

Policy Brief

A Future Research Agenda on the Economics of Transformational Adaptation

ACCREU (Assessing Climate Change Risk in Europe) is a Horizon Europe research project that aims to advance the knowledge on the economics of climate change and adaptation, working with stakeholders using a co-creation approach.

This includes the use of reflexive co-creation, which aims to challenge existing norms and propose new ways of thinking. ACCREU has applied this reflexive approach to the topic of the **economics of transformational adaptation**.

The co-creation process in this area was taken forward with a **reflexive workshop**, which brought together different actors to debate the subject and identify a set of research priorities. The workshop was held in April 2026 with around forty multi-disciplinary stakeholders.

To frame the workshop three questions were developed for the debate during the day:

What is transformational adaptation and can its characteristics be captured in economics?

What is the economic case for, and the economic challenges with, transformational adaptation?

Do we need to re-think adaptation economics to address transformational change?

Throughout and following these three debates, workshop participants identified research needs, both through group discussion as well as individual reflection.

The research priorities identified are summarised over the page. The full findings are in the deliverable and technical policy brief.

Defining the use of economics in transformational adaptation, as well as the economics of societal change.

- Mapping and analysis of the role of the economic methods to assess transformational adaptation, and consideration of how these could be combined rather than working in silos.
- Developing the upstream economic justification for transformational adaptation and the role for policy intervention, including analysis of market failures: developing a broader narrative including how to adapt entire economies and the benefits of doing so.

Improving the evidence on the economics of transformational adaptation and assessing what works.

- Conducting review work to identify and assess ex-post, evidence-based analysis of transformation (within and beyond the climate context) and assessing why progress was slow or fast: identify enablers and success factors.
- Developing evaluation methods for transformational adaptation, including potential applicability of different methods.
- Developing transformational adaptation metrics and indicators,, including economically relevant aspects.

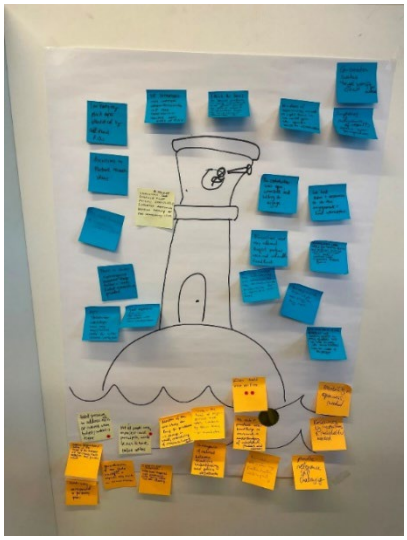


Understanding how preferences inform the attractiveness of transformational adaptation.

- Analysis of differing objectives and trade-offs for transformational adaptation with surveys to understand societal preferences.
- Review of discounting, including intergenerational schemes, and surveys to understanding time preferences for transformational adaptation.
- Review of distributional/equity weights (and other approaches) and surveys to understand intra-generational preferences.
- Review of other preferences that are important in transformational adaptation.

Improving microeconomic tools and methods.

- Developing an extended cost-benefit analysis framework for transformational adaptation, extending current approaches.
- Considering new criterion (in addition to economic efficiency) such as for resilience.
- Developing complementary techniques (storylines, visioning, narratives) that can be used in economic analysis.



Developing macroeconomic tool and methods.

- Extending the analysis of adaptation in macroeconomic climate modelling (CGE and IAMs) to start considering transformational adaptation.
- Testing existing macroeconomic analysis methods and tools (e.g., structural analysis, dynamic models) on transformational adaptation

Advancing political economy, institutional and behavioural economics.

- Application of political economy approaches to transformational adaptation, including institutional and behavioural economics.
- Mainstreaming of transformational adaptation into longer-term economic development planning and policy.
- A greater focus on interdisciplinary research to avoid siloed approaches and encourage systemic and integrated analysis (economics and other).
- Analysis of how to maximise research impact, including communication, awareness raising and influencing.



Analysing the financing of transformational adaptation and the role of the private sector.

- Analysis of the potential impacts of climate change on the public finances, and the fiscal benefits of transformational adaptation.
- Analysis of potential financing sources, instrument and models for transformational adaptation, including more transformative finance (including private sector), and including the business case for action.

Opening up a discussion on the economics of catastrophic climate change and adaptation.

- Improving analysis of adaptation to address cascading and interconnected risks.
- Analysis of the linkages between adaptation and other crisis, and development of the wider resilience and security benefits of transformational adaptation.
- Analysis of the implications for transformational adaptation from accelerated warming and tipping points (climate and socio-economic).
- Exploration of post-growth, post-capitalist or ecological economics for their ability to support transformational adaptation under catastrophic scenarios.

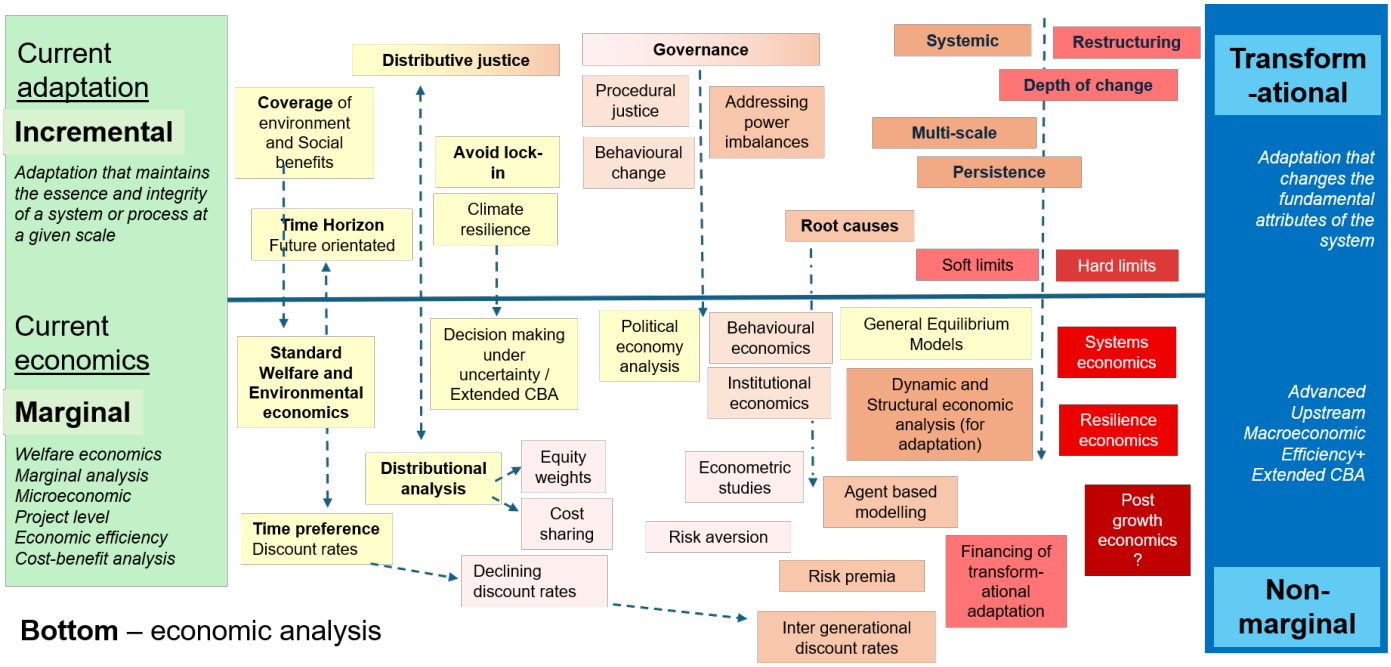
Finally, to capture the discussion from the reflexive workshop and help bring together the identified research priorities, a framework was developed, shown below. The framework shows a spectrum that goes from incremental adaptation and conventional economics on the left (in green) to transformational adaptation and extended economic methods on the right (in blue).

The elements of transformational adaptation are shown at the top of the figure, while the key issues for the economics of transformational adaptation are shown at the bottom.

The figure then maps these domains together. On the left (in yellow) are areas where existing economic approaches can already support transformational adaptation analysis.
In the centre (in orange) are areas where economic methods and tools have been developed but require further research application or development. Finally, on the right (in red) are areas where primary research and further debate is needed.

These research priorities are being taken forward through the dissemination of the results and discussions with research commissioners.

Top transformational adaptation elements



Bottom – economic analysis

Key

Already in place - consistency	Promising but more applied focus	Innovative - needs development	Focus on theory and debate

ACCREU, 2026. Cover photograph: I-Stock.
The ACCREU project is co-ordinated by Fondazione Centro Euro-Mediterraneo sui Cambiamenti Climatici (CMCC). To find out more about the project, please visit https://www.accreu.eu/