

EUROPEAN CLIMATE RISK ASSESSMENT FOR BUSINESSES: PREPARING FOR A RESILIENT AND COMPETITIVE BUSINESS IN 2025

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With the recent publication of the [European climate risk assessment](#), the [European Environment Agency \(EEA\)](#) recalled the major risks that climate change (and unsustainable land use and water management) represents, and the necessity to increase the resilience of ecosystems, societies, and economic sectors. The assessment warns that several climate risks have already reached critical levels. If decisive action is not taken now, most climate risks identified could reach critical or catastrophic levels by the end of this century.

Following the report, the [Institute for European Environmental Policy \(IEEP\)](#) has organised an **exclusive conference on 19 February in Brussels** dedicated to businesses to discuss the main risks and strategies addressing climate risks, with a specific focus on cities and food production. This event was organised by IEEP with the participation of the [European Environment Agency \(EEA\)](#) and the [Climate Risk Assessment Centre \(CERAC\)](#) Belgium, the support of the [Environmental Defense Fund \(EDF\)](#) and the contribution of [Sweco](#) Group. The following briefing highlights the main takeaways discussed during the discussions and the two thematic sessions on “*Closing the Gaps: Strengthening Policies, Financing, and Business Integration for Nature-Based Solutions (NbS) Deployment*” and on “*Coordinating and aligning public and private finance for the transition to sustainable and resilient agriculture*”.

The whole debate was informed by the keynote speech of **Leena Ylä-Mononen, Executive Director of the European Environment Agency**, on EUCRA relevance for private sector businesses, as well as by the intervention of **Luc Bas, Director of the Climate Risk Assessment Center of Belgium (CERAC) & Chair of IEEP Strategic Advisory Council**, concerning the national implementation effort in Belgium following the EUCRA report.

KEY RECOMMENDATIONS FROM SESSION 1 - Closing the Gaps: Strengthening Policies, Financing, and Business Integration for Nature-Based Solutions (NbS) Deployment

Cities and regions are increasingly developing **climate resilience strategies** with which the private sector will need to align. The first session focused on the **potential of nature-based solutions** to decrease the vulnerability of water management systems to climate events such as heavy rainfall; the opportunities for businesses and private investment to scale up nature-based solutions; and the bottlenecks they face.

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The panel debate, moderated by **Evelyn Underwood (IEEP Head of Biodiversity and Ecosystems programme)**, featured:

- **Elina Vaara (EIB)**
- **Daniela Rizzi (ICLEI & NetworkNature Coordinator)**
- **Milo Fiasconaro (Aqua Publica Europea)**
- **Katrien Moubax (Aquafin)**

The discussion was introduced by **Julie Berckmans (Climate change and adaptation expert, European Environment Agency)** with a scene-setting presentation about EUCRA key findings focusing on ecosystems. In addition to it, an insight into local real estate risk assessment practice was presented by building engineers Jart Ligterink and Pieter Lootens, making the topic more tangible, bringing scalable solutions on the table.

The main considerations and recommendations made during the discussion were:

- 1) Taking into account that extreme rainfall and flooding events are an increasing and urgent risk for our urban areas and our water infrastructure; climate risks impact business supply chains, infrastructure, and operations; the water sector, both public and private, is directly affected
 - a. There is the need to consider the application of climate risk assessments in order to perform a risk-based decision making as well as performant risk management in businesses (PDAC).
 - b. identifying vulnerabilities of your supply chains does not only involve the direct environment, how to identify indirect risks on your assets and operations?
 - c. how to include systemic thinking in assessing risks?
 - d. what data to use for your assessment? What is material for your specific operations?
- 2) Nature-based solutions have an [internationally agreed definition \(UNEA\)](#) - they are
 - a. **actions** to protect, conserve, restore, sustainably use and manage natural or modified ... ecosystems,
 - b. which **address social, economic and environmental challenges** effectively and adaptively,
 - c. while simultaneously **providing human well-being, ecosystem services and resilience and biodiversity benefits.**
 - d. for example, in urban areas, natural elements and green spaces (such as bioswales, raingardens, de-sealed surfaces, green roofs) capture and slow down water and divert rainwater and stormflows from wastewater flows
- 3) **Nature-based solutions are difficult to sell to investors** because the benefit is on the long term and effectiveness on long term not clear, no clear business model, complex governance as in who takes the lead and who pays for it, seen as cost rather than investment, stabilized metrics missing. Financing opportunities for NbS exist, particularly through EU grants, but scaling up and overcoming barriers such as high transaction costs and long timeframes for benefits realization are essential. A range of solutions to support the financing of NbS projects include facilitation of financial instruments, technical assistance and public-private partnerships. **Getting projects aggregated**

and coordinated to a sufficient size has proven to be a crucial strategy to provide stability and conditions for investors

- 4) Still, there is a **business case for nature-based solutions in the water sector**: investors can be convinced and reassured by multiple factors like: risk reduction (e.g. through restoring wetlands and natural floodplains; urban greening and water-sensitive design; reforestation and solid restoration, etc.); embracing more sustainable options (e.g. less water-intensive than desalination); expected cost savings (e.g. lowering cooling costs, improving water security and quality); new market opportunities (e.g. nature-based enterprises selling solutions); regulatory alignment in the EU environmental legislation (e.g. recast Urban Waste Water Treatment Directive or Corporate Sustainability).
- 5) **Cities drive demand for nature-based solutions** through urban planning (for green infrastructure, climate adaptation, and nature restoration); through their public procurement power (prioritising nature-based solutions in public tenders for sustainable construction and water management); and by creating business hubs for nature-based enterprises.
- 6) The water sector already invests substantially in nature-based solutions, for example through payments to farmers to manage land for water quality or by re-naturalising the waterways and reservoirs they manage. However, the **public water sector does not generally have a mandate from governments to do nature-based solutions in the water sector** - and cannot ask citizens to pay higher water fees for the costs of actions that generate public co-benefits such as nature restoration and flood prevention, but that are not directly related to water supply or treatment. So alternative funding models are needed.

KEY RECOMMENDATIONS SESSION 2 - Coordinating and aligning public and private finance for the transition to sustainable and resilient agriculture

In the second session, panelists addressed the following questions: How can **existing public funds be optimised** to better support the transition to sustainable and resilient EU agriculture? What role can/should the private sector play in financing the transition? What **policy frameworks, instruments and coordination** arrangements are needed to more effectively align and integrate public and private funding streams?

The panel debate, moderated by **Melanie Muro (IEEP Head of CAP & Food programme)**, featured:

- **Julien Vastenaekels – University of Reims Champagne-Ardennes & Environmental Defense Fund (EDF)**
- **Stefania Avanzini – Director, OP2B**
- **Sarah Garré – Professor, ILVO Vlaanderen**
- **Emmanuelle Mikosz – Programme and Deputy Director, Forum for the Future of Agriculture**

The discussion was introduced by **Blaz Kurnik (Head of Climate Risks and Resilience Unit, European Environment Agency)** with a scene-setting presentation about EUCRA key findings focusing on agriculture.

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In addition, an insight into local open space practice was presented by with Prof. Sara Garré, making the topic more tangible, bringing governance gaps on the table through practice-based research.

The main recommendations provided during the discussion were:

- 1) **Extend policy horizons for long-term impact:** Governments and financial institutions must adopt long-term policy frameworks that provide stability and predictability for investors, farmers, and other stakeholders. Aligning financing with long-term sustainability goals will ensure effective risk management and strategic investment.
- 2) **Move beyond pilots:** The time for pilot projects is over, and scaling up proven solutions is now critical. Governments and private investors must accelerate funding for full-scale implementation of sustainable agricultural practices.
- 3) **Invest in social capital to enable cooperation:** Effective agricultural transition requires trust among farmers and between farmers and the government. Social capital is essential for successful collaboration on climate adaptation measures, yet it has declined in many rural areas. Funding should not only support technical solutions but also invest in building trust, cooperation networks, and local capacity to ensure that financial incentives lead to real, coordinated action on the ground.
- 4) **Use futuring methodologies to reduce investment risk and identify systemic leverage points:** Agricultural transitions require clear, evidence-based pathways to align policy and investments. But transition pathways toward preferable outcomes are not pre-defined, they are negotiated. Futuring exercises—structured long-term scenario planning—can reduce investment risk, reveal systemic barriers, and guide funding toward transformative rather than incremental change. And methodologies are emerging presenting these pragmatically at right-sized scales that inform and can be engaging for the most directly affected agrifood value-chain and rural stakeholders. Governments and financial institutions should integrate foresight-driven decision-making to strategically allocate resources and avoid inefficiencies in the transition process.
- 5) **Adopt landscape-scale approaches and reward cooperative efforts:** Climate adaptation challenges require interventions beyond individual farms—landscape-scale solutions are needed. Funding models should incentivise coordination among landowners and land users, ensuring that financial tools support collective action rather than isolated efforts. Public and private financing mechanisms should include cooperative bonuses and shared financial tools that encourage collaboration for large-scale sustainability impacts.



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