

**Ninth meeting of the Adaptation Committee  
Bonn, Germany, 1-3 March 2016****Draft 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**

The Adaptation Committee (AC), at its 9<sup>th</sup> meeting, will be invited to consider the information contained in this draft report, in particular on the overview and recommendations to the AC and the COP, and provide guidance on possible next steps. The AC will be invited to provide additional views on the Annex to this draft report as a follow-up to the 9<sup>th</sup> meeting.

**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>
3. The expert meeting took place from 7-8 September 2015 in Bonn, Germany. The AC forwarded recommendations from the expert meeting to COP 21 which were adopted. The AC agreed to consider additional recommendations at its ninth meeting.

**2. Overview**

4. The expert meeting was structured into three main sessions following a logical progression. The first session focussed on macroeconomic diversification and lessons for the climate change community, followed by a session on livelihoods diversification. The last session examined both macroeconomic and livelihoods diversification in the context of climate change and NAPs.
5. Participants recognized that while economic diversification is generally a top-down approach, livelihoods diversification is addressed from the bottom-up. These approaches can be complementary and constitute valuable tools for adaptation.

<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).

6. 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 based on this perspective.
7. Overall, participants agreed that economic diversification can be useful, but careful planning is required to avoid potential detrimental effects on the economy (for example increased inequality or maladaptation).
8. It was noted on several occasions that the multiple challenges of livelihoods diversification require that special attention be given to the poorest and most vulnerable as they are the least equipped to deal with risk and negative consequences.
9. It was also 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.
10. 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.
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.

### **3. Recommendations and issues for further consideration**

#### **3.1 Recommended support to Parties by the Adaptation Committee:**

- a) Support the formation of a community that draws together top-down macro-economic diversification and a bottom-up livelihoods diversification. Such a community does not currently exist;
- b) Consider establishing a task force on livelihoods and economic diversification, including to support NAPs. The task force should address community needs and could consider providing technical advice;
- c) Develop tools and methodologies to support countries in strengthening the linkages between livelihoods and economic diversification, in particular in the context of climate change adaptation;
- d) Encourage research and develop case studies to capture existing adaptation measures that have already been undertaken by the private sector;
- e) Promote capacity building to assist countries in understanding how and where to use livelihoods and economic diversification approaches in the NAP process.

#### **3.2 Recommendations and issues raised for consideration by 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>4</sup>
- b) Encourage Parties to align, where appropriate, their communications within the NAP process with contributions towards other multilateral environmental agreement processes (e.g. National Biodiversity Strategies and Action Plans under the United Nations Convention to Combat Diversification);

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<sup>4</sup> This recommendation was adopted in decision 3/CP.21, paragraph 6.

- c) Invite Parties and observer organizations to submit to the secretariat, no later than 1 March 2017, 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;
  - d) Invite constituted bodies including the LEG, to contribute to a possible Adaptation Committee task force on livelihoods and economic diversification, including technical aspects, as well as options that could be helpful for NAPs and adaptation planning processes;
  - e) Invite relevant institutions under the Convention and non-Party stakeholders to strengthen support (finance, technical, technology 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;
  - f) Request the Adaptation Committee to enhance support on activities related to technical support and guidance on adaptation action in the context of livelihood and economic diversification, keeping in mind possible synergies with the adaptation technical examination process, prioritizing the needs of developing countries that are particularly vulnerable and subject to the availability of resources.
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## Annex

### 1. Proceedings

1. The expert meeting took place from 7-8 September 2015 in Bonn, Germany. It was chaired by a Co-Chair of the AC, Mr. Don Lemmen and facilitated by an expert in the field, Ms. Le-Yin Zhang. In addition, there were forty-two expert participants: six AC members, the Chair of the Least Developing 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.

2. 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.

3. The agenda for the expert meeting included an introductory session, three substantive sessions (including opening presentations, discussants, and break-out group discussions) and a closing session. A compilation of key issues and recommendations was circulated to participants after the meeting, and ten experts provided additional feedback. The key issues and recommendations are included in this report (see paras XX-XX).

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

4. A number of areas of focus were defined in advance to guide discussions in the three substantive sessions. The areas of focus for each of the three sessions and key issues arising from discussions are further outlined below (see paras XX-XX).

5. 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).

#### 2.1 Economic diversification at the regional and national levels

6. 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.

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

7. Participants highlighted the range of benefits that economic diversification can provide through macroeconomic policies, including:

- a) Increased resilience to climate change;
- b) Enhanced innovation;
- c) Poverty reduction;
- d) Development of infrastructures/institutions;
- e) Support to services and products;
- f) Regulated competitive pressure.

8. Economic diversification can further enhance niche markets and/or market sizes, contribute to reduced interest rates and enabling microfinance institutions to offer out loans at lower rates. 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.

9. Good practices for national economic diversification should involve holistic approaches. 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 (see box 2 below), to develop engagement of and endorsement from central and line ministries, including ministries of planning and finance.

**Box 2: Economic Diversification good practices – 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 that brings 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;
- Balanced private sector contributions based on both opportunities and threats that require government support.

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

11. Key issues and actions related to the application of economic diversification measures at the national level include:

*a) Governance and institutional arrangements*

- i. Managing natural resources through good environmental governance, secure environments and regulatory mechanisms;

<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).

- 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.

*c) Methods, tools and approaches*

- i. Selecting new technologies/mechanisms with careful consideration. 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 relationship between GDP growth and mono-centric economies;
- iv. Improving data, indicators and analyses to better understand the cost and benefits of diversification infrastructure, keeping in mind that push-driven diversification can adversely affect asset availability.
- v. Bridging gaps through financial/technical support and knowledge transfer;
- vi. Balancing export economies with domestic self-sufficiency and considering value-added upgrading that can lead to greater product variety and increased export markets;
- vii. Factoring economic diversification into financial mechanisms such as tax incentives and subsidy policies.

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

An integrated methodological toolbox and capacity-building package – “Equip” - aims to support policy makers in developing countries to formulate and design strategies for inclusive and sustainable industrial development. This tool aims to strengthen the ability of lower income countries to manage their future and have a larger say in strategy-setting, policy formulation and in their engagement with development partners. This toolbox was developed through a partnership between the German government and the United Nations Industrial Development Organization (UNIDO).

## 2.2 Livelihoods diversification at household and community levels

12. 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;

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

- c) Characteristics and successes in incentivizing livelihoods diversification;
- d) Observations on the relationship between livelihoods diversification, resilience and economic diversification.

13. 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 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.

*b) Employment and human resources*

- i. Investing in human resources and supporting a dynamic system that adapts over time, works towards an inclusive growth framework, 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 centers;
- 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. Considering interests, priorities, cultural and behavioural change and traditional practices. Incorporating indigenous knowledge in local coping strategies. Social pressure reduces interest in traditional agricultural production;
- iii. Enhancing knowledge of microeconomic systems to improve links between product/service markets (for example consumer demand and farmer supply);
- iv. 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).

14. 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 promoting community-based approaches.<sup>9</sup>

Among the lessons learned from this research programme is that livelihoods diversification was not the best solution for some pastoral communities, and that diversification requires careful assessment to ensure compatibility with social and ecological characteristics.

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

15. 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.

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

<sup>9</sup> <unfccc.int/files/adaptation/application/pdf/201509\_care\_africa\_led.pdf>.



linkages between livelihoods and economic diversification.

17. Diversification was not viewed a goal in itself. Benefits of diversification should include broadening the income base and acting 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.

18. Diversification, if not designed properly, was seen to have the potential to increase inequities and lead to mal-adaptation. 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.

19. Approaches for successful economic and livelihoods diversification should engage all relevant stakeholders, including the private sector, NGOs, youth, and village 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.

20. Livelihoods and economic diversification do not always go hand in hand towards 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 will identify risks and can promote good practices.

21. Institutional capacity and capacity building in both the private and public sectors can 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.

22. Creating and expanding opportunities in a plural economy through industry, surplus and service sectors can boost income, employment, strengthening livelihoods and economic diversification. Approaches should coordinate between public and private sectors and policies.

23. 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.

24. 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 5):

**Box 5: Diversification – examples of good practices, showcasing and upscaling where possible**

<p>Bhutan has completed a national adaptation programme of action (NAPA) to increase capacity for disaster risk management and enhance early warning systems.<sup>10</sup> An ongoing second NAPA continues to work towards enhancing national capacity to enhance resilience to climate change and reduce risk. Through economic diversification, Bhutan will strengthen its community-based food security and resilience through banning agro-chemicals and promoting an export niche in organically-produced agricultural products.</p>	<p>BBC Media Action has produced national radio programmes involving discussions between citizens and government officials on adaptation issues.<sup>11</sup> Three stations produced a weekly programme presenting information and discussion of livelihoods and economic diversification practices to enhance resilience to climate change. It is estimated that over 2 million people have been reached, and surveys indicate that these programmes have helped improve skills, encouraged collective action and increased awareness.</p>
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25. Public events can increase 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.

26. 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 public-private partnerships (see box 6);
- c) Important topics for research and information dissemination include existing knowledge related to diversification, additionality of climate change impacts associated with adaptation, 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.

27. Vulnerability and risk assessments, particularly at the local level, 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 leverage that research and move directly to the implementation of adaptation measures, rather than investing in redundant assessments.

**Box 6 Diversification – public policies with active private sector participation<sup>12</sup>**

The Costa Rican Ministry of Agriculture and Livestock designed and implemented public policies related to mitigation and adaptation to climate change, including through strengthened public-private institutional arrangements. Key lessons learned include the consolidated and formalized commitment of the public sector and promoting projects that require active industry action and direct farm-level investment.

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<unfccc.int/files/adaptation/cancun\_adaptation\_framework/adaptation\_committee/application/pdf/20150907\_bhutan\_rose\_leen\_gurung\_led.pdf>.

<sup>11</sup> <unfccc.int/files/adaptation/application/pdf/201509\_bbc\_tanzania\_led.pdf>.

<sup>12</sup> <unfccc.int/files/adaptation/application/pdf/201509\_costa\_rica\_led.pdf>.

28. Livelihoods and economic diversification were also discussed in relation to the NAP process. Participants highlighted the following:

- a) The NAP process provides an opportunity to consider a different ways to develop, for example by using a more holistic, inclusive approach that builds capacity and includes different vulnerable groups;
- b) Bridging of livelihoods and economic diversification in the NAP can be achieved by integrating different groups and non-climate factors, promoting public consultation, including traditional knowledge, coordinating within and between ministries and empowering local communities;
- c) 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;
- d) 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;
- e) The importance of identifying entry points into existing sectoral planning, drawing from existing processes and plans, and communicating in the language of the sector;
- f) Accountability mechanisms, as well as communication platforms and strategies, are needed to support better engagement with communities, coordination and decision making (for example between agencies and farmers).

**Box 7: Diversification and the NAP process<sup>13</sup>**

Synergy and exchange between diversification and the NAP process can be seen in the World Bank Pilot Program on Climate Resilience (PPCR) which uses a programmatic approach to mainstreaming resilience into core development planning. Lessons on institutional arrangements, monitoring and evaluation, financing and policy reforms from pilot countries could be very useful.

### **3. Recommendations and issues raised for further consideration**

29. Recommendations and issues for future consideration as identified by participants are listed below:

#### **3.1 Recommendations and issues raised for consideration 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 re-distribution to vulnerable communities;
- d) Consider urban dimensions and create employment in well-paying economic activities.

#### **3.2 Recommendations and issues raised for consideration at the national level:**

- a) Encourage strong ownership of planning and diversification strategies;

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[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).

- b) Mobilize actors in public, private and non-profit sectors to support adaptation and livelihoods/economic diversification;
- c) 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;
- d) Address the differentiation between rural and urban settings and opportunities for using payment for ecosystem services for rural restoration;
- e) Highlight the importance of education in enhancing adaptation actions at the national level;
- f) Focus research on cost-benefit analysis and case study collection;
- g) Apply gender sensitive approaches in the development of diversification strategies.

### **3.3 Recommendations and issues raised for consideration in relation to the private sector:**

- a) Economic sectors such as tourism, can drive and lead social development, and must be encouraged by the private (and public sectors) at the same time as challenging them to ensure environmental sustainability;
- b) Leveraging private investments can play a key role in achieving sustainable diversification;
- c) Financial and economic reforms, such as reducing capital costs for investment, can stimulate diversification;
- d) Support organizations in developing tools and methodologies for companies to strengthening 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) The private sector is also vulnerable to the effects of climate change and needs to adapt;
- g) Capacity building for companies can assist them in understanding how and where to strengthen resilience. Structures for better access to financing adaptive measures (with regards to risk management, new business models) for SMEs could be established.

### **3.4 Recommendations and issues raised for consideration 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. Such a community does not currently exist;
- b) Consider establishing a task force on livelihoods and economic diversification, including to support NAPs. The task force should address community needs and could consider providing technical advice;
- c) Develop tools and methodologies to support countries in strengthening the linkages between livelihoods and economic diversification, in particular in the context of climate change adaptation;
- d) Encourage research and develop case studies to capture existing adaptation measures that have already been undertaken by the private sector;
- e) Promote capacity building to assist countries in understanding how and where to use livelihoods and economic diversification approaches in the NAP process.

### 3.5 Recommendations and issues raised for consideration by 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) Encourage Parties to align, where appropriate, their communications within the NAP process with contributions towards other multilateral environmental agreement processes (e.g. National Biodiversity Strategies and Action Plans under the United Nations Convention to Combat Diversification);
- c) Invite Parties and observer organizations to submit to the secretariat, no later than 1 March 2017, 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;
- d) Invite constituted bodies including the LEG, to contribute to the Adaptation Committee task force on livelihoods and economic diversification, including technical aspects, as well as options that could be helpful for NAPs and adaptation planning processes;
- e) Invite relevant institutions under the Convention and non-Party stakeholders to strengthen support (finance, technical, technology 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;
- f) Request the Adaptation Committee to enhance support on activities related to technical support and guidance on adaptation action in the context of livelihood and economic diversification, keeping in mind possible synergies with the adaptation technical examination process, prioritizing the needs of developing countries that are particularly vulnerable and subject to the availability of resources.

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<sup>14</sup> This recommendation was adopted in decision 3/CP.21, paragraph 6.