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PRESS RELEASE

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Economic Disaster Losses Increasing, Threatening All Regions, Rich and Poor Countries, Warns New United Nations Report

Geneva, Tuesday 10 May – Disaster-related economic losses are increasing across all regions, critically threatening the economies of low-income countries and even outstripping wealth creation across many of the world's richer nations, says a United Nations report titled *Revealing Risk, Redefining Development* to be launched today by the United Nations' Secretary-General Ban Ki-moon at the Third Session of the Global Platform on Disaster Risk Reduction.

The second edition of the *Global Assessment Report on Disaster Risk Reduction (GAR11)* shows that damage to infrastructure continues to rise, especially in low- and middle-income countries where governments are still struggling to address the underlying risk drivers. It further states that the sheer scale of recurrent and maximum losses should be enough to shock governments into action.

The situation is further compounded, says the report, by the fact that governments are liable for a significant part of total expected losses, yet they rarely have the contingency financing to match this liability.

And while the risk of being killed by cyclone and floods in East Asian countries is today markedly lower than it was 20 years ago, the risk of economic loss due to floods has increased by over 160 percent and to tropical cyclones by 262 percent since 1980 in the high-income countries of the Organization for Economic Co-operation and Development (OECD). During that time, the absolute value of global GDP exposed to risk tripled from US\$525.7 billion in the 1970s to US\$1.6 trillion in the 2000s.

Drawing from country examples, the report highlights that since 1982 each Mexican government has absorbed disaster losses of over US\$10 billion during their period in power. This is now rising to almost US\$20 billion in the new millennium – a clear illustration of the loss governments have to deal with in the absence of investments in disaster risk management.

The report makes the direct correlation between disaster-related economic losses and the limited investment in risk management particularly at the local level. Such limitations, as highlighted by GAR11, point towards skewed actions. On the one hand, there is good progress in early warning, preparedness and response for example, but on the other hand, countries are struggling with

addressing the underlying risk drivers such as unplanned urbanization, ecosystem degradation and vulnerable livelihoods as well as critical issues such as public awareness or gender.

In light of the current economic scenario that is affecting all regions, governments now need to decide how they can tip the balance so that the scale of public investment no longer dwarfs current investment in disaster risk management. They must also decide now on how much risk they are willing to retain and how much they can afford to transfer.

"This Global Assessment Report shows us, without a doubt, that risks are accumulating in all economies. We ignore it, literally, at our peril. This report only confirms what we already suspected and I think we're beginning to realize that it is time to band together and take the action necessary to stem the widespread economic and developmental losses we are witnessing," says Andrew Maskrey, coordinator of the report.

The report also provides new information on earthquake mortality, which is increasing exponentially in low- and middle-income countries, and points to drought risk as mainly the product of economic decisions and social choices.

Drawing on a large volume of new and enhanced data on both risks and risk management taken from United Nations, governmental, civil society, scientific and academic sources, as well as from almost 100 governments and regional inter-governmental organizations about their progress in implementing the Hyogo Framework for Action, the report gives an important overview of trends and patterns in disaster risk globally and regionally. This includes analysis of new emerging risks, such as technological break-downs in highly interdependent systems, as experienced in Europe recently after the Iceland volcanic eruptions and in Japan after the Great East Japan Earthquake.

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