



The Vulnerability Reduction Credit™

There is a widely recognized need for adaptation to climate change, but few communities—local, national, or international—find it straightforward to make the decisions and fund allocations needed for this to happen. This is not only due to funding issues but, importantly, to a lack of commonly agreed approaches to incentivise and sustain adaptation.

The 'Vulnerability Reduction Credit' (VRC) measure has been developed by the Higher Ground Foundation as a means to tackle this issue directly. It is modelled on the UN Sustainable Development Goals and their associated environmental, social, and governance principles. The VRC enables a direct and auditable comparison of potential adaptation costs and benefits across different projects that might be undertaken to reduce the vulnerability of communities to climate change.

Each VRC equates to €50 of avoided impact costs and can be earned by communities or enterprises carrying out climate adaptation projects. The credits can be traded; for example, they can be sold to investors or donors who are interested in measuring and verifying project outcomes using a clear and auditable process. Crucially, as VRCs are only earned if a project is maintained and evaluated over an agreed time period, they incentivize sustained adaptation behaviour. The aim is to promote commitment and provide long-term support to adaptation projects beyond - often much shorter - political or business cycle timescales.

The VRC Standard Framework was formally launched at CoP 23 Bonn, 2017. Projects can be registered with the Higher Ground Foundation to qualify and be awarded for VRCs. A 'Standard Framework', developed by an international team of climate experts, governs the process of issuing credits and the monitoring and evaluation of project progress. This is employed in conjunction with all project stakeholders and third-party auditors.

VRC Project Example: Flood Prevention

Floods, which increasingly displace millions of people and have devastating impacts on human health, food security, and infrastructure, have a demonstrable link to climate change. Projects to reduce flood hazards (including engineering, land use, and disaster management interventions) could potentially be attractive generators of VRCs with the associated revenue stream used to leverage project finance.

The HGF has developed the Vulnerability Reduction Project Manager-Flood Defense (VRPM-FloodDefense) tool, which can support projects for protecting communities and assets by setting out the baseline flood hazard and modeling the potential effects of anticipated future changes in precipitation and other climate factors causing flooding. This, in turn, can be used to support the issuing of VRCs.

VRC Project Example: Agricultural Climate Adaptation

Billions of people rely on subsistence agriculture for their livelihood, and climate factors such as temperature and precipitation dictate the success or failure of harvests and the economic vulnerability

of whole regions or countries. One way that VRCs can address this problem is by stimulating planning and project finance for climate-resistant crop production by providing a ‘vulnerability baseline’ against which to assess potential future climate impacts—and interventions—on production and the implications of alternative practices to address them.

In this way, VRCs transparently support decision-making while at the same time recognising long-term project maintenance and evaluation oversight as a fundamental component of the process.

[Learn more about the Higher Ground Foundation and VRCs](#)

Visit our [website](#) for more detail about both The Higher Ground Foundation and VRCs. We welcome those who want to find out more about our efforts and all opportunities for people to share their expertise and enthusiasm with us.

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If you are interested in learning more about setting up a VRC project, please download our [‘Request for Project’ Concept Notes](#).

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To reach out directly to HGF, contact us at: info@thehighergroundfoundation.org