Halo Verde Timor Community Forest Carbon Annual Report 2024

Annual Report Part

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HALO VERDE TIMOR COMMUNITY FOREST CARBON PROJECT

Annual Report Year 2024

Submitted by: Fundacção Carbon Offset Timor (F-COTI)
Date of submission: 31 March 2025

Summary

Project overview	
Reporting period	1st January 2024 – 31st December 2024
Geographical areas	Laclubar and Soibada, Natarbora of the Municipality of Manatuto and Lacluta of the Municipality of Viqueque, Timor-Leste.
Technical specifications in use	a) Reforestation by planting trees in agroforestry systems, woodlots, and live tree fencing. b) Improved land management through soil management.

Project indicators	Historical	Added/ Issued this period	Total
No. of Participants with PES agreements	226	0	226
No. community groups with PES agreements (where applicable)	5	2	7
Approximate number of households in these community groups	226	0	226
Area under management (ha) where PES agreements are in place	151.70	0	151.70
Total PES payments made to participants (USD)	32,057.75	60,163.67	92,221.42
Allocation to Plan Vivo buffer (tCO_2)	6,326	0	6,326
Saleable emissions reductions achieved (tCO_2)	35,838	0	35,838
Total sum held in trust for future PES payments (USD)	492,221.66	0	432,057.99
Unsold Stock at time of Submission (PVC)	0	0	0
Total Unsold Stock (PVC)	0	0	0
Plan Vivo Certificates (PVCs) issued to date			**35,838**
Plan Vivo Certificates requested for issuance in this report			**0**
Total PVCs issued to date (including this report)			**35,838**

Part A: Project updates

A1 Key events and highlights

1. The Chief Executive Director of COTI Foundation who is also the

current Project Manager of HV, participated in Climate and Clean Energy Transition Forum at the margins of the ASEAN-Australia Special Summit in Melbourne, Australia. The summit is intended to commemorate 50th Anniversary of ASEAN-Australia Dialogue Relations. March 2024.

Below is a brief reflection from him.

I acknowledge with humility and bow down in respect to the traditional landowners and custodian of the land, water and forest, the first nation people in Melbourne: *Wurundjeri, Boonwurrung, Wathaurrung, Taungurung and Dja DjaWrung.* I thank wholeheartedly the Australian government through the 2024 ASEAN-Australia Special Summit Taskforce led at the helm by Mr. Pablo Kang for having invited me to be part of the summit. It has been a golden opportunity not only to advance shared policy interests, deepen networks across the region and strengthen cooperation with likeminded friends from ASEAN and Australia but also to experience life in this magnetizing, colourful, bustling city of Melbourne, a vibrant hub of various international events. Everything is paid for by the organizer (tickets, accommodation, local transportation, meals, etc), at no cost to RDTL government.

Joining this conference are several local civil society leaders among other important people: Maun Luis Oliveira, maun Ego Lemos, maun José Lobato, maun Sahe, mana Milena Pires, maun Paulo Silva, PhD (president of EDTL), mana Mica Barreto, PhD, maun Abilio da Fonseca, PhD and mana Febe Gomes from La'o Hamutuk.

I personally bring to the table our humble experience from Carbon Offset Timor Foundation (Fundação COTI), a small local organization trying to contribute to our shared mother earth with limited resources that the organization has.

Fundação COTI is mitigating climate change impact and deforestation in remote areas by implementing community led reforestation activities. Local communities have been relying mostly on forest products for their livelihood that is often destructive to their own natural environment as they cut down trees without replanting them back. This is because replanting them back requires time, energy, but most importantly, money. By monetizing reforestation activities in the form of carbon removal credits, communities are not only incentivized financially to plant more trees, but it also contributes to offsetting greenhouse gas emissions and help mitigate the adverse impact of climate change while at the same time promotes social cohesion and peaceful coexistence among them.

#ASEAN50AUS @ausgov

- **Chief Executive Officer of COTI Foundation who is also the current Project Manager of HV, participated in Australia Oil and Gas Conference. March to April 2024.**

  Below is a brief reflection from him.

  Following Australian pleasant tradition, I acknowledge the first nation people and traditional custodian of Australia on whose land, water, forest, and sky, we

live, work, meet and fly. I acknowledge the continuing connection numerous Aboriginal communities have to this very vast land endowed with natural reserves and richness.

I am delighted to have been invited for the annual Australia Oil and Gas (AOG) conference held in Perth from 11th to 15th March. A break from what is otherwise a boring life in Dili. A privileged opportunity to share experiences with Australian's companies, building industry connections, deepen bilateral trade and investment links. A venue to discuss the challenges and opportunities presented by the energy transition.

Despite the weather and scary turbulence in the sky, the city of Perth remains a city of sunshine with natural parklands, world class infrastructure wonders and a well-organized metropolis with captivating rivers that surrounds it. Crime rates are reportedly low, and the locals are generally very friendly and warm.

I thank Energy Partnership AOG Program, jointly organized in the spirit of partnership between Australian Department of Industry, Science and Resources (DISR) and Autoridade Nacional do Petróleo Timor-Leste (ANP) for having included F-COTI in the attendees list. My sincerest gratitude go to Presidente Gualdino do Carmo, Nomesia Dos Reis, Victor Freitas and Domingas Hale from ANP and Nick Kettle and Bianca McAven from DISR. It has been a rare occasion for me to meet, to network and to share experiences but most importantly to learn and listen to in-depth discussion on wind, decarbonisation, hydrogen, decommissioning, renewables, carbon capture, etc. Most companies I spoke to are committed to net zero target by integrating CCS or other form of decarbonization projects in their corporate strategies. At the end, no one country, no one company no one sector, no one project can do this alone. It requires partnership and collaboration without which net zero will only be a wishful thinking and a mission impossible.

Listening to experts in the sector, I understand that, at least oil products will be inevitably needed long into the future even beyond 2050 by which global communities have targeted to meet net zero. Various raw materials today in civil construction, food packaging, transportation, medical equipment still largely consist of petroleum products. It is quite difficult to imagine a world we live in without it. Timor-Leste, for many years to come, will rely heavily on its oil and gas for its revenue. And so, I think, transitioning away completely from fossil proves to be an uphill battle for humanity. But this is where our community-led nature-based carbon offset will always play a role in the whole scenario, and I think it is time that this initiative continues to garner attention it deserves in such an international forum.

Joining the team are, among other important people: President of ANP, CEO of Timor Gap e.p., President of BNCTL and team, female headed business associations chief, DMC, Woodside, Incanto, ETDA, etc. I should mention that it has also been an exceptional time to mingle and interact with these Timorese emerging leaders. They are all very capable and competent, the change makers of our time and experts in their own respective fields. Most, if not all of them graduated from world-class universities across Australia and US.

Let's hope this conference helps shed some more light to our shared planet grappling with extreme weather events that are becoming more frequent and

devastating to humanity.

- **Community consultation and awareness raising on carbon credit project from coffee and sustainable agroforestry in Ermera Municipality**

  Fundação and Carbon Offset Timor (Fundação COTI) won a service contract from Asian Development Bank (ADB) to do consultation and training on carbon credit project for coffee farmers, with the Project tittle: "*Community consultation and awareness raising on carbon credit project from coffee and sustainable agroforestry in Ermera Municipality*".

  The main objective of the community consultation is to explore the feasibility and scale of potential carbon credit project development with coffee farmer beneficiaries of the Coffee and Agroforestry Livelihood Improvement Project (CALIP).

  The consultation on carbon credit project covered ten (10) identified villages in Ermera Municipality, such as Two Villages Raemerhei and Estado from Administrative Post of Ermera Vila, Six Village Ducurai, Goulolo, Haupu, Catrai Craic, Catrai Leten, and Hatugau from Administrative Post of Letefoho and another two villages Fatubolo and Licapat from Administrative Post of Hatulia B.

  The training involved local authorities of each village with a total participant of 50 (Fifty) of coffee farmers from each village.

  Brief summary of the participants participated in the consultation and training meeting as follows: total 10 villages, total 609 coffee farmers (it consists of 371 male and 238 female farmers), with 55% (336) of coffee farmers are illiterate or cannot read and write.

  The project also conducted a brief assessment. The goals of this assessment are:

    a. To explore the feasibility and scale of potential carbon credit project development with coffee farmer beneficiaries of the CALIP
    b. Identify possible carbon credit certification and finance schemes suitable to the Ermera municipality, TL.
    c. Assess challenges and enablers for carbon project development in Ermera's coffee region
    d. Propose recommendations and next steps for a detailed project assessment and potential project development.

  A full assessment report is available upon request.

- **Payment for Carbon Credit Farmers of Halo Verde in 2024**

HV paid farmers in Soibada on May 27th, 2024. A total of $37,562.46 US paid to 115 farmers from Soibada and Laclubar.

The second phase of farmers' payment was done in Barique Natarbora on 10th June 2024. A total of $22,364.29 US was paid to farmers from Laclubar, Kamedar, Sikone, Manehat and Natarbora.

Total payment for 2024 amounts to **$59,926.75 US**. FCOTI cooperated with ADB through CALIP Project, mobilized twenty (20) coffee farmers from Ermera Municipality to witness the payment for carbon credit farmers.

Fundação COTI together with farmers held a eucharistic celebration as an act of gratitude before payment was delivered to farmers in Soibada.

Participated in that payment, the representative of Municipal Authority of Manatuto, Administrator of two Administrative Posts Laclubar and Soibada, local authorities, national police, forest rangers, veterans, missionaries and all of farmers participated in the Halo Verde Timor project and the representative of coffee farmers from Ermera Municipality.

CEO of GTNT group, Mrs. Kathryn Stenson from Darwin Australia participated in the second phase of payment to the farmers that took place in neighboring administrative post of Natarbora.

The full list of farmers payment in 2024 is presented in Annex 1.

- **National Workshop on Carbon Credit Project for Coffee Farmers in Ermera Municipality of Timor Leste**

  Fundação and Carbon Offset Timor (Fundação COTI) held a national level workshop in Timor Plaza (Maubara Room) Dili, Timor-Leste as part of a contract with ADB.

  Coffee and Agroforestry Livelihood Improvement Project (CALIP), financed by the Asian Development Bank (ADB) and implemented by the Ministry of Agriculture, Livestock, Fisheries and Forestry, in partnership with Fundação and Carbon Offset Timor (Fundação COTI) carried out a community consultation and awareness raising on carbon credit projects from sustainable coffee and agroforestry to coffee farmers in Ermera. The aim of the consultation is to explore the feasibility and scale of potential carbon credit project development with farmer beneficiaries of CALIP.

  The main objective of the workshop is to share the findings from Preliminary Assessment on Potential Carbon Credit Project from Sustainable Coffee and Agroforestry in Ermera and to Discuss Recommendations and Way Forward from the Assessment.

  At the event, all participants held part of the discussion on country's experience so far in developing and implementing carbon credit projects that generate extra cash for farmers, and if and how successful carbon credit projects can be replicated for coffee farmers. The workshop was an excellent platform to exchange relevant field experiences and scope out a potential set of

interventions that may further enhance coffee farmers' livelihood and income in the country.

The workshop was attended by entities from national and municipal authorities Ministry of Agriculture, Livelihoods, Fisheries and Forestry, representative of Municipal Authority from Ermera Municipality, International agencies, such as ADB, UNDP, JICA and local NGO's Timor Global, Cooperative Café Timor and the CALIP project implementer Landel Mills. Especial guess in the workshop is the representatives of Coffee Farmers from ten (10) villages form Ermera Municipality with total twenty (20) coffee farmers.

Fundação COTI also covered relevant costs for workshop venue, meals and daily subsistence allowance to local farmers from Ermera Municipality in accordance with the agreed arrangements with ADB.

Please note that at this stage HV is not implemented in Ermera Municipality.

- **The Data Collection Survey "Impact analysis for the Project for Community-Based Landscape Management for Enhanced Climate resilience and Reduction for Reforestation in Critical Watersheds"**

  Fundação Carbon Offset Timor (Fundação COTI) won a service contract from JICA Timor Leste to implement Data Collection Survey "Impact analysis for the Project for Community-Based Landscape Management for Enhanced Climate resilience and Reduction for Reforestation in Critical Watersheds." This activity was paid by Japan International Cooperation Agency (JICA) through GCF Project to do Consultation Services.

  The objective of this service is to Collect Baseline data for Impact Analysis for "Community-Based Landscape Management for Enhanced Climate Resilience and Reduction of Deforestation in Critical Watershed". The survey's principal aim is to gather comprehensive data for baseline comparisons, enabling targeted analysis and informed decision-making during subsequent endline evaluations. Data was collected at both household and village levels to capture critical socio-economic and environmental variables.

  The data collection work for impact analysis consists of three main surveys: baseline, midline and endline surveys as a whole. Those survey was implemented in the project targets villages, namely "Treatment village" in the 4 target watersheds, Comoro, Laclo, Caraulun, Tafara and its comparison villages "Control village", in other neighboring or similar watersheds such as Be Lulic, Loes Watersheds, etc.

  The data collection leveraged Kobo Toolbox for Computer-Assisted Personal Interviewing (CAPI), enhancing accuracy and efficiency through real-time data entry and synchronization capabilities. Geographic Information System (GIS) tools, such as the QField Mobile GIS application, were also employed for precise navigation and sample location verification.

  A full report is available upon request.

- **Catchment Management and Rehabilitation Intervention Through Reforestation/ Afforestation in Ermera Municipality**

Fundação and Carbon Offset Timor (Fundação COTI) won a service contract from UNDP to implement a project called Catchment Management and Rehabilitation Intervention Through Reforestation/Afforestation in Ermera Municipality.

This project is being implemented in Ermera Municipality, Timor-Leste. This project represents a sub-component of the larger project called "Safeguarding rural communities and their physical assets from climate induced disasters in Timor-Leste" (referred to as "UNDP-GCF-SRC").

The objective of the project as stipulated on the Terms of Reference are as described below:

1. Provision of technical staff manpower to facilitate the reforestation and afforestation activities;
2. Organization and mobilization community beneficiaries of the reforestation and afforestation activities;
3. Conduct of detailed site assessment and development of reforestation and afforestation plans;
4. Production of seedlings/planting materials;
5. Establishment, maintenance and protection of the reforestation and afforestation areas.

The project covered at least 30 Ha of areas in the target villages around Ermera Municipality such Manusae and Coleate-Poetete in Hatolia A, Fatubolo in Hatolia B, Poetete in Ermera Vila, Catrai-Craic, Catrai-Leten and Ducurai in Letefoho and Baboe Craic, Parami and Batumano in Atsabe.

This project is an ongoing project that started from September 2024 until February 2026. This project also intends to be included as a Carbon farming project but it will be contingent upon a thorough assessment in joint cooperation with UNDP and the funding provider. At its current stage, the project is merely a reforestation/afforestation of identified marginal land in Ermera Municipality which is currently outside the AOI of the HV project.

The full report is available upon request.

2. FCOTI in joint venture with World Vision is awarded 5-year contract with EU to implement a project called EARTH

The announcement was made in October 2024. EARTH stands for "Enhanced Agroforestry for Resilient Timorese Household". More information will be provided in the next annual report as the contract had not been signed in this reporting period.

- **Plan Vivo Accelerator Program**

FCOTI's HV project is awarded Accelerator Program. October 2024 - Spring/Summer 2025: the PV accelerator programme started, and Halo Verde received tailored training and support in updating their PDD to meet

V5 requirements. This includes financial support, as well as technical consultations and administrative support. The aim of the accelerator is to produce approved-PDDs by the end of the process. We anticipate Halo Verde's PDD to be sufficiently updated to V5.0 requirements by Spring/Summer 2025 if the project remains part of the accelerator programme. This then allows for the project to be audited; both against the updated PDD, and the last 5 years of project activity, as per a normal verification cycle.

Participants from Fundação COTI are four staff, namely Alexandre Sarmento as (Executive Director), Guido Deamantino (Field Supervisor), Liberio Tomas (Office Manager) and Virginia de Jesus Barros (Finance Manager).

The PV accelerator has been a very big help to FCOTI as an organization and HV as a project. With a tailored approach by Terranomics, FCOTI participants have immersed themselves in a productive learning experience not only with PV and Terranomics but also with other participants from around the globe. The topics covered under this program are super relevant to FCOTI and it has improved FCOTI's capacity to complete PDD. Among other important topics, FCOTI staff learned about theory of change and logical framework and Environmental and social safeguards and screening. Through assistance from Terranomics, FCOTI was able to complete several sections of the V.5 PDD and annexes 8 and 9.

The above-mentioned annexes together with theory of change were submitted to PV for review in the context of accelerator program and were deemed satisfactory by PV team.

FCOTI also received funding from the program for an external consultant to revise and complete the technical specification section of the PDD.

3. EARTHSHOT NOMINATION

Halo Verde has been nominated by a USA based company called WREN (a carbon credit buyer of HV) in 2024 for EARTHSHOT prize in 2025. It is very competitive, but FCOTI remains hopeful that HV can be shortlisted in 2025 after it was not successful in 2024.

A2 Successes and challenges

1. Successes

In this reporting period, FCOTI has been trusted by several international development agencies that include Asian Development Bank (ADB), Japan International Cooperation Agency (JICA), United Nations Development Program (UNDP), European Union (EU) and World Vision (WV) to implement several projects that have been briefly described in the previous section. This demonstrates the capacity of FCOTI as a local Timorese organization and as local project developer for Halo Verde. FCOTI places great emphasis in its commitment to serve local communities through transparency and accountability. It promotes economic development for communities that are often deprived of their rights and dignity. The trust these international organizations gave to

FCOTI to implement services on their behalf further enhance the credibility of FCOTI as an important player in the spectrum of nature-based carbon credit program. This alone already represents a big success to FCOTI.

Participating in accelerator program is greatly rewarding. FCOTI received assistance from PV and Terranomics to complete PDD V5. Aside from that FCOTI learned from other participants in the program as well.

2. Challenges

F-COTI has been working mainly with local staff. Only one of the local staff is good in English writing. Mobilization of external international consultant is difficult and expensive. And yet all reporting and monitoring and communication with the increased number of international partners of F-COTI requires a good command of both verbal and written English.

F-COTI needs to continuously mobilize additional funding to cover the cost of deploying international consultants. F-COTI's share of 40% of carbon credit sale is not sufficient to address this challenge to maintain F-COTI's commitment at least in the first 10 years of the project 30-year period.

Additionally, FCOTI needs assistance in updating the PDD and continued capacity not only in transitioning to version 5 of Plan Vivo Standard but also in regular MRV (Measurement, Reporting, and Verification).

Continued training to staff is needed in many fronts including but not limited to GIS mapping and analysis and production of maps, media and communication, financial management and overall organizational capacity enhancement.

FCOTI intends to be self-sustaining financially long into the future. While FCOTI was able to secure several contracts from international donors in 2024, the funding is relatively small and is not sustainable. It has been challenging for FCOTI to design a good income generating program aside from carbon revenue stream.

Changing Environment

In addition, the fast-changing environment in terms of rules and regulation at global and national level on carbon credit program affects the operation of F-COTI. Although all credits have been sold out but given the scale and volume of the project the current resources are not sufficient to cover the operational expenses for the next 10 years. The draft Ministerial Decree and carbon credit guideline and policy require redundant MRV from the part of local developers like FCOTI and require the restructuring of taxes on carbon sale tax may affect the money that is generated by the project given that partial payments have been delivered to participants. However, this draft law has not been approved yet.

What action has been taken to address challenges faced.

1. Seeking external funding to meet the cost of external international expertise. F-COTI is active in mobilizing additional external resources to

maintain its operation and continued commitment to farmers.

2. Provide opinion to the recent Plan Vivo Standard Update. In addition, FCOTI is trying to adapt itself to the changing environment by seeking to receive and to deliver more training to its staff and project participants.
3. FCOTI has always been trying to present the challenges to various partners including funding agencies in venues and opportunities where it is possible to do so.

A3 Project developments

The project is seeking to remap the old sites to accommodate sites that have been expanding. In the process this has resulted in the increased hectarage. The size of old size of 74.30 hectares will be increased to an estimated 100 ha based as a result of remapping to includes sites that have expanded. In this process, however as the result of this remapping there is also a potential removal of farmers who showed complete lack of interest, they are being proposed for removal from the project. In spite of their potential removals the enthusiasm from other community members to be enrolled as project participants is still very high. Next AR will contain the list of new farmers who are enrolled in the project.

The project is also seeking to expand by another 100 hectares in other Municipality. In total, the project size will increase beyond the current hectarage. However, the actual project expansion will only take full implementation in 2025 to coincide with migration and verification and full updates on the project expansion will be included in the next annual report together with a validated PDD v.5.

Table 1: Document updates

No Document updates occurred in this reporting period i.e. January to December 2024.

Table 2: Progress against corrective actions

Document	Corrective action	Activity against this
Ongoing – Annual Report 2023	CAR01 - Action for next AR: FCOTI to provide farmers with additional support and specific trainings on proper woodlot management, including weeding, grazing management etc., and demonstrate evidence of such activities	FCOTI field staff delivered training to farmers on proper woodlot management including weeding and grazing management. The training is delivered to communities in their community centres. Evidence of this can be observed in Annex 2 on community meetings and training on additional topics to farmers. Most woodlot will be converted to agroforestry. This is what farmers prefer. Halo Verde is working on updating this list to be included in migration and verification process that will take place in 2025.
Previous Annual Newly opened - Annual Report 2023	*CAR02 - Action for next AR: FCOTI to improve engagement with project participants over the next year of the project through consistent farmer group meetings, accessible trainings,*	FCOTI engaged with all farmers in 2024 for meeting and continued refresher training on carbon and PES agreement. This aims to deepen the understanding of farmers rights but also their responsibilities. Farmers have the rights to be paid but payment that is based on performance of their sites. FCOTI field staff also provided additional session to emphasize to the farmers

	consultation and feedback sessions, and motivation and retention of farmers within both project sites.	the article 5 of PES agreement. The meeting was held in September 2024 in Bibileo Viqueque Municipality and Sikone, Natarbora in Manatuto Municipality. Evidence of this engagement can be seen in Annex 1, 2 and 4 of this report.
Newly opened - Annual Report 2023	*CAR03 - Action for next AR: Reallocations made to cover losses of carbon benefits (12 farmers)*	Throughout 2024 there have been remapping of old existing sites that have expanded. The map also includes new sites. The combined expanded sites and new sites exceed the number of historical hectares. However, as has been mentioned in this report, this remapping data will be comprehensively included in the updated V5 PDD and therefore in the next 2025 AR.

A4 Future Developments

As noted in the previous section FCOTI plans to expand to neighbouring municipality of Manufahi by 100 ha. This expansion will be included in migration and verification in 2025. The list of potential farmers and sites to be included in the project is presented in Annex 3.

Part B: Project activities

B1 Project activities generating Plan Vivo Certificates

Table 3: Project activity summary

Name of technical specification	Area (Ha)	No smallholder households	No Community Groups
Ecosystem rehabilitation through Reforestation. Planting of trees as woodlots (single tree plantings), agroforestry systems and living fences.	*151.7*	*225 HH plus one school*	*7* *The 2 new groups are located in the southern region of the project. These two added groups aim to cater for the needs of new participants in the southern region. The challenge is that members are scattered in mountainous and flat plain areas and going for group meeting has always been a struggle specially in wet season. The new group has similar organizational structure with five other existing groups. It is led by a president, assisted by secretary and treasurer and members.*
Improved land management. Soil management Increased ground cover, fire exclusion and awareness creation of benefits from soil management activities	151.7	*225 HH plus one school*	*7*

NB: Please note that the technical specification in this table is the same as in the previous annual report of 2023. This table will be updated and altered in 2025 AR after verification and migration process.

Table 3.2. Newly Proposed Participants/New Areas

As noted above, the newly proposed farmers are presented in this report in Annex 3. They will be fully enrolled in 2025 and therefore will be reported in 2025 AR.

B2 Project activities in addition to those generating Plan Vivo Certificates

- **Project Steering Committee (PSC) Meeting in Soibada**

  PSC Meeting took place with the farmers and local authorities on May 27th, 2024 and June 10th in Soibada and Natarbora respectively, to introduce and clarify all activities implemented by FCOTI to the local authorities and all the farmers in the identified areas. It was main activity of FCOTI to update all activities carried out and the plans to be implemented in the future through carbon farming program that directly give the benefits to the local farmers in the rural areas.

  The list of participants and other evidence of this meeting is presented in this report as Annex 4.

  The project steering Committee Meeting is only intended for those who are in the committee. This is not a farmers meeting where the participants tend to be many people. Also as noted in this report, The challenge is that members are scattered in mountainous and flat plain areas and going for group meeting has always been a struggle specially in wet season. Therefore, the turnout of the PSC meeting is always low. However, farmers meeting which normally coincide with the payment day the participation is quite high.

- Scholarship to High School Students

  FCOTI and its main partner GTNT are not able to provide scholarship funding to poor yet deserved students in Dom Basilio Nascimento Catholic High School in Laclubar in 2024 due to lack of funding.

- Rural Women Micro Credit

  FCOTI has revived its Rural Women Micro Business (credit) program in 2024. Rural women beneficiaries who have been identified before the pandemic were eligible to the program and received the funding from FCOTI. A total of 10 rural women were selected, 5 women in Soibada and 5 women in Laclubar with each of them receiving $400 US to improve their existing micro business. Prior assessment of women beneficiaries was undertaken before final beneficiary list is decided. The funding is generated from carbon credit sale share of FCOTI. Until December 2024, more than 50% of them have repaid the micro loan.

  A full list of rural women beneficiaries in this Rural Women Micro Credit is presented in this report as Annex 5.

- **Board of Directors Meeting of Fundação COTI - Fundação Carbon Offset Timor**

  The annual Board of Directors Meeting of Fundação COTI took place in Dili on 13th day of June 2024.

  The Board consists of three female leaders, experts in their own respective fields.

  Ms. Henriqueta da Silva, a talented Timorese, was elected president of the Board for a three-year term based on FCOTI's constitution. Ms. Da Silva is currently serving as Deputy Chief of Staff at the office of President of Timor Leste.

  The Board members are **Mrs. Kathryn Stenson** CEO of GTNT Group, Darwin Australia, a longtime supporter of FCOTI and **Dra. Célia Alexandra Gusmão Dos Santos,** a renown medical doctor in Díli, co-founder of Dili Medical Center, one of the most sought-after health clinics in town.

  Fundação COTI thanked the board members for their time, willingness and commitment to serve the people of Timor Leste and their natural environment through the works of Fundação COTI. The board reiterates its unwavering support to the current CEO and grants him broad and extensive power to make strategic decisions related to day-to-day management of the organization in the manner he sees fit.

  Minutes of the board of directors meeting and participation list is presented in Annex 6 of this report.

- **Formation of New Farmers Group in Natarbora and Viqueque**

  FCOTI established two new farmers groups; farmers in Natarbora and Viqueque. The meeting took place in August and September 2024. The structure of the group consists of a Coordinator, Vice Coordinator, Secretary, Finance and members. The group meeting also coincides with the additional training that FCOTI field staff delivered.

- **Remapping of old sites**

  FCOTI has remapped farmland where tree planting exceeds the boundaries of the previous mapped area. This activity is carried out in accordance with the request of farmers who plant more trees in their area. This is done in order to compensate for the land that has been removed or excluded from this project list. The reason they were excluded from the project was that they were no longer interested in maintaining the trees they had planted. Meanwhile, the maps registered in the remapping process reached a total area of 100 Ha. This marks an increase of 25 ha from the existing old sites. The remapping and alteration of technical specification will be elaborated

in the upcoming verification and migration process and will be included in 2025 AR.

Part C: Plan Vivo Certificate issuance submission.

C1 Contractual statement

- This issuance is based on signed PES agreements with participants complying with all the minimum requirements stated in these agreements. Additionally, PES agreements were reviewed and revised by Plan Vivo before they were translated into Tetum and signed by farmers.

C2 Issuance request for Plan Vivo Certificates allocated to new participants and land

- No issuance request for the Northern or Southern regions in this annual report

C3 Allocation of issuance request

[Registry data held privately by Plan Vivo]

C4 Data to support issuance request

- No issuance request in this 2024 annual report. All credits except buffer credits have been sold out.

Part D: Sales of Plan Vivo Certificates

D1: Sales of Plan Vivo Certificates

There is a high demand for Halo Verde PVCs. The credits are sold out in less than 5 months after their issuance by Plan Vivo. Certificates sales are presented in the table below.

Table 5.1.: Sales of Plan Vivo Certificates to date.

[Table redacted from public report – Plan Vivo holds private records of Sales of Plan Vivo certificates]

Part E: Monitoring results

E1: Ecosystem services monitoring

[Results redacted from public report – Plan Vivo holds private records of Monitoring results]

The monitoring is based on PES agreement signed between the project and each participant. The payment is linked to performance based on the following thresholds:

i. **Achieved target:** Farmers that meet 100% of their targets will receive their payment in full for that year.
ii. **Achieved threshold:** Farmers that only achieve the threshold target will be issued with 50% of their payment and a 'corrective action' (i.e. to implement the rest of the activities). If they achieve this corrective action within a time agreed with the Project manager, they will receive the remaining 50% of their payment. If they fail to achieve this corrective action within the agreed time, payment will be reduced proportional to the extent that their targets have not

been achieved.

iii. **Under the threshold:** Farmers that do not achieve their threshold will be issued with a 'corrective action'. If they achieve this corrective action within a time agreed with the Project manager, they will be paid in full. Otherwise, their payment will be reduced proportional to the extent that their targets have not been achieved.

[Table 6.1 and 6.2 farmer data redacted from public report – Plan Vivo holds private records of table 6.1 and 6.2]

E2: Maintaining commitments.

- N/A

E3: Socioeconomic monitoring

Table 7: Socio-Economic Indicators

No	Socio-economic indicators	Result
1.	Changes in income of HV participants as a result of carbon payments	*No formal study was conducted during the reporting period but the interviews with many farmers revealed that the carbon payment has significantly augmented their household income by more than 50%. Through the money received from carbon payment farmers were able to buy basic necessities such as clothing and nutritious food, improve housing condition and send their children to school.*
2.	Participation in the rural micro credit program	F-COTI already revived the program during the reporting period by delivering $4,000 US to 10 rural women who are non-participants in carbon credit project but are living in the project area and are running some existing micro business. Each of them received $400 US
3.	Payments for compliance with PES agreement	*The first payment of $ 32,057.75 US has been paid to farmers on 26th May 2022. The second biennial payment was paid in May and June 2024 based on monitoring result. The total payment for second payment was $ 59,926.73 US*
4.	Increased participation of women in the HV project	From the total number of farmers who planted trees between 2011 and 2019, women represent 8% (9 households headed by women out of 114 households) plus one school. In terms of 111 new farmers, women represent 10%. Which is an increase of 2%. Timor-Leste

No	Socio-economic indicators	Result
		remains to this a patriarchal society where female land ownership is not common. However as can be noted from above, F-COTI Rural Women Micro Credit is 100% only intended for women.
5.	Participation of HV Participants in Conservation Agriculture	63 farmers are actively involved in agroforestry activities.
6.	Participation of HV Participants in Farmer Managed Natural Regeneration (FMNR)	4 households have been trained in and exposed to FMNR
7.	a) Number of scholarships. b) Number of women receiving training in micro-business development and participation .	a) No Scholarship was given to school in 2024 due to lack of funding. b) No new training has been provided in micro-business development

E4: Environmental and biodiversity monitoring

Table 8: Environmental Indicators Monitoring Results

No	Indicator	Result
1.	Area (ha) impacted by invasive species or pests within or in the perimeter of planting sites	None observed during this reporting period
2.	Area (ha) or number of trees planted by the project growing spontaneously (wildings) outside planting sites	None observed during this reporting period
3.	Area (ha) included in FMNR (deforestation reduction and native forest enhancement)	5 ha however this will no longer be considered in technical specification in the updated PDD.
4.	Number of water courses included in project sites	No water courses included in the project site in this reporting period.

Table 9: Degradation, institutional and governance Results

No	*Aspect* and Indicator	Result
1.	*Drivers of degradation:*	a) Our field observations suggest that the number of wildfires has continued to decline significantly and overall, the community is reducing slash-and-burn farming

No	*Aspect* and Indicator	Result
	a) Number of households (HV farmers) implementing reduction of burning practices b) Attendance of project and non-project farmers to FMNR, sustainable agriculture and soil management field day activities c) Area under FMNR	practices. Throughout 2024 no bush fire is observed in project area. This could be in part due to high precipitation in the central corridor of the island in 2024. The agreement with project participants who have signed PES, is elimination of slash and burn in PV sites, in consequence there are 115 households reducing burning practices in 2024. b) No Activity in FMNR training took place in 2024. However, there have been discussions with World Vision to revive this component. At this stage it remains a plan to be conducted in joint effort with World Vision Timor-Leste. FMNR is not currently included in the carbon scheme. c) See info above
2.	*Institutional:* Relevant changes to strategies, regulations and legislation at national or regional level that might impact the project.	When the new government took office, they have revised the administrative decentralization law and strengthened the municipal department of water, sanitation and environment. There is also a municipal department dedicated to supporting civil society NGO in the likes of F-COTI. The government continues to allocate funding to supporting reforestation activities. The government plans to plant 1 million trees every year. There are new administrators in Soibada, Laclubar, Natarbora and Lacluta. They are very supportive of the project.
3.	*Governance:* a) Project Steering Committee (PSC) b) HV farmers groups meetings and attendance of project participants	a) Project Steering Committee Meeting was held in May and June 2024 in Soibada and Natarbora respectively. b) Farmers group meeting took place in 2024. Minutes of meetings and presentation materials including a list of participants is presented in this report.

Part F: Impacts

F1: Evidence of outcomes

No formal studies have been conducted to scientifically determine the impact of the project. This has been due partly to the fact that no resources have been allocated to conduct a formal study. However, the project has garnered attention both at local, national and international level. The CEO of FCOTI who the project manager is also attended COP28 in Dubai and was appointed by the government of RDTL as of its delegates representing Timor-Leste.

The project has also gained increased reputation from key stakeholders in the

country by contributing inputs in national level workshops and also inputs/feedback to various national level policy documents the recent one of which is the Carbon Farming Policy Guideline draft.

On the ground, the project continues to change the lives of poor farming households by augmenting their family income through direct cash payment to individual households. Some farmers have improved their houses construction and have purchased transportation such as motorbike to facilitate their travel.

The payment of $4,000 US to 10 rural women in Soibada and Laclubar has helped propelled the micro business activities of the selected rural women beneficiaries. In addition, formal carbon payments to more than 250 HH farmers in the total of $91,984.48 US have further augmented the HH income of farmers in Manatuto and Viqueque Municipality.

Part G: Payments for Ecosystem Services

G1: Summary of PES by year

[Table 10 redacted from public report – Plan Vivo holds private records of PES payments]

Part H: Ongoing participation

H1: Recruitment

With the contract between WV and FCOTI and EU on the upcoming EARTH project, FCOTI will recruit more farmers and can potentially add additional 100 hectares. Again, the following criteria is used to recruit more farmers.

1. Owner must be Timorese citizens.
2. Farm owner must provide expressed interest and willingness to participate in carbon credit scheme by signing a written declaration during socialization meeting
3. No land dispute of the farms/site where trees have been planted
4. Proof of ownership of land if any
5. Trees have not been planted closer than 15 meters to public roads, riverbanks, or any large existing infrastructure or possible large infrastructure planned to be built in in the near future
6. Trees have not been planted older than the year 2020.
7. No evidence found of trees being deliberately cut or deforested to plant new trees or deforestation to plant new trees.
8. The plot should be no lesser than 0.25 hectares in size.
9. Mortality rates of trees that have been planted should not be greater than 70% from the total trees planted initially.
10. Expressed Willingness to do fencing like live fencing around the plot
11. Expressed Willingness to weed and maintain trees and not to cut them at least 30 years starting from 2022.
12. Trees have been planted in the right density otherwise farmers are willing to thin and prune and/or restock.
13. Only up to a maximum of 5 species will be selected per site for

inclusion in carbon scheme preferably timber trees

14. Sites will have to be well within the same micro-climatic conditions of AOI (area of Intervention) of the Halo Verde Community Forest Carbon Project managed by FCOTI and certified internationally by UK Based the Plan Vivo Foundation
15. Trees Species should be species that are accessible and feasible to get seedlings/seeds to restock in the future.
16. Any other criteria as may be deemed applicable by FCOTI to ensure viability of Carbon Credit Scheme. Additional criteria, if any, will be communicated with GIZ.

During this reporting period, despite various requests from farmers F-COTI is unable to accommodate their requests pending survey and proper identification of suitable land for carbon farming expansion.

FCOTI is actively engaging with farm owners and with the government and local communities to identify land preferably in the southern region of the country to expand the reforestation.

H2: Project Potential

- All project potentials reported previously only one will be materialized i.e. EARTH funded by EU. This project is a five-year project implemented on the ground by FCOTI in joint venture with World Vision. Project document is available upon request.

i. Market Development Facility (MDF) funded by Australian government is ready to accept any proposal from FCOTI for project expansion. In fact, there had been meeting between FCOTI and MDF to discuss the funding opportunities, however FCOTI prefers that eligible land for project expansion is first identified before funding proposal is submitted to MDF. Another aspect is also that FCOTI does not currently have adequate resources to present a well written proposal to MDF.

ii. In 2024 Halo Verde has been nominated by a USA based company called WREN (a carbon credit buyer of HV) for EARTHSHOT prize in 2025.

H3: Community participation

Regular meetings and interaction with farmers continue to occur in 2024. Field staff make regular visits to farms to communicate with farmers. More community consultation in the form of social and environmental screening and safeguards and planning will take place for V5 PDD migration and verification.

As reported in the previous section, FCOTI has also interacted with potential carbon farmers in other Municipalities like Ermera with the funding from ADB.

In 2024 farmers community meetings and project steering committee meeting took place in Soibada and Natarbora. Farmers payment that occurred in May and June 2024 were also used as a forum to interact with the community. The farmers meeting took place during farmers payment day where most farmers came to town

to collect payment. This is an opportunity to present the training materials to them. The meeting took place whole day. There are two meetings. The first meeting took place in Soibada on 27th May 2024 for farmers in northern region and the second meeting took place in Natarbora on 10th June 2024 for farmers in southern region. The list of participants is presented in Annex 1.

Part I: Project operating costs

I1: Allocation of costs

[Table 11 redacted from public report – Plan Vivo holds private records of project operating costs]

Expenses	Narrative	Amount (USD$)	Contribution from sale of PVCs	Contribution from other sources
Farmers Payment during reporting period	Carbon Credit Farmers Payment	$ 59,926.73 US	$ 59,926.73 US	0
Amount Withheld (NET amount after deduction of operational costs)	Transfer to reserve for the next Farmers Payment	$ 432,057.99	$ 432,057.99	0
Amount 40% kept by FCOTI (NET amount	Based on co-benefit arrangement PES agreement	$ 400,000.00	$ 400,000.00	0
Project Monitoring and Reporting	Monitoring and reporting costs consisting of field survey, data base and recording and reporting	$16,000.00 US	$16,000 US	0
Salaries and Wages of FCOTI Staff	Salaries of FCOTI staff	$44,000.00 US	$44,000.00 US	0
Other FCOTI Operation and Administrative Expenses	This includes utilities, office rents, taxes, travel, vehicles maintenance, fuels, and insurance contribution	$28,600.00 US	$28,600.00 US	0

Note: A more detailed expenditure report is available in Annex 7

Annexes

[Plan Vivo holds private records of all Annexes]

Annex 1. Full List of Farmers Payment in 2024
Annex 2. Evidence of Community Meetings and Training
Annex 3. The list of potential farmers and sites
Annex 4. Evidence of Project Steering Committee Meeting
Annex 5: Rural Women Micro Credit Program
Annex 6: Board of Directors Meeting
Annex 7: Financial Report



Figure 1 Farmers Meeting and payment Day in Natarbora 10th June 2024