

## Megatrends: How they “live together” within three major contexts

**AN INSIGHT PAPER:**  
To help us better understand  
the drivers to the changing  
nature of our global  
landscape and the deeper  
implications that these will  
have on our work in the  
Urban, the Rural and the  
Fragile Contexts



**By Lars Gustavsson**  
**February 2015**

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Published February 2015 by Global Office of Strategy, Collaboration & Innovation for World Vision International

Author: Lars Gustavsson

World Vision is a Christian relief, development and advocacy organisation dedicated to working with children families and communities to overcome poverty and injustice.

**[www.wvi.org](http://www.wvi.org)**

## INTRODUCTION AND PREAMBLE

The work that we have led in the past many months has highlighted five key insights having deep impacts on the State of Vulnerable Children and their Well-being by 2030:

- 1) Children are becoming more Vulnerable Everywhere except for Rural Contexts: The highest levels of increases in vulnerable children will be in three out of four contexts:
  - a. the Developed nation context,
  - b. the Developing Urban context
  - c. the Fragile Context; vulnerability in Fragile Contexts will double; vulnerability in our traditional Developing Contexts where most of our programming is today will decrease and in some cases sharply; if WV and other Child-focused organisations are going to truly focus their work on the world's most vulnerable, they will have to broaden their footprint and follow the need.
  
- 2) Vulnerability is Multi-Dimensional and increasing whilst Poverty is decreasing: While Poverty itself is reducing – which is good news – the bad news is that Multi-Dimensional Vulnerability is increasing almost everywhere. WV will need to shift its language and Ministry<sup>1</sup> Paradigms from Poverty Reduction to Vulnerability Reduction. We will also need to broaden our understanding of threats to children and their well-being to beyond that of poverty, to include the multiple dimensions of Vulnerability. These would include Extreme Deprivation, Violence and Abuse, Serious Discrimination, Disablement, Oppression, Catastrophe or Disaster...

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<sup>1</sup> The World Vision use of the term "Ministry" is analogous with Ministry of Health, Ministry of Education, Ministry of Urban Development, Ministry of Religious Affairs, Ministry of Agriculture, etc....

- 3) Megatrends live together: Many Megatrends “live together” and when “stacked” can either

**Insights impacting Long-Term Development** World Vision

**State of Children**

**Effects of Trends**

1. **Children are becoming more vulnerable everywhere**
2. **Vulnerability is multi-dimensional**
3. **Megatrends “live together”**
4. **World Vision is not fully prepared**
5. **Large emerging gaps in our capabilities**

Note

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have huge positive or huge negative impact on child well-being. Weather, Wealth and War go together. Religious fundamentalism, poverty, oppression and conflict go together. Business, Extractives, Money, Greed, Power and Corruption live together. Resource-rich, low and MICs, high-child-mortality, high maternal mortality and Inequality live together. Generally, all of these manifest

themselves most severely in trans-national, cross-border, country clusters, fragile contexts or cities. These are the places and conditions that will be the new drivers for Multi-Dimensional Vulnerability. In addition, underneath all of these, the world’s increase in complex humanitarian and man-made disasters has gone from two (in 1980) to 350 (in 2014) as an added and escalating layer further compounding vulnerability.

- 4) We are not prepared: Today, our industry is not prepared to make the necessary shifts to match those or build in advance of large-scale pending change; nor is World Vision. Additionally, programming for the Well-being of children (an Additive Strategy) is quite a different proposition than tackling the Vulnerability of children (a Reductive Strategy). We will need both.
- 5) Identity: There are large emerging gaps in our Capabilities including many that may impact our Identity. We will need to better understand what our Vision Statement really means when we talk about EVERY Child, about FULLNESS of life and WELLBEING (instead of poverty reduction); and transforming EVERY HEART.

The rest of this paper is written in bullet format to make it quicker and easier to read and capture the key messages and insights presented.

## MEGATRENDS: INSIGHTS AND IMPACTS IN THE **URBAN** CONTEXT

*“The twenty first century has been labelled by many as the ‘urban century’...of which 2 billion of the world’s 7 billion will be living in the urban slums and shantytowns in the next ten years...”<sup>2</sup>*

### Urban:

- Changing face of aid
  - The traditional ODA sector and AID in general has not “arrived” yet; 90+% of ODA system still “parked” in the rural; INGOs bring little to the table of any relevance and may not be able to catch up
  - 90+% of the Private Sector are “home-based” in the cities and are therefore the more natural primary actors to directly deal with the development issues; already gearing up to work with bottom of the pyramid markets as the new viable client
  - Public sector are desiring to take more ownership; diminishing silos between public, private and civil society in cities and in MIC<sup>3</sup>s
  - Private sector now gearing up with SME<sup>4</sup>s, SED<sup>5</sup>s, with lower-cost/ lower-overhead structures for last-mile urban markets
  - Multilaterals, Foundations, Corporations, and Bilaterals increasing funding to MICs and to City Majors/Ministries
  - Implementation mechanisms increasingly shifting to the Platform Organization approach - with large, long-term and multi-sector commitments;
  - PPP<sup>6</sup>s becoming less popular with few successes
  - More aid to Mayors/Ministries; less aid to States/Ministries
- Rise of MICs
  - 2/3rds of fragility live in MICs
  - 2/3rds of fragility live in Cities and rising
  - Real poverty is decreasing in urban, but fragility is increasing including all the subsets and root causes to fragility
  - Different set of Human Tragedies in the MIC Cities: Car Crashes, Respiratory Disease, Drowning’s, Violence and Gangs, Diseases and Tobacco related illnesses...all on the rise in MICs and in particular the cities
  - Emergence of Southern Corporations and South-South Business

<sup>2</sup> Urban Violence and Humanitarian Action: Engaging the Fragile City; January 19, 2012 The Journal of Humanitarian Assistance

<sup>3</sup> MICs: Middle Income Countries

<sup>4</sup> SMEs: Small and Medium Sized Enterprises

<sup>5</sup> SEDs: Small Enterprise Development organisations

<sup>6</sup> PPPs: Public Private Partnerships

- More jobs for Youth
- Higher concentration of educated, skilled and available
- Climate change and Food Insecurity
  - Direct links from Climate change to increases in respiratory complications and deaths; increases to drowning from flooding of urban rivers and slums and low-lying land and occupied flood zones by the poor
  - Increased rains; increased drought; over longer periods; more severe; deeper impacts; and no time for nature to catch up
  - Urban hunger is a deeper problem as little or no access to safety net than its rural cousin
  - Urban hunger is usually economic; rural hunger is often failure of crops and access
  - Urban food insecurity must be addressed either by family or individual, with little or no assistance from CBO<sup>7</sup>s, NGOs, INGOs, or Civil Society in general; and public and private sectors not yet involved through suitable social support mechanisms – either charity or market driven; but these will evolve more rapidly in the MICs and in the cities
- Aging populations
  - LIC<sup>8</sup>s will continue to age more slowly than MICs
  - In both LICs and MICs, aging is occurring more rapidly in the Rural than in the cities
  - Youth are encouraged by the aging parents and family members to go to the cities for work and hence cities are growing more quickly in terms of overall population...of which many more of these are youth

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### Current Megatrend Listing

Geopolitical	1. The changing face of aid	2. The rise of Middle-Income Countries (MICs)
	3. Climate change & Food Insecurity (Shocks)	4. Ageing populations & global health
Socio-Economic	5. Religious polarisation	6. Urbanisation & migration
	7. Economic inequality	8. Vulnerability of children in fragile contexts
	9. Evolving forms of business engagement	10. Changing donor expectations
Engagement Model	11. Global connectivity	

<sup>7</sup> CBOs: Community Based Organisations

<sup>8</sup> LICs: Low Income Countries

- Global Health
  - Increasing deaths between ages 5 to 29 due to city related public health issues such as Car crashes from poorly planned transportation; Respiratory Disease from pollution – cooking, factories, vehicles...; drowning's from living too close to rivers, streams, and/or in flood zones and low-lying land; from gang killings and urban youth violence and crime; STD<sup>9</sup>s with increase of prostitution, narcotics and other vices
  - Decreasing deaths between ages 1 – 5 as city and national public health focus remains on immunization programmes, the WHO agenda...and hence best-served population
  - Increasing spread of disease through “new” diseases such as Ebola, SARS, AIDs....due to high density living in the cities; and with little or inadequate public health infrastructure
  - Public health costs to the city ministry of health often remains around 2-5% of their annual operating budget...which they cannot afford...and of which there are known and low-cost solutions to prevent both the tragedies and the related costs
  
- Religious Polarization
  - Typically less religious polarization in the cities than in rural or fragile contexts particularly if the cities are MICs
  - Typically more religious polarization in the cities if these are LICs or Fragile Cities
  - In general however, religious polarization is increasing everywhere and is a major threat to human stability
  - FBO<sup>10</sup>s have an increased role to play in reducing religious polarization, but most of us are not in the cities yet and have few models to apply
  - Poor economics is usually the stronger driver than poor ideology in contributing to increasing religious polarization in most cities...and particularly in the LICs where there is more extreme suffering and intolerances
  
- Urbanization
  - 80%+ of Latin and Central America is already urbanized; by 2030 this number will be over 95%
  - Africa is the fastest urbanizing continent
  - City Mayors will “rule the world” by 2030 as Nation-States and national borders diminish in relevance
  - 2/3rds of absolute poverty live in cities
  - 2/3rds of vulnerability and fragility live in cities

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<sup>9</sup> STDs: Sexually Transmitted Diseases

<sup>10</sup> FBOs: Faith Based Organisations



- By 2030 there will be over 50 Mega-Cities with over 10M people living in them
- City Slums are the “New Cities”
- Migration
  - Increasing migration from LIC cities to MIC cities and from MIC cities to Northern cities
  - Migration often least talked about Human, Social and Economic issue, but usually the largest root-cause for regional-block violence; (i.e. Africa to Europe; Middle East to Europe; Eastern Europe to Central Europe; Causes to Eastern and Western Europe; Africa to the Emirates; Asia to the Emirates; Pacific Rim Islands to Mainland Asia; Central America to United States...etc...)
- Economic inequality
  - Latin American Cities are the most unequal cities as a region of any other region in the world
  - Inequality is often the result of over-rapid increases in regional and urban economic growth and expansion
  - Extractive wealth creation is one of the main contributors to rapid unequal financial accumulation and distribution where almost none of this equality ends up in the rural – usually its origins – and where little or none ends up getting fairly distributed in the urban....and where all of it does somehow end up in the cities, but owned and governed by the top 1%
- Children becoming more vulnerable
  - Rapid increase of urban slum populations is where 2/3rds of all most vulnerable children and youth live
  - Education, Health and Social Infrastructure are typically not provided, nor available to the majority of slum children and slum populations overall as governments are too poor to help or do not care
  - ODA<sup>11</sup> has focused on rural poor, rural vulnerable and children and still do; there is little transfer of understanding, data, knowledge or resources to city children and youth as of yet
  - Our models and priorities must change if we are going to make a difference to these children and youth

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<sup>11</sup> ODA: Overseas Development Assistance



- Evolving forms of business engagement
  - Southern corporations and businesses increasing primarily in the MICs plus some LICs by 7000 new by 2025 (currently 8000 TNC<sup>12</sup>s globally of which 85% northern; the south will add 7000 new TNCs, mostly focused in the south)
  - PPPs are on the rise, but have generally not been too successful with lack of commitment by all parties;
  - Shared Value approaches will increase
  - The “New Platform Company” and the “New Platform Organization” will be on the rise as the primary mechanism for implementing Shared Value
  - The more progressive INGOs are moving towards the “Blended Organization” with “Twin Verticals” as their new Business Models: 1) the “Charity Vertical” and 2) the “Market Vertical”; several leading INGOs are leading examples and already implementing these sorts of approaches successfully
  - The same is also happening with the Private Sector where they are creating low-cost Verticals with lower overheads, more agile, more relevant to bottom of the pyramid economics and logistics
  - All major donors – Foundations, Corporations, Bilaterals, Multilaterals...are moving towards funding mechanisms and models with instruments supporting “Doing Good Through Business”
  - The South is creating their own BRICS<sup>13</sup> type Financing Mechanisms and Infrastructure
  - China is allocating \$4T this year and next to their “ODA” programmes
  - Most of these new forms of business engagements are city-based and city-destined
- Changing donor expectations
  - A major shift from a “giving” approach to a “participating” approach
  - A major shift from a charity or philanthropy driven ODA/AID agenda to Investment and Market-proven approaches
  - We are seeing a shift of the charity pendulum and the market pendulum swinging wildly with confusing messaging, but this will settle in the next five years to where the bias will largely end up towards investments for development; this is good news for the poor and vulnerable; this is good for cities in general; but this is not good for INGOs and the whole ODA Sector who lives almost completely outside this new world

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<sup>12</sup> TNCs: Transnational Corporations

<sup>13</sup> BRICS: Brazil, Russia, India, China and South Africa

- Global connectivity and technology
  - City Cell Towers are planted as part of a “grid” regardless of “who lives under them” and so both poor and rich have essentially equal access
  - Today almost as many poor and vulnerable own or have access to personal cell phones as do the rich; theirs may be older and not as fancy, but they work and do the job
  - 72 nations have signed up to Digital Cash Transfer, based on Kenya’s Mpesa Model
  - City Mayors and their respective Public City Ministries are moving much quicker to acquire and install tech-solutions in their Health, Education, Transportation, Utilities, and other areas than their State counterparts; city populations in MICs in particular are “leapfrogging” into the Digital Age much faster than most of their Northern counterparts
  - Birth registrations, Deaths, Marriages, and other Human Rights conventions are becoming increasingly available to city publics now via the use of technologies
  - Early Warning, Disaster Risk Reduction, Risk Management are all moving quickly towards applying technologies to reduce harm to people and property

## MEGATRENDS: INSIGHTS AND IMPACTS IN THE *RURAL* CONTEXT

### Rural:

- Changing face of aid
  - The rural is still a significant domain of the poor
  - The nature of AID as it relates to food insecurity may actually reverse itself to where increased food-aid is needed as opposed to less unless the farming enterprise becomes more mechanized and better tied to technology and markets
  - As Business begins to dominate the core of development in both LICs and MICs, the role of the INGO, CBO, local NGO, and civil society in general will shift radically to take on more specialized roles such as community mobilization for results and problem solving; for bridging the public, private and civil society worlds in support of “Business for Good” and where both charity and market mechanisms are well harmonized
  - Overall, there will be far less resources for the rural than any time in the past by traditional donors
  - New donors will look more like Extractives, Financing Institutions, Supply Chain Enterprises, along with the new mega “China Factor”; where they will not act like the former traditional “donor” but will act more like the new “investor”, where the

- delicate balance of channelling “business for good” is well managed through Shared Value approaches and Platforms
- For the European Union, it recognizes that increasingly development issues are caught up in a web of crosscutting global themes; EU funding will shift to supporting much larger programs where there is room for smaller individual contracts; aid will be clustered around major themes as part of a new approach to prioritize and allocate its resources
  - Foundations will play an increasing role in convening, researching, moderating, and bringing together more suitable actors for Shared Value Platforms; Foundations will willingly allocate bridge funding as part of these larger solutions-based medium and longer-term interventions that will focus on sustainable results; Foundations will be the funding partner between the world of profit and non-profits to pay for the missing middle pieces which are of neither interest or capability of either
  - Rise of MICs
    - The “face” of the new MICs include most of the Latin American and Asian countries plus a sprinkling of African nations and Europe’s emerging neighbourhood<sup>14</sup> countries
    - The “face” of the LICs are most of the African nations with a small sprinkling still in Asia, the Pacific Rim and Former Soviet Union countries
    - The MICs tend to be the most unequal countries
    - The LICs tend to be the most rural countries
    - The rising of the MICs is mostly good news from an economic standpoint overall, but their rural settings will continue to suffer major losses from internal migration by their youth to the cities
    - The rise of the MICs bring with them however a set of “inconvenient” contexts, that include religious polarization, clan allegiances, ethnic allegiances, tribal allegiances and violence driven by increased access to money, drugs and guns
  - Climate change and Food Insecurity
    - MIC populations desire more processed foods, meat diets, and more sugars, all which cost more and are less healthy; greater portions of their incomes go to acquiring these foods, leaving less for other necessities; rural farms must become much more mechanized to meet the increased demands, or be further marginalized by city and state import programmes

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<sup>14</sup> Neighbourhood Countries: a term the European Union calls the countries sharing borders with the EU block countries and/or have aspirations to join the European Union some day; these include some of the Eastern European Countries, Caucuses, and the Middle East

- In the past 30 years, conflict has decreased relative to the norm, although there appears to be a reversal of this trend today; during the same time, natural disaster has increased from two mega-disasters in 1982 to over 350 in 2014! Scientists today clearly attribute much of this exponential growth to climate change; this pattern is going to increase...imagine by 2030 when that number climbs to 700+ disasters!!!
- More extreme weather – longer rains, longer droughts, warmer temperatures, colder conditions, melting of mountain ice, swelling of the rivers, soaked mountain-sides from over raining – are the primary causes for rural populations to seek other forms of livelihoods and/or survival tactics
- Climate change is one of the root causes to the rise of local conflict as local clans, local tribes, local ethnic groups seek to protect their property, their assets and their livelihoods which are being eroded beyond their controls; herds have to be grazed in much larger rotations often impinging on others' traditional land or access rights; access to water for both human and animal consumption is dwindling causing migration and/or further conflict
- It is still said that the lack of access to potable water, which is quickly dwindling, will become the world's next oil; it will also become the world's next number one driver to conflict and even war; we are seeing this already in the Sahel nations, East Africa, the Middle East and parts of Asia
- Aging populations
  - The rural is aging towards the elderly, whilst the city is aging towards the youth as local parents and the societies that they live in expect their children and youth to migrate to the cities for jobs
  - Even if ODA and AID in general never moved to the cities, the nature of AID would need to change towards the elderly instead of children and youth as a long-term result
  - The rural context is becoming increasingly illiterate as the literate children and youth leave to the urban and usually do not return
  - Food insecurity will likely increase in Rural communities as less and less able-bodied youth remain behind, and the elderly cannot cope with the manual requirements to sustain themselves
- Global Health
  - In the short and medium term, public health issues will continue to be defined by its two major WHO tracks: 1) the health of the under-five year olds – both mother and child; and 2) specific dreaded disease such as Malaria, River Blindness, TB, HIV/AIDs...

- In the long-term, public health issues in the rural areas will likely shift to include public health issues to the elderly, including the increase of modern diseases that will become more prevalent in the MICs countries such as diabetes, obesity and cancer
- Clinical health care facilities will become more effective as operating costs will decrease with the adoption of new low-cost technologies that will replace the old laboratories for example
- Rural health care budgets will become increasingly squeezed by government reallocation of its scarce resources away from the rural to the urban with the much higher patient-care costs of the urban, higher density of need, and much higher attention needed for urgent care
- Religious Polarization
  - In most parts of the world, polarization is not typically driven by the general populace as much as a minority of extremists; however, as inequality, lack of jobs and livelihoods, especially amongst the growing and more educated youth, radicalism is becoming more common everywhere
  - Radicalism in Africa and the Middle East often impacts rural areas mostly as part of a larger agenda to seize and control land and rural assets; partially to extend their territories of span and control, partly for economic reasons just as much as ideological reasons
  - In the rural Middle East and North Africa states, Christianity which has been a minority religion for in most cases – centuries – is now being further marginalized and even eliminated through religious polarization; this is neither good for Islam nor for Christianity in these regions
  - In Southern Asian countries, extremism will continue to rise as well particularly in countries like Afghanistan, Pakistan, Bangladesh, Sri Lanka, Indonesia and others as the quest for “new identities” are fought for
- Urbanization
  - Most all of the 175 LICs and MICs will see their rural areas empty towards the cities in the next 15 years
  - The predominant large economic players in rural communities (as opposed to cities) will increasingly be the Private Sector Extractives Industries, Public Utilities, Transportation and Construction Enterprises; if rural leaders “get it right”, they should be able to strike up Shared Value efforts to improve rural conditions for both
  - The main high risk negative impact on rural communities both in the LICs and the MICs will be the escalating loss of children and youth going to the cities for work and search for livelihoods

- Rural areas will become increasingly older, and less capable of building sustainable livelihoods with the aging of the rural
- Migration
  - Migration from the rural to the urban has been happening already for the last two decades, but is accelerating
  - Migration from the rural to neighbourhood countries and abroad is also escalating and will continue to do so for at least another decade in large-scale as local economic conditions and opportunities are not keeping up with local demographics
  - Reverse migration and immigration may also increase in the next decade as Western nations and their populations make Migration and Immigration part of their Political Agenda; where returning hosted populations back to their homelands becomes a major drive and point of tension
- Economic inequality
  - Less of an issue in most rural settings than in urban and fragile contexts but none the less still a serious problem
  - The more savvy and educated city entrepreneurs will continue to prey on the more vulnerable and less educated rural micro entrepreneurs and small holder farmers creating larger bands of inequality and concentration of wealth and power
  - Latin America is the most unequal region in the world; part of this due to the fact that over 80% of the population live in the urban centres; rural areas are generally more equal and hence less threatened than their city counterparts which is one of the real downsides of urbanization
- Children becoming more vulnerable
  - The “new rural” or the “emerging rural” will add increased vulnerability to children in particular as parents, especial young parents, and especially the fathers of their children seek work in urban centres; children in many of the rural LICs and MICs are growing up today with single parents and/or under the care of grandparents or other members of the community; this is not new, but is accelerating as the new norm
  - Food security for young children will likely increase in rural contexts as the able-bodied youth and parents have left for cities making consistent access to nutrition more difficult
  - In the MICs countries however, children will likely become less vulnerable on the whole as the distribution of progress impacts the whole country in positive ways

- Evolving forms of business engagement
  - Over the next 10 years, Private Sector growth in the South, and in particular the MICs countries will soar to around 7000 new corporations; the mere existence of these, plus their new capital and found markets serving within and for their domestic publics will have a huge impact on the increased well-being of the rural population
- Changing donor expectations
  - A major shift from a “giving” approach to a “participating” approach by most private donors and supports; giving will continue by the older traditional donors many of whom have deeper empathy or sympathy for the “faces of the rural poor”; but the emerging new givers will not want to “write checks” as their parents did without have the personal experience – i.e. mission trips, aid tourism, hands-on experientials – after which they may join the giving community, al be it with much higher expectations and demands for immediate feedback, reporting, imagery, direct contact and social interaction
  - A major shift from an exclusive charity or philanthropy driven ODA/AID agenda to a more inclusive Investment and Market-proven approach where Multilaterals and Bilaterals still fund aid, but only via much larger, longer-term results oriented efforts, each built around a range of PPPs, Platforms and joined approaches
  - For rural contexts, we are seeing a slow shift of the charity pendulum and the market pendulum swinging to and fro with confusing messaging, but this will settle in the next five years to where the bias will largely end up towards investments for development; most of rural funding will continue to come through many of the traditional public actors of today, but these efforts will be complemented by private sector investments in business for good on a limited and a targeted basis, largely from the Extractives sector, Utilities, Construction and Supply Chain companies
  - Stated more clearly, the Bilateral and the Multilateral will continue to be the primary financing partner for the rural; the Private Sector and Public sector will be the primary partners for the urban building off of South-South economic interests; Civil Society and Government donors will remain the primary financing partners for Fragile Contexts;
  - This is good news for the poor and vulnerable; but this is not good for INGOs and the whole ODA Sector who for a while will continue to live almost completely inside this old world of rural development; these will collectively struggle to grow new approaches that are much more effective for rural development needs, but also of those in urban and fragile contexts



- China is the world's most innovative and most serious development financier and will likely remain so for the next ten years; it is serious about investing in mega infrastructure, transportation and logistics infrastructure around the world and has committed in FY2015 \$4T of new money; the new "China Factor" is here to stay for a long time
- The Global South is no longer waiting for the Global North to come up with the scale of resources needed to accelerate the growth of the MICs, nor is the north capable or interested in accelerating growth in the LICs; the Global South BRINKS<sup>15</sup> nations have created a new Financing Facility for South-South financing, taking their own action and futures into their hands; this is good news for everyone, but INGOs should not count on becoming a recipient of these resources
- Large TNCs like Western Union (WU) has had a monopoly on Remittances and the transfer of those funds for a quarter of a century; on average WU's service fee is no less than 20% meaning that the poor labourers who are working 12 hours a day in some foreign country to eke out a living, of which they intent to send a large chunk back to their home countries and families get 20% to 40% skimmed off the top by WU; in the next couple of years, via mobile cash transfer facilities, WU will be disrupted out of the market with new actors in this business; Remittances make up the largest part, by far of the total development ODA, in fact many times higher than official ODA; this financing track is on track to grow and costs will decrease; this too is good news for the poor and certainly for the rural
- Global connectivity and technology
  - City Cell Towers are planted as part of a "grid" regardless of "who lives under them" and so both poor and rich have essentially equal access
  - Today almost as many poor and vulnerable own or have access to personal cell phones as do the rich; theirs may be older and not as fancy, but they work and do the job; the city poor will likely have access to larger quantities of smartphones than rural populations who have the simpler versions
  - 72 nations have signed up to Digital Cash Transfer, based on Kenya's Mpesa Model
  - National Ministries of Communication and Public Utilities are moving fairly quickly in assuring connectivity across their nations; this is mostly a good news story; the public sector has the tools, the interest and the financial muscle to rapidly scale coverage across whole of nations

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<sup>15</sup> BRINCS Nations: Brazil, Russia, India, Nigeria, China and South Africa; Nigeria is increasingly included in this set of nations as it is the most populous and one of the most influential countries in Africa and wields a lot of power and wealth

- Rural populations in MICs in particular are “leapfrogging” into the Digital Age much faster than most of their Northern counterparts; this is also true of the LICs but at a slower pace
- Birth registrations, Deaths, Marriages, and other Human Rights conventions are becoming increasingly available to rural publics now via the use of technologies all be it slower than in urban contexts, but faster than in most fragile contexts
- Early Warning, Disaster Risk Reduction, Risk Management are all moving quickly towards applying technologies to reduce harm to people and property
- The Health, Education, and Agriculture sectors stand the most to gain from new technologies, mobile and digital to improve these sectors; the rural and fragile contexts are likely to benefit from this trend more deeply than their urban counterpart

## MEGATRENDS: INSIGHTS AND IMPACTS IN THE **FRAGILE** CONTEXT

*“Fragility is no longer confined exclusively to the domain of states, but is rather extended to their capitals and outlying metropolitan regions as well.”<sup>16</sup>*

### **Fragile:**

- **Changing face of aid**
  - 2014 was the year with the most amount of human misery since World War II and the funding of the UN System set up to deal with fragility and aid at the time (Antonio Guterres, UNHCR)
  - On average fragile states and conflict related fragility only ever get about 50% of their appeals funded (as compared to an average of 75% for natural disasters)
  - Traditional funding mechanisms for fragile states and fragile contexts have stretched the international humanitarian aid system passed its breaking point, and for the first time, the only hope for new funding is from the private sector (UNHCR, Jan 22, 2015)
  - Aid will shift from directly affected impacted by fragility, and especially conflict related fragility, to host populations as part of new policies and practices installed by the UN System and global Bilaterals
  - Currently there is eight times the amount of ODA and traditional AID going to medium and long-term development assistance needs as compared to those with

<sup>16</sup> The Journal of Humanitarian Assistance; Urban Violence and Humanitarian Action – Engaging in the Fragile City; January 19, 2012

- humanitarian interventions, where the trend is shifting downwards from development to humanitarian (UNCHC, Jan 2015)
- More of the ODA will be shifted by Bilaterals and Multilaterals to State actors in favour of supporting host country solutions over traditional international aid assistance where INGOs will be directly impacted by expecting much less of the resource pie
  - Donors are favouring, even in fragile states, a results-based and performance-based approaches
  - Donors must learn how to become much better partners and commit to priorities and stop coming up with non-priority ideas and parallel structures
- Rise of MICs
    - Whilst Governments of the MICs nations are faring much better than in the previous 25 years, they can still not provide the required volume of aid in their own fragile contexts and must rely on the emerging private sector and growing private wealth in supporting public budgets
    - In addition to funding the MICs and LICs, there is a need for the private sector involvement in training, education, technology and supply chain
    - Job creation is the single most important tool in the quest for stability, and this is the primary domain of business; although 2/3rds of fragility live in the MICs, economic growth is not scaling rapidly enough, and/or inequality is rising rapidly with a large unequal distribution of new found wealth and resources further pushing the problem of fragility down the road
    - Stated more clearly, focusing on jobs and livelihoods is the single most powerful intervention to breaking the vicious cycle of fragility
  - Climate change and Food Insecurity
    - Almost by “definition” Climate change and fragility go hand in hand;
    - As climate change continues to unfold, one of its effects is a heightened risk of violent conflict; this risk is sharpest in poor, badly governed countries; this both adds to the burdens face by deprived and vulnerable communities and makes it harder to reduce their vulnerability by adapting to climate change
    - Conflict and security are directly linked; these often create and/or play out in fragile contexts and war; these concerns are not being properly taken on within complex negotiations on reducing global warming and responding to climate change
    - In order to shape adaptation policies, it is necessary to go beyond the most immediate natural and social effects of climate change and look to the context in which its impact will be felt, because it is the interaction between the natural consequences and the social and political realities in which people live that will determine whether they can

- adapt successfully to climate change. Doing this means addressing the realities of the system of power in fragile and conflict-affected societies, a structure of power that often systematically excludes the voices of all but a privileged few.
- In the past 30 years, conflict has decreased relative to the norm, although there appears to be a reversal of this trend today; during the same time, natural disaster has increased from two mega-disasters in 1982 to over 350 in 2014! Scientists today clearly attribute much of this exponential growth to climate change; this pattern is going to increase...imagine by 2030 when that number climbs to 700+ disasters!!!
  - More extreme weather – longer rains, longer droughts, warmer temperatures, colder conditions, melting of mountain ice, swelling of the rivers, soaked mountain-sides from over raining – are the primary causes for rural populations to seek other forms of livelihoods and/or survival tactics
  - Climate change is one of the root causes to the rise of local conflict as local clans, local tribes, local ethnic groups seek to protect their property, their assets and their livelihoods which are being eroded beyond their controls; herds have to be grazed in much larger rotations often impinging on others' traditional land or access rights; access to water for both human and animal consumption is dwindling causing migration and/or further conflict
- Aging populations
    - Fragile states face a lower life expectancy, a higher incidence of mental disorders and morbidity and mortality patterns differ substantially – some related to recent or ongoing armed conflict and subsequent breakdown of health services
    - Fragile states generally do not have large aging populations; they have large growing youth populations
  - Global Health
    - How public health care coverage and provision in many emerging economies and how they play out in fragile states and fragile cities is largely unknown at this stage
    - Any improvement to public health care in general in fragile contexts will only occur through supportive and inclusive approaches, both to development interventions and to health care in particular
    - Peace and state-building are directly linked to the state's provision of some form of universal health care to its citizens; the four tenants of this premise are that this promotes social cohesion, it restores accountability and strengthens the social contract, it restores trust, and it leads to continuous strengthening of government capacity

- Challenges that remain are inequity in access and coverage; heterogeneity of benefit packages, financial sustainability and quality of care
- Religious Polarization
  - As an example, the Bishop of Abuja in Nigeria stated about the role of religious polarization in his country: “They have almost succeeded in polarizing our nation along religious lines, hitting at our fragile harmony built over many years of patient efforts and trying to make us enemies of one another. They have definitely succeeded in giving us the bad name of a nation that is unstable and unsafe, where Christians are being persecuted and indiscriminately killed with impunity by freely rampaging Muslim terrorists.”
  - Religious polarization has seemingly become the norm in almost all fragile countries where extreme poor environmental conditions, extreme poor economic conditions, extreme poor physical infrastructure conditions, extreme poor literacy conditions and extreme poor governance conditions make up the core ingredients for violence and polarization of ideologies
  - If majority/minority relations in Muslim minority and majority states are to be managed in ways that minimize the potential for conflict and advance pluralism and coexistence, it is essential that:
    - Democratic transitions are uninterrupted, with consolidation including:
      - a) Inclusive processes and representative institutions for ethnic and sectarian bargaining and consensus
      - b) Centralized state structures are replaced by the devolution of power and authority to all ethnic and sectarian communities, including through democratically devised constitutional and legal structures
    - Consolidated democracies must shun narrow interpretations of nationalism and provide political, legal and social space to ethnic and sectarian diversity
    - Mechanisms should be devised to prevent or at the very least minimize the counter-productive role of powerful external factors in determining domestic dynamics
    - Above all, the internalized and normative acceptance of pluralism and democratic functioning can transform ethnic and sectarian conflict into peaceful coexistence
- Urbanization
  - More than 1.5 billion people are living in situations characterized by chronic fragility and instability, and this figure is set to rise; yet much of this violence is concentrated in urban centres in developing countries; these cities are themselves home to half of

- the world's population and are expected to absorb almost all new population growth over the next 25 years
- The sheer organization and intensity of urban violence can eclipse that of open warfare and generate humanitarian crises of alarming scale; concern with these fragile cities is fast becoming a central preoccupation of military strategists, policy makers, urban planners and others; yet the response of humanitarian actors in programmatic terms remains gradual and incremental; precisely because humanitarian agencies are guided by established norms, principles and programmatic priorities, they need to invest in better understanding and engaging with the causes and impacts of urban violence and fragility
  - Migration
    - Almost 90% of refugees are living in developing countries (up from 70% ten years ago)
    - Asylum system, a traditional method of assisting the needy – is coming under strain as crisis multiply around the world
    - Rich countries are raising new barriers for those seeking safety
    - Neighbouring countries to the crisis, which are often struggling themselves, are being left to shoulder an increasing share of the burden
    - With legal channels blocked off from most fragile contexts, people are taking more desperate measures putting their lives at risk in the hands of unscrupulous smugglers, across the Mediterranean, the Indian Ocean, the Gulf of Aden and Gulf of Mexico
  - Economic inequality
    - Addressing the challenge of inequality in the context of fragility will require overhauling our current ODA system and thinking how we can find better ways to assist short-term and long-term needs
    - Economic assistance for fragile contexts was primarily designed to assist with temporary spikes in fragility such as those situations ending up creating conflict by short-term and immediate provision of assistance, but rarely considering the longer-term root causes where the result is that in both LICs and MICs, people are caught in semi-permanent states of inequality or crisis...and with each passing year less able to break free
  - Children becoming more vulnerable
    - Affected populations, children and youth will position themselves at the centre of humanitarian action as clients and consumers, with the means to express and demonstrate their interests and preferences, as power shifts away from providers – civil society, business or host governments

- Evolving forms of business engagement
  - Reachable and accessible populations affected by crisis in less politically complex crises or in fragile contexts will likely be marketised by non-humanitarian actors; and that risk management and insurance will feature more prominently in preparedness, planning and financing of disaster response
  - As a consequence of greater connectivity through new corporate-owned communication infrastructure, a range of actors operating in the 'normal' economy and society will be able to engage in aspects of fragility or humanitarian response along different and new lines, as risk and returns become calculable, products and delivery can be priced, big data analysed, scenarios predicted, risks insured, portfolios managed, etc....
  - Better access to communications, connectivity and technologies mean that responses to fragile states, fragile cities, or humanitarian response can more easily be broken down into different segments, where more structured businesses have a role to play
  - Increasingly businesses are going to engage in fragile state/fragile cities/humanitarian action, based on sound business models and a risk benefit analysis
  - Insurers will be focusing on climate change, health, pandemics, food security, longevity, urbanization, cyber-attacks, natural disasters and the overall wellbeing of the economy...in LICs and MICs; business, government and humanitarians will have Chief Risk/Resilience Officers as an omnipresent role
  
- Changing donor expectations
  - Donors and the broader spectrum of actors in fragile states/fragile cities and humanitarian responses will start thinking of affected people as consumers rather than beneficiaries
  - Trust or mistrust between humanitarian and development actors and corporate actors should not impact on our ability and willingness to experiment and pilot together; the questions to be solved are how to scale up and embed solutions into government systems
  - OECD donor countries have developed a 'Methodological Framework' for risk assessment and risk financing; they are promoting action to mitigate the impact of fragility and disaster exacerbated by environmental degradation, inclusion of climate and disaster risks into development strategies to eliminate extreme poverty, fragility and risk transfer instruments to increase financial resilience in these tough and harsh contexts



- Global connectivity and technology
  - The transformation of connectivity and information flows brought about through mobile phones and the internet is a structural change to the communication landscape in fragile contexts
  - The same holds true for humanitarian contexts which are often part of ongoing fragility; connectivity will change the very nature of the humanitarian situation; connectivity and mobile technology will enable new opportunities to address needs, enabled by better information flows and two-way communications flows; these will be at the heart of every effective response
  - Power relations will also shift in the direction of affected populations, who will be more informed, and will demand more information and greater choice: ‘aid shopping’ will be morally acceptable, accountability more visible and public
  - For humanitarian organizations, there may also be a power shift in terms of their intermediary role between donors and affected populations; the question increasingly may be about who owns and controls access to the bid data; humanitarian actors have a role to play in enabling and protecting the rebalancing of power towards ‘affected populations’ which is coming with digital communications and connectivity

# CONTACTS

## World Vision Lead Contact on Future Studies and Development Trends: Lars Gustavsson

Chief Futurist and Co Partnership Leader for the Global Office of Strategy, Collaboration and Innovation:  
lars\_gustavsson@wvi.org

Strategy Specialist, Yousef Abu-Ghazaleh, Global Office of Strategy, Collaboration and Innovation:  
yousef\_abu-ghazaleh@wvi.org

Intern and Research Assistant, Allison Weidemann, Global Office of Strategy, Collaboration and Innovation:  
allison\_weidemann@wvi.org

Executive Assistant, Debra Villalobos, Global Office of Strategy, Collaboration and Innovation:  
debra\_villalobos@wvi.org

## World Vision International Lead Contact for Strategy Management: Norbert Hsu

Chief Strategist and Co Partnership Leader for the Global Office of Strategy, Collaboration and Innovation:  
norbert\_hsu@wvi.org

Executive Assistant, Nichole Gonzales, Global Office of Strategy, Collaboration and Innovation:  
nichole\_gonzales@wvi.org

## World Vision International Global Executive Office

1 Roundwood Avenue, Stockley Park Uxbridge, Middlesex UB11 1FG  
United Kingdom  
+44.20.7758.2900

## World Vision International Global Office of Strategy Collaboration and Innovation

World Vision International  
800 West Chestnut Avenue  
Monrovia, CA 91016  
USA  
+1.626.303.8811

## World Vision International Geneva & United Nations Liaison Office

Beris Gwynne, Director and UN Representative: beris\_gwynne@wvi.org  
7-9 Chemin de Balexert  
Case Postale 545  
CH-1219 Châtelaine  
Switzerland  
+41.22.798.4183

## World Vision International New York & United Nations Liaison Office

Frank Williams, Director and UN Representative: frank\_williams@wvi.org  
919 2nd Avenue, 2nd Floor  
New York, NY 10017  
USA  
+1.212.355.1779

## World Vision Brussels & EU Representation ivzw

Marius Wanders, Director and EU Representative: marius\_wanders@wvi.org  
18, Square de Meeûs  
1st Floor, Box 2  
B-1050 Brussels  
Belgium  
+32.2.230.1621

[www.wvi.org](http://www.wvi.org)