



VCS Program Update

13 April 2010

Update to the VCS 2007.1: Tool for Non-Permanence Risk Analysis and Buffer Determination

Background

The VCS *Tool for AFOLU Non-Permanence Risk Analysis and Buffer Determination* sets out the requirements for, *inter alia*, determining the overall risk class and buffer withholding percentage for an AFOLU project. It is necessary to provide an interim clarification of these requirements for two reasons:

- 1) The requirements for weighing up all of the risk factors relevant to a project need to be qualified in order to ensure consistent application of the tool by project proponents and VCS validation/verification bodies.
- 2) The requirement for validators to assess the appropriate buffer withholding percentage within the range appropriate for the risk class must be clarified to ensure consistent application of the tool.

Note – The VCS Association will be undertaking a full review of the *Tool for AFOLU Non-Permanence Risk Analysis and Buffer Determination* over the next six months. The objective of this review will be to ensure that the risk factors cover all potential project scenarios and that the method for determining the appropriate risk class and buffer withholding percentage can be consistently and fairly applied by project proponents and assessed by validation/verification bodies. It is expected that any revisions would be issued for public consultation, with formal re-release of the tool to follow.

VCS Program Update

The VCS Association hereby issues the following update with respect to the requirements for the determination of the overall risk class and buffer withholding percentage for AFOLU projects. The VCS *Tool for AFOLU Non-Permanence Risk Analysis and Buffer* is changed, effective from 13 April 2010, as follows:

- 1) Step 1.4 is changed from:

When determining the overall non-permanence risk classification, all the risk factors relevant to the project shall be weighed up together. To assist with this process, the “risk likelihood x significance” risk assessment methodology², described in Appendix A, may be used.

to;

When determining the overall non-permanence risk classification, the risk factor with the highest rating determines the project's overall risk class. Alternatively, the "risk likelihood × significance" risk assessment methodology², described in Appendix A, may be used to determine the overall risk class.

- 2) Sub-steps 1b.10, 1b.14, and 1b.20 are changed from:

When determining the overall non-permanence risk rating for the project, verifiers shall weigh all the risk factors together. However, certain risks may be significant enough that their individual rating determines the project's overall risk rating, no matter what the project scored on other risk dimensions.

to;

When determining the overall non-permanence risk classification, the risk factor with the highest rating determines the project's overall risk class and shall be used to determine the required buffer withholding percentage.

- 3) Sub-steps 1b.11, 1b.15, and 1b.18 are changed from:

Table [x] below provides the default buffer withholding ranges for [x] projects associated with low, medium and high non-permanence risk classes. Verifiers must use their expert judgment to determine the appropriate withholding percentage within each range based on whether the project is deemed to be at the low, medium or high end of a given risk class.

to;

Table [x] below provides the default buffer percentage ranges for [x] projects associated with low, medium and high non-permanence risk classes. The required buffer withholding percentage shall be the maximum percentage in the buffer range for the determined risk class, unless justification for a lower withholding percentage can be demonstrated.

- 4) Sub-step 1.b.22 is changed from:

Table 9 below provides guidance for verifiers to use when determining the appropriate buffer size for any given REDD project based on its risk class. Specifically, the ranges listed indicate the percentage of a project's carbon credits that are to be withheld as a buffer reserve.

to;

Table 9 below provides the default buffer percentage ranges for REDD projects associated with low, medium and high non-permanence risk classes. The required buffer withholding percentage shall be the maximum percentage in the buffer range for the determined risk class, unless justification for a lower withholding percentage can be demonstrated.