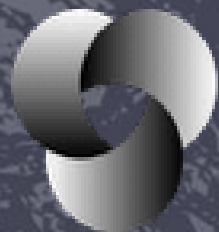


Adaptation Economics Shaping Markets to Meet Adaptation Needs

Dr. Simon Zadek, Managing Partner, Morphosis

Asian Development Bank, Manila, September 2026





morphosis.

Building an Inclusive Adaptation Economy for a Severely Impacted Climate World

Insight

Adaptation Economy Intelligence

- Building adaptation markets and economies
- Policy, investor and solution provider decision-making
- Framework, indexes, roadmaps, strategies investment, ratings, market access, due diligence

Investment

Adaptation Solutions

- Investing in adaptation solution early-stage growth businesses
- Distributed infrastructure solutions for basic needs
- Pipeline, strategic support, due diligence, capital, oversight

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Adaptation Progress is **Dangerously Inadequate**



US\$ 1.4 trillion

Climate damages in 2024

50% of GDP

Potential losses by 2070.

US\$248 bill/yr

Needed by developing countries through 2050.

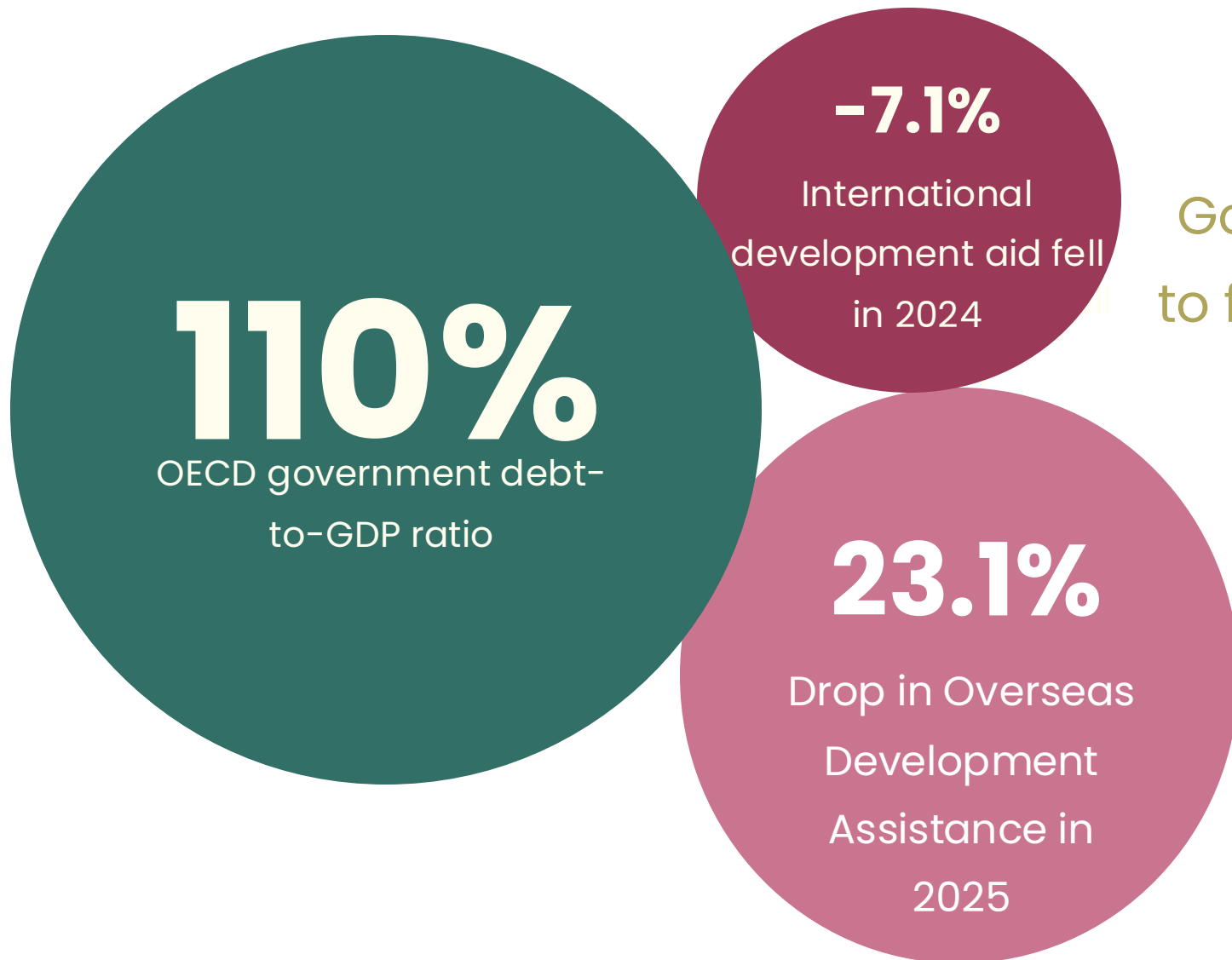
95%

Of adaptation investment has been publicly funded.



A synthesis of 1,682 articles suggests adaptations are fragmented, local and incremental, with limited evidence of transformational adaptation or risk reduction outcomes.

Public and blended financing is a **limited solution**

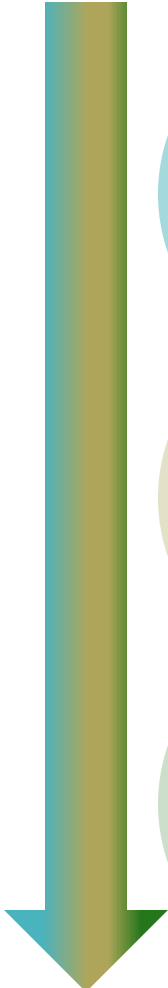


Governments are too leveraged to fund the adaptation gap alone

Public finance for development and climate is under threat due to constrained fiscal conditions and shifting priorities.

Source: Morphosis et al, 2025

Policies Need to Create **Adaptation Markets**



Non-market solutions

- **Public funding** for local public goods

Subsidised solutions

- **Temporary public support** until markets mature.

Pure market solutions

- **Commercially viable**, needing policies to remove barriers and standards. .

Climate-Related Investments in 2025 Exceeded US\$2.3 trillion.

The multi-trillion dollar a year renewable energy revolution was unlocked by deliberate policy, including feed-in tariffs, power purchase agreements, technical standards, reverse auctions, industrial strategies and many and often innovative forms of public financing.

© Morphosis Solutions SA, 2026

Source: Berrang-Ford, L, 2021

Unlocking virtuous cycles where innovators, businesses and investors are incentivised and resourced, making adaptation solutions profitable, investable, scalable and affordable. Governments, likewise, need to focus more on how to shape the right market conditions

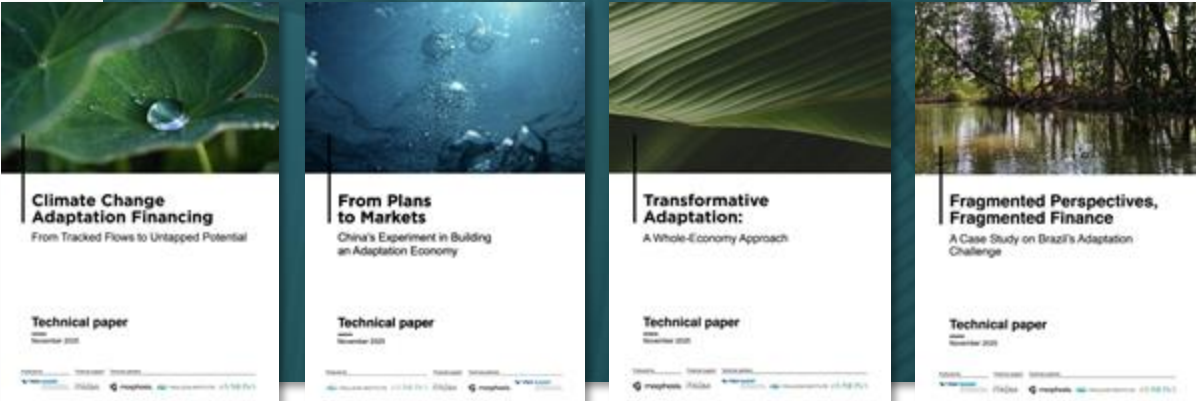
COP30 Launch: Standardised Adaptation Economy Policy Playbook

Drawing from the Best

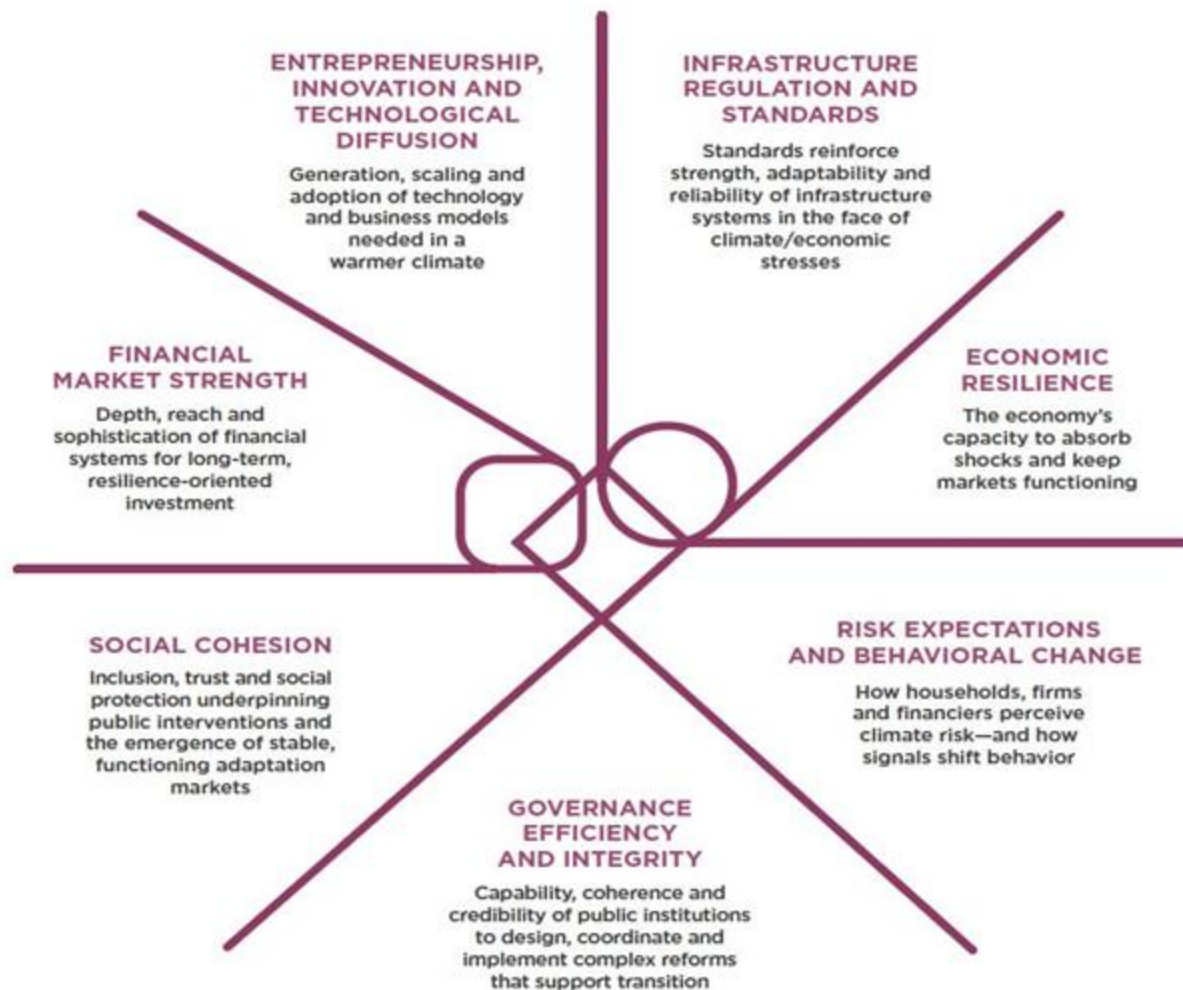
[not exhaustive]



Partnership Knowledge Products



Whole Economy Approach to Transformative Adaptation



“Policies, institutions, and incentives that can develop and attract the talent, technology, and capital necessary to establish resilient, inclusive adaptation economies”

© Morphosis Solutions SA, 2026

Source: Berrang-Ford, L, 2021

Strategic development of cross-cutting aspects of a national economy can develop markets that attract private capital into products and services that mean adaptation needs.

Measuring Progress in Building Adaptation Economies



The Adaptation Economy Index is a world-first measure of a nations progress for policy makers, investors and solution providers

Practical Applications of Adaptation Economics



THE RISE OF THE ADAPTATION ECONOMY

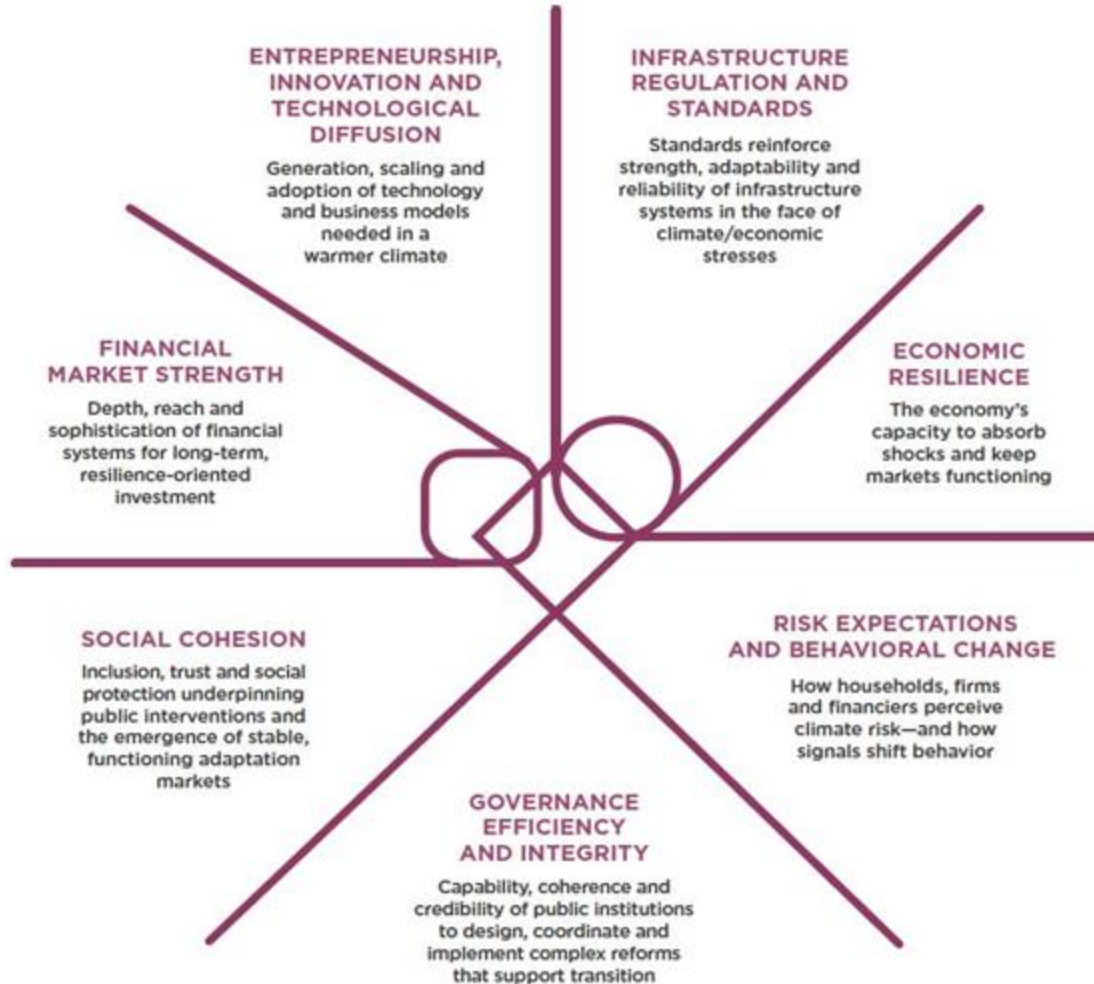
Investing in
Adaptation and Resilience
In a World Beyond 1.5C

November 2025

 morphosis.  FGV EAESP ESCOLA DE ECONOMIA
E ADMINISTRAÇÃO  ITAUSA  PAULSON INSTITUTE  BASILINA

- Building investable markets for adaptation solutions
- Developing industrial and competitiveness strategies
- Pricing resilience into investment decisions
- Inserting adaptation economics into policy-based lending

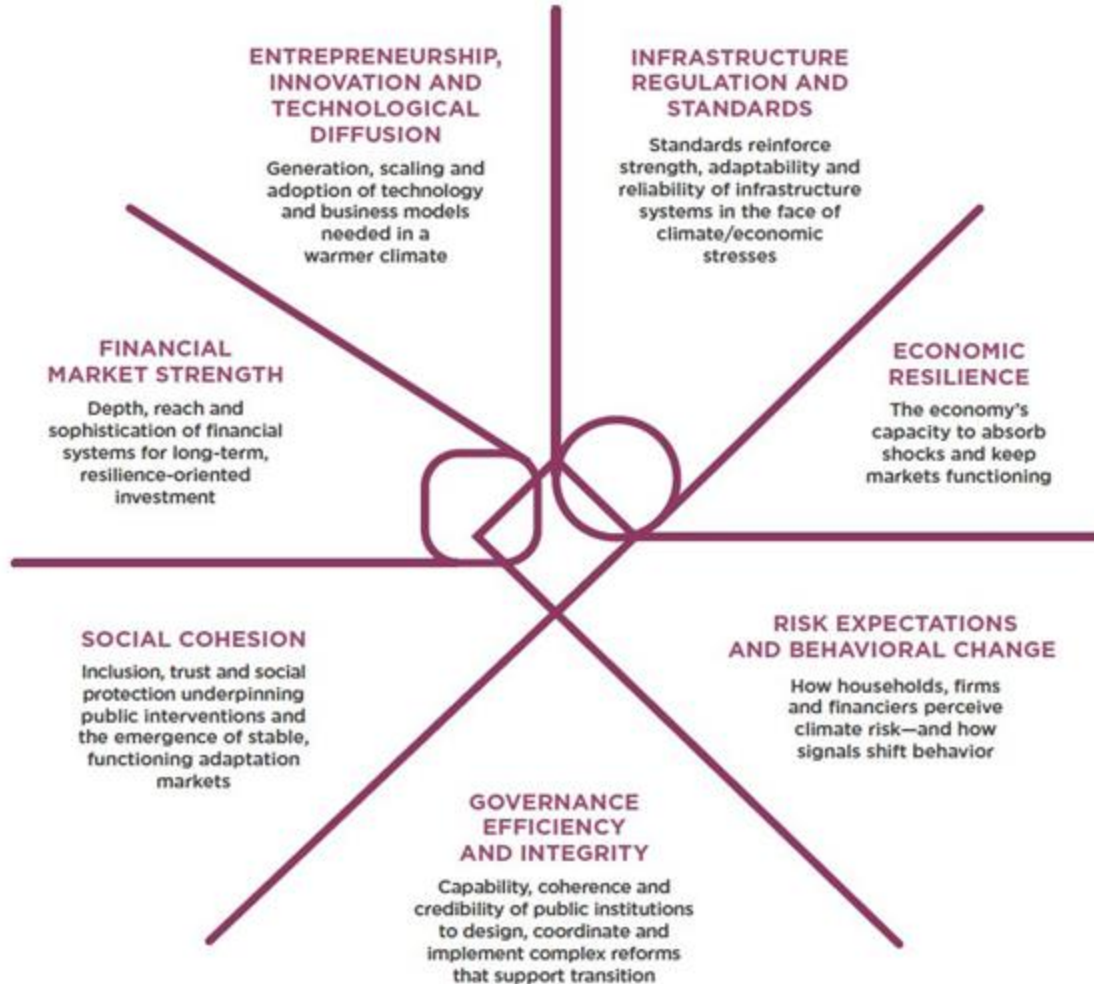
Adaptation Economics in **Brazil**



- **Select adaptation solutions areas** of strategic importance to business and the wider economy.
- **Undertake market analysis** to determine which adaptation markets are investable today
- **Develop adaptation investment taxonomy** to inform investors, regulators and investors

Morphosis Engagement

Working with Itaúsa, Brazil's largest asset manager, in identifying investable adaptation solutions markets to inform its invested businesses, investment opportunities, and policy opportunities



- **Identifying future adaptation needs** across basic needs and GDP-critical sectors.
- **Determining economic pillar relevance** in catalyzing markets for selected adaptation needs
- **Developing economic policy roadmap** to enhance enabling economic conditions for adaptation markets to emerge

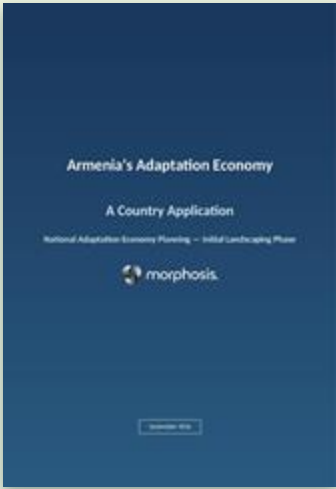
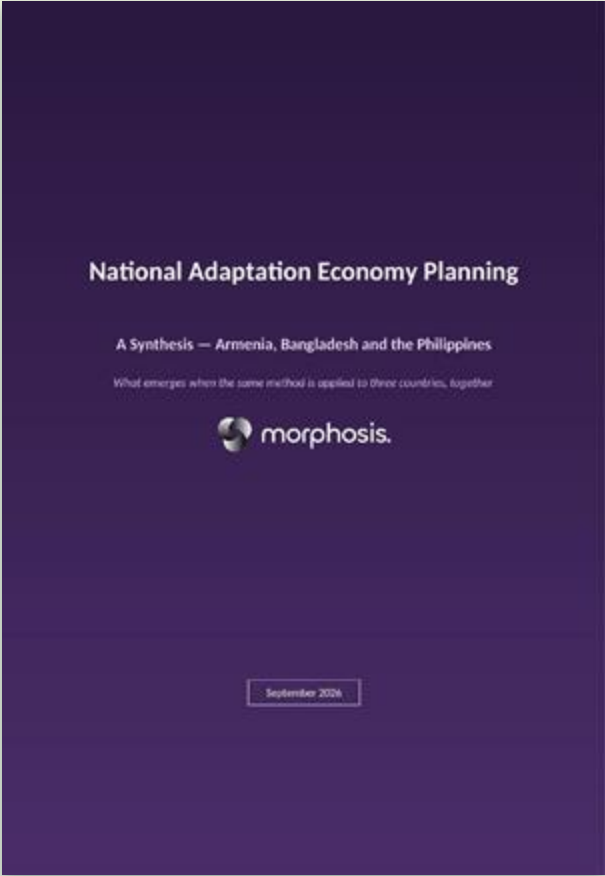
Morphosis Engagement

Engaging with the Asian Development Bank exploring adaptation market opportunities across three countries, Armenia, Bangladesh and the Philippines

National Adaptation Economic Planning – Method to Pilots

B

P



Method

Country Pilots

Pilot Synthesis



National Adaptation Economic Planning – in Brief

1

ADAPTATION NEEDS TAXONOMY



Demand Cell

Country evidence is named against a four-axis taxonomy and ranked into a Priority Demand Set.

2

DELIVERY PATHWAYS



Each need is located today on the five-point Public-Private Adaptation-Market Spectrum.

3

ENABLING PILLARS



Each of the seven pillars is read for importance per need — Part 1 of the result.

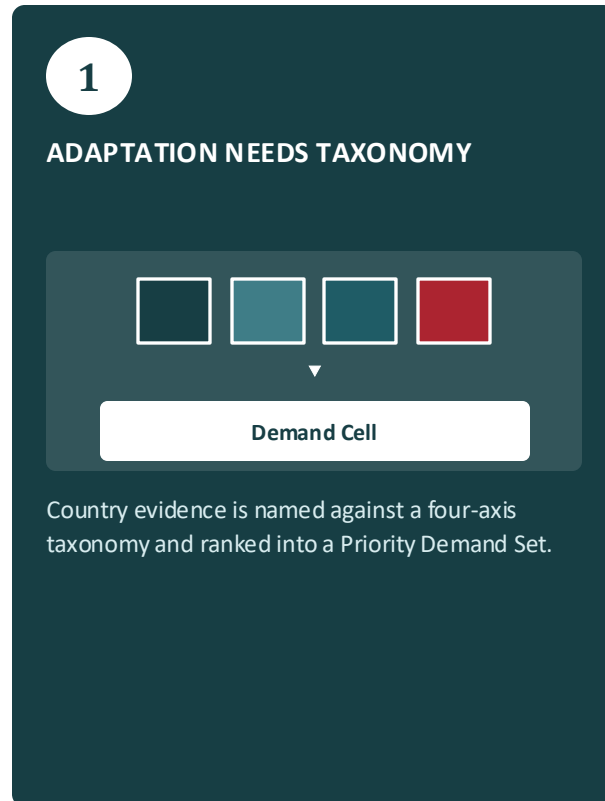
4

POLICY OPTIMIZATION



Measures are drafted, scored and tiered into a roadmap — Part 2 of the result.

National Adaptation Economic Planning – **Armenia Pilot** (1/4)



- Agricultural/livestock income stability and irrigation/water reliability
- Tailings-dam and mine-infrastructure safety
- Land trade-corridor continuity
- Smallholder crop yield stability
- Electricity-generation resilience and grid-transmission capacity

National Adaptation Economic Planning – Armenia Pilot (2/4)

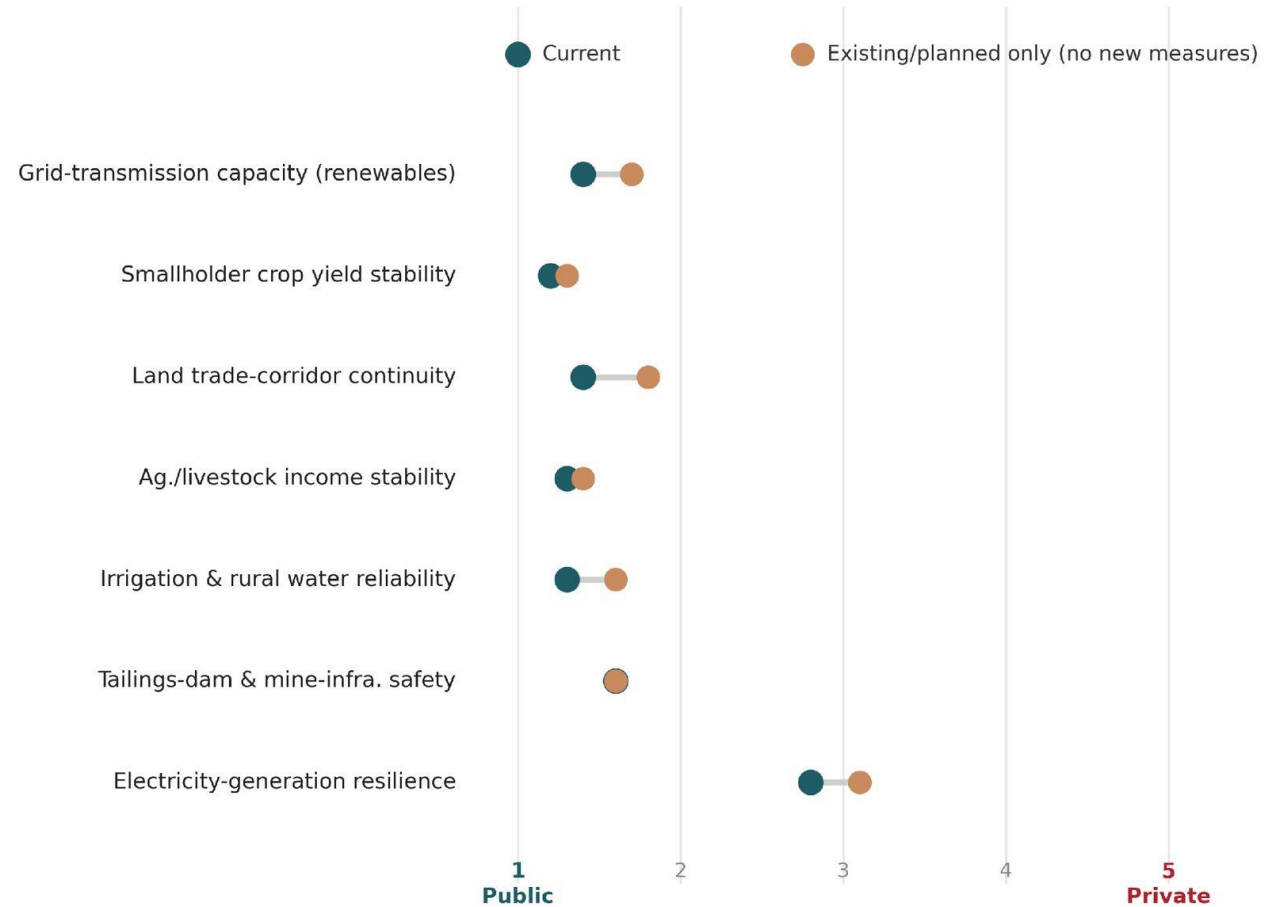


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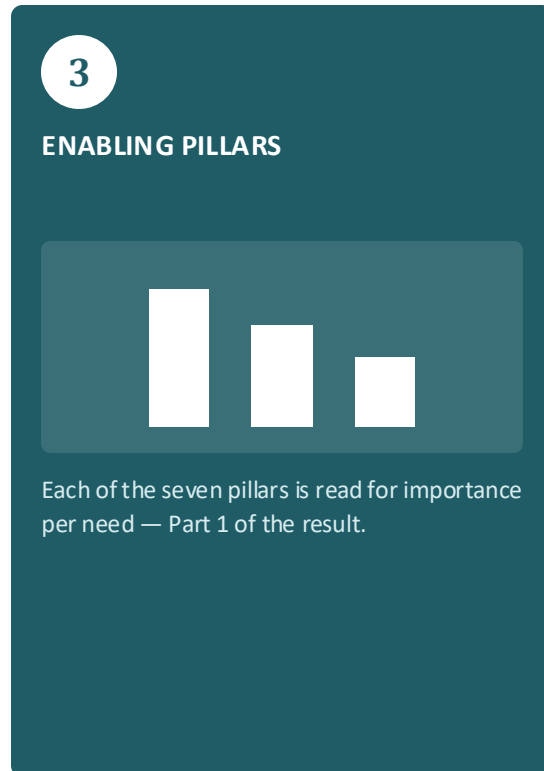
DELIVERY PATHWAYS



Each need is located today on the five-point Public-Private Adaptation-Market Spectrum.



National Adaptation Economic Planning – **Armenia Pilot** (3/4)

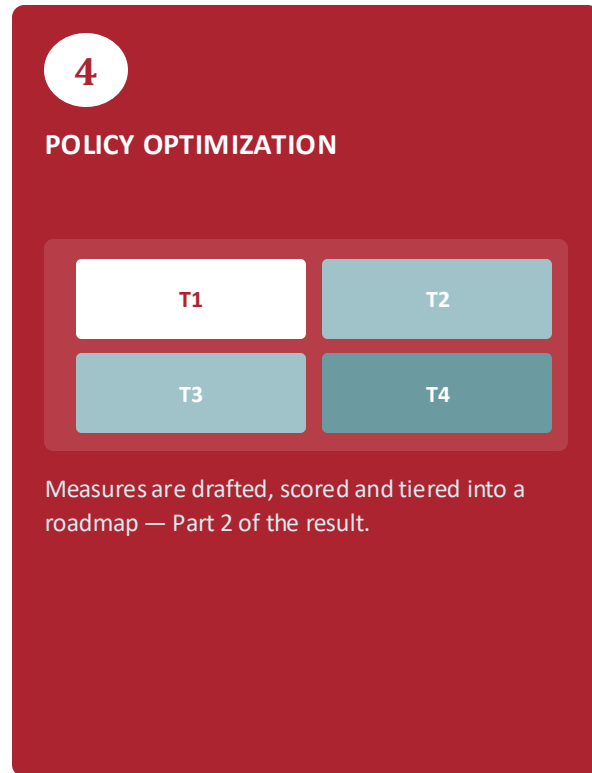


- Infrastructure Reg. & Standards is most-binding pillar: e.g. irrigation, the tailings-dam
- Financial Market Strength is second-most-binding pillar
- Governance Efficiency & Integrity binds on tailings-dam and transit corridor,
- Risk Expectations & Behavioural Change binds on agricultural income and crop yield

National Adaptation Economic Planning – **Armenia Pilot** (4/4)



Illustrative Only



- A national resilience-linked infrastructure design-standards framework.
- Converting Armenia's planned Financing Framework and Implementation Plan for Climate Change Adaptation into an operating, economy-wide blended-finance facility.
- Strengthening national environmental-permitting and enforcement capacity, so that a design standard, once set, is actually applied and trusted.
- Establishing a national climate-risk data and monitoring-and-evaluation system.

National Adaptation Economic Planning – Armenia Pilot (4/4)



4

POLICY OPTIMIZATION

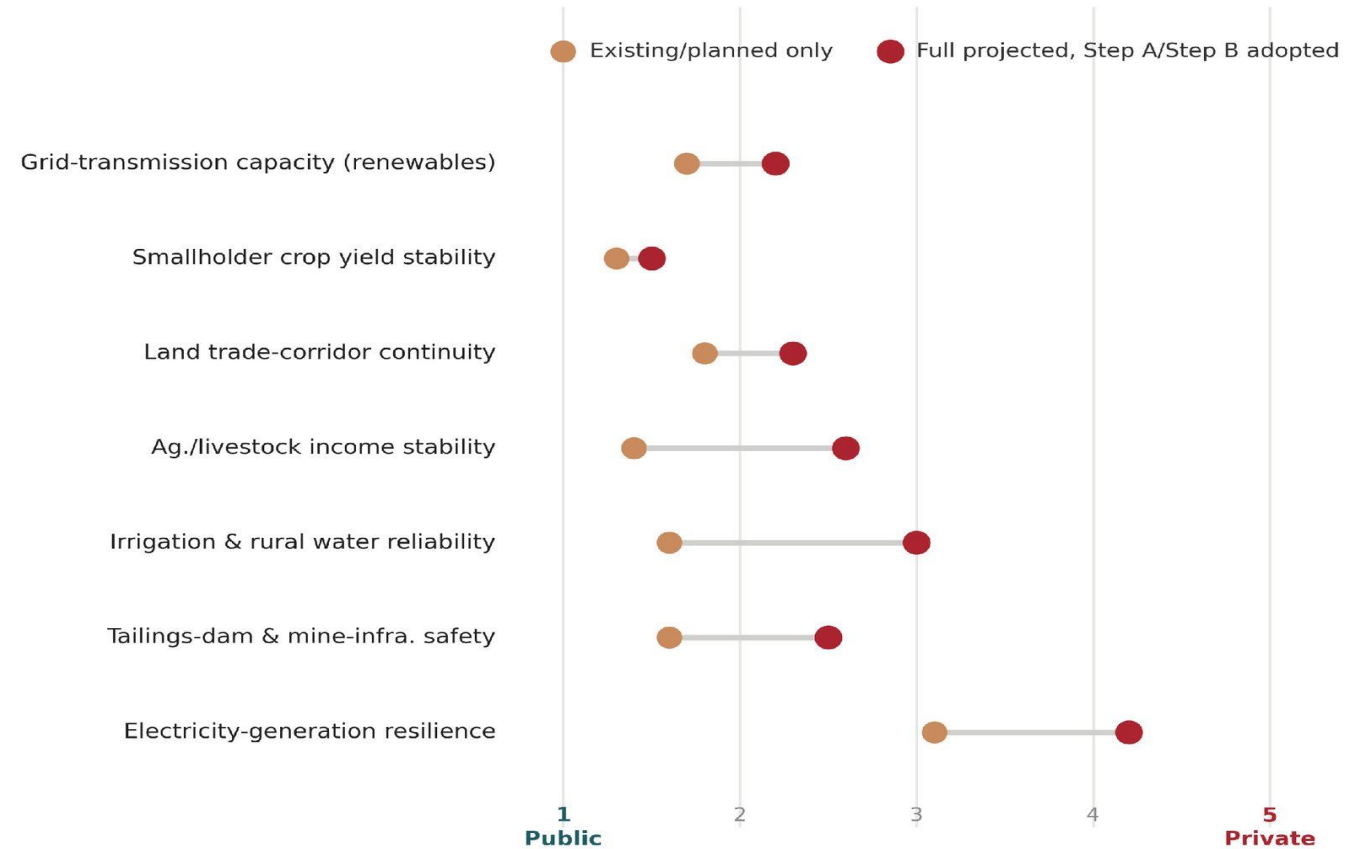
T1

T2

T3

T4

Measures are drafted, scored and tiered into a roadmap — Part 2 of the result.



National Adaptation Economic Planning – **Armenia Pilot** (4/4)



4

POLICY OPTIMIZATION

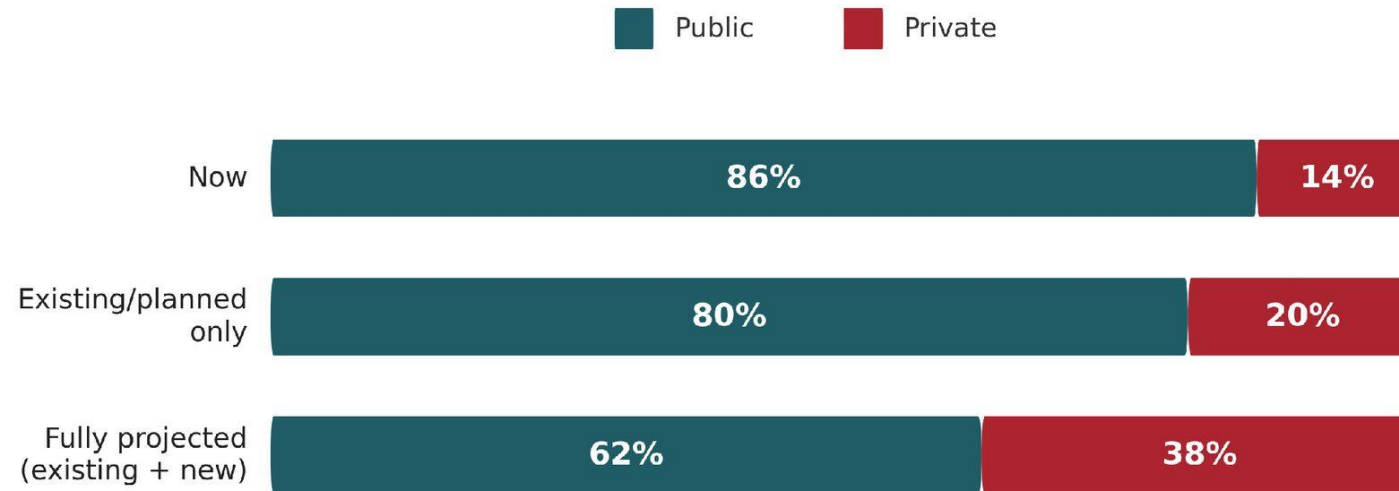
T1

T2

T3

T4

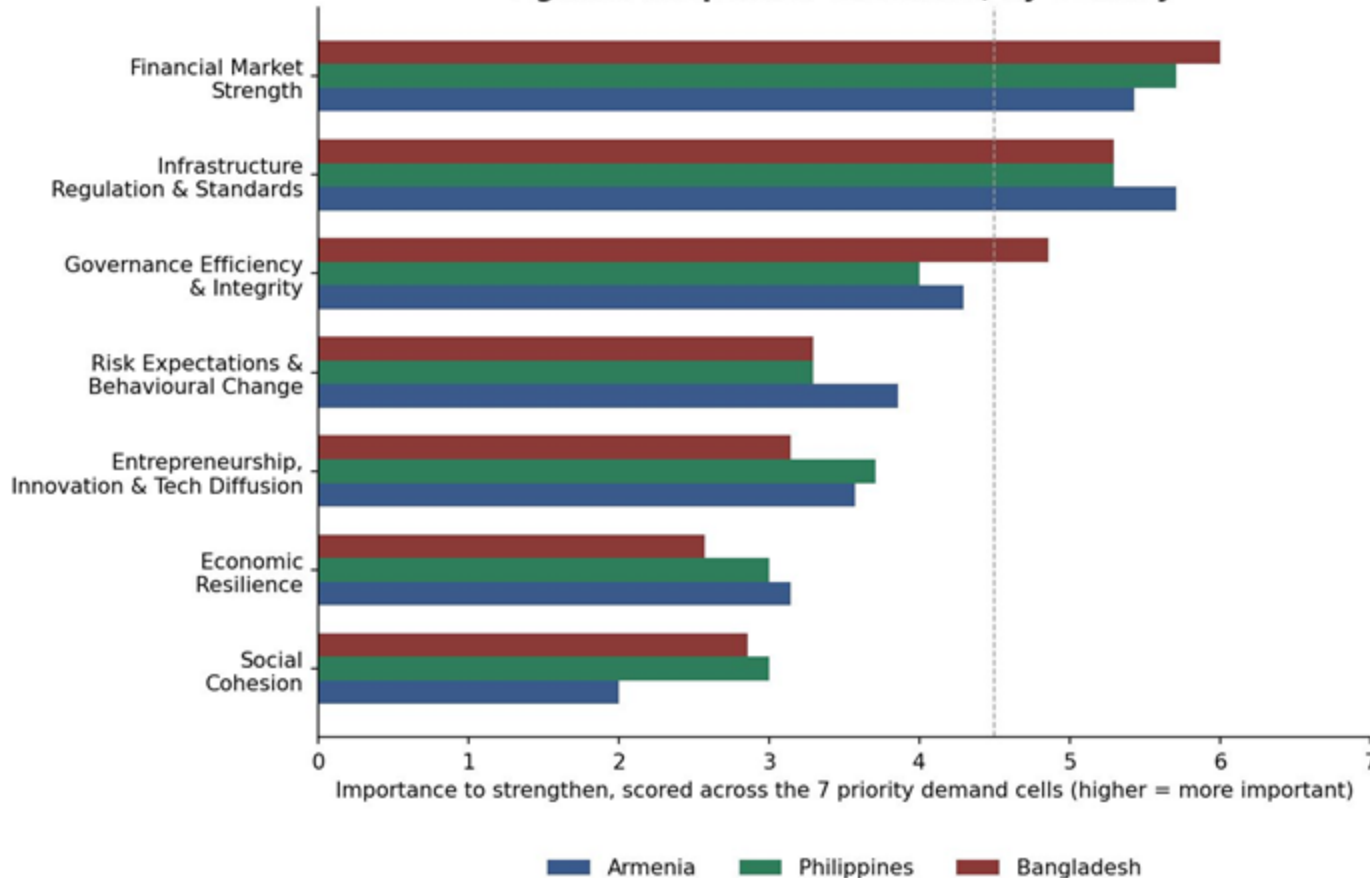
Measures are drafted, scored and tiered into a roadmap — Part 2 of the result.



Which Adaptation Economic Pillars Bind (where actions can make most difference)



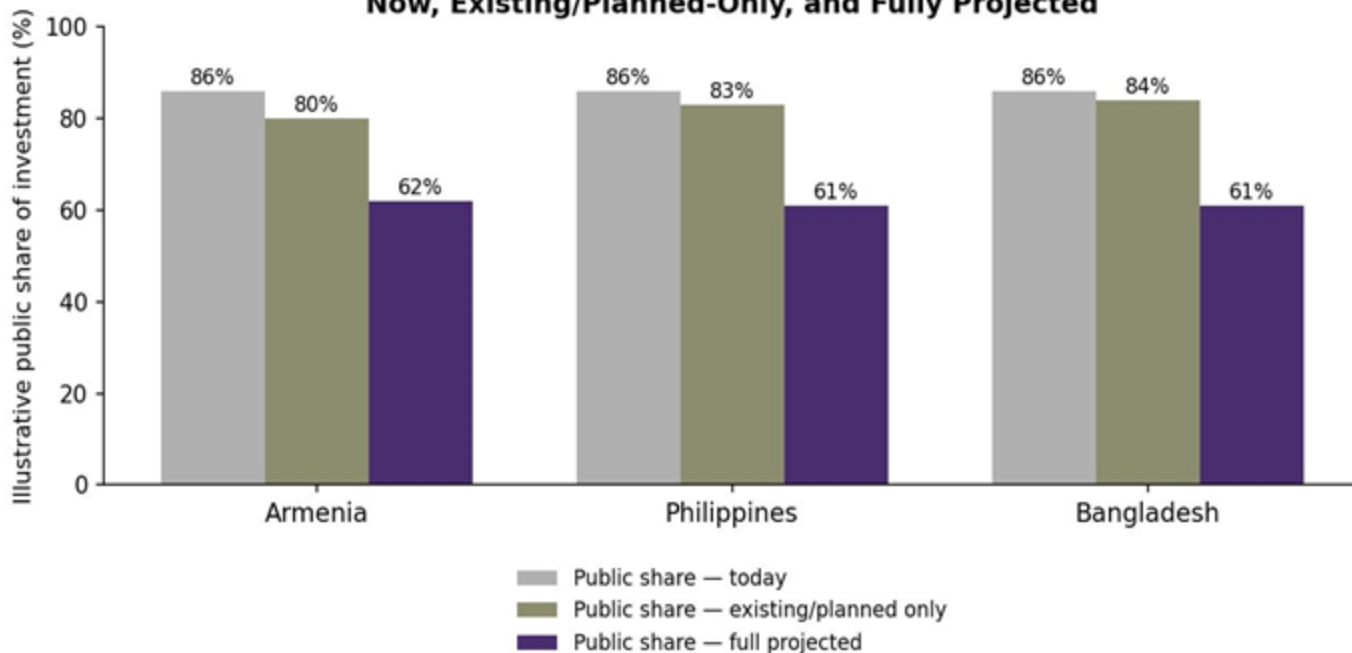
Pillars Whose Strengthening Would Most Improve Delivery
Against Adaptation Outcomes, By Country



- **Three most-binding positions in all three countries.** Financial Market Strength, Infrastructure Regulation & Standards and Governance Efficiency & Integrity
- **Capital, standards and execution bind – not technology or awareness.** A corrective to how adaptation is often discussed publicly

Potential Shift Toward Private Participation

Public-Private Investment Balance for the Priority Demand Set,
Now, Existing/Planned-Only, and Fully Projected



86%

Public share, today — identical across all three countries

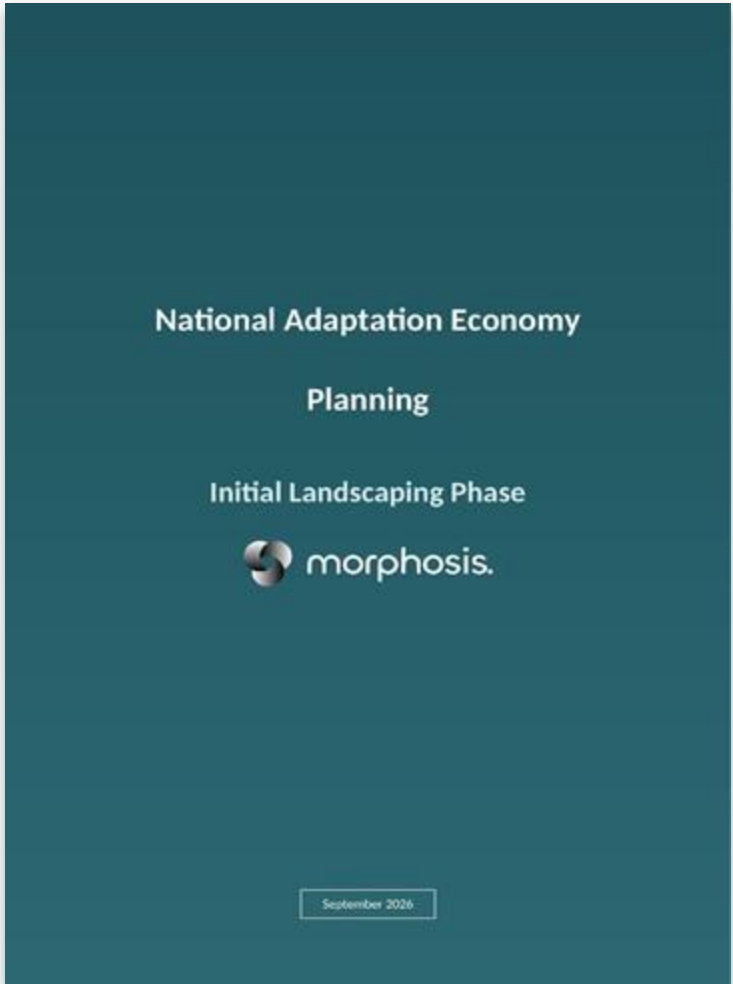
80–84%

Public share under existing/planned policy alone

61–62%

Public share once the full Step A/Step B programme is adopted

Building National Adaptation Economies – **the Bottom Line**



- Economics in a climate impacted world need to innovative, dynamic and entrepreneurial, and resilient.
- Developing adaptation markets and economies must be measured to plan and manage progress.
- National adaptation economic planning must be engaging, systematic, and robust.
- Applied methods piloted across multi countries need to be advanced.
- Development finance institutions as well as governments and investors must be involved.

EXPLORE THE ADAPTATION ECONOMY



morphosis.



<https://www.morphosis.solutions/adaptation-economy>