

Economic risk of climate change increasingly relevant for S'pore: Indranee

Ang Qing
Correspondent

The economic risk of climate change is increasingly relevant for Singapore, extending beyond immediate financial and property losses from extreme weather events to supply chain disruptions, said Second Minister for Finance Indranee Rajah.

But consideration of such risks and sustainable development can also create opportunities across Singapore's financial and professional ecosystem, she said on March 12 at the opening of the NUS' Sustainable and Green Finance Institute's (SGFIN) Sustainability Summit 2026.

"Legal firms, accountants and consultants are increasingly called upon to navigate sustainability regulations, ensure robust climate data reporting and advise on green financing structures. This represents growth opportunities for firms to develop specialised expertise in sustainable development and climate risk assessment."

A skilled workforce capable of evaluating and financing natural capital investments is important for Singapore to achieve its climate goals, said Ms Indranee, who is also Minister in the Prime Minister's Office and Second Minister for National Development.

Natural capital refers to natural resources that drive economic growth and create jobs.

In 2025 alone, extreme weather events such as floods and typhoons, exacerbated by climate change, caused more than US\$70 billion (\$89.1 billion) in economic losses across the Asia-Pacific, said Ms Indranee.

As Singapore imports more than 90 per cent of its food supply, "we are vulnerable to external shocks and supply chain disruptions, which may arise from climate-related disruptions", she said.

"Extreme weather events may also damage critical infrastructure

and disrupt port operations."

By the end of this century, the average sea level around Singapore is projected to rise up to 5m on some days, while daily maximum temperatures could increase by up to 5.3 deg C.

Among financial institutions globally, there is greater recognition of the risks that climate change and nature loss pose to bottom lines. Singapore banks DBS, OCBC and UOB, in June 2025, released a first-of-its-kind report on how nature loss in South-east Asia could impact bank operations.

The analysis focused on how climate change and the decline of natural ecosystems could impact the food and agriculture sector, which accounted for 11 per cent of gross domestic product across the region.

It found that upstream players in the palm oil industry were generally more sensitive to the impact of nature-related risks, compared with integrated players – companies that cover the palm oil value chain from planting the trees to refining the oil.

The global palm oil industry, worth about US\$60 billion, is a major global sector that is concentrated in South-east Asia. Indonesia and Malaysia together account for more than 85 per cent of the world's palm oil production.

Earlier in March, Singapore announced that 2026 will be the Year of Climate Adaptation to underscore the national priority to prepare for the impacts of climate change.

A slew of initiatives has been announced, such as a new government office to manage heat and a \$5 million injection into a fund to support ground-up projects on heat resilience, flood protection and water conservation, and to promote local produce.

On the sustainable finance and governance front, the Ministry of Law launched a pilot Environmental, Social and Governance (ESG) Legal Secondment Programme to strengthen sustainability-related

capabilities across the legal profession, Ms Indranee said.

Under the programme, lawyers are seconded to ESG-forward corporations to gain experience working on live ESG projects and hone their commercial acumen.

This is complemented by the Sustainable Finance Jobs Transformation Map, which was launched in 2024 to identify emerging skills necessary for Singapore's financial services sector to meet regional sustainable financing demands, Ms Indranee added.

To date, the Monetary Authority of Singapore has committed \$35 million to support upskilling and reskilling initiatives, including sustainable finance courses accredited by the Institute of Banking and Finance.

Singapore's educational institutions are also playing a vital role in building a strong talent pipeline to support the Republic's sustainability goals, said Ms Indranee.

She cited the NUS SGFIN's education programmes to equip industry practitioners with sustainable finance capabilities, and a guide by the Accounting and Corporate Regulatory Authority launched in 2025 for training providers to develop quality programmes that cater to climate and sustainability reporting professionals.

Asian Development Bank Institute dean and chief executive Bambang Brodjonegoro said at the summit that climate-related risks are observed across water systems in Asia.

Dr Bambang, who is Indonesia's former minister of finance and national development planning, cited the economic impact of coastal flooding in the country.

A report by the World Bank said the losses from floods along the northern coast of Java in 2013 exceeded 7.5 trillion rupiah (\$566 million), according to Dr Bambang.

In view of rising sea levels and the island's sinking land, there are plans to build a giant sea wall to protect the coast, he said. He suggested that the Indonesian authorities look into building a coastal defence, akin to Singapore's Marina Barrage, that also acts as a water supply, as part of the solutions to combat coastal flooding.

Organised by NUS SGFIN, the summit was attended by some 220 participants from across the region, comprising academics, policymakers and practitioners in sustainable finance.

aqing@sph.com.sg