ACORN ANNUAL REPORT

AF Ecology Centre
India

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Annual Report Number: 1
Reporting Period: 11/2023 – 11/2024

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Instruction

Acorn projects are required to provide Acorn with an Annual Report within 3 months after the end of each reporting period. This document represents the template that should be used and is intended to record project progress. It differs from the Acorn Design Document (ADD) in that the ADD captures the project design and the annual report reflects the outcome of the design.

Depending on results and developments within a project, changes must be recorded in the ADD in addition to the annual report. Please see Table 1b below in this document to guide you on what document and what section requires updating. The annual report, and if applicable together with the updated ADD, should be uploaded onto the portal. Acorn is available for assisting the local partners in drafting the required documentation. For version numbering and file naming please consult Acorn.

On a randomly selected basis, the certifier and a third-party auditor will review a project's design and progress. Therefore, these parties will require annual report(s) and an updated ADD. Annual reports can also be used for the purpose of updating (potential) buyers.

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Overview

Location:	*The project area takes place in the Anantapur district in the state of Andhra Pradesh, south-eastern India.*
ADD Approval Date:	*The Acorn Design Document was approved on the 30/12/2023.*
Project Start Date:	*Farmers first planted their trees between July and September of 2018. Collaboration with Acorn, for this agroforestry project was then established in January of 2023.*
Reporting Period:	*11/2023 to 11/2024*
Submission Date:	*27/01/2024*
Auditing:	*AFEC was validated in late November of 2023, as part of the sampling strategy, by Preferred by Nature. The findings will be reassessed during a re-validation, scheduled for March of 2025.*
Auditing Date:	*27/22/2023 – 01/12/2023*

Executive Summary

This Acorn project implemented and led by AF Ecology Centre has reached the end of its first year on November 2024. During the first year, the project has onboarded 7,111 participants with an extension of 8,620.9 ha, which reflects AFEC's efforts in engaging the community. Several community meetings were held to sensitize the participants and onboard them to the project, throughout the mandals in Anantapur and Sri Satya Sai districts.

At the start of the reporting period, the project was validated, demonstrating AFEC's efforts to design and implement the project. As a result of the project's context (i.e., extended dry spells, and bureaucratic challenges to establish a payment mechanism), the implementation could not yet take place as described in the ADD. Nevertheless, this was an opportunity for the Local Partner, together with Acorn, to improve its design and approach, which will be re-assessed beginning of March, by the same VVB, Preferred by Nature.

In AFEC's efforts to improve the project implementation, as described by the ADD, Acorn has managed to help 3,891 farmers to convert their farms to agroforestry. AFEC has been able to do through liaising with the Forest Department and procure 150,000 red sandals saplings which were provided to farmers during the 2024 planting season. AFEC has also managed to establish their own nursery, with the aim to raise saplings for the 2025 season. So far, 25,000 saplings have been raised, and by February 2025 the number of saplings will reach 100,000.

Some challenges that have been faced by the project, is to educate the farmers as well as the council members on agroforestry, and to explain the Acorn program in detail. This is because carbon credit removals are still a relatively new concept to farmers, and because farmers are very widespread across the region, which requires a lot of coordination and travel. In addition to this, it has been a challenge to motivate the farmers, because some have been onboarded a long time ago, and have still not seen any (financial) benefit from the program. As a way to overcome the mentioned challenges, AFEC has set up a more robust farmer engagement plan which will be executed in the coming year(s).

In addition to this, draughts and climate change remain a big challenge for the region, with increased desertification as result. While AFEC does what they can to manage this risk, for instance by linking farmers to governmental schemes for irrigation or providing training on water management (AFEC organized in 2024 a big event on desertification and has won prizes for land management), the issue

is persistent and would require major infrastructural investments for long-term and cross-regional solutions.

Lastly, the issue of how to perform Local Partner and farmer pay-outs has been a complex one. However, with the engagement of legal advice from both AFEC and Acorn side, we have been able to deep-dive into the existing regulation and find a solution that works.

1 Acorn Design Document Updates

Please refer to the updated ADD, "AFEC India ADD y1.1", on the Acorn Platform.

Table 1a Summary of Changes to Acorn Design Document

ADD Section	Description of Change
Part A: Project Summary	*Number of existing participants was updated from 6,715 to 7,111; as a result, the project extension increased from 6,715 to 8,620.9 ha. The number of potential participants went from 7,000 to an additional 3,000.* *Harvesting information was updated in Question 24 to outline the tree species where planned harvesting is expected to take place.*
Part D: Carbon Baseline Assessment	*The T-5 check was updated, as a result of more onboarded farmers, resulting in 9 failed plots.* *Based on consultations with farmers, AFEC has concluded that these plots have most likely failed due to extremely limited access to water in the region, which has caused high mortality rates for the trees. AFEC has provided photo evidence of these farms, which indeed show a limited amount of tree coverage present. AFEC will in the coming period reach out to the farmers to assess if there is a possibility to plant more trees for these farmers and otherwise will be forced to offboard these farmers due to ineligibility.*
Part F: Project Activities	*The agroforestry tree species was updated, the seedling procurement and planting plan described.*
Part G: Project Council	*This section was updated to include information on the three project council meetings that took place between May and June (2024).*
Part K: Stakeholder Analysis	*Specific stakeholder information was added (names of public entities) as a result of the validation's findings.*
Part L: Reversal Risk Assessment	*As a result of the validation, the following risks were updated:* *i) Natural risks was updated to include information on where the seedlings will be sourced from (including AFEC's nursery, the Forest Department of Anantapur, from the Agriculture and Horticulture Departments, and if needed, from commercial nurseries).* *ii) Change of land ownership was updated to include information on how the project will deal with changes of land ownership.*

	iii)	*Natural risks was updated from low to high due to the issue of lack of water in the project area. Information on mitigation measures, and monitoring frequency were also included.*
Part M: Monitoring		*The indicator of nutritional variety was updated to include more information on AFEC's approach to sensitize farmers. The updated high risk was included in the table of monitoring of identified risks.*
Annexes		*Annex 1 was updated to include the project map with the new onboarded farmers.* *Annex 5 was updated to include the letter of acknowledgement from the State Department.* *Annex 6 was updated to include the new Project Council Reports*

Table can be left blank if no updated to the ADD were made.

Table 1b Date of Most Recent ADD Updates

ADD Section	Required Update Frequency	Date of Submission or Most Recent Update
Part A; Project Summary	When applicable	*11/2024*
Part B; Eligibility Checklist	When applicable	*11/2023*
Part C; Additionality Assessment	When applicable	*11/2023*
Part D; Carbon Baseline Assessment	When applicable	*11/2024*
Part E; Project Baseline	At least every 3 years	*11/2023*
Part F; Project Activities	When applicable	*11/2024*
Part G: Project Council	When applicable	*11/2024*
Part H: Organisational Capacity	When applicable	*11/2023*
Part I; Financial Feasibility	When applicable	*11/2023*
Part J; Payments and Benefit Sharing	When applicable	*11/2023*
Part K; Stakeholder Analysis	When applicable	*11/2024*
Part L; Risk Assessment	At least every 5 years	*11/2024*
Part N; Technical specifications	At least every 3 years	*11/2023*
Annexes	When applicable	*11/2024*

Table 1c Response to Corrective/Forward Actions Required*

CAR/FAR	Description	Timeframe	Response	Status	Source
CAR 01/23	*The activities as described in the ADD did not take place yet and during the audit it could not be confirmed that as designed, it would be*	*Not determined by the VVB*	*The project's implementation is dependent on the planting of border species. For this, the Local Partner has held three Project Councils to further sensitize the participants in*	*Open – to be reassessed during the re-validation scheduled for late February of 2025.*	*Part F: Project Activities*

	feasible for implementation and would lead to the enhancement or improvement of the land. So far, only fruit monoculture plantations have been established (independently on the project) and other activities as described in the ADD did not materialize so far.		*the need to plant border trees in the proposed agroforestry design. Procurement of seedlings has also been identified and an implementation plan was developed to guarantee farmers convert to agroforestry by 2026. The aim is that 4,210 farmers convert to agroforestry in the planting season of 2025.*		
CAR 02/23	*The project documentation does not define KPIs to be used for the monitoring. There are some indicators identified and these could be used to measure the performance. However, there are a number of gaps in these indicators, and therefore, these might not always fully fit the purpose.*	*Not determined by the VVB*	*According to the Acorn Framework, and according to the proposed project intervention (i.e., conversion from monoculture to agroforestry), the measured KPIs are expected to improve; hence, no adverse impacts are expected. As a result, the project does not need to define mitigation measures. Concrete mitigation measures are instead determined in the risk assessment (Part L of the ADD).*	*Open – to be reassessed during the re-validation scheduled for late February of 2025.*	*Part M: Monitoring, 1. Indicators, and 3. Risks*
CAR 03/23	*At the time of validation, the issue of how to*	*Not determined by the VVB*	*Investigation from legal and tax experts took place*	*Open – to be reassessed during the*	*Part J: Payments and*

transfer the funds from Rabobank to AFEC, and from AFEC to the farmers, was not yet sorted out.		*to reach a consensus on how to adequately pay out the respective CRU revenue share to the farmers and AFEC alike. The following solutions have been identified (a positive outcome of the validation is needed to appropriately apply these): 1) For farmers short-term: pay out through Rabobank's corresponding bank in India (HSBC). 2) For farmers long-term: a collective (new legal entity) will be set up, which will manage the administration and perform payments to the farmers. 3) For AFEC short-term: AFEC is allowed to receive 10% of CRU revenues to cover the costs required to implement the program. If costs of project implementation are less than 10% of CRU revenues, we will implement the long-term solution to manage payments. 4) AFEC long-term: In the long term,*	*re-validation scheduled for late February of 2025.*	*Benefit Sharing*

			AFEC is investigating the opportunity to set-up another legal entity which would be allowed to receive 10% CRU revenues directly.		
CAR 04/23	Project documents provided to the local farmers shall be in an applicable language that suits all participants.	Not determined by the VVB	All of the onboarded Acorn farmers and villages speak Telugu as their primary language (although ~4% do not read it), and some farmers (mainly in the bordering regions of the state) may speak Kannada, but in general would also speak Telugu or have family members which speak Telugu. Participant agreements are available in Telugu and Kannada, and the Acorn infographic is used during meetings (i.e., Project Council) for sensitization.	Open – to be reassessed during the re-validation scheduled for late February of 2025.	Not applicable
NIR 01/23	Stakeholder's analysis in the ADD (Part K) shall be updated, identifying key stakeholders and including the required specific information.	Not determined by the VVB	Part K: Stakeholder Analysis of the ADD has been updated to include information on the key stakeholders and their required outcomes. These include higher and local-level governmental bodies.	Open – to be reassessed during the re-validation scheduled for late February of 2025.	Part K: Stakeholder Analysis

CAR 05/23	The audit team could not confirm at the site that additionality is fully demonstrated.	Not determined by the VVB	Requiring on-the-ground coordination and funding, AFEC has adopted a phased approach to plant a variety of additional trees, from several different sources, and ensure training is provided. Refer to the ADD for detailed information.	Open – to be reassessed during the re-validation scheduled for late February of 2025.	Part F: Project Activities
NIR 02/23	Acorn and AFEC shall update the Risk Assessment in the ADD) to evaluate two infra-estimated risks: change of land ownership and coverage, and planting material.	Not determined by the VVB	The following risks were updated and mitigation actions described. Change of land ownership and coverage (land tenure), planting material, and natural risks (water scarcity). The latter was raised to high and includes mitigation and monitoring actions.	Open – to be reassessed during the re-validation scheduled for late February of 2025.	Part L: Reversal Risk Assessment, and Part M: Monitoring
NIR 03/23	The Local Partner should seek agreement or other type of documentation with the government, that they allow to sell CRUs.	Not determined by the VVB	AFEC has received a letter of acknowledgement, on December 20th, by the Agricultural Department of the State of Andhra Pradesh, to engage in the Acorn program.	Open – to be reassessed during the re-validation scheduled for late February of 2025.	Part A: Project Summary, and Annex 5

2   Project Implementation

2.1 Carbon Regulations

While there is still an amount of uncertainty regarding the evolution of India's carbon markets, its government is actively involved in policy development. India perceives the carbon market as a positive avenue for foreign direct investment and social development and it acknowledges the need to balance this with achieving its Nationally Determined Contributions (NDC) targets.

Furthermore, India's domestic compliance market, which will allow for some use of offsets to meet obligations, is currently being established and is projected to become operational by 2026. This development is expected to create a new source of demand for credits (full details regarding the quantity of credits and the standards and methodologies from which they originate are yet to be confirmed). India has expressed its intention to participate in Article 6 markets and has issued a whitelist of projects eligible for trading in the mechanism. Nonetheless, there is no established registry infrastructure or authorisation process in place.

In July 2024, India released final regulations on their compliance carbon market following stakeholder consultations on the draft CCTS regulations from December 2023. Alongside these regulations, they also indicated that there would be a voluntary offsetting mechanism however specific rules for projects are still in development. Full eligibility requirements are expected to be released by the Bureau of Energy Efficiency. However, we know that sectors for CCC offsets will be considered eligible in two phases. Phase I will cover the energy, industry, waste, agriculture, forestry, and transport sectors. Phase II will be the construction, fugitive emissions, solvent use, and CCUS sectors.

Regarding the international market, it is expected that India will develop a registry in 3-4 years' time. Expectation is that India will recognize the Global VCM Standards because buyers will accept these methodologies. Verra, under which many of the carbon projects are registered in India, has already started the process of acceptance in the country, and the GOI acknowledges Verra projects in India.

With this we can conclude that while there is still a considerable amount of uncertainty w.r.t. carbon market regulations in India, we believe that the risks related to regulations in India and Acorn are limited. This is due to a few factors:

- Like mentioned, India has a wide experience in (compliance) carbon markets (Indian agencies have registered 2nd largest number of CDM projects globally) and has the ambition to become the global market leader in carbon projects. To become a market leader, India will have to align with global carbon market standards which are in line with the Acorn Framework and Acorn's development;

- Currently there is a 10% flat tax imposed on the regulated carbon projects (out of scope for Acorn). There are indications that this tax rate will not be increased in the future, which is positive for the Acorn business case. In addition, for numerous of our projects, Indian governmental institutions have approved the farmer share of carbon proceeds to be tax exempt, implying the positive approach of the Indian government towards carbon markets and their impact on local communities, thus lowering the economic risk of the project from farmer perspective;

- In the case of AFEC, Acorn has received a formal letter of acknowledgement from Ministry of Agriculture to continue our activities. Approval (and endorsement) has also been received for our other projects in India by governmental institutions;

- Based on an assessment by our legal teams, there are no specific restrictions under the Indian Export Rules regarding the export of claims on carbon capture or CRUs, subject to compliance with the

requirements for realization of export value and reporting. Rabobank does not require a license, registration or approval under Indian law prior to for the Acorn transaction;

- Lastly, some of our Local Partners are frequently invited to advise the government on carbon market developments, and these Partners have provided us with positive signals on policy development (i.e. that regulation will not be impeding Acorn activities).

2.2 Project Council

The Project Council structure will be composed of AFEC's representatives, including the field supervisors and field coordinators, farmer representatives and non-participant community members. This year, AFEC has held three Project Council meetings in three mandals (Kalyandurgam, Madakasira, and Anantapuram) to ensure farmer representation and participation.

During the onboarding process of the project participants, AFEC's field coordinators created WhatsApp groups with the participants, for each mandal, to communicate any project-related information, and in turn, receive questions and feedback from the participants. The same approach has been taken for the Project Council members. Therefore, with these channels in place, participants will be able to provide feedback on the project design and implementation.

Refer to the project council report in Annex 1.

Table 2.2 Project Council overview

Date project council took place	Project Council	Representation of council	Number of people present	Attendance rate (%)	Location (region)
27/06/2024	*Kalyandurgam*	*Local Partner staff, field supervisors, participants, local government officials from the Agriculture, Horticulture and Forest departments, and prospect new participants.*	*140 attendees, with 85% being male and 14% being female.*	*120 people were planned to attend and additional 20 have attended.*	*Kalyandurgam mandal, at the AFEC office*
20/06/2024	*Madakasira*	*Local Partner staff, field supervisors, participants, local government officials from the Agriculture, Horticulture and Forest departments, and prospect*	*62 attendees, with 83% being male and 16% being female.*	*120 were planned for but only 62 attended.*	*Madakasira mandal, at the Rural Development Trust Office*

		new participants.			
14/06/2024	Anantapuram	Local Partner staff, field supervisors, participants, local government officials from the Agriculture, Horticulture and Forest departments, and prospect new participants.	62 attendees, with 89% being male and 11% being female.	120 were planned for but only 94 attended.	Anantapuram mandal, at the AFEC office

2.3 Grievances

Table 2.3a Summary Grievance Register

Grievances raised	Grievances resolved	Grievances unresolved
2	1	1

Table 2.3b Grievances and Resolutions

Date	Channel	Grievance	Mitigation plan	Mitigation action	Status	Time taken to solve
27/06/2024 20/06/2024 14/06/2024	At the three Project Council meetings (in Kalyandurgam, Madakasira, and Anantapuram)	Farmers want to receive their settlement of CRUs	Part of the validation findings, AFEC, with the support of Acorn, has established a fund flow mechanism by the end of July to facilitate the CRU payments.	Not successfully undertaken during the reporting period.	Unresolved	Unresolved
27/06/2024 20/06/2024 14/06/2024	At the three Project Council meetings (in Kalyandurgam, Madakasira, and Anantapuram)	Farmers want to receive seedlings free of cost to participate	Also part of the validation findings. AFEC has procured seedlings, to provide free of charge to farmers, from	Based on the farmers' preferences, a plan has been developed by AFEC to ensure that	Resolved	One year

| | | *in the project.* | *the Forest Department and their own nursery. Seeds instead of seedlings Three options for the transition to agroforestry have been identified, where seeds/seedlings are either sourced from AFEC's nursery, the State's Forest Department, or, at a last resort, from commercial nurseries and financed by farmers. .* | *all farmers will have converted their farms to agroforestry by 2026. In the 2025's planting season, the plan is that 4,210 farmers convert their farms to agroforestry.* | | |

2.4 Other Stakeholder Consultations

AFEC engages with local stakeholders to varying degree, depending on the need basis for stakeholder consultations. AFEC for example works very closely with the local agriculture, horticulture and forestry departments and district officers, and meet with them (bi)weekly to discuss progress of AFEC's projects, including the Acorn project. AFEC is also connected to the state government, and the state government is has visited AFEC and the Acorn project in the past year. In addition to this, AFEC engages also with secondary stakeholders. One such stakeholder is the Saytrees project (another agroforestry carbon projects), with whom AFEC has engaged with to ensure there is no overlap in farmers and carbon. AFEC also meets with commercial nurseries on demand, when they require saplings. Lastly, AFEC frequently organizes events on topics such as climate change and desertification, during which many stakeholders are present and (in)formally informed about the Acorn project.

Participants are in general very satisfied with the project and appreciate that the project is supporting farmers to transition to agroforestry (as expressed by farmers verbally during PC meetings. However, due to the fact that farmers have not yet received any financial benefits from participating in the program, we have seen a number of complaints of farmers. To ensure that farmers are adequately informed and that their expectations are managed, AFEC has developed a farmer engagement plan which will be implemented in the next reporting period.

Table 2.4 Stakeholder Consultation Activities

Date	Activity	Stakeholder group	Description	Attendees
June 22nd	*AFEC Desertification event*	*Mix of local stakeholders, government, organizations, farmers (incl. AFEC farmers.*	*Collaboration event on desertification, aimed to enhance knowledge on desertification topics (incl. Irrigation).*	*>300*
August 2024	*State government visit to project*	*State government*	*Acorn project, agroforestry design*	*A state representative, Florence Deepa, Deputy Forest Ranger of the Kalyanadurgam region; AFEC staff*
(Bi)weekly	*Local government discussions and meetings*	*Local Government*	*Project visits and trainings provided by local governments*	*Local government (district officers from agriculture, horticulture and forestry departments).*
November 2024	*AFEC and Acorn visit to state government*	*State government*	*Acorn project and government approval*	*Additional chief secretary, Govt of Andhra Pradesh, with Dr. B.*

				Rajsekhart; AFEC staff; Acorn staff
November 2024	Local agricultural office visist	Local government	Discuss Acorn project and potential to connect farmers to agricultural and horticultural schemes	Local head of agriculture department

2.5 Training

In 2024, AFEC has organized 3 trainings, which have been attended by 100 farmers. During the trainings, the following topics were covered:

- Management of agroforestry trees, including pest and disease management;

- Re-cap of the Acorn program, its obligations and opportunities for the farmers;

- information about available government schemes that can be utilized by farmers to complement the program.

In addition, AFEC has shared agroforestry pamphlets to farmers, both physically during PC meetings or field officer visits to farms, as well as online through the already established WhatsApp groups. In the coming reporting period, plan is to upscale the training activities from 3 to 15 trainings.

Table 2.5 Training Activities – AFEC to provide evidence

Date	Training type	Stakeholder group	Topics	Attendees	Trainer
26/10/24	Physical workshop & Video	Council members & Farmers	Training on Main& Bordercrops management at Kalyandurgam	80	Horticulture officer-Krishna Teja, Bhaskar babu & Coordinators of AFEC
29/10/24	Physical workshop & Video	Council members & Farmers	Training on Main& Bordercrops management at Madakasira	80	RDT regional direcctor,Agriculture officer,NREGS technical officer & Coordinator
22/11/24	Physical workshop & Video	Council members & Farmers	Training on Main& Bordercrops management at Ananthapuram u	44	DWMA plantation manger (Lakshminarayan)Agriculture officer kuderu (Vijayakumar),ACORN Team (Marta & Nishanth) & Coordinators

2.6 Project Scaling

In the reporting period, approximately 1,500 new farmers have been onboarded to the project. These are mainly farmers with new plantations (less than 1 year old plantation), as the farmers with older plantations have already been onboarded. Onboarding has been performed by the field officers, who have already been trained on Acorn data collection.

In the coming reporting period, we expect a maximum of 1,500 additional farmers to be onboarded. There was no change in the agroforestry design after the new participants were onboarded, as the newly onboarded farmers are farmers who have planted new agroforestry based on the earlier designed agroforestry designs.

There is a slight change in agroforestry designs due to the farmers conversion of agroforestry trees, however, with limited impact on agroforestry design and business case.

Because AFEC had to re-measure the CRU calculations due to changes in uncertainty methodology of Acorn, and new measurements have not been performed yet, there are no changes to the uncertainty adjustments. The other 2 adjustment factors are not expected to change.

Table 2.6a New plots & participants

Project area	Ecoregion	Agroforestry design & business case	Project council	Number of newly added participants /farms	Number of new plots	Total project size (ha)
The new farmers are spread across existing project area which covers 15 mandals.	*Deccan thorn scrub forests*	*Fruit trees with border plantations (same as before)*	*Spread across the 3 existing Project Councils*	*1,500 participants*	*1,500 plots*	*1,818 ha*

Table 2.6b Changes to adjustment factors

Adjustment factor	Initial factor (%)	Current factor (%)	Reason for change
Leakage	*0 %*	*0 %*	*No change – project will be recalculated based on Methodology v1.0.1*
Uncertainty	*0 %*	*0 %*	*No change – project will be recalculated based on Methodology v1.0.1*
Pre-project	*25 %*	*25 %*	*No change – project will be recalculated based on Methodology v1.0.1*

*Table can be left blank if no changes were made to the adjustment factors.

Table 2.6c Changes to business case

Business case tab & name	Row & column number	Description of change
N/A	N/A	N/A

2.7 Frauds

No fraud was detected during the reporting period as no farmer pay-out was carried out.

Table 2.7b Summary Fraud Register

Fraud received	Frauds settled	Frauds unsettled
N/A	N/A	N/A

Table 2.7a Frauds and Settlements

Date	Channel	Description	Resolution action	Status	Time taken to solve
N/A	N/A	N/A	N/A	N/A	N/A

3   Project Finances

Table 3a Summary of Project Finances Since the Start of the Acorn Project

Provided. Concealed for data protection purposes.

Table 3b Summary of Project Finances for the Reporting Period

Provided. Concealed for data protection purposes.

4   Carbon Monitoring

4.1 Carbon Removal Units

This project has not yet generated CRUs.

For real-time CRU information see our website.

Table 4.1 Summary of CRUs throughout the project period. *(This table will be prefilled by Acorn).*

	Calculation Period		
	Historic	Reporting Period	Total
Status			
CRUs generated	*N/A*	*N/A*	*N/A*
CRUs sold	*N/A*	*N/A*	*N/A*
CRUs reserved	*N/A*	*N/A*	*N/A*
CRUs available	*N/A*	*N/A*	*N/A*
BRCUs generated	*N/A*	*N/A*	*N/A*
BCRUs reserved	*N/A*	*N/A*	*N/A*

4.2 Carbon Benefit Losses

No event that led to significant losses of carbon benefits during this reporting period took place.

*Table can be left blank if no carbon benefit losses were observed.

Table 4.2 Summary of Events Generating Losses of Carbon Benefits

Event number	*N/A*
Project area(s) affected	*N/A*
Participants affected	*N/A*
Description	*N/A*
CRU impact	*N/A*
E&S impact	*N/A*
BCRUs	*N/A*
Response	*N/A*

5 Monitoring Indicators and Risk Safeguards

5.1 Livelihood Monitoring

Table 5.1a Mandatory Livelihood Monitoring Results

Indicator	Metric	Baseline metric value	Current metric value	Causes and adjustments (If applicable)
Farmer Income from CRUs	*Carbon revenues*	*0*	*0*	*See section 4 Carbon Monitoring*
Nutritional Variety	*Average number of food groups consumed*	*5 food groups*	*5 food groups*	*N/A*

Table 5.1b Additional Livelihood Monitoring Results*

Indicator	Metric	Baseline metric value	Current metric value	Causes and adjustments (If applicable)
Agricultural land use productivity	*Average cash crop output value per hectare [kg/ha/crop].*	*44,026.8 Kg/ha/year*	*44,026.8 Kg/ha/year*	*N/A*
Farmer financial state	*Farm revenues – operating expenses*	*-31,466.7 INR*	*-31,466.7 INR*	*N/A*

*Only the additional indicators chosen at project design need to be completed.

5.2 Ecosystem Monitoring

Table 5.2 Ecosystem Monitoring Results

Indicator	Metric	Baseline metric value	Current metric value	Causes and adjustments (If applicable)
Agricultural Biodiversity	*Gini-Simpson Index value.*	*62% (acceptable)*	*62% (acceptable)*	*N/A*

5.3 Risk Monitoring

The project has performed its first risk assessment in 2023 and will reassess it after five years (2028). So far, two medium risks, and one high risk was identified and confirmed after the validation took place in November 2023.

Table 5.3 Risk Monitoring Overview

Risk category	Identified Risk Areas or Potential Negative Impacts	Mitigation action	Monitoring action	Status

Natural risks	Water scarcity – the project area is located in a drought-prone region and the farmers' lands are predominantly rainfed.	The project promotes an agroforestry design with drought-tolerant species (i.e., teak, red sanders, sandalwood, arjuna, Malabar neem, and mahogany). Technical input will be provided, in the form of leaflets, to the participants to optimize their seedling plantation in the water scarce context. AFEC is and will continue to link farmers to governmental schemes that can alleviate the water shortage in the region.	AFEC will monitor the impacts of project intervention on water resources through the regular field visits from the supervisors to the farmers, and during the biannual Project Council meetings.	High
Negative project cash flow	AFEC has received a grant from Rabobank to meet its necessary financial resources for the project implementation.	The organisation doesn't have a financial buffer in place. However, there are some options to ensure that the project remains funded on the LP side: - Minimize the project costs; - -utilize other AFEC staff on Acorn's activities; - AFEC to explore possibilities for grant funding; - Acorn to provide an	AFEC to provide state of financials bi or tri-monthly, and the leadership of Acorn and AFEC to discuss the project financials on a frequent basis (bi or tri-monthly).	Medium

		advance to fund LP costs which is repaid by future carbon credits; - *Increase the scale of project to attract more carbon income that can be re-invested.*		
Animal or human interference	*The risk of animal interference is medium, as animals like deer and wild boars present threats to the crops.*	*The land owners keep a close watch of their lands until sunset and ensure that their crops/ trees are not damaged by animals, and few participants have fences in place. The estimation is that 10% of the participants face the risk, especially those whose fields are further away from the villages. In addition, there is a government policy in place which states that the government can at times recover the loss caused by animal interference on farms.*	*During PC meetings, AFEC to collect information on whether and how many farmers have been affected by animal interference.*	*Medium*

5.4 Leakage Monitoring

The maturity of the cash crop trees planted in addition to the border planting results in no overall productivity loss. This is something known and expected by the farmers before the project intervention. Through this project, AFEC wants to help farmers further improve their agroforestry design, so that it is a long-lived system in place, by introducing border planting with species with economic value, such as timber and medicinal species.

Table 5.3 Risk Monitoring Overview

Identified leakage source	Mitigation action	Monitoring action
No significant leakage sources	*N/A*	*N/A*