E3G

CALL FOR EVIDENCE SEPTEMBER 2025

THE EUROPEAN CLIMATE RESILIENCE AND RISK MANAGEMENT INITIATIVE

E3G SUBMISSION TO THE CALL TO EVIDENCE

The European Union stands at a pivotal moment. The European Commission can design and advance a climate resilience and risk management initiative that is comprehensive, coherent, and ambitious—one that matches the scale of the challenge Europe faces.

This E3G submission offers elements of a comprehensive approach to EU Climate Resilience and Risk Management. It covers:

1. Definition of climate resilience
2. Identifying EU resilience and adaptation policy goals
3. EU and Member State governance and links to national planning
4. Advancing resilience and risk management through public and private finance
5. Integrating fairness and the social dimension

1. Definition of EU climate resilience

The manifestation of climate change risks, such as extreme weather, can initiate cascading impacts across multiple sectors and systems that are essential to society. Therefore, the systemic nature of climate change risks requires a broad and holistic approach to climate resilience.

We therefore recommend that the **EU climate resilience initiative establish a shared, systemic understanding of resilience, avoiding narrow or siloed interpretations**. The EU initiative should adopt a broad, systemic definition of resilience, encompassing the economic and institutional capacity to recover and to mitigate vulnerability to climate-related events. Moreover, such a definition

should ensure that governance of resilience bridges EU and Member State competences and prompts clear coordination structures.

It is crucial to avoid a narrow definition of resilience that could constrain the EU's ability to strengthen climate resilience from a macro and strategic perspective, resulting in fragmented and siloed action.

2. Identifying EU resilience and adaptation policy goals and targets

Systemic progress on EU climate resilience requires clarity of purpose and accountability. Currently, the EU lacks shared, measurable adaptation and resilience goals, as well as climate risk assessments at different levels of governance.

Article 2.1(b) of the Paris Agreement calls for "increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience," while Article 2.1(c) calls for making "finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development."[1] However, assessing progress towards "climate-resilient development" is challenging. As recent OECD studies suggest, in the absence of a single quantitative global target, other reference points—such as investment levels in specific sectors and technologies—should be considered.[2]

We therefore recommend to:

- Identify clear and commonly agreed resilience and adaptation goals and targets.
- Empower entities to monitor these goals, ensuring that climate risk assessments inform and are part of the process.
- Embed risk assessments and resilience strategies in EU and national decision-making processes.

[1] Paris Agreement, Articles 2.1(b–c), UNFCCC (2015).

[2] While 192 countries have submitted Nationally Determined Contributions (NDCs), only 62 have provided National Adaptation Plans (NAPs). Even among OECD countries, few have defined financial sector-relevant objectives or actions. Source: Noels et al (2024) "Towards assessing the alignment of finance with climate resilience goals".

This would improve security, risk management capabilities, and capital allocation. At EU and Member State level, this process should become a more regular exercise (e.g., every 3–5 years). To ensure that risk assessments are conducted consistently at national level, the EU should provide recommendations on standardised methodologies.

Developing new data, metrics, and indicators for climate resilience will also be essential to inform effective decision-making. Indicators should draw from international initiatives such as the **NAP Global Network** and the **Independent Platform on Adaptation Metrics (IPAM)**.[3] Drawing from existing best practice will accelerate the implementation and tracking of adaptation measures.

Key indicators could include:

- Measuring physical climate risk to assets (via reduced exposure, lower vulnerability, and lower value chain exposure).
- Aggregating physical climate risks across entities, finance flows, and assets.
- Analysing the quality of resilience and adaptation strategies.
- Evaluating progress towards aligning finance with reference points.

Finally, EU-wide **reference scenarios for adaptation planning** should be developed, including high-impact warming scenarios (e.g., up to 4°C). The European Environment Agency, the EU Scientific Advisory Board on Climate Change, and national climate councils could play a critical role in this regard.

Case studies on national risk assessments

National efforts are already ongoing, for example in Belgium, Sweden, Malta, and the Netherlands:

- **Belgium**: CERAC (Climate Risk Assessment Center) was created by decision of the Belgian Council of Ministers to set up an independent body to assess climate and environmental risks, with a focus on national security and resilience. They report directly to the Belgian National Security Council.

[3] NAP Global Network (2022); Independent Platform on Adaptation Metrics (IPAM) (2021).

- **Sweden**: The National Expert Council for Climate Adaptation is carrying out a national risk assessment as well as monitoring and evaluating government progress.
- **Malta**: The newly established Climate Action Authority is playing a key role in developing the National Adaptation Plan, collaborating with stakeholders through a co-design approach. Their planning process includes reliable financial estimates and key performance indicators.
- **Netherlands**: The Scientific Climate Council (Wetenschappelijke Klimaatraad) published an advisory report in June aimed at contributing to national climate adaptation policy.

There is potential for further work in other countries, and replicating an expert advisory function at the regional level could strengthen collaboration and shared understanding of climate risks. According to the International Climate Councils Network (hosted by E3G), while each country should determine its own approach to advising on adaptation, best practice is emerging.

The role of climate councils in climate resilience and risk management could include:

- Supporting or conducting national risk assessments.
- Advising governments in the development of National Adaptation Plans, including sectoral pathways and adaptation components within Nationally Determined Contributions.
- Monitoring and evaluating government progress in resilience and risk management.
- Engaging stakeholders to ensure buy-in and implementation of resilience policy and planning (including private sector and civil society).

3. EU and MS governance and links to national planning

Climate resilience is a shared competence. A coherent EU framework therefore requires robust governance spanning EU, national, regional, and local levels.

The EU should explore legislative proposals (possibly grouped under one framework law) to define instruments for risk management and align them with national policies. Consistent **reference scenarios** are urgently needed to guide

adaptation planning and implementation efforts across all governance levels – from regional to national and local – to take into account local realities, capacities and sensitivities. These scenarios should include multiple pathways, such as high-impact scenarios up to 4°C warming, to ensure policy is future-proof and aligned with the European Climate Risk Assessment.

A common EU-wide framework would help Member States assess risks, develop national adaptation plans, and coordinate efforts across borders. Such a framework should respect subsidiarity while ensuring coordination with EU-level processes.

Resilience planning should also be more explicitly integrated into the **Governance Regulation of the Energy Union and Climate Action** and into the five-year **National Energy and Climate Plans (NECPs)** and their biennial progress reports. An EU risk management framework could incentivise Member States to design national transition plans in a more investable format, thereby leveraging public and private finance in line with resilience goals (see section above). A resilient and climate-neutral national transition planning strategy is needed for the EU, with Member States developing national strategies or plans to enhance resilience. The new climate resilience and risk management initiative could create the necessary momentum for integrating adaptation into NECPs and other plans.

4. Advancing resilience and risk management through public and private finance

Public finance: the role of resilience by design and DNSH principles

Ensuring that EU funds actively invest in resilience and adaptation should be a priority of the next **Multiannual Financial Framework (MFF)**. Public investments in climate-resilient projects, infrastructure, and technologies are crucial for enhancing the adaptive capacity of industries and communities. Preventive measures related to agriculture and land-use planning, long-lived infrastructure, and regional water management should be prioritised to reduce costs and safeguard long-term competitiveness against climate shocks.

Public finance could also support governance structures and expertise in Member States. Blended financing with philanthropic contributions could provide additional resources— **ClimateWork's Adaptation and Resilience Fund** offers a useful model for an EU-level public-philanthropic fund.

Adaptation in the 2028-2034 MFF

In proposals for the 2028–2034 MFF, the Commission indicated an intention to deliver "resilience by design" across EU projects and to mainstream the **Do No Significant Harm (DNSH)** principle across the entire EU budget (except for defense expenditure). It also indicated the intention to promote the development of projects that actively contribute to climate resilience by setting a horizontal climate and environment spending target of 35%. However, the operationalisation of this approach, set out in the **Performance Framework Regulation (COM(2025) 545)**, requires clarification and improvement.

The quality of DNSH guidelines will be decisive, and the implementation of the DNSH principle with regards to the EU Taxonomy objective of "climate adaptation" depends significantly on these guidelines. The European Court of Auditors has already noted that expedited DNSH procedures under the Recovery and Resilience Facility undermined its effectiveness and should be avoided. [4]

To ensure that public budgets are more effectively linked with private finance, we recommend developing an **integrated risk management framework** that maintains consistency between the *resilient by design* approach and the DNSH principles. The *resilient by design* approach of the MFF should be applied systemically and extend beyond EU public finance, so that it also shapes private capital allocation.

The MFF plays a crucial role in sending coherent risk signals to the private sector through a properly constructed DNSH list. This can steer financial flows away from high-risk investments and towards risk-reducing, resilient projects. Importantly, it should also exclude public investments in high-emitting assets, which pose significant long-term financial risks and increase the likelihood of stranded assets.

On the side of actively promoting projects that improve EU climate resilience (and therefore reduce risks) via the 35% horizontal climate and environment spending target, greater transparency is needed regarding the **tagging methodology** for intervention fields listed in the annex to the Performance Framework regulation. While the introduction of a specific coefficient for projects that contribute to adaptation is very welcome, clearer and more transparent justification would be preferable. For example, "safe and secure parking infrastructure" could be considered as contributing to adaptation if appropriate conditions on flood risk are included. However, assigning a 40% adaptation coefficient to "additional airport terminal capacity" and "other

[4] ECA, 2024. **https://www.eca.europa.eu/ECAPublications/SR-2024-14/SR-2024-14_EN.pdf**

airport infrastructure" appears prima facie inconsistent with the EU Taxonomy definition.

Private finance: Towards an integrated risk management framework

Climate risks affect the resilience of EU firms, particularly SMEs, influencing access to finance, cost of capital, and debt repayment capacity. Yet few firms invest in resilience, given limited market incentives.

The EU sustainable and transition finance agenda is deeply interconnected with the broader EU climate resilience efforts and should integrate and be integrated into resilience and risk management. This can be done by:

- Incorporating resilience into sustainability reporting, due diligence, and corporate transition planning[5].
- Strengthening coordination between the European Commission, the European Central Bank, and European Supervisory Authorities (EBA, EIOPA, ESMA).
- Assessing risk profiles of high-carbon assets (e.g., fossil fuels), building on studies by EIOPA and potentially the EBA.[6]

A legally approved DNSH list of high-risk assets would embed risk management across the financial system, building on assessments by the ECB and ESAs.

Insurance policies

A resilient financial system relies on a well-functioning insurance industry—one capable of withstanding extreme weather events and acting as a cushion against economic shocks for nations, regions, and ultimately citizens. However, building such resilience in the insurance sector also requires addressing systemic risks through effective risk-sharing mechanisms between the private sector and public authorities.

One of the central challenges lies in balancing solvency with affordability. Insurers are increasingly relying on granular data in their underwriting practices, not only on climate- and nature-related risks, but also at regional, local, and even individual levels. While this improves accuracy in risk assessment, it is also driving up insurance costs. The issue of affordability therefore becomes critical: citizens and communities in areas statistically more exposed to extreme-weather

[5] Transition planning can support the real economy to both address climate risks and realise climate opportunities. The International Transition Plan Network (ITPN) (housed within E3G) can provide further guidance in this realm. G20 2025, **Adaptation and Transition Plans**.

[6] EIOPA (2022). *Study on Climate-Related Risks to Insurance*; ECB/EBA publications on climate-related financial risks.

events are likely to face soaring property insurance premiums, to the point where coverage may become unaffordable. If prices rise beyond reach, insurance penetration will inevitably fall. This has dangerous systemic consequences, as the most costly insurance is the one that does not exist at all—where coverage is withdrawn entirely. In such cases, the full burden of extreme-weather-related costs is borne directly by citizens, local communities, and governments.

The insurance industry alone cannot absorb all the costs of rising climate- and nature-related risks. In some cases, global warming may even render specific regions in Europe effectively "uninsurable." This reality underscores the need for EU policymakers to establish a holistic risk-management framework that brings together insurance providers, EU institutions, national governments, and supervisory authorities. Such a framework should explore multiple policy and financial instruments to ensure resilience and equitable coverage.

These issues can be addressed by:

> **Strengthening the role of public–private partnerships (PPPs) in stabilising insurance markets.** PPPs allow for risk-sharing arrangements between private insurers and public bodies. In practice, Member States could develop targeted PPP contracts that incentivise affordable and widely available insurance coverage in medium- to high-risk areas. Well-documented systemic risks could, for example, be mitigated by selective public funding allocations, thereby transferring part of the financial burden from the insurance industry to regional or national governments.

> **Establishing ad hoc risk-management channels between insurance providers and public agencies at both national and regional levels**. Insurers have access to extensive climate-related and geospatial data, as well as the analytical tools to assess risks emerging from this information. Leveraging these assets, insurers could provide valuable insights to inform development planning and infrastructure investment. For example, insurers could share time-sensitive information on the likelihood and severity of climate-related risks in specific areas designated for future housing or critical infrastructure.

Together, these measures would support an insurance sector that is both resilient and equitable, helping to ensure that citizens, communities, and governments across Europe are not left bearing disproportionate costs as climate risks intensify.

E3G

5. Integrating fairness and the social dimension

The effects of climate change present obvious threats to wellbeing, health, and even lives, which the EU and Member States should strive to mitigate as a matter of principle. In economic terms, these impacts also pose risks to human capital, in addition to the risks already recognised for physical and financial capital. Many wellbeing-oriented responses to climate change—such as measures related to resource and energy consumption, heating and cooling, building renovations, and urban development—have implications that must be integrated into a holistic policy framework. A climate resilience agenda provides the opportunity to do so.

Risks to health and human capital stem from both direct environmental hazards and indirect effects on the systems that support human capital formation and retention. Crucially, these risks are not distributed equally: socio-economic and territorial inequalities amplify their impacts.

> Vulnerable groups (low-income households, unemployed communities, urban residents exposed to heat islands) face disproportionate climate risks.[7]

> Occupational risks are rising: the ILO forecasts that work hours lost to heat stress in Southern Europe will more than double by 2030, with agriculture and construction workers most affected.[8]

> National heat plans often overlook occupational health and safety implications. Despite EU-OSHA guidance (2023), most Member States lack legislation setting maximum workplace temperatures, as advocated by the European Trade Union Confederation.[9]

Building resilience therefore offers not only protection against climate risks but also a chance to tackle underlying inequalities. The EU resilience framework should therefore:

> **Require Member States to assess distributional impacts of adaptation plans**, paying attention in particular to impacts on vulnerable groups. These could be identified using the preparatory work for the Social Climate Plans[10],

[7] European Environment Agency (2023). ***Vulnerability to Climate Impacts in Europe***.

[8] International Labour Organization (2019). ***Working on a Warmer Planet: The Impact of Heat Stress on Labour Productivity***.

[9] European Trade Union Confederation (2023). ***Position on Occupational Heat Protection***.

[10] European Commission (2025). ***Commission Notice: Guidance on the Social Climate Plans*** (C(2025) 881 final).

which require governments to target measures on the basis of income, housing quality, heating type, and related factors.

> **Address workplace safety and environmental hazards under climate extremes in health and safety policy**, consistent with commitments in the 2021 Climate Adaptation Action Plan, creating strong synergies with the Quality Jobs Roadmap.[11]

Public services and infrastructure

Education and healthcare systems are essential for human capital formation yet remain under-prepared for climate impacts. For example, in France, around 200 schools closed during extreme heat in June–July 2025. This disrupted education and increased caregiving pressures, which fall disproportionately on women (42% engaged in unpaid caregiving versus 38% of men).[12]

Hospitals also face strain during extreme heat, with deprogramming of non-urgent care and worsening patient outcomes. Healthcare workers themselves are exposed to poor ventilation, overheating, and protective equipment.

Resilience investments in public infrastructure—schools, hospitals, and public spaces—are therefore essential and would yield multiple benefits. Beyond safeguarding citizens, they would stimulate the economy, generate jobs, foster continued growth, enable reskilling of workers, and encourage the uptake of innovative practices. In the context of the EU's renewed emphasis on competitiveness and productivity, Member States should be encouraged to consider the resilience of services essential to the health and wellbeing of the skilled workforce—particularly for populations that rely exclusively on public, free, and accessible provision. This will require systematic assessment of environmental hazards and population needs, always undertaken with a clear distributional lens.

[11] European Commission (2021). *EU Strategy on Climate Adaptation*.

[12] European Institute for Gender Equality (2024). *Gender and Unpaid Care Work in Europe*.

E3G

About E3G

E3G is an independent climate change think tank with a global outlook. We work on the frontier of the climate landscape, tackling the barriers and advancing the solutions to a safe climate. Our goal is to translate climate politics, economics and policies into action.

E3G builds broad-based coalitions to deliver a safe climate, working closely with like-minded partners in government, politics, civil society, science, the media, public interest foundations and elsewhere to leverage change.

More information is available at **www.e3g.org**