

IPI

INTERNATIONAL
PEACE
INSTITUTE

Monday, June 4, 12

Ladies and Gentlemen, good morning.

IPI is dedicated to promoting the prevention and settlement of conflict by strengthening multilateral institutions. It sees peace and security as prerequisites for poverty eradication and development.

Since 2008, at IPI we have been keeping a close eye on global trends that affect these fields in which we work. We have done this particularly with our program Coping with Crisis, Conflict, and Change.

Global Trends and Crises

Monday, June 4, 12

Today, I would like to focus on two themes.

First of all, I will highlight a few main global trends and crises of our times.

Second, I will present data specific to the Middle East and North Africa. The reason, of course, is that this is a region affected by sweeping changes that also have global implications.

Let me begin with global trends and crises.

Demography

Environment

Technology

Economic Power

Social Tensions

Geopolitical Balance

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We have identified six mega-trends, for lack of a better word, that are creating massive changes.

Namely:

“World demography,”

“Pressures on the Environment,”

“Technological Innovation,”

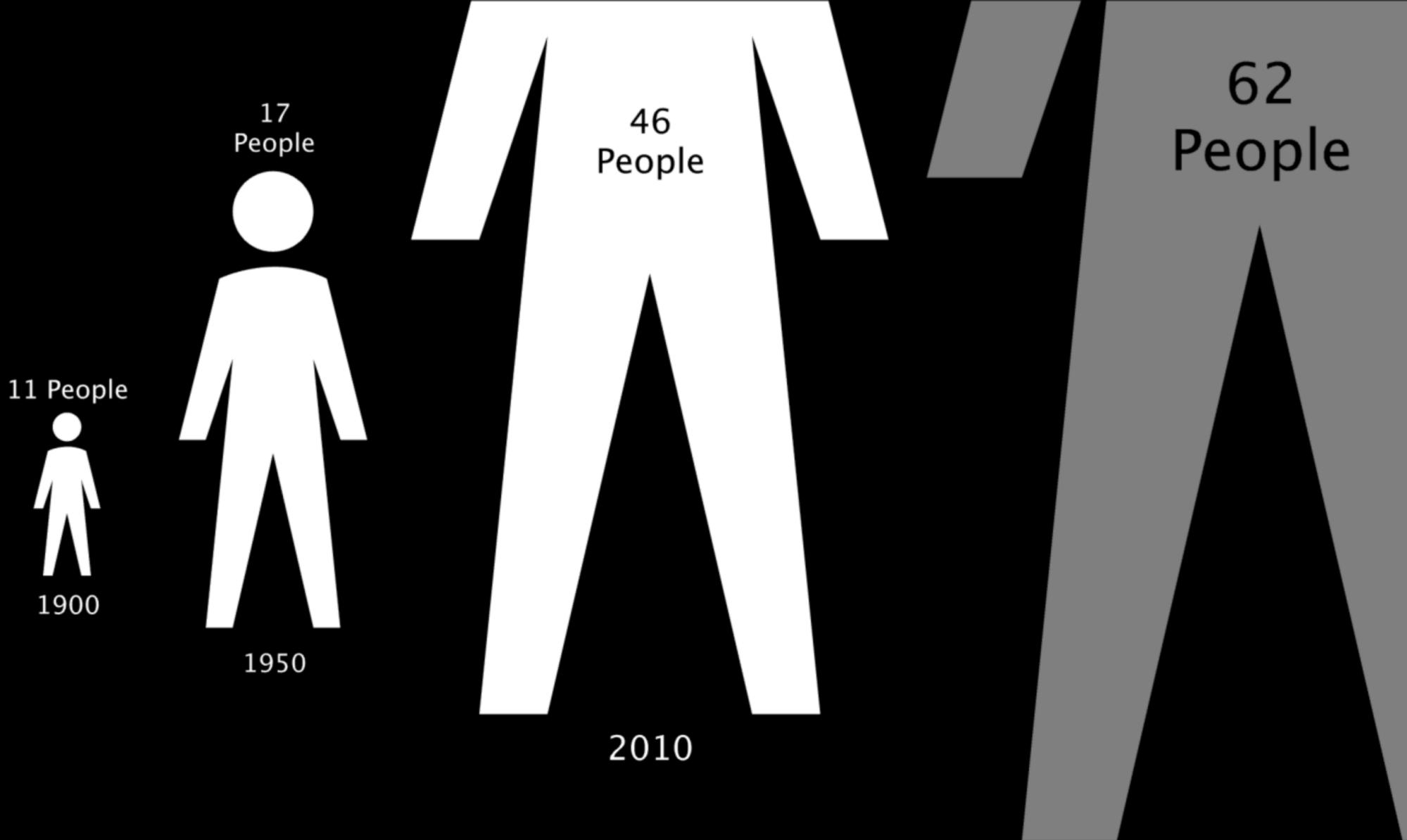
“Shifts in Economic Power,”

“Social Tensions,” and

“Shifts in the Geopolitical Balance.”

These mega-trends are transforming the conduct of world affairs as we speak. States and multilateral organizations are struggling to come to grips with these changes on a daily basis.

The first mega-trend is demography.



Demographic Shifts

Population per square km

World Population Prospects: The 2010 Revision Population Database, UN Population Division, 2011

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I would like to emphasize three of many vital demographic changes.

First: the dramatic increase in world population over the last 100 years is creating unprecedented challenges for humankind.

In 1900, there were on average 11 people living in every square kilometer.
In 1950, there were more than one and a half times as many people in the same space.
In 2010, this number grew to 46 people.
And by 2050, it will reach 62 people.

Europe



Africa



1950

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Second, the distribution of population throughout continents is changing dramatically.

Let me take just the most startling example. In 1950 the population of Europe was nearly two-and-a-half times that of Africa's...

Europe



Africa



2050

World Population Prospects: The 2010 Revision Population Database, UN Population Division, 2011

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By the middle of the century, Africa's population will be more than three times that of Europe's. By 2100, Nigeria alone will have more people than Europe today.

This has massive implications for those countries that will have to produce jobs and services for a huge number of people.

Russia

Pakistan



1950

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Asia is another continent where most of the population growth is happening. Just to make another comparison, in 1950, the population of Russia was more than two-and-a-half times that of Pakistan's.

Russia



Pakistan



2050

World Population Prospects: The 2010 Revision Population Database, UN Population Division, 2011

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By 2050, Pakistan's population will be more than twice that of Russia's.



1.2 million

New jobs per month

Demographic Challenges

World Bank 2012

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Some countries, like Russia, will age dramatically, facing challenges for their pension and health care systems. Other countries, like Pakistan, will have massive numbers of young people requiring jobs and education.

In fact, a recent World Bank report estimated that the economies of South Asia will need to create 1.2 million jobs every month for the next 20 years just to keep up with these demographic shifts.

16 Cities

Over 1 million people in 1900

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Urbanization is the third demographic shift. In 1900, only 16 cities had populations over 1 million.

442 Cities

Over 1 million people today

World Urbanization Prospects: The 2009 Revision Population Database, UN Population Division, 2011

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Today, 442 cities have populations over 1 million.

Indeed, in 2008, for the first time in human history, more than half the people on the planet live in cities.

Urbanization is a global trend, but it is particularly strong in some regions. Cairo, for example, has more than doubled its populations since 1970. In fact, we can say that the Arab Spring is an urban phenomenon, which has been facilitated by the networks and proximities that cities offer.

Fragile Cities

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Growing urban populations create critical demands on housing, transportation, security and infrastructure.

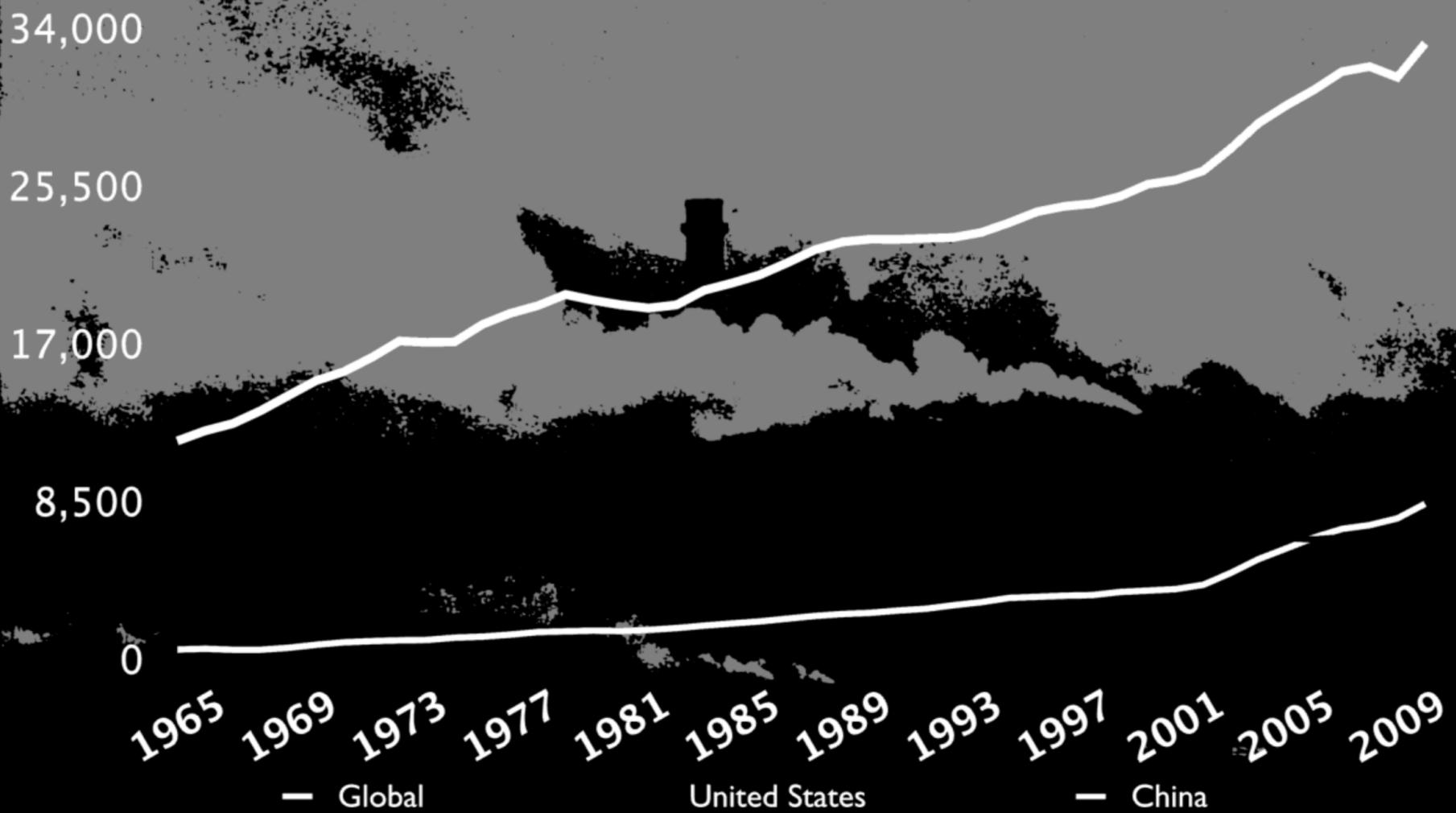
Fragile cities can become as dangerous as fragile states.

Environment

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The second mega-trend is the growing pressure on an already strained ecosystem.

The rapid growth in global population and in economic development have increased the demand for natural resources. This, in turn, has increased the degradation of our environment.



CO2 Emissions

BP Statistical Review of World Energy 2011

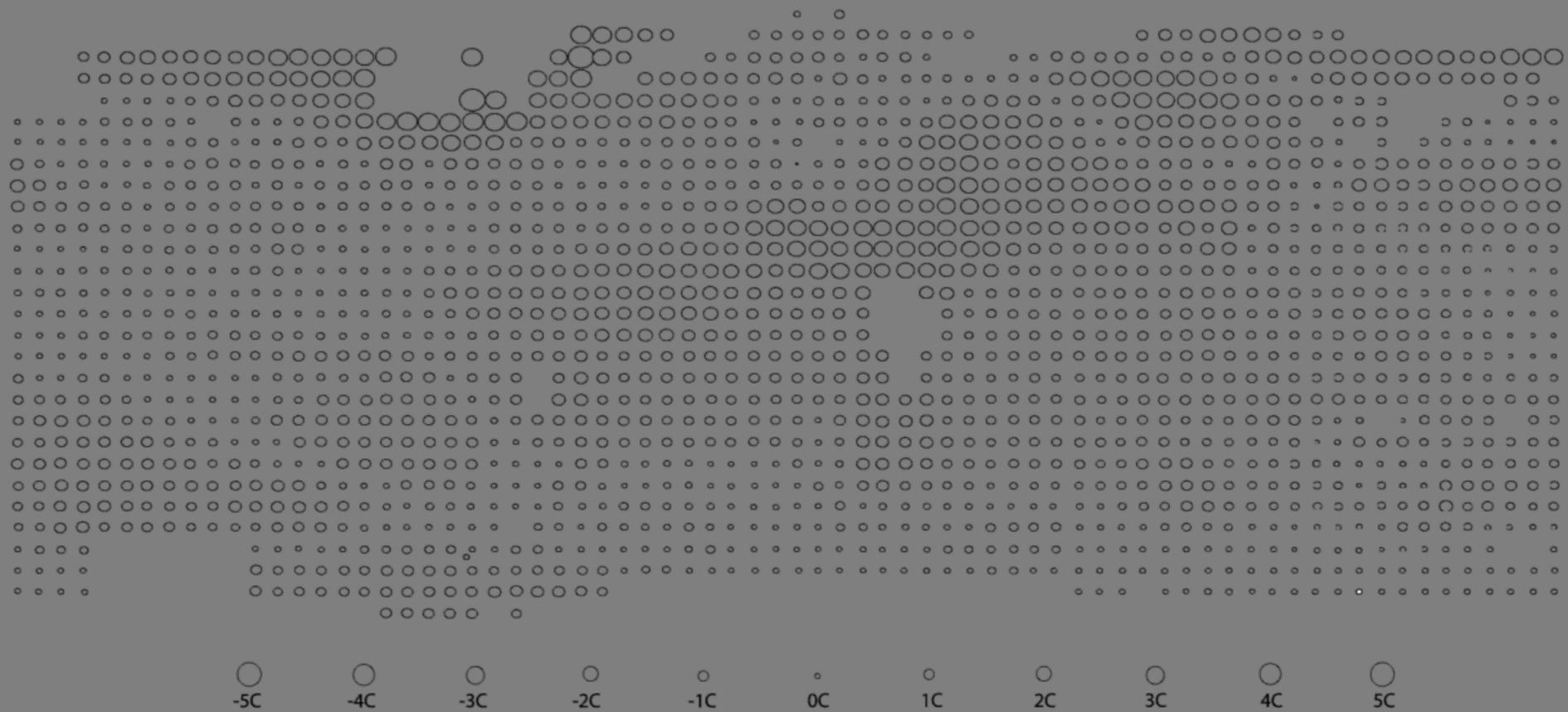
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More energy consumption has led to more emissions.

Global CO2 emissions have increased by over 180% from 1965 to 2010.

For much of this time, the global north, and particularly the United States, has been the primary source of these emissions. In 2007, for the first time in history, China surpassed the United States as a primary source of these emissions.

The United States and China make up almost half the global carbon emissions. This makes an agreement between the two countries of paramount importance to the issue of carbon reduction.



Climate Change

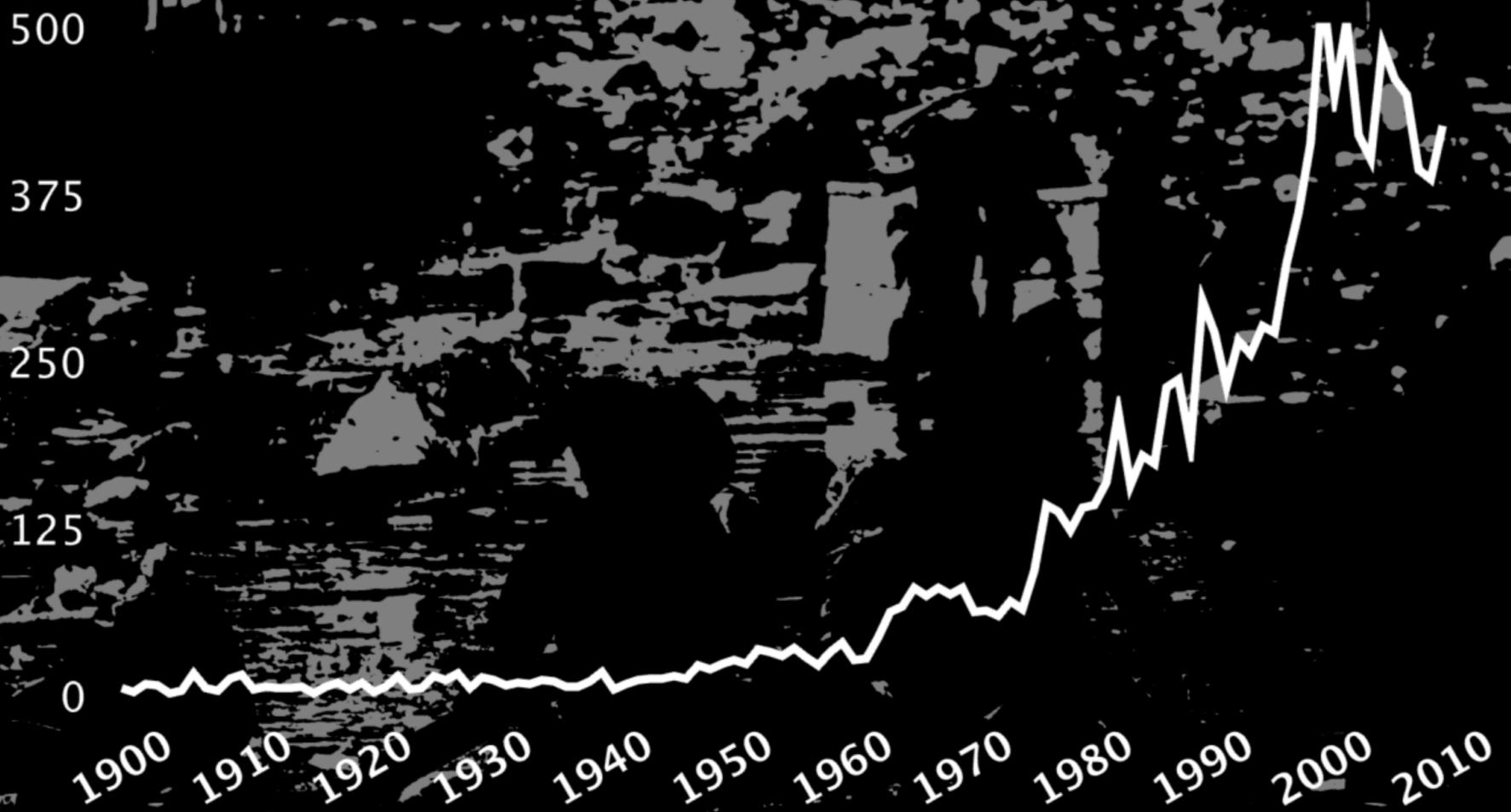
Global Analysis 2010

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The implications on the climate have been amply discussed. Let me show you only one piece of data.

The dots on this map indicate the temperature anomalies in 2010, calculated on the average from 1971 to 2000. The larger the dot, the bigger the anomaly.

We all are affected by climate change in one way or another, but for some regions, such as North Africa and the Middle East, as you can see from the map, it can become a threat multiplier.



Natural Disasters

CRED 2010 EM-DAT International Disaster Database

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Another effect is the steady rise of natural disasters in the last forty years.

While not all of this can be attributed to climate change, shifting sea temperatures have been linked to an increase in the severity of storm and coastal flooding, which has a significant human toll. Urbanization has also increased vulnerability to natural disasters, especially in countries with limited response capacity.

For this reason, IPI supported the State of Qatar in developing the HOPEFOR initiative, which aims to improve the use of military and civil defense assets for natural disaster response.



1 in 3

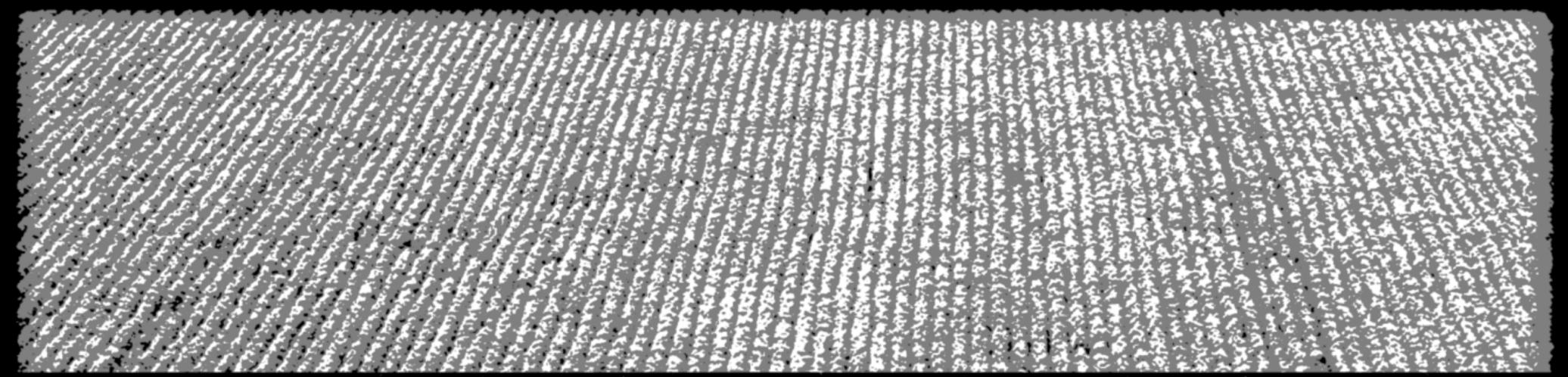
Humans affected by water scarcity

Water Scarcity

International Water Management Institute 2006 Comprehensive Assessment

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A consequence of environmental degradation is the growing concern over water scarcity. It affects 1 in 3 people worldwide.



70%

Water use for agriculture



Water Scarcity

International Water Management Institute 2006 Comprehensive Assessment

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As of today, 70% of water use goes to agriculture.

And of even greater concern, 80% of the used water is neither collected nor treated.

Technology

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The increasing pace of technological change is our third mega-trend.



12 million

SMS messages per minute

Technology

ITU The World in 2010 Aspirational Figures

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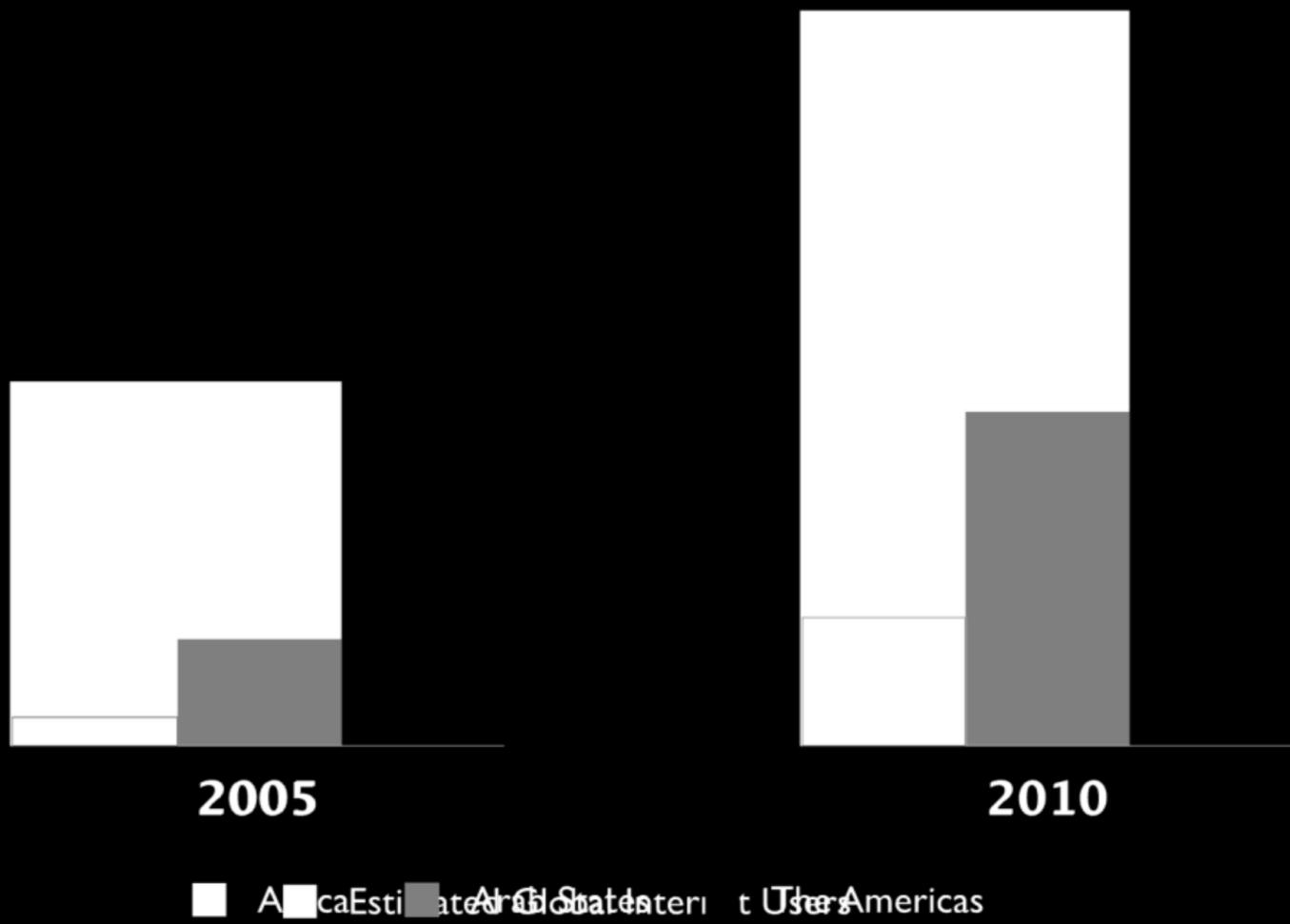
Technology is changing faster today than ever before in human history. In less than a generation, things like texting, blogging and streaming video have transformed politics and society irrevocably.

Just think about this: In 2010, there were more cellphone subscribers than human beings living on our planet in 1985.

2,290

1,149

0



Internet Access

ITU The World in 2010: ICT Facts and Figures

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Today, the speed of technology diffusion is unprecedented.

For example, global access to the internet has more than doubled in the last 5 years.

However, the diffusion of this technology has not been distributed evenly across regions.

In the Americas, more than half the population has regular access to the internet.

In the Arab States, less than 30%.

And in Africa, less than 10%.

The digital divide still persists.



Earth at Night

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This famous image of our planet at night illustrates this point.

It conveys the vivid contrast between the bright and technologically advanced urban centers and the darker, less developed, but increasingly crowded regions of the rest of the world.



Cyber Threats

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Technology creates immense opportunities. However, it also carries unforeseen dangers.

2011 has seen a major wave of cyber attacks. Targets included Apple, Citigroup, Google, NBC, and the Hong Kong Stock Exchange. Defense ministries in Australia, Japan, Norway, the US, and NATO were also hacked.



Cyber Threats

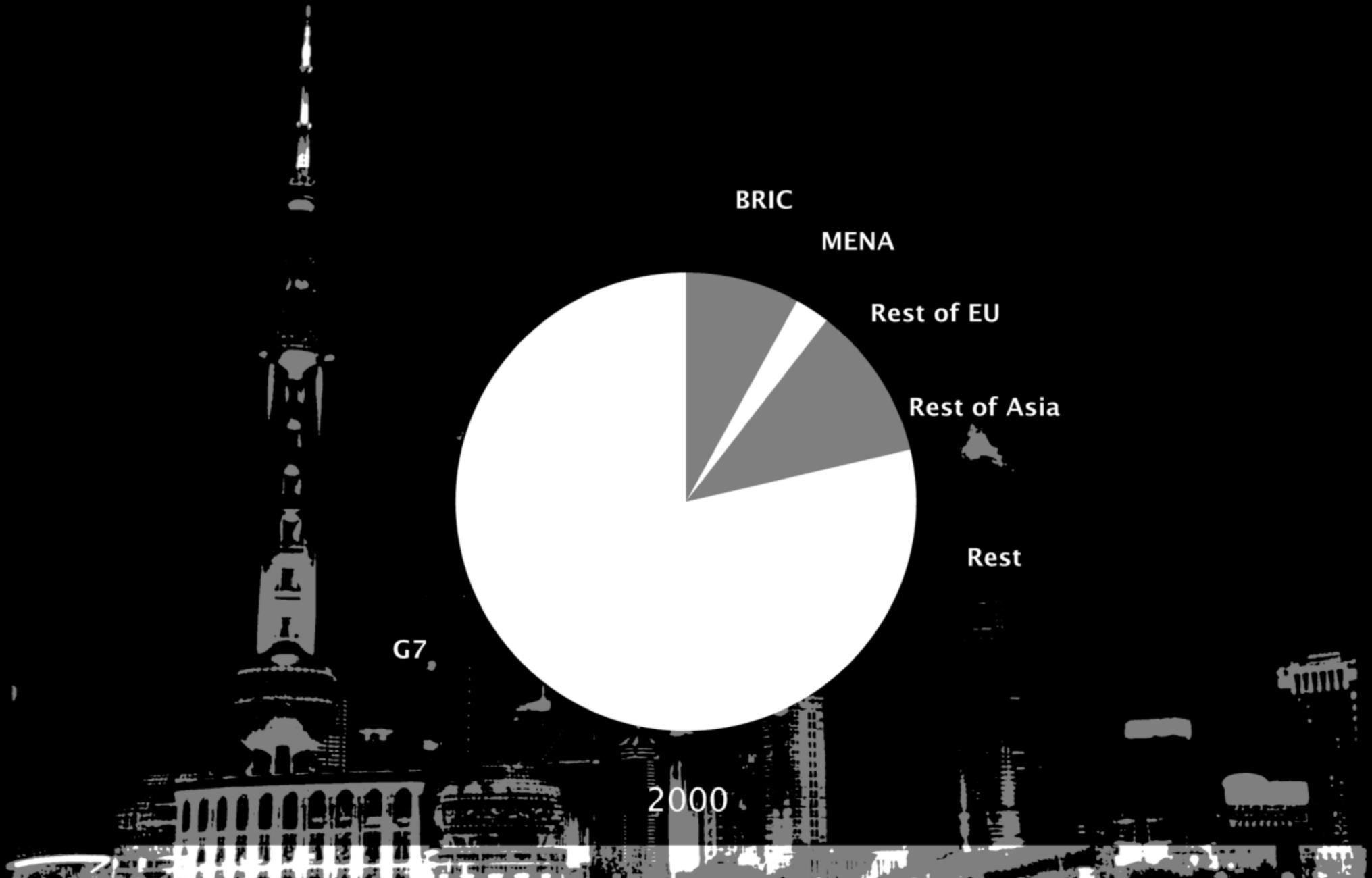
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Cyber attacks can also disrupt critical infrastructure. Things as diverse as power plants, water treatment and air traffic control are all heavily dependent on computer networks and easily targeted by terrorists and criminals.

Economic Power

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The fourth trend that is driving major change is the shifts in economic power.



Economic Power Shift

IMF 2011 World Economic Outlook Database

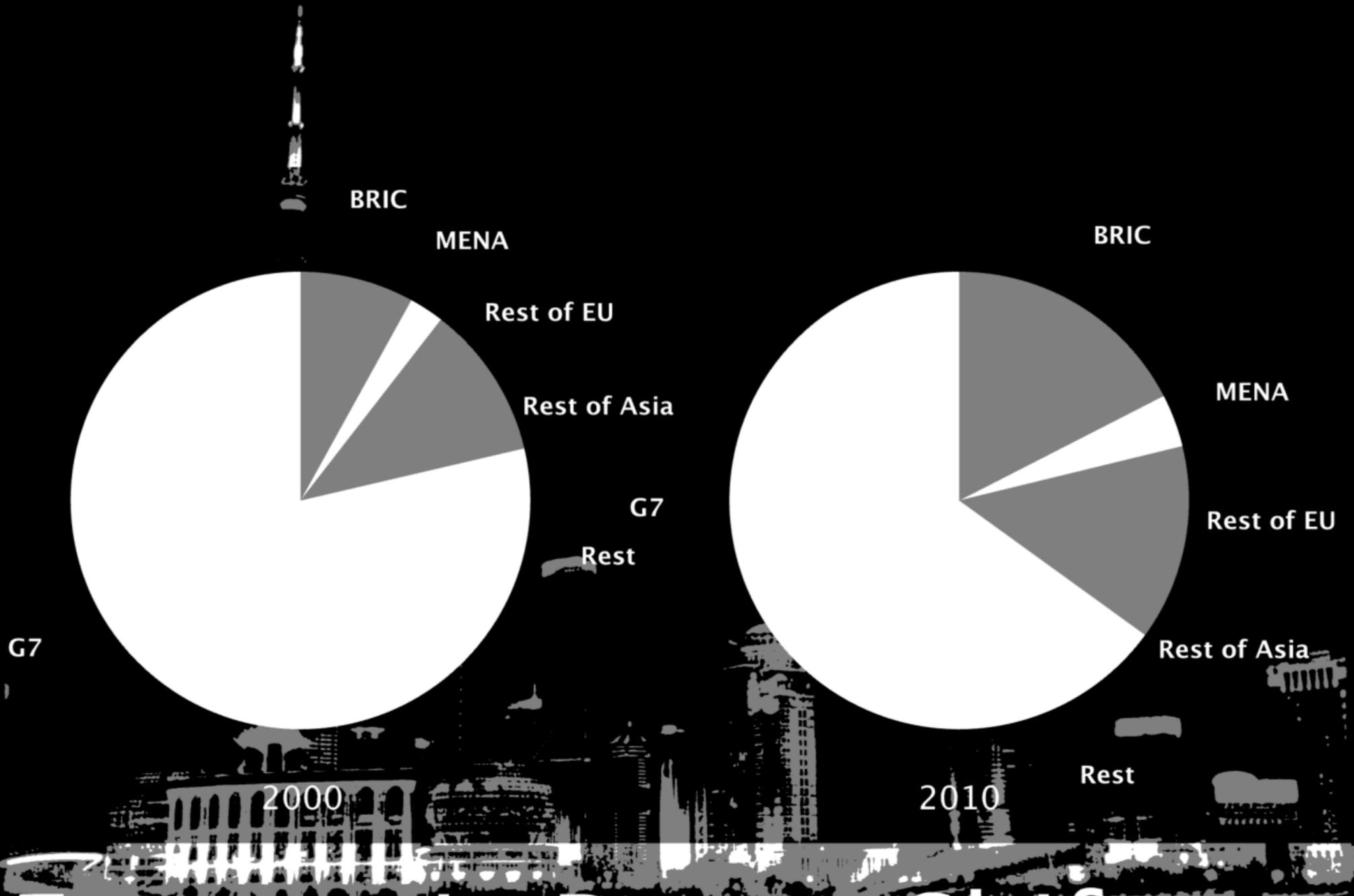
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The global economy is still characterized by uncertainty and volatility. The Eurozone might not have avoided the worst, and remains a long way from recovery. Brazilian growth estimates were recently downgraded. Some experts also see signs of a bubble in the Chinese economy.

However, one trend is clear. Even before the 2008 financial crisis, economic influence has begun to move from Western countries to emerging powers.

Different countries' relative contribution to the world economy has changed dramatically.

In 2000, the G7 countries contributed to 65% of the world economy.

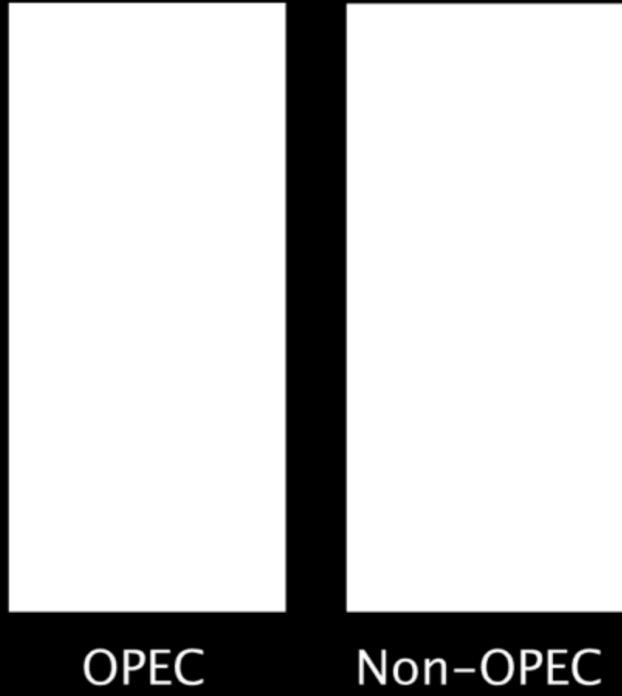


Economic Power Shift

IMF 2011 World Economic Outlook Database

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In only ten years, they went down to 51%, while the so called BRIC countries have grown from one-sixth of the world economy to almost a quarter. This trend seems to be bound to continue.



Oil Production

BP 2010 Statistical Review of World Energy

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Part of the strain on the global economy is due to the price fluctuation of scarce commodities like oil and food.

Demand for energy will increase by one-third in the next 25 years.

Non-OPEC countries currently produce roughly half of the global oil supply.



OPEC



Non-OPEC

OPEC

Non-OPEC

Production vs Reserves

BP 2010 Statistical Review of World Energy

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However, at current production rates, the known reserves in non-OPEC countries will run out within the next two decades.

Barring new discoveries, this will drastically increase the share of OPEC in global production by 2035.



Energy Sources

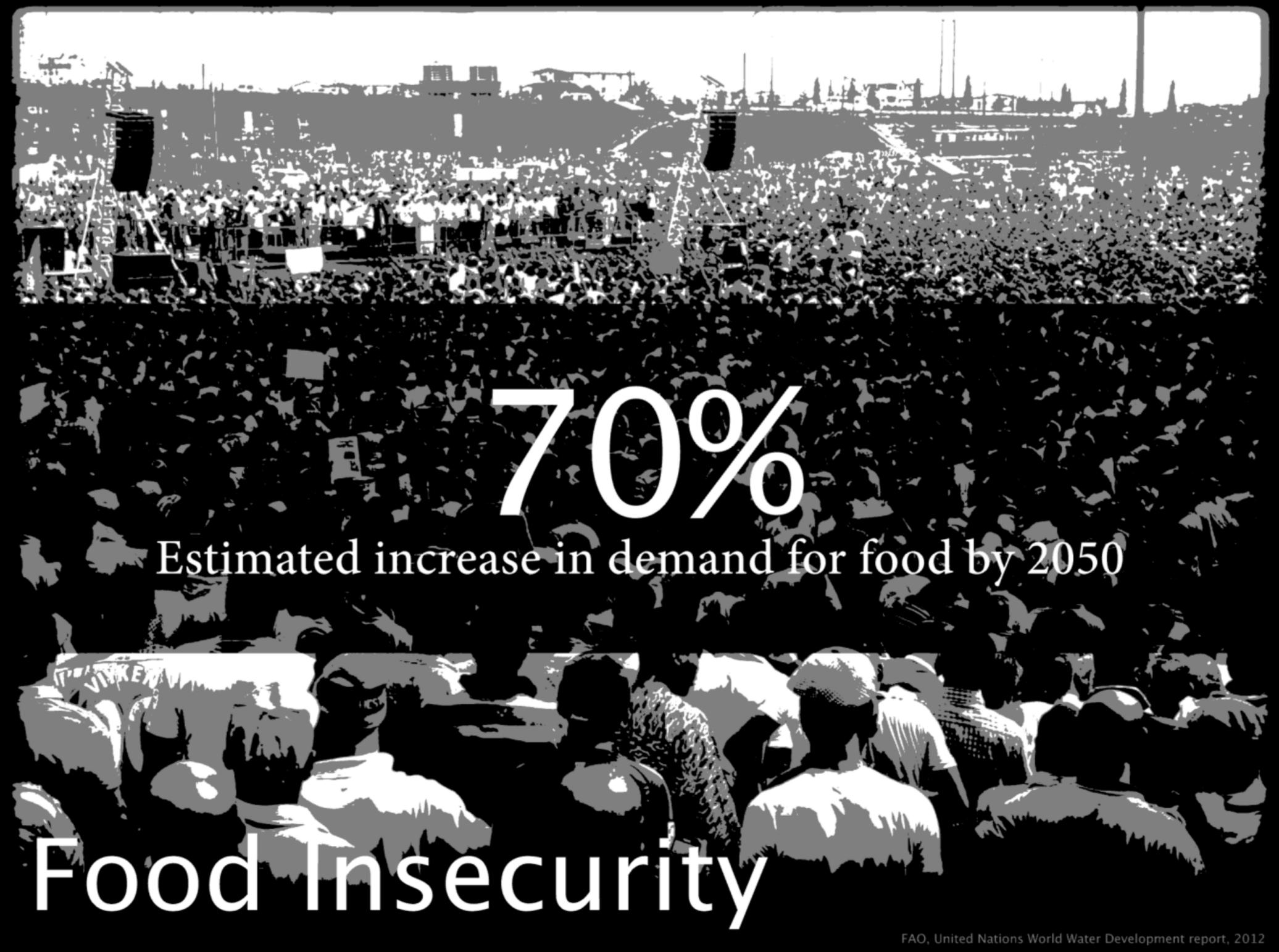
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Regardless, the age of cheap oil is over as companies turn to more difficult and costly sources to meet demand.

Nuclear power has now lost some support due to the Fukushima disaster.

And green renewable technology is not yet scalable to meet global demand.

While oil will continue to play a significant role, by 2035 natural gas will become crucial to meet demand.



70%

Estimated increase in demand for food by 2050

Food Insecurity

FAO, United Nations World Water Development report, 2012

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But oil is not the only resource under pressure. Food is another. The FAO estimates a growth of 70% in the demand for food by 2050.

As oil prices spike, potential food price increases are a serious risk for instability.

Many countries use subsidies to mitigate costs. However, this practice is becoming untenable. Nigeria recently attempted to reduce oil subsidies, but demonstrators and strikes forced the government to back down.

Social Tensions

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The fifth mega-trend is the growing social tensions.

PERSON OF THE YEAR TIME



THE UNEXPECTED Social Tensions

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In the Middle East, social unrest has produced the most striking effect.

But, it is not only the Middle East. From New York to Athens, from London to Moscow, from New Delhi to Madrid, huge numbers of people took to the streets in protest of governments and policies.

There is the perception that, globally, the gap between people and institutions is widening. This was so evident that in 2011 Time Magazine named *the protester* the “person of the year”.



+ 8%

Relative increase of income share of the richest 5%

Inequality

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Some experts have linked these social tensions to the growing level of income inequality within countries.

In fact, inequality is truly a global trend. Globally between 1988 and 2005, the share of household income for the richest 5% increased by 8%. For the poorest 25%, this share has decreased by 32%.

Geopolitical Balance

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The sixth and last mega-trend is the shift in geopolitical balance. It goes without saying that this is heavily influenced by the trends we just described.



Geopolitical Balance

SIPRI Military Expenditure Database 2010

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The implications of the rise of new powers such as Brazil, China, India, South Africa, and Turkey are uncertain. The shifting political landscape in the Arab world is still playing out in unpredictable ways.

One thing is clear, however: the geopolitical balance is shifting irrevocably.

In military terms, power is primarily concentrated in the hands of the United States. America has the largest defense budget compared to any other country in the world, with almost \$740 billion in 2010-11. While Chinese defense spending is rising, there remains a substantial gap.

6,000

4,000

2,000

0

UK

France

India

Russia

China

US

Stratix ft

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The US has more tanks...

...more aircrafts,...

... and more ships than the next 5 countries combined.

However, power can no longer be measured by arms and expenditure alone. The limits can easily be observed from Iraq to Afghanistan in the context of asymmetrical warfare.



↑ 24%

Global arms transfers

Geopolitical Balance

SIPRI Global Arm Survey 2012

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In fact, advances in technologies, such as guided missiles and drones, are fundamentally changing the nature of warfare.

Yes, we still live in the age of US military supremacy. However, many countries continue to modernize their military capability.

From 2007 to 2011, the volume of global arms transfers was 24% higher than in the previous five years. India is the largest recipient of arms, accounting for 10% of global imports. China, which was previously the largest recipient of arms, is now a major exporter. Meanwhile, in 2011 Saudi Arabia placed the largest arms order of the past two decades with 154 F-15 aircrafts.

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Geopolitical Balance

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Nuclear energy and its military use are also part of the shifting balance.

In the last decades we have seen an increase in the number of nuclear powers.

Currently there are 9 states that possess nuclear weapons.

As we all know, Iran is attempting to enrich uranium and could potentially develop nuclear weapons in the future. Should that happen, the number of aspirant nuclear-armed countries in the region may grow in response.

This proliferation will change the balance of power across the globe in drastic ways.



Geopolitical Balance

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These geopolitical shifts reveal a fundamentally new world, which is changing at unprecedented speed.

The so-called BRICS countries now meet at summit level. The Arab League is center stage in the current crisis in Syria. Individual countries are expanding their area of influence, such as Turkey and Qatar in the Middle East, or Brazil and China in Africa.

Countries are exercising influence in multiple arenas and institutions. These developments are making the United Nations less central to global affairs than it was in the past.

Demography
Environment
Technology
Economic Power
Social Tensions
Geopolitical Balance

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In these transformative times, we are all struggling to come to grips with these new historical realities.

Some talk of a multipolar world, some of non-polarity.

Whatever word you choose, no country or group of countries has the power to set the international agenda and solve global problems alone.



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In fact, there is still lack of globally cooperative responses to the new and increasingly grave challenges to human well-being.

- Poverty
- Conflict
- Crime
- Hunger
- Illness
- Inequalities

If we consider all these crises together, the result is deeply troubling. The emerging picture is extremely complex.

What we think is the main feature of this complexity is the overlapping nature of crises. Because crises seldom exist in isolation.

They compound each other. They exacerbate each other.

Let me highlight some of these crises.



Youth Bulge

More than 50% between ages 15 and 29

UN Population Division, 2010

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The first crisis I want to address is the increasing youth population, commonly referred to as “youth bulge,” a condition that occurs when a disproportionate segment of the population is aged between 15 and 29.

In extreme stress cases, 50% of the adult population is in this age range.



Extreme Poverty

Countries with highest poverty level

Human Development Report, 2008 Statistical Update

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Extreme poverty is another serious crisis.

Globally, 1.4 billion people continue to live on less than \$1.25 a day.

In the poorest countries, over 40 percent of the population lives with less than \$1.25 a day.

Over the last 20 years, economic prosperity in many countries has lifted millions out of poverty.

However, progress has generally been uneven.



Inequality Within Countries

Countries with the greatest income inequality

Human Development Report, 2008 Statistical Update

Monday, June 4, 12

In fact, we are losing ground when it comes to inequality within countries.

These are the countries with the highest level of income inequality within their populations.

As I mentioned before, inequality has also been indicated as a potential source of conflict and instability, especially when it aligns with other factors such as ethnicity.



Lack of Education

More than 30% of adults cannot read

Human Development Report, 2008 Statistical Update

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Another crisis of our times is the lack of education, especially among the extreme poor.

One in every six adults — more than 776 million people in the world — is unable to read and write.

These are the countries where more than 30% of the adult population cannot read or write.

If we also consider the gender imbalance in these countries, we see that, on average...

44%

Illiteracy among men in these countries

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...44% of men are illiterate...

67%

Illiteracy among women in these countries

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...compared with a staggering 67% of women.

Gender empowerment is one of the fundamental changes of the last decades. However, as this figure shows, there is still a long way to go.



Poor Public Health

Fewer than 70% of children age one vaccinated with DTP

WHO Statistical Information System, 2010

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Our next crisis is also linked to lack of education: poor public health.

Experts tell us that one of the best ways to measure health access in a country is to see how many children have been vaccinated against diphtheria, tetanus, and pertussis. On the map, you can see the 20 countries where less than 70 percent of children age one have been vaccinated. Some of these countries have rates of vaccination as low as 33 percent.



Food Crisis

Over a third with chronically insufficient food intake

FAO State of Food Insecurity in the World, 2008

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Disease is intrinsically related to food.

These are the countries with the greatest food insecurity.

In these countries millions of people consume less than their minimum calorific requirements. They lack either the money to buy enough food or the resources to produce that food for themselves.



Water Crisis

People without access to 20L per day within 1km

Human Development Report, 2008 Statistical Update

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An increasing number of people is also suffering from chronic water shortages. I already mentioned water scarcity as a global mega-trend.

Here on the map we can see the countries facing the gravest conditions of water scarcity.

Many also have pointed to water scarcity as a possible cause of conflict, such as in Darfur.

As we talk a lot about energy security, should hydro security receive at least the same attention?

It seems to us a very urgent matter.



Perceived Corruption

Based on expert surveys

Corruption Perceptions Index, Transparency International, 2011

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Many countries experiencing these crises suffer from one additional aggravation: corruption.

Here you can see the countries with the greatest perception of corruption.

The unfortunate fact is that states suffering from corruption are weakened in their ability to respond to other crises.

Crises Overlap

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[pause]

I'm sure you've noticed that most of these crises occur in the same regions.

Crises overlap. Many of you are familiar with this data. But each of them has to be understood within its broader context.

Let me illustrate this point by geographically overlapping these crises.

Corruption

Monday, June 4, 12

Corruption

Water Crisis

Monday, June 4, 12

Water Crisis

Food Crisis

Monday, June 4, 12

Food Crisis

Poor Public Health



Monday, June 4, 12

Poor Public Health

Lack of Education



Monday, June 4, 12

Lack of Education

Inequality



Monday, June 4, 12

Inequality

Extreme Poverty



Monday, June 4, 12

Extreme Poverty

Youth Bulge



Monday, June 4, 12

And youth bulge

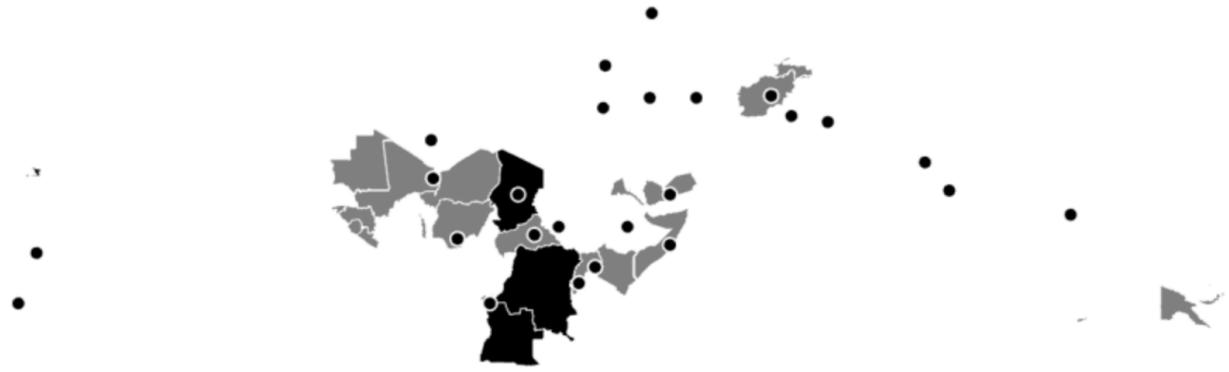
Crises Overlap



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The deeper red the country, the more crises it has to face.

And that's not all. A lot of these countries are facing security challenges.



Conflict

30 armed conflicts

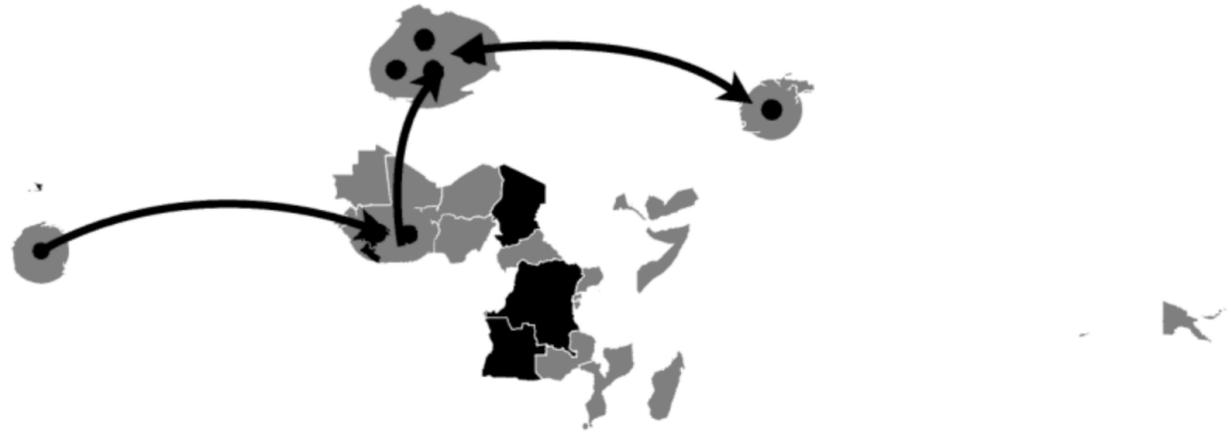
Uppsala Conflict Data Program (UCDP), 2011

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Let's add conflict.

The number of wars has seen a decline over the past 15 years. But in 2010, the last year in which data is available, we still counted a total of 30 active conflicts.

Many of these wars have also regional and global implications.



Transnational Organized Crime

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Let me make just one more example. Another very lethal and highly destabilizing threat is transnational organized crime. Criminal groups are some of the biggest profiteers of globalization.

Look at cocaine flows: supply from the Andean countries and demand from Europe has caught West Africa in the cross-fire.

Demand for heroin in Europe and a massive supply of opium in Afghanistan is creating instability in Eurasia, spreading drug use and enriching criminal groups.

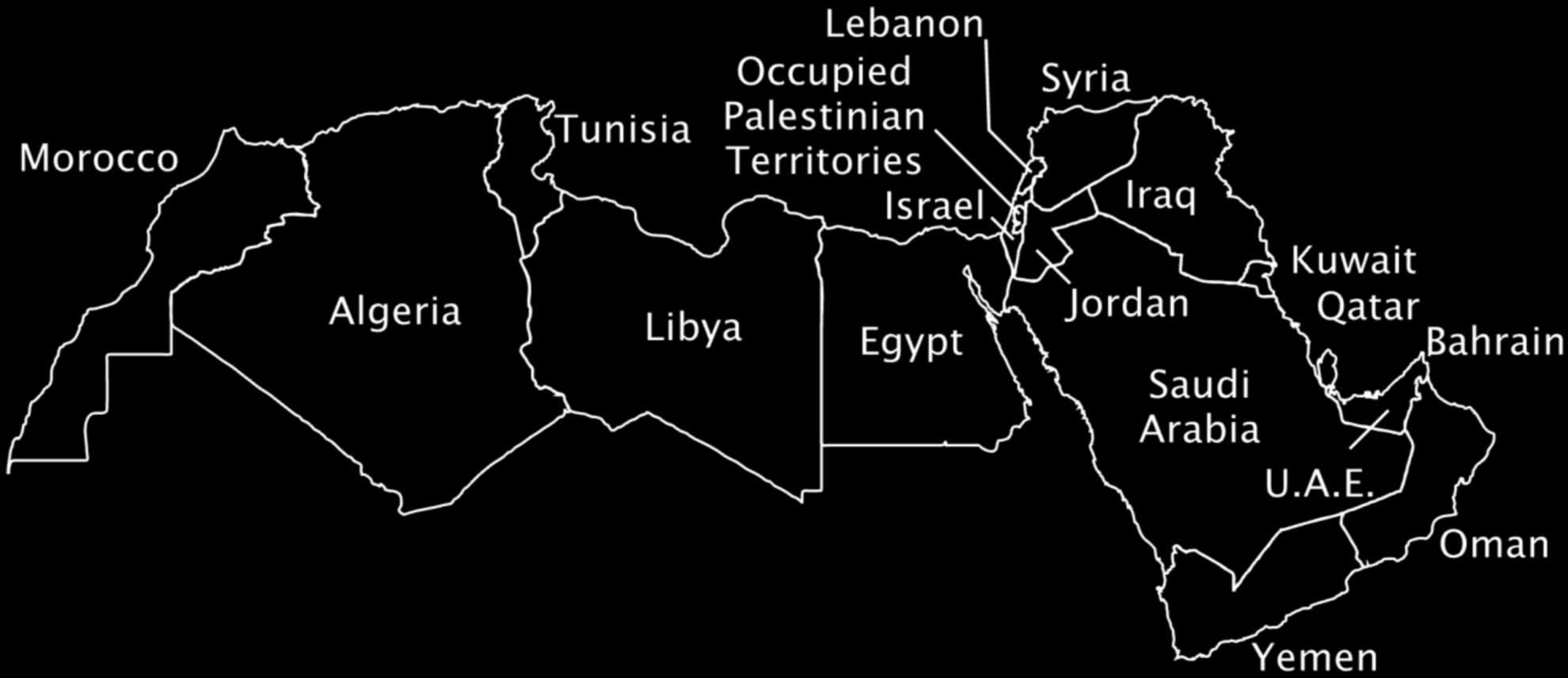
Middle East

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This is the complex picture at global level.

Our planet is so interconnected that no crisis is isolated. Change on one side of the world has implications that go beyond borders and continents.

Nowhere is this more true than in the Middle East. In fact, the Middle East and North Africa are, for the moment, the places where these challenges appear the starkest.



Middle East & North Africa

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Before our eyes, history is in the making.

As you all know, unprecedented unrest is sweeping across the Arab region. No movement is isolated. Rather, they sustain and inspire each other.

Nobody knows how far the Arab spring still has to go before summer arrives. However, even if the changes remain unpredictable, it is clear that nothing will ever be the same in the region.



Monday, June 4, 12

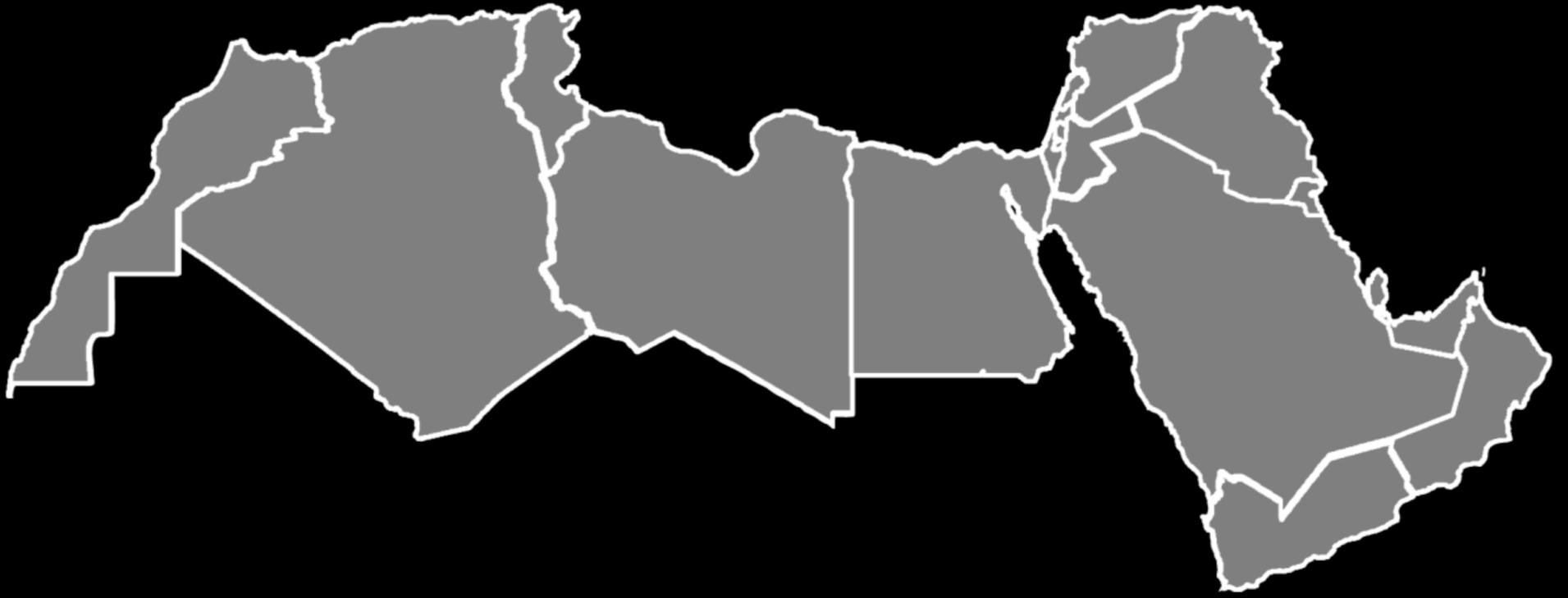
Mirroring some of the global trends we examined earlier, we can say that the Arab Spring emerged from a set of common pressures:

Demographic;
Economic;
Technological;
Social; and
Political.

Frustration with living standards and governance grew to the point that a large number of young Arabs confronted their leadership head on.

A crisis of expectation fed grassroots movements.

And thanks to new technologies, they grew stronger. People power acquired a new meaning.



Change in the Arab region

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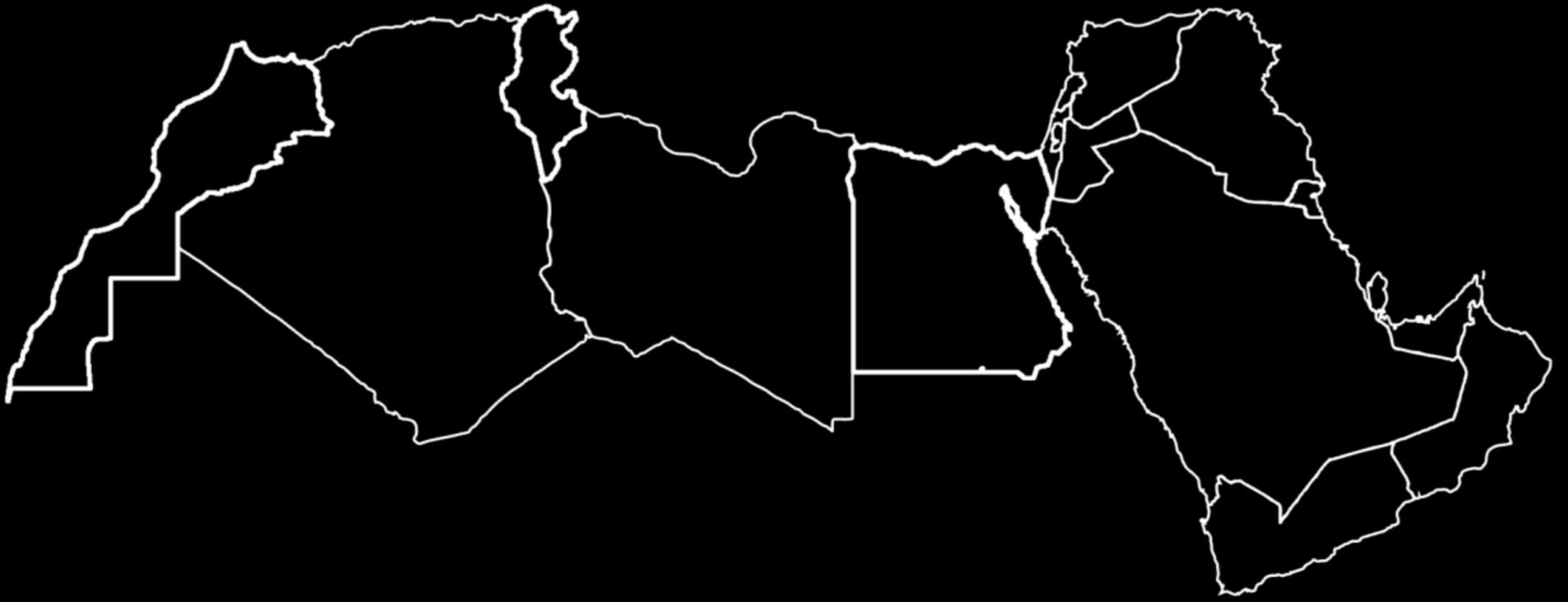
As of today, countries in the region are in different phases.

Libya just emerged from a bloody civil war.
Syria is heading towards one, if the international community does not succeed in preventing it.
Following recent elections, Egypt, Tunisia and Yemen are experiencing major political transitions.

Morocco, Algeria, Jordan, and Bahrain are witnessing varying degrees of political change and protest.

Other countries in the region have remained relatively stable.

Let's have a look at some of the changes that occurred over the last year.



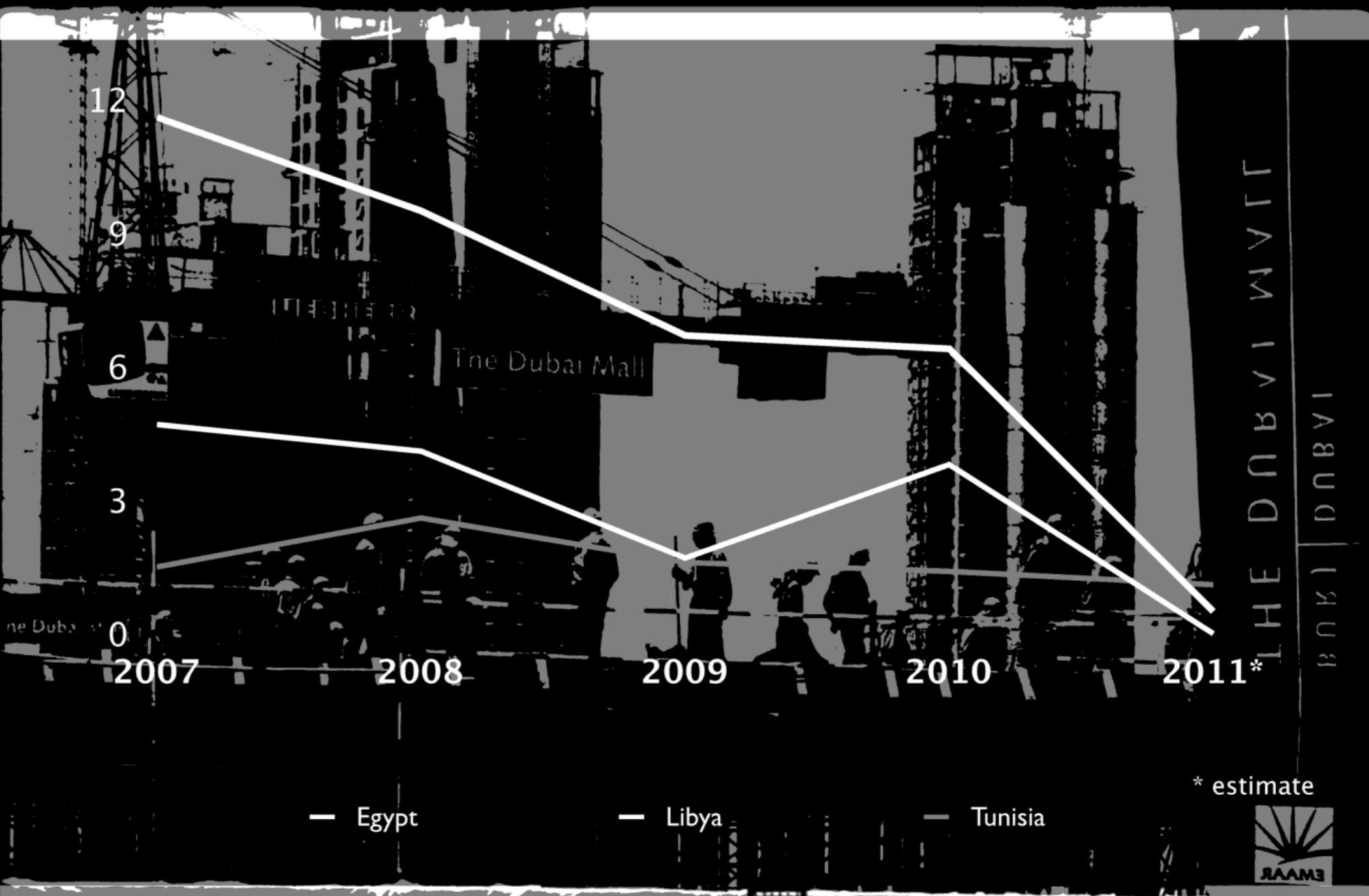
Elections

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In Morocco, Tunisia, Egypt and Kuwait, recent parliamentary elections gave the majority to Islamist parties.

This new development in the region has to be watched carefully. Some believe that moderation will prevail. Others worry that multiple voices in these societies could be stifled, especially in Egypt and Tunisia where new constitutions will be drafted in the coming months.

Ethnic and religious tensions are on the rise in the region, as exemplified by the sectarian strife in Yemen and incidents of violence toward Christian minorities in Egypt. The bloody situation in Syria will only make things worse.



Foreign Investment

World Bank, 2011

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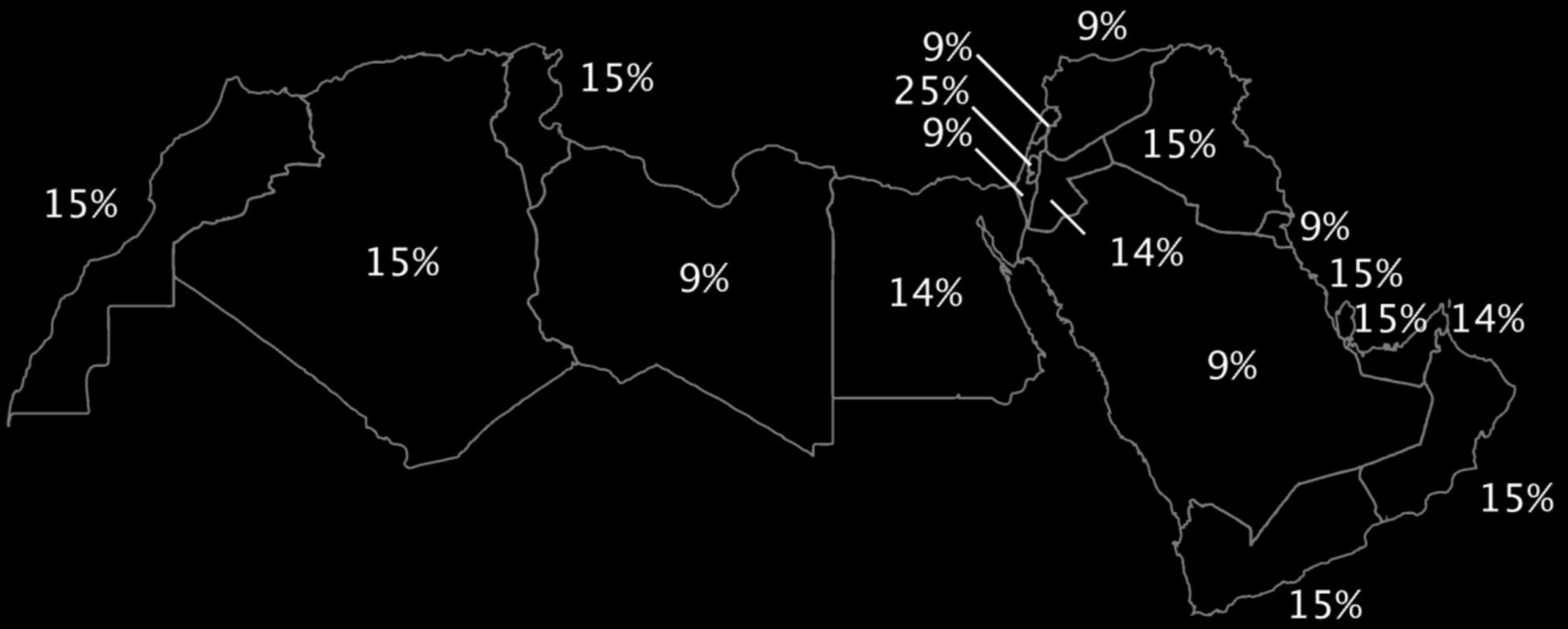
Overall foreign direct investments dropped by more than a quarter.

In Egypt, it plunged from \$6.4 billion in 2010, to \$500 million last year. In Libya, it dropped from \$3.8 billion to almost nothing.

In the long term, however, foreign investments will likely re-start, as the countries stabilize and the economic downturn reverses.

What is more worrying are structural issues such as the poor state of the government machinery, the continuing cost of subsidies, and big budget deficits.

For example, the Egyptian deficit is 10% of the GDP, while food subsidies eat up 4% of the budget.

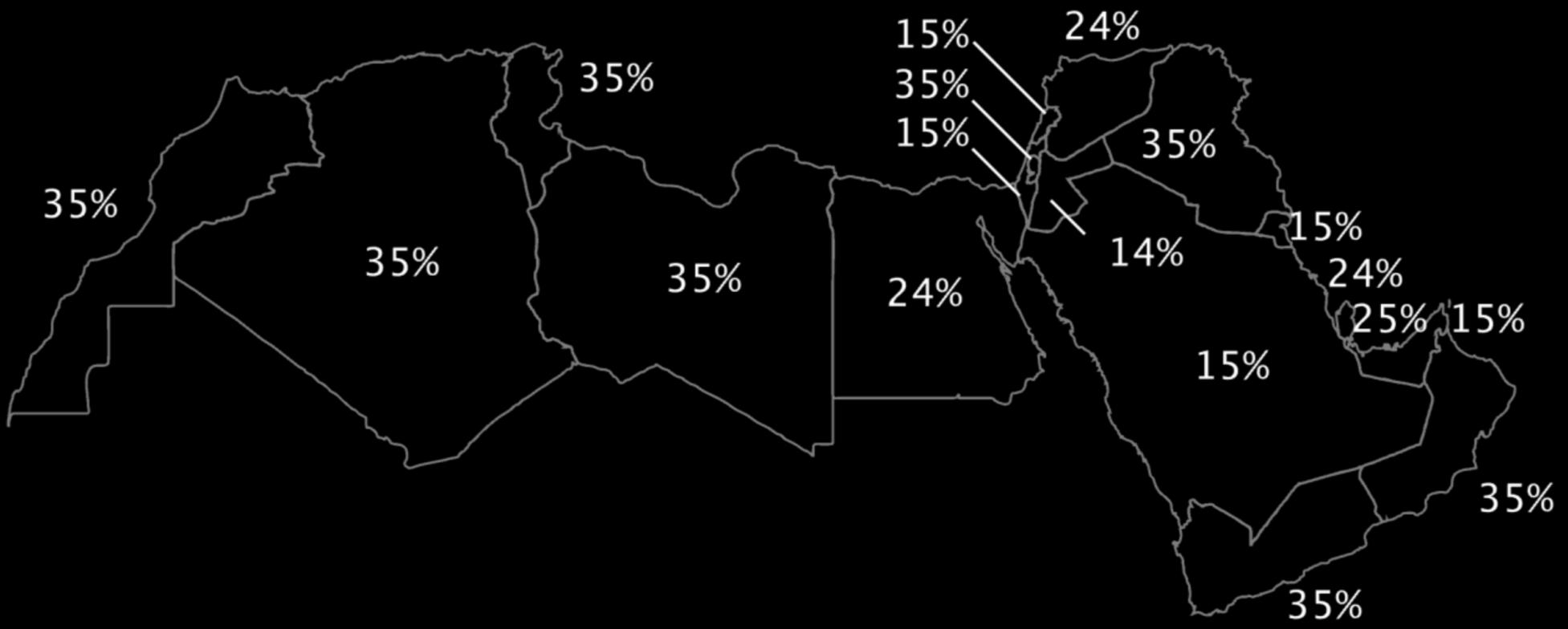


Unemployment

Gallup World Poll, 2011

Monday, June 4, 12

This has exacerbated an already depressed labor market. Though some of the official data may under-estimate the problem, current unemployment remains quite high. Last year in Morocco and Egypt, the unemployment rate went up by 5% alone.

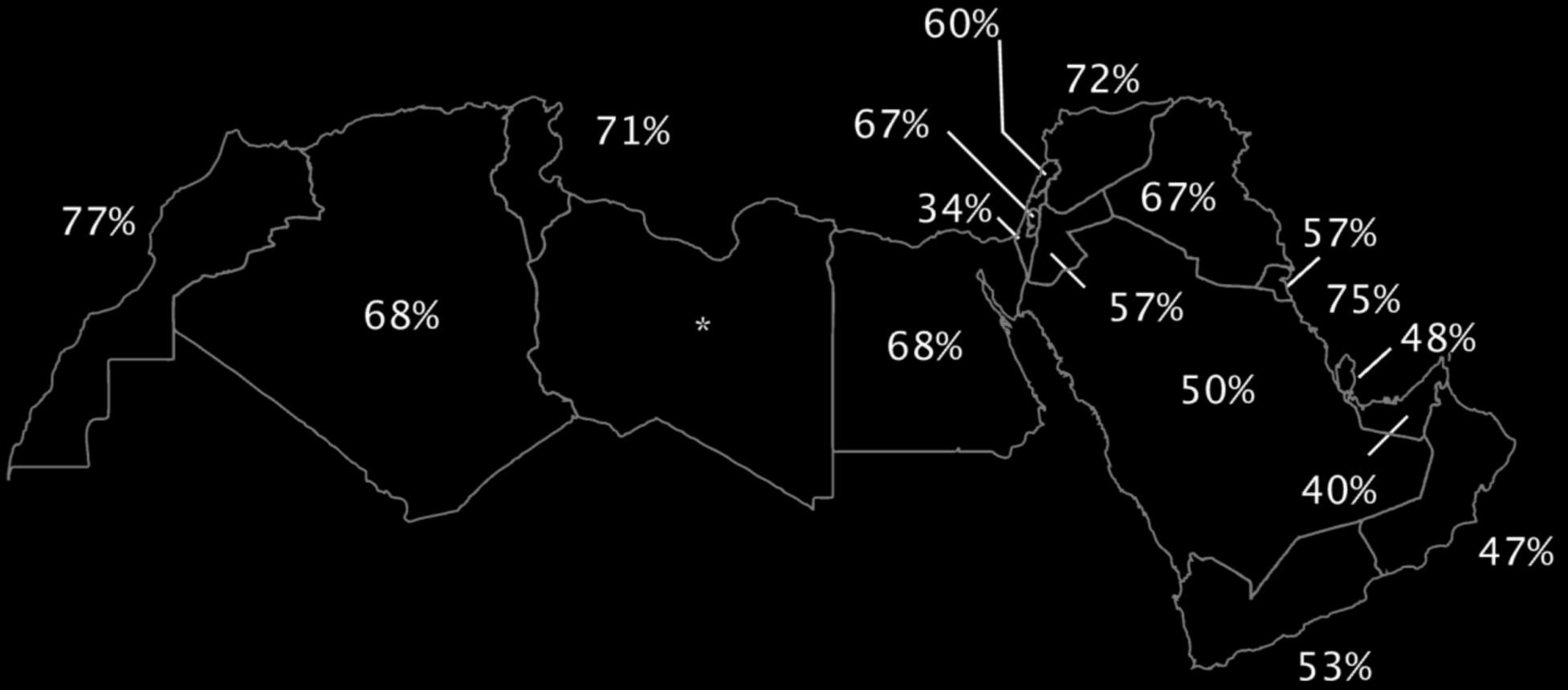


Underemployment

Gallup World Poll, 2011

Monday, June 4, 12

When people are not able to match their skills to adequate jobs, they are considered underemployed. In the Middle East underemployment estimates range from a minimum of 15%, such as in Lebanon, Israel, and Kuwait, to a maximum of 35%, such as in Algeria, Libya, and Yemen.



* no 2011 data

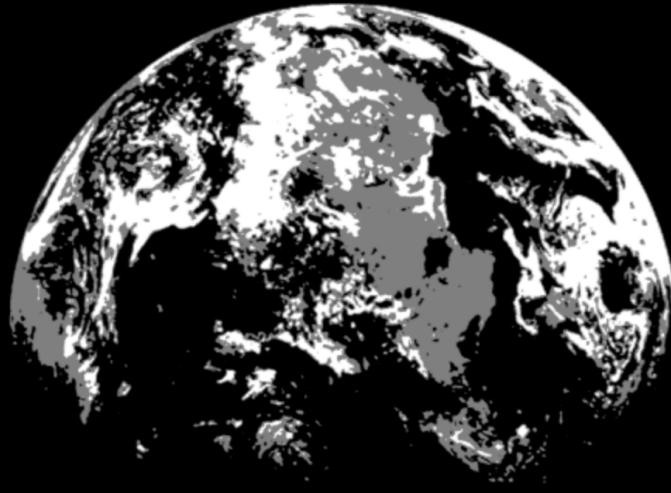
Daily Hardship

Gallup World Poll 2011

Monday, June 4, 12

These facts are confirmed in people's perceptions.

According to a recent Gallup Poll, in Morocco 77% of people say they feel like they are struggling, in Tunisia 71%, in Algeria and Egypt 68%.



Monday, June 4, 12

Do governments face a crisis of efficiency and effectiveness in addressing these global challenges?

Is the current multilateral system, which was set up in the aftermath of World War Two, outdated?

Our answer is yes.

In order to cope with these new realities, leaders in governments, corporations, and civil society need to adapt.

Because we believe that if institutions are not able to change, they are bound to fail.

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Many thanks for your kind attention. I look forward to your comments, ideas, suggestions, and criticisms.