

*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: BLUE**

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## Identified regional and national trends and key drivers of economic diversification

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- ❖ Economic diversification should contribute to sustainable development – countries diversifying their economic base for development, not necessarily climate change
  - Increase value added – increase value chain and broaden bases of income
  - Reduce risk and vulnerability
  - National and institutional interest
  - Taxes and incentives
  - Reduce interest rates and enable MFIs to take out loans at a lower rate



## The role that macroeconomic policy can play in economic diversification

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- ❖ Economics of adaptation – how much investing in adaptation will result in a benefit in the future
- ❖ Involve ministries such as planning and finance – a multi sectoral approach, so that development plans are climate proof
- ❖ Build upon low carbon resilience strategies using PPP approach
- ❖ Capacity building and raising awareness of ministerial staff across ministeries
- ❖ Improve information such as hydro-meteorological info at local, national and regional level
- ❖ Identify and prioritise regions and sectors



## Identified characteristics and successes in incentivizing economic diversification

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- ❖ Increase value added – increase value chain and broaden bases of income eg: Malaysia
- ❖ All the issues about economic diversification is proved, but we are looking on it in order to improve.
- ❖ Investing in Research and Development
- ❖ Spelling out scenarios
- ❖ Multi-dimensional approach

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## Observations on the relationship between economic diversification and resilience

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- Regional cooperation
- Land locked countries – take advantage from regional approaches – conditions help overcome political differences
- Migration
- Political Instability
- Existence of regional bodies, mechanisms eg: ASEAN
- Niche markets
- Knowledge Exchange is feasible



## Conclusion

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- Take advantage of existing mechanisms such as planning, finance to embed climate change into the planning process
- Very small countries might be difficult to diversify such as SIDS, but despite the small size of countries, there is still a need to diversity, there is a need to diversify

