The Higher Ground Foundation
- stand up to climate change

Climate Vulnerability Reduction Credits

Standard Framework
Public Consultation Process

WEBINAR

Monday, January 29th, 2017

Today's "Speaker"

Karl Schultz

- HGF Executive Chairman
- Creator of VRC Concept
- Co-Founder of HGF
- Co-Author of VRC Standard Framework
- Member of Secretariat for Framework Experts Review

Covering:

- *Introduction to The Higher Ground Foundation.*
- *Why VRCs?*
- *The VRC Concept*
- *HGF's Pilot Implementation and Partnership Phase (PIPP)*

Today's Subjects

- Introduction and Objectives
- The Higher Ground Foundation
- Why a VRC, and what is a VRC?
- Review Aims
- Review Process
- Framework Overview
- Q and A/Discussion

The Higher Ground Foundation

About The Higher Ground Foundation

Our aim is to create a future where the best responses to climate change are the choices the world wants to make.

Diverse team of people interested in encouraging climate adaptation through a 'credit' instrument and governance regime.

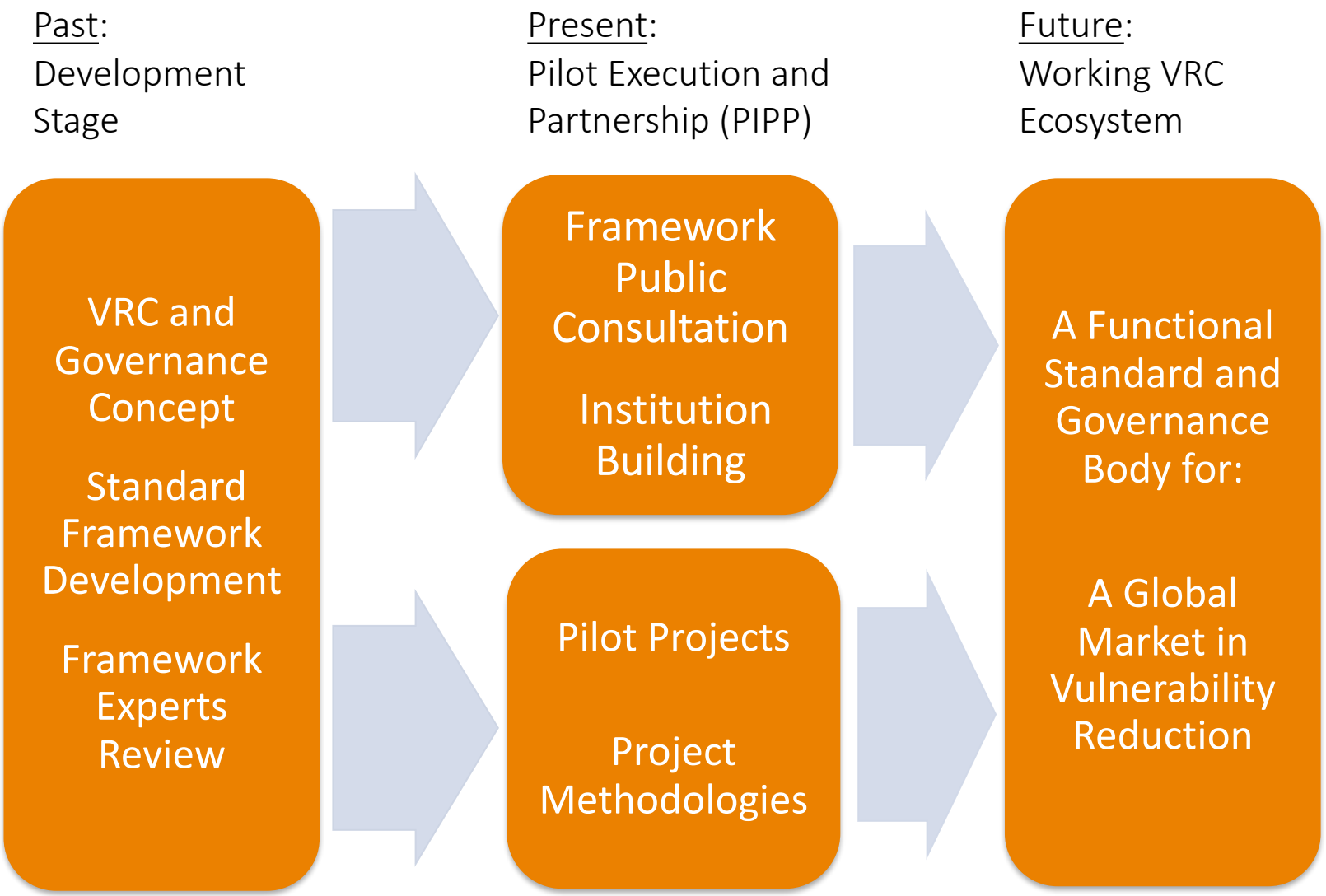
Accomplished through:

- creation of standards and methodologies for a target setting and market mechanism enabling better adaptation investments
- formation of pilot projects in diverse, climatically vulnerable systems
- organization of a large-scale market in climate vulnerability reduction credits (VRCs™)

HGF organizational objective:

To register projects and issue credits, stimulating a global system for incentivizing good, verified climate adaptation projects through the exchange of credits.

Higher Ground Foundation's Activities



PIPP is a period to “get it right”

- HGF to be hands on with partners
- Early action credits in a world where institutional structures, reviews and approvals, and price discovery will be underway
- Pilot Projects, engagements with:
  - Community
  - Project Proponent (could be many different types)
  - Host government
  - Adaptation experts for methodology creation
  - Auditors: (organizing auditors working group)
  - Funders of adaptation
- Develop partnerships and build tools and portals:
  - Climate services/data providers : Portal for data needed for project documents (e.g. GEOSS)
  - Vulnerability reduction project manager (VRPM) tools for various types of projects
  - Online access to Framework, guidelines, methodologies, project documents, monitoring reports and credit issuance data
  - Integrate “Next Generation Governance and Technology” for adaptation/standards/exchange in world of blockchain, internet of things, big data analytics, artificial intelligence, etc.

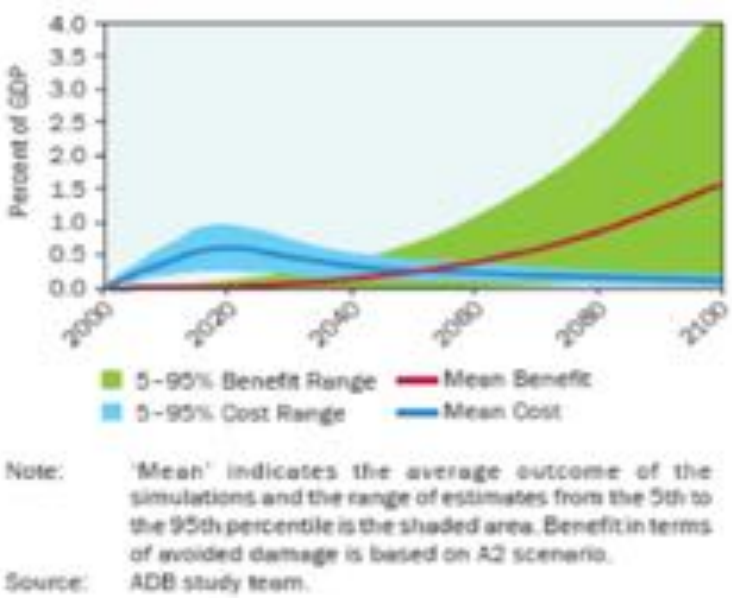
Why VRCs? What are VRCs?

Why VRCs?:

Benefits > costs, but far from enough proactive adaptation

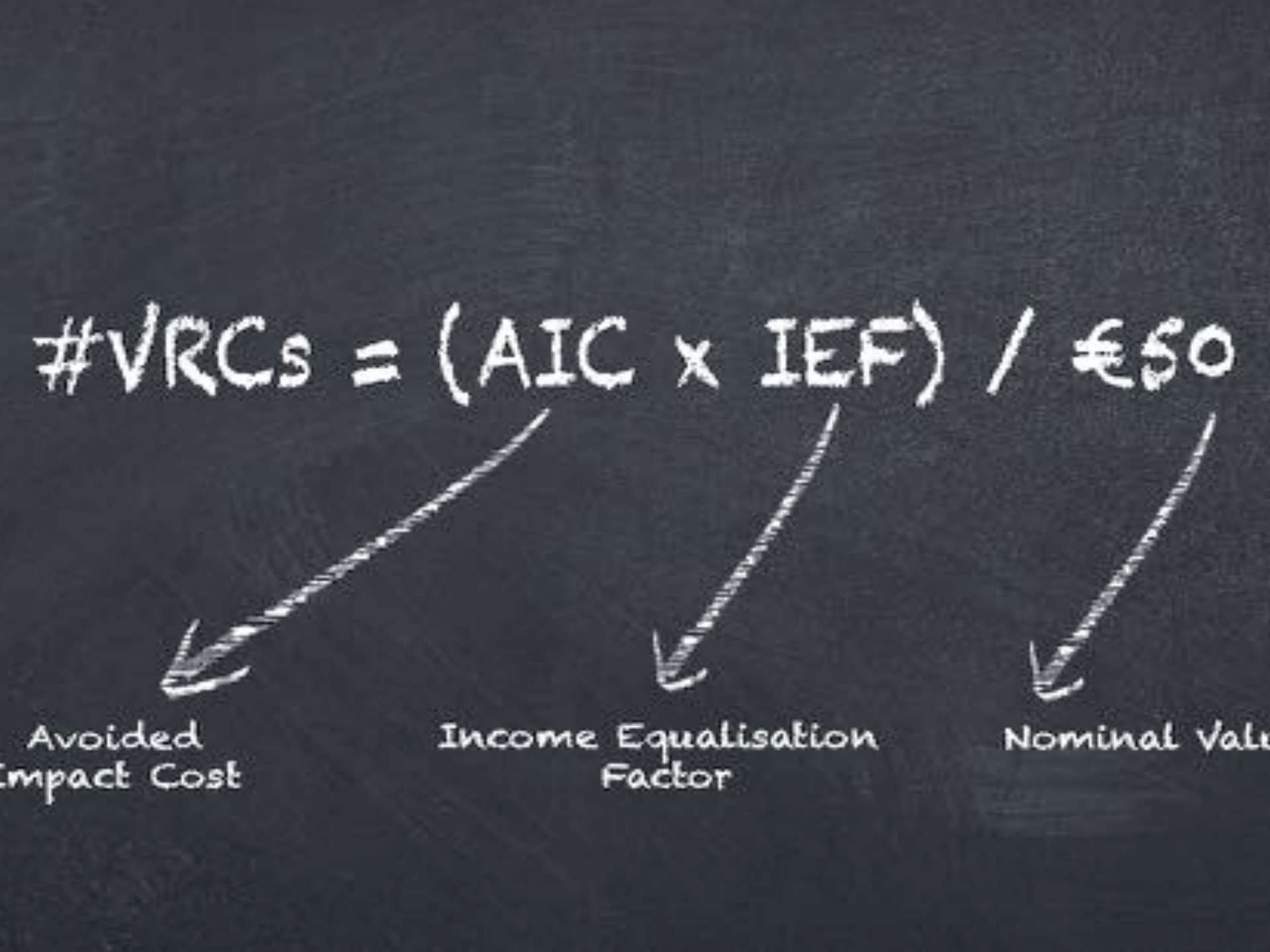
- Inadequate *funds* and *more immediate priorities*
  (including climate-change induced disaster response)
- No clear *role for private sector* to invest in scalable solutions
- *Comparability* of actions: are funds going for maximum climate vulnerability reduction?
- *Robust baselines, monitoring and verification*
- *Sustainability* of vulnerability reduction measures

Example: Southeast Asia Coastal Protection



By 2100:

Benefit: 1.9% of GDP
Cost: 0.2% of GDP


#VRCs = (AIC x IEF) / €50
Avoided
Impact Cost
Income Equalisation
Factor
Nominal Valu

Premises of VRC Analysis:

1. Economic loss and damage embodies most (*easily measurable*) value for human vulnerability
   - Important to remove co-dependency of different factors, just focus on most universal
   - Using economic cost : benefit analysis tools (e.g., use and non-use values, etc.) is an established approach
2. Loss and damage can be equalized for poorer communities by factoring in per capita income
   - Economic wellbeing ≠ human wellbeing
   - What matters is the relative value for communities, households, and individuals of their loss, not the absolute value
   - Beyond middle income status, however, research shows income does not correlate with wellbeing

How are VRCs created?

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

VRC Project Process

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VRC roles

Uses	*Benefits*
Monitoring and evaluation tool	*Transparent standard to evaluate a project's contribution to climate vulnerability reduction*
Archive of climate, impacts, and adaptation solutions	*Support virtuous circle of learning and innovation*
Traded/retired credit	*Mechanism to prove support of adaptation projects and leverages private finance*
Policy target setting	*Targets and VRC funds based on transparent, verified results for sustained vulnerability reductions*
Investment parameter	*Quantify vulnerability reduction outlook within sovereigns, corporates and projects*

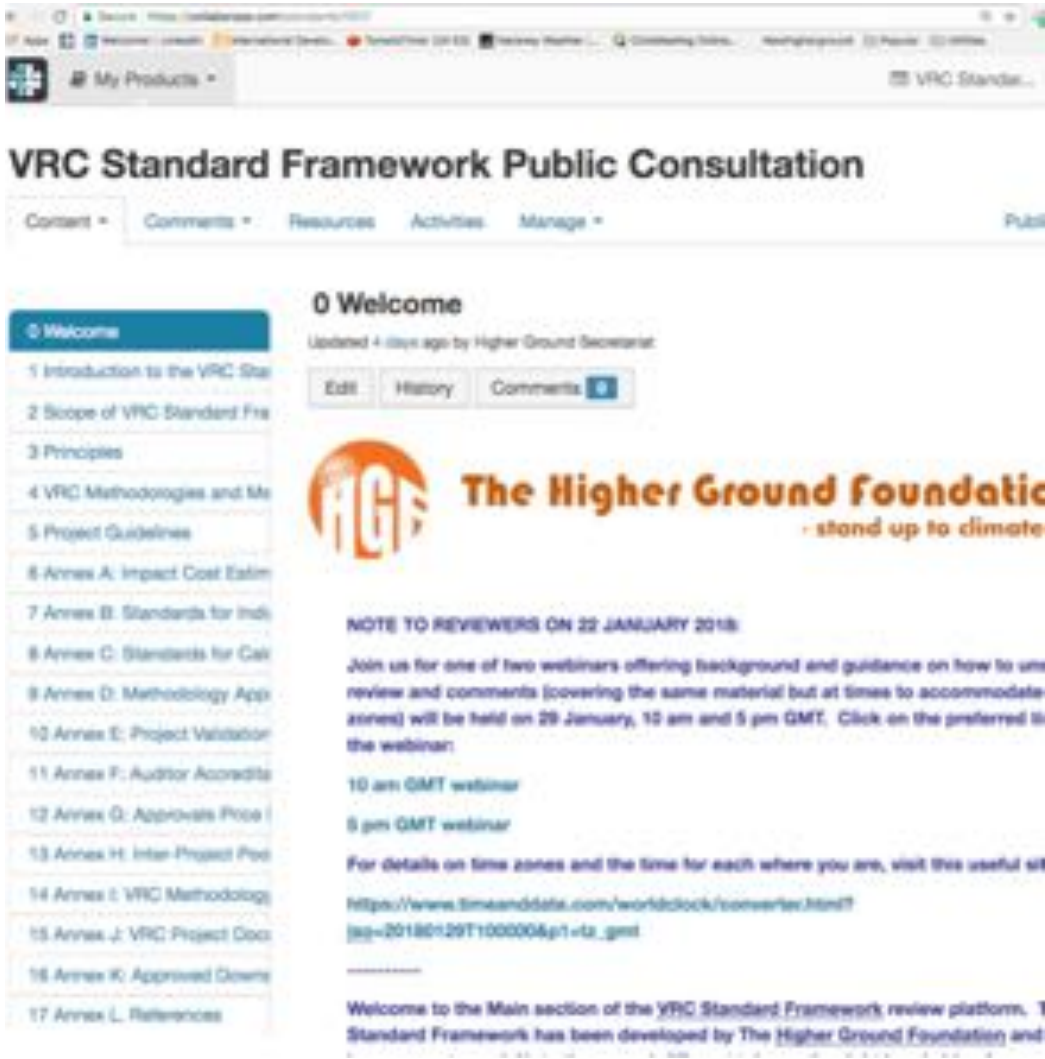
Review Aims

Review Aims:

Review Aims:

- *Understand and Consider*
- *Improve*
- *Validate*

the draft Standard Framework



Aims (1) “Understand and Consider”:

- Understand HGF’s intentions for the VRC and Framework
  - A tool for comparing and prioritizing adaptation projects based on their impacts/outcomes
    - Ability to compare between different project types that adapt to different climatic stresses is key
  - An instrument that may help with outcome-based target setting, funding/investment decisions, project finance, and evaluations
  - Underlying premises/proxies are ”good enough” for reasonable people to see value in creating/using VRCs
- Consider how the draft Framework meets or does not meet these aims

Aims (2) Improve:

- Identify critical issues that impact the VRC Framework's ability to deliver:
  - Possible,
  - Realistic,
  - Fair,
  - Consultative, and
  - Efficient

  rules and approaches towards the registering and awarding of VRCs that reasonably(!) reflect the results of adaptation measures.
- Forward informed and defensible improvements to the Framework terminology, principles, approaches, and interpretations of reasonable standards.

Aims (3) Validate:

- Use collective and inter-disciplinary know-how, to forward and where alternatives exist, debate with peers the best approach and language, considering, again:
  - Possible,
  - Realistic,
  - Fair,
  - Consultative, and
  - Efficient

The Review Process

Collaborase:

How we can accomplish the consultation:

People

- Secretariat
- Public Reviewers

Working together

- Secretariat to manage process
- But Reviewers are independent partners and collaborators
- Furthermore, reviewers invited to collaborate with each other
- Process through Collaborase

Documents:

- Overall Framework and Supporting IP
- Ancillary Documents
  - Project Document Template
  - Methodology Template
  - Standards for Indigenous Communities Consultation

Further Standards and Guidance Development

- Auditor accreditation requirements
- Fee schedule
- Standard Framework Revision following Public Consultation
- Standard Framework Revision at end of PIPP
- Templates
- Validation/Verification guidelines
- Additionality positive lists and for projects not requiring GHG estimation
- Approved climate model outputs and other data for VRC calculations

Where to focus?
We have suggested areas table: go to “Resources” in Collaborase

FRAMEWORK SECTION	Auditor	Adaptation professional	Community organizers/ communities	Project developers	Funders of projects/financiers	Policymakers	Research Institutes
1 Welcome	X				X	X	
1.1 Terminology	X	X	X	X	X	X	X
1.1.1 Abbreviations	X	X		X			X
1.1.2 Definitions	X	X	X				X
2 Introduction to the VRC Standard Framework	X	X	X	X	X	X	
2.1 Acknowledgements	X						
2.2 The Higher Ground Foundation and the VRC Standard Framework	X	X		X	X	X	X
3 Scope of VRC Standard Framework	X	X		X	X	X	X
3.1 The VRC Project Process	X	X	X	X	X	X	X
3.2 Applicable Sectors	X	X	X	X	X	X	X
4 Principles	X	X			X	X	X
5 VRC Methodologies and Methodology Review and Approval	X	X	X	X	X	X	
5.1 VRC Methodology Templates	X	X		X			
5.2 Sectoral Scope and Scale	X	X	X	X		X	
5.3 Project System Boundary and Leakage	X	X	X	X		X	
5.3.1 Quantifying Project Related Greenhouse Gas Emissions and Offsetting Requirements	X	X		X		X	
5.4 Baseline Scenarios	X	X		X			
5.5 Revising Baselines for New Project Periods	X	X		X			
5.6 Project Design	X	X	X	X	X		
5.7 Confidence in Avoided Impact Calculation Validity	X	X		X			
5.7.1 Avoidance of Catastrophic Harm	X	X		X			
5.8 Estimating Avoided Impact Costs	X	X	X	X			
5.8.1 Projects’ Avoided Impact Costs Only Consider Climate Change	X	X		X			
5.9 Income Equalisation Factor	X	X	X	X		X	
5.10 Additionality	X	X		X	X	X	
5.11 Local Stakeholder Consultation	X		X	X		X	
5.12 Methodology Review and Approval	X	X		X		X	
5.13 Methodology Revision Process and Approval	X	X	X	X			
6 Project Guidelines	X	X	X	X	X	X	
6.1 Project Document Template	X	X		X	X		
6.1.1 Project Start Date	X		X	X			
6.1.2 Timing and Approach to Crediting	X						
6.1.3 Project Crediting Period	X						
6.1.3.1 Activity Periods and Renewal	X		X				

Framework Overview

Standard Framework Principles

0 Reduction of Vulnerability to Climate Change

1 Avoidance of Harm

2 Consultation

3 Sustainability

4 Completeness

5 Consistency

6 Accuracy

7 Transparency

8 Conservativeness

Contents of VRC Standard Framework:

Table of Contents

The Higher Ground Foundation
- stand up to climate change

- stand up to climate change

Framework, Collaborase, and how to use (tour of Consultation Collaborase site)

How can I get involved?

You:	Action
Are looking for a way to better understand adaptation results for projects you manage or fund?	Ask us for a copy of our VRCs for M and E presentation, then contact us.
Want to improve your government's/corporation's adaptation target setting, increase project effectiveness, transparency, and efficiency, and incentivize results-based adaptation?	We are happy to email you a short document on this option. Then let's talk.
Think you have an adaptation practice or technology that is a real winner, and want to have it recognized through lots of VRCs	Consider co-developing a methodology based on our "VRC methodology template" that is being finalized. Then get in touch.
Have an adaptation project, or project idea you'd like to develop with VRCs?	Review the call for projects page and the project concept note criteria: http://thehighergroundfoundation.org/callforprojects.html Then get in touch with one of us.
Are an auditor wanting to gain status validating/verifyihng VRC projects	Review the VRC Standard Framework applicable sections, then get in touch to learn about accreditation.
Interested in following HGF's progress and learning of new opportunities	Join the "Friends of Higher Ground" at: http://thehighergroundfoundation.org/contact.html
Interested in joining the HGF team	Get in touch with one of us

Questions, Responses and Discussion

Please contact Karl if you have further questions or ideas!

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VRC Standard Framework Public Consultation:
https://collaborase.com/vrc-framework-public-consultation