

**Tenth meeting of the Adaptation Committee  
Bonn, Germany, 13-16 September 2016**

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

**Recommended action by the Adaptation Committee**

This document is the finalized version of document AC/2016/6 which was considered by the Adaptation Committee (AC) at its ninth meeting.

At its tenth meeting the AC will be invited to develop recommendations based on the issues for further consideration contained in this document, for inclusion in its report to COP 22

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## 1. Background

1. The Adaptation Committee (AC) agreed to convene an expert meeting on promoting livelihoods and economic diversification to build resilience in the context of planning, prioritizing and implementing adaptation.<sup>1</sup> AC 7 decided to balance discussions during the expert meeting between the two components of livelihoods and economic diversification following consideration of a scoping paper.<sup>2</sup> It also decided that the expert meeting should have strong links to the process to formulate and implement national adaptation plans (NAPs) and build on relevant work undertaken under the Nairobi work programme on impacts, vulnerability and adaptation to climate change (NWP).
2. Planning for this expert meeting was also informed by the Subsidiary Body for Scientific and Technological Advice (SBSTA). The SBSTA concluded that the secretariat should support the workshop, under the guidance of the SBSTA Chair and in collaboration with relevant NWP partner organizations.<sup>3</sup>

## 2. Overview

3. The expert meeting took place 7-8 September 2015 in Bonn, Germany. It was comprised of three main sessions: the first session focussed on macroeconomic diversification and lessons for the climate change community; the second on livelihoods diversification; and the third examining both macroeconomic and livelihoods diversification in the context of climate change and NAPs.
4. Participants recognized that while economic diversification is generally a top-down approach, livelihoods diversification is generally addressed from the bottom-up. These approaches can be complementary and constitute valuable tools for adaptation.
5. Throughout the meeting it was emphasized that livelihoods and economic diversification are tools for building resilience, rather than objectives in their own right. Positive outcomes can be reached when both tools are considered from this perspective.
6. Overall, participants agreed that economic diversification can be useful, but that careful planning is required to avoid potential detrimental effects on the economy (for example increased inequality or maladaptation).
7. It was noted on several occasions that the multiple challenges of livelihoods diversification require that particular consideration be given to the poorest and most vulnerable as they are the least equipped to deal with risk and negative consequences.
8. It was further noted that diversification does not always require creating different products, as upgrading the quality of existing products is also considered to be diversification to stimulate economic growth.
9. Participants recognized that livelihoods and economic diversification apply to both rural and urban settings. It was also recognized that while most of the knowledge currently available relates to agriculture in rural settings, both urban and rural settings are important and require further consideration.
10. Participants recognized that the NAP process provides an opportunity to consider different ways to develop, for example by using a more holistic, inclusive approach that builds capacity and includes different vulnerable groups.
11. Additional messages included the importance of strong governance and regulatory mechanisms, effective national coordination mechanisms to facilitate diversification and the recognition that innovation and traditional knowledge are complementary approaches.
12. The AC recognized that the expert meeting established a foundation to allow for discussions of economic diversification and livelihoods as options to address the adverse impacts of climate change.

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<sup>1</sup> See first three-year workplan: FCCC/SB/2013/2, annex II.

<sup>2</sup> The scoping paper is available at: <[unfccc.int/files/adaptation/cancun\\_adaptation\\_framework/adaptation\\_committee/application/pdf/ac7\\_livelihood.pdf](http://unfccc.int/files/adaptation/cancun_adaptation_framework/adaptation_committee/application/pdf/ac7_livelihood.pdf)>.

<sup>3</sup> FCCC/SBSTA/2014/5, paragraph 16 (a).

### 3. Proceedings

13. The expert meeting was chaired by a Co-Chair of the AC, Mr. Don Lemmen and facilitated by Ms. Le-Yin Zhang. In addition, there were forty-two expert participants: six AC members, the Chair of the Least Developed Countries Expert Group (LEG), fifteen government representatives, eight representatives from international governmental organizations, eleven representatives from non-governmental organizations and one representative from the private sector. Of these forty-two participants, eleven represented NWP partner organizations.

14. In response to a call for inputs to inform preparations for the meeting, thirty-one NWP partner organizations submitted thirty-eight case studies on their experience with livelihoods and economic diversification, and advance responses to questions were provided by seventeen expert participants.

15. The agenda for the expert meeting included an introductory session, three substantive sessions (each involved opening presentations, discussants, and break-out group discussions)<sup>4</sup> and a closing session. A number of areas of focus were defined in advance to guide discussions in the three substantive sessions.

16. The definitions of livelihoods and economic diversification used in the expert meeting were taken from references by the Intergovernmental Panel on Climate Change (IPCC) and the NWP (see box 1 below).

#### Box 1: Definitions

Livelihoods <sup>5</sup>	Economic diversification <sup>6</sup>
The resources used and the activities undertaken in order to live. Livelihoods are usually determined by the entitlements and assets to which people have access. Such assets can be categorized as human, social, natural, physical, or financial.	Economic diversification generally describes the process in which a growing range of economic outputs is produced. It can also refer to the diversification of markets for exports or the diversification of income sources away from domestic economic activities (i.e. income from overseas investment).

17. A compilation of key issues and recommendations received was circulated to participants after the meeting, and ten experts provided additional feedback. The key issues and recommendations are included in this report (see paragraphs 16-46).

### 4. Summary of key issues addressed at the meeting

18. The areas of focus for each of the three sessions and key issues arising from discussions are further outlined below (see paragraphs 17-40).

#### 4.1. Economic diversification at the regional and national levels

19. Breakout session discussions focused on the following areas:

- a) Regional and national trends and key drivers of economic diversification;
- b) The role of macroeconomic policy in economic diversification;
- c) Characteristics and successes in incentivizing economic diversification;
- d) Observations on the relationship between economic diversification and resilience.

20. Participants highlighted the range of benefits that macroeconomic policies can provide to promote economic diversification, including:

- a) Increased resilience to climate change, external competitive pressures and market fluctuations;
- b) Enhanced innovation, niche markets and/or market sizes;

<sup>4</sup> Topics are outlined in paragraph 3 above.

<sup>5</sup> [https://www.ipcc.ch/pdf/assessment-report/ar5/wg2/drafts/fd/WGIIAR5-Glossary\\_FGD.pdf](https://www.ipcc.ch/pdf/assessment-report/ar5/wg2/drafts/fd/WGIIAR5-Glossary_FGD.pdf)

<sup>6</sup> See: [http://unfccc.int/adaptation/workstreams/nairobi\\_work\\_programme/items/3994.php](http://unfccc.int/adaptation/workstreams/nairobi_work_programme/items/3994.php).

- c) Poverty reduction;
- d) Development of infrastructures/institutions;
- e) Support to services such as information and materials.

21. Participants highlighted other benefits of economic diversification, including how microfinance and banking reforms can reduce capital cost for investments and lower financial barriers. Human capital-related benefits include stimulating new partnerships (particularly South-South) and improved education. Technology and innovation can foster new and diverse production that can affect customer demand.

22. Participants discussed several beneficial approaches to economic diversification at the national level. Engagement at the highest political level, combined with broad government leadership and a long term mandate can contribute to a successful approach. Integrated engagement of all stakeholders can also be helpful to develop engagement of and endorsement from central and line ministries, including ministries of planning and finance (see box 2 below).

**Box 2: Good practices for Economic Diversification– Botswana’s Economic Diversification Drive (EDD)<sup>7</sup>**

Following a Presidential Directive, Botswana’s federal government instructed ministries and their stakeholders to intensify efforts to diversify the economy. The EDD runs from 2011 to 2016 and represents a paradigm shift that involves:

- An integrative approach bringing together all stakeholders to achieve a common goal (Government ministries, independent departments, parastatals, the private sector, labour organizations and civil society);
- Clearly defined critical success factors by sector;
- Holistic sector and subsector development.

In the short term, the federal government uses its buying power to promote the utilization of locally manufactured goods and services. Government interventions such as the use of preference margins and citizen economic empowerment strategies can promote local production and consumption. In the medium to long term, the strategy envisages diversification of the economy through the development of globally competitive enterprises that need little or no protection or support.

23. Coordination and collaboration between regional and national governments, and regional and international actors, as appropriate, were highlighted as important.

24. Key issues and actions related to economic diversification measures at the national level identified by participants included:

- a) *Governance and institutional arrangements*
  - i) Managing natural resources through good environmental governance, secure environments and regulatory mechanisms;
  - ii) Creating climate-proof development plans to build capacity and raise awareness;
  - iii) Developing policies, in particular in the areas of education, youth, employment, social protection and poverty reduction, to strengthen equitable growth and ensure consistency across administrations, including when there is a change in government.
- b) *Developing co-benefits*
  - i) Emphasizing and synergizing the co-benefits of resilience, economic growth and diversification;
  - ii) Considering sectorial priorities, insights and country-specific circumstances in adopting appropriate tools, methodologies and approaches.

<sup>7</sup> For more information see:

[unfccc.int/files/adaptation/groups\\_committees/adaptation\\_committee/application/pdf/20151002\\_botswana.pdf](http://unfccc.int/files/adaptation/groups_committees/adaptation_committee/application/pdf/20151002_botswana.pdf).

- c) *Methods, tools and approaches*
- i) Giving careful consideration to the selection of new technologies and mechanisms. Sometimes simple and/or existing solutions can be most effective (see box 3);
  - ii) Using tools such as gap analysis, analysis of strengths, weaknesses, opportunities and threats (SWOT) and climate screening to illustrate trade-offs and risks;
  - iii) Considering possible approaches for countries where there are few or no alternatives to diversify, and also the potential risks to GDP growth when diversifying mono-centric economies;
  - iv) Improving data, indicators and analyses to better understand the cost and benefits of diversification infrastructure;
  - v) Balancing export economies with domestic self-sufficiency and considering value-added upgrading that can lead to greater product variety and increased export markets;
  - vi) Factoring economic diversification into financial mechanisms such as tax incentives and subsidy policies.

**Box 3: Existing tools for Economic Diversification – Enhancing the Quality of Industrial Policies (Equip) toolbox<sup>8</sup>**

An integrated methodological toolbox and capacity-building package – “Equip” - supports developing country policy makers in formulating and designing evidence-based strategies for inclusive, sustainable industrial development. This tool aims to strengthen the ability of lower income countries to manage their future, to have a larger say in strategy-setting and policy formulation as well as support engagement with development partners. It consists of hands-on training, course materials and an online platform for free global access. The authors of the toolbox address the possible limitations by including a monitoring and evaluation component to facilitate incorporation of additions and alterations. The toolbox was developed through a partnership between the German government and the United Nations Industrial Development Organization.

## 4.2. Livelihoods diversification at household and community levels

25. Breakout session discussions focussed on the following areas:
- a) Household and community level trends and key drivers of livelihoods diversification;
  - b) The role that different approaches, measures and tools can play in livelihoods diversification;
  - c) Characteristics and successes in incentivizing livelihoods diversification;
  - d) Observations on the relationship between livelihoods diversification, resilience and economic diversification.
26. Participants highlighted a range of issues and actions, mostly on the community level, that are important for livelihoods diversification planning and action:
- a) *Engagement and continuity*
    - i) Engaging in a multi-sectoral approach that involves local government groups, technical experts, educational institutions, NGOs, local community groups/cooperatives (in particular women, youth) and the financial sector. Stakeholders should act as active drivers and ambassadors with a two-fold goal: to improve means of income and to be hubs for knowledge transfer. In particular, consumers and farmers can work together for higher consumer loyalty and new means of income;
    - ii) Building continuity with communities and families. Small incremental changes can result in greater buy-in and acceptance compared to more radical proposals for change.

<sup>8</sup> <[www.equip-project.org/](http://www.equip-project.org/)>.

- b) *Employment and human resources*
  - i) Investing in human resources and supporting a dynamic system that adapts over time, develops opportunities for the low income sector and equalizes opportunities for desired development outcomes;
  - ii) Developing employment for youth to discourage insecure environments (illegal/terrorist activities), increase opportunities to promote traditional knowledge, green jobs and gender equity (for example, credit for women). Putting in place more long-term contracts, for example for property rights, to improve accountability.
- c) *Learning and capacity building*
  - i) Training based on past experiences and coping strategies in private and public sectors to improve skills, enable long term planning, enhance flexibility and contribute to service diversification. Consider how training enables relocation to growing urban centres;
  - ii) Further strengthening enabling environments to address gaps and limitations, such as improving access to resources and reducing income gaps between buyers and sellers.
- d) *Sustainability*
  - i) Using or promoting sustainable practices such as recycling, waste management, water, efficiency measures, and holistic sustainable agriculture;
  - ii) Making better use of transportation and infrastructure in developing new livelihood opportunities;
  - iii) Using innovation and traditional knowledge hand-in-hand to reach sustainable growth.
- e) *Empowering vulnerability groups*
  - i) Prioritizing the needs of the most vulnerable communities, including women and youth, and involving them in finding solutions for their benefit. Enhancing capabilities, knowledge and skills of vulnerable communities;
  - ii) Considering risk migration, warranties, catastrophic insurance, increased market access and small scale income generation in rural education, knowledge transfer and activities.
- f) *Knowledge, tools, methods and approaches, including traditional knowledge*
  - i) Considering countries' circumstances, including sectoral priorities, accessibility of government support, and climate impacts when pricing natural assets, adopting tools, methodologies and approaches;
  - ii) Developing an inclusive economic growth framework that provides societal-wide benefits;
  - iii) Considering interests, priorities, cultural and behavioural change and traditional practices, for example social pressure reduces interest in traditional agricultural production;
  - iv) Enhancing knowledge of microeconomic systems to improve links between product/service markets (for example consumer demand and farmer supply);
  - v) Fostering creativity through innovation and the use of appropriate technologies, participatory dialogue and real time evidence (for example using crowdsourcing to increase available resources for diversification).

27. Policies developed at the macroeconomic level can sometimes have negative implications for livelihoods diversification, including possibly hindering economic growth for households and individuals. Diversification may not always be the best approach to enhance development (see box 4):

#### **Box 4: Pros and cons of diversification for effective development**

CARE International's Adaptation Learning Programme for Africa (an action pledge to the Nairobi Work Programme) has been working in 40 communities since 2010 to increase the capacity of vulnerable households through community-based approaches.<sup>9</sup> Climate change vulnerability and capacity assessments were conducted with communities to identify climate impacts and differentiated needs and capacities. Communities were then supported to do a community adaptation action planning process where priorities for different livelihood groups were included in community adaptation action plans. These plans support communities to pursue a mixture of livelihood options so that they are able to diversify.

Lessons learned include the observation that livelihoods diversification was not always the solution for pastoral communities. This was determined through cost/benefit modelling which indicated the best economic benefits for the community resulted when existing livestock pastoralism was combined with only minimal, rather than extensive diversification activities. Also diversification requires careful assessment to ensure compatibility with social and ecological characteristics. For example, switching to drought resistant agriculture degraded sensitive ecosystems and the sustainability of water resources was undermined when generalizing agriculture. In transitioning from nomadic to more sedentary agro-pastoral lifestyles, social impacts (such as increased child labour, school dropout rates, diverse and domestic violence) could be mitigated using various measures (for example livestock banks, insurance schemes, livestock vaccination programmes, negotiated land and water management agreements between pastoralists and agro-pastoralists).

### **4.3. Livelihoods and economic diversification to build resilience in the context of planning, prioritizing and implementing climate change adaptation**

28. Breakout session discussions focussed on the following areas:

- a) Successful processes, tools and lessons learned to promote diversification in adaptation planning, policy and action, particularly in developing countries;
- b) Barriers, constraints and limitations in promoting livelihoods and economic diversification in adaptation efforts in general and in the NAPs process in particular;
- c) Key issues to be addressed in NAPs in order to promote livelihoods and economic diversification for the purpose of greater resilience.

29. Strong synergies were identified by participants between economic and livelihoods diversification, and policy coherence was highlighted as important. Diversification at the macroeconomic and livelihoods levels were discussed as closely interwoven concepts that should contribute to sustainable development, factor in social and ecological dimensions, build future resilience, add value and not lead to a depletion of assets. The macro, meso and micro levels should be seen as interdependent although analytical and policy approaches often look at them in isolation. These interdependencies should be taken into consideration when considering the linkages between livelihoods and economic diversification.

30. Participants did not view diversification as a goal in itself. Benefits of diversification were seen as including broadening the income base and acting as a driver for growth. The speed of diversification efforts should be considered in relation to its sustainability. Diversification and sustainable livelihoods should complement a green economy. An overall "awareness" in planning and action is essential for effective implementation in the areas of diversification and resilience.

31. Diversification, if not designed properly, was seen to have the potential to increase inequities and lead to maladaptation. Livelihoods and economic diversification approaches should be a mix of top-down and bottom-up approaches, combining macro-economic policies with micro-level experience and insight.

32. Livelihoods and economic diversification were discussed in relation to adaptation planning and the NAP process (see also box 5). Participants highlighted the following:

<sup>9</sup> <[unfccc.int/files/adaptation/application/pdf/201509\\_care\\_africa\\_led.pdf](http://unfccc.int/files/adaptation/application/pdf/201509_care_africa_led.pdf)>.

- a) NAPs can include diversification aspects when addressing, for example, growth of small businesses and knowledge of the market. NAPs can also promote technology, innovation and applied research;
- b) Guidelines on how to structure (long-term) institutional arrangements to enhance resilience would be useful. Increasing mainstreaming and balancing capacity between institutions may strengthen overall governance;
- c) Identifying entry points into existing sectoral planning, drawing from existing processes and plans, and communicating in the language of the sector;
- d) Accountability mechanisms, as well as communication platforms and strategies, can support better engagement with communities, coordination and decision making (for example between agencies and farmers).

#### **Box 5: Synergies between diversification, adaptation planning and implementation<sup>10</sup>**

Synergy and exchange between diversification and adaptation planning and implementation can be seen in the World Bank Pilot Program on Climate Resilience (PPCR) which uses a programmatic approach to mainstream resilience into core development planning. Some research findings have identified push and pull factors and policy implications linked to livelihood and economic diversification under climate change. Lessons from pilot countries for good development included: coordination across multiple sectors supported by high-level leadership, mandatory and documented stakeholder engagement to build leadership and support for the planning process, and periodic dedicated learning and exchange for among pilot countries to build credibility and professionalism.

33. Approaches for successful economic and livelihoods diversification should engage all relevant stakeholders, including the private sector, NGOs, youth, and community representatives to ensure buy-in and ownership. Stakeholders should find ways to innovate and include potential risks of climate change and benefits of suggested strategies in their adaptation planning.
34. Livelihoods and economic diversification were seen as not always being hand-in-hand with resilience and sustainability. Climate change-related loss of biodiversity can contribute to reduced diversification and the ability to recover. At the sectoral level, uncertainty regarding climate change can be a challenge for decision making, however, climate risk screening by sector can identify risks and promote good practices.
35. Institutional capacity and capacity building in both the private and public sectors were seen to improve skills, enable long-term planning (building in flexibility) and contribute to service diversification. On-going working groups can result in longer lasting effects than are often obtained from short term consultancies.
36. Creating and expanding opportunities in a plural economy through industry, surplus and service sectors were identified as ways to boost income and employment, while strengthening livelihoods and economic diversification. Approaches should coordinate between public and private sectors and policies.
37. Timeframes are essential in planning for sectors as economic patterns can be locked in (for example timelines are different for the mining sector compared to small stakeholder production). Cross-sectoral coordination can be supported by risk assessments and by strengthening sector-specific policies. The agriculture sector, which includes the whole value chain and implications for food security, was seen as one of the most experienced sectors in livelihoods and economic diversification.
38. Sharing information effectively from the national to the local level was seen to require communication strategies that can be understood by all stakeholders, in particular the most vulnerable and least influential communities. Information dissemination should promote and showcase positive experiences with a view to up-scaling where possible (see box 6):

<sup>10</sup>

[unfccc.int/files/adaptation/cancun\\_adaptation\\_framework/adaptation\\_committee/application/pdf/20150908\\_kanta\\_resilience\\_led.pdf](http://unfccc.int/files/adaptation/cancun_adaptation_framework/adaptation_committee/application/pdf/20150908_kanta_resilience_led.pdf).

**Box 6: Diversification – examples of good practices, showcasing and upscaling where possible**

<p><b>Bhutan</b> has completed a project identified under its national adaptation programme of action (NAPA) to increase capacity for disaster risk management, install a technical early warning system for glacial flooding and artificially lower lake water levels.<sup>11</sup> An ongoing NAPA project continues to work towards enhancing resilience to climate change and reducing risk through eight areas (from disaster risk reduction to enhancing weather forecasting capacity to improved infrastructure, water and forest management). A third NAPA implementation project and a NAP road map are also under development.</p> <p>In addition to adaptation planning, Bhutan has established national institutional arrangements to address climate change. Potential solutions to climate change include economic diversification and promoting export-oriented agricultural products. A diverse range of green incentives are also being pursued in the areas of foreign investment, tax rebates, and support for services in the areas of finance, health, education and tourism. The economic surplus from sustainable resource use will be used towards economic diversification activities.</p>	<p><b>BBC Media Action</b> has produced a weekly radio programme broadcast in two regions of Tanzania integrating information and discussion from ordinary people, experts and government officials to discuss livelihoods and diversification practices to build resilience to climate change.<sup>12</sup> It also produced national radio programmes involving discussions on key adaptation issues.</p> <p>An estimated 2 million people have been reached, and the radio programme helped people to address climate-related issues by improving skills, confidence, motivation, collective action and awareness. Audience feedback showed that the programme inspired listeners through the stories of how others coped in similar situations (86% agreement). Almost of third of audience members (31%) adopted a new practice as a result of the programme. Audiences valued receiving expert and trusted information combined with the testimonials of people “like them” who had tried new practices.</p>
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39. Participants outlined the role of public events in increasing citizen awareness, ownership and engagement. Communication and outreach can facilitate public discussion forums where knowledge can be shared, exchanged and contested. Effective outreach and communication strengthens engagement between and within groups, communities, local governments, civil society, the media and the private sector.

40. In relation to diversification, adaptation and information on climate change, participants highlighted several points:

- a) Adaptation objectives should extend beyond economic growth to consider social, economic, environmental determinants and the concept of an “inclusive growth framework”;
- b) Low carbon resilience strategies can be built through aligning public-private arrangements (see box 7);
- c) Important topics for research and information dissemination include building existing knowledge related to diversification, factoring in additionality of climate change impacts associated with adaptation to the development discourse, improving hydro-meteorological information at local, national and regional levels, and assessing the investment required for adaptation to result in a future benefit;
- d) There is a need for actionable information within climate scenario modelling and early warning systems that is understandable to policy makers, planners and the private sector.

41. Participants noted that vulnerability and risk assessments, particularly at the local level, can help communities and companies identify and prioritize adaptation measures for development planning. When impact assessments are already available at a regional or even national level, communities may be able to

<sup>11</sup> <[unfccc.int/files/adaptation/cancun\\_adaptation\\_framework/adaptation\\_committee/application/pdf/20150907\\_bhutan\\_roseleen\\_gurung\\_led.pdf](http://unfccc.int/files/adaptation/cancun_adaptation_framework/adaptation_committee/application/pdf/20150907_bhutan_roseleen_gurung_led.pdf)>.

<sup>12</sup> <[unfccc.int/files/adaptation/application/pdf/201509\\_bbc\\_tanzania\\_led.pdf](http://unfccc.int/files/adaptation/application/pdf/201509_bbc_tanzania_led.pdf)>.

leverage that research and move directly to the implementation of adaptation measures, rather than investing in redundant assessments.

**Box 7: Diversification – aligning public and private institutional arrangements<sup>13</sup>**

The Costa Rican Ministry of Agriculture and Livestock aligned public and private sectors around a new productive approach to public-private institutional arrangements. New dialogue bodies were created, including a National Commission of Livestock, a Livestock Bureau Program Research / Technology Transfer and Livestock Commissions in each region. This resulted in benefits to the ministry by consolidation and commitment of institutions and organizations, and it also enabled project and program implementation by formalizing institutional arrangements. This best practice highlights the need for active participation of the private sector, as well as the importance of promoting both macro measures (for example financial incentives, environmental tax, and simplified procedures) and micro projects (for example pilot projects, direct farm-level investment and industry action).

## 5. Moving forward

42. Actions identified by participants as being useful to advance livelihoods and economic diversification at the community level, national level and private sector are listed below.

**43. At the community level:**

- a) Identify gaps and needs related to capabilities (i.e. skills set) of the community to undertake livelihoods and economic diversification activities;
- b) Identify a range of adaptation options that have livelihoods and economic diversification at their core and that target vulnerable communities;
- c) Undertake further studies to highlight ways that economic growth could lead to wealth redistribution to vulnerable communities;
- d) Consider the dimensions of urban communities and create employment in well-paying economic activities.

**44. At the national level:**

- a) Encourage strong ownership of planning and diversification strategies;
- b) Mobilize actors in public, private and non-profit sectors to support adaptation and livelihoods/economic diversification;
- c) Apply gender sensitive approaches in the development of diversification strategies.
- d) Ensure that NAPs are inclusive and address communities with specific vulnerabilities, including displaced populations, internally displaced persons (IDPs) and refugees, who have a far lower adaptive capacity than average communities;
- e) Address the differentiation between rural and urban settings and opportunities for using payment for ecosystem services for rural restoration;
- f) Highlight the importance of education in enhancing adaptation actions at the national level;
- g) Focus research on cost-benefit analysis and case study collection.

**45. For consideration by the private sector:**

- a) Encourage the private (and public sectors) to ensure environmental sustainability as a means to driving and leading social development in economic sectors such as tourism;
- b) Build and leverage private investments with the objective of achieving diversification;

<sup>13</sup> <[unfccc.int/files/adaptation/application/pdf/201509\\_costa\\_rica\\_led.pdf](http://unfccc.int/files/adaptation/application/pdf/201509_costa_rica_led.pdf)>.

- c) Stimulate diversification through financial and economic reforms, such as reducing capital costs for investment;
  - d) Develop tools and methodologies for companies to strengthen their resilience;
  - e) Consider differentiation between the diverse range of players in private sector activities (for example large companies versus small/medium enterprises (SMEs), etc.);
  - f) Enhance and build capacity for companies to better understand how and where to strengthen resilience. Establish structures for better access to financing adaptive measures (with regards to risk management, new business models).
46. Specific recommendations for the UNFCCC intergovernmental climate change process identified by participants are:
47. **For the Adaptation Committee:**
- a) Support the formation of a community that draws together top-down macro-economic diversification and a bottom-up livelihoods diversification;
  - b) Develop tools and methodologies to support countries in strengthening the linkages between livelihoods and economic diversification, in particular in the context of adaptation;
  - c) Encourage research and develop case studies to capture existing adaptation measures that have already been undertaken by the private sector;
  - d) Promote capacity building to assist countries in understanding how and where to use livelihoods and economic diversification approaches in the NAP process.
48. **For the Conference of the Parties:**
- a) Invite Parties to take into account climate risk screening of national development strategies and policies aimed at enhancing livelihoods and economic diversification to enhance climate resilience;<sup>14</sup>
  - b) Invite Parties and observer organizations to submit to the secretariat case studies to capture and analyse the wide range of existing tools, approaches and experiences for addressing the issues of livelihoods and economic diversification, as a means to informing the NAP process;<sup>15</sup>
  - c) Invite relevant institutions under the Convention and non-Party stakeholders to strengthen financial, technical and technological support and capacity-building and consideration of projects, tools and methodologies related to enhancing economic or livelihoods diversification, especially for developing countries that are particularly vulnerable.
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<sup>14</sup> This recommendation was adopted in decision 3/CP.21, paragraph 6.

<sup>15</sup> The SBSTA, at its 44th session (May 2016) invited Parties and NWP partner organizations and other relevant organizations, to submit, by 20 September 2017, information on lessons learned and good practices in relation to adaptation actions and plans that could enhance economic diversification and have mitigation co-benefits, to be considered in a miscellaneous document at SBSTA 47 (November 2017) (FCCC/SBSTA/2016/2, paragraph 15(d)).