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Economic diversification for agrifood systems transformation

Third Global Dialogue on the Impacts of the
Implementation of Response Measures – 2026

Bangkok, 22 September 2026





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Climate change, agrifood systems and food security: a tightening knot

- In 2024, up to 720 million people faced hunger; nearly 300 million across 53 countries were in acute food insecurity
- Climate change has become a dominant driver of hunger, food insecurity, and malnutrition, particularly in developing countries.
- 1.3 billion people employed in agrifood systems
- 3.78 billion live in households that depend on them for their livelihoods,
- 600 million people have livelihoods that depend on the aquatic food sector, mostly in small-scale activities





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A resilient, low-carbon, and inclusive transformation — on land and at sea

- Transforming agrifood systems is one of the most powerful strategies to address mitigation, adaptation, and loss and damage.
- It means reshaping how food is produced, distributed, and consumed, and how natural resources are managed - to advance healthy diets, sustainable production, restoration of nature, and equitable livelihoods.
- Economic diversification offers opportunities to contribute to such transformative climate action



Principle: Diversification creates optionality and resilience

When one crop, income stream, supplier, market or transport route fails or decreases in importance

– e.g. for climate impacts or impacts of response measures -

alternatives allow farms, enterprises, value chains and national systems to absorb shocks, adapt and transform.

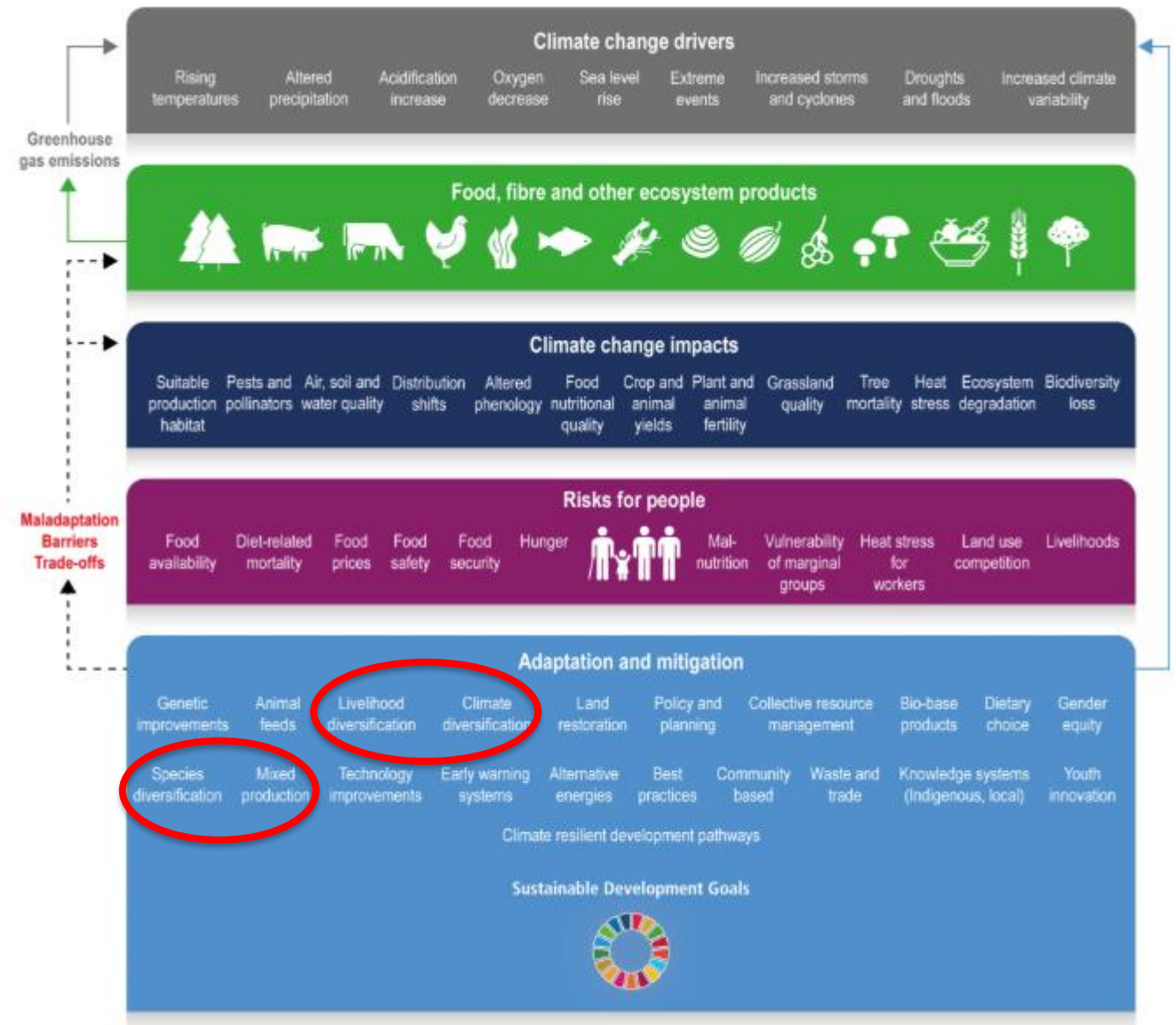


Figure – Figure 5.1 in Bezner Kerr et al. 2022: Food, Fibre, and Other Ecosystem Products. In: Climate Change 2022: Impacts, Adaptation, and Vulnerability. Emphasis added.

Diversification can serve all pillars of climate action

ADAPTATION

Diversified production, livelihoods and markets reduce exposure and strengthen adaptive capacity

Examples include multiple crops and income sources, water-smart systems, local enterprise and market development

MITIGATION

New and diverse technologies and business models can reduce emissions and increase sequestration

Examples include agroforestry, renewable energy, green inputs, efficient cold chains, circular bioeconomy

Just Transition: Ensure that **diversification creates opportunities for all** by expanding access to assets, skills, finance and decent work, while protecting vulnerable groups from transition risks and unequal costs

See: [FAO, 2026](#)

Diversification at multiple levels in agrifood systems



ON FARM

**Crops • varieties •
livestock • trees •
aquaculture**

Spread biophysical and income
risk; improve soils, nutrition and
yield stability



IN BUSINESS

**Products • services •
skills • income streams**

Create adaptive livelihoods and
new rural enterprises



ALONG VALUE CHAINS

**Inputs • processing •
energy • logistics •
markets**

Add value, reduce loss and
distribute opportunity across
nodes



SYSTEM-WIDE

**Actors • supply sources •
trade partners •
infrastructure**

Build redundancy and agility
across territories and
economies

On-farm/production diversification

Income/business diversification

Value chain and system diversification

On-farm diversification



Diversity

Diversification is key to agroecological transitions to ensure food security and nutrition while conserving, protecting and enhancing natural resources

10 Elements of Agroecology



- Agroecological systems optimize the diversity of species and genetic resources in different ways – examples include **agroforestry** (organize crops, shrubs, livestock and trees of different heights and shapes at different levels or strata, increasing *vertical* diversity), **intercropping** of complementary species (*spatial* diversity), **crop rotations** (*temporal* diversity)
- Agroecological diversification also strengthens ecological and socio-economic resilience, including by creating new market opportunities – [Simelton et al. 2021](#)

Income/Business diversification

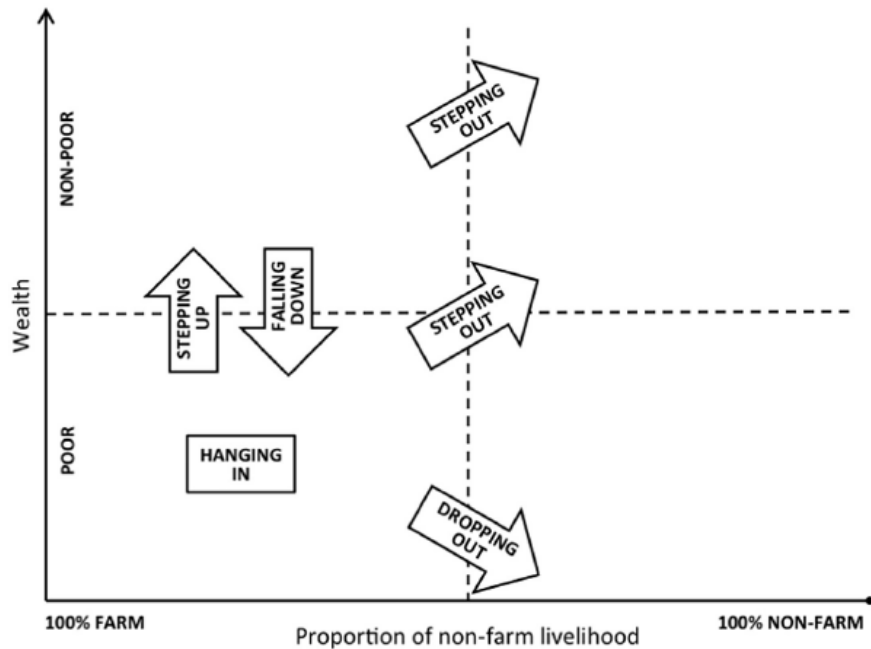


Figure - Potential livelihood pathways for smallholder farmers

Source: Hansen et al. 2018

A diverse mix of farm and non-farm income sources reduces vulnerability to shocks, stabilizes household income, and expands opportunities for households to move from “hanging in” to “stepping up” or “stepping out”

Rural enterprises, local processing and value addition generate diversified income sources, create employment and strengthen local economies



Value chain and system diversification

- Value-chain diversification **expands interconnections of input supply, aggregation, processing, renewable energy, storage, logistics and markets**
 - Example: 2026 fertilizer shock
- System-wide diversification** increases the diversity of actors, supply sources, trade partners and infrastructure
- Additionally: consumption dynamics can support healthy and diverse diets

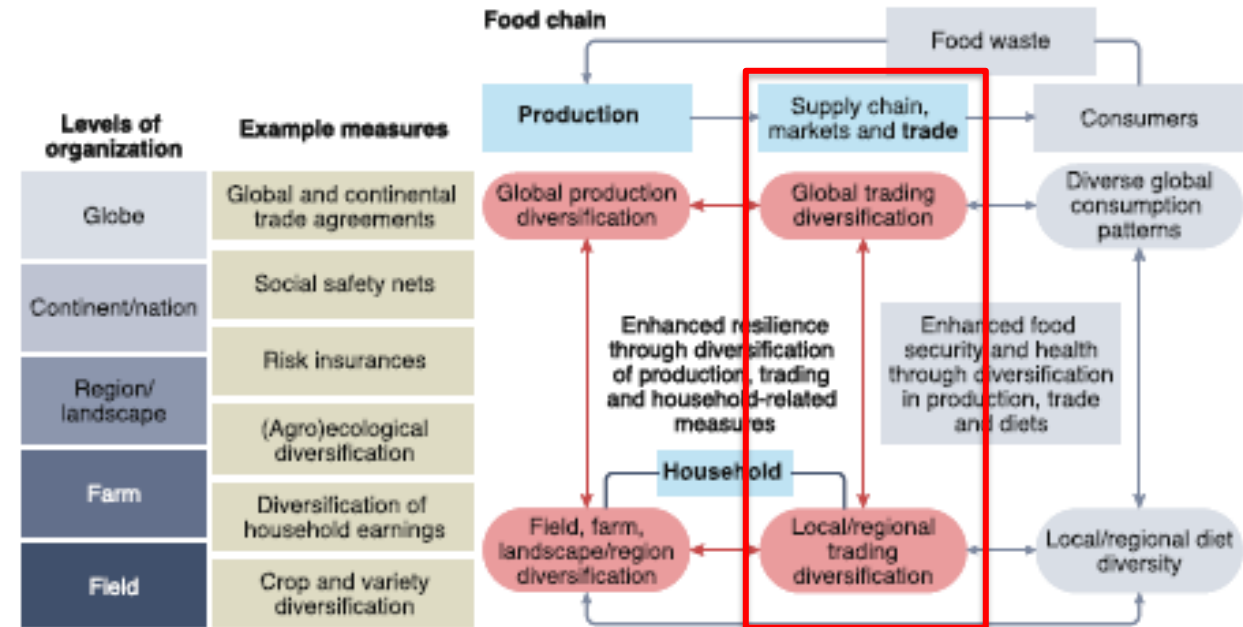


Fig. 1 The importance of food system diversification across levels of organization with selected example measures to enhance food systems' resilience. Note that diversification of processing and diets are not addressed in this comment but are closely related to diversification of production, household livelihoods and trade

Figure – Food system diversification at different levels

Source: Hertel et al. 2023, emphasis added



ASEAN Climate-Smart Agriculture Investment Plans (CSAIP): country-driven, investment ready

CSAIPs translate national climate-smart agriculture (CSA) **priorities** into bankable, spatially **targeted investment packages** that can feed pipeline development, delivering:

Investment-ready pipelines

- Prioritized, feasible CSA options translated into investment packages with costing and appraisal

Spatially targeted investment logic

- Crop suitability and related spatial analysis used to focus investments on the **highest-need and highest-potential geographies**

Finance and implementation roadmaps

- Financing and partnership options identified to move from plan to implementation

Validated and owned by national stakeholders

- Options, packages, and roadmap validated through a structured workshop and multi-criteria decision-making

cross countries

Agroforestry and resilient land use

Agroforestry, sustainable land management, soil and landscape restoration

Livestock productivity and methane reduction

Feed, manure management, biodigesters, herd productivity

Enabling systems

MRV, extension, climate services, data, coordination and finance access

1-
s, fisheries and

Thank you!
