

Links and synergies between approaches, and regional priorities

Roger Jones

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Definitions are important!

Loss



Damage



Definitions are important

Loss



Damage

The disappearance of something precioussss

Harm to something precioussss, impairing its value

Threat of loss – need for preventative measures (adaptation, DRR)

Threat of harm – need for preventative measures (adaptation, DRR)

Partial loss – need to avoid further losses

Experienced harm – need to avoid further harm

Permanent loss – accept or compensate

Permanent harm = loss

Questions

- I. How can comprehensive risk management portfolios or toolkits be designed?
- II. How can risk management approaches be tailored to national and regional contexts
- III. How can Parties and other stakeholders evaluate which tools might be most appropriate for their particular circumstances?

What is distinctive about these questions?

- They are about collective decisions, whereas most adaptation decision-making is about individual decisions or those grouped by location or sector
- Damage and loss both link to value, telling us that we are dealing with risk and economics
- Can different decision-types be identified?
- Can we treat these decision-types as adaptation markets?

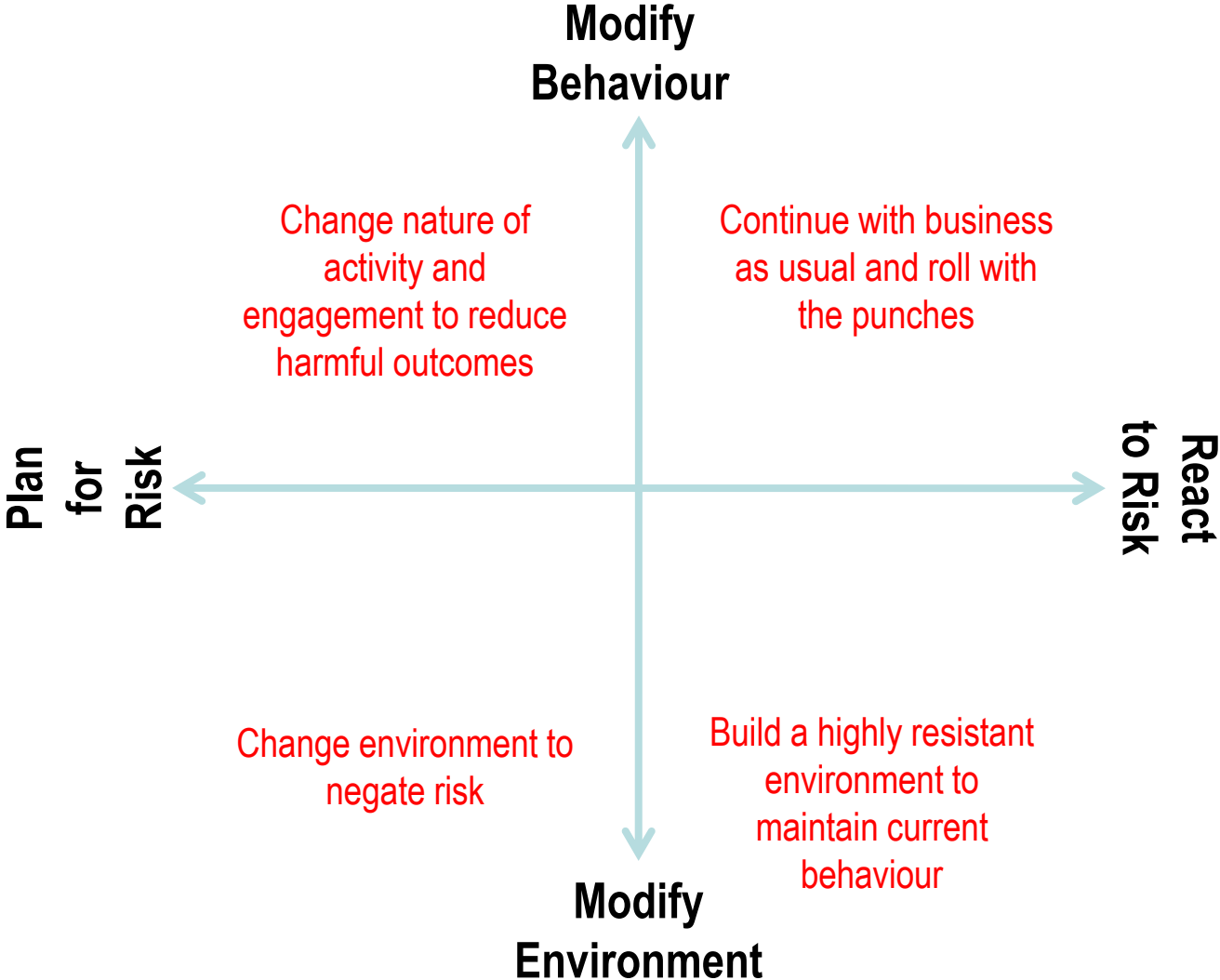
Adaptation markets

- There is a potential demand for adaptation (often unrecognised) from regions and sectors subject to extreme and slow onset events.
- There is a potential supply from existing institutions and actors.
- How complete this for various sectors and regions?
- Where are the gaps?

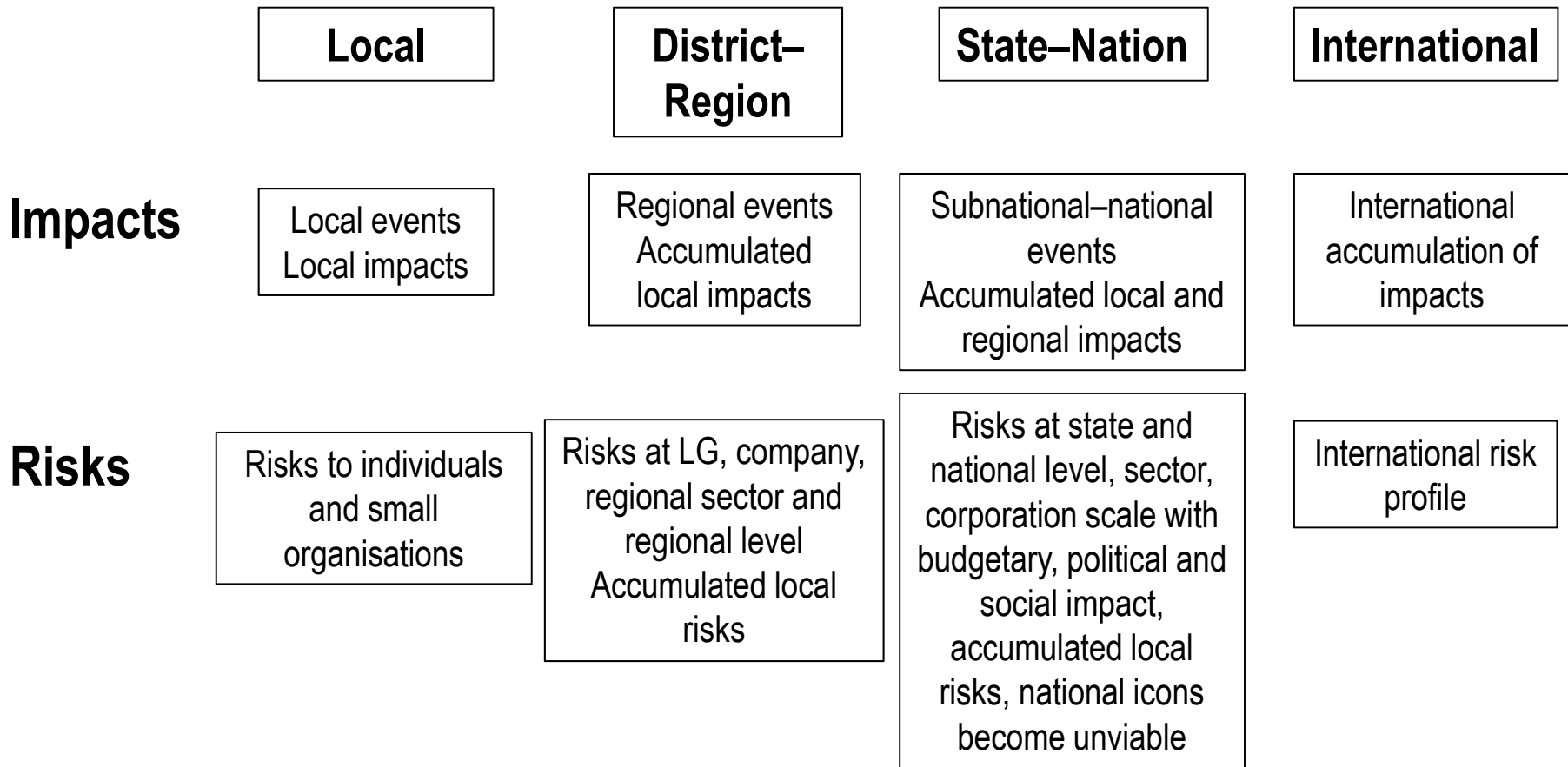
Key descriptors

- Institutional & cultural narratives
- Spatial scales
- Institutional scales
- Actors – individuals, communities and organisations
- Market types and interactions
- Risk distribution, transfer and retention
- Evaluation criteria, institutional performance, policy outcomes

Ways of thinking about adaptation



Scale of risks



Market groupings

- Production
- Operations
- Assets and Infrastructure
- Natural Assets and Green Infrastructure

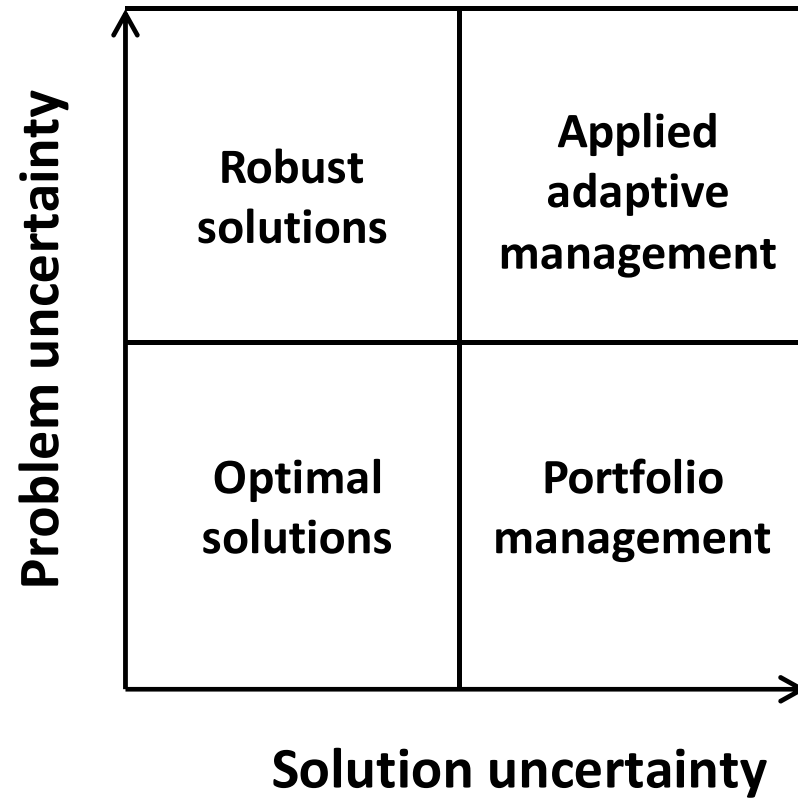
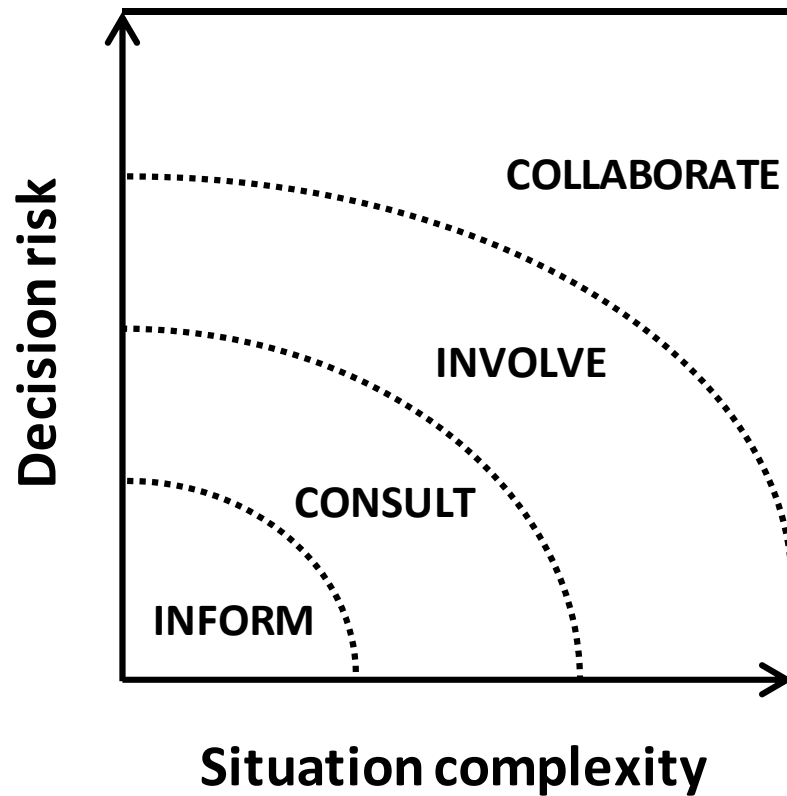
- Adaptive Capacity

Sector	Market type	Main threats	Potential opportunities
Agriculture, Forest & Fishing	Production	Production losses	Production gains, lifestyle diversification
Mining	Production	Production losses, asset damages	Raw materials for new tech
Manufacturing	Production	Supply chain	Adaptation products
Electricity, Gas & Water	Production/ Operations	Raw material supply and operations	Transformation
Construction	Production/ Asset	Delays, supply chain, asset write-offs	Adaptation of assets
Wholesale & Retail Trade	Operations	Supply chains, raw materials	Flexible supply, good forecasts
Accommodation & Food	Operations	Severe weather events	Emergency services
Transport & Storage	Operations*	Infrastructure damage	Flexible arrangements for disaster and recovery
Communication Services	Operations*	Infrastructure damage	Flexible arrangements for disaster and recovery, new tech for adaptation
Finance & Insurance	Capacity*	Large insurance losses, finance shortages	Services for adaptation
Property & Business Services	Asset*	Economic dislocation at regional scale	New ownership models, part in setting standards
Government Admin & Defence	Operations*	Short-sighted policy, cost overruns	Policy, emergency and disaster, funding for adaptation, support for adaptive capacity
Education	Operations*	Severe weather events and disasters	Teaching and research for adaptation
Health & Community Services	Operations*	Injury and death, disease, mental health general wellbeing	New services
Cultural & Recreational Services	Operations/ Natural Asset*	Loss of services and basic system functions	New models for community engagement, making the invisible economies visible

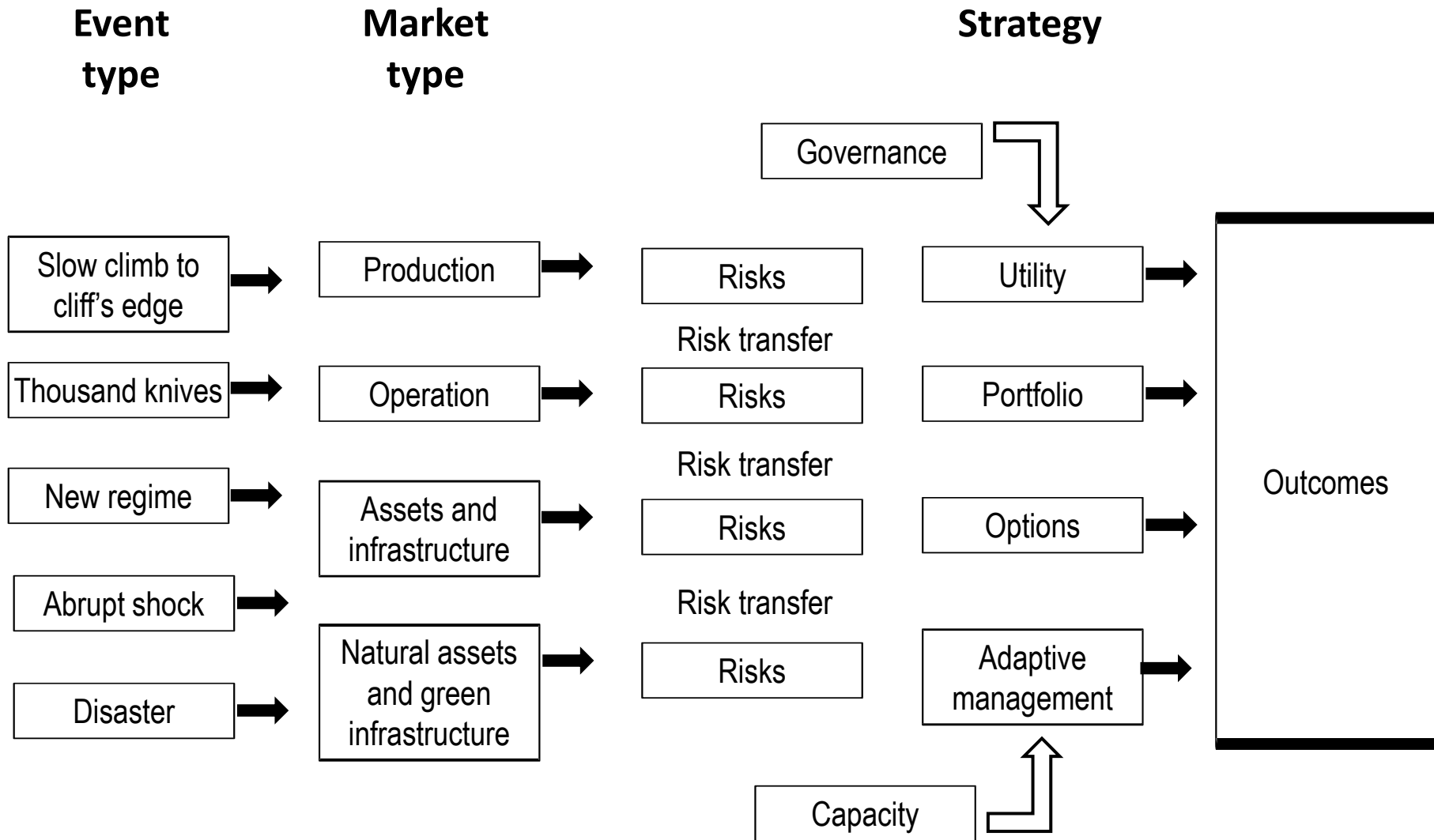
Risk transfer across scales, adaptation policy

	Local	District– Region	State–Nation	International
Risk Transfer	Community dislocation	Local government, regional business, catchment-scale and community viability, private to public transfer	Accrued losses, government as insurer of last resort, sector viability, impacts at budget scale, private to public transfer	Cost of finance and insurance, trade and value chain affects, environmental security
Adaptation Policy	Local knowledge, information transfer, community exchange, local volunteers groups, health groups, small business	Local government, regional development and adaptation plans, regional infrastructure, emergency services	State and national government policies, peak industry bodies, professional bodies, large business and industry	Adaptation funds, international policy
Adaptation Policy Risk Transfer	Maladaptation, poor policy transferred downwards, market failure	Maladaptation, insufficient adaptive capacity, poor policy transferred down, market failure	Maladaptation, poor policy, market failure (national and international)	International policy failure, insufficient funds, regional breakdown ¹²

Solutions need to suit the problem (not the other way around)



Interactions



Institutional Outcomes

Evaluation Criteria

- Direct Adaptation Costs
- Transaction (Finance) Costs
- Coordination Costs
- Research and Development
- Risk & Uncertainty Costs
- Benefits of Avoided Damages
- Co-benefits (Non-adaptation)
- Social & Environmental Benefits

Institutional Performance

- Efficiency
- Equity
- Accountability
- Adaptability

Policy Outcomes

- Contingent on how policy views damage and loss

Summary

- Policy makers will be most concerned where damage and loss crosses domains (scale, private-public)
- Think of adaptation decisions as being a market place – where are the potential demands and where is the supply going to come from?
- Are decisions reducing direct economic loss and damage or maintaining value in systems with high non-economic values?