Climate and Environment Assurance ...

... in DFID’s new delivery system

Department for International Development
John Carstensen
Brussels, March 2015
## Issues

### Manage harm

| Is the project at risk from | • Environmental degradation  
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| Could the project contribute to | • Environmental degradation (pollution, …)  
|                           | • Climate change (CO₂ emissions)  
|                           | • Increased vulnerability (exposure, sensitivity, …) |

### Identify co-benefits

| Could the project contribute to | • Improved environmental management  
|-------------------------------|------------------|
|                               | • Tackling climate change (reduce emissions)  
|                               | • Reducing vulnerability to climate shocks and change |

### Due diligence

| Do implementing partners and / or suppliers have the capacity to manage risks and opportunities? |
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The Climate and Environment Assurance (CEA) regime

Focus: project appraisal

- Operational plan
  - Strategic case
  - Options
  - Appraisal

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CEA’s under Smart Rules

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Operational plan

Strategic case

Options

Appraisal

Deployment

Implementation

M&E
Core Principles

Rules, principles and standards

- Rules
- Principles
- Operating standards
Operating standards

There is a set of quality standards that guide decisions at each point in the programme cycle. It is the responsibility of head of department and senior responsible owners (SROs) to consider these standards and make judgements as to how they interpret them according to their specific context and type of portfolio and programme. The head of department and SRO should be able to provide evidence of their decision making and rationale for the approach taken.

Technical quality

Better programme delivery is not an end in itself. We want operational plans and programmes that provide benefits to the poor and that tackle the underlying causes of poverty and conflict.

There are a number of technical considerations to guide the design and delivery of adaptive operational plans and programmes. These include, but are not limited to: the political economy, conflict and fragility, institutional environment, climate change, resource scarcity and environmental vulnerability, gender equality, social and poverty impact, and human rights.

- Understand the political and economic context and how DFID's interventions will affect and/or be affected by them. Is the intervention realistic and desirable given the underlying political economy dynamics? Do you understand which coalitions will or could support or prevent change? What are the key formal and informal institutions which will affect your intervention?

- Consider how each intervention will contribute to poverty reduction, addressing the underlying causes of poverty, and the impact on different social and economic groups including analysis of different needs, rights and patterns of discrimination due to location, gender, disability, ethnicity, religion, sexuality, age and so on. Also, consider the contribution to broader social and political participation.

- Ensure sustainability and resilience. How will you generate lasting benefits for citizens in the face of possible future shocks (e.g., political, economic, security, environmental, social, climatic)? How do you support resilient households, firms, institutions, societies and environments capable of coping with uncertain futures? This could include: supporting opportunities to deliver climate and environmental benefits, fostering positive change in the political settlement, contributing to peace and stability, providing a stable and good investment climate in which firms can operate and create jobs, promoting rights and choice, and/or addressing underlying gender barriers.

- Avoid doing harm, ensuring that our interventions do not sustain unequal power relations, reinforce social exclusion and predatory institutions, exacerbate conflict, contribute to human rights risks, and/or create or exacerbate resource scarcity,
Responsibilities

(...) responsibility of Heads (...) and SRO’s to consider (...) standards and (...) to interpret them relevant to their specific contexts (...) (and)

(...) should be able to provide evidence of their decision making (...)
Resources

- Operational plan
- Strategic case
- Options
- Appraisal
- Sector guidance
- Economic appraisal
- Contract formulation
- Mobilisation
- Delivery
- Annual reviews
- M&E

CPRD

Smart Guide
Implications

• No reduction in quality

• *Programme teams to take ownership of climate and environment*

• Proportionate response
  – Identify strategic opportunities in operational plans
  – *Identify ‘big risk’ investments early on – OP and/or strategic case*

• *Ensure decisions are acted upon*

• Call on specialist advice when needed

• *Record your decisions*
2. What can we expect in our bilateral spend?

**Opportunities**
- 21% High
- 61% Medium
- 18% Low

**Risks**
- 34% High
- 56% Medium
- 10% Low

**Mean budget allocation 2008 – 2012 and C&E categorisation as per 2012 approved expenditure**

- **High:** >75% business cases categorised as A or B
- **Medium:** 50 – 75% business cases categorised as A or B
- **Low:** 25 – 50% business cases categorised as A or B
- **Very low:** < 25% business cases categorised as A or B
Sector focus - bilateral

Mean bilateral expenditure –2008-2012
3. Why are we changing this system?

- Resource allocation priorities
- Knowledge and tools
- Organisational capability

Ensures programmes take account of climate change, sustainability and resource scarcity

Staff awareness and engagement
Greening the Office
Proofing Portfolio
CEA’s didn’t deliver ...

- Increasing awareness of climate and environment opportunities
- Comes too late in the decision making process
  - Limited impact on design
  - No prioritisation / proportionality
  - Does not help identify strategic opportunities
- Implementation and follow-up problematic
- Perverse incentive
  - Institutional reaction to compliance
  - Compliance hampers mainstreaming
• Professionalise the way DFID manages programmes
  – From rules to principles-based programme management
  – Encourage greater use of judgement

• Three lines of defence:
  – Delivery, Quality assurance, Accountability

• Technical standards
  – Proportionality and relevance
  – Applying across all cross-cutting issues

... and we’re changing everything...
4. What are our aims?

Support decision making to ensure DFID investments and policies are compatible with its ambitions on sustainability

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<tr>
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<td>doing the right thing</td>
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<tr>
<td>VFM</td>
<td>prioritise resource allocation</td>
</tr>
<tr>
<td>Risk management</td>
<td>avoid doing harm</td>
</tr>
<tr>
<td>Technical</td>
<td>contribute know-how</td>
</tr>
<tr>
<td>People</td>
<td>behaviour and attitudes</td>
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Increasing risks of food and water crises, humanitarian crises, health impacts, children removed from education, strain on social protection

Risk to human capital

Reduced productivity in some sectors, such as agriculture; and rising damage to assets

Changing global environment: more volatile commodity and energy prices; strain on humanitarian system; changing trade patterns

Erosion of natural capital: ecosystems, fisheries, forests, biodiversity, ecosystem services

Strain on political stability and potential conflict

Challenges to growth environment: damage to infrastructure, disruption to public services, reconstruction costs, unstable macro-environment

Country Poverty Reduction Diagnostics
CPRD

Source: DFID “Changing with the times”, June 2012. DFID Internal document
Thank you