

# QUALITATIVE ANALYSIS



# Mapping the Contemporary Causes of Socioeconomic Inequalities in the Southern Mediterranean Countries (SMCs)

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## Abstract

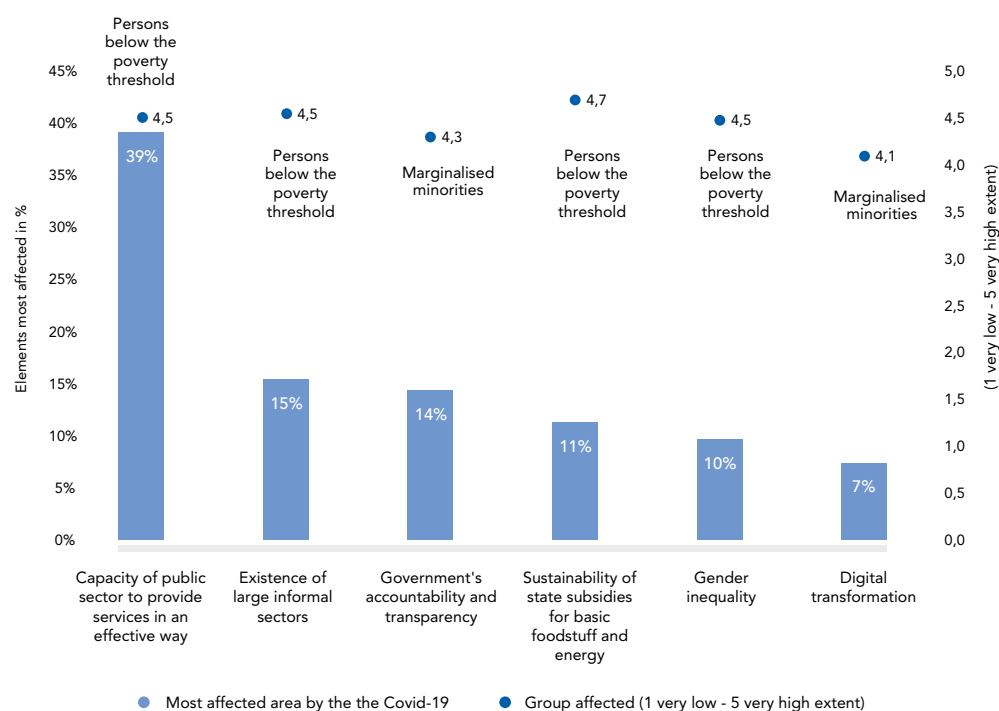
The European Institute of the Mediterranean (IEMed) within the framework of the project “EuroMeSCo Connecting the dots” launched the survey on “Towards more social justice and inclusiveness in the Mediterranean” to reflect on the social dimension of the New Agenda for the Mediterranean and on inclusiveness in the Southern Mediterranean Countries (SMCs). The survey targets respondents from the EU and SMCs, including policymakers, experts, and civil society representatives.

This brief paper critically reads some of the indicators mapped in the mentioned survey and places them in the regional, political and socioeconomic context. The paper focuses on contextualising the most visible causes of socioeconomic inequalities, as reported by the survey respondents.

## Introduction

The Covid-19 pandemic exacerbated the preexisting socioeconomic inequalities in the Southern Mediterranean Countries (SMCs). In some cases, policy responses to the pandemic widened the inequities and disproportionately exposed vulnerable communities to adverse health and social outcomes. In fact, the lockdown measures in the SMCs did not consider the disruptive effects on labour market structures, income stability, food security, etc.

**Graph 1: Q.3-Q.4 Covid-19 pandemic in SMCs: most affected area and most affected social group in each area**



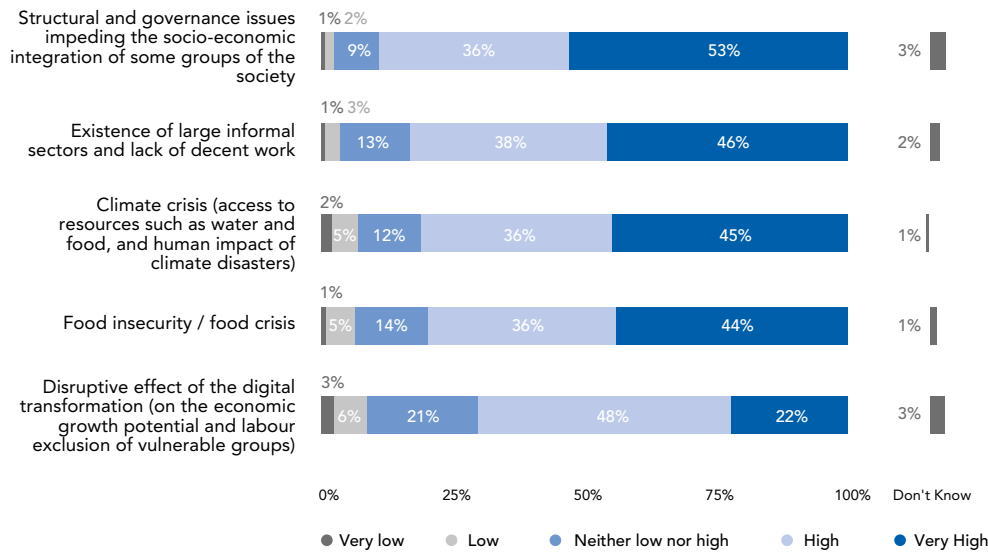
**Source:** Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

The European Union (EU) is playing a critical role in building fairer and more inclusive societies in the SMCs. To this effect, the new agenda has to be evidence-driven. Hence, the European Institute of the Mediterranean (IEMed) carried out a questionnaire of 24 questions, covering various issues of strategic importance, to bridge the multidimensional gap on social justice and inclusiveness. The thematic analysis underlines some of the key indicators contributing to socioeconomic inequalities in the SMCs.

## Unjust Governance and the Most Vulnerable

Participants rated the “structural and governance issues impeding the socioeconomic integration of some groups in the society” as a top factor contributing to the lack of socioeconomic inclusiveness in the SMCs. In fact, collectively, 89% of respondents ranked this factor as very high (53%) and high (36%). This focus on the importance of integrating some groups underlines the deprivation of these groups from socioeconomic rights, which contributes to the construction of social exclusion perceptions (De Haan, 2000).

**Graph 2: Q.1 To what extent do you consider that the following factors affect socio-economic inclusiveness in Southern Mediterranean Countries?**



Arab regimes responded to 2011 uprisings not by embracing appeals for inclusive social contracts, but through the imposition of repressive-exclusionary social pacts.

Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

In fact, the lack of social justice in the governance mechanisms led to exacerbated exclusion of the most vulnerable, which was one of the root causes behind the Arab spring. Research suggests that Arab regimes have responded to the threats posed by the 2011 uprisings not by embracing appeals for inclusive social contracts, but through the imposition of repressive-exclusionary social pacts in which previously universal economic and social rights of citizens are being redefined as selective benefits. These pacts are shown to represent a significant shift in economic governance and in state-society relations in the MENA region, which is evident in the growing institutionalisation of “contingent citizenship” as a framework for the organisation of state-society relations and the management of social policy (Heydemann, 2020).

### Growing Informal Sector and the Lack of Decent Work

According to the International Labour Organization (ILO), almost 1.6 billion informal economy workers, who are part of the most vulnerable in the labour market, were significantly impacted by lockdown measures and/or working in the hardest hit sectors (Monitor, 2020).

In fact, people under 25 years of age constitute more than half of the population of the Middle East and North Africa. Unfortunately, unemployment among Arab youth remains the highest and fastest-growing worldwide, increasing from 19.5 to 23% between 2012 to 2020. Unemployment among young Arab women is more than twice

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than that of young men, reaching 42.1%. The situation has only worsened during the Covid-19 pandemic, given that 85.1% of young working-age Arabs were employed in the informal sector, the hardest hit by the crisis (Achdut & Refaeli, 2020).

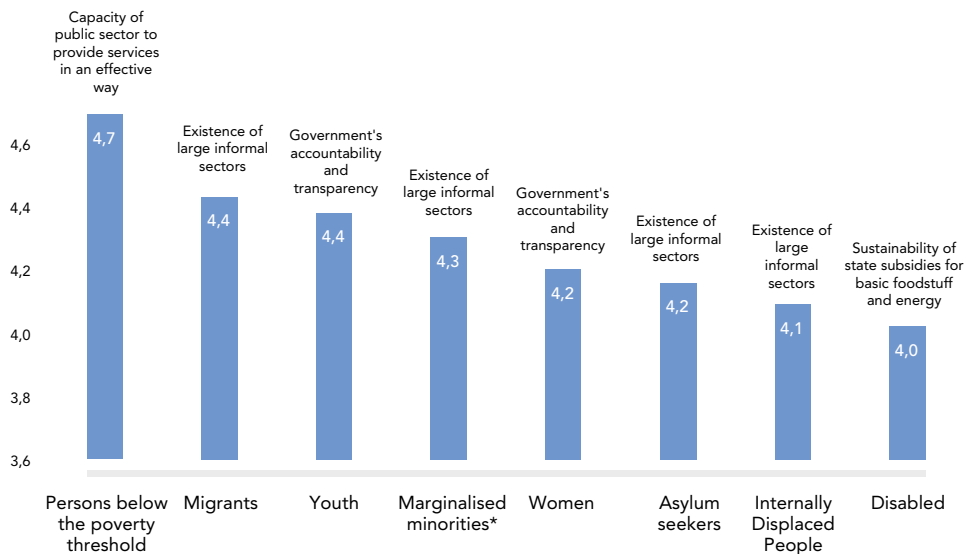
As per the respondents, the second contributor to the lack of socioeconomic inclusiveness in the SMCs is the existence of a large informal sector and lack of decent work (see graph 2). In fact, this is very much aligned with the typologies of contemporary challenges that SMCs face, according to recent literature. For instance, Covid-19 worsened the increase in the informal sector. Mothers are joining the informal sector in order to have dual-earner families. In addition, children have been forced in order to work to earn money and contribute to family income. Reports show increasing numbers of children who have abstained from going to school or dropped out altogether, often due to rampant poverty. Yet, this sector is not covered by any social protection schemes, which means that families struggle more and more to cope with poverty and hardship.

## Climate Change and Food Security

In recent years, economic reform policies have included a sharp reduction of fuel, electricity and water subsidies in many SMCs, leading to many negative consequences and newly introduced coping mechanisms.

In general, there is a growing interest in human ecology – the intersection between human behaviour and environment in recent literature (Aref, 2022a). Respondents labelled “climate crisis (access to resources such as water and food, etc.)” as the third contributor to socioeconomic inequalities (see graph 2). In recent years, economic reform policies have included a sharp reduction of fuel, electricity and water subsidies in many SMCs. This led to many negative consequences and newly introduced coping mechanisms. For instance, leftover or used food markets emerged in countries such as Jordan and Egypt. At these places, the poor can buy food at reduced prices. These markets, which sell scraps of food, have become increasingly common in areas with people with low incomes. Often, the leftover food from restaurants and hotels are offered to families at a discounted rate, however many food items are unpackaged and have no information as to where or when they were made. Some customers have said that no matter the quality, they are in need of the low prices as they cannot afford to buy other food products.

**Graph 3: Q.3-Q.4 Covid-19 pandemic in SMCs: social groups' most affected area**  
(Mean 1-very low, 5-very high)



\*Marginalised minorities: categories developed from open-ended answers

**Source:** Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

The unprecedented rise in food prices has led some of the low income population to buy their daily needs of food products via the postpaid system, or the so-called popular "note." This system, known as shokok, is based on mutual trust between grocery store owners and residents in poor areas. As part of shokok, a shop owner archives either daily or weekly the merchant records of customer withdrawals on a note before collecting the cash at the end of each month. Nevertheless, the cut in subsidies and rising food prices have not only affected the poor. Many middle-class people cannot afford quality food due to the increase in prices and their depleted family savings. This has been exacerbated by economic hardship and the pandemic. This is particularly the case in Lebanon, where the lira (or pound) has lost most of its value, leading to higher costs of living. Lebanese people are reportedly cutting out meat from their diets or skipping meals. In Iraq, throughout the Covid-19 crisis, people have been forced to sell their furniture and personal items, just for the sake of buying food. Many Iraqis have lost jobs and the country lacks social protection measures (Aref, 2021).

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## Digital Divide in Education and Increased Inequality

In the Euro-Mediterranean zone, within the space of just a few months, the global pandemic highlighted the profound disparity of responses and approaches to technology deployment and adoption, both within and across the two shores of the Mediterranean. The digital divide is emerging as a significant threat to the Barcelona Process' goal of bridging the gap in living standards for people living in the Euro-Mediterranean zone (El Kadi, 2020).

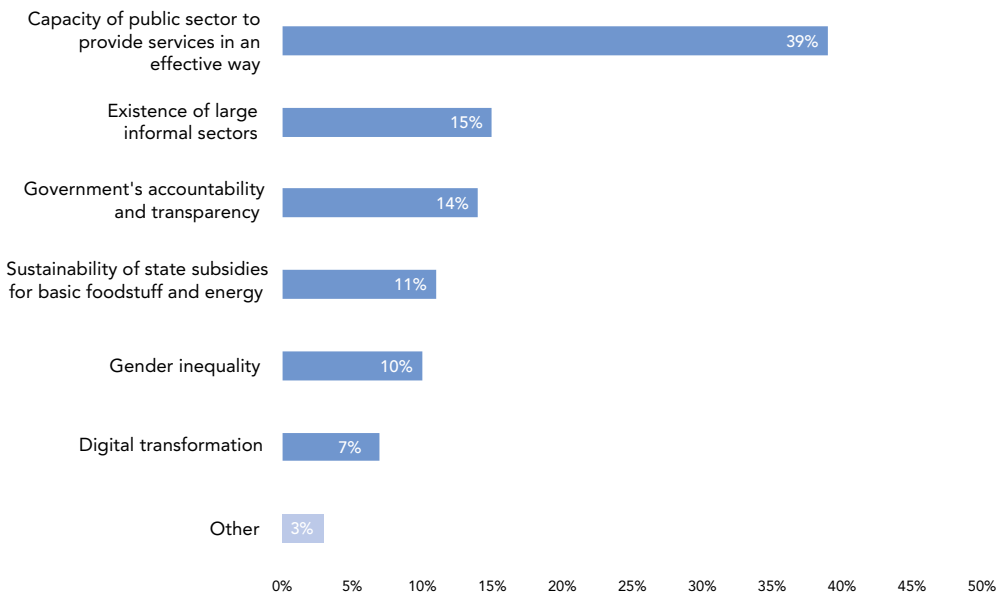
The last indicator, which according to the respondents contributes to the socio-economic inequalities in SMCs is the "disruptive effect of the digital transformation". In fact, the pandemic has made the situation even bleaker with the new educational setup, as not everyone has access to computers or the internet. The lack of technological infrastructure has meant that the poor are excluded from the online classes introduced by lockdowns (Aref, 2021).

For instance, in Jordan, the government tried to continue with online education using Darsak, a digital platform launched by the Ministry of Education. Forty-six percent of Jordanians could not have access to the website, a problem that primarily affected refugees, single-parent families, and those in informal settlements. About 44% cited challenges accessing the internet, while 22% from general households lacked a tablet or desktop, which means around 100,000 students are not engaged in online education (Aref, 2022b).

## The Social Class and Healthcare

When survey participants were asked "To what extent do you consider that the following factors affect socio-economic inclusiveness in SMCs?", in their open comments, a number of respondents referred to "Health Care" as an emerging priority. Quality healthcare for all is an essential element in achieving fundamental social justice goals. The pandemic has highlighted the health inequities in the system. Research suggests that marginalisation and poverty are global risk factors that influence the spread, severity, or mortality of Covid-19. SMCs with disproportionately higher poor populations have had a higher number of Covid cases and mortalities.

**Graph 4:** Q.3 The Covid-19 pandemic has revealed/exacerbated vulnerabilities in SMCs. Which of the following has been most affected?



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The fragile health sectors and the coverage gap of medical insurance generated an association between appropriate recovery and the upper class. Accordingly, access to quality care was exclusively for the rich. On the other hand, the poor had to rely on public health, which is often underfunded, understaffed and lacks sufficient resources. Moreover, in response to the rising prices of medicine in the region, people have turned to traditional medicine and herbal remedies instead. For instance, due to the loss of more than 90% of the Lebanese pound's value, there has been a shortage of essential medicines. The catalyst behind this was the ongoing national economic crisis in Lebanon and the state measures on removing subsidies on medicine. Pharmacies often lack basic medications for blood pressure and even painkillers and antibiotics (Aref, 2021).

In addition, people of low socioeconomic status were more exposed to Covid-19. Economically disadvantaged people are more likely to live in overcrowded and poor housing conditions, with limited access to personal outdoor space. Financially poorer people often have occupations that do not provide opportunities to work from home. This includes, but is not limited to, construction workers, supermarket and warehouse workers and also those in certain forms of public transport and bus drivers, whose tragic deaths we have already witnessed. Also, these groups faced an increased threat of unstable incomes as a result of Covid-19 and its aftermath (Patel et al., 2020).



## Conclusion

The identified priority themes and affected groups should contribute to rethink, reshape and reprioritise the EU new agenda of sustainable development to the SMCs.

The Covid-19 pandemic underlined the pre-existing social and economic inequalities and disparities in the region. According to the body of knowledge in this regard and the responses of the IEMed survey, there are structural causes of these inequalities, such as a) the lack of appropriate governance that prioritise the most vulnerable, b) limited decent work opportunities and the growing informality in the labour market structures without social protection coverage, c) the complexity of climate change, energy price increase and food crisis, d) deprivation of "access" to technologies in a digitalised world and its impact on education particularly, e) the fragile public healthcare systems which results in quality recovery being associated with the upper class.

It is worth noting that in addition to these identified themes, respondents ranked the following groups as the most affected/most vulnerable: a) persons below the poverty threshold, b) migrants, c) youth, d) marginalised minorities, e) women, f) asylum seekers, g) internally displaced persons, and h) disabled (see graph 3).

In order to utilise this evidence; the priority themes and identified groups should contribute to rethink, reshape and reprioritise the EU new agenda of sustainable development to the SMCs.

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# Navigating Turbulent Waters: The Compounding Effects of a Pandemic and a War on the Mediterranean Basin

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## Introduction

Despite being characterised by its multifaceted diversity and dynamism, sitting at the crossroads of Europe, Asia, and Africa, the Mediterranean region suffers from a number of challenges, including economic disparities, political instability, and environmental degradation. The Covid-19 pandemic has exacerbated these challenges and has brought new ones to the forefront, such as hindering access to quality healthcare, impairing education systems, causing economic decay and stagnant or no recovery, and leading to new waves of migrants and refugees who can hardly make ends meet. Not only did Covid-19 accentuate multidimensional inequality on an intra-country level but also on the inter-country level, thus deepening the gap between the Northern shore and the Southern shore of the Mediterranean.

Income inequality, health inequality, educational inequality and other forms of socio-economic inequality were even more intensified in the aftermath of the war that Russia waged on Ukraine at the beginning of 2022. This war has induced a twin basic commodity crisis, combining an international oil shock and an international shock of wheat, grain and vegetable oil. The twin crisis has, in turn, put a double trouble in place. On the one hand, as Russia and Ukraine are two of the largest exporters of wheat and oil (Russia) in the world, the war was accompanied by an increase in global prices of these essential basic commodities. On the other hand, since Mediterranean countries import most of their wheat and oil supplies from Russia and Ukraine (wheat), in particular, they endured long months of shortages of wheat and oil and a further increase in these commodities' prices locally. As Southern Mediterranean markets were slowly emerging out of the pandemic and other overlapping economic and political crises, they found themselves facing a double jeopardy with

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repercussions disproportionately affecting the most vulnerable social groups, at the top of which were women, children, refugees, and ethnic and religious minorities.

The consequent rising tides of social injustice in both poles of the basin have made it imperative to unpack the reasons behind the Mediterranean's susceptibility to conflicts and emergencies, the channels through which the outcomes of such events materialise, and the differential impact of these episodes of turmoil on the different social groups, especially those who are vulnerable and marginalised. The online survey that Euromesco (2022) has conducted, targeting experts, civil society representatives, and policymakers from numerous countries in the region has come a long way in uncovering the policy priorities that are needed to "build back better," the criteria that are necessary to devise more socially-responsive versions of these policies, and the opportunities for multilateral cooperation that can make recovery more feasible. Not only did the survey reveal the key areas of interventions to be pursued and the challenges hampering them, it also re-asserted the Mediterranean as the microcosm of the global North-global South gap, which should be addressed as a primary entry point to mitigating inequality at national levels.

## Dissimilar Factors, Same Effect

The survey revealed that the main factors that affect socio-economic inclusiveness in the aftermath of the double jeopardy in the South Mediterranean Countries (SMCs) are security and political instability. These factors differ from those found in similar studies on the European side of the region, where macroeconomic problems, such as inflation and unemployment are often flagged.<sup>1,2</sup> While the former two variables are known to have a significant impact on economic growth and development, interviewees perceive them as the direct driver for disrupted socio-economic landscapes in the South – unlike in the North where this is shown by evidence to be the mere result of economic disturbances that only require time for adjustment and recuperation.

Political developments in SMCs have led to long-term concerns about the ability of these countries to reinvent economic models that are more inclusive for marginalized groups.

The reason why the SMCs report somewhat different concerns than those typically found in studies on the European side of the Mediterranean is due to the unique political and economic challenges they have faced in recent years. The past decade, since the start of the so-called Arab Spring, has seen a series of revolts, civil wars, and political upheaval in many SMCs. These political developments have led to long-term concerns about the ability of these countries to reinvent economic models that are more inclusive for marginalised groups. The lack of security has deterred foreign investment, leading to a shortage of job opportunities, particularly among the youth, who now make up the largest share of the population in many SMCs. Furthermore, the displacement of people due to the conflict has led to a lack of access to basic needs, such as food, shelter, and healthcare, which has particularly affected women and children.

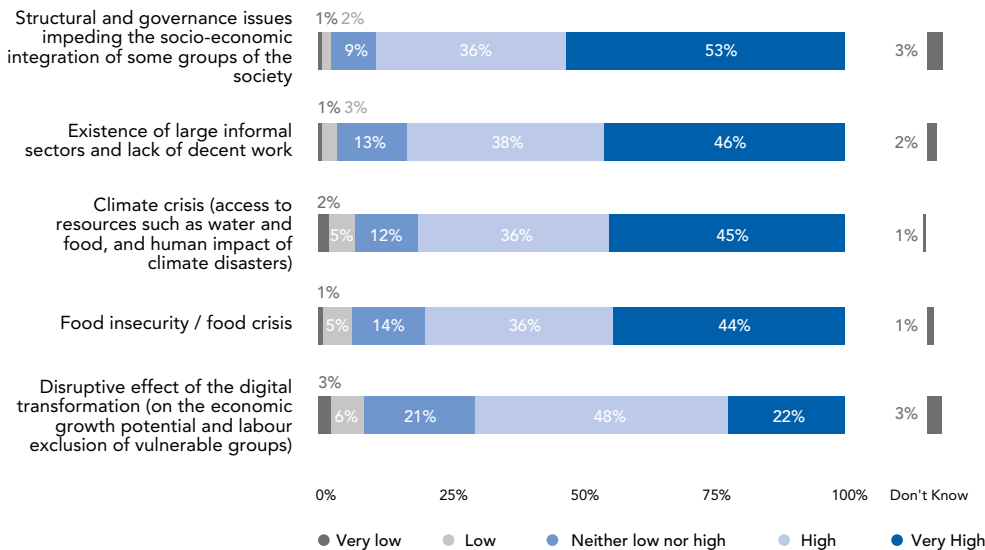
1. <https://www.imf.org/en/Blogs/Articles/2022/10/23/europe-must-address-a-toxic-mix-of-high-inflation-and-flagging-growth>

2. <https://ec.europa.eu/social/main.jsp?catId=89&furtherNews=yes&langId=en&newsId=10481>

Apart from employment-related shortfalls such as the informality and lack of decent work, which are commonly believed to have deterred social justice, whether directly or due to other indirect consequences of the competing crises, respondents reported extra concern about the impact of climate change and governance problems. The wide range of impacts that climate change can have on economies and societies, including reducing agricultural productivity, increasing the frequency and severity of natural disasters, and exacerbating poverty and inequality, is expected to be strongly sensed amid the deficiencies and flaws in the necessary safeguarding mechanisms to shield people from the consequent loss of livelihoods. As for governance problems, such as corruption and lack of transparency and accountability, they were also identified as a major determinant of the lack of socio-economic inclusiveness in the region. The transmission channel through which such politico-economic problems manifest, is a limiting factor to regional integration, making it difficult for countries to collaborate and share resources to promote economic development and social welfare.

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**Graph 1: Q.1 To what extent do you consider that the following factors affect socio-economic inclusiveness in Southern Mediterranean Countries?**



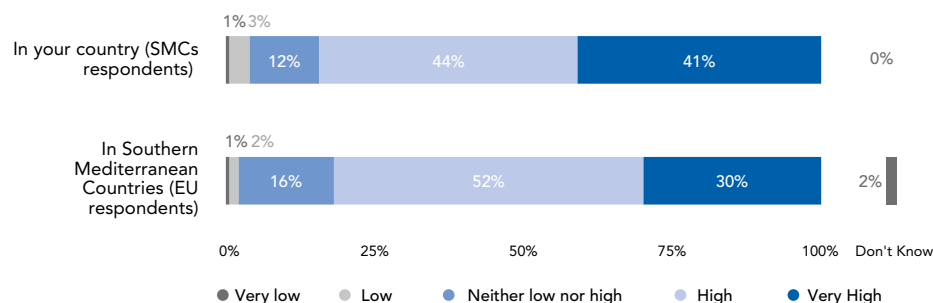
Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

## Ineffectiveness in Both Over and Under-Responding Governments

Covid-19 has especially increased inequalities and broadened the socio-economic gap between populations in SMCs. In the case of EU countries, the war is more likely to be blamed for such impact.

Most respondents considered that Covid-19 has especially increased inequalities and broadened the socio-economic gap between populations in SMCs, compared to the effect of the war in Ukraine. Unlike European countries, where the war is more likely to be blamed for having such an impact.<sup>3</sup> A key driver for this difference can be the pre-existing wage gap in the South prior to the pandemic, even though this gap was further exacerbated by the war in Ukraine that substantially increased the price of grains and fuels. In reality, the impact of the war was also significant in SMCs, particularly in poor households who are at a considerable risk because consumption per capita of wheat in this pole of the Mediterranean is twice the world average. However, the economic disruption that was caused by the pandemic, which has led to job losses and reduced incomes, and has had a severely disproportionate impact on poor households in SMCs, might be the reason behind polarised findings. These effects have been aggravated by the lack of social protections and frail or inexistent welfare systems in many SMCs, which have left many vulnerable individuals without a safety net amid upper-bound fluctuations in the prices of basic goods and services.

**Graph 2:** Q.2 To what extent do you consider that Covid-19 has increased inequalities and broadened the socio-economic gap between the population in your country?

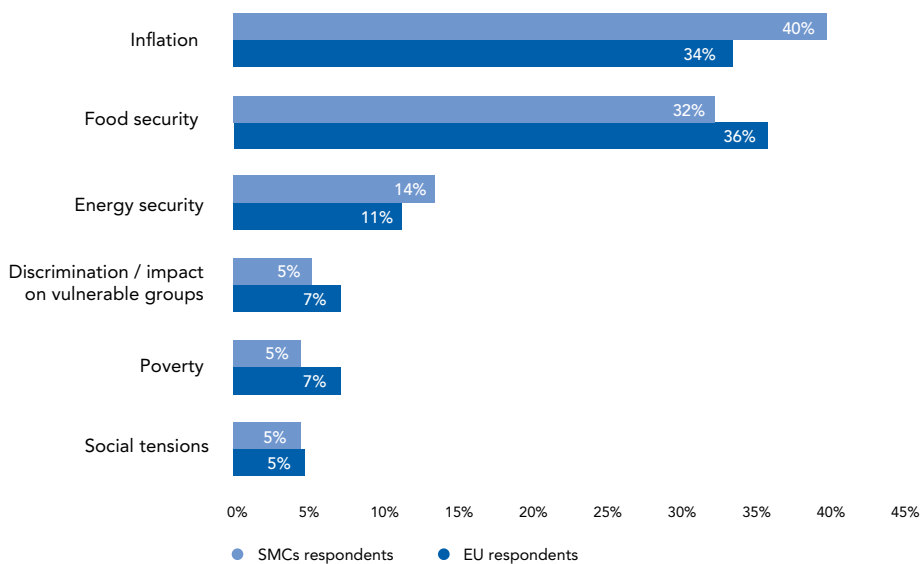


Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

Yet, respondents strongly agree that the war in Ukraine damaged people's purchasing power due to high inflation and threatened food and energy security the most (see graph 3). The main reason here is that the world markets for fuels and food commodities were directly hit by the war. Thus, the increased prices caused an inflationary effect in all countries in the Mediterranean basin, which were directly felt by the people. These shared concerns are indicative of the degree to which SMCs are integrated in the world energy and food markets.

3. [https://www.eib.org/attachments/publications/how\\_bad\\_is\\_the\\_ukraine\\_war\\_for\\_the\\_european\\_recovery\\_en.pdf](https://www.eib.org/attachments/publications/how_bad_is_the_ukraine_war_for_the_european_recovery_en.pdf)

**Graph 3: Q.6 In your opinion, what is the main socio-economic impact of the war in Ukraine in your country (SMC's respondents) / in Southern Mediterranean Countries (EU respondents)**



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

While this integration can be a cause for optimism as it allows for more efficient and cost-effective access to these essential resources, it should also be a cause of concern about the exposure of these populations to external supply shocks.

Respondents from both SMCs and Europe intersected in their belief that government transparency, the government's ability to provide public good, and labour market formality were one of the most salient parameters through which the repercussions of the double jeopardy have materialised (see graph 1). Nonetheless, while both SMC and European respondents agreed that government responses were inadequate, SMC respondents accused their governments of under-responding. In European countries, on the other hand, governments are often accused of overreacting and taking a draconian interventionist approach that is not compatible with democratic traditions.<sup>4</sup> This suggests that the perception of the effectiveness of the government response to the pandemic may vary when applied on SMCs and Europe, which is likely to be influenced by cultural and political factors. The survey also revealed that civil society organisations and the private sector have been playing a critical role in filling the gaps left by inadequate government responses, which highlights the importance of the role of non-State actors in addressing the challenges posed by the pandemic, but also raises concerns about the assumption of the State of its responsibility.

The perception of the effectiveness of the government response to the pandemic may vary when applied on SMCs and Europe, which is likely to be influenced by cultural and political factors.

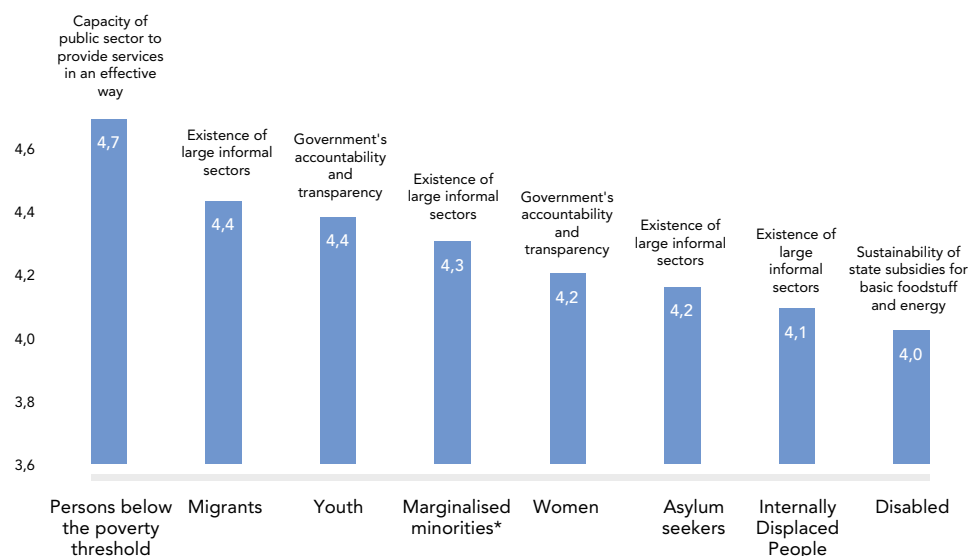
4. <https://journals.sagepub.com/doi/full/10.1177/10564926221082494>



## No One Size Fits All Vulnerabilities

“The region has witnessed declines in several faces of inequality and surges in several other faces. Yet, the overall impact in terms of the number and magnitude of increased inequalities versus reduced ones is negative, making the Mediterranean a hotspot of inequality in the aftermath of the sanitary crisis” (Al Shami, 2020). When the war started, it further intensified existing vulnerabilities and created new ones. Most respondents’ view was that people below the poverty threshold, migrants, youth and women were the most negatively affected social groups. While this is expected, it is striking that marginalised minorities, particularly ethnic and religious minorities, were also identified as part of these primary forms of social vulnerability. A more refined look indicates that these different social groups were remarkably affected in different ways. For example, one of the top reasons of distress for the poor was the impact on subsidies while migrants, women, and youth had the nefarious impact on informality as their top concern. As for minority groups, they were mainly victims of issues of government’s accountability and transparency.

**Graph 4: Q.3-Q.4 Covid-19 pandemic in SMCs: social groups’ most affected area (Mean 1-very low, 5-very high)**



\*Marginalised minorities: categories developed from open-ended answers

Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

The closure of borders and the restriction of movement have made it difficult for refugees and migrants to access essential services and social protections. The conflict has forced many people to flee their homes, leading to an increase in the number of refugees and internally displaced persons in the region. Many of these individuals have limited access to basic needs, such as food, shelter, and healthcare. Many have been trapped in overcrowded camps, facing dire living conditions and a lack of access to healthcare. The disruption of trade and commerce, further escalating economic difficulties in the region, have made it even harder for them to develop adequate coping mechanisms. Women, who often bear the burden of caring for their families, have faced additional challenges due to school closures and restricted movement. Children have also been impacted, with many missing out on education and facing increased risks of violence and abuse.

The double whammy has also had a significant influence on mental and psychological health in the region, as the stress and uncertainty caused by these crises has led to increased rates of anxiety, depression, and other mental health issues. This predicament cuts across all the above-mentioned forms of social vulnerability, which – in turn – also largely intersect with each other. Nevertheless, it was not even recognised by the humanitarian actors trying to mitigate the weight of these crises, although these typically undertake psycho-social support programs in response to conflict and situations of uncharted waters – irrespective of how effective or sustainable such an approach is.

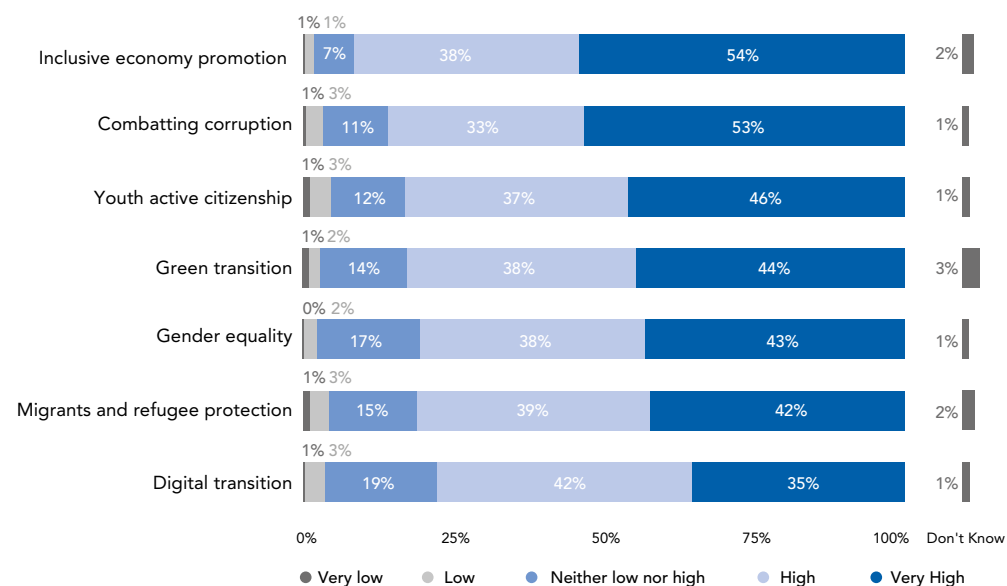
These results indicate that governments need to be mindful of the large disparities between vulnerable groups, knowing that a one size fits all response would not be appropriate to reduce these vulnerabilities. Therefore, targeted responses have to be designed by policymakers going forward, noting that such responses would be best effective if complementing a universal and well integrated social policy. This fact is even more relevant following the war in Ukraine, which added more pressure on food security and migration flows in the Mediterranean region.

Survey results indicate that governments need to be mindful of the large disparities between vulnerable groups, knowing that a one size fits all response would not be appropriate to reduce these vulnerabilities.

## Governance as an Entry Point to the Solution

Combating corruption and economic integration are seen by all respondents as the main priority areas for EU-SMCs cooperation to overcome the compounding effects of the pandemic and the war on socio-economic inclusiveness. As such, it is clear that politico-economic reforms should be a main element for current and future Mediterranean cooperation, as they touch on the political will (or lack thereof) to make the desired positive change on the level of public policies, and particularly socio-economic policies, since these can only be made feasible if efforts and resources are joined and equitably allocated.

**Graph 5: Q.5 To what extent do you consider the following areas should be prioritized in EU-SMCs cooperation to overcome the Covid-19 effects on socio-economic inclusiveness?**



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

Digital transformation is essential to adopt an open government that promotes State transparency and accountability in socio-economic responses, especially those affecting vulnerable communities.

Although it did not appear to be a top priority, another common theme that stood out in the survey responses is related to digital transformation and its positive influence on combating corruption and the lack of economic inclusion. Indeed, digital transformation is key to consolidating an e-government. This step is essential to adopting an open government that promotes State transparency and accountability, and that can bring together the numerous factors governing the political economy of socio-economic responses, especially those affecting vulnerable communities.

For instance, the rural poor populations, in particular, can be better integrated in the national and regional economies, through a decentralised implementation of these reforms. Since they suffer from the lack of sufficient digital and financial literacy due to their inability to access electricity, IT services and proper education, digitalisation, along with technical infrastructure-building in their geographic areas can provide them with the capacity to overcome their long-lived marginalisation. Youth and women, more specifically, who often have high unemployment rates or low labour force participation, can more easily be integrated into the economy through digital platforms (or the digital economy more broadly) that increase their access to job opportunities and training.

## Conclusion

Following the pandemic that has disrupted economies and societies, leading to increased poverty, unemployment, and inequality, the war that Russia waged on Ukraine had an additionally devastating effect on vulnerable groups in Mediterranean countries, which found themselves battling multiple fronts amid limited capacity and scarce and depleted resources. For an effective post-crisis recovery strategy, it is very important to bear in mind that: i) the transmission channels through which these crises have made their impacts are different between Southern and Northern countries, and depend on the context itself and its level of economic growth and development, even though the impact could be eventually similar; ii) governments can be ineffective by both over-responding and under-responding; iii) this ineffectiveness is oftentimes the government's inability to devise policies that are tailored to cater for the different needs of the various impacted communities; iv) governance and the political economy of social and economic justice/rights are the key starting point to proposing and implementing the necessary alternative solutions.

For such solutions to be feasible, the international community ought to take action to support the different countries, being mindful of their different status quo and political dynamics. States must also prioritise these following areas of policy intervention, across economic sectors and social groups, as they choose their battles while emerging out of the "perfect storm" that hit them over the past three years: seeking to achieve universal access to quality healthcare; countering economic downturn with sound financial and monetary reforms as well as structural economic ones that allow systemic job creation; supporting the recovery of disrupted education systems and ensuring access to education and training for all; addressing issues of discrimination and xenophobia to allow for a smooth inclusion of all residents and not only citizens; building resilience and adaptive capacity to future pandemics and climate change; and promoting regional cooperation and solidarity in addressing common challenges – not to forget the importance of mainstreaming gender equality and the often overlooked mental and psychological health across all these aspects.

Following the disruptive effects of the pandemic, the war that Russia waged on Ukraine had an extra devastating effect on vulnerable groups in Mediterranean countries, which found themselves battling multiple fronts amid limited capacity and scarce and depleted resources.



# Cooperation Priorities in Promoting Job Creation and Inclusive Economies

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## Introduction

The paper reviews selected results from the survey “*Towards more social justice and inclusiveness in the Mediterranean*” conducted by the European Institute of the Mediterranean (IEMed) in 2022. Following the seminal meeting in Barcelona 25 years ago and more than 10 years after the Euro crisis and the Arab Spring, the time is ripe for reviewing the developments that have taken place since, in view of the emerging twin green and digital transitions and in order to highlight the untapped potential of the shared region between South and North Mediterranean countries. The Covid-19 crisis was simply a reminder that systemic shocks call for cooperative approaches, and short-term adversities should not distract from longer term goals.

Though this is easily said, in the real-world policy makers and citizens see the issues and priorities in different ways. Accordingly, the aim of the survey was to solicit the views of different actors on the social dimension of the New Agenda for the Mediterranean and on inclusiveness in Southern Mediterranean Countries (SMCs).<sup>2</sup>

The respondents included male and female policymakers, experts, and civil society representatives from the EU and SMCs whose answers shed light on how they assess what factors affect socio-economic inclusiveness and job creation in the SMCs,

The Covid-19 crisis was simply a reminder that systemic shocks call for cooperative approaches, and short-term adversities should not distract from longer term goals.

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1. The authors would like to thank Aimilios Chatzinikolaou, Ishac Diwan and Mary Kawar for their comments.

2. The New Agenda aims for a green, digital, resilient and just recovery, guided by the 2030 Agenda for Sustainable Development, the Paris Agreement and the European Green Deal (European Commission, 2022).

as well as what the cooperation priorities between the EU and SMCs on key policy areas should be. This paper presents and puts into perspective the answers to the several questions posed to the 369 participants in the survey.<sup>3</sup>

More specifically, we summarise the answers to the following questions:

- (Q1) What factors do you consider that affect socio-economic inclusiveness in SMCs?
- (Q7) What should be the main EU-SMCs cooperation priority in promoting inclusive economies?
- (Q8) What should be the main EU-SMCs cooperation priority to promote job creation?
- (Q8b) What should be the EU cooperation priority for job creation for migrants and refugees in SMCs?
- (Q9) To what extent is it important to strengthen social economy actors as a key agent for social and economic reconstruction?
- (Q10) What measure should the main EU-SMCs cooperation priority be in promoting the social economy?<sup>4</sup>

In two-thirds of the answers provided by the 185 EU respondents and their 172 SMCs counterparts, the differences were not statistically significant. We discuss the areas of agreement in the next section and then we present areas where opinions differ. The paper concludes by presenting separately the views of female and male respondents.<sup>5</sup>

## **There is Broad Agreement in General, and in Many Specific Areas**

Both from EU countries and the SMCs countries, the respondents agreed on the importance of factors that affect socio-economic inclusiveness in the SMCs. For all rankings (1 lowest to 5 highest), the EU average is higher than those from SMCs, but the difference is negligible (0.1 points) (see graph 1). Structural factors and informality were signalled as the most important factors, followed very closely by food insecurity and climate crisis. The least, but still significant, factor was digitalisation, probably being considered as a means for addressing the four other issues.

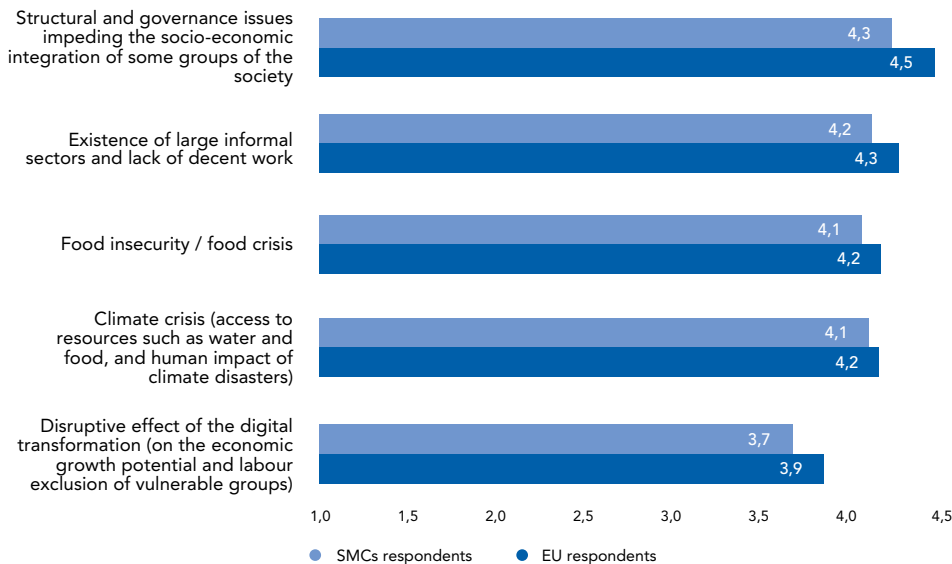
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3. For a full description of the objectives and methodology of the survey, see IEMed, 2022.

4. If the answer to Q.9 was “high” or “very high”.

5. The respondents were from 18 EU countries (Belgium, Bulgaria, Croatia, Cyprus, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Malta, Poland, Portugal, Spain, Sweden and the Netherlands), Albania, Israel, and the United Kingdom, as well as the following Arab countries: Egypt, Jordan, Lebanon, Libya, Morocco, Palestine, Syria and Tunisia.

**Graph 1: Q.1** To what extent do you consider that the following factors affect socio-economic inclusiveness in Southern Mediterranean Countries? (Mean 1-very low, 5-very high)



The high support for capacity building of social economy actors, can be explained because financial sector serves more its own interests than the needs of the real economy.

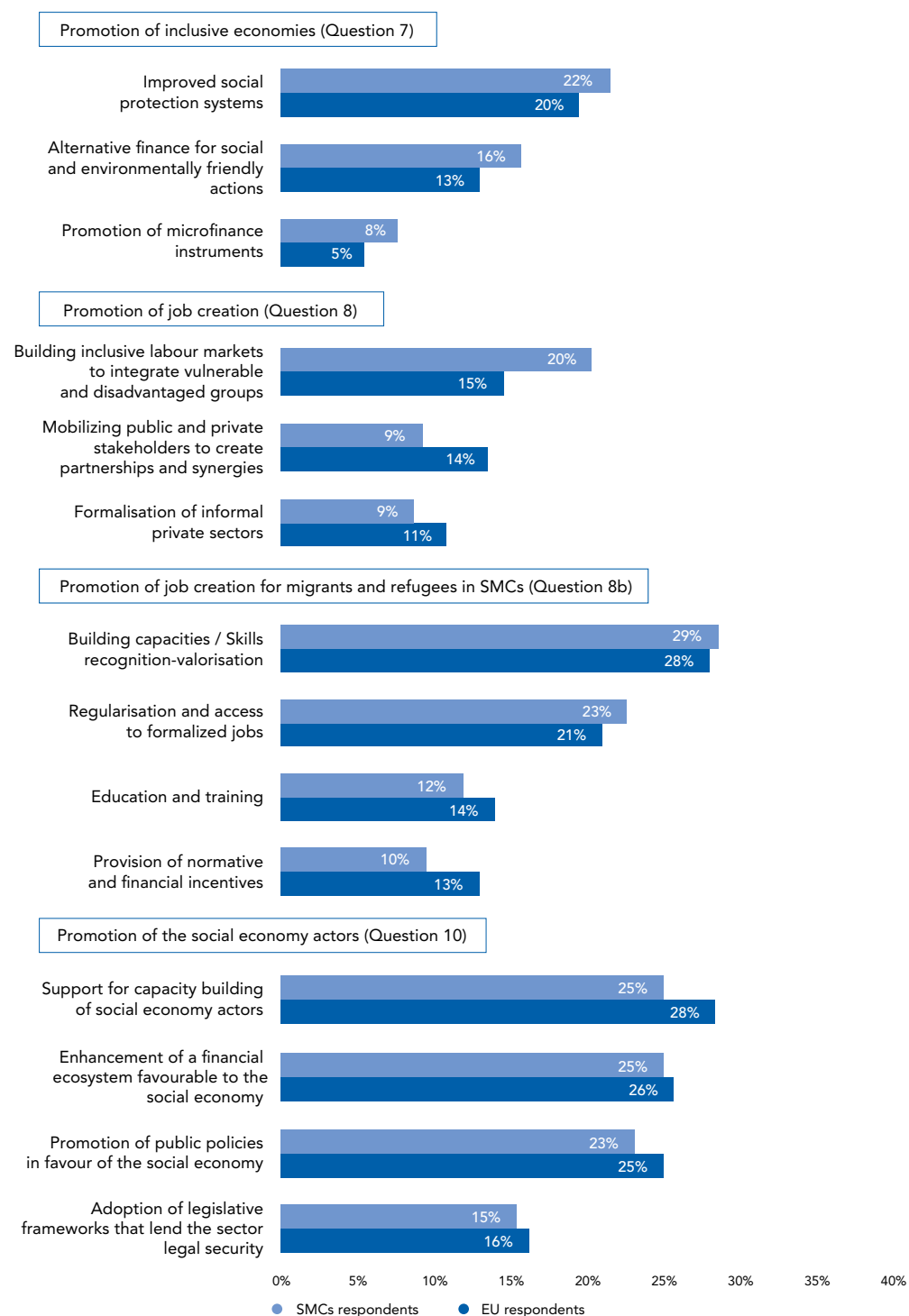
Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

With respect to specific priority areas to pursue to address the above five issues, the answers given by the EU and SMCs respondents were similar in 14 of the 22 priority areas covered by the survey (see graph 2).

The agreement was highest for prioritising areas that promote the social economy. This issue attracted a positive response from around 25% of respondents. At the top among them was the support to build capacity for social actors and in the second, but not too distant, places, were having a financial ecosystem and public policies to promote the social economy. This can be assumed to refer to the justified feeling that the financial sector serves more its own interests than the needs of the real economy. Legislative changes received relatively fewer answers, but not by much. This may broadly be because respondents saw it as a means rather than an objective in itself.



Graph 2: Cooperation priority areas with low SMCs-EU divergence



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

Somewhat predictably, attention to the vulnerable and disadvantaged groups came as the top priority within the cluster of job creation – who can argue against it? The relatively high ranking of public/private partnerships is in line with the aforementioned 24% assigned to public policies for social inclusion. Last, and the second lowest share of respondents, came the formalisation of the informal economy. This may suggest that respondents felt that job creation as such is more important than reducing informality.

In fact, improving social protection systems is probably seen as more important than reducing informality – a question included under “inclusive economies”. The latter can be considered an unfortunate by-product of market forces, especially under the pressure of globalisation, for which not much can be done at least in the short-run with the recent rise in the gig economy, short-term contracts, freelancers, contingent workers, platform workers, or independent contractors in temporary and part-time jobs (even though they are effectively employees for all intents and purposes).

A rather surprising result is the low, in fact lowest, priority assigned to microfinance. The EU and SMCs respondents did not seem to share the rather widespread support to microfinance by many domestic and international organisations, including European ones.<sup>6</sup> Citing market failures that “can cause a mismatch between (potential) demand for microfinance and the supply of it coming from financial institutions”, the EU is rather enthusiastic about its benefits and at least 450 institutions offer or facilitate the disbursement of microloans in Europe”.<sup>7</sup> Similarly, the World Bank with its heavy presence in the SMCs, also considers microfinance “a way to fix credit markets and unleash the productive capacities of poor people who are dependent on self-employment”.<sup>8</sup>

Against the lowest priority assigned to microfinance stands the highest priority related to building capacity for migrants and refugees and recognising their skills (valorisation). This area attracted 28% of the respondents’ answers. Not far behind was the case of regularisation and the access of migrants and refugees to the formal economy. This is a welcome sign indicating both humanitarian concerns and economic rationality against the oft quoted “fortress Europe” and rising xenophobic feelings.

## But Views Differ in Several Other Areas

The respondents assigned different values to the remaining eight priorities. Those from the SMCs gave higher priority to four of them while those from the EU to the other four (see graph 3).

Low results for formalisation of the informal economy may be suggesting that respondents felt that job creation as such is more important than reducing informality.

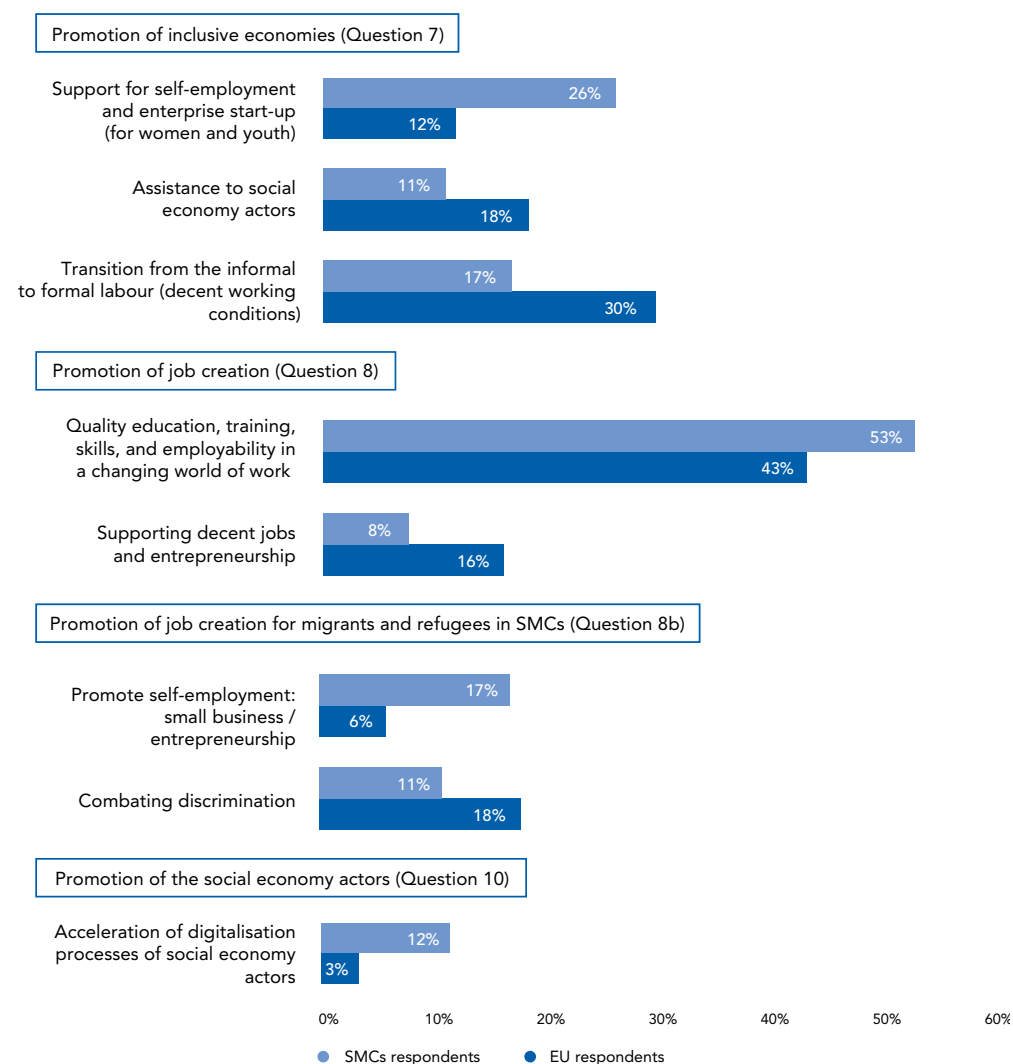
Improving social protection systems is probably seen as more important than reducing informality that can be considered as an unfortunate by-product of market forces.

EU and SMCs respondents do not seem to share the rather widespread support to microfinance by many domestic and international organizations, including European ones.

6. It is offered by specialised units of commercial banks, cooperative banks, non-bank financial institutions (NBFIs), credit unions and cooperatives, guarantee-granting institutions, public support and development banks, non-governmental organisations (NGOs), and non-bank providers known as microfinance institutions (MFIs).

7. European Commission, 2020.

8. Morduch and Cull, 2022.

**Graph 3: Cooperation priority areas with high SMCs-EU divergence**

Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

The difference was twice as much in the case of support to self-employment and enterprise start-up (for women and youth) with 26.2% of respondents from the SMCs selecting this priority compared to only 11.9% among those from the EU). The focus on women and youth is in line with the high unemployment rates women and youth face in the SMCs.<sup>9</sup> The same applies to the promotion of self-employment and small business (for all). The respective shares of respondents are 17% for the SMCs and

9. However, the majority of the unemployed in the SMCs are men and adults (Tzannatos, 2022).

6% for the EU. These two priorities sum up to 43% for the SMCs but less than 18% for the EU. These differences are expected as youth and gender issues are more prominent in the SMCs, while a much larger share of employment in the SMCs takes the form of self-employment and/or is informal.

The opposite is true with respect to support for decent jobs and entrepreneurship: those from the EU agreeing to this were twice as many as those from the SMCs (16.2% compared to 7.6%). The same applies to the transition from the informal to formal labour (decent working conditions). The respective shares of respondents are 16.9% for the SMCs and 29.7% for the EU. These two priorities sum up to 24.5% for the SMCs but 45.9% for the EU.

These differences are likely to reflect the differences in the nature of jobs between these two regions. In the EU, informal jobs are not generally “decent” in terms of wage levels, employment conditions and benefits and transition for the formal economy is much sought after. In the SMCs, the formal sector is small and makes it more realistic to desire support for entering self-employment as this appears to be a feasible option, especially among women and youth whose unemployment rates are among the highest in the world.

With respect to other priorities, the SMCs put more emphasis on what they are aware that they lag behind, such as investments in quality education and training, and the extent of digitalisation of their social economy.

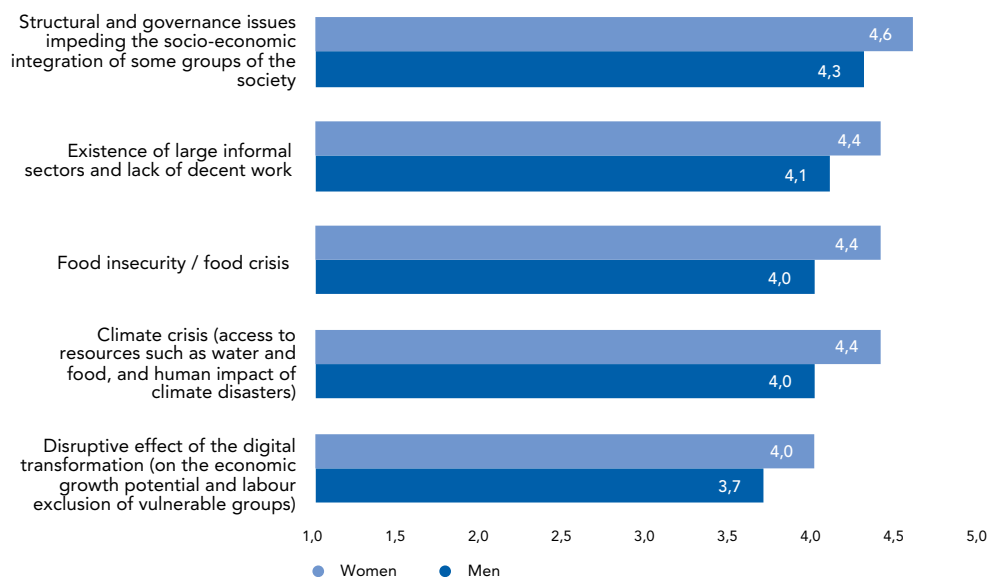
The EU respondents put more emphasis, first, on assistance to social economy actors, probably reflecting their more liberal and decentralised societies. Second, and in line with the previous finding regarding priorities for migrants and refugees, on combating discrimination. The latter may well reflect that, on the one hand, there are many more migrants in the EU than the SMCs and, on the other hand, the respondents recognised that discrimination does take place.

In the SMCs the formal sector is small and makes it more realistic to desire support for entering self-employment as this appears to be a feasible option.

## Differences Between Female and Male Respondents

Male and female respondents ranked the factors affecting socio-economic inclusiveness in the SMCs in the same order as those grouped in the EU and in the SMCs countries (see graph 4). However, the gender differences are statistically significant and in all cases women ranked all factors higher than men (see graph 4).

**Graph 4: Q.1** To what extent do you consider that the following factors affect socio-economic inclusiveness in Southern Mediterranean Countries? (Mean 1-very low, 5-very high)



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

These results may be related to the fact that structural and governance issues have been taken as a proxy for institutional factors affecting the position of women in public and private life in the SMCs (as these women have lower rights).

For the four top factors, this may be related to the fact that structural and governance issues have been taken as a proxy for institutional factors affecting the position of women in public and private life in the SMCs (as these women have lower rights),<sup>10</sup> informal employment is more characteristic of female employment, and women are in a better position to assess their families' need for food that in turn is affected by the climate crisis.

Women's higher valuation of the disruptive effect of digital transformation on economic growth and labour exclusion of vulnerable groups may reflect the fact that, at present they are less in a position to take advantage of the introduction of new technologies, for example, as evidenced from their lower enrolments in science, technology, engineering and mathematics (STEM).<sup>11</sup>

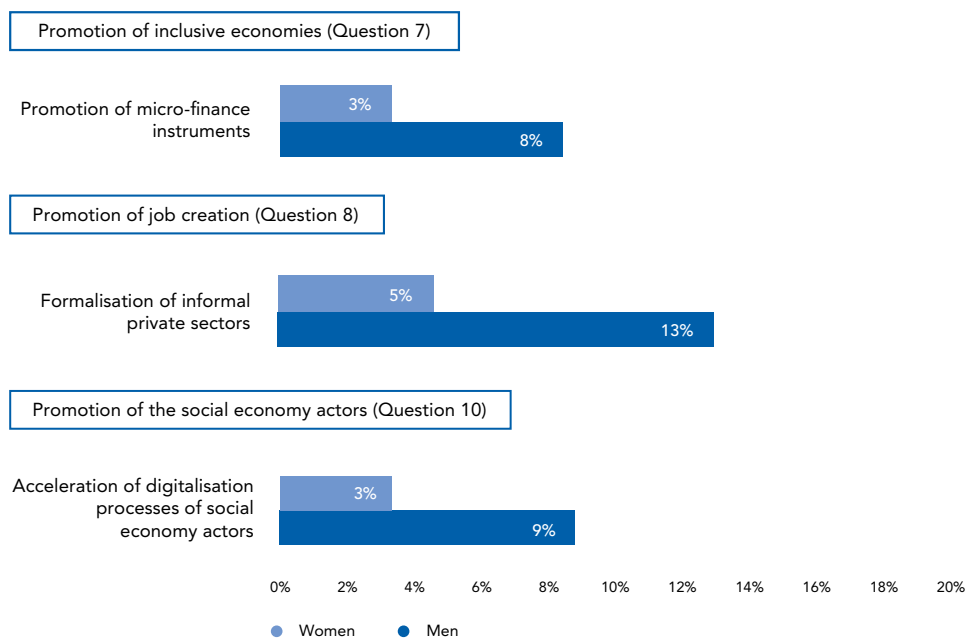
10. World Bank, 2022a.

11. International Labour Organization. 2019; UNESCO, 2017. For example, 35% of students enrolled in STEM-related fields are female and only 28% of all of the world's researchers are women.

There were no significant differences among the responses provided by women and men, with three exceptions in all of which the share of men was higher than the share of women (see graph 5). The biggest difference is with respect to formalisation with men assigning it a much higher value than women (13% and 4.6%). Digitalisation attracted only 2.6% of female respondents compared to more than double that figure among males (8.8%). However, the most notable fact probably is the difference in the case of microfinance. This is so because targeted microfinance support to women is a big component of international assistance to women in the SMCs.

Women's higher valuation of the disruptive effect of digital transformation may reflect the fact that at present they are less in a position to take advantage of the introduction of new technologies.

Graph 5: Gender differences in priority areas for cooperation



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

## Qualifications and Conclusions

The results of the survey provided several insights into how the respondents from the EU and the SMCs see the priorities of cooperation. However, the survey was addressed to a selected and rather small group of key informers. Thus, the results may not necessarily be reliable for confidently designing future cooperation between the EU and the SMCs and the policies that SMCs should focus on. However, they provide an initial base for generating first-hand data and evidence on European Neighbourhood Policy (ENP) related policies and priorities that can be useful for policy-makers and other stakeholders, and can therefore be considered as a first step toward evidence-based research. For example, future surveys can ask some more specific and less generic questions, thereby allowing responses to be better differentiated across issues of cooperation.

Nevertheless, there seems to be general agreement in several areas, while differences between the views of EU and SMCs respondents are not that unexpected. For example, the respondents from the SMCs do not consider combatting discrimination against migrants and refugees a priority, as this is an issue for receiving countries. And those from the EU are more concerned about decent employment, while those from the SMUs seem to prioritise any kind of employment.

The only area that was somewhat unexpected was the low value attached to microfinance. At face value, microfinance attracted the least number of responses from both the EU and SMCs respondents (6.2%: graph 2).<sup>12</sup> Yet it is an area that receives considerable support from donors, including the EU<sup>13</sup> and international organisations, for example the World Bank, and it mainly targets women and youth.<sup>14</sup> Probably this reflects the way questions were asked and under what priority group they were included – such as under inclusive societies or job creation. For example, “support for self-employment and enterprise start-up (for women and youth)” received very high ratings from the SMCs (26.2%: graph 3). One can legitimately question whether microfinance is not implicitly included in such a support.

This brings back the issue of how questions are phrased and who is asked to respond. The current survey is a promising start and, perhaps, future surveys can target a broader group of respondents from individual countries, present selected comments from the SMCs and suggest that key informants from different countries have different perspectives and concerns. Taking them into account will enhance the EU-SMCs cooperation by tailoring priorities and policies to specific country contexts that vary significantly among the SMCs, from those located in North Africa to those in the Middle East and those from stable to fragile and in conflict economies and societies.

Taking results into account (particularly comments from SMCs respondents) they would enhance the EU-SMCs cooperation by tailoring priorities and policies to specific country contexts that vary significantly among the SMCs.

12. In addition to answering the questions, the respondents made more than 600 comments. Of these comments only four respondents mentioned microfinance (two from Morocco and one each from Egypt and Spain). Most of the comments related to migrants and refugees.

13. The EU considers microfinance to be a potent tool to help address unemployment and to promote entrepreneurship and social inclusion. A range of institutions provide financial and support services to micro-enterprises and vulnerable people who cannot access traditional sources of financing. They do so to facilitate self-employment, create jobs and increase productivity, which in turn offers advantages for public budgets. At an individual level, loans for healthcare, education or the improvement of living conditions can also promote social integration” (European Commission, 2020).

14. The World Bank group provides support to microfinance in North Africa mainly through the International Finance Corporation (IFC: its private sector arm), and the Global Partnership for Financial Inclusion (GPII). It does so by providing funding, technical assistance to build capacity and improve the regulatory and policy environment, and resources to microfinance institutions (MFIs) aiming to expand access to finance focusing on women, the youth, poor people and marginalised populations. Most (80%) MFI borrowers are female, and 65% are located in rural areas. (World Bank, 2022b).

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# Social Economy Enterprises in the Euro-Mediterranean Region: a Pathway for an Economy that Works for People and the Planet

Juan Antonio Pedreño

President of the Spanish Confederation of Social Economy Enterprises and Social Economy Europe.

## Introduction

The strengths and weaknesses of our societies have become apparent over the last two decades, especially since the 2008 financial crisis. Economic, climatic, and environmental challenges shared by the 800 million inhabitants in the Euro-Mediterranean region are at the front and centre of the recovery strategies of national Governments. The national and international measures to face socio-economic gaps accelerated by the Covid-19 Pandemic (Al Shami, 2021) and the unpredictable consequences of Russia's aggression in Ukraine are addressed from a global approach, far from precedent economic steps solely focused on budgetary governance.

The European Institutions and the International Organisations are currently confronting those crises from the premises that economic growth is not an end in itself: "an economy must work for the people and the planet". These words open the Annual Sustainable Growth Strategy 2020 adopted by the European Commission even before the onset of the global health crisis that year. The Commission committed itself to "a new growth model that will respect the limitations on our natural resources and ensure job creation and lasting prosperity for the future". This approach has also been embraced by the Institutions governing the Euro-Mediterranean Partnership. In 2022, the Declaration of the Union for the Mediterranean (UfM) Ministers in charge of Employment and Labour focused on "the need for a long-term socio-economic recovery as well as resilient, sustainable, inclusive and connected economies in the Mediterranean region". The Ministers recalled that "building back better and

European Institutions and International Organisations are currently confronting recent crises from the premises that the economic growth is not an end in itself: it has to work for the people and the planet.

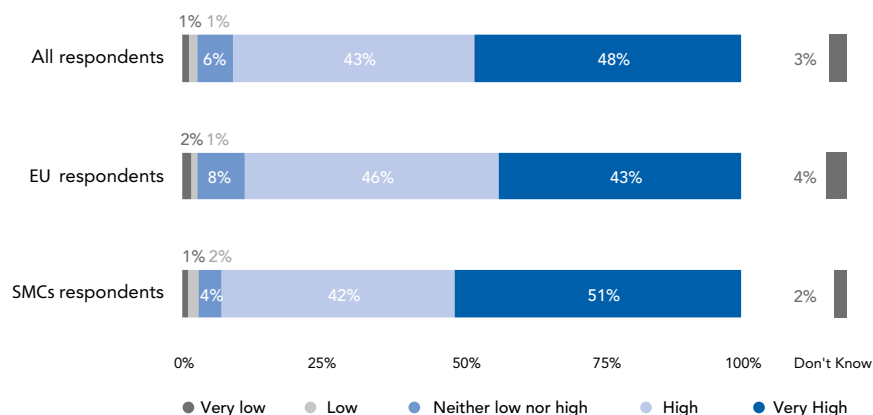
leaving no one behind include in particular developing the full potential of the most vulnerable, especially among youth and women, (...), as well as the green and digital transitions. (...). An enabling environment for competitive and sustainable enterprises, an increase of productivity, as well as a reduction of informality are among the key areas that may contribute to employment creation and reducing inequalities.”

Social economy emerges in this context as a key driver of economic and social development, based on an enterprise and growth model able to balance industrial competitiveness with transparency, sustainability, solidarity and social innovation.

## Social Economy: an Agent for Inclusive Societies and Economies that Work for People

The International research (OECD, 2020; CIRIEC-International, 2022) corroborates the opinion of the 90% of the 370 experts consulted in preparation of this chapter,<sup>1</sup> that social economy plays a key role in the reconstruction and sustainable transformation of the Mediterranean region.

**Graph 1: Q.9** To what extent is it important to strengthen social economy actors as a key agent for social and economic reconstruction?



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

While social economy enterprises operate in the market together with other private actors, they bring added value to society, in terms of better-quality jobs, reduction of inequality, provision of social services of general interest and the promotion of sustainable industrial activities, as well as an inclusive development of rural and depopulated areas (European Commission, 2021). This contribution would not exist if

1. Experts involved come from 30 southern Mediterranean and European countries.

there would only be traditional undertakings and there would be no room allowed for social economy enterprises to operate according to their specific principles. (OECD Global Action for Social and Solidarity Economy, 2022).

Together with the EU, the Secretariat of the Union of the Mediterranean has been at the forefront of promoting social economy. Since 2016, the highest representatives of the UfM Labour and Employment Ministries call for “harnessing the untapped job creation potential of the social economy”,<sup>2</sup> “not only (as) an alternative way of delivering economic, social and environmental value, but also (as) a smart way of unlocking resources, creating sustainable employment, and generating inclusive economic growth in the region”.<sup>3</sup> In 2022 the UfM Labour Ministers defined “the social economy (...) as a resilient model – as highlighted in the Covid crisis and a vector for the creation of more decent jobs and the expansion of economic opportunities, especially for youth and women, leading to a more inclusive economy in the Mediterranean region”<sup>4</sup> (UfM Marrakech Declaration, 2022). This is fully aligned with the highest recognition that social economy has achieved at an international level, after the European Social Economy Action Plan was launched by the European Commission in December 2021 and the two resolutions to develop social economy at a global level adopted by the International Labour Organisation (ILO) and the Organisation for Economic Co-operation and Development (OECD).

On 10 June 2022, the ILO approved a resolution on decent work and the social economy, and the OECD endorsed a Recommendation on the social economy and social innovation on the same day. Both documents place the social economy at the heart of the policies to boost robust sustainable growth and a fair recovery that leaves no one behind. Furthermore, and most importantly, the ILO Resolution and the OECD Recommendation identify priority areas in which governments should act to foster social economy enterprise models. The World Economic Forum – the DAVOS Forum – has also joined this “momentum”, with an unprecedented report that calls for unlocking the social economy as a pathway towards inclusive and resilient societies. Finally, the touchstone of this favourable international ecosystem will be provided by the UN General Assembly Resolution on social economy, currently under discussion in New York at the initiative of Spain, with the support of several national governments from all five continents.

Therefore, the Mediterranean also plays a key role in the promotion of social economy, since very relevant social economy enterprises and good practices show how they solve the critical challenges shared by Northern and Southern societies (EuroMeSCo & IEMed, 2022).

In 2020 UfM’s Marrakech Declaration, the role of social economy in job creation is fully aligned with the highest recognition that social economy after the European Social Economy Action Plan was launched.

The ILO and the OECD place the social economy at the heart of the policies to boost robust sustainable growth and a fair recovery that leaves no one behind.

2. Ministerial Declaration of the UfM Ministers in charge of Employment and Labour, Jordan, 2016.

3. Ministerial Declaration of the UfM Ministers in charge of Employment and Labour, Portugal, 2019.

4. Ministerial Declaration of the UfM Ministers in charge of Employment and Labour, Morocco, 2022.

Social economy is a relevant stakeholder in the private sector across the Mediterranean region, with more than 3.2 million enterprises and organisations of different sizes, present across all sectors of activity and providing 15 million jobs.

## Towards a Full Convergence in the Euro-Mediterranean Social Economy

Social economy is a relevant stakeholder in the private sector across the Mediterranean region, with more than 3.2 million enterprises and organisations of different sizes, present across all sectors of activity and providing 15 million jobs. (UfM Workshop on Social Economy in the MENA region and the Balkans, 2019). In fact, the social economy has gained a long experience in Europe and in all southern Mediterranean countries (Pedreño, 2022).

Several countries, such as Morocco, France, and Spain, among others, have national policies for social economy that contribute to an agenda for the Mediterranean social economy. For instance, the Moroccan government has signed declarations with the French and Spanish governments to include social economy in their bilateral partnerships. This cooperation has resulted in business and international meetings as the social and solidarity economy forum held in Nador (Morocco) between Morocco and Spain in February 2023.

The representative organisations of the social economy in the EU – Social Economy Europe<sup>5</sup> – and in the Euro-Mediterranean region – the Euro-Mediterranean Social Economy Network (ESMED)<sup>6</sup> – are playing a key role in this convergence process. Both organisations have agreed on a social economy definition based on specific features linked to shared characteristics by all social economy enterprises and enterprises, as follows:

- The primacy of the individual and the social objective over capital
- Voluntary and open membership
- Democratic control by the membership
- The combination of the interests of members/users and/or the general interest
- The defence and application of the principle of solidarity and responsibility
- Autonomous management and independence from public authorities
- The essential surplus is used to carry out sustainable development objectives, services of interest to members or of general interest.

These principles – adopted by Social Economy Europe in 2002 – are enshrined in the laws that regulate and recognise social economy in several UfM Member States (Tunisia in 2019, France in 2014, Portugal in 2013 or Spain in 2011, among others). Furthermore, those features are absolutely aligned with the definitions established by the EU Social Economy Action Plan, the ILO Resolution and the OECD Recommendation.

5. <https://www.socialeconomy.eu.org/>

6. <https://esmednetwork.blogspot.com/>

The EU, the ILO and the OECD include cooperatives, mutual organisations, associations, foundations and social enterprises as part of the social economy. According to the conditions in each country, all these enterprises and entities that are driven by the principles mentioned, are scattered among all Mediterranean countries with a different degree of development (CIRIEC-International, 2022; Euromesco & IEMed, 2022).

Unlocking the full potential of the Mediterranean social economy is a work priority shared by Social Economy Europe and the ESMED Network with the UfM Secretariat. This common interest has led them to jointly propose the launch of an “Euro-Mediterranean initiative with sufficient resources, contributing to fostering a favourable eco-system for these enterprises and organisations in the Euro-Mediterranean region. This initiative would provide the Mediterranean with a strategy to promote this enterprise model. The strategy would complement the array of programmes already financed by the European Union towards the social economy in the Mediterranean” (Outcome Document, UfM Social Economy Workshop 2021 “Towards a new Social Economy agenda for a sustainable and inclusive Mediterranean”, 2021).

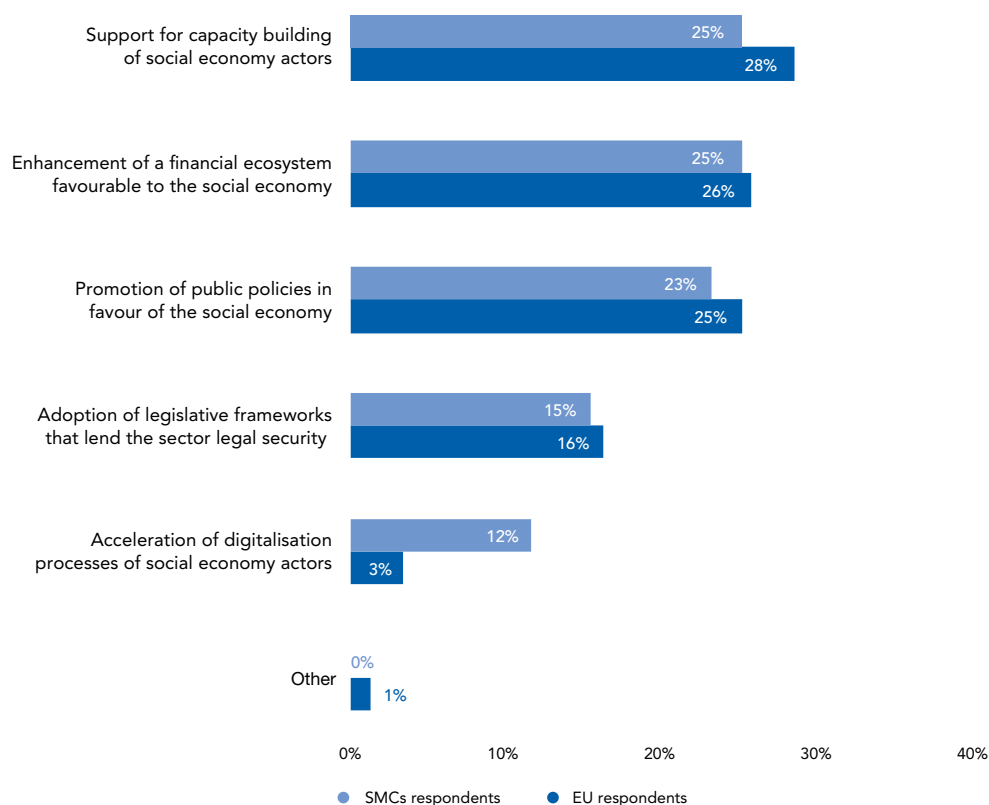
## **One Proposal and a Set of Actions to Strengthen the Euro-Mediterranean Dimension of the European Social Economy Action Plan**

The EU has become the first International Organisation with a specific strategy for the social economy. In December 2021 the European Commission adopted a Social Economy Action Plan (SEAP) that sets out a policy to promote the European social economy. The SEAP – which has been strongly supported by the European Parliament – gathers more than 50 measures to scale up the social economy in all EU Member States. The Action Plan covers specific measures to support access to financing, improve the visibility of social economy enterprises, establish favourable legal frameworks, promote social innovation, and set up support services for social economy entrepreneurs.

The EU, the ILO and the OECD include cooperatives, mutual organisations, associations, foundations and social enterprises as part of social economy.

Unlocking the full potential of the Mediterranean social economy is a priority. Institutions at Euro-Mediterranean level propose to foster a favourable eco-system for these enterprises and organisations in the region.

**Graph 2: Q.10 What measure should be the main EU-SMCs cooperation priority in promoting social economy?**



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

This is very important to mention that the SEAP prioritises strengthening Europe's cooperation with the Southern Mediterranean neighbours. In this sense, the UfM Secretariat has identified a set of measures to boost social economy in the Euro-Mediterranean region (Outcome document of the UfM Online Workshop "Social Economy and the Post-Pandemic Recovery: Challenges and Prospects", 2020).

Those measures are fully aligned with priorities raised by experts consulted (see Q. 10) as the importance "to strength the incubators, development poles and clusters with the aim of consolidating and increasing the advisory and support services to social economy entrepreneurs", "to establish a financial eco-system that favours the social economy"; "to speed up the digitalisation processes" or "to encourage the adoption, in those countries where they do not exist, of legislative frameworks that give the social economy legal protection and promote public policies to encourage these enterprises and organisations".

On the other hand, the UfM Secretariat calls social economy to be a key factor for job creation, also in innovative sectors, such as the blue economy and those related to the green transition, as well as any other that contributes to SDGs. To strengthen the value chains between social economy enterprises through greater business and commercial cooperation is also a field to be developed. Finally, there is room to increase the visibility of social economy, its values and enterprise models in particular throughout the education system, from school to university and in vocational training systems.

And, as President of CEPES and Social Economy Europe, we also agree with the UfM Secretariat focus on strengthening “the role of the Social Economy representative organisations at national and Euro-Mediterranean levels as interlocutors with the public authorities in order to adopt effective measures and initiatives to promote the contribution of Social Economy to the economic and social recovery of the UfM region”.

## Conclusion

The opinions expressed by the experts involved in this chapter show the strong consensus on the relevance of social economy as a key agent of socio-economic development in the Euro-Mediterranean region. Furthermore, they also point out four common areas of work to promote social economy, which are absolutely in line with the UfM Secretariat proposals: support the capacity building of social economy, enhancement of a financial ecosystem favourable to the social economy, promotion of public policies and adoption of legal frameworks that lend the sector legal security.

A wide range of best practices and experiences of the national governments and social economy stakeholders from both shores of the Mediterranean, together with the international organisations can make it possible to address a favourable ecosystem for social economy that contributes for an economy that works for people in the Euro-Mediterranean region.

There is a strong consensus on the relevance of social economy in the region and in the need to enhance a favourable ecosystem for an economy that works for people.



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# Inclusive Green Economy Transition between Constraints and Opportunities

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The Mediterranean region could be considered a paradox of climate change and green transition, which risks undermining the potential to build a peaceful, secure, prosperous and inclusive space.

The Mediterranean is a hotspot of climate change, as it is one of the most vulnerable regions in the world to the impacts of global warming. From increases in temperatures well above the global mean, longer heat waves, a greater decrease in rainfall and an advance in desertification, to more floods and other extreme weather events. These effects will have severe implications for food and water security, livelihoods, public health, and large coastal cities in many areas (MedEcc, 2019). Particularly vulnerable to the effects of climate change are the SMCs that have high levels of exposure and sensitivity, but also low levels of adaptive capacity. Viewed as a 'threat multiplier', climate change could indeed exacerbate existing ethnic, economic, social or political tensions in several countries.

At the same time, the SMCs are exposed not only to the adverse impacts of climate change, but also to the global efforts to mitigate it. While the transition to a greener economy is a real business and environmental opportunity, it will also lead to reallocations both between and within economic sectors, with income and job losses especially occurring where dependence on fossil fuel is high and chances for economic diversification are limited. In the MENA, several countries are economically dependent on fossil fuels and, as both the IEA (2018) and IRENA (2020) outline, the low-carbon energy transition poses critical challenges to Southern oil and gas producers, putting strong pressure on their development model based predominantly on hydrocarbon revenues. The economic diversification programmes of countries heavily dependent on fossil fuels, such as Algeria and Libya, are lagging and the surge in energy prices as a consequence of the war in Ukraine is likely to hinder already slow efforts in this direction.

The Mediterranean is a hotspot of climate change as it is one of the most vulnerable regions in the world, and particularly SMCs that associate high level of exposure and sensitivity to low level of adaptive capacity.

While the green transition offers a new positive agenda for Euro-Mediterranean relations, it does not automatically lead to the paradigm shift required for an effective and inclusive green transition.

In this context, the EU's Renewed partnership with the Southern Neighbourhood (SN), which considers green transition as a strategic priority, represents an opportunity to face these cascading and intersecting challenges, opening a window of opportunity to relaunch cooperation between both sides of the Mediterranean.

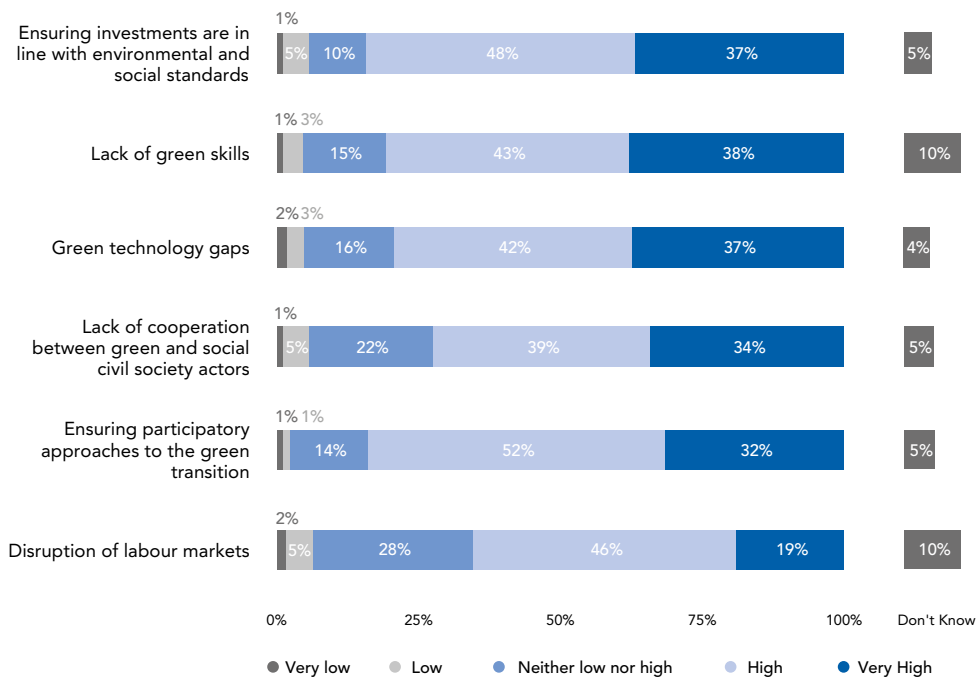
In brief, while the green transition offers a new positive agenda for Euro-Mediterranean relations, it does not automatically lead to the paradigm shift required for an effective and inclusive green transition able to achieve the triple dividend of environmental effectiveness, economic efficiency, and social equity. As the results of the EuroMeSCo Euromed Survey highlighted, the steps to making reality the potential of the green transition in terms of inclusive socio-economic development are identifying the factors that hinder the emergence of the green economy or its drivers; reformulating the EU-SEMCs cooperation along clear strategic priorities; translating priorities into concrete actions to foster an inclusive green transition; and, finally, strengthening cooperation in order to increase resilience to climate change.

## Barriers to Inclusive Green Economies

Over the past decade, the green economy has emerged as an important policy framework to deliver more resilient, resource efficient, low-carbon, and inclusive societies. There are significant differences and asymmetries in the capacity of the Mediterranean economies to sustainably address such a transition across different countries and sectors. However, progress towards an inclusive green and low-carbon Mediterranean region remains limited and constrained by a number of barriers that still need to be addressed.

The EuroMeSCo Euromed Survey results show that to effectively guide and stimulate the green transformation and to promote the sustainable development of the region, it is first necessary to analyse and clarify the barrier factors of the green transition.

**Graph 1: Q.19 To what extent are the following elements a challenge for an inclusive green transition?**



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

The investment in modern, smart and clean infrastructure is a critical factor for green transition in the region. The green transition entails pursuing green investments in those sectors that have been developed unsustainably as part of the brown economy. To achieve this, a common language and a clear definition of what is ‘sustainable’ is needed. An important step towards this direction is represented by the EU Taxonomy for Sustainable Activities.

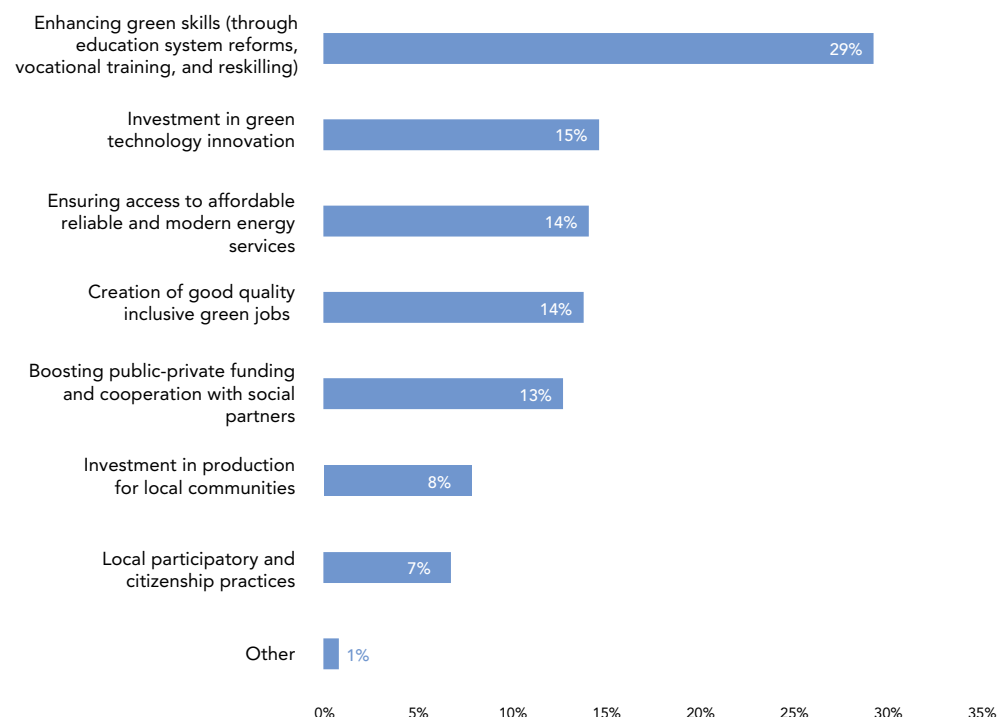
The Taxonomy has the ambition to become the reference point for green finance, not just in Europe but also at the global level (Platform on sustainable finance, 2022). The importance of directing investments towards sustainable projects and activities, sharing best practices and coordinating efforts on environmentally sustainable investments (such as green taxonomies, environmental and climate disclosures, and standards and labels for green financial products) also emerges in the EU’s New Agenda for the Mediterranean. Moreover, these views are shared by both the EU and the SMCs respondents of the Euromed Survey that considered the need to ensure investments in line with environmental and social standards as a key element for an inclusive green transition.

There was also a clear overall consensus between EU and participants from the Southern neighbourhood that there can be no green transition without green skills.

The transition to new green and decarbonised economic systems implies, in fact, a transformation of the structure of the economy towards less-polluting and more resource-efficient economic activities and these changes are difficult to implement if there is a lack of green skills.

Respondents from both shores consider the shortage of green skills as the main constraint to the green transition in the Mediterranean. The transition to new green and decarbonised economic systems implies, in fact, a transformation of the structure of the economy towards less-polluting and more resource-efficient economic activities and these changes are difficult to implement if there is a lack of green skills. New mindsets and new skills will be needed, not only for people entering the labour market, but for people of all ages and stages in life. Consequently, skills and training will have to adapt to the emergence of environmentally friendly technologies in a wide range of professions, which means big changes in education, training and lifelong learning.

**Graph 2: Q.20** What should be the main EU-SMCs cooperation priority for a green and inclusive agenda?



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

Enhancing green skills and competences is considered a necessary condition to ensure a positive impact of the green transition on the labour market.

At the same time, the green transition will have a profound impact in terms of employment, since green policies also imply the obsolescence of some technologies and products, which translates into the obsolescence of some jobs and human capital, affecting the structure of labour demand. This may lead to a significant transformation of the labour market, creating both new opportunities and new risks for workers. In particular, green policies will contribute to job creation in a number of 'green' economic sectors. At the same time, job loss is especially likely to occur in

'brown' sectors, whose activities will be replaced by green sectors. Both the EU and SMCs respondents ranked the lack of green skills at the top of the barriers to the inclusive green transition, while the issue of labour market disruption ranked last. These results should be read not in terms of people attributing a greater importance to green skills than the disruption of the labour market, but in terms of an awareness that enhancing green skills and competences is considered a necessary condition to ensure that the overall impact of the green transition on the labour market will be positive.

In conclusion, green skills, by supporting the green transformation of all economic sectors and giving employees the ability to work in green sectors, are considered a key driver of a just transition. Therefore, to facilitate the green transition in the Mediterranean region, adequate and effective investment in education, training and skills will be key.

Civil society participation can strengthen the outcome of a truly inclusive green transition, bringing new insights and innovative practices through local and traditional knowledge. In addition, it can help anticipate emerging issues and support effective policy implementation by fostering trust among stakeholders. The prerequisite to ensuring a participatory approach to green transition, as well as to promoting the cooperation between green and social civil society actors has been also underlined by the Survey participants, especially by the SMCs respondents, highlighting the relevance of the issue especially in the Southern shore, where the demand for transparency and inclusive social participatory processes have continued to increase since the Arab Spring (Subramoni, 2022). It is therefore vital that governments include social dialogue and build a participatory approach to the low-carbon and green transition to avoid the risk of political instability.

Another constraint to an inclusive green transition in the region highlighted in the Survey is the green technology gap, which mainly affects the SMCs.

The Survey revealed that there are still several barriers to adopt a green growth agenda in the Mediterranean region, which require new forms and new areas of cooperation between the European countries and the SMCs. The priorities where strengthening Euro-Mediterranean cooperation are the subject of the next section of this qualitative analysis.

There are still several barriers to adopt a green growth agenda in the Mediterranean region, which require new forms and new areas of cooperation between the EU countries and the SMCs.



## The EU-SEMCs Cooperation Priorities for a Green and Inclusive Agenda

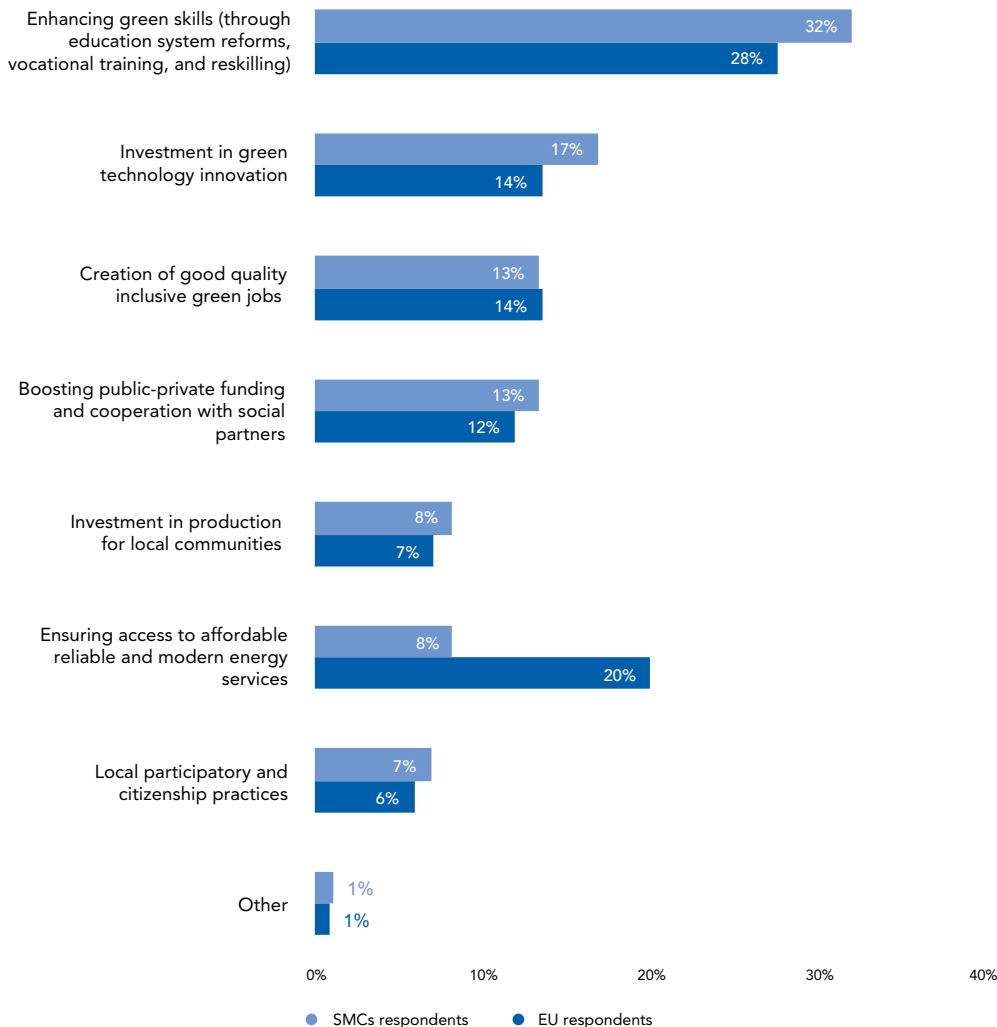
The green transition is a top priority for the EU, which has positioned itself as a global leader of the green economy transition as reflected in its ambitious goals laid out in the EU Green Deal. However, as the policy document states, the Green Deal is not just a commitment to mainstream sustainability and decarbonisation inside EU borders, but also a commitment to encourage action across the world, especially amongst its immediate neighbourhood, through strong environment, energy and climate partnerships.

However, there are several conditions required to make the green transition project work as a shared policy goal. The challenges of the green transition cannot be addressed by the same unidirectional and top-down approaches that informed the previous EU neighbourhood policies. The North-South cooperation within the Barcelona Process was characterised by significant asymmetry, since the cooperation model was conceived as a simple extension of the decisions and objectives formulated within the EU to the SEMCs. To avoid these old mechanisms, it is necessary to rethink conventional approaches, establishing stable and effective ways to cooperate and coordinate initiatives based on a continuous two-way dialogue able to guarantee shared objectives, solutions, and responsibilities on a win-win logic.

As also highlighted by the EuroMeSCo Survey, a central element of the EU-SMC cooperation for a green and inclusive agenda should be enhancing green skills (see graph 3). All respondents, especially those from the SEMCs, consider cooperation in green skills investment and development as a key factor to enabling an inclusive green transition. Cross-Mediterranean programmes focused on green transition should promote green skills in close cooperation with the private sector and in partnership with other international organizations, such as the United Nations Industrial Development Organization (UNIDO) and the International Labour Organization (ILO), to align skill development and training assistance programmes with greening national strategies. In 2017, the Union for the Mediterranean (UfM) Roadmap for Action argued that strengthening human capital is the key force for stability and security in the region and that education and youth mobility are an essential part of the answers to the challenges faced by the Mediterranean (UfM, 2017). In particular, cross-regional non-formal exchanges or learning projects, such as local or international volunteering projects, youth gatherings, or international youth exchanges, may provide young people with the opportunity to meet with other peers and cultures in the region and to become more aware of common challenges and solutions that can help in this regard. An important step could be reaching a common agreement on green skills under the flagship of the European Skills Agenda in order to identify priorities and concrete actions. Such an initiative could lay the foundation for joining forces among countries towards strengthening green skills in education and training (Elmasllari, 2022).

Cross-Mediterranean programmes focused on green transition should promote green skills in close cooperation with the private sector and in partnership with other international organizations, to align skill development and training assistance programmes with greening national strategies.

**Graph 3: Q.20 What should be the main EU-SMCs cooperation priority for a green and inclusive agenda?**



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

Less important than green skills in terms of cooperation, but still considered among the main priorities by the respondents of the Survey is investing in green technological innovation. The transition to a climate-neutral and environmentally sustainable economy will require significant investments in every sector, including renewable energy and energy efficiency, climate-smart agriculture, green transportation, biodiversity loss and pollution, the protection of natural capital and the support to the circular and blue economy, as well as for human capital and social issues related to the transition. As stated by the Joint Communication, the European Commission has already

Two main ways for Euromed cooperation to increase green investments in the SMCs: help to improve the enabling environment, conditions, and promote the mobilization of the right incentives to attract green investments.

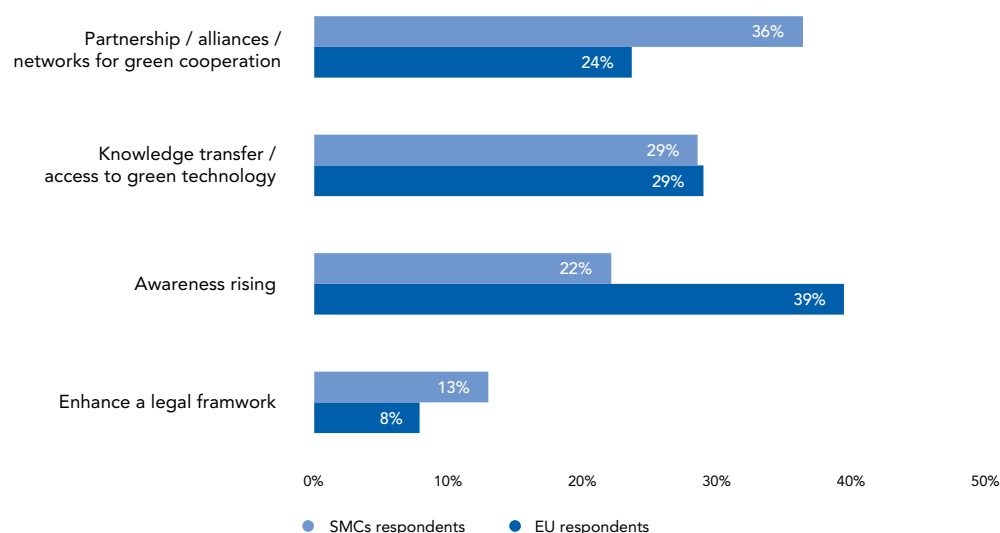
proposed mobilising 7 billion euros in green investments to foster sustainable development in the region, mainly through the Neighbourhood, Development and International Cooperation Instrument (NDICI), which foresees both bilateral and regional initiatives. The strong cooperation between national and international institutions, the greater involvement of the private sector and the development of green initiatives will be crucial elements for green investments in the SMCs. There are two main ways the Euromed cooperation can increase green investments in the SMCs: help to improve the enabling environment, conditions that affect the viability of sustainable investments, including policy and governance frameworks, as well as programs or initiatives that help finance flow; promote the mobilisation of the right incentives to attract green investments in strategic infrastructure for green transition, in particular energy, water and transport.

Identifying barriers, as well as priorities in terms of cooperation for the inclusive green transition in the region should inevitably be accompanied by concrete actions to make the green transformation effective.

## EU-SMCs Concrete Actions to Foster an Inclusive Green Transition in the Region

The Survey respondents have identified a series of concrete actions that the Euromed cooperation should undertake to make an inclusive green transition effective.

**Graph 4:** Q.21 What concrete actions should EU-SMCs cooperation prioritise to foster an inclusive green transition? (Categories developed from open-ended answers)



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

As the figure shows, most respondents attached particular importance to three actions: awareness; partnership, alliance and network; knowledge transfer and access to green technology. However, it is necessary to highlight that the weight attributed to each element varies according to whether we consider the European respondents and those from the SMCs. In particular, the participants coming from the SMCs give more importance to the implementation of partnerships and alliances. Enhanced regional integration on green transformation areas and strong multi-stakeholder partnerships will be key to smooth transitions to a low-carbon and green future. The creation of strong partnerships and alliances should cover several domains and should be established at different levels: regional, sub-regional and national. These alliance should include: sectoral partnerships to act collectively on issues such as climate change, natural resources management, biodiversity loss, etc.; a financial partnership to foster multi-actor alliance with financial institutions to align financial flows to national climate and green priorities; a green technology partnership to enhance innovation and technology exchanges and connect providers and seekers of environmentally friendly technologies; knowledge partnerships with academia, think tanks, civil society organisations and youth networks to promote knowledge sharing and the exchange of best practices and ideas for effective green actions.

Enhance regional integration on green transformation areas and strong multi-stakeholder partnerships will be key to smooth transitions to a low-carbon and green future.

On the other hand, respondents from both shores share the importance of knowledge transfer and access to green technology to accelerate the transition. The EU should have a key role in advancing green technologies in the SN, overcoming the conventional linear models of 'technology transfer' that have dominated the spread of technology until now and adopting a more systemic and holistic model of 'technology sharing'. To achieve this objective, the EU should ensure not only the access, but also the effective use of technology in the SMCs, assessing and prioritising their technology needs; building the capacity of the local labour force to adapt, disseminate, maintain and replicate the technological innovation generated abroad; developing strategic partnerships with different stakeholders in the value chain; taking into consideration the technological knowledge of the SMCs' local communities and integrating it with technological advances and innovation of the EU (Della Ragione, 2022).

The strengthening of the legal framework is a prerequisite for green transition. A structural challenge for many SMCs remains the enforcement of environmental laws and regulations.

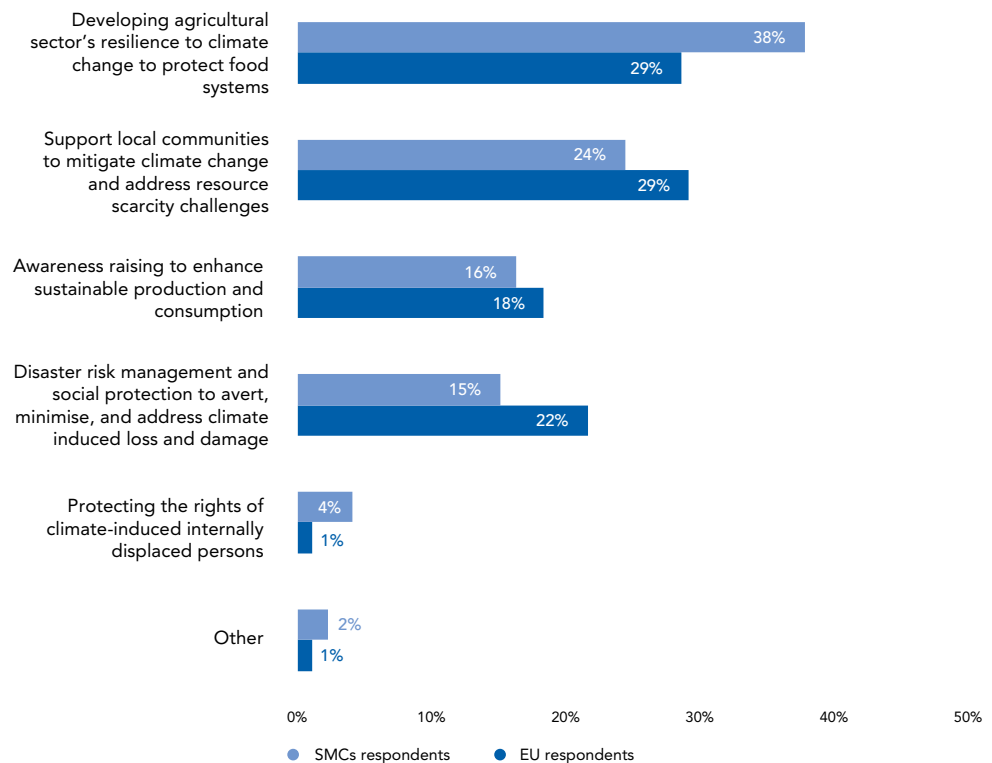
Finally, even if perceived with less relevance by the respondents, strengthening the legal framework is a prerequisite for green transition. A structural challenge for many SMCs remains the enforcement of environmental laws and regulations. As economic and political stability is a prerequisite for the growth and execution of environmental law, the economic crisis triggered by the Covid-19 pandemic associated to the public discontent against governments which affects several SMCs, will only delay and detract the environmental agenda.

## EU-SMCs Cooperation Priorities to Increase Resilience to Climate Change Social Impacts

According to the MedECC report (2020), in the Mediterranean region current risks to human population, economies and ecosystems will increase as a result of climate change impacts. Droughts, wildfires, soil degradation, desertification, sea level rise, heat waves, river flooding, and other pressures can seriously challenge the resilience of both biophysical and human subsystems. Addressing these risks, adapting to change and increasing the resilience of Mediterranean socio-ecological systems will be crucial for ensuring sustainable development in the region. Therefore, developing joint, region-wide, and integrated adaptation approaches that treat risks and hazards in a holistic manner is of utmost importance.

The Survey results show several cooperation priorities to increase resilience to climate change social impacts. The first refers to the agricultural sector and the need to increase the resilience of food systems.

**Graph 5:** Q.22 What should be the main EU-SMCs cooperation priority to increase resilience to climate change social impacts?



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

The relevance of the topic is linked to the fact that the agricultural sector is particularly sensitive to climate variability and shocks. Furthermore, instability and price volatility in the global agricultural markets may exacerbate the local impacts of climate change, because most Mediterranean countries are net importers of cereals and fodder/feeding products. Furthermore, the ongoing conflict in Ukraine continues to exacerbate food security and nutrition issues, with high and volatile energy, food and fertiliser prices, restrictive trade policies, and supply chain disruptions. Transitioning towards sustainable food systems and strengthening the resilience of Mediterranean agri-food systems to risks such as rising temperatures, increasing evaporation, lack of precipitation, extreme weather events, sea-level rise, are crucial for a longer-term response. Innovations and modern techniques/technologies can strengthen food system resilience, improve resource efficiency, and secure social equity, thus contributing to the achievement of sustainable food security (Capone et al., 2021).

Another main priority identified by the Survey is the need to support local communities to mitigate climate change and address the scarcity of natural resources. Local communities can implement effective practical actions to prevent, mitigate or reduce the exposure to climate impacts. To support sustainable and resilient communities, national governments and regional institutions should launch community grant programmes to increase resilience to climate change.

Adapting to the impact of climate change in the Mediterranean is a key issue for water management, especially in the SMCs, where water security is at severe risk due to strong human pressure associated with the impact of climate change. In several SMCs, instability combined with poor water management can become a vicious cycle that further exacerbates social tensions. Against a backdrop of increasing water scarcity, the SMCs need to revisit their water management systems and risk prevention strategies in order to reduce vulnerability, losses and damages in the short, medium and long term. This requires technical adjustments, but moreover policy, institutional and behavioural changes. Because of the essentially local nature of the water issues and intervention responses, local communities and institutions will be empowered, contributing to behavioural change on the use of water resources. In addition, given the scale and commonality of the challenges and the transboundary nature of climate change and shared water resources, collective action and partnerships are also essential. Partnership approaches to enhance knowledge-sharing and financial resources, provide opportunities for effective synergies in innovation and learning, allowing countries to learn together, sharing data, best practices, and innovations as well as to have access to the necessary financial resources.

With regards to financial support for climate change mitigation and adaptation initiatives to the SMCs, donors include both bilateral and multilateral climate funds. France and Germany are key bilateral donors to the region, supporting both single country and regional programmes, while Egypt and Morocco represent the main recipients of donor support. Many donors, including the EU, also channel their support through the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), and multilateral climate funds, such as the Clean Technology Fund and the Green Climate Fund. The Islamic Development Bank also plays

Transitioning towards sustainable food systems and strengthening the resilience of Mediterranean agri-food systems at risks, are crucial for a longer-term response.

In several SMCs, instability combined with poor water management can become a vicious cycle that further exacerbates social tensions.

Because of the essentially local nature of the water issues and intervention responses, local communities and institutions will be empowered, contributing to behavioural change on the use of water resources.

a key role in climate change initiatives. As shown by a study on this topic (Cooper, 2020), there is more financial support for mitigation than for adaptation projects, especially in the field of renewable energy, such as the Clean Technology Fund's support for the Noor Plan in Morocco and the European Bank for Reconstruction and Development's Renewable Energy Financing Framework in Egypt.

For water management, partnership approaches enhancing knowledge-sharing, can provide opportunities for effective synergies for innovation.

A point of criticism towards the green transition in the Mediterranean is the overfocus on renewable energy, energy efficiency and technological innovation, overlooking the interconnections between the current climate crisis and material use, as well as the great potential of Sustainable Consumption and Production (SCP) and the Circular Economy. In many countries of the MENA region (e.g., Lebanon, Jordan, Palestine, Egypt and Libya), the concept of the green economy is relatively new and incentives for companies to adopt circular principles are very limited. Regional policy measures should be implemented to support the creation and the development of green and circular economy businesses in the Mediterranean. A step in the right direction is represented by The Regional Action Plan on Sustainable Consumption and Production (SCP) in the Mediterranean, the first intergovernmental agreement that has established a regional action framework to promote the shift towards a more sustainable and circular economy, consumption patterns with lower environmental footprints, and greener production methods. It is structured around key economic sectors that are the main sources of environmental pressures on Mediterranean ecosystems (UN Environment/MAP, 2017).

Another issue that is affecting the Mediterranean region is strictly related to migration waves, whose push factors are increasingly represented by the so-called unconventional variables in the choice to emigrate, such as environmental deterioration and the effects of climate change, phenomena that threaten the livelihood and well-being of the populations of the Southern shore. This phenomenon requires the identification of common strategies at the Euro-Mediterranean level in the management of migrations which consider that often people are forced to migrate, and their mobility is an adaptation strategy that allows them to minimise harm for themselves and/or improve their overall lives.

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# Rethinking the Digital Transition from an Accessibility to a Capability Approach

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How could inclusive digital transitions be fostered in Southern Mediterranean countries (SMCs)? So far, the dominant approach for understanding the impediments to the emergence of thriving and inclusive digital economies in developing countries has been that of the digital divide, the unequal access to digital technologies, including the Internet, computers and smartphones, between nations, regions, groups, individuals, etc., excluded from the benefits of digital technology in either absolute or relative terms (Van Dijk, 2020; Heeks, 2022).

However, this vision, which still permeates policy thinking about the digital transition, is challenged by rapid digitalisation in developing countries, including those in the southern Mediterranean, a process that has further accelerated since the Covid-19 pandemic (El-Kadi, 2020; Tidjani, 2021). The overwhelming majority of the population in SMCs is now included in digital systems of some sort. While this digital inclusion has come with some economic gains, it has so far failed to boost processes of structural transformation, and it has, in some instances, been associated with increased inequalities (Gurumurthy et al., 2019). In fact, 60% of the EuroMesco survey respondents thought that the disruptive effect of the digital transformation bears a high or very high impact on continuous socio-economic disparities in SMCs.

This short paper puts forward the idea that, while the digital divide paradigm is still useful, a new approach is needed to understand and tackle stalled digital transitions in SMCs, one that conceptualises the digital transition in more structural terms. The paper starts by examining key inequalities that account for the long-lasting digital divide in SMCs, providing policy paths to bridging these gaps. It then suggests moving beyond the digital divide paradigm to think of inclusive digital transitions within a technological capability approach, highlighting a path for a transformative and inclusive digital agenda in the Euro-Mediterranean region.

In SMCs, digital inclusion has come with some economic gains, but it has so far failed to boost processes of structural transformation, and it has, in some instances, been associated with increased inequalities.

Governments in the region perceive the digital transition as an opportunity to escape the middle-income trap while creating jobs for millions of unemployed people in the region.

## The Digital Divide in the Southern Mediterranean

Building digital economies has become a high priority for Southern Mediterranean countries. In a context of chronic high youth unemployment and sluggish growth, governments in the region perceive the digital transition as an opportunity to escape the middle-income trap while creating jobs for millions of unemployed people in the region.

Significant progress can be noted in some aspects of the digital transition. For instance, internet connectivity, a crucial prerequisite for digital services in e-commerce, e-education, health care, and finance, has increased rapidly in recent years. As of 2023, Morocco's Internet penetration rate stood at 88% of the population, while Tunisia and Algeria reached 79% and 71% ratios, respectively (Datareportal, 2023). This growth in mobile broadband access is somewhat correlated with a surge in mobile phone subscriptions and an expansion in 3G and 4G network coverage in SMCs. At the same time, some SMCs witnessed the emergence of booming start-up scenes, with Egyptian start-ups attracting over \$517m in funds in 2022 (Daily News Egypt, 2023).

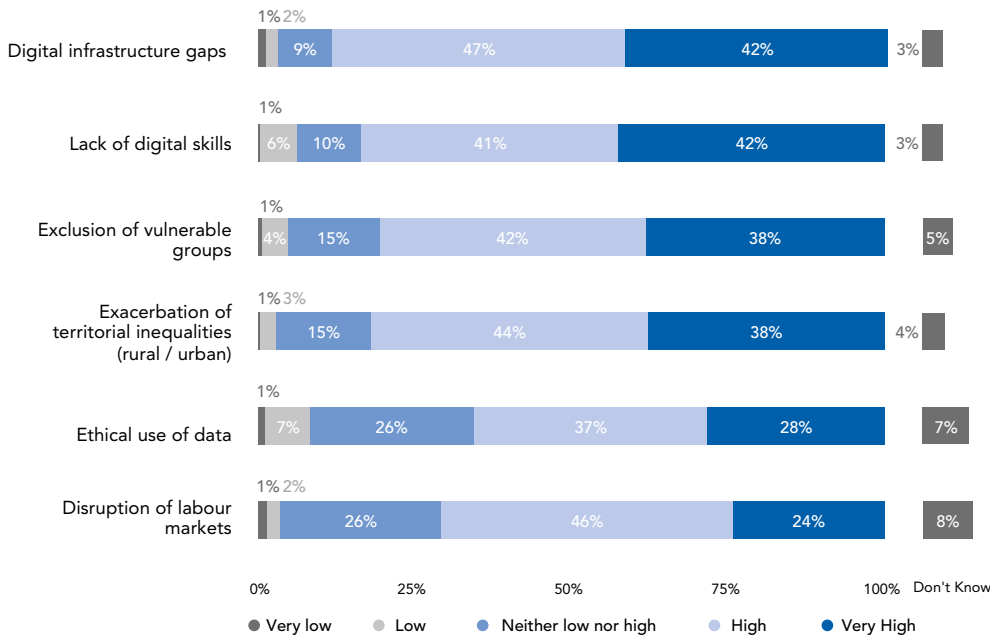
But despite progress, major barriers still hinder SMCs from leveraging the full potential of the digital economy. Some analysts perceived digital technologies, particularly the Internet, as radical tools that could produce inclusive growth and bridge inequalities within and across countries (Katz & Koutroumpis, 2012; Baldwin, 2017). However, it is now well-recognised that digital technologies are not magical tools that could erase entrenched disparities; but that these technologies are embedded in social, political, institutional, and cultural contexts that shape their developmental role. These problems are particularly acute in developing countries, like SMCs, where large segments of people still lack access to digital technologies.

## The Digital Infrastructure Gap

Digital technologies, particularly the Internet, as radical tools that could produce inclusive growth and bridge inequalities within and across countries.

SMCs still lag other emerging regions in terms of digital infrastructure. Expanding connectivity is a prerequisite for new digital services in e-commerce, e-education, health care, and finance. SMCs countries in the region must focus on expanding broadband internet access to the millions of citizens that are still unconnected. While access to the Internet has improved in recent years, internet speed in SMCs remains poor, largely due to a lack of digital infrastructure (El-Hamidi, 2020). Too few people across the region have access to fast, affordable internet (World Bank, 2019). Accordingly, about 88% of respondents in the EuroMeSCo survey assessed the infrastructural gap to be a major factor slowing inclusive digital transitions across the region, with respondents from SMCs giving slightly more weight to the infrastructural gap than respondents from the EU.

**Graph 1: Q.17 To what extent are the following elements a challenge for an inclusive digital transition?**



The lack of internet access or slow internet speed discourages local content hosting and the deployment of higher-value-added digital services.

Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

Creating jobs in cities set to become service-oriented hubs depends closely on developing a cloud-based, high-speed digital infrastructure. Furthermore, cutting-edge digital infrastructure will be vital for rolling out 5G networks and using emerging technologies, such as the Internet of Things (IoT), artificial intelligence (AI), blockchain and robotics. As it stands, the lack of internet access or slow internet speed discourages local content hosting and the deployment of higher-value-added digital services.

Investments in ICT equipment could help reduce the latency and reduce costs. For instance, Internet exchange points (IXPs) are a critical type of infrastructure with the potential to improve the quality and affordability of the Internet in SMCs. Currently, Algeria, Tunisia and Libya do not count IXPs, which means that their domestic internet traffic is exchanged through points outside their national borders, passing through several international hubs to reach their destination.<sup>1</sup> This results in reduced internet speed and discourages hosting data content locally. Similarly, SMCs suffer from low capacity to localise data. More data centres can reduce SMCs' consumption of international bandwidth, speed up the Internet and boost the resilience of their national networks.

EU-Med cooperation should support infrastructural catch-up to enable developing Mediterranean countries to expand and upgrade existing infrastructure, ensuring interoperability across both sides of the Mediterranean.

1. See the global IXP map: <https://www.internetexchangemap.com/>

Closing the infrastructural gap in SMCs would require large investments. While private sector-led investments are needed, SMCs in the region should avoid overreliance on this model for its inherent shortcomings, dismissing 'last-mile' telecommunications connections in remote areas, as these are not profitable. EU-Med cooperation should support infrastructural catch-up to enable developing Mediterranean countries to expand and upgrade existing infrastructure, ensuring interoperability across both sides of the Mediterranean.

## Exclusion of Marginalised Groups

Women are particularly exposed to digital exclusion. Without equal Internet access, women cannot participate equally in the digital economy and take advantage of its opportunities.

Digital inequalities also intersect with other types of inequalities, such as those related to gender, geography, income, and levels of education. Major gaps exist between those who can and those who cannot access cyberspace. According to the EuroMeSCo survey, 80% of respondents thought that the exclusion of vulnerable groups was a key cause behind the digital divide (see graph 1).

Women are particularly exposed to digital exclusion. Gender-disaggregated data from Arab countries reveals a notable difference in internet usage between males and females, ranking the region second, after sub-Saharan Africa in terms of gender-based disparity in internet access (ITU, 2023). For instance, as of 2019, 73% of Tunisian men used the Internet compared to only 61% of women. There are several causes behind the digital gender divide, including hurdles to access, affordability, lack of skills, and discriminatory socio-cultural norms (Hilbert, 2011; OECD, 2018). Without equal Internet access, women cannot participate equally in the digital economy and take advantage of its opportunities.

The disparity in Internet access between urban and rural areas is also noteworthy. The survey indicates that 82% of the respondents thought that urban-rural inequalities represented a serious challenge towards an inclusive digital transition (see graph 1). While there are fewer internet users globally in rural areas than in metropolitan agglomerations, the gap is more acute in poorer countries. According to 2020 International Telecommunication Union (ITU) data, over 80% of Egypt's urban citizens were regular users of the Internet, against only 60% of rural Egyptians. In Spain, the difference between the ratios of internet access in urban and rural areas is less than 3%, while in France, the gap is around 2% (ITU, 2023). Rural citizens' lack of access to the Internet in SMCs further exacerbates existing inequalities as it excludes them from the potential economic and social gains associated with internet usage (Gerli & Whalley, 2022).

Furthermore, many still suffer from poor digital skills even with the right digital infrastructure. Large chunks of the population are excluded from using the Internet due to a lack of basic digital skills such as searching online, online communication, as well as the capacity to use work-related online platforms. Substantial skills gaps have deepened existing inequalities between households, firms, and countries, especially during the Covid-19 pandemic when most economic and social activities were brought online.

Overall, expanding digital access will require targeted efforts focusing on women, rural citizens, and other marginalised groups. Developing more training content in Arabic for the millions of people across the region who are not proficient in other languages is a necessary step towards closing the existing skill gap. Regulatory changes, mainly those that foster competition in the telecom sector, can drive down internet prices, increasing affordability and promoting greater access.

This being said, while expanding access is central to just digital transitions, empirical evidence indicates that, despite a significant narrowing of the digital divide in terms of internet access within SMCs and across the two shores of the Mediterranean, the expected economic growth from the so-called “digital revolution” has not yet materialised. This assessment calls for new conceptualisations of the region’s barriers to building inclusive digital economies.

## Adverse Digital Inclusion and the Need to Strengthen Technological Capabilities

Understanding the digital divide in terms of inclusion and exclusion from digital systems in developing Mediterranean countries was particularly useful in the first decade of the 21<sup>st</sup> century, when the bulk of the population could not access or use computers, mobile phones, and the Internet. As highlighted above, millions across SMCs were connected to the digital space over the past decade, significantly reducing disparities in digital access.

But in most cases, digitisation experiences in SMCs led to limited efficiency and productivity gains but without producing transformative economic outcomes. For instance, rural women in SMCs are already taking advantage of the Internet’s opportunities. In Morocco, home-based female weavers now sell rugs online, and in Egypt, a young women’s start-up is marketing healthy homemade meals (World Bank, 2019). Although, in both cases, women managed to cut intermediaries by selling products directly online, enabling them to keep a larger share of the profits, the women running these businesses have not fundamentally altered their socio-economic status.

A similar story appears at the macro level. Small and Medium Enterprises (SMEs) in different sectors, including agriculture, manufacturing, and finance, have digitalised segments of their activities, with clear benefits. Results from a firm-level dataset of 466 Tunisian SMEs indicate that digitalisation positively correlates with the firms’ performance, allowing them to develop their activities, boost their sales, and have a greater presence within foreign markets (Mouelhi & Bellakhal, 2019). While increased digitalisation has allowed smaller firms and entrepreneurs to become more networked and efficient, it has often enabled only limited technological upgrading, leaving Tunisian firms, like other firms in the southern Mediterranean, at the lower end of global value chains (also Murphy & Carmody, 2015; Foster et al., 2019 for a broader discussion).

Sustained and inclusive economic development requires more than just producing the same goods and services more efficiently, but engaging in producing more

Expanding digital access will require targeted efforts focusing on women, rural citizens. Regulatory changes, mainly those that foster competition in the telecom sector, can drive down internet prices, increasing affordability and promoting greater access.

Digitisation experiences in SMCs resulted in limited efficiency and productivity gains but without producing transformative economic outcomes.

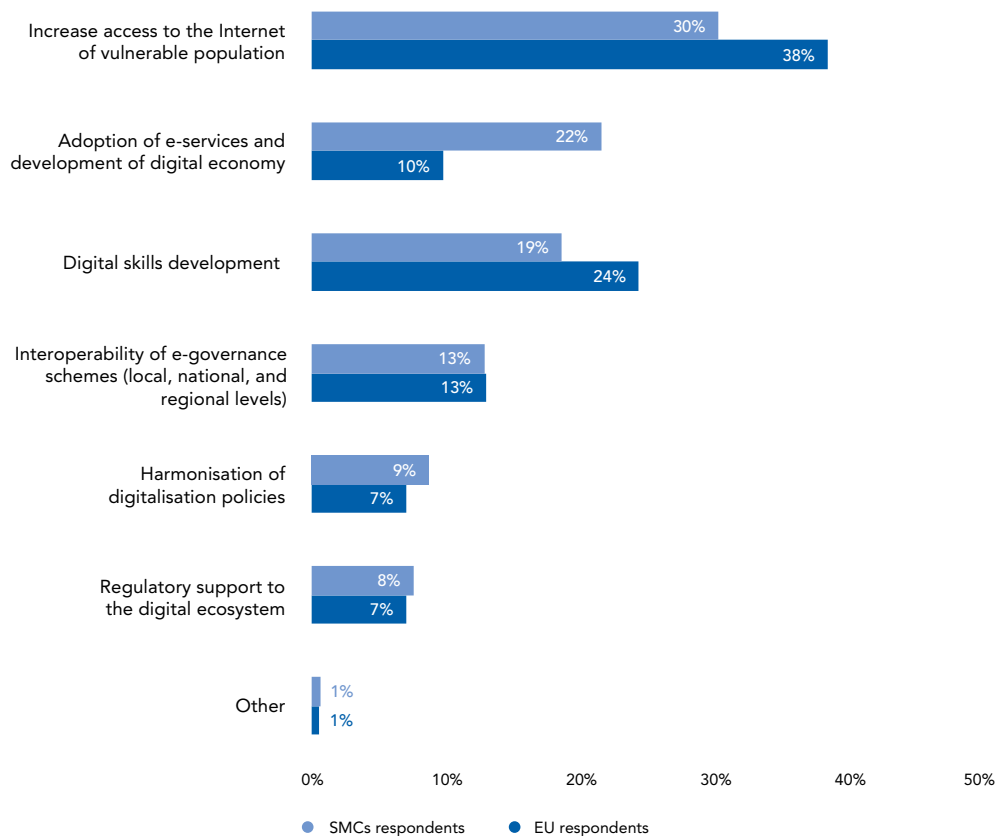
For the digital transition to drive inclusive development in SMCs, it will need to be embedded within broader efforts for structural transformation.

In SMCs, the most important question is no longer whether or not countries, firms and individuals are incorporated into digital systems but rather how they are incorporated.

technologically-intensive products and services. For the digital transition to drive inclusive development in SMCs, it will need to be embedded within broader efforts for structural transformation and the move from low-tech, low returns activities to activities with higher-technology intensity and greater returns (Kaplinsky, 2005; Rodrik, 2013). Such structural transformation is crucial for long-term, inclusive growth because, over time, specialisation in low-value-added products suffers from price volatility and declining terms of trade (Mann & Iazzolino, 2019).

When it comes to digital transitions in SMCs, the most important question is no longer whether or not countries, firms and individuals are incorporated into digital systems but rather *how* they are incorporated. Arguably, SMCs, like other developing regions, don't suffer from digital exclusion as much as they suffer from adverse digital incorporation. In this context, **the key to success is in strengthening domestic technological capabilities** to allow people, firms, and countries in the Southern Mediterranean to best leverage digital technologies for inclusive development. Below are a few measures that could help support the digital transformation.

**Graph 2: Q.18** What should be the main EU-SMCs cooperation priority for an inclusive digital transition?



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

First, SMCs governments need to consolidate national strategies focused on upgrading digital skills. Investing in people and building human capital is essential to respond to rapid technological change and protect citizens in the southern Mediterranean from digital disruptions. This would require moving beyond training in basic digital skills to emphasising more advanced skills such as data analytics, software development and original content creation, as global markets are increasingly demanding workers with higher levels of skills, including better cognitive and socio-behavioural skills. University programmes in SMCs, often outdated and underfunded, need to be reconfigured to train graduates in cutting-edge technologies and match market needs. The EU can support SMCs governments in promoting national digital training programmes, boosting inter-university partnerships and joint research and development (R&D) initiatives.

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Second, at the firm level, policies ought to support firms in upgrading their digital capabilities. Similarly to the East Asian experience, SMCs can evolve as “learners” by borrowing and improving digital technologies that had already been commercialised by experienced firms in the EU. This can be achieved by designing fresh EU-Med partnerships that promote technology transfer and boost innovation while considering the fast-changing nature of the digital industry.

The goal of such policies would be to push domestic firms in SMCs to acquire key technologies and then to localise and adjust them to support industries on both shores of the Mediterranean. The EU could further support this process by introducing mechanisms that would allow Southern Mediterranean firms to be more easily integrated into its suppliers’ value chains and facilitate technological learning and upgrading within value chains.

Finally, data regulations can play a crucial role in fostering local digital capabilities and securing inclusive digital transitions. The lack of adequate safeguards for internet users may cause people, governments, and businesses to avoid using digital tools and services, which could have serious developmental repercussions. All of the SMCs have passed some cybersecurity laws, although these are incomplete regarding privacy and data protection. But as digital data increasingly becomes a strategic asset, SMCs governments ought to adopt more systematic approaches to truly leverage the value of data and help digital transformation.

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This may entail requirements for data processing and analysis to be undertaken by local firms and institutions to allow learning and reinforcing capabilities. By assisting SMCs countries in shaping their emerging digital frameworks, the EU member states can ensure the diffusion of its General Data Protection Regulation (GDPR) in the region, a framework that is increasingly challenged in the region by alternative data-governance models such as the one promoted by China.



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# Persistent Youth Exclusion: The Deep-Rooted Threat South the Mediterranean

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## Perils of Youth Exclusion South of the Mediterranean

For the past few years, severe economic spillovers from the Covid-19 pandemic and the Russian-Ukrainian war have been adding more pressure on the socio-economically disadvantaged groups south of the Mediterranean, as in most developing economies. A looming global stagflation is exacerbating the vulnerability for various groups in the region, specifically the youth, who have chronically been challenged by various forms of exclusion.

Countries south of the Mediterranean have some of the largest shares of youth population worldwide, defined as people aged 15 to 24 years old (International Labour Organization, 2016). Almost half of the region's population was younger than 24 years old in 2021, with 31% younger than 15 years old (International Labour Organization, 2022), behind only Sub-Saharan Africa, the youngest region globally.

This vast youth population south of the Mediterranean has been persistently suffering exclusion for decades. The region has chronically had the worst indicators globally for youth activity in the labour market in particular, the key determinant of life trajectory that affects future income, family formation, and prospects for upward socio-economic mobility.

Youth exclusion, and consequently frustration in the region have arguably been significant drivers of some of the major destabilising events and phenomena, in southern Mediterranean countries (SMCs) and beyond, in the recent decades. Growing youth frustration in the region for years has contributed to the eruption of the mass popular uprisings since 2010, in what became labelled "The Arab Spring" (Prince et al., 2018), youth frustration with labour opportunities in specific, in terms of availability and quality is considered to have played a major role in the uprisings, and the political instability and civil wars that followed (Devarajan & Ianchovichina, 2018).

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Youth exclusion and frustration have been significant drivers of some of the major destabilising events and phenomena in SMCs and beyond: mass popular uprisings, rise in violent extremism and irregular emigration.

Youth exclusion south of the Mediterranean, and in the larger Middle East and North Africa region is also blamed, in part, for the rise in violent extremism, as it has facilitated the recruitment of thousands of young males, from the region – and even beyond – to organisations like ISIS and Al-Qaeda along the last few decades (Bagchi & Paul, 2018).

The surge in irregular migration from the region, in recent decades, is also found to be driven by youth exclusion. A combination of determinants related to wealth and employment conditions are highlighted as key in pushing youth towards irregular immigration, as they seek a better future elsewhere (Dibeh et al., 2018).

## Youth Exclusion from the Labour Market

Youth exclusion south of the Mediterranean is most reflected and influential through the limited integration of the youth in the region's labour markets. Youth unemployment south of the Mediterranean is by a far margin the highest globally, compared to other regions, which has been the case for decades, building up the frustration and sense of alienation for the region's youth. In 2021, youth unemployment ranged in the region from a lowest of 24.3% in Egypt, to 40.5% and 50.5% in Jordan and Libya, respectively, the highest in the region (World Bank, 2022).

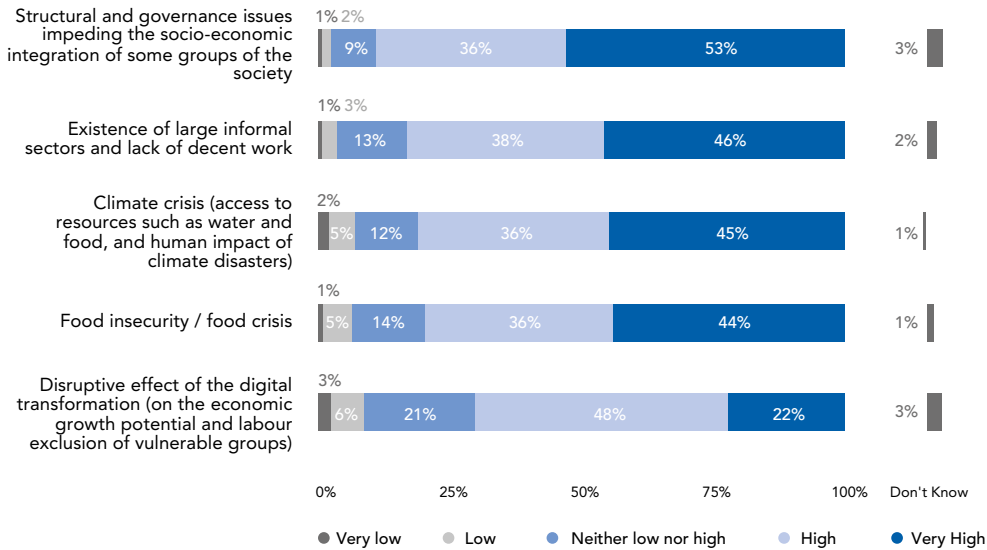
Furthermore, unemployment does not even paint the whole picture. The exclusion of youth from labour opportunities in the region is more obvious in the labour force participation rates, since unemployment indicators do not account for those who do not actively seek work, even if they choose not to, for lack of suitable opportunities. In this sense, youth labour force participation rates south of the Mediterranean are the lowest globally, by a wide margin. In 2021, they ranged from a low of 16% in Libya, to a high of only 29% in Tunisia (World Bank, 2022).

A combination of meagre participation in the labour force, and high unemployment amongst those who do participate, results in very low youth employment rates, which measure the percentage of the youth who are working, to the entire youth population. Employment rates among the youth south of the Mediterranean are also by far the lowest globally and ranged in 2021 from a mere 8% in Libya, to 20% in Lebanon (World Bank, 2022), highlighting how limited youth integration in the region's labour markets is.

The IEMed (European Institute of the Mediterranean) survey results reflect the respondents' conviction that exclusion from the labour market is indeed at the core of the youth exclusion dilemma south of the Mediterranean. As the following graph displays, 84% of the total respondents considered the problematic quality of available work to affect socio-economic inclusiveness in the region highly or very highly, the second highest percentage, following structural and institutional factors with 89% of total respondents.

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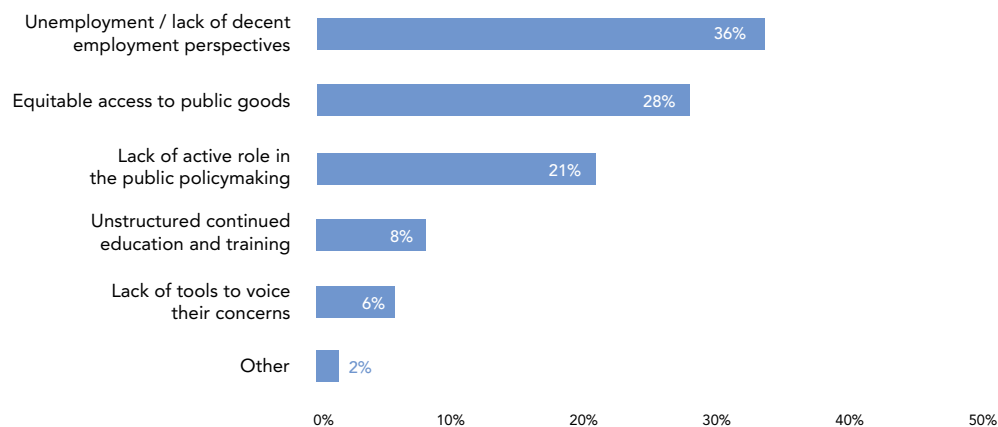
**Graph 1: Q.1 To what extent do you consider that the following factors affect socio-economic inclusiveness in Southern Mediterranean Countries?**



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

Furthermore, 36% of the total survey respondents chose ‘unemployment/lack of decent employment perspectives’ as the main challenge to youth inclusion south of the Mediterranean, the highest percentage among other responses. Equitable access to public goods was the second most chosen challenge by 28% of the respondents, as the following graph shows. However, it could be argued that the quality of public goods as well, not only their equitable accessibility per se, is a more significant challenge to youth inclusion south of the Mediterranean. For example, in most southern Mediterranean countries, free universal public education is provided, including tertiary education as well, which has produced significant progress in education attainment indicators for decades. Nevertheless, education systems in the region have been persistently found to increase the supply of degrees, but not equipping the youth with skills that would benefit them in the labour market, an issue that extends even to private education as well (Assaad et al., 2018).

**Graph 2: Q.13** In your opinion, what is the main challenge that SMCs encounter while promoting active youth citizenship?



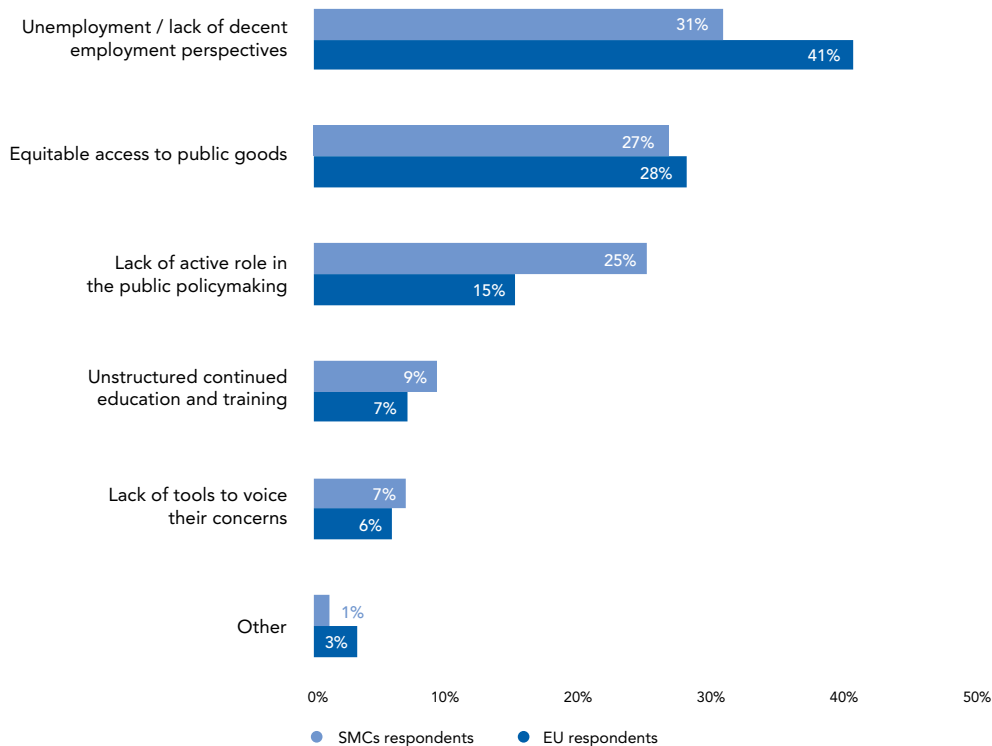
Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

## Institutional Roots of the Youth Exclusion

Even though the survey respondents, both from the European Union (EU) and SMCs alike, highly stressed the effect of institutional quality – namely structural and governance issues – on inclusiveness in SMCs, the results also highlight divergence regarding how far-reaching institutional effects are perceived. Respondents from SMCs seem to put significantly more weight on institutions than EU respondents as a main challenge to youth inclusion south of the Mediterranean.

While only 15% of EU respondents in the survey chose ‘Lack of active role in the public policymaking’ – a factor reflecting institutional impediments to active participation in SMCs – as the main challenge to youth inclusion south the Mediterranean, 25% of SMCs respondents chose it as the main challenge. EU respondents predominantly focused on labour market issues, with 41% of them considering them the main challenge to youth inclusion south of the Mediterranean, compared to only 31% of SMCs respondents, as highlighted by the next graph.

**Graph 3: Q.13 In your opinion, what is the main challenge that SMCs encounter while promoting active youth citizenship?**



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

These results most likely do not reflect considering labour market inclusion to be of less significance by experts from SMCs, but more the realisation from their side that institutional problems are key determinants of various forms of persistent youth exclusion in the region, including also from the labour markets. On the other side, EU experts seem to focus more on the symptoms of youth exclusion in SMCs, namely labour market conditions and access to public goods, rather than on the institutional roots of such a threat.

Persistent youth exclusion from labour markets in SMCs is argued as an issue of limited opportunities of decent work, which has been shaped for decades by weak institutional settings. During the last three decades at least, there has been a decline in public employment opportunities in SMCs, as a part of reforms and departing from the state-led economic models. Such a role of public employment was not replaced by the private sector in the region which grew slowly, mainly due to weak institutions, a discouraging business environment, cronyism, and uneven state intervention and competition practices (Hertog, 2016). Consequently, informal work steadily became the main destination to youth in the region's labour markets, exceeding 50%

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of non-agricultural employment in most SMCs (International Labour Organization, 2018). Informality tends to have lower productivity and job-creating potentials due to growth limitations (La Porta & Shleifer, 2008), and is also considered unacceptable to a part of youth, especially females, thus explaining high unemployment and low labour force participation among youth in SMCs (Assaad, 2014).

## The Ruttled Road Ahead

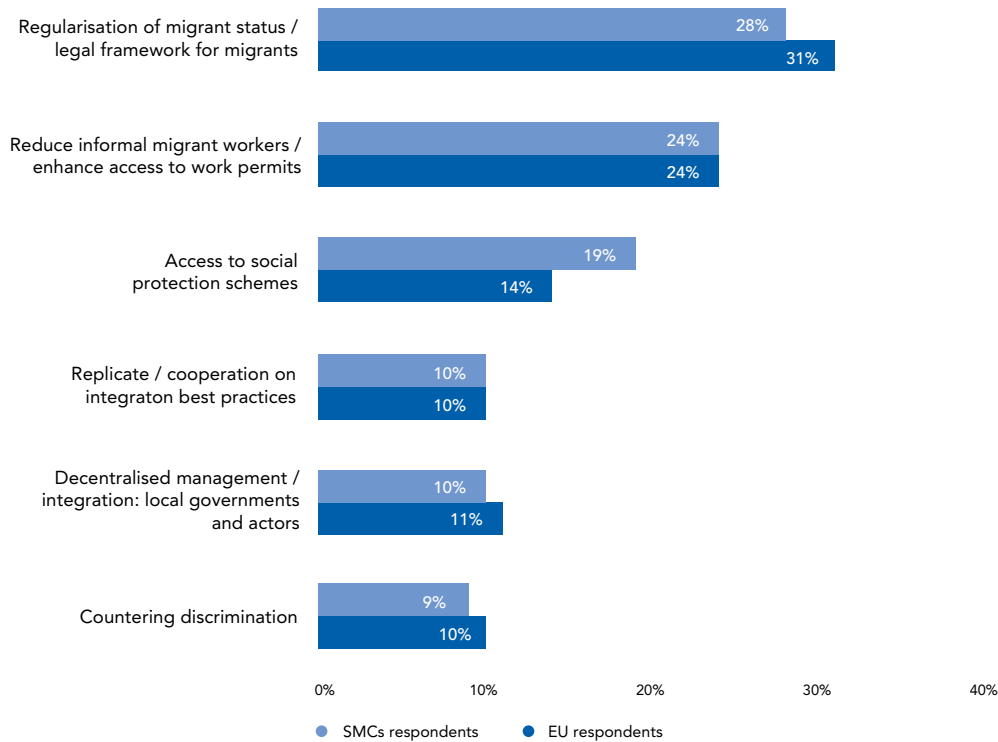
Differing perceptions regarding the main challenges to youth inclusion south the Mediterranean, between respondents from SMCs and the EU in the survey, are thus reflected in what they think the EU-SMCs cooperation should prioritise, in order to promote youth inclusion south of the Mediterranean.

In total, 30% of all survey respondents, the highest share, chose cooperation in education and vocational training as the priority. This result, in the context of the choice of labour market exclusion as the main challenge, implies an interesting conviction among respondents, that supply side issues, in terms of education and skills of the youth, might be the main reason behind low integration of the youth in SMCs' labour markets, more than the demand side problems, namely the lack of decent work opportunities. Cooperation in enhancing job quality and opportunities, on the demand side part of the issue, was the second most chosen priority, with 23% of all respondents.

SMCs' respondents prioritized participation in policy making, youth engagement in the civil society, and capacity building including social activism, almost as much as they prioritized enhancing job creation and quality.

Disaggregating the results by EU and SMCs respondents further affirms the divergence in perceptions among the two groups, on solutions to youth exclusion south of the Mediterranean, as a result of different views on the main drivers of the dilemma. The majority of EU respondents focused on cooperation in education and job opportunities as their priorities, with much less prioritisation of promoting youth inclusion in politics/policy and the public sphere. On the contrary, SMCs' respondents prioritised the participation in policy making, youth engagement in the civil society, and capacity building including social activism, almost as much as they prioritised enhancing job creation and quality. Such a gap reflects higher convictions in SMCs that youth inclusion in the region can be achieved by integrating youth more in the public life and institutions and providing them with more of a voice to influence policy-making and necessary institutional reforms, and not only by boosting education spending, or job-creating investments.

**Graph 4: Q.14 What should be the main EU-SMCs cooperation priority to promote active youth citizenship? (Categories developed from open-ended answers)**



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

Such results resonate with, and perhaps are also influenced by the results of recent economic reform policies south of the Mediterranean, that aimed at boosting economic growth and enhancing job-creation. Several countries in the region have taken this route, often in partnership with international organisations, among them the International Monetary Fund (IMF), focusing almost exclusively on monetary and fiscal policies to yield the desired outcomes, and have largely disregarded institutional reforms and inclusiveness of policymaking processes. Such endeavours have evidently had little success, as the worsening labour market indicators of youth in the region highlight, besides other indicators as well, including poverty and inequality in the region.

In current times, amid the global economic turmoil, shortages, and soaring inflation, youth socio-economic exclusion and frustration south, the Mediterranean seems even more problematic and threatening, to the region's stability and beyond. Efforts to address this dilemma, locally in the SMCs and their policymaking dynamics, and through cooperation with the EU and global partners, should tackle not the symptoms, but the deep roots, namely institutions.

Amid the global economic turmoil, shortages, and soaring inflation, cooperation with the EU and global partners, should tackle not the symptoms, but the deep roots, namely institutions.

SMCs and their EU and global partners should pay more attention to collaboration on institutional reforms south of the Mediterranean, including promoting wider inclusiveness of policymaking, fighting corruption, streamlining the business environment, protecting property rights, ensuring a level playing field and fair competition, and limiting the distorting practices of the state-owned enterprises and their proxies. Such reforms – despite being challenging – are necessary for encouraging the formalisation and growth of functioning private sectors in SMCs, which can lead job-creation, provide decent opportunities for the vast and growing young population south of the Mediterranean, and promote socio-economic youth inclusiveness in the region.

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# What Options Exist to Promote Migrant Inclusiveness in Southern Mediterranean Countries?

Jamie Slater

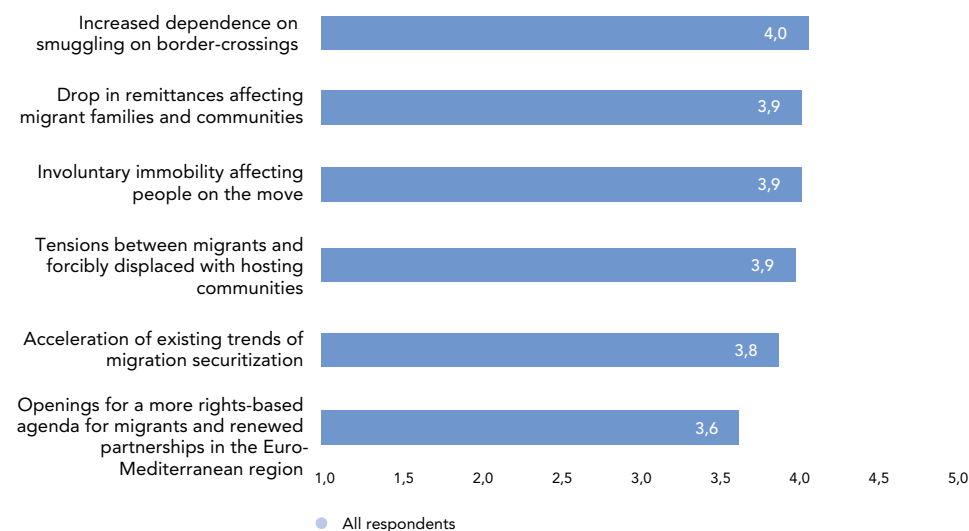
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## Introduction

Migrants and refugees in Southern Mediterranean Countries (SMCs) are vulnerable to various forms of exclusion. Social exclusion can take the form of racially-motivated hostility and violence, and discrimination in the labour or housing markets. A recent example is in Tunisia, where black African migrants have experienced violence, robberies, evictions and job terminations by employers after the President targeted black Africans in a speech in February (Human Rights Watch, 2023). Finding decent work is also a challenge, given scarce job opportunities as well as poor access to the labour market and formal work. Migrants can also have difficulty in gaining access to public services, especially if it is necessary to have regularised immigration status. The situation for migrants became even more hostile during the Covid-19 pandemic, as indicated in the graph below. For many migrants, particularly those who were attempting to transit through SMCs to Europe, the pandemic increased the reliance on smugglers and worsened involuntary immobility of people when international borders closed. In light of these challenges, this article explores some of the possible avenues for promoting migrant economic and social inclusion in SMCs.

During the Covid-19 pandemic, many migrants, particularly those who were attempting to transit through SMCs to Europe, increased their reliance on smugglers, and involuntary immobility worsened.

**Graph 1: Q.15** Migrants, as a vulnerable group, have particularly been hit by the socio-economic consequences and mobility restrictions of the pandemic. In your opinion, to what extent has Covid-19 impacted the following migration-related elements in SMCs? (Mean 1-very low, 5-very high)



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

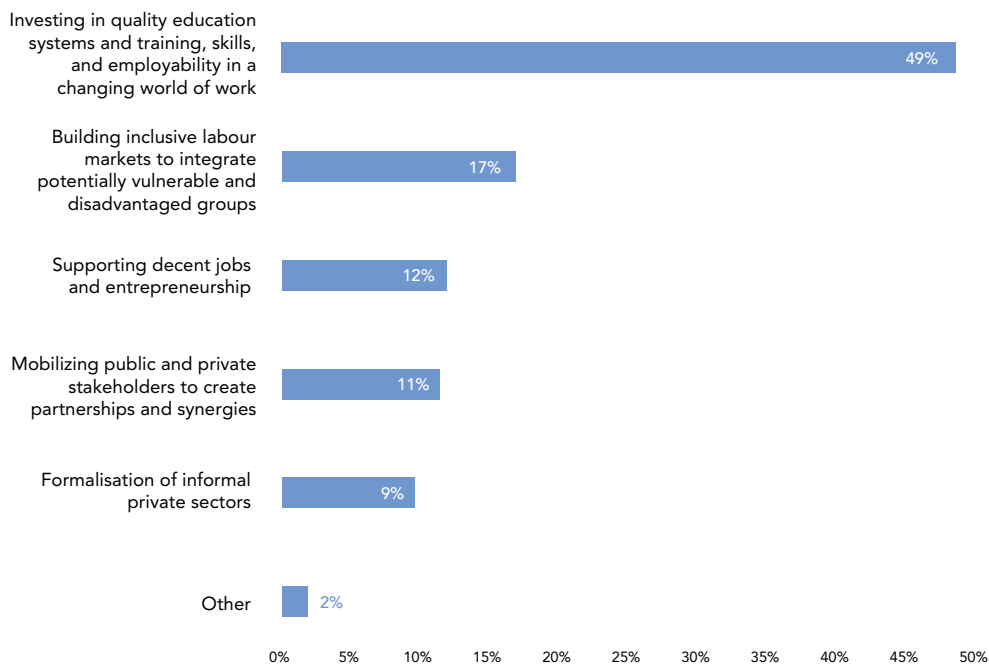
## Job Creation for Migrants

Limited job opportunities has been a defining feature of SMCs' development in recent years, a problem affecting not only migrants and refugees.

One of the reasons why migrants and refugees struggle to find decent work in SMCs is because of insufficient job opportunities. Limited job opportunities has been a defining feature of SMCs' development in recent years, a problem affecting not only migrants and refugees. The 2008 global financial crisis and the political instability after the Arab Spring contributed to a period of poor economic performance in SMCs, specifically slow economic growth, financial instability, low levels of innovation and private sector development, and low levels of job creation. This recent economic history, which has been worsened by the Covid-19 pandemic and the Russian war in Ukraine, has meant that SMCs have experienced some of the highest unemployment rates in the world.

Therefore, to improve migrant inclusion in the labour market new jobs need to be created. However, there is no silver bullet for creating jobs in SMCs. The EuroMeS-Co survey has shown that 49% of respondents find investment in quality education systems and training, skills and employability as the most important priorities to promote job creation in these countries.

**Graph 2: Q.8 What should be the main EU-SMCs cooperation priority to promote job creation?**



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

However, although improvements in education, training, and employability will increase levels of human capital in the workforce, this may not necessarily result in increased employment if no new jobs are actually created (Tzannatos, 2022). This is especially true in countries like Tunisia for example, where unemployed highly trained graduates are leaving the country due to a lack of job opportunities (Grundke & Goldstein, 2022). The short answer to how to promote job creation in SMCs, is to support private sector development, invest to create jobs that are more productive and improve skills forecasting to ensure training and education are geared towards future skills needs (UNESCO, 2021; Tzannatos, 2022). Although, in the current climate of economic stagnation and large government deficits, there will be less room for government interventions for job creation.

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## Access to the Labour Market

Not having the correct papers forces migrants to take up informal work, which does not give access to social protection and is a risk factor for exploitation.

Even if there is greater job creation however, migrants and refugees need to be able to access the labour market in the host country. Yet having full or even partial access to the labour market is not always the case for migrants and refugees. Access to the labour market can be granted through the issuance of work permits or as part of having regular immigration status in the host country. Not having the correct papers is an important reason why migrants are forced to take up informal work, which does not give access to social protection and is a risk factor for exploitation. Experts who responded to the EuroMeSCo survey agreed that providing work permits and regularising immigration status is a key priority for improving migrant inclusiveness.

One example of a good practice is the Jordan Compact in 2016, which granted full access to Jordan's labour market for Syrian refugees. The policy has successfully increased the employment of Syrian refugees: between 2014 and 2021, the unemployment of Syrian refugees fell from 60% to 33% and their labour force participation went from 29% to 35%. The number of work permits also increased drastically, which subsequently allowed for the formalisation of 40% of Syrian workers by 2021 (Ait Ali Slimane & Al Abbadi, 2023).

However, there are some barriers which limit the impact of these policies in Jordan. Although work permits are a good indicator for measuring the legalisation and formalisation of work, they do not reflect the actual level of job creation nor the quality of work; indeed, an ILO impact assessment report in 2017 concluded that the creation of work permits was only the first step for Syrian refugees' labour market inclusion in Jordan (ILO, 2017). Despite the provision of work permits, there are still not enough jobs being created in Jordan, with about 80% of Syrian refugees living below the poverty line (Ait Ali Slimane & Al Abbadi, 2023). Moreover, even with work permits giving access to the labour market, Syrian refugees in Jordan did not necessarily experience an improvement in working conditions (Kattaa & Byrne, 2018). Finally, although increasing migrant workers' protection through the provision of work permits was feasible in Jordan, the political climate in other countries, such as Tunisia, means policies to give greater work protections for migrants in the form of formalisation of work are highly unlikely.

Alongside measures to improve job creation and access to the labour market, there are other possible smaller-scale interventions to improve migrant inclusion in SMCs' labour markets.

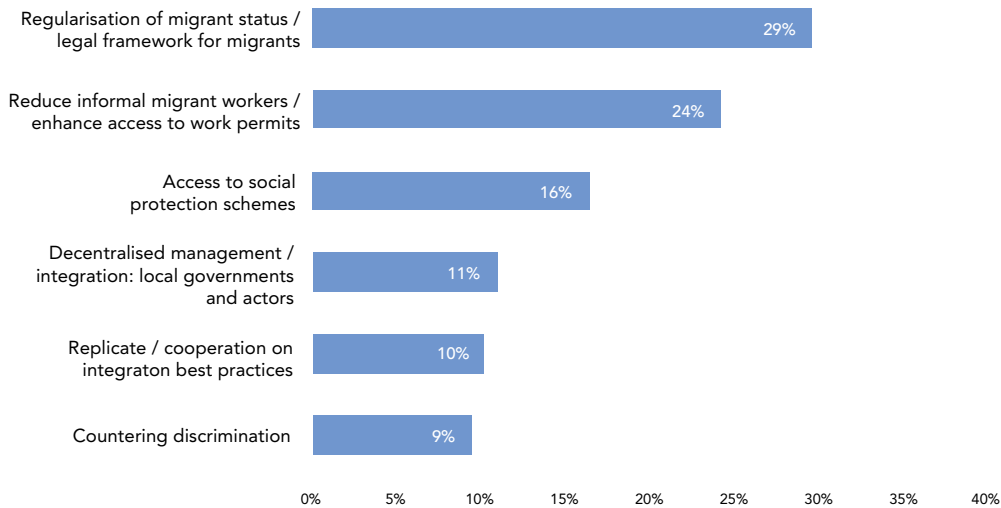
Alongside measures to improve job creation and access to the labour market, there are other possible smaller-scale interventions to improve migrant inclusion in SMCs' labour markets. One possible option, which was emphasised in the EuroMeSCo survey, could be to improve the recognition of foreign workers' skills and qualifications to allow migrants to find work at the appropriate skill level. In addition, migrant entrepreneurship could be boosted as a means to contribute to job creation.

## Improving Access to Services Through Regularisation

Enabling access to public services, such as healthcare, education and housing, is a good way to promote migrant inclusiveness. Yet access to public services is often contingent upon having a regular immigration status in the host country. Many migrants do not have this regularised status and are thus excluded from key public services. In the EuroMeSCo survey, respondents said that regularisation should be one of the key priorities for promoting the integration of migrants in SMCs social protection systems (see graph 3).

Many migrants do not have a regularised status and are thus excluded from key public services.

**Graph 3:** Q.16 In your opinion, what should be the main EU-SMCs cooperation priority to promote the integration of migrants in SMCs social protection systems? (Categories developed from open-ended answers)



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

The issue of migrants' access to services was brought to light during the Covid-19 pandemic, when some undocumented migrants were unable to access healthcare in the country they were in owing to their immigration status. This problem was further exacerbated by the fact that migrants who did try to access healthcare were at risk of being detained and potentially deported by immigration authorities if there was no firewall agreement to prevent data-sharing between different public institutions (PICUM, 2022). Even if undocumented migrants do have access to public services, there is often a high level of distrust, which leads to hesitancy in trying to access services to which they have a legal right.

Therefore, regularising migrants and refugees is fundamental for their inclusion in social protection systems in SMCs. Regularisation is a policy tool that has already

Even if undocumented migrants do have access to public services, there is often a high level of distrust, which leads to hesitancy in trying to access services to which they have a legal right.

been used in some SMCs, for example in 2013 in Morocco, when a regularisation policy successfully regularised around 25,000 people, or the recent plan to regularise 19,000 undocumented migrants from Bangladesh in Lebanon (CNDH, 2013; Mahmudd, 2022). However, while regularisation is important, it may not be politically viable in countries with anti-immigration governments, such as Tunisia (Cassarino, 2023). Even when there is a path to obtaining regular immigration status, immigration procedures in SMCs are typically very slow. Recent research has shown that, in Tunisia, administrative procedures for the regularisation of migrants and refugees are lengthy and bureaucratically challenging (Ensari et al., 2023). Long periods in irregular situations can hinder inclusion in the host country and can also cause migrants who wish to travel to Europe to accrue fines if they have overstayed their visa. Therefore, alongside implementing regularisation mechanisms, bureaucratic procedures in SMCs need to be streamlined.

Having a regular immigration or refugee status does not provide a complete safeguard however.

Having a regular immigration or refugee status does not provide a complete safeguard however. Refugees with status in Tunisia are still subjected to racially-motivated hostility and discrimination (Ensari et al., 2023). In Tunisia, providing some additional layers of protection to refugees could help, for example work permits to limit labour market discrimination, but societal racism will continue so long as the government carries on scapegoating migrants and refugees. One suggestion for how to counter anti-immigrant narratives in Jordan is to bolster labour market data collection, which can help to disprove anti-immigrant claims about competition for jobs (Ait Ali Slimane & Al Abbadi, 2023). Furthermore, where there is minimal support for state-level action, supporting smaller-scale initiatives can have good results. In Lebanon, where state-led humanitarian support to Syrian refugees has been minimal, civil society has played an essential role in providing social support for Syrian refugees as well as promoting social cohesion between groups (Chatty, 2022).

## Conclusion

Promoting migrant inclusiveness in SMCs is a very challenging task, particularly given the considerable economic and political constraints. Given the complexity of the issue, there is a need for coherence between different policy areas. Economic policy needs to step in to increase job creation in these countries, which will increase the employment opportunities for migrants. There is also a need for interventions at different levels of governance. Interventions at the national level, for example to provide pathways to regular immigration status, are essential but may not always be politically feasible. Civil society should be supported in filling in the gaps in service provision not covered by the state. There is no silver bullet for addressing migrant inclusion in SMCs, and EU-SMC cooperation should consider a wide range of actions in order to address such a complex, but urgent issue.

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# Towards an Inclusive Mediterranean: Understanding and Tackling Gender-Related Paradoxes

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## Introduction

Gender equality and inclusive growth have become essential topics in sustainable development debates, especially in South Mediterranean Countries (SMCs). The participation of women, both economically and politically, is no longer solely a matter of human rights, but also of better resource allocation (World Bank, 2009). According to the Union for the Mediterranean [UfM] (2018), the closure of the employment gender gap in the wider Middle East North Africa (MENA) region, including SMCs, would result in an increase in regional Gross Domestic Product of up to 47% by 2028.<sup>1</sup> However, despite some improvements, inequalities persist in SMCs (Sidlo et al., 2017). Despite increased schooling and the proliferation of national legislative measures, the economic participation of women is stagnating and remains very low, compared to the rest of developing countries (World Bank, 2022). This constitutes what is known as the “Mediterranean Paradox” (Assaad et al., 2018), with, on the one hand, the rapid rise in female educational attainments and even a reversal of the education gender gap in some SMCs, and, on the other hand, the low Female Labour Force Participation (FLFP) rates in the formal sector<sup>2</sup> (idem).

The participation of women, both economically and politically, is no longer solely a matter of human rights but also of better resource allocation.

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1. This surge in Female Labour Force Participation rates, from approximately 21% to 77%, is thus estimated at around €490 billion per year (UfM, 2018).

2. In fact, women’s unemployment is rising, with four out of five working-age women out of the formal labour market (The World Bank, 2017).

Therefore, this article reviews, in a non-exhaustive manner, the literature on gender gaps in SMCs and links this analysis with the results of the survey *“Towards more social justice and inclusiveness in the Mediterranean”*, conducted by the European Institute of the Mediterranean (IEMed) within the framework of the project *“Euro-MeSCo connecting the dots”*.

First, this article presents the sources of the Mediterranean paradox. Second, it discusses some consequences of gender paradoxes on long term inclusiveness. Last, it tackles policy instruments and practical tools that are needed to improve inclusiveness and provides cooperation perspectives between the European Union (EU) and SMCs.

## A Structural Issue: Understanding the Mediterranean Paradox

The gender gap in economic participation cannot solely be explained by the education gap in SMCs, thus, the Mediterranean paradox should be considered as a structural problem.

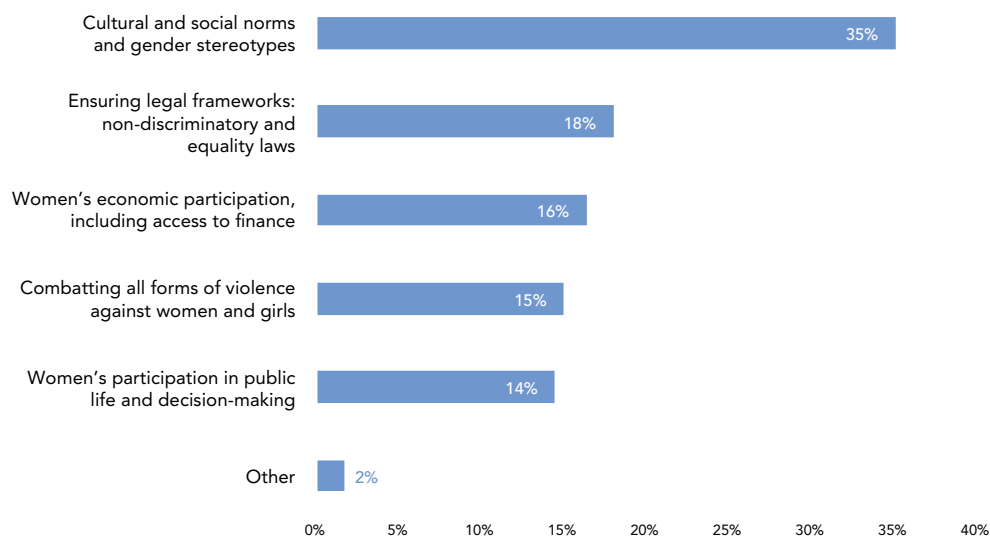
The gender gap in economic participation cannot solely be explained by the education gap in SMCs (World Bank, 2017). In spite of the increase in female enrolment rates in tertiary education, female employment has not grown at a similar pace (idem). With the exception of Israel,<sup>3</sup> in all other SMCs, FLFP rates are lower than half or a third of those of men. To understand these figures, **one needs to consider the Mediterranean paradox as a structural problem** that is not only influenced by economic cycles or recent economic developments. This article highlights three long-established factors that hinder women’s economic participation and that are tackled by the IEMed survey:

- i. the conventional socio-cultural norms surrounding women’s work,
- ii. the slow-changing legal frameworks that do not provide enabling work environments and,
- iii. the lack of access to finance and the formal economy.

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3. Israel still faces large disparities but being part of the Organisation for Economic Co-operation and Development (OECD), some of its socio-economic features resemble other OECD-type economies (Giorno and Machlica, 2018).

**Graph 1: Q.11 In your opinion, what is the main challenge that SMCs countries encounter while dealing with gender equality?**



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

## The Impact of Traditional Socio-Cultural Norms

Conservative social norms are considered by the literature as the main obstacles to gender equality, due to their influence on the perception of gender roles at all levels (Assaad et al., 2018). The socio-cultural context in SMCs has an impact on mentalities and shared gender stereotypes at the society level, as well as on women's own choices for their work-life balance<sup>4</sup> (idem). In patriarchal societies, many women would be compelled to endorse the caregiver role, due to unconscious biases and social pressure, which has a negative impact on their intra-household bargaining power (Chamlou et al., 2011; Promundo and UN Women, 2017).

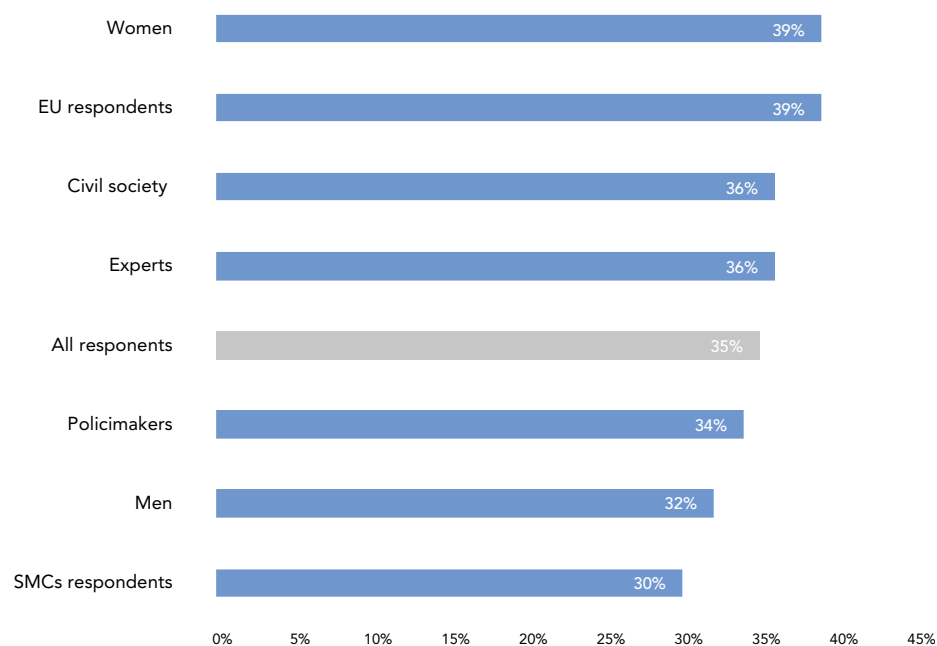
By acknowledging this reality, the IEMed survey tackles this sizable obstacle to women's empowerment. Survey respondents agree with the importance of modifying discriminative norms and this issue is recognised as the major challenge to inclusiveness in SMCs by most respondents – 35% of them think that cultural and social norms are the major challenge SMCs face to reach equality. This percentage is similar across respondents' professional affiliations and slightly higher for women – on average 38%.

The socio-cultural context in SMCs has an impact on mentalities and shared gender stereotypes at society level, as well as on women's own choices for their work-life balance.

4. According to Promundo and UN Women (2017), up to 75% of men and more than 50% of women in Egypt, Lebanon, Morocco and West Bank and Gaza believe that "a woman's most important role is to care for the household".



**Graph 2: Q.11** In your opinion, what is the main challenge that SMCs countries encounter while dealing with gender equality? (% of answers on “Cultural and social norms and gender stereotypes” as first option)



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

## Legal and Structural Impediments to Equality

In many SMCs, gender equality is not yet established legal frameworks because the civil law does not regulate marriage, heritage, and many other personal status matters, leaving them linked to each religious community's authority.

On the other hand, about 18% of survey respondents regard “ensuring legal frameworks: non-discriminatory and equality laws” as the main challenge to overcome (see graph 1). In many SMCs, gender equality is not yet established in national legal frameworks because the civil law does not regulate marriage, heritage, and many other personal status matters, leaving them in the hands of each religious community's authority (Sidlo et al., 2017). Additionally, with regards to legislations governing the workplace, some SMCs, such as Lebanon, Jordan and Egypt do not provide legal provisions that enable equal labour market access or pay to women (idem).

Moreover, the lack of safe and affordable public transportation impedes women's economic inclusion (Hasson and Polevoy, 2011). Not many policies exist to alleviate physical obstacles dissuading women from entering the job market. The lack of adequacy of public policymaking could be linked to the lack of female political representation in the public sphere (Hasson and Polevoy, 2011; Bteish and Luckner, 2019). The vast majority of the IEMed survey participants share this concern. About 89% of respondents consider “structural and governance issues impeding the socio-economic integration of some groups of society” as affecting socio-economic inclusiveness in SMCs. More specifically, more than half – 53% of the respondents – assume it is very highly impactful (see graph 3).

## The Obstacles Towards the Formal Economic Inclusion of Women

### The constrained access to finance

Another main constraint to inclusiveness is linked to the considerable gender gap in access to finance,<sup>5</sup> which hampers women from creating businesses (Sidlo et al., 2017). Financial inclusion gives women access to productive resources and saving money, which is particularly beneficial for sustainable development, as women appear to invest more in children's human capital formation<sup>6</sup> (Reggio, 2010; Hou, 2011; Gettu, 2018).

Yet, it seems that female-led enterprises are also unserved or underserved by financial institutions (Zimmer and Pearson, 2018). These gender biases are related to the male-dominated venture capital industry<sup>7</sup> (UfM, 2022). In fact, many experts – 18% of survey respondents – believe that “women's economic participation, including access to finance” remains the main challenge to achieving gender equality in SMCs.

### The lack of Female Labour in the Formal Sector

For the past decade, FLFP rates in SMCs have been hovering around 20-25%, which implies that most working women are not registered in the formal economic sector (International Labour Organization, 2018). Many South-Mediterranean women engage informally not only in low-skill activities, but also in freelance more high-skill ones (idem).

Two types of precarious work are predominant: being employed in an informal un-registered company or being hired in a formal company, but informally<sup>8</sup> (idem). Yet, both are vulnerable to economic shocks and do not protect or insure workers against risks (ARLEM, 2018). The survey results highlight this issue as 84% of respondents recognise that the lack of decent work and the size of the informal sector highly (38% of respondents) or very highly (46% of respondents) affect socio-economic inclusiveness in SMCs (see graph 3).

Many South-Mediterranean women engage informally not only in low-skill activities, but also in freelance more high-skill ones.

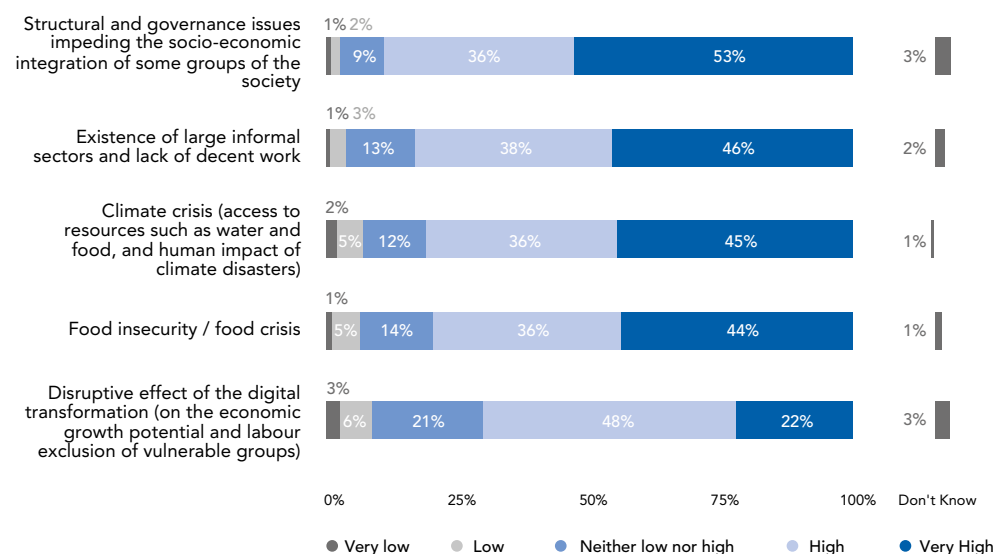
5. For instance, in Lebanon, in 2017, while almost 57% of men had bank or mobile-money-service accounts, only 32.5% of women did (Sidlo et al., 2017).

6. It includes investments in education and health outcomes (Reggio, 2010; Hou, 2011).

7. The venture capital industry is 92% male in SMCs (UfM, 2022).

8. Being informal in a formal company is to not be registered in social security (International Labour Organization, 2018).

**Graph 3: Q.1 To what extent do you consider that the following factors affect socio-economic inclusiveness in Southern Mediterranean Countries?**



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

## The Long-Term Consequences of Discriminations

### The interlinkages between inequalities

The diversity of women's profiles and backgrounds within and across SMCs renders anti-discrimination policy making harder to implement.

The cumulative aspect of inequalities<sup>9</sup> aggravates discrimination against women (Ferraro et al., 2009). This is particularly true for rural women in SMCs, who are exposed to extreme poverty, but also particularly vulnerable to discrimination, violence and physical integrity restrictions that obstruct their participation in decision making on every level (Bader, 2010). The diversity of women's profiles and backgrounds within and across SMCs renders policy making even harder to implement.

Furthermore, women are often not only hindered in their access to the labour market, but also within the job market, where they face unequal pay along with promotion and superannuation gender gaps: This is known as "gendered poverty" (Chant, 2008).

9. It is the idea that inequality adds-up over the course of one's life and across generations, which implies that those who are disadvantaged to begin with are at risk to confront further discrimination (Ferraro et al., 2009).

## Crises and the vicious cycle of discrimination

Additionally, the vulnerability of discriminated groups is often exacerbated by crises (Blanton et al., 2019). Women seem to be among the most vulnerable groups, due to the accentuation of social, economic, and political inequalities (idem). The predominance of female informal labour further explains the gendered consequences of negative economic shocks.

Moreover, the nature of the crisis could amplify these effects. For instance, the Covid-19 crisis has accentuated these mechanisms by placing women at the forefront of childcare responsibilities and pressuring them to reconsider their professional careers (Adams-Prassl et al. 2020; Fabrizio et al., 2021; Russell and Sun 2021). Theory predicts a snowball effect causing women to gradually lower their aspirations, but also ultimately their efforts and investments, negatively impacting their well-being outcomes.

With regards to the survey, 81% of respondents acknowledge that the climate crisis impacts, either highly or very highly, inclusiveness in SMCs and, when asked about the impact of the sanitary crisis on inclusiveness, respondents assume that gender inequality mostly affects “persons below the poverty threshold”. Lastly, another related crisis seems to exacerbate inequalities: the food crisis/insecurity (Visser and Wangu, 2021). IEMed survey’s respondents believe that it highly (36% of respondents) or very highly (44% of respondents) influences socio-economic inclusiveness in SMCs (see graph 3).

The predominance of female informal labour further explains the gendered consequences of negative economic shocks.

## Policy Recommendations and the Role of EU-SMCs Cooperation

### Enhancing the legal framework

Comprehensive regulations of the multi-layered gender inequalities are needed to improve inclusiveness. This includes ensuring safe workspaces and homes, providing affordable and accessible childcare services, and guaranteeing a sufficiently long paid maternity (and paternity) leave. Recent research conducted by the World Bank shows that these elements are positively correlated with higher FLFP rates.<sup>10</sup> For some SMCs, the possibility of establishing a Ministry for Women’s Affairs could be explored. An executive body could be mandated to improve legislation promoting gender equality holistically and deconstructing stereotypes (Gürsel, 2021).

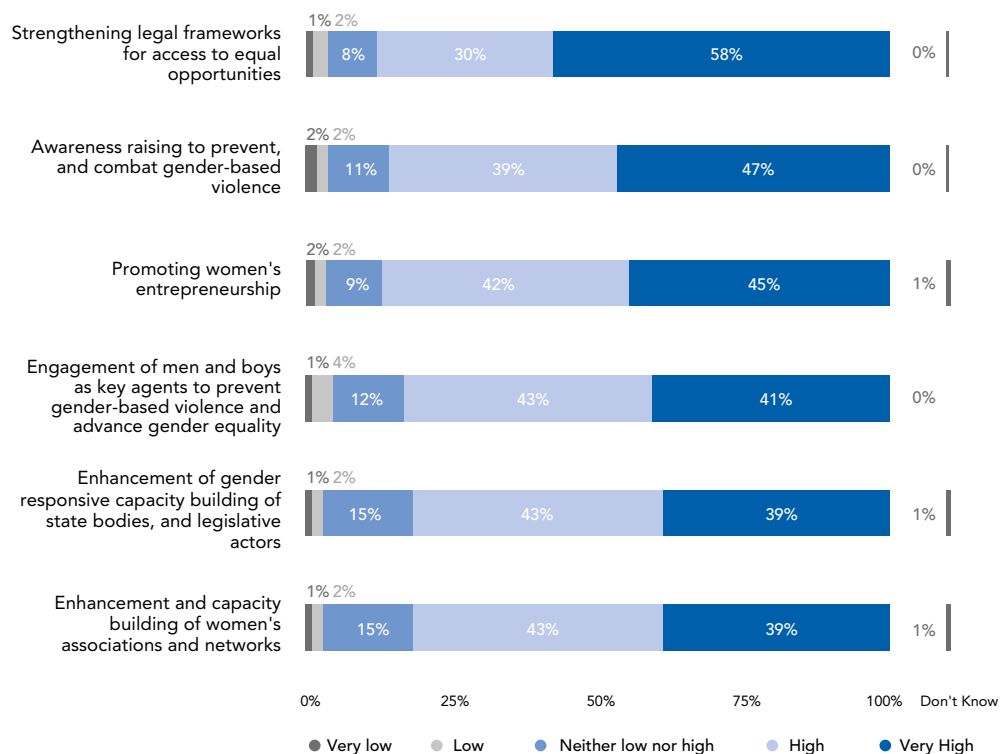
An effective and active EU-SMCs cooperation for inclusive and sustainable decision-making would be very useful to ensure anti-discrimination laws’ efficiency and to enable structural empowerment. About 58% of respondents to the IEMed survey answered that EU-SMCs cooperation should focus very highly on “strengthening the legal framework for access to equal opportunities”. The enhancement of a gender

Effective and active EU-SMCs cooperation for inclusive and sustainable decision-making should ensure anti-discrimination laws.

10. World Bank unit for Women, Business and Law. Available at: <https://wbl.worldbank.org/en/wbl>

responsive capacity-building of state bodies and legislative actors is also considered a major concern for EU-SMCs cooperation, with 82% of respondents putting it as a high or very high priority, (see graph 4).

**Graph 4:** Q.12 To what extent should the EU-SMCs cooperation prioritise...



Source: Compiled by the IEMed based on the results of the 13<sup>th</sup> Euromed Survey

Moreover, EU-SMCs legal cooperation should prioritise combating violence against women and girls through ensuring harmonised and dissuasive sanctions for any types of violence or harassment against women at home and in the workplace (Bteish and Luckner, 2019). It should also focus on providing anonymous channels of communication to the victims and ensure that they receive assistance (United Nations International Children's Emergency Fund, 2010). In fact, 15% of survey respondents believe that this issue is a primary challenge to achieving gender equality in SMCs (see graph 1).

## The untapped potential of women's entrepreneurship

Women-led businesses and social ventures play a growing role in supporting empowerment through four main channels, notably by delivering trainings, mentoring and employment opportunities for women, by providing services and suitable working places, but also by disseminating micro-entrepreneurship for women and by funding for women's rights and awareness-raising (Haugh and Talwar, 2016; Richardson et al., 2017; de Groota et al., 2017).

About 87% of survey respondents think that EU-SMCs cooperation should prioritise highly or very highly the promotion of women's entrepreneurship (see graph 4). These figures are even higher when we isolate policy makers – almost 96% – and female respondents – more than 91%. The EU-SMCs cooperation could facilitate women's access to finance, for instance through the creation of a platform that gives visibility to women-led initiatives, encourages role models, and organises business-to-business meetings with relevant stakeholders<sup>11</sup> (Moukaddem and Tsakas, 2019). It would also disseminate success stories of South-Mediterranean women, who developed innovative tools to locally tackle socio-economic problems. A special focus should be given to rural women's access to credit and investment, which could offer them economic activity opportunities.

EU-SMCs cooperation could facilitate women's access to finance, through platforms giving visibility to women-led initiatives, encouraging role modelling, and organising business-to-business meetings with relevant stakeholders.

## The role of digital literacy

One field in which the EU-SMCs cooperation can be prolific is the digital sector. In fact, "the disruptive effect of the digital transformation on the economic growth potential and labour exclusion of vulnerable groups" is considered by 70% of survey respondents as highly or very highly affecting socio-economic inclusiveness in SMCs (see graph 3). One of the challenges of the digital transformation is deepening inequalities by leaving certain marginalised communities behind, notably in rural areas (Gürsel, 2021). Spreading digital literacy becomes crucial to avoid such discriminations.<sup>12</sup> Another challenge is to ensure that women's digital jobs do not confine them at home and limit their mobility or promotion opportunities (Haas, 2022).

Despite challenges, digital transformation is also a source of rising opportunities. The use of digital platforms can provide women with greater access to markets, knowledge, and more flexible working arrangements (UfM, 2021). Overall, digitalisation can reduce gender inequality by equipping women with digital technologies in order to gain employability and equally compete in the market economy (Elmasry et al., 2016; Gürsel 2021). Engaging in vocational training and coding can also multiply women's bargaining power on the job market and further widen women's job possibilities (idem).

The use of digital platforms can provide women with greater access to markets, knowledge, and more flexible working arrangements.

11. It could be adjacent to the EU's Social Challenges Innovation Platform.

A regional scoreboard could be built to monitor the evolution of gender disparities and the specific problems women face in the region.

## Promoting research efforts through regional cooperation

Finally, research on inclusiveness in SMCs and the creation of public databases are still needed. It would allow us to deepen our understanding of the stagnant FLFP rates and further investigate the diverse impacts of informality on inclusiveness. An area for regional cooperation at the EU-SMCs level revolves around sharing and collecting appropriate data on the status of women (Suleiman, 2021). A regional scoreboard could be built to monitor the evolution of gender disparities and the specific problems women face in the region.

An area for further efforts also includes the need to map women-led social enterprises in SMCs, which can be engines of inclusiveness and jobs, as well as the financial support tools<sup>12</sup> that can facilitate their emergence and durability. Building such a database would promote these businesses, better communicate around their social impact, and effectively bridge the gap with the donor community and stakeholders that could provide technical support and dedicated financial tools (Moukaddem and Tsakas, 2019).

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12. In SMCs, women tend to have less access to a computer or the internet, with 44% of women having internet access compared to around 58.5% of men (Gürsel, 2021).

13. Examples of such financial tools are crowdfunding platforms, micro-credit and ethical banks loans.

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