

Workshop Readout

Cascading Climate Risks and Systemic Responses

Executive summary

On 21 April 2026, TMP and the ClimateWorks Foundation convened a multistakeholder group for a scenario-based exercise that explored how to prepare for and respond to climate-related shocks that drive cascading risks across trade, geopolitics and economic systems.

Climate risk is one of the most powerful but underappreciated forces shaping the feasibility and pace of global climate action. Specifically, physical climate impacts are exacerbating threats to the stability and cooperation needed for effective climate action. Extreme heat, droughts, floods and other climate events are occurring with higher frequency and intensity than planning systems, institutions and financing models are prepared for. These shocks are no longer episodic crises: they are the new normal for operational and strategic decision-making.

For many organisations, from government to philanthropy, these challenges demand strategic realignment. That means faster, more flexible and more anticipatory approaches to decision-making and financial strategy, designed to operate where climate and other shocks are the norm rather than exceptional.

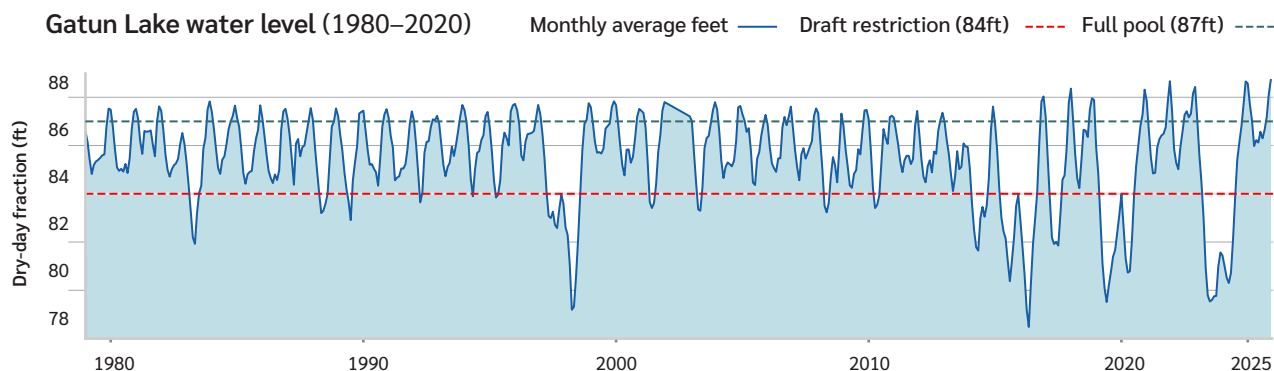
This session, funded as part of ClimateWorks' broader horizon scanning work, was designed to support participants in preparing for climate-related cascading risks. Specifically, it had three core objectives:

- **Strengthen strategic foresight and enable alignment** across sectors and key decision-makers. Even and especially when grappling with adversity, decision-makers must be forward-thinking.
- **Assess systemic risks and identify significant opportunities** arising from climate–economic–geopolitical interactions. Showing how we can use climate data and analysis to map systemic risks and opportunities.
- **Define priority actions and constraints** shaping organisational responses to compounding shocks. Starting the journey that moves from systemic risk management as an abstract concept to a specific action plan is essential.

Participants engaged in a hypothetical but plausible two-part scenario (described at greater length in the [Annex](#)), in which the combined impacts of climate change and El Niño push key systems to – and in some cases beyond – their limits:

- In **Part 1**, drought in the Panama Canal compounds conflict at key maritime chokepoints in the Middle East, exacerbating **trade disruption** and its most severe economic, fiscal and social impacts. The graphic below shows how climate change and El Niño have combined to increase disruption risks.
- In **Part 2**, political instability in Panama linked to the drought triggers US action to take control of the Canal. The result is **escalating geopolitical competition**, multilateral reconfiguration and resource nationalism.

Building on precedents, the scenario demonstrated how disruptions to critical trade routes and supply chains can rapidly ripple across the global economy – and in the process, contribute to new risks alongside new opportunities. Participants tested assumptions, explored second- and third-order impacts on their organisations, and identified potential leverage points for intervention. Working in cross-sector breakout groups (5–6 participants), they examined how different organisations would be affected and what actions they can take to build resilience.



This graph uses data from Autoridad del Canal de Panamá to show how the level of Lake Gatun has fallen below critical levels with increasing frequency. This throttled traffic through the canal by up to 40% in the last El Niño cycle (2022-2024). It is now increasingly clear we are heading toward a strong or super El Niño later in 2026.”

One of the key strengths of the session was the diversity of participants and perspectives. Rather than predicting specific outcomes, the exercise focused on understanding how different organisations respond under pressure, and what capabilities are required to protect programs and seize opportunities during crises. Key insights that emerged during the workshop:

1. **There are preparedness gaps across sectors, but also clear opportunities for cross-sector learning.** Lessons from recent crises, such as the pandemic, are rapidly forgotten. Stronger mechanisms are needed to embed or reevaluate this experience, including formal and informal platforms that enable cross-sector learning, coordination, and data-driven decision-making.
2. **Crisis-driven reprioritisation shifts focus to short-term response, often at the expense of long-term resilience and transition goals.** Improved mapping of vulnerabilities, supply chains and decision-making is a prerequisite for rapid and targeted crisis preparation and response.
3. **Global fragmentation is accelerating, creating both risks and opportunities for international cooperation and action.** But instability creates opportunities for resilience and transformative change – particularly for those prepared to act decisively.
4. **Institutional rigidity constrains crisis response, making speed, flexibility, and coordination critical differentiators across sectors.** Different groups have different time horizons in foresight, with philanthropy taking a longer view. Alignment is needed, as is focus on the next 2-5 years for immediate action and resilient strategy. Philanthropy can play a key role in bridging the trust deficit between different stakeholder groups.
5. **Attention on climate risk and resilience has not translated into widespread preparatory action and specific investment: different narratives and better deployment of data are needed.** Framing climate risks through security and economic narratives can help with better integration with decision-making frameworks and rapid action.

To address these challenges, organisations across sectors must focus on improving the translation of foresight into action and strengthening information-sharing and cross-sector learning. Using climate data as an entry point for resilience planning emerged as a strong option given its relative predictability in an otherwise volatile risk landscape. This is especially relevant in the context of the upcoming El Niño cycle, which represents one of the most foreseeable near-term climate disruptions, offering a valuable opportunity to identify institutional, financial and supply chain vulnerabilities before they escalate into crisis. TMP has developed a personalised AI agent that delivers tailored, real-time insights to help organisations navigate emerging climate risks and make faster, more informed decisions.

The exercise also highlighted a significant need for more scenario-based strategic foresight, particularly among organisations with more limited experience in systemic risk planning. In response, TMP will convene further exercises and events designed to strengthen shared learning, coordination and preparedness across sectors. The next major scenario exercise will take place during New York Climate Week, with a more targeted sectoral, geographic and outcome focus. In the meantime, TMP will host a series of events during London Climate Action Week in June 2026.

At a moment when cascading risks are becoming more frequent, interconnected and disruptive, philanthropy has a critical role to play. Through its flexibility, convening power and ability to invest in foresight and early action, it can serve as a catalyst for broader systemic resilience and institutional adaptation. Embedding foresight into strategy and decision-making processes will be essential to strengthening preparedness for future shocks. TMP is actively seeking philanthropic partners to help shape and support the next phase of this initiative. For more information, please contact Ben Bowie at ben.bowie@asktmp.com.

Key insights

1. There are significant preparedness gaps across sectors, but also clear opportunities for cross-sector learning and creation of new institutional platforms.

Widespread awareness of systemic risks has not translated into appropriate preparedness, according to participants:

- Across sectors, organisations recognise the **need to strengthen their scenario planning** and horizon scanning processes, which are often weakly linked to decision-making, difficult to communicate, and disconnected from other priorities.
- Preparedness also varies considerably by sector, highlighting an opportunity for **cross-sector learning and knowledge-sharing**. Financial institutions (particularly large banks and insurers) typically have more sophisticated capabilities, including stress-testing and risk modelling frameworks.

According to the participants, most existing foresight frameworks rely heavily on historical analogues and use climate and supply chain data that is insufficiently granular to inform operational responses. The discussion highlighted the fact that lessons from recent crises, such as the pandemic, are rapidly forgotten and that stronger mechanisms are needed to embed or reevaluate this experience.

Ensuring that data and expert insights inform strategy and decision-making was identified as a key priority. Scenario-based exercises play an important role, helping organisations navigate complexity and anticipate second- and third-order impacts. Participants underlined the need for standing formal or informal platforms and convening mechanisms that enable regular, structured cross-sector learning, coordination, and decision-making improvements.

For philanthropic organisations, this takeaway has two significant implications: first, work is needed to strengthen their own foresight and response capabilities. Second, philanthropy can also act as conveners and thought leaders for other sectors. By facilitating cross-sector learning – drawing on the more advanced risk practices while integrating local and context-specific insights – philanthropy can help bridge existing capability gaps and support more coordinated preparedness.

2. Crisis-driven reprioritisation shifts focus to short-term response, often at the expense of long-term resilience and transition goals.

Participants emphasized the way that priorities shift under crisis conditions – away from long-term processes and objectives and towards short-term and narrow crisis response. For public sector and philanthropic actors these shifts included:

- **Redirecting funding towards crisis response** or humanitarian needs, such as food security or energy resilience.
- **Redirecting funding to relevant areas** such as food production and trade.
- **Reprioritising domestic stability over international commitments**, for example, shifting focus towards defence rather than aid spending.
- Prioritising interventions that deliver **immediate and visible impact**.

Participants noted that such reprioritisation risks undermining long-term transition goals, particularly if crisis conditions persist or recur, e.g. through preferring expedient solutions over optimal ones.

Participants also discussed the geopolitical implications of the scenario – e.g. that a blockage of the key chokepoints as outlined in the scenario may cause increased interest in the Arctic or other alternative routes.

Crises can be used as a motive force to drive positive changes in adaptation and systemic resilience strategies, but this demands preparation. Improved mapping of vulnerabilities, intervention points, supply chains and decision-making frameworks is a prerequisite for rapid and targeted crisis response that does not detract from long-term transition goals.

For philanthropy, this takeaway underlines the importance of maintaining a long-term strategy that is flexible enough to adapt to immediate- and medium-term shifts. Participants suggested that philanthropic (and other) organisations may need to increase their risk appetite and continue deploying capital in adverse environments – leveraging their flexibility and convening power to act as system-level catalysts when other actors are embattled.

3. Global fragmentation is accelerating, creating both risks and opportunities for cooperation and action.

Many participants suggested that international cooperation in the future will be more selective, fragmented, and shaped by narrow, immediate national interests.

- **Bilateral and minilateral partnerships** are likely to play a more prominent role, although they may face short-term capability gaps as they scale.
- **Resource nationalism** – particularly in relation to food and critical minerals – is expected to intensify, while trade and supply chains become increasingly politicised.
- **Growing regionalism** is expected to open opportunities for organisations – from businesses to philanthropy – to engage and cooperate. At the same time, it is likely to reinforce resource nationalism and the decline of global multilateralism.

For philanthropic actors, geopolitical realignments introduce both constraints and openings. A more fragmented geopolitical landscape may limit cross-border engagement, particularly where political sensitivities are heightened. But participants also identified opportunities for philanthropy and the private sector to engage through less formal channels – working directly with local governments, communities, and firms.

Exposure to these risks and capacity to seize subsequent opportunities varied based on the existing relationships that organisations have, their size, and their ability to react quickly. Some regionally focused philanthropies may be able to build on their networks in core geographies, both to deploy and access new sources of capital. Others might struggle with, for example, more inward-looking high-income countries and more fractious or restricted operating environments in emerging markets.



Participants nevertheless underscored the continued importance of multilateral coordination in managing global risks. Some also noted that this fragmentation presents a potential opportunity for reform of existing multilateral institutions, or to support the emergence of more technical, apolitical platforms capable of coordinating responses to shared risks.

4. Institutional rigidity constrains crisis response, making speed, flexibility, and coordination critical differentiators across sectors.

Institutional inertia and siloing were identified as key barriers to effective cascading risk management. Large organisations – particularly governments and established institutions – face a range of structural constraints, including slow and complex decision-making, rigid funding and budgeting processes, political and fiscal limitations, and fragmented internal coordination. Even where risks are well understood, these constraints can significantly limit the ability to respond at speed or adapt strategies in real time.

Speed and flexibility emerged as critical differentiators in the ability to successfully navigate crises. In the immediate aftermath of a shock, participants prioritised:

- **Rapid assessment** of exposure and impacts
- **Early engagement** with key stakeholders, including suppliers, clients, and partners
- **Reallocation of resources** towards critical needs
- Activation of **crisis response mechanisms**

Philanthropy was seen as better positioned than others, particularly governments, to respond in the short term. Their ability to reallocate funding, support local partners, and experiment with new approaches is a clear advantage and a unique offering. Different groups have different time horizons in foresight, with philanthropy taking a longer view. To coordinate action, alignment is needed, as is focus on the next 2-5 years for immediate preparatory action and resilient strategy development.

But participants were quick to emphasize that philanthropy is not a monolith: different models (e.g. regranters, endowed foundations, corporate philanthropy) face distinct constraints, and organisational size also shapes resilience. Smaller organisations may be more exposed to inflationary pressures, while larger ones can face challenges related to shifting funding sources and operating in more constrained political environments.

Given these limitations, coordination becomes even more important. Pre-existing relationships and networks – established during periods of stability – were seen as critical enablers of faster collaboration and more effective resource mobilisation during crises. Convenings that bring together funders, policymakers, and other stakeholders offer value, alongside improved information-sharing on emerging risks. There is also a trust deficit between governments, industry and civil society. While more work is needed to figure out how to bridge that gap, philanthropy is in a unique position to act to bridge this gap.

For philanthropy, this means investing not only in flexibility of funding, but in relationships, coordination, and information-sharing infrastructure ahead of crises. Building and maintaining strong networks in “peacetime,” convening cross-sector actors, and facilitating the flow of risk intelligence can significantly enhance the speed and effectiveness of collective responses.

5. Framing climate risks through security and economic narratives can help with better integration with decision-making frameworks and rapid action.

The way narratives around cascading risks and climate action are framed shapes responses. Many noted that direct impacts on trade presented an opportunity to foreground the importance of climate action. But so far, attention on climate risk and resilience has not translated into widespread preparatory action, which signals that different narratives and better deployment of data are needed. For example, without clearly understanding the “climate risk bottom line”, i.e. the direct costs of climate inaction, governments and industry are likely to underestimate climate risks.

Framing climate risks in terms of established priorities (e.g. energy security, national security, financial stability, inflation, or operational continuity) may be more effective in engaging decision-makers than traditional climate narratives. Aligning climate risk narratives with these existing priorities and frameworks can help translate awareness into action, strengthen engagement with political and institutional leaders, unlock funding, and better align climate action with immediate policy priorities, enabling faster and more effective responses. For example, participants highlighted that the lake supplying the Panama Canal also provides water to local populations, raising concerns that drought-driven disruption could trigger severe domestic unrest in Panama and create conditions for geopolitical intervention and escalation.

But the risks of securitizing climate action were also noted.

For philanthropy, this takeaway underlines the importance of an active role in shaping and deploying narratives that translate climate and systemic risks into decision-relevant terms. Philanthropy shapes preparedness and response for cascading risks as more than just a funder. It can help to bridge the gap between climate insight and real-world decision-making while consistently emphasizing the importance of local voices and vulnerable groups.

Key lessons

The exercise demonstrated the value of bringing different perspectives together to identify shared solutions to emerging and compounding challenges.

Participants identified significant preparedness gaps, but also clear opportunities for cross-sector learning and coordinated action. Crisis conditions drive rapid reprioritisation towards short-term response – often at the expense of long-term resilience and transition goals. Participants also observed that global fragmentation is accelerating, reshaping cooperation through more selective, interest-driven partnerships, which creates both risks and opportunities for climate action.

Institutional silos emerged as a core constraint, limiting the ability to respond effectively to fast-moving, compounding shocks. Speed, flexibility, and coordination were identified as critical differentiators. Participants also highlighted the importance of narrative framing, noting that positioning climate risks in terms of existing decision-making priorities (e.g. security, economic or fiscal stability) is more likely to drive appropriate action.

The discussion further underscored how vulnerability to cascading risks can vary significantly across sectors and organisation types. Financial institutions are better-positioned to assess risk through established tools such as stress-testing, while smaller organisations – particularly local nonprofits – may face acute operational challenges. Philanthropy occupies an intermediate position: relatively flexible, but constrained by scale, political context, and shifting operating environments.

More broadly, participants agreed that existing approaches to risk management are not well suited to cascading, cross-system shocks. Many risks are broadly recognized but the ability to anticipate and act on them remains weak or uneven. Climate-related risks were identified as a particularly valuable entry point for

improving foresight, given their relative predictability compared to geopolitical or economic drivers. Participants also emphasised the key role of locally tailored responses which can better reflect specific vulnerabilities and system pressure points.

Taken together, these findings point to a central conclusion: key institutions are not yet engineered to operate effectively under conditions of sustained, compounding disruption. But there are ways to improve preparedness and response quickly through better coordination, risk mapping and peer-learning.

Implications and next steps

Addressing gaps in cascading risk management will require a shift from high-level risk awareness to practical action that drives preparedness and rapid response. Participants highlighted several priorities:

- **Improving the translation of foresight into action**, including better mapping of vulnerabilities, supply chains, and decision-making pathways to enable faster and more targeted responses.
- **Strengthening information-sharing and cross-sector learning**, particularly drawing on more advanced risk practices in finance and insurance.
- **Using climate data as an entry point for resilience planning**, given its relative predictability in an otherwise volatile risk landscape.
- **Expanding scenario-based exercises and convenings**, to build shared understanding, test responses, and improve coordination across sectors.
- **Developing (apolitical) institutional vehicles for coordination**, enabling actors to act collectively on key leverage points during crises.

Philanthropy has a vital role to play. Through its flexibility, convening power, and ability to invest in foresight and early action, it can act as a catalyst for broader systemic change. Embedding foresight into strategy and decision-making processes will be critical to strengthening resilience.

Annex – Scenario outline

1. Context

The Iran conflict has unfolded against a background of economic and geopolitical instability. Soaring food and energy prices are already driving inflation and social unrest, while tensions among adversaries and allies alike are rising. This crisis is dominating decision-making and shrinking its time horizons, thus increasing vulnerability to compound shocks.

2. Scenario Part 1 – Trade disruption

In the near future, an intense drought linked to El Niño cuts Panama Canal transit capacity by 40%. Together with conflict in the Strait of Hormuz and threats to the Suez Canal, this causes significant disruption to global trade. The result is a severe escalation of the economic and fiscal crisis that we can already see emerging from the Iran conflict.

Impacts in focus:

- Shipping costs rise by as much as 110%; delays increase 30–50%
- Oil prices climb to \$140/barrel; the FAO Food Price Index hits an unprecedented 145
- Governments slash development aid and social welfare spending

3. Scenario Part 2 – Geopolitical competition

The drought affecting the Canal also exacerbates rural poverty, fiscal strain and popular dissatisfaction in Panama. The result is an escalating political crisis. This instability gives Trump a pretext for a military intervention, deflecting attention from Iran and pushing forward the “Donroe Doctrine”.

Globally, the super-El Niño drives both droughts and floods which disrupt commodity production. Major food exporters — like the US, Brazil, Thailand, Pakistan, Vietnam and Cambodia — impose export controls. The result is a significant increase in food price volatility, leading to emerging physical and economic shortages.

Impacts in focus:

- China responds to US intervention in Panama by escalating its trade war, playing a winning hand with export controls, particularly on critical minerals and associated products.
- Middle powers (EU, UK, Japan, South Korea, Australia) accelerate their realignment, exploring new minilateral groupings.
- Major commodity producers, including emerging powers like Brazil, pursue resource nationalism, especially in critical minerals and food, further stoking trade disruption.

As with any scenario-based exercise, our purpose is to be productive not predictive. Our scenario is extreme but plausible, providing the basis for a discussion of how to prepare for and respond to compounding crises. We want to hear about how this kind of scenario impacts your priorities and operations, while understanding what steps can and should be taken to build resilience.