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# NATO and the South: a tale of three futures

Edited by: Luis Simón along with contributions from: Giovanni Grevi, Said Moufti, Haizam Amirah- Fernández, Irene Martínez, Jassar Al-Tahat, Nicolás de Pedro & Zaid Eyadat

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# NATO and the South: a tale of three futures

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Real Instituto Elcano - Madrid - España
www.realinstitutoelcano.org

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# NATO and the South: a tale of three futures

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Nota bene:

The observations and recommendations made at the meetings, as well as the contents of the volumes in the NATO Sciences Series reflect the views of participants and contributors only, and do not necessarily reflect NATO views or policy.

# Acknowledgments

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In this sense, this report contains the main findings of the two-year project Responding to Emerging Security Challenges in NATO's Southern Neighbourhood (RESCALE), an SPS project conducted by the Elcano Royal Institute (Spain), the Moroccan Center for Strategic Studies (Morocco), the Center for Strategic Studies (Jordan) and the Institute for Statecraft (UK).

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To conclude, the research team would like to highlight the unique composition of this project, where experts from NATO nations and partner countries have jointly analysed the security dynamics of the Southern Neighbourhood and collectively produced this report. The diversity of perspectives, especially those from partners in the south, is our critical added value. As recent experience has demonstrated, any foresight exercise aimed at the Southern Neighbourhood requires a good deal of thinking 'outside the box', which is what this report aims to facilitate.

1 To see all the external experts associated to this project, please see Annex II.

2 John Joseph Wilkins, Associate Fellow, German Council on Foreign Relations (DGAP) and independent communications consultant.

# Executive summary

As recently underlined by the NATO 2030 report, NATO's Southern Neighbourhood is an area of conventional challenges and growing asymmetric threats. On top of all the security dilemmas in the Middle East, North Africa (MENA) and broader Sahel regions, Russia is already a threat in the south, and China's growing presence in the region is also a source of concern. The Alliance has already agreed that it is needs to engage in capacity building with southern neighbours and partners, improve its awareness and risk monitoring, increase its own resilience and responsiveness to security challenges in the south and work with close partners such as the European Union (EU). However, working out the terms of NATO's engagement in the south requires a clearer understanding of regional dynamics, and their likely evolution over time.

This study analyses some of the key variables that are likely to affect the southern Neighbourhood out to 2030 through three strategic foresight scenarios. The report aims to a) analyse the sources of change in NATO's south with a view to gaining a better sense of their possible political and security implications, and b) provide strategic foresight scenarios to inform decision-makers within NATO, Allied and partner countries. The analysis and scenarios have been designed by a diverse and geographically relevant range of experts and regional networks. In bringing these experts together, the report delineates a working definition of the south and sets it within a geopolitically informed understanding of the broader political, economic, social and environmental trends underway in the region.

The study leads to a number of policy recommendations. First, it recognises that the south is a region affected by a range of security challenges such as geopolitical tensions, the energy transition, climate change, economic development, religious tensions and more. NATO is confronted with interacting 'inner' and 'outer' layers in the south and it is important to remain realistic about what the Alliance can achieve throughout the region. Nevertheless, this study recommends that NATO invests in partnerships with the EU, Gulf Cooperation Council (GCC), the African Union (AU) and other bodies in the south. The south poses a challenge for NATO's collective defence, crisis management and cooperative security tasks, but sub-regional complexes are increasingly interconnected and open to exploitation by powers such as Russia and China. In line with the NATO 2030 Report, this study reiterates the importance of a 'consistent, clear and coherent' approach to the south.

To this end, the study calls for NATO to enhance its intelligence, surveillance and reconnaissance capacities and its maritime and missile defence capabilities in the south. NATO can build on its existing cooperative mechanisms (Istanbul Cooperation Initiative (ICI), Partnership Interoperability Initiative (PIP), Mediterranean Dialogue (MD) and Defense and Related Security Capacity Building Initiative (DCB)) to foster cooperation with southern partners. The study also calls for the establishment of a NATO working group on the south; greater information exchange through bodies such as the NATO Strategic Direction South Hub (NSD-S Hub), Supreme Headquarters Allied Powers Europe (SHAPE) and Allied Command Transformation (ACT); much more intense EU-NATO cooperation on the south; and NATO capacity building and training for southern partners in critical infrastructure protection, disaster relief, cyber security, energy security and hybrid threats. In terms of defence and deterrence, the study calls on the Alliance to continue to enhance its missile defence capabilities and maritime presence by stepping up the role of Standing NATO Maritime Group 2) (SNMG2). To combat growing Anti-Access/Aerial Denial (A2/AD 'bubbles'), NATO needs to modernise and extend its Airborne Warning And Control System (AWACs) fleet by 2035 and it needs to continue to develop its counter-terrorism capacities if it is to comprehensively address non-state actors in the wider region.

# Introduction

by Luis Simón[3]

Since 2016, the south has become a strategic priority for the North Atlantic Treaty Organisation (NATO).The Alliance acknowledges that its own security is tied to long-term stability in its so-called south – ie, the MENA and the Sahel – and recognises the importance of engaging across that region through political dialogue, capacity building and crisis management (in line with the Alliance's 2010 Strategic Concept). Working out the terms of NATO engagement in the south, however, requires a clearer understanding of regional dynamics, and their likely evolution. Against that backdrop, this report zooms in on some of the key variables that are likely to impinge on the south over the medium term to 2030. The report aims to a) analyse the sources of change in NATO's south with a view to gaining a better sense of their possible political and security implications, and b) provide foresight and early warning scenarios to inform policy planning within NATO and allied countries.

The report relies on scenario-based foresight analysis to develop three plausible alternative futures for NATO's south out to 2030. This timing is significant because it fits with NATO's ongoing 'Strategic Reflection' process and the 'NATO 2030' Report.[4] Arguably, the 2030 mark gives us the space to leverage foresight analysis to think through the possible implications of the Covid-19 crisis upon NATO's southern neighbourhood. Indeed, scenario-based foresight analysis helps us work around the many uncertainties that surround NATO's southern neighbourhood and unpack and analyse complex trends for decision-makers. Strategic foresight is a useful tool because it offers policymakers an opportunity to test existing assumptions and biases, as well as providing an opportunity to assess crisis response mechanisms in response to fictious futures. The added value of the project is its unique geographical spread of regional expert networks, which has led to the establishment of a research platform whereby analysts and policymakers from NATO member states and partner countries in the south have jointly analysed key trends across the south and how they may evolve over the coming decade.[5]

The report includes this introductory chapter, which outlines the conceptual and methodological parameters of the exercise; three core chapters, each of which develops an alternative future; and a concluding chapter, which offers policy recommendations to NATO, its member states and regional partners. Policy recommendations will focus on how NATO and its regional partners can best navigate each future, but will also reflect on

3 Director of the Brussels Office and Senior Analyst, Elcano Royal Institute/Research Professor at the Vrije Universiteit Brussel (VUB).

4 "NATO 2030: United for a New Era", Analysis and Recommendations of the Reflection Group Appointed by the NATO Secretary General, 25 November, 2020, https://www.nato.int/nato_static_fl2014/assets/pdf/2020/12/pdf/201201-Reflection-Group-Final-Report-Uni.pdf.

5 See annexes 1 and 2.

what can be done in the present time to prevent or mitigate the more negative aspects associated with each alternative future.

This introductory chapter is structured as follows. We begin by delineating the contours of NATO's south and outlining the main methodological building blocks of the type of foresight analysis used in this report. Next, we focus on a number of key trends that are likely to impinge upon the future of NATO's south, and group them by affinity around three thematic clusters: geopolitics and security; governance, economy and society; and energy and climate. We then explain the importance of the 'stability vs. fragility axis' in the context of our exercise (ie, as a useful axis around which to organise variation across alternative futures and to give wind to critical engagement with the concept of 'stability'). We end by pointing to some of the limitations inherent to our conceptual and methodological choices and situating our contribution in the existing literature.

## 1. Delineating NATO's South

Before introducing this report's understanding of terms such as 'south' or 'southern', it is worth stressing the fact that NATO has been engaged with its southern neighbourhood for many decades. Today, calls for a greater NATO perspective on the south have been stimulated by ongoing instability (Libya, Iraq, Syria), regional pressures (Iran and Saudi Arabia) and broader geopolitical currents (America's geopolitical focus, Russia's extended interest in the south and the growing presence of China). In the past, however, NATO and partners launched the MD in 1994 and this was followed in 2010 by the ICI. NATO also had a greater focus on the MENA region following the 11 September 2001 terror attacks on the United States (US). After a revision of its partnership policy in 2011, NATO then developed closer ties with Afghanistan, Iraq, Pakistan and others through the 'Partners around the Globe' initiative. These initiatives culminated in the 'Projecting Stability' concept at the 2016 Warsaw Summit, which was designed to provide a more comprehensive approach to the south. This initiative has led to new and enhanced mechanisms for cooperation with the south, including the creation of a dedicated NATO Strategic Direction South Hub (NSD-S Hub). The 'Hub' provides the Alliance with a better understanding of the dynamics in the South and it helps NATO better engage with stakeholders in the region.

As far as this study goes, the question of whether NATO's 'South' can be treated as a coherent or meaningful unit of analysis relates to broader discussions in International Relations (IR) scholarship regarding what constitutes a region and what its boundaries are.[6] Barry Buzan and Ole Waever coined the term of Regional Security Complex (RSC)

6 On the role of regions in international politics see, Louise Fawcett and Andrew Hurrell (eds.), *Regionalism in World Politics* (Oxford: Oxford University Press, 1995); David A. Lake and Patrick Morgan (eds.), *Regional Orders: Building Security in a New World* (University Park: Pennsylvania State University Press, 1997); Buzan and Ole Waever, *Regions and Powers: The Structure of International Security* (Cambridge: Cambridge University Press, 2004). For a good overview of how this debate relates to the Middle East see, F. Gregory Gause III, 'Systemic Approaches to Middle East International Relations', *International Studies Review 1/1* (Spring 1999) pp. 11-31.

referring to those geographical areas whereby the threat perceptions of relevant state and non-state actors present therein are so intertwined that the security of each cannot be easily separated from that of the other.[7] In their own words, 'since most threats travel more easily over short distances than long ones, security interdependence is normally organised around regionally based clusters: security complexes'.[8] The 'degree of security interdependence', the logic goes, is more intense 'between the actors inside the complex' than it is 'between actors inside the complex and those outside it'.[9]

Buzan and Waever speak of the Middle East as a security complex that stretches 'from Morocco to Iran', includes all the Arab countries and Israel, and excludes Cyprus, Sudan and the Horn of Africa.[10] In their view, Turkey and Afghanistan act as 'insulators', separating the Middle East RSC from Europe and South Asia, respectively. Buzan and Waever point to the existence of two main regional 'subcomplexes' centred in the Levant and the Gulf, a weaker one in the Maghreb, and even entertain the notion of a fourth and peripheral 'subcomplex' in the Horn of Africa.[11] However, the transnational qualities of Arab nationalism and Islam, they contend, constitute key factors underpinning 'the overall coherence of the Middle East as a whole as a RSC'.[12]

The fact that there are common cultural and religious traits operating 'from Morocco to Iran' – and even further afield in the case of Islam – is widely acknowledged in the scholarly and expert literature on the Middle East.[13] However, a number of regional security experts have traditionally eschewed the 'Middle East' label as being analytically vague, and preferred instead to concentrate on more clearly delineated regional security 'subcomplexes'. Thus, for instance, the Levant would constitute a relatively autonomous security 'subcomplex', largely organised around the Israeli-Palestinian conflict and the broader Israeli-Arab conflict and comprising Israel, Egypt, Lebanon, Syria, Jordan and non-state actors such as the Palestinian Liberation Organisation (PLO), Hamas or Hezbollah.[14]

Admittedly, the echoes of the Arab-Israeli conflict resonate beyond the Levant proper, as illustrated by the fact that countries like Iran and other regional powers have repeatedly expressed their public support for the Palestinian cause.[15] Having said that, the evolution of the Arab-Israeli conflict is increasingly seen through a diplomatic and domestic political lens.[16] Thus, Iran, Iraq, Saudi Arabia and the smaller Arab monarchies of the

7 Buzan and Waever, *Regions and Powers*, pp. 43-45.

8 *Ibid*, p. 4.

9 *Ibid*

10 *Ibid*, p. 187.

11 *Ibid*, p. 188.

12 *Ibid*, p. 188-191.

13 See, eg, Michael N. Barnett, *Dialogues in Arab Politics* (New York: Columbia University Press, 1998); Peter Mandabille, *Global Political Islam* (Abingdon: Routledge, 2007).

14 Kirsten E. Schulze, *The Arab-Israeli Conflict* (Abingdon: Routledge, 2013).

15 Buzan and Waever, *Regions and Powers*, p. 191.

16 Ever since it signed a peace treaty with Israel, Egypt has tended to be more isolated from the Levant "subcomplex". See, Schulze, *The Arab-Israeli Conflict.*

southern Gulf could be said to constitute a security 'subcomplex' of their own in the Persian Gulf and Arab Peninsula, parameters of which are broadly delineated by the area's wealth due to hydrocarbons and considerations about the (sub-regional) balance of power and regime security.[17] Likewise, other regional scholars have emphasised the 'sub-regional' element against a broader, 'regional' approach in reference to the Maghreb – a 'subcomplex' largely defined by the rivalry between Morocco and Algeria and, to a lesser extent, that between Algeria and Libya;[18] or the Sahel – linked together by a nexus of state fragility, porous borders, criminality and the nomad culture of the Tuareg.[19]

An important question is whether the emphasis should be placed on those transnational elements that allow for a categorisation of the Middle East as a single unit of analysis or as autonomous 'sub-regional' security units. Such a question ties into a broader conceptual problem in IR scholarship, namely the fact that the line separating a given regional 'subcomplex' from another is characteristically blurry and politically contested.[20] Indeed, existing and potential conflicts may contribute to a redefinition or blurring of 'sub-regional complexes' (eg, the Libya conflict draws in the Sahel and the Mediterranean). The degree of 'cross-complex' interdependence can be influenced by a number of factors:

- Location is key. Countries that are situated on the geographical periphery of a particular regional 'subcomplex' are more likely to be implicated in the dynamics of adjacent 'subcomplexes'. For instance, Jordan and Israel straddle the Levant and Gulf 'subcomplexes' and Egypt is exposed to dynamics in North Africa as well as the Levant  The same could be said of Syria, in regard to Iraq and Persian Gulf on the one hand, and the Levant on the other hand.
- Size matters, too. The smaller and weaker a country is, the more likely it is to be confined to a given regional 'subcomplex'. In contrast, large and powerful countries are likely to be engaged in more than one regional 'subcomplex'. Critically, those powers that have extensive interests and possess capabilities that give them global mobility and reach are likely to see through different RSCs – and will rather tend to treat the world as an interconnected geopolitical unit. Differing understandings of how these complexes function are likely to have a bearing on the threat perception of countries in the south. This leads to a broader point: the line separating the global, the regional and the sub-regional levels of analysis is not fixed either in space or in time. Those questions are ultimately determined by the specific predicament of individual countries or actors.

17 F. Gregory Gause III, *The International Relations of the Persian Gulf* (Cambridge: Cambridge University Press, 2010). See also, F. Gregory Gause III, "Balancing What? Threat Perception and Alliance Choice in the Gulf", *Security Studies* 13/2, 2003, pp. 273-305.

18 See, Salim Chena, "Le Maghreb après les indépendances: (re)définition, (re)composition, (re)construction", *L'Espace Politique* 18, No. 3 (2012).

19 Yves Lacoste, "Sahara, perspectives et illusions géopolitiques", *Hérodote* 142/3 ,2011, pp. 12-41.

20 Buzan and Waever, *Regions and Powers*, pp. 27-39

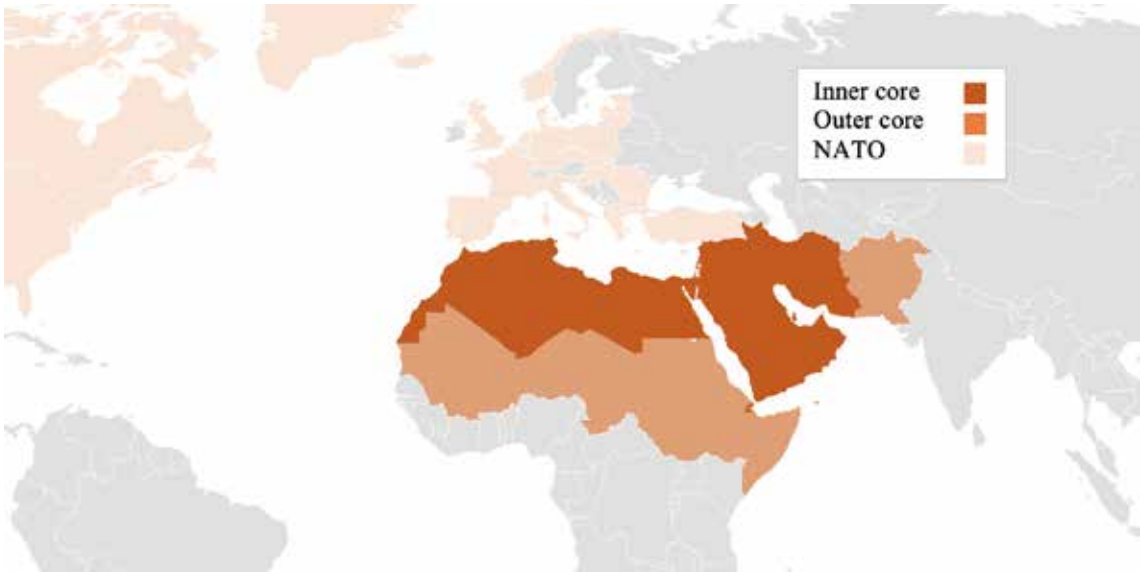
How, then, should we define the boundaries of NATO's south? And to what extent can we treat NATO's south as a coherent and meaningful unit of analysis? The scholarly literature suggests that the answer to such questions is, by and large, discretionary, and will ultimately depend on the perspective one adopts. Thus, NATO's own public conceptualisation of the south stands as an obvious point of departure for this report. However, the Alliance itself has lacked consistency when delineating the boundaries of the south. Whereas some official NATO documents allude to North Africa, the Sahel and Middle East – without clearly defining the limits of each of those sub-regions – other documents put forward a more expansive definition to also include sub-Saharan Africa. Some official NATO interpretations also envisaged a broader MENA region stretching from Mauritania to Pakistan.[21]

Taking NATO documents and speeches as a frame of reference, project researchers and invited experts exchanged views on the different criteria that can be used to delineate the geographical boundaries of the south. Some advocated using the main challenge identified by NATO (ie, the link between state fragility and non-traditional security challenges) as a compass to decide what counts as 'south'. This would lead us to include areas as diverse – and geographically distant – as the MENA, Sahel and sub-Saharan Africa, Central and South Asia (two regions where state fragility is prominent and that show important religious, cultural, energy and security connections to the Middle East), Central America and the Caribbean (where the state fragility-organised crime link is also prominent and there is a direct connection to drug routes and organised crime networks in West Africa and the Sahel), and even South East Asia.[22] Other experts advocated for a narrower 'geographical' definition around North Africa, the Sahel and Middle East, to take proximity to Europe and NATO as the key variable.

21 Interviews with multiple NATO officials, April 2019-July 2020. See also, eg, NATO (2016), 'Warsaw Summit Communique', 9/VII/2016; NSD-S Hub Mission, A Meeting room for Peace and Stability, https://thesouthernhub.org/about-us/mission; Antonio Missiroli, "NATO and the South", Real Instituto Elcano, July, 2019. See also Jordan Becker, "NATO and the south: opportunities for coherence and integration", ARI 18/2018, Real Instituto Elcano.

22 For such an expansive definition see, eg, Ian O. Lesser, "Emerging security challenges in NATO's southern neighbourhood", *ARI 79/2019*, Real Instituto Elcano.

Figure 1. Inner and outer layers of NATO's 'south'




Source: Bing, 2020; GeoNames, 2020; Microsoft, 2020; TomTom, 2020; Wikipedia 2020

Taking the above considerations into account, it is possible to develop a layered conceptualisation of the south comprising: 1) an inner layer or 'core south' which includes the MENA and the Sahel, and their surrounding maritime spaces (eg, the Mediterranean Sea, Red Sea and the Arabian Sea); and 2) an outer layer or 'broader south' that that can reach as far as Sub-Saharan Africa, Central and South Asia (see Figure 1). However, with a view to both reducing complexity and tailoring our exercise to NATO needs, our report and three scenarios focus on the inner layer or core south (ie, MENA region), while looking at the Sahel indirectly and avoiding an analysis of the situation in Afghanistan. This choice, however, does not preclude the fact that some of the futures allude in passing to how variation in the stability-fragility axis may manifest itself in areas of the 'broader south'.

## 2. Scenario-based foresight exercises

The report draws on scenario-based foresight analysis to develop three alternative futures for NATO's south out to 2030. Foresight analysis allows analysts to consider multiple plausible scenarios about how the future might unfold and constitutes an attractive mechanism for condensing complex trends relating to a particular region or issue, and communicating them to decision-makers. It can therefore help develop plans to exploit whatever opportunities might arise or avoid whatever risks the future may hold. Scenario-based foresight analysis is increasingly seen by governments, international

organisations. as well as private actors as an attractive and provocative way to work around the non-linear and uncertain nature of the social world.[23] In fact, NATO is no stranger to strategic foresight and this can be seen through the products of the NSD-S Hub and ACT.

A scenario is 'a set of hypothetical events set in the future constructed to clarify a possible chain of causal events as well as their decision points.'.[24] The social sciences literature has produced different types of methodologies related to scenario development.[25] According to Wilkinson, there are three main types of scenarios, each drawing on its own distinct methodological approach: a) horizon scanning, which relies on quantitative analysis and probability to produce possible scenarios; b) visioning and backcasting, which seeks to lead to preferable scenarios; and c) scenario analysis, which aims to yield plausible scenarios.

This report focuses on scenario analysis, which has been defined as 'a structured and analytical process to create characterisation of multiple futures to enable stakeholders to rethink strategic decisions and policies'.[26] Different techniques can be used to conduct scenario analysis. But the identification of the main sources of future change is central to this methodology: typically, key driving forces with uncertain trajectories are identified and plausible scenarios are developed on the basis of how such forces evolve.[27] Based on the above considerations, our expert meetings (see Annex 2 for a full list of associated project experts) served to identify the driving forces that are likely to impinge upon the future of NATO's south, and to group them around three categories: 1) geopolitics and security; 2) governance, economy and society; and 3) energy and climate.

## Geopolitics and security

Competition between different regional powers is a defining feature of the region's geopolitical and security landscape.[28] Such competition has led to the proliferation of missile and missile defence systems in the region (especially in the Gulf); but also manifests itself through proxies, including terrorist groups. More broadly, geopolitical competition in the region will continue to shape and be shaped by the evolving role that powerful external actors are playing in the region, most notably the US, Russia or China, but also the

23 Monika Sus and Marcel Hadeed, "Theory-infused and policy relevant: on the usefulness of scenario analysis for international relations", *Contemporary Security Policy* (2020).

24 Herman Kahn and Anthony J. Wiener, *The Year 2000: A framework for speculation for the next Thirty-three years* (New York, NY: Macmillan, 1967), p. 3.

25 See, eg, Peter Bishop, Andy Hines and Terry Colins, "The current state of scenario development: An overview of techniques", Foresight 9:1, 2007, pp. 5-25; Ron Bradfield et al., The origins and evolution of scenario techniques in long range business planning, *Futures* 37:8, 2005, pp. 795-812; Angela Wilikinson, Roland Kupers and Diana Mangalagiu, "How plausibility-based scenario practices are grappling with complexity to appreciate and address 21st century challenges", *Technological Forecasting and Social Change*, 80:4, pp. 699–710.

26 Arafet Bouhalleb and Ali Smida, "Scenario planning: An investigation of the construct and its measurement", *Journal of Forecasting* 37:4, 2018,, p. 2.

27 Sus and Hadeed, "Theory-infused and policy relevant", p. 6.

28 See, eg, Fred H. Lawson, *Constructing International Relations in the Arab World* (Redwood City, CA: Stanford University Press, 2006).

European Union.[29] In particular, Russia's growing influence in the eastern Mediterranean and North Africa raises questions about the growing interdependence between NATO's eastern and southern flanks. Likewise, the effects of Sino-American competition, which appears to be consolidating as one of the organising vectors of international politics – seems to be increasingly felt across NATO's south, with increased Chinese investments in the region and seeming US retraction.[30] This seems to be particularly relevant in the Persian Gulf, which is linked to the broader Indo-Pacific space.

Beyond that, China's presence in northern and sub-Saharan Africa, the Red Sea and the Mediterranean is increasingly perceived through a strategic lens, as indeed noted by NATO itself.[31] Additionally, the Israeli-Palestinian conflict will probably continue to galvanise the attention of regional actors, and impinge on regional politics, even as recent developments like the opening of diplomatic relations between Israel and Bahrain, Sudan and the United Arab Emirates (UAE) may have a mitigating effect. These challenges are further compounded by the role and nature of non-state actors in the region. While non-conventional threats such as terrorism, organised crime, narcotics, arms and human trafficking have been a long-standing feature in the region, the scale and persistence of non-state groups like Islamic State, al-Qaeda, Hezbollah and others has evolved over time.

All in all, an 'arc of instability' stretches from the Persian Gulf to the Maghreb, including the neighbouring Sahel, compelling NATO and regional partners to keep thinking about how to respond to emerging traditional and non-conventional threats.[32] What is the balance of power between internal and external actors in the region, and how is it likely to evolve? How relevant is the Saudi-Iranian rivalry for our understanding of regional geopolitical and security dynamics? And how is such rivalry likely to evolve over the coming decades? To what extent will the Israeli-Palestinian conflict continue to play a meaningful role in regional geopolitical and security dynamics over the coming decade? Will US power continue to play the same structuring role across NATO's south? How is Sino-American competition likely to manifest itself in the region? How is Russia's presence and influence likely to evolve? How will these variables influence NATO's presence in the south? Are we likely to see a retreat of state actors in favour of non-state groups? To what extent and in what ways will the Covid-19 crisis impinge upon these questions out to 2030? To address such questions, we have grouped the following factors under the label of geopolitical and security trends (as can be seen in Figure 2).

29 For an analysis of how external great powers view the region see, Wojciech Michnik, "Great Power Rivalry in the Middle East", Elcano Royal Institute (forthcoming 2020). See also, Sven Biscop, "In the Desert or at Sea? Securing Europe's Southern Flank", *ARI 96/2020*, Real Instituto Elcano.

30 See, eg, Luis Simón, "Seapower and US Forward Presence in the Middle East: Retrenchment in Perspective", *Geopolitics* 21:1 (2016), 115-147.

31 NATO "The Secretary General's Annual Report 2019", 19 March, 2020, p. 80, https://www.nato.int/nato_static_fl2014/assets/pdf/2020/3/pdf_publications/sgar19-en.pdf.

32 NATO, "Warsaw Summit Communiqué", 8-9 July, 2016, https://www.nato.int/cps/en/natohq/official_texts_133169.htm.

Figure 2. Geopolitics and security


## Governance, economy and society

Beyond questions related to the balance of power and security, the so-called Arab revolutions that broke out in the 2010s continue to produce profound transformations in terms of the region's governance, economy and society.[33] Indeed, many of the destabilising and threatening phenomena emanating from that region appear to be symptoms of deep governance, economic and social ills.[34] Factors like democratic regression, a lack of economic opportunities or deteriorating freedom of expression are causes for concern in the political and economic context. Moreover, contestation against corruption, nepotism, the lack of opportunities, social inequalities or rising food prices are being bolstered by the use of new information and communication technologies. What is more, two-thirds of the MENA population are under 35 years of age and youth unemployment between the ages of 15-24 is over 25%.[35] All these problems have been further compounded by the Covid-19 crisis, which is already hitting economies in the region hard and may leave a lasting impact upon the region's politics.[36] How will political, economic and societal trends

33 For a forward-looking assessment of socio-economic and governance challenges in the MENA region see, Chloé Berger, "Horizon 2030: Assessing the impact of socio-economic and governance issues on the future of the MENA region", *ARI 2/2021*, Real Instituto Elcano.

34 See, Joost Hiltermann & Maria Rodriguez, "From the depths to the surface: conflict drivers in the MENA Region", *ARI 68/2019*, Real Instituto Elcano.

35 Anna Bjerde, "Fulfilling the Aspirations of MENA's Youth", *World Bank*, 13 January, 2020, https://blogs.worldbank.org/arabvoices/fulfilling-aspirations-menas-youth.

36 For a preliminary assessment of Covid-19's possible impact on the Arab world specifically see Haizam Amirah-Fernández, "Coronavirus in Arab Countries: passing storm, opportunity for change or regional catastrophe", *ARI 37/2020*, Real Instituto Elcano.

evolve out to 2030, and how are they likely to impinge upon regional security? In order to systematically explore such questions, Figure 3 groups the following factors under the 'governance, economy and society' category.

Figure 3. Governance, economy and society


## Energy and climate change

The south's wealth in hydrocarbons means that energy-related considerations are always front and centre when discussing the region's politics and economics.[37] Relatedly, the region's water scarcity, demographic growth, lower technology access rates and high exposure to the impact of global warming means climate change represents a serious challenge across the south. While some countries have already started to diversify their economies, the challenge of climate change calls into question the region's traditional hydrocarbon-centric model.[38] The ongoing global process of energy transition represents a significant challenge for oil and gas producers in the region, which will face a drop in demand from key energy consumers, including the EU. Such a trend has been accelerated by Covid-19, which has already led to a fall in demand for energy and the rise of renewable energy use.[39] One must also consider the region's ability to access

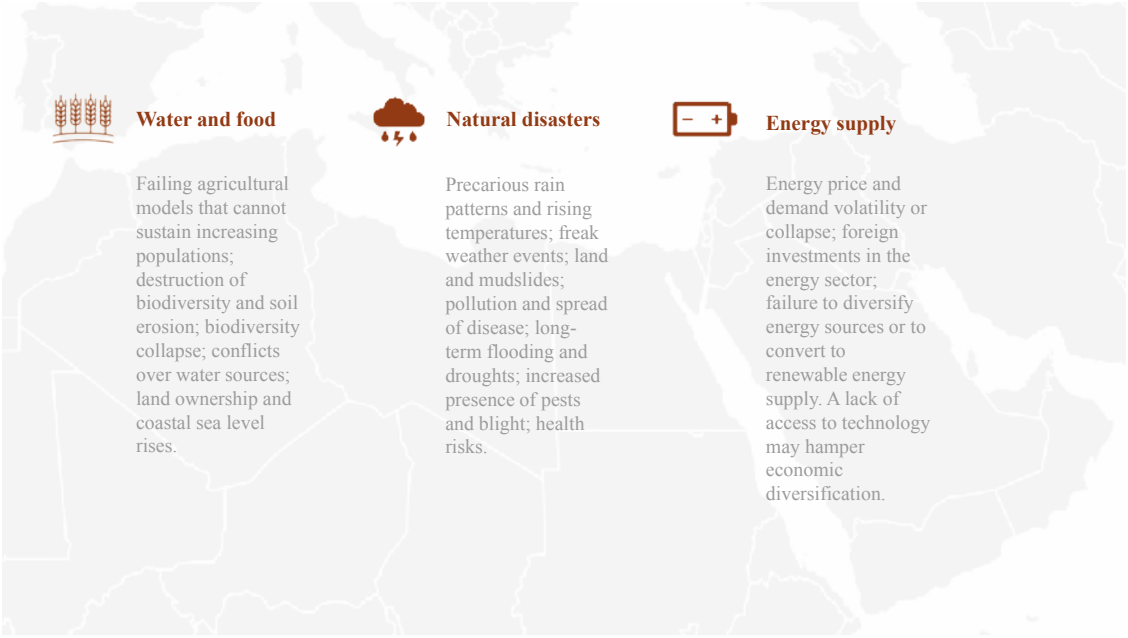
37 See Rim Berahab, 'Global trends in the energy sector and their implication on energy security in NATO's southern neighbourhood', *ARI 103/2020*, Real Instituto Elcano.

38 See, eg, Gonzalo Escribano and Lara Lázaro, "Balancing geopolitics with Green Deal recovery: in search of a comprehensive Euro-Mediterranean energy script", *ARI 95/2020*, Real Instituto Elcano.

39 Douglas Broom, "These 3 Charts Show What COVID-19 has Done to Global Energy Demand", *World Economic Forum*, 3 August, 2020, https://www.weforum.org/agenda/2020/08/covid19-change-energy-electricity-use-lockdowns-falling-demand/.

climate mitigating and adaptation technologies: without technology and innovation, the region may struggle to deal with issues such as water scarcity, agricultural security and renewable energy production.

Figure 4. Energy and climate change




However, those countries with the potential to develop renewable energies (eg Morocco) offer significant economic opportunities. In parallel, increased competition in the global gas market through Liquefied Natural Gas (LNG) is transforming the gas landscape across the south – reduced prices and more flexible contract terms from big LNG exporters like the US or Russia are pushing traditional producers like Algeria and potential exporters in the eastern Mediterranean out of the market. This also explains why major LNG exporters such as Qatar are also seeking to diversify their economies by 2030.[40] Yet how energy, climate and technology trends evolve out to 2030 are also likely to impinge upon regional security. As Figure 4 shows, our foresight analysis will systematically assess a range of factors related to food and water, climate change and natural disasters and energy and technology.

40 State of Qatar, "Qatar National Vision 2030", https://www.gco.gov.qa/en/about-qatar/national-vision2030/.

## 3. The stability vs fragility axis

The the added value of our project is our innovative analytical perspective. During our expert meetings we identified the state 'stability vs. fragility' axis as a useful compass around which to organise variation in our three alternative futures. The stability vs. fragility axis bears both a capacity and a legitimacy component. Thus, by stable states we mean states that have the capacity to control their own borders, provide security, collect taxes and oversee their own economic development, but that also enjoy significant levels of political and social support, even if they are not democratic in nature.[41] By fragile states we mean states that do not have the capacity or legitimacy to provide for security, political stability or economic development.

Our choice of the state stability vs. fragility axis as the referent to show variation between alternative future scenarios in NATO's south is informed by two sets of considerations. First, the notion that state fragility is a key feature across the region – and indeed a core driver of instability and insecurity – is widespread in the academic and expert literature.[42] Second, the existence of a direct link between state fragility and regional security is a prominent theme in NATO's narrative about the south.[43]

In (regional) environments in which stable, consolidated states constitute the centre of gravity of (international) politics, the inter-state balance (ie, unipolarity, bipolarity, multipolarity) is often the key factor which determines the region's future evolution. Thus, for instance, exercises on alternative futures in Europe often revolve around the question of whether the EU will manage to emerge as a cohesive factor, and monopolise the regional balance; whether US power on the continent will retrench; or whether Russia will continue to expand its power and influence.[44] Likewise, discussions on the future of East Asian security often revolve around whether China will manage to achieve regional hegemony; whether the US will maintain its regional position; and other such factors as whether Japan will evolve into a meaningful regional power or the evolution of India's role in the region.[45]

Conversely, in those (regional) environments in which a state's grip on security, society and the economy is not a given, then the evolving balance of power between state and non-state actors constitutes a much more appropriate referent to understand how regional politics may evolve into the future.

41 The latter point is crucial because, from an economic viewpoint, there is a consensus that stable civil society institutions (rather than stable states) are optimal to produce economic development.

42 See, eg. Lawson, *Constructing International Relations*; Ruth Hanau-Santini, Abel Polese and Rob Kevlihan (eds.), *Limited Statehood and Informal Governance in the Middle East and Africa* (Abingdon: Routledge, 2021).

43 See, eg, Press Conference by NATO Secretary General Jens Stoltenberg following the meeting of the North Atlantic Council at the level of Heads of State and Government on Projecting Stability, 9 July, 2016.

44 See, eg, Mathew J. Burrows and Frances Burwell, "Europe in 2022: alternative futures", Atlantic *Council Strategy Paper* No. 10, 2017; Luis Simón and Ulrich Speck (eds.) "Europe in 2030: four alternative futures", *Elcano Policy Paper*, February, 2017. 2017.

45 See, eg, Henry D. Sokolsky (ed.), *Alternative East Asian Futures*, Vol. 1: *Military Scenarios* (Arlington, VA: Nonproliferation Policy Education Center, 2018); Francois Godement, "Alternative Futures Asia", European Council on Foreign Relations (2015).

As we try to ascertain the impact of variation in the stability vs. fragility axis upon the three thematic clusters identified (geopolitics and security; governance, economy and society; energy and climate) one key challenge relates to the heterogeneity that characterises the inner layer or 'core south' (let alone the broader south). For instance, the problem of state fragility appears to be more pronounced in the Sahel than in (parts of) North Africa or the Persian Gulf. It is therefore relatively safe to assume that this same heterogeneity is likely to project into the future, and that the assumption that there will be (somewhat) stable states in parts of the south does not need to hold true for the whole region; just as we should not assume that certain security, economic or other trends are likely to have a uniform impact across the various sub-regions that make up the south.

Likewise, the way in which capacity and legitimacy (ie, the two components of 'state stability') mix are likely to vary. We have left it up to the experts and drafters to account for such details on the basis of their knowledge of the region, while taking into account the need to develop plausible scenarios. Thus, for instance, a stable states scenario will not be an ideal-type one, in which all states in North Africa, the Sahel and the Middle East are both capable and legitimate, but will present variations in the degree of capacity and legitimacy across various sub-regions and countries. Indeed, 'capacity' and 'legitimacy' should not necessarily be seen as symmetrical or binary options. Many societies in the MENA region, for example, have been more attracted to capacity rather than legitimacy, as capacity building may imply basic needs such as food supply or jobs. Therefore, in many countries there can be a trade-off between capacity and legitimacy.

Yet, fragility (understood as both lack of capacity and legitimacy) appears to be a widespread problem across the south: even in those areas where we see apparently stable states, we find problems of legitimacy, and the fact that their capacity is often underpinned by energy revenues (and therefore not founded upon broad and strong economic and political foundations) means they are giants with feet of clay. In this regard, the experts and drafters of each scenario have been given discretion to balance the need to take into account the region's heterogeneity with the need to show some degree of coherence within each scenario.

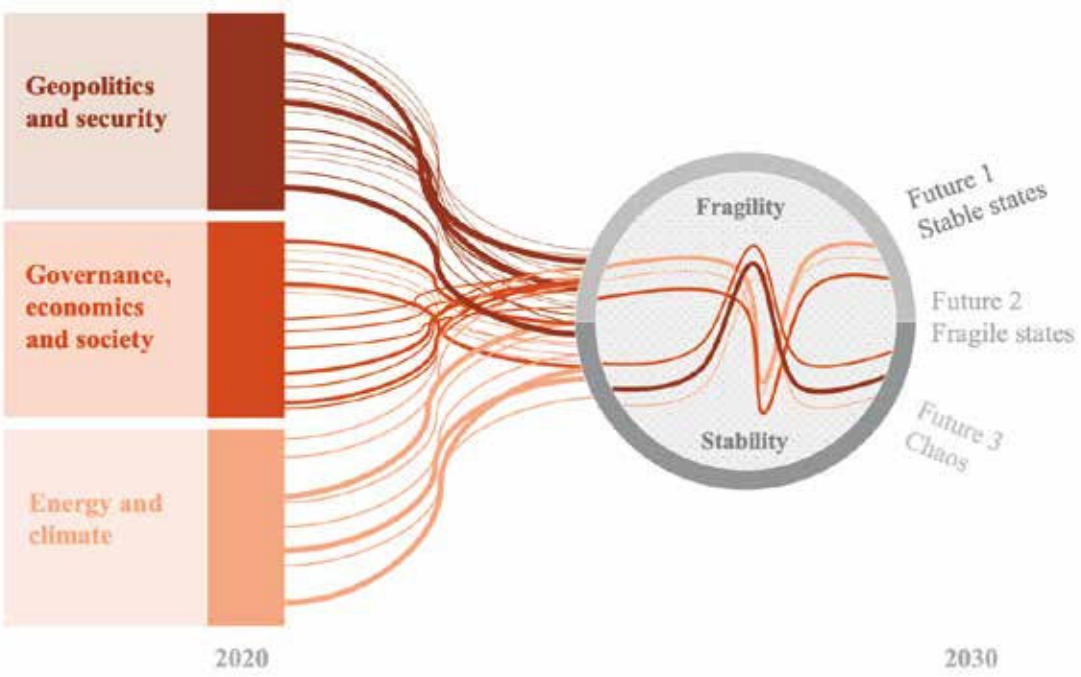
## 4. Three alternative futures

Taking the stability vs. fragility axis as our analytical compass, this report introduces three alternative futures for NATO's South out to 2030, namely:

1. Stable states
2. Fragile states and non-state actors
3. Full meltdown of state capacity/regional anarchy

Following discussions with experts and policymakers, we came to the conclusion that 2030 represented an adequate mark – particularly given that NATO has launched a strategic reflection spanning the same time horizon. 2030 is close enough to the present, thus allowing us to develop future scenarios by drawing on current trends (ie, using informed analysis as opposed to total speculation). At the same time, 2030 is far enough from the present to allow us to distinguish our exercise from policy analysis. Additionally, and even though the novel Covid-19 pandemic only struck halfway through our project, the use of foresight analysis to develop alternative futures out to 2030 offers us an opportunity to think more systematically about the possible impact of Covid-19 on NATO's southern neighbourhood.

Figure 5. Stability vs. fragility and three futures

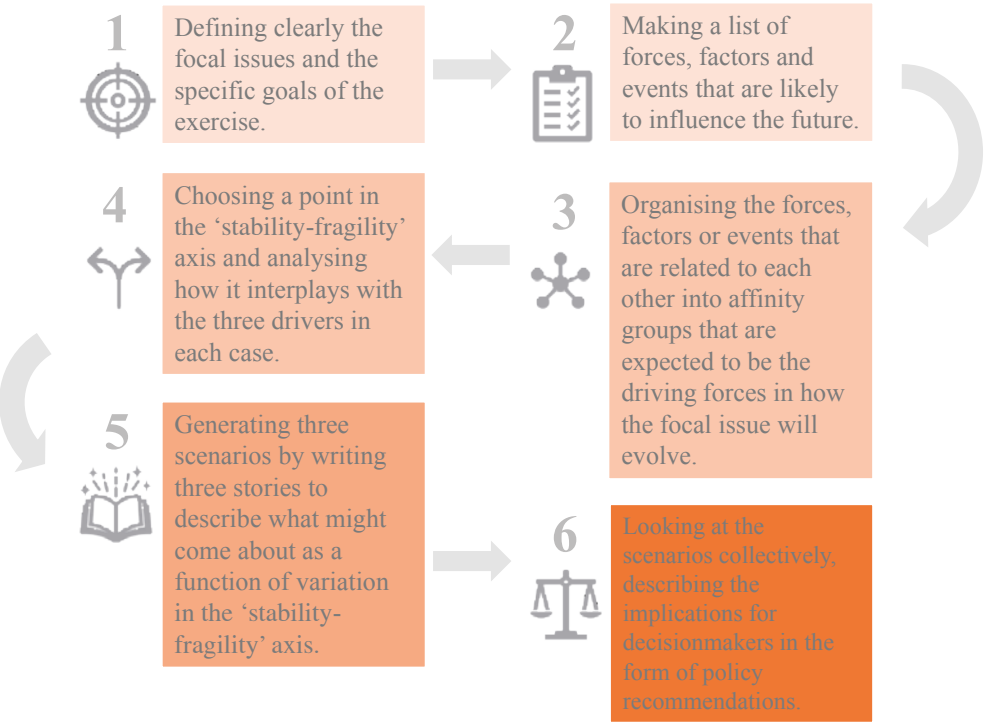


Critically, we do not take a normative stance, and shall not rank futures alongside any sort of good vs. bad or positive vs. negative continuums. Instead, we assume that different futures are likely to present a different set of challenges and opportunities. For instance, we cannot safely assume that just because regional states are stable (ie, capable and legitimate) that they will necessarily enjoy positive relations with each other or, for that matter, with NATO. Non-traditional challenges such as terrorism, organised crime and uncontrolled migration may well subside in a stable states scenario. But we may also witness a spike in competition between stable states, thus posing challenges of a different nature both to regional security and to the security of Europe and NATO. Thus, in a scenario in which the relative balance of power between state and non-state actors shifts in favour of the former, we may see the problem of illicit arms trafficking subsiding, but could also very well see an arms race at the high-end of the military technology spectrum. Against that backdrop, problems like terrorism or societal violence may well subside, but a build-up in the medium- and short-range missile or naval capabilities of regional states could pose more traditional (ie, deterrence-related) challenges for NATO. Alternatively, (some) powerful regional states may well decide to leverage terrorism, uncontrolled migration or organised crime and use them as proxies in their competition with each other or, for that matter, against NATO and the EU. For all these reasons, we cannot simply assume that alternative scenarios can be situated on a good vs. bad axis. Ultimately, our purpose is to unpack the nature of the security challenges that would derive from each alternative scenario, and offer NATO, its member states and partners options to navigate each eventuality. Figure 6 visually sums up the specific 'scenarios analysis' technique selected for this project.

To develop each scenario, we convened a focus group of experts and policymakers whose purpose it was to assess the implications of variation in the stability vs. fragility axis for each thematic cluster. Prior to that, we held two preparatory meetings in Madrid and Brussels, where project researchers and experts discussed the conceptual and methodological parameters of the exercise. After that, we conducted three operational meetings in Amman (18-19 September 2019), Rabat (22-23 January 2020) and digitally (5 May 2020). In each of those meetings, we convened expert panels around each of the thematic clusters (geopolitics and security; governance, economy and society; and energy and climate). Each thematic panel was conducted by a facilitator, who ensured the discussion was as interactive as possible, with a view to gathering the perspectives of the different experts around the table. The discussion in each thematic panel was launched by one or two experts, who scoped out the challenges the south faces in relation to their respective themes,[46] and offered initial observations on how such challenges may evolve out to 2030 (ie by taking into account variation alongside the stability vs. fragility axis). They were also asked to reflect upon how such variation may impinge on each of the thematic clusters. At the end of each meeting, drafters began to develop individual scenarios on the basis of the discussions. The initial draft (and successive iterations) were then circulated amongst the experts present in the discussions for feedback and control purposes.

46 All these analyses were published by the Elcano Royal Institute throughout 2019 and 2021, thus having fed into both our deliberations and the drafting of the final report.

Figure 6. Scenario analysis technique




## 5. Originality of the research project

As already argued, studies seeking to inform policymaking by drawing on foresight analysis and alternative futures have boomed in recent years. Likewise, there has been a spike of interest in the evolution of security dynamics to Europe's south.[47] We find two main projects that are closest to our own: the German Marshall Fund's (GMF) study on 'The Future of NATO's Mediterranean Dialogue' and the European Union Institute for Security Studies (EUISS) project 'Arab Futures'. Both focus on the south, broadly speaking. The GMF study adopts a NATO lens; and although it does not engage in foresight analysis per se, it ponders the future evolution of NATO's Mediterranean Dialogue. The EUISS project, although taking an EU perspective, is closer to our own project, in that it draws on foresight analysis to develop alternative futures for the Arab region. In the remainder of this section, we summarise the scope and conclusions of those two projects, and underscore our project's added value.

47 See, eg, Ian Lesser *et. al.*, *The Future of NATO's Mediterranean Dialogue*, German Marshall Fund (2018); Chloé Berger, "Projecting Stability to the South: NATO's Other Challenge", *NDC Policy Brief* no. 9, NATO Defence College, 2020; Luis Simón and Vivien Pertusot, "Making sense of Europe's Southern Neighbourhood: Main Geopolitical and Security Parameters", *ARI 10/2017*, Real Instituto Elcano; Florence Gaub and Alexandra Laban (ed.), *Arab Futures: Three Scenarios for 2025* (Paris: EU Institute for Security Studies, 2015); Florence Gaub, "Arab Futures 2.0: The Road to 2030", *Chaillot Paper* 154, September, 2019,, EU Institute for Security Studies.

In 2018, GMF conducted a study entitled 'The future of NATO's Mediterranean Dialogue', based on extensive interviews with officials and experts in each of the Mediterranean Dialogue countries, as well as stakeholders inside and outside NATO. The GMF study focuses on the status and future of NATO's Mediterranean Dialogue, the content and potential content of that partnership, and the broader strategic issues affecting such questions. Notably, the study underscores the importance of not thinking about the Mediterranean region in rigid terms, insisting that Mediterranean security is being shaped by developments further afield, from the Black Sea and the Horn of Africa, to the Sahel, Sub-Saharan Africa, and the wider Atlantic. However, it focuses on the seven countries that are part of NATO's Mediterranean Dialogue (Algeria, Egypt, Israel, Jordan, Mauritania, Morocco and Tunisia) and on the possibilities offered by that specific initiative.

To be sure, the GMF study does survey the main security, political, economic and societal challenges that affect the countries of the Mediterranean Dialogue, but it does not engage in foresight analysis. Rather, it provides an assessment of the status and prospects of the Mediterranean Dialogue. This constitutes a useful referent for our own project. However, the fact that it revolves around a very concrete NATO initiative (rather than the region itself); that it is confined to a select group of countries; and that it does not build on foresight analysis means it is an exercise of a rather different nature to our own project.

A more closely directed exercise is 'Arab Futures', a study conducted by the EUISS in 2015, which has been revised and updated in 2019. That study outlines three alternative futures for the Arab World out to 2025. It identifies policymaking (ie, the nature of the countries' response to existing security, political, economic and societal challenges) as an element of variation amongst futures. It identifies a number of megatrends (demographic growth, rapid urbanisation, climate change, increasing demand of hydrocarbons, food dependency and rising food prices, improving rates of literacy and internet penetration, and growing gender equality), and distinguishes three types of futures (the 'Arab Simmer', the 'Arab Implosion' and the 'Arab Leap') on the basis of how the region's governments are able to respond to those futures. Reflections are also offered regarding the likelihood of each of those scenarios and their desirability.

The EUISS 'Arab Futures' project shares important similarities with our own, but also some notable differences. Besides the obvious point that our project aims to offer specific policy recommendations to NATO; one such difference is the EUISS' exclusive focus on the MENA region, which contrasts with our more expansive definition of the south, ie, encompassing the Sahel, as well as taking into account dynamics in what we call the 'broader south' (albeit only superficially). But arguably, the most important difference has to do with method. The EUISS study takes two different layers as a point of reference (megatrends and game changers) and then identifies the agency of the regional states (ie, whether their response to existing challenges is adequate or not) as the key variable to identify variation across alternative futures. By identifying multiple layers and variables, the 'Arab Futures' study aims to capture the complexity that is inherent to any exercise aimed at developing future scenarios (and also inherent to the Arab region). Yet, the

existence of three different layers (trends, game changers and regional agency) arguably creates too much complexity. Additionally, by identifying the adequacy of the regional governments' response to existing challenges as the key element of variation, the EUISS study takes a strong normative dimension.

Our own project seeks to overcome such problems, while at the same time building on the progress and findings of the 'Arab Futures' report. For one thing, we aim at informing the NATO policy process and our study assesses the evolving (geo)political, security, economic and social landscape in the south from an academic standpoint. It draws on a multi-disciplinary expert team that involves academics and think tankers from NATO member states and southern countries, as well as on the expertise offered by officials from NATO, its member states and partner countries. In this regard, and in contrast to the EUISS 'Arab Futures' report, our study is conducted in a collaborative, multi-author manner. It rests on three pillars: foresight analysis; the south; and the NATO prism (which comes in only at the last stage of policy implications and recommendations).

In addition, we aim to simplify an already complex exercise as much as possible by selecting the one variable identified by most experts and policymakers as key to regional stability and security (state stability vs. fragility), and then assessing how variation in the state-fragility axis may impinge upon three thematic categories. Furthermore, and as already argued, we transcend normative considerations and put the onus on how different futures may present different types of challenges and opportunities, and thus require different responses. Also, we underscore the importance of heterogeneity, and build that principle into our method – ie, by breaking down each scenario into distinguishable components of the south, eg, core vs. broader, and, within the core, North Africa, Sahel, and Middle East.

# Scenario one: 'stable' states

by Giovanni Grevi[48]

The third edition of the 'Arab Ways of Growth' – the massive annual economic gathering that opens its doors in Dubai in March 2030 – will break another record with over 10,000 delegates and an expected $35 billion in deals announced or signed over the week-long event. As in previous years, over one-third of the delegates come from China and almost 60% from Asia at large. If water scarcity continues to affect countries in the MENA, investment scarcity has been less of a problem. Journalists have rather overenthusiastically called the past decade the new 'roaring twenties' of the region, after the ten years of war and political upheavals in the 2010s.

Things were not as rosy as the media or governments in the region made out. The turn of the decade saw the outbreak of Covid-19 which threatened not only economic growth but also social and political stability in many Arab countries. In the early 2020s, on the back of a global economic slump, the region faced a steep economic downturn, the breakdown of key flows such as remittances and tourism, massive job losses and plunging oil prices. Conflicts and the pandemic also combined to increase migration flows to Europe at the beginning of the decade. As the pandemic receded between 2021 and 2022, however, new opportunities emerged. Elites in various Arab states concluded that domestic stability required greater legitimacy and sought to meet citizens' demands at a time of severe socio-economic stress. Progress has been neither linear nor easy but, contrary to most expectations, the pandemic and the urgent need to cope with the impact of climate change planted the seeds of a decade of economic diversification and expansion in various countries from the Gulf to the Maghreb.

The economic contraction caused by the pandemic reduced the intensity of geopolitical competition in the Middle East, with governments reluctant to take major risks beyond their borders. The scaling down of tensions and greater self-restraint did not translate, however, into a homogeneous pattern of cooperation across the region. For example, the resumption of regional cooperation in the Maghreb contrasts with the enduring estrangement between Iran and Saudi Arabia. In the Gulf, relative stability has not been the product of reconciliation among rivals, but a pragmatic choice to avert conflict while fostering mutual deterrence. Meanwhile, some areas of the broader region remain fragile: in the Sahel, terrorist and criminal networks continue to pose a serious, if diminished, security threat. A fragile peace deal had been struck in the first part of the decade in Libya but formal state bodies have since failed to extend effective country-wide authority. Prospects remain uncertain, subject to the precarious compromise between local actors and, therefore, to the influence of their allies within and outside the region. Besides, while regional heavyweights have taken part in some diplomatic initiatives to curb conflicts, they

48 Visiting Professor at Sciences Po (PSIA), the College of Europe and the Vesalius College.

are not proactively invested in strengthening the resilience of fragile areas or countries. This provides more space for the involvement of external actors such as Russia and China, as well as international bodies, while also placing a greater burden to stabilise conflict-affected theatres.

Global trends have been conducive to a fragile stability in the MENA region. Competition among great powers intensified, but no violent conflicts emerged on the back of these tensions, and the global economy rebounded after the pandemic. One of the relatively positive developments experienced in the region was the resumption of investment. Foreign Direct Investment (FDI) to MENA countries from the rest of the world reached 17.2 billion in 2019[49] and, even though FDI inflows plummeted during the Covid-19 pandemic, they picked up strongly in the following years. The MENA region benefited both from the resumption of trade and investment with Asia, and from the efforts of European partners to shorten and strengthen some value chains, delimiting their dependence on China and expanding links with neighbouring countries to the south. For its part, China used the delivery of vaccines to the region to enhance its links with MENA countries and secure preferential trade and investment deals. Considerable funds were also mobilised by the EU and international financial institutions to shore up public finances and to trigger private sector development in partner countries, notably in the Maghreb.

If various countries in the region appear to have eventually ridden the post-pandemic wave, the title of the landmark Dubai 2030 event underscores that there has been no single regional pathway to growth. Two broad models have emerged: the GCC's 'keep calm and get rich' and the Maghreb Three's (Algeria, Morocco and Tunisia) 'growth society'. What these two models have in common is, by and large, preserving political stability by relatively improving public services, economic opportunities and living conditions. However, the politics of the two clusters of countries significantly differ.

GCC countries – notably the UAE, Saudi Arabia and Qatar – have embraced a growth model based on innovation and diversification, leveraging their oil and gas wealth and large FDI inflows to build a post-fossil future and deal with the severe impact of climate change. Digitalisation has proceeded at breakneck pace across the MENA and, in particular, in the Gulf, with China rapidly rolling out its digital services (eg. 5G) to the region. Covid-19 showed the advantages of an effective and resilient digital infrastructure, whether to enable smart working and new business models, contain the spread of the pandemic or, from the rulers' standpoint, strengthen social surveillance. Critics argue that the Gulf states' strength rests on a shallow basis, in that political liberalisation has lagged far behind socio-economic liberalisation, while a large and effective surveillance apparatus extends the reach of security services.

49 "Investment in the MENA Region in the Time of Covid-19", OECD, 4 June, 2020, http://www.oecd.org/coronavirus/policy-responses/investment-in-the-mena-region-in-the-time-of-covid-19-da23e4c9/.

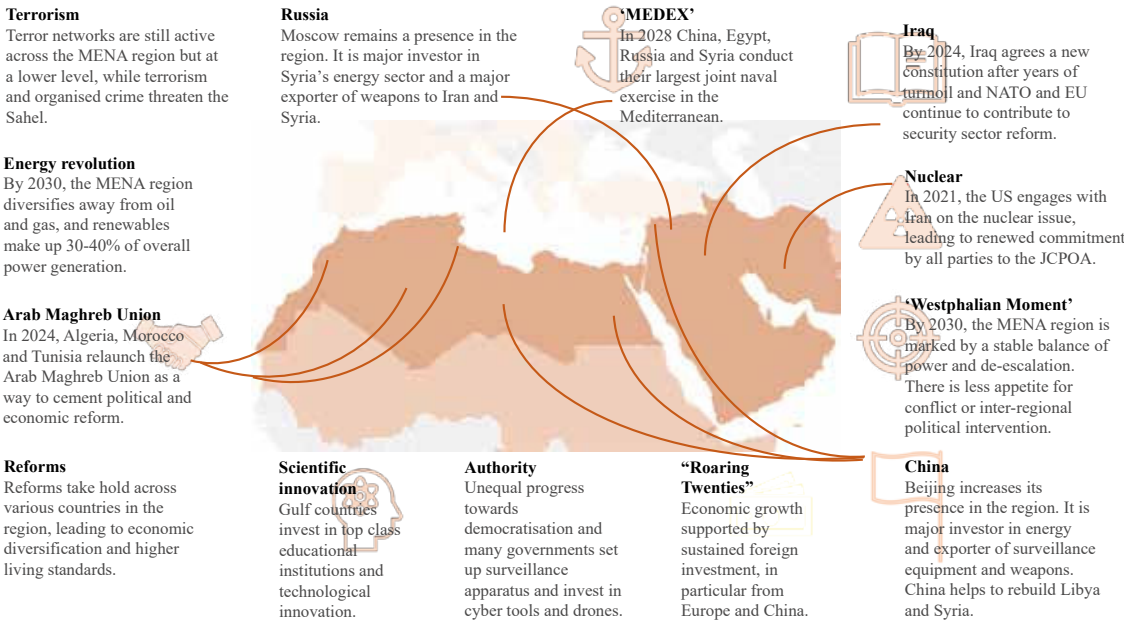
At the same time, high approval rates for modernising rulers suggests that legitimacy by achieving results, to some extent, works. Following the rather effective management of the Covid-19 pandemic, the fight against corruption, coupled with a much improved business environment, were central to the GCC growth recipe. In parallel to economic diversification, the Gulf countries progressively adapted their fiscal model, relying less on oil and gas exports and more on the provision of high-quality services and sustainable infrastructure. Thanks to large investments, leading scientific research institutions, notably in the UAE and Qatar, have become a magnet for talent (also catering to a growing demand from South Asia and East Africa) and have been effectively integrated in respective economic systems, supporting innovation clusters that partner with companies and institutions worldwide. Gulf venture capital has helped unleash entrepreneurship not only in the Arabian peninsula but across the Middle East and Africa, notably in Jordan, Lebanon, Ethiopia, Eritrea and Senegal.

Six thousand kilometres to the west, the Maghreb Three have charted their own path to growth along the double track of not only economic opening up but also progressive political reform. Covid-19 exacerbated tensions and increased pressure for change in Algeria. After years of popular resentment against a dysfunctional political and economic system, with civil strife and strikes paralysing major cities, the president called early presidential and legislative elections in 2022. The landslide victory of a coalition of opposition forces persuaded the country's elites, and the army, that the political tide had turned for good. To avoid being swept away, they needed to switch from a closed economy based on clients' networks to an open one, offering opportunity to a large, distressed and young middle class. Thanks to a renewed trade agreement with the EU and oil and gas-funded reforms that spurred private entrepreneurship, the renewable energy, services and agricultural sectors helped drive economic diversification and growth. China's relevance also increased and other opportunities emerged from relative stability in Libya, where a fragile peace held.

Crucially, the new Algerian president was quick to reach out not only to Europe, as a critical partner for modernisation, but also to the country's neighbours to the west and east. Quiet diplomacy helped soften traditional differences and led to a tripartite Morocco-Algeria-Tunisia summit in 2024, which, in turn, re-launched the dormant Arab Maghreb Union – renamed the Maghreb Economic Community. The leaders of the three countries endorsed a reform-oriented agenda, including the creation of a single market and a vast investment programme in key sectors, from renewable energy to digitalisation, finding in the EU a provider of sustained public and private investment.

In Morocco, the economic partnership with the EU was upgraded and the country took a leading role in the African Continental Free Trade Area (AfCFTA) that was officially launched in 2021. Morocco started to invest in and profit from green energy and digital infrastructure, while investments from Europe and China in the financial hub in Casablanca paid dividends for the country and region as a whole. This was especially important given that traditional financial flows from Saudi Arabia had started to dry up. Morocco invested political energy during the 2020s to lower its dependence on Gulf states and sought to profit from energy supplies from Libya, even if its use of renewable energies also boomed during the decade. However, despite Morocco's involvement with Algeria in the Arab Maghreb Union, there continued to be disputes over Western Sahara. During the 2020s, there was continued military action in the region despite calls by the UN, US, France and Spain to invest in diplomatic efforts.

Figure 7. Stability in NATO's 'South' 2030




Promoting a rapid energy transition has been a growth multiplier for the Arab world, while also helping tackle the pressing challenges posed by climate change in the region. While the energy mix of most Arab countries still massively relied on fossil fuels by the late 2010s, ten years later they have become among the best performers worldwide in terms of renewable energy by harnessing solar and wind power in particular. The region was greatly aided in its energy transition by the use of European and Chinese technological solutions, although the deployment of Chinese technologies came with political strings attached (eg, a preference for Chinese digital infrastructure). Various factors have driven

the energy evolution, including extreme weather events highlighting the disruptive impact of climate change, new business opportunities, fast growing domestic energy demand and the intent to diversify national economies away from fossil fuel exports. By 2030, renewables accounted for between 30%-50% of power generation in all major regional economies, from Morocco to the UAE. The energy transition was accompanied by efforts to strengthen resilience in the face of climate change, in particular to address water scarcity through improved water management and desalinisation plants powered by renewable energy.

New technologies have helped to curb the overall rise of the region's carbon emissions, which plateaued by the mid-2020s, by enhancing energy efficiency and creating unprecedented capacity for energy storage. If the carbon intensity of Gross Domestic Product (GDP) in MENA countries decreased, however, their consumption of fossil fuels increased in absolute terms to fuel economic expansion and meet the needs of a growing middle class. Gas played an especially important role in sustaining growth in Egypt, Lebanon and Jordan, thanks to the exploitation of massive offshore gas fields off the coasts of Egypt and Israel and the development of infrastructure connecting these countries.

The evolution of MENA geopolitics created an overall favourable environment for relative stability and sustainable growth. The MENA region is experiencing a new 'Westphalian' moment marked by a moderately stable balance of power, with the main regional powers, such as Saudi Arabia, Iran, Israel, Qatar, the UAE and Egypt, agreeing on basic rules of behaviour and concentrated on domestic affairs. This was far from a foregone conclusion at the start of the decade: at that time, the geopolitical struggle between Iran and its proxies on one side, and the US and its allies in the Gulf on the other, reached its peak. Over 2019 and 2020, the Middle East teetered on the brink of war more than once, as the rivals stoked each other with increasing frequency.

While none of the regional powers pursued full-scale confrontation, targeted attacks could easily trigger a chain reaction across the region. The military balance in the Middle East, and the respective vulnerabilities of the contenders, were factors that contributed to prevent a larger conflict from erupting. Saudi Arabia, the UAE, Qatar and Iran never entirely disrupted backdoor crisis diplomacy. Moreover, Covid-19 provided some respite from spiralling conflict trends, as regional rivals took small humanitarian and diplomatic steps that contributed to curb tensions, while the EU and Russia operated to create space for dialogue. In parallel, the 2020 peace deals between Israel and Bahrain, the UAE and Sudan expanded consultation channels in the region.

This was the regional context in which Washington started a cautious re-engagement with Iran after the 2020 US presidential elections. On that basis, negotiations on the Iranian nuclear issue, as well as other geopolitical hotspots in the region, began in 2021 and led to the renewed commitment by all parties to the Iran nuclear deal – the Joint Comprehensive Plan of Action (JCPOA). Meanwhile, Teheran and Riyadh came to a tacit understanding to refrain from threatening each other's territories and economies, even

though sectarian differences between Sunnis and Shias continued to bubble under the surface. As disorder progressively receded in the Levant, terrorist groups such as Islamic State and al-Qaeda and their affiliates retreated to countries and regions such as the Sahel, Somalia and Mozambique. This, for example, led to an increase in piracy off the Horn of Africa and East Africa.

More specifically in the Sahel, terrorist groups increased their destabilising activities. Countries such as Mauritania progressively stepped up their military capabilities and regional cooperation in particular through the G5 Sahel Group, with decisive support from Europe and the US, which took a more active role to back up the efforts of European and African partners such as the AU. The EU scaled up its presence with a region-wide training and security sector reform mission and France continued to be present in the region through Operation Barkhane. While no longer controlling large swathes of territory, however, terrorist groups abusing religious motives cells are still capable of mounting deadly attacks and, together with powerful organised crime networks, continue to pose a serious challenge to countries in the Sahel and Lake Chad Basin at large. Continued conflict in the region and the serious economic downturn provoked by the pandemic across much of West, Central and East Africa (where recovery was much slower than in the MENA) are the main factors behind steady levels of migration within the continent and towards Europe.

The thawing of mutual hostilities in the Middle East was premised on, among other factors, the acceptance by both Iran and Saudi Arabia that a more stable Iraq was in the interest of both parties. By 2022, Iraq had descended into a state of profound turmoil, with terrorist groups abusing religious motives re-gaining ground, renewed conflict between and among Sunni and Shia militias eclipsing the authority of the central government, and the Kurds digging in their heels in the north. Following renewed negotiations on the Iranian nuclear issue, however, a new constitutional conference gathered in Baghdad in 2022 with the blessing of regional and external powers and resulted in a 2024 deal grounded in substantial political and economic decentralisation and a new framework for the distribution of financial resources across different regions. The deal was backed up by major donors' commitments for financial aid and by the redoubling of efforts to support the Iraqi security forces, alongside large disarmament, demobilisation and reintegration (DDR) programmes engaging militias on the ground.

In parallel, both NATO and the EU intensified the training of local forces. NATO enhanced its non-combat advisory mission to the country in 2023 and, in 2024, the EU deployed a large, integrated police and rule of law capacity building and advisory mission that followed the EU Advisory Mission (EUAM) and boosted support for the reform of the Iraqi security sector. A few years on, however, Iraq remains in a precarious balance, not so much due to lingering communal and geopolitical rivalries but to the combined impact of sluggish growth, low investment levels, youth unemployment, rising poverty rates and climate change. Unprecedented droughts hit the country in the late 2020s, just like the rest of the Levant, but Iraq was much less prepared than its neighbours to cope with the consequences, which led to repeated water and food shortages and public disorder.

If war in the Middle East was averted, preparing for war continued and countries such as Iran, Saudi Arabia, Israel and the UAE invested in both conventional and cyber capabilities. Iran's defence budget in the second half of the 2020s averaged 5% of GDP, up from an estimated 3,8% in 2017. Iran's posture still mainly relies on asymmetric capabilities and hybrid strategies, but Teheran has also sought to narrow the large conventional gap with rivals in the Gulf, not least by replacing its ageing air forces, on top of expanding its missile capabilities, its drone fleet and air defences. For their part, Saudi Arabia and the UAE have maintained high levels of defence spending to not only buy advanced weaponry, but also develop and consolidate their own defence technology and industrial base and train their forces. In other words, if the costs of war are considered too high by all parties, and the fruits of stability warrant self-restraint, political trust remains shallow across the Gulf. Regional powers hedge against potential threats by expanding both their military capabilities and their range of partners, in a multipolar geopolitical context. Players such as Israel and the UAE developed stronger defence industrial ties on the back of the 2020 peace deal between the two states. Russia and, increasingly, China, have been the main providers of arms to Iran (and Assad's Syria), and the Sunni Gulf states continue to avoid over-dependency on Western defence supplies and industrial cooperation by enhancing ties with Moscow and Beijing.

Just like regional powers, global powers have chosen not to pursue destabilising confrontation in the region, although they compete through other means such as arms sales and the provision of digital infrastructure. China's arrival in the MENA, in the context of growing US-China rivalry, has been a major factor in shaping the geo-economic and geopolitical profile of the region. With a middle class of about 350 million by the late 2020s, the region is an appealing market for China's increasingly high-tech exports. Chinese companies have also played an important role to empower the energy transition towards a bigger share of renewables in the region's energy mix. Over the years, China has consolidated its lead as the biggest individual source of FDI in the region, well beyond its traditional focus on energy commodities, although access to the MENA's vast natural resources remains a key priority for Beijing.

China has also turned out to be one of the biggest players in the reconstruction of war-torn Syria. With the end of the civil war, the Assad regime has steadily consolidated its control of the country following the disbanding of opponent forces, the scaling down of allied foreign-backed militias, the integration of some of those in the regular army and the withdrawal of Hezbollah from the south of the country. Between 2022 – when the China-Syria strategic partnership was launched in Beijing – and 2030, Chinese entities have invested about $20 billion in Syria. This support has helped President Assad to not lose the peace, after winning the war, even if vast disparities in levels of income and welfare across the country and the impact of climate change on resource scarcity fuel political fragility. At the same time, China's large economic footprint has been met with ambivalence in Moscow. Russia was relieved that capital is flowing and underwriting the regime, but wary of the influence accruing to Beijing. That said, Moscow maintains a predominant position in Syria's energy sector and continues to be the regime's geopolitical pillar, with three military bases in the country. Syria is not the only theatre where Russia

appears uneasy with China's growing engagement in the MENA region. Bogged down by protracted economic decline, Russia is no match for Beijing's offer of multi-dimensional partnerships to countries in the region, while China has avoided the costs of taking sides in regional conflicts.

Post-war Libya has seen, over time, a significant increment of China's presence, first through humanitarian aid and then via investment in the country's infrastructure and participation in peacekeeping efforts. After years of civil conflict in Libya, by 2022 rival factions, their external patrons and the latter's proxies had reached a situation of protracted stalemate. A joint diplomatic push by the EU, Russia, Turkey and the US through the UN managed to broker a peace deal engaging all key Libyan actors and their regional backers. The deal essentially codified the fragmentation of the country into largely autonomous entities, under a rather weak federal authority, and provided for a UN peacekeeping operation to oversee the agreement and enable reconstruction. However, this was a tentative peace as armed militias maintained control over different regions in the country and questions remained about the distribution and use of economic resources. In other words, peace in Libya appeared to be less about local dynamics and more about pressure from external powers, with the UN providing a convenient cover.

On top of its significant presence in other UN missions in the region, from the Sahel and Darfur to Lebanon, China contributed about 500 troops to the Libyan UN operation. Russia and Turkey maintained close links with respective allies within the new governance arrangements but sought to nudge them towards compromise. At the same time, Libyan factions pursued cooperation with the EU and individual EU countries, and fostered dialogue with a more engaged US, with a view to limit their dependence on any individual foreign actor. The reconstruction of the Libyan economy was slow, but the country was greatly aided by an extended Organisation of the Petroleum Exporting Countries (OPEC) deal to not cap production, so long as oil and gas revenues were used by Libya to pay down debt and invest in economic diversification.

Between an increasingly cooperative regional order in the Maghreb and the relatively vibrant economies of the Gulf, Egypt muddles through while seeking to pursue a multi-vector foreign policy. Like in Algeria a few years before, by the middle of the decade the frustrated Egyptian youth and a disgruntled middle class voiced their discontent with the state capture of economic resources, widespread corruption and repressive politics with months of protests. Growth rates were relatively sustained, but few benefits trickled down and employment never recovered from the impact of the Covid-19 pandemic. Egypt had tried to mimic the trade-off between prosperity and freedom that the Gulf monarchies were performing but, despite a promising start in the late 2010s, it ultimately failed. The entrenched economic interests of the military and the network of clientele stifled entrepreneurship, making the country less attractive for FDI than the more dynamic Arab competitors to the east and west.

The regime responded to the protests through a mix of repression and subsidies, not least thanks to substantial loans from China, which did nothing to address the root causes of turmoil and received much criticism from the US and Europe. Egypt sought to compensate freezing relations with the West by warming ties with Russia and China. The former has consolidated its position as an important arms supplier (although still behind the US) while the latter has invested heavily in large logistics and manufacturing districts along the Suez Canal – a major hub of China's Mutual Prosperity Network (the new Belt and Road (BRI) format launched in 2025). Speculations about China opening a naval base on Egypt's Mediterranean coast have not materialised but some analysts believe that the naval exercise carried out by the Chinese, Egyptian, Russian and Syrian navies in the Mediterranean in 2028, the largest ever involving China's forces in the region, preludes such a development. Others think that this is part of Egypt's balancing act, aimed to win back greater support from the US and the Europe.

# Scenario two: fragile states and non-state actors

by Haizam Amirah-Fernández [50] & Said Moufti [51]

The third decade of the twenty-first century was not a re-run of the 'roaring twenties' for the world, and less so for the countries in the MENA. The 2020s started with the global economy plunging into its deepest slump since the Great Depression of the 1930s due to the outbreak of the Covid-19 pandemic in late 2019. The 'Great Lockdown', which started in January 2020 and continued throughout most of 2021 in different forms across the world, resulted in the global economy shrinking dramatically in the first years of the decade at rates not seen since the Second World War. Despite initial estimates of a rapid recovery following the end of the health crisis, the fact is that, by the end of the decade, global economic activity has yet to recover to the normal levels of the pre-2020 period. Global economic decline has taken its toll nearly everywhere, but some regions have been more severely hit than others: the MENA region has been more affected than the world average. For most of its countries the coronavirus pandemic marked the beginning of a lost decade, with no end in sight as of late 2029, and it exacerbated insecurity in the region.

A third wave of Arab Revolts has been reshaping the MENA region since the beginning of this decade. Following the 2011 and 2019 waves that spread through the Maghreb and the Middle East, this time the epicentre of the new wave was to be found in the Gulf, triggered by turbulent successions of power combined with a dire economic situation. Unexpectedly for many observers, the Gulf monarchies became the new scene of social protests due to the worsening of the living conditions of their populations. This put a dual pressure on Gulf countries due to a shortage in terms of qualified human capital and their ability to afford their retention, as was the case in the previous decades. While many qualified expats left the Gulf countries after their economies were hit by the global recession, a growing number of the less-qualified foreign workers in the services, construction and transport sectors saw their working conditions worsen and, consequently, lost most of their capacity to send remittances back to their families in their countries of origin. Many unskilled workers were either forced to go back to their own countries or accept lower salaries.

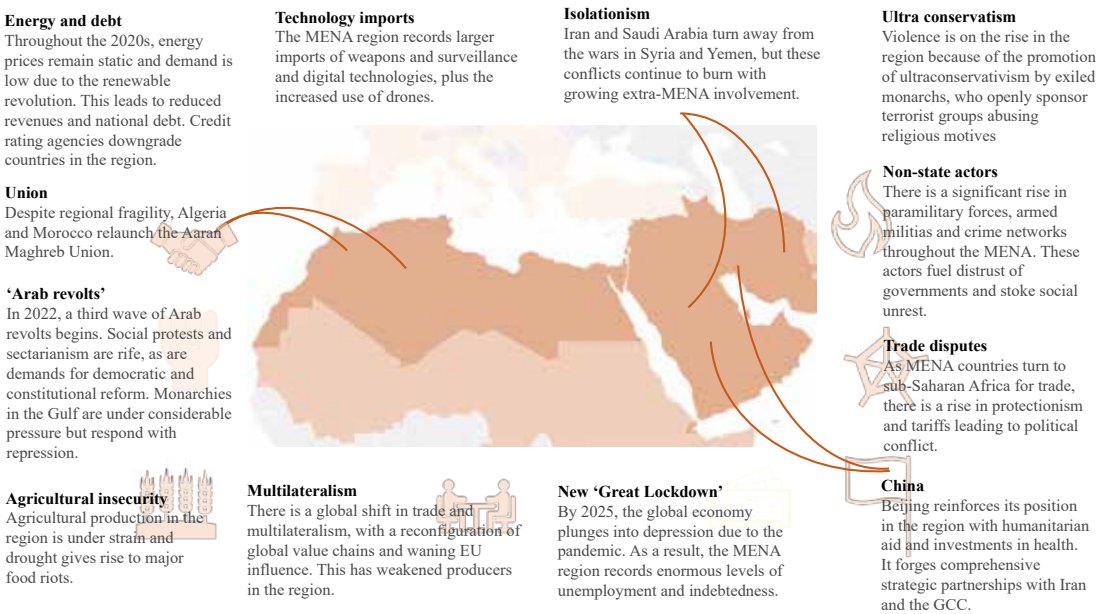
50 Senior Analyst, Elcano Royal Institute.

51 Director, Centre Marocain des Études Stratégiques.

Major protests ensued across the Arab Gulf countries in 2022, leading to violent riots and clashes with security forces. The heavy-handed methods used to quell the protests and the uncertainty generated by the climate of repression caused a serious breach of confidence between the indigenous population and foreign residents. While in early 2020, expats accounted for 88.5% of the Emirati and 85.7% of the Qatari populations, those percentages dropped to 67.2% and 62.9%, respectively, by the end of 2029. The living standards of nationals have been affected by the decreasing numbers of cheap labour.

Added to these labour dynamics, during the last decade the Gulf monarchies have been confronted with an international context marked by a lull in the prices of hydrocarbons and by the exhaustion of the effects of the measures previously deployed to buy social peace. Some of the major national transformation projects, such as Saudi Arabia's 'Vision 2030', were left halfway complete and/or cancelled. None of the goals stated at the time of the Vision's launch in 2016 (ending Saudi Arabia's dependence on oil, diversification of the economy, development of public services, transformation of social norms and attraction of tourism) have been fully achieved by 2030.

Figure 8. Fragility in NATO's 'South' 2030



The recourse to external debt as a means to overcome economic and social challenges ended up having dramatic effects, with a deterioration of the region's financial reputation and available capital resources. With no improvement in oil revenues, the fiscal deficit worsened in several Gulf countries. This led to successive sovereign rating downgrades by credit rating businesses Standard and Poor's (S&P) and Moody's. Saudi Arabia was hit worse than other neighbours due to the sharp decrease in oil revenues, the losses incurred as result of unfortunate investment projects launched in recent years, as well as the irreducible expenditure of the security sector. Furthermore, revenues coming from the Hajj pilgrimage decreased dramatically resulting from the sanitary restriction measures in the aftermath of the persisting coronavirus pandemic, as well as from the uncertain internal situation fuelled by the inability of the state to continue providing fully subsidised public services.

Despite the large sums of money spent by certain MENA countries on colossal infrastructure projects, such as the building of the futuristic Neom megacity deep in the Saudi desert bordering the Red Sea, the allocation of those resources has not translated into a major improvement in the living conditions of the population. A more telling example is Egypt's megaproject to build the new administrative capital east of Cairo, which has been partially built at an exorbitant cost, but without easing the congestion in the old capital or alleviating the acute development challenges facing the country. In particular, the project has given rise to slum dwellings and is filled with people suffering from extreme poverty. The new, partially built city is a symbol of the general increase in inequalities across the region and the rise of communal tensions. In fact, a regional trend has been a sustained drop in most of the MENA countries' positions in the UN Development Programme (UNDP) Human Development Index (HDI) rankings between 2019 and 2029.

Reduced state capacity to provide social services and employment, combined with a challenging international context, has led to two different phenomena running in parallel across the MENA region. On the one hand, there has been greater awareness of the populations and growing demands for more freedom and social justice, especially given the wide use of social networks and digital technologies. On the other hand, ultraconservative movements have been on the rise, trying to impose a return to what they view as the 'straight path' to fulfilling God's will, even if that means resorting to violent methods. Within this difficult and uncertain context, several states in the MENA region saw their capacity for action deteriorate significantly. As a result of this, civil society actors have gradually managed to advance their positions, albeit with varying intensity from one country to another. For historical reasons, their rise in North Africa contrasts, however, with their timid emergence in the Gulf and the Near East countries.

As civil society actors have become more organised, their ability to request an adequate share of power has increased accordingly. This is certainly the case in the context of the Israeli-Palestinian conflict, where human rights groups have intensified their use of social media to highlight their concerns. In some countries such as Morocco and Tunisia, these actors significantly enhanced their role in the area of democratic transition and human rights, putting pressure on their governments to accelerate the pace of reforms in these critical fields. As regimes were less inclined to accept to share some of their prerogatives,

this situation has resulted in increasing levels of mistrust and recurrent tensions between state and non-state actors, especially with the increasing number of social activists and news reporters being arrested and jailed. As their protests on social media and on the ground took place almost in vain, civil society actors increased their pressure by appealing for the boycott of elections. This situation fuelled an already deteriorated political climate, resulting in representative institutions with less legitimacy and the state's image declining at the international level.

The traumatic successions in some Gulf countries in the first years of the decade left deep fractures within the ruling elites, with some of the exiled royals promoting ultraconservative Islamic movements to gain support in their quest for power back home. Other regional governments have mobilised a diverse range of groups and non-state actors to advance their interests, with some of them losing control over their clients as the years passed. While some non-state actors in the private sector and non-governmental organisations (NGOs) have been pushing for more rule of law and inclusive governance in the Arab region, the expansion of other non-state actors, such as paramilitary forces, armed militant groups and crime networks, has undercut the enjoyment of economic, social and cultural rights in the region. These actors have increased their ties with terrorist groups and other criminal networks operating within the Sahel region, taking advantage of the loss of control over borders within a context of weakening states in some North African countries.

No single country in the MENA region was spared from the shocks of the multiple crises provoked by the Covid-19 pandemic since early 2020, and youth groups and younger generations particularly lead the charge for better health and economic policies especially in the most populous countries. In the Maghreb region, the acute socio-economic problems faced by these countries reached unsustainable proportions, leading to the return of street demonstrations (particularly among the youth). For the first time in almost four decades, major food riots erupted first in Morocco and Tunisia, followed by Algeria at a later stage. The riots put serious pressures on authorities, seeing the protest movements evolving from simple social and economic demands to strong political demands for a fundamental change of the regimes in place.

The combined effects of the sharp drop in the national income of Morocco and Tunisia due to the pandemic (ie, less trade, tourism, remittances, foreign investments, transport, maritime traffic, internal demand, etc.) was aggravated by the decrease of agricultural production due to years of drought, especially in the case of Morocco. Unemployment rates in the middle of the decade reached the highest official levels since records exist, with over 18% in the case of Morocco and 21% in the case of Tunisia. This situation had a direct impact on migration flows towards Europe, pushing European countries to take more and more restrictive measures towards human movements coming from North Africa. A new form of crossing attempts in the Mediterranean – by which a considerable number of vessels depart northwards from the African shores in a coordinated manner with the aim of overwhelming European coastguards – has impacted domestic politics in Europe, boosting anti-immigration and xenophobic parties. In this context, North African

countries are compelled to better control their southern borders by European countries although there are limits to this strategy given the ongoing conflicts in Libya and across the Sahel.

The increasing fiscal deficit in North African countries have made the recourse to foreign debt difficult and expensive. The loss of its once positive investment rating translated into a rise of Morocco's spreads on sovereign debt, reducing the ability of the state to ensure enough funding for its infrastructure and socio-development projects. A shift toward domestic financial markets to rise funds through issuance of treasury bills resulted into a shortage of resources available to private sector, as domestic banks are more inclined to serve state's financial needs and to reduce drastically their exposure to private sector debts.

Algeria has been the Maghrebi country more severely hit by the adverse global economic trends and the spillover effects from regional pressures. Algerian energy revenues fell dramatically over the past decade as a result of three drops: in oil prices, in local natural gas production and in its energy exports. In the period between 2019 and 2028, Algeria's GDP per capita fell from $4,050 to $2,980. Several factors such as population growth (from 43.8 to 50.4 million in the last decade), dwindling foreign exchange reserves, rising foreign debt, sinking GDP growth rates, persistent budgetary deficits, high inflation, rising unemployment and supply and demand imbalances led the Algerian government to negotiate a stabilisation and structural adjustment programme with the IMF and the World Bank in the summer of 2022, despite its initial reluctance and social campaigns against such a move. Several MENA countries followed suit immediately after.

The severe social costs imposed by the structural adjustment programmes made large numbers of Middle Easterners and North Africans take to the streets once again against their governments. Violent clashes with security forces took place in several countries, leading to increased instability and the weakening of state institutions. In order to protect themselves and crush protest movements, regimes have sought outside support in various ways. In recent years, there has been an increase in the hiring of foreign security companies and in the acquisition of technologies to control and repress dissidents inside and outside their borders. Some Western countries have continued to provide these services and technologies, although the largest increase has come from Asian providers and Russian private companies.

Several regimes tried different tactics hoping to contain the social unrest. Such tactics included superficial constitutional reforms, but the limited opening of political systems to actors without a meaningful capacity to challenge the regimes and distraction manoeuvres gave rise to tensions including an intensification of rivalries between political parties or, in some cases, playing the card of dismantling terrorist cells/or threatening war. Strategies were aimed at deflecting attention from state failures rather than encouraging genuine economic, social and political change. Such tactics contributed to the growing distrust between the states and societies, while further eroding the prospects for advancing democracy and the rule of law.

The shocks in the world energy markets following the deep recession caused by the Great Lockdown of the beginning of the decade have had a negative impact on the countries of the MENA region for various reasons. On the one hand, the drop in energy demand due to the economic recession sent oil prices back to the levels of the 1990s, exacerbating the fiscal crises in oil exporting countries, whose domestic energy consumption kept growing unduly. This situation also affected non-oil-producing countries such as Lebanon that are heavily dependent on foreign aid and the continued flow of remittances, given that the fall in oil prices in the international markets is not reflected in the final price paid by local consumers.

On the other hand, the unexpected ambition shown by the EU in advancing its Green Deal roadmap, coupled with China's massive investments in renewable energies, reduced the appeal of fossil fuels more than was expected at the beginning of the decade. While this offered various opportunities for some countries in the region –such as Morocco– to accelerate their energy transition, the difficulties in ensuring sufficient funding, especially through international financial partnerships, to catch up with the acceleration of technological innovation in this field jeopardised the efforts made during the previous decade, such as the large-scale solar projects of Ouarzazate.

Climate change and environmental considerations became more prominent in the agendas of industrialised nations over the past decade, especially in the US after the Trump administration and with a favourable Congress. Counterintuitively, this trend took place despite low hydrocarbon prices. Plans to advance the energy transition in the MENA region saw some ups and downs. While some countries made good progress in their low carbon national agendas, others saw backlashes due to dwindling resources for project funding and to sabotage operations targeting major renewable energy infrastructures by militant groups, including a solar thermal power plant in the Arabian Peninsula and a photovoltaic solar park in North Africa.

The positioning of China as a partner for MENA countries has improved following the highly publicised support it provided to the region during the Covid-19 crisis through humanitarian aid and its reinforcement of capacity building in the health sector. While this situation helped to consolidate China's image as a reliable partner, European countries have witnessed a drop in their image, more so in the Maghreb countries, as they prioritised their national interests, while neglecting aspects deemed crucial by Maghrebi elites and public opinion. In particular, European countries focussed more on dealing with their own economies during the Covid-19 pandemic and did not engage with new aid demands or vaccine deliveries to the region. Some regional and international actors made sure to fuel such negative perceptions, resorting to intense disinformation campaigns that rapidly spread through social media.

North African countries have become more aware of the importance of reinforcing their cooperation ties with the African continent, leading especially to increased political investment in regional bodies such as the AU. The unstable international order has

weakened multilateral trade relations and induced a drastic reconfiguration of global value chains, leaving no alternative for countries like Morocco, Tunisia and Egypt but to mobilise the potential of cooperation with their neighbouring markets in the African continent. The establishment of the AfCFTA helped to offset to some extent the losses of exports to Europe by exploiting new market opportunities in Africa and to secure their needs in terms of raw materials. Nevertheless, the similarity of African economic specialisation profiles fuelled the competition rather than the complementarity of their productive systems. This situation has led to frequent recourse to non-tariff barriers to preserve domestic markets, provoking commercial tensions among members of the AfCFTA from time to time.

Surprisingly to many, the 2020s has been the first decade in almost a century in which MENA countries have seen no major war. The acceleration of US retrenchment from the region gave way to a more assertive Chinese foreign policy with two objectives in mind. The first one has been to secure China's trade routes with Europe and the Global South by avoiding any unnecessary entanglements in the ever-complicated geostrategic environments of the Middle East and, to a lesser extent, North Africa. Beijing's second objective has been to work with several regimes to ensure its access to raw materials and natural resources from the region and the wider African continent. However, the terms of the collaboration between China and these regimes have contributed to widening social gaps in those countries, with rising inequalities and the reduced capacity of states to provide satisfactory social services.

The US has tried throughout the decade to counter China's appeal as an economic power and alternate political and development model for MENA countries; however, this task has proven challenging for many reasons. US policies have been marred by inconsistencies and aggressive behaviour that backfired on several occasions, in particular through its pressure on Iran and decoupling from Saudi Arabia. China's rise in the MENA region has advanced through patronage and partnerships that did not rely on zero-sum games with the different regional actors. A good example of this has been Beijing's s Comprehensive Strategic Partnership reached with Iran at the beginning of the decade, while building closer economic and trade relations with members of the GCC. Through its economic and financial diplomacy, China has managed to increase its stature among the region's political leadership and economic elites.

Many Arab countries, mainly from the Gulf and the Maghreb, continued to be among the largest arms importers in the world, although their purchases decreased compared to the record levels of the previous decade. With less resources available and more domestic unrest, arms imports shifted towards protest suppression, crowd control, urban guerrilla warfare and regime protection. Surveillance technologies, digital warfare and unmanned combat aerial vehicles have reshaped the nature of the region's arms race. The proportion of military equipment purchased from Asian countries, Israel and Turkey has increased, to the detriment of purchases from the US and, to a lesser extent, from European countries.

Another consequence of shifting domestic dynamics in the region has been redirecting resources from fuelling regional rivalries to dealing with internal turbulences. Both Saudi Arabia and Iran saw their revenues plunge just as their expenditures soared. This new reality made both countries turn inward looking, distancing themselves from conflicts in which they were previously heavily invested, such as Yemen and Syria. The same trend also affected other regional players like Turkey, the UAE and Qatar. Less interference in regional conflicts did not result, however, in solving them nor in the reconstruction of war-torn nations, which continued to be plagued by violence and political instability. Turkey has managed to enhance its economic positioning in some southern Mediterranean countries as a part of its broader regional strategy. Closer economic ties with Maghreb countries have helped Turkey to become a key economic player in the region, therefore strengthening its negotiation margins with the EU. As Turkey succeeded in establishing a large network of cooperation with local firms through joint ventures, many European firms faced more intense political competition which fuelled tensions among certain European countries.

In the Maghreb region, severe economic and social difficulties created, surprisingly, fertile ground for a political rapprochement between Morocco and Algeria in 2025 and hence a re-launching of the Maghreb Union 36 years after its establishment. Both leaderships have come to realise that regional integration has become the sole viable solution to absorb, to a large extent, the economic and financial shocks that seriously damaged North African economies in the aftermath of the Covid-19 pandemic.

Non-state actors (both secular and those abusing religious motives) have gained prominence throughout the decade in the MENA, mainly because of the weakening of state structures in several countries. In return, the rise of those actors has contributed to the erosion of several state institutions. The growing number of transnational and transregional corporations operating in the Arab region (such as private financial institutions, media organisations, technological companies, lobby groups, etc.) has put enormous pressure on the traditional state-based mechanisms of accountability. The fact that those outdated mechanisms have not been replaced by new ones that enjoy popular support and legitimacy has contributed to the growing discontent that local populations have been airing for years. The 2020s were another reminder of the distance yet to be travelled if the Arab countries are to realise their potential in terms of human development.

# Scenario three: chaos and regional anarchy

by Irene Martínez [52], Jassar Al-Tahat [53], Nicolás de Pedro [54] & Zaid Eyadat [55]

Ten years have passed as we look upon a collectively complex and inflammable MENA region. The aftermath of Covid-19 in 2020 caused an economic downfall for resource-seeking economies that had devastating spillover effects across the region. The collapse of certain GCC economies brought the whole region to a state of stagnation and inaction towards arising threats. Historically, back-up regional countries were not able to support their neighbours and the constant requests for assistance were partially met by international institutions or non-regional actors such as China. The presence of non-regional powers in the area – especially China – in the aftermath of the Covid-19 crisis brought about a significant power change whose ramifications and repercussions in the mid- and long-term time horizons remain unclear.

Countries such as Bahrain and Oman had precarious public finances and strained reserves that led them to become the first countries to turn to regional institutions for a rescue package. Saudi Arabia, the UAE and Egypt also suffered precarious financial positions. However, the GCC and Arab League did not manage to work out a cooperation scheme to meet the calls for action from the first countries in serious need. The lack of fiscal policy adjustment in the years prior to the Covid-19 pandemic drove both Bahrain and Oman to take drastic measures to avert economic shocks. While the smooth power transition in Oman in 2020 seemed to have calmed the political waters, the new administration found itself with the strenuous task of managing a delicate economic position. The ambitious 2040 vision from Sultan Haitham did not appear to have a realistic implementation strategy. The negative response of the GCC to bail out Oman in 2022 deepened existing diplomatic tensions within the group: the public argument behind the group decision, led by Saudi Arabia, was based on the lack of fiscal discipline in Muscat. This was perceived in international markets as a warning of a possible GCC disintegration, and what followed was a spiral of mistrust and lack of confidence in the sultanate and the future of the GCC.

While Doha supported Oman with a $700 million package to cover for the rollover of foreign maturities in 2022, this could not relive the liquidity constraints of the country. Turning again to the International Monetary Fund (IMF) resulted in a year of negotiations and a painful adjustment roadmap for the following decade. And while the IMF package was certainly substantial, the global needs after Covid-19 and the refusal of donors to increase their contributions forced the IMF to reduce its aid stimulus packages, thus not

52 Associate Researcher, The Institute for Statecraft.

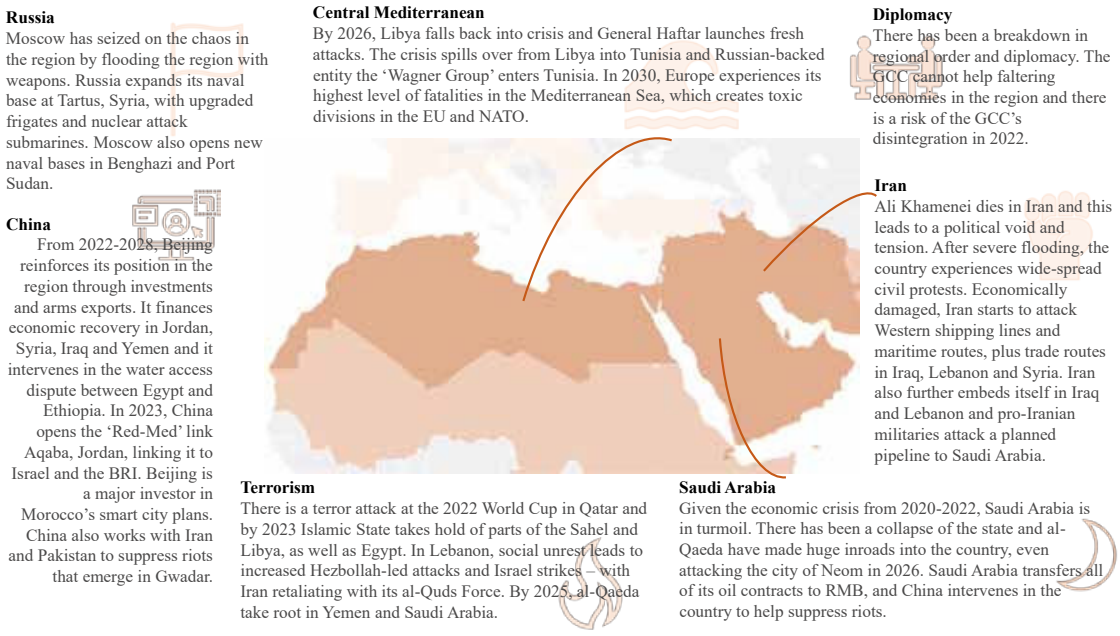
53 Associate Researcher, The Institute for Statecraft.

54 Senior Fellow, The Institute for Statecraft.

55 Director, Center for Strategic Studies, University of Jordan.

covering the extensive capital needs of Muscat. The State General Reserve (SGR) was depleted by mid-2022 and since the majority of the rollover of foreign maturities was linked to a syndicate of Chinese financial institutions, Muscat offered up the jewel in its crown to Chinese investors. By the end of 2026, the Initial Public Offering (IPO) on the Oman Oil Company (OOC), the national petroleum investment company, led to a total of 35% Chinese-owned stocks. The idea of a prospective Chinese takeover of the firm was categorically denied by both the Omani authorities and by Chinese officials; however, the latest trend of capital inflow to Oman is mainly of Chinese origin.

Figure 9. Chaos in NATO's 'South' 2030




The liquidity constraints of the sultanate had significant spillover effects for the dynamics of the Gulf region, not least in terms of a deterioration in maritime security in the Gulf of Aden through piracy and other malicious activities. Forced by the IMF plan to cut government spending through public salary adjustment and employment, social unrest was seen in the streets of Muscat, Nizwa, Sur and Salalah, the latter being one of the most affected areas of the severe fiscal reforms. The southern city witnessed difficult and tense times when small groups of armed men called for a social awakening in the midst of an extreme economic downturn: the risk of a renewed Dhofar raised alarms in neighbouring states, but also in western and Asia countries. Oman, bordering Yemen (a country in war for the past eight years and dealing with serious social discontent in the major cities of the country), was forced to reduce subsidies in the al-Mahra governorate of Yemen, where they had been significantly contributing to the salaries of civil servants

and the maintenance of public infrastructure. Immediately after the expenditure cuts, the bombing of the Saudi-sponsored religious centre in Qashan served as a pretext for Saudi troops to increase their military presence in the region to protect the oil pipeline running through the al-Mahra governorate.

While the increasing Saudi presence in al-Mahra had the support of the Southern Transitional Council (STC) and the UAE, the local Mahrabis requested support from Oman as the fight for control of the region intensified. Oman, fearing a power vacuum right on its border, took the decision to launch airstrikes over the al-Mahra governorate. Such actions ended Oman's neutrality in the region and the move was supported by Qatar, which supplied military equipment to the Mahrabis and the Houthis and publicly supported the struggle of the local tribes against the Saudi presence in the country. The active intervention of Oman in the conflict was halted with an Iranian move to back its long-lasting historical ally in the Gulf, thus actively engaging with intelligence and air defence systems and weapons.

With the armistice agreement signed in 2025 by Saudi Arabia and the Houthis, the Yemen war ended after a decade of destruction, poverty and death, leaving behind a deeply shattered country and one fragmented in a myriad of proto-states. The new political ecosystem saw a northern Houthi-controlled area and a heavily diversified south, where the STC controls limited areas but where al-Qaeda in the Arabian Peninsula (AQAP) has gained respect and admiration from the local population. With its eloquent discourse, a respect for tribal honour and codes (much more present in the south than in the north) and the remarkable use of ancient poetry and literature, AQAP rapidly gained popularity inside of Yemen, as well as outside of the country. The allure of its message and the channels used for its communication have captivated locals across the Gulf at an alarming rate, which has led to security issues such as piracy.

This golden era of AQAP opened the possibility to extend its operations further north into Saudi Arabia. The AQAP attack in 2026 in the north-western city of Neom, the $500 billion megacity part of the Saudi Vision 2030, sparked the rage of the Huwaitat tribe against a project that had been widely perceived as intrusive and restrictive. The selected killings of Huwaiti leaders culminated in wider national uproar against Mohammed bin Salman and Vision 2030. According to AQAP, the long-standing, modest and traditional culture had been rapidly dishonoured by Western tourists and Western-inspired leisure activities, thus the Neom attack was designed a wake-up call to reinstate pure Islamic customs and to prevent Saudi Arabia from losing its purity. The social polarisation became critical when the government confronted the local population and used violence to suppress the first protests on the streets. The government reaction precipitated a cascade of demonstrations and public outcries from different parts of the country that shared similar views to those of the terrorist organisation and the local Huwaitat tribe. The social polarisation reached a critical point when the inability of the authorities to properly assess the demands was met with an increase in social unrest. The rural-urban divide in the kingdom caused the southern tribes to support the claims of the Huwaitat tribe in the north.

Chinese People's Liberation Army (PLA) troops stationed in the Djibouti base were moved to the city of Neom to support the government control the protests and maintain 'stability' and 'peaceful co-existence' in the country. The full support of the Chinese government in these circumstances and the commitment of President Xi Jinping to uphold its business deals with the kingdom, led Mohammed bin Salman to use Renminbi (RMB) to denominate all its Chinese oil contracts; the Petroyuan is here to stay. Such a move occurred in the context of a continued US military presence in the country, but the US administration refused to use American troops to take control of Neom. Regardless of the effect on US-China relations, the PLA deployed to Neom under the banner that China was now the major security provider in the region. The move only enflamed relations between Washington and Beijing.

The popular demonstrations were toppled with sectarian demands from the Shiite population in al-Hasa that reached the maximum levels of tension during the Ashura celebrations of that year, during which thousands of Shias performed rituals in the streets of Dammam. Police brutality quickly evolved into riots and calls for an uprising against what had been seen as historical discrimination and disenfranchisement. The call for support on social media was rapidly met by the Shia communities in Bahrain, who started mass protests against their own government and the treatment of Shia Arabs in Saudi Arabia. The population was reminded of the never-forgotten incidents of the city of Qatif[56] through a series of songs and social media campaigns, which promptly found a martyr in the figure of Nimr al-Nimr to relate to during the Arbaeen.[57]

With domestic unrest due to the rapid opening of the country to tourism, the disconnect between the al-Saud regime and the tribal leaderships of the south and the dire economic performance that led to suppression of major subsidies and the re-definition of Vision 2030, the call from the House of Khalifa to crack down on the mass demonstrations in Manama was not answered by the Saudi royal family, thus eventually forcing the Bahraini King Hamad bin Isa Al Khalifa and his family to escape to Amman and leave a power vacuum in the country. Shia communities in Kuwait, Qatar and the UAE stepped up their support for the social uprisings in Bahrain, developing channels to send weapons and manpower to the revolts. However, the leading group involved in this coordination and organisation came from Ahvaz, Iran, where historical ties with Kuwaiti Shia communities and the relative accessibility to the port of Dubai eased the exchange network with the rest of the Shia communities in the Gulf.

Three years after Qatar suffered a terrorist attack during the World Cup of 2022, the widely-suspected connection between the Islamic State cells active in Yemen that were responsible for the attack and the alleged support of Saudi Arabia's ruling elite has not been proven, but left the GCC completely fragmented anyway. Western powers do not

56 Starting in 2017, the city of Qatif of eastern Saudi Arabia became home to a conflict between the Saudi government and Shia militants. The conflict resulted in the deaths of a child and young man and the imprisonment and reported execution of human rights activists.

57 The *Arbaeen* is a religious observance and commemorates the martyrdom of Husain ibn Ali, the grandson of the Prophet Mohammed.

have the political bandwidth to ensure that the GCC remains intact. Furthermore, the signs of coordination and cooperation between Houthis in Yemen and AQAP proved to be true. A common enemy between the two groups has been found and the inevitable conflict between them has been put aside – at least for now. AQAP as an extremist group sees the new vision of Saudi Arabia as an abomination in the most sacred Islamic land, while the Houthis see the Saudi regime as a natural political and ideological enemy.

Across the Gulf in Iran, the death of Ali Khamenei resulted in his authority being handed to the Expediency Discernment Council of the System, whose leader will be soon elected, with Ebrahim Raisi and Mojtaba Khamenei as the two most plausible candidates. However, Khamenei's death has given rise to greater secularism in the country and both Raisi and Mojtaba Khamenei fail to uphold Ali Khamenei's hardline. What transpires is a gradual move away from religious leadership to a more nationalistic one, which shifts Tehran's regional policy and ensures the rise of secular elites in Iran. The authority vacuum, together with a sluggish economy hampered by sanctions and the inability to preserve its oil market, left a noteworthy mark in terms of wealth distribution of Iran; with Tehran, Shiraz, Tabriz, Mashad and Isfahan as survivors, but ethnic and sectarian minorities paying a high toll. The country's Bonyads[58] were hard hit as well, thus significantly reducing their support networks in Sistan (previously named Sistan-Balochistan), Bushehr and Kurdistan.

After a series of heavy floods and the failure of the state to support thousands of families left in the streets, social unrest exploded. Riots against the government's mismanagement started in Zahedan, in the southeast near the border with Pakistan and Afghanistan, but the most well-known incidents were the attacks against the Chabahar port that were replicated on the other side of the border by Balochis from Pakistan against the Gwadar port. Given the economic fragility of the Bonyads, it was difficult to finance the Basij paramilitaries and al-Quds forces and this led to remarkable military and intelligence coordination between Pakistan and the PLA to suppress the protests. While the Pakistan-China intervention left scores of protestors dead, Iran and its partners were quick to point to Western interests for disrupting the BRI and the region. Although Tehran's influence in Iraq, Lebanon and Syria through proxy groups started to wane given the lack of finances for the al-Quds and Basij forces, Iran continued to openly support the Shia protests in Dammam and Hezbollah's struggle against Israel. Despite its financial woes, Iran continues to respond to sanctions and hostile behaviour by disrupting the maritime trade route in the Strait of Hormuz.

In the Mashreq area, the new decade did not bring about the long-awaited stability and prosperity. Lebanon entered the 2020s in a slow-motion economic meltdown, especially given the massive explosion at the Beirut port in 2020. Lebanon managed to just get by economically due to Western aid, but Jordan soon experienced a major default in 2023 due to indebtedness after the Covid-19 pandemic and failed income tax reforms.

58 A *bonyad* is a quasi-governmental institution, military, paramilitary or religious, charitable organisation that performs activities on behalf of the Iranian state and is government funded but completely independent from state oversight.

Both countries faced instability and delegitimisation of the status quo, pushing Beirut and Amman to a state of internal conflict and political contingency. However, the structural political and societal differences of both countries soon defined their future. Hezbollah's iron fist was fully deployed to contain the spread of social unrest. While calling for a readjustment of power, Hezbollah aggressively suppressed protests in Tripoli and Beirut; in the latter specifically in the southern part of the city, where the Shiite population had been particularly active.

Two days after the brutal incidents in Tripoli and Beirut, and while the UN was calling for an international investigation, Israeli attacks against Hezbollah's military bases took everyone by surprise. The prime minister of Israel announced the willingness of the country to support the "oppressed Lebanese neighbour's fight against the real enemy" and the "persistence of attacks if Hassan Nasrallah does not stop terrorising the Lebanese population". The words of the Israeli prime minister were soon met by a cascade of responses from Syria, Iraq and most strongly, Iran, although reports that al-Quds units were moved from their positions in Syria towards the Beqaa valley appeared to be simple posturing.

On Jordan's side, the IMF bailout covered the most acute rollover payments, but the real aid package came in the shape of FDI from China. The Red-Med link in Israel called for an enlargement of the Eilat port. However, the capacity of the Israeli city fell behind the needs and Aqaba rapidly became entrenched in the new Mediterranean trading route, with the full investment support of Beijing and the diplomatic blessing of Tel Aviv. The move of Amman rose plenty of eyebrows in the region; from Beirut to Tehran, regional leaders condemned the economic embeddedness of Jordan in the Israeli business route. Yet the most adverse discourse came from Cairo, as Egypt saw the Red-Med link as a way of bypassing the Suez Canal and increased diplomatic tension with Jordan by recalling its ambassador for two years.

Iraq's intention of building a new Iraqi-Saudi gas pipeline with the support of the Saudi-Iraqi Coordination Council had been constantly sabotaged by pro-Iranian militias. The regular attacks on early infrastructure and facilities and the selective killings of project coordinators have meant that the long-awaited project is now an unattainable dream – Iraq therefore continues to rely on Iranian gas. While Western firms gave up on the idea to advance their presence in the country, Iranian (together with Russian and Chinese) firms signed profitable contracts in the areas of telecommunications, infrastructure building and electricity generation. This was a relatively easy commercial move given that Iraq lacked proper refinery technologies and facilities. Iraq managed to close reconstruction deals with Chinese companies that had long awaited the opportunity to expand their business operations in the country. With behind-the-scenes support from Iran, Chinese firms have been able to continue with their deals in Najaf, Karbala and Basra and broadened their scope to include electrical and telecommunication megaprojects.

Iraq's and Lebanon's predicaments entrenched Iranian proxies even deeper in the failing states. The illicit trafficking of oil, drugs and arms helped Hezbollah and Iranian militias in Iraq sustain their operations and grow as a threat to regional powers, even though the Chinese government has made clear that its business interests in the region should not be directly impacted by the illegal activities. The Levant region now no longer enjoys autonomy from regional powers but treads a fine line of balance of threat. Integrating Iranian proxies in Iraq and Lebanon in the late 2020s into state security agencies (ie, the army, counter-terrorism or police forces) did not dismantle their ideology nor shake the loyalty of their men towards Iran and only sought to provide institutional cover for Iranian operations.

Looking north and south from the Gulf, it is still clear that in 2028 the reconstruction of Yemen and Syria is speeding up at different levels and has brought China closer to the region. Following the infrastructure projects in Iraq, Syria has started to partner with Chinese companies to develop residential areas outside of Damascus and in the coastal cities of Tartus and Latakia, outbidding Iranian firms that had also developed proposals. While the projects have not been finished yet, the development of the digital infrastructure of the country has also been awarded to a Chinese firm. The Assad regime introduced no significant changes in the country's governance, it sustained its economic recovery on the back of aid from China and Russia and consolidated its overall strategic tutelage over Damascus. Despite leading to greater tensions with NATO, the Russian naval facility in Tartus was expanded several times and by the end of the decade it hosted the newly upgraded Gorshkov-class frigates and four new nuclear attack submarines.

In the last decade, North African countries have been struggling with their relationships with their southern neighbours: drug trafficking, terrorist groups abusing religious motives, migration flows and rivalry for natural resources have been the underlying factors that have posed serious threats to domestic stability and developmental agendas. Soaring unemployment rates, paired with decreases in wages and the growth of informal markets have been serious sources of concern for local and national authorities.

Egypt started the decade with the Grand Renaissance Dam of Ethiopia (GRDE) as a focal point of its immediate future prospects. With the failure of the US mediation, Beijing proposed to play a role in the dispute between Ethiopia and Egypt itself. The intervention of Xi Jinping brought the countries closer to an agreement, but the unexpected and unattributed attack in late 2021 on the dam reinforced the Ethiopian nationalistic narrative of the need to defend against the security risk in the region and it abandoned diplomatic efforts. The failure of the GRDE is believed to have caused Egypt to lose 30% of its agricultural production and substantially limited its access to water, causing it further social and economic distress. With Khartoum covering its electrical needs from the GRDE and Cairo struggling with internally displaced waves and rapid economic deterioration, regional power dynamics have been shifting towards Addis Ababa. The unsustainable social pressures in Cairo and Alexandria have led to an increase of informal urban development, with constant water pollution leading to acute outbreaks of cholera in the country. The government is at risk of losing control as it simultaneously deals with protests and mounting geopolitical turmoil across the region.

However, the threats to Egypt not only came from the south, but also from the west, as Libya's intricate factions had been reorganising in recent years. Libya's warlord Khalifa Haftar had been losing his international supporters as economic deterioration spread across the region. The warlord managed to barricade Libyan National Army (LNA) troops in the east of the country, thus creating a disputed reality and maintaining the ongoing conflict on a smaller scale. However, the UN-supported Government of National Accord (GNA) called for elections in 2026, although certain city-states refused to participate. The results ended up in a myriad of groups not recognising the elections and calling for the formation of their own alternative parliament. Three months later, Haftar recorded a video together with Saif Al-Islam Gaddafi in an unknown location calling for the "awakening" of the country. The video went viral instantly and Haftar's forces once again initiated a full-scale offensive against Tripoli that has so far gone in their favour. Russian naval bases were opened in Benghazi and Port Sudan, the Red Sea became de facto a Russian-Chinese lake, while the eastern Mediterranean become more contested than ever before.

The second, updated version of the Islamic State has now cemented its position and its finances through illicit trade and trafficking. IS Libya's operations remain limited compared to the operations and influence of the Islamic State in West Africa Province (ISWAP). However, the uncontrolled and unforecastable situation in the North African country led to a certain reorganisation of IS which managed to cross into Egypt, uniting forces with the former Ansar Bayt Al-Maqdis (ABM) terrorist group and the IS Sinai Province and extending operations and recruitment in Giza and Al Minya. The upscaling of security forces operations on counter-terrorism and the lack of accountability led to massive protests in Cairo that were rapidly suppressed but that later evolved into national riots against the economic mismanagement of the country. The difficulties to control certain territories led President Al Sisi to impose a national curfew for three months. The popular unrest and the failure of the government to maintain public employment and salaries led to grass-roots discomfort and a failed bloody coup left the Egyptian army split in two, paving the way for regional and international players to intervene and fuel the conflict. 100 million Egyptians are now living in a limited conflict nation suffering from water and food scarcity due to the Ethiopian determination to fill While some non-state actors in the private sector and NGOs have been pushing for more rule of law and inclusive governance in the Arab region, the expansion of other non-state actors, such as paramilitary forces, armed militant groups and crime networks, has undercut the enjoyment of economic, social and cultural rights in the region.  the GRDE in three years, leaving the Egyptian agricultural sector close to collapse.

Tunisia did not survive the widely expected democratic transition. Malign media campaigns and groups sponsoring instability produced a political and social deadlock. Tunisians' social and economic demands are still unmet, and the population now perceive domestic powers as barriers to reform. Orchestrated and coordinated disinformation and polarising campaigns rendered Tunisians prone to destructive behaviour such as riots and civil disobedience. The aftermath of the Libyan conflict spilled over into neighbouring Tunisia and created clusters and hotspots of militant and extremist fighters, placing the country on the brink of internal conflict. In a desperate move to contain the outburst of

terrorist attacks in east and south Tunisia, the government called on Russia to help deploy strategies once implemented in Syria. The country's woes provided an opportunity for the already established Russian presence in Libya through the Wagner group to expand its foothold in Tunisia. Russia started using the country's proximity and maritime borders to put pressure on the EU by facilitating illegal migration towards Europe and using disinformation campaigns to exacerbate populist narratives in NATO nations.

Combined with its strengthened posture in Syria, growing deployment and positioning in eastern Libya and reinforced military cooperation with Algeria, this move brought Russia much closer to NATO's southern borders, paving the way for a contested Western Mediterranean context. Both EU and NATO expressed their deep concern with these developments, but failed to articulate a sound and coherent strategy to counter Russia's growing power projection on NATO's southern flank. What is more, the de facto partition/fragmentation of Libya and Tunisia facilitated a massive influx of refugees and immigrants from sub-Saharan Africa into Europe. 2030 witnessed the highest number of fatalities in the Mediterranean since the migration crisis, but a new record is widely expected for the year after. Southern European governments urged the EU and NATO to respond to the situation and help alleviate the mounting demographic pressures, however a lack of coordination and an unwillingness to relocate resources towards the new migratory crisis triggered serious political confrontations across the European institutions and in member states.

Security risks, stemming from the Sahel, rose across North Africa due to the success of the Jama'at Nasr al-Islam wal Muslimin (JNIM) and the ISWAP in expanding their areas of activity and control. JNIM, financed by drug smuggling, has managed to establish base camps in southern Algeria through agreements with local tribes. As drug smuggling routes in North Africa become more mature, armed groups moved northwards to take control of the new trade routes and markets. The move by JNIM to gain control of the Maghreb drug markets had been opposed by the consolidated cartels in the region. Morocco, Algeria and Tunisia tightened their borders, deploying personnel, building walls and investing in technologically-advanced surveillance equipment. These efforts have, however, had a negligible impact on drug trafficking. The shift in drug routes coming from Latin America had a direct impact on the balance of power in the Sahel region. Traditional routes, where violent armed groups and terrorist organisations struggled to capitalise on the market benefits, were shrinking and new trade routes directly connecting the American continent with North Africa were already controlled by local groups that did not allow foreigners to participate. This therefore left the Sahel region facing a brutal and tough scenario.

The ISWAP extended its activities into West Africa as it captured territory and solidified its presence in Libya and Chad. By 2023, ISWAP started to attack targets near the Egyptian border in a clear sign of a coming confrontation with the Arab nation's leadership. Egypt is now feeling the repercussions of the downfall of Saudi Arabia; soaring unemployment and poverty rates left many sympathetic with neighbouring extremist ideologies, putting Egypt on the brink of severe instability and enclosed armed conflict. The limited support

from UN bodies due to a constrained budget and obstacles while dealing with the Egyptian authorities deprived the country of much-needed aid packages.

The diversification of security risks in the North African region has not been met by an integrated state response, thus allowing for parastatal groups and militias to gain control of the public space. Morocco has been leading the race towards a more securitised and technologically-controlled public domain with the support of Chinese Artificial Intelligence (AI) technology. The digital infrastructure put in place by Chinese firms has supported the state's capacity to fully monitor its citizen's activities, thus rising international concern over human rights enforcement. However, neighbouring countries have also started to follow the Moroccan model that started right after the Covid-19 pandemic with facial recognition techniques and fully integrated surveillance systems.

In particular, the crisis in the Sahel region takes on a particular unstable character as Algeria decides to dispatch armed forces into Libya and to heavily police its southern border. Although Algeria claimed that its forces were deployed to police migratory routes in a bid to placate European partners, the move was also seen as a way for Algiers to try and impose its control and interests in the Sahara region. Morocco responded by ramping up its military activities in the region. Despite calls from the international community to de-escalate tensions, Algeria plays the migration card (ie, threatening not to police its southern borders or disrupt trafficking routes to Europe) as a way to ensure that European countries do not act beyond stern statements.

# Conclusions and policy recommendations

by Luis Simón

By bringing together thematic and regional experts, and drawing on foresight analysis, this report has assessed key geopolitical and security dynamics in NATO's southern neighbourhood, and uncovered a range of trends that will be useful for policy planning and policymaking within the Alliance. Accordingly, this report has provided three future scenarios that each have implications for NATO's crisis response and early warning capabilities. With a 2030 time horizon, the three scenarios seek to help NATO better understand its role in the region, calibrate the potential limits of its action and contribute to a common understanding of the south among NATO allies. The 2030 horizon is particularly salient given the 'NATO 2030' reflection process. Indeed, this study builds on many of the conclusions of the NATO 2030 report. Additionally, it allows for a reflection on the possible medium-term impact of the Covid-19 pandemic upon geopolitical and security dynamics in NATO's southern neighbourhood.

In terms of methodology, the report has focused on one core dependent variable that was persistently stressed – and which received consensus among experts – during the preparatory meetings for the study: namely, the axis of 'state stability vs state fragility'. Experts involved in this study agreed that the stability or fragility of states located in the south is a key analytical framework in which to understand potential NATO responses and early warning strategies. To ascertain how the axis of stability and fragility would feature in the future scenarios out to 2030, it was necessary for the research team to analyse stability and fragility through three categorical prisms: 1) geopolitics and security; 2) economy and society; and 3) energy and climate. In contrast to other foresight exercises on the south, this report focuses on NATO's role in the region, and stems from a truly collaborative approach that brings together experts from the region, as well as Europe.

To be sure, the threats and challenges emanating from NATO's south are very different from those present to its eastern flank. Thus, the ways and means to address those challenges also need to be different. When it comes to acting in the south, political and economic engagement are critical. The recommendations offered below build on two general assumptions.

The first general assumption derived from the three scenarios is that most – if not all – crises in the inner and outer layers of the south will impact upon NATO's interests, but the Alliance has limitations in terms of resources and institutional capacity to deal with each and every potential crisis that may emerge from the MENA and surrounding areas. Indeed, the Alliance must be realistic about the positive change it can encourage and the crises it can help contain in the south. It is realistic to think about the type and actual degree of political leverage NATO has in the southern neighbourhood.

Much of NATO's leverage in the south may come from individual Allies such as the US, UK, France, Spain, Italy and others. However, with questions about the US' long-term interest in the MENA region there is a need to stress EU-NATO cooperation and NATO's engagement with regional organisations such as the AU and the Arab League. This approach admittedly underscores the importance of institutions like the EU, and indeed the value of a permanent EU-NATO dialogue on all things related to the south. With the forthcoming 'Strategic Compass' process on EU security and defence and the NATO 2030 process, there is an opportunity to calibrate the two initiatives in order to leverage EU and NATO tools for security in the south. NATO can bring to EU efforts a geopolitical and strategic approach to a region increasingly affected by the presence of third powers and state fragility. With a new US administration and EU overtures to develop a robust EU-US dialogue on security and defence, NATO has an opportunity to shape the discussion in ways to support deterrence and collective defence, crisis management, and cooperative security.

The second general assumption emanating from all three scenarios is that a focus on the inner layer or core of the south overlaps with NATO's area of responsibility in the Mediterranean, which of course covers Article 5, collective defence and deterrence measures. A focus on the inner layer or 'core south' also underlines the important point that the Mediterranean is not an isolated strategic theatre but one that connects to the Black Sea to the Horn of Africa. This implies that the Alliance needs a comprehensive approach to how the inner and outer layers of the south intersect, and any such answer may be beneficial in an EU-NATO cooperation context. The interplay between the inner and outer layers of the south means that individual strategic approaches to the MENA region and Africa need consistency. Given that Africa straddles the Alliance's area of collective defence in the Mediterranean, there is a need to ensure that conflict does not spillover from the outer to the inner layer. Working with partners such as the EU to coordinate efforts in Africa and the MENA region is of paramount importance, but NATO can already initiate a strategic dialogue on the best way to negate harmful interactions between the inner and outer layers of the south.

NATO's competitive advantages in key strategic areas like Intelligence, Surveillance and Reconnaissance (ISR), maritime security or Security Sector Reform (SSR) also underscores the Alliance's potential in the south. Initiatives such as the NATO-supported national crisis centre in Nouakchott, Mauritania, offer the Alliance a good model for further cooperation in critical regions such as the Sahel. Critically, missile proliferation and the emergence of A2/AD 'bubbles' across different parts of the south incentivises NATO and its member states to also look at the south in 'traditional' ways (ie, through the lens of deterrence and defence). One of the advantages of outlining alternative futures through scenario planning is that we can get a better sense of the array of challenges and threats.

## Analysing the three scenarios: risks and opportunities for NATO

The main reason why this study elaborates three future scenarios is to tease out and assess key possible trends that might require a response from NATO. In particular, the three scenarios allow for an appreciation of possible tailored NATO actions in the south, especially given that each scenario raises a host of economic, political, developmental and environmental challenges. Interestingly, each of the three scenarios necessitates a degree of NATO involvement in the south. The first scenario highlights how NATO can tackle issues such as state stability, which can paradoxically bring about more 'traditional' challenges. The second scenario outlines a situation of economic vulnerability in the south, which invites NATO to think about how its existing toolbox can – if at all – respond to non-military threats. Finally, the third scenario (the bleakest outlook) poses fundamental challenges such as missile and arms proliferation at the lower end of the military spectrum, and raises questions related to NATO deterrence and European security.

Although the three scenarios represent differing degrees of severity, they share common assumptions about the key drivers that may shape the region in the future. These are summarised in Figure 10.

Given the cross-cutting nature of many of these trends and security factors, it is possible to generate policy recommendations that are applicable to all three future scenarios. Thus, for instance, the need for NATO to think more systematically about the south appears evident regardless of which specific future materialises. Likewise, we appreciate a number of structural trends that are present in all three scenarios, such as the growing presence of China and Russia across the south or the salience of energy security, natural disaster and climate change considerations.

NATO should build on the momentum generated by the recently published 2030 Report to develop a more comprehensive and strategic approach to the south, ie, one that addresses the root causes of conflicts and instability. As will be seen in the recommendations that follow, we call for NATO to put the south on a sound footing in line with the Alliance's approach to its northern and eastern flanks. We also recognise that a 'consistent, clear and coherent' approach to the south is adopted, but while we strongly acknowledge the role of Russia in the southern neighbourhood there is a more pressing focus on China than in the 2030 Report. Nevertheless, this study welcomes the NATO 2030 Report in calling for greater military preparedness in the Mediterranean and the need for partnerships with the EU, GCC and AU are stressed throughout this study.

With a view to fulfilling the recommendations of the NATO 2030 Report, it is positive that the Alliance has already developed the ICI, MD and the PII and it has garnered close links with partners such as Jordan, Tunisia or Morocco. The Defence and Related Security Capacity Building (DCB) Initiative is also a positive initiative that offers much potential – indeed, good progress is already being made with capacity building in Iraq, Jordan, Tunisia and Libya. Such initiatives point to the relevance for NATO to continue to develop a differentiated form of cooperation in the region that avoids a 'one size fits all' approach to the south. Core nodal groups of states (eg, the Gulf Region) could become a

focus of NATO's efforts but it is critical that NATO and partners move beyond dialogue and bilateral confidence-building measures and also focus on jointly addressing key regional security challenges. Topical committees and enhanced strategic communication could help with these efforts, although one has to recognise that partners initiate cooperation with the Alliance and they largely control the pace and extent of cooperation with NATO. Furthermore, existing cooperative formats such as Mediterranean Dialogue (MD) and ICI do not include key regional players such as Saudi Arabia, but existing formats could be used to encourage areas such as North Africa to set collective priorities vis-à-vis their relationship with NATO.

Figure 10. Three scenarios, four key drivers

In this very vein and considering the proliferation of bilateral and minilateral security initiatives in Europe within and outside NATO (eg, Lancaster House agreements, bilateral US-French defence cooperation, European Intervention Initiative (EII), etc.), the Alliance should embrace a networked approach to security, and look for ways to link with and enable relevant bilateral and sub-regional initiatives in a southern context. NATO could even encourage regional initiatives to ensure that the MENA region speaks with a more coherent voice and vision of its own interconnected security. In this regard, it could be useful to set up a working group on the south, to try and instil some sense of order to NATO's approach to the region.

Given the complexity and diversity that characterises the south, it is imperative for the Alliance to improve its situational awareness across the region, and to develop information exchange with regional states and partners. The Alliance should intensify its work through the NATO NSD-S Hub as a way of reinforcing its understanding of southern dynamics. Additionally, the NSD-S Hub and other Allied bodies such as ACT and SHAPE should continue to map the activities of China and Russia in the region. In particular, Allied members should be encouraged to support NATO bodies to study the interlinkages between the European theatre, the MENA region and the Indo-Pacific region.

Another recommendation that seems to cut across all three scenarios is the need for a structured EU-NATO dialogue on the south and more intense dialogue with partner countries and non-state actors. The two organisations already cooperate on maritime security in the Mediterranean and they have worked together in places such as Afghanistan, Iraq and the Gulf of Aden. This cooperation should be taken to a new level, beginning with a joint North Atlantic Council (NAC) – Political and Security Committee (PSC) meeting on the south. Other initiatives should be explored, too, such as replicating the Shared Awareness and De-Confliction Mechanism in the Mediterranean (SHADE MED) to other key regional nodes such as the Red Sea and Gulf regions (eg, a SHADE MENA). The NATO-ICI Regional centre could host one of these forums.

Under all three scenarios, issues such as critical infrastructure protection and energy security are likely to become more important for NATO in a southern neighbourhood context. To this end, the Alliance could use its experience with energy security training and exercises as a way to **support** European Investment Bank (EIB) or European Bank for Reconstruction and Development (EBRD)-backed energy investments in the region by facilitating dialogues on critical infrastructure protection in the region. NATO should use existing energy security training and exercises endeavours as a basis for energy consultations with non-NATO states in the south. For example, the Alliance already offers energy security training to southern partners via the NATO School Oberammergau and the NATO-ICI Regional Centre. The ICI and MD are ready-made frameworks through which to advance bilateral discussions on energy security and environment with key energy states and non-state actors in the region.

NATO has started to invest more political energy to tackling climate change and enhancing environmental resilience. The 2020 'NATO and Nature' conference is a step in the right direction, but it focused on the climate resilience of Allies. The reality is that NATO countries' overseas logistics and infrastructure will be susceptible to climatic shocks. The naval installations of allied nations, for example, are particularly vulnerable in the Mediterranean and in the Gulf region. NATO needs a comprehensive analysis of how climate change will likely affect NATO overseas logistics routes and supply lines. For this, NATO Allies can enhance their environmental early warning capacities by working with existing EU and UN early warning systems. What is more, working through the MD would allow NATO to create a more permanent early system with partners in the MENA.

Finally, NATO needs to prepare for an upscaling of the efforts of the Euro-Atlantic Disaster Response Coordination Centre (EADRCC). Climate change is likely to place greater strain on Allies and the EADRCC will be called upon with greater frequency. Demand will also increase from partners and third states as climate change intensifies. Requests for EADRCC support have already been received from Algeria, Iraq, Israel, Jordan and Pakistan but the Alliance should scope what additional resources will be required by the EADRCC to simultaneously respond to Allies' and partners' requests for NATO assistance.

Beyond these cross-cutting policy recommendations, however, each individual future scenario can be looked at in more depth and it is possible to produce a set of specific, tailored, policy recommendations for each one. Some of those recommendations may relate to adapting the need to adapt or leverage the cross-cutting recommendations in specific ways, whereas others may require introducing new initiatives.

## 1. State stability – implications and recommendations

The first future involves a generally positive outlook for NATO – at least on the face of things. This scenario sees increased economic growth in the south, and, while there are questions about the nature of regimes across the region, countries in the south appear to be on a positive, upward trajectory in terms of economic development. Coupled with steady economic growth in the region are reforms and a greater political openness in some societies, and organisations such as the EU have supported these efforts. The Covid-19 pandemic has not had a lasting health impact on the region, but, paradoxically, it has given rise to a range of reforms and bold policy steps. The most vivid changes painted by the scenario are that regional powers opt for self-restraint to lower the risks of conflict, the MENA region reduces its reliance on fossil fuels, new growth models emerge based on scientific innovation and the Maghreb is united through the creation of a single market. With the normalisation of relations with Israel, more regional economic integration could now possibly be achieved in the Middle East.

Despite this positive economic outlook, however, the region's stability still causes a dilemma for NATO. The economic boom has provided governments in the region with the means to increase their military arsenals, which can stimulate proliferation of high-end military capabilities and allow intervening states such as Russia and China to forge closer ties on the back of arms sales and FDI. Richer and more stable states can thus pose a threat to security in the south due to enhanced military capabilities and greater risk of inter-state conflicts. While it is true that a concerted NATO-EU effort with SSR in Iraq averts crisis in the early 2020s, and that the US engages positively with Iran over its nuclear programme, underlying tensions remain. In fact, despite the persistence of terrorism in the region, most countries are more focussed on maintaining the delicate ('stable') balance of power in the region with high-end military capabilities rather than dealing with counter-insurgency and terrorist threats.

What is more, more stable yet militarily capable states in the MENA could pose a threat in and of themselves for NATO deterrence. A more stable and post-conflict Syria may benefit Russia and allow Moscow to develop a more robust AD/A2 bubble on the eastern belt of the Mediterranean. A similar situation could prevail in Egypt given Russia's growing influence in the country. Ballistic capabilities in the Middle East could pose a direct threat to NATO's territory and Russia has an interest in encouraging such a situation. For the rest of the countries bordering the Mediterranean, the modernisation and development of their naval capabilities could be seen as a threat to NATO's southern neighbourhood, but ultimately NATO should welcome the reinforcement of its partners' security and military capabilities – the aim being to transform partners into security providers rather than security consumers.

Furthermore, economic recovery in the south has provided extra-regional powers like China and Russia opportunities to gain a stronger foothold in the region. Beijing is the largest investor in the region under this scenario, and this has allowed China to profit from providing renewable energy infrastructure in the Gulf Region. What is more, China has taken a lead role in the reconstruction of war-torn Syria and Libya. Across the region, China becomes a major investor in technology and digitalisation and social surveillance and telecommunications networks are supported by Chinese technology systems. Under this scenario, China also undertakes its largest naval exercises in the Mediterranean in cooperation with Egypt and Russia. Therefore, while there is overall stability in the south, China's presence along NATO's southern flank has increased and this requires more concerted thinking by the Alliance. This would raise questions about China's intentions and NATO would have to consider how it would deter Beijing's growing military presence in the region.

### Scenario one: policy recommendations

NATO should ask if initiatives such as ICI, MD or PII are well-suited or adapted to the types of challenges outlined in the first scenario. Specifically, the Alliance should think about how to leverage core nodal groups of states (eg, the Gulf Region) so as to better manage any stable regional balance.

While NATO can only go as far as Allies permit, and notwithstanding the reluctance that Allies may have in sharing information on bilateral activities, there is a need for NATO to link more systematically with bilateral or minilateral initiatives launched by its member states (eg, through a working group on the south). Such a systematic approach becomes particularly important should scenario one materialise, as the Alliance would need some way to influence the regional balance of power and curtail China and Russia's growing influence. Specifically, a working group on the south would look at ways to ensure that NATO has political buy-in for key points of tension (eg, the Iraq-Syria and Iran-Saudi Arabia nexuses).

In relation to developing an integrated ISR picture of the region, should scenario one materialise in the future, NATO would require an enhanced ability to understand military and technology acquisition in the region and how the regional balance of power is playing out between states and with extra-regional powers such as Russia and China. In particular, arms control, disarmament and non-proliferation are core NATO security objectives, and the Alliance should continue to invest in its non-proliferation and arms control knowledge and capacities.

As, under scenario one, the defence investments of strong regional states are likely to shift from counter-insurgency to higher-end military capabilities, NATO may require to develop a deterrence and defence concept for the south that goes beyond the defence and protection of the southern territory of the Alliance. Particular attention should be paid to missile defence at the strategic level, as increasingly capable regional states may develop their ballistic (and even nuclear) programmes. NATO itself can rely on the Rota-based Aegis destroyers, the Aegis Ashore ballistic missile defence site in Romania and the NATO Rapid Deployable Corps in Italy, but there is scope for NATO to assist GCC countries to develop their own collective anti-missile defence systems. In future, the presence of China and Russia in the Mediterranean could call for a review of NATO's maritime posture and to rethink how the Alliance plans for crisis management in the region. Ultimately, deterrence in the southern region also depends on partners viewing NATO as a security provider in the region.

Finally, EU-NATO cooperation for the south is particularly important even under a more 'stable' scenario. Specifically, the possibility under scenario one that regional powers may move from counter-insurgency to power politics would necessitate a joint NATO-EU response to terrorist threats. Furthermore, a first step could be to develop a more tailored approach to hybrid threats in the south by bolstering the resources of the emerging security challenges division and the NDS-S Hub.

## 2. Fragile states – implications and recommendations

The second future scenario revolves around the notion that states in the South are made weaker and more fragile. The consequences of the pandemic and the subsequent financial and economic crisis has plunged the wider region into economic uncertainty, which has given rise to unrest and protests. The second scenario paints a picture of a 'third wave' of Arab revolts with the epicentre being in the Gulf region. Living conditions in many of the countries deteriorate as fossil fuel revenues plummet and states resort to greater coercion against their populations. Non-state actors such as paramilitary groups, militias and crime groups operate freely in the region, further weakening state authority and antagonising civil society. Terrorism in the region and beyond deepens and intensifies. The region faces unsustainable levels of debt and credit ratings agencies have devalued many once stable countries. National incomes and agricultural production are in a state of shock, too, and once ambitious projects such as the construction of new cities are postponed or cancelled.

This second scenario reinforces a future situation whereby countries across the MENA are unable to economically recover from the pandemic. While Algeria and Morocco decide to relaunch the Maghreb Union, there are growing levels of tension between North and sub-Saharan Africa as trade diversification efforts result in growing trade competition and non-tariff barriers. Central to the economic downfall of the region are the flatlining prices for fossil fuels. The region was too slow to convert to renewable energy sources, and demand from the EU and China (which have both weaned themselves off fossil fuels) plummets. One of the effects of the economic crash and social unrest, however, is that many states focus on domestic issues while also lessening their overt involvement in conflicts in Yemen and Syria. This inward-looking approach also fuels imports of weapons, surveillance and digital technologies and drones.

From the perspective of security, this second future scenario indicates that the regional balance of power is also undergoing profound changes. Monarchs in the Gulf states are forced into exile after social unrest, but the royals regroup while in exile to promote an ultraconservative agenda in the region. The desire to return to power in the region gives way to prolonged instability and it draws in third powers to the region. For example, the EU's influence across the MENA has subsided, but Turkey has managed to extend its economic presence in the region. What is more, China seizes on the opportunity of instability in the region to form a comprehensive strategic partnership with Iran and the GCC. In particular, China wishes to consolidate its access to raw materials and in exchange it develops health partnerships with MENA states, as well as delivering humanitarian aid.

### Scenario two: policy recommendations

The potential for a scenario of fragile states and emboldening of non-state actors such as terrorists, implies that NATO needs a multi-pronged and layered approach to the South. Operationally, SSR or rather 'train, advise and assist' is arguably NATO's biggest ticket in the South. There is already a model (eg, Iraq) where there is a broader coalition in place, but NATO has played an important supporting role. To prepare for a potential spill over of fragility across the region, NATO needs to urgently cooperate with the EU and AU in the Sahel and Africa more broadly on issues such as counter-terrorism. Initiatives such as the NATO Counter-Terrorism Reference Curriculum (CTRC) could be extended, amplified and mainstreamed by NATO accredited Centres of Excellence (CoEs) on Counter-Improvised Explosive Devices (C-IED), Counter Intelligence (CI), Defence Against Terrorism (DAT), Energy Security (ENSEC), Chemical, Biological, Radiological or Nuclear (CBRN) threats and Maritime Security (MARSEC). Before developing curriculums for these security issues, NATO should explore the possibility of running a scenario-based exercise between the International Secretariat and the CoEs and the Alliance could even open these scenario-based exercises to partners from the south with the NSD-S Hub as coordinator.

To prepare for scenario two, the Alliance's own reflection and efforts on resilience and Article 3 contingencies can provide valuable lessons learned for southern states. Consultations to this end can occur at the government level, but the Alliance could also engage key investors in the region and transnational private actors (eg, energy and infrastructure). NATO can also raise awareness about hybrid threats, cyber security and disinformation in the region, and the Alliance should work to share best practices with partners in the south. Lessons learned from NATO's counter-hybrid support teams and the hybrid analysis branch in the Joint Intelligence and Security Division (JISD) could form the basis of NATO engagement and there could be scope to open these initiatives to partners (rather than treating them as Allied-exclusive tools).

NATO has started to pioneer innovative cooperative formats such as the NATO-UN-Jordan initiative on countering terrorism and the threat from CBRN weapons. NATO needs to develop more of these partnerships, bringing together the Alliance, key states in the south and other international partners. Building on the diplomatic exchanges under the ICI and MD, but NATO could push for sustained cooperation on critical infrastructure protection, cyber security, hybrid threats, energy security, maritime security, CBRN, security sector reform and counter-terrorism with selected partners. The challenge here will be managing demand (or the lack thereof) from southern states. Ultimately, it is up to southern partners to decide if they want closer cooperation with the Alliance and this presupposes clear strategic communication and political dialogue from NATO to outline the ways in which the Alliance can support security in the region.

## 3. Chaos – implications and recommendations

The third future sketched in this study is the 'nightmare scenario' with a number of countries in the south falling prey to third-state influence or collapsing outright. The third future is filled with intra- and inter-regional conflicts and the range of cross-border challenges related to resources, terrorism, paramilitarism and economic collapse is too much for the region to cope with. The power equilibrium in the region is left out of kilter and new foreign powers such as China bring their economic power to bear on the region. Our third future is one in which instability reigns across most of the south, but it is a form of instability that sees reduced influence for NATO allies and EU member states. What is more, the domino-like crises spiralling out of control across the region has a direct effect on Europe with terrorist and narcotics hubs emerging, as well as increased migration to the continent.

The third future is made up of interconnected crises from the fall of the regime in Saudi Arabia, the end to Khamenei's rule in Iran, Russia's port expansion in the Mediterranean and China's growing financial and political presence in the region. One of the first major questions facing NATO is whether the Alliance would have the political and resource base to deal with multiple crises simultaneously. Such a scenario would call for early warning analysis by the Alliance and a strong focus on the interconnectivity of security, political, economic and environmental pressures in the region is certainly required. This third scenario would also have far reaching implications for NATO and it would affect collective defence and deterrence and would call for coordination with core Allies and partners such as the EU.

Any effective role for NATO and its partners in the region would presuppose the Alliance's ability to prevent further spillover. Given the role of hostile third powers in the scenario, NATO would have to consider how it could deter the creation of new naval bases or other military installations. What the scenario assumes and implies is that China and Russia may thrive in and exploit the instability of many countries in the MENA, and Moscow and Beijing could use confusion and hostilities on the ground in many countries to create A2/AD bubbles. When considering the often-poisonous effect of migration on politics within NATO and the EU, such pockets of instability could be used to blunt NATO's deterrence and to export instability to mainland Europe.

### Scenario three: policy recommendations

To prepare for scenario three and all-out chaos, NATO needs to reappraise its military posture in the South. Any military posture to this series of challenges would be difficult and multifaceted and raise questions about how NATO would balance the needs of Allies near its eastern and southern flanks. Nevertheless, under this third scenario NATO requires a more robust maritime presence in the Mediterranean and in connecting areas such as the Gulf of Aden and Red Sea to enhance the Alliance's ISR capacities and to counter current and future creation of A2/AD 'bubbles' sponsored by Russia and China. As NATO moves to modernise its AWACS in 2035, the Alliance should consider enhancing the overall AWACS fleet number. Alternatively, or in parallel, NATO Allies in the south could collectively invest in such capabilities through a European industrial programme. Thus far, NATO operates 14 AWACS aircraft but combined security demands in eastern and southern Europe (and further afield) will require a larger AWACS fleet. Furthermore, the Alliance could build on its Alliance Ground Surveillance (AGS) programme and even consider bolstering the Remotely Piloted Aircraft Systems (RPAS) fleet at the Sigonella base in Italy.

NATO would need to enhance its maritime presence in the south and ensure that there are greater basing options in the inner and outer layers of the region beyond those provided by the US. NATO vessels could intensify their deployments to the eastern Mediterranean, the Persian Gulf and the Strait of Hormuz, the Gulf of Aden and the Red Sea to protect supply routes and vessels from hostile attacks, plus add an additional layer to NATO deterrence in the region. There is a pressing need to step up the capabilities that form part of NATO Maritime Standing Group 2 (SNMG2) and to widen the Group's remit. Although SNMG2 is currently fitted with anti-submarine warfare and air defence capabilities, SNMG2 should be able to comprehensively respond to increased Russian and Chinese naval presence in the Mediterranean and the Gulf Region. The response to Russia's expanded naval presence in Syria, Libya and Sudan in this scenario would be more challenging and require permanent ISR of Russian installations.

Furthermore, partnerships will be key for the Alliance in the maritime domain. This will begin with deeper cooperation with the EU regarding migration and managing borders. Each of the scenarios in this study highlight the importance of migratory flows, and NATO and the EU can build on experiences in the Aegean Sea to assist with the challenge. In particular, given the evolution of Frontex and the Union's additional financial resources for migration and border management over the 2021-2017 period, SNMG2 can prepare to deal with the growing challenge of migration should security in the south deteriorate further. Additionally, should the GCC or Arab League be faced with extreme tensions or risk of dissolution then NATO could intensify bilateral cooperation on maritime matters with states in the region, although this cooperation will depend on demand from regional actors.

Under this third scenario, managing the risk of missile proliferation in the region and the increasing sophistication of terrorist groups' ballistics would be critical, too. What is required is a more advanced NATO strategy for missile defence in the south. Bolstering missile defence would be an ambitious but potentially effective approach at maintaining deterrence in the Mediterranean and far afield. NATO has already developed its Ballistic Missile Defence (BMD) system including its Aegis-class BMD ships, tracking sensors, Patriot anti-missile batteries and Terminal High Altitude Area Defence (THAAD) system. Yet, NATO must look to the future of BMD with the possibility of hypersonic glide vehicles being deployed to the region under a scenario three future, and a potential proliferation of such technologies to terrorist-controlled areas. In particular, manoeuvrable missile vehicles could pose a significant risk to NATO's ground-based BMD sensing stations given their proximity to the south.

# Annex I
## Research Team RESCALE

### Elcano Royal Institute:

Project director: Luis Simón
Project researcher: Haizam Amirah-Fernández
Project manager: Natalia Martín
Research assistant: Elisa Lledó

### Centre Marocain des Études Stratégiques:

Project co-director: Said Moufti
Research assistant: Omar Recho
Research assistant: Gema Montoliu Henares
Research assistant: Anass Gouyez Ben Allal

### Center for Strategic Studies, University of Jordan:

Project co-director: Zaid Eyadat
Project assistant: Naheel Al-Waked

### Institute for Statecraft:

Project co-director: Nicolás de Pedro
Associate researcher: Irene Martínez
Associate researcher: Jassar Al-Tahat

### External experts:

Giovanni Grevi, Sciences Po (PSIA), College of Europe (COE) and Vesalius College
Daniel Fiott, EU Institute for Security Studies (EUISS) and Centre for Security, Diplomacy and Strategy (Vrije Universiteit Brussel, VUB)
Boutaina Ismaili Idrissi, University of Mohammed V, Morocco

# Annex II
## List of associated experts[59]

- Tayeb Amegroud, senior consultant, Morocco
- Félix Arteaga, Elcano Royal Institute (RIE), Spain
- Rym Ayadi, Euro-Mediterranean Economists Association (EMEA)
- Elena Beganu, Sciences for Peace and Security Programme (SPS), NATO HQ
- Ouafae Benabdenbi, senior consultant, Morocco
- Mohammed Benhammou, Centre Marocain Études Stratégiques (CMES), Morocco
- Rim Berahab, Policy Center for the New South (PCNS), Morocco
- Chloe Berger, NATO Defense College (NDC), Italy
- Deniz Beten, Sciences for Peace and Security Programme (SPS) and Partnership Cooperation, NATO HQ
- Charlotte Brandsma, (formerly)[60] The German Marshall Fund of the United States (GMF), Belgium
- Sven Biscop, Egmont Institute, Belgium
- Ángel Carro Castrillo, European External Action Service (EEAS)
- Mouna Cherkaoui, University of Mohammed V, Morocco
- Loes Debuysere, CEPS, Belgium
- Rubén Díaz-Plaja, Policy Planning Unit, International Staff, NATO HQ
- Gonzalo Escribano, Elcano Royal Institute (RIE), Spain
- Taoufik Gazoulite, University of Mohammed V, Morocco
- Joost Hiltermann, International Crisis Group (ICG), Belgium
- Kristina Kausch, The German Marshall Fund of the United States (GMF), Belgium
- Ian Lesser, The German Marshall Fund of the United States (GMF), Belgium
- Wojciech Michnik, Jagiellonian University, Poland
- Antonio Missiroli, (formerly) Assistant Secretary General for Emerging Security Challenges, NATO HQ

59 Experts are listed in alphabetical order.

60 Those experts with 'formerly' in their titles are listed with the affiliation through which they participated in the project.

- Jesús Núñez, Instituto de Estudios sobre Conflictos y Acción Humanitaria (IECAH), Spain
- Charles Powell, Elcano Royal Institute (RIE), Spain
- María Rodríguez Schaap, World Food Programme (WFP)
- Diego A. Ruiz Palmer, International Staff, NATO HQ
- Michael Rühle, International Staff, NATO HQ
- José Antonio Sabadell, Ambassador and Head of Delegation of the European Union to Libya
- Noureddine Sefiani, Moroccan Academy for Diplomatic Studies, Morocco
- Nina Wilén, Egmont Institute, Belgium
- Belén Yuste, Spanish Permanent Representation to NATO

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# Abbreviations

| | |
|---|---|
| A2/AD | Anti-Access/Aerial Denial |
| ABM | Ansar Bayt Al-Maqdis |
| AfCFTA | African Continental Free Trade Agreement |
| ACT | Allied Command Transformation |
| AGS | Alliance Ground Surveillance |
| AI | Artificial Intelligence |
| AQAP | Al-Qaeda in the Arabian Peninsula |
| AU | African Union |
| AWACS | Airborne Warning And Control System |
| BMD | Ballistic Missile Defence |
| BRI | Belt and Road Initiative |
| CBRN | Chemical, Biological, Radiological, Nuclear |
| CI | Counter Intelligence |
| C-IED | Counter-Improvised Explosive Devices |
| CoE | Centre of Excellence |
| CTRC | Counter-Terrorism Reference Curriculum |
| DAT | Defence Against Terrorism |
| DCB | Defence and Related Security Capacity Building Initiative |
| DDR | Demobilisation, Disarmament and Reintegration |
| DEEP | Defence Education Enhancement Programme |
| EADRCC | Euro-Atlantic Disaster Response Coordination Centre |
| EBRD | European Bank for Reconstruction and Development |
| EIB | European Investment Bank |
| EII | European Intervention Initiative |
| ENSEC | Energy Security |
| ENVSEC | Environment and Security Initiative |
| ESC | Emerging Security Challenges |
| EU | European Union |
| EUAM | European Union Advisory Mission |
| FDI | Foreign Direct Investment |
| GCC | Gulf Cooperation Council |
| GDP | Gross Domestic Product |

| | |
|---|---|
| GNA | Government of National Accord |
| GRDE | Grand Renaissance Dam of Ethiopia |
| HDI | Human Development Index |
| HUMINT | Human Intelligence |
| ICI | Istanbul Cooperation Initiative |
| IMF | International Monetary Fund |
| IPO | Initial Public Offering |
| IR | International Relations |
| IRGC | Islamic Revolutionary Guard Corps |
| IS | Islamic State |
| ISIL | Islamic State in Iraq and the Levant |
| ISR | Intelligence, Surveillance and Reconnaissance |
| ISWAP | Islamic State in West Africa Province |
| JFC | Allied Joint Force Command Naples |
| JISD | Joint Intelligence and Security Division |
| JNIM | Jama'at Nasr al-Islam wal Muslimin |
| JCPOA | Joint Comprehensive Plan of Action |
| LNA | Libyan National Army |
| LNG | Liquified Natural Gas |
| MARSEC | Maritime Security |
| MD | Mediterranean Dialogue |
| MENA | Middle East and North Africa |
| NAC | North Atlantic Council |
| NATO | North Atlantic Treaty Organisation |
| NGOs | Non-Governmental Organisation |
| NSD-S Hub | NATO Strategic Direction South Hub |
| OOC | Oman Oil Company S.A.O.C. |
| OPEC | Organisation of the Petroleum Exporting Countries |
| PII | Partnership Interoperability Initiative |
| PLA | People's Liberation Army |
| PLO | Palestinian Liberation Organisation |
| PSC | Political and Security Committee |
| RESCALE | Responding to Emerging Security Challenges in NATO's Southern Neighbourhood |
| RMB | Renminbi |
| RPAS | Remotely Piloted Aircraft Systems |
| RSC | Regional Sub Complex |

| | |
|---|---|
| SGR | State General Reserve |
| SHADE MED | Shared Awareness and De-confliction Mechanism in the Mediterranean |
| SHAPE | Supreme Headquarters Allied Powers Europe (SHAPE) |
| SNMG2 | Standing NATO Maritime Group 2 |
| SPS | Science for Peace and Security Programme |
| SSR | Security Sector Reform |
| STC | Southern Transitional Council |
| THAAD | Terminal High Altitude Area Defence |
| UAE | United Arab Emirates |
| UK | United Kingdom |
| UN | United Nations |
| UNDP | United Nations Development Programme |
| US | United States |
| WMD | Weapons of Mass Destruction |

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