**Draft Guidelines for Climate Risk Screening**

Inter-Agency Working Group on Climate Resilient International Development[[1]](#footnote-1)

Addressing climate change is central to sustainable development. By considering climate risks as part of the decision-making process, institutions can increase the resilience of their investments in the face of a changing climate. By considering opportunities, they can broaden the range of options when determining the most effective approach.

These document provides guidelines for climate risk screening. Screening is intended to identify risks at an early stage in the decision-making process. It determines whether additional assessment is needed, and if so, helps to scope that assessment. It should be relatively quick, helping an Agency mange risks and chart a course forward.

Screening forms part of a larger process of climate risk management. This includes, where needed, more in-depth climate assessments (see illustration below). The entire analysis should be commensurate with risks and information needs, facilitate understanding and buy-in within teams, produce actionable results, and lead to appropriate adjustments to agency investments[[2]](#footnote-2).



While this document highlights some applicable tools and information sources, it is important to recognize that they are just part of the climate risk screening and assessment process. Agencies should begin working as soon as possible to identify entry points and determine how the climate risk screening and assessment process will be integrated into their program cycles. In many cases, this may require an effort to build buy-in and support.

# Policy

This documents provides guidance to USG agencies that make international development investments. It is intended to be consistent with current policy, including the:

* [Executive Order on Climate-Resilient International Development](https://www.whitehouse.gov/the-press-office/2014/09/23/executive-order-climate-resilient-international-development) (EO). The EO applies to all agencies with direct international development programs and investments. It requires agencies to incorporate climate-resilience considerations into decision-making by assessing and evaluating climate-related risks and make adjustments, as appropriate. All investments covered by the EO (agency strategies, planning, programs, projects, investments, overseas facilities, and related funding decisions) should be screened for adaptation risk[[3]](#footnote-3).
* [International Finance Corporation’s Environmental and Social Performance Standards](http://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc%2Bsustainability/our%2Bapproach/risk%2Bmanagement/performance%2Bstandards/environmental%2Band%2Bsocial%2Bperformance%2Bstandards%2Band%2Bguidance%2Bnotes). It is the policy of two USG development agencies (OPIC and MCC) to follow the IFC Performance standards. Consistent with the EO, the Performance Standards require investors to assess risks and impacts of climate change. They also mandate the evaluation of opportunities to improve energy efficiency and reduce greenhouse gas emissions.

While screening is mandatory, the use of any particular tool is not. USG agencies can make use of the tools and procedures that best meet their needs, so long as they are consistent with the essential elements of good screening outlined here.

# Essential Elements of Screening

1. Expected climate change trends at proposed investment location(s). Based on existing climate information, the analysis will consider general climate trends[[4]](#footnote-4) at the proposed investment location(s). It is understood that at this early stage in development, investments and their potential locations may not be well defined[[5]](#footnote-5). Project proponents should use the best information available. Agencies may use any sources of climate information they choose, though two that are particularly helpful are the [World Bank Climate Knowledge Portal](http://sdwebx.worldbank.org/climateportal/) and [KfW Climate Fact Sheets](http://www.climate-service-center.de/036238/index_0036238.html.en). Climate trends to consider may include:
	1. Extreme temperature
	2. Extreme precipitation and flooding
	3. Drought
	4. Sea level rise and storm surge
	5. Strong winds
2. Potential Impact of climate change on the investment. This impact reflects the interaction between the anticipated climate change at the proposed location(s) of the investments (described above) and the nature of the proposed investments. Projects in different sectors, even if at the same location, will interact differently to a changing climate.

**Optional Elements of Screening[[6]](#footnote-6)**

1. Institutional readiness of relevant host country organizations. The potential impacts identified above can be mitigated by the ability of local institutions to conduct risk assessments, analysis, and implement actions to address risks and vulnerabilities. An advantage of considering this local adaptive capacity is that it can help identify opportunities to manage risks through policy and institutional interventions.
2. Opportunities to reduce greenhouse gas emissions. Both the EO[[7]](#footnote-7) and the IFC Performance Standards encourage agencies to consider opportunities to reduce greenhouse gas emissions. That said, there is no specific screening requirement.

# While all investments must be screened, agencies may develop systems that allow for: (a) categorical exclusion of investments that have little or no climate risks or opportunities and/or (b) certain types of investments to pass directly to the in-depth assessment stage (recognizing that screening can still help to scope these assessments).

# Tools for Climate Screening

[This section under development as we complete the analysis of which publically available tools meet the guidelines. This analysis will be based on the draft inventory of tools prepared by USAID, which can be found at this link (please do not share draft outside the working group)]

<https://docs.google.com/a/ccrdproject.com/spreadsheets/d/1OptN7FDCp2qYRbQwalr_WlUydLdn7itnKAp_g9uc4Y8/edit#gid=0>

# 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 analysis may be necessary.

In Depth Assessment: a more in depth technical and economic evaluation of climate risks, uncertainties, and adaptation options. For infrastructure projects, this may be carried out as part of pre-feasibility and feasibility studies. Adaptation options are varied but could include: (a) changing the location of a project; (b) dimensioning (adapting the infrastructure design, such as increasing the size of culverts to handle greater water flows); (c) adjusting the development approach (e.g. promoting more drought-resistant crops); (d) investments to help institutions adapt.

1. Participating organizations include Treasury, State, agencies with international development investments (USAID, MCC, OPIC, USTDA, USDA), science agencies and programs (NOAA, NASA, US Global Change Research Program, and USGS), and the White House (NSC, CEQ, OSTP). [↑](#footnote-ref-1)
2. The EO requires that agency strategies, planning, programs, projects, investments, overseas facilities, and related funding decisions should be screened for adaptation risk. The term “investments” is used as shorthand. [↑](#footnote-ref-2)
3. The screening requirement is not retroactive. It applies to all new investments and funding decisions beginning October 1, 2015. [↑](#footnote-ref-3)
4. At the screening stage, the focus should be general climate trends, not a specific value. [↑](#footnote-ref-4)
5. It is also worth noting that some investments may not be tied to a geography (e.g. training). In these cases, the screening should specific vulnerabilities of the investment, and opportunities to enhance resilience (if there is a potential climate interaction). [↑](#footnote-ref-5)
6. These elements reflect good practice and agencies are encouraged to consider them when appropriate. But they are not required. Some agencies may also choose to link climate screening with other processes, including those related to other environmental, social and disaster risks. [↑](#footnote-ref-6)
7. The EO directs agencies to help international partners promote sustainable low-emissions development. [↑](#footnote-ref-7)