

EU TAXONOMY AND CLIMATE ADAPTATION IN THE WATER SECTOR

14 November 2023

“Water is to Climate Adaptation what
Energy is to Climate Mitigation”



European
Investment Bank

EIB THE CLIMATE BANK ROADMAP

- ▶ Approved in December in 2020
- ▶ EIB will increase its level of support to climate action and environmental sustainability to exceed 50% of its overall lending activity by 2025



EIB Group Climate Bank Roadmap 2021-2025

November 2020

EU Taxonomy. Climate Adaptation water sector (1 of 3)

Urgent climate change challenge with clear goals

- European Green Deal
- 2030 -55% target
- 2050 net zero target

Solutions and capital are available

- Markets can work

We need tools to make it easy to:

- Identify the opportunities
- create sustainable assets and activities
- guide capital to the right place

"The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities"

CLIMATE CHANGE

Mitigation

Adaptation

OTHER OBJECTIVES

Transition to a circular economy

Pollution prevention and control

Sustainable use and protection of water and marine resources

Protection and restoration of biodiversity & ecosystems

Technical Screening Criteria under development

Technical Screening Criteria in the Climate Delegated Act (April 2021)

The Taxonomy Regulation mandates three user obligations:



EU Taxonomy. Climate Adaptation water sector (2 of 3)

NACE Macro-sector	Climate Change Mitigation Activities	Climate Change Adaptation Activities
Forestry	Afforestation Rehabilitation and restoration of forests, including reforestation and natural forest regeneration after an extreme event Forest management Conservation forestry	
Environmental Protection and Restoration Activities	Restoration of Wetlands	
Manufacturing	Manufacture of renewable energy technologies Manufacture of equipment for the production of hydrogen Manufacture of low carbon technologies for transport Manufacture of batteries Manufacture of energy efficiency equipment for buildings Manufacture of other low carbon technologies Manufacture of cement Manufacture of aluminium Manufacture of iron and steel Manufacture of hydrogen Manufacture of carbon black Manufacture of soda ash Manufacture of chlorine Manufacture of organic basic chemicals Manufacture of anhydrous ammonia Manufacture of nitric acid Manufacture of plastics in primary form	
Energy	Electricity generation using solar photovoltaic technology Electricity generation using concentrated solar power (CSP) technology Electricity generation from wind power Electricity generation from ocean energy technologies Electricity generation from hydropower Electricity generation from geothermal energy Electricity generation from renewable non-fossil gaseous and liquid fuels Electricity generation from bioenergy Transmission and distribution of electricity Storage of electricity Storage of thermal energy Storage of hydrogen Manufacture of biogas and biofuels for use in transport and of biofuels Transmission and distribution networks for renewable and low-carbon gases District heating/cooling distribution Installation of electric heat pumps Cogeneration of heat/cool and power from solar energy Cogeneration of heat/cool and power from geothermal energy Cogeneration of heat/cool and power from renewable non-fossil gaseous and liquid fuels Cogeneration of heat/cool and power from bioenergy Production of heat/cool from solar thermal heating Production of heat/cool from geothermal energy Production of heat/cool from renewable non-fossil gaseous liquid fuels Production of heat/cool from bioenergy Production of heat/cool using waste heat	

NACE Macro-sector	Climate Change Mitigation Activities	Climate Change Adaptation Activities
Water Supply, Sewerage, Waste Management and Remediation	Construction, extension and operation of water collection, treatment and supply systems Renewal of water collection, treatment and supply systems Construction, extension and operation of waste water collection and treatment Renewal of waste water collection and treatment Collection and transport of non-hazardous waste in source segregated fractions Anaerobic digestion of sewage sludge Anaerobic digestion of bio-waste Composting of bio-waste Material recovery from non-hazardous waste Landfill gas capture and utilisation Transport of CO2 Underground permanent geological storage of CO2	
Transport	Passenger interurban rail transport Freight rail transport Urban, suburban and road passenger transport Operation of personal mobility devices, cycle logistics Transport by motorbikes, passenger cars and light commercial vehicles Freight transport services by road Inland passenger water transport Inland freight water transport Sea and coastal freight water transport, vessels for port operations and auxiliary activities Sea and coastal passenger water transport Retrofitting of sea and coastal freight and passenger water transport Infrastructure for personal mobility, cycle logistics Infrastructure for rail transport Infrastructure enabling low-carbon road transport and public transport Infrastructure for water transport Low-carbon airport infrastructure	
Construction and Real Estate	Construction of new buildings Renovation of existing buildings Installation, maintenance and repair of energy efficiency equipment Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings Installation, maintenance and repair of renewable energy technologies Acquisition and ownership of buildings	
Information and Communication	Data processing, hosting and related activities Data-driven solutions for GHG emissions reductions	N/A
	N/A	Computer programming, consultancy and related activities
	N/A	Programming and broadcasting activities

NACE Macro-sector	Climate Change Mitigation Activities	Climate Change Adaptation Activities
Professional, Scientific and Technical Activities	N/A	Engineering activities and related technical consultancy dedicated to adaptation to climate change Close to market research, development and innovation Research, development and innovation for direct air capture of CO2
	Professional services related to energy performance of buildings	N/A
Financial and Insurance Activities	N/A	Non-life insurance: underwriting of climate-related perils Reinsurance
	N/A	Education
Education	N/A	Education
Human Health and Social Work Activities	N/A	Residential care activities
Arts, Entertainment and Recreation	N/A	Creative, arts and entertainment activities
	N/A	Libraries, archives, museums and cultural activities
	N/A	Motion picture, video and television programme production, sound recording and music publishing activities

- Taxonomy regulation – A framework for sustainable investment. Approved by the Parliament in **June 2020**
- **First Delegated Act on Sustainable Activities for Climate Change Adaptation and mitigation objectives.** Approved by the Parliament in **December 2021**
- **Second Delegated Act for the other 4 objectives and additional activities for CC Adaptation and Mitigation (e.g. Desalination.** First report with recommendations published in March 2022. Second Delegated Act, to be in force by the end of **2023**.

EU Taxonomy. Climate Adaptation water sector (2 of 3)

- Water Supply
- Urban Wastewater Treatment
- Phosphorus recovery from waste water
- Production of alternative water resources
- Sustainable urban drainage systems (SUDS)
- Remediation activities (protection of water and marine resources)
- Nature Based Solutions (NBs) for flood and drought risk prevention and protection for both inland and coastal waters
- **Under objective Climate Adaptation:**
 - Desalination (under objective 2 – with key emissions and EIA DNSH criteria)
 - Flood risk prevention and protection infrastructure for inland river, coastal and urban floods

Activity	Substantial contribution to climate change adaptation
<p>All Water & Wastewater Activities</p>	<p>1. The economic activity has implemented physical and non-physical solutions ('adaptation solutions') that substantially reduce the most important physical climate risks that are material to that activity.</p>
	<p>2. The physical climate risks that are material to the activity have been identified from those listed in Appendix A to this Annex by performing a robust climate risk and vulnerability assessment with the following steps: (a) screening of the activity to identify which physical climate risks from the list in Appendix A to this Annex may affect the performance of the economic activity during its expected lifetime; (b) where the activity is assessed to be at risk from one or more of the physical climate risks listed in Appendix A to this Annex, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity; (c) an assessment of adaptation solutions that can reduce the identified physical climate risk. The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that: (a) for activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale; (b) for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 year climate projections scenarios for major investments.</p>
	<p>3. The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports, scientific peer-reviewed publications and open source or paying models.</p>
	<p>4. The adaptation solutions implemented: (a) do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; (b) favour nature-based solutions or rely on blue or green infrastructure to the extent possible; (c) are consistent with local, sectoral, regional or national adaptation plans and strategies; (d) are monitored and measured against pre-defined indicators and remedial action is considered where those indicators are not met; where the solution implemented is physical and consists in an activity for which technical screening criteria have been specified in this Annex, the solution complies with the do no significant harm technical screening criteria for that activity.</p>

The EIB Climate Adaptation Plan

- ▶ Approved by the EIB on 13.10.2021
- ▶ The Plan describes the Adaptation Investment needs which depend on the scenarios:
 - ▶ EU's Annual Adaptation investment needs; range EUR 35 bn - 500 bn
- ▶ The Plan builds on the European Commission's (EC) new EU Strategy on Adaptation to Climate Change in February 2021, and the ongoing EU Taxonomy preparation works.
- ▶ New objective. **Minimum of 15%** Climate Adaptation of EIB's overall climate financing
- ▶ Climate Risk systems, including CRVAs per project.



**The EIB Climate
Adaptation Plan**
Supporting the EU
Adaptation Strategy to build
resilience to climate change



THANK YOU



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