FAST AND FURIOUS
Managing critical risks in a hyper-connected world
Directorate for Public Governance
**USD 1.5 trillion…**

That’s the amount of damages natural and man-made shocks have caused over the last decade in OECD and BRIC countries. But the financial impact only tells a fraction of the story...

The disruption to lives, health and well-being, and in many cases to trust in public institutions, constitutes the unmeasured collateral damage of major shocks. In today’s complex, hyper-connected world, shocks, both identified and novel, propagate faster than ever and in unpredictable ways. If public and private coffers are tightened, making the necessary investment choices can be difficult.

**Governing and managing risks: the contribution of the OECD**

Managing critical risks in this environment poses significant challenges for policymakers. The OECD High Level Risk Forum conducts research to help policymakers understand and identify critical risks, better anticipate them and mitigate their consequences. Through partnerships, evidence generation and strategic frameworks, the OECD supports stakeholders in implementing cutting edge approaches to the multiple challenges of risk. Based on a whole-of-society approach, public and private sector actors discover ways to build greater resilience together and to rebound more quickly from unanticipated shocks.

These activities are grounded in the OECD Public Governance cluster and are served by the Directorate for Public Governance.

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The complexity of decoding risks is compounded by pressures from urbanization, dual-use technologies, illicit trade and the unpredictable consequences of climate change. The discipline of risk management needs to adapt rapidly and thoroughly to this changing landscape.

The OECD High Level Risk Forum provides a venue for global dialogue and the sharing of insights, best practices and knowledge to help governments stay ahead of the curve.

Source: NARUC (The National Association of Regulatory Utility Commissioners)
Novel crises of unprecedented complexity demand networks of agile and flexible partnerships across sectors, countries and disciplines that can be mobilised quickly when crises unfold. Strategic leadership, responsiveness, transparency and accountability are essential in meeting heightened citizen expectations and maintaining public trust.

The OECD network on strategic crisis management meets regularly to discuss leadership and international cooperation in crisis management. Strengthening networks creates common understanding and trust that can be essential in crisis situations.

Governments must assess the relative likelihood and impacts of major risks in order to prioritize actions. This entails acquiring a comprehensive understanding of likely direct and indirect impacts.

The OECD compares national risk assessment approaches across OECD countries and integrates foresight in risk assessment in order to help partners navigate the changing risk landscape.

Networks of illicit activities have detrimental impacts on economies in terms of foreign investment, job growth, tax revenues and market distortions. Transnational criminal networks weaken institutions, erode public trust in government and erode core democratic values such as the rule of law.

The OECD supports partners in achieving better risk management through policy reform. Lessons learned by analysing the experiences in different countries and regions can be invaluable in developing criteria for managing large-scale hazards and threats.

OECD Peer Reviews of Risk Management Policies incorporate policy advice through the practical experience of selected experts and a mutual learning process. Cross-country studies also promote peer learning, enhancing Disaster Risk Management policy across countries.

The Task Force on Charting Illicit Trade of the OECD High Level Risk Forum co-ordinates international expertise in the quantification and mapping of illicit markets towards the creation of successful public policies.
The OECD Recommendation on the Governance of Critical Risks proposes a fundamental shift in risk governance towards a whole-of-society effort. The Recommendation covers essential steps required to make society more resilient to critical risks, including:

- Risk interlinkages and knock-on effects
- Risk protection and mitigation investments
- Flexible capacity for preparedness, response and recovery and novel crises
- Good risk governance through inclusive communication

Creating resistant, resilient societies requires a shared vision between governments, individual citizens and the private sector. To achieve this, risk governance must set out clear expectations and responsibilities backed by an incentive structure to meet them.

Good governance fosters the trust and confidence needed for investment in self-protection prior to disasters. Case studies in resilience provide guidance in strengthening investment in self-protection.
Further reading:

- Future Global Shocks (2013)
- Boosting Resilience through Innovative Risk Governance (2014)
- Peer review Reports:
  - Review of the Mexican National Civil Protection System (2013)
  - Seine Basin, Île-de-France: Resilience to Major Floods (2014)

www.oecd.org/governance/risk/