Lessons from Crises and Major Events
The contribution of the OECD High Level Risk Forum

Stephane JACOBZONE
Public Governance and Territorial Development
CRISES ARE TIPPING POINTS FOR PUBLIC POLICIES AND REGULATORY SYSTEMS

• A fact, opportunities and risks
• Need to rethink the policy tool box to prepare for major shock events, Large-scale, novelty, complexity, trans-boundary and cascading effects
• A context of modern vulnerabilities, Mobility, interdependency, interconnectedness
• Reduced capacities of national governments, new stakeholders, increased citizen’s expectations
PREPARING FOR NOVELTY

• From risk assessment based on historical events to forward looking horizon scanning, multidisciplinary approaches, and detecting emerging threats

• From command and control and Standard operating procedures to flexible and multi-purpose crisis management tools

• Multidisciplinary expertise for sense making before and during crises
What are the policy goals?

Minimise welfare losses

Major shock:
- Economic crisis
- Disaster

Shaded area corresponds to the welfare loss

Severity of impact

Duration

Trend GDP


Japan: impact of regulations and business continuity planning

Source: Prof. Ono, Tohoku University, IRIDES, presented at OECD High Level Risk Forum workshop in Oslo Sept 2014
Relative Likelihood

At least once a Year
At least once a Decade
At least once a Century
At least once a Millennium

Relative Consequences

Minor
Moderate
Major
Catastrophic

Geophysical
Meteorological
Biological
Technological
Social
Conflict
Other

Identify Risks
National Risk Assessment (NZ)
These are characterised by:

- Unfamiliar impacts and little empirical data
- Large scale, and/or boundaries ill-defined
- Complex, multivariate and interconnected
- Unpredictable cascade effects possible
- May create societal and systemic risks
- Initial impressions can be misleading
- Regional or national consequences
- Needs central government solution
- Difficult to anticipate and mitigate
- Cause wide-spread apprehension
- Coordinated responses required
- Gets worse before better
- Resource intensive
- Long-duration
- High cost

REGULATION
STANDARD OPERATING PROCEDURES

Source: Helm 2014
COST- BENEFIT RELATIONSHIP:

INVEST IN REGULATIONS BUT AVOID OVERSHOOT!

Source: Helm 2014
IDENTIFY TRADE-OFFS
Risk Management, Resilience, and Adaptive Management

Benefits of managing risks through mitigation decline with complexity.

Adaptive management can further multiply the benefits of resilience.

Benefits of resilience in community increase relatively with complexity.

Source: Helm 2014
Objective: Ensure that governments develop robust frameworks for the governance of critical risks and their resilience to major shocks

Adopted by the OECD Ministers in May 2014

Close cooperation with the UN and the revision of the HFA

1. A holistic approach to risk management
2. Risk assessment, foresight, financing framework
3. Whole-of-society approach to prevention
4. Strategic crisis management
5. Transparency, accountability, improvement

 ✓ **Transparency** regarding the information used in risk management decisions (honest dialogue, access to information, openness)

 ✓ **Make the most of resources** dedicated to public safety national security, national preparedness and resilience

 ✓ **Continuously share knowledge, including lessons learned** from previous events, post event reviews: closing the policy cycle

LEARNING FROM CRISIS
Oslo, Sept 2014

- Japan, NZ, Norway, Netherlands, Sweden/MSB, Chile, Turkey, Acrylamide Scare, BSE)
- Role and limits of drills and scenarios (2011 Norway, MH 17 NL, Nuclear Security Summit
- Account for perception bias, risk regulation reflex (GW)
- Leverage the power of Audits : Norway (MSJ), Turkey (NAO /10 countries under ISSAI 5510)
- No blame culture (Lofsted)
- Regulation vs urban planning (national disasters)
- Indicators and systematic review (MSB, Sweden)
CONCLUSION

• Importance of ensuring decision making under uncertainty in process oriented public sector

• Building Trust is essential
  – Clear accountability frameworks
  – Reduce regulatory overload
  – Facilitate policy implementation

• Limits of “one tool only”: Building multiple layers of resilience
THANK YOU!

High Level Risk Forum contacts

Stephane.Jacobzone@oecd.org
Jack.Radisch@oecd.org