



The Higher Ground Foundation

- stand up to climate change

Metrics for Integrated Systems and Contexts

Cote d'Ivoire Climate Vulnerability Reduction Credits

Phase II



© 2022 by Climate Mitigation Works Ltd.

Karl Schultz and Linus Adler
Higher Ground Foundation
Conference of Parties, Sharm el Sheik
November 2022



The Higher Ground Foundation
- stand up to climate change



The Higher Ground foundation

- stand up to climate change

Introduction to The Higher Ground Foundation. Why VRCs?



The Higher Ground foundation

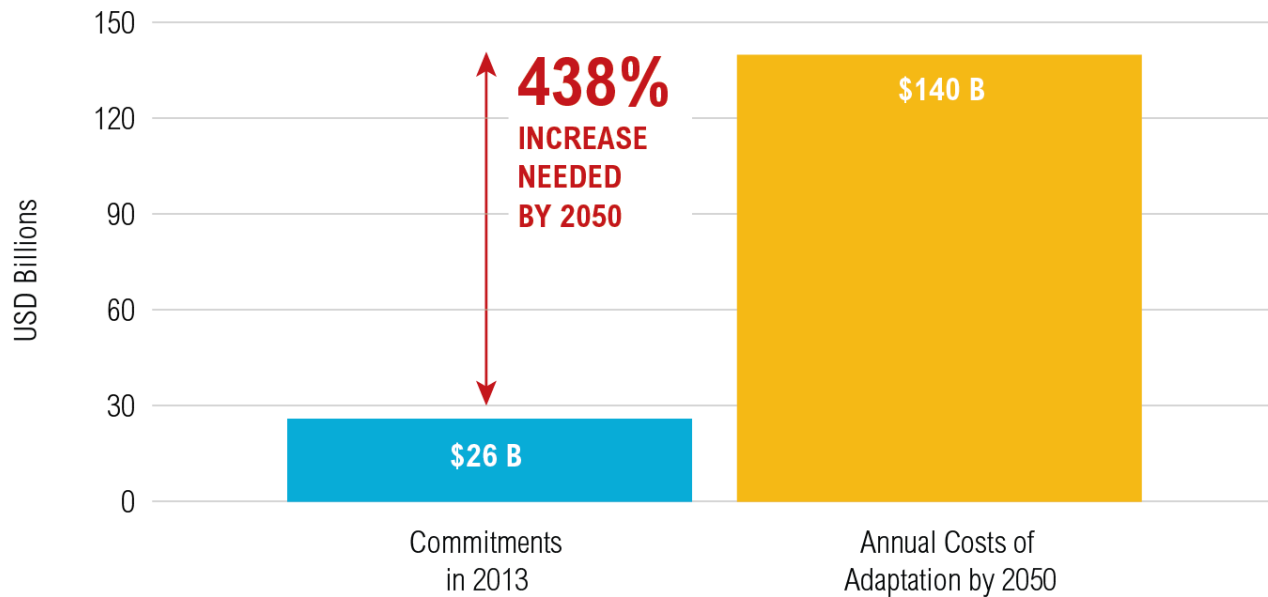
- stand up to climate change

Why Adaptation?

- Impacts of climate change are already happening, will get worse and disrupt economies and social systems
- More imperative: most vulnerable are those least responsible for climate change
- Global mandates:
 - Paris Agreement:
 - Art. 7.1 Adaptation Global Goals
 - Art. 8 Loss and Damage
 - Art. 9 Finance “balance mitigation/adaptation
 - Art. 6. Sustainable Dev. Mech. - includes adaptation
 - Inclusion of adaptation in most Nationally Determined Contributions
 - Sustainable Development Goal 13
- Adaptation (if done well) is a good investment
 - But: challenging in face of other priorities and limited up-front money



Gap Between Estimated Adaptation Needs and Available Public Finance (2013-2050, Low Estimate)

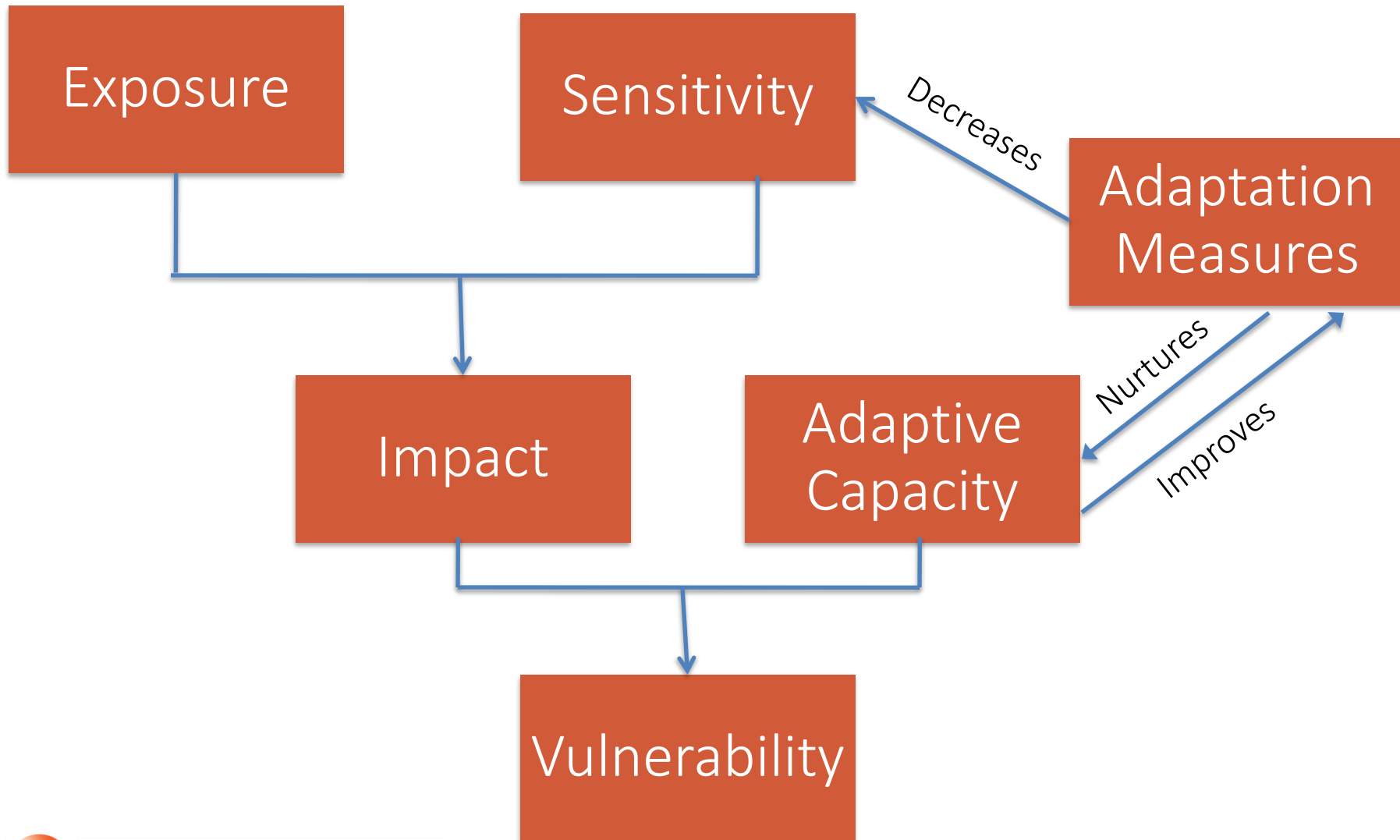


Source: UNEP (2014), "The Adaptation Gap Report."

Note: This data represents conservative estimates; a high estimate of commitments in 2013 and a low estimate of annual adaptation needs by 2050, according to UNEP's 2014 "Adaptation Gap Report".

 WORLD RESOURCES INSTITUTE

What does vulnerability look like?

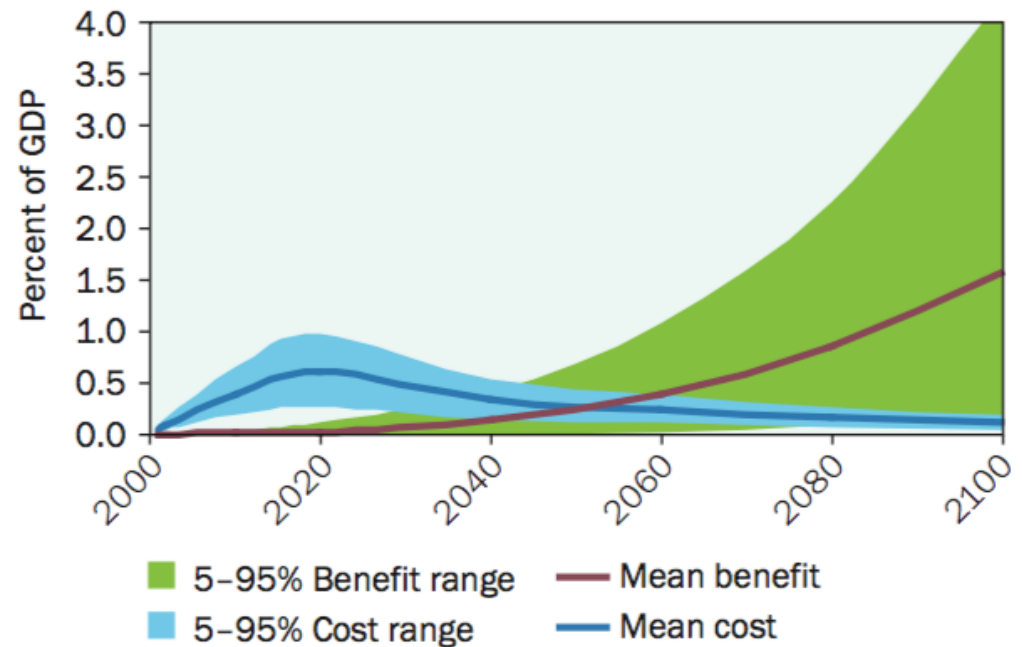


Adaptation Benefits Can Greatly Outweigh Costs: Example SE Asia Coastal Protection

By 2100:

Benefit: 1.9% of GDP

Cost: 0.2% of GDP

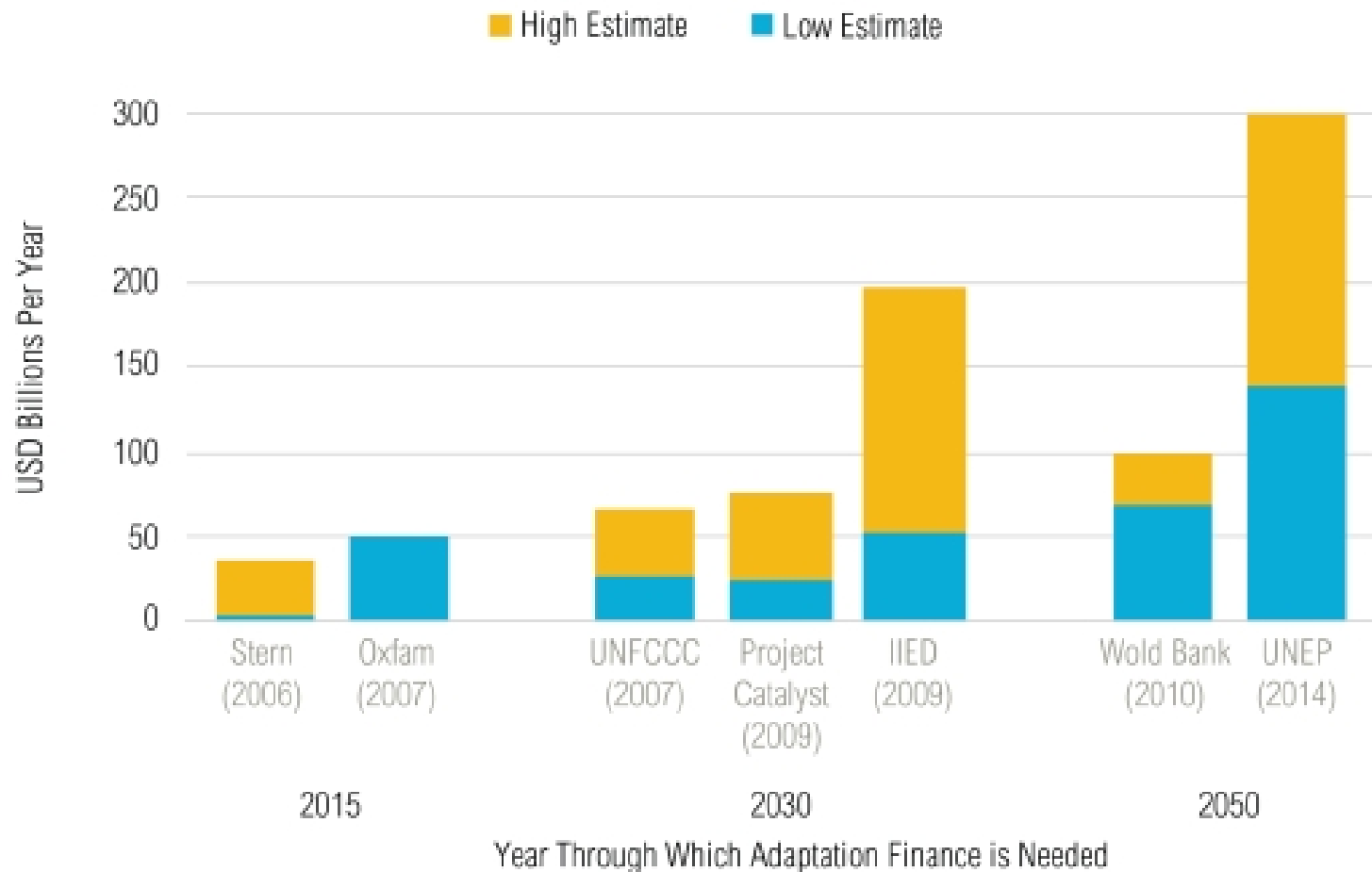


Source: *The Economics of Climate Change in Southeast Asia - Regional Review, 2009*, Asian Development Bank

Many Challenges for Climate Adaptation

- Inadequate *funds*
- No clear *role for private sector* to invest in scalable solutions
- *Comparability* of actions: are funds going for maximum climate vulnerability reduction?
- Identifying *good adaptation projects*
- *Robust baselines, monitoring and verification*
- *Sustainability* of vulnerability reduction measures

Estimated Annual Adaptation Finance Needs for Developing Countries Through the Years



 WORLD RESOURCES INSTITUTE

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

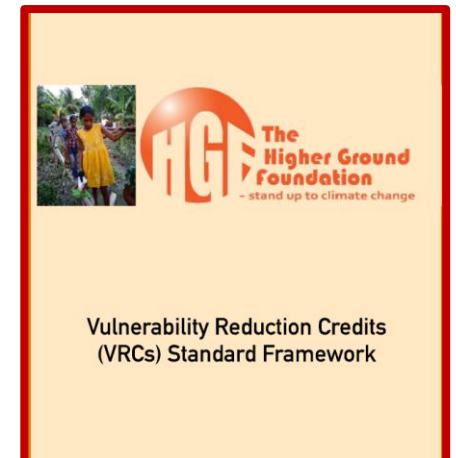
Our Proposed Solution: Vulnerability Reduction Credit (VRC™)

- 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

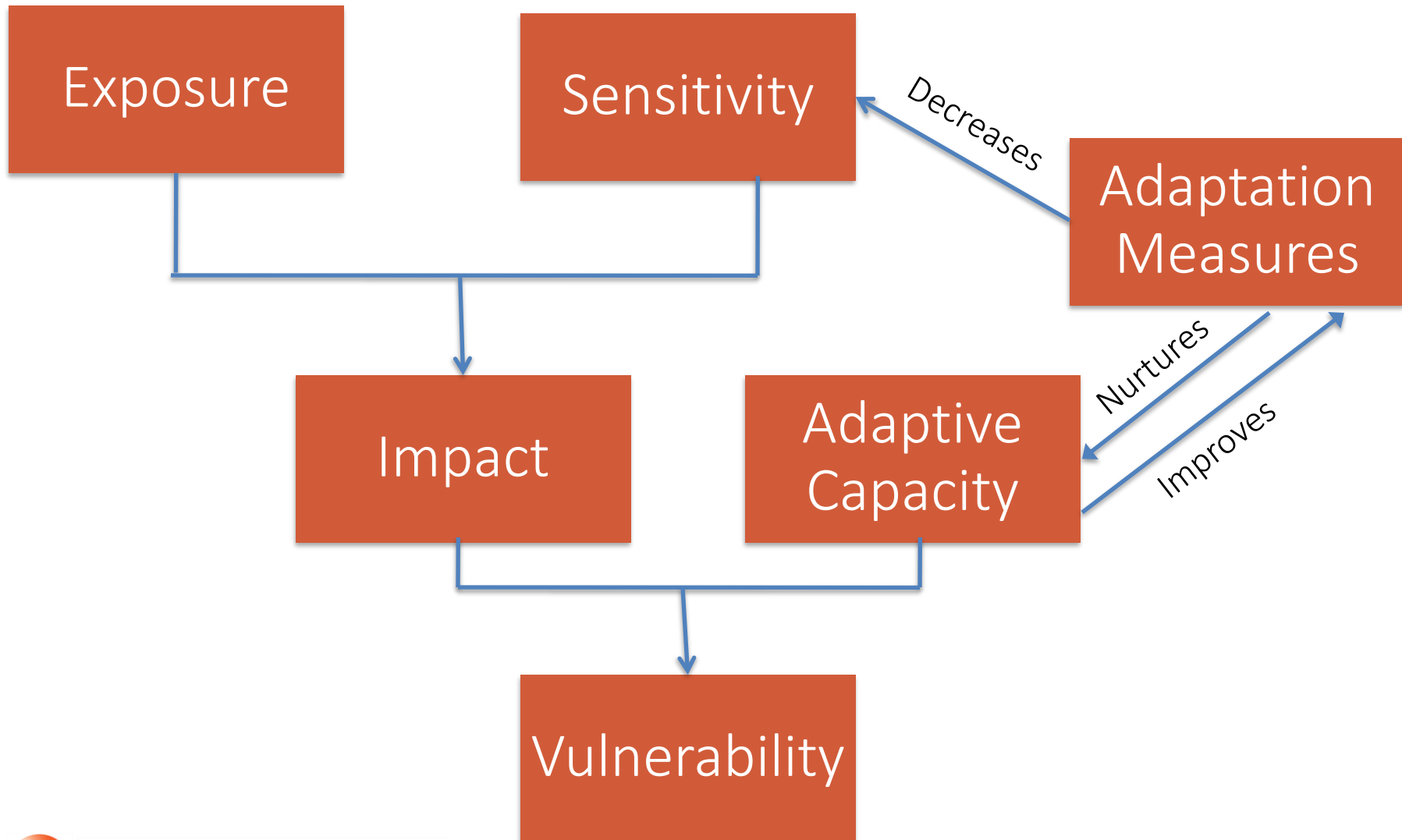


What are Vulnerability Reduction Credits?

- Developed by the Higher Ground Foundation, VRCs are generated by quantified (€50) reduction in climate vulnerability (adaptation)
- 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 between disparate systems



Remember this?



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



The Higher Ground Foundation

- stand up to climate change

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

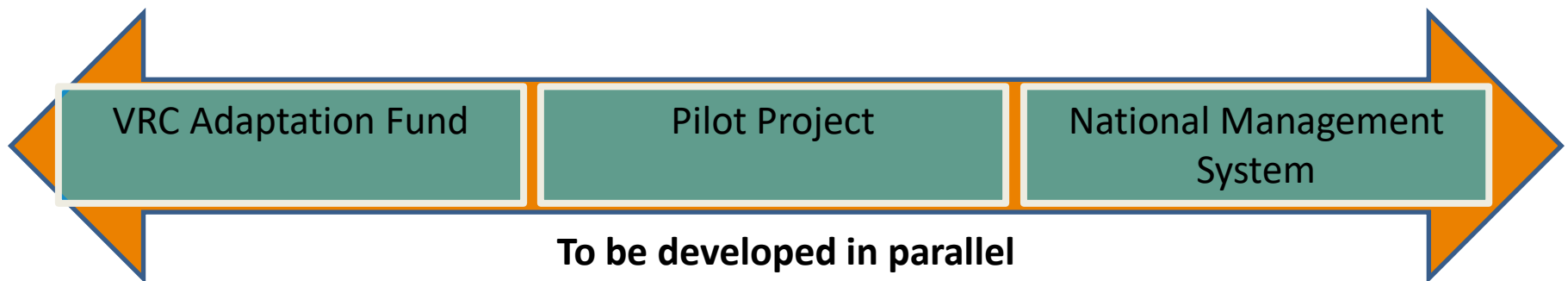


The Higher Ground Foundation

- stand up to climate change

Three Pillars are to be developed through this Programme

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





The Higher Ground foundation

- stand up to climate change

PHASE I: Methods and Findings

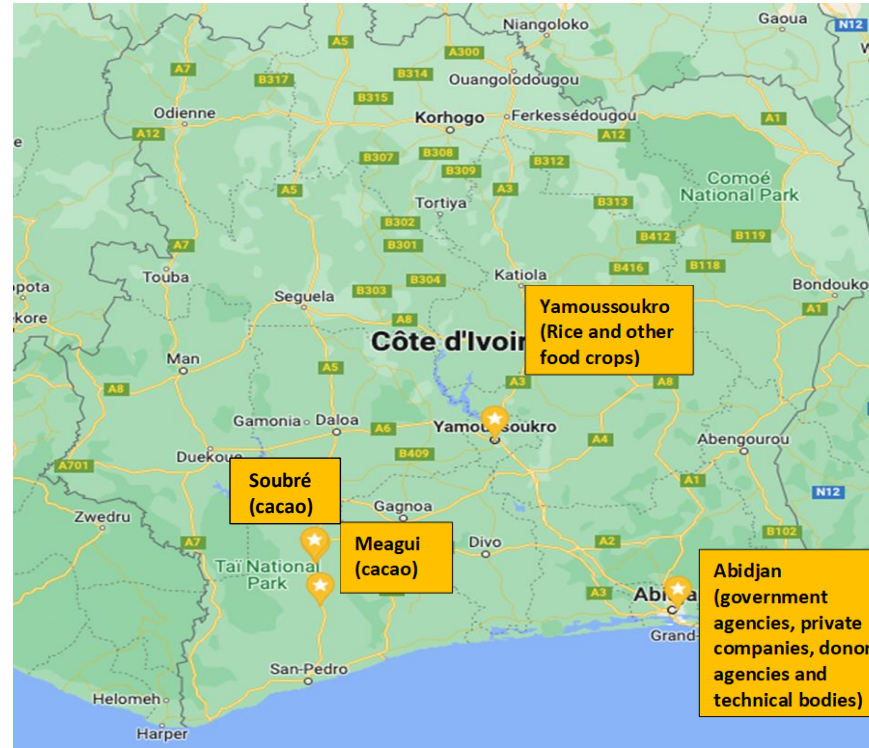


Phase I: Elements

- Funding Adaptation (esp. private and investment) → VRC Fund
- Designing projects---quantifying and measuring Adaptation Outcomes → Pilot Project
- Aggregating Results to National Level and Beyond → National Management

Phase I- Scoping of Elements

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



Pilot Project

Purpose:

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

Phase I Findings:

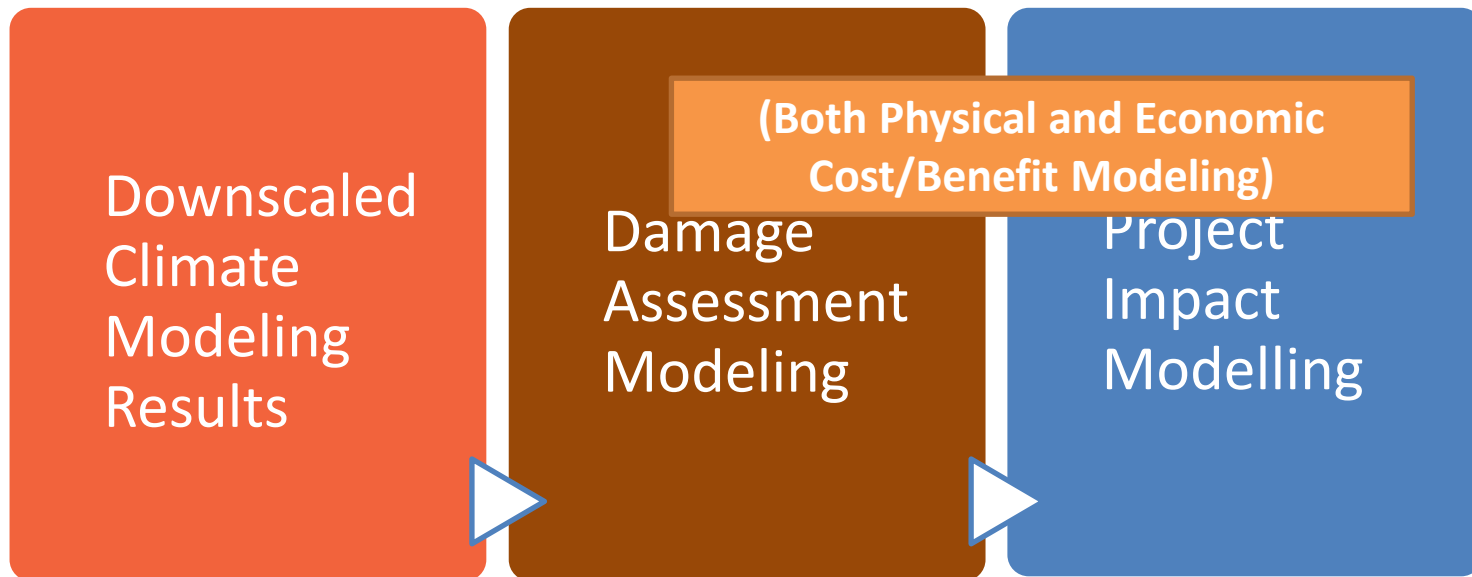
- Significant potential and appetite for protecting key crops from the apparent and anticipated effects of changing climate (increasing temperature and changing hydrology)
- Exemplary crops and regions include cacao (commercial/export) and rice (food/domestic) in centre and south of country
- Key ministries on board and willing to share data in response to well-defined requests

Challenges:

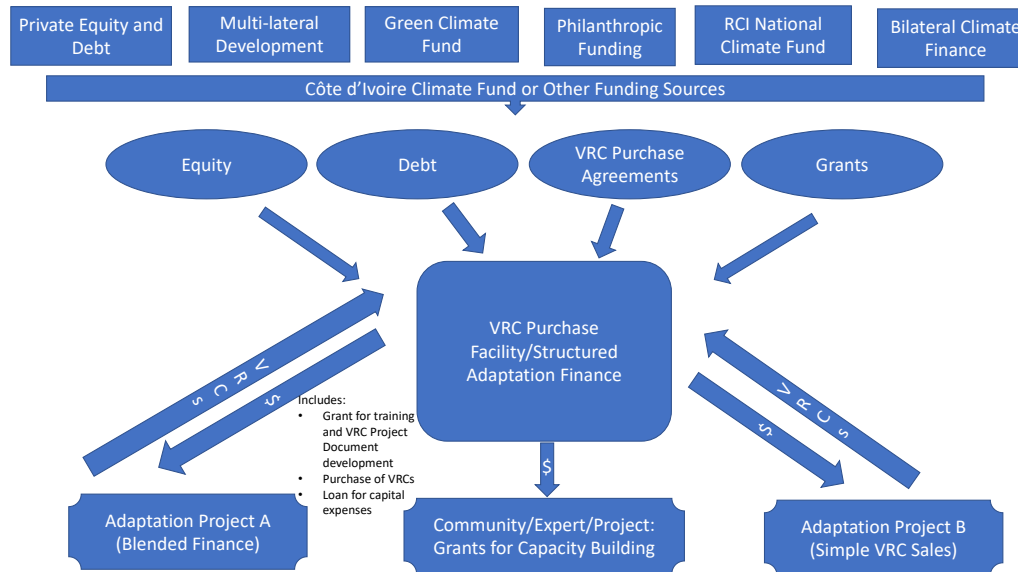
- Data quality and availability not assured
- Need to build capacity (methodologies/tools/buy in] to bring project concept over “speedbump”



How VRCs will be generated by Project



VRC Fund



Challenges Identified in Phase I:

- Need to gauge investor demand for VRCs
- Need to better understand potential of projects to generate VRCs



National Management

Purpose:

To harmonize and aggregate project outputs, as measured by project-appropriate metrics, with national goals as determined by nationally appropriate metrics.

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





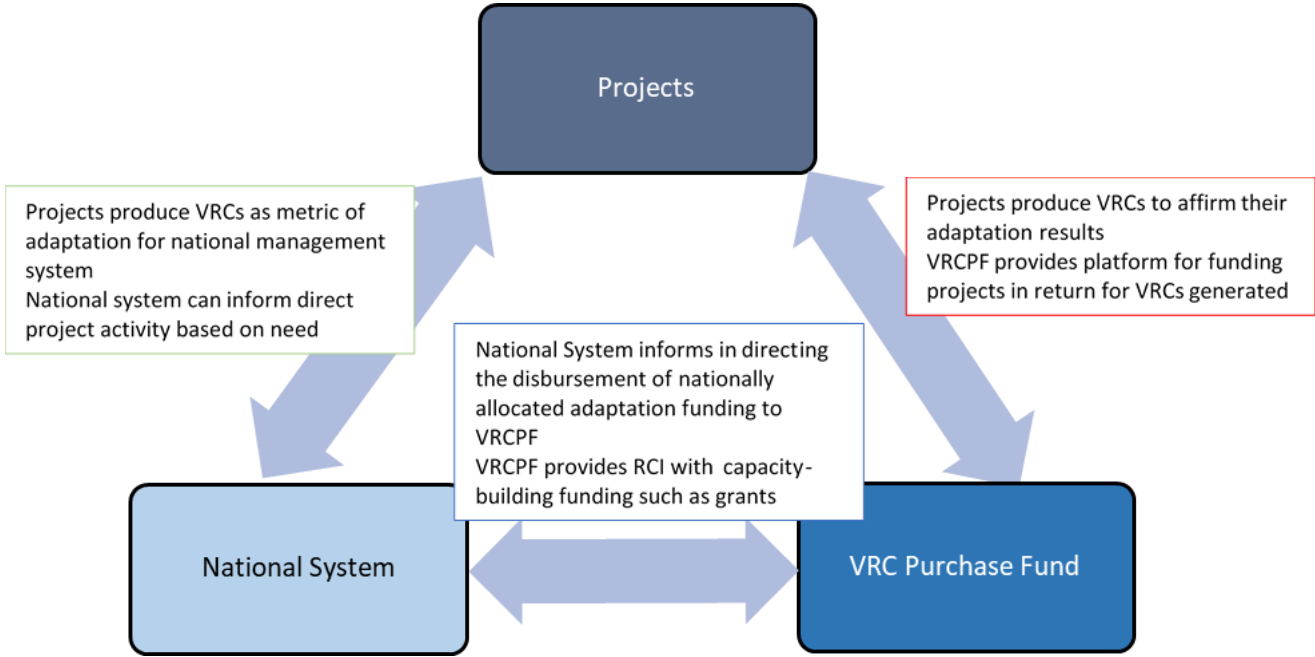
The Higher Ground foundation

- stand up to climate change

PHASE II: Piloting a way forward



PHASE II: Bringing the elements together

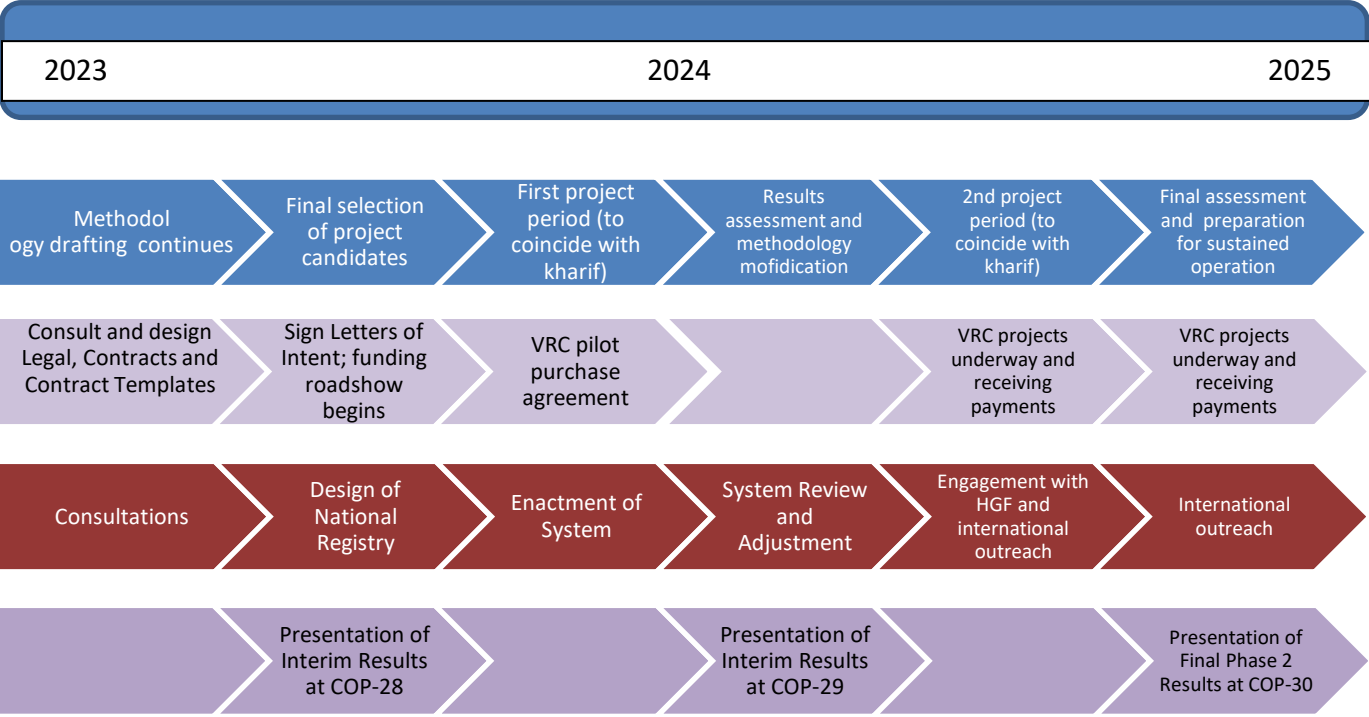


PHASE II – Goals (through 2025)

- Pilot Project
 - Approved Methodologies and Project Plan
 - Project under self-directed operation by end of Phase II
 - Sustainable ,Replicable, and Quantifiable Adaptation Results as measured by output VRCs
- VRC Fund
 - Designed and launched legal structure
 - Purchase agreements signed
 - Funding of operational VRC-generating projects
- National Management Component
 - National Adaptation Registry as component of National Management System
 - Push to internationalize concept



PHASE II - timeline





The Higher Ground foundation

- stand up to climate change

Thank you!

www.thehighergroundfoundation.org

Karl Schultz, HGF Executive Chair and Chief of Party; karl@thehighergroundfoundation.org;
phone/Whatsapp: +44 078432 80571

Linus Adler, HGF Technical Manager and Deputy Chief of Party;
linus@thehighergroundfoundation.org; phone/Whatsapp: +44 07928 759874

Scan for project materials:



The Higher Ground foundation

- stand up to climate change