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# Diffusion of flood damage: an application to wine sector

David Nortes Martínez<sup>1</sup>, Pauline Brémond<sup>1</sup>, Stefano Farolfi<sup>2</sup>, Frédéric Grelot<sup>1</sup>, Juliette Rouchier<sup>3</sup>

### The Study

#### **AIM OF THE STUDY**

Understanding of indirect effects of hazards and its propagation along economic networks is essential to improve current cost-benefit analysis methodologies.

- 1. How direct impacts of floods over an agent can affect other agents in the same network?
- 2. Are effects of floods persistent over time? **METHODOLOGY**

Empirically based Agent-based models. Surveys to understand the framework, networks, constraints and rationalities.

# Case study: Aude department





D' INONDATION



# Model

#### 1. Agents and environment

AGENTS

1. Farmers.



- Own croplands and grow grapes.
- Support the cooperative winery costs.
- Revenue comes from wine sold by the cooperative.
- 2. Cooperatives.



- Receive the grapes, process the wine and sell it in the markets.
- Costs and revenues distributed proportionally to yearly yield.

#### **ENVIRONMENT**

# **COSTS DECOMPOSITION CHARTS:** Sources and assessment of damages (€).



2. Outputs

**CROSSED EFFECTS RATIO CHARTS:** Euros ( $\in$ ) spent by an agent per Euros ( $\in$ ) of revenue received by another one.



## SIMULATIONS



#### 1. Exogenous Prices.

- 2. Farm homogeneous in number of croplands but not in risk of being flooded
- 3. Different flood extents (as % of the prone area). Impacts on different elements:
  - 20%: nothing.
  - 40%: Farm 1's croplands.
  - 60%: Farm 1 and 2's croplands + cooperative.
  - 80%: Farm 1 and 2's croplands + cooperative + Farm 1.
  - 100%: Everything excepts croplands outside prone area.





W F2-F1 (Cost F2/Production F1) W F2-F1 Baseline (Cost F2/Production F1)

#### **INDUCED CROSSED EFFECTS RATIO CHARTS:** mid-term crossed effects ratio.



W F1-F2 (Cost F1/Production F2) W F1-F2 Baseline (Cost F1/Production F2)



#### 3. Conclusions

- Amount and sources of damage depend on seasons and magnitude of the flood.
- Because of interaction and economic links, damages over one agent affect other ones in the system, even if they have not been flooded.
- Persistent mid-term effects  $\Rightarrow$  Mid-term induced costs.
- Persistent mid-term crossed effects.

	<ul> <li>Analysis of long-term effects.</li> </ul>	<ul> <li>Solidarity mechanisms in floods and their influence.</li> </ul>
Next Steps	• Effects of floods on soil conditions, market prices	• Role of insurance.
	• Introduction of individual autonomous choice.	• Generalization to more sectors.



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