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FREQUENTLY ASKED QUESTIONS:
CLIMATE RISK MANAGEMENT
AT USAID



BACKGROUND

USAID systematically manages climate risks in new USAID programming per Agency policy, safeguarding American taxpayer resources. The goal of CRM is to increase the sustainability, resilience and impact of development investments. For USAID’s official guidance on climate risk management, see [Climate Change in USAID Strategies](#) and [Climate Risk Management for USAID Projects and Activities](#). For guidance on considering climate change in USAID Policy documents, see the Annex of ADS 200maa: [Guidance on Writing and Reviewing Development Policy](#). Climate Risk Management (CRM) resources are available on [Climatelinks](#).

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FREQUENTLY ASKED QUESTIONS

PURPOSE AND OVERVIEW OF CRM

1. What is climate risk management (CRM)?

Climate risk management (CRM) is the process of assessing, addressing and adaptively managing climate risks that may impact the ability of USAID programs to achieve objectives. For USAID's purposes, climate risks are potential negative consequences to programming due to changing climatic conditions.

2. Why is climate risk management important for development?

Climate change is having and will continue to have far-reaching impacts on human health, agriculture, urban development, and other sectors for decades to come. For example, increases in temperature and changes in precipitation patterns can significantly affect crop yields from rain-fed agriculture, with subsequent impacts on food security and livelihoods. Changes in temperature and precipitation can shift the geographic range and incidence of vector-borne diseases. Sea level rise and storm surge can harm vital coastal ecosystems, infrastructure, and settlements. The impacts of climate change can also compound pre-existing and overlapping social, political, and economic stresses. If climate risks are not addressed, they can significantly undermine achievement of development objectives. By assessing, addressing, and adaptively managing climate risks, USAID can deliver better, more sustainable results in the countries where we work, save taxpayers' money, and safeguard our investments.

3. How is CRM integrated into the USAID Program Cycle?

CRM is an iterative process that flows through all steps of USAID's Program Cycle. To learn more about USAID's Program Cycle and its definitions of strategy, project and activity please visit [LearningLab](#) or ADS 201. The aim of integrating CRM into the Program Cycle is to increase climate resilience by informing USAID decision-making while minimizing operational burden.

- All Agency-wide policy documents that are being newly drafted or revised must take into account and address as appropriate climate risks that have the potential to impact the policy or its implementation (see [Guidance on Writing and Reviewing Development Policy, Annex on Climate Change Requirements in New Agency Policies](#)).
- [CRM at the strategy level](#) (e.g., R/CDCSs), helps to identify development objectives that have climate risk(s). Those risks can then be addressed in strategies, projects and/or activities and further assessment can be conducted as needed.
- [CRM for project and/or activity design](#) builds on these earlier efforts. Climate risk assessment results and follow-up actions are documented in environmental compliance analysis and incorporated in the design and associated documents (project appraisal document or solicitation/announcement).
- CRM continues through implementation. Actions are carried out and monitored and potentially evaluated. Programs are adaptively managed based on relevant climate and performance information.

CRM for USAID should be "fit for purpose," i.e., detailed enough to inform decision making but not overly costly or burdensome.

APPLICABILITY OF CRM

4. Are there any exemptions?

CRM is required for all new strategies, projects and activities, whether designed by missions or Washington Operating Units (OUs). There are a few exceptions, e.g., humanitarian assistance. All exceptions are documented. See section I of the ADS 201mal for exemptions: [Mandatory Reference for Climate Risk Management for USAID Projects and Activities](#).

5. Does this mean USAID will no longer be doing projects and activities that have high climate risk?

No. Our goal is to ensure that our work is resilient to the impacts of climate change and to avoid maladaptation, or, development efforts that make people worse off in the face of climate change. By addressing climate risks, USAID is able to achieve this goal.

6. How does CRM apply to infrastructure/construction?

All activities where USAID funds are directly or indirectly supporting construction (as defined in FAR Part 36) are considered 'high risk' per CRM policy and associated guidance. Beyond identification of construction activities, no additional analysis of climate risk is required. Detailed risk analysis and risk mitigation should be addressed in planning and engineering design (usually performed by a qualified and registered engineering firm). Engineering analysis should include consideration of potential impacts due to a changing climate on the location (siting), functionality, and sustainability of resulting infrastructure and infrastructure services.

CRM ROLES AND RESPONSIBILITIES

7. Who will do CRM? What are the staffing implications?

According to Agency guidance, USAID design teams for strategies, projects and activities hold the main responsibility for CRM. As climate risk management carries through into implementation, monitoring, evaluation and learning, USAID may ask implementing partners to ensure CRM is incorporated into these stages of the program cycle. In some cases this may require ensuring staff have adequate capacity, resources and time to assess, address and adaptively manage climate risks. Occasionally, additional staff may be needed to meet these needs.

8. How does CRM apply to implementers?

USAID is instituting CRM across planning processes, per ADS 201, so that climate risk is addressed and adaptively managed, as appropriate, during strategy, project and activity design and implementation. For example, an activity design may include climate-smart approaches that the implementer carries out, a solicitation may request additional climate analyses be performed upon award to help inform efforts, or an implementer may conduct environmental mitigation and monitoring measures specific to CRM.

SUPPORT FOR CRM

9. What technical resources are available for CRM?

[Climate Risk Screening and Management Tools](#) and [country or regional-level climate risk profiles and greenhouse gas \(GHG\) emissions fact sheets](#) are available. These and other CRM resources are available on [Climatelinks](#). Many other donors, partner countries and development practitioners and experts have also developed climate resources that may be useful.

10. How is USAID building capacity for climate risk management?

Internally, USAID is implementing a Climate Risk Management Capacity Building Plan, which provides a framework for increasing the capacity of USAID staff to assess, address and adaptively manage climate risks. This plan has Agency-wide and bureau-specific sections that identify climate risk management audiences, behaviors and capacity building actions, including training, knowledge management and outreach. These include a one-day classroom-based training on climate risk management tailored by sector and/or geography.

Externally, [Climatelinks provides a number of resources](#), including the online courses, [Climate Resilient Development 101](#) and [What is the Climate Risk Management Process?](#)

PREPARING FOR AND CONDUCTING CRM

11. How long will the climate risk assessment take?

The amount of time required will depend on the sector, the method used to assess climate risks, and what previous CRM work has been done. Generally, the process is relatively quick for low risk areas but may take more time where risk is higher.

12. Can you give an example of CRM in practice?

Yes. These [examples](#) describe USAID's experience with managing climate risks.

13. What is the difference between climate stressors and climate risks?

Climate stressors are climate factors that can affect the functioning of a system. Examples include increasing average temperatures; more extreme weather events, including stronger storms; changing precipitation patterns; more common and intense droughts and floods; rising seas levels; ocean acidification; and glaciers melting. **Climate risk** is the potential for negative consequences due to changing climatic conditions. Climate risk consists of individual climate risks—potentially severe adverse consequences for development programs (or for humans and social-ecological-economic systems) resulting from the interaction of climate-related stressors with the vulnerability of societies and systems exposed to climate change. For a project intending to improve livestock productivity, examples of climate risks might include heat stress on livestock due to increasing temperature and livestock mortality from increasingly frequent/severe drought.

14. Why should I use [USAID's Climate Risk Screening and Management Tool](#)?

The tools and the sector annexes provide a systematic framework for assessing and addressing climate risks. Note, these tools are designed to support internal USAID processes to design strategies, projects and activities. However, they may also prove useful to implementers applying CRM. The activity-level tool in particular may be useful for partners who need to conduct CRM in order to develop proposals or work plans.

15. I'm implementing an activity that addresses climate risks. How do I incorporate CRM in the MEL Plan?

A guide, [Climate Risk Management: Monitoring, Evaluation, Learning and Knowledge Management](#), has been produced to help USAID staff and implementing partners manage climate risk adaptively, learn from the process and record and share learning. This is also a good resource to support the development of MEL plans.

16. Where can I find the results of USAID's climate risk assessment?

The results of USAID's climate risk assessment are documented in the IEE. Reviewing the results of the assessment may assist implementers in developing their proposals and MEL plans and in managing climate risks throughout implementation.

17. How can I provide feedback on USAID's CRM approach?

A [feedback survey](#) has been developed to collect feedback on the CRM process and results. If you have applied USAID's CRM process, please take the time to fill it out. The survey is estimated to take 10-15 minutes.

RELATIONSHIP TO OTHER USAID EFFORTS AND REQUIREMENTS

18. How is CRM related to USAID's resilience efforts?

USAID's [2012 Policy and Programming Guidance](#) defines resilience as “the ability of people, households, communities, countries, and systems to mitigate, adapt to, and recover from shocks and stresses in a manner that reduces chronic vulnerability and facilitates inclusive growth.” In short, resilience is the ability to manage adversity and change without compromising future well-being. The climate risk management process can help identify climate risks as part of the broader set of risks to be addressed through resilience approaches and programming. While climate variability and change is an important shock and/or stress to consider when trying to building resilience, resilience also considers and addresses the complex and compound nature of risk, including in relation to other shocks and stresses, such as population growth, local and global price shocks, political instability, and conflict. The broader relevance of resilience to USAID's efforts is underscored by [evidence](#) that [millions of vulnerable people return to extreme poverty, or become poor for the first time, when they are hit by a combination or sequence of shocks](#), such as drought, illness, and insecurity or conflict. In recognition of this, a growing number of Missions are incorporating risk and resilience into strategy development and program design. While climate risk management is required for all new USAID strategies, projects, and activities, there are no Agency requirements for resilience, but Missions are encouraged to consider how to build

resilience to recurrent shocks and stresses (both climate and non-climate) when designing programming. For more information on USAID's resilience work, visit: <https://www.usaid.gov/resilience>.

19. How does CRM relate to gender?

Climate variability and change impacts different populations differently. Gender dynamics can impact CRM and vice versa. To facilitate the consideration of gender in climate risk assessments, questions related to gender are integrated throughout the sector annexes of the [Climate Risk Screening and Management Tools](#).

20. What is the relationship between CRM and environmental impact assessment and Reg 216?

22 CFR 216 requires USAID to “identify impacts resulting from USAID’s actions upon the environment” and “define environmental limiting factors that constrain development.” As part of environmental compliance, you should already be considering climate change when identifying how your project might impact the environment. This could be through greenhouse gas emissions or because climate change may exacerbate the environmental impact of your project, e.g., increased water scarcity may heighten the impact of any project that may affect water quality or availability. CRM aims to improve USAID’s ability to consider “environmental limiting factors that constrain development.” The CRM process is documented in a variety of places, including activity and project environmental compliance analyses, e.g., IEEs, Requests for Categorical Exclusion (RCEs), and Environmental Assessments (EAs). The environmental compliance analysis (e.g., IEE) must include a summary of the approach to CRM and major CRM results.

21. Do the CRM results impact the environmental determination?

Identification of high, moderate or low risks does not necessarily impact the environmental determination. For example, an Education, Youth and Child Development Project in Uganda received a categorical exclusion for environmental impacts but identified a high risk to their objectives if youth productive and/or employable skills are in areas projected to be affected by climate change (e.g., agriculture, agro-enterprises and agro-processing).

22. Are projects/activities that receive a Categorical Exclusion exempt from Climate Risk Management or automatically low risk?

No. A categorical exclusion is given for actions that do not have a negative effect on the natural or physical environment (the operative word being “on”). This has no bearing on whether or not there are climate risks to the actions (the operative word being “to”). For USAID’s purposes, climate risks are potential negative consequences on strategies, project or activities due to changing climatic conditions.