NON-PERMANENCE RISK REPORT

FOREST CONSERVATION IN BOUMBA-ET-NGOKO

Document Prepared by Carbonsink Group S.r.l.

Project Title	Forest Conservation in Boumba-et-Ngoko
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1 INTERNAL RISK

Project Management		
Risk Factor	Risk Factor and/or Mitigation Description	Risk Rating
a)	The project aims to prevent GHG emission related to forest logging by avoiding any kind of commercial harvest and other emissions linked to logging activities. No tree species will be planted.	0
b)	The project is managed by La Filière Bois, a local limited company, which hires and trains local workers to implement forestry management. They are the first that profit from the products offered by the forest and from its protection and then interested in preventing encroachments by outside actors. There are thus no risks for illegal logging by outside actors.	0
c)	The management team includes individuals with significant experience in all skills necessary to successfully undertake all project activities and with at least 5 years' experience in the area. Documentary evidence: the CVs of the key figures of the management team will be available to the auditors.	0
d)	The management team maintains a continuous presence in the project area. In particular, technical offices are based in the Libongo factory (Boumba and Ngoko Département, East Province of Cameroon) that is approximately 200-250 km from the project area. Administrative offices are instead based in Youndé, the capital of Cameroon, within less than one day's travel from each parcel of the project area. Frequent missions on the field are normally organized.	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 and other internationally recognized GHG programs like Gold Standard and CDM. Documentary evidence: Info on CSG experience will be available to the auditors as well as can be consulted from Carbonsink's webpages (https://carbonsink.it/en/)	-2
f)	Not applicable.	0

	There is no adaptive management plan in place.	
Total Project Management (PM) [as applicable, (a + b + c + d + e + f)] Total may be less than zero.		**-2**

Financial Viability		
Risk Factor	**Risk Factor and/or Mitigation Description**	**Risk Rating**
a)	Not applicable. Project cash flow breakeven point is not greater than 10 years from the current risk assessment.	0
b)	Not applicable. Project cash flow breakeven point is not between 7 and up to less than 10 years from the current risk assessment.	0
c)	Project cash flow breakeven point is not between 4 and up to less than 7 years from the current risk assessment. Revenues from the sale of yields, added to income from VERs sale, accelerates the investment recuperation period. Documentary evidence: Proof and explanations are available to the VVB during verification phase.	1
d)	Not applicable. Project cash flow breakeven point is less than 4 years from the current risk assessment.	0
e)	Not applicable. Project has secured more than 15% of funding needed to cover the total cash out before the project reaches breakeven.	0
f)	Not applicable. Project has secured more than 15% to less than 40% of funding needed to cover the total cash out required before the project reaches breakeven.	0
g)	Not applicable. Project has secured more than 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 required before the project reaches breakeven.	0
i)	Project has available as callable financial resources at least 50% of total cash out before project reaches breakeven. <u>Documentary evidence</u>: Proof and explanations will be provided to the VVB during verification phase.	-2
Total Financial Viability (FV) [as applicable, ((a, b, c or d) + (e, f, g or h) + i)] Total may not be less than zero.		0

Opportunity Cost		
Risk Factor	Risk Factor and/or Mitigation Description	Risk Rating
a)	Not applicable. The majority of baseline activities over the length of the project crediting period are subsistence driven.	0
b)	Not applicable. The majority of baseline activities over the length of the project crediting period are subsistence driven.	0
c)	Not applicable. The majority of baseline activities over the length of the project crediting period are subsistence driven.	0
d)	Baseline activities are subsistence driven and net positive community impacts are demonstrated by project proponent.	0
e)	Not applicable. The majority of baseline activities over the length of the project crediting period are subsistence driven.	0
f)	Not applicable. The majority of baseline activities over the length of the project crediting period are subsistence driven.	0
g)	Project proponent is not an NGO	0
h)	Project is protected by legally binding commitment to continue management practices. To continue management practices that protect	-2

	the credited carbon stocks over the length of the project crediting period (see project longevity)	
i)	Not applicable. Project is not having legally binding commitment to continue management practices over at least 100 years.	0
Total Opportunity Cost (OC) [as applicable, (a, b, c, d, e or f) + (g + h or i)] Total may be less than 0.		-2

Project Longevity		
a)	Not applicable	0
b)	With requirement to continue the management practice. Please refer to (h) in Opportunity Cost. Project longevity is 44 years and is proved by the approved Management Plan that has a duration of 30 years renewable[1]. The actual concession will expire in 2027, but the project implementer started the process for the renewal in 2022[2].	8
Total Project Longevity (PL) May not be less than zero		**8**

Internal Risk	
Total Internal Risk (PM + FV + OC + PL) Total may not be less than zero.	**4**

2 EXTERNAL RISKS

Land Tenure and Resource Access/Impacts

[1] Décret n° 2012-1001 – art. 3

[2] Please refer to Section 3.4 of the Project Description Document *'Alternative 1. Continuation of the pre-project land use'*

Risk Factor	Risk Factor and/or Mitigation Description	Risk Rating
a)	Ownership and resource access/use rights are held by same entity(s) Not applicable.	0
b)	Ownership and resource access/use rights are held by different entity(s) (e.g., land is government owned and the project proponent holds a lease or concession) Ownership and resource access/use rights are held by different entities. In Cameroon all the Forest lands are owned by the Government. The project proponent holds a concession (1060 related to the forestry resource rights of UFA 10-064[3,4]) for the project area lands and has thus use rights for the area.	2
c)	In more than 5% of the project area, there exist disputes over land tenure or ownership There are no disputes over land tenure or ownership of the project area in more than 5 % of the project area. The use by neighbouring inhabitants of plants, animals and aquatic resources[5,6] for the purposes of the law[7] is recognised.	0
d)	There exist disputes over access/use rights (or overlapping rights) There are no disputes over access/use rights (or overlapping rights) as the UFA 10-064 is managed only by LFB[8].	0
e)	WRC projects unable to demonstrate that potential upstream and sea impacts that could undermine issued credits in the next 10 years are	0

[3] Décret n° 2012/1001/Premiere Ministre/ of 10th of April 2012

[4] MINFOF Order n°0974 of 20th November 2007

[5] Paragraph 4.2.2, UFA 10-064 Management Plan – pag. 23

[6] Cahier des Charges Convention Définitive of 20th of November 2007 – art. 2

[7] Arrêté n° 0222/A/MINEF/ 25 mai 2002 – art. 6, – Affection des terres et droits d’usage, pt. b

[8] Idem footnote 2

	irrelevant or expected to be insignificant, or that there is a plan in place for effectively mitigating such impacts. Not applicable. The project is not a WRC project.	
f)	**Mitigation:** Project area is protected by legally binding commitment (e.g., a conservation easement or protected area) to continue management practices that protect carbon stocks over the length of the project crediting period The forest management plan must state the objectives that it sets itself[9], as far as UFA 10-064 is concerned, the main address of this forest is the production of timber through the safeguarding of the services and benefits that it produces directly and indirectly[10,11].	-2
g)	**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 Not applicable. As there are no disputes over land tenure or use rights, there is no need for actions to solve them.	0
Total Land Tenure (LT) [as applicable, ((a or b) + c + d + e + f + g)] Total may not be less than zero.		0

Community Engagement		
Risk Factor	**Risk Factor and/or Mitigation Description**	**Risk Rating**
a)	Less than 50 percent of households living within the project area who are reliant on the project area, have been consulted Not applicable.	0

[9] Arrêté n° 0222/A/MINEF/ 25 mai 2002 – art. 9, par. 2

[10] Paragraph 4.1, UFA 10-064 Management Plan – pag. 22

[11] Fiche Technique – Paramètres aménagement – FC
Source : http://foretcommunale-cameroun.org/download/ParametresamenagementFC.pdf

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 The forest is home to semi-nomadic pygmy communities[12], which due to the erratic nature of their settlements, and because they are located in the heart of the forest on non-timber forest product and hunting routes[13] (both of a seasonal nature) cannot be intercepted. In addition, due to the SARS-CoV-2 pandemic, it was not possible to interact with households living within 20 km of the boundaries of UFA 10-064. The total population that was recorded during the 2005 census was about 7.600 inhabitants[14] but nowadays there is a lack of new available data. It was reported that the population density index throughout the district is very low, at 4.39[15] inhabitants per km^2. The figure also includes the settlement of Yokadouma the most populous city in the district.	5
c)	**Mitigation:** The project generates net positive impacts on the social and economic well-being of the local communities who derive livelihoods from the project area The absence of logging activities, such as the perpetuation of forest protection conditions and NTFP use rights to pygmy and neighboring populations, brings certain benefits due to the lack of disturbance to the ecosystem. Thus, the normally used products, such as banana leaves, raphia leaves, etc., are used for the construction of "*mongulu*", the typical huts of semi-nomadic pygmy settlements, but also for other commonly used goods, such as basketry, mortars, pestles, tool handles, stools, beds, mattresses, brooms and cloths. Benefits would also include better life conditions for animals and insects, which would be deprived by the stress due to logging activities, and on the other hand, this could also improve pygmy hunting and bug collecting activities.	-5
Total Community Engagement (CE) [where applicable, (a + b + c)] Total may be less than zero.		0

[12] Source : https://www.researchgate.net/publication/314299458_La_chasse_la_chance_le_chant_Aspects_du_systeme_rituel_des_Baka_du_Cameroun

[13] Paragraph 2.2, UFA 10-064 Management Plan – pag.8

[14] Socio-economic survey report (2005)

[15] Retrieved from https://www.city-facts.com/boumba-et-ngoko

Political Risk		
Risk Factor	**Risk Factor and/or Mitigation Description**	**Risk Rating**
a)	Governance score of less than – 0.79 The governance score (- 1,06) has been calculated from the mean of Governance Scores across the six indicators of the World Bank Institute's Worldwide Governance Indicators (WGI)[16], averaged over the most recent five years of available data (2016 -2020). This procedure is in accordance with the procedure described in Section 2.3.3 of the AFOLU Non-Permanence Risk Tool v4.0. The governance indicators, the mean governance scores and their average over most recent five years of available data is presented in the following table.	6

Governance indicator	Year	Governance score	Average over last 5 year
Voice and accountability	2016 2017 2018 2019 2020	-1,03 -1,05 -1,13 -1,21 -1,21	-1,13
Political Stability/Absence of Violence	2016 2017 2018 2019 2020	-1,06 -1,10 -1,40 -1,56 -1,53	-1,33
Government Effectiveness	2016 2017 2018 2019	-0,76 -0,81 -0,80 -0,81	-0,81

[16] Source: http://info.worldbank.org/governance/wgi/ (site visited 28/04/2022)

	2020	-0,88	
Regulatory Quality	2016 2017 2018 2019 2020	-0,79 -0,82 -0,80 -0,83 -0,82	-0,81
Rule of Law	2016 2017 2018 2019 2020	-1,04 -1,03 -1,08 -1,12 -1,15	-1,08
Control of corruption	2016 2017 2018 2019 2020	-1,15 -1,20 -1,15 -1,21 -1,13	-1,17
Overall mean			-1,06

b)	Governance score of -0.79 to less than -0.32	0
c)	Governance score of -0.32 to less than 0.19	0
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. - The country is receiving REDD+ Readiness funding from the World Bank Forest Carbon Partnership Facility[17,18]	-2

[17] Source: https://www.forestcarbonpartnership.org/system/files/documents/fcpf_2021_annual_report_websngl_fnl_1_13_2022.pdf

[18] Source: https://www.forestcarbonpartnership.org/country/cameroon

	- The country has an established national FSC or PEFC standards body[19]	
Total Political (PC) [as applicable ((a, b, c, d or e) + f)] Total may not be less than zero.		**4**

External Risk	
Total External Risk (LT + CE + PC) Total may not be less than zero.	4

3 NATURAL RISKS

Natural Risk, Fire	
Significance	Insignificant (less than 5% loss of carbon stocks) or transient (full recovery of lost carbon stocks expected within 10 years of any event). Fires do not significantly affect dense moist forests[20]. Evidence can be provided through remote sensing analysis.
Likelihood	Every 50 to less than 100 years As reported from the survey carried out by FAO on global forest resources "*Fires do not significantly affect dense moist forests*".
Score (LS)	0
Mitigation	Not required.

Natural Risk, Pest and Disease outbreaks	
Significance	Insignificant (less than 5% loss of carbon stocks) or transient (full recovery of lost carbon stocks expected within 10 years of any event).

[19] Source : https://fsc.org/en/document-centre/documents/resource/464

[20] FAO – Évaluation des resources forestières mondiales 2020, par.5b

	No particular infestations or infections by diseases are recorded by direct routine observation on the field, also due to the high level of biodiversity of the local forest ecosystem. Hence, the likelihood of pest and disease outbreaks is deemed to be very low[21,22].
Likelihood	Every 50 to less than 100 years As reported from the survey carried out by FAO on global forest resources "*There is no high impact of pests and diseases that affect dense humid forests in Cameroon*".
Score (LS)	0
Mitigation	Not required.

Natural Risk, Extreme Weather	
Significance	Insignificant (less than 5% loss of carbon stocks) or transient (full recovery of lost carbon stocks expected within 10 years of any event). The country will face a temperature increase of about 1.5°C in the medium term. To this should be added an increase in rainfall estimated at 10% in the most pessimistic forecasts[23]. It should be noted that the ecology of these forest systems, which have not suffered major traumatic events in recent years, due to the absence of logging activities, has evolved and adapted to coexist and proliferate in an environment rich in river courses, swampy areas and temporarily flooded hydromorphic soils. As these events have always been present, no significant losses are expected in the medium term due to these reasons. The risk of drought is also excluded for the same reason. Since it is not possible to predict exactly what events will occur in the near future, a conservative approach to the situation is considered, taking into account the intrinsic characteristics of the species that make up this ecosystem.

21 FAO – Évaluation des resources forestières mondiales 2020, par.5a

22 Nair, K.S.S., Mathew, G., Mohanadas, K. and Menon, A.R.R. (1986). A study of insect pest incidence in natural forest. Research Paper 44. KFRI, Peechi, India.

23 http://riskprofilesundrr.org/documents/?limit=20&offset=0&regions__name__in=Cameroon (site visited 2022)

Likelihood	Every 50 to less than 100 years There is no high impact of extreme weather that affect dense humid forests in Cameroon.
Score (LS)	0
Mitigation	Not required.

Natural Risk, Gological Risk	
Significance	Volcanic and seismic activities are present in Cameroon, but mainly affect the coastal areas[24].
Likelihood	No carbon stock losses expected to be caused by geological risks. In the project area there is any geological risk nor volcanic risk.
Score (LS)	0
Mitigation	Not required.

Score for each natural risk applicable to the project (Determined by (LS × M))	
Fire (F)	0.00
Pest and Disease Outbreaks (PD)	0.00
Extreme Weather (W)	0.00
Geological Risk (G)	0.00
Other natural risk (ON)	0.00
Total Natural Risk (as applicable, F + PD + W + G + ON)	0.00

[24] Mapping of natural hazards in Cameroon (2013), Tchindjang M.
Source: https://www.researchgate.net/publication/307641325_Mapping_of_natural_hazards_in_Cameroon

4 OVERALL NON-PERMANENCE RISK RATING AND BUFFER DETERMINATION

4.1 Overall Risk Rating

Risk Category	Rating
Internal Risk	4.00
External Risk	4.00
Natural Risk	0.00
Overall Risk Rating (a + b + c)	**10.00**

4.2 Calculation of Total VCUs

Total number of credits to be deposited in the AFOLU pooled buffer account at time of verification will be weighted on the 10% level of risk found to be pertinent with the current project setting.