

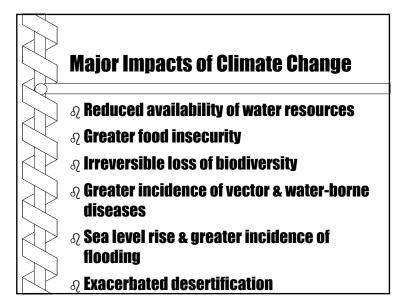
# **Outline of Presentation**

### $_{lpha}$ Adaptation - Econ Diversification (ED) Linkage

- Constraints to ED
- Role of Microfinance & Microinsurance in ED

## $\log$ The LDC Context

- Why are the LDCs most vulnerable to CC ?
- Unity & Diversity in the LDC Economies
- Role of Microfinance & Microinsurance
- Some Suggestions



# Understanding Adaptation as A New Variable of Development

- $\supset$   $\Omega$  Adaptation to CC additional challenge to planning for SD
  - ${\it A}$  Adaptation responses will vary spatially
  - ର Non-Mitigation in A1Cs enhances Adapt needs in the NA1Cs
  - ${\it A}$  Planned adaptation complements
    - autonomous adaptation
  - ${\it A}$  Status of an economy a prime factor in the level of adaptive capacity

Adaptation & Economic Diversification		
Objective	Market-based	Public provision
Adaptation (ex ante)		Sound macro-econ policy
Reducing risks		Env, health, infrastr & labor policy
Risk diversification	Econ diversific-n Microfinance Insurance	Agr extn, protection of property rights, pension, mandated insurance
Coping with shocks (ex post)	Loans from fin institutions	Social protection

# **Constraints to Econ Diversification** त Domestic markets

- २ Domestic markets
- $d_{\Omega}$  Lack of knowledge of new markets  $\partial_{\Omega}$  Lack of capacity & tech at various levels  $\partial_{\Omega}$  Two market failures :
  - limited access of SMEs to formal bank credits
  - mismatch bet short-term fin & longterm need of productive investment

# Role of Microfinance in<br/>correcting Market FailuresA Innovation by Grameen Bank in BangladeshA Innovation by Grameen Bank in BangladeshA It spurred various econ activ among the poorA Role limited largely to easing extreme povertyHigh interest ratesSmall size of creditsNot much upward graduation & investmentNo long term investment

