



# Climate Vulnerability Reduction Credits and Experiences in Côte d'Ivoire:

## A Metric for Climate Adaptation

**Presentation for International Platform on Adaptation Metrics (IPAM)  
Webinar Series**

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# Many Challenges for Climate Adaptation

- Inadequate *funds*
- Proving *adaptation rationale and results* to funders
- Establishing *comparability* between different projects and sectors
- No clear *role for private sector* to invest in scalable solutions
- Need for robust *monitoring and verification*
- Project *sustainability*

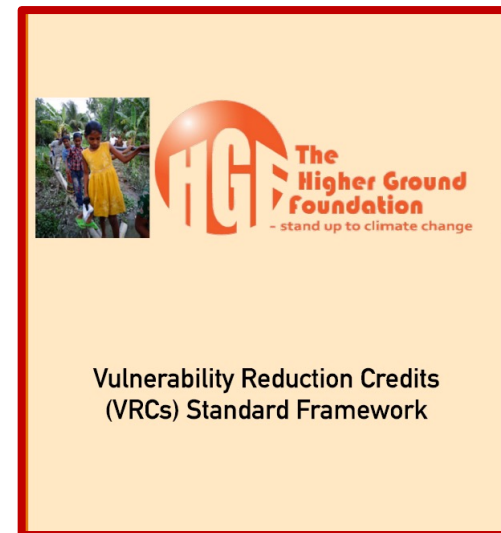
# Addressing these challenges....

Climate Vulnerability Reduction Credits (VRCs™) are an independent, fungible mechanism that:

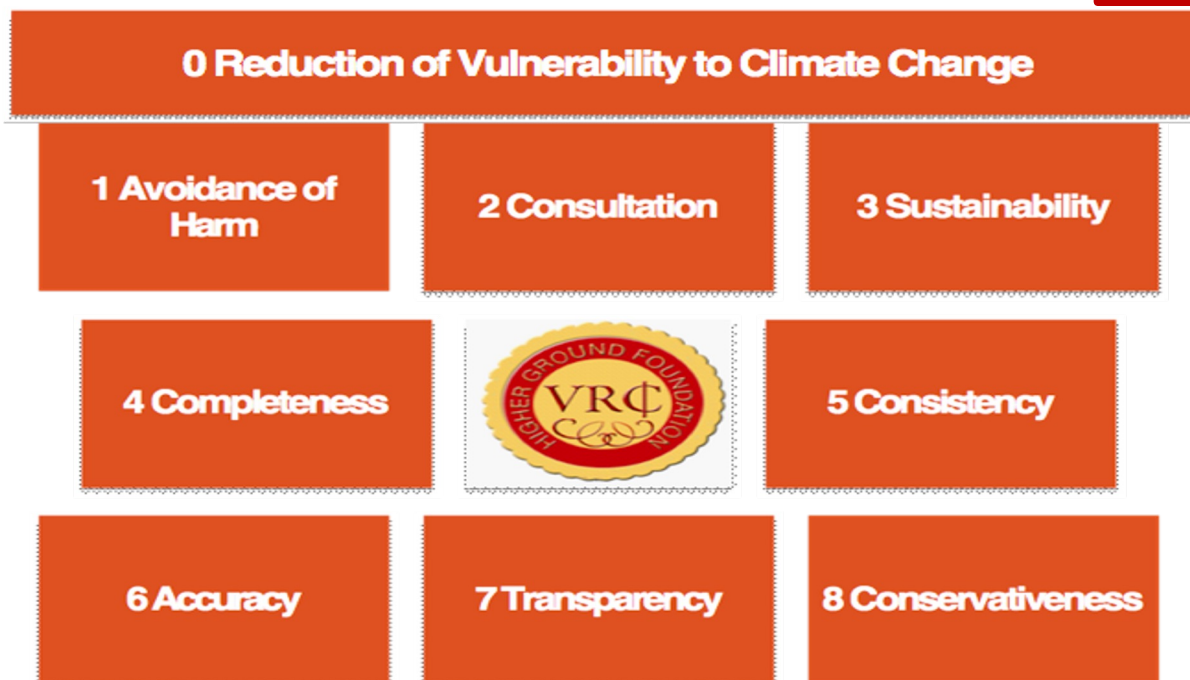
- Prioritizes projects
- Establishes 'climate rationale'
- Acts as financing instrument
  - Leverages additional finance

# What are Vulnerability Reduction Credits?

- VRCs are generated by quantified with (€50) in avoided impact costs and per capita income
- Projects and methodologies for validating and verifying VRC production are governed by the VRC Standard Framework



## *VRC Principles:*



# Calculating VRCs

$$\text{Number of VRCs} = \frac{(\text{AIC} \times \text{IEF})}{\text{€50 (nominal value)}}$$

where:

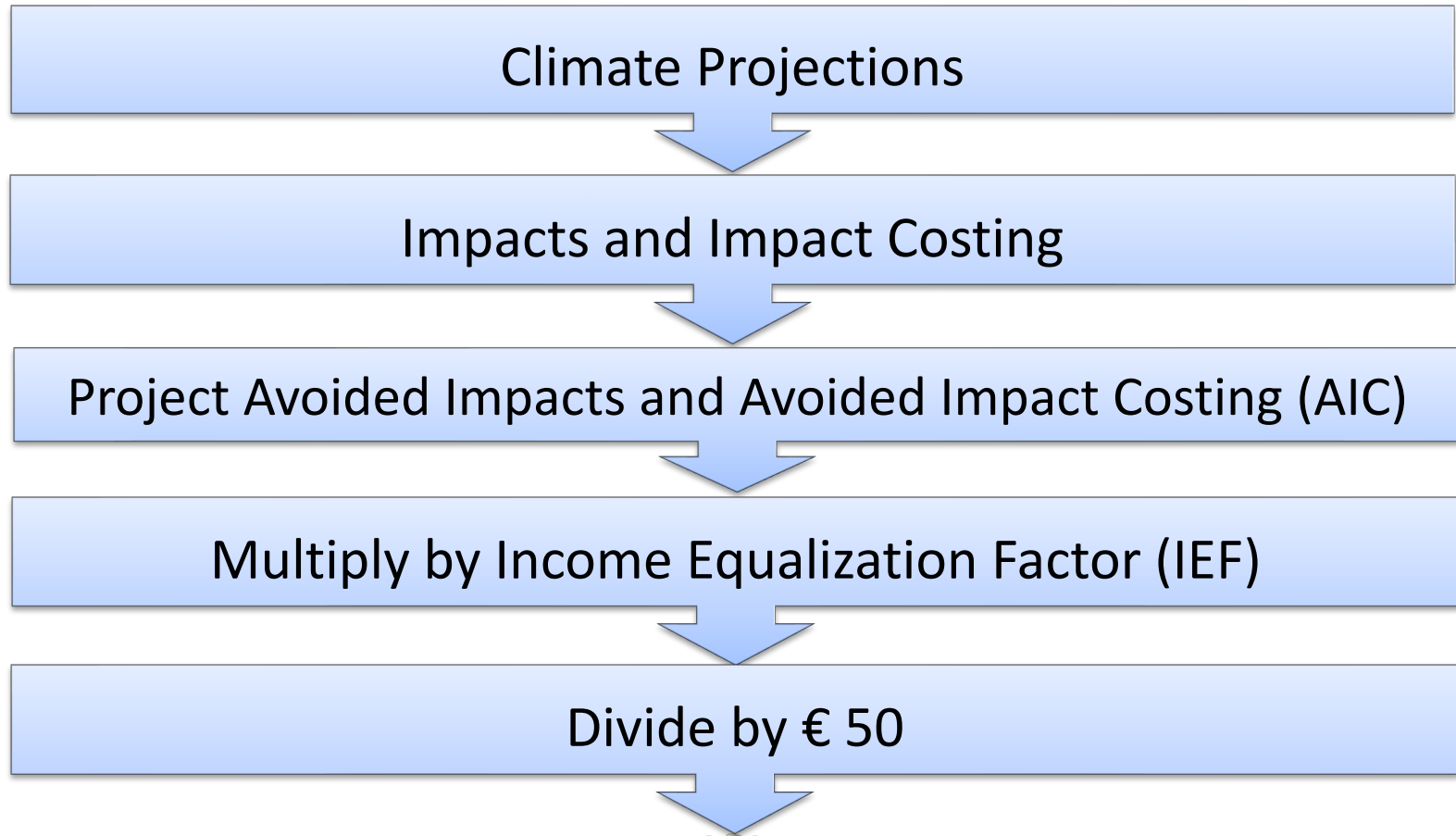
**AIC = Avoided Impact  
Cost**

(Reduction in economic losses)

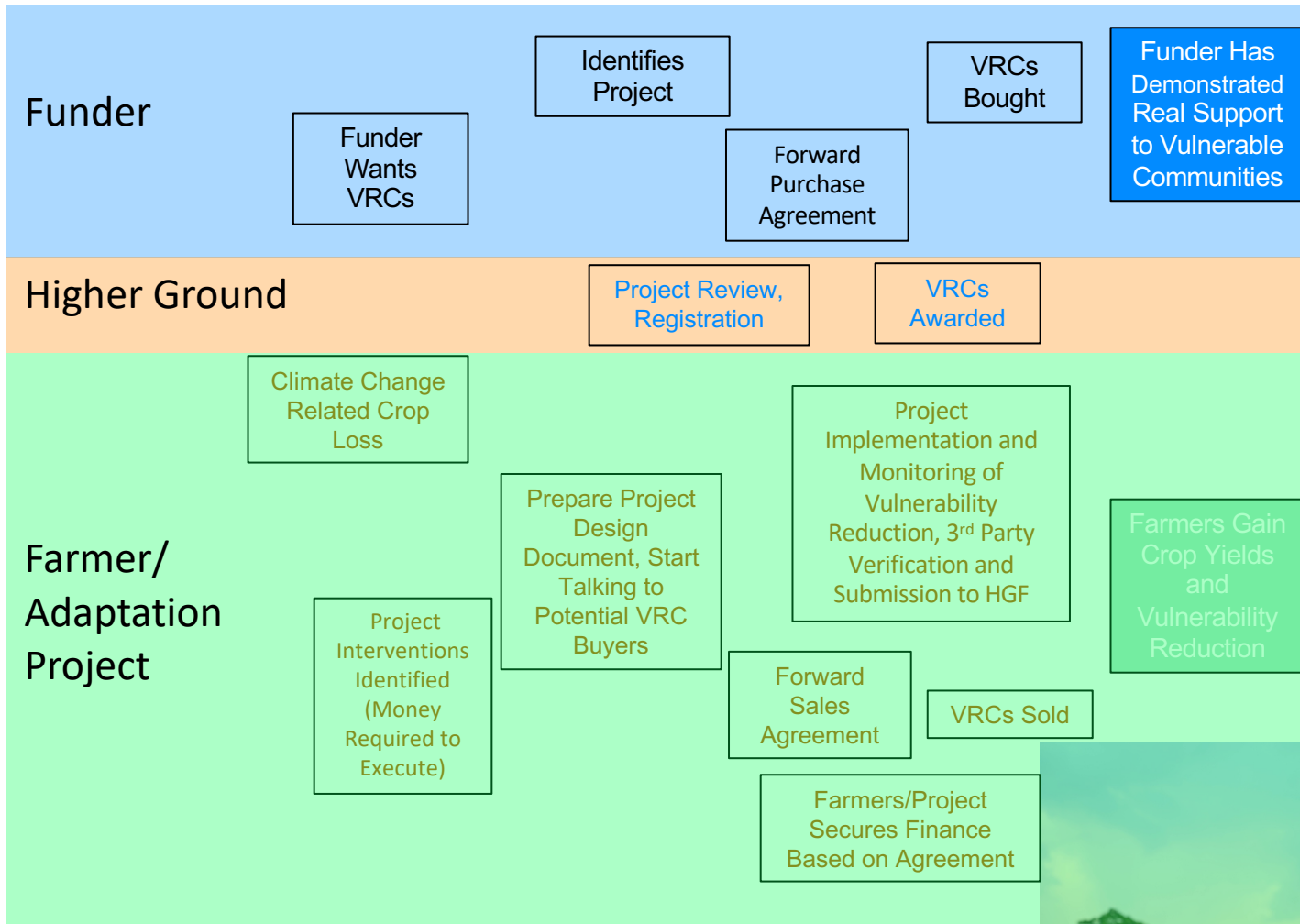
**IEF = Income  
Equalization Factor**

(Lower per capita income = higher IEF)

# How to quantify VRCs



# Project example:



Time >>>>>>



# Case Study: VRCs for Côte d'Ivoire

This initiative, in cooperation with Cote d'Ivoire Ministry of the Environment and National Resources, seeks to apply a transversal approach (VRCs) to link the project, finance, and national demands for adaptation tracking

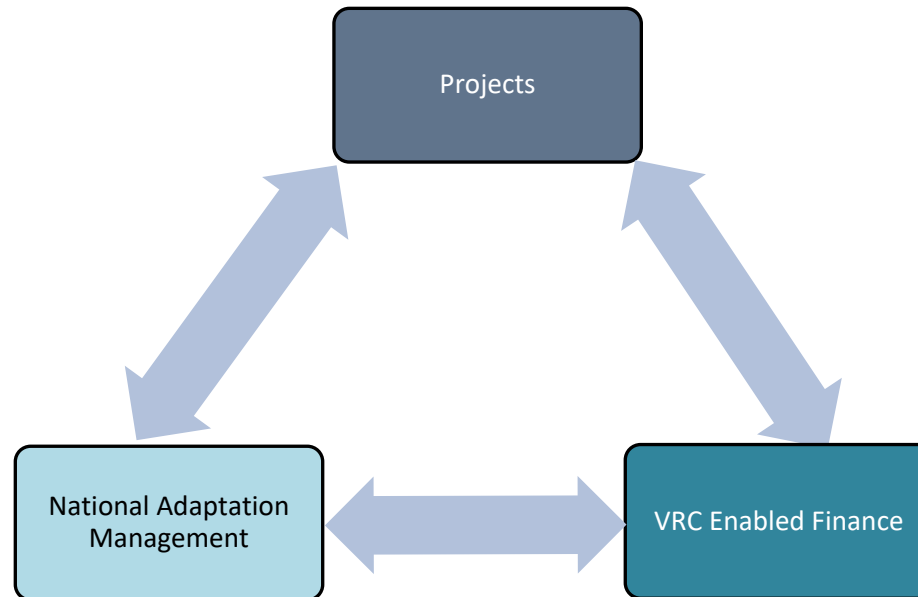
- Phase I: Feasibility study (UNDP/GCF funding) 2021- 2022
- Phase II: Market study (funded by UNDP)
- Phase III: Piloting with real projects

.....then national implementation and replication



# The Project Has Three Pillars:

**Pilot Project:** developing methodologies that translate specific adaptation activities into verified reductions in vulnerability denominated in terms of VRCs.



**National Management System:** platform for aggregating project outcomes with national goals as determined by nationally appropriate metrics.

**VRC Enabled Finance:** stimulating investment in adaptation through the funding of activities that reduce climate vulnerability using validated methodologies.

# 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
- Capacities (technical, financial, political)
- Data and analytical outputs: availability and quality
- Trends and plans for all the above

And considering requirements for VRC integration

To identify potential feasibility along with gaps and steps to overcome these

# Agricultural Pilot Project

## Phase I Findings:

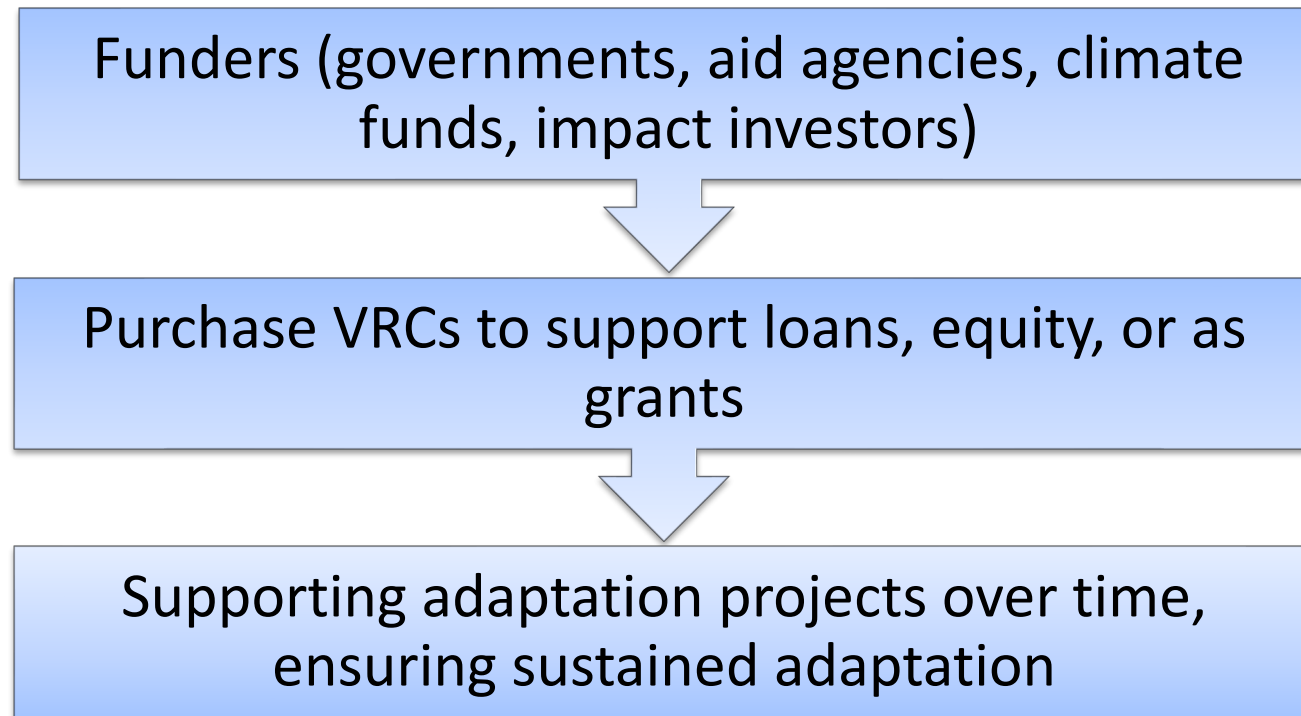
- Climate vulnerability understood for key crops including cacao and rice
- Interest in identifying solutions by all stakeholders (farmers, government, financial, technical and private sector) including cacao (commercial/export] and rice (food/domestic)
- Key ministries willing to share data in response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



# 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
- Market demand and from where?

# National Management

## Challenges identified in Phase I:

- VRCs are not enough: deploy/define “connecting” metrics between project and national scopes
- Must reflect and serve national policies and NAP
- Questions regarding institutional capacities



# Next Steps – Issues, Goals

## Pilot Project

- Identify project partners
- Methodology and Project Document
- Sustainable, replicable, and quantifiable adaptation results as measured by output VRCs
  - Exploring simplified approach – crop, climate region, project type

## VRC Finance

- Legal fiduciary structure and/or integration into existing funding
- Model contracts
- VRC-based funding of project (including leveraging private finance)
  - Launch funder demand/market study

## National Management and Reporting

- Integration into existing and future national adaptation plans for prioritizing, accounting and reporting
- Define legal and governance requirements and structure





# The Higher Ground foundation

- stand up to climate change

## *Thank you!*

[www.thehighergroundfoundation.org](http://www.thehighergroundfoundation.org)

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Scan for project materials:





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Paul Forte

# SOME OVERVIEW PERSPECTIVES



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# Metrics

- There are no 'silver bullet' universal metrics when it comes to climate change adaptation
- VRCs are focused and bring together different aspects of adaptation including vulnerability and income inequalities, which can serve as a *starting point* for addressing adaptation issues.
- The central ethos of IPAM is metrics development and application. This means not only a technical dimension but - importantly - a practical one: working with people to support competency and skills growth



# Whole systems

- VRCs point the way to developing a ‘whole system’ perspective: not only finance, but vulnerability
- Crossing ‘silos’ between different domains of expertise or interest is absolutely crucial
- This should be central premise in projecting IPAM thinking and developing its role
- Not easy – and you’re not always thanked for doing so!



# Questions...

- How might VRCs play a role in your current work – whether in research or on-the-ground application?
- Personal examples of addressing whole system issues with indicators?
- Local training and skills development - what has been your experience and what are the issues you have encountered?



# More Questions from the Session (paraphrased)

- Does the IEF result in an overestimation of VRCs?
- Would it be possible to scale the uptake of VRCs via the New Collective Quantified Goal?
- VRCs are motivated to finance, not for quality of adaptation outcomes, and theoretical outcomes, not realised outcomes, are what are measured. Do these factors pose problems?
- What policy context is needed to put VRC regime in place?
- Indicators can do both good and bad---how do VRCs prevent the bad?
- Could VRCs increase the 5% share of proceeds from Emissions Reductions sales earmarked for the Global Adaptation Fund under Article 6.4 of the Paris Agreement?

