Coping with complexity, uncertainty and ambiguity: The risk governance approach

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Interdisciplinary Understanding of Risk

- Risk = possibility of experiencing harm

Key Terms
- Hazard: potential to cause harm
- Hazards: energy, material, information
- Risk agent: hazard carrier
- Risk absorbing system: endpoint or target for harm
- Exposure: target affected by the agent
- Vulnerability: affect to which risk absorbing system is affected by risk agent

Different concepts of risks in different disciplines
Three Challenges of Knowledge about Risk

- **Complexity** in assessing causal and temporal relationships

- **Uncertainty** *(aleatory and epistemic)*
  - variation among individual targets
  - measurement and inferential errors
  - genuine stochastic relationships
  - system boundaries and ignorance

- **Ambiguity** in interpreting results
Special Challenge: Systemic Risks

Characteristics

- Highly complex
- Second order uncertainty (non-knowledge)
- High interpretative and normative ambiguity
- Open system boundaries (ripple effect)

Problems

- Limits of quantification
- Plurality of risk assessment results and uncertainty characterization
- System breakdown possible
- Potential for high social mobilization
Part 2:
The Basic Fabrics of Risk Governance

Complexity, Uncertainty and Ambiguity in:

Risk Governance
CONVENTIONAL RISK MANAGEMENT

Most risk management processes do not go beyond these steps.

Understanding

Deciding

Appraisal

Communication

Management
Need for integration

- Concept that links risk assessment with risk perception and social processing of risk
  - Avoiding relativist view of knowledge
  - Including social constructions of risks;

- Concept that links physical and environmental risk analysis with financial, economic and social risk;
  - Explore social amplification pathways
  - Look for cross-fertilization

- Concept that addresses complexity, uncertainty and ambiguity
  - Different guidelines for dealing with mixtures of CUA
  - Emphasis on inclusive governance models capable of providing adequate input to deal with CUA
Premises of Risk Governance

1. Both “real” and perceived dimensions of risk are important.
2. All stakeholders should be meaningfully involved as equals.
3. Be process-focused and principled
   - transparent, equitable, effective, efficient and accountable
4. It is based on an inclusive model of integrating governments, private sector, civil society and experts
5. It should be based on best available science and reliable and fair judgment procedures
Risk Governance Process

Deciding

Pre-Assessment

Management

Communication

Understanding

Appraisal

Characterisation and Evaluation
Part 3:
The Unique Features of Risk Governance

How are complexity, uncertainty and ambiguity considered in each phase of governance?
Phase 1

Getting a broad picture of the risk

Pre-Assessment

Management

Communication

Appraisal

Characterisation and Evaluation
IMPORTANCE OF FRAMING

- Frames represent social, economic and cultural perspectives
  - Challenge or problem
  - Opportunity or risk
  - Innovation or intervention

- Frames determine boundaries of what is included and excluded
  - Time and duration (future generations, sustainability)
  - Location and space (the universe, all nation, Washington, D.C.; 14th Street)
  - Social class and stratus (vulnerable groups, poor, immigrants)
  - Types of adverse effects (physical, mental, social, cultural)
  - Primary or secondary impacts (ripple effects)
  - Criteria taken into account (risk reduction, cost, benefit, equity, environmental justice, value violations…)
Addressing complexity, uncertainty, ambiguity

**Emphasis here is on ambiguity**
- Different perspectives on the problem
- Different perspective on institutional responses to problem
- Different concepts about route of risk handling

**Complexity and uncertainty are also included**:
- Need for risk classification (complex, uncertainty of first order and second order, ambiguity)
- Need for investigating system boundaries and potential for surprises
- Need for stakeholder involvement for collecting and interpreting different frames
Phase 2

APPRAISAL
RISK APPRAISAL

- **Risk Assessment**
  - Hazard identification and estimation
  - Exposure assessment
  - Risk estimation

- **Concern Assessment**
  - Socio-economic impacts
  - Economic benefits
  - Public concerns (stakeholders and individuals)
Addressing Complexity, Uncertainty, Ambiguity

- **Risk Assessment**
  - First distinction: simple versus complex
  - Second distinction: uncertainty of first order
  - Third distinction: uncertainty of second order
  - Final step: Risk profile

- **Concern Assessment**
  - First distinction: Likelihood of social concerns and negative perceptions
  - Second distinction: Low or high amplification potential
  - Final step: Concern profile
Phase 3

Tolerability and Acceptability Judgment
EVALUATION – IS THE RISK ACCEPTABLE, TOLERABLE OR INTOLERABLE / NOT-ACCEPTABLE (TRAFFIC LIGHT MODEL)

Based on both the evidence from the risk appraisal and evaluation of broader value-based choices and the trade-offs involved, decide whether or not to take on the risk.

Acceptance

Reduction

Prohibition or Substitution

No formal intervention necessary

Benefit is worth the risk, but risk reduction measures are necessary

Risk so much greater than benefit that it cannot be taken on
Addressing complexity, uncertainty, ambiguity

**Characterization:**
- How complex are benefits and risks? Can they be modelled with a high degree of validity and reliability?
- How can we characterize the uncertainties of the first order (confidence intervals, ranges) and the uncertainties of the second order (limits of knowledge)?
- How can we characterize social and individual concerns?

**Evaluation:**
- How can we assign trade-offs between different risk categories and between risks and benefits (or opportunities) in case of complex and uncertain (first order) risks?
- How can we make prudent judgments facing uncertainty of the second order?
- What are the societal values and norms for making judgements about tolerability and acceptability?
Phase 4

RISK MANAGEMENT
NEED FOR DIFFERENT RISK MANAGEMENT STRATEGIES

- dealing with routine, linear risks
- dealing with complex and moderately uncertain risks (first order uncertainty)
- dealing with highly uncertain risks (high degree of second order uncertainty)
- dealing with highly ambiguous risks (high degree of controversy)
- dealing with imminent dangers or crisis (need for fast responses)
RISK MANAGEMENT STRATEGIES (I): ROUTINE AND COMPLEXITY

Linear Risk Management
- Sufficient knowledge of key parameters
- Little complexity, clear causal knowledge
- Standard Assessment sufficient
- Risk-benefit analysis and risk-risk comparisons as basic tool for evaluation

Risk-Informed Management
- High complexity of causal risk models
- Low uncertainty or only first order uncertainty
- Expanded risk assessment / need for knowledge management tools
- Emphasis on robust risk management strategies, i.e. risk standards including safety factors and dealing with ranges of impacts
- Emphasis on close monitoring of outcomes
RISK MANAGEMENT STRATEGIES (II): COPING WITH UNCERTAINTY

- Precaution-Based Management

  - High second order uncertainty
  - Adverse effects plausible but quantification not reliable
  - Limits of knowledge are recognizable
  - Characterization of uncertainty by non-statistical means
  - Goal of risk management: avoidance of irreversible effects

  - Instruments:
    - Negotiation between too little and too much precaution
    - classic: ALARA etc.
    - new: containment, diversification, monitoring; substitution
RISK MANAGEMENT STRATEGIES (III): COPING WITH AMBIGUITY

Discourse-Based Management

- High ambiguity
- Goal of risk management:
  - to find common understanding among all stakeholders (interpretative ambiguity)
  - to find legitimate procedures of making collectively binding decisions on acceptability and tolerability (normative ambiguity)
- Instruments:
  - stakeholder involvement
  - public debate
  - risk communication
Complementary Phase

Implications for Risk Communication and Stakeholder Involvement
RISK COMMUNICATION

Risk Communication takes place in all 4 Governance phases

- Internally (other agencies, regulatory bodies)
- Externally (stakeholders, media, public)

Risk Communication should match risk characteristics

- Complexity, uncertainty, ambiguity
Risk Governance Process

- Deciding
- Understanding
- Pre-Assessment
- Appraisal
- Management
- Characterisation and Evaluation

- deliberation
- analysis
- communication
Crucial Questions for Involvement

- **Inclusion**
  - **Who:** stakeholders, scientists, public(s)
  - **What:** options, policies, scenarios, frames, preferences
  - **Scope:** multi-level governance (vertical and horizontal)
  - **Scale:** space, time period, future generations

- **Closure**
  - **What counts:** acceptable evidence
  - **What is more convincing:** competition of arguments
  - **What option is selected:** decision making rule (consensus, compromise, voting)
As the level of knowledge changes, so also will the type of participation need to change.
Part IV
Conclusions

Lessons for Risk Governance
Conclusions I

- Problems in handling risk and uncertainty:
  - Plural values and knowledge claims
  - Oscillation between relativist and positivist perspectives on risk and knowledge
  - Expert dissent on degree of complexity, uncertainty and ambiguity
  - Low degree of distinction between complexity, uncertainty (first and second order) and ambiguity
  - Social amplification and attenuation are attached to handling of complexity, uncertainty and ambiguity
  - Inadequate methods to deal with different clusters of complexity, uncertainty and ambiguity

- Emergence of systemic risk that load high on CUA cross national and sectoral boundaries (ripple effects)

- Need for an integrated risk governance approach
Conclusions II

Four risk management regimes should be used to deal with these new risk challenges:

- linear risk management: standard risk assessments
- risk-informed management: expanded risk assessments; seeking expert consensus and epistemic clarification
- precaution-resilience-based management: negotiated safety level under uncertainty; seeking stakeholder consensus and relying on containment and resilience
- discourse-based management: value-based orientation; seeking more public input and stakeholder involvement for interpretative variability and normative controversy
QUOTE

“What man desires is not knowledge but certainty.”
Bertrand Russell

Policy makers cannot produce certainty but can help people to develop coping mechanisms to deal prudently with the necessary uncertainty that is required for societies to progress.