Voluntary Carbon Standard
Project Element Second Verification Report

Kasigau Corridor REDD Project Phase I - Rukinga

28 January 2011

Project Developed by:
Wildlife Works Carbon, LLC.

Verification Conducted by:
Environmental Services, Inc.
Forestry, Carbon, and GHG Services Division
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Project Number FV10030.00

ANSI ACCREDITED PROGRAM
GREENHOUSE GAS
VALIDATION AND VERIFICATION
0800

Table of Contents

Verification Statement **3**
Introduction **4**
Contact Information **4**
General Project Description **4**
Verification Details **4**
Objective **4**
Scope **4**
Criteria **4**
Level of Assurance **5**
Materiality **5**
Handling of Records **5**
Verification Process **5**
Documents Received/Reviewed **6**
Meetings/Interviews **6**
Verification Milestones **6**
Verification Findings **7**
Verification Results / Conclusions **7**
Appendix A –Corrective Action Requests, Clarifications and Resolutions **9**

VERIFICATION STATEMENT

This verification statement confirms that Environmental Services, Inc. (VCSA Scope 14 -Approved Verifier) has evaluated the AFOLU project element documentation provided by Wildlife Works Carbon, LLC. (Project Developer) for the project entitled the Kasigau Corridor REDD Project Phase I - Rukinga, and the provided Tool For AFOLU Non-Permanence, according to the criteria outlined by the Voluntary Carbon Standard and that this verification statement is consistent with ISO 14064-3:2006 and ISO 14065:2007.

Environmental Services, Inc. confirms all verification activities including objectives, scope and criteria, level of assurance and the non-permanence risk analysis tool adherence to the VCS 2007.1 as documented in the verification report entitled *Voluntary Carbon Standard Project Element Second Verification Report* ~ The Kasigau REDD Project VCS Methodology PD v9, 27 January 2011 are complete and concludes without any qualifications or limiting conditions that the project element of non-permanence risk has a rating of medium with a 20% buffer percentage and meets the requirements of VCS 2007.1, the VCS AFOLU Tool for Non-Permanence Risk Analysis and Buffer Determination and the VCS Program Normative Document: Double Approval Process (version 1.1).

Attestation:

Shawn McMahon **Lead Verifier** **Signature:**  **Date: 28 January 2011**	Janice McMahon **Vice President and Forestry, Carbon, and GHG Services Division Regional Technical Manager (Print Name):** **Signature:**  **Date: 28 January 2011**
Submitted to:	VCSA Board

INTRODUCTION

This report is prepared in accordance with the outlined requirements of the Voluntary Carbon Standard (VCS 2007.1). Environmental Services, Inc. (ESI) presents project element verification findings of the The Kasigau REDD Project VCS Methodology PD v9, 27 January 2011, prepared by Environmental Services, Inc. The project element verification was conducted as part of the VCSA program requirements for GHG projects. ESI is accredited by the American National Standards Institute under ISO14065:2007 for greenhouse gas verification and verification bodies including ISO 14064-3:2006, ISO 14065:2007, and verification/verification of assertions at the project level for Land Use and Forestry (Group 3) and is approved to validate/verify for VCSA under Scope 14.

Contact Information Including Roles and Responsibilities

Project Developer: Wildlife Works Carbon, LLC.	**Mike Korchinsky –** President (415-265-4744 / mikeroad@wildlifeworks.com) **Jeremy Freund** - Developer (415-637-7853 / Jeremy@wildlifeworks.com)
Accredited Verification Entity: Environmental Services, Inc.	**Shawn McMahon** – Lead Verifier (330-833-9941/ smcmahon@esinc.cc) **Scott Sager** – Verification Team Member (904-470-2200 /ssager@esinc.cc) **Janice McMahon** – QA/QC (330-833-9941 /jmcmahon@esinc.cc)

General Description

ESI was contracted by Wildlife Works Carbon, LLC to conduct the project element (non-permanence risk assessment) second verification of the The Kasigau REDD Project VCS Methodology PD v9, 27 January 2011 developed by Wildlife Works Carbon, LLC. The project fits within the Agriculture, Forestry, and other Land Use (AFOLU) Scope (i.e. Scope 14).

VERIFICATION DETAILS

Verification Objective

The verification objective was to provide the second verification of the AFOLU project element of non-permanence risk assessment to ensure compliance with VCS 2007.1 criteria under the REDD project category.

Verification Scope

The scope of the second verification included the The Kasigau REDD Project VCS Methodology PD v9, 27 January 2011 non-permanence risk assessment.

Verification Criteria

The following criteria were used to verify the non-permanence risk project elements:

- *VCS Program Normative Document: Double Approval Process (Version 1.1)*

- *Voluntary Carbon Standard Program Guidelines Voluntary Carbon Standard 2007.1*
- *Tool for AFOLU Non-Permanence Risk Analysis and Buffer Determination and updates*
- *Guidance for Agriculture, Forestry and Other Land Use Projects*

Verification Level of Assurance

The level of assurance was used to determine the depth of detail that the verifier placed on the verification plan to determine if there were any errors, omissions, or misrepresentations (ISO 14064-3:2006). ESI selected samples of data and information to be verified to provide *reasonable assurance* (VCS 2007.1).

Verification Materiality Threshold

Materiality is a concept that errors, omissions and misrepresentations could affect the GHG reduction assertion and influence the intended users (ISO 14064-3:2006). For the project element verification, the specific project level materiality of VCS 2007.1 did not apply. The materiality of an individual AFOLU project element was based on an evaluation of whether or not the project element followed VCS Program requirements.

Handling of records

ESI shall keep all documents and records in a secure retrievable manner for at least two years after the end of the project crediting period; however, records can be destroyed at any time, pending agreement between the client, ESI, and VCS. ESI shall maintain and manage records of its project verification activities including:

• Application information and verification scopes
• Justification for how verification time is determined
• Confirmation of the completion of verification, including findings and information on material or non-material discrepancies
• Verification statements
• Records of complaints and appeals, and any subsequent correction or corrective actions

ESI maintains all project verification records securely and confidentially, including during their transport, transmission or transfer. ESI shall retain verification records in accordance with any legal, contractual, and/or VCS requirements, per ISO 14065:2007, Sec. 7.5.

VERIFICATION PROCESS

Our verification process closely followed the VCS Program Normative Document: Double Approval Process (Version 1.1), Tool for AFOLU Non-Permanence Risk Analysis and Buffer Determination and updates, Guidance for Agriculture, Forestry and Other Land Use Projects (18 November 2010), Voluntary Carbon Standard Program Guidelines (18 November 2008), Voluntary Carbon Standard 2007.1, ISO14064-3:2006, ISO 14065:2007, and ESI's internal Management System and Management System Manual, Section V.2 (VCS) 3.0. As defined by ISO 14064-3:2006 (E), "verification is the systematic, independent and documented process for the evaluation of a greenhouse gas assertion against agreed verification criteria verification criteria".

Specifically the project element second verification (assessment) included the review of the requirements outlined in the VCS 2007.1 and the Double Approval Process.

ESI's verification approach/process was generally broken down into three parts: ESI review and assessment of project element documentation; corrective action/clarification requests; and review of project developer's explanations/ clarifications and insight. Documents received/reviewed, meetings/interviews, and verification milestones are described below.

Documents Received/Reviewed

During the project verification, ESI received and reviewed the following documents provided by Wildlife Works Carbon, LLC:

- The Kasigau REDD Project VCS Methodology PD v9 (28 January 2011 – download from FTP)
- Kasigau Corridor Phase I VCS Template PD (28 January 2011 – download from FTP)
- Kasigau Corridor Phase I VCS Template PD (17 January 2011 – download from FTP)
- The Kasigau REDD Project VCS Methodology PD v8 (17 January 2011 – download from FTP)
- Tool For AFOLU Non-Permanence (17 January 2011 – download from FTP)
- WWC_Project Validation Assessment Draft Report CAR1 (17 January 2011 – download from FTP)
- Rukinga Conservation Easement (21 January 2011 – via email)
- RUKINGA LEASE (21 January 2011 – via email)
- Rukinga Shareholders (21 January 2011 – via email)
- Wildlife Works Financial Model (21 January 2011 – via email)

Meetings/Interviews

During the course of the project verification, ESI and Wildlife Works Carbon, LLC held two meetings. All other correspondence occurred via email. The details of the meetings are briefly described in the table below:

Date	Attendees	Topics Discussed
1-17-2011	Jeremy Freund, Mike Korchinsky, Janice McMahon, Shawn McMahon	Opening Meeting
1-28-2011	Mike Korchinsky, Shawn McMahon	Closing Meeting

Verification Milestones

The following table documents the main verification activities that occurred during the project verification process:

Project/Verification Activity	Date
Signed Verification Plan received from Wildlife Works Carbon, LLC.	17 January 2011
Opening Meeting with Wildlife Works carbon, LLC.	17 January 2011
ESI submits CAR/CL	20 January 2011
Wildlife Works Carbon, LLC. submits first round	21 January 2011

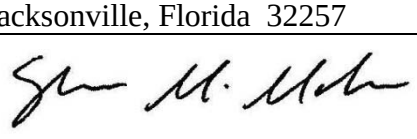
responses back to ESI	
Draft verification report submitted to Wildlife Works Carbon, LLC. for review	26 January 2011
Closing Meeting with Wildlife Works Carbon, LLC.	28 January 2011
ESI's Final report submitted to Wildlife Works Carbon, LLC.	31 January 2011

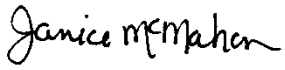
VERIFICATION FINDINGS

The ESI verification team identified six (6) corrective action requests (CAR) and clarifications (CL). All were addressed satisfactorily by Wildlife Works carbon, LLC during the project element verification process. These CAR's and CL's provided needed clarity to ensure the project element of non-permanence risk was in compliance with VCS program requirements for GHG projects. The findings reflect a non-permanence risk rating of medium with a 20% buffer percentage. Appendix A details the findings (CAR/CL and the resolution).

VERIFICATION RESULTS / CONCLUSION

ESI confirms all verification activities including objectives, scope and criteria, level of assurance and the project element documentation adherence to the VCS 2007.1 as documented in this report are complete and concludes without any qualifications or limiting conditions that the project element documentation for non-permanence risk analysis of The Kasigau REDD Project VCS Methodology PD v9, 27 January 2011 meets the requirements of VCS 2007.1.

Report Submitted to:	Voluntary Carbon Standard Association 1730 Rhode Island Ave. NW Suite 803 Washington, D.C. 20036 Mike Korchinsky President Wildlife Works Carbon, LLC 242 Redwood Highway Mill Valley, CA 94941
Report Submitted by:	Environmental Services Inc. Corporate Office 7220 Financial Way, Suite 100 Jacksonville, Florida 32257
ESI Lead Verifier Name and Signature	 Shawn McMahon Lead Verifier

ESI Division Regional Technical Manager Name and Signature	 Janice McMahon Vice President and Forestry, Carbon and GHG Division Regional Technical Manager
Date:	28 January 2011

APPENDIX A
Corrective Action Requests, Clarifications and Resolutions

Environmental Services, Inc.
Voluntary Carbon Standard - Non-Permenance Risk Analysis Review
Wildlife Works Carbon - Kasigau Corridor REDD Project (FV10030.00)
26 January 2011

Project risk	WWC Response	ESI Comments	WWC Reponse	Rating
Risk of unclear land tenure and potential for disputes	Very Low Rukinga Ranching Company Ltd., owns clear legal title to all the land known as Rukinga Wildlife Sanctuary which is all that land constituting the Project Area. A list of the 46 Shareholders of Rukinga Ranching Company Ltd/ has been provided to the Validator. With 46 shareholders it is de Facto considered a public company in Kenya and it is managed by a Board of Directors, elected by simple majority of the Shareholders at Annual General Meetings (AGMs) of the Shareholders. However the overwhelming majority of shares are owned by Michael (Mike) Korchinsky, who acquired them through a trust he established called BenBo, from the previous owners to preserve the conservation project on the land, as the land was to be sold to non conservation friendly buyers. When Mike Korchinsky/Ben Bo purchased the shares in Rukinga in January 2000, the previous Board members who had sold their shares resigned and were replaced by new Directors elected by BenBo, as the majority shareholder. Those appointments were then subsequently ratified at the next AGM of the Company held in August 2001 at 11:30am. Operational decisions made by the Company are then made by the Managing Director, who is appointed by the Board from the Directors. Mike Korchinsky has been Managing Director of Rukinga Ranching Co. Ltd. since the 2001 AGM, when his appointment by the Board on February 4th 2000, was unanimously approved by the Shareholders. Mike has full support of the Shareholders in his management responsibility for the Ranch. Mike was subsequently elected Chairman of the Board of Directors when the previous Chairman Charles Mzera passed away. Wildlife Works began working on formalizing the REDD project immediately after VCS made the November 2008 announcement that REDD would be allowed in to the VCS. At that time, Mike Korchinsky who was already the majority shareholder and President of Wildlife Works worked with legal experts in the UK and Kenya in the field of environmental law, and developed the Carbon Easement which was signed by both Rukinga Ranching Company Ltd and Wildlife Works on February 15th 2009 and which transfers the carbon and biodiversity rights of the Project Area to Wildlife Works, Inc. in return for protection of the land, local job creation and a share of carbon revenues paid to the landowners. The agreement also sets out the obligations and responsibilities placed on the landowners for the duration of the project. A copy of the Easement will be made available to the Validator. Mike Korchinsky is the majority shareholder of Rukinga Ranching Co. Ltd and is also the major shareholder in Wildlife Works, so it is unlikely that this easement will be challenged	As stated in the response from WWC, please provide the list of shareholders, and a copy of the deed and easement for review.	Lease and conservation easement documents provided.	Very low
Risk of financial failure	Very Low Risk of financial failure is very low. Our financial sustainability was modeled at very conservative Carbon offset sale values($2 per tonne), and we have a very well known project with high potential value in the marketplace and with existing offtake contracts for the life of the project with Nedbank, a major international bank. We have also proven that we can manage this project on limited resources for many years, so with the added financial stability of the carbon revenues that will only become easier.	Please provide the project specific financial model for review.	Provided.	Very Low
Risk of technical failure	Very Low Wildlife Works has shown ourselves to have all the technical expertise in house to develop a VCS Approved methodology, and to conduct all carbon inventories and baseline analysis. Our brand of REDD+ involves deploying our own qualified management and technical personnel in the field to ensure that MRV is conducted in a professional and accurate manner throughout the life of the project.			Very Low
Risk of management failure	Very Low			Very Low

	Wildlife Works is majority owned and managed by Mike Korchinsky, a former management consulting company owner, with nearly 30 years of experience at all levels of running an enterprise, from entrepreneurial start up to public sale. His VP of African Field Operations, Rob Dodson has nearly 20 years in the role of Site Manager, and is experienced in all dimensions of running a professional business venture in the African bush.			
Economic risk				
Risk of rising land opportunity costs that cause reversal of sequestration and/or protection	Very Low This land is very far from a major city, and too hot and dry and too far from permanent water for substantial housing development or other high value development plan, or any high value agricultural activity to be realistic.			Very Low
Regulatory and social risk				
Risk of political instability	Low It is Africa, but Kenya has been one of the most stable democracies in Sub-Saharan Africa over the past thirty years, including the most recent election which was a National referendum on a new Constitution which passed off without a hitch.			Very Low
Risk of social instability	Low Kenya has no significant history of tribal violence at an scale Nationally, and locally to the Project Area there has never been any tribal or social unrest.			Very Low
Natural disturbance risk				
Risk of devastating fire	Low Grass fires are relatively common (3 in 10 years) but always occur in the dry season when the fire load is very low, and always move through too quickly to do any damage to the tree or shrub biomass.			Low
Risk of pest and disease attacks	Low This is a natural ecosystem, with a complete mix of species, both plant, animal and insect, so the likelihood of a pest infestation is almost zero. Termites are a part of the natural ecosystem, and their activity is represented in the steady state biomass inventories.	Since the project start has their been any significant incidence of pest infestation?	There have been no pest infestations since the beginning of the project, or in living memory of the local community.	Low
Risk of extreme weather events (e.g. floods, drought, winds)	Medium This area is prone to drought, but the natural ecosystem is magnificently adapted to handle extended drought, so no significant threat to the natural forest occurs as a result of drought.			Medium
Geological risk (e.g. volcanoes, earthquakes, landslides)	Very Low The area is stable geologically, is quite flat and too large for any seismic activity to be a significant risk factor.			Very Low

Sub-step 1b: Determination of the risk factors associated with the specific project types

Table 8: Risk factors and risk ratings applicable to REDD projects

Risk factor	**WW Risk rating for AMUDD**			
Land ownership / land management type				
Land owned by private or public forest conservation organization with a good track record in forest conservation activities and able to obtain and enforce nationally recognized legal protection of the land	Very Low Land is majority owned by Mike Korchinsky who is also the majority shareholder of Wildlife Works, an African wildlife conservation company that has a 14 year track record of protecting forests in Africa.	Please discuss previous forest conservation activities to demonstrate track record.	Our forest conservation activities include Wildlife Works Rangers who perform foot patrols daily throughout the forest, local school conservation education, working with the community to establish community conservation groups, such as the Kasigau Conservation Trust, and the Marungu Hill Conservancy, sustainable charcoal production, dryland farming to improve land use productivity and decrease pressure on new land.	Very Low
Technical capability of project developer/implementer				
Proven capacity to design and successfully implement activities that are likely to ensure the longevity of carbon benefits (e.g., creating sustainable livelihood alternatives and/or effectively managing protected areas)	Very Low Wildlife Works was founded in 1997 to bring sustainable development alternatives to African wilderness, and has been managing the Project Area as a private protected area for over a decade.			Very Low
Net revenues/financial returns from the project to ALL relevant stakeholders (e.g., project developer, deforestation agents, national to local governments)				

Much Higher than pre-project and higher than alternative land-uses	Very low The shareholders of Rukinga Ranching Company Ltd had never received a single $ in distributions in the over 25 years of land title ownership prior to arrival of Wildlife Works. They should receive over $1M in royalties in 2011 alone.	Please provide the project specific financial model for review.	Provided	Very Low
Infrastructure and natural resources				
Low likelihood of new road(s)/rails being built near the REDD project boundary	Very Low			Very Low
High-value non-forest related natural resources (oil, minerals, etc.) known to exist within REDD project area	Not Applicable			Accepted
High hydroelectric potential within REDD project area?	Not Applicable			Accepted
Population surrounding the project area				
Decreasing or increasing, but with low population densitv (e.g., <50 people/km2)	Low The population in the reference region is right around 50 people per km2 and is increasing.			Low
Incidence of crop failure on surrounding lands from severe droughts, flooding and/or pests/diseases				
Frequent (>1 in 10 years)	Medium Crop failures are fairly frequent due to drought, but this is a common condition in the Reference Region and does not lead to increased pressure on the forest, because the community accepts that we are providing them a viable alternative to reliance on a fragile agricultural region, and because of support from National and International food AID agencies and from Wildlife Works to ensure no one suffers from starvation.	Please discuss in more detail; what are the sources used to determine drought frequency and what is actual frequency (average)?	Knowledge comes from local experts, including Rob Dodson our VP Field Ops who has been in the area for nearly twenty years, and staff members who have lived there all their lives... The statistic they use is that in the last eleven years, where in ideal growing conditions they might have had two harvests a year or 22 total, they have had only 5 due to drought.	Medium
Project financial plan				
Credible long-term financial strategy in place (e.g., endowment, annuity-paying investments, and the like) Legal easement for ongoing protection tied to land title in place	Very Low to Low Credible long-term financial strategy in place, with the landowners and surrounding community receiving sizeable annual payments from the carbon project, and the landowners have agreed in the Carbon Rights Agreements to place an easement on title as soon as that process can be done, supported by the carbon revenues	Considered "low" until the conservation easements are actually in place.		Low
Risk of Fire				
Additional requirement added by VCS September 8th 2010	Medium Anthropogenic grass fires are set fairly frequently in the Community lands outside the Project Area and occasionally (<50 year interval> the fires burn into the Project Area. Wildlife Works does maintain fire breaks, and does back burn and firefight with available manual methods when fires occur. Fortunately grass fires are set at the end of the dry season, when the fire load is very low, and they burn through very quickly without becoming hot enough to damage any of the living trees, and the grasses and shrubs recover after one or two seasons of rainfall following the fires. Fallen dead wood is sometimes consumed by these fires, but we have conservatively excluded fallen dead wood from our carbon inventory.			Medium