

NON-PERMANENCE RISK REPORT THE CHOCÓ-DARIÉN CONSERVATION CORRIDOR REDD PROJECT

Document Prepared By

*Consejo Comunitario de Comunidades Negras de la Cuenca del Rio Tolo y Zona Costera Sur –
COCOMASUR*

Contact: +57 3206646814; cocomasur@gmail.com



South Pole Carbon Asset Management S.A.S.

Contact: +57 4 352 4428; v.giraldo@southpole.com



Project Title	The Chocó-Darién Conservation Corridor REDD Project
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Prepared By	Consejo Comunitario de Comunidades Negras de la Cuenca del Rio Tolo y Zona Costera Sur – COCOMASUR and South Pole Carbon Asset Management S.A.S.
Contact	COCOMASUR: Contact: +57 3206646814; cocomasur@gmail.com , www.cocomasur.org South Pole: Contact: +57 4 352 4428; v.giraldo@southpole.com , www.southpole.com

Note: Additional information, given in brackets “[]” throughout the document, corresponds to support documents saved in folders with names that correspond to each section.

1 INTERNAL RISK

Project Management		
Risk Factor	Risk Factor and/or Mitigation Description	Risk Rating
a)	Not applicable.	
b)	Agents of deforestation are expected to continue to threaten the forest in and around the project area for the duration of the project.	2
c)	Not applicable.	
d)	Not applicable.	
e)	Management team engaged carbon project developer team, South Pole, which has extensive technical expertise in developing AFOLU projects, as well as in-depth knowledge of national and international carbon markets. More information about the project developer is available at www.southpole.com .	-2
f)	Adaptive management plan in place (see the section 2.2.5: Risk to the Project of the monitoring report for the current monitoring period; there is evidence of management capacities of COCOMASUR).	-2
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)		
b)		
c)	Project cash flow breakeven point is less than 4 years from the current risk assessment. The total initial investment is expected to be paid during the period of 2018 to 2020. ¹	0
d)		
e)		
f)		
g)	Project has secured 40% to less than 80% of the funding needed to cover the total cash out required before the project reaches breakeven. ¹	1
h)		

¹ Project's Cash flow available for the auditing process in the field.

i)		
Total Financial Viability (FV) [as applicable, ((a, b, c or d) + (e, f, g or h) + i)] Total may not be less than zero.		1

Opportunity Cost		
Risk Factor	Risk Factor and/or Mitigation Description	Risk Rating
a)	Not applicable.	
b)	Not applicable.	
c)	Not applicable.	
d)	<p>The most profitable alternative for land use (cattle ranching) is expected to be between 20% more than and up to 50% less than from project activities.</p> <p>Cattle ranching is expected to be comparable with project activities, given the variability of both cattle prices and GHG credits, as well as available markets, geographical conditions (slopes, remoteness), infrastructure and other tendencies for cattle ranching by local communities such as the armed conflict, which was the main cause of cattle decreasing during 2014 and 2015.^{2, 3} [NPR/InternalRisks/FinancialViability_OpportunityCost]</p>	4
e)	Not applicable.	
f)	Not applicable.	
g)	Not applicable.	
h)	<p>The project is protected by a legally binding commitment to continue management practices that protect the credited carbon sources over the length of the project crediting period.</p> <p>The primary social goal of COCOMASUR is founded on the constitutional principles of Colombia, Law 70, and Decree 1745; internal tenets include environmental conservation. Additionally, in an assembly of 2013, COCOMASUR ratify its conservation decisions. [NPR/InternalRisks/FinancialViability_OpportunityCost]</p>	-2
i)	Not applicable.	
Total Opportunity Cost (OC) [as applicable, (a, b, c, d, e or f) + (g + h or i)] Total may be less than 0.		0

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Project Longevity

²² National livestock inventory. Available at: <http://www.fedegan.org.co/estadisticas/inventario-ganadero>.

³ Alcaldía de Acandí, 2010. Available at: <http://cdim.esap.edu.co/BancoMedios/Documentos%20PDF/acandichocoeot2010.pdf>.

a)	Not applicable.	
b)	Legal agreements are in place to continue the management practice.	15
Total Project Longevity (PL) May not be less than zero		15

Internal Risk	
Total Internal Risk (PM + FV + OC + PL) Total may not be less than zero.	16

2 EXTERNAL RISKS

Land Tenure and Resource Access/Impacts		
Risk Factor	Risk Factor and/or Mitigation Description	Risk Rating
a)	Ownership and resource access/use rights are held by Cocomasur communities. ⁴ [NPR/ExternalRisks/PoliticalRisk]	0
b)	Not applicable.	
c)	Not applicable.	
d)	It exists limited occurrences of land disputes in the project area.	5
e)	Not applicable.	
f)	The project has implemented activities to resolve land disputes and overlapping claims.	-2
Total Land Tenure (LT) [as applicable, ((a or b) + c + d + e + f + g)] Total may not be less than zero.		3

Community Engagement		
Risk Factor	Risk Factor and/or Mitigation Description	Risk Rating
a)	Not applicable.	
b)	Not applicable.	
c)	The project generates net positive socio-economic impacts for local communities, earning Gold Level CCB Standard Validation (see Community section of the monitoring report for this monitoring period).	-5

⁴ Resolution 1502 of August 1st, 2005, INCODER.

Total Community Engagement (CE) [where applicable, (a + b + c)] Total may be less than zero.	-5
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Political Risk		
Risk Factor	Risk Factor and/or Mitigation Description	Risk Rating
a)	Not applicable.	
b)	Not applicable.	
c)	The average (of the available last five years) Colombian governance score is - 0.249. [NPR/InternalRisks/PoliticalRisk]	2
d)	Not applicable.	
e)	Not applicable.	
f)	Colombia is active in the UNFCCC REDD+ negotiations where it supports market-based mechanisms and has been a vocal proponent of the idea that REDD+ should accommodate a stepped subnational approach, not only to reference levels and measuring, reporting and verification (MRV) but also regarding eligibility for Phase 3 of REDD+ (results-based payments). This interest in subnational processes is reflected by the fact that Colombia is a member of the advisory committee of the Jurisdictional and Nested Requirements (JNR) working group of the Voluntary Carbon Standard (VCS). Colombia has ratified the UNFCCC (1995) and the Kyoto Protocol (2005) and has submitted two National Communications to the UNFCCC (in 2001 and 2010). Colombia is a member of the World Bank Forest Carbon Partnership Facility (FCPF) and became a UN-REDD+ partner country in 2013. ⁵ Additionally, there is a recent declared Colombian Carbon tax, which is a tax on the carbon content of fossil fuels. Companies must pay this tax for GHG emissions generated by the consumption of fossil fuels. Therefore, it is an opportunity for REDD+ projects to sale the reduced emissions to those companies, as it is a way for them to have tax exemption. ⁶	-2
Total Political (PC) [as applicable ((a, b, c, d or e) + f)] Total may not be less than zero.		0

External Risk	
Total External Risk (LT + CE + PC) Total may not be less than zero.	0

⁵ REDD in Colombia: Available at: <http://theredddesk.org/countries/colombia>

⁶ Decree 926 of 2017: <http://es.presidencia.gov.co/normativa/normativa/DECRETO%20926%20DEL%2001%20DE%20JUNIO%20DE%202017.pdf>.

3 NATURAL RISKS

Natural Risk (eg, Fire, Pest and Disease outbreaks, Extreme Weather)	
Significance	Fire: Major (up to 50% loss)
Likelihood	Not applicable.
Score (LS)	0
Mitigation	<p>1</p> <p>Due to the fact that Chocó-Darién is a wet tropical ecosystem, the risk of reversals from fire is deemed to be very low. The project area is located in an area with a low to very low susceptibility to fires in vegetation cover. The areas that have moderate susceptibility are in the Uraba Gulf, around to the mouth of Atrato river.⁷</p> <p>Furthermore, project activities which maintain or reduce the prevalence of human activities (e.g., forest monitoring and enforcement to deter slash-and-burn land clearing) (see the Climate section of the monitoring report for the current monitoring period) will ensure that human-caused fire risk will remain low.</p> <p>[NPR/ExternalRisks/NaturalRisks]</p>

Natural Risk (eg, Fire, Pest and Disease outbreaks, Extreme Weather)	
Significance	Insect pests: Insignificant (less than 5% loss)
Likelihood	Less than once every 50 years.
Score (LS)	0
Mitigation	<p>1</p> <p>For natural forest of Acandí to which it belongs the project area, it has not been reported phytosanitary problems, the reason why the risk of insect pest infestation affecting carbon stocks is very low.</p> <p>The most frequent pest and diseases outbreaks inside the municipality are related to subsistence farming and crops such as rice, banana, and others. Overview, only 1.2% of Colombia's forest plantations have suffered severe defoliating outbreaks, and overall mortality is only 0.48% of plantation area in these cases. Furthermore, growth and recovery after these attacks is about 60%.⁸</p> <p>[NPR/ExternalRisks/NaturalRisks]</p>

⁷ IDEAM, 2007: Susceptibility of vegetation to fires. Available at: <http://www.ideam.gov.co/documents/13257/14375/2.9+Susceptibilidad+de+la+vegetacion+incendios+ni%C3%B1o.pdf/109ef3d9-01a1-4c52-b753-5ea13ad3d6f1>.

⁸ FAO, 2007: Forest Health & Biosecurity Working Papers, Overview of Forest Pests, Colombia. Available at: <http://www.fao.org/docrep/012/ak986e/ak986e00.pdf>.

Natural Risk (eg, Fire, Pest and Disease outbreaks, Extreme Weather)	
Significance	Extreme weather: Insignificant (less than 5% loss)
Likelihood	Less than once every 50 years.
Score (LS)	0
Mitigation	<p>1</p> <p>The risk of extreme weather affecting carbon stocks is deemed to be low. The most significant risk affecting carbon stocks are landslides caused by flooding and risk of landslides near the project area is high. However, hazard assessment revealed that most of these landslides were triggered by human activities related to highway construction, deforestation and population settlements.⁹ To the extent that the project area is a remote, rugged region unlikely to attract major road construction projects, and such projects will not be allowed under the implementation of this REDD project, carbon stocks are thus at low risk.</p> <p>Landslides are considered as a natural threat in Acandí, which could affect the carbon stock, due to water accumulation in soil, because of deforestation. However, the risk has decreased in the project area since its forest cover is conserved (see the monitoring report). Floods are not considered as a risk to carbon stock loss, given that the flood zones are located around the floodplain of the Atrato river.¹⁰</p> <p>[NPR/ExternalRisks/NaturalRisks]</p>

Natural Risk (eg, Fire, Pest and Disease outbreaks, Extreme Weather)	
Significance	Geological events: No loss
Likelihood	Not applicable
Score (LS)	0
Mitigation	<p>1</p> <p>Acandí is located on two streams of geological faults that make it vulnerable to tectonic movements generated by the displacement of the plates adjacent to the Pacific Ocean and Panama isthmus.¹⁰ In accordance with United States Geological Service (USGS) and the California Institute of Technology (Caltech), earthquakes with a magnitude of a moment (Mw) less than 3.9 are the smallest earthquakes people can feel, and its damage is insignificant¹¹; historical records of Acandí do not register earthquakes with magnitudes greater than 3.9.¹² Pardo</p>

⁹ Fell, R., Ho, K. K., Lacasse, S., & Leroi, E. (2005). A framework for landslide risk assessment and management. *Landslide risk management*, 3-25. Available at: http://faculty.washington.edu/kramer/522/SOA1_Fell_et_al_Vancouver.pdf.

¹⁰ Alcaldía de Acandí, 2010. Available at: <http://cdim.esap.edu.co/BancoMedios/Documentos%20PDF/acandichocoeot2010.pdf>.

¹¹ How is the magnitude of earthquakes measured?, CNN News: <http://cnnespanol.cnn.com/2012/09/22/como-se-mide-la-magnitud-de-los-terremotos/>

¹² Historical seismicity of Colombia. Available at: <http://sish.sgc.gov.co/visor/>.

	(2009) ¹³ registered nine earthquakes that did not exceed a magnitude of 3.1 Mw. Due to this, the risk of geologic events affecting carbon stocks is deemed to be very low. [NPR/ExternalRisks/NaturalRisks]
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Score for each natural risk applicable to the project (Determined by (LS × M))	
Fire (F)	0
Pest and Disease Outbreaks (PD)	0
Extreme Weather (W)	0
Geological Risk (G)	0
Other natural risk (ON)	NA
Total Natural Risk (as applicable, F + PD + W + G + ON)	0

4 OVERALL NON-PERMANENCE RISK RATING AND BUFFER DETERMINATION

4.1 Overall Risk Rating

Risk Category	Rating
a) Internal Risk	16
b) External Risk	0
c) Natural Risk	0
Overall Risk Rating (a + b + c)	16

4.2 Calculation of Total VCU

Monitoring period	Buffer Account Release (tCO ₂ e)
2010 - 2012	19,919.52
2012 - 2017	62,992.49
Total number of buffer credits to be deposited in the AFOLU pooled buffer account	82,912.01

¹³ Pardo, O. (2009). A structural tectonic study from seismic monitoring and anomalies of potential fields. Universidad Nacional of Colombia, Bogotá. Available at: http://www.anh.gov.co/Informacion-Geologica-y-Geofisica/Tesis/5_Informe_Final.pdf.