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Summary of roundtable discussion

Panel members:

- *Virve Hokkanen, Senior Specialist, Ministry of the Environment Finland, Sustainable Housing*
- *Stefano Zenoni Former Deputy Mayor for Environment and Mobility of the Municipality of Bergamo*
- *Luca Constantino Arbau, Senior Expert ICLEI*
- *Fanny Groundstroem, Senior ESG risk expert from Nordea Bank*
- *Toby Behrmann, Head of Public-Private Partnership for Insurance from Axa Climate*

Public policy as an enabler

The discussion opened by highlighting the need for public policy to evolve in ways that effectively enable private finance and insurance for urban greening.

Representatives from the financial sector emphasised the importance of long-term, consistent, and predictable public policy frameworks. For investors, policy stability is essential to sustain returns and to reduce risks associated with adaptation investments, including urban greening projects. For insurers, public policy plays a central role in shaping the conditions for expanding demand for climate risk transfer solutions, including insurance products tailored to physical climate risks. Closely related, participants stressed the importance of policy coherence, as alignment across sectoral policies (e.g. water management, urban planning, building standards) can significantly enhance the effectiveness and scalability of adaptation finance and insurance. Given the spatial and temporal scale of climate risks, public policy was recognised as primarily a governmental responsibility, with leadership from national and supranational authorities being essential. In this context, the anticipated release of the EU Climate Adaptation Plan in the second half of 2026 was identified as a potentially important step to strengthen adaptation policy frameworks across EU Member States.

A further major barrier identified was the lack of accessible, high-quality climate risk information, which constrains both investment and insurance in adaptation. Public policy interventions to establish and maintain climate risk data platforms, providing decision-relevant information at appropriate spatial scales, were seen as critical for supporting local economic actors and resilience-building efforts. From an investor perspective, publicly available, standardised local-level risk data could significantly reduce due diligence and transaction costs across the EU. In addition, participants noted that positive externalities of adaptation investments, such as beneficiaries not directly contributing to financing measures, remain insufficiently addressed and require policy solutions.

Public authorities were also encouraged to deploy financial risk-sharing instruments, including performance guarantees and first-loss capital, to improve the risk-return profile of high-risk or innovative adaptation projects that often lack a performance track record. However, recognising that local and regional governments frequently face fiscal constraints, participants stressed the need to strengthen intergovernmental public finance flows and align them with multi-level governance responsibilities for climate adaptation.

The role of public-private collaboration

Building on these points, the discussion turned to the role of public-private collaboration in advancing adaptation policy and finance.

Once again, strong governmental leadership was emphasised, particularly in establishing governance structures and institutional arrangements capable of supporting long-term, multi-stakeholder collaboration. Successful cross-sector collaboration in the EU renewable energy sector was cited as a source of inspiration and transferable models. In the context of adaptation, the measurement and valuation of environmental and social co-benefits of nature-based solutions was highlighted as a concrete challenge that could benefit from closer collaboration between public authorities, financiers, and insurers.

Participants also underlined awareness raising and knowledge exchange as important outcomes of cross-sector collaboration, particularly for urban greening policy development. City-industry dialogues organised at national level were referenced as effective platforms for stakeholder exchange, enabling the integration of diverse expertise, interests, and resources into more robust and credible public policies. Given the limited administrative and technical capacity of many local and regional authorities, peer learning and knowledge sharing among public authorities facing similar contexts were encouraged, reinforcing the need for targeted capacity-building for urban greening and adaptation policy design.

A central theme throughout the discussion was the importance of investment de-risking. Climate adaptation measures in general, and nature-based solutions in particular, were recognised as inherently risky due to their novelty, performance uncertainty, and dependence on future climate conditions. Participants argued that governments must take a leading role in de-risking innovative urban greening projects through policy, financial instruments, and public investment. Relying solely on insurance for risk transfer was deemed insufficient and potentially unsustainable, as insurance premiums could become unaffordable or coverage unavailable. Instead, a combined approach to risk reduction, risk sharing, and risk transfer, with governments playing a catalytic role, was advocated.

Need for innovation

Towards the conclusion, the discussion addressed the need for innovation within the financial and insurance sectors as public policy frameworks evolve.

While acknowledging the diversity of financial actors, participants observed that much of the banking sector remains reactive, waiting for clearer long-term policy signals and regulatory guidance before innovating in adaptation-related financial products and services. This compliance-driven approach, often shaped by supervisory expectations, including those of the European Central Bank, was criticised as inadequate given the accelerating materialisation of climate risks across Europe. A more proactive, forward-looking stance and stronger internal commitment to adaptation finance were called for within banking decision-making structures.

Regarding insurers, leading firms were recognised for advances in risk data, modelling, and monitoring, including the use of satellite-based observations, as well as for piloting new insurance products. However, demand for climate- and nature-focused insurance remains nascent and limited in scale. Although awareness of climate risks in urban contexts is increasing, the uptake of concrete adaptation measures, particularly nature-based solutions, by both households and organisations has yet to reach levels that would support a mature and scalable insurance market.