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Metrics for Integrated Systems and Contexts Cote d'Ivoire Climate Vulnerability Reduction Credits

Phase I Overview and Phase II Plans



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Higher Ground Foundation



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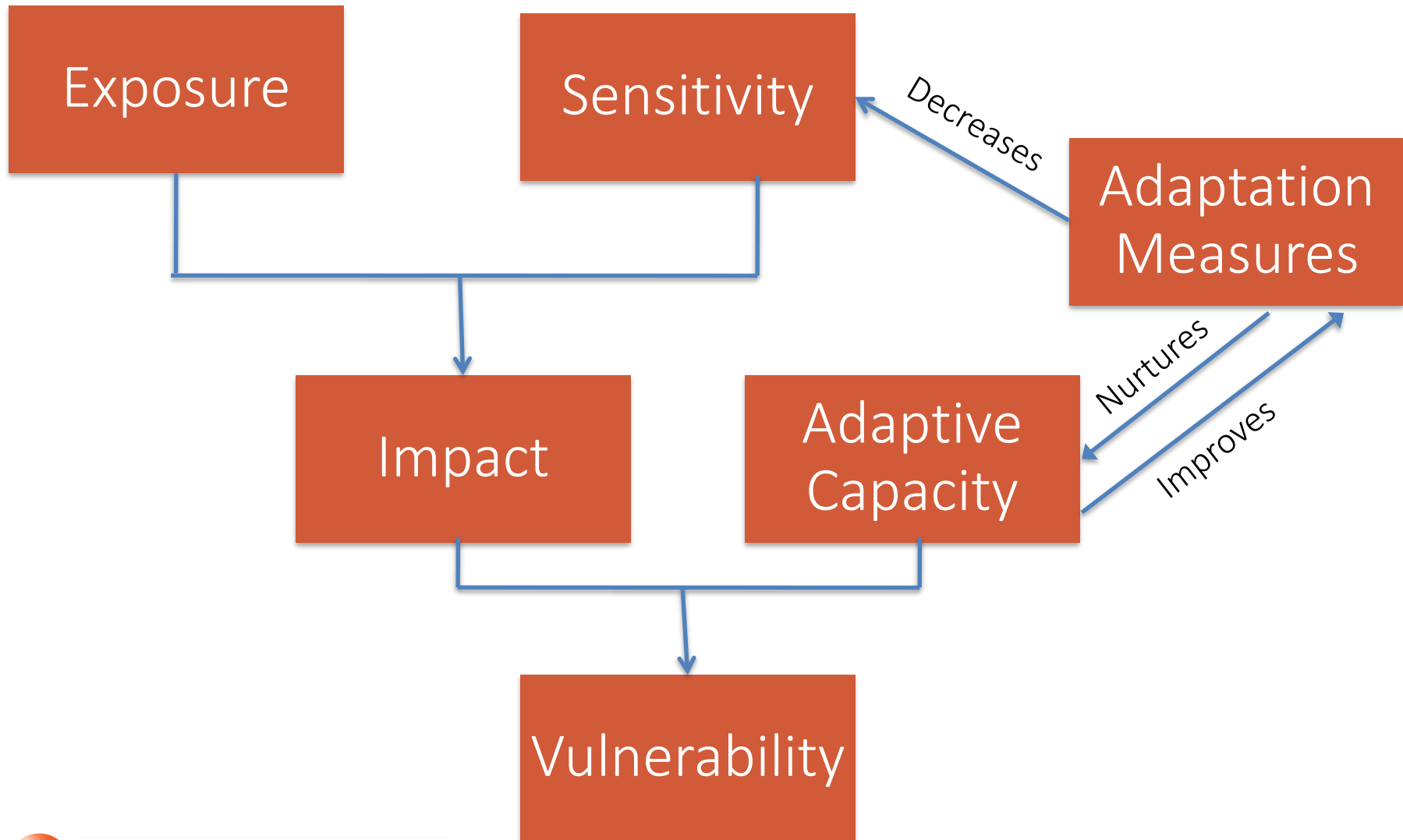
Introduction to The Higher Ground Foundation. Why VRCs?



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What does vulnerability look like?



Many Challenges for Climate Adaptation

- Inadequate *funds*
- Difficulties *proving adaptation results* to funders and decision-makers
- *Comparability* of actions between different projects and sectors
- Identifying *good adaptation projects*
- Difficulties *proving adaptation results* to funders and decision-maker
- Avoiding *maladaptation*
- No clear *role for private sector* to invest in scalable solutions
- *Robust baselines, monitoring and verification*
- *Sustainability* of vulnerability reduction measures

What is missing?

- Independent, fungible mechanism that:
 - Acts as financing instrument
 - Offers evaluation framework for prioritizing investments
 - Currently price discover/cost curves are poor/nonexistent for climate adaptation projects
 - No generally agreed approach in place by climate funders
 - Tool to set targets besides dollars spent

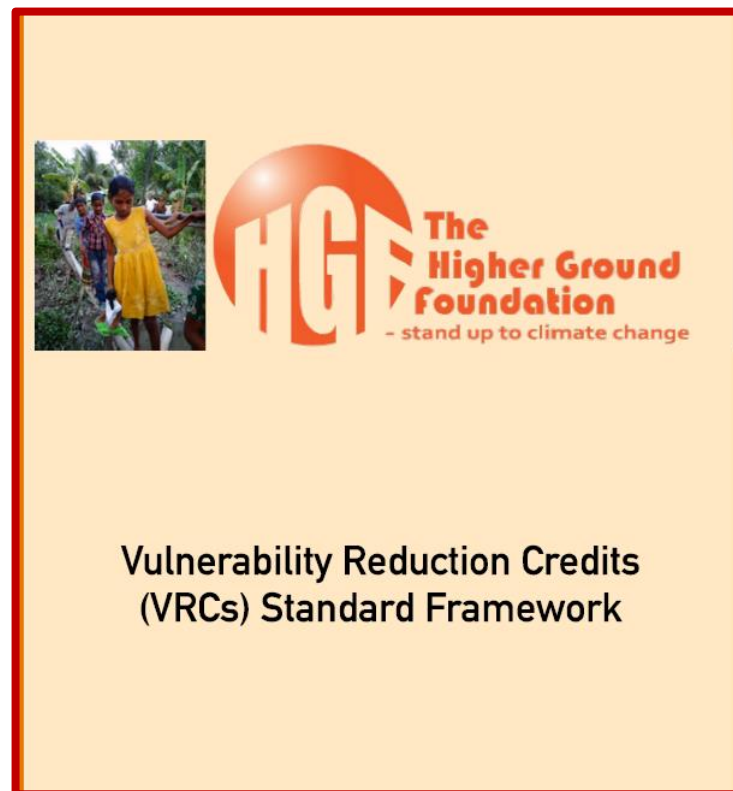
Our Proposed Solution: Vulnerability Reduction Credit (VRC™)

- Investment Prioritization and Fundraising:
 - Mobilize public and private
- Efficiency:
 - Identify/develop/credit most cost-effective adaptation measures
- Rigor and Creativity:
 - Demands quantified additional, measurable vulnerability reduction
 - Encourages creative discovery of adaptation measures through market incentives: unleashes entrepreneurial spirit
- Pro-poor:
 - Encourages direct community engagement; could undercut bureaucratic barriers to directly helping poor
- Sustainability:
 - Credits awarded during, not prior to project start-up based on past climate vulnerability reduction



What are Vulnerability Reduction Credits?

- Developed by the Higher Ground Foundation, VRCs are generated by quantified (€50) reduction in avoided negative impact costs and per capita income
- Projects and methodologies for validating, producing, and verifying VRC production are governed by the VRC Standard Framework
- VRCs serve two purposes:
 - Generating revenue for projects, and
 - Transmitting adaptation information (i.e., a metric) between disparate systems



How are VRCs created?

Activity	Defined as:
<i>Baseline Vulnerability Defined</i>	Net projected change in asset base with climate changes: using downscaled climate outputs and impacts assessment, plus other demographic, economic, local conditions and trends
<i>Intervention Impacts Assessed</i>	Expert evaluation of how adaptation intervention reduces climate-induced changes to asset base
<i>VRC Quantity Calculated</i>	Based on anticipated assets protected/time divided by VRC factor
<i>VRCs Issued Periodically</i>	Based on % of project vulnerability reduction efficiency, from monitoring reports and 3 rd Party Verification



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VRCs for RCI: An approach to integrating National Systems, Finance, and Projects

Administered by UNDP with GCF funding

This effort, in cooperation with Cote d'Ivoire Ministry of the Environment and National Resources, will seek to apply a universal approach (VRCs) to link the project, finance, and national contexts

Carried out in 2 Phases:

- Phase I: Scoping; July 2021-June 2022
- Phase II: Piloting; 2022-2025

.....then national implementation and replication

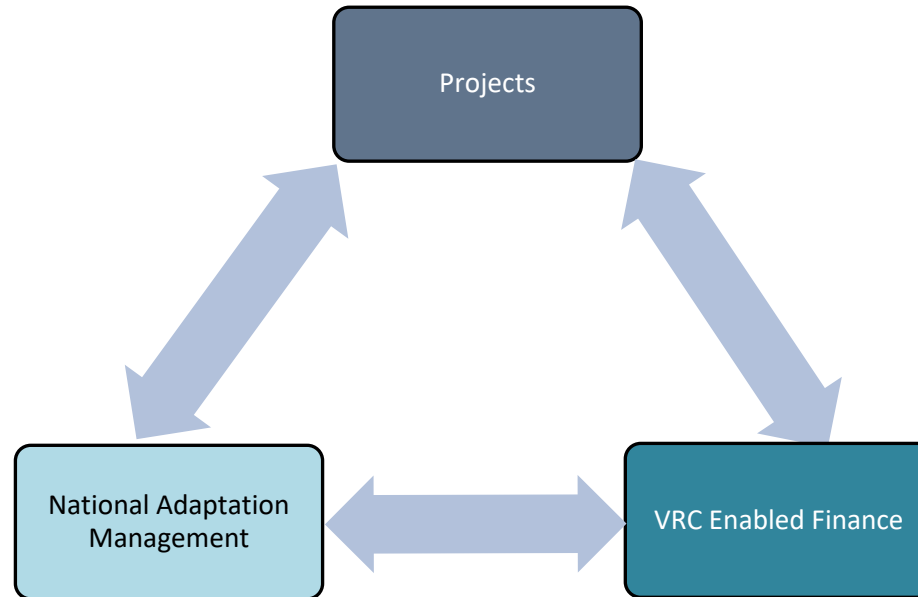


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The Project Has Three Pillars:

Pilot Project: A proof-of-concept for developing methodologies and tools that translate specific adaptation activities into verified reductions in vulnerability to a local context that can be denominated in terms of VRCs.



National Management System: A platform for harmonizing and aggregating project outputs, as measured by project-appropriate metrics, with national goals as determined by nationally appropriate metrics.

VRC Enabled Finance: A platform for stimulating investment in adaptation through the funding of activities that reduce climate vulnerability in a quantifiable manner using validated methodologies.



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PHASE I: Methods and Findings

Phase I: Overview

Purpose: To scope and evaluate the context and feasibility of integrating VRCs into projects, finance and national adaptation management and reporting

By exploring baseline:

- Stakeholder roles and responsibilities of different stakeholders regarding adaptation
- Capacities (technical, financial, political)
- Data and analytical outputs: availability and quality
- Trends and plans for all the above

And considering requirements for VRC integration, against baseline and trends

To identify potential feasibility along with gaps and what is needed to bridge these



Phase I: Itinerary of Field Visits, February-March 2022



Agricultural Pilot Project

Phase I Findings:

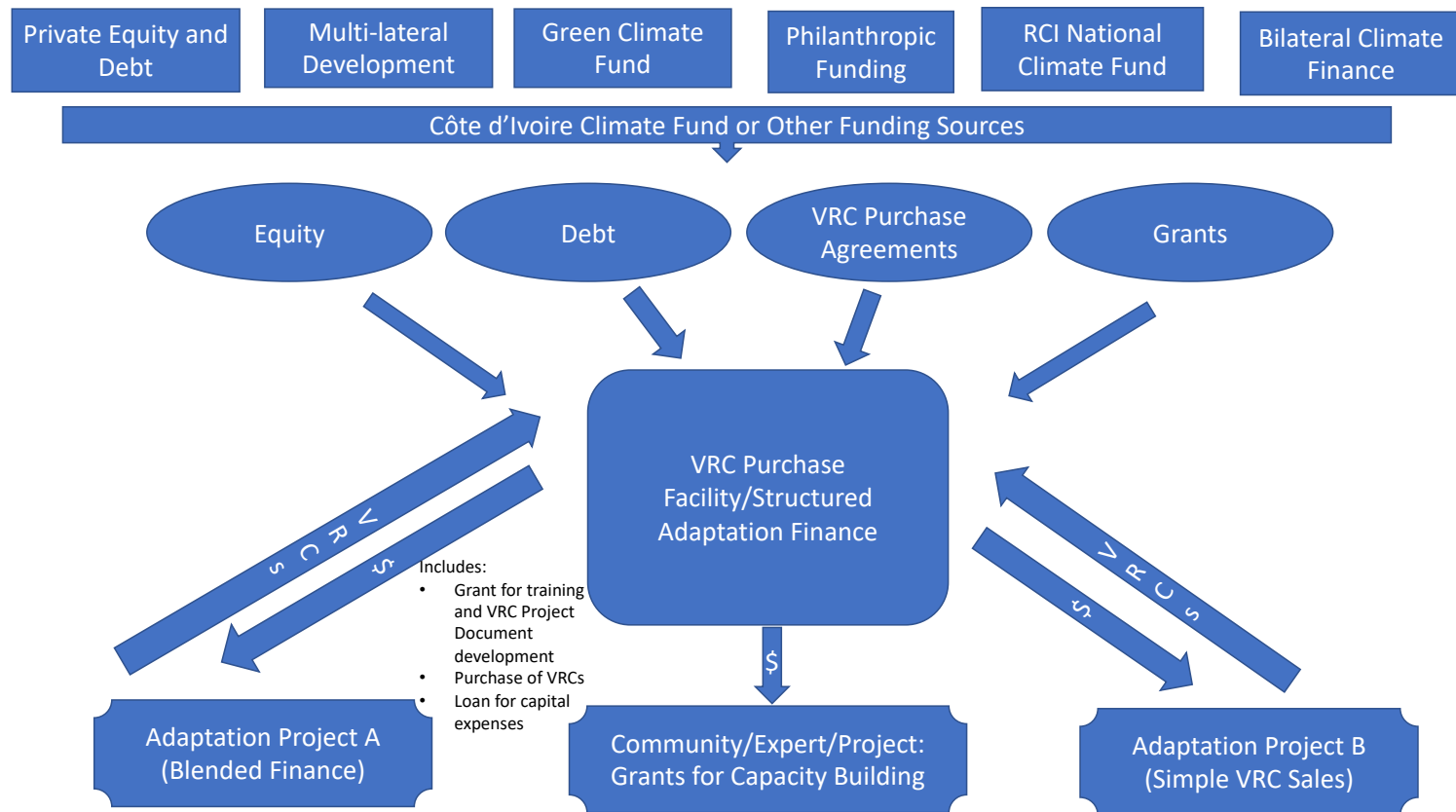
- Climate vulnerability understood for key crops including cacao and rice
- Interest in identifying solutions by all stakeholders (farmers, government, financial, technical and private sector) including cacao (commercial/export) and rice (food/domestic)
- Key ministries willing to share data in response to well-defined requests

Challenges:

- Data quality and availability
- Uncertainties in capacity to address problems in terms of available methodologies, tools and on the ground organization



VRC Integration into Finance



Challenges Identified in Phase I:

- Gauging investor demand for VRCs
- Understanding potential of projects to generate VRCs
- Integrating into existing and planned climate finance modalities



National Management

Challenges identified in Phase I:

- VRCs alone are not enough---need to deploy/define “connecting” metrics between project and national scopes
- Needs to be able to support NDAs and NAP
- Questions regarding institutional capacities and plans and how VRCs fit these



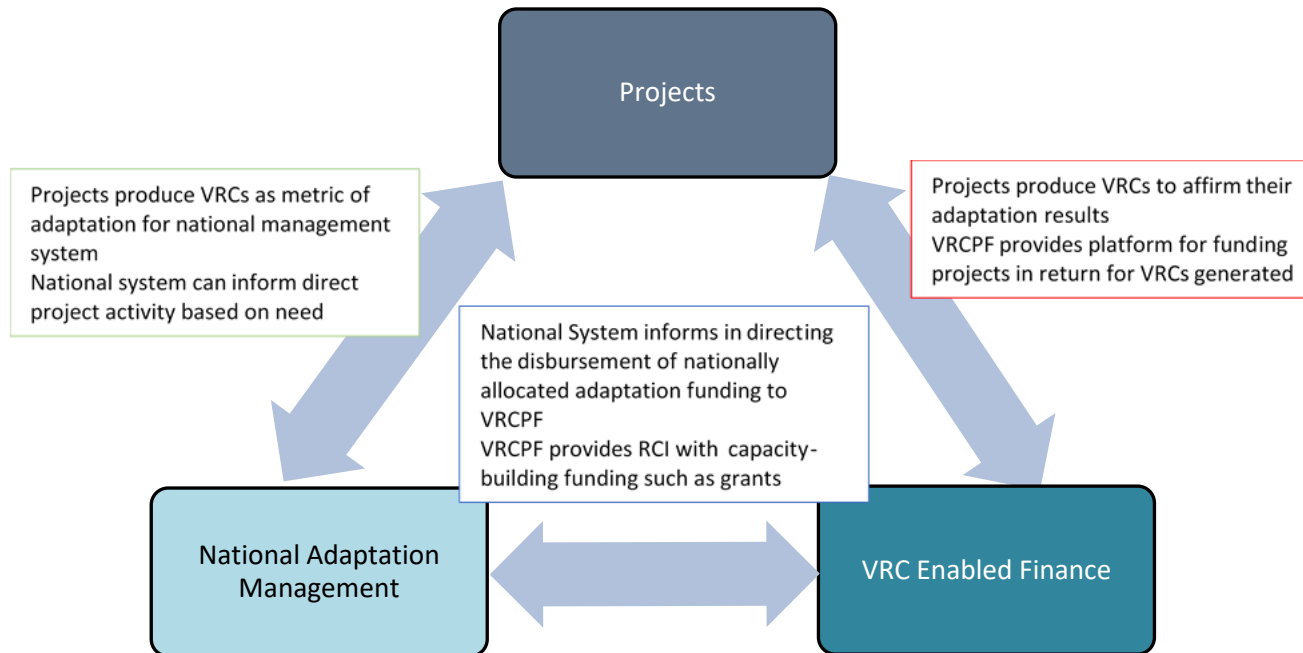


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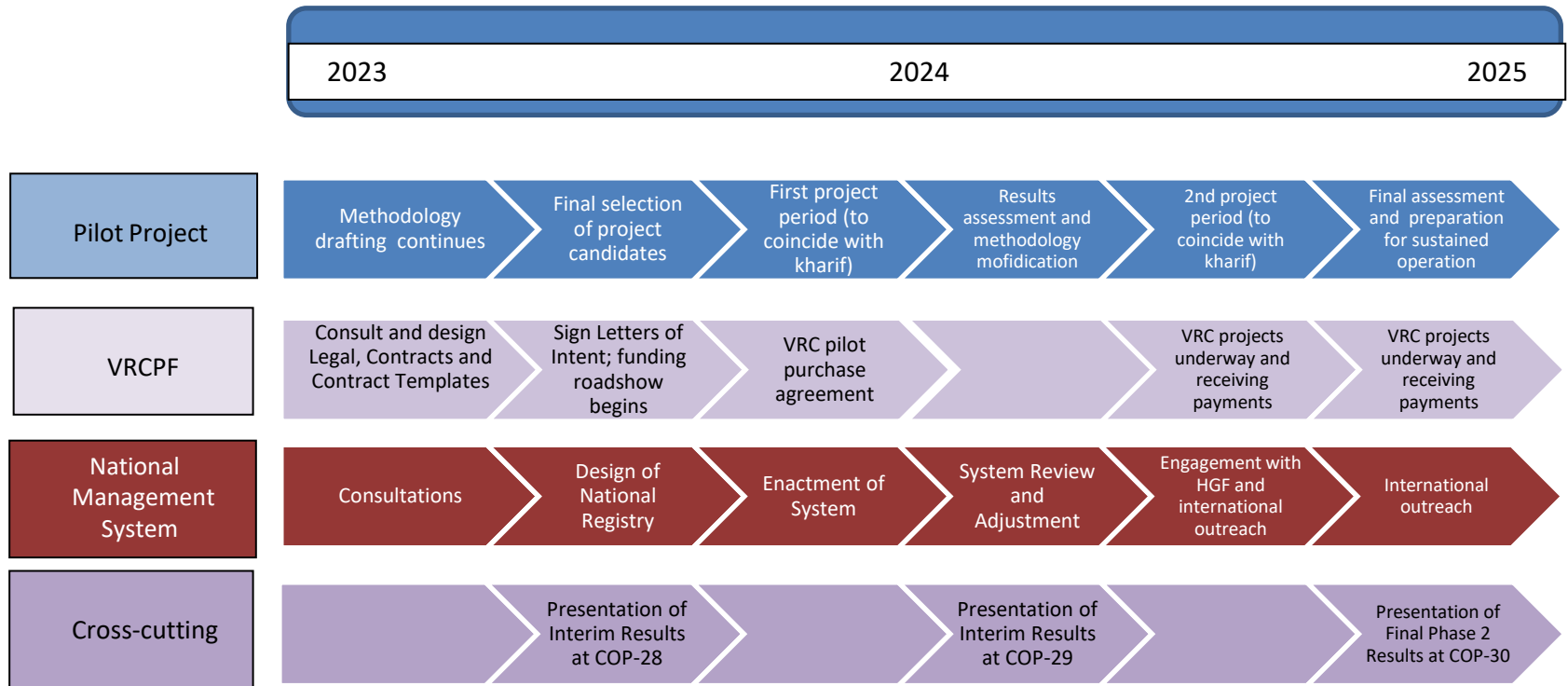
PHASE II: Piloting a way forward



PHASE II: Bringing the elements together



PHASE II - timeline



PHASE II – Goals (through 2025)

- Pilot Project
 - Methodology and Project Document
 - Project under self-directed operation by end of Phase II
 - Sustainable, replicable, and quantifiable adaptation results as measured by output VRCs
- VRC Finance
 - Designed and launched legal fiduciary structure and/or integration into existing funding
 - Testing VRC-based funding of pilot adaptation project (including leveraging private finance)
- National Management and Reporting
 - Integration into existing and future Climate Management System for prioritizing, accounting and reporting
 - Legal and governance requirements and structure defined



PHASE II – Next Steps

1. Identify Partners

- Technical Team
- Sponsors and endorsers
- Government
- Pilot project setting (where and with whom)

2. Detailed Design

- Methodology
- Timeline
- Budget
- Contracts

1. Implementation!



PHASE II – Next Steps

0. Bridge Funding

1. Identify Partners

- Technical Team
- Sponsors and endorsers
- Government
- Pilot project setting (where and with whom)

2. Detailed Design

- Methodology
- Timeline
- Budget
- Contracts

3. Full Funding

4. Phase II (2023-2025)





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Thank you!

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Scan for project materials:



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