

Task Force on Adaptation

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A. Objectives of the TF Adaptation

The accelerating rise in global greenhouse gas emissions has led to an increase in frequency and severity of climate-related impacts, with significant economic and financial implications. Chronic and acute climate risks, such as droughts, storms, increasing temperatures and sea-level rise, are increasingly difficult to manage and will persist due to locked-in climate change. With global temperatures likely to overshoot 1.5°C in the coming decade¹, the need for adaptation, and for scaling its promotion and financing, has become critical. This challenge is particularly acute for emerging markets and developing economies, which face the highest exposure to physical climate risks while also having the most constrained fiscal space and limited access to affordable financing to undertake adaptation investment. Yet current adaptation efforts remain insufficient, marked by widening funding gaps and persistent insurance protection gaps. This leaves economies and financial systems increasingly exposed to escalating physical risks and increases pressure on national budgets and debt sustainability, as public authorities must often support the financial burden of disaster related losses.

The NGFS Conceptual Note on Adaptation² underscored the importance for central banks and supervisors to consider adaptation to climate change within their mandates. As physical climate shocks intensify, they are already affecting credit risk, asset valuations, business continuity and inflation dynamics. At the same time, insufficient investment in adaptation and resilience today will magnify future macro-financial losses and amplify volatility. Mobilising finance for adaptation, strengthening insurance coverage and ensuring that financial institutions properly assess physical risks are therefore essential to reducing systemic vulnerabilities and safeguarding financial stability.

The NGFS Task Force on Adaptation aims to deepen understanding of how adaptation finance, insurance protection gaps and prudential risks intersect, and to assess how insufficient adaptation may affect the resilience of the financial system. Its objective is to support central banks and supervisors in integrating adaptation considerations into their missions, analytical work and supervisory practices. Through this work, the Task Force aims to

¹ UNEP (2025), [Emissions Gap Report 2025 : Off target – Continued collective inaction puts global temperature goal at risk](#)

² NGFS (2024), [Conceptual Note on Adaptation](#)



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equip authorities with the tools, data and insights needed to address adaptation-related challenges and contribute to a more climate-resilient global financial system.

B. Relevance to the work of the NGFS

Strategic Priority 1 – Technical incubator. The TF Adaptation will help strengthen tools for assessing physical risks by exploring how adaptation can be integrated into central bank activities, risk management and supervisory frameworks, and by sharing case-led guidance and cross-sector best practices.

Strategic Priority 2 – Scenario expertise. While not designing scenarios, the Task Force will underpin future scenario refinement and usability by advancing adaptation-specific metrics and data pathways (e.g., exposure, vulnerability, adaptive capacity, residual risk), thereby improving supervisory interpretation and eventual integration of adaptation dynamics consistent with the Strategy's emphasis on strengthening the modelling framework and practical application of scenario outputs.

Strategic Priority 3 – Capacity builder. The Task Force will contribute practical, implementation-ready materials (supervision best practices, case studies, and a core set of adaptation-specific indicators and metrics) to support uptake of NGFS outputs across jurisdictions, with particular attention to EMDE needs.

C. Tasks for 2026-2028

1. Strength supervisory approaches to physical climate risks, including adaptation

The Task Force will work with the NGFS Workstream on Supervision to identify how supervisors can better integrate adaptation into risk management and explore potential enhancements to supervisory and regulatory approaches that recognise credible, evidence-based risk reduction. The programme will provide practical guidance drawing on member case studies and emerging standards, with specific attention to protection gaps and challenges for EMDEs.

2. Identifying adaptation-specific metrics and indicators to track exposure, vulnerability and progress

Building on existing work and in collaboration with the NGFS Expert Network on Data, the Task Force will identify a core set of adaptation-relevant indicators to support financial risk assessment and supervisory analysis, including assessment of exposure, vulnerability, adaptive capacity, and residual physical risk. These indicators are intended to inform risk differentiation and supervisory dialogue, while recognizing jurisdictional differences and data limitations.