E3G welcomes the decision by the European Commission to update the EU’s Strategy on Adaptation to Climate Change, in light of the European Green Deal and the need to “recover better” from the COVID-19 crisis. To develop a strategy that better protects Europeans, E3G makes the following recommendations:

1. Build a systemic approach

As a fundamentally systemic risk, climate change requires a systemic strategy that breaks down silos through reforming responsibilities, institutions, and funding. Concretely:

- The strategy should encourage Member States to develop action plans that stress test how their key economic sectors, infrastructure and critical systems will withstand different global warming scenarios and identify the necessary short-to-medium term actions to reduce vulnerabilities, building on existing adaptation strategies.

- This regular exercise could be supported by establishing a European independent climate risk observatory responsible for monitoring systemic risks across EU sectors and supply chains and recommending appropriate policy responses through objective and evidence-based analysis.

- The insight of those most affected will be key from development to implementation. An inclusive dialogue should be established to engage with critical sectors (like health, finance, and agriculture) and the most vulnerable communities, building on the European Climate Pact.
2. Invest in resilience and cohesion

The European Environment Agency has projected that climate impacts will vary strongly across the EU, creating and reinforcing geographical divides. **Aligning EU finances with a revamped Adaptation Strategy** is the only efficient way to build a Europe that protects its citizens and ensures cohesion between regions. The new strategy will need to consider how to incentivize investments that build resilience:

- With climate disclosure on the rise, climate vulnerable regions are increasingly exposed to the risk of capital flight. A climate risk observatory could be key to assessing the socio-economic impacts of insurance coverage gaps and credit flight from vulnerable sectors or communities.
- Developing a **European climate-related disaster risk pool** (i.e. pooling risks and funds from insurance companies, private and public actors) can provide a rapid and cost-effective response to catastrophic events such as floods or fires while ensuring solidarity across European regions.
- De-risking investments in adaptation and resilience is key to unlocking stronger private finance. The strategy could support this through expanding technical assistance to public finance institutions on developing resilience bonds.

3. Bring adaptation and resilience to European diplomacy

Adaptation and loss and damage have taken on new significance for the most vulnerable developing countries in the face of increasingly material climate impacts. A geopolitical EU must:

- Build a **better understanding of the risk it is exposed to beyond its borders**. An observatory could assess and monitor risks stemming from climate change impacts in the EU Neighborhood and along critical supply chains.
- Develop a more systematic approach in the cooperation with international partners and allies, co-developing supply chain and climate-related security risks resilience strategies.
- Resilience is a priority issue for developing countries, particularly for the Least Developed Countries (LDCs) and Small Island Developing States (SIDS). LDCs and SIDS are expecting enhanced attention to and support for adaptation and resilience, including evidence that developed countries are making good faith efforts to maintain a credible pathway to the 1.5°C goal. COVID-19 also means there will be an even greater need for support and solidarity to developing countries and the resilience of their economies, which are under strain due to drops in tourism and debt distress.
About E3G

E3G is an independent climate change think tank accelerating the transition to a climate safe world. E3G builds cross-sectoral coalitions to achieve carefully defined outcomes, chosen for their capacity to leverage change. E3G works closely with like-minded partners in government, politics, business, civil society, science, the media, public interest foundations and elsewhere. In 2018, E3G was ranked the fifth most globally influential environmental think tank for the third year running.

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