SIX KEY ISSUES

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The Technological Imperative

Digital developments are changing the context in which governments operate and enhancing their means of effectively fulfilling mandates while challenging their ability to adapt

It seems hard to imagine nowadays that smartphones are a relatively recent invention: according to 2013 estimates from AppNation, the worth of the global app economy is estimated to attain $151 billion in 2017. Smartphones with mobile internet are transforming the way we work, live and communicate on a daily basis, and the 1,000-fold increase in speed of the mobile internet when 5G replaces 4G around 2020 will accelerate this beyond imagination, as projected by business correspondent James Dean in 2014.

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Mega Disruptions

The combination of low probability events and megatrends is causing governments to rethink their preparedness

Big, disruptive mega events such as 9/11, the Indian Ocean tsunami in 2004, the global financial crisis, or the 2011 Fukushima nuclear disaster and their aftermaths powerfully illustrate how events with various interlinked causes and consequences cannot only overwhelm government capacity, but also cause a number of unexpected, perhaps even illogically-related, actions by other actors. Even when governments have contingency plans in place for events, trends and drivers that may be foreseeable or preventable, such events may prove hard to manage when they actually happen. Moreover, they may catalyse other events that are much less foreseeable and predictable, and near impossible to plan for. For instance, an extreme weather event may cause a massive power shortage and disruption to a country's or even region's energy supply, which in turn could trigger a regional economic, financial or political crisis. It is likely that both the frequency and incidence of such interrelated disruptions will increase in the decades to come.

Political Turbulence

Disruptions, authority shifts, inequality, marginalization and populism are creating new pressures on established and young democracies around the world

Assertive stakeholders no longer accept authority or seniority by default, both in more traditional societies as well as developed, democratic states. In recent years, countries across the globe have also experienced an increase in authority shocks, with assertive stakeholders demanding more from their representatives. In an era of increasing demands for transparency, more transparency does not automatically result in greater legitimacy. Public actors and institutions will need to continuously acquire and consolidate performative authority to make their legitimacy consequential.

Increased political turbulence results from various related developments exacerbated by technology and globalisation, such as individualism and value pluralism, great stakeholder expectations and transparency demands, and the rise of the assertive citizen. In many ways, the assumed positive relation between increased transparency and legitimacy proved to be false: the more stakeholders get to see about the real workings of governments, the less they seem to like what they see. Not in the least due to serious accountability and ethics issues in some case, regardless of whether they're real or perceived.

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What is new is increased "authority turbulence": unpredictable, rapid dynamics in how public leaders and institutions acquire, consolidate and lose authority.

The world's **85** richest people now have more wealth
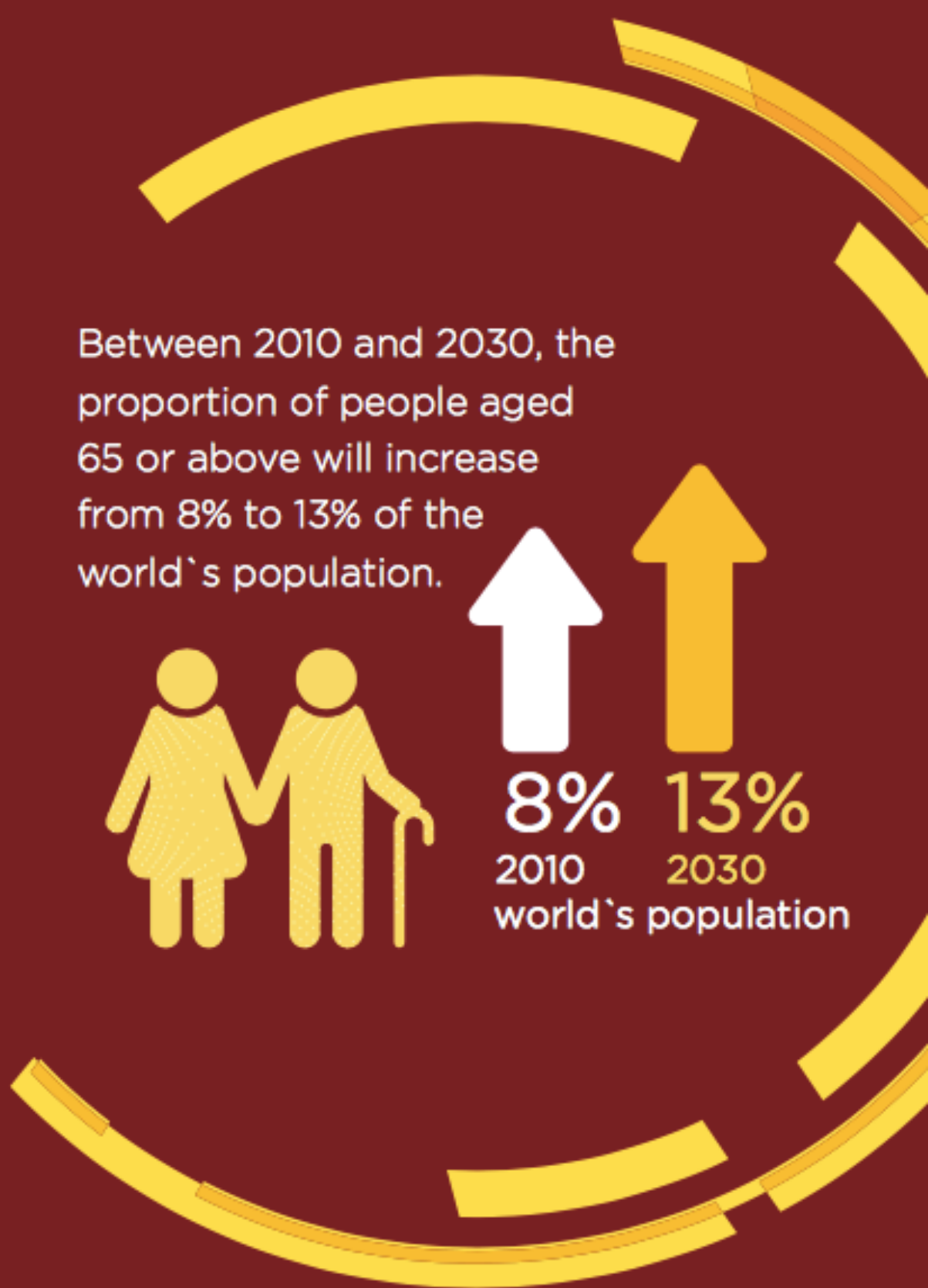
than the poorest
3.5 billion.

Demographic Divide

Ageing and population growth are creating challenges and opportunities that vary between developed and developing countries

Between 2010 and 2030, the proportion of people aged 65 or above will increase from 8% to 13% of the world`s population, according to 2015 World Bank demographic data, putting pressure on growth and fiscal positions across the developed world. Many countries will see a contraction of their working age population and a higher allocation of resources to the elderly. In addition, increasing and accelerating improvements in healthcare technology will raise this number to heights that are hard to predict today.

At the same time, the developing world shows a completely different dynamic. Ninety percent of the global youth lives in developing countries, and a rapidly developing country such as India is estimated to add one million people to its labour force every month between now and 2030, according to recent trend reports by leading consultancies such as KPMG and Roland Berger. Many developing countries will have a demographic dividend with a bulge in the working age population that will need to be integrated in to the workforce. China`s recent abolition of their three decade long one-child policy is an indicator that countries are aware of the implications of changing demographics.

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8%
2010

13%
2030

world`s population

Ultra-urbanisation

Rapid urbanization and the emergence of megacities are forcing a pivot of growth and governance innovation from the national to the local

Emerging megacities are rapidly sprawling and expanding into autonomous centres of economic activity and governance, with 80% of projected urbanisation between now and 2030 taking place in Africa and Asia, according to the 2014 World Urbanization Prospects of the United Nations Development Program. KPMG's *Future State 2030* report, published in 2014, projected that in 2030, 60% of the world's population will live in cities, compared to 50% today. Simultaneously, according to the same report, the world's over 65 population is likely to double and grow to 1 billion in the same period, with obvious consequences for economic development and disparity between rural and urban areas. Economic interconnectedness and enabling technology act as accelerators here. Already, just 600 cities house around 20% of the world's population and generate 50% of global GDP. In addition, the number of so-called megacities with populations of over 10 million will double to around 40 in 2030, according to McKinsey's Global Institute.

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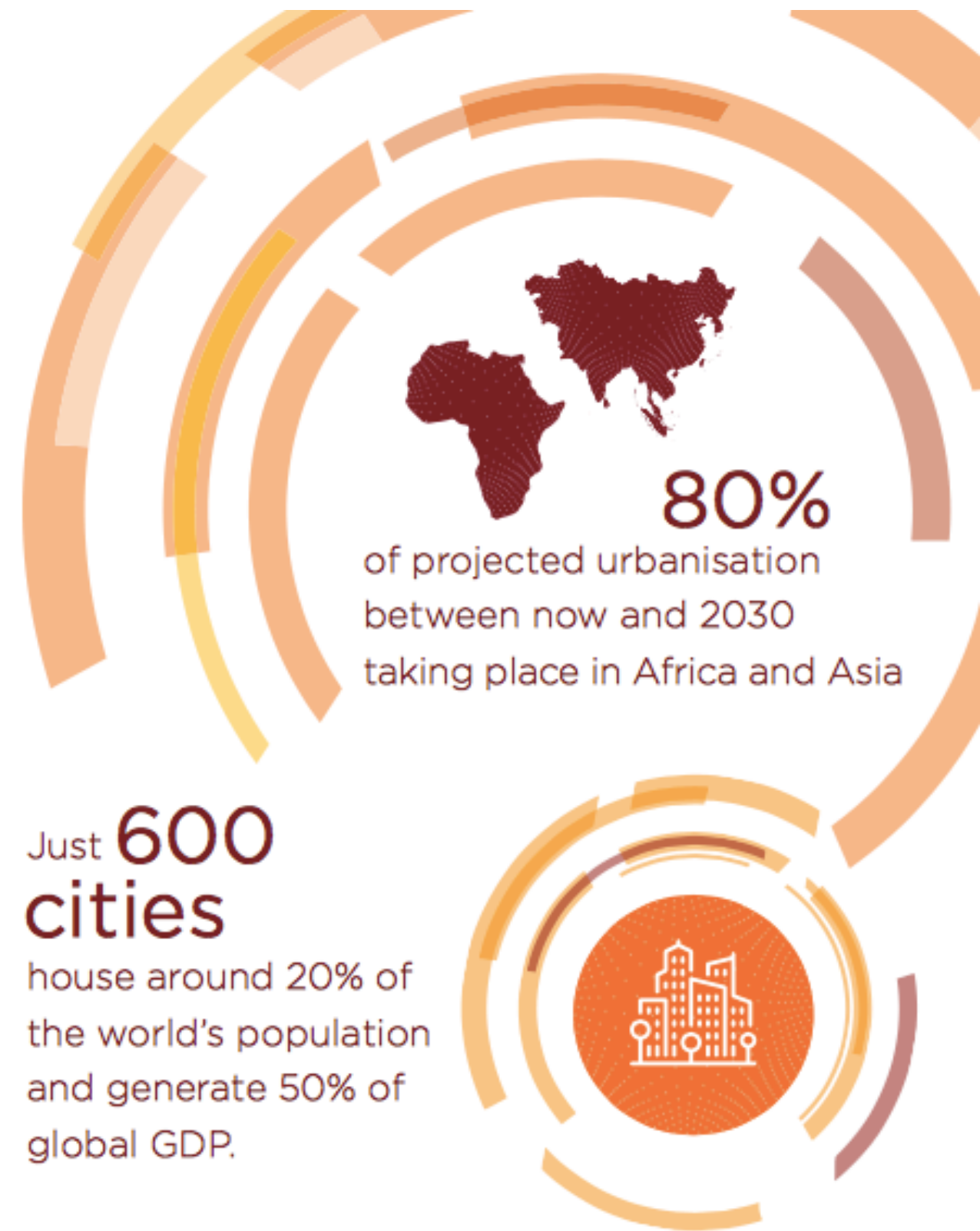
New Governance Models

The Open Government Partnership, launched in 2011 between actors in the public sector and non-profit sector, now includes

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Collaboration, co-creation and co-production have become permanent fixtures of government operations and service delivery

New transparency requirements and innovation pressures are rapidly transforming how governments work internally and with citizens. Better, more integrated governance starts from basic steps and a review of the traditional systems of the state – including budgeting, human resource management, auditing and evaluation. In the 21st century, governments will need to pay increasing attention to contributions from civil society, the private sector, as well as new, rapidly-formed and loosely-connected movements that may be small in scale but enormous in impact.

The third sector (non-governmental and non-profit-making organizations or associations, including charities, voluntary and community groups, cooperatives) is becoming a committed player in some countries, even if accountability and risk-sharing remain critical issues. Stronger citizen voices provide an incentive for the government to examine its internal processes. The Open Government Partnership, launched in 2011 between actors in the public sector and non-profit sector, now includes 70 countries. It is one means by which good practice in strengthening governance can be shared across countries, with important implications for the functioning of governments and relations with business and citizens. As of now, the partners have made over 2,000 concrete commitments to increasing government transparency through open government guides, peer learning, webinars, with the City of Montreal recently publishing all their data related to municipal contract awards being a concrete example.

Thank you

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