Adressing Future Challenges

5° INCO Conference – Athens – 2-4 June 2014

Divani Acropolis Palace

Euro-Mediterranean collaboration opportunities and challenges

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Summary

- Foresight analysis and futuristic management by means of THM (Three Horizons Model)

- Application to address global future challenges and driving changes (EU project FLAGSHIP)

- Application to address Euro-Mediterranean challenges and opportunities (EU project MEDPRO)

Horizon 1. 2015-2020

Horizon 1 is the space of the imminent future - already somewhat determined by our present readiness, resource commitments and institutional capacities to make adjustments etc.

Many organizations see the first Horizon as a place to seed new capacities, test strategies and identify present barriers or articulate problems which need to be resolved to be able to move to the next horizons.
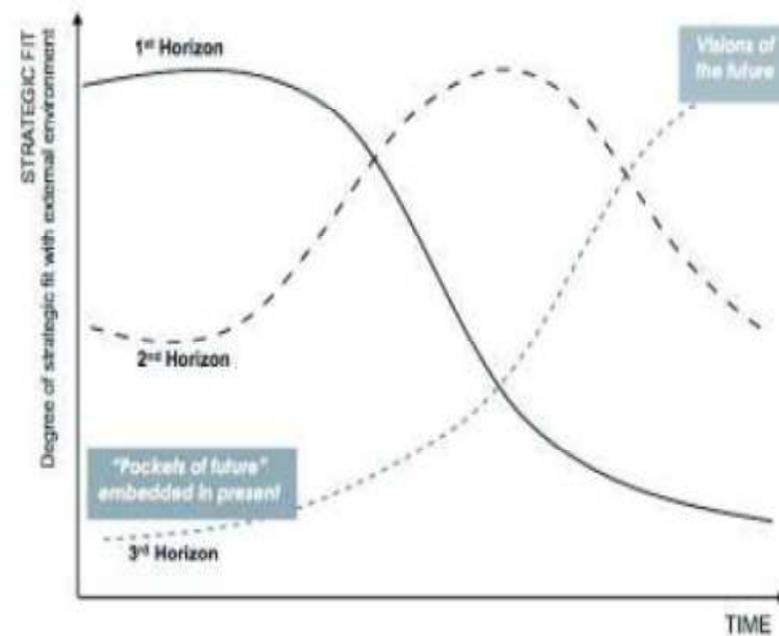
Horizon 2. 2020-2030

Horizon 2 is the space where change is fully engaged and one's assets are actively shifting to be able to realize opportunities and to adjust to new pressures.
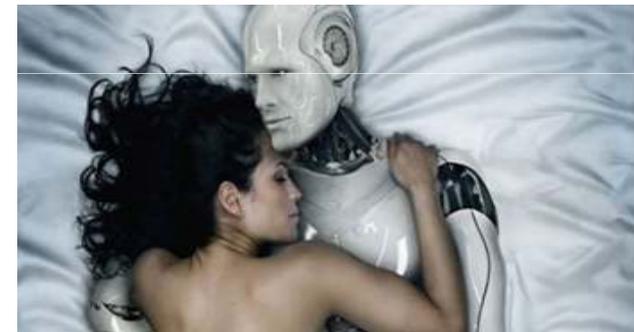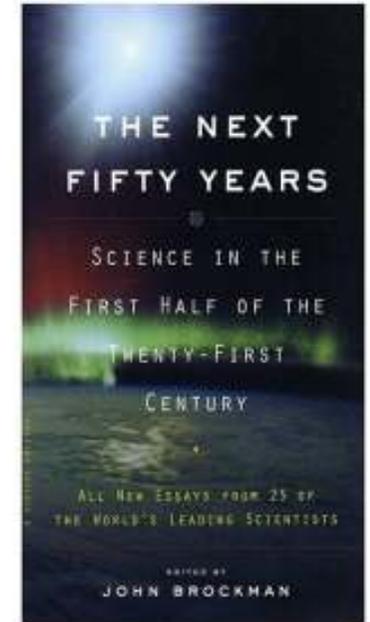
Here it is desirable and usually possible to both *forecast* by examining the implications of trends and drivers of change; and *backcast* by rigorously asking what would have been required to create the conditions for the aspirations and vision of Horizon 3.
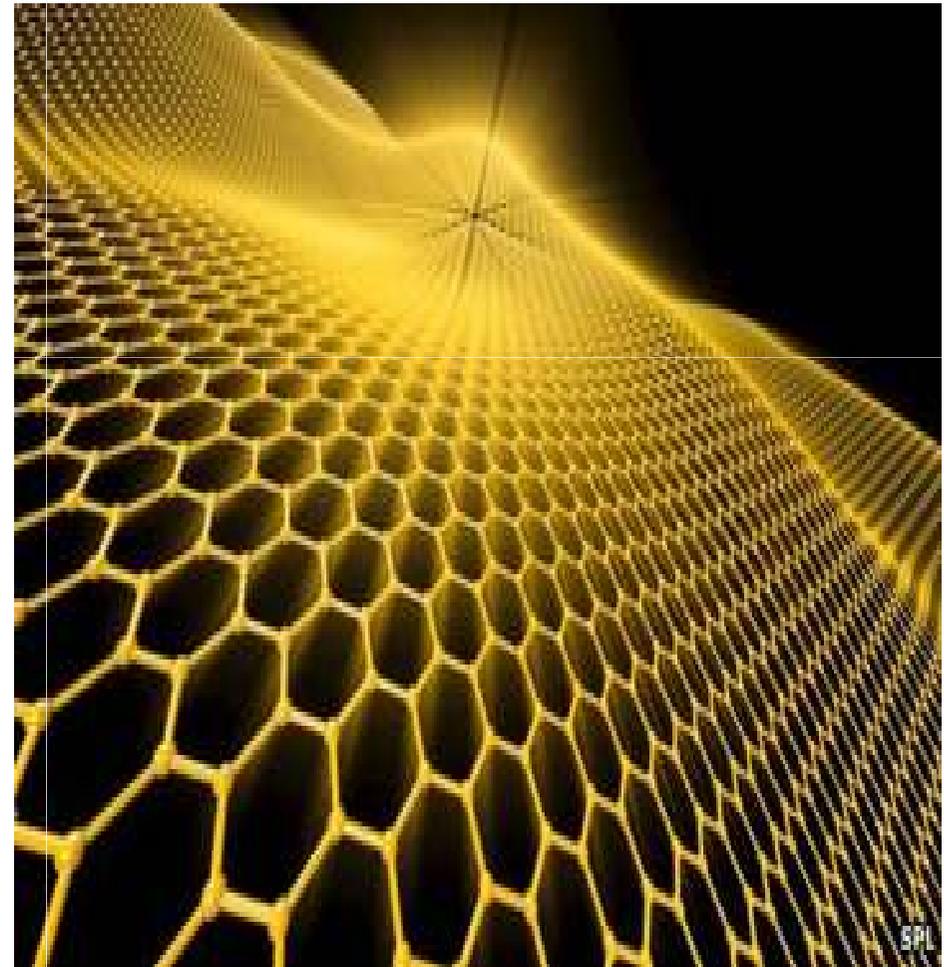
Horizon 3 2030-2050

Horizon 3 is the world of *what if…what could be*… and how we might recognize and realize opportunities. It is where powerful and compelling visions are described so they can enable leaders to break the inertia and fear of change that pervades most organizations.

By enabling many stakeholders to collaborate on shaping the inputs to the third Horizon, the process beguns to proactively build the future of any organization versus being reactive or "missing the boat".

Glimpses of Prospective Futures & Disruptive Transitions

Three Timelines to Consider

Disruption point

Disruption point

Horizon 2
Research, Demonstrate, Disrupt

Horizon 1
Invent, Develop, Deploy

Horizon 3
Envision, Explore, Embody

Technology utilisation

Pockets of the future in the present
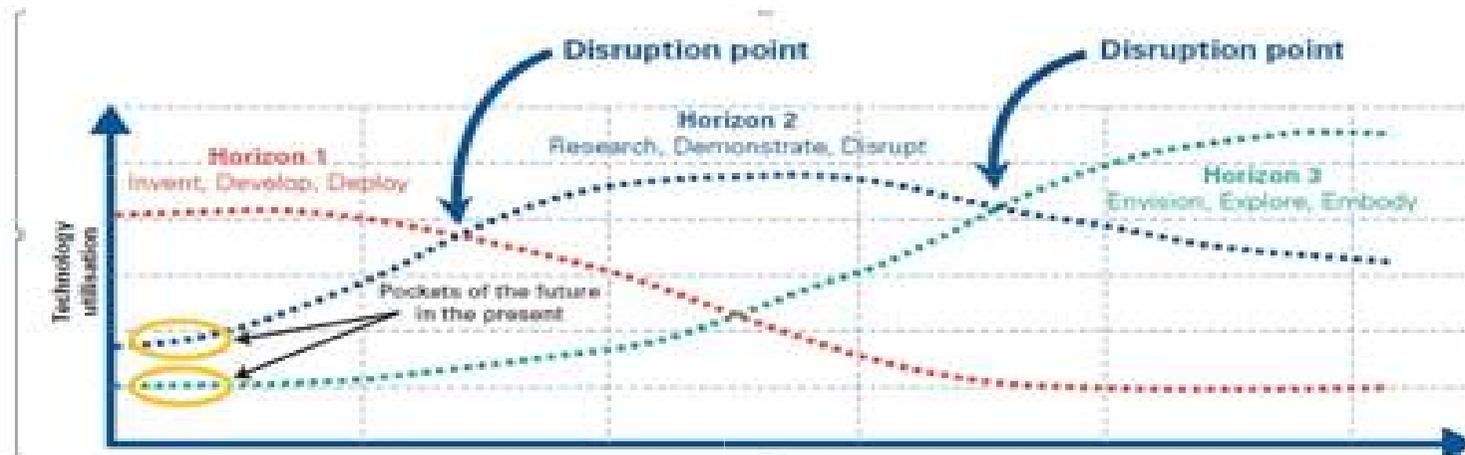
Horizon 1: Implement, improve, manage current Programs
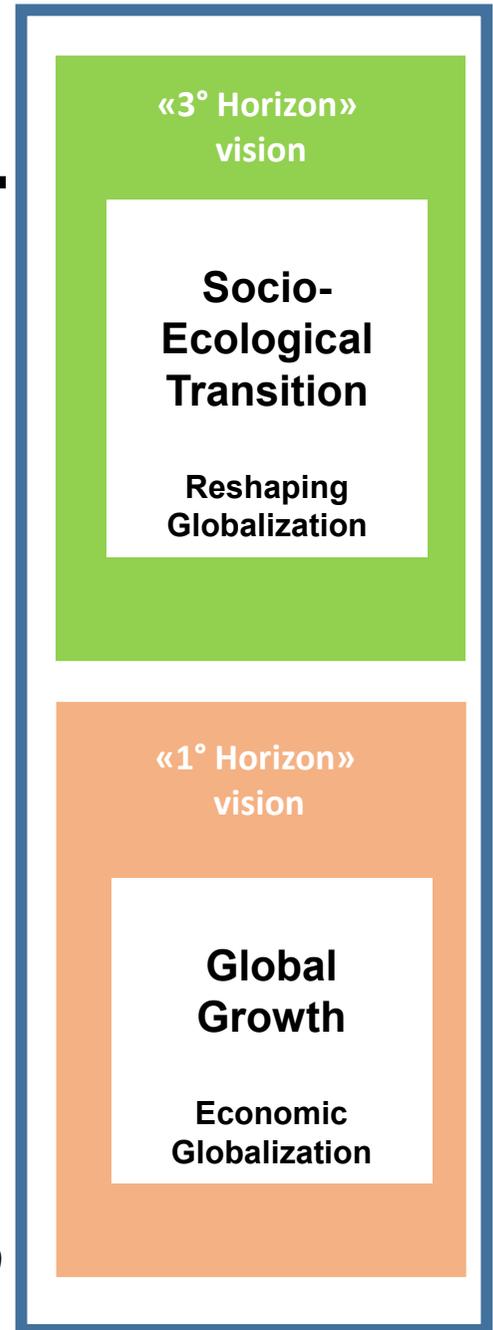Horizon 2: Develop and launch new Programs
Horizon 3: Envision potential new Portfolios, radically disruptive technologies

Example of Futuristic Management:
Application of the Three-Horizons Model in FLAGSHIP

STRATEGIC FIT TO COMPETITIVENESS COHESION SUSTAINABILITY

Global and EU policies driving change

Alternative Scenarios analysis for:

- Financial, economic development and innovation challenges
- Demographic and societal challenges
- Environmental challenges
- Global governance
- Territorial governance

1st Horizon

2nd Horizon

3rd Horizon

"Pockets of future" embedded in present

Visions of the future

STRATEGIC FIT
Degree of strategic fit with external environment

TIME

2020　　**2030**　　**2050**

«3° Horizon» vision

Socio-Ecological Transition

Reshaping Globalization

«1° Horizon» vision

Global Growth

Economic Globalization

1° Horizon: Going for Growth?

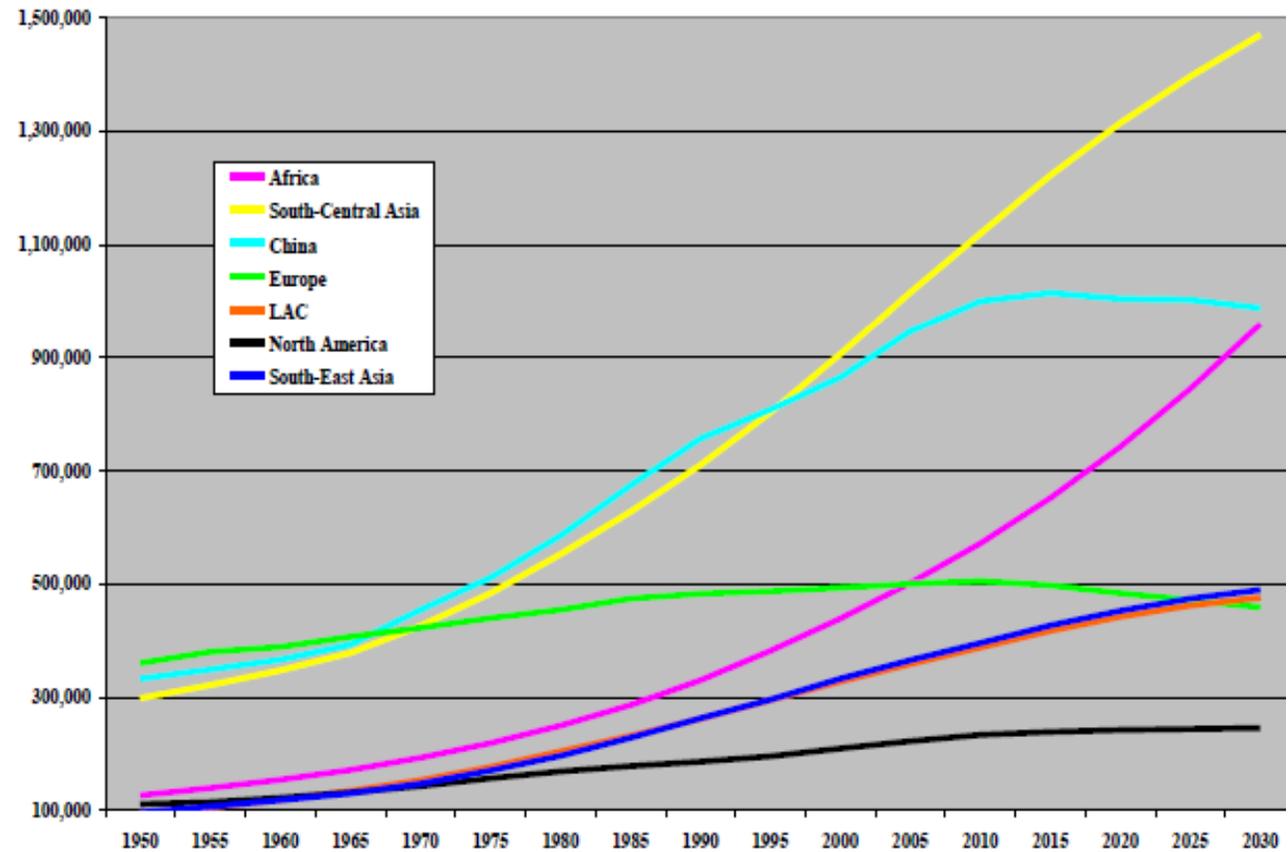Global demographic ageing

Declining investment rate

Uncertain prospects of innovation and policy reforms

Working age (15-64) population by regions, in thousands, 1950-2

Africa	
South-Central Asia	
China	
Europe	
LAC	
North America	
South-East Asia	

Note: for 2015-2030 Medium Variant Projection; LAC – Latin America and Caribbean
Source: Population Division of the Department of Economic and Social Affairs of the United Nations
Secretariat, World Population Prospects: The 2012 Revision, http://esa.un.org/unpd/wpp/index.htm

How the growth engine (doesn't) works?

The **standard recipe** for high GDP growth is:

- Good fundamentals (Human Capital, Economic Institutions …)
- Less corporate taxes
- More Foreign Direct Investments

But high per capita income levels, when they are get, are by far the most important factor and will **contribute to slowdown GDP growth everywher**

So, the growth engine as we know it decelerates as the global society becomes more and more affluent and aged

3° Horizon: Socio-Ecological Transition?

Y DRIVERS:

abling technologies: nano-scale, biology …

nsformative technologies: Internet of Things, Big Data, Cloud Computing, ditive (3D) Manufacturing, Smart grids, Driver-less vehicles …

cial technologies: Social networks, new ways of working and learning …

e «**Resource Efficiency**» revolution:
Combine information technology, nano-scale materials science, and biology
with industrial technology, yielding substantial productivity increases
Achieve high-productivity economic growth in the developing world to support
he 2.5 billion new members of the middle class
Require new management approaches for capturing opportunities
at business and policy level)

Resource Revolution

Substitution: replace scarce materials with less scarce highly performing materials
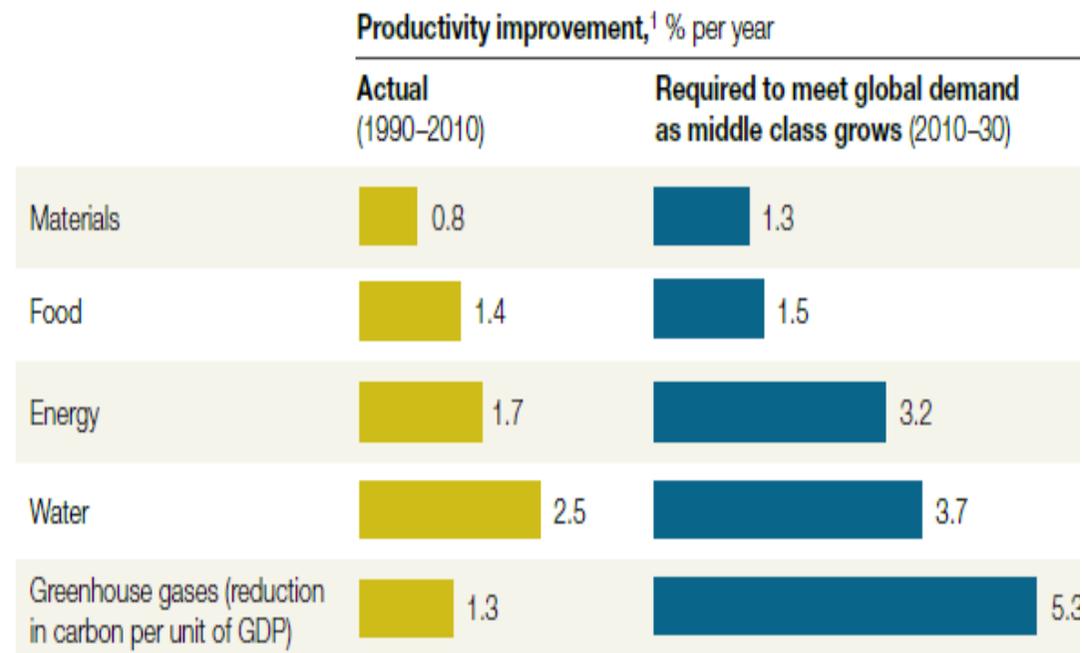
Optimization: embedding intelligent software in industry and service processes

Virtualization: moving processes out of the physical world or simply not doing things

Circularity: finding value in products after their initial use

Waste elimination: achieved by means including the redesign of products and services

A step-change improvement in resource productivity is required to sustain GDP growth.

Productivity improvement,[1] % per year

	Actual (1990–2010)	Required to meet global demand as middle class grows (2010–30)
Materials	0.8	1.3
Food	1.4	1.5
Energy	1.7	3.2
Water	2.5	3.7
Greenhouse gases (reduction in carbon per unit of GDP)	1.3	5.3

[1] Productivity improvement in energy measured in GDP/Btu (British thermal unit); materials, GDP/metric ton; water, GDP/cubic meter; food, yield/hectare; and greenhouse gases, GDP/ton of carbon-dioxide equivalent.

Source: *Resource Revolution: Meeting the world's energy, materials, food, and water needs*, McKinsey Global Institute report, 2011
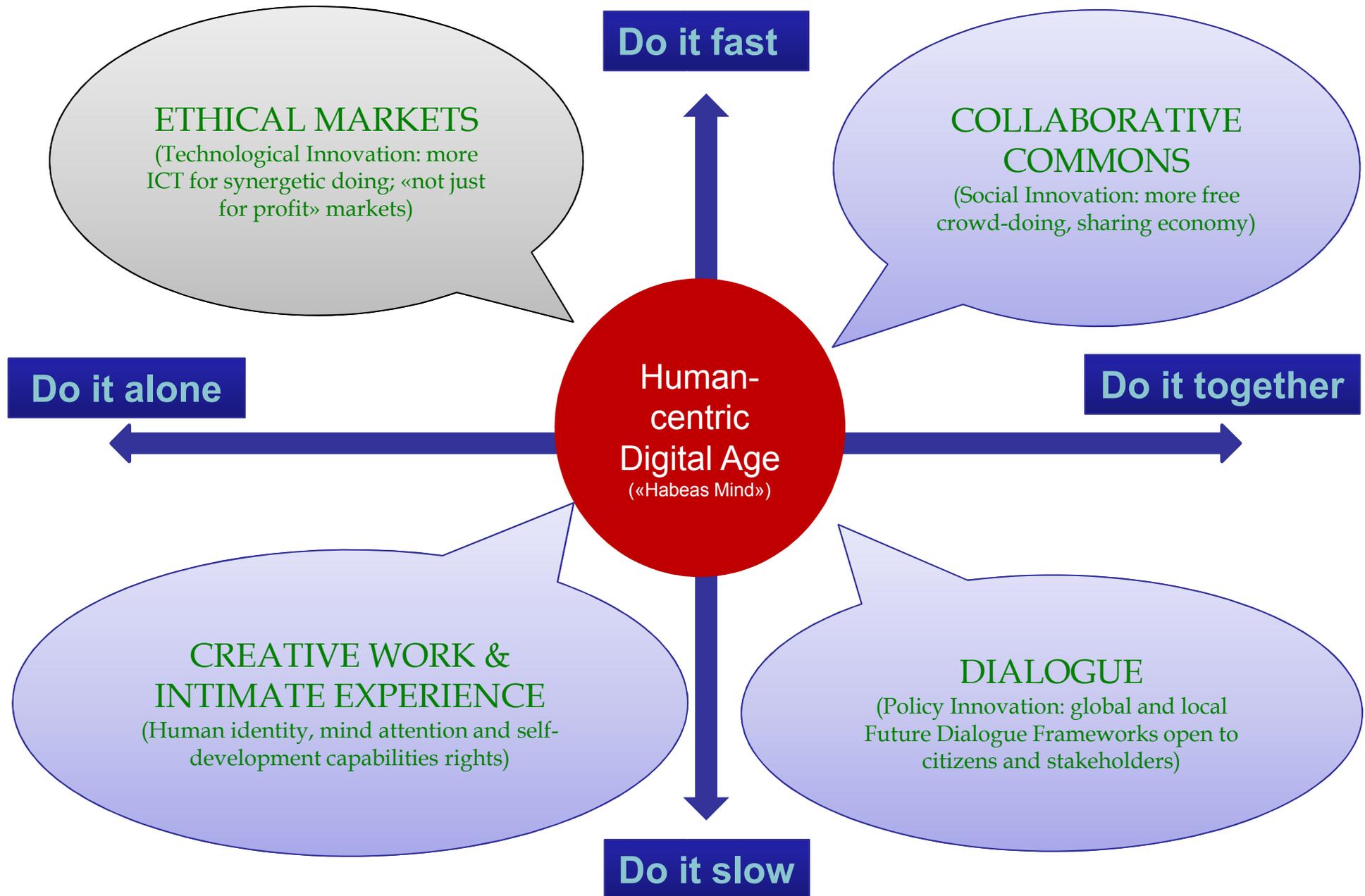
2° Horizon: Shifting our paradigm?

e Growth engine governing our world works increasingly less for increasingly more
luent societies, so lets...

ange our mind to achieve **progress beyond growth**: less GDP, more individual
d social well being, and keep ecosystems resilience ...

uple **technological innovation** in progressive (labor saving/profitable) industries **and
cial innovation and solidarity funding** for high quality services (health, education,
earch ...). As they are stagnant activities (no labor saving) they need not just for profit
nagement and funding (control costs and anchor funding to impact/benefit target
licators, e.g. **healthy life expectancy**)

ange policy and governance mechanisms from «polarization» to «dialogue»
all levels (global, EU, national, local), building together a **Human-centric Digital Age**

HUMANS' «ONLIFE» FUTURE

Do it fast

ETHICAL MARKETS
(Technological Innovation: more ICT for synergetic doing; «not just for profit» markets)

COLLABORATIVE COMMONS
(Social Innovation: more free crowd-doing, sharing economy)

Do it alone

Human-centric Digital Age
(«Habeas Mind»)

Do it together

CREATIVE WORK & INTIMATE EXPERIENCE
(Human identity, mind attention and self-development capabilities rights)

DIALOGUE
(Policy Innovation: global and local Future Dialogue Frameworks open to citizens and stakeholders)
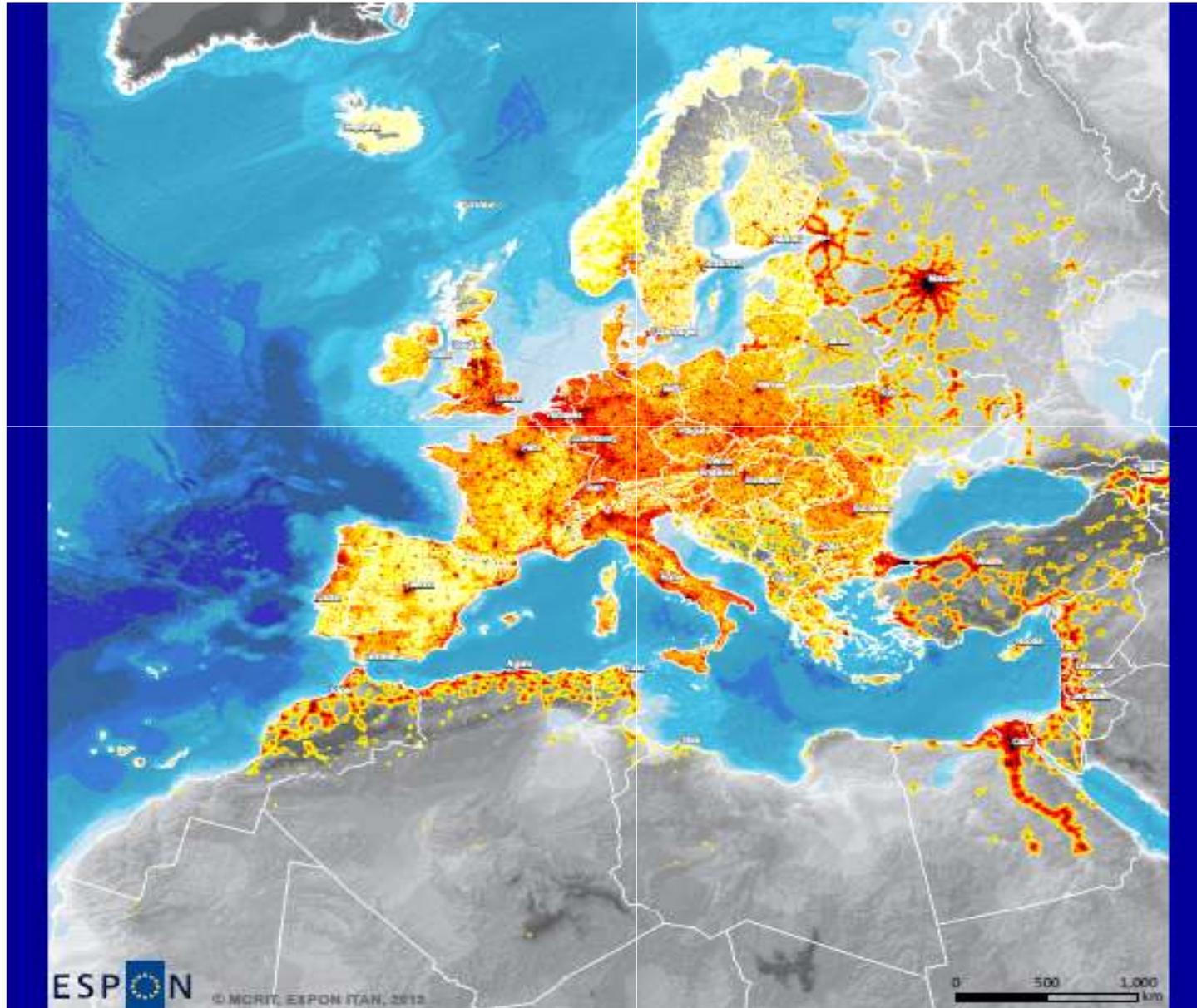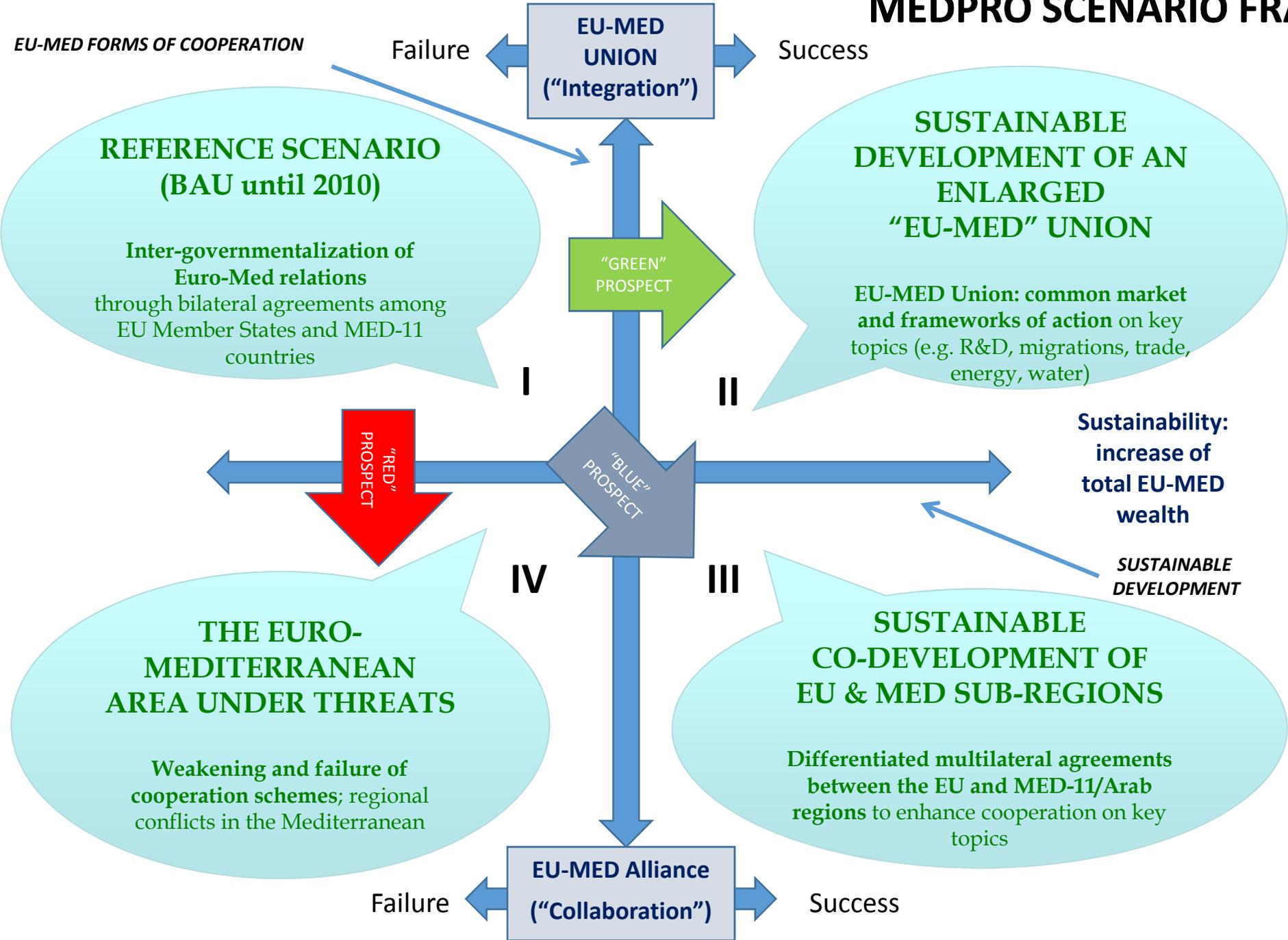
Do it slow

MEDPRO Recommendations: Towards a Sustainable Euro-Mediterranean in 2030

Dr. Rym Ayadi, CEPS & MEDPRO Coordinator
Dr. Carlo Sessa, ISIS

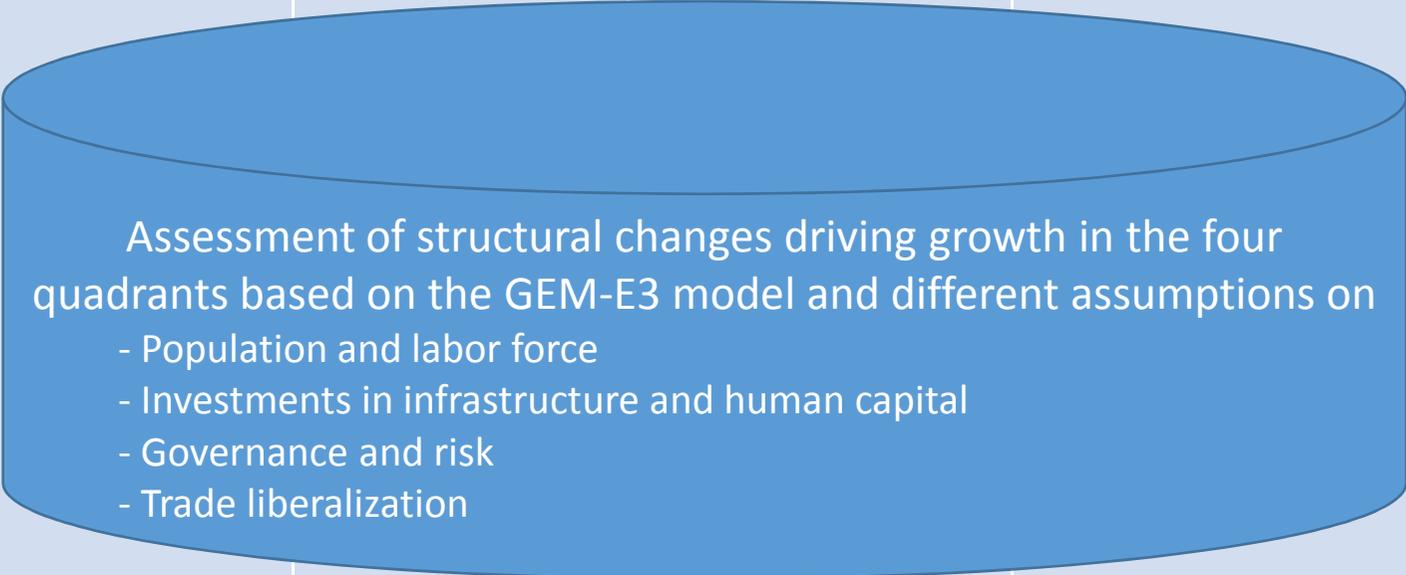# Mediterranean at the cross-road of 3 continents

MEDPRO SCENARIO FRAMEW

EU-MED FORMS OF COOPERATION

EU-MED UNION ("Integration")
Failure ← → Success

REFERENCE SCENARIO (BAU until 2010)

Inter-governmentalization of Euro-Med relations through bilateral agreements among EU Member States and MED-11 countries

"GREEN" PROSPECT

SUSTAINABLE DEVELOPMENT OF AN ENLARGED "EU-MED" UNION

EU-MED Union: common market and frameworks of action on key topics (e.g. R&D, migrations, trade, energy, water)

I

II

"RED" PROSPECT

"BLUE" PROSPECT

Sustainability: increase of total EU-MED wealth

SUSTAINABLE DEVELOPMENT

IV

III

THE EURO-MEDITERRANEAN AREA UNDER THREATS

Weakening and failure of cooperation schemes; regional conflicts in the Mediterranean

SUSTAINABLE CO-DEVELOPMENT OF EU & MED SUB-REGIONS

Differentiated multilateral agreements between the EU and MED-11/Arab regions to enhance cooperation on key topics

EU-MED Alliance ("Collaboration")
Failure ← → Success

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MEDPRO scenarios to 2030 (Quantitative Assessment)

Dimensions	Quadrant I Reference Scenario	Quadrant II Enlarged Euro-Med Union	Quadrant III Co-development of EU and MED-11 regions	Quadrant IV Euro-Mediterranean area under threats
Governance Demography Economy Energy Environment & Climate Change				

Assessment of structural changes driving growth in the four quadrants based on the GEM-E3 model and different assumptions on
- Population and labor force
- Investments in infrastructure and human capital
- Governance and risk
- Trade liberalization

Rationale	RED TRANSITION	BLUE TRANSITION	GREEN TRANSITION
	The EU will assist SMECs countries in **their political transitions towards fully democratic regimes** The critical period to deliver the package is **since now**	The EU will assist SMECs countries **in their own economic and social modernization processes**, and help them **to build regional (South-South) linkages, trade and cooperation schemes**. The critical period to deliver the package is **until 2020,** to prepare for a more balanced cooperation/partnership with the EU up to 2030	To build enhanced Euro-Mediterranean partnership schemes in energy, environment and socio-economic areas. The critical period to deliver the package is **until 2030**, which is the time for large programs and infrastructure investments in energy, transport, ICT, water and environment (including adaptation to climate change) to be implemented and produce their effects.

Towards a Comprehensive Long-Term Euro-Mediterranean Policy Agenda/2

New approaches	🔴➡ **RED TRANSITION**	🔵➡ **BLUE TRANSITION**	🟢➡ **GREEN TRANSITION**
	For the EU to provide a **strong political message of a vision** for the Euro-Mediterranean towards more **sustainable transitions (blue and green)** with **short and long term actions**	**Comprehensive socio-economic agreements** will be mutually agreed towards a sustainable future that is agreed by the EU and the partner country (and/or region) **Regional economic and financial integration, human development programmes and targeted mobility partnerships** should be encouraged	Progressive completion of the Euro-Med Economic Area **Focus on:** A Euro-Mediterranean energy transition strategy A Euro-Mediterranean environment adaptation strategy

THANK YOU FOR YOUR ATTENTION !

AGSHIP http://flagship-project.eu/   **MEDPRO** http://www.medpro-foresight.eu/