

# Social Exclusion in Southern Mediterranean Arab Countries and Policies of the Euro-Mediterranean Partnership

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This report looks at social exclusion in Southern Mediterranean Arab countries<sup>1</sup> and attempts to address the extent to which the Euro-Mediterranean Partnership (EMP)<sup>2</sup> and its policy tools help to redress or amplify the factors behind social exclusion in the region. The discussion focuses on the social and economic conditions and main challenges facing the Southern Mediterranean Arab countries, as well as the policies mainstreamed through the EMP. While the focus is on Southern Mediterranean Arab countries, they are considered within the overall context of Arab countries or the countries of the West Asia and North Africa region.

## Social policy in the Europe Union

Social exclusion is a multidimensional concept covering a remarkably wide range of social and economic problems. Social exclusion reflects a process of progressive social rupture, detaching groups and individuals from social relations and institutions (Sen 2000, p 7). It extends beyond the economic and social aspects of poverty to include political aspects, such as political rights and citizenship. Thus, social exclusion prevents or marginalises citizens from full participation in the social, economic, cultural, political and civic spheres of society.

European countries have historically tended to focus on providing social and economic rights only to citizens, excluding foreigners living within their territory. European countries have witnessed the serious engagement of social movements and unions in a quest to establish certain minimum social policies, including a social welfare system integrating social protection and social inclusion.

Social inclusion is part of the *acquis* of the European Union, which prospective Member States must accept and be able to formulate and implement policy accordingly. Thus, social policy is one of the pre-conditions for the accession of new states to the Union. The EU *acquis* in the social field includes minimum standards in the areas of labour law, equality, health, safety at work and anti-discrimination. Within this context, European Member States participate in social dialogue in the areas of employment policy, social inclusion and social protection.<sup>3</sup>

Social policies and objectives are integral to the EU's external relations and partnerships. Among the objectives set by the Barcelona Declaration of 1995, in which the Euro-Mediterranean Partnership is rooted, are the "acceleration of the pace of sustainable socio-economic development" and the "improvement of the living conditions of their populations, increase in the employment level, and reduction in the development gap in the Euro-Mediterranean region".<sup>4</sup> In its 2005 communication on the Social Agenda, the EU foresaw an "international dimension of employment and social policy" (European Commission 2005). Accordingly, social policies and rights were declared a cornerstone of subsequent programmes of action adopted under the Partnership. Such programmes focused on the need to strengthen social protection systems, achieve better socioeconomic inclusion, increase women's participation in employment, increase labour productivity and create more job opportunities with a special emphasis on young people, among other things. Social inclusion has also been declared one of the four priorities of the 2011 to 2013 regional indicative programme of the EMP. This work focuses on promoting gender equality, culture and intercultural dialogue. In addition, it integrates the promotion of greater regional added value and regional cooperation.

## Social exclusion in Southern Mediterranean Arab Countries

Social exclusion in developing countries can take several forms and is defined by internal as well as external factors on economic, social and political fronts. It includes exclusion from livelihood (employment and waged work); exclusion from social services (welfare and security); exclusion from the consumer culture (inability to satisfy basic needs for food and shelter); exclusion from political choice (participation in national and international political decisions); exclusion from bases for popular organisation and solidarity; and exclusion from adequate access to information (Hachem 1996; Wolfe et al. 1995, cited in ESCWA 2007, pp 9, 10).<sup>5</sup>

Some argue that the analysis of social exclusion in developing countries ought to be distinguished from such analysis in developed countries. In the latter, the analysis of exclusion ought to be rooted in economic growth and its distribution, while in less developed economies the political dimension is important in discussing social exclusion. When it comes to Arab countries, research by Bédoui in 1995 noted four broad social problems, namely: illiteracy, gender inequality, unemployment and economic inequality (Bédoui 1995, cited in ESCWA 2007, p 12). It is evident from the various reports on the Millennium Development Goals (MDGs) and Arab Human Development Reports<sup>6</sup> that these challenges persist and are increasing in the eight Southern Mediterranean Arab countries and the Arab region<sup>7</sup> in general.

The following section will highlight some factors contributing to social exclusion in Southern Mediterranean Arab countries, including high levels of poverty, unemployment, lack of access to social services and migration.

1 The Southern Mediterranean Arab countries that are engaged in the Euro-Mediterranean Partnership include Lebanon, Palestine, Egypt, Jordan, Tunisia, Morocco, Algeria and Syria.

2 Launched in 1995 with the 'Barcelona Declaration', the Euro-Mediterranean Partnership set as its aim the establishment of a common area of peace, stability and shared prosperity in the Euro-Mediterranean region. In 2004, the launch of the European Neighbourhood Policy (ENP) was undertaken as part of this process, and, in 2008, the 'Barcelona Process' included the launch of the 'Union for the Mediterranean'. Along with the Southern Mediterranean Arab countries mentioned in footnote 1, the Partnership includes Israel and Turkey.

3 The European Social Fund is the main financial tool through which the EU supports the implementation of its employment strategy and contributes to social inclusion efforts (source: <[ec.europa.eu/enlargement/enlargement\\_process/accesion\\_process/how\\_does\\_a\\_country\\_join\\_the\\_eu/negotiations\\_croatia\\_turkey/index\\_en.htm](http://ec.europa.eu/enlargement/enlargement_process/accesion_process/how_does_a_country_join_the_eu/negotiations_croatia_turkey/index_en.htm)>).

4 Source: Barcelona Declaration, available at: <[europa.eu/legislation\\_summaries/external\\_relations/relations\\_with\\_third\\_countries/mediterranean\\_partner\\_countries/r15001\\_en.htm](http://europa.eu/legislation_summaries/external_relations/relations_with_third_countries/mediterranean_partner_countries/r15001_en.htm)>.

5 In general, Silver (1995), as cited in Sen (2000) gives a list of "a few of the things the literature says people may be excluded from" including the following: a livelihood; secure, permanent employment; earnings; property, credit or land; housing; minimal or prevailing consumption levels; education, skills and cultural capital; the welfare state; citizenship and legal equality; democratic participation; public goods; the nation or the dominant race; family and sociability; humanity, respect, fulfilment and understanding.

6 For more details on these reports please visit: <[www.arab-hdr.org](http://www.arab-hdr.org)> (accessed 28 October 2010).

7 The Arab region encompasses 22 Arab countries, including the 8 Southern Mediterranean Arab countries that are part of the Euro-Mediterranean Partnership.

### Factors contributing to social exclusion

There is an overall lack of social integration in the Arab region as a whole. The policy choices of the governments of the region often reveal an assumption that economic growth will automatically bring social development, which is not reflected by reality. While economic development does play a crucial role in social development, economic growth does not necessarily ensure the fair redistribution of income within society. In fact, it was noted by the Economic and Social Commission of West Asia (ESCWA) that:

*...economic development experienced in the Arab region has not guaranteed social benefits and most countries are still suffering from poverty, unemployment and inadequate social services... The social dimension of development needs to be aggrandized and brought to the forefront, rather than merely being a supplement to economic policy. Arab countries continue to be intrigued by the assumptions of neo-liberal policy-making. However, negative experiences from across the world prove that this approach has not achieved the equitable, gender-sensitive, and environmentally friendly dividends of development. (ESCWA 2008, p 8)*

Weakly studied trade liberalisation policies adopted by Arab countries have worsened the situation, shrinking the policy space, tools and resources available for states to move forward on the social front. This is also true for trade arrangements established under the umbrella of the EMP.

Social policies in the region remain ad hoc and target specific sectors of people living in extreme poverty, whereas comprehensive social policy agendas are often lacking. Support to vulnerable groups is not linked to a rights-based approach ensuring the basic needs of all citizens; instead a 'social assistance' approach is adopted, which is segmented and insufficient. 'Income support' measures are often employed and implemented through food and fuel subsidies, rather than social protection schemes.

In the same manner, social action plans currently developed within the context of the EMP, and reflected in various country action plans, are generally limited to a series of safety nets. They lack a comprehensive vision based on national strategies for social development, including public health, education, job creation and a comprehensive national social security plan. This is rooted in the lack of such plans at the national level in Southern partner countries.

There is also a lack of mechanisms within the Euro-Mediterranean Partnership for setting social policies built on participatory processes. Despite significant progress in articulating conceptual approaches to social policies in action plan frameworks, implementation has been limited.

### The challenge of poverty and unemployment

Poverty remains a core challenge facing the Southern Mediterranean Arab countries. Progress on addressing poverty levels in these countries has stagnated since the year 2000. When calculated at the poverty line of USD 3 per day instead of USD 2 per day, the number of people living in poverty in the Arab region doubles from 45 million to 92 million (Pearce and Mohamadieh 2009). The Millennium Development Goals 2010 report, released by the UN Secretary General in preparation for the 2010 MDG Summit held in September 2010, notes that since 1990 the depth of poverty has decreased in all regions except Western Asia (Western Asia encompasses some of the 22 Arab countries, including EMP partner countries Egypt, Lebanon, Syria, Jordan and Palestine) (United Nations 2010). Thus, the region is witnessing increasing numbers of people living in poverty, while a high proportion of the population lives close to the poverty threshold. Large numbers of people are extremely vulnerable to poverty and relatively small reductions in income or small increases in the price of basic goods can push them into poverty.

Moreover, the Arab region as a whole, including the Southern Mediterranean Arab countries suffers from chronic unemployment, which has been exacerbated by the global economic crisis. Even during years of consistent growth, unemployment was high and rising. There are several reasons for the increasing unemployment rates in Southern Mediterranean Arab countries, including high birth rates, a relatively young population, and the concentration of economic activity in sectors with low job creation capacities, such as real estate and the financial sector (Pearce and Mohamadieh 2009). The sustained level of unemployment across the region is one of the reasons for the persistently high proportion of people living in poverty.

Arab countries in general have witnessed some of the highest average unemployment rates in the world (10%), particularly for women (14%) and youth (22%), as well as widespread informal employment. Indeed, in the Southern Mediterranean Arab countries, one in every four has a job and nearly half of these jobs are informal (Martín 2009a). Moreover, official

labour participation rates are the lowest in the world (below 46% of working age population, compared to the world average of 61.2%), and female participation rates remain among the lowest in world (below 25%, as compared to the world average of 42%) (Martín 2009a). It is worth noting that official aggregate data are likely to both underestimate the rate of unemployment in general across the region and mask higher rates in poorer countries, such as Egypt where a rate of 20% would mean well over 10 million citizens unemployed and looking for work (World Bank Data for Middle East and North Africa Region [MENA], 1987 to 2001, from World Bank Global Poverty Monitoring Database, referenced in Iqbal 2006). The MDGs 2010 report highlighted that, globally, the share of women in paid employment outside the agricultural sector has continued to increase slowly, reaching 41% in 2008 (United Nations 2010). However, women in Northern Africa and Western Asia (the region that encompasses the eight Southern Mediterranean Arab country partners of the EU) continue to lag behind, with only 20% of those employed outside agriculture being women. Moreover, the report notes that women are more likely than men to be in vulnerable jobs, with the gap being particularly evident in those regions where paid employment opportunities for women are the lowest, such as the countries of Western Asia and Northern Africa (United Nations 2010).

### Access to basic social services

Overall, the Arab region has witnessed a general decline in basic social services, mainly due to the withering role of the state and the lack of comprehensive social plans, as discussed above. As the imperatives of reducing public expenditure and the continuing privatisation of services have taken hold of policy making, this decline seems irreversible. This places further stress on the finances of the most vulnerable groups, reinforcing a cycle of vulnerability, dependence on 'income support' measures and a decline in basic needs satisfaction. Furthermore, high administration and transaction costs in the region, shortages of necessary funds, limited technical and administrative skills in government institutions and weak monitoring make the provision of services unsustainable, while at the same time the need for such services is increasing.

### Migration as a source and reflection of social exclusion

The process of social exclusion by migration occurs due to the breakage of social ties and loss of social support, unstable living conditions,

and lack of legal and political rights and security in either or both the host country and country of origin. More than 10 million people from the Southern Mediterranean Arab countries are resident in third countries (Martín 2009b). At current migration rates, and with the growth of the working age population in Southern Mediterranean Arab countries, yearly migration flows of 200,000 persons are expected between 2010 and 2020 from Southern Mediterranean Arab countries (which is approximately 2 million new migrants for this 10-year period). Moreover, migration flows could triple to 6 million over the next 10 years (at average migration rates of 24%) (Martín 2009b).

Despite the seriousness of the situation, migration has not been fully integrated into the social policies of Southern Mediterranean Arab countries or their partnership policies with the EU. The right of movement of persons lies at the heart of economic and social partnerships and the concept of free circulation is core to the idea of a common economic area. This right should be reflected in the trade and economic policies of the sending and receiving countries. Yet, the lack of consideration of such rights will amplify the problems of social exclusion suffered by people of the Southern Arab Mediterranean countries.

### **Do the policies of the Euro-Mediterranean Partnership reinforce social exclusion?**

When discussing social exclusion in the context of the Euro-Mediterranean Partnership<sup>8</sup>, there is a need to question the extent to which the policy tools of the Partnership help Southern Mediterranean Arab countries to build resilience on the social and development fronts. Does the Partnership help to create space for a more sustainable process of social inclusion rooted in a social and economic model that addresses the main factors of social exclusion in the region, including poverty and unemployment? Questions about the long-term viability of the current social and economic model within the Euro-Mediterranean Partnership are clarified when discussing the implications of the global economic crisis for the region and its impact on social conditions.

A closer look at the Partnership and its mechanisms, including common action plans and strategic programmes, reveals that there has been significant progress in the articulation of conceptual approaches to social policies in the communications and action frameworks of the Euro-Mediterranean processes. The

European Commission Communication entitled 'Social dimension of globalisation – How the EU policy contributes to extending the benefits to all' (European Commission 2004, p 2) underlines the EU's approach, which is to:

*...exercise its external policies in a way which contributes to maximizing the benefits of globalization for all social groups in all its partner countries and regions. Its external policies have always had an important social dimension, for example, by supporting universal access to basic social services in developing countries.*

The Euro-Mediterranean region foreign ministers emphasised the social dimensions of the EMP in the Barcelona Process Conference held in November 2008 (European Commission 2008), so did the employment and labour ministers in their first Euro-Mediterranean Ministerial Conference held in Marrakech on 9 and 10 November 2008. However, these improvements have remained declaratory steps; they have rarely materialised as progressive steps that impact on the lives of the people of the region, nor have they contributed to reducing social exclusion (Martín 2009). Moreover, these objectives lack any system of measurement for monitoring and assessing progress.

The policy tools within the EMP have over-concentrated on trade relations, aid flows and foreign direct investment – an issue highlighted by civil society stakeholders. The lack of balance between the economic, social and political agendas of the Euro-Mediterranean Partnership has been reiterated in various analyses of the Partnership. It is obvious that efforts to establish a common economic area by enhancing free trade schemes between the EU and its various Southern Mediterranean partners have not been paralleled by efforts to create a common area for social development. The resulting threat is not limited to faster progress on the economic liberalisation front compared to other fronts; these interventions could limit the achievement of genuine social progress in the region by tying up governmental policy space and policy tools. These threats to policy space in the Southern Mediterranean countries are highlighted in the Sustainability Impact Assessment of the Euro-Med Free Trade Area 2007, which noted that "unless parallel measures are taken and implemented by the Southern Mediterranean Partner Countries then the Euro-Med Free Trade Area will result in a negative effect on employment, poverty and development" (European Commission 2007). Unfortunately, this analysis has remained marginalised in the process of

policy formulation. Moving forward in tackling social exclusion in the Southern Mediterranean Arab countries necessitates addressing the basis of policy approaches and the coherence of social and economic policy making, not merely addressing symptoms.

The global economic and financial crisis has affected various countries in the Euro-Mediterranean region. It has highlighted the failure of the economic and social model and policy tools adopted by Southern Mediterranean Arab countries to address the main development challenges facing the region. Southern Mediterranean Arab countries have felt the influence of the crisis mainly in a decrease in exports, foreign direct investment, tourism revenue, aid and financial assistance, and remittances. This has led to a decrease in growth and an increase in the budget deficits, unemployment rates and poverty. In facing the crisis, the EU's commitment to neighbourhood countries was slowed down. The relatively quick response to the social challenges resulting from the crisis in Europe were in contrast to slow procedures and weak commitments towards neighbouring countries, which were isolated from any feedback from the Southern partner countries of the EU. Indeed, the crisis revealed a lack of collective mechanisms for policy coordination between both sides during the crisis, which is an obstacle to the advancement of cooperation.

Moreover, the passage of the Treaty on the Functioning of the European Union brought with it the decision to integrate cooperation for development under the EU's foreign policy. This decision reflects a tendency to use the EU's development assistance as a tool to promote European foreign policy. There is a wide perception under the aid effectiveness umbrella that these two policy areas should be separate. Indeed, the social and economic rights of citizens should not depend on the foreign policies of their governments. Furthermore, Europe is one of the promoters of the Paris Declaration on Aid Effectiveness, under which it committed to avoid all kinds of policy conditionality in foreign aid and assistance. This commitment is in direct contradiction to the link being made between foreign policy and development cooperation.

### **Concluding remarks**

Despite the enhanced articulation of social issues in the Euro-Mediterranean region, actual implemented policies have not contributed to addressing the factors contributing to social exclusion. The Southern Mediterranean Arab countries, and the Arab region in general, are in need of comprehensive social policies based on a human rights approach and covering all

<sup>8</sup> Reference to the EMP in this report assumes consideration of the European Neighbourhood Policy as well.

sections of society. Yet, most Arab countries lack space for democratic political participation, which exacerbates social exclusion. There is little room for the debate of social and economic questions, and states lack capacity for adequate economic and social policy making and reform. As these policies are often implemented in a piecemeal way in response to prescriptions by donors, and without comprehensive national development strategies in place, the state loses its role in directing its own development process towards policies that address social inclusion. To redress this, responsible government bodies are requested to enhance the human rights-based approach in policy making on social policies while making more space available for an effective role by civil society organisations.

The repression of civil society initiatives is also a recurring theme in the region. As there is often no venue for participation and engagement with public authorities, the only recourse for popular movements is contestation, which is often violently suppressed. The situation is particularly bleak for labour activism, as unions are either non-existent or an extension of the regime. Hence, political exclusion is an exacerbating factor in social exclusion in Southern Mediterranean Arab countries.

At the Euro-Mediterranean level, there is a need to revise Euro-Mediterranean social and economic policies in order to operationalise social interventions. Interventions addressing social exclusion ought to consider the political context as a fundamental dimension in addressing access to resources and in establishing a sustainable re-distributive function in the economic system. ■

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