

Climate adaptation and resilience in Asia: Risks, opportunities and financing solutions

June 2026

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Key takeaways

- The Asia region faces significant exposure to physical climate risks and accounts for 75% of global adaptation financing needs by 2030.
- More than 250 adaptation and resilience solutions are emerging across Asia, prioritised based on regional needs and varying degrees of commercial viability.
- Capturing this opportunity will require coordinated capital with asset owner investment approaches shaped by differences in mandates, risk exposures and time horizons.

The Centre of Impact Investing Practices (CIIP) recently published a report with input and collaboration from Invesco that examines Asia's climate risks, financing gaps, and adaptation and resilience solutions. This piece unpacks the findings of the report, focussing on pathways to the deployment of climate adaptation and resilience (CA&R) solutions in the region, by identifying barriers, assessing commercial viability, and mapping context-specific investment opportunities aligned with different investor roles.

1. Asia sits at the center of the adaptation challenge

Asia's regional concentration of climate risk is matched by the scale of its adaptation needs. The region accounts for a significant share of global exposure to physical climate hazards, and correspondingly, a large portion of global adaptation financing requirements. Since 2000, 3.7 billion people in Asia have been affected by climate-related disasters – more than triple that of the rest of the world.¹

The region faces a range of overlapping risks, including:

- Heat: driven by a large land mass, relatively faster warming (-0.24°C per decade vs. -0.13°C globally), and urban heat island effects linked to rapid urbanisation²
- Flooding: particularly across highly exposed coastal megacities
- Infectious diseases: elevated transmission risks in dense urban populations

These risks are already translating into significant economic and social costs. By 2030, Asia is expected to account for around 75% of the global CA&R financing gap, while regional companies could face approximately US\$336 billion in annual climate-related physical risk costs.³

1. EM-DAT data, calculations by the Centre of Impact Investing Practices (CIIP)
2. World Meteorological Organization (2026): State of the Global Climate 2025
3. Dalberg analyses; Climate Policy Initiative (2025): Bridging the adaptation finance gap in Asia; CIIP analyses; S&P Global Sustainable.

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2. An emerging opportunity landscape

Against this backdrop, the report identifies over 250 CA&R solutions tailored to Asia's specific climate risks and development needs. These are drawn from an initial pool of over 1,400 global solutions, then prioritised based on regional hazards, development context, and the needs of vulnerable populations.

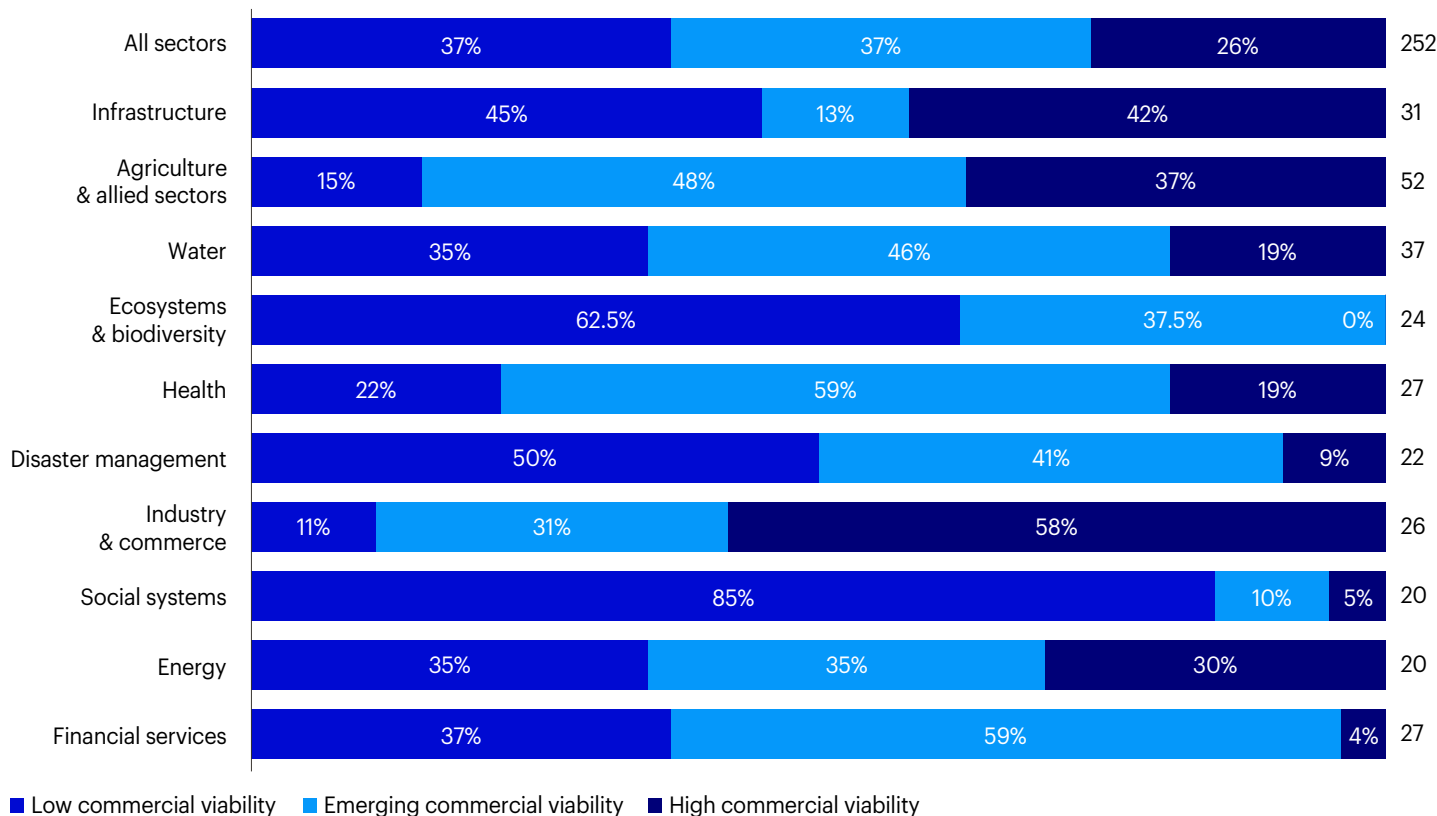
These solutions span a spectrum of commercial viability:

- **94 foundational solutions** with limited or no commercial returns, typically requiring public or philanthropic capital.
- **93 emerging solutions** with clear use cases and demand, but not yet consistently scalable or commercially viable.
- **65 commercially viable solutions** with established business models and scalable, repeatable revenue streams.

This segmentation provides a more practical lens for investors. It highlights where different forms of capital can play distinct roles—supporting innovation, scaling viable solutions, and building enabling systems.

Figure 1 – CA&R solutions for Asia by commercial readiness and sector

% of total number of solutions in each sector



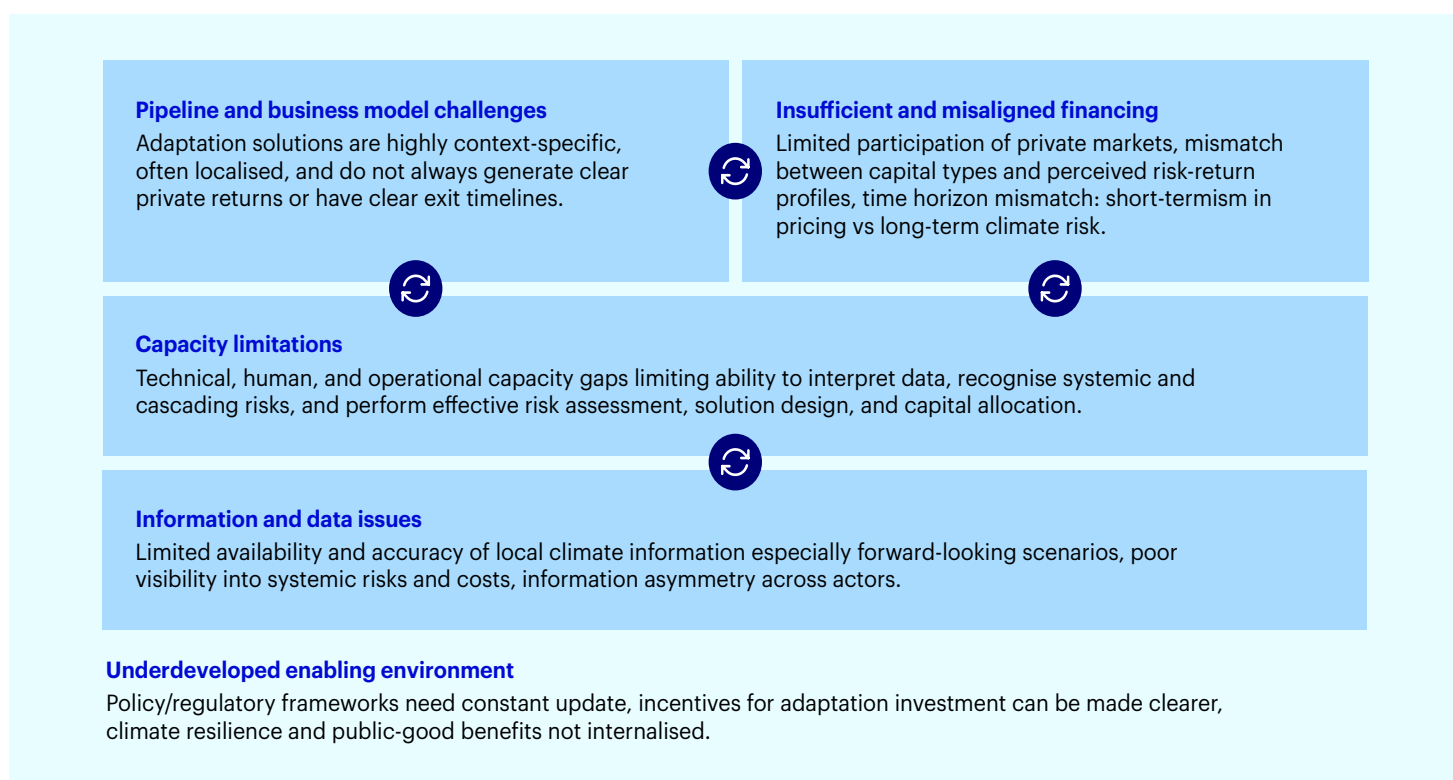
Source: Climate Adaptation and Resilience in Asia (2026) by CIIP, in collaboration with Temasek, Invesco, and Impact SF, supported by Dalberg.

3. Barriers to unlocking capital

Despite increasing interest, structural barriers continue to constrain investment. In a survey of 165 Asian funders, the most cited challenge to investing was a limited investment-ready pipeline, while the most important enabler identified was the development of stronger business models.

This is consistent with the opportunity landscape, where fewer than one-third of solutions are currently commercially viable at scale. In addition, broader system-level constraints remain. For example, prevailing reference frameworks for emerging markets do not always fully capture relevant cost of capital considerations, as reflected in assessments such as the United Nations Environment Programme (UNEP) Adaptation Gap Reports. Other challenges experienced include capacity limitations, information and data issues, and an underdeveloped enabling environment.

Figure 2 – Key structural barriers to investment in CA&R solutions



Source: Climate Adaptation and Resilience in Asia (2026) by CIIP, in collaboration with Temasek, Invesco, and Impact SF, supported by Dalberg. As of March 2026.

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4. Evolving funder interest across the spectrum of capital

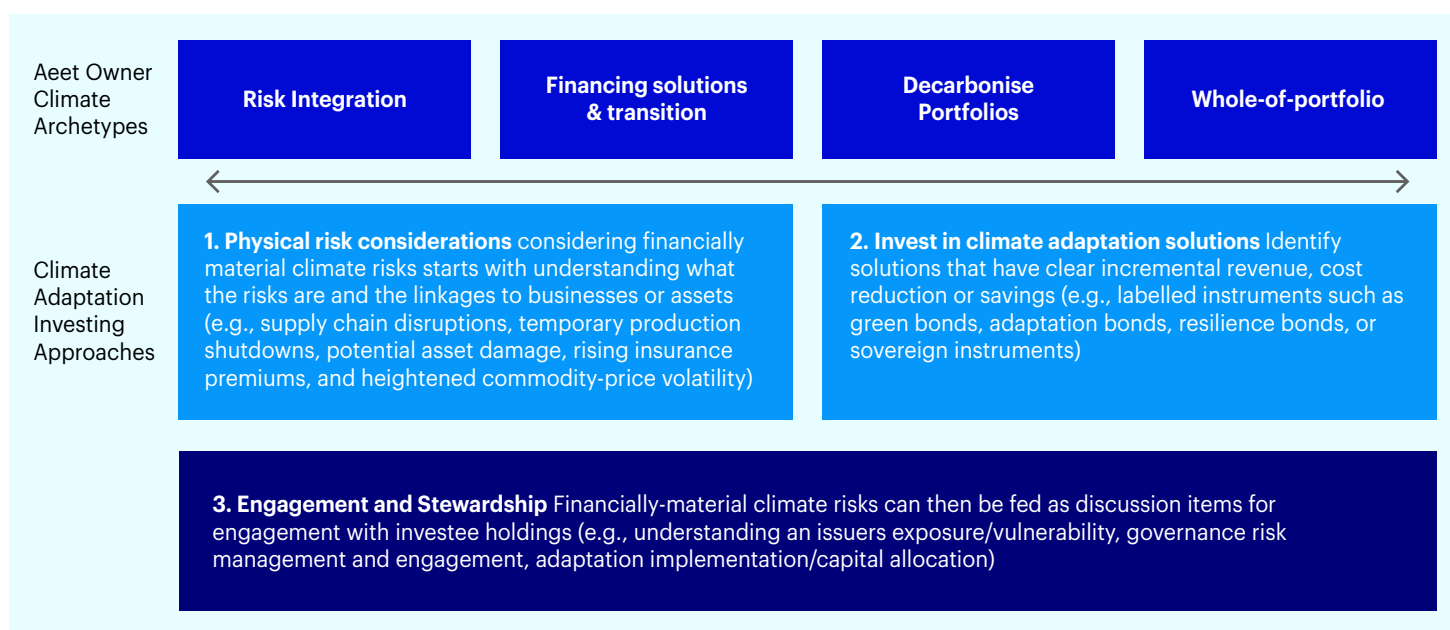
Investor engagement with CA&R is evolving. Among surveyed funders, adaptation and resilience now ranks as a leading theme in terms of both activity and interest, with the potential for capital deployment across the spectrum.

Approaches vary widely across asset owners, shaped by differences in mandates, risk exposures, time horizons, geography, and data availability. Across the climate investing archetypes outlined in the Asia 2030 Asset Owners Playbook, the relevance of CA&R differs accordingly.

For some investors, CA&R is primarily considered through a risk management lens—for example, those invested in public markets may adopt an approach to reduce exposure to climate-vulnerable issuers and strengthening resilience through engagement and stewardship. For others, mostly those invested in private markets, adaptation-related activities may be associated with incremental revenue generation or cost efficiencies, such as agricultural investments that support higher yields alongside improved resilience, or resilience measure in real estate that save cost on lower insurance premiums.

Geography also plays a defining role. As CA&R is inherently local, alignment between geographic exposure, policy priorities, and investment objectives is an important determinant of investor engagement. For asset owners with large public market allocations, CA&R may be more likely to be embedded within portfolios rather than explicitly labelled.

Figure 3 – Navigating CA&R investment opportunities for clients with relevant investment objectives



Source: Invesco, for illustrative purposes only.

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5. Looking forward

Addressing the CA&R financing gap in Asia will require more than incremental capital deployment. Three considerations stand out:

- **Defining roles across the capital spectrum** – The segmentation of solutions provides clearer entry points for different types of investors, aligned with mandate, risk appetite, and investment horizon.
- **Improving financial linkage** – As physical climate risks become more financially material, adaptation is increasingly relevant as part of both risk management and portfolio resilience.
- **Effective deployment of capital** – As global CA&R needs continue to grow, the core challenge is less about the availability of capital and more about how effectively it is deployed. This includes improving data, strengthening coordination, and developing clearer investment pathways aligned with on-the-ground needs.

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