

Stakeholder engagement on the EIB Group's Climate Bank Roadmap 2021-2025

Webinar 5 - Thursday 25 June 2020

Session 3 - Building greater resilience to future climate change

Summary of discussions

The European Investment Bank (EIB) Group welcomed the over 135 webinar participants. It explained the arrangements to ensure an effective discussion, noting that statements will not be attributed to individuals unless expressly requested.

The EIB delivered a [presentation](#) about **resilience to climate change**. It summarised relevant challenges, the role of the sector in the EIB's activities, the key points that stakeholders raised in the first round, the possible future EIB approach and the main outstanding questions. The floor then opened for discussion.

A participant from the private sector stated that the CBR should be aligned to the [EU taxonomy for sustainable activities](#). He suggested **focusing investment** on ecosystem-based solutions, human development (through education, health and training), macroeconomic and fiscal policy (e.g. public financial management, green public procurement). Multilateral Development Banks (MDBs) should integrate climate considerations into their **environmental and social frameworks** and adaptation into their loans. The EIB explained that it screens direct lending projects for climate risk.

A participant from industry stressed the importance of **governance**. The EIB agreed that not only the volume but also the impact of investments is important to ensure fair allocation of costs and benefits across regions, sectors and groups. Experience shows that integrating social and environmental considerations in adaptation and resilience projects improves the financial and social performance of investment.

A participant commended the EIB's leadership role on adaptation. He stated that financing for **infrastructure projects** should be conditional on resilience to climate change. He also stressed that the **infrastructure system** (e.g. transport and communication networks) as a whole should be resilient. **Building standards** are also critical. A **collaborative effort** involving all stakeholders is necessary. The EIB agreed with the importance of the system approach. For example, flood protection and nature-based solutions require looking at the broader geographical contexts for the projects, explaining benefits to all stakeholders and ensuring their involvement. The EIB explained that MDBs are working together to integrate a system approach into their operations. Stakeholders' suggestions in this regard are especially welcome.

A participant asked how the EIB will **support nature-based solutions** after the [Natural Capital Financing Facility \(NCFF\)](#) ends in 2021. The EIB replied that it is conducting a market study, together with the European Commission, to understand needs and opportunities. The intention is to continue and improve support for nature-based solutions in the post-2021 period.

The EIB invited stakeholders to provide ideas about initiatives and financial products that could **promote investment in adaptation** and help **improve the resilience of small- and medium-sized enterprises (SMEs) and vulnerable groups** in developing countries.

A participant suggested a **data-based approach** using Earth observation, space technology and artificial intelligence to plan scenarios, make investment decisions and monitor project performance. The EIB noted that the “do no significant harm” requirement of the EU taxonomy will drive companies to use data to better understand their vulnerabilities (e.g. in terms of location, staff and supply chains). The EIB agreed that **digitalisation is a key part of adaptation** through e.g. asset mapping, scenario planning, early warning systems, etc. MDBs can support developing countries in building the capacity and cover the costs to roll out these solutions.

A participant asked if the EIB supports the **inclusion of climate change considerations into existing legal frameworks** that take an integrated approach, such as environmental impact assessment (EIA) and strategic environmental assessment (SEA). The EIB agreed that it is appropriate to consider climate risk in EIA and SEA in line with European Commission guidance. For projects that do not require an EIA and SEA, a standalone climate risk assessment would be necessary.

Another participant noted that building standards that integrate climate resilience mostly focus on advanced engineering and materials. As adaptation is mostly needed in developing countries, it is important to **adapt building standards to local construction practices and materials**.

It was noted that the market does not provide incentives to integrate climate resilience into engineering design. It was suggested that the EIB could help quantify the **value added of climate resilience** and provide **value-capturing instruments** with low transaction costs.

A representative from a professional organisation of the transport sector stated that the COVID-19 crisis shows that **flexibility and engineered redundancy** should be included in project design and selection. The EIB agreed that the COVID-19 crisis illustrates the importance of building resilience to a wide range of shocks, including climate change. Sectors that have been hit by the COVID-19 crisis may be hit again by extreme weather events, pests, etc.

Another participant stressed the importance of **retrofitting existing infrastructure** to make it climate resilient. The EIB explained that, depending on the situation, different adaptation solutions may be appropriate (e.g. management improvements, training, new construction, retrofitting, etc.). Each solution has different costs, benefits and implementation timelines – the key is to support the client in making informed decisions, implement a package of measures tailored to the specific vulnerabilities and properly plan for the short, medium and long term.

A participant from the private sector noted the **trade-offs between climate change mitigation and adaptation**, for example in relation to desalination projects. The EIB explained that desalination can be a last resort (after demand management, leakage reduction, cost-benefit analysis, etc.) adaptation solution in highly water stressed areas. As desalination is a highly energy intensive activity, the EIB supports clients to keep GHG emissions as low as possible.

The EIB Group thanked participants for their constructive participation and reiterated the invitation to submit written contributions by 9 July.