



DELTA IN TIMES OF CLIMATE CHANGE II

INTERNATIONAL CONFERENCE

OPPORTUNITIES FOR PEOPLE, SCIENCE, CITIES AND BUSINESS
 ROTTERDAM THE NETHERLANDS, 24-26 SEPTEMBER 2014

| Deltas in Practice, policy-practice sessions | |
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| Deltas in Practice Theme 7: Governance and Finance | |
| DP 7.3 Economic assessment of inner-city climate adaptation strategy | |
| Chair | MSc Sigrid Schenk, Rebel, the Netherlands |
| Organised by | MSc Irene Pohl, Rebel, the Netherlands |
| Presentations | • MSc Sigrid Schenk, Rebel, the Netherlands |
| | • MSc Irene Pohl, Rebel, the Netherlands |
| | • MSc Annebeth Loois, Tygron, the Netherlands |
| | • MSc Irene Pohl, Rebel, the Netherlands |
| | • Lykke Leonardsen, City of Copenhagen, Denmark |
| Session topic | <ul style="list-style-type: none"> • "The essence of strategy is choosing what not to do" (Michael Porter) Economic assessments can provide input for decision making, taking into account as many effects as possible. |
| Objective of the session | <ul style="list-style-type: none"> • A cost benefit analysis (CBA) attempts to value not only the investment costs, but also life cycle costs, risks and benefits. The workshop demonstrated different approaches to economic assessment of climate adaptation in an inner-city area. Besides acquiring a broadened understanding of a CBA with regard to climate adaptation, participants gained insight and exchanged ideas on dealing with limited data quality and stakeholder participation. |
| Main conclusions and lessons learnt from the presentations | |
| <ul style="list-style-type: none"> • Rebel has developed a methodology for a CBA, existing of 8 steps: 1) Define the problem (which is very important), 2) Define minimum cost alternative, 3) define feasible alternatives, 4) Assess tangible and intangible benefits, 5) Quantify cost and benefits, 6) Assess risk, 7) Assess distribution, and 8) Present the results. Important: the information the CBA should deliver to the policymaker focuses on efficiency (best value for money) and distribution (who is better off?). There are also some questions a CBA does <i>not</i> answer like: Financial (can we afford it?), technical (does it work?), Legal (which actors are liable?) and Social/ethical (is the solution fair across income groups?). • Climate adaptation in inner-cities is a whole new sector. Challenges include dealing with uncertainty, very area specific data and the allocation of costs and benefits. • Rebel has applied their CBA in two inner-city areas. These case studies show that outcomes are very case specific, there is a gap between scientific data and practical need for assumptions, the CBA offers a good basis for a conversation among stakeholders. • Copenhagen uses a CBA in order to compare the costs of a new storm water infrastructure (1.3 billion euro) to the costs of expanding the existing system (double the price) (see figure). The CBA adaptation is a good investment for the city and focusing on the interaction of | |
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adaptation with other urban development is very positive (no-regrets solutions).

- Tygron has built a serious game in order to discuss various adaptation options. The game directly shows the results of the input, giving insight in causal relations in a very direct and easy-to-understand way. The game enables experts to exchange ideas and turns out to be very useful in supporting capacity building.

Main conclusions from the discussion

- CBA can be a very helpful tool in estimating costs and benefits of adaptation.
- CBA is a general instrument. Specific cases lead to different results.
- The CBA that Rebel has developed also takes into account different scenario's.
- The alternative in the Copenhagen study is defined as "taking the usual measures (like extending the sewer system's capacity). The alternative in the Rebel study is defined as "behaving in the usual way", which in this case means "doing nothing".
- A computer based instrument like a serious game turns out to work very well in a non-western country like Myanmar. Experts sometimes find it hard to express what it is they know, but there is an excellent ICT infrastructure.

Main result of or conclusion from the session

- Try to find a balance between wanting to know every detail (like science) and using acceptable assumptions (practice). In the end a CBA provides the basis for a more detailed discussion with stakeholders, it's not the final conclusion!
- Adaptation measures are: 1) a good business case, 2) improving the quality of public space and 3) beneficial for city branding.

Most exciting insights or outcomes

- "Social economic figures are like birds on a roof: You can look at them, but you can't take them in your hands"
- "Synergy with other projects is the key".
- A CBA forms the basis for a more detailed discussion. In the end the politicians decide what is being done. Suppose there is one specific neighbourhood where there is no business case. Would you exclude this area when adaptive measures are taken?

