NON-PERMANENCE RISK REGENERATING DEGRADED LANDS IN FLORIDA THROUGH PONGAMIA

Document Prepared by Cultivo Land PBC

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1 INTERNAL RISK

1.1 Project Management		
Risk Factor	**Risk Factor and/or Mitigation Description**	**Risk Rating**
Q1	**Does the project have an adaptive management plan in place that includes a monitoring plan? If No, the project fails the risk assessment. If Yes, proceed to Q2.**	Yes
Q2	**Do any of the following project management risks apply to the project ?**	
a	Species planted (where applicable) associated with more than 25 percent of the stocks on which GHG credits have previously been issued are not native nor proven to be adapted to the same or similar agro-ecological zone(s) as the project area.	0
b	Ongoing enforcement to prevent encroachment by outside actors is required to protect more than 50 percent 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 the project activities (i.e., any area of required experience is not covered by an individual with at least five years experience in that area).	0
d	Management team does not maintain a presence in the country or is located more than one day of travel from the project site, considering all parcels or polygons in the project area.	0
e	Management team has previously failed to submit a loss report within two years of detecting a loss event.	0
f	**ALM projects:** Some or all the farmers participating in the project have not received training on the improved ALM practices implemented as part of the project or the monitoring and reporting procedures implemented during the crediting period.	0
g	**ALM projects:** Some or all the farmers participating in the project are unaware of the potential for yields to decrease temporarily due to the transition to improved agricultural practices.	0
Q3	**Do any of the following mitigations apply to the project?**	
h	**Mitigation:** Management team includes individuals with significant (i.e., more than five years) 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.	0
i	**Mitigation (ALM projects):** A comprehensive training plan for all farmers participating in the project is in place, covering implementation of planned ALM practices, monitoring and reporting obligations and their potential costs.	0
Total Project Management (PM) = [as applicable, (a + b + c + d + e + f + g + h + i)] Total shall not be less than zero.		**0**

1.2 Financial Viability		
Risk Factor	**Risk Factor and/or Mitigation Description**	**Risk Rating**
Q1	**How long is the project's payback period (i.e., how many years will it take to breakeven)?**	b
a	The payback period is greater than 20 years from the current risk assessment.	0
b	The payback period is greater than 10 years from the current risk assessment, but less than or equal to 20 years.	3
c	The payback period is greater than seven and up to and including 10 years from the current risk assessment.	0
d	The payback period is greater than four and up to and including seven years from the current risk assessment.	0
e	The payback period is four years or less from the current risk assessment.	0
Q2	**What percentage of funding has the project secured to cover the total cash out required before the project reaches breakeven?**	i
f	Project has secured less than 15 percent of the funding needed to cover the total cash out required before the project reaches breakeven.	0
g	Project has secured from 15 percent to less than 40 percent of the funding needed to cover the total cash out required before the project reaches breakeven.	0
h	Project has secured from 40 percent to less than 80 percent of the funding needed to cover the total cash out required before the project reaches breakeven.	0
i	Project has secured 80 percent or more of the funding needed to cover the total cash out before the project reaches breakeven.	0
Q3	**Does the following mitigation apply to the project?**	
j	**Mitigation:** Project has available, as callable and secured financial resources, at least 80 percent of total cash out before the project reaches breakeven.	-2
Total Financial Viability (FV) = [as applicable, ((b, c, d or e) + (f, g, h or i + j))] Total shall not be less than zero and the sub-total for question two with the mitigation j shall not be less than zero (note: the mitigation only applies to Q2)		**3**

1.3 Opportunity Cost		
Risk Factor	**Risk Factor and/or Mitigation Description**	**Risk Rating**
Q1	**Are the baseline activities subsistence-driven? If No, proceed to Q2. If Yes, proceed to Q3.**	No
Q2	**What is the NPV of the most profitable alternative land use activity compared to the NPV of the project activity? A response is only required if the answer to Q1 is No.**	f
a	Net present value (NPV) of the most profitable alternative land use activity is expected to be at least 100 percent more than that of the project activities.	0
b	NPV of the most profitable alternative land use activity is expected to be greater than 50 percent and up to 100 percent more than that of project activities.	0
c	NPV of the most profitable alternative land use activity is expected to be greater than 20 percent and up to and including 50 percent more than that of project activities.	0
d	NPV of the most profitable alternative land use activity is expected to be 20 percent or less than that of project activities.	0
e	NPV of project activities is expected to be greater than 20 percent and up to 50 percent more profitable than that of the most profitable alternative land use activity.	0
f	NPV of project activities is expected to be over 50 percent more profitable than that of the most profitable alternative land use activity.	-4
Q3	**Does the project have net positive community impacts? A response is only required if the answer to Q1 is Yes.**	
g	Net positive community impacts of project activities are not demonstrated.	0
h	Net positive community impacts of project activities are demonstrated.	0
Q4	**Do any of the following mitigations apply to the project?**	i
i	**Mitigation:** Project is protected by a legally binding agreement (see Section 2.2.4) to continue management practices that protect the credited carbon stocks over the duration of the project crediting period.	-2
j	**Mitigation:** Project is protected by legally binding agreement (see Section 2.2.4) to continue management practices that protect the credited carbon stocks for at least 100 years.	0
k	**Mitigation:** Where there is a potential for revenue loss compared to the most profitable alternative land use activity, project is a non-profit or has additional financial support (e.g., via grants, government funding, ecosystem services payments or SD VISta assets) to overcome expected revenue loss.	0
Total Opportunity Cost (OC) = [as applicable, (a, b, c, d, e, f, g or h) + (i or j) + k] **Total shall not be less than zero.**		**0**

1.4 Project Longevity		
Risk Factor	**Risk Factor and/or Mitigation Description**	**Risk Rating**
Q1	**Did the project request registration on or after 1 January 2024?**	No
Q2	**Does the project have a legally binding agreement that covers at least a 100-year period from the project's start date? If Yes, the project is given a zero score for this risk category. If No, proceed to Q3.**	No
Q3	**What is the project longevity in years? If you answered Yes to Q1 and the project longevity is less than 40 years, the project fails the risk assessment. If you answered No to Q1 and the project longevity is less than 30 years, the project fails the risk assessment. Please note that projects with project longevity of less than 40 years will be ineligible for the Core Carbon Principles label.**	30
Q4	**Does the project have a management, financial and monitoring plan for the entire project longevity? If No, the project fails the risk assessment. If Yes, proceed to Q5.**	Yes
Q5	**Is the project an ARR or IFM project with harvesting? If No, proceed to Q7. If Yes, proceed to Q6.**	No
Q6	**Can the project demonstrate a commitment to continue the management practice, replant or allow re-growth? If No, the project fails the risk assessment. If Yes, proceed to Q7.**	0
Q7	**Does the project have a legal Agreement or requirement to continue the management practice(s)? If No, proceed to a. If Yes, proceed to b.**	Yes
a	Without legal agreement or requirement to continue the management practice.	0
b	With legal agreement or requirement to continue the management practice.	18
Q8	**Is the project a grouped project where contract durations with individual project activity instances are less than the project longevity?**	No
Total Project Longevity (PL) = [as applicable, (a or b)] Total shall not be less than zero. Any project with a legally binding agreement that covers at least 100 years from the project start date will be assigned a score of zero. Any project that requests registration on or after 1 January 2024 with a project longevity of less than 40 years fails the risk assessment. Any project that requests registration before 1 January 2024 with a project longevity of less than 30 years fails the risk assessment. The selected project longevity shall be supported by a management, financial and monitoring plan.		**18**

2 EXTERNAL RISK

2.1 Land Tenure and Resource Access/Impacts		
Risk Factor	**Risk Factor and/or Mitigation Description**	**Risk Rating**
Q1	**Has due process been undertaken to discover any disputes over ownership and land, resource access, or use rights? If No, the project fails the risk assessment. If Yes, proceed to Q2.**	Yes
Q2	**Has the project executed a binding legal agreement(s) (such as a contract) securing the legal right to control and operate project activities over the entire project area with all entities that have verified ownership claims or verified land, resource access or use rights (such as customary rights holders)? If No, the project fails the risk assessment. If Yes, proceed to Q3.**	Yes
Q3	**Do the same or different entities hold land ownership and resource access or use rights?**	b
a	Ownership and resource access or use rights are held by the same entity(ies).	0
b	Ownership and resource access or use rights are held by different entity(ies) (e.g., the government owns the land, and the project proponent holds a lease or concession).	2
Q4	**Is the project in a country/jurisdiction with a history of national, sub-national, or local government ("Government") intervention in land or resource use?**	e
c	Government has previously expropriated significant areas of land (i.e., 10% or more) in the project area in the past 20 years.	0
d	Government has previously changed land rights in the project's jurisdiction (e.g., cancelled, or blocked land titles, expropriated land or issued overlapping land titles) in the past 20 years.	0
e	No instances of Government intervention in the past 20 years or specific instances of expropriation and government intervention in land rights in the project area have been conclusively resolved against the government in a court of competent jurisdiction.	0
Q5	**What percent of the project area is affected by disputes over land tenure or ownership?**	h
f	Disputes exist in more than 5 percent of the project area.	0
g	Disputes exist in up to and including 5 percent of the project area.	0
h	No disputes exist.	0
Q6	**What percent of the project area has disputes over access or use rights?**	k
i	Disputes exist in more than 5 percent of the project area.	0
j	Disputes exist in up to and including 5 percent of the project area.	0
k	No disputes exist.	0
Q7	**Have the risks of upstream and sea impacts undermining the carbon stocks of a WRC project been demonstrated as insignificant or effectively mitigated for the ten years that follow the risk assessment?**	m
l	Potential upstream and sea impacts are not demonstrated to be insignificant or effectively mitigated.	0
m	Potential upstream and sea impacts are demonstrated to be insignificant or effectively mitigated.	0
Q8	**Do any of the following mitigations apply to the project?**	
n	**Mitigation:** Project area is protected by a legally binding agreement (e.g., a conservation easement, conservation servitude or protected area) to continue management practices that protect carbon stocks for the duration of the project crediting period.	-2
o	**Mitigation:** Where disputes over land tenure, ownership or access or use rights exist, documented evidence is provided that demonstrates the project is taking action to try to resolve the disputes or clarify overlapping claims.	0
Total Land Tenure (LT) = [as applicable, ((a or b) + (c, d, or e) + (f, g or h) + (i, j or k) + (l or m) + n + o)] Total shall not be less than zero.		**0**

2.2 Stakeholder Engagement		
Risk Factor	**Risk Factor and/or Mitigation Description**	**Risk Rating**
Q1	**Are local populations, including those living in the project area or within 20 km of the boundary of the project area, reliant on the project area? If No, the risk rating for stakeholder engagement is zero and you can proceed to political risk. If Yes, proceed to Q2.**	No
Q2	**Have more or less than 50 percent of stakeholders living within and reliant on the project area been consulted?**	
a	Less than 50 percent of stakeholders living within the project area and who are reliant on the project area have been consulted.	0
b	More than 50 percent of stakeholders living within the project area and who are reliant on the project have been consulted.	0
Q3	**Have more or less than 20 percent of stakeholders living outside the project area within 20 km of the project area, and who are reliant on the project area been consulted?**	
c	Less than 20 percent of stakeholders living outside the project area within 20 km of the project area, and who are reliant on the project area have been consulted.	0
d	More than 20 percent of stakeholders living outside the project area within 20 km of the project area, and who are reliant on the project area have been consulted.	0
Total Stakeholder Engagement (SE) = [as applicable, (a or b) + (c or d)] **Total shall not be less than zero.**		**0**

2.3 Political Risk		
Risk Factor	**Risk Factor and/or Mitigation Description**	**Risk Rating**
Q1	**What is the governance score for the country?**	1.05
a	Governance score of less than -0.79	6
b	Governance score of -0.79 to less than -0.32	4
c	Governance score of -0.32 to less than 0.19	2
d	Governance score of 0.19 to less than 0.82	1
e	Governance score of 0.82 or more	0
Q2	**Does the following mitigation apply to the project?**	
f	**Mitigation:** The project is in a country that: 1) is party to the Paris Agreement and has submitted an NDC to the UNFCCC Secretariat in the last five years, 2) includes AFOLU commitments (conditional or unconditional) in its NDC, and 3) has a documented and active climate change plan that includes the project activity.	-2
Total Political (PC) = [(a, b, c, d or e) + f)] **Total shall not be less than zero.**		**0**

3 NATURAL RISK

3.1 Natural Risk Assessment						
Natural Risk Assessment	**Historical Significance**	**Historical Likelihood**	**Natural Risk Score (LS)**	**Mitigation (M)**	**Sub-total Risk (LS x M)**	**Affected by Climate Change?**
Fire (F)	Insignificant (less than 5 percent loss of carbon stocks) or transient (full recovery of lost carbon stocks expected within 10 years of any event	Once every 25 to less than 50 years	2	0.5	1	
Pest and disease outbreaks (PD)	Insignificant (less than 5 percent loss of carbon stocks) or transient (full recovery of lost carbon stocks expected within 10 years of any event	Once every 10 to less than 25 years	3	0.25	0.75	Yes
Extreme weather (W)	Minor (5 percent to less than 25 percent loss of carbon stocks)	More than once every 10 years	5	0.25	1.25	Yes
Geological risk (G)	Not applicable	N/A	0	0	0	No
Other natural risk (ON1) Animal Damage To Trees	Insignificant (less than 5 percent loss of carbon stocks) or transient (full recovery of lost carbon stocks expected within 10 years of any event	More than once every 10 years	4	0.5	2	No

3.2 Future Climate Impact						
Reference Region 1: E.North-America				**Project Area Coverage(%): 100**		
	Type	**Category Index**	**Projected Change Value**	**CID Impact Score**	**Sign of Change**	**Project Impact**
Future Climate Impact	Heat and cold (hc)	Mean air temperature	2.20	2.00	High confidence of increase	Negative
		Extreme heat	5.00	1.00	High confidence of increase	Negative
		Cold spells	4.50	4.00	High confidence of decrease	Positive
	Wet and dry (wd)	Mean precipitation	0.40	1.00	High confidence of increase	Does not apply
		River flood	0.02	3.00	Medium confidence of increase	Negative
		Landslide	4.00	4.00	Low confidence in direction of change	Does not apply
		Soil Moisture	0.00	1.00	Medium confidence of decrease	Does not apply
		Agricultural and ecological drought	2.50	5.00	Low confidence in direction of change	Negative
		Fire weather		2.33	Medium confidence of increase	Negative
	Wind (w)	Mean wind speed	-1.70	1.00	Low confidence in direction of change	Does not apply
		Tropical cyclone	13.00	5.00	Medium confidence of increase	Negative
SLR Impact Level	Coastal (co)	Coastal flood	3.50	5.00	High confidence of increase	Negative
		Coastal erosion	-100.00	3.00	High confidence of increase	Does not apply

Adaptive Capacity

Does the project proponent demonstrated at least 5 criterion of adaptive capacity? No

FUTURE CLIMATE IMPACT ON NATURAL RISK	AGGREGATED SUB-TOTAL RISK	FUTURE IMPACT FACTOR	TOTAL
Natural risk associated with climate change impact (NR-c)	3.00	1.20	3.60
Natural risk NOT associated with climate change impact (NR-nc)	2.00	1	2.00
Sea Level Rise(SLR)	N/A	N/A	1.5
Total Natural Risk			7.1

3.3 SLR

SLR CID Assessment	
CATEGORY DESCRIPTION	**SIGNIFICANCE LEVEL**
Ecosystem Degradation	High degradation
Coastal Flooding	Low flooding
Coastal Erosion	No erosion
Degree of Salinization	Without saline intrusion

SLR Risk Assessment	
Adaptation	Ecosystem-based adaptation (EbA)
Overall Significance Level	Insignificant
SLR Impact Level	4
SLR Risk Score	3
Adaptation Score	0.50
SUB-TOTAL RISK SCORE (SLR RISK SCORE * ADAPTATION SCORE)	1.50

4 OVERALL NON-PERMANENCE RISK RATING AND BUFFER DETERMINATION

4.1 Overall Risk Rating

Risk Category		Rating
a	Internal Risk	21
b	External Risk	0
c	Natural Risk	7.10
Overall risk rating (a + b + c)		**29.00**

4.2 Calculation of Total VCUs

TOTAL NUMBER OF CREDITS TO BE DEPOSITED IN THE AFOLU POOLED BUFFER ACCOUNT	**1346.470**