**Guidelines for Climate Risk Screening and Assessment**

These draft guidelines provide a framework for Agencies with direct international development programs and investments for undertaking climate risk assessment as set forth in Sections 2(a)(i) and 4(b)(i)(G) of the Executive Order (EO) on Climate-Resilient International Development.

For EO reporting requirements under Section 5(ii)(b)(i), these guidelines are intended to provide a set of minimum criteria for what constitutes a climate-risk assessment in terms of estimating the proportion of each agencies direct international development programs and investments for which climate-risk assessments have been conducted, as well as an estimation of the proportion of the programs and investments for which climate risk was identified and acted upon.

**Tier 1 - Climate Risk Screening**

Climate risk screening is intended to identify risks at an early stage in the decision-making process. It determines whether additional assessment is needed**.** It applies to all investments covered by the EO (agency strategies, planning, programs, projects, investments, overseas facilities, and related funding decisions), which we collectively refer to as “investments” in this document.

Screening is mandatory, though the use of any particular tool is not. The inter-agency Working Group will provide guidance on good practice and links to tools and information.  USG agencies will be able to choose the tools and procedures that best meet their needs, so long as they are consistent with the principles of good practice and meet the objectives of the EO. Broad elements that screening should consider:

* **Potential impact** of climate change on proposed investments, which depends on:
  + Sensitivity of the type of proposed investments to climate change (this varies by sector).
  + Exposure of the proposed investments, given anticipated climate change at the location of the investment.
* **Institutional readiness (adaptive capacity)** of the host country organization promoting project. Potential impacts identified above are modulated by the ability of institutions to conduct risk assessments, analysis, and implement actions to address these risks and vulnerabilities.
* **Categorical risk assessment is** the product of the potential impact and institutional readiness to address these impacts. High risk projects require additional analysis by qualified professionals. The screening process is intended to both (a) identify projects and strategies that require additional analysis and (b) focus that follow up (what project vulnerabilities are we trying to adapt to?).

Based on the Tier 1 screening, investments are categorized into **Category A** – potentially significant climate risk identified (Additional Tier 2 Assessment Needed) or **Category B[[1]](#footnote-1)** – no potentially significant climate risk identified (No Additional Assessment Needed) **-** starting October 1, 2015. Outputs of climate screening would include:

1. Agencies conduct initial screening at a pre-decisional stage for funding (e.g. at the early concept stage) at the appropriate review level (e.g., strategy/plan/program/project/activity level as appropriate per Agency’s funding model).
2. Define geographic scope of the climate risk.
3. Apply available climate data within geographic scope. This includes primary climate variables (historic, observed, and future climate scenarios).
4. Identify relevant, vulnerable sectors (e.g., water infrastructure, transport, health) and populations (low income, coastal, indigenous, urban, rural).
5. Strategy/plan/program/activity being screened should
6. Categorize climate risk either: Category A – potentially significant climate risk identified (Additional Assessment Needed) or Category B – no potentially significant climate risk identified (No Additional Assessment Needed).
7. Report on result of Tier 1 Climate Risk Screening.

**Tier 2 - Climate Risk Assessment**

The Tier 2 Assessment and Evaluation will be for agency investments for which the Tier 1 Screening identified a potentially significant climate risk. A Tier 2 assessment would be needed to assess the scope of the risk, analyze actions required to address the risk, and evaluate the options – expected to start following the Tier 1 Climate Risk Screening and be systematically implemented after October 1, 2016 for new investments.

1. Apply relevant climate information, including secondary climate variables (e.g., flood maps, cropping patterns, and water resource information).
2. Analyze the scope of the climate risk (e.g., geographic, beneficiary populations, financial). In some cases, this may require new studies.
3. Develop options to address the climate risk throughout the life cycle of the investment.
4. Conduct evaluation of various options to address the climate risk in the investment life cycle.
5. Report on actions taken to respond to climate risk for the investment: (1) No change required to address climate risk; (2) Change required to address climate risk; (3) Alternate investment considered due to climate risk; or (4) Addressing climate risk not possible due to lack of feasible alternatives.

**Definitions**

**Climate Risk Screening**: a process to identify current and future climate risks early in the decision-making process (at the concept stage). It is intended to drive what, if any, additional more in-depth analysis may be necessary.

**Climate Risk Assessment**: a more in depth analysis of climate risks, uncertainties, and options for addressing both. For infrastructure projects, this may be carried out as part of pre-feasibility of feasibility studies. The analysis more fully characterizes the risks and opportunities and identifies appropriate means to integrate them into the proposed investments. These strategies are varied but could include changing: (a) location of a project; (b) dimensioning / infra add on (flood proof bridges); and (c) approaches (promote drought-resistant crops).

1. Many donors use a three tier system (high, medium and low risk), which we could consider. [↑](#footnote-ref-1)