

Bloomberg Global Policy Series: Financing Climate Adaptation, Resilience and the Real Economy

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Good morning, everyone, and welcome. It's a pleasure to be here to discuss one of the most pressing challenges facing Asia and the world today: how to finance adaptation and resilience, so that companies, supply chains and economies are better prepared for climate disasters that are growing more frequent and more costly.

The recent floods here in Bangkok were a stark reminder of the stakes, and my thoughts are with everyone affected across the country. Disasters like these rightly prompt us to consider what more we can do to invest in resilience. And this week's Annual Meetings give us a rare opportunity to bring finance ministers, central bankers, development banks, and investors together to take up exactly that question.

Fifteen years ago, an earlier round of devastating floods swept Thailand, causing \$46 billion dollars in damages and losses within the country, or roughly 13 percent of GDP.¹ Around 90 percent of that fell on the private sector, only around a third of which was insured.² And the impacts extended beyond Thailand's borders. Japan's three largest carmakers together lost production of more than 400,000 vehicles.³ And insurers and reinsurers, many of them international, paid out some 15 billion dollars of those losses.⁴

The 2011 floods were an early and costly lesson that climate events are economic events. Their consequences are felt most acutely domestically, but they also travel along global supply chains to balance sheets far from where a disaster strikes. For many, those floods marked a turning point. Thailand introduced a strategic water management plan and invested heavily in flood defenses, while insurers and reinsurers sharpened their understanding of supply-chain vulnerabilities and their ability to price flood risk.⁵

But now — fifteen years on — we need to go even further to scale investment in our collective resilience. Climate shocks are arriving more often, and with greater force — devastating families, lowering growth, widening deficits, raising borrowing costs, and delaying the very investment that would reduce countries' exposure. Nowhere is this challenge more acute than in emerging markets and developing economies. But nowhere has more to gain from getting this right.

Meeting the world's adaptation needs could require \$1.2 trillion dollars of investment annually by 2050 across infrastructure, agriculture, real estate, and new technology,⁶ with every

¹ World Bank and GFDRR, [Thailand Flooding 2011: Rapid Assessment for Resilient Recovery and Reconstruction Planning](#), 2012.

² Ibid.

³ Columbia Climate School, [Floods, Companies and Supply Chain Risk](#), 2014.

⁴ Swiss Re, [A decade on, learning from Thailand's devastating 2011 floods](#), 2021.

⁵ Ibid.

⁶ McKinsey Global Institute, [Advancing Adaptation: Mapping Costs from Cooling to Coastal Defenses](#), 2025.

dollar invested in resilience returning between two and ten dollars.⁷ Much of that opportunity sits in emerging markets, where resilience investments could create more than 280 million jobs by 2035, and add as much as 15 percent to GDP in some of the most vulnerable economies by 2050.⁸

So why — given the size of the opportunity — does so little capital flow to adaptation and resilience? Let me highlight three of the barriers that make adaptation especially difficult to finance:

First, adaptation asks us to invest *now* to avoid losses *later*. But it can be difficult to motivate governments, companies, and households to invest not for a return, but to avoid a future loss. Making the case means quantifying the hazard, calculating how much an intervention reduces the risk, and expressing the net benefit in terms that decision-makers recognize. This requires significant amounts of data — from meteorological and geospatial hazard data to data on exposed assets and protections in place — all of which must then be translated into the language of finance: loss curves, probability of default, insurance pricing, and asset valuation.

Second, even when the benefits are clear, resilience investment rarely generates a single, neat revenue stream. The business case often depends on painstakingly stacking several sources of value: avoided direct and indirect losses, lower insurance costs and, in some cases, new revenues.

And third, the benefits of a resilience investment are often spread across many parties. A flood defense might protect a port, several companies, a utility and a city, along with their financing partners. Yet no single party may be motivated in isolation to meet all of the costs. Unlocking these investments requires new financing models that generate collective action, enabling the main beneficiaries to each pay for their fair share.

None of these barriers is insurmountable, but no single actor can overcome them alone. Adaptation requires a system-wide effort. And that

starts with governments creating the right enabling conditions: setting clear resilience goals; backing those up with concrete plans for communities, cities, and sectors; and providing data on national climate risks and on the major protections planned or in place. Governments can also require or incentivize resilience across the economy — from households to entire sectors — through measures like land-use planning, building codes, procurement standards, risk disclosure, and targeted fiscal incentives. Where those conditions are in place, private capital can follow. That is critical because the scale of the challenge far exceeds what public balance sheets can bear.

Increasingly, private finance is playing a part in supporting investment in resilience across diverse regions and solutions. In June, the Glasgow Financial Alliance for Net Zero, or “GFANZ” — which is chaired by Mike Bloomberg and for which I serve as Vice Chair — published *Investing in Resilience*: twenty-two in-depth case studies of financial institutions financing adaptation. Nearly half were delivered with private finance alone, challenging the view that adaptation can only be financed publicly. Most used familiar instruments — loans, bonds, insurance and funds —

⁷Global Commission on Adaptation, [Adapt Now: A Global Call for Leadership on Climate Resilience](#), 2019.

⁸Systemiq, [Returns on Resilience: Investing in Adaptation to Drive Prosperity, Growth and Competitiveness](#), 2025.

applied through a resilience lens. And together, they show how each of the three barriers I described can be overcome in practice.

Take the challenge of making avoided losses quantifiable. Insurers are drawing on decades of claims experience and, increasingly, on forward-looking climate scenarios and new sources of data - from satellite imagery to real-time flood monitoring - to show clients where they are exposed and what reducing that exposure is worth. One global insurer, for example, combined catastrophe modelling with on-site engineering assessments across a global logistics company's port network to identify the resilience improvements needed, ultimately supporting more than 500 million euros of resilience investment.

Investors, too, are using long-term engagement to turn risk analysis into action. In one case, an investor helped a US utility whose power lines had been linked to wildfires shape its resilience strategy, then backed it through the utility's wildfire-related bonds.

Where no single revenue stream is enough, institutions are stacking several sources of value. A Hong Kong property company invested around eight million Hong Kong dollars in flood and typhoon defenses, then worked with its insurer to quantify the lower risk, securing a premium cut of nearly 12 percent. Avoided damage on its own might not have justified the investment. But combined with a recurring insurance saving, it did.

And where the benefits are spread across many parties, new models are emerging to identify who gains and to share the cost accordingly. In the UK, the FloodAction Coalition maps who is at risk of flooding along river catchments, then works with insurers, investors, and landowners to put a value on reduced flood risk and agree who should contribute to the investment.

In the other half of cases, public finance played a catalytic role. In the Netherlands, a government fund combines concessional loans with guarantees from mortgage lenders, so that households can afford foundation repairs made necessary by droughts. In Egypt, a commercial bank drew on a development finance credit line to fund investments that make food producers more resilient to climate risks. And blended finance funds pool small, fragmented adaptation projects into portfolios that are large and diversified enough for institutional investors.

None of this is easy. But the starting point is clear: governments and companies choosing to invest in their own resilience, and public and private finance working together to help them get it done.

And of course, focusing on adaptation does not mean losing sight of mitigation. If emissions keep rising, we will be running up a down escalator. The good news is that the two agendas reinforce each other. Many tools built for the transition — better data, public-private financing and country platforms — can work for adaptation too. And many of the best investments, from resilient clean energy grids to restored mangroves, deliver on both.

In 2011, Thailand's floods showed the world what a lack of resilience costs. Our task now is to build that resilience at the speed and scale this moment demands. How we get there is exactly what our next panel is here to discuss. Please join me in welcoming them.

Thank you.