
The Global Risks 2014 Report

***Systemic risk is reaching an unprecedented level
in today's global world***

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and Lead Economist,
World Economic Forum

The World Economic Forum

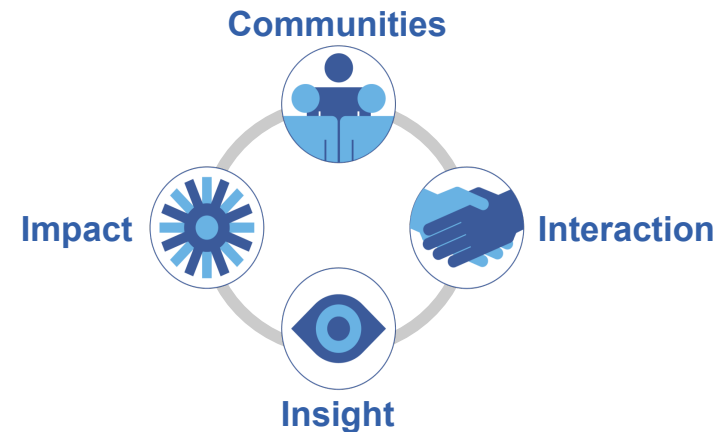
Our Mission and Background



COMMITTED TO
IMPROVING THE STATE
OF THE WORLD

- **Committed to improving the state of the world** by engaging business, political, academic and other leaders of society to shape global, regional and industry agendas.
- **Impartial:** tied to no political, partisan or national interests
- **Global:** based in Geneva, with offices in New York, Beijing and Tokyo

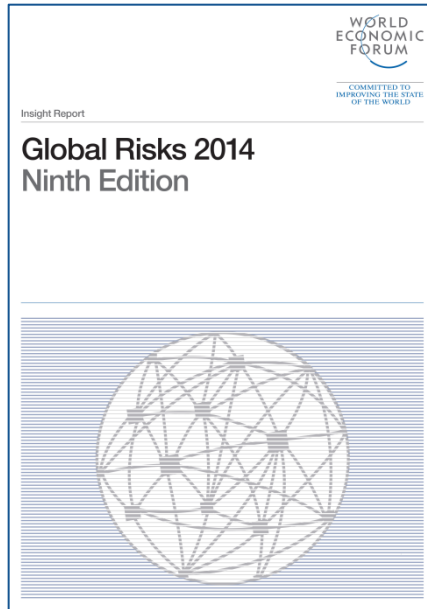
The “Four Pillars” of the Forum



- **Communities:** Building the foremost global multistakeholder community
- **Interaction:** Stimulating personalized and virtual interaction, throughout the year, across all regions and 20 industry groups
- **Insight:** Synthesizing key insights based on leading research and global, regional, topic and industry experts
- **Impact:** Catalysing partnerships for action

The Global Risks Report Series

Presentation Outline



Part 1: Introduction

Part 2: The Global Risks 2014 Report - The Survey

Part 3: The Global Risks 2014 Report – Main Results

Part 4: The Global Risks 2014 Report – Systemic Risks

Part 5: The Global Risks 2014 Report – Main Learnings

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History

❖ First launched in 2006 – currently in its **Ninth** edition

❖ Survey methodology since 2009

❖ Increased focus from **risk identification** to **risk anticipation and mitigation**

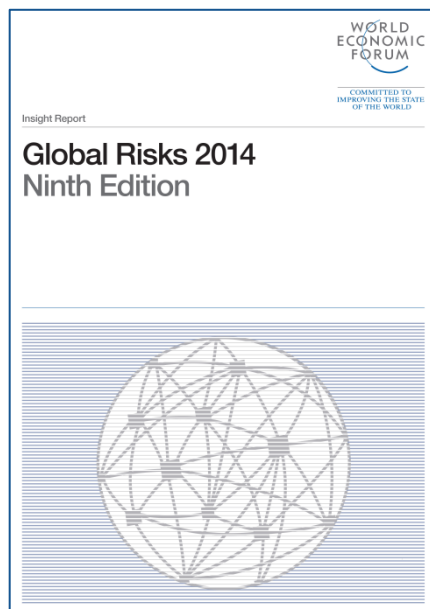
❖ Objectives of the report:

- Inform public private dialogue
- Raise awareness on the need to address risks
- Platform for dialogue among stakeholders



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Structure



Introduction

Part 1: Global Risks 2014

Understanding Systemic Risks in a Changing Global Environment

3 main results:

- ❖ The Ten Global Risks of Highest Concern
- ❖ The Global Risks Landscape (impact vs likelihood)
- ❖ The Global Risks Interconnections Map

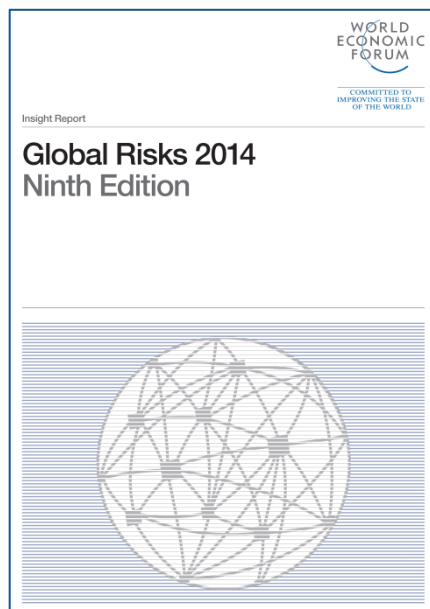
Part 2: Risks in Focus

- ❖ Introduction: Understanding Global Systemic Risk
- ❖ Instabilities in an Increasingly Multipolar World
- ❖ Generation Lost?
- ❖ Digital Disintegration
- ❖ Strategies for Managing Global Risks

Part 3: Towards Ten Years of the Global Risks Report

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Partners



The **Global Risks 2014 Report** is produced in collaboration with:

- ❖ Marsh & McLennan Companies
- ❖ Swiss Re
- ❖ Zurich Insurance Group
- ❖ Oxford Martin School, University of Oxford
- ❖ National University of Singapore
- ❖ Wharton Risk Management and Decision Processes Center, University of Pennsylvania

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Global Risks Perception Survey 2013-2014



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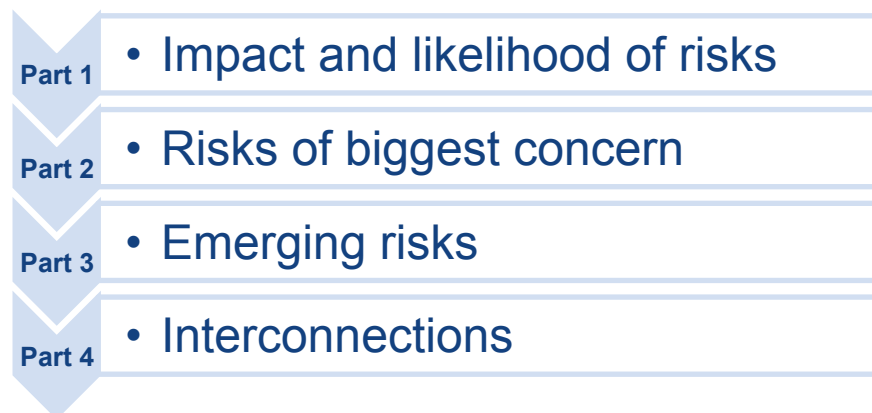
Survey structure

The main results of the report come from the analysis of the Global Risks **Perception** Survey

Forum's multistakeholder constituent survey

- ❖ Reach out to Forum's multistakeholder community
- ❖ Reach out to the Forum's community of Global Shapers and Young Global Leaders

Survey design



Part 1

Part 2

Part 3

Part 4

Part 5

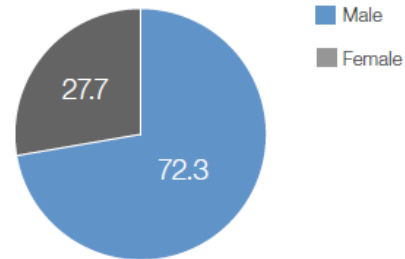
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Global Risks Perception Survey 2013-2014

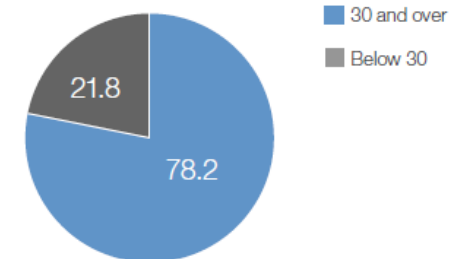
Respondents

- ❖ All survey questions are asked on a 10-year horizon
- ❖ Over 700 respondents from the World Economic Forum's multistakeholder community

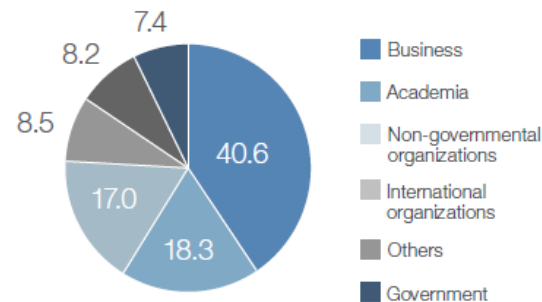
Gender



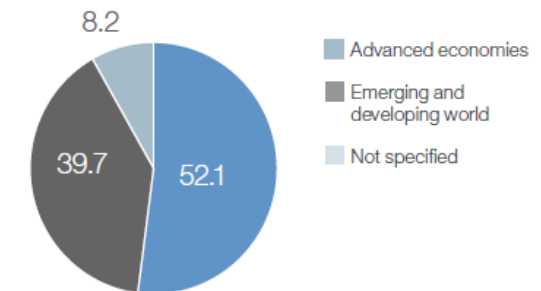
Age



Stakeholder group



Geography



Source: Global Risks Perception Survey 2013-2014.

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Global Risk

Definition of a Global Risk

“A global risk is defined as an uncertain event or condition that, if it occurs, can cause significant negative impact for several countries or industries over the next 10 years”

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The Ten Global Risks of Highest Concern

Rank Global Risk

1 Fiscal crises in key economies

2 Structurally high unemployment/underemployment

3 Water crises

4 Severe income disparity

5 Failure of climate change mitigation and adaptation

6 Greater incidence of extreme weather events (e.g. floods, storms, fires)

7 Global governance failure

8 Food crises

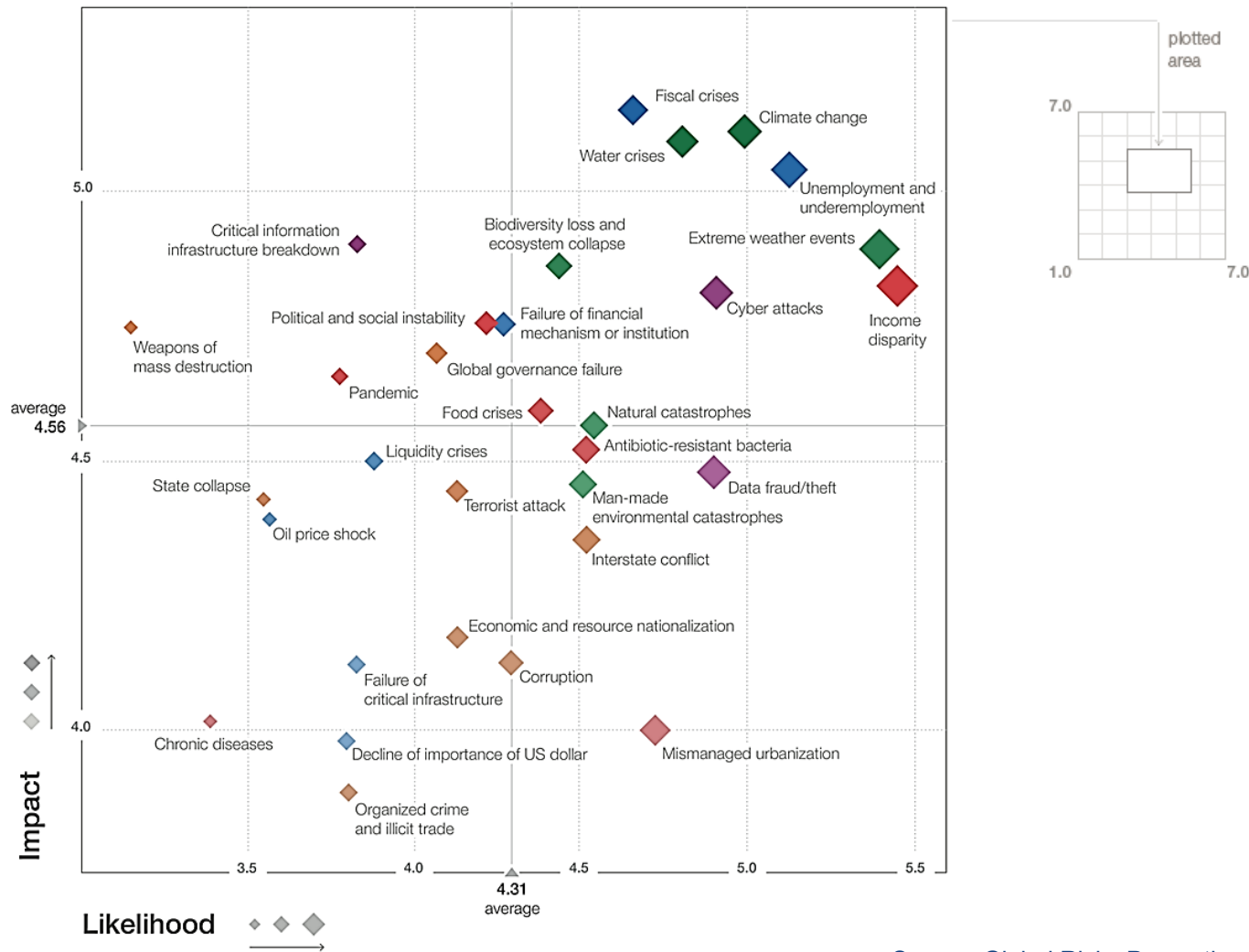
9 Failure of a major financial mechanism/institution

10 Profound political and social instability

Source: Global Risks Perception Survey 2013-2014.

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The Global Risks Landscape



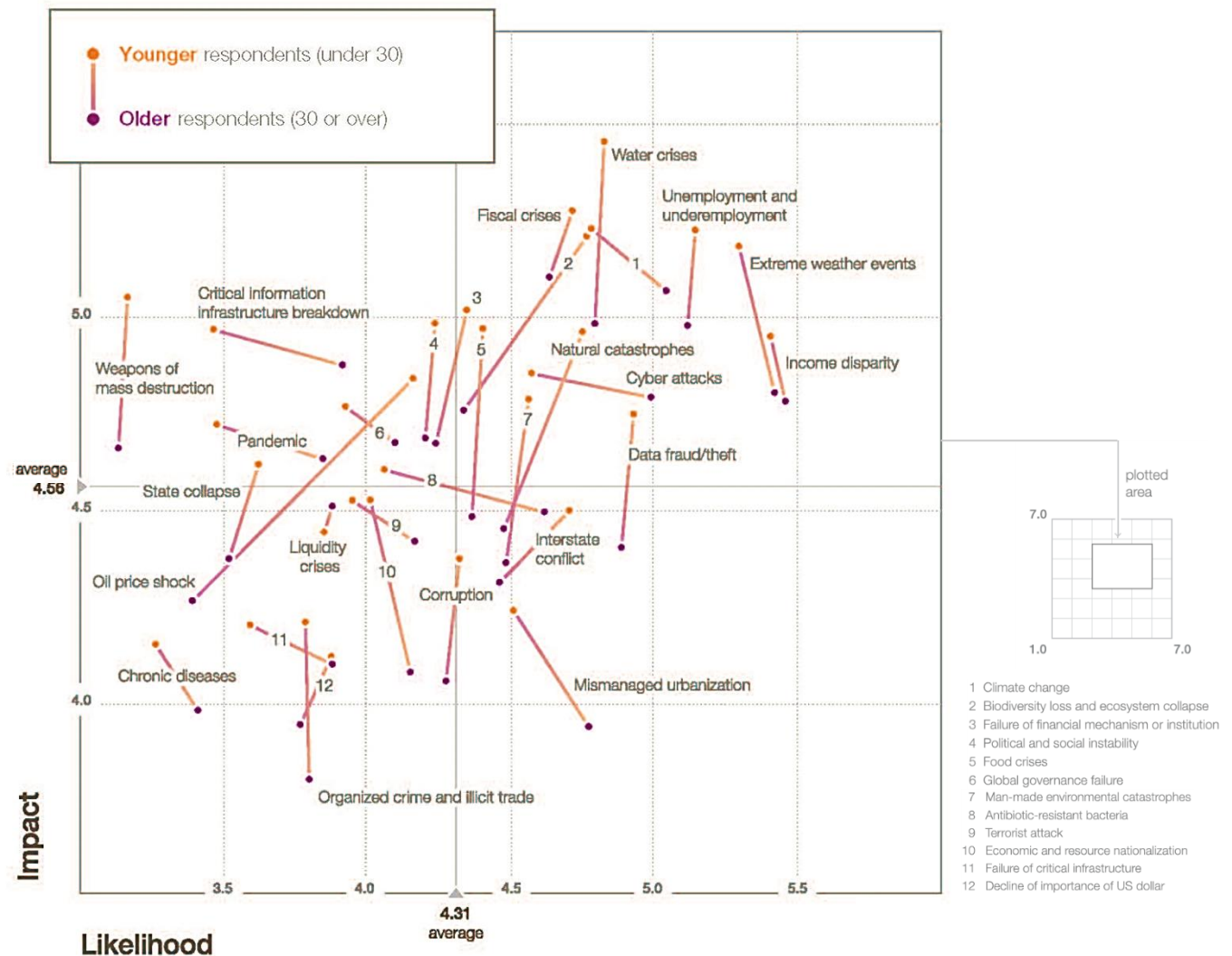
Source: Global Risks Perception Survey 2013-2014.

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Age Differences

Younger individuals gave higher scores for the impact of almost all of the risks.

For example, the loss of **biodiversity**, and **natural catastrophes** are two risks that are considered more likely and impactful.

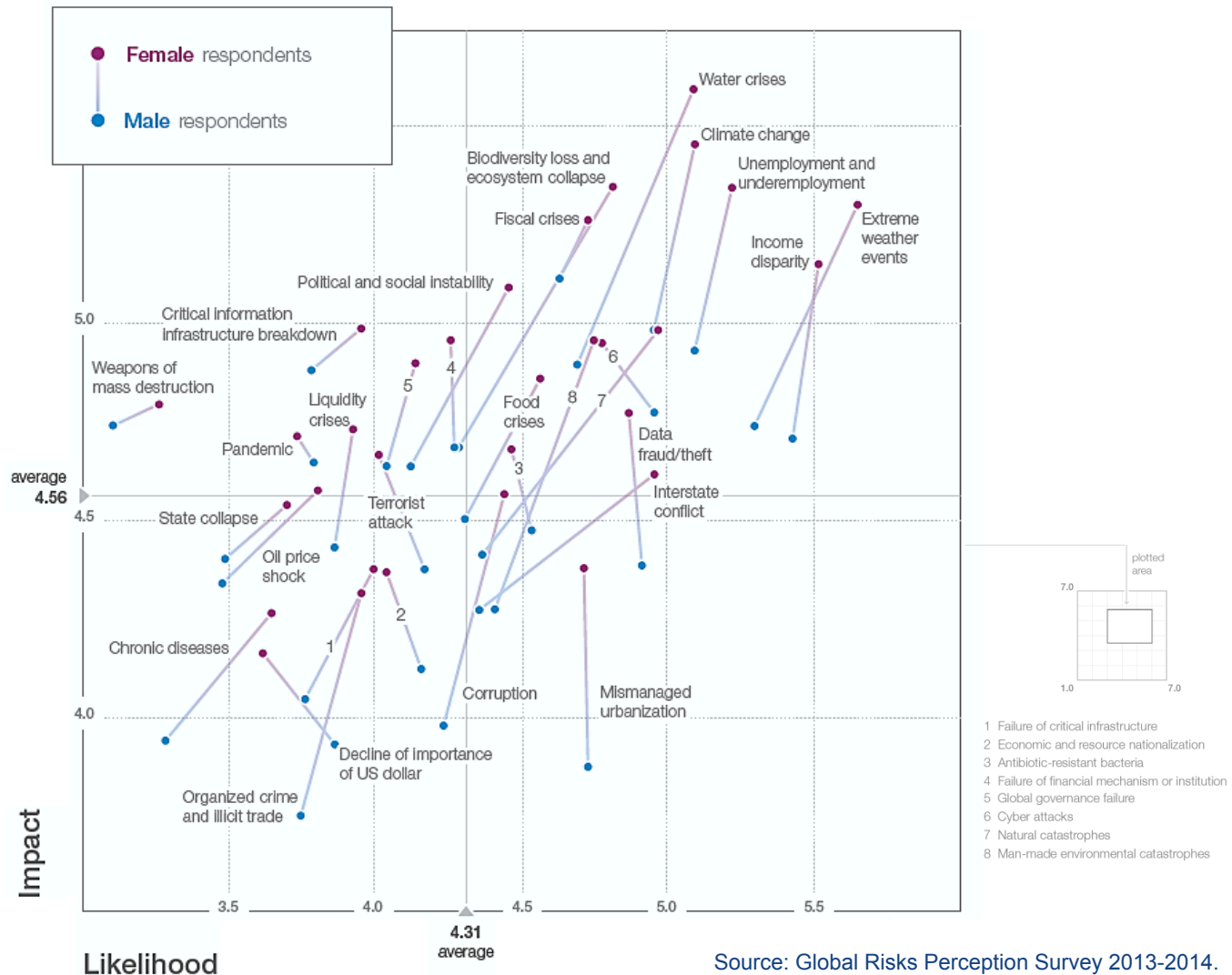


Source: Global Risks Perception Survey 2013-2014.

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Gender Differences

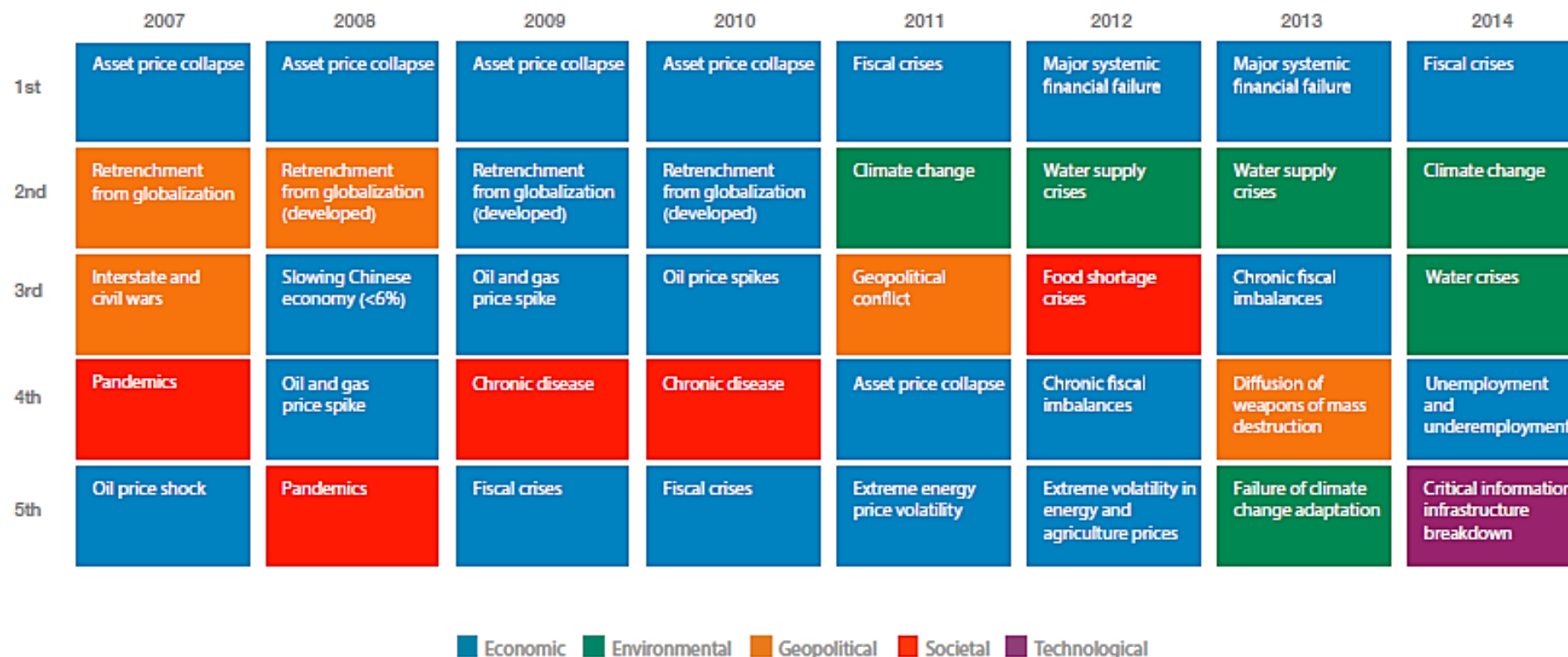
Women tend to be more concerned about risks, both in terms of likelihood and impact and especially regarding environmental risks.



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The Evolving Global Risk Landscape

Top 5 Global Risks in Terms of Impact



Source: Global Risks Perception Survey 2013-2014.

Part 1

Part 2

Part 3

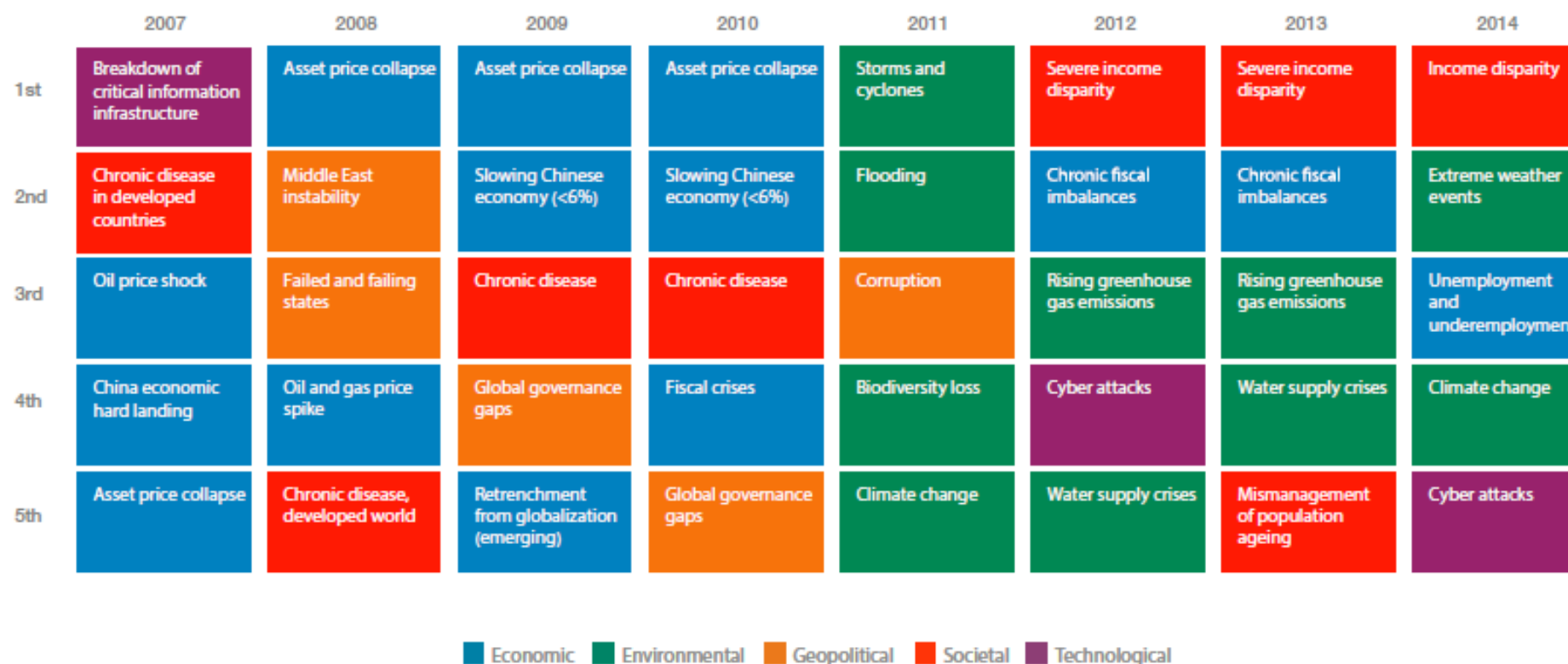
Part 4

Part 5

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The Evolving Global Risk Landscape

Top 5 Global Risks in Terms of Likelihood



Source: Global Risks Perception Survey 2013-2014.

Part 1

Part 2

Part 3

Part 4

Part 5

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Understanding Global Systemic Risk

Definitions

Systemic risk:

“Systemic risk is the breakdowns in an entire system, as opposed to breakdowns in individual parts and components”

Global Systemic Risk:

- ❖ Systemic nature of global risks through their high level of interdependency and their potential to affect an entire system

Three case studies illustrate how individual risks could combine to create systemic global risks:

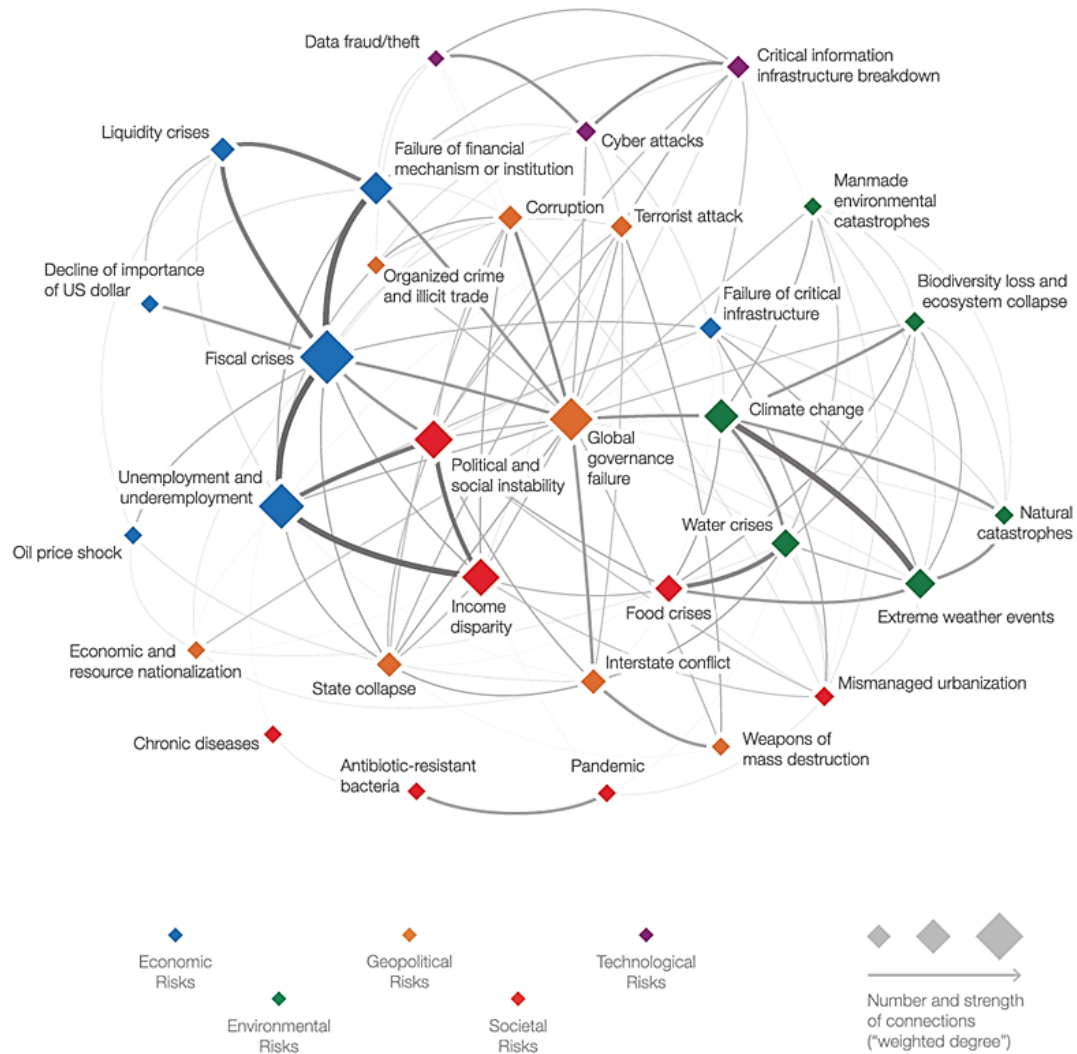
- ❖ Instabilities in an Increasingly Multipolar World
- ❖ Generation Lost?
- ❖ Digital Disintegration

Lesson: Managing the growing complexities of systemic risks is key to create resilient systems

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The Global Risks Interconnections Map

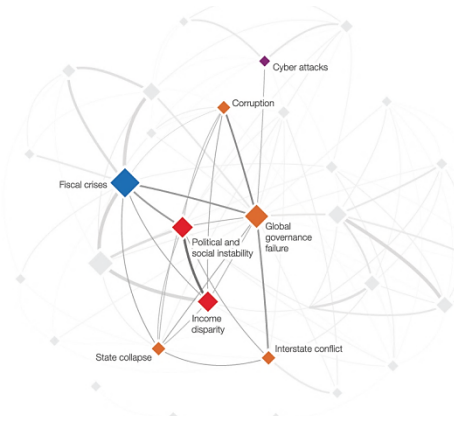
Exploring interdependencies between risks provides an understanding of the systemic consequences of global risks.



Source: Global Risks Perception Survey 2013-2014.

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Risks in Focus

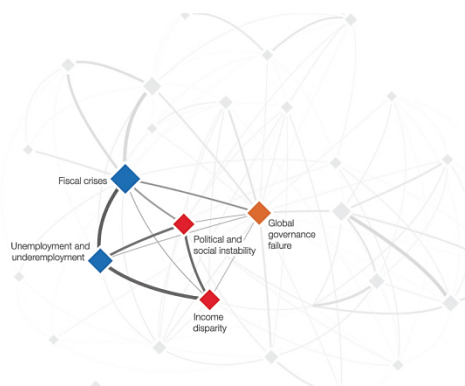


Instabilities in an increasingly multipolar world

- ❖ This risk in focus looks at the **geopolitical risks**:
 - What are the consequences of changing demographics, growing middle classes and fiscal constraints?
- ❖ Set against the **rise of regional powers**, an era of greater **economic pragmatism** and **national self-protection** might increase **inter-state friction** and aggravate a **global governance vacuum**.
- ❖ This may **hinder progress** on cross-cutting, long-term challenges, and lead to increased inefficiencies and friction **costs** in strategically important sectors, such as **healthcare, financial services and energy**.
- ❖ Managing this risk will require **flexibility**, fresh thinking and **multistakeholder communication**.

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Risks in Focus



Generation lost?

- ❖ This risk in focus looks at the consequences of **the long-term consequences of youth unemployment**:
 - The generation coming of age in the 2010s faces high unemployment and precarious job situations, hampering their efforts to build a future and raising the risk of **social unrest**.
- ❖ In **advanced economies**, the large number of graduates from expensive and outmoded educational systems – graduating with high debts and **mismatched skills**
- ❖ In **developing countries**, an estimated two-thirds of the youth are not fulfilling their economic potential.
- ❖ The generation of digital natives is full of ambition to improve the world but feels **disconnected from traditional politics**; their ambition needs to be harnessed better.

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Risks in Focus

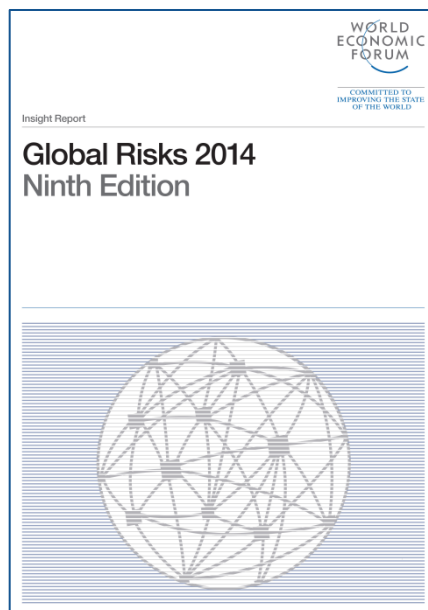


Digital disintegration

- ❖ So far, cyberspace has proved **resilient to attacks**, but the underlying dynamic of the online world has always been that it is **easier to attack than defend**.
- ❖ The world may be only one **disruptive technology** away from attackers gaining a runaway advantage, meaning the Internet would **cease to be a trusted medium** for communication or commerce.
- ❖ Fresh thinking at all levels on how to preserve, protect and govern the common good of a trusted cyberspace must be developed.

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Learnings



- ❖ **Trust** is necessary if stakeholders are to work together to tackle global risks, but trust is being undermined in some systemically important areas.
- ❖ **Long-term thinking** as a prerequisite for any approach to global risks.
- ❖ **Collaborative multistakeholder action** - businesses, governments, or civil society alone do not have both the tools and the authority to tackle risks individually.
- ❖ **Global governance** in view of world's increasing multipolarity.

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Q & A



Visit our website for further information and to download the Report:

<http://www.weforum.org/issues/global-risks>

The logo for the World Economic Forum features the words "WORLD", "ECONOMIC", and "FORUM" stacked vertically in a bold, grey, sans-serif font. A blue arc is positioned behind the text, starting from the top left of the word "WORLD", curving around the left side of "ECONOMIC", and ending at the bottom right of "FORUM".

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