

Informal Meeting of Ministers for the Environment and Climate Change,

Nicosia, Cyprus

7th – 8th July, 2012

Cyprus Presidency Concluding Remarks on the discussions on Adaptation on the 8th of July

At the invitation of the Cyprus Presidency of the Council of the European Union, an Informal Meeting of the Ministers for the Environment and Climate Change took place in Nicosia, on the 7th and 8th of July, 2012.

The second day of the meeting focused its discussions on Financing Adaptation to Climate Change. In light of the Strategy on Adaptation to Climate Change, currently being prepared by the European Commission and due appr. in March 2013, the Ministers discussed proposals, priorities and the way forward in strengthening the capacity of the Member States to adapt to the impacts of climate change.

The discussions were based on a background paper circulated by the Cyprus Presidency, presenting an outline of the current proposals of the Commission regarding financing adaptation within the framework of the Multiannual Financial Framework 2014-2020.

In addition, four presentations given by the current President of the Council, Minister of Agriculture, Natural Resources and Environment of Cyprus Mr. Sofoclis Aletraris, the European Commissioner Ms. Connie Hedegaard, the Director at the European Investment Bank Mr. Thomas Barrett and the Auditor General of Cyprus Ms. Chrystalla Georghadji, provided useful inputs to the political debate.

The discussions:

Welcomed the preparation by the European Commission of the forthcoming comprehensive European Strategy on Adaptation to climate change, as an integrated policy approach seeking to strengthen the resilience capacity of the Member States to cope with the current and future unavoidable impacts of climate change in the EU, by promoting the establishment of National Adaptation Strategies.

Confirmed that adaptation to climate change should be seen as an important part of the broader strategy to tackle climate change.

Reaffirmed the need for adaptation to be mainstreamed into all EU sectoral policies, such as those on water, land use, health, the critical infrastructures of energy and transport, industry, buildings, disaster risk reduction, research and innovation as well as in the future Common Agricultural Policy and the Cohesion Policy, including the external dimension of climate change in key issues such as water, availability of resources (raw materials, energy etc.), the security of food chain and migration.

Reiterated that mainstreaming adaptation into all EU sectoral policies is a smart and vital approach to minimize duplication of funding for research and for delivering cost-effective solutions.

Thanked the European Commission for inputting lots of efforts in the mainstreaming of adaptation and for setting the course for linkages and synergies between policies so far, and requested the timely intensification of efforts in other policies as well, such as civil protection, social aspects and solidarity.

Underlined the fact that national circumstances differ and hence the diversity of impacts, vulnerability and adaptive capacity of Member States and the stage that they are in relation to the preparation or implementation of their national adaptation strategies, requires due consideration. Therefore, there was a call for a flexible European Adaptation Strategy, thus enabling Member States to make decisions based on specific local and sectoral needs and leaving room for national priorities in implementing adaptation measures. The European Adaptation Strategy should be one which guides, supports and complements national efforts and actions, while providing a common and coherent framework for the understanding of the problem and its possible solutions, giving direction for collective action, steering transboundary cooperation and facilitating a good building and sharing of knowledge and an exchange of best practices, experiences and expertise across Member States and regions, without adding unnecessary administrative burdens and policy costs.

Stressed the need for a balanced approach, so that adaptation is undertaken by a variety of actors, including individuals, communities, businesses and the private sector, civil society and governments, which will consist of a wide range of behavioural, institutional, structural and technological adjustments.

Emphasised that reliable funding, both public and private, is a key for implementing any policies, plans or measures.

Expressed the belief that a major and sustained increase in public and private investment is the way forward, firstly towards meeting the EU 2020 climate change and energy objectives, as well as the 2050 decarbonisation agenda and, secondly, towards the successful implementation of the European and National Adaptation Strategies.

Agreed that, in light of the difficult economic conditions in Europe and in the context of demanding targets to achieve fiscal consolidation, there are constraints in Member States to mobilize sufficient public resources for adaptation.

Took note of the Commission's proposal for the next Multiannual Financial Framework (MFF) 2014-2020 with a total budget of 1.025 billion Euros, which sets as a minimum target of 20% of expenditures related to climate action and provides for adaptation measures to be implemented through the Cohesion Fund, Horizon 2020 and Life+.

Looked forward to the adoption of the MFF proposal, since there was broad understanding that it would facilitate in a greater degree the public investments for adaptation, and provide added value to the implementation of the EU and National Adaptation Strategies.

Took note of the fact that adaptation to climate change and disaster prevention is proposed as a stand-alone thematic objective in the Cohesion Policy for the first time.

Considered the new provision and pre-condition in the MFF that all major infrastructure investments financed by the EU, must be accompanied with a prior risk assessment so that they are "disaster- proofed", as a step forward to the right direction of implementing adaptation measures.

Underlined the need of intensifying the efforts for mainstreaming adaptation into EU funds of other policies such as the Common Agricultural Policy and the Maritime and Fisheries Policy.

Highlighted a number of proposals for action that the EU and its Member States could take for fostering the mainstreaming of adaptation into the EU financial instruments, including:

- **placing** integration of adaptation at the heart of the national sectoral policies, existing national strategies and development programmes
- **increasing** national funding for research and innovation for adaptation
- **raising awareness** and encouraging research and development for adaptation as part of Horizon 2020
- **creating** opportunities and incentives to develop public-private partnerships
- **ensuring** that investment decisions are climate- proofed by,
 - o **integrating** climate risk assessment and prevention into any development planning and deploying activities, projects design and business operations
 - o **monitoring** and controlling in a careful manner the specifications and standards used in all major projects and development of critical infrastructures, so that adaptation to the effects of future climate change is taken into account
 - o **mainstreaming** adaptation in all the development plans **and ensuring** that investment decisions are resilient to climate change by providing guidance to project managers and ex-ante conditionality from the Managing Authorities of the Structural Funds and Cohesion Fund of the Member States to the potential beneficiaries and investors.

Supported that national actions be implemented with support and shared information from the Commission whose input could concentrate in strengthening the interaction between modeling, research, science and policy, the dissemination of research results and the sharing and transfer of knowledge and exchange of experiences and best practices amongst Member States. The Commission's actions for this purpose, aimed to ensure that Member States will have a common approach in the utilization of funds for adaptation, could include:

- **conducting** national and regional workshops / seminars and conferences, so as to avoid duplication of funding for research on adaptation between Member States

- **the provision** of guidelines on standards, widely accepted indicators for vulnerability, and ex-ante criteria for adaptation for funded projects
- **provision** of procedures for project managers
- **facilitating** the exchange of best practices, cost data and cost benefit analyses

Confirmed that reviews and monitoring at the stages of preparing and implementing the national adaptation strategies is an essential tool for preventive and remedial action.

Emphasised the significant role of the private sector through its financial and technical resources- both private capital investments and technical expertise- for supporting and complementing government efforts and actions in national adaptation policies.

Recognized that the development banks, public financial institutions, public and private partnerships, the insurance sector and generally the private sector could play an important role through private equity funds and the provision of technical expertise. Organizations such as the European Investment Bank already respond and develop their programmes accordingly, by creating new and intelligent approaches to efficient use of resources. These relevant prospects should be therefore utilized.

Stressed the need, especially this time of budget constraints, of strengthening the role of private funding to complement further the governmental efforts and of developing the appropriate policy frameworks necessary to encourage private investment.

Reiterated that the EU Adaptation Strategy needs to capture the potential of the market stimulating the role of the private sector and of public-private partnerships and the insurance sector and that the Member States governments could act as facilitators and create the necessary frameworks within which such transactions can be implemented.

Suggested the following related actions for mobilizing the private sector:

- **raising awareness** and providing information and guidance to all affected, interested and involved stakeholders and potential investors for the needs for adaptation measures and of new research, innovation and investment opportunities
- **establishing** a good national webpage for adaptation, interactive with all stakeholders, publishing all domestic efforts and providing better access to data and risk assessment tools, with timely uploading and high quality information
- **linking** national webpages with the European Platform CLIMATE-ADAPT as a communication channel between Member States
- **creating** the momentum for the active private sector participation in the development of national strategies
- **identifying** the role of Public – Private Partnerships (PPP's) across the various sectors and laying down the framework for their operation
- **examining** the scope, the options and the best approach in terms of insurance, taking into account the specificities of national insurance and other systems

- **providing** incentives to the private and the insurance sectors

Stressed the utmost importance of information sharing and dissemination of knowledge at all levels of stakeholders and decision-makers, especially at regional level between countries with similar potential impacts and in particular on the effectiveness and the economic and financing aspects of the various options of adaptation measures. This could be best approached through promoting the use of and enhancing the European Platform CLIMATE-ADAPT, including the involvement of other specialized European agencies and platforms and ensuring linkages and synergies between platforms and databases, achieving coherence of reporting requirements with existing requirements at international level, without any additional administrative and financial burdens.

Invited the Commission to take into account of the discussion held and present timely the European Adaptation Strategy including guidance and proposals on the above concerns.