

From Assessing Risk to Decision Making

the role of

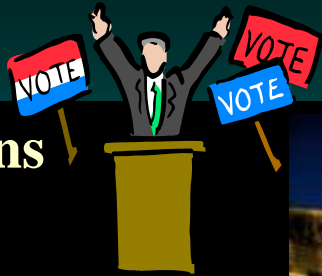
Instruments, Incentives, and Institutions



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Who are the decision makers?

- **Politicians**



- **Policy Makers**



- **Traditional Leaders**



- **People in Vulnerable Areas**



- **Donors**

Risk assessment needs to “talk the walk” of decision makers...

The Role of the 3 « i ' s »

Promoting the Right Instruments

Addressing Incentives

Setting up the Right Institutions



Promoting Appropriate Instruments



□ Useful instruments for decision makers:

- *Simple climate forecasts (particularly seasonal forecasts)*
- *Simple screening tools*
- *Panels of highly respected experts (e.g. Zambia)*
- *Economic analyses*
- *Risk Maps*

- **Financing should consistently reward early preventive action...**

Examples: Participatory Risk Mapping

- Allow users to jointly visualize present risk and agree on future options
- **BUT**
- Plans need to be complied with and funded...

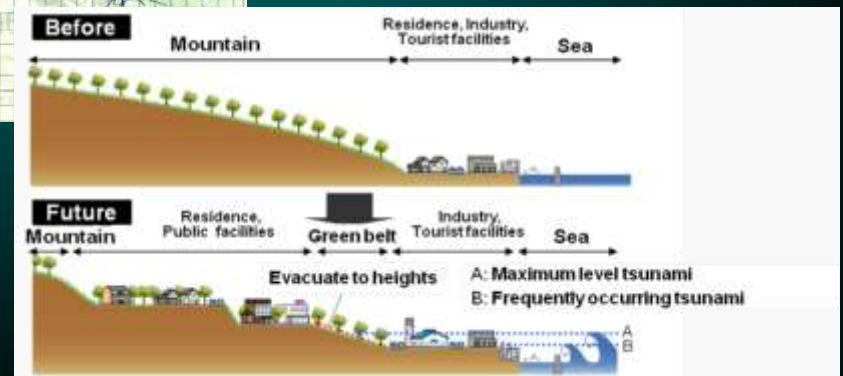
Samoa



Sao Tome Island



Japan



Examples: Economic Analyses

- **Pacific Islands:** 2000 Pacific Economic Report estimated costs of 2050 climate change at 2-4% of Fiji's and 17-34% of Kiribati's GDP
- **Mozambique:** Economic analysis formed the basis of a major national program (>US\$600 million)



But using the right instruments is not sufficient to ensure the right risk behavior...

Addressing Incentives

What is the risk to us?



Practitioner

Who cares?? My term will be over before the next flood



Politician

- *Uncertainty leads to inertia*
- *People tend to under-estimate risk*
- *There are few rewards for early action...*
- *Donors face the same (dis)incentives to be proactive in face of uncertainty*

Addressing Incentives – Some Examples

- ❑ *Look below the iceberg – often, incentives are hidden (e.g. the need for personal promotions, salary top-ups, per diems)*
- ❑ *Use peer pressure – compare with other countries/districts*
- ❑ *Raise awareness*
- ❑ *Use Command and control (e.g. mandatory screening)*
- ❑ *Demonstrate – use visible win-wins*
- ❑ *Address personal (dis)incentives directly*



Setting up the Right Institutions

HYOGO!!

KYOTO!!

- *Many adaptation and DRM programs have been undermined by weak institutions...*
- *And overlapping mandates between Ministries of Environment and Civil Defense/Home Affairs, wasting scarce local capacity...*



Even in small island countries like Kiribati (pop. 100,000) institutional “turf battles” remain an issue...

Some early lessons...

- **Climate risk management requires strong central coordination**
- **Emerging evidence argues for placing responsibility at a high level institution, close to economic planning**
- **Implementation should fall to the respective sectoral Ministries**
- **Adaptation and disaster risk management should preferably be handled by the same institution**
- **Invest in a wide group of early to mid-career champions**



QUESTIONS?

