World Risk Index

The risk assessment in the World Risk Report is based on the general notion that the intensity of the extreme natural event is not the only factor of relevance to the disaster risk, but that the overall situation of society is equally important. It examines the risk of becoming the victim of a disaster resulting from an extreme natural event for every country worldwide. The calculation of the disaster risk has been performed for 181 states worldwide and is based on four components:

- Exposure to earthquakes, storms, floods, drought, and sea-level rise
- Susceptibility depending on infrastructure, food supply, and economic framework conditions
- Coping capacities depending on governance, health care, social and material security
- Adaptive capacities related to upcoming natural events, climate change, and other challenges.

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WRI = \text{Exposure} \times \text{Vulnerability}
\]

For more information, please refer to:
Average Annual Loss (AAL) by Hazard 1990-2014

Average Annual Loss (AAL) by Hazard

The Average Annual Loss is the expected loss per annum associated to the occurrence of future perils assuming a very long observation timeframe. It considers the damage caused on the exposed elements by small, moderate and extreme events and results a useful and robust metric for risk ranking and comparisons.

Capital Stock

Capital stock is the total value of commercial and residential buildings, schools and hospitals in each country. This excludes infrastructure such as roads, telecommunications and water supply (UNDRR). It gives an idea of the value of the exposed assets and can be used to assess a country’s average annual loss or probable maximum loss.

GFCF (Gross Fixed Capital Formation)

GFCF is the total investment of a country in new infrastructure and improvement of existing infrastructure for a given year. This indicator is compared with Average Annual Loss (AAL) giving an idea of how much investment would be needed to cover future losses. GFCF is flow concept of a given year while capital stock is accumulated stock concept. It includes land improvements (fences, ditches, drains, and so on); plant, machinery, and equipment purchases; and the construction of roads, railways, and the like, including schools, offices, hospitals, private residential dwellings, and commercial and industrial buildings. According to the 1993 SNA, net acquisitions of valuables are also considered capital formation.

Social Expenditure

Social Expenditure relates to government spending on education, health and social protection (The World Bank Economic Development Indicator). In the context of GAR, social expenditure is compared with Average Annual Loss (AAL) to provide an idea of the implications of the potential negative impact on the social expenditure and accompanying loss of social welfare of a country.

Total reserves

Total reserves minus gold comprise special drawing rights, reserves of IMF members held by the IMF, and holdings of foreign exchange under the control of monetary authorities. Gold holdings are excluded. Total reserves suggest an element of a countries’ capacity and ability to finance disaster recovery and reconstruction.

For more Information, please refer to Global Assessment Report on Disaster Risk Reduction, UNISDR, 2015

Global Competitiveness Index

Global Competitiveness Index is a compilation yearly report published by the World Economic Forum. The report evaluates the ability of the countries to provide a high level of prosperity to their citizens. This, however, depends on the productivity of a country to use the resources available to it. It considers strength and weaknesses of a country, identifies priorities for the facilitation of political reforms implementation. The Global Competitive Index measures various indicators which includes set of policies, institutions, and factors that collectively determine the level of productivity of an economy. The Global Competitive Index consists of 114 indicators which when combined together show the productivity and long-term prosperity of a country. These indicators are divided into groups of 12 Pillars that are given below:

1. Institutions
2. Infrastructure
3. Macroeconomic Environment
4. Health and Primary Education
5. Higher Education and Training
6. Goods Market Efficiency
7. Labour Market Efficiency
8. Financial Market Development
9. Technological Readiness
10. Market Size
11. Business Sophistication
12. Innovation


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