

Building Economic Resilience

Oil Producing Country Perspective

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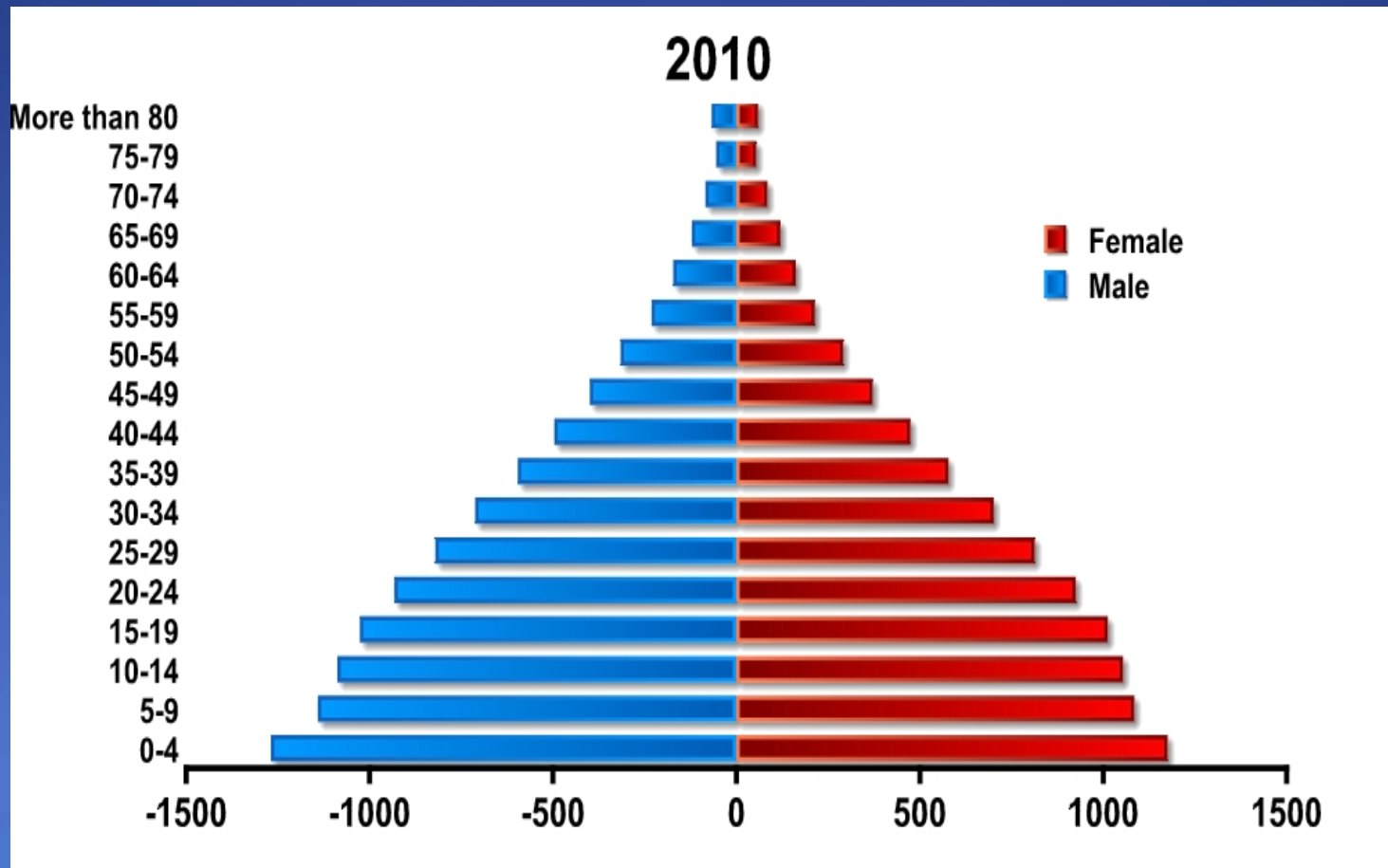
• **Why building economic resilience?**

- Adapt to social, environmental and economical impacts.
- Sever vulnerability to economic shocks (fragile economy).
- Ensure sustainable development for emerging societies.
- Has been fully recognized by the Convention and KP.
- Encourage/enable developing countries to actively participate in emissions reduction.

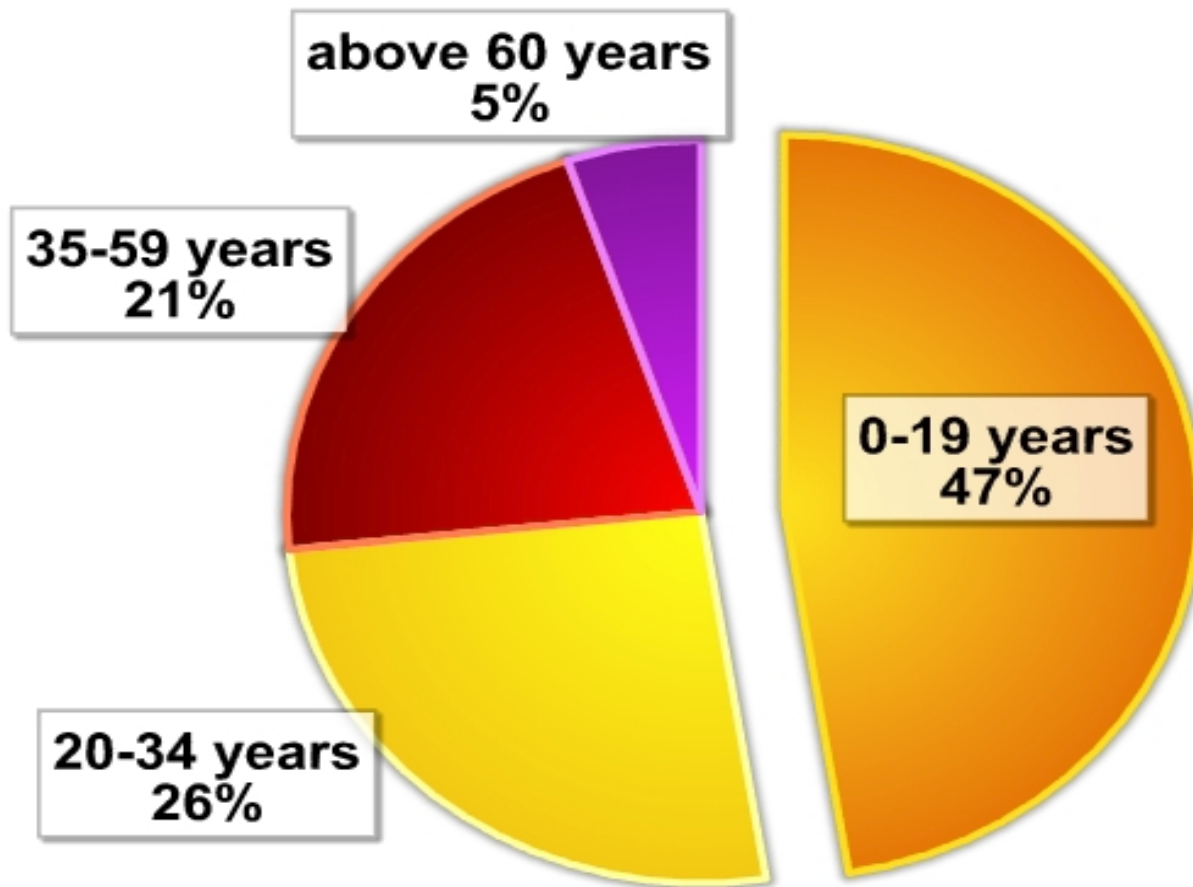
• **Who needs it?**

- Economies with high dependence on single commodity export.
- Fragile eco-systems and harsh environment coupled with constrained resources.
- Chronic food supply security.
- Vulnerability to speculative energy prices fluctuation.
- Inability to attract FDI.
- Limited technological capacity.
- High population growth rate and distorted demographic balance.

Saudi Arabia



Population by Age Group



- **Building Economical Resilience include ...**
 - **Short term Risk Management**
 - **Various approaches and financial instruments**
 - **Long term Risk Management**
 - **Diversification of economies**

• **Short Term Approaches to Risk Management**

- **Financial insurance and access to risk management instruments.**
- **Leveraging financial assistance and access to capital markets.**
- **Innovative short term hedging mechanism against price fluctuations.**
- **Invest in proven technologies to reduce emissions (CCS).**

- **Financial Insurance: the tools exist!**
 - Traditional Insurance
 - Frequency of an event
 - Economic consequences
 - Other Forms
 - Hedging Mechanisms against possible losses
 - Hedging against Risk
 - Stabilizing Funds

- **Financial Insurance: the tools exist!**
 - Commodity price hedging (Commodity Futures)
 - Hedging with Derivatives (Options/SWAPS)
 - An “Economic Shock” Fund
 - Commodity price insurance

- **Long Term Economic Diversification Includes:**

- Encouraging foreign direct investment and transfer of technology.
- Sharing experience and opportunities on the development and dissemination of measures aimed at increasing economic resilience.
- Promoting preferential market access and preferential treatment.

- **Long Term Economic Diversification Includes:**

- Develop institutional capacity and improve understanding of how economic diversification can be integrated into national sustainable development priorities
- Draw on international organizations resources and enhance their roles/policies to address economic resilience (WTO/World Bank/IMF, etc.)

• **Looking Forward ...**

How could the understanding among Parties of risk management approaches on the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures be enhanced?

Develop a work program to address building resilience and ensure integral and balanced approach within climate change process.

• Looking Forward ...

How could risk management approaches be promoted?

Establish a stabilization fund to address insurance and risk management against adverse impacts of response measures.

Establish a specific funding window in the climate change fund for insurance and risk management.

• **Looking Forward ...**

How could the practical experiences of international, regional and national organizations and the private sector be harnessed and built upon?

There are many organizations, including financial establishments, that can provide expertise and proposals.

- **Looking Forward ...**

How could information on best practices and lessons learned best be disseminated?

Information dissemination can take place through different means. Gain can be maximized through dedicated information sessions at the permanent Forum on the impact of Response Measures.



Thank You