



**Verified Carbon
Standard**

NON-PERMANENCE RISK REPORT CHINKO CONSERVATION AREA, REDD+ PROJECT, CENTRAL AFRICAN REPUBLIC

Document Prepared by South Pole Carbon Asset Management S.A.S

Project Title	Chinko Conservation Area, REDD+ Project – Central African Republic
Version	3
Date of Issue	9 December 2022
Project ID	2510
Monitoring Period	15 September 2016 – 31 December 2020
Prepared By	South Pole Carbon Asset Management Ltd.
Contact	South Pole Carbon Asset Management Ltd. Jhoanata Bolívar, Head of AFOLU Projects Technoparkstrasse 1, 8005 Zurich, Switzerland +41 43 501 35 50 info@southpole.com

CONTENTS

1	INTERNAL RISK	3
2	EXTERNAL RISKS.....	12
3	NATURAL RISKS.....	15
4	OVERALL NON-PERMANENCE RISK RATING AND BUFFER DETERMINATION..	18
4.1	Overall Risk Rating	18
4.2	Calculation of Total VCUs	18

1 INTERNAL RISK

Project Management		
Risk Factor	Risk Factor and/or Mitigation Description	Risk Rating
a)	Species planted (where applicable) associated with more than 25% 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. Not applicable to this project – the project does not consider planting activities to claim GHG credits.	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. Not applicable – no credits have 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). The management team does include individuals with significant experience in all skills necessary to successfully undertake all project activities.¹ The management team includes: • An operation manager with more than 20 years of experience on wildfire and rural areas projects across Africa and North America • A park manager with more than 30 years of experience including over 16 years in INGOs • A coordinator for ECOFAC Program with over 14 years of field experience in livelihood, early recovery, human security, health, education among others • A head of finance and administrative manager with more than 10 years' experience working with INGOs • A health manager with over 10 years of experience in medical project management • An HR and admin manager with over 15 years of experience in the administration of humanitarian organizations	0

¹ Supporting information: [1. Internal Risks\CVs]

	• A research manager with more than eight years working in the zone, and • A special project manager with more than 20 years of experience	
d)	Management team does not maintain a presence in the country or is located more than a day's travel away from the project site, considering all parcels or polygons in the project area. The management team does maintain a presence in the country, they are based either on the capital of the country or in the project headquarters, moving continuously around the project area and the reference 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. The project proponent has engaged with a 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)	Mitigation: Adaptive management plan in place. Not applicable	0
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)	Project cash flow breakeven point is greater than 10 years from the current risk assessment According to the results of the cash flow analysis, the breakeven point is greater than 10 years from the current risk assessment.²	3
b)	Project cash flow breakeven point is greater than 7 and up to 10 years from the current risk assessment Not applicable.	0

² Supporting information: [1. Internal Risks\Cash Flow]

c)	Project cash flow breakeven point greater than 4 and up to 7 years from the current risk assessment Not applicable.	0
d)	Project cash flow breakeven point is 4 years or less from the current risk assessment Not applicable.	0
e)	Project has secured less than 15% of funding needed to cover the total cash out before the project reaches breakeven Not applicable.	0
f)	Project has secured 15% to less than 40% of funding needed to cover the total cash out required before the project reaches breakeven According to the results of the cash flow analysis, the project has secured 27% of funding needed to cover the total cash out required before the project reaches breakeven. ³	2
g)	Project has secured 40% to less than 80% of funding needed to cover the total cash out required before the project reaches breakeven Not applicable.	0
h)	Project has secured 80% or more of funding needed to cover the total cash out before the project reaches breakeven. Not applicable.	0
i)	Mitigation: Project has available as callable financial resources at least 50% of total cash out before project reaches breakeven. Not applicable.	0
Total Financial Viability (FV) [as applicable, ((a, b, c or d) + (e, f, g or h) + i)] Total may not be less than zero.		5

Opportunity Cost		
Risk Factor	Risk Factor and/or Mitigation Description	Risk Rating

³ Supporting information: [1. Internal Risks\Cash Flow]

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 Not applicable.	0
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. Not applicable.	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. Not applicable.	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. As demonstrated in the PDD, the baseline activities are subsistence-driven, therefore, a NPV analysis was not performed. The project generates net positive impacts in the well-being of the communities (see PD, section 4.2.3).	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 activity. Not applicable.	0
f)	NPV from project activities is expected to be at least 50% more profitable than the most profitable alternative land use activity. Not applicable.	0
g)	Mitigation: Project proponent is a non-profit organization. African Parks, the project proponent, is a non-profit conservation organization. More information about the project developer is available at https://www.africanparks.org/about-us/our-story	-2
h)	Mitigation: Project is protected by legally binding commitment to continue management practices that protect the credited carbon stocks over the length of the project crediting period. The project is protected by legally binding commitment to continue management practices that protect the credited carbon stocks over the length of the project crediting period.	-2

	On 15 April 2020 African Parks signed a 25-years paternity agreement with the government of Central African Republic for the management and financing of the conservation area. This agreement superseded a previous agreement signed in 2014 to protect the area. The crediting period covers the full length of the current agreement. ⁴	
i)	Mitigation: Project is protected by legally binding commitment to continue management practices that protect the credited carbon stocks over at least 100 years. Not applicable.	0
Total Opportunity Cost (OC) [as applicable, (a, b, c, d, e or f) + (g + h or i)] Total may be less than 0.		-4

Project Longevity		
a)	Without legal agreement or requirement to continue the management practice. Not applicable.	0
b)	With legal agreement or requirement to continue the management practice The project longevity is assumed to be 54 years, beginning from the project start date in 2016 and up to 2070 (the project proponent currently has an agreement with the government of CAR for 25 years, signed in 2020, with a renewable option as stated in the Art 71 of the agreement). ⁵ According to section 2.2.4 of the AFOLU Non-Permanence Risk Tool, the longevity is defined as “the number of years beginning from the project start date that project activities will be maintained, which may be longer than the crediting period, where projects can demonstrate that activities that maintain carbon stocks on which GHG credits have previously been issued will continue beyond the project crediting period.” Paragraph 2 of the section states “Evidence shall be provided that project ownership can be maintained for the entire longevity (e.g., where control is secured through a concession that is shorter than	3

⁴ Supporting information: [1. Internal Risks\Conservation agreements]

⁵ Ibid

the project longevity, such concession is renewable for the full longevity period being claimed).”

In the case of Chinko project, the project proponent used 54 years as longevity, beginning from the project start date in 2016 and up to 2070. The start date of the longevity was demonstrated with the agreement signed between African Parks and the Central African Republic government in 2014, on the other hand, the end date of the longevity was demonstrated by Art 71 and 72 of chapter XII (duration and revision) and Art 73 of chapter XIII (termination) of the agreement signed by both parties in 2020 for a 25-year period.

Article in the chapters are as follows:

Art 71 of the agreement “*Le présent Accord est conclu pour une durée de vingt-cinq (25) ans à compter de la date de sa signature. Il est renouvelable par tacite reconduction par notification d'une des Parties manifesté par une notification écrite, après un préavis de six (6) mois à compter de la date de notification.*” (This Agreement is concluded for a period of twenty-five (25) years from the date of its signature. It shall be renewable by tacit agreement upon written notification by one of the Parties, after six (6) months' notice from the date of notification).

Conclusion: The agreement is renewable with the intention of one of the parties and the longevity period described complies with the requirement set in the tool.

Art 72 states “*Le présent Accord peut, à l'initiative de l'une des Parties, faire l'objet de modification ou de révision par un avenant signé par les deux (2) Parties. Les avenants dûment signés font partie intégrante du présent Accord. Aucune autre modification, aucun rajout ni aucune autre révision du présent Accord ne sont valables s'ils ne sont pas consignés par écrit et signés par les parties au présent Accord.*” (“This Agreement may, at the initiative of one of the Parties, be amended or revised by an amendment signed by both Parties. Duly executed addenda shall form an integral part of this Agreement. No other amendment, addition or revision to this Agreement shall be valid unless in writing and signed by the parties to this Agreement.”)

Conclusion: In case of any change to the agreement both parties must agree and sign, therefore, no changes of conditions that are relevant for the longevity are expected without the revision and approval from African Parks.

Art 73 states "Nonobstant l'épuisement du processus de résolution de différends en Articles 78-82 ci-dessus, et toute autre disposition contraire, il peut être terminé de manière anticipée à l'Accord dans les cas suivants :

- *En cas de manquement grave aux dispositions de cet Accord, la Partie qui n'est pas en défaut peut exiger de l'autre Partie, par notification écrite, qu'elle remédie au manquement reproché. Dans ce cas un plan d'action est établi de commun accord. Si, après six (6) mois de la mise en œuvre du plan d'action, le manquement persiste, la Partie qui n'est pas en défaut peut notifier à la Partie sa décision de mettre fin à l'Accord six (6) mois après notification ;*
- *Par APN, suite à un préavis écrit de trente (30) jours, si : (i) elle n'est pas en mesure de mobiliser les fonds nécessaires pour assurer le fonctionnement de l'ACC-PF ; ou (ii) en cas de suspension des financements ; ou (iii) si, selon l'avis de APN il n'est pas possible d'atteindre les objectifs de l'Accord sur le long terme à cause de contraintes excessives.*
- *Par consentement mutuel des Parties.*

(Art 73 states "Notwithstanding the exhaustion of the dispute resolution process in Articles 78-82 above, and any other provision to the contrary, the Agreement may be terminated early in the following cases:

- In the event of a serious breach of the provisions of this Agreement, the Party not in default may require the other Party, by written notice, to remedy the alleged breach. In this case, a plan of action shall be established by mutual agreement. If, after six (6) months of the implementation of the action plan, the defaulting Party persists, the Party not in default may notify the Party of its decision to terminate the Agreement six (6) months after notification.
- By APN, following thirty (30) days written notice, if: (i) it is unable to raise the funds necessary to operate the CCA-FP; or (ii) in the event of a suspension of funding; or (iii) in the

opinion of the AFN it is not possible to achieve the objectives of the Agreement over the long term due to undue hardship.

- By mutual consent of the Parties.)

Conclusion: The possibility of the renewal of the agreement will always be in the hands of African Parks, since it is not the sole and exclusive competence of the national government.

As per the conditions expressed in the articles described above, we can conclude that project longevity complies with what is stated in paragraph 2 of the section 2.2.4 of the AFOLU Non-Permanence Risk Tool, and, in any case that African Parks is complying with the agreement and has the intentions to continue the agreement, there will be guarantees to renew it.

Finally, paragraph 3 of the section states “For all AFOLU project types, the entire project longevity shall be covered by management and financial plans as submitted to local government or financial institutions, or otherwise made public, in which the intention to continue management practices is stated and planned for and may include external evidence such as municipal land-use plans, institutional structures, or tools such as ecological-economic zoning”.

In the case of Chinko project, African Parks elaborates a 5-year business plan that is renewed each year, this plan sets short to medium objectives, targets and actions using the latest available financial data to project the development of management activities. In addition, African Parks is currently finalizing a Long-Term Sustainability Strategy (LTSS) for Chinko (draft attached), this strategy provides the integrated long-term strategy for ensuring overall sustainability of the park and taking into consideration the intention to continuing the management practices beyond the current agreement dates.

The vision for Chinko is being the largest functional tropical wilderness in Africa with recognition of its value by all its stakeholders. The LTSS is underpinned by two key aspirations for the future of the project area. The first is an overall vision for the desired state of the park, a picture of the future that reflects the restoration and maintenance of all that makes the park unique and conservation-worthy in perpetuity (a clear intention to

	continue management practices beyond the years covered by the current agreement). The second is the articulation of a set of three component impacts (ecological, socio-political and financial) that are prerequisites for achieving overall sustainability for the park. In addition, African Parks has been working for more than 3 years in establishing a Land Use Plan in the region, the intention of this plan is to define, together with the stakeholders involved, activities that allow to continue protecting the forest and maintaining carbon stocks stored beyond the project crediting period. Therefore, it is possible to conclude that if African Parks continues the management of the Conservation Area with the current practices, the agreement with the government won't have preconditions nor exceptions to its renewal and complies with all the tool requirements. The Central African Republic government has also demonstrated that it considers the Project as a long-term strategic priority: I. First, the agreement consists in a long term mutual commitment by both parties and could be seen, under certain legal systems, as a public service concession ("concession de service public") : the government entails African Parks with public service responsibilities (maintaining the peace, struggling against poaching and illegal grazing with armed staff, involving communities...) at African Parks' costs and risks, entitling African Parks to benefit from the incomes deriving from the project, all said actions necessitating long term planned strategies and actions from both parties II. Second, the agreement was signed multiple workshops with different entities of the government and was published in full, as referred to in point 3.11 of the Legal Opinion: "3.11 a copy of the official gazette publication of the Chinko Agreement, entitled Journal Officiel, Jourca No1, Edition Speciale, September 2021. ", which shows the will of the Central African Republic government to make this agreement opposable to and enforceable against any third party and to prevent any inferred infringements and breaches. (A copy of the Journal Officiel is added as supporting information for this finding)⁶ III. Third, the Government and African Parks, after multiple workshops and understandings of the project, signed an	
--	---	--

⁶ Supporting information: [1. Internal Risks\Project Longevity\Institutional path PPP 2020]

	agreement for the management of the carbon credits issued due to the project. ⁷	
Total Project Longevity (PL) May not be less than zero		3

Internal Risk	
Total Internal Risk (PM + FV + OC + PL) Total may not be less than zero.	2

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 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) The land is government owned and was granted to the project proponent through a renewable 25-years paternity agreement.	2
c)	In more than 5% of the project area, there exist disputes over land tenure or ownership Currently the project area is uninhabited with no disputes over land tenure or ownership.	0
d)	There exist disputes over access/use rights (or overlapping rights) There are no disputes over access/use rights.	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

⁷ Supporting information: [1. Internal Risks\Project Longevity\Carbon MoU]

	irrelevant or expected to be insignificant, or that there is a plan in place for effectively mitigating such impacts. Not applicable.	
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 project area is protected by legally binding commitment to continue management practices that protect the credited carbon stocks over the length of the project crediting period. On 15 April 2020 African Parks signed a 25-years paternity agreement with the government of Central African Republic for the management and financing of the conservation area. This agreement superseded a previous agreement signed in 2014 to protect the area. The crediting period covers the full length of the current agreement.⁸	-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.	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, the project area is uninhabited, there are no households living within the project area.	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. The project proponent has had multiples meetings covering all permanent settlements in the west, south and east of the area As part	0

⁸ Supporting information: [1. Internal Risks\Conservation agreements]

	of the community development strategy there will be further engagement with these communities as well as with the communities in the north. ⁹	
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 project generates net positive impacts on the well-being of the communities (PD, section 4.2.3).	-5
Total Community Engagement (CE) [where applicable, (a + b + c)] Total may be less than zero.		-5

Political Risk		
Risk Factor	Risk Factor and/or Mitigation Description	Risk Rating
a)	Governance score of less than -0.79 The average governance score in Central African Republic across the six indicators of the World Bank for the 2015 – 2019 period is -1.55. ¹⁰	6
b)	Governance score of -0.79 to less than -0.32 Not applicable.	0
c)	Governance score of -0.32 to less than 0.19 Not applicable.	0
d)	Governance score of 0.19 to less than 0.82 Not applicable.	0
e)	Governance score of 0.82 or higher Not applicable.	0
f)	Mitigation: Country is implementing REDD+ Readiness or other activities. The Central African Republic is a member of the forest carbon partnership in the readiness fund, the country has submitted a	-2

⁹ Supporting information: [2. External Risks\Community Engagement]

¹⁰ Supporting Information: [2. External Risks\Political Risk]

Readiness Plan Idea Note (R-PIN) and a Readiness Preparation Plan (R-PP).	
More information is available at: https://forestcarbonpartnership.org/country/central-african-republic	
Total Political (PC) [as applicable ((a, b, c, d or e) + f)]	4
Total may not be less than zero.	

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

3 NATURAL RISKS

Fire (F)	
Significance	Minor (5% to less than 25% loss of carbon stocks) As can be seen in the fire occurrence analysis performed for the project area,¹¹ when there is a fire, the affected area does not exceed more than 25% of the total area and is more common in the grassland cover, which has lower carbon stock compared with the closed canopy forest cover, therefore, the carbon loss expected would be less than 25% of the stock.
Likelihood	Less than every 10 years Fires are common during the dry season in the savannah ecosystem in Africa
Score (LS)	5
Mitigation	Prevention measures applicable to the risk factor are implemented Chinko project implements an early fires strategy in order to prevent uncontrolled fires later in the season.

Pest and Disease outbreaks (PD)

¹¹ Supporting Information: [3. Natural Risks\Fire analysis]

Significance	No loss The project activities implemented to reduce deforestation and conversion are in line with the principles of forest conservation and are based on previous successful research and experiences that protect vegetation from destruction. In addition, several studies have shown a negative correlation between the biodiversity of ecosystems and the emergence of outbreaks of pests and diseases that affect these ecosystems.¹² Therefore, considering that the project will enhance the native habitats and protect its species, it is assumed that no loss of the carbon stocks will be produced.
Likelihood	Every 25 to less than 50 years
Score (LS)	0
Mitigation	Not applicable

Extreme Weather (W)	
Significance	Insignificant (less than 5% loss of carbon stocks) or transient (full recovery of lost carbon stocks expected within 10 years of any event) Floods: according to the study 'Central African Republic Flood Susceptibility & Risk'¹³ made by Reach in 2020, Haute-Kotto and Mbomou are prefectures with predominant medium, high and very high flood susceptibility risk considering the probability of the event, however, this variable is related to human vulnerability. Even though the project area is subject to floods, this does not represent a significant threat for the carbon stocks, the native habitats are resilient to this kind of threat and can be recovered within 10 years of any event. Droughts: many savannas currently appear to have the capacity to recover from moderate to severe short-term droughts (Sankaran, 2019). Although droughts drastically reduce above-ground production of the grass layer, below-ground biomass and production tend to be less affected, allowing for post-drought recovery (Koerner et al, 2014). Similarly, resprouting ability, a common feature of many savanna trees, allows trees to re-establish quickly following disturbances compared to non-resprouters that need to establish from seed (Zeppel et al, 2015).

¹² Supporting Information: [3. Natural Risks\Pest and Disease]

¹³ Supporting Information: [3. Natural Risks\Extreme Weather\Flood Risk_CAR]

	Indeed, many savannas appear surprisingly resilient to moderate and even severe short-term droughts, capable of regaining productivity of both the herbaceous and woody strata within a year or two (Ruppert et al, 2015). ¹⁴
Likelihood	Less than every 10 years
Score (LS)	2
Mitigation	No mitigation actions in place

Geological risks (G)	
Significance	No loss Volcanoes: there are no active volcanoes in the Country. Earthquakes: the location of the country make it a low-risk zone in term of seismic hazard.¹⁵ Landslide: the project area does not have steep slopes and the risk of landslide is minimum.¹⁶
Likelihood	Every 50 to less than 100 years
Score (LS)	0
Mitigation	Not applicable.

Score for each natural risk applicable to the project (Determined by $LS \times M$)	
Fire (F)	2.5
Pest and Disease Outbreaks (PD)	0
Extreme Weather (W)	2
Geological Risk (G)	0
Other natural risk (ON)	0

¹⁴ Supporting Information: [3. Natural Risks\Extreme Weather\Droughts]

¹⁵ Earthquake Risk is Africa, available at:
https://www.preventionweb.net/files/7483_OCHAROCEAEarthquakesv2071219.pdf

¹⁶ <https://thinkhazard.org/en/report/49-central-african-republic/LS>

Total Natural Risk (as applicable, F + PD + W + G + ON)	4.5
---	-----

4 OVERALL NON-PERMANENCE RISK RATING AND BUFFER DETERMINATION

4.1 Overall Risk Rating

Risk Category	Rating
Internal Risk	2
External Risk	0
Natural Risk	4.5
Overall Risk Rating (a + b + c)	10

4.2 Calculation of Total VCU

See the ex-ante buffer and tradable credits in the table below:

Year	Ex ante buffer credits to be deposited in the AFOLU pooled buffer (tCO ₂ e)	Ex ante tradable credits (tCO ₂ e)
2016	16,935	152,413
2017	63,346	570,118
2018	71,024	639,214
2019	79,491	715,422
2020	105,436	948,924
2021	124,414	1,119,726
2022	138,412	1,245,709
2023	153,643	1,382,789

2024	170,651	1,535,861
2025	187,976	1,691,782
2026	207,040	1,863,362