

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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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.^{1,2} 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.

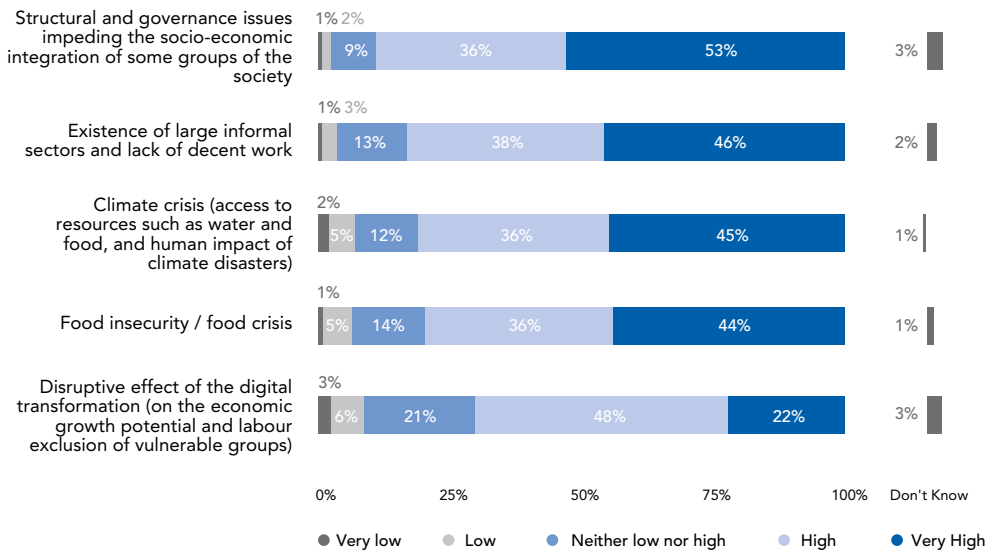
1. <https://www.imf.org/en/Blogs/Articles/2022/10/23/europe-must-address-a-toxic-mix-of-high-inflation-and-flagging-growth>

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?



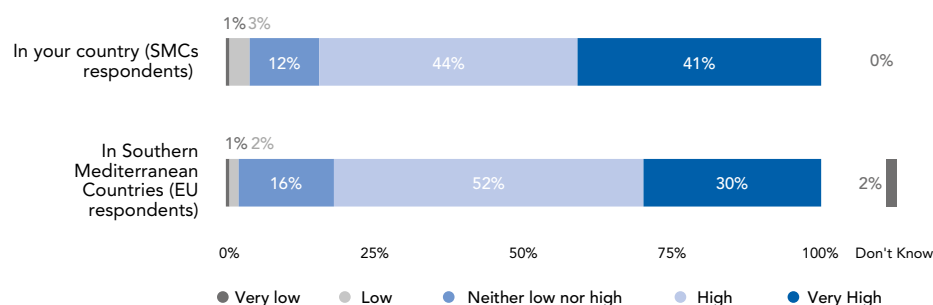
Source: Compiled by the IEMed based on the results of the 13th Euromed Survey

Ineffectiveness in Both Over and Under-Responding Governments

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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.³ 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?

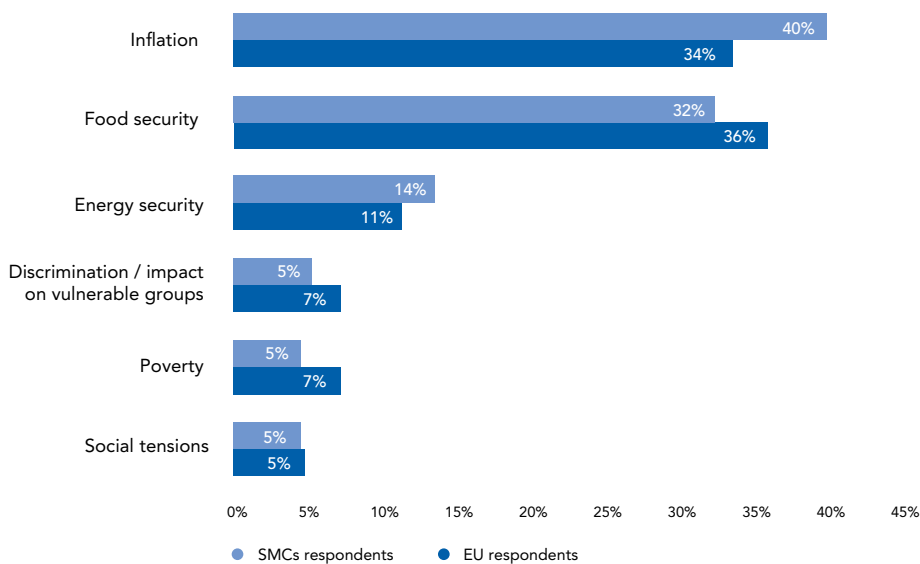


Source: Compiled by the IEMed based on the results of the 13th Euromed Survey

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

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 13th 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.⁴ 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.

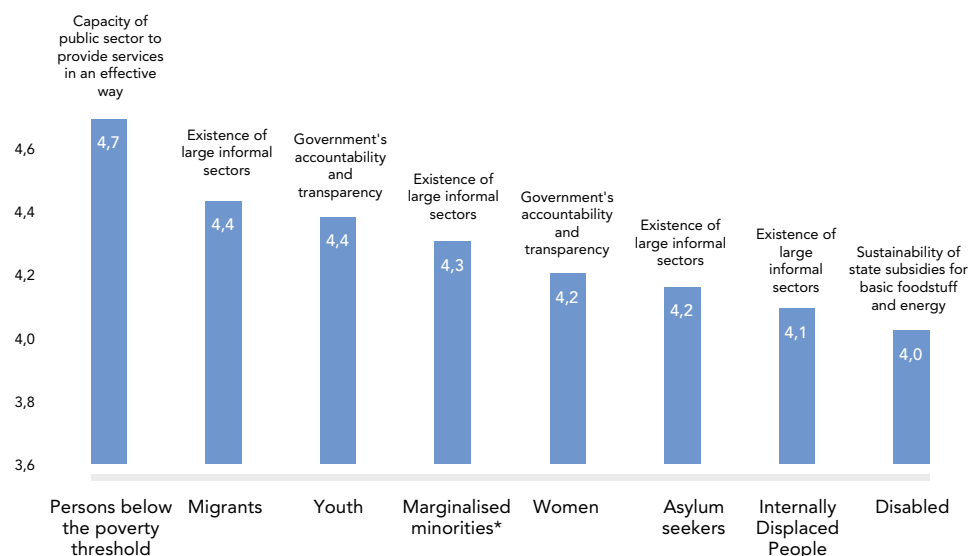
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4. <https://journals.sagepub.com/doi/full/10.1177/10564926221082494>

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 13th 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.

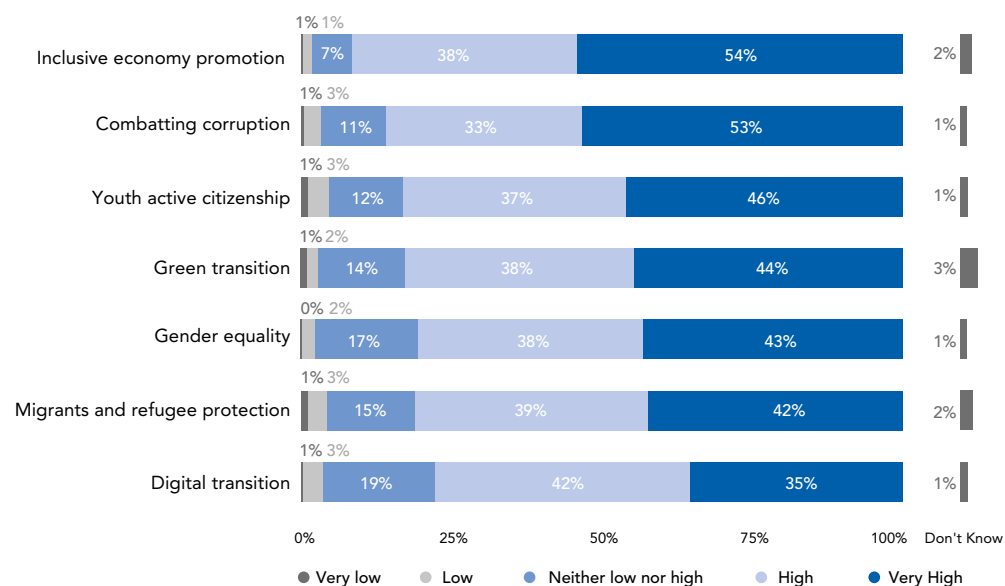
These results indicate that governments need to be mindful of the large disparities between vulnerable groups, knowing that a one size fits all response would not be appropriate to reduce these vulnerabilities. Therefore, targeted responses have to be designed by policymakers going forward, noting that 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.

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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 13th 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.

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