



The Higher Ground Foundation

- stand up to climate change

Request for Project Concept Notes

June 2012

Climate Adaptation Works and The Higher Ground Foundation are brands of Climate Mitigation Works, a private limited company registered in England and Wales. Registration Number 04906591.

Notice to Project Proponents

This document, which is based on information provided by Climate Mitigation Works Ltd., is being delivered to parties who may be interested in receiving support for their projects through the potential award of “vulnerability reduction credits” (VRCs™) by The Higher Ground Foundation.

This document and other related documents do not purport to be all inclusive or to contain all the information that a prospective project proponent may desire in investigating The Higher Ground Foundation and it is expected that any potential project representative will wish to conduct due diligence in connection with the proposed cooperation agreement. This document does not constitute an offer or invitation for the sale or purchase of securities or any of the businesses or assets described herein or recommendation in relation to any of the foregoing.

This document has been prepared for information purposes relating to this transaction only and upon the express understanding that it will be used only for the purposes set forth above. No representation or warranty, express or implied, is or will be made in relation to, and no responsibility or liability is or will be accepted by, Climate Mitigation Works or by any of their respective subsidiaries, directors, partners, officers, representatives, employees, advisers or agents as to, or in relation to, the accuracy, reliability, or completeness of this document or any other written or oral information made available to an interested party or its advisers in connection with any further investigation of The Higher Ground Foundation. Climate Mitigation Works (for themselves and on behalf of their respective directors, partners, officers, employees, advisers or agents) hereby expressly disclaim any and all responsibility or liability (other than in respect of their own fraud) for the accuracy of such information, errors therein or omissions there from. In particular, no representation or warranty is given as to the achievability or reasonableness of any budgets, forecasts, management targets, prospects or returns.

Neither the issue of this document nor any part of its contents is to be taken as any form of commitment on the part of Climate Mitigation Works to proceed with any transaction relating to The HIGHER GROUND FOUNDATION and CMW expressly reserve the right, without giving any reasons therefore, at any time and in any respect, to amend or terminate any transaction relating to the Project, to terminate discussions with any or all prospective parties to the Project, to reject any or all proposals, or to negotiate with any party with respect to any transaction involving the Project or any part thereof without advance notice and without liability for any losses, costs or expenses incurred by the recipient.

Please direct all inquiries to:

projects@thehighergroundfoundation.org

1. VRC™ and The Higher Ground Foundation

The Higher Ground Foundation is introducing a market-based mechanism to finance climate change adaptation projects in developing countries through “vulnerability reduction credits” (VRCs). Adaptation projects would generate VRCs, allowing countries in the developed world to offset their current and past emissions by financing adaptation projects in the developing world, in fact creating a currency for a public good with possible demand beyond offsetting historic emissions. Thus the call for supporting climate adaptation in developing countries can be met in a flexible, efficient, and bottom-up project-level approach.

An important part of the scheme's approach is giving organizations in industrialised countries a practical way to demonstrate their interest in directly combating the impacts of climate change in vulnerable communities, while showing they are leaders in innovative climate adaptation finance. In other words, it provides a chance to take action that directly reduces the vulnerability of those who are impacted by climate change.

Higher Ground is forming as a non-for-profit facilitator of climate adaptation action under the proposed VRC scheme. The VRCs are awarded over time after demonstrating sustained delivery of vulnerability reduction. Aspects of this scheme include clear baseline and monitoring regimes and a review and governance system that encourages transparency, accountability, and private innovation.

The Higher Ground Foundation's vision is to create a sustainable market to finance, develop and build climate adaptation projects. It will facilitate the creation of multiple new businesses and products such as in project development, engineering, insurance, consulting, brokerage and investment and VRC exchanges.

2. Objective in Calling for Project Concept Notes

For any new market or product, proof of concept is needed, especially in a voluntary setting. Does the product deliver what it promises? The best proof of concept is a working and easily replicable set of pilot projects that go through the VRC assessment for registration and issuance.

Higher Ground is interested in identifying one to three projects with committed champions that will serve as pioneering efforts in testing the VRC market scheme. These projects will benefit from support by *Higher Ground* in defining project level baselines, monitoring systems, and securing project sponsors interested in the securing VRCs.

Such a pilot project should be:

- Relevant: demonstrating clear linkages between anticipated climate changes and the project's ability to measurably reduce the vulnerabilities to the impacts of these changes;
- Executable: the proponents are committed to the sustained management of the project and can demonstrate that, with support including VRCs generated, the project will not face significant barriers to implementation;
- Transparent: with a full disclosure of mechanics;
- Simple: easy to understand;
- Replicable: experience is transferable to other projects, and;
- Fully integrated: covering each aspect of the entire project cycle.

As noted above, in a voluntary setting the demand has to be created, not forced upon market participants. Therefore, a pilot project is a very effective, even necessary communication tool to create and stimulate demand.

These Project Concept Notes are an opportunity for project proponents to begin the process of communicating their project to *Higher Ground*. Those projects that look like they have potential to be good candidates for vulnerability reduction credits will be contacted to develop a dialogue and further assess their applicability as *Higher Ground* pioneers.

3. Guidelines in Preparing Project Concept Notes

The below guidelines aim to give The Higher Ground Foundation a first order understanding of projects and their potential to be good candidates for pioneer project status. In addition to covering all of these sections, to the best of abilities, please include in the cover letter any additional information that you believe will be relevant in considering your project.

- A. Project Information:
 - a. Title of Project
 - b. Project Goals and Objectives
 - c. Location (district/city, country)
 - d. Sector(s) Covered
 - e. Vulnerability Reduced
 - f. Project Participants
 - i. Owner(s) of vulnerable asset
 - ii. Developer
 - iii. Investor
 - iv. Other

- B. Context (not more than 300 words)¹
 - a. Baseline vulnerability (quantified): what is vulnerable, and if possible, to what extent (e.g., flooding frequency and severity)?
 - b. Baseline vulnerability with anticipated climate change (quantified): if climate projections are available, to what extent will vulnerabilities increase because of climate change (e.g., anticipated increases in landslides owing to changes in precipitation patterns).
 - c. Proposed project and anticipated vulnerability reduction (quantified): to what extent is the project expected to reduce vulnerabilities? If possible, quantify (e.g. crop productivity) how much the project will improve or minimize expected losses.

- C. Project Activities and Calendar
 - a. Anticipated Start of Project Implementation
 - b. Completion of Capital Deployment
 - c. Anticipated request for first tranche of Vulnerability Reduction Credits

- D. Climate Vulnerability Reduction Expected Results (not more than 300 words)
 - a. Economic (vulnerability reduction in monetary terms)
 - b. Social (e.g., lives protected, community preserved, etc.)
 - c. Environmental (biodiversity protection, etc.)

- E. Investment costs (Capital Costs, operating and maintenance costs, in-kind contributions) & Financing plan, if any (not more than 200 words)

- F. Budget Estimate (broken down by key components)

- G. Organizational Background of project proponents, including expertise and experience (not more than 300 words)

- H. Complete Contact Information

¹ Quantification of baseline and impact will likely require using of climate change models such as PRECIS. Project developers who have no access to models may include qualitative descriptions in this section.