Our World At Risk
Transforming Governance for a Resilient Future
PART I: The challenge
The world is not on track to reducing risk

If current trends continue, the number of disasters per year globally may increase from around 400 in 2015 to 560 per year by 2030 – a projected increase of 40% during the lifetime of the Sendai Framework.

Source: United Nations Office for Disaster Risk Reduction (UNDRR) analysis based on the International Disaster Database (EM-DAT; CRED, 2021)
Systemic risks are undermining sustainable development

- COVID-19 and climate change are rapidly making it clear that, in today’s crowded and interconnected world, disaster impacts increasingly cascade across geographies and sectors.
- Despite progress, risk creation is outstripping risk reduction. Disasters, economic loss and the underlying vulnerabilities that drive risk, such as poverty and inequality, are increasing just as ecosystems and biospheres are at risk of collapse.
- Without increased action to build resilience to systemic risk, the SDGs cannot be achieved. How can governance systems evolve to better address the systemic risks of the future?
Human choices are driving vulnerability and exposure and increasing losses

The average annual direct economic loss from disasters has more than doubled over the past three decades, showing an increase of approximately 145% from an average of around $70 billion in the 1990s to just over $170 billion in the 2010s. However, the impacts of disasters stretch further than economic losses; they also fundamentally undermine social and ecological systems.

Figure S.4. Direct economic loss from disasters (billion $), 1989–2020

Source: UNDRR analysis based on EM-DAT (CRED, 2021)
The GAR2022 call to action
Measure what we value
Balance sheets ignore key variables, particularly undervaluing climate change risk, costs to ecosystems and the positive social benefits of risk reduction. The real costs of extensive risk are especially undervalued, and this gap is widening as major climate change impacts such as sea-level rise gather pace.

**Key actions:**

- **Rework financial systems** to account for the real costs of risk particularly long-term risks, and rework investment and insurance systems to incentivize risk reduction.

- **Adapt national fiscal planning and risk financing** to consider risk and uncertainty.
PART II: The role of biases and communication in risk reduction
Human biases and decision-making impact risk reduction outcomes.
Current systems undervalue key assets, opportunities for learning including from indigenous knowledge.
Plan with, not against, how people take decisions about risk.
Design systems to factor in how human minds make decisions about risk
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Policymakers and providers of disaster risk reduction products and services to households and communities continue to undervalue how risk perceptions, including cognitive biases, influence decision-making.

Key actions:

- Recognize the role of people’s perceptions of risks and biases to close the gap between intention and action in reducing risk.
- Recognize the value of risk analytics as a tool but not a panacea.
PART III: Towards a more resilient future
New methods to assess emerging systemic risks and impacts do not enable prediction of the exact tipping points, such as on which day the stock markets will crash, when supply chains will cease to function or when the 1.5°C safe global climate change target is breached.

However, they do allow prediction, given a trigger event, of what the consequences will be throughout the system. Models can also show how cascading systemic risk affects wider sustainable development.
Reconfigure governance and financial systems to work across silos and design in consultation with affected people.
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Governance and financial systems are not yet embracing transdisciplinary approaches and tend to take top-down approaches.

**Key actions:**

- Embrace a new “risk language” that cuts across multiple disciplines.
- Step up participation, transparency and citizen dialogue in risk decision-making to accelerate learning and necessary adjustments.
- Enhance multi-scale risk management.
Full report available at www.UNDRR.org/GAR2022