

Adaptation Committee

Expert meeting on promoting livelihoods and economic diversification to build resilience in the context of planning, prioritizing and implementing adaptation

**Report to plenary
Session “Economic diversification at the regional and national levels”**

Group YELLOW

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***Falilitator: Vositha Wijenayake
Rapporteur: Max Buege***

Identified regional and national trends and key drivers of economic diversification

- ❖ “We do not want to become more diversified – we have to!”
- ❖ Climate change
- ❖ Competitive pressure (international/regional markets, innovation, changes in international value chains, shifting consumer demands)
- ❖ Exchange of (regional experience) & rising awareness (e.g. low carbon livelihoods -> Costa Rica is going CO2 neutral)
- ❖ External shocks (in particular countries with a single sector, e.g. oil, tourism)



The role that macroeconomic policy can play in economic diversification

- Good governance (e.g. creating an enabling environment for investment & managing natural resources)
- Thinking regional (e.g. enhancing market sizes)
- Creating new Partnerships: South-South
- Infrastructure development
- Human capital development (innovation, education)
- Sound trade and industrial policies
- Improving the finance infrastructure
- Improving the tax/subsidy system



Identified characteristics and successes in incentivizing economic diversification

- ❖ Data, statistics, analyses: Investigation, Swot-analyses, thinking about green jobs, analysing trade-offs, gap-analyses
- ❖ Multi-stakeholder involvement (NGOs, local communities)
- ❖ You do not have to invent new products, you can improve the value added content of existing ones/change them according to demand (e.g. rice for exports markets)
- ❖ Technology (GPS/weather forecasting for small-scale farmers in Morocco), new seeds (COMESA)



Observations on the relationship between economic diversification and resilience

- ❖ Instruments for growth = instruments for diversification
- ❖ Diversification is not an end in itself...
- ❖ It should be a driver for growth...
- ❖ ...and be multidimensional consider the social and ecological dimension (key words: SDGs, effects on the poorest)
- ❖ Fast growth vs. sustainable growth
- ❖ What are the risks of increased diversification?
- ❖ Long term vs. short term interests (water melon effect: profitable but high risks/drought exposure)

