

Appendix B: Tool for AFOLU Non-Permanence Risk Analysis and Buffer Determination Version 3

The version of the tool used is dated March 8, 2011

Internal Risks

Project Management		BRO risk
a)	Species planted (where applicable) associated with more than 35% of the stocks on which GHG credits have previously been issued are not native or proven to be adapted to the same or similar agro-ecological zone(s) in which the project is located.	0
b)	Ongoing enforcement to prevent encroachment by outside actors is required to protect more than 50% of stocks on which GHG credits have previously been issued.	0
c)	Management team does not include individuals with significant experience in all skills necessary to successfully undertake all project activities (i.e. any area of required experience is not covered by at least one individual with at least 5 years experience in the area).	0
d)	Management team does not maintain a presence in the country or is located more than a day of travel from the project site, considering all parcels or polygons in the project area.	0
e)	Mitigation: Management team includes individuals with significant experience in AFOLU project design and implementation, carbon accounting and reporting (e.g. individuals who have successfully managed projects through validation, verification and issuance of GHG credits) under the VCS Program or other approved GHG programs.	-2
f)	Mitigation: Adaptive management plan in place.	0
	Total Project Management (PM)	0

Financial Viability		BRO risk
a)	Project cash flow breakeven point is greater than 10 years from the current risk assessment.	0
b)	Project cash flow breakeven point is between 7 and up to 10 years from the current risk assessment.	0
c)	Project cash flow breakeven point between 4 and up to 7 years from the current risk assessment.	0
d)	Project cash flow breakeven point is less than 4 years from the current risk assessment.	0
e)	Project has secured less than 15% of funding needed to cover the total cash out before the project reaches breakeven.	2
f)	Project has secured 15% to less than 40% of funding needed to cover the total cash out required before the project reaches breakeven.	0
g)	Project has secured 40% to less than 80% of funding needed to cover the total cash out required before the project reaches breakeven.	0

h)	Project has secured 80% or more of funding needed to cover the total cash out before the project reaches breakeven.	0
i)	Mitigation: Project has available as callable financial resources at least 50% of total cash out before project reaches breakeven.	-2
	Total Financial Viability (FV)	0

Opportunity Cost		BRO risk
a)	NPV from the most profitable alternative land use activity is expected to be at least 100% more than that associated with project activities; or where baseline activities are subsistence-driven, net positive community impacts are not demonstrated.	8
b)	NPV from the most profitable alternative land use activity is expected to be between 50% and up to 100% more than from project activities.	0
c)	NPV from the most profitable alternative land use activity is expected to be between 20% and up to 50% more than from project activities.	0
d)	NPV from the most profitable alternative land use activity is expected to be between 20% more than and up to 20% less than from project activities; or where baseline activities are subsistence-driven, net positive community impacts are demonstrated.	0
e)	NPV from project activities is expected to be between 20% and up to 50% more profitable than the most profitable alternative land use activities.	0
f)	NPV from project activities is expected to be at least 50% more profitable than the most profitable alternative land use activities.	0
g)	Mitigation: Project proponent is a non-profit organization.	0
h)	Mitigation: Project is protected by legally binding commitment (see Section 2.2.4) to continue management practices that protect the credited carbon stocks over the length of the project crediting period.	-2
i)	Mitigation: Project is protected by legally binding commitment (see Section 2.2.4) to continue management practices that protect the credited carbon stocks over at least 100 years.	0
	Total Opportunity Cost (OC)	6

Project Longevity		BRO risk
a)	Without legal agreement or requirement to continue the management practice	0
b)	With legal agreement or requirement to continue the management practice.	15
	Total Project Longevity (OC)	15

Total Internal Risk = 21

External Risks

Land Ownership and Resource Access/Use Rights		BRO risk
a)	Ownership and resource access/use rights are held by same entity(s).	0
b)	Ownership and resource access/use rights are held by different entity(s) (eg, land is government owned and the project proponent holds a lease or concession).	0
c)	In more than 5% of the project area, there exist disputes over land tenure or ownership.	0
d)	There exist disputes over access/use rights (or overlapping rights).	0
e)	Mitigation: Project area is protected by legally binding commitment (eg, a conservation easement or protected area) to continue management practices that protect carbon stocks over the length of the project crediting period.	-2
f)	Mitigation: Where disputes over land tenure, ownership or access/use rights exist, documented evidence is provided that projects have implemented activities to resolve the disputes or clarify overlapping claims.	0
Total Land Tenure (LT)		0

Community Engagement		BRO risk
a)	Less than 50 percent of households living within the project area who are reliant on the project area, have been consulted.	0
b)	Less than 20 percent of households living within 20 km of the project boundary outside the project area, and who are reliant on the project area, have been consulted.	0
c)	Mitigation: The project generates net positive impacts on the social and economic wellbeing of the local communities who derive livelihoods from the project area.	0
Total Community Engagement (CE)		0

Political Risk		BRO risk
a)	Governance score of less than -0.79.	0
b)	Governance score of -0.79 to less than -0.32.	0
c)	Governance score of -0.32 to less than 0.19.	2
d)	Governance score of 0.19 to less than 0.82.	0
e)	Governance score of 0.82 or higher	0
f)	Mitigation: Country is implementing REDD+ Readiness or other activities, as set out in this Section 2.3.3.	-2
Total Land Tenure (LT)		0

Total External Risks = 0

Natural Risks					
Significance	Likelihood				
	Less than every 10 years.	Every 10 to less than 25 years	Every 25 to less than 50 years.	Every 50 to less than 100 years.	Once every 100 years or more, or risk is not applicable to the project area.
Catastrophic (70% or more loss of carbon stocks)					
Devastating (50% to less than 70% loss of carbon stocks)					
Major (25% to less than 50% loss of carbon stocks)					
Minor (5% to less than 25% loss of carbon stocks)		2 weather			
Insignificant (less than 5% loss of carbon stocks) or transient (full recovery of lost carbon stocks expected within 10 years of any event)					
No Loss	0 Fire/Pests and 0 geologic				
LS Score					
Mitigation					
Prevention measures applicable to the risk factor are implemented.					0.50
Project proponent has proven history of effectively containing natural risk.					0.50
Both of the above.					0.25
None of the above.					1
Score for each natural risk applicable to the project (determined by (LS × M))					
Fire (F)					0
Pest and Disease Outbreaks (PD)					0
Extreme Weather					2
Geological Risk (G)					0
Other natural risk (ON)					0
Total Natural Risk					2

Overall Risk Rating		BRO risk
a)	Internal Risk	21%
b)	External Risk	0%
c)	Natural Risk	2%
	Overall Risk Rating	23%