M18 which is the area of mapped Degradation minus the areas from the vector AD map that are degradation transitions.

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=H5-SUM(G24,H24,I24,I25,I26,H25)

ased on the accuracy assessme

Mapped Area — Copy from 【AD_Area】

	2005-2010	2010-2015	2019-2021	2022-2024
DF	271,972	131,034	106,663	272,422
DG	97,911	125,686	1,404,565	1,375,853
RF	178,200	148,853	93,493	88,003
RS	45,869	45,606	61,756	27,868
SF	6,933,250	6,952,904	5,691,961	5,575,632
NSF	595,948	719,066	764,711	783,371
	8,123,149	8,123,149	8,123,149	8,123,149

Estimated area from refere

	2005-2010
DF	252,620
DG	129,796
RF	182,805
RS	57,492
SF	6,809,802
NSF	690,635
	8,123,149

and adjusted area

Change rate(%)

	2005-2010	2010-2015	2019-2021	2022-2024
DF	92.9	109.1	201.6	107.1
DG	132.6	81.4	44.0	21.7
RF	102.6	95.9	172.6	111.3
RS	125.3	100.5	51.8	41.5
SF	98.2	100.4	106.2	103.1
NSF	115.9	98.1	137.4	213.7

EG
MD/CF/MCB
DD
P/B/RV

for multiplying E/R Factor

Mapped Area

	2024				
	EG	MD/CF/MCB	DD	P/B/RV	NF
EG	470,493	395		2,289	2,499
MD/CF/MCB	42	3,492,087	11	89,244	75,214
2022 DD	0	0	16,443	193	431
P/B/RV	0	27,761	64	2,880,330	194,278
NF	0	0		88,003	783,371

8,123,149

Estimated area from refere

EG	
MD/CF/MCB	
2022 DD	
P/B/RV	
NF	

Auditor Response: The adjustment demonstrates conformance with the accounting area requirements. This finding is closed.

OBS 2 – Restoration legacy removals from reference period credited in MP1 & MP2 – CLOSED Dated 20 Feb 2026
Standard Reference: FCPF Methodological Framework
Document Reference: MMR2_AD_ERs_20250624.xlsx
Finding: The FCPF MF, Indicator 14.1 states, "The ER Program monitors emissions by sources and removals by sinks included in the ER Program's scope (Indicator 3.1:) using the same methods or demonstrably equivalent methods to those used to set the Reference Level."

The calculation of restoration removals for MP2 in cell P114, sheet 'Total', of the MMR2_AD_ERs_20250624.xlsx workbook incorporates legacy reductions from restoration events occurring during the reference period. This approach (taken in MP1 and MP2) does not align to the calculation as conducted for the reference level: Restoration events for approximately ten years prior to the reference period were not tracked and incorporated for crediting into 'RegrowthRate' during the reference period. To align to the RL approach, the MPs cannot incorporate legacy reductions from restoration events occurring prior to the MPs.

Consequently, the approach incorporating legacy removals in the monitoring period that originate from restoration during the reference period constitutes a nonconformity to the requirement for 'demonstrably equivalent methods' used between the reference level and MP. Furthermore, the approach of crediting the program during the monitoring period for removals achieved during the reference period represents a divergence from the default carbon accounting frameworks (i.e., IPCC)

This specific calculation formulation accounts for roughly 2,478,607 tCO2e of the quantified ERs in MP2 (i.e., representing 97.5% of the current MP ER assertion), a design element that is also present in MP1.
Project Personnel Response: Pending clarification from the Fund Management Team (FMT) to SCS. To be submitted separately by the FMT on 3/20/2026.
Auditor Response: In the above-referenced guidance provided to the VVB on 3/21/2026, the FMT asserts that the above issue is not a non-conformity to the requirements, and states the following:

> ***"FCPF Requirements***
> *The FMT would like to clarify that Paragraphs 37 d) e) and 39 a) of the VVG, the assessment of the methodology employed against the FCPF criteria specified in paragraph 42 of the VVG (e.g.*

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compliance with IPCC guidelines) is not within the objectives of a Verification. The assessment of the methodology for LAO PDR was assessed during the Technical Assessment conducted by a Technical Advisory Panel (TAP) following the provisions of paragraphs 16-25 of Version 4 of the Process Guidelines, and was approved accordingly by the FCPF governance. This methodology was presented in Annex 4 of the ER Monitoring Report and was subsequently assessed by a VVB during Validation in accordance to the VVG.

The FMT would also like to note that as per Paragraphs 39 a) and 42 (c.f. Table 1) the assessment of consistency of monitored estimates with RL are within the scope of the Verification. However, the FMT would like to clarify that such assessment is limited to the methods employed to generate data and information used for measurement, reporting and verification, i.e. Activity Data (AD) and Emission Factors (EFs), not the methodology used. The intention is to avoid that countries estimate AD and EFs using a different approach in RL setting and the monitoring event (e.g. using maps in reference period and sampling in the monitoring period).

Guidance
As such, the FMT would like to clarify that the issues raised by the VVB as part of MCAR2, MCAR5 (part 2) and MCAR8 of the second Verification of Laos ER-MR does not constitute a non-conformity, and therefore requests the VVB to raise this as Observations so that the REDD Country participant shall consider this during the subsequent crediting period."

Based on this formal determination by the FMT establishing that the methodological approach previously validated and approved by the FMT hold precedence for this verification cycle, the referenced calculations do not constitute a nonconformity under the current program framework. Therefore, the finding has been converted to an observational finding to maintain a transparent audit trail of the accounting structure, and does not require revision by the ER Program during the current assessment.

MCAR 3 – Reforestation removals from MP1 reversed in MP2 are missing – CLOSED
Dated 20 Feb 2026
Standard Reference: FCPF Methodological Framework
Document Reference: MMR2_AD_ERs_20250624.xlsx, lao_pdr_2nd_ermr_v1.0_20251215.pdf
Finding: The FCPF MF Section 3.1 'Scope and methods' provide overarching accounting principles including, "transparency, consistency, completeness, and accuracy." Additionally, Criterion 6 requires, "Key data and methods that are sufficiently detailed to enable the reconstruction of the Reference Level, and the reported emissions and removals…"
The ER-MR2 Section 3.2.1 i.b. regarding removal reversal quantification states that, "…tracking is done of **all** the change patterns that are regarded as reversals…" Further, ER-MR2 Eq 5a defines 'Reversal' as, "Amount of overestimated removals calculated from the historical Forest Type Maps where restoration **or reforestation** had occurred during the previous time period but saw a reversal in the latest time period." In contrast to the outlined inclusion of reforestation reversals, only restoration reversals (i.e., [2019] to [2022] to [2025]: [4] to [1, 2, or 3] to [lower biomass strata]) are accounted while reforestation reversal are not (i.e., [5] to [1, 2, 3 or 4] to [lower biomass strata]) as seen in the RL and MP2 parameter tables of Sections 3.1 and 3.2 of the ER-MR2 as well as sheets 'TSA_Remove' and 'TSA_Remove_MMR' of the MMR2_AD_ERs_20250624.xlsx workbook. This constitutes a non-conformity to the requirements of transparency, consistency, completeness and accuracy and of reporting that enables reconstruction of the calculations.
Project Personnel Response:
The adjustment of removals focuses on restoration (and not reforestation) and is applied in a consistent way for the Reference Period as well as for the Monitoring Periods. In addition, the transitions from stratum 5 to either 1, 2 or 3 are not possible with the short period of time such as the monitoring period (3 years).
The text in the ERMR2 (lao_pdr_2nd_ermr_v1.1_20260323.doc) is revised accordingly.

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Auditor Response: Under Equation 5a, reforestation is removed from the definition of 'reversal'. This finding is closed.

OBS 4 – Removals from MP1 reversed in MP2 use incorrect area adjustment – CLOSED
Dated 20 Feb 2026
Standard Reference: FCPF Methodological Framework
Document Reference: MMR2_AD_ERs_20250624.xlsx, lao_pdr_2nd_ermr_v1.0_20251215.pdf
Finding: The FCPF MF Section 3.1 'Scope and methods' provide overarching accounting principles including, "transparency, consistency, completeness, and accuracy." The FCPF MF, Indicator 14.1 states, "The ER Program monitors emissions by sources and removals by sinks included in the ER Program's scope (Indicator 3.1:) using the same methods or demonstrably equivalent methods to those used to set the Reference Level."

Equation 5a of the ERMR2 outlines the calculation of a reversal 'where restoration or reforestation had occurred during the previous time period but saw a reversal in the latest time period.' Cells K3:K4 of sheet 'TSA_Remove_MMR' of the MMR2 workbook include a reversal adjustment to the area where a restoration event occurred in MP1. In this calculation, the adjustment for MP2 was applied, while the restoration event being credited occurred in MP1. The parallel adjustment for the second half of the reference period in sheet 'TSA_Remove' uses the adjustment for the first half of the RP (which would align to using the MP1 adjustment for a reversal in MP2).

The approach to calculating the MP2 removal reversal is not accurate, conservative, or in alignment with the requirement for equivalent methods between the RL and MP. However, this error considered alone results in a 0.94% material error and in aggregate with other minor calculation discrepancies a 0.98% material error was calculated, which does not meet the 1% materiality threshold and is therefore being issued as an observation.
Project Personnel Response: The Lao Team takes note of the Observation.
Auditor Response: This observational finding is closed.

OBS 5 – 'Overestimation of emissions' adjustment in MP1 & MP2 – CLOSED
Dated 20 Feb 2026
Standard Reference: FCPF Methodological Framework, FCPF Glossary of Terms
Document Reference: MMR2_AD_ERs_20250624.xlsx, lao_pdr_2nd_ermr_v1.0_20251215.pdf
Finding: The FCPF MF Section 3.1 'Scope and methods' provide overarching accounting principles including, "transparency, consistency, completeness, and accuracy." There are two components of Step 2, Equation 5b, parameter 'reversals' that do not align with these principles.

1. Step 2, Equation 5b of the ERMR2 defines 'reversals' as the "Amount of overestimated emissions calculated from the historical Forest Type Maps where a restoration event had occurred during the previous time period before a disturbance in the latest time period." The use of 'reversal' in this manner is misleading, as it does the opposite of a reversal as defined in Section 3.6 of the FCPF MF and the FCPF Glossary of Terms (i.e., the greenhouse gas benefits previously generated by a program and verified are released back into the atmosphere). Instead, the 'reversal' of Eq 5b adjusts emissions from deforestation and degradation downward, non-conservatively crediting the final ERs. In fact, 66% of the ERs currently reported for MP2 originate from this step.
2. ERMR2 Section 2.3.2 'Calculation' under Step 2 states that, "Removals are adjusted to account for the fact that forest recovery (change from lower biomass class to higher biomass class) does not happen instantly; per IPCC guidelines, this happens over a period of time,

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often set at 20 years. A similar adjustment is made to account for reversals (change from higher biomass class to lower biomass class) observed to occur on previously disturbed lands that had not yet achieved full recovery." The first sentence pertaining to reforestation or restoration (i.e., 'change from lower biomass class to higher biomass class') aligns with IPCC 2006 guidelines found in Vol 4 Ch 2 Sections 2.2.1 and 2.3 which require reforestation/restoration to apply the '20-year' rule regarding legacy removals. In contrast, the second sentence pertaining to deforestation or degradation (i.e., 'change from higher biomass to lower biomass class'), does not align to the same sections of IPCC as above which require that stocks for deforestation and degradation are immediately emitted. In essence, the approach outlined above regarding 'overestimated emissions' applies the reforestation/restoration legacy approach to emissions (i.e., deforestation/degradation), which are required to be immediately emitted in the IPCC cited in the ERMR2.

The approach to adjusting down 'overestimation of emissions' is not accurately defined as a 'reversal', is not conservative, and is not in alignment to IPCC requirements cited in the ER-MR2 for this calculation which require immediate emission for deforestation and degradation.

Project Personnel Response:

1. We have changed to the term 'reversals' to 'overestimated emission'.

   This was actually referring to the calculation method presented in the ERPD p.132, ii) Adjustment of emissions from deforestation and degradation.

2. Pending clarification from the Fund Management Team (FMT) to SCS. To be submitted separately by the FMT on 3/20/2026.

Auditor Response:

1. The indicated edit to the ER-MR has been made. This portion of the finding is closed.
2. **In the above-referenced guidance provided to the VVB on 3/21/2026, the FMT asserts that the above issue is not a non-conformity to the requirements, and states the following:**

*"**FCPF Requirements***

The FMT would like to clarify that Paragraphs 37 d) e) and 39 a) of the VVG, the assessment of the methodology employed against the FCPF criteria specified in paragraph 42 of the VVG (e.g. compliance with IPCC guidelines) is not within the objectives of a Verification. The assessment of the methodology for LAO PDR was assessed during the Technical Assessment conducted by a Technical Advisory Panel (TAP) following the provisions of paragraphs 16-25 of Version 4 of the Process Guidelines, and was approved accordingly by the FCPF governance. This methodology was presented in Annex 4 of the ER Monitoring Report and was subsequently assessed by a VVB during Validation in accordance to the VVG.

The FMT would also like to note that as per Paragraphs 39 a) and 42 (c.f. Table 1) the assessment of consistency of monitored estimates with RL are within the scope of the Verification. However, the FMT would like to clarify that such assessment is limited to the methods employed to generate data and information used for measurement, reporting and verification, i.e. Activity Data (AD) and Emission Factors (EFs), not the methodology used. The intention is to avoid that countries estimate AD and EFs using a different approach in RL setting and the monitoring event (e.g. using maps in reference period and sampling in the monitoring period).

Guidance

As such, the FMT would like to clarify that the issues raised by the VVB as part of MCAR2, MCAR5 (part 2) and MCAR8 of the second Verification of Laos ER-MR does not constitute a

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non-conformity, and therefore requests the VVB to raise this as Observations so that the REDD Country participant shall consider this during the subsequent crediting period."

Based on this formal determination by the FMT establishing that the methodological approach previously validated and approved by the FMT hold precedence for this verification cycle, the referenced calculations do not constitute a nonconformity under the current program framework. Therefore, the finding has been converted to an observational finding to maintain a transparent audit trail of the accounting structure and does not require revision by the ER Program during the current assessment.

MCAR 6 – Emissions calculations: Eq. 4a, DG AD subsetting – CLOSED
Dated 20 Feb 2026
Standard Reference: FCPF Methodological Framework
Document Reference: MMR2_AD_ERs_20250624.xlsx, lao_pdr_2nd_ermr_v1.0_20251215.pdf
Finding: Criterion 6 requires, "Key data and methods that are sufficiently detailed to enable the reconstruction of the Reference Level, and the reported emissions and removals…" The calculations as expressed in the ERMR2 Equation 4a and the associated parameter tables do not appear to align to the approach taken in the calculation workbook.

The 'Area converted/transited' parameter in 4a – $A(j, i)_{\mathrm{RP}}$ – is further defined in the parameter table of Section 3.2 of the ERMR2: The parameter table, $A(j, i)_{MMR}$, outlines that, "The values displayed in the table below come from the spreadsheet "MMR2_AD_ERs_20250624.xlsx", tab "AD_Area" at the exception for degradation (DG), for which the value is calculated in tab "Total", cell I135."

However, the value calculated in cell I135 uses hard-pasted values with no explanation wherein the DG AD 'shifting' subset is further diminished (by 76%) through data labeled 'Sub-AD' 'DG5 (%)' that are hard-pasted into cells E133:I133 of sheet 'Total' of the MMR2 workbook and applied in O129:O132. The source and rationale are absent for this parameter and calculation, constituting a non-conformity to the requirements of enabling reconstruction.
Project Personnel Response:
In the spreadsheet "MMR2_AD_ERs_20250624.xlsx", tab "Toread", there are some explanations on the values for degradation (DG) as shown below:

Technical correction for Forest Degradation
Adjusted areas for forest degradation for the Reference Level come from another spreadsheet "ERPA_SBE_ActivityData_CEO_FTM2025.xlsx" and are copied in Tab "Total" E128:I130
The area is then multiplied with the %DG5, which is the ratio of the plots interpreted as forest degradation from Mixed Deciduous Forest to Regenerating Vegetation, among all the plots interpreted as Forest degradation from shifting cultivation.
For more information, please refer to the Note sent to the FMT on the Technical Correction.
Note to FMT on TC rev20220411.pdf
The specific %of DG5 is in tab "Total" cells E133:I133

More specifically for the MMR2, the adjusted area for degradation considering only shifting cultivation is in the spreadsheet "ERPA_SBE_ActivityData_CEO_FTM2025.xlsx", tab "AD by DG Driver", cell E34. The %DG5 is calculated in the same tab in cells R13:T16, and based on the number of plots for which the driver "Shifting Cultivation" was identified and either occurred from a plot of Mixed Deciduous Forest or Regenerating Vegetation/Bamboo.
To count the number of plots, filter the tab "CEO" with column O (Driver), and then with column L (forest class by Jan. 2022).

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Ultimately, to make the calculation more transparent, the tab “CEO” from the "ERPA_SBE_ActivityData_CEO_FTM2025.xlsx" file, is copied into the spreadsheet “MMR2_AD_ERs_20250624.xlsx". in the tab “Total”, in cells E137:H139, the %DG5 is calculated.

=COUNTIFS(CEO!O2:O2301,"Shifting Agriculture", CEO!L2:L2301,"MDF ປ່າປະສົມ")

Area from the CCDC-SMA map

ha	2005-2010	2010-2015	2019-2021	2022-2024
DG	1,320,096	1,320,664	618,564	298,288
DG from Shift	641,565	636,048	346,733	119,240

Sub-AD

DG5 (%)	34	21	25	24

AD area	ha	219,069	133,888	88,382	28,390

Degradation by Shifting Cultivation 2022-2024			
From RV or B	32	76%	32
From MDF	10	23.81%	10
Total	42	100%	

Auditor Response: Thank you for the clarifications, and the reference to the Technical Correction details. The approach to additional documentation in the workbook is clear enough to enable reconstruction of the FMT-approved approach. This finding is closed.

MCAR 7 – Emissions calculations: Eq. 5b ‘Doublecounting(stumps)’ description – CLOSED
Dated 20 Feb 2026
Standard Reference: FCPF Methodological Framework
Document Reference: MMR2_AD_ERs_20250624.xlsx, lao_pdr_2nd_ermr_v1.0_20251215.pdf
Finding: Criterion 6 requires, “Key data and methods that are sufficiently detailed to enable the reconstruction of the Reference Level, and the reported emissions and removals…”

The subset-subset of DG AD emissions (see MCAR 6) are adjusted in Eq 5b for ‘Doublecounting (stumps)’ defined as, “Degradation due to a downward shift **in** the three REDD+ strata (Stratum 1, 2 and 3), which may include the logging emissions. This amount is deducted to avoid potential double-counting with the logging emissions…” However, the calculations as expressed in the ERMR2 for ‘Emissions $_{adj}$’ in Equation 5b do not provide the level of detail required to reconstruct the calculations as found in the workbooks.

In the calculation workbook, only transitions from 1 to 2 or 3, and from 2 to 3 are considered (i.e., cell R73 via cell O131 in sheet ‘Total’). This is logical given that the calculations for logging appear to be applied to forest types ending the MP in strata 2 or 3. Only downward shifts **WITHIN** ‘the three REDD+ strata (Stratum 1, 2, and 3)’ are included, in contrast to what is stated in the ER-MR2 definition, preventing accurate reconstruction as required by Criterion 6.
Project Personnel Response:
Following the finding, the Lao Team revised the text describing the equation 5b: “Only downward shifts **WITHIN** ‘the three REDD+ strata (Stratum 1, 2, and 3)’ are included”.
Those three strata are current forest in which selective logging can occur, at the difference of the stratum 4, mainly Regenerating Vegetation that has growing trees, usually not targeted for logging.
Auditor Response: The language in the ER-MR has been updated to allow reconstruction of the calculations. The finding is closed.

OBS 8 – Emissions calculations: Eq. 5b ‘Doublecounting(stumps)’ discrepancy – CLOSED
Dated 20 Feb 2026
Standard Reference: FCPF Methodological Framework
Document Reference: MMR2_AD_ERs_20250624.xlsx, lao_pdr_2nd_ermr_v1.0_20251215.pdf

Finding: The FCPF MF Section 3.1 'Scope and methods' provide overarching accounting principles including, "transparency, consistency, completeness, and accuracy."

The subset-subset of DG AD emissions (see MCAR 5) are adjusted in Eq 5b for 'Doublecounting (stumps)' defined as, "Degradation due to a downward shift in the three REDD+ strata (Stratum 1, 2 and 3), which may include the logging emissions. This amount is deducted to avoid potential double-counting with the logging emissions…" In the calculation workbook, transitions from 1 to 2 or 3, and from 2 to 3 are considered 'doublecounting' and removed (i.e., cell R73 via cell O131 in sheet 'Total').

Given that only 24% of 40.5% of the CEO-based DG AD data are included in the 'Emissions' being adjusted in Eq 5b, the AD for 'Doublecounting' is likely to be removing AD hectares that were not included in the first place. In other words, please provide evidence supporting the accuracy of the calculations which assume that the remaining 'shifting' DG AD include the 'doublecounted' AD being removed (i.e., those summed in cell R73).
Project Personnel Response:
Pending clarification from the Fund Management Team (FMT) to SCS. To be submitted separately by the FMT on 3/20/2026.
Auditor Response: In the above-referenced guidance provided to the VVB on 3/21/2026, the FMT asserts that the above issue is not a non-conformity to the requirements, and states the following:

*"**FCPF Requirements***
The FMT would like to clarify that Paragraphs 37 d) e) and 39 a) of the VVG, the assessment of the methodology employed against the FCPF criteria specified in paragraph 42 of the VVG (e.g. compliance with IPCC guidelines) is not within the objectives of a Verification. The assessment of the methodology for LAO PDR was assessed during the Technical Assessment conducted by a Technical Advisory Panel (TAP) following the provisions of paragraphs 16-25 of Version 4 of the Process Guidelines, and was approved accordingly by the FCPF governance. This methodology was presented in Annex 4 of the ER Monitoring Report and was subsequently assessed by a VVB during Validation in accordance to the VVG.

The FMT would also like to note that as per Paragraphs 39 a) and 42 (c.f. Table 1) the assessment of consistency of monitored estimates with RL are within the scope of the Verification. However, the FMT would like to clarify that such assessment is limited to the methods employed to generate data and information used for measurement, reporting and verification, i.e. Activity Data (AD) and Emission Factors (EFs), not the methodology used. The intention is to avoid that countries estimate AD and EFs using a different approach in RL setting and the monitoring event (e.g. using maps in reference period and sampling in the monitoring period).

Guidance
As such, the FMT would like to clarify that the issues raised by the VVB as part of MCAR2, MCAR5 (part 2) and MCAR8 of the second Verification of Laos ER-MR does not constitute a non-conformity, and therefore requests the VVB to raise this as Observations so that the REDD Country participant shall consider this during the subsequent crediting period."

Based on this formal determination by the FMT establishing that the methodological approach previously validated and approved by the FMT hold precedence for this verification cycle, the referenced calculations do not constitute a nonconformity under the current program framework. Therefore, the finding has been converted to an observational finding to maintain a transparent audit trail of the accounting structure, and does not require revision by the ER Program during the current assessment.

MCAR 9 – Emissions$_{logging}$ EF – CLOSED
Dated 20 Feb 2026
Standard Reference: FCPF Methodological Framework

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Document Reference: MMR2_AD_ERs_20250624.xlsx, lao_pdr_2nd_ermr_v1.0_20251215.pdf
Finding: The FCPF MF, Indicator 14.1 states, "The ER Program monitors emissions by sources and removals by sinks included in the ER Program's scope (Indicator 3.1:) using the same methods or demonstrably equivalent methods to those used to set the Reference Level."

The workbook 'Emissions from logging NFI4 ERPA_20250624.xlsx', sheet '4thNFI', cells AK13:AP20 demonstrates the biomass loss from stumps in NFI4 plots. The same workbook sheet 'StumpWork_2ndNFI FCPF CF', cells AI10: AQ17 demonstrates the biomass and carbon loss from the reference period. There are 4 plots covering the 'EG' strata in the reference period, but no plots cover the 'EG' strata in the monitoring period. The lack of plots for the monitoring period in the 'EG' strata does not allow for 'demonstrably equivalent' estimation of the emission factor associated with this stratum (i.e., no plots in the stratum results in no logging emission for the stratum in the monitoring period). This constitutes a non-conformity to the requirements for criterion 14.1.
Project Personnel Response:
The design of the 4th NFI has been improved to make it more systematic and statistically robust. The revision has been discussed and acknowledged with the World Bank Task Team. As outlined in the ERMR2, in section 2.2, the 4th NFI distributed plots according to a systematic grid, totalling 131 plots in Natural Forest classes (including 14 plots in EG forest according to the Forest Type Map 2022) in the 6 ER-P provinces.
The Lao Team acknowledges that the final measurements used into the estimation of emissions from logging do not have EG plots. However, not having EG plots can be considered as an outcome of the survey, and not a methodological discrepancy, as the 4th NFI distributed plots randomly in the 6 ER-P provinces with a similar "intensity".
Auditor Response: Thank you for highlighting that the plots were randomly distributed and that the World Bank Task Team reviewed and approved this approach. This finding is closed.

MCAR 10 – Eq 5a Regrowth Rate – CLOSED
Dated 20 Feb 2026
Standard Reference: FCPF Methodological Framework
Document Reference: MMR2_AD_ERs_20250624.xlsx,
Finding: Criterion 6 of the MF requires that, "Key data and methods that are sufficiently detailed to enable the reconstruction of the Reference Level, and the reported emissions and removals…" Additionally, The FCPF MF Section 3.1 'Scope and methods' provide overarching accounting principles including, "transparency, consistency, completeness, and accuracy." However, Step 2, Equation 5a of the ERMR2 defines 'RegrowthRate' as, "This adjustment takes into account the low regrowth of forest (**40 years from non-forest to forest and 20 years from a lower biomass to a higher biomass forest**) and the duration in year of the time period." However, the calculation of restoration removals (e.g., cells P90, P98, P114, sheet 'Total', of the MMR2_AD_ERs_20250624.xlsx) uses **35 years for stratum 4 to strata 1, 2, or 3, and 20 years for strata 2 or 3 to a higher biomass strata.** While the workbook calculation approach is in alignment to Table 10, it does not appear 'consistent' or 'accurate' to the language in Equation 5b parameters quoted above. This constitutes a nonconformity related to accurate reporting that allows reconstruction.
Project Personnel Response:
The Lao Team revised the text for the equation 5a, specifying the use of **35 years for stratum 4 to strata 1, 2, or 3, and 20 years for strata 2 or 3 to a higher biomass strata**.
Auditor Response: The text has been updated in the ER-MR and facilitates the reconstruction of the calculated values. This finding is closed.

MCAR 11 – CEO Transition Classes – CLOSED
Dated 20 Feb 2026
Standard Reference: FCPF Methodological Framework
Document Reference: Collect Earth Online Database; ERPA_SBE_ActivityData_CEO_FTM2025.xlsx

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Finding: Criterion 6 of the MF requires that, "Key data and methods that are sufficiently detailed to enable the reconstruction of the Reference Level, and the reported emissions and removals…" Additionally, The FCPF MF Section 3.1 'Scope and methods' provide overarching accounting principles including, "transparency, consistency, completeness, and accuracy."

In the ER-MR, the transitions are described as Stable Forest (SF), Stable Non-Forest (SNF), Reforestation (RF), Restoration (RS), Deforestation (DF), and Degradation (DG).

In the activity data workbook, tab 'CEO', column U 'AD_CEO', denotes the transition class of each plot surveyed during MP2 (1-6). Through conversations with the project team, these transitions were visually assessed using high resolution imagery on the Collect Earth Online database.

Through independent due diligence, the audit team could not confirm the transition class for the following plots:
972, 1374, 1477, 1791, 617, 271, 830, 1026, 1241, 11, 22, 1034, 1053, 1422, 293, 1099, 438, 647, 1819, 1665
The audit team requests verifiable imagery that demonstrates the AD_CEO designation for the plots listed above.
Project Personnel Response: The Lao Team prepared a presentation (VV_findings_MCAR11_20260318.pdf) that goes through the 20 plots listed above. For each plot, the visual interpretation is described by referring to screenshots of the Collect Earth Online interface (including the Geo-dash).
The visual interpretation for the plot 1099 was found to be incorrect when preparing this response. This plot was interpreted as Stable Non-Forest but was revised to Forest Degradation (Agriculture edge). The Lao Team considers that such misinterpretation can occur and that such errors are covered by the uncertainty buffer% (which is 15% for the Lao ER-P).
Also, in the case this individual visual misinterpretation would have been revised in the carbon accounting, this would have resulted in a slight increase of the final ERs, which the Lao Team is unwilling to do for conservative purpose.
Auditor Response: The audit team reviewed the project's documentation and confirmed that the LULC transitional classes were being determined using multiple data sources and expert interpretations. The audit team also acknowledges the misclassification of plot 1099 and that no changes were made due to the conservative nature of the misclassification. This finding is now closed.

MCAR 12 – Annexes – CLOSED
Dated 20 Feb 2026
Standard Reference: ER-MR Template
Document Reference: lao_pdr_2nd_ermr_v1.0_20251215.pdf
Finding: The ER-MR template states the following, "**Guidance on completing the ER-MR**
All sections of the ER-MR shall be completed. If sections of the ER-MR are not applicable, explicitly state that the section is "Intentionally left blank" and provide an explanation why this section is not applicable."

The project's ER-MR does not contain Annexes 1-5, as required by the template.

On a findings review call 23 Feb 2026, the FMT clarified that the ER Program has a been granted a waiver and does not need to provide these annexes.
Project Personnel Response: According to the FMT announcement on March, 18th 2026, regarding the Revised Requirements for Reversal Risk Assessment and Annex 5, the requirement to use the updated Reversal Risk Tool and submit Annex 5 is now optional rather than mandatory. This means that if Annex 5 and the tool are not provided, the VVB will not consider their absence as grounds for issuing findings.
The Lao Team is considering that the Section 7 of the ERMR2 provides the required information on the reversal risk assessment.

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Auditor Response: The FMT provided official guidance via an 'FCPF Program announcement' which is dated March 18, 2026 and titled, Revised Requirements for Reversal Risk Assessment and Annex 5. Therefore, this finding is closed.

MCAR 13 – Double Counting – CLOSED
Dated 20 Feb 2026
Standard Reference: FCPF Methodological Framework
Document Reference: lao_pdr_2nd_ermr_v1.0_20251215.pdf
Finding: Criterion 23 states the following, "To prevent double-counting, ERs generated under the ER Program shall not be counted or compensated for more than once…"

Section 6.1 of the ER-MR states the following, "The project has geographical overlap with the ER Program (See Section 6.4). To avoid the issue of double counting or claiming of the ERs, the Executing Entity and the project have already agreed that the project will not seek ER credits to be issued for the ERPA period (2019-2024)."

The audit team requests the agreement described in section 6.1 for verification.
Project Personnel Response:
The two agreement documents below are confidentially shared together with this response:
- DOF letter to the World Bank FMT, 14 June 2023, informing Burapha's surrender of Title to ERs
- Burapha's letter to DOF, 18 May 2023, surrender of Title to ERs
Auditor Response:
The audit team has reviewed the documentation provided and confirmed that the agreement is valid and that no double counting is occurring. This finding is now closed.

MCAR 14 – Data Management System – CLOSED
Dated 20 Feb 2026
Standard Reference: FCPF Methodological Framework, ER-MR template
Document Reference: lao_pdr_2nd_ermr_v1.0_20251215.pdf
Finding: Indicator 37.4 states, "Administrative procedures are defined for the operations of a national or centralized REDD+ Programs and Projects Data Management System; and an audit of the operations is carried out by an independent third party periodically, as agreed with the Carbon Fund."

Section 6.2 of the ER-MR template states, "Discuss the design and provide evidence of the implementation and operation of a Program and Projects Data Management System in accordance with the requirements of the Methodological Framework… Refer to **criterion 37** of the Methodological Framework."

Section 6.2 of the ER-MR does not mention anything about "an audit of the operations being carried out by an independent third party periodically." In order to conform to the requirements, the nature and frequency of these audits must be described in the ER-MR.

Project Personnel Response:
With respect to the first point, please see the texts added in Section 6.2 of the revised ERMR2

With respect to the second point, on a findings review call 23 Feb 2026, the FMT clarified that the ER Program has not been requested by the World Bank to carry out an independent third party audit to date.

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Auditor Response: The audit team has reviewed the revisions to Section 6.2 of the ERMR2 and deem them accurate and sufficient. The audit team confirms that the second point was resolved on 23 February 2026. This finding is now closed.

MCAR 15 – Section 4.3 of the ER-MR – CLOSED
Dated 05 Jun 2026
Standard Reference: ER-MR template
Document Reference: Lao PDR 2nd ERMR_v1.2_20260522.pdf
Finding: [Issued via email] The ER-MR Template Section 4.3 requires, "*Tables T.1 and T.2 shall be used in the case the Reporting Period coincides with the Monitoring Period... Table T.5 shall be used in every submission, whether or not the Reporting Period and Monitoring Period coincide, to summarize annual Total ERs and % shares per REDD+ activity.*"

The current version 1.2 of the ER-MR2 (dated 22 May 2026) Section 4.3 reports using Table T.1 only. The absence of Tables T.2 and T.5 constitute non-conformity to the requirements.

Project Personnel Response: [Via email on 6/10/2026] Please find the updated report attached, which now includes Tables 15 and 16. The tables are copy-pasted from the FCPF ERMR excel tool.

Auditor Response: The audit team has reviewed the revisions to Section 4.3 of the ERMR2 and this section is now in conformance. This finding is closed.

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