Vulnerability Reduction Credit (VRC™) Standard Framework: Governance and Quality Assurance Standards Underpinning Adaptation Metrics

Karl Schultz, Executive Chairman

Workshop on Adaptation Metrics for Innovative Results-Based Adaptation and Resilience Finance

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The Higher Ground Foundation

To create a future where the best responses to climate change are the choices the world wants to make.
The Higher Ground Foundation

Diverse expertise interested in encouraging climate adaptation through a credit instrument and governance regime

REQUIRES:

Developing/applying quantitative and qualitative principles and approaches

Target setting, evaluation, and incentivizing

Testing through pilot projects in diverse, climatically vulnerable systems

Central to the aim of The Higher Ground Foundation is introducing the climate Vulnerability Reduction Credit (VRC™)
Vulnerability Reduction Credits (VRCs™)

How VRCs are relevant?

VRCs™ provide a means of exchange enabling their purchasers (e.g. governments/NGOs/private investors) to provide funding for climate adaptation projects with knowledge of the effectiveness that the return on that investment is likely to bring to communities in terms of adapting to climate change effects.

VRCs enable sustained effectiveness of this return (or vulnerability reduction) through continuous monitoring and third-party verification for crediting, and periodic revisiting of the project baseline over the lifetime of the project/investment.

How are VRCs relevant?

- VRCs can help support country-driven adaptation target setting, planning, and implementation of robust projects.

Specific Approaches

- Use VRCs to assess alternative technical options for different sectors
  - Able to compare across sectors and integrate systems - not just stressors
  - Vulnerability Reduction Project Manager (VRPM™) integrations for VRC methodologies to deploy specific technologies
- Policies and planning
  - Targets set in VRCs: results based
  - Finance: If priced, creates a revenue stream to secure/service finance
Vulnerability Reduction Credits (VRCs™)

Using Impact Cost Analysis to Create a "Universal" Metric

Number of VRCs = (AIC x IEF) / €50

Avoided Impact Cost Nominal Value Income Equalization Factor

At the heart of the VRC premise:

- Human vulnerability is more important than protecting assets
- Economic cost/benefits can be a proxy for human vulnerability + supports avoidance of "double counting"
- Loss and damage can be equalised for poorer communities by factoring in per capita income

Economic well-being ≠ human well-being

VRCs can be used in conjunction with other impact/evaluation methodologies

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Beyond a Metric: VRC Standard Framework

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

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Beyond a Metric: VRC Standard Framework

1.1 Introduction
1.2 Model Reference
1.3 Model Flexibility
1.4 VRC Project Document
1.5 List of project types requiring verification calculation
1.6 List of approved methodologies
1.7 List of approved small-scale methodologies
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2.1 Project Development
2.2 Local Stakeholder Consultation
2.3 Validation by Auditor
2.4 HGF Registration
2.5 Implementation
2.6 Monitoring
2.7 Verification by Auditor
2.8 HGF Credit Issuance
2.9 10-Year Revalidation

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4. VRCs in Action: A Case for Kampala

Key Adaptation needs for Kampala – Climate resilient Infrastructure

Climate resilient infrastructure.

- Construction and widening of drainage channels (e.g., Lurugizi).

FLOOD DAMAGE ADAPTATION
A Project Process Example
**VRCs in Action**

**Summary of VRCs**

VRCs offer a whole-systems approach to encourage better climate adaptations with many applicable uses.

The approach is underpinned by a robust Standard Framework with human vulnerability reduction at its heart.

The whole span of adaptation interventions are a subject of interest, as VRCs apply where cost : benefit analysis tools apply.
What’s Next For Higher Ground

Next Steps for The Higher Ground Foundation

We have launched our VRC Standard Framework and Pilot Implementation and Partnerships Phase (PIPP) at COP-23 in November 2017

- We are focused on partnering with relevant institutions and experts
- We are piloting VRC approaches in different sectors with different adaptation projects

www.thehighergroundfoundation.org