

Sustainable Development in Times of Recurrent Crises

*The changing crisis landscape
and its implications for sustainable development*

Political and Economic Consequences

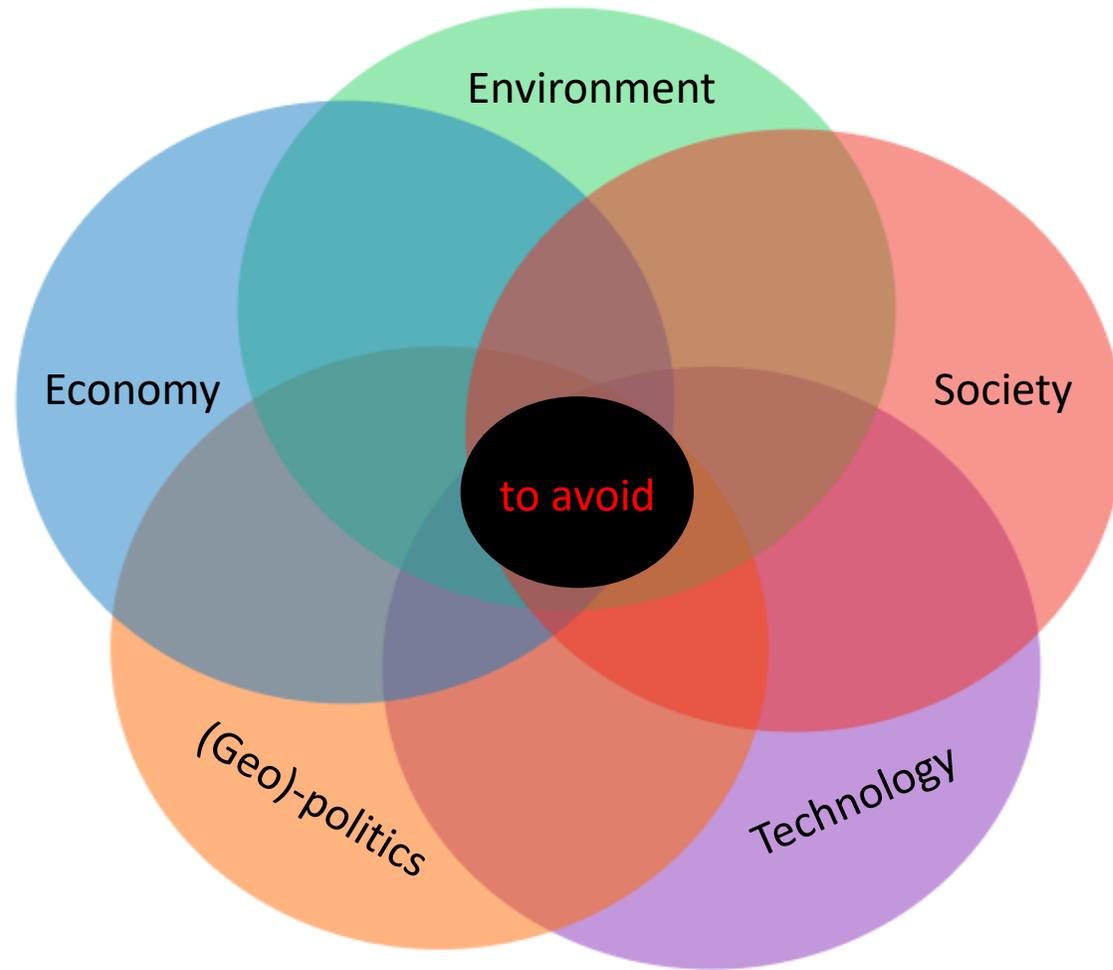
Richard Lukacs

**UNDESA Expert Group Meeting
21-22 March 2023**

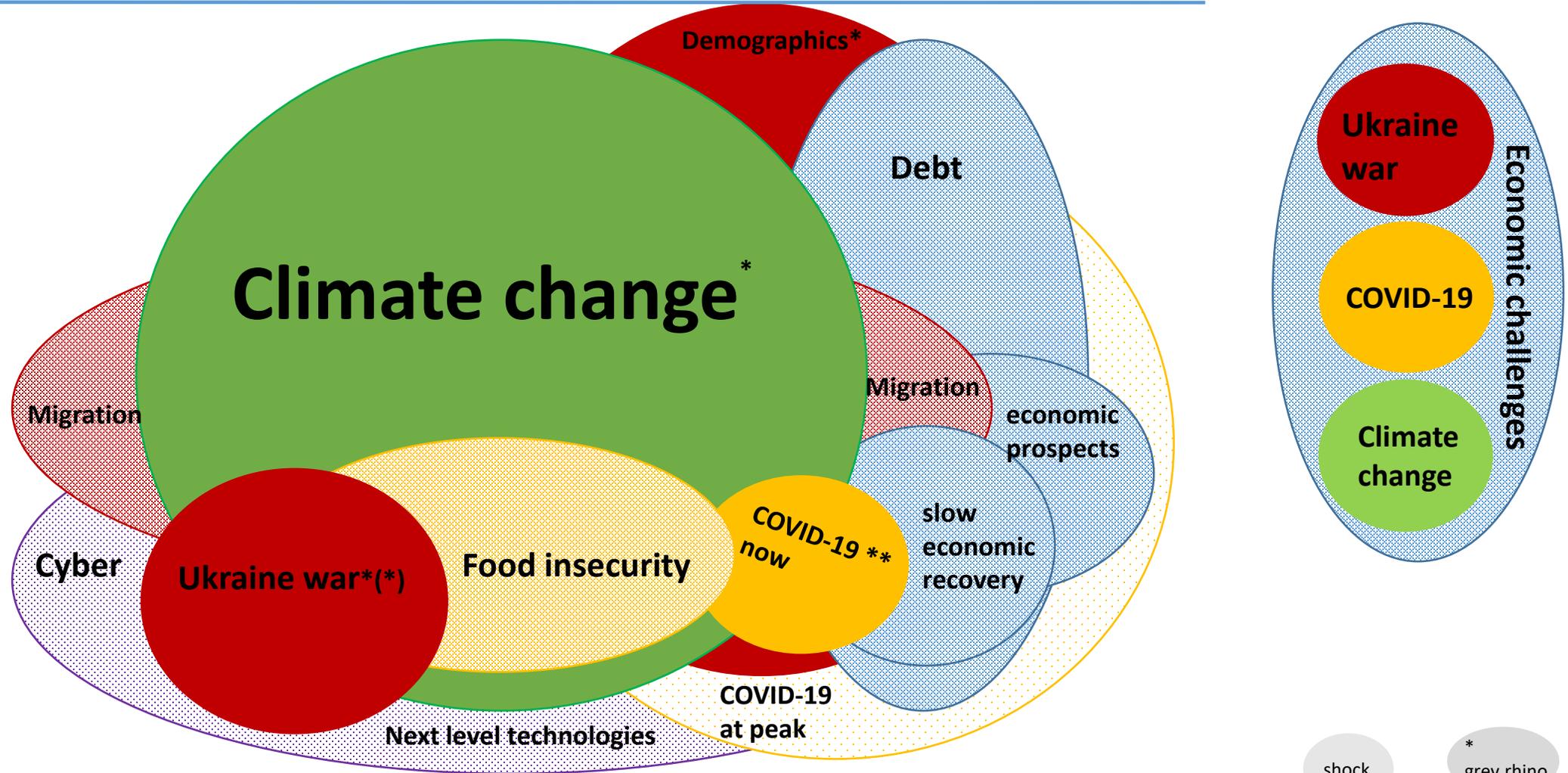
Outline

- Overlapping of (poly-) crises
- Political consequences
- Economic consequences
- Possible solutions

The multi-dimensions of issues



Overlapping (poly-) crises through a few highlighted crises



black swan after Nassim Nicholas Taleb 2001: an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences
grey rhino after Michele Wucker 2016: a highly probable, high impact yet neglected threat
polycrisis after Edgar Morin and Anne Brigitte Kern 1999

Multistakeholder concerns - WEF Global Risks Report 2023



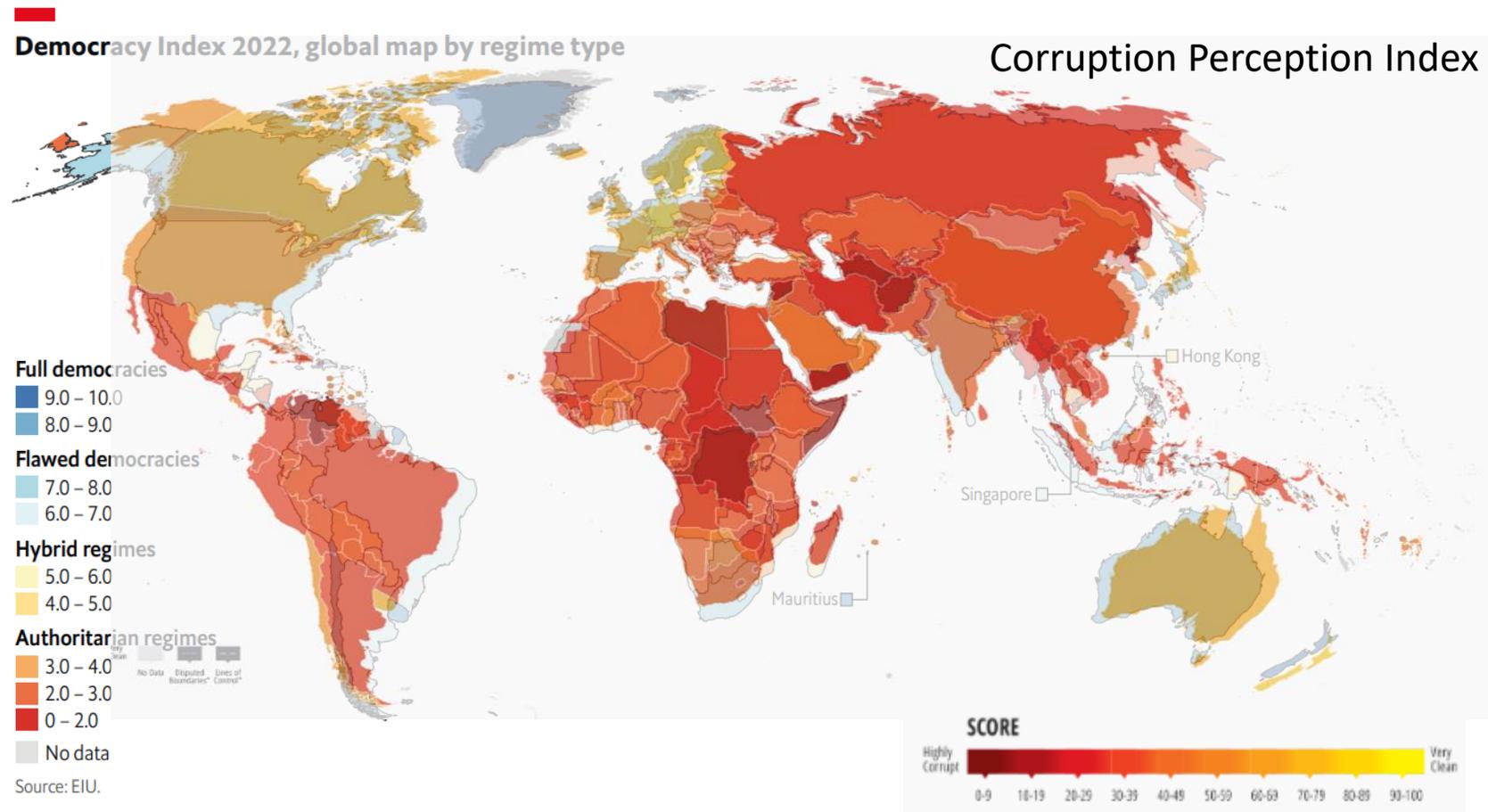
Global risks ranked by severity

"Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period"

Political consequences

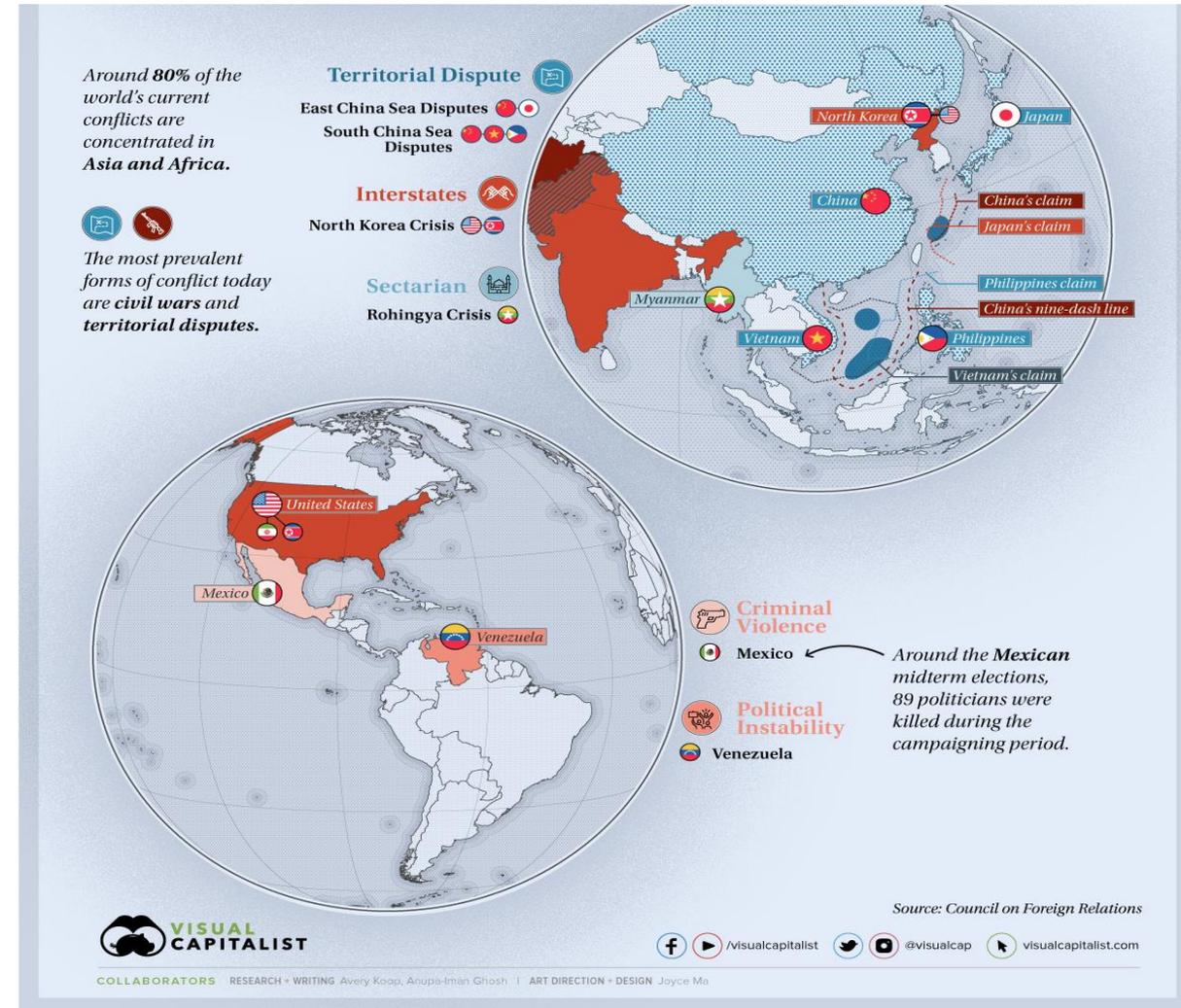
- Multipolar and multiconceptual world
 - Multitude of ideas and ideologies with increased polarization between countries and within societies
- Globalized conflicts and contestations
 - Armed and non-armed
- Multilateralism's hardship
- Role of non-state actors

Political consequences - Polarization of ideas and ideologies



Political consequences - Globalized conflicts

- Armed conflicts (among others)
 - Ukraine
 - Syria
 - Yemen
- Zones of contestation
 - South China Sea
 - Former Soviet States
 - Central/East Africa
 - Middle East
- Non-armed conflicts/confrontations
 - Trade
 - Ideologies / state systems
 - Race for raw materials
 - Technology (5G, social media platforms, mis-information, Wild Wide Web (GRR 2020))



Political consequences - Multilateralism's hardship

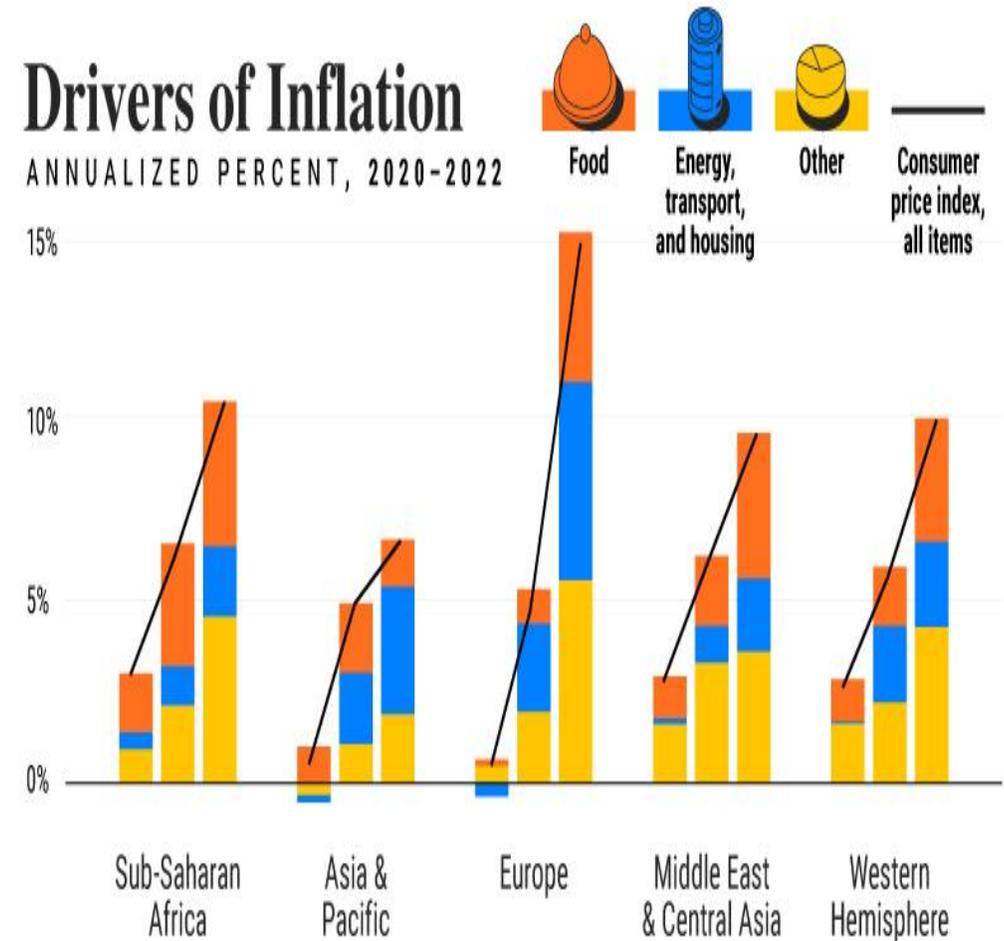
- Challenges for the negotiation and implementation of new agreements
- Entrenched positions in existing multilateral fora
 - UNSC, UN Human Rights Council
- Existing agreements are jeopardized/halted/abandoned
 - e.g. 2030 Agenda, Paris Agreement, New START, JCPOA
- Non-state actors

Economic consequences

- Geo-economic
- Cost of living crisis
- Climate change adaptation and damage costs

Economic consequences - Geo-economic

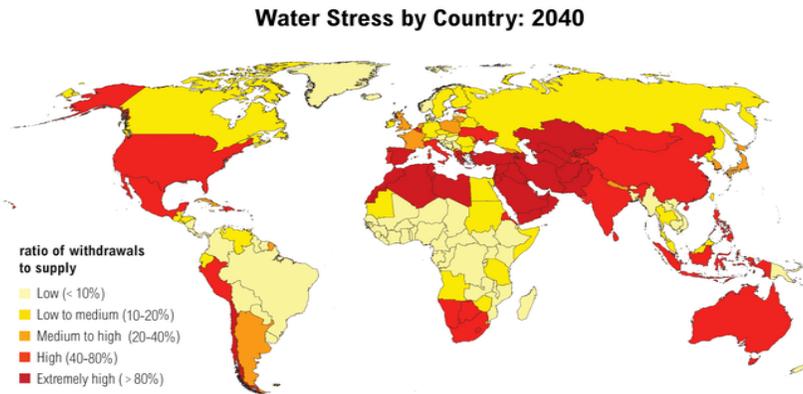
- COVID-19 as major global economic crisis
 - Supply chain deficiencies
 - Debt increase
 - (Specialized) labour shortage/surplus
- Trade war (CHN vs. US)
- Sanctions (following the RUS invasion of UKR)
 - fueling global inflation
 - mainly in Europe increased govt. spending to absorb inflation costs + military spending
- Climate change costs



Source: International Monetary Fund World Economic Outlook, October 2022

Economic consequences - Cost of living and survival crisis

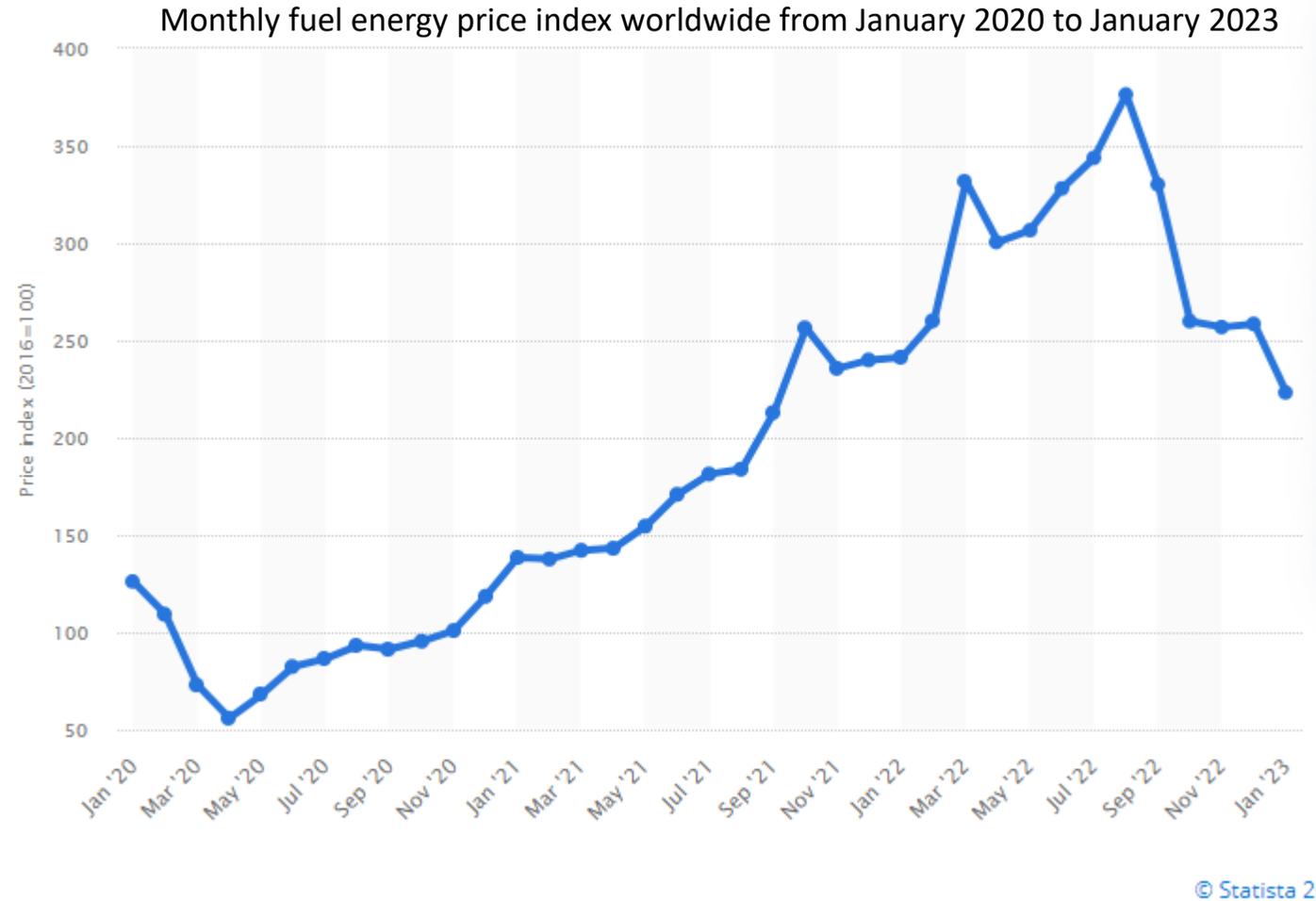
- Food insecurity
- Energy insecurity
- Housing and health insecurity
- Water insecurity
- Demographics



NOTE: Projections are based on a business-as-usual scenario using SSP2 and RCP8.5.

For more: ow.ly/RiWop

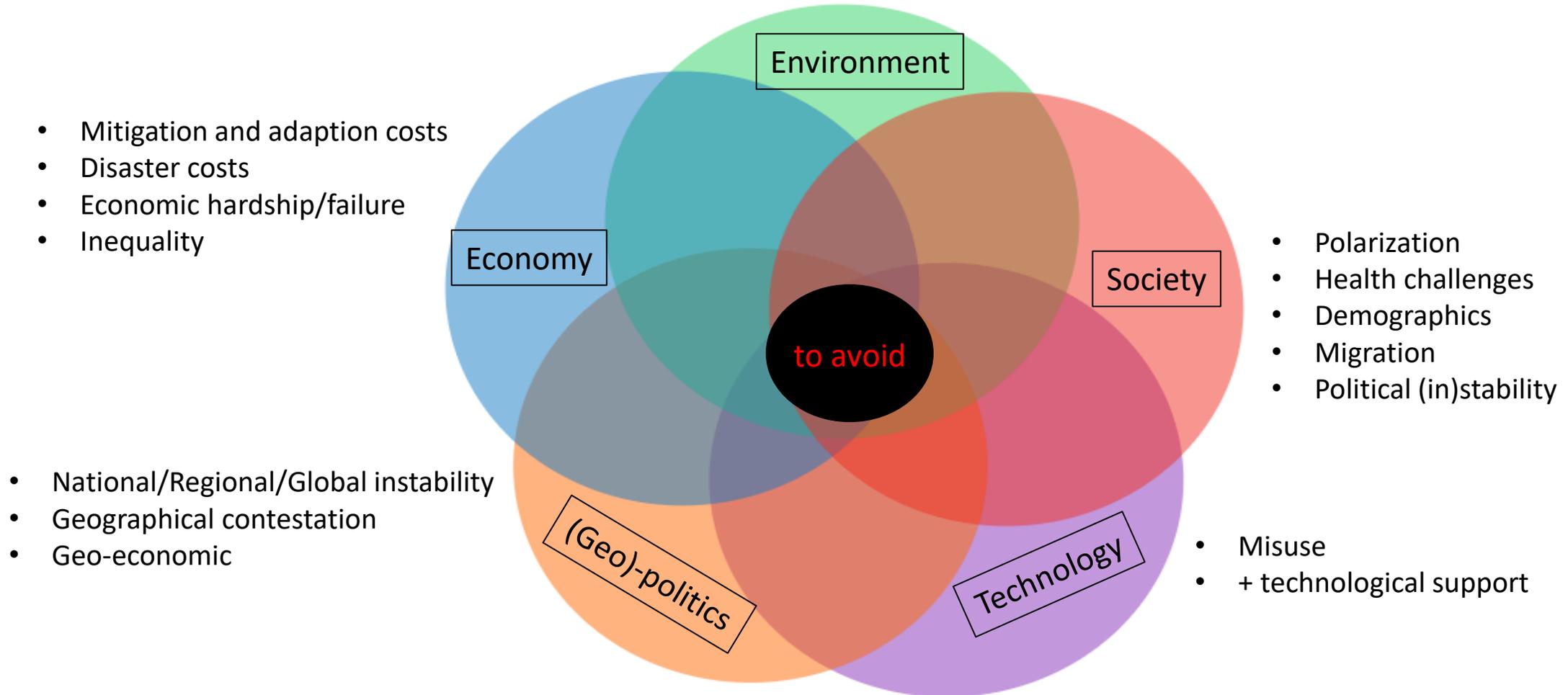
 WORLD RESOURCES INSTITUTE



Notes: IFSA = International Food Security Assessment report. The report analyzes food security in 77 low- and medium-income countries.
Source: USDA, Economic Research Service.

Economic and political consequences - Climate change costs

- Weather extremes
- Loss of biodiversity
- Loss of arable/livable land
- Extraction damages



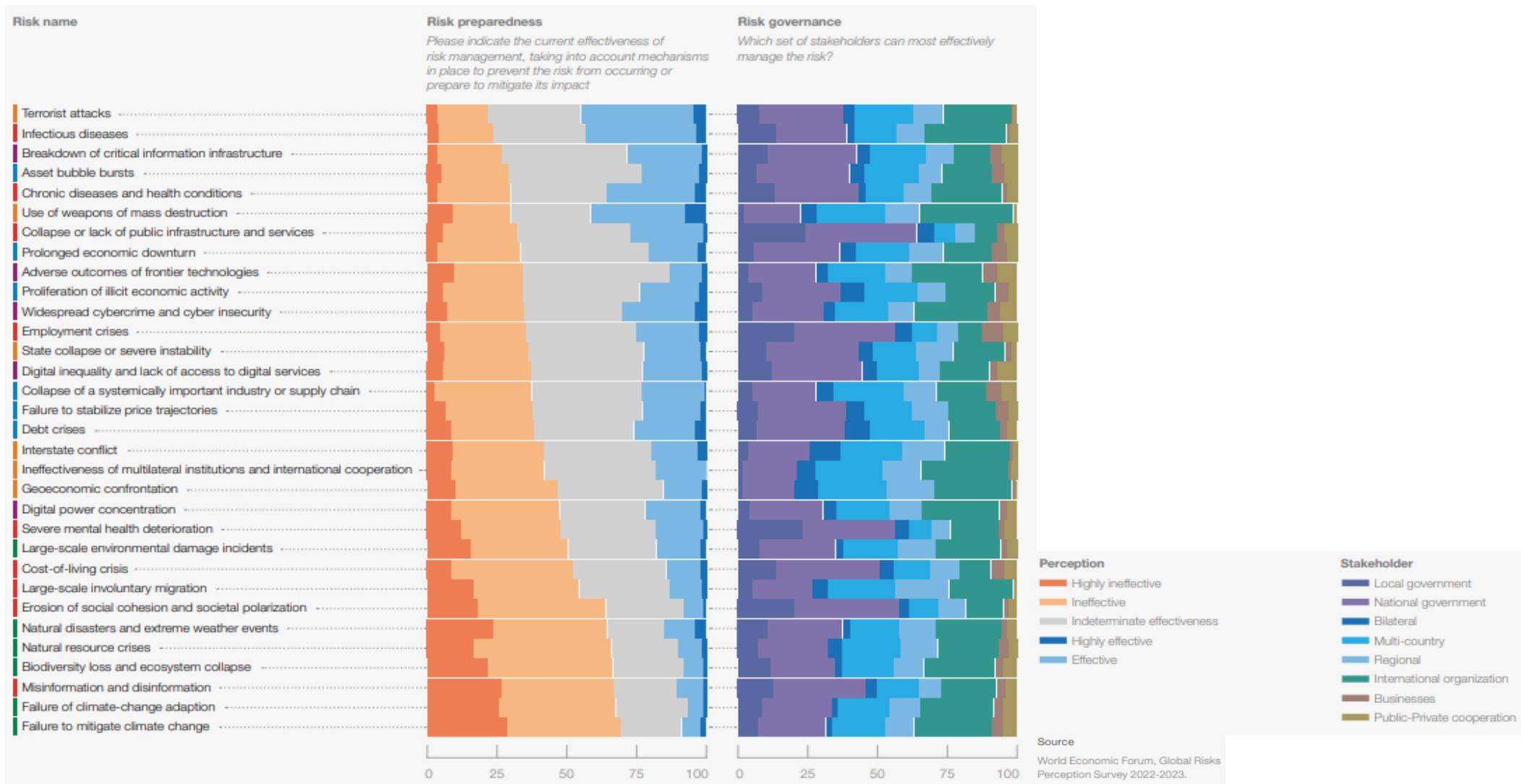
Economic consequences - Climate change costs

	Temperature rise scenario, by mid-century			
	Well-below 2°C increase	2.0°C increase	2.6°C increase	3.2°C increase
	<i>Paris target</i>	<i>The likely range of global temperature gains</i>		<i>Severe case</i>
Simulating for economic loss impacts from rising temperatures in % GDP, relative to a world without climate change (0°C)				
World	-4.2%	-11.0%	-13.9%	-18.1%
OECD	-3.1%	-7.6%	-8.1%	-10.6%
North America	-3.1%	-6.9%	-7.4%	-9.5%
South America	-4.1%	-10.8%	-13.0%	-17.0%
Europe	-2.8%	-7.7%	-8.0%	-10.5%
Middle East & Africa	-4.7%	-14.0%	-21.5%	-27.6%
Asia	-5.5%	-14.9%	-20.4%	-26.5%
Advanced Asia	-3.3%	-9.5%	-11.7%	-15.4%
ASEAN	-4.2%	-17.0%	-29.0%	-37.4%
Oceania	-4.3%	-11.2%	-12.3%	-16.3%

Note: Temperature increases are from pre-industrial times to mid-century, and relate to increasing emissions and/or increasing climate sensitivity (reaction of temperatures to emissions) from left to right.

Source: Swiss Re Institute

Conclusion



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