

MEDITERRANEAN TRENDS 2030/2050. A PROSPECTIVE APPROACH TO THE SOUTHERN NEIGHBOURHOOD

*Itxaso Domínguez de Olazábal
and Alfonso Casani*

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» Executive summary

Launched a quarter of a century ago, the Barcelona Process began a process of reflection and unification regarding Spanish and European Union (EU) policies towards the Mediterranean. However, this has not always translated into coherent, prudent, and timely policies given the changing structural conditions that occurred in the region, such as the 2010/2011 anti-authoritarian revolts. A more anticipatory approach needs to be applied to policy-making, re-examining both the vision and policies. This document undertakes an in-depth foresight analysis of the Southern Neighbourhood, with a view to the medium- and long-term time horizons of 2030 and 2050 respectively. Consequently, it aims to contribute towards developing long-term, proactive strategies both nationally and within Europe, which commit to developing coherent and responsible policies that could help the region's societies develop inclusively, sustainably, and democratically.

As such, this exercise aspires to identify the paths, realities, and phenomena that can lead to somewhat sustainable and friendly scenarios for the affected populations in the future. The work identifies two of these scenarios. This involves reporting six megatrends and nine dynamics. Based on available data and knowledge gleaned from interviews, they can define the evolution and range of possible directions in which the Southern Neighbourhood countries and societies are heading. While megatrends are globally influenced structural and uncontrollable changes, dynamics are the range of phenomena that they produce. These can be identified over the medium-term and allow some room for manoeuvre for the parties involved.

With a view to 2050, a megatrends analysis contemplates a Mediterranean region that is particularly vulnerable to the climate emergency, which will augment risks across the board, intensifying current vulnerabilities and conflicts, particularly in terms of food and water security. This feeds into a second megatrend, the process of decarbonisation, occurring globally but at differing rates, laid bare by the significant North-South divide. This is all set to occur within an increasingly fragmented international

order, characterised by growing inequality and the emergence of multiple power bases, in which the main traditional economic powerhouses will cede dominance to emerging countries, with the balance shifting towards East Asia. In this scenario, three other megatrends are discernible as core aspects of human security for those involved: strong demographic growth, particularly intense in Africa and Asia, but with different growth rates; continued human movement and migratory flows, both inside and between regions, as a constant of human existence, evidenced by accelerated urbanisation dynamics in particular; and progress in many locations that will lead to a Fourth Industrial Revolution.

The document sets out nine dynamics within this context in order to identify possible scenarios over the medium-term. The 2011 anti-authoritarian protests did not manage to reduce the region's **social divides**, where gender inequality is significant and strong economic gaps favour a small number of political and economic elites. These inequalities fuel the continuation of mobilisations that will remain a constant in the coming years, within a context of **erosion of the Arab state system**, submerged in a counter-revolutionary wave, with a diminishing capacity to ensure good governance and social protection. The resulting rise in public disaffection is gradually leading to heightened security in the states, in the pursuit of sustaining social stability.

Poor governance and structural issues in the economic, educational, and health sectors will prevent these countries from making the most of their **demographic dividend**. The population of northern Africa is already gradually ageing, whereas the population remains younger in the East, but the state is not capable of developing human capital and conditions that favour economic growth and investment. The high percentage of the population excluded from the labour market - mainly women and over 50% of the population dependent on the informal economy - will be harmed by a potential **digitalisation** process of the region. This will benefit the economic elites (a real obstacle to economic development) and will grant the state a dangerous capacity for control.

These processes will also widen the current centre-periphery divide, fuelled by a strong **urbanisation** process, with almost 80% of the population concentrated in cities by 2030. Urban agglomerations will make good governance difficult, allowing criminality, human rights violations, and other important social problems to grow.

Internationally, the impact of the COVID-19 pandemic and decarbonisation process will facilitate the region's **energy transition**, which is still in the early stages and fated to occur at different rates, which reflect the will or potential for investment from energy-importing countries and hydrocarbon exporters (mainly Algeria and Libya). This economic opportunity contrasts with the risk derived from the **Neighbourhood's debt** within a post-pandemic context of economic endeavour and limited macroeconomic room for manoeuvre, shining light on the dilemma regarding possible intervention in these states by international financial bodies or even their capacity to rescue economies in distress.

Lastly, the militarisation of the region and the increase in structural violence has translated into **increased potential for conflict**, spawning more proxy wars and the emergence of unconventional actors and conflicts. This trend runs close to a potential downgrade in commitment to multilateralism and

economic and security agreements. With the latter, we refer to heightened security regarding **human and goods flows**, putting both the safety of migrants and the stability of regions that rely on the smuggling of legal goods at risk.

The aforementioned dynamics could derive in an endless number of scenarios. This document profiles and compares two of them: one positive, characterised by the appeasement of social conflicts, the adoption of good governance practices, and greater regional stability; and a second scenario that will bear witness to a worsening of political, social, and economic issues and conflicts, within a context marked by the stiffening of authoritarian trends and a deepening of social inequalities. The difference between each scenario resides in the will of Southern Neighbourhood countries to adopt measures aimed at better governance and the adoption of more multilateral action frameworks that favour cooperation.

Both scenarios offer a set of opportunities, applicable mainly to the Southern Neighbourhood countries, with Spain and the EU eventually joining them on the process. These opportunities point to areas of particular importance in order to achieve a sustainable future for the region's societies.

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» Introduction and objectives

The southern and eastern Mediterranean coast has historically been a focal point for Spanish foreign policy, and it is gaining in importance for the EU too. The geographical proximity of both shores, with intertwined interests from an economic, political, cultural, and security perspective, make the region of the Middle East and North Africa (also called the “MENA region”) a prime area for the development of a multilateral and bilateral foreign policy by the European Union. This area has shown increasing interdependence in recent decades and is currently facing a series of shared challenges and trends, both present and future.

The so-called “Arab world” constitutes one of the main focuses of Spain’s foreign policy, with an interdependent relationship that dates back for centuries, and which becomes more proactive once the country transitions towards a democratic regime in the late 1970s. Subsequently, Spain strove to position itself as a bridge between the so-called “Southern Neighbourhood” and the EU, making use of its beneficial geographical position and its close links with the Maghreb and the Levant. From that moment on, relationships and interests moved from being bilateral to multilateral in nature¹.

This new multilateral approach, overlain with both Spanish and European diplomatic interests, reflecting the balance of influences experienced by the EU towards its eastern and southern borders and the growing relationship of the organisation and its members with the Southern Neighbourhood, gave rise to the Barcelona Process in 1995. The conference represented a milestone for EU foreign policy development, as it recognised the Mediterranean as a prime geopolitical space and linked the EU’s political and democratic future to that of neighbouring countries². Later mechanisms, such as the Union for the Mediterranean (UfM) or the European Neighbourhood Policy (ENP), have followed in its wake, binding the development of both regions and favour-

ring the negotiation and adoption of broad cooperation agreements.

In this context, Spain defined a profoundly Euro-Mediterranean foreign policy that commits to strengthening relationships between the EU and Southern Neighbourhood countries, and to maintaining a key role in developing policies for the region. This stance was combined with conserving important and priority bilateral relationships with the region’s countries, with Morocco having a prime role. This was extended through treaties of friendship, good-neighbourliness and cooperation to other countries, such as Algeria, Tunisia, and Egypt, or through economic and diplomatic relationships with the other Southern Neighbourhood countries. As mentioned earlier in this introduction, both these multilateral and bilateral diplomatic instruments have evolved over the years to adapt to new contexts. Based on this connection, we consider that the strategy towards the region should reflect both our desired project for the country and Europe, and the neighbourhood space in which we want to participate. Furthermore, however, the EU has to date encountered difficulties in formulating coherent, efficient and sustainable policies that adapt to a context that is undergoing a constant and accelerated process of change, and which consider the needs and specificities of the South and its populations³.

The Southern Neighbourhood is often presented as a constant source of conflict or a resilient region with dynamics that will remain as the years go by. This is the context that gives rise and brings meaning to this foresight document, which aims to construct a comprehensive and structural approach to the future of the Southern Neighbourhood with two temporal horizons: 2030 and 2050. This medium- and long-term exercise can identify a series of megatrends, which on the whole and over the long-term, will affect the future configuration of the international system and it has to be said, the future of the planet itself. A set

1 Hernando de Larramendi, M. (2014). Las relaciones exteriores de España con el mundo árabe y musulmán durante el siglo XX.

2 Claret, A. (2005). La nueva centralidad del Mediterráneo: Diez años desde el reencuentro. *Política Exterior*, 19 (108).

3 Shumylo-Tapiola, O. y Pertusot, V. (2010). La Política Europea de Vecindad: aún queda camino por recorrer, *CIDOB*.

of more region-specific dynamics are identified too, each strongly influenced by these megatrends. They will determine the development of Southern Neighbourhood countries throughout the coming decade, including the effects of post-COVID-19 recovery, and particularly the reverberations that are still often felt as part of the ongoing process that sparked in the Neighbourhood and other Arab countries in 2010. Identifying these trends will enable us to profile different potential scenarios, shining some light on what is at stake for Neighbourhood countries, but also how the region's future influences both Spain and Europe, whereby we can consider the potential cost of inaction.

Through this document and subsequent efforts, the aim is to convert this foresight exercise into a regularly reviewed exercise. We share the apparent across the board agreement for the need to articulate an active and strategic foreign policy, rather than reactive or short-term, a strategy with a *longue durée* outlook, both to the past and to the future, and to avoid being rocked by “surprises” such as 2011, the culmination of phenomena that could have been diagnosed.

We share the spirit of several of the diagnoses, principles, and intentions of two recently published documents on the subject. One is the Spanish Government's Foreign Action Strategy 2021-2024, which identifies major trends, and a series of divides on which the document focuses: socio-economic, environmental, technological, and political. Furthermore, it specifies some of main areas of concern for this analysis as significant focal points, with an “integrated, fair, and equitable society and economy” adopting a leading role. Another reference text is the joint communication “Renewed partnership with the Southern Neighbourhood: A new agenda for the Mediterranean”, accompanied with an ambitious economic and investment plan, which recognises, as does this document, that the Neighbourhood is

facing governance, socio-economic, environmental, and security challenges, many of which result from global trends. The New Agenda also largely coincides with the five priority areas of action proposed by the UfM member states during the V Regional Forum: environmental and climate action; sustainable and inclusive economic and human development; social inclusiveness and equality as an essential element in the socio-economic development of the region; digital transformation; and civil protection.

Why in 2021? October 2020 was a month of significant commemoration for Spain and the EU, as well as for the entire Mediterranean region. The 25th anniversary of the Barcelona Declaration, just weeks prior to the 10th anniversary of the anti-authoritarian uprisings that forced European countries to look to the south of the Mare Nostrum, convened the partners who 25 years ago committed to turning the Mediterranean basin into an area of dialogue, exchange and cooperation, guaranteeing peace, stability and prosperity for all those involved. It was an opportunity to reflect, in the knowledge that the Mediterranean remains a strategic imperative for the EU and its Member States on all levels. The will for a reformulation intensified due to the COVID-19 pandemic, which has shone light on a significant number of structural weaknesses, making their resolution and corresponding recovery even more pressing. 2021 also marks the start of a new Multiannual Financial Framework for 2021-2027, based on a financing structure that significantly strengthens the geographical focus on the new Neighbourhood, Development, and International Cooperation Instrument (NDICI). A series of factors appear to be aligning at an EU level that could drive more concerted action in the Mediterranean, at least around the smallest common denominator presented as the threat of migration.

A strength of this exercise is a **marked ambition to contribute to the reformulation of a strategy for**

Spain and the EU that produces positive results over the medium- and long-term for all those concerned. It proves innovative for the Spanish outlook for several reasons. Firstly, the specific approach is focused on the Southern Neighbourhood, and not on the so-called “MENA region” grouping, so it targets a priority region for Spain and the EU, for which they have designed customised policies⁴. The document’s focus also responds to a progressive approach, far from the single approach focused on security and geopolitics that prevails in the study of the countries and subregions in question. The leitmotiv for this study is twofold: firstly, to focus on the impact of the trends on the respective populations, in the hope that the **Southern Neighbourhood is comprised of inclusive, sustainable, fair, and democratic societies**, and secondly, to focus on the visions of new generations, of young people as those mainly affected by said trends over the short-term, but over the medium- to long-term in particular. The document aims to provide a shared approach for both sides, and to respond to the demands of those new generations who tell us about the common problems of inequality, a lack of opportunities aggravated by divides such as gender or racism, and not being able to make their voice heard.

In line with several demands and stances from the South, this report also considers that, more than ever, the EU and Spain need to adopt a critical approach regarding actions, postures, and strategies towards the Neighbourhood. Human security and sustainability are two key concepts. We share the concern for stability in the current main approaches, but we consider that it should be sustainable across the length and breadth of the Mediterranean region as a shared area in a considerable number of domains, maybe even more so in the future. In this sense, we consider that the EU’s “New Agenda for the Mediterranean” clear focus on human development as one of its priority areas is an encouraging step, alongside good governance and the rule of law. It also shows progress when compared with the 2015 review of the European Neighbourhood Policy (ENP). In the same

spirit, we also applaud that another priority area involves “peace and security”, rather than just security alone. Something entirely different is that these intentions translate into concrete actions, and the list of Joint Staff Working Document flagship projects would appear to undermine most of these efforts.

This document considers the 2030 Agenda for Sustainable Development objectives as a cross-cutting element throughout, particularly if we consider that the region is not on track to achieve the Sustainable Development Goals (SDG) with less than 10 years left to reach the deadline. This is the harsh conclusion from the last Arab report on sustainable development⁵. Safeguarding human security is a prime objective of sustainable development. However, most debates about the Southern Neighbourhood include references to (in)security, often linked with potential threats to the West and an inevitable context that does not consider what security means from the perspective of the region’s population.

In line with this concern for the vulnerability of significant sectors of the population, gender discrimination is a key issue. The MENA region has the lowest rate of gender equality⁶. This situation enhances the damaging effects of the identified dynamics and megatrends, an aspect shared with other sectors also discriminated against due to their gender and sexual orientation, such as the LGTBIQ collective, or those subject to racial discrimination. The impact of COVID-19 has clearly shown how economic liberalisation policies, the resilience of authoritarianism and the *status quo*, or armed conflicts, cause more harm to women as a vulnerable collective. It has also placed them at the forefront of the most recent protests and movements that demand transformation of the Southern Neighbourhood regimes⁷. Our view is that this factor must be considered in order to tackle the structural problems of the Southern Neighbourhood countries, in the same way that they will not be able to achieve sustainable development without putting an end to this significant divide, adopting policies in the legal, political, economic, and social domains

⁴ This differentiation is an advantage, but also an added difficulty from a methodological point of view, given that most reports and indicators cover the MENA region as a whole.

⁵ UNESCWA (2020). Arab Sustainable Development Report 2020. <https://www.unescwa.org/publications/arab-sustainable-development-report-2020>

⁶ World Economic Forum (2020) Global Gender Gap Report 2020. http://www3.weforum.org/docs/WEF_GGGR_2020.pdf

⁷ Women’s International League for Peace and Freedom (2021). Towards a Feminist Political Economy in the MENA Region. <https://reliefweb.int/report/world/towards-feminist-political-economy-mena-region-enar>

that genuinely focus on the structural inequality for women and other minority groups. Focusing on the structural nature of the infringement of both wo-

men's rights and human rights makes the gender issue a cross-cutting aspect of this document.

» State of play: The Southern Neighbourhood in 2021

Any exercise of this calibre requires narrowing down the geographical scope. The EU's cooperation with the Southern Neighbourhood occurs within the framework of the ENP and includes ten partner countries: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria, and Tunisia. At a regional level, the UfM remains the forum for exchanging regional strategic issues of interest to the 42 Member States. One of the starting points of this document is that Israel, an OECD member state with a diversified economic structure, can be considered an outlier on some analysed dimensions, such as the economy, demographics, and digitalisation, so it will not be included in most of the deliberations. Turkey is a similar case and is not included in the "Southern Neighbourhood" concept. Another benefit of this denomination from a methodological point of view is that the Arabian Peninsula countries are excluded. They can also be considered outliers in significant sectors, such as the economy, energy, or the advancement of industrial trends (in addition to the terrible conflict devastating Yemen). One of the main warnings to be drawn is that, despite a significant number of shared and/or parallel phenomena occurring across the length and breadth of the Southern Neighbourhood, there are both considerable exceptions and notable differences between the Maghreb and the Levant, between the western and eastern Mediterranean.

Some of the main problems diagnosed in this document were identified years ago with the 2010/2011 anti-authoritarian uprisings, motivated by common deficiencies, but also specific domestic phenomena. Both cases led to a collective action that remains enshrined as a revolutionary continuum that began much earlier than 2010 and still continues, as the objectives of the different movements remain unfulfilled. The Arab Human Development Report 2004 already warned that the

lack of good governance represented the main barrier towards new political, social, and economic rebirth in the Arab region⁸. The 2020 report concluded that there were several structural barriers that impede any transformation towards inclusive sustainable development. These barriers are often interlinked, mutually sustaining each other, exacerbating inequality and exclusion within the Neighbourhood, clearly impacting on every SDG and relevant sector.

The Southern Neighbourhood is currently going through some tough times. It is a geopolitical entity that was conceptualised as such by countries that are now reducing their involvement, and even companionship. It remains united by institutions and alliances that erode slowly but surely, while state and non-state actors comprise new realities, and even regional approaches opposed to variable geometry. The seed from the so-called "Arab Spring" remains present. The EU and its Member States were late to react to the uprisings, with poor planning and uncertainty. After a fleeting period when interest was focused on the populations' needs, they opted to reinforce the paradigm of boosting security, false dilemmas⁹ and implicitly supporting the status quo and regimes in power. This paradigm perceives the Neighbourhood as a potential source of instability, highly likely to negatively affect the European region, mainly in terms of disruptions to the energy supply, transnational terrorism, or above all, human mobility.

As occurs in other areas, the EU and Spain's strategy regarding Southern Neighbourhood countries is marked by deep continuities in Euro-Mediterranean relationships. Every new text has been presented as an important reform, when, in reality, the successive programmes have only resulted from gradual strategic revisionism, with policies, perceptions, and visions re-conceptualised without

8 UNDP (2004). Arab Human Development Report 2004. <http://hdr.undp.org/en/content/arab-human-development-report-2004>

9 Domínguez de Olazábal, I. (2019). Mediterráneo: El falso dilema de la estabilización. *El País*. https://elpais.com/elpais/2019/10/03/opinion/1570113684_283210.html

a real will for change. The EU's business as usual approach, combined with a posture of weariness and reactivity, appears to ignore the need to consider the renewed importance of the Mediterranean. This varies from the traditional point of view of perceived threats and human security for the citizens of the Neighbourhood, to recent possibilities, such as energy resources in the eastern Mediterranean or the increase in trade and other activities in the area in recent years.

Narrowing down the geographical scope means acknowledging that the regions are just geopolitical constructs whose boundaries and characteristics depend on which actor outlines them. As such, this document also reflects the influence of other countries on the region's dynamics. Interactions between different subregions and state actors are particularly relevant. From the EU's perspective, the so-called "Extended neighbourhood" includes Turkey, the monarchies of the Gulf Cooperation Council (GCC), and even sub-Saharan Africa. Both Turkey and the GCC countries have strengthened their presence in the Southern Neighbourhood in a considerable number of areas and with interventions of variable geometry, particularly from 2011 onwards, and partly as a consequence of contexts of political instability and state responses to citizen regionalisation phenomena.

In the case of Turkey, domestic and foreign interests combine, beyond its heavily analysed ideology, but always with the outcome of more assertive foreign policy and an ambition to adopt a greater role in the region, and even worldwide¹⁰. In the case of the GCC, the confrontation for the post-2011 influence and epistemology is visible, along with its role in the process to accumulate and internationalise regional and global capital¹¹. These countries prioritise domestic and regional security interests (closely linked for regimes built on the governing

elite's survival and legitimacy) that superimpose and intersect with the interests of global powers, mainly the United States (US), Russia, and China. The US favours an eminently security-based outlook, with greater focus on the Near East, characterized by a desire to gradually withdraw that does not appear to have materialised on the ground. When it comes to Russia, an objective involves regaining presence and good relationships with every country, adopting the profile of mediator for a number of conflicts and that of supporting partner for several countries. When it comes to China, the country currently favours building and acquiring infrastructure and transport networks as part of the Belt and Road Initiative in which Africa has a key role and both shores of the Mediterranean play a decisive role.

It is still too soon to know whether the interference obeys a competition rooted in a framework of a zero-sum game - precisely because the aforementioned interests are not always geopolitical per se. There are possibilities for cooperation that are worth highlighting, but it seems clear that these actions are increasingly autonomous and compartmentalised within a growing multi-polar framework at a regional level too, and in line with the fragmentation identified as a **Megatrend**. The EU appears to be the only actor that would not accept such compartmentalisation between areas, dossiers, countries, or subregions, despite being pushed in the opposite direction.

This document shows the importance of considering the impact of the EU's future on the Southern Neighbourhood, in both a strictly material sense (with COVID-19 worsening any outlook for substantial outlays and comprehensive strategies regarding the South in this sense) and with respect to the effects regarding socialisation processes, fine-tuned between the north and south Medite-

10 Saurina, M. (2021). Política Exterior De Turquía En El Mediterráneo: Conflicto Y Continuidad. *Fundación Alternativas*. https://www.fundacionalternativas.org/public/storage/opex_documentos_archivos/f65d4e5dce273b0c9ba089a8a4ac6468.pdf

11 Domínguez de Olazábal et al. (2020). La actualidad del Consejo de Cooperación del Golfo: dinámicas domésticas, transnacionales e internacionales. *Fundación Alternativas*. <https://www.fundacionalternativas.org/observatorio-de-politica-exterior-opex/documentos/documentos-de-trabajo/la-actualidad-del-consejo-de-cooperacion-del-golfo-dinamicas-domesticas-transnacionales-e-internacionales>

rranean over years and decades. The EU faces its own crises and demons, and its neighbours are not immune to them. As such, the EU does not seem to have made the most of the US' selective disengagement during recent years, resulting from the focus on migration and the differences and rivalries among Member States and other internal crises. The EU remains a key partner for Neighbourhood countries in areas such as trade, but they have shown they are more than willing to assert their agency and sovereignty, and diversify their repertoire of allies (and reduce their dependency) in the economic, political, and security domains.

As such, several Neighbourhood countries have made the most of new state actors gradually filling the void left by the US. Furthermore, and mainly when it comes to the Maghreb countries, they have gradually looked towards the African continent¹². In this sense, the sluggishness of the negotiation process for the free trade agreements (DCFTA, Deep and Comprehensive Free Trade Agreement) with the Southern Neighbourhood countries needs to be understood. Restarted after the 2011 anti-authoritarian revolts, these pacts were aimed towards Morocco, Tunisia, Egypt, and Jordan (although negotiations have only begun with the first two), with no progress being made to date. The lack of interest for adopting this type of agreement model¹³, and the mistrust and opposition shown by civil society, partly reflects the wider range of possibilities and actors in this region at present. It also shines light on the need for the EU to back sustainable economic models, which ensure adoption from a social and inclusive perspective and respect for neighbouring countries' priority areas.

Analysing the present, past, and future of the Neighbourhood means constantly considering three levels of analysis: local, regional, and global. We live in a complex and volatile world, which results from the accumulation of transformations throughout

recent decades, channelled through a multidimensional globalisation process. The Southern Neighbourhood is also both a protagonist and a victim of a considerable number of global dynamics. Several of the identified global megatrends typically coincide across studies, and also with the megatrends highlighted in this document, something that explains their eminently global nature and close links with the phenomenon of globalisation from different points of view¹⁴.

What is the point of identifying trends in a context where the pandemic is all-consuming? This report reflects the effects of COVID-19, but emphasises that the foresight exercise avoids fully focusing on the contingency. It shines light on how the pandemic has intensified and accelerated many existing trends, along with highlighting many previous sources of tension: failing public health systems, ferocious competition for national resources and insufficient redistribution, women and migrant groups as the most affected groups, acute youth unemployment, oil as an energy source whose days are numbered.... Most of our interviews emphasised how the Neighbourhood countries' regimes do not have a long-term vision and project, other than remaining in power. The concept of being "simply reactive" was stated on several occasions.

At the same time, the pandemic has allowed some actors to hide many of their identified failings. As public attention turned towards public health issues, governments adopted the measures recommended to the rest of international society, shaping stimulation programmes – with domestic or external funding – albeit to a limited extent, and a strong state became an inevitable actor. A notable example is how COVID-19 in the Neighbourhood led to the suspension of movements that had arisen or were resurgent in some of its countries, as well as in other neighbouring countries, conveying an illusory sense of calm. There is a need to

¹² Thieux, L. y Hernando de Larramendi, M. (2020). Las relaciones Magreb-África: nuevos desafíos e interdependencias. *Fundación Alternativas Informe África 2020 Transformaciones, Movilizaciones y Continuidad*.

¹³ This lack of interest was acknowledged in the 2015 review of the European Neighbourhood Policy. Cited in FEPS and IAI (2017). *The EU, Resilience and the MENA Region*. <https://www.iai.it/sites/default/files/9788868129712.pdf>

¹⁴ Two reference documents are: Office of the Director of National Intelligence (ODNI) (2021). *Global Trends 2040: A More Contested World*. <https://www.dni.gov/index.php/global-trends-home> and Office of the Director of National Intelligence (ODNI) (2012). *Global Trends 2030: Alternative Worlds*. https://www.dni.gov/files/documents/GlobalTrends_2030.pdf. Also Born, D. y Krys, C. (2020). *Trend Compendium 2050: Megatrends Shaping the Coming Decades*. Roland Berger <https://www.rolandberger.com/nl/insights/Publications/Trend-Compendium-2050-Megatrends-shaping-the-coming-decades.html>

identify the direct adverse impacts of COVID-19 on the economy in particular and on how the capacity to recover may be affected, but also the indirect impacts, particularly on societies. The post-pande-

mic recovery will mark the 2020s and the recovery efforts will affect the identified dynamics across the board.

» Approach and methodology

Foresight exercises aim to be quite comprehensive and require serious pedagogical efforts. The first lesson is that the aim is not to predict the future, rather to observe and systematically analyse the empirical evidence with the aim of identifying a series of interrelated trends, dynamics, and phenomena, whose combined impact will shape the future and the reason for this study. Foresight studies play a significant role in identifying future challenges, opportunities, and threats for different sectors of society and state actors. The discipline aspires to identify continuities and drastic changes, and helps to provide a systematic understanding based on the in-depth study of past and present patterns to envisage potential future events and trends.

With two time horizons — one over the long-term to 2050 and one over the medium-term to 2030 — this document examines what are called “megatrends” and “dynamics”. Megatrends are generational forces that shape the entire world, significant changes to environmental, economic, and social conditions that will accelerate in the coming decades, and whose advancement is almost impossible to slow down, much less reverse¹⁵. They are factual events and are often supported by verifiable data. Dynamics come from understanding megatrends, more specifically from the combination between megatrends and the primary factors that give rise to them, as well as the human responses over the medium-term. These are phenomena with a likely direction; thus, where they are headed in the near future can be forecast with some confidence. When it comes to dynamics, decision-makers and other actors have some room for manoeuvre regarding accelerating them, reversing them, or at least attempting to slow down their progress.

Specifying how trends interrelate is important, and this document aims to do so in the following pages. The aim is to throw light on some obvious synergies (demographics, collective preferences, natural re-

sources, as well as the production of goods and services), but also on the reality that there are a number of challenges to which countries cannot respond individually, represented by the scarcity of better fitting jobs, the climate emergency and the conservation of natural resources, food crises, or migratory movements.

Foresight exercises look to identify scenarios. Understanding these scenarios or “potential worlds” helps to dive into the implications of the identified trends, with their development potentially influenced by variable geometry strategies and policies based on multilevel discussion processes among a significant number of actors. Developing scenarios implies assuming some risks, and also requires being explicit in terms of our objectives and positions. The scenarios developed in this document are written from Spain as an EU Member State, and it is from this position that developments in the Neighbourhood are considered to be beneficial or damaging. This does not exclude openly admitting that the region’s societies and individuals are the main beneficiaries and victims of these scenarios. In particular, a favoured foresight methodology is backcasting, which defines a desirable scenario in the future and then works backwards to identify the route linking that specific future with the present, outlining factors that may work as facilitators or obstacles¹⁶. We are fully aware of the limitations of this report and the fact that it was not possible to include the entire range of potential variables affecting well-being in the Southern Neighbourhood, but we deliberately opted to prioritise the areas in which the EU and its Member States could join in on the actions of the Southern Neighbourhood actors, as underlined in [Identified opportunities](#).

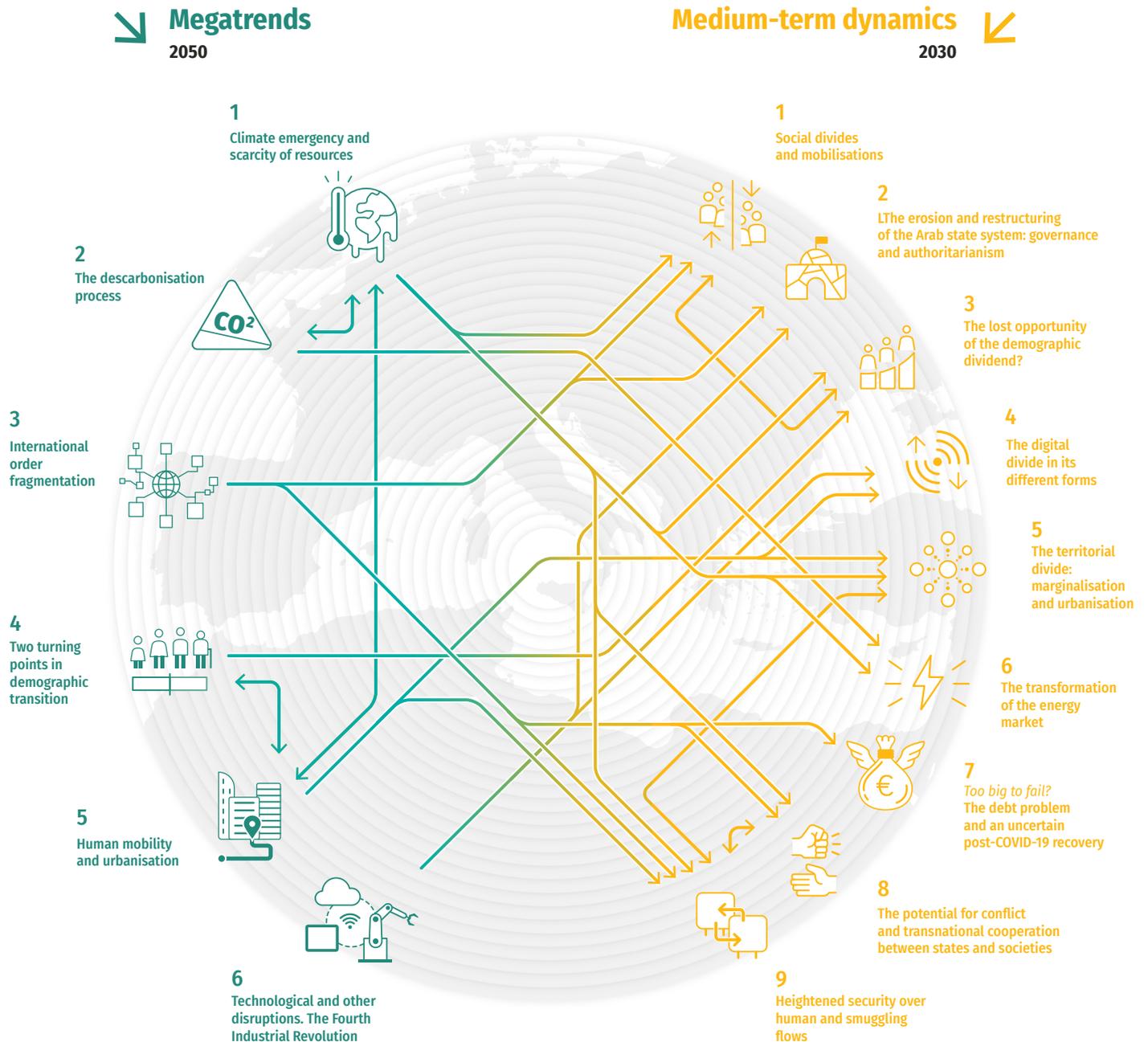
This document is built on the solid foundations of other foresight exercises on the MENA region conducted during recent years¹⁷, with a significant number of cases showing much more ambition in

¹⁵ Hajkowick, H., y Littleboy, A. (2012). Our future world: Global megatrends that will change the way we live. *CSIRO Futures Australia*.

¹⁶ Dreborg, K. (1996). Essence of Backcasting. *Futures* 28(9).

¹⁷ An interesting fact – and as an example to clarify the limitations of the prospective exercise – is that several prospective exercises prior to 2010/2011 did not mention the potential for uprisings in the MENA region.

Megatrends, Dynamics, and Interconnections



terms of scope, preparation time, and resources. Acknowledging their multidimensional inputs to both the discipline as a whole and the knowledge used to construct this analysis is vital. The first stage of the investigation consisted of an in-depth review of

current literature¹⁸, with the aim of identifying both shared and diverging points, as well as how to reflect on the added value of this Document.

The accuracy of the foresight exercise largely de-

18 We highlight the following reference documents: Göll, E., Colombo, S. y Soler i Lecha, E. (2019). Imagining Future(s) for the Middle East and North Africa. MENARA Final Reports n°. 2, CIDOB. https://www.cidob.org/es/publicaciones/serie_de_publicacion/menara_papers/final_report/imagining_future_s_for_the_middle_east_and_north_africa; Gaub, F. (2019). Arab Futures 2.0. Chaillot Paper 154, EUISS. <https://www.iss.europa.eu/content/arab-futures-20>; Kenney, S. y Harrison, R. (2020). Middle East Conflict and COVID-19 – A View from 2025. Middle East Institute. <https://www.mei.edu/publications/middle-east-conflict-and-covid-19-view-2025>

depends on the methodology, and in this sense, on the capacity of researchers and respondents to identify the main trends, connect those trends to each other, and to use their imagination and creativity to go beyond conventional outlooks for the future. Data regarding material factors – always based on carefully selected sources – is pivotal, particularly in terms of the evolution and projection of these material factors¹⁹. The other foundation to understand and consider about present and future contexts – essentially when obtaining reliable quantitative data turns out to be particularly difficult – is the eminently qualitative component based on consultations with experts, in both the relevant countries and areas for the study in question. As such, this document's methodology emphasised an in-depth exercise of desk research, focus groups, and individual interviews with Spanish experts on the different issues covered, as well as in-depth semi-structured interviews with young experts from the Southern Neighbourhood, some of which have contributed with the written analyses included in the Annex, "Views from the South".

One of the starting points was to reverse the regular approach, whereby these opinions are included as a side note and/or a posteriori²⁰. As opposed to other foresight exercises, and in an effort to avoid contaminating the results, the aim throughout the interviews was to highlight the perceptions and frameworks of the respondents rather than imposing a set of previously modelled parameters. Time and resource restrictions meant that fewer respondents than desired were interviewed for this first edition of

the document. This was also as a consequence of the pandemic and the situation both countries and societies are traversing, including the Southern Neighbourhood researchers and experts.

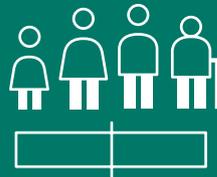
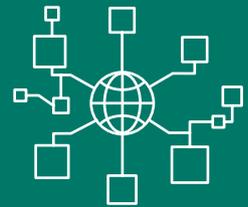
We are eternally grateful to the following people who contributed to producing this report, which we would not have been able to develop without their inputs, reflections, and knowledge: Hafsa Halawa, Amro Ali, Timothy Kaldas, Inès Abdel-Razek, Yara Asi, Nadim Nashif, Kareem Chehayeb, Mohammed Safa, Laith Al Ajlouni, Barik Mhadeen, Abdesslam Badre, Samia Errazzaoui, Salah Salhi, Youssef Cherif, Houda Mzioudet, Tarek Megerisi, Bashir Alzawawi, Ana Planet, Ignacio Álvarez Ossorio, Isaías Barreñada, Carmen Rodríguez, Miguel Hernando de Larramendi, Irene Fernández-Molina, Gemma Pinyol, Ruth Ferrero, Lorenzo Gabrielli, José Bautista, Pamela Urrutia, Diego Checa Hidalgo, Rami Zahrawi, Daniel Ahmed, Javier Guirado, Victoria Silva-Sánchez, Ethel Bonet, Rosa Meneses, Ricard González, Marc Espalol, Oriol Andrés, Beatriz Mesa, Bosco Govantes, Laurence Thieux, Beatriz Tomé Alonso, Lucía García del Moral, María González-Úbeda, Miguel Fernández, Vincent Forest, Carlos Conde, Marc Sánchez, Elsa Aimé, Emmanuel Cohen, Roger Albinyana, Eduard Soler, Haizam Amirah Fernández, Gabriel Reyes, Olivia Orozco, Gonzalo Escribano, Aurelia Mañé, Alejandra Ortega, Oscar Mateos, as well as those experts from the Neighbourhood who preferred to remain anonymous. The authors are wholly responsible for the content of this document.

19 Keulertz, M. (coord.) (2016). MENARA Papers. Material Factors for the MENA Region: Data Sources, Trends and Drivers. https://www.cidob.org/es/publicaciones/serie_de_publicacion/menara_papers/methodology_and_concept_papers/menara_papers_material_factors_for_the_mena_region_data_sources_trends_and_drivers. An added - and sometimes insurmountable - difficulty for this document represented the need to differentiate between data referring to the MENA region or the 'Arab world', a group to which most international reports refer, and data referring to the Southern Neighbourhood alone.

20 Huber, D. y Paciello, M. (2019). Towards a More Reflexive EU in the Mediterranean. Final Policy Recommendations of MEDRESET. https://www.iai.it/sites/default/files/medreset_pp_10.pdf

Identifying the main trends

↘ Megatrends 2050



This document identifies – with the sight set on 2050 – six Megatrends, upon which the following section analyses a series of **Medium-term dynamics**. Megatrends are multidimensional and structural phenomena that shape the world as a whole, even if they impact different territories in particular ways. Here we focus on the case of the Southern Neighbourhood. Megatrends are profound transformations that will accelerate in the upcoming decades, and which are practically impossible to stop or revert within the span of a generation.

1. Climate emergency and scarcity of resources



🔍 Main takeaways

- The climate emergency has exacerbated existing atmospheric processes, putting the planet's sustainability at risk.
- Scarcity of resources is not only linked to climate change, but also to poor governmental management and intensive economic models.
- The Mediterranean basin will be one of the regions most affected by the effects of climate change.
- Scarcity of resources in the region will affect especially water access and food security.
- Rising sea levels will be a significant cause of distress for countries with high urban population concentrations on their coasts.

The climate emergency has exacerbated and increased the prevalence of existing atmospheric processes, which include changing temperatures, effects on precipitation, changing sea levels, or desertification. Increased scarcity of resources will also be felt in the different regions of the planet where it is already taking place. Climate change is not exclusively responsible for this scarcity. Other factors such as poor governmental management or the adoption of intensive economic models are involved. The consequences of the climate emergency will affect different sectors of the population on different levels. Their levels of vulnerability, their geographical location –rural or urban settings– and the government's ability to provide protection are just some of the deciding factors.

Previous climate change trend analyses and estimations for the coming decades indicate an unfavourable outlook for the Southern Neighbourhood countries. References in the literature point to the Mediterranean basin being one of the most affected

regions in the future. The region has experienced 1.5°C temperature rise on pre-industrial levels¹ and the region's temperatures are expected to increase by 20% more than the global mean during the coming decades². Three of the Southern Neighbourhood countries [Tunisia, Morocco, and Israel] are expected to face at least three ongoing environmental threats, namely water stress, droughts, and flooding; while the remaining countries will each be exposed to at least two environmental threats³. By 2030 specifically, the region will have experienced a strong rise in temperatures and increased droughts. The mean temperature is estimated to rise by 7°C by the end of the century⁴. Although precipitation events are less predictable, and any increase or decrease will depend on each subregion, studies estimate that each degree of temperature rise in the Mediterranean will lead to a 4% increase in precipitation⁵.

Scarcity of resources in the Southern Neighbourhood will be evident in terms of water access and

1 UNESCWA (2020). Arab Sustainable Development Report 2020. ESCWA. <https://www.unescwa.org/publications/arab-sustainable-development-report-2020>

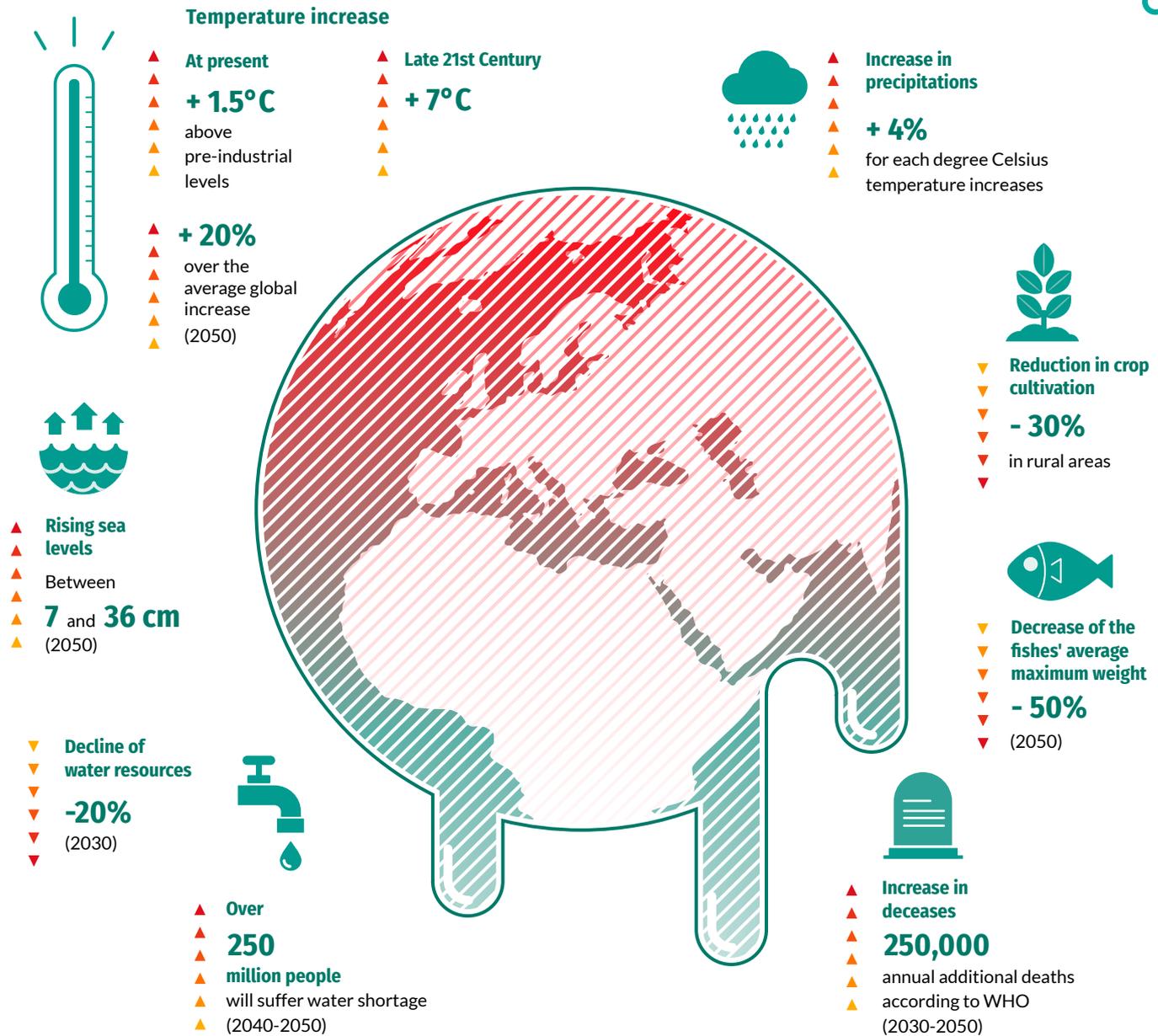
2 MedECC (2020). Climate and Environmental Change in the Mediterranean Basin – Current Situation and Risks for the Future. First Mediterranean Assessment Report. En Cramer, W., Guiot, J., Marini, K. (eds.), *Union for the Mediterranean*. Marseille: UNEP/MAP. <https://www.medecc.org/first-mediterranean-assessment-report-mar/>

3 IEP (2020). Ecological Threat Register 2020. *Institute for Economics and Peace*. <https://ecologicalthreatregister.org/>

4 Ibid.

5 Ibid.

Climate change's impact on the Mediterranean basin



Source: https://ufmsecretariat.org/wp-content/uploads/2019/10/MedECC-Booklet_EN_WEB.pdf, https://www.medecc.org/wp-content/uploads/2019/10/Infografic_ES.pdf

food security in particular. Water stress will be one of the main issues faced by the region in the coming decades. Aquifer resources are expected to drop by 2030⁶, and every country in the MENA region will

face water scarcity problems by 2050⁷. The climate emergency will not be the only source of this scarcity; it will be augmented by strong population growth, the trend towards urbanisation and agri-

6 UNESCWA, 2020. Op cit.

7 Tulle, K. (2020). The projected impacts of climate change on food security in the Middle East and North Africa (MENA). *Helpdesk Report*. https://opendocs.ids.ac.uk/opendocs/bitstream/handle/20.500.12413/15166/764_MENA_food_security.pdf?sequence=1&isAllowed=y



cultural and industrial development⁸. Water needs for agriculture, tourism, industry, and domestic consumption will lead to more domestic competition between sectors.

Water stress will strongly affect the predominant agricultural sector in these countries and, consequently, food sustainability. On average, 20% of the MENA region countries' workforce is employed in the agricultural sector, which consumes approximately 80% of each country's water resources⁹. Rising temperatures will harm the productive output of the agricultural systems of these countries, leading to a 30% reduction in crops in the rural areas most affected by the temperature rise¹⁰. Food prices will subsequently rise, making these countries less competitive in international markets, plunging them into further economic difficulties. Despite the focus on agriculture, the countries are strongly dependent on importing food products, representing a deficit of over 20 million dollars a year¹¹. Food prices will also increase globally, having a considerable impact on both a macro and micro level

The impact on the agricultural sector and the subsequent rise in prices will have significant repercussions on [economic inequality](#) and [territorial divides](#), making it hard for the population to obtain food and geographical regions more vulnerable. This aspect is just one of the numerous harmful consequences that the climate emergency will pose to human health. Others include higher pollution levels, extreme temperatures, infection transmission, or the propagation of natural disasters. It will also lead to other social problems, such as higher levels of malnutrition among the population (especially the most financially disadvantaged) or more infectious disease propagation due to inadequate water treatment. The WHO calculates that climate change will lead to

250,000 additional deaths between 2030 and 2050¹². Several factors will combine to also further marginalise and discriminate against minority or vulnerable groups, and increase human mobility, including the so-called "climate refugees". The widening of economic gaps, particularly in the rural domain, with stronger effects in terms of agricultural product and employment availability, opens up the possibility for more peripheral protests and new "bread riots", raising the risk of political instability in the region.

In the same vein, rising sea levels can have deadly consequences for countries with a significant urban population concentration along their coasts, such as Egypt, Tunisia, or Lebanon. The rising temperatures are expected to cause 7 to 36 cm of sea level rise by 2050¹³. In Egypt alone, rising sea levels will affect over 7 million people, and will cause at least 2 million people to migrate¹⁴. This forced mobility will lead to even more pressure being placed on the urban centres of these countries. The deterioration of the coastal areas and rising temperatures will also have negative impacts on seasonal tourism, which already accounted for 10% of some of these countries' GDP a decade ago. This is the case for Morocco, Tunisia, or Egypt, but it is higher for Jordan, and notably so for Lebanon¹⁵. The effects on infrastructures will also need to be considered - ports in particular - as well as a higher incidence of natural disasters.

The consequences of climate change will also be evident by the deterioration of ecosystems, affected by desertification and deforestation, ocean acidification, and drinking water contamination, among others¹⁶. These processes will strongly impact the planet's biodiversity, particularly in the Southern Neighbourhood, changing the behaviour, location, and capacity for survival of its fauna and flora, with species moving to warmer locations, modifying

8 Kandeel, A. (2019). In the face of climate change: Challenges of water scarcity. *Atlantic Council*, 11/07/2019. <https://www.atlanticcouncil.org/blogs/menasource/in-the-face-of-climate-change-challenges-of-water-scarcity-and-security-in-mena/>

9 Waterbury, J. (2013). The political economy of climate change. *Research Paper Series*, UNDP.

10 FAO (2017). Arab Horizon 2030: Prospects for Enhancing Food Security in the Arab Region. Technical Summary. FAO, ESCWA. http://www.fao.org/fileadmin/user_upload/rne/docs/arab-horizon-2030-prospects-enhancing-food-security-summary-english.pdf

11 Ibid.

12 WHO (2018). Climate change and health. *World Health Organisation*, 01/02/2018. <https://www.who.int/es/news-room/fact-sheets/detail/climate-change-and-health>

13 Elsharkawy H., Rashed H., & Rached I. (2009). The impacts of Sea Level Rise on Egypt, *45th ISOCARP Congress 2009*. http://www.isocarp.net/Data/case_studies/1456.pdf

14 Waterbury, J. (2013). Op. Cit.

15 O'Sullivan, A., Rey, M., y Galvez Méndez, J. (2011). Opportunities and Challenges in the MENA Region. *OECD*. <https://www.oecd.org/mena/49036903.pdf>

16 Malhi, Y. et al. (2020). Climate change and ecosystems: threats, opportunities and solutions. *Royal Society*, Vol. 375, Issue 1794. <https://royalsocietypublishing.org/doi/10.1098/rstb.2019.0104>

seasonal migration patterns or causing changes to coastal ecosystems. The MENA region is already experiencing water stress, a scarcity of cultivatable

land, and a loss of biodiversity, and the consequences will be particularly notable¹⁷.

¹⁷ Abumoghli, I. y Goncalves, A. (2019). Environmental Challenges in the MENA Region. *UN Environment Programme*. https://wedocs.unep.org/bitstream/handle/20.500.11822/31645/EC_MENA.pdf?sequence=1%20;isAllowed=y

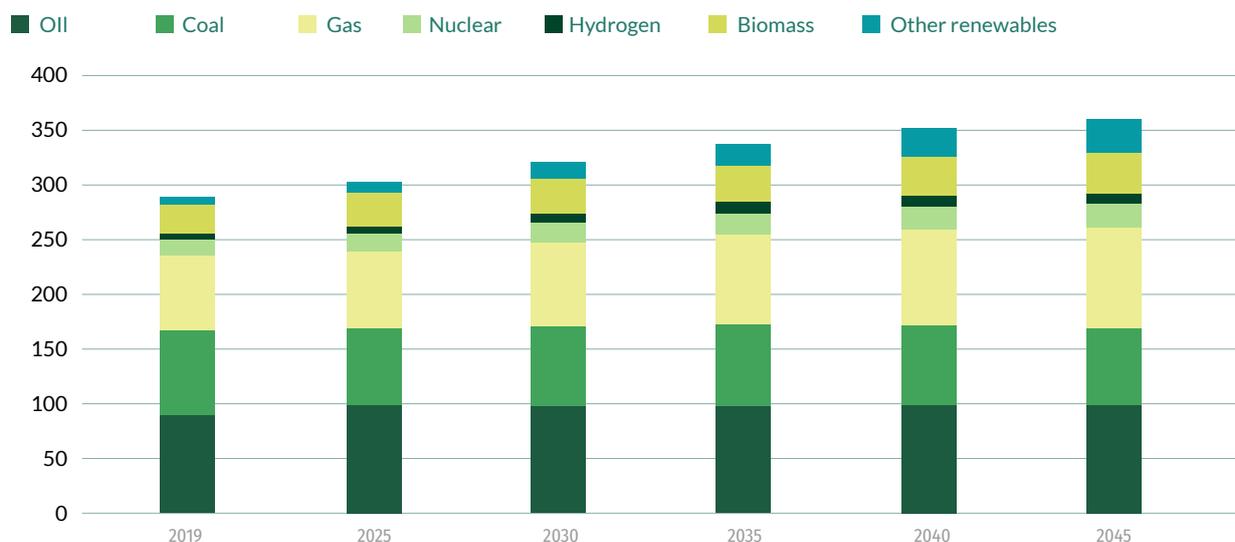
2. The decarbonisation process



🔍 Main takeaways

- Decarbonisation, a process aimed at reducing fossil fuel consumption to zero will involve a change of direction towards renewable energies, hydrogen, nuclear power, and more gas consumption.
- Decarbonisation will open up new market opportunities based on renewable energies.
- Overall, decarbonisation will cause a significant North-South divide in terms of production capacity and trade benefits.
- Decarbonisation goes hand in hand with a growing social awareness of the climate emergency on both a global and regional level.
- The energy transition will have major consequences for hydrocarbon-dependent economies, and therefore, affecting most Southern Neighbourhood countries both directly and indirectly.

Energy demand by type of source (from 2019 to an estimation for 2045)



Source: OPEC (World Oil Outlook 2045). (Measured in millions of barrels of oil equivalent per day)

The climate emergency stated in the megatrend [Climate Emergency](#), the proven negative impact of CO2 emissions on climate change, and the increasing scarcity of resources on the planet, including the depletion of coal and oil reserves, define decarbonisation as another megatrend. A process that aims to achieve zero fossil fuel consumption, unders-

stood mainly as the gradual replacement of fossil fuels with renewable energies, decarbonisation will lead to the development of new energy markets throughout the next half century. The process draws on technological developments in the energy sector, which include greater storage capacity and transportation networks. All the same, there will be a significant Nor-



th-South divide in general in terms of production capacity and trade integration¹⁸, and regarding the potential benefits of this process.

This megatrend will involve a change of direction towards renewable energies, hydrogen, nuclear power, and increased gas consumption. Overall, among renewable energies, the support for wind and solar energy is pronounced, with installed power growing from 19% in 2010 to 40% in 2016¹⁹. Although the decarbonisation process mainly focuses on electrical energy, using hydrogen could be considered a reliable energy source. The European Green Deal represents a commitment to clean hydrogen in particular²⁰.

the climate emergency and the search for alternative energy models. 2019 saw the highest number of protests against climate change: occurring in 185 countries, covering issues such as environmental pollution, sea level rise, waste management, or coal extraction²¹. Despite this, the figure varies considerably between northern and southern hemisphere countries, with fewer protest movements in the latter meaning governments could maintain laxer positions regarding environmental policies.

The Paris Agreement signed during COP21 in 2015 was an important milestone. It proposed limiting temperature rise to below 2°C by 2050, and only

Percentage of companies investing in renewable energies per region

Region	Number of companies		Market capitalisation		Percentage of companies		Market capitalisation percentage	
	SBTI*	Total	SBTI	Total	SBTI	Total	SBTI	Total
Developed Asia	106	2,044	1,613,513	7,511,551	20%	20%	9%	9%
Emerging Asia	49	3,028	425,618	13,276,976	9%	30%	2%	16%
Emerging Europe	29	341	458,301	2,115,322	5%	3%	3%	3%
Latin America	14	285	130,063	1,330,621	3%	3%	1%	2%
MENA	10	565	71,688	1,530,872	2%	6%	0%	2%
North America	119	2,616	10,310,065	41,982,700	22%	26%	57%	52%
Western Europe	204	1,329	5,119,387	13,262,116	38%	13%	28%	16%

Source: Schroders Sustainable Investment Team (03/09/2020). SBTi (Science Based Target Initiatives) include every company that has developed strategies committed to achieving the internationally agreed targets for reducing greenhouse gas emissions.

This commitment highlights the great potential of the Southern Neighbourhood as a source of supply for the European continent. This has resulted in the creation of the MENA Hydrogen Alliance with the aim of generating public-private capital to develop this energy in the region.

In addition to economic interests, there is the increase in social awareness in recent years regarding

1.5°C above pre-industrial levels. COP26 will be held in Glasgow and will show the scope of the proposed objectives and how realistically the proposed deadlines can be achieved. This trend represents not only a change of mindset and public pressure, but also the opening of an emerging energy market, increasingly prioritised by some societies and, above all, increasingly cheaper.

¹⁸ Roadmap to 2050. A Manual for Nations to Decarbonize Mid-Century (2019). SDSN & FEEM. <https://roadmap2050.report/static/files/roadmap-to-2050.pdf>

¹⁹ Menichetti, E. et al. (2018). The MENA Region in the Global Energy Markets. *MENARA Working Papers*, N°. 21, October 2018. https://www.iaei.it/sites/default/files/menara_wp_21.pdf

²⁰ Pariente-David, S. (2019). Covid-19: A Catalyst for Decarbonization and Integration for the Mediterranean Energy Market. *Policy Center for the New South*, 09/06/2020. <https://www.policycenter.ma/opinion/covid-19-catalyst-decarbonization-and-integration-mediterranean-energy-market#.YDkxd2hKjIW>

²¹ Deloitte (2020). The 2030 Decarbonization Challenge. The path to the future of energy. *Deloitte*. <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/Energy-and-Resources/gx-eri-decarbonization-report.pdf>



To date, the EU has played a key role in driving the fight against climate change, setting more ambitious targets for the deadlines to achieve carbon neutrality. The European Green Deal aims to reduce greenhouse gas emissions by 55% on 1990 levels, and to achieve energy neutrality by the year 2050²².

Many Asian countries have joined the initiative. China has committed to reach peak emissions by 2030 and to achieve energy neutrality by the year 2060²³. Japan and South Korea have also made the same commitment. These commitments are particularly relevant if we consider their dominance over the renewable energies market, whether in the wind

energy sector (six of the ten companies with greatest market share in 2019 were Chinese), solar power, or electric vehicle engine production²⁴. Known for being the second highest CO₂ gas emitting country in the world after China, the posture adopted by India in the future will be key for 2030.

However, the decarbonisation process will also have negative implications for countries dependent on coal and oil extraction, which will have to face potential fines and smaller markets, along with communities dependent on agriculture, who will be forced to make significant changes to reduce their carbon emissions.

22 European Commission (2019). Communication from the Commission to the European Parliament, the European Council, the European Economic and Social Committee and the Committee of the Regions, The European Green Deal.COM/2019/640 final.

23 Qi, Y. (2019). China's Peaking Emissions and the Future of Global climate Policy. *Brookings-Tsinghua Center for Public Policy*, 12/09/2019. <https://www.brookings.edu/wp-content/uploads/2018/09/Chinas-Peaking-Emissions-and-the-Future-of-Global-Climate-Policy.pdf>

24 Webber, S. (2020). Could decarbonization be the mega-trend of the next decade?. *Schroders*, 28/09/2020. <https://www.cityam.com/could-decarbonisation-be-the-mega-trend-of-the-next-decade/>

3. Fragmentation of the international order



Main takeaways

- Both the present and future decades point to the emergence of multiple power bases.
- The traditional G-7 powerhouses are weakening in favour of the growing economic clout of the G-20.
- Political and economic strength is gradually transferring towards eastern Asia.
- Strong demographic growth in Africa and Asia in the coming decades will increase their political and economic clout on the international scene.

The international order is facing a fragmentation process, resulting from the decline of the international liberal order or the *Pax Americana* after the collapse of the Soviet Union. The fragmentation also results from the stronger globalisation process over recent decades, which has fostered connections and interdependence between countries and regions, and led to faster development of technology, communications, the economy, and cultural phenomena. However, it has also led to inequalities developing and deepening both between and within countries.

Although China appears to be positioning itself as one of the strongest economic and political players, capable of counteracting the U.S.A.'s influence, it is clear that several power bases are now emerging, with others appearing during the decades to come. Regional powers are adopting more leading roles and future world powers may be among what are still considered emerging countries. Rather than a new multipolar order, the weakening of the United States of America's position has led to a fragmentation of these power hubs, in favour of asymmetrical relationships, new "proxy" wars, and new international non-state actors.

The transformation of the international order and the diluting of power has led to a loss of power for the economically advanced countries, grouped tra-

ditionally as the G-7, in detriment of new emerging powers in economic and military terms, but also in aspects relating to soft power, with its regulatory and cultural aspect. This trend opens the door to what is currently their unlikely replacement by a new informal association of emerging countries (E7), or more likely, a scenario whereby the diversification of political, economic, and military power leads to more multilateralism and a greater role for more extensive informal organisations that involve every country currently comprising the G20²⁵.

In this vein, strategic foresight literature places six emerging countries among the ten countries with greater influence on global GDP by 2050, which only include two European countries (predictably the United Kingdom and Germany)²⁶. In line with this projection, India will experience economic growth to surpass the U.S.A. in 2050 to a position just behind China. This economic calculation reflects the progressive transference of political and economic influence towards the Indian Ocean, and towards eastern Asia in particular, with China as the main regional power with a global reach. It also shines light on the growing importance of continental powers (countries almost continental in size, such as China, Russia, the U.S.A., Brazil, Indonesia), in detriment of traditional nation states .

²⁵ Kwaku Fokuo, I. y Ochiwng, Akinyi (2018). Move Over G7. The future belongs to a more inclusive G20. *World Economic Forum*, 25/06/2018. <https://www.weforum.org/agenda/2018/06/move-over-g7-future-belongs-more-inclusive-g20/>

²⁶ PWC (2017). The Long View. How will the global economic order change in 2050?. PWC, February 2017. <https://www.pwc.com/gx/en/research-insights/economy/the-world-in-2050.html>



Estimations of global positions based on GDP

↑ Rises

= Unchanged

↓ Falls

Region	2016	2030	2050
China	1	1 =	1 =
United States	2	2 =	3 ↓
India	3	3 =	2 ↑
Japan	4	4 =	8 ↓
Germany	5	7 ↓	9 ↓
Russia	6	6 =	6 =
Brazil	7	8 ↓	5 ↑
Indonesia	8	5 ↑	4 ↑
United Kingdom	9	10 ↓	10 =
France	10	11 ↓	12 ↓
Mexico	11	9 ↑	7 ↑
Italy	12	15 ↓	21 ↓
South Korea	13	14 ↓	18 ↓
Turkey	14	12 ↑	11 ↑
Saudi Arabia	15	13 ↑	13 =
Spain	16	17 ↓	26 ↓
Canada	17	18 ↓	22 ↓
Iran	18	16 ↑	17 ↓
Australia	19	23 ↓	28 ↓
Thailand	20	22 ↓	25 ↓

Source: PwC, from IMF data (2016). Own preparation

As examined in the megatrend **Two turning points in demographic transition**, this evolution of global balances needs to consider the demographic influence of many of these emerging countries in future decades, giving the Asian and African continents a more prominent role. India is estimated to become the most populated country, followed by China, Nigeria, the U.S.A., Pakistan, and Indonesia. This demographic influence will represent a significant economic opportunity for achieving greater social and economic stability, and suitable labour integration for the population. In this dynamic, Africa will be positioned as a major game changer, which will open up new political and trade opportunities for North African countries. The continent’s population is expected to reach 2.5 billion inhabitants by 2050, multiplying its combined economic influence by ten compared to

current figures²⁷. The international view is that the accumulation of resources and the agricultural capacity, allied with the potential for cheap and plentiful labour, can make the continent one of the leading locations in the future. However, its relevance is dependent on its capacity to develop its infrastructures, achieve a better economic balance, and keeping poverty and inequality rates in check.

The impact of globalisation on the development of emerging countries has been widely discussed by academics and experts, who contrast the worldwide economic integration process with the high levels of inequality it has engendered both between and within countries, as well as between regions. Increased international economic competitiveness has led to rapid economic readjustments between emer-

27 Spear's (2020). Why the future of the global economy is African. Spear's, 14/01/2017. <https://www.spearswms.com/spears-leader-why-the-future-is-african/>



ging and less developed countries, but also between the most advanced economies in order to tackle new competitors, within a framework of promoting neoliberal policies and lower social spending that has left significant sectors of society behind. In this scenario, the richest 1% of the world have been the real “winners” of the globalisation process, directly benefiting from the increase in world income, as opposed to the most financially disadvantaged third of the population, who are positioned as the big “losers” from globalisation²⁸. This inequality has a particularly important effect in terms of health and educational service availability, access to technology and industry, and employment opportunities in countries with the lowest rate of development²⁹. As shown by megatrend [Climate emergency and scarcity of resources](#), climate change will exacerbate these inequalities.

Greater connections and interdependence between countries and regions have favoured the emergence of new multilateral and regional frameworks. The objective of these multilateral frameworks is not simply to do with economic interests, rather, they also promote political and security links against the rise of

globalisation-associated risks. The adoption of multilateral frameworks by countries has fostered more regional organisations and a proliferation of regional and interregional free trade agreements. Although these agreements appear to represent a growing trend, they have also led to mistrust and mobilisations by civil society due to the unequal economic impact on society and the difficulty of distributing their benefits homogeneously.

The trend of forming regional ties goes against the reassertion of state sovereignty, as a reaction to increasing vulnerabilities and the loss of state autonomy, which has led to a surge in populism and a resurgence of extreme right movements in recent years. Reflecting growing dissatisfaction towards the international liberal order, this dynamic has been evident within the framework of the EU itself, resulting mainly in problems regarding adopting coordinated action frameworks on issues such as immigration or foreign policy. This trend towards protectionism and the reassertion of state sovereignty can appear intensified as a reaction to the current COVID-19 pandemic, which can accelerate a potential “deglobalisation” process³⁰.

28 Chatham House (2014). *Globalization and World Order. London Conference on Globalization and World Order*. https://www.chathamhouse.org/sites/default/files/field/field_document/20140521LondonConference1.pdf

29 Bluedorn, J. et al. (2019). *Widening Gaps: Regional Inequality within advanced Economies*. *IMF Blog*, 09/10/2019. <https://blogs.imf.org/2019/10/09/widening-gaps-regional-inequality-within-advanced-economies/>

30 Olivie, I. y Gracia, M. (2020). *The end of globalisation? A look at the effects of the COVID-19 crisis from the Elcano Global Presence Index*. *ARI 43/2020*, 14/04/2020. http://www.realinstitutoelcano.org/wps/portal/riecano_en/contenido?WCM_GLOBAL_CONTEXT=elcano/elcano_in/zonas_in/ari60-2020-olivie-gracia-end-of-globalisation-reflection-on-effects-of-covid-19-crisis-using-elcano-global-presence-index

4. Two turning points in demographic transition



🔍 Main takeaways

- Young populations in the Southern Neighbourhood... for now.
- Populations will become increasingly older as 2050 approaches.
- An older Maghreb compared to the Levant.
- New generations bring new ways of interpreting reality... and reacting to it.

The world's population is growing at a dizzying rate, and will have reached 9.9 billion by 2050³¹, the year in which it is thought population growth will plateau. Demographic transition takes on different forms depending on each population's specific characteristics. The Arab population is estimated to reach 580 million in 2030 and 723 million in 2050³². Differentiating between subregions is important given their different rates of population growth: while the Maghreb subregion population has been growing at a slower rate and will reach 122 million, the Levant is expected to reach a population of 300 million in 2050, with Egypt as a major driver³³.

However, the world's population is growing heterogeneously: while societies are ageing largely in the northern hemisphere, 16% of the world's population was aged 15 to 24 years old in 2019³⁴, the largest population of young people in history. Most are concentrated in developing countries, particularly in Africa and Asia, but also along the length and breadth of the Southern Neighbourhood. Albeit not the only main players, young people were notably involved in the 2010/2011 anti-authoritarian revolts. A disaffected generation claimed that they had fewer opportunities than their parents, communicated using new forms of media, and tested out new forms of social mobilisation. As such, the results of the de-

mographic transition patterns that started to develop decades earlier became evident: when a country experiences a drop in fertility, the population's age structure changes, leading to a temporary increase in the proportion of young people, a phenomena known as youth bulge (considerable growth of young people as a proportion of the total population, referring to the proportion of adults aged 15 to 29 years old in this document); the fastest growth in the number of young people in the history of the Neighbourhood, combined with rapid growth of the total population.

The Southern Neighbourhood countries will be faced with two phenomena with tangentially different impacts over the coming decades: firstly, the young population will remain, but their populations will also age prior to 2050. Again, it is important to highlight that the different subregions of the Southern Neighbourhood are going through different stages of demographic transition. While the Maghreb countries are going through a more advanced stage of demographic transition, with young people making up 27% of the population, over a third of the population in the Levant are in the 0 to 14 year old age group³⁵. The Neighbourhood's population will continue to grow, due to a combination of rapidly falling mortality rates and fertility rates that fall more slowly, so it

31 Population Reference Bureau (2020). World Population Data Sheet. <https://interactives.prb.org/2020-wpds/>

32 Every study on demographic characteristics on the studied countries exclusively refers to larger regions, either the MENA region or a group of Arab countries in particular. The latter is the case for <https://data.unicef.org/resources/middle-east-north-africa-generation-2030/> whereby the study refers to a 'median fertility variant scenario'

33 Ibid

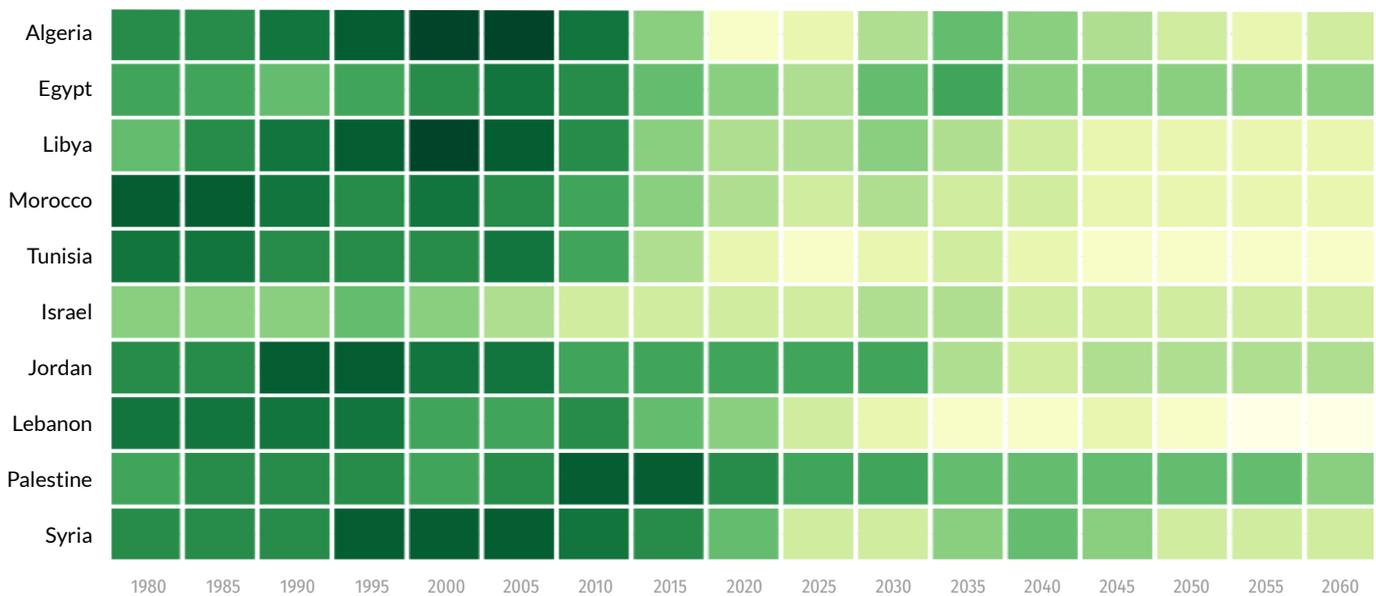
34 UN (2017). International Youth Day. Ten Key Messages. https://www.un.org/development/desa/youth/wp-content/uploads/sites/21/2019/08/WYP2019_10-Key-Messages_GZ_BAUG19.pdf

35 Population Reference Bureau (2020). World Population Data Sheet. <https://www.prb.org/wp-content/uploads/2020/07/letter-booklet-2020-world-population.pdf>

'Youth bulge' effect or aging population

Estimated population between the ages of 15 and 24 years. Forecast from 2000 to 2060

% 15-24 12% 23%



Source: Compilation based on the data from the Department of Economic and Social Affairs of the United Nations <https://population.un.org/wpp/Download/Standard/Population>

STORY DATA

will remain relatively young³⁶.

As will be explained throughout this document, these demographic dynamics go hand in hand with other dynamics that shape the region's present and future, particularly when it comes to [mobility and urbanisation](#), but also, of course, when it comes to the need for institutional adaptation to population characteristics and societies' needs. With attention focused on the breakout of potential and actual protests involving young people, ageing did not represent a cause for concern in 2010. It does not now either. That will not be the case in 2050 due to the drop in fertility rates and increased longevity, largely because of advances in development and health. Fertility rates are expected to drop considerably across all the Arab countries during 2040-2050, below the replacement level. Again, differentiating between subregions is key: while Algeria, Lebanon, Morocco, and Tunisia are currently going through rapid ageing, whereby the percentage of people

aged over 65 years old will have surpassed 9% in 2030³⁷, Egypt, Jordan, Libya, and Syria are experiencing moderate ageing, and the ageing process is not expected to start prior to 2050.

The generational change that goes hand in hand with demographic transition also derives in debates about the future of societies as a whole, but particularly about the future of social mobilisations. Although each generation's specific characteristics depend on the social structures into which they are born, general characteristics among different age cohorts can be differentiated. In fact, some of these general characteristics led to bonds forming between the young people that took to the streets in 2010 and are still doing so across the length and breadth of the world. The next decade will bear witness to the maturing of the largest generational cohort in history across the world: Generation Z (born between 1996 and 2010), who account for 24% of the world's population in 2021.

36 McKee, M. et al. (2017). Demographic And Economic Material Factors In The Mena Region. *MENARA Working Papers*. http://www.iai.it/sites/default/files/menara_wp_3.pdf

37 UN (2019). 2019 Revision of World Population Prospects. <https://population.un.org/wpp/Graphs/Probabilistic/PopPerc/65plus/275>



Generational cohorts are defined by social changes that affect them sufficiently during their formative years to shape a specific interpretation of how the world works. This appears to be the case with the COVID-19 pandemic for Generation Z in the Southern Neighbourhood too, but less so regarding the protests of previous years. This is the first generation born completely within the Internet era: its members spend more time on social networks than any other generation (they are in fact called *iGen* or *centennials*). Compared to their predecessors, this generation will probably prioritise different socio-political and socio-economic considerations and expectations, which will also be reflected in key areas, such as social mobilisation and the relationship with the

government and other institutions, and even with external actors and other societies. They also express a firm commitment to sustainability, something potentially key for the Neighbourhood, given that they live in countries highly vulnerable to climate change, but with limited preparation regarding a response.

With a view to 2050, Generation Alpha includes any human being born after 2010. Its members are still very young, but this generation is on the way to becoming a transformational age group. Growing up with and being fully immersed in technology since birth, they do not consider technology as simply tools, rather integral aspects of their daily life.

5. Human mobility and urbanisation



🔍 Main takeaways

- Human mobility will remain a reality in the Southern Neighbourhood.
- There are origin, transit, and destination countries in the Neighbourhood (with certain countries being several of these at once).
- The decision to migrate derives from several factors, with climate change becoming increasingly important.
- Migratory flows originating in the Neighbourhood give rise to diasporas in Europe, where they can play a significant role.
- The future of the Southern Neighbourhood is urban as in the rest of the world.

One of the main impacts of the COVID-19 pandemic has been human mobility. This refers to the different ways people are displaced, whether voluntary or forced, internally or internationally. Mobility is consubstantial to human beings, with extremely diverse reasons and nuances. The migratory flows continued despite the restrictions caused by the disease. The restrictions on destinations meant that the flows adapted to the imposed conditions and limitations, but they did not cease. For centuries, mobility has represented a necessary adjustment variable in order to deal with changes to environments, and this is despite these flows often being subject to increased levels of security.

Population demographics and movements are closely linked. The demographic growth to the south of the Mediterranean — both in the Southern Neighbourhood and sub-Saharan Africa — has derived in many articles, often regarding the potential arrival of people migrating to European shores. Located at the intersection of three continents, the Southern Neighbourhood has been the backdrop for migratory flows for centuries: its countries represent origin, transit, and destination. The potential for conflict has led to the refuge of approximately 14% of the world's migrants³⁸: Lebanon, Jordan, and the Occupied Palestinian Territories are known examples in the Sou-

thern Neighbourhood given the huge number of refugees and internally displaced people. The number of migrant persons in the Maghreb countries has also risen, a reality that governments increasingly attempt to manage using internal policies and foreign strategies in the form of migratory diplomacy³⁹.

Three types of migratory flows affecting the Southern Neighbourhood can be differentiated: Maghreb countries as significant countries of origin since the 1960s; Maghreb countries that attract workers from other countries in the subregion and sub-Saharan Africa, becoming transit countries and the destination for migrants from sub-Saharan Africa; and countries from the Levant, which are countries of origin for migrants and shelter for refugees. As such, the Neighbourhood is familiar with migrant workers and the remittances they send that nourish their economies. This is one of several hypotheses in which the “Extended neighbourhood” concept gains value, as is the case for the future of the GCC countries, particularly regarding fluctuations in the global energy market and outlooks for their economic diversification strategies. The economic outlook in other destination areas, such as the EU, will also prove decisive⁴⁰.

There is not one profile for the “migrant person” concept. Diverse reasons drive human mobility, and they

38 ESCWA (2017). Age-Structural Transitions and Sustainable Development in the Arab Region. <https://www.unescwa.org/node/148484>

39 Mesa, B. (2021). Migratory diplomacy in north Africa. Retrospective and Development. *Fundación Alternativas Informe África 2021*.

40 Aubarell, G. y Aragall, X. (2007). The growing influence of emigrant remittances from Spain to Morocco. AFKAR. https://www.iemed.org/observatori/arees-danalisi/arxiu-us-adjunts/afkar/afkar-ideas-14/papel_remesas_emigrantes_gemma_afkar14.pdf



often comprise a group referred to in several of the trends explained in this Document⁴¹: the potential for conflict and other types of structural violence, economy, public dissatisfaction, climate processes and associated difficulties... although difficult to quantify private decision-making processes are also involved. One of the most commonly perceived myths is that economic growth and the development of the population leads to smaller migratory flows, something disproved by studies and real life⁴². Furthermore, while the vast majority of migrating people go to a country with a higher rate of human development than their country of origin, their destination could be a developed country or another developing country, explaining why most of the migratory flows originating in the African continent remain and will remain within the African continent⁴³. It is also worth considering the growing importance of what could be called “nomadism”, based on a range of factors and dependent on the rules in the destination country; thus, considering the potential for migrating people to return is also important.

As such, Southern Neighbourhood countries will remain the backdrop for significant migratory flows during the coming years and decades in different forms. The current context leads to the expectation that migratory pressure will remain high, even if refugee flows reduce. The concept of flow itself goes hand in hand with the semantic field of uncertainty, but this is not a reason to not be aware of the contexts and phenomena that can generate new dynamics in terms of population movements. Uncertainty affects particularly what are considered extreme migratory flows, those that have the potential to significantly alter the size and make-up of the population in destination countries, normally because of conflicts. This particularly happens when a host country's population is small, as is the case in Lebanon or Jordan. Migratory flows completely or partly resulting from [climate emergency](#), could end up being considered under this category, given that some parts of the Southern Neighbourhood will become inhospitable by 2050. Something similar could occur in the event of natural disasters or critical water stress.

A corollary of human mobility with a potential impact over the medium- and long-term in the Southern Neighbourhood is the creation of diasporas in destination countries. Throughout recent years, and as these diasporas grow in size, with successive generations, they have become increasingly involved in a range of domestic issues in their countries of origin, boosted by new technologies and the facilitation of transnational contacts. This was the case regarding the support shown by the Algerian diaspora in France for the *Hirak's* actions or the criticism of some of the Kingdom's actions by the Moroccan diaspora in Europe. These diasporas have attempted to influence the foreign policy of their countries of residence on several occasions, or they end up influencing foreign policy within the context of structural racism.

Human mobility and demographics also go hand in hand with another megatrend of our time, urbanisation. The young population tends to grow more in urban areas of developing countries, where we see a combination of migration from the countryside to the city, mobility from other countries to urban centres, and natural demographic growth. Two thirds of the world's population will live in cities by 2050, and a large proportion will live in megacities in emerging and developing countries⁴⁴. The MENA region is host to some of the world's largest and oldest cities, with notable examples including Cairo, Baghdad, Istanbul, or Tehran.

The urbanisation of the MENA region will mean that almost 90% of absolute demographic growth will occur in urban areas by 2050, and around 70% of the region's population will live in cities⁴⁵. Differentiating between subregions is also important in this sense. The Levant has a higher concentration of highly populated cities, such as Cairo, Baghdad, Alexandria, Aleppo, Damascus, and Beirut, while the increase in the urban population in the Maghreb is limited to cities with smaller populations of 1 to 5 million, such as Casablanca, Algiers, Rabat, Tunis, Fez, Marrakesh, and Tripoli. Increased urbanisation is likely to occur in the coming decades, and Cairo in particular will become one of the world's largest megacities. New

41 Domínguez de Olazábal et al. (2020). Migratory flows in the Mediterranean: reasons, policies, and reform. *Fundación Alternativas*. https://www.fundacionalalternativas.org/public/storage/opex_documentos_archivos/a30bf8e41e8e6ea483417ceadcd7cfad.pdf

42 Lanati, M. y Thiele, R. (2018). The impact of foreign aid on migration revisited. *World development* 111.

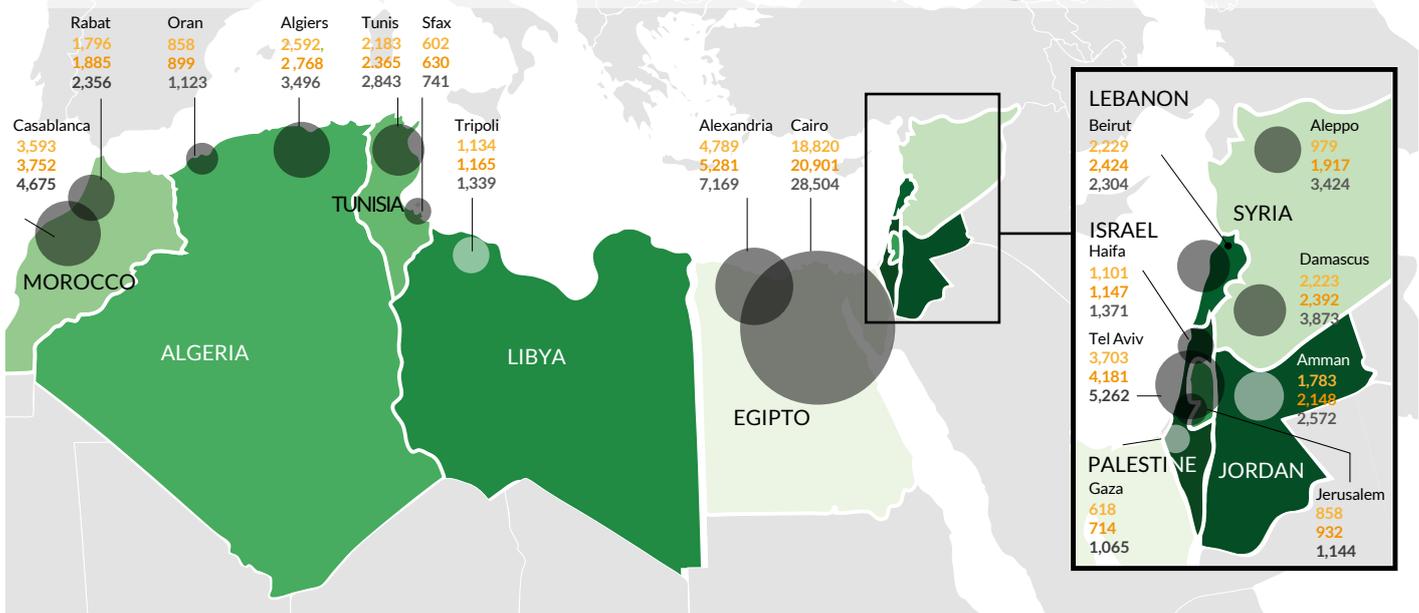
43 Flahaux, M. y De Haas, H. (2016). African migration: trends, patterns, drivers. *Comparative Migration Studies* 4.

44 UN (2018). 2018 Revision of World Urbanization Prospects. <https://population.un.org/wup/>

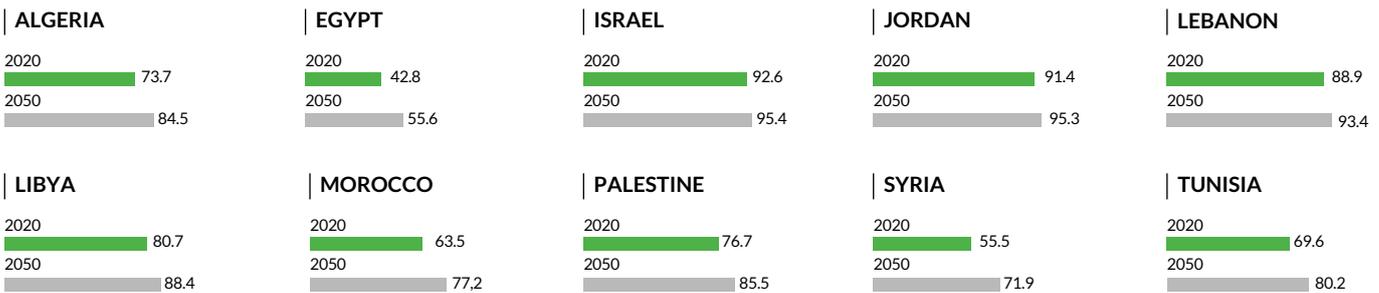
45 McKee, M. et al. (2017). Demographic And Economic Material Factors In The Mena Region. *MENARA Working Papers*. http://www.iai.it/sites/default/files/menara_wp_3.pdf

Urban population

2020 42.8% 95.4% Most populated cities, in thousands of people (2020) 600 20,000 2015 2020* 2035* forecasts*



Urban population (2020) and forecast (2050). In %



Source: Compilation based on the data from the Department of Economic and Social Affairs of the United States. World Urbanizations Prospect <https://population.un.org/wup/Download>

megacities are unlikely to appear. The cities of the future will mostly be a result of current trends, and will mainly be urban nuclei with decades and centuries of history, surrounded by suburbs of chaotic growth and informal urbanisation. Some of them could become cities of the future in the form of technological hubs and smart cities aligned with the

characteristics of the globalised economy, as long as the right conditions occur. In both cases, this urbanisation has notable effects on the socio-political and socio-economic domains, but also on key issues like energy consumption, access to food, water, and services, or greenhouse gas emission.

6. Technological and other disruptions. The Fourth Industrial Revolution.



🔍 Main takeaways

- The Fourth Industrial Revolution will have direct and indirect consequences for the Southern Neighbourhood.
- The direct impacts will be felt particularly in terms of digitalisation and other technology-associated issues.

The concept “disruption” has become part of our vocabulary. While it is instinctively related to the COVID-19 pandemic at present, the term almost always referred to information and communication technology up to very recently. Both have had undeniably leading roles during 2020. The appearance of new sectors has been transforming the way we think about economic and other forms of development on a global level for years. Albeit extremely heterogeneous in nature, the entire planet is both witness and a scenario for a technological revolution that also reconfigures traditional sectors of the economy. The opportunity for a country to join the globalised market appears to increasingly depend on its ability to innovate, with potential consequences in socio-economic and socio-political terms.

Although the current context leads us to discuss deglobalisation in terms of a set of domains, this does not appear to be the case for technological and scientific innovation, although it is still not exempt from competition and disagreements. The so-called “Fourth Industrial Revolution” represents a confluence and combination of technologies in different domains — digital, perhaps the most well-known, but also physical and biological —, built partly on the Third Industrial Revolution of information technologies and electronics, which still has unimaginable effects today. The depth of these changes will sooner or later lead to the transformation of several of the systems in which our societies become embedded. Data storage options are joined by energy storage and the physical storage of materials, biotechnology, artificial intelligence, and robotics, among others.

As with any past disruption and despite differences of scale, the ongoing transformations have a dual outlook. They have the potential to contribute to growth and improve the quality of life of populations, but they could also generate more inequality at the same time, and exacerbate the gap between capital and earned income, particularly when it comes to the automation of labour. Technological changes are going to redefine how work is allocated globally, regionally, and domestically. Moreover, disruption will also force a rethink of structures in other domains, also lined with threats and opportunities. This is the case with institutional policy, social relationships, and the everyday lives of human beings for example, whose relationship with time, space, and knowledge will be altered. Vulnerabilities may end up being exacerbated.

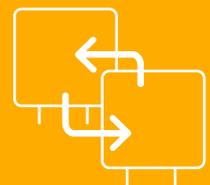
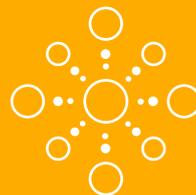
When it comes to the Southern Neighbourhood, the Fourth Industrial Revolution seems to be more of a future event than a current reality. The Industrial Revolution in the 19th century was visible in Europe through an expanding network of canals, telegraph wires, and trains. The current revolution requires its own infrastructure, and very few of the Neighbourhood’s contexts fulfil those requirements. Over the medium term and as the [dynamic referring to the presence of digital divides](#) shows, sustainable digitalisation contributing to improved well-being for society and greater stability is presented as the main challenge. However, globally developed innovations will end up reaching the region, most likely through the powers that be in the Neighbourhood countries, as could be the case

of the GCC countries, or China, or the elites of the respective countries, leading to further redistribu-

tion problems both inside and between societies.



↘ Medium-term dynamics 2030



The megatrends will contribute to shape every (natural, political, social, economic...) aspect of the world over the long-term. They are inescapable forces that determine the structure within which Southern Neighbourhood countries can act. From this perspective, they form the boundaries within which the dynamics can move, contributing to define potential future scenarios over the medium-term. These trends are determined by the megatrends' direction, but also by history, and the previous political and economic development of these countries, having been strongly impacted by the current COVID-19 crisis affecting the region and the rest of the world. This document identifies 9 dynamics. Each one is supported by one or two case studies, which aim to provide a more accurate analysis of the aspects being studied. Although the case studies serve as examples for the observed dynamics, the choice of case studies has also attempted to respond to a criterion for inclusiveness, meaning that the eight studied countries are represented.

1. Social divides and mobilisations



🔍 Main takeaways

- Persistent inequality has led to the region developing at different rates.
- Socio-economic gaps and poor governance are a factor of political instability and social mobilisation.
- The persistence of a system of economic privileges that favours the elites detracts from the economy's competitiveness.
- The MENA region has the highest rates of gender inequality.
- The pandemic will represent a turning point regarding the role played by the State.

The current divides among the Southern Neighbourhood's population represent a factor of social tension and instability. These divides derive partly from the weak infrastructures of these countries, from their inability to meet the populations' needs and demands, and from deficiencies in terms of political rights and freedom in most countries. It is no surprise that the main concerns put forward during the anti-authoritarian revolts involved economic marginalisation, political repression, corruption, and a lack of trust in institutions¹. The fact that these structural problems remain unsolved will mean that popular protests and mobilisations will become commonplace in the coming years, with their intensity and scope depending on the capacity of the region's governments to react, both in terms of reform and repression. Regardless of the outcomes of the protests, most of the neighbourhood's countries have experienced [peripheral protests](#), which despite not spreading nationwide, show the population's disapproval with the governance models in these countries.

This social divide does not result from poverty *per se*, but is rather due to the high rate of socio-economic inequality. Based on the results collected for

the World Inequality Database 2020², the MENA was the region with largest inequality between countries in 2020. 10% of the population is calculated to earn 56% of the country's mean income, and 1% of the population earns double that of the poorest 50% of the country. Even more relevant is that, in addition to the percentage of the population in poverty and

“It seems that the kingdom [Morocco] is going at two discrepant speeds: the economic reform speed seems to be faster than the one directed toward individual rights and freedom.”

Abdeslam Badre, PhD

extreme poverty, this economic inequality has worsened over the past decade, showing a grim trend regarding fulfilling SDG 1 and ending poverty and reducing inequality. Additionally, despite a reduction in inequality among the Southern Neighbourhood

¹ Solé, J. et al. (2019). The EU's Partnership with the Southern Mediterranean: Challenges to Cohesion and Democracy. *The Arab Transformations Project*. https://www.researchgate.net/publication/332550457_The_EU%27s_Partnership_with_the_Southern_Mediterranean_Challenges_to_Cohesion_and_Democracy

² Wid.World (2020). Global Inequality Data – 2020 Update. *World Inequality Database*. <https://wid.world/es/news-article/global-inequality-data-2020-update-3/>

countries, the increase in GDP in the region is not translating into lower levels of inequality, in what has been called the “Arab Inequality Puzzle”³.

As Samir Amin indicated, the development of capitalism in the global periphery, which includes the Southern Neighbourhood, did not lead to the same proletarianisation, market forming, and urbanisation processes as in other locations, but rather to what was called “the marginalisation of the masses” and the parallel phenomenon of accumulation among the elites to the deprivation of others. The social divides in the Neighbourhood are also linked to the

ce, and political representation. These inequalities superimpose on the socio-economic inequalities, consolidating social paralysis and augmenting frustration among the population. The post-COVID-19 recovery and the vaccination process could further deepen these inequalities in several states.

This situation highlights one of the region’s main problems, the limited integration of school leavers into the labour market and the general high levels of unemployment in the region. These are particularly high among the young population, accounting for practically a third of the population⁵, and more strikingly, among those with a university education, reaching 50% in countries such as Egypt, Jordan, and Tunisia⁶. Unemployment represents one of the main concerns among the young population⁷ and a significant factor of destabilisation, the failure of the demographic dividend. This is augmented when the high percentage of the population involved in the informal economy is considered. This population represents over 50% in these countries (approximately 50 to 74% of the economic activity, based on figures registered by the ILO),⁸ and this is where higher rates of poverty and inequality are found. These figures translate into a high level of dissatisfaction among the population and young people in particular, but also the so-called brain drain, which has doubled over recent decades, with over 20% of young migrants having been university educated⁹.

Added to this employment situation, there is the current dependence on the International Monetary Fund (IMF), which is pushing austerity plans. From this perspective, social coverage of the population is difficult due to the ineffective privatisation process in these countries, meaning that existing economic and social divides are not reduced. This inequality has been reflected in different rates of development in the region, creating a significant economic divide and unequal opportunities for the population regarding health and education, as well as in terms of gender.

“Further, most of the jobs lost in the pandemic were in sectors predominantly occupied by women, setting back many hard-won gains by women in recent decades.”

Yara M. Asi, PhD

financial deficits of these countries from a structural perspective, specifically in terms of their economic dysfunctions and the so-called crony capitalism, where a system of economic privileges benefits the elites or those close to the leaders. The effective monopoly over the country’s resources and main companies leads to a competitive deficit in their markets, fewer jobs being created, and a concentration of subsidies and investment into companies with links to those in power⁴. This situation contributes to more inefficient economic and political systems, and creates a clear divide between the elites and the population, affecting ordinary citizens’ ability to access education, the labour market, public services, just-



3 Ibid.

4 Malik, Adeel (2019). A pyramid of privilege: crony capitalism in the Middle East. *ODID blog*, 19/09/2019. <https://www.qeh.ox.ac.uk/blog/pyramid-privilege-crony-capitalism-middle-east>

5 Drissi, M. (2014). *Breaking the Barriers to Youth Inclusion*. World Bank. <https://www.worldbank.org/en/country/tunisia/publication/tunisia-breaking-the-barriers-to-youth-inclusion>

6 Drine, I. (2016). Youth Unemployment in the Arab World. What Do We Know? What is the Way Forward? *UNU Wider*. <https://www.wider.unu.edu/publication/youth-unemployment-arab-world>

7 Arab Youth Survey (2020). A Voice for Change. *Asda'a BCW*.

8 ILO (2018). *Women and Men in the Informal Economy: A Statistical Picture*. International Labor Office: Ginebra. http://www.ilo.org/wcmsp5/groups/public/--dgreports/--dcomm/documents/publication/wcms_626831.pdf

9 Akgüç, M., Cinzia, A. y di Salvo, M. (2020). Brain Drain in southern Mediterranean Countries: Evidences, Challenges and Policies. *EMNES Policy Paper*, n° 012. https://emnes.org/wp-content/uploads/2020/02/emnes_pp_012-brain_drain_in_southmed_countries.pdf



This circumstance results from the slow growth in purchasing power and income among the population, in contrast to the rapid demographic growth over recent decades, but also to the lack of focus on well-being and education in government budgets, as well as excessive centralism and budget concentration on the major cities and coastal areas in each country. As such, although poverty rates are moderately low in countries such as Algeria and Morocco (5.5% and 9% respectively), they remain high in Jordan (14%), Egypt and Lebanon (both 27%).

more pronounced in the peripheral regions of each country. The armed conflicts in Libya and Syria, and the difficulties in accessing healthcare in the Occupied Palestine Territories, are also having repercussions. The vulnerability of a large sector of the population, dependent on the informal economy for survival, may mean a change in the availability and provision of state services in the coming years, resulting in the adoption of a new social contract. For example, the efforts of Morocco to generalise health-care coverage by 2022 appear to be heading in this direction.

Socio-economic indicators of the Southern Neighbourhood

Country	HDI position, 2020	Youth unemployment	Gini index	Gender Inequality Index, 2019	Food imports
Morocco	121	22.29% (2019)	39.5 (2013)	111	12.31% (2016)
Algeria	91	29.69% (2019)	27.6 (2011)	103	20.23% (2017)
Tunisia	95	36.29% (2019)	32.8 (2015)	65	10.47% (2018)
Libya	105	49.54% (2019)	N/a	56	26.28% (2018)
Egypt	116	26.55% (2018)	31.5 (2017)	108	20.71% (2019)
Lebanon	92	17.1% (2019)	31.8 (2011)	96	17.18% (2018)
Jordan	102	36.71% (2018)	33.7 (2010)	109	19.51% (2019)
Palestine	115	N/a	N/a	N/a	N/a
Israel	19	7.15% (2018)	39 (2016)	26	8.73% (2019)

Source: Compilation based on the data from the United Nations Development Programme, the World Bank, Transparency International, and Reporters Without Borders

The COVID-19 crisis will prove a turning point in the social development of the Neighbourhood es. The percentage of the population in poverty is expected to double in the coming years¹⁰. Additionally, the crisis is also putting more pressure on the healthcare system. Prior to the pandemic, every Neighbourhood country had managed to reduce childhood mortality rates and had invested in slow yet gradual health-care protection for large sectors of the population, meaning life expectancy was expected to increase to 76.6 years old by 2050. Despite this, health-care coverage is very uneven, with the differences becoming

A considerable divide persists across the board: the divide around gender and the significant inequalities in terms of opportunities and subordination that women continue to face in the region. According to the Global Gender Gap Report¹¹, the MENA region has the highest level of gender inequality, with a rate that has hardly improved in the past 15 years. The region will take 150 years to close the gender gap if nothing changes¹². The areas most affected by this divide are labour integration and political participation. A real contrast to the above represents the very low rate of gender inequality in the region when it

¹⁰ ESCWA (2020). Mitigating the Impact of Covid. Poverty and food insecurity in the Arab region. Policy Brief. <https://www.unescwa.org/news/new-escwa-brief-83-million-people-will-fall-poverty-arab-region-due-covid-19>

¹¹ WEF (2019). Global Gender Gap Report 2020. World Economic Forum. http://www3.weforum.org/docs/WEF_GGGR_2020.pdf

¹² Ibid.



comes to access to education. However, this situation simply highlights the persistence of a neopatriarchal system¹³ that affects women - and young people - from a political, social, and cultural perspective. The pandemic crisis will intensify this situation. Despite all this, the presence of women at the 2011 and 2019 protests have shown greater participation and the adoption of more prominent roles, with the intersectionality of the demands growing - in terms of climate action, the fight against racism, or equality for the LGBTQI collective - along with demands of a broader political or economic content.

Another divide to consider is that of identity, and specifically, the role played by the possible religion-secular cleavage. Islam remains a key identifying characteristic of the population, although the clearly distinguishable desire to use Islam as a tool for political purposes or demands for a greater role for religion in the political domain receives much less support¹⁴. Religious cleavage is not the most relevant political divide, and is determined by the political freedom of the regime in which it occurs. In fact, in authoritarian regimes, the behaviour of the different parties or political movements is more influenced by their proximity or opposition to the regime than by the religious divide¹⁵. Along these lines, identity is not a cause of conflict in itself, nor the main source of tension among different groups in the Neighbourhood. Conflicts apparently linked to identity issues are ultimately explained by unequal access to political power and wealth, the lack of representative political participation, and the repression of cultural and linguistic diversity.

The relationship between public unrest and the persistence of poor governance and economic and social divides point to the protests continuing during the coming years. How they intensify over the coming years, whether they spread nationally through the coordination of different movements or foci

of protests that remain isolated, and the current regimes' capacity to absorb the unrest, will depend on the ability to tackle the consequences of the pandemic over the short-term, on reinforcing the state, and on developing a new social contract. Failing that, repression will remain a constant.

The protests and their enduring nature also reflect an evolution of traditional and organised protests, within a learning process for civil society that is heading towards horizontal models, without leaders or clear leadership, aiming to avoid traditional co-opting strategies by the regime¹⁶. The [use of technologies](#) to move mobilisation and protest organisation to the digital domain, means activists and demonstrators obtain more resources and skills for protesting against the regime, but conversely, the regime has more resources for controlling and carrying out surveillance on the population. Furthermore, this digital space has seen an increased number of virtual campaigns denouncing sexual violence in recent years¹⁷, opening up a new channel for demands for women's rights in the coming years. Another point to consider, in line with the [Megatrend relating to demographic transition](#), is that the unifying event that will mobilise the generation throughout the next decade is most likely to be the frustration created by the deepening of divides after the pandemic, rather than indignation about the consequences of 2010/2011.

Lastly, it is worth highlighting the relationship between socio-economic and socio-political inequalities and the rise in radicalisation of certain sectors of the population¹⁸. Many studies have linked the frustration derived from economic inequality and political dissatisfaction, derived from the lack of participation mechanisms, with the rise in terrorism and the propagation of radical currents¹⁹.

13 Sharabi, H. (1988). *Neopatriarchy: A Theory of Distorted Change in Arab Society*. Nueva York: Oxford University Press

14 Arab Youth Survey (2020). *A Voice for Change. Asda'a BCW*.

15 Lawrence, Adrian (2020). Social Movements, Parties, and Political Cleavages in Morocco: A Religious Divide?. *The Oxford Handbook of Politics in Muslim Societies*. Oxford: Oxford University Press.

16 Arab Reform Initiative (2018). *Tunisian Engaged Youth New Approaches to Political Action. Policy Dialogues*. <https://www.arab-reform.net/event/tunisian-engaged-youth-new-approaches-to-political-action/>

17 Abdelaal, H. (2021). Women on the Frontline: The Anti-Sexual Violence Movement in Egypt Ten Years After the Revolution. *The Tahrir Institute for Middle East Policy*, 02/08/2021. <https://timep.org/commentary/analysis/women-on-the-frontline-the-anti-sexual-violence-movement-in-egypt-ten-years-after-the-revolution/>

18 Vidal i Bertran, L. (2020). Mapping the Drivers of Radicalization and Violent Extremism in MENA and the Balkans. *IEMed. Mediterranean Yearbook 2020*. https://www.iemed.org/observatori/arees-danalisi/arxiu-adjunts/anuari/med.2020/CONNEKT_Radicalization_Violence_MENA_Balkans_Lurces_Vidal_Bertran_IEMed_YearBook2020.pdf

19 Farasin, F., Battaloglu, C. y Bensaid, A. (2017). *What Is Causing Radicalism in the MENA?*. Arab Center for Research & Policy Studies. <http://www.jstor.org/stable/resrepi2690>



Case study

The persistence of mobilisations in Tunisia

Tunisia is viewed as the biggest success of the anti-authoritarian revolts.

The uprising culminated in the overthrowing of Zine El Abidine Ben Ali, the beginning of a democratisation process, and the holding of regular and competitive elections. All the same, the country has witnessed repeated mobilisations throughout the past decade, in the form of sporadic demonstrations, trade union activities, and peripheral protests that reflect the persistence of economic inequalities and a significant centre-periphery divide.

These mobilisations show a growing frustration with the transition process among the country's population, as well as the difficulty of alleviating the causes of social unrest, centred around unemployment and corruption.



The case of Tunisia is an example of the link between democracy and social justice, and the risk of dividing the political and socio-economic spheres, in such a way that the political progresses since 2011 have not been accompanied by an equivalent process in the economic domain, where many of the problems prior to the uprising still prevail. These difficulties reflect a common situation to many of the region's countries, in the form of a series of structural economic problems, derived from an unequal share of resources, the persistence of clientelism and hierarchies, and the difficulty in accessing state services faced by part of the population²⁰. Specifically, Tunisia faces high unemployment rates, around 17%²¹, doubled in the case of university graduates, as well as an economy strongly dependent on the informal sector. The rise in inflation has exacerbated the regional and economic inequalities. These are particularly notable in the country's interior regions, economically marginalised in areas with more natural resources than the coast, which adds to the rising tension and frustration among its population. The protests throughout 2020 in Tataouine, and in 2017 and 2020 around the Karamour oil fields, show this growing frustration regarding the lack of economic benefits that impact on these raw material exploiting regions²².

Reverting this situation would require significant changes to the relationship between central government and these regions. Although an agreement along these lines for the Tataouine region was signed in 2017, the government has not fulfilled the main aspects of the deal, triggering a new wave of protests in 2020. To date, none of the governments have adopted sufficient measures to tackle this situation, and have preferred to resort to repressing protesters, suggesting that the social and peripheral protests will remain during the coming years, increasing social unrest and weariness about the democratic transition process.

The liberalisation of the political sphere has opened up a larger forum for the population to express demands and grievances, acting as a safety valve in the event of potential insurrections of significant importance, but it has also helped to generate a greater perception of political instability and tension. The latter hinders foreign investment and impedes future economic possibilities, like the potential process of service outsourcing or *nearshoring highlighted as an Opportunity*

20 Diwan, I. (2019). Tunisia's Upcoming Challenge: Fixing the Economy Before It's Too Late. *Arab Reform initiative*, 23/09/2019. <https://www.arab-reform.net/publication/tunisias-upcoming-challenge-fixing-the-economy-before-its-too-late/>

21 Institut National de la Statistique. <http://www.ins.tn/statistiques/153>

22 Young, M. (2021). When the Margin Calls. *Carnegie Middle East Center*, 16/03/2021. <https://carnegie-mec.org/diwan/84071>

in this document, for example. As such, there is a contradiction that means that regimes with higher rates of control of the political space will be rewarded, as is potentially the case with Morocco, compared to those regimes in which a greater process of political liberalisation has occurred, while also generating a forum in which disagreeing voices are heard, even opening up the pathway towards new populist political trends.



2. The erosion and restructuring of the Arab state system: governance and authoritarianism



🔍 Main takeaways

- Recent years have seen the Southern Neighbourhood play a key role in a process whereby the state's main role and functions have been evolving while its centrality remains.
- One of the main social divides is the growing dissatisfaction of citizens towards governments that are democratic but unable to guarantee good governance (with the exception of Tunisia). Lack of reforms will lead to more public frustration.
- The lack of good governance is apparent at all levels of state performance, both collective and individually, and in public and private sectors.
- A new social contract is taking shape, whereby an increasingly authoritarian state conditions citizens' rights within a system in which state securitization is widespread.
- The consolidation of authoritarianism is a consequence of a domestic and transnational counter-revolutionary process pushed mainly since 2011.

The 2010/2011 antiauthoritarian revolts questioned the relationship between society and the state, shining light on a phenomenon that had been developing for years: the erosion of the post-colonial social contract founded during the post-independence period. Neighbourhood states shaped a socio-political model by which they ensured service provision in exchange for guaranteeing their legitimacy, while they implemented traditional authoritarian control mechanisms that reinforced the population's silence. The erosion of the social contract, meaning the state stops safeguarding its citizens' neither collective or human security, goes hand in hand with what has also been called the erosion of the Arab state system. A hybrid multidimensional space has arisen, the state has lost its legitimacy on different levels, and informality leads to different organisational methods. The state is not the only power locus, given that it has become increasingly diffuse. Nonetheless, it remains the main source of privileges for the elite, with everything that brings in terms of wealth redistribution.

Lebanon is one such example, where a hybrid model of governance has been developing over the years - and even decades - that is being reproduced in other parts of the Arab world. While analy-

ses often use the "failed state" formula, cases like Lebanon, along with the proliferation of non-state actors to ensure territorial control in the Libyan context, are more indicative of an absent state in which society organises itself to fulfil its traditional functions, albeit often conforming with minimum functions due to resource restrictions. As these actors do not share power, there is not a definition of "general interest" governing the institutional operations in other locations either. These parallel systems will remain, strengthen, or multiply throughout the coming decade.

“To reap the full potential [...] in the years ahead, the country [Morocco] needs to implement substantial and serious reforms at the constitutional, institutional and governance levels.”

Abdeslam Badre, PhD

At the same time, everything points to a reality whereby the obstacles to adopting good gover-



nance reforms will remain too – with several consequences in terms of dissatisfaction and its social effects—. Adverse reactions to repression and more ingrained authoritarianism in the Neighbourhood throughout recent years will grow, particularly in a context of the fight against the pandemic and the post-pandemic period during which the state will inevitably set itself as the main actor.

“The 2050 challenge for Algeria is the reconstruction of the State, moving towards a new governance model built on the foundations of freedom, understood in a broad sense, implying a real decentralization along regional lines.”

Salah Eddine Salhi, PhD

Some indicators of good governance in the Southern Neighbourhood

Country	Voice and accountability 2019	Government efficiency 2019	Global freedom 2020	Perception of corruption	Freedom of press 2020	Doing Business Ranking World Bank 2020
Algeria	20.20	33.65	32	36	45.52	157
Egypt	8.37	36.54	18	33	56.82	114
Jordan	28.57	56.73	34	49	42.08	75
Lebanon	32.51	17.79	43	25	33.19	143
Libya	7.88	1.92	9	17	55.77	186
Morocco	19.56	4.60	37	40	42.88	53
Palestine	21.18	23.08	West Bank 25 Gaza 11	N/a	44.09	117
Tunisia	56.65	48.56	71	44	29.45	78

Source: *Worldwide Governance Indicators* <https://info.worldbank.org/governance/wgi/>, *Freedom House* <https://freedomhouse.org/countries/freedom-world/scores>, *Transparency International* <https://www.transparency.org/en/>, *Reporters Without Borders* <https://rsf.org/en/middle-east-north-africa>, *World Bank* <https://www.doingbusiness.org/en/doingbusiness>

» The lack of good governance as a foundation for a sustainable social contract

The incremental erosion of the social contract translates into abysmal levels of mistrust of institutions among citizens, within a vicious cycle whereby the erosion of the state system leads to worse governance, which in turn undermines the legitimacy of the

state. This is initially evident by the limited participation and inclusion of citizens in decision-making: both directly through free, fair, and transparent electoral processes, and through freedom of expression, association, and the press. In this sense, there is a need to mention the ongoing reliance on the term “democratisation” as a legitimising discourse for some of the Southern Neighbourhood countries in the past, even though the concept has not been given any real subs-



tance beyond nominal, even, sham democracy.

To an increasingly greater extent, the social divide also responds to the lack of transparent and responsible institutions that could be held accountable, are inclusive in nature, and should serve every citizen or group. The concept of institutional reform covers a range of domains: organisations and their operations, legal and regulatory frameworks, the fight against corruption, and administrative reforms. Institutional weaknesses are also observed indirectly in the restrictions and complications for entrepreneurship, particularly in terms of inconsistencies in policies, the propagation of corruption, informal agreements, and the weakness of the rule of law. Transparency problems are particularly serious when they involve critical issues, such as water poverty or food security.

Corruption represents one of the main reasons for social fractures: symbolising both the political and economic exclusion that deepen these divides. Corruption goes hand in hand with the lack of good governance and state capture, as well as the lack of provision of public goods²³. Transparency International refers to a phenomenon of “lack of political integrity”, with the non-separation of powers also involved, particularly a lack of independent authorities²⁴. Corruption in the Neighbourhood, both in real figures and in terms of public perception, occurs on micro and macro levels, but also on a meso level, and is unavoidable in the everyday lives of many citizens.

The announcements of reforms in the area of good governance have multiplied over the years, with limited successes particularly linked to the conservation of interests of the elites that dominate both the private and public sector. When discussing good governance in the Southern Neighbourhood, identifying the boundaries of each political economy model within which institutional and non-institutional actors interact via written and unwritten rules is essential²⁵. The harmful effects of corruption are felt in different areas, such as institutional performance, limited foreign investment and desire for domestic

entrepreneurship, and the multiplication of flows of people, substances, and arms, all with considerable consequences for the present and future stability of the respective countries.

People and groups subject to discrimination on identity grounds face additional or intersecting limitations on their political, social, and economic participation. Again, women stand out as one of the groups with the highest potential, but are also more vulnerable. Additionally, there is the political exclusion and marginalisation of young people. Numerous examples are cited throughout this document whereby the failures regarding good governance are also considerably damaging in the economic domain, along with food security, the fight against the climate emergency, or making the most of the demographic trends and technological advances. The lack of a fair and responsible taxation system is another obstacle. These are essential in terms of public finances and the provision of infrastructures and public services, which when created could, however, seriously endanger the social contract model, which still remains, albeit eroded.

Informality has become a structural characteristic of the Southern Neighbourhood systems, from both a socioeconomic and sociopolitical standpoint. Although other factors influence informality, it is primarily a question of governance, given that the authorities are mainly responsible for generating an encouraging an environment for economic actors to contribute to social security coverage²⁶. The informal economy has become even more evident during the pandemic.

Good governance also equates to suitable management of public services as one of the foundations of the eroded social contract, and the perception in the Southern Neighbourhood points to a deterioration in the quality and quantity of public services, mainly due to insufficient investment in public infrastructures to absorb the demographic growth. This deficiency is felt in key areas for the countries' sustaina-

23 Gasteli, N. (2020). Jordanie. L'impossible lutte contre la « wasta ». *OrientXXI*. <https://orientxxi.info/magazine/jordanie-l-impossible-lutte-contre-la-wasta,4357>

24 Transparency International (2019) Baromètre mondial de la corruption. *Moyen-Orient Afrique du Nord, 2019*. <https://www.transparency.org/en/news/cpi-2019-Middle-East-North-Africa>

25 Williams, G. (2012). Political Economy Analysis - Selected Readings. *EU Capacity4dev*. <https://europa.eu/capacity4dev/political-economy/documents/political-economy-analysis-selected-readings>

26 ILO (2019). *Women and Men in the Informal Economy: A Statistical Brief*. https://www.ilo.org/wcmsp5/groups/public/---ed_protect/---pro-trav/---travail/documents/publication/wcms_711798.pdf



bility, such as education, health, electricity, or waste management²⁷, but also in water and food distribution. In contexts such as Egypt's, public dissatisfaction has risen sharply due to the gradual reduction of subsidies without implementing a system that covers the needs of the most disadvantaged sectors.

Indicators associated with SDG 16 – particularly the state of law, regulatory quality, government efficacy, and corruption rates — have regressed throughout recent years²⁸. Respect for fundamental freedoms and human rights has also deteriorated. In this context, the pandemic has created expectations, however. It has obliged the respective states and actors to join forces in fighting the disease and its effects as a unifying agent of common interest, obliging

the adoption of reforms in terms of governance and public policies. Most countries have created committees to tackle the threat, with coordinated and harmonised strategies and protocols. In particular, the actions resulting from the pandemic appear to potentially represent the greatest driver towards the transition to electronic and mobile governance, one of the few areas in which the MENA region achieves good results on global governance indexes²⁹. Whether these expectations translate into tangible realities remains to be seen, particularly in view of the limits on public spending imposed by the post-COVID-19 recovery and the resilience to progress displayed by these regimes, with current figures even worse than in the years prior to 2010/2011.



Case study

Political paralysis and populism in Tunisia

Tunisia is an example of the centrality of good government. There has been considerable progress in representation and the adoption of democratic mechanisms since 2011. Despite this, the country's sociopolitical and socioeconomic development is marked by failures to implement and provide resources for anticorruption legislation, the non-release of accounts from the previous regime, and the persistence of non-independent authorities, particularly emblematised by the security forces' disproportionate use of force.

The persistence of a clientelism-dominated capitalist model, or crony capitalism, and restrictive business laws contribute to discouraging investment and reduce the population's employment opportunities³⁰. This model results in the population perceiving a high level of corruption (64% of the Tunisian population considered the government was not adopting sufficient measures in the fight against corruption in 2019³¹), adding to social unrest and the deterioration of the country's political and economic situation. This all leads to questioning of the state's legitimacy, political disaffection, and a lack of satisfaction with the transition process³².

A significant part of this situation derives from the push for a political transformation process



27 Gonzalez, R. (2021). The gaps destabilising the Southern Neighbourhood: from the Arab Spring to the COVID-19 era. Fundación Alternativas. <https://www.fundacionalternativas.org/observatorio-de-politica-exterior-opex/documentos/memorandos/las-brechas-que-desestabilizan-la-vecindad-sur-de-la-primavera-arabe-a-la-era-covid-19>

28 UNESCWA (2021). Arab Sustainable Development Report 2020. <https://asdr.unescwa.org>

29 Beschel, R. y Yousef, T. (2020). The Middle East and North Africa and COVID-19: Gearing up for the long haul. *Brookings*. <https://www.brookings.edu/opinions/the-middle-east-and-north-africa-and-covid-19-gearing-up-for-the-long-haul/>

30 World Bank (2014). The Unfinished Revolution: Bringing Opportunity, Good jobs and Greater Wealth to all Tunisians. <https://www.worldbank.org/en/country/tunisia/publication/unfinished-revolution>

31 OECD (2019). Good Governance and Anti-Corruption in Tunisia. <https://www.oecd.org/mena/governance/good-governance-and-anti-corruption-in-tunisia-highlights-en.pdf>

32 Yahya, M. (2016). Great expectations. Carnegie Middle East Center. <https://carnegie-mec.org/2016/03/31/great-expectations-in-tunisia-pub-63138>



from the top down, which has prioritised the adoption of formal and institutional political measures, in detriment of the social and economic improvements demanded by the popular mobilisations of 2010/2011. The political impasse experienced by Tunisia in recent years has led to the rise of populist currents rooted in religious ideologies or sympathy towards the ousted dictatorship, which take advantage of the political elite's inability to complete the revolutionary process and guarantee their population's dignity and wellbeing. The persistence of this paralysis and political unrest could end up augmenting this current and lead to a regression of the democratic advances achieved in the country.

» The post-2010 counter-revolutionary wave: a national and transnational phenomenon

The erosion of the post-colonial Arab state has led to the strengthening of another model in which the states still have a central role. The lack of good government only accounts for a portion of the structural violence in the Southern Neighbourhood. In different ways and intensities, the region has been the stage for a counter-revolutionary wave in recent years that mainly arose in response to the 2010/2011 antiauthoritarian uprisings, but also draws on global phenomena like [the fragmentation of international order](#), which in the MENA region, reinforced the narratives focused on the concept of sovereignty and geostrategic considerations that do not prioritise respect for international law. The regimes appear to be increasingly willing to substitute prosperity with security in the social contract on which their present and future stability is based. The fundamental rights of citizens are conditioned to a series of changing requisites, even calling their very status as such into question.

Domestically, this counter-revolutionary wave has been felt in the erosion of the few checks and balances that remained in place, as one of the manifestations of the resilience of the so-called "deep state". A notable dynamic has been the intensification of repression in different forms and intensities. After briefly peaking after the 2011 uprisings, in which some citizens enjoyed unprecedented freedom, societies have been stifled by the re-affirmation of authoritarian systems, and their living space and forms of public activity are again subject to

oppressive domination. Restrictions on protesting and expressing opinions have been put in place, both physically and virtually, individually and collectively, and by sometimes applying new surveillance measures.

The repression has been violent, albeit at different intensities across the length and breadth of the Neighbourhood. Institutions have promoted polarisation within public debate, fed by extremal and internal narratives, which sometimes justify the presence or need for strong mandates, or on the other hand, populist alternatives. Violent repression of demonstrations by security forces have often occurred, even in a democracy like Tunisia. Morocco also stands out as a salient example of the worsening of the authoritarian context³³. The EU and its Member States have mostly shown themselves to be elusive when it comes to criticising such outrages. This partly draws on the same principles for the heightened security narratives that inspire their relationships with the South: the only way to guarantee stability is to permit that it remains in the hands of "iron surgeons".

Regionally, the revolts questioned post-colonial authoritarianism, among other aspects. The region's regimes could not tolerate this obtrusiveness, neither within nor beyond their borders. The latter explains how the counter-revolutionary wave received considerable support — material and narrative — from some GCC monarchies, who led a regionalisation process of repression and conflict in every scenario where an alternative to the authoritarian model had been proposed. This counter-revolutionary wave supposedly aspires to regional security and stability, and involves two contradictory agendas. Firstly,

³³ Casani, A. y Fernandez-Molina, I. (2021). Morocco, a more assertive foreign policy. *Política Exterior*. <https://www.politicaexterior.com/articulo/marruecos-una-politica-exterior-mas-assertiva/>



the demonisation of Islamism to detract from the need for fundamental reform, and secondly, interference and regime changes, which can lead to instability. The normalisation of the Syrian regime appears to confirm this trend.

This counter-revolutionary wave cannot be understood without examining the political economy structures that currently dominate the region. Funding from GCC states, always comes with conditions: resources are re-distributed to economically weak autocracies that respect a series of principles. Egypt, as well as Tunisia, have become battlegrounds for the political preferences of the GCC states³⁴, as occurred in Libya. From a political economy standpoint, the impact of the new configuration of the global energy market could have an effect on the flows from the Persian Gulf that contribute to maintaining and strengthening authoritarian systems, but everything appears to indicate that it will not occur before the next decade.

However, as shown in the [section on social divides](#), the next decade will also bring new episodes and forms of social mobilisation, which will normally be

domestic but could also become transnational to some extent. The elites in power in the Neighbourhood are aware that they face significant socioeconomic challenges, albeit most of the reforms required in their respective countries also represent a risk to eroding their power. Their immediate reaction, even during the pandemic, has been to focus their limited resources on maintaining their legitimacy between a smaller number of actors, while also obliging most of the population to deal with cutbacks to their wellbeing. The post-pandemic crisis could lead them to understandings with political and social actors previously unconnected to the elite in order to maintain their privileges, but without leading to fundamental changes to the political system.

The stability of the monarchies throughout the coming decade is a variable to consider, contradicting the monarchist stability that characterised the 2010/2011 revolts. As such, social dissatisfaction and the absence of reforms may question the succession processes in place. This could be the case for Jordan, as shown by the context of the rumours of a coup in April 2021, or to a lesser extent, Morocco.

34 Jacobs, A. (2020). Qatar-Tunisia Ties Spur Competition with Gulf Arab Neighbors. The Arab Gulf States Institute in Washington. <https://agsiiv.org/qatar-tunisia-ties-spur-competition-with-gulf-arab-neighbors/>



Case study

Increasing authoritarianism in Egypt

Egypt is one of the Southern Neighbourhood countries in which the counter-revolutionary wave has been felt more strongly. Since the overthrow of Hosni Mubarak in February 2011, the political arena in the country witnessed a transition towards democracy that was cut short by the army coup in 2013, a starting point for the intense repression and reinforcement of the authoritarian model felt throughout every level of Egyptian society. This draconian repression went hand in hand with the hegemonisation of the army's power, which managed to form bonds with a considerable fragment of the elites, and had conditional political support and funding from Saudi Arabia and the United Arab Emirates (albeit in doubt at present). These suppression dynamics have deepened over the years, with significant turning points, with their radius of action increasingly intensifying: from Islamists to liberal opposition via journalists and human rights organisations, all in the name of national security and stability, within a process of heightened security over the public and private lives of society as a whole. A particular turning point was the amendments to the country's constitution³⁵ within a domestic context marked by the increasing unpopularity of the regime and its president, as shown during the 2018 elections and confirmed by the demonstrations in August of the same year, and in the region by protests in other countries such as Algeria and Sudan.

Despite the rising intensity of authoritarianism in the country, it is worth specifying that it does not involve a totalitarian model - not yet at least - and that there are still areas in which the regime does not have complete control, often against its will or as a consequence of internal disagreements. This is the case of the press, for example. There is not any systematic censure, but most of the media and journalists are tormented by fear, often leading them to not publish information, even when it may not be branded as subversive. The regime has also been acquiring media outlets. The outcome has been an almost total "neutralisation of the political space and civil society"³⁶, with the potential for dissatisfaction remaining high, and the regime has been eroding two sources of legitimacy that they essentially counted on in 2011: the army on one hand and the judiciary on the other.

Public outrage was more or less triggered by the videos of the exiled business owner, Mohamed Ali, borne out of accusations of corruption, but extended to a large part of the entire regime, an evidence of the current system's fragility, whose medium-term future largely depends on an economic and social wellbeing that remain unattainable at present. It was precisely the 2019 protests that put the regime on alert: both the leading figures and the reasons for them were essentially different to the 2011 mobilisations. Although the coming decade will be marked by mobilisations, there does not appear to be a structure of opportunity within the country to return to the 2011 revolutionary impetus. This is down to the militarisation of society and the brutality of the post-coup repression, the regime's consolidation, and the lack of alternative in terms of breaking up the current regime. Additionally, the transversal bonds and aspirations among social classes and other types of groups have also been eroded.



³⁵ TIMEP (2019). TIMEP Brief: 2019 Constitutional Amendments. <https://timep.org/reports-briefings/timep-brief-2019-constitutional-amendments/>

³⁶ Azaola, B. (2020). The strengthening of authoritarianism in Egypt. *Fundación Alternativas Africa 2020 Report Transformations, Mobilisations, and Continuity*. https://www.fundacionalternativas.org/public/storage/publicaciones_archivos/a09c8d21a6bfd59a820d5dd01f7806be.pdf

3. The lost opportunity of the demographic dividend?



🔍 Main takeaways

- Low dependency ratios in the Southern Neighbourhood indicate that the demographic dividend could represent a source of hope.
- The demographic dividend window of opportunity will close in the Maghreb before than in the Levant.
- The Southern Neighbourhood states have not implemented the necessary reforms in key areas such as governance, the economy, education, and health to bring the demographic dividend to fruition.
- Women are the main group excluded from the labour market, with significant amounts of underused talent.
- Not taking advantage of the demographic dividend translates into youth dissatisfaction, which, alongside exclusion from other public spaces, leads to potential mobilisation and/or migration.

During an early phase of the demographic transition, demographic dynamics lead to a change in the population's age composition as the number of working age individuals surpasses that of economically dependent individuals. This phase is known as "demographic dividend" or "a demographic window of opportunity"³⁷, and is essential before the ageing of the population raises the dependency ratio. In line with the aforementioned [Megatrend on demographic transition](#), the Maghreb countries have lower dependency ratios than the countries in the Levant, so their window of demographic opportunity is even smaller (some studies estimated that the window of opportunity would close in 2019 and 2021 for Tunisia and Algeria respectively³⁸). Once the demographic transition has ended, economic growth will depend almost exclusively on higher productivity, another pending task in the Southern Neighbourhood.

The current context is one of insufficient absorption of young people into labour markets, resulting in unemployment, a chasm between the avail-

able jobs' characteristics and young people's level of education, resulting in underemployment, as well as the ongoing informal economy³⁹. Currently, youth unemployment in the MENA region (ex-

“Tunisia has to cope with its own youth bulge. Because the economy is struggling to restart, it will be difficult to include hundreds of thousands of unemployed people in the economic circle between now and 2030.”

Youssef Cherif

cluding high income countries) is 27%⁴⁰ (the average total unemployment is 12%⁴¹), made worse by

37 Bloom, D.E. y Williamson, J.G. (1998). Demographic Transitions and Economic Miracles in Emerging Asia. *World Bank Economic Review* 12(3).

38 UNESCWA (2016). Demographic Profile of the Arab Region. Realizing the Demographic Dividend. <https://www.unescwa.org/sites/www.unescwa.org/files/publications/files/demographic-profile-arab-region-2015-english.pdf>

39 Assaad, R. (2014). Making Sense of Arab Labor Markets: The Enduring Legacy of Dualism. *IZA Journal of Labor & Development* (3).

40 <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=XQ>

41 <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=XQ>



The main indicators of the demographic dividend

Country	Unemployment (% active population) 2020	Youth unemployment (% active population 15-24 years old) 2019	Informal employment (% active population which do not make social security system contributions) 2010	Human capital 2020
Algeria	12.8	29.69	63.3	0.53
Egypt	10.4	26.54	44.9	0.49
Jordan	18.5	37.28	61.6	0.55
Lebanon	6.6	17.10	65.5	0.52
Libya	19.4	49.54	31.5	N/a
Morocco	10.1	22.29	76.2	0.50
Palestine	27.4	40.00	86.0	0.58
Tunisia	16.7	35.78	51.4	0.52

Source: World Bank <https://data.worldbank.org/indicator/SL.UEM.1524.ZS?locations=ZQ&view=map> and <https://openknowledge.worldbank.org/bitstream/handle/10986/19905/902710PUB0Box30see0also066110067590.pdf> and <https://openknowledge.worldbank.org/handle/10986/34432>

the level of underemployment (38% for the entire MENA region)⁴². The 2020-2030 period will prove essential in determining whether the Neighbourhood

“Without significant economic investment and cessation in war-related economic constraints, it is unclear how these economies will be expected to recover and produce jobs for the growing population of youth in the region.”

Yara M. Asi, PhD

countries manage to make the most of the demo-

graphic dividend opportunities. The situation throughout the previous decade does not provide room for much optimism, and the pandemic threatens to undo some of the meagre achievements obtained in previous years. A large part of the **social divides**, that also derive in considerable levels of public dissatisfaction and jeopardise a sustainable future for the Southern Neighbourhood countries, are closely linked to the functioning of the labour market in the different countries. There are notable issues in terms of both job offer and demand in this sense.

The 2016 Arab Human Development Report affirmed that the young Arab population is “the largest, most well educated, and most highly urbanized generation of young people in the region’s history”⁴³. The number of graduates in the Neighbourhood countries has considerably increased. However, university graduates account for almost 30% of all those unemployed⁴⁴. From the start of the millennium, most of the Neighbourhood countries have made achievements in the educational sector, particularly through

42 Silatech (2013). Underemployment in the MENA Region. <https://silatech.org/wp-content/uploads/2018/12/silatech-index-brief-underemployment-in-the-mena-region.pdf>

43 UNDP (2016). Arab Human Development Report 2016: Youth and the Prospects for Human Development in a Changing Reality. <http://hdr.undp.org/en/content/arab-human-development-report-2016-youth-and-prospects-human-development-changing-reality>

44 ILO (2019). Where is youth unemployment the highest? https://www.ilo.org/global/about-the-ilo/multimedia/maps-and-charts/enhanced/WCMS_600072/lang--en/index.htm



more equitable access to formal education and more female graduates. However, high quality education is not always provided, and in contexts like Egypt, the informal sector becomes one of the foundations of the educational process.

Numerous reports point to the need for structural change in education, with an emphasis on enhancing teacher training and motivation, the acquisition of new skills from childhood, placing more emphasis on technical careers with better opportunities (related to the STEM Science, Technology, Engineering, and Mathematics areas of knowledge), and enhancing technical and professional training, plans in which the private sector should have a very significant role⁴⁵. The youth of the Neighbourhood are clearly concerned about their education⁴⁶. In 2030, the MENA countries will face a 23% increase in the number of students that will need to find employment, and the periods between leaving school and entering the labour market will continue to lengthen⁴⁷.

The post-colonial social contract that has been eroding over recent years was characterised by ensuring a relatively decent life for citizens and their families, largely due to their absorption into the public sector, often in redundant roles for which specific training was not required. Already considerably bloated, the respective public sectors cannot absorb a sufficient number of young people, both in terms of the phase of the demographic transition that these countries are traversing and their prevailing need for painful structural adjustments. Furthermore, although the role is stable, public salaries are not so appealing. The [future of public debt in these countries](#) will condition this Dynamic even further.

The demographic dividend generates growth, but also requires considerable growth to come to fruition. In contrast to the public sector, the private sectors of the Neighbourhood countries tend to be relatively weak, with issues such as the lack of commitment to structural and high added value industries, no

new company creation and development, and insufficient promotion of the development of the skills young people require, along with significant structural violence (also including child exploitation). A large proportion of these difficulties are present when it comes to entrepreneurship, with institutional obstacles, such as clientelism and the lack of transparency adding to funding difficulties, leading to numbers that are extremely low across the length and breadth of society⁴⁸. Corruption and a lack of transparency are also discouraging.

The labour markets in the Neighbourhood are also characterised by their informal nature, which have often and significantly become structural, impacting the core of human security. The informal sector represents around 30% of all jobs throughout the MENA region, and by way of example, 75% of the recent arrivals to the labour market in Egypt are estimated to work in the informal sector. Although not involving the informal sector as such, clientelism and elitism have a central role in this process, in detriment to meritocracy and equality of opportunity⁴⁹.

Additionally, the effectiveness of labour markets and spending on education in the Neighbourhood is lower due to the limited absorption of women, representing almost 80% in Algeria and Jordan, in stark contrast to current dynamics in the educational domain. Figures show that women obtain more diplomas and better results, and they are better educated in the STEM sector than in some countries of the Global North, but their presence in the private sector faces a path strewn with obstacles (without evening considering the glass ceiling), and their involvement in activities such as building infrastructures, on which several states are focusing their efforts, represents a considerable taboo. The integration of women into labour markets represents one of the areas where the need to strengthen the public health system is even more of a core issue. When it comes to women and birth rate policies (particularly in countries where population growth is seen as a threat, such as Egypt), but also for young people as a

45 Ferid Belhaj (2018). *Fixing the Education Crisis in the Middle East and North Africa*. World Bank. <https://www.worldbank.org/en/news/opinion/2018/11/13/fixing-the-education-crisis-in-the-middle-east-and-north-africa>. By way of example, see <http://www.usc.es/economet/journals2/eers/eers1428.pdf>.

46 ASDA'A BCW (2019) Arab Youth Survey 2019. A Call For Reform. <https://www.arabyouthsurvey.com/pdf/downloadwhitepaper/download-whitepaper.pdf>

47 UNICEF (2019). *MENA Generation 2030*. <https://www.unicef.org/mena/reports/mena-generation-2030>

48 Global Entrepreneurship Monitor (2020). *2019 / 2020 Global Report*. <https://www.gemconsortium.org/report/gem-2019-2020-global-report>

49 World Bank (2017). *Governance in Service Delivery in the Middle East and North Africa*. <https://openknowledge.worldbank.org/bitstream/handle/10986/26201/112976-WP-PUBLIC-WDR17BPGovernanceinServiceDelivery.pdf?sequence=1&isAllowed=y>



whole, health policies are vital when it comes to favouring human development. Therefore, the concept of human capital reminds of the need to view health as a human right, not a guarantee of a healthy workforce.

The revolts occurring in recent years, both pre- and post-2010, shine light on the potential consequences of regimes not being able to make the most of the demographic dividend, mainly through the deepening a number of **social divides**. Long periods of unemployment among the youngest demographic group leads to dissatisfaction. This is in addition to the marginalisation of the group in the respective political, economic (including barriers to entrepreneurship), and civic arenas. Some are exposed to circumstances of extreme vulnerability, almost a given for already vulnerable groups like refugees.

The youth bulge could represent an opportunity given the limited qualified workforce in Europe, a positive impact that would also be felt in the countries of origin of the Southern Neighbourhood, as

the guest workers tend to return with more knowledge and experience. Migration therefore represents an absorption option for the young population of the Neighbourhood facing a lack of opportunities. This can be to countries both in the Global North and within the region itself, mainly to some of the GCC countries (when the economic context and migratory policies of the destination countries allow for a certain amount of absorption in both cases). An overwhelming desire among young educated people in the Neighbourhood to abandon their country was mentioned in several interviews, with notable cases such as Lebanon (with insinuations of authorities pushing that agenda) and Tunisia. An event that can initially be thought of as a brain drain was justified by some with respect to the future of societies, both from the point of view of remittances and the eventual return of these individuals to their countries of origin, whereby they could help to drive initiatives in the public and private domains. For others, however, it was defined as one of the greatest risks facing their homelands.

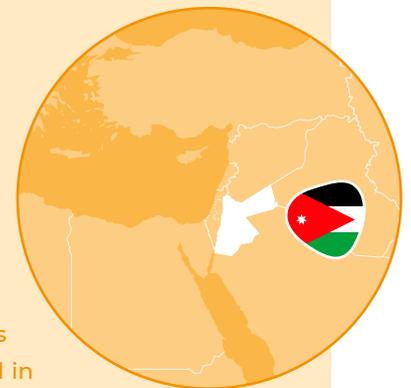


Case study

A disaffected youth in Jordan

Jordan tends to be considered one of the Neighbourhood's main hopes in terms of the demographic dividend, with a window of opportunity that will extend to 2040⁵⁰, mainly due to the size of its young population — 55% of the population is aged under 25, with 25% aged under 15. The country's advances in the education sector, its status as a strategic country from a regional and international standpoint, and in trade terms given that Amman represents a stable crossroads between the Persian Gulf and the Mediterranean, are all essential too. This is in addition to the robust penetration of Internet and mobile devices (87% in 2018), and an increasing rating in the OECD PISA report. All the same, not everyone is convinced about the quality of the education, and point to indicators like the World Bank's Human Capital Index.

The minority proportion of vocational training graduates perform well in the labour market, but there is still room for improvement and both education and technical and vocational training need to be aligned with demands from young people and companies. The skills the former learn



50 UNICEF (2019). MENA Generation 2030 Country Fact Sheet Jordan. <https://www.unicef.org/mena/media/4196/file/Jordan%20Fact%20Sheet%20-%20MENA%20Generation%202030.pdf>



are too academic and not practical enough, in addition to a low valuation of human capital and an educated but underused female workforce, both in health terms and because of unpunished sexual aggression, along with the very limited opportunities for work-life conciliation⁵¹.

Human capital does not depend on education alone, as healthcare has an important role. Public service provision in Jordan is also a motive for social unrest, and the population faces health problems derived from structural failures, such as the lack of green spaces or quality public transport. As in other countries, access to services is also conditioned by the individuals' belonging to a particular social class, as reflected by the vast differences between East and West Amman. The informal sector and a lax taxation system prevent progress being made towards inclusiveness.

The government has been the main employer over a long period, although it is almost at full capacity, as shown by the country's strategies, the Jordan Economic Growth Plan: 2018-2022 and REACH2025. These plans generally target similar reforms, however, often without reflecting the real situation. The private sector should be the obvious option, but the offer falls short, and the country has not created a positive ecosystem for foreign investment, sometimes blaming instability as the only factor behind the limited economic growth. Something seems to be changing, however, and the higher echelons of the country are increasingly aware that the future depends only and exclusively on their own capacities, and no longer on foreign financiers⁵². As such, some experts are hopeful that the political reform in terms of accountability, inclusiveness, and the relaxation of security in public spaces can represent the first step towards better economic conditions, in order to favour entrepreneurship in particular. However, there will be a need to overcome the classic resistance to change among the elites, as evidenced by the April 2021 events.

As with other Neighbourhood states, too much emphasis appears to be placed on building infrastructures to generate capital, without providing any high skilled roles. Many Jordanian young people have limited access to a highly qualified job, and almost a quarter of them can be considered "neets", at risk of their skills degrading, their creativity eroding, and their becoming disillusioned, thus augmenting the potential exclusion from quality jobs⁵³, in addition to the almost obligatory resource of the informal sector with jobs that do not fit their qualifications or provide security. Despite the generalised perception, employers do not preferentially choose refugees, who access jobs ruled out by young Jordanians in specific sectors such as construction⁵⁴. Aware that the demographic dividend is not yet an achievable reality, and distanced from the system and the political arena to some extent, social dissatisfaction will grow and more protests will take place despite the repression, although the potential for social mobilisation is viewed with certain scepticism, added to a growing desire to escape from the situation through migration.

51 WEF (2019). Global Gender Gap Report 2020. http://www3.weforum.org/docs/WEF_GGGR_2020.pdf

52 Arabiat, M. y Mhadeen, B. (2021). Redefining Security in Jordan-U.S. Relations. <https://www.washingtoninstitute.org/policy-analysis/defining-security-jordan-us-relations>

53 OECD (2016) Youth Well-Being Policy Review of Jordan. <https://www.oecd.org/dev/inclusivesocietiesanddevelopment/youth-inclusion-jordan-sixty-seconds.htm>

54 Stave, S.E. y Hillesund, S. (2015). Impact of Syrian refugees on the Jordanian labour market. ILO. <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwitos-zgtPuAhVUURUIHWlvA40QFjACegQIARAC&url=https%3A%2F%2Fdata2.unhcr.org%2Fen%2Fdocuments%2Fdownload%2F45716&usq=AOvVaw0kn9aWlp-aN7BKeuBr92Lf>

4. The digital divide in its different forms



🔍 Main takeaways

- The digital divide is a reality in the Southern Neighbourhood, with a markedly negative impact among the most vulnerable groups, especially women.
- Digitalisation represents risks and opportunities for the respective countries in terms of the potential for mobilisation on social networks and other platforms, but also of heightened repression.
- Automation represents an additional risk in terms of deepening social divides.
- The current economic and governance structure places barriers to any entrepreneurship outside the elites.
- New technologies also bring threats from a macro standpoint, in terms of the potential for conflict and intergovernmental cooperation that leads to further erosion of rights.

In the past decade, the flow of cross-border data linking the MENA region with the rest of the world has increased over 150-fold, in a process led by the GCC. COVID-19 has accelerated the digital transformation of the region's economy, but it also shone light on the digital divide between those with and

“It is worth insisting on a free and open access to information, truthful information, to showcase the functionality of governmental action in the benefit of present and future generations.”

Salah Eddine Salhi, PhD

without access to ICTs. Although mobile phone penetration is higher, only 58% of Arab households

have access to the Internet⁵⁵. Currently, almost half of the Southern Neighbourhood population (54% in the Levant, 45% in North Africa) have access to a broadband mobile network, but they do not subscribe to mobile Internet because of non-infrastructure related barriers, mainly due to the services' prices and their digital skills⁵⁶. The digital divide is also notable among the Neighbourhood countries, and between these countries and world-leading countries. The difference in terms of both access and use exists across the board. Current conditions indicate that this will reduce during the coming years.

The digital divide is a multidimensional phenomenon, reflected mainly by identity, geographical location, and socioeconomic circumstances⁵⁷. For example, the poorest 41% in Tunisia need to spend over 40% of their income to obtain fixed or mobile broadband services⁵⁸. As occurred in other regions, the efforts to implement online education during the pandemic amplified inequality regarding educational access in the region⁵⁹. The digital divide stands in the way of progress, whether sociopolitical or eco-

55 ITU (2019). Measuring Digital Development. <https://www.itu.int/en/ITU-D/Statistics/Documents/facts/FactsFigures2019.pdf>

56 GSMA (2020). The Mobile Economy. Middle East & North Africa 2020. https://www.gsma.com/mobileeconomy/wp-content/uploads/2020/11/GSMA_MobileEconomy2020_MENA.pdf

57 Babas, L. (2020). Gender, income and education widen digital divide rates in Morocco, survey finds. *Arab Barometer*. <https://www.arabbarometer.org/media-news/gender-income-and-education-widen-digital-divide-rates-in-morocco-survey-finds/>

58 World Bank (2014). Broadband Networks in the Middle East and North Africa : Accelerating High-Speed Internet Access. <https://openknowledge.worldbank.org/handle/10986/16680>

59 Faek, R. y Abd El-Gaili, T. (2020). The Shift to Online Education in the Arab World Is Intensifying Inequality. *Al-Fanar Media*. <https://www.al-fanarmedia.org/2020/04/the-shift-to-online-education-in-the-arab-world-is-intensifying-inequality/>

nomic. The gender digital divide is particularly concerning⁶⁰.

The Fourth Industrial Revolution has a key role in discussions, studies, and initiatives on the Arabian peninsula but, apart from some exceptions, it hardly figures in the Southern Neighbourhood. Innovation has become a panacea for correcting economic problems, but one illuminating response came from our interviews: why should these societies bother with the Fourth Industrial Revolution when their states have not put industrial policies in place, and the structural aversion to risk and the lack of creativity has prevented them from innovating in the past? All the same, there are quite a few technological development-related aspects that will mark the future of the Southern Neighbourhood during 2020-2030, particularly regarding digital transformation.

» The labour market

The acceleration of technological development will cause significant disruption that will be felt in the private sector, also obliged to adapt to the new conditions, in view of superficial integration of local labour markets into supply chains and regional and global industrial ecosystems. The size of the young population, their dynamism, and their creativity are a cause for hope, but **other conditions** are required. One of the main concerns involves the divergence between training and the labour market in a future of labour segregation. As happens in other parts of the world, the potential impact of automating work in the region poses a challenge: 49% and 50% of work activities in Egypt and Morocco respectively are estimated to be susceptible to automation, which would undoubtedly augment inequalities among citizens, but clearly also between regions and countries.

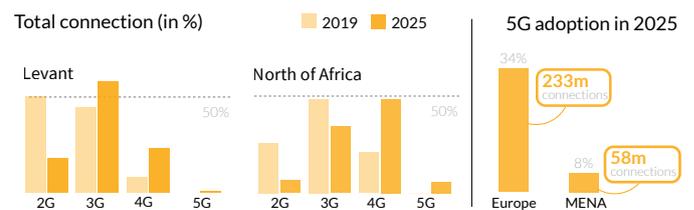
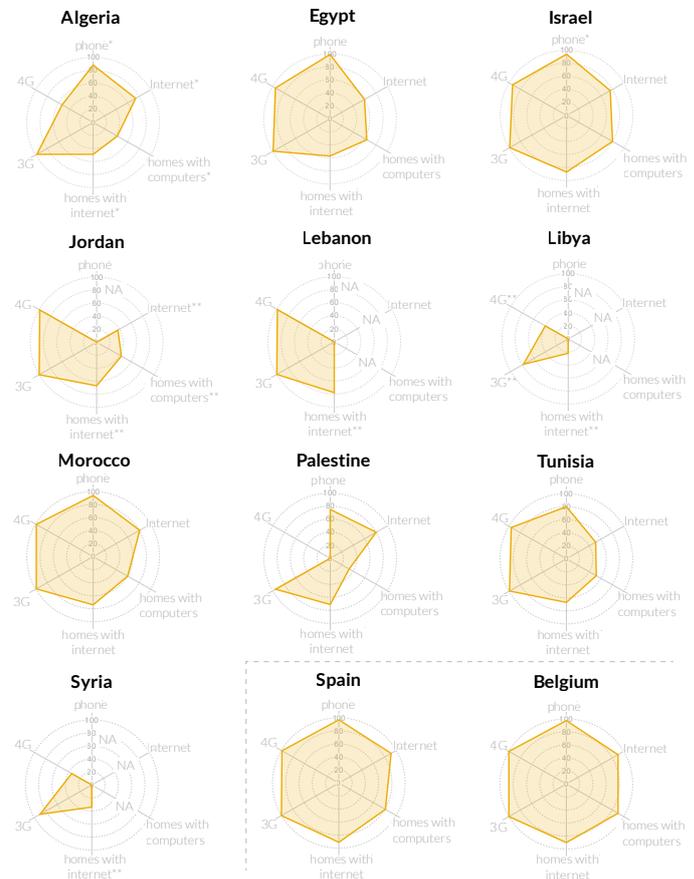
This configuration leads to a rise in social tensions as a result of rampant inequality and the non-existent perspectives among the middle and low-middle classes in a region where access to the best jobs depends on belonging to, or being within the circles of the elites in the respective countries. Disillusionment and dissatisfaction will be amplified as

a result of the omnipresence of digital technologies. Two key terms for the future of employment during times of digital disruption are “talent” and “human capital” — knowledge, skills, aptitudes, approach —,



The digital divide

Percentage of individuals with access to technologies. 2019 (*2018 **2017)



Source: ITU World Telecommunication-Digital Development Dashboard, GSMA report "The Mobile Economy Middle East & North Africa 2020".

STORY DATA

and the favourable ecosystems required to develop both are limited in number at present⁶¹. COVID-19 casts light on the potential of the digital domain. An entrepreneurial spirit has flourished in many parts of the region, creating a large and growing market of

60 Kerras, H. et al. (2020). The Impact of the Gender Digital Divide on Sustainable Development: Comparative Analysis between the European Union and the Maghreb, *Sustainability* 12(8).

61 WEF (2017). The Future of Jobs and Skills in the Middle East and North Africa Preparing the Region for the Fourth Industrial Revolution. <https://www.weforum.org/reports/the-future-of-jobs-and-skills-in-the-middle-east-and-north-africa-preparing-the-region-for-the-fourth-industrial-revolution>



consumers. There should be an opportunity, given the strong correlation between GDP per capita and the McKinsey digitisation index which, however, states that only 1.7% of the region's workforce has digital talent⁶².

There are young people who have shown tremendous ability in this domain, but who are unable to find the means and environment in which to flourish. In this respect, several of our interviews indicated concern that the region's workers employed — directly and indirectly — in these sectors by international companies (including the GCC, or Israelis as a result of normalisation agreements) become cheap labour, in low added value jobs with no opportunity for vertical mobility. The perpetuation of the informal sector in the gig economy represents another risk.

» Challenges - and opportunities - for governments

Digital transformation will, therefore, represent threats and opportunities for authorities in the Southern Neighbourhood. On the one hand, populations can increasingly turn to technological means to express their dissatisfaction and come up with new forms of social mobilisation. In 2010/2011, social networks, as well as blogs and other fora, fostered activity when the government's repression had restricted civil society in other spaces, favouring regionalisation and the exchange of ideas and initiatives, and attracting attention worldwide⁶³. Several Western studies and comment pieces have simplified this potential, but few doubt its role in the uprisings. Current conversations between Arab citizens using the social network Clubhouse support that fact.

On the other hand, governments have shown their capacity for reacting against creativity and collective actions. They have increased their control and repression through generalised surveillance systems, the ability to control digital infrastructures, and strong collaboration between the regimes that played key

roles in the **counter-revolutionary wave**⁶⁴. In addition, there is the ambiguous role of technological platforms' policies for moderating content, sometimes in close collaboration with the regimes. Relevant propaganda and disinformation operations must be included here, hand in hand with multidimensional initiatives to intimidate or silence conversations in offline and online spaces, often in the name of national security and the fight against terrorism. The cooperation regarding surveillance of population is one of the areas that will make the progressive normalisation of relations between Israel and some Arab states even more evident, as has been the case of Morocco⁶⁵, and Jordan⁶⁶, highlighted by strengthening of authoritarianism in some states during the COVID-19 pandemic.

Digitalisation needs a strong private sector, absent in the region in terms of economic structure and institutions. Good governance is again a scenario that needs to be achieved. On the one hand, as technological transformation leads to a progressive, and often forced, decentralisation of power mainly in the economic domain, the authorities will be obliged to embrace increased data access, and even higher levels of political participation. As shown by the case of the persecution of *TikTokers* in Egypt, the alternative is even more repression, with what that brings in terms of institutional obstacles to entrepreneurship and innovation. Technological disruption also obliges governments to adopt greater transparency when wanting to engender both foreign investment and entrepreneurship among its citizens, and above all, to adapt to new contexts with flexibility and efficiency, the lack of which is bemoaned in many studies on the Southern Neighbourhood. Apt but not excessive regulation, regarding intellectual property protection for example, should go hand in hand with suitable investments into infrastructures.

Closely linked with the centrality of infrastructures for accumulating power in the Southern Neighbourhood, the digitalisation of the industries has led to

62 Benni, E. et al. (2016). Digital Middle East: Transforming the region into a leading digital economy. *McKinsey*. <https://www.mckinsey.com/featured-insights/middle-east-and-africa/digital-middle-east-transforming-the-region-into-a-leading-digital-economy>

63 Gharbeaia, A. (2020). Wikis as Catalysts for Activism: The Case of Arabic Wiki Gender. *Arab Reform Initiative*. <https://www.arab-reform.net/publication/wikis-as-catalysts-for-activism-the-case-of-arabic-wiki-gender/>

64 Thieux, L. (2020). Les Réseaux Sociaux : Une Arme À Double Tranchant Pour Les Mouvements Sociaux Et Leur Lutte Contre Le « Pouvoir » En Algérie. *Papiers IEMed 23*. https://www.iemed.org/publicacions-fr/historic-de-publicacions/papiersiemed/23-les-reseaux-sociaux-une-arme-a-double-tranchant-pour-les-mouvements-sociaux-et-leur-lutte-contre-le-ab-pouvoir-bb-en-algerie/at_download/arxiu_relacionat

65 Amnesty International (2019). Moroccan human rights defenders targeted using malicious NSO Israeli spyware. <https://www.amnesty.org/en/latest/news/2019/10/moroccan-human-rights-defenders-targeted-using-malicious-nso-israeli-spyware/>

66 Ravid, B. (2020). Scoop: Israeli cyber firm NSO negotiates with Jordanian intelligence. *Axios*. <https://www.axios.com/israeli-cyber-firm-nso-negotiates-with-jordan-dfbc49f1-6b2f-4907-b0fc-f36fbd4813d.html>



geopolitics — now cyber-geopolitics — being forced to consider a new dimension, particularly the possibility of new *loci* of confrontation in the form of cyber-attacks and conflicts as the bases for war in the future⁶⁷. Technological advances should also be interpreted in terms of geopolitics, investments into infrastructure, and regional and international connectivity, the undersea cables and broadband infrastructure in the Mediterranean being a very notable example.

» Social impact

Lastly, technological changes have considerable effects on societies and individuals, who will see their everyday lives change. There are infinite possibilities in sectors such as education and knowledge

learning. Some possibilities for the Neighbourhood's women are also promising, with access to electronic payment methods and e-commerce or virtual jobs.

From a social point of view, the use of data and the concept of privacy in highly unregulated spaces is becoming increasingly more relevant⁶⁸. These are becoming settings for growing numbers of crimes for criminal organisations at a macro level, but also at a micro level when digital literacy falls short, along with abuse of the vulnerable and the incitement of polarised discussion. It is also important to consider the potential effects on social relationships, between generations for example, but also between classes and communities. Again, the digital divide is deemed a pressing issue.

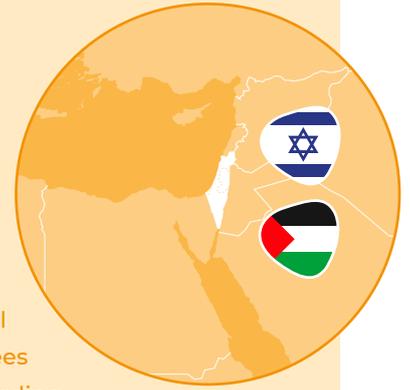
⁶⁷ Salama, V. (2020). The Geopolitics Of Virtual Spaces In The Mena Region: How Virtual Spaces Have Become The Latest Arena For Competition And Conflicts In The Middle East, in EuroMeSCo Joint Policy Study 17. https://www.euromesco.net/wp-content/uploads/2020/09/JPS_Infrastructures-and-power-in-the-MENA.pdf

⁶⁸ Fatafta, M. y Samaro, D. (2021). Exposed and exploited: Data protection in the Middle East and North Africa. *Access Now*. <https://www.accessnow.org/exposed-and-exploited-data-protection-mena/>



Case study

Apartheid in Israel/Palestine as a symbol of multiple dynamics in the historical Palestine territory



Already present in Palestinian circles years ago, the concept of apartheid has been losing its taboo status in historical Palestine as Israel colonisation policies progress⁶⁹. In an apartheid situation, one group sees their rights discriminated based on their racial classification, and according to the United Nations, digital rights are human rights. Throughout the coming years, and probably decades, the term “digital apartheid” will become more relevant, reflecting a significant part of the risks from digitalisation in the Southern Neighbourhood, as well as relationships of power from the previous British mandate.

One such example is that of the digital divide, mainly between Israelis and Palestinians as collateral damage of the conflict, but also among Palestinians for economic reasons. In this sense, it is worth highlighting that Israel did not authorise the use of 3G technology in the West Bank until 2018, and that the Gaza Strip only has 2G technology. Israeli policies have also led to the Palestinian economic structure not fulfilling — with some reports referring to de-development⁷⁰— the right conditions for Palestine to take advantage of the demographic dividend, neither in terms of demand or offer, nor in terms of potentially pushing services related to digitalisation 4.0. As such, highly trained young people in the digital domain do not have access to employment and opportunities to start up online platforms, replicating the physical restrictions in the territories.

Social networks, and other Internet spaces, have become an additional domain where human rights violations occur. On the one hand, there are documented activities of Israel's surveillance and data control over the Palestine population⁷¹, a dynamic taking place throughout the region, largely using sophisticated Israeli technology. This is in addition to the shrinking space phenomenon to which Palestinians', as well as individuals interested in their oppression internationally, freedom of expression is subjected with notable cases of censure by platforms such as Facebook or Zoom. There is also the vast amount of disinformation regarding the situation in Israel/Palestine across the networks and on the Internet as a whole, which also often feeds from insufficient digital literacy of the users. The increasingly authoritarian Palestine authorities in the West Bank and the Gaza Strip have a notable role in this sense, along with the Israeli authorities, and the social networks themselves with their content moderation policies. A notable example of digital apartheid affecting the entire Palestine population is shown by the growing number of racial attacks from Israel on Palestine citizens in a significant number of online spaces in the territory.

69 UNESCWA (2017). Israeli Practices towards the Palestinian People and the Question of Apartheid. <https://oldwebsite.palestine-studies.org/sites/default/files/ESCWA%202017%20%28Richard%20Falk%29%2C%20Apartheid.pdf>

70 UNCTAD (2017). Fifty years of occupation have driven the Palestinian economy into de-development and poverty. <https://unctad.org/press-material/fifty-years-occupation-have-driven-palestinian-economy-de-development-and-poverty>

71 7amleh (2020). Hashtag Palestine 2019: An Overview of Digital Rights Issues in Palestine. https://7amleh.org/storage/Hashtag_Palestine_2019_English_20.4.pdf

5. The territorial divide: marginalisation and urbanisation



Main takeaways

- The territorial divide represents one of the pathways to marginalisation for a large sector of the Southern Neighbourhood populations.
- The territorial divide involves the marginalisation of all citizens that do not live in cities and areas where economic benefits and opportunities and political decision making are concentrated.
- The territorial divide also manifests in the form of accelerated urbanisation, particularly in the Levant.
- Cities have become the settings for most of the inequalities and failures in the Neighbourhood, with notable examples including deficient public service provision, the infringement of rights, control by the elites, the creation of pockets of violence, and the ever-expanding informal sector.
- Cities are also particularly exposed to three of the main issues of modern times: accelerated exposure to the climate emergency, the growing emergency of food insecurity, and precarious health systems.

As explained in the section on [social divides](#), the marginalisation of a large part of the Southern Neighbourhood population has been a striking feature of these countries throughout the years both socially and in territory terms. The antiauthoritarian revolts, preceded and succeeded by micro-revolts in several countries, shone light on the territorial divide that partly contributes to social dissatisfaction. Protests, such as those experienced in the poorest regions of Tunisia, like Kairouan or Sidi Bouzid in 2011, or the successive protests in Morocco in the area of Rif, Zagora, or Jerada, show the relationship between the criticism of poor political management with the sensation of *hogra* or humiliation and a lack of care from central governments⁷².

Socio-spatial justice remains a core aspect of both local and national debates. The post-colonial Arab state was built on the foundation of deep-rooted centralisation from a political and administrative standpoint, as well as on identity terms by rejecting any trace of diversity, which ended up being combined with corruption and other poor governance-related activities. Equity and equality are the main problems

“The decentralization process that started in the late 2010s [in Tunisia] would have given, by the end of the following decade, enough prerogatives to local officials to act on their own and respond to the direct queries of their constituencies, improving the state of their localities.”

Youssef Cherif

from both a material and symbolic point of view. As such, it is both an *ex post* redistribution and an equal opportunities issue, and as such, economic deconcentration.

⁷² Hernando de Larramendi, M. y Thieux, L. (2018). *Protestas en la periferia. Contestación y desequilibrios en el margen. CIDOB*, 203.



Wealth is not shared equally at either an individual or collective level, and equal opportunities are particularly eroded because of the concentration of economic activity in capitals and coastal regions, along with exploitation of resources from the periphery. Additionally, local communities are prevented from contributing to critical planning and management decisions, receiving the same services as other fellow citizens. As such, disaffection grows towards local representatives and the political structure as a whole. Furthermore, non-national identities appear and reclaim their specific rights in a significant number of cases.

The issue of the relationships between the centre and the periphery first arose in the late 1990s/early 2000s when authoritarian regimes in the Neighbourhood aimed to (re)legitimise themselves by reorganising the territory's administrative network, which often proved more superficial than effective. In fact, it was considered a way of making authoritarian systems more sustainable. The Neighbourhood countries are currently some of the most centralised in the world, with some of the lowest spending on local government (ranging from 3% in Jordan to 18% in Egypt, compared to a worldwide average of 22%)⁷³: In cases like Egypt, decentralisation is enshrined in the constitution, but becomes an anathema for a regime for whom any diffusion of power is perceived as a threat. Non-administrative decentralisation is also perceived as a threat in itself, but in terms of identity recognition, with notable cases like the recognition of the Amazigh in Morocco (which aims to resolve the conflict in the Western Sahara by pushing a national solution using the advanced regionalisation model), or the demands both in and from the Kabylia region of Algeria.

The persistent mobilisations represent a reaction to the failure and lack of political will for the decentralisation process included in some constitutions after the 2011 revolts. In this context, it is worth highlighting the efforts implemented in countries such as Tunisia⁷⁴ or Morocco⁷⁵, with mixed results that pro-

vide evidence of political economy issues — particularly the creation of elected local bodies without providing them with the means to meet demands — and the difficulties involving changes to the political system, exemplified by resistance from the neopatrimonial networks or the impossible exercise of true autonomy⁷⁶. This type of decentralisation does not necessarily imply higher rates of governance and democratisation, as the processes have continued to be directed from above. The concentration of powers in the state as a result of the fight against COVID-19 over recent years is another obstacle to further decentralisation efforts. Everything points to the micro-revolts in the periphery continuing; they could even intensify should there be even greater economic shortages, a growing perception of inequality, and further exclusion from the system.

Accelerated urbanisation is the other aspect of territorial marginalisation. Unable to make a living in rural areas in recent years, thousands of farmers

“Alexandria needs to feel part of the neighborhood story and brought into a mission in which its fate is tied with the same menace confronting Beirut, Tunis, Tangier, Barcelona, Marseilles, and the rest of the cities dotted around the [Mediterranean] basin.”

Amro Ali, PhD

have moved to already saturated cities. Conurbations such as Cairo have witnessed rapid and uncontrolled urbanisation, with informal building (*ashwa'iyat*) taking place. Despite the Egyptian government attempting to slow down this phenomenon, par-

⁷³ UN Habitat (2020). *The State of Arab Cities 2020. Financing Sustainable Urbanization in the Arab Region*. https://unhabitat.org/sites/default/files/2020/06/sacr_2020_executive_summary_en.pdf

⁷⁴ Tarchouna, L. (2019). *The Tunisian Experience of Decentralization Since 2014*. Arab Reform Initiative. <https://www.arab-reform.net/publication/the-tunisian-experience-of-decentralization-since-2014/>

⁷⁵ Zaki, L. (2019). *Decentralization in Morocco: Promising Legal Reforms with Uncertain Impact*. Arab Reform Initiative. <https://www.arab-reform.net/publication/decentralization-in-morocco-promising-legal-reforms-with-uncertain-impact/>

⁷⁶ Kherigi, I. (2020). *Decentralisation: The Search for New Development Solutions in the Arab World's Peripheries*. Arab Reform Initiative. <https://www.arab-reform.net/publication/decentralisation-the-search-for-new-development-solutions-in-the-arab-worlds-peripheries/>



ticularly when it involves arable land, there is often no alternative, given decades of collusion regarding these grey spaces and insufficient means to buy and sell real estate properties. When it comes to Egypt, the decision often involved creating new cities rather than tackling existing problems, without significant success⁷⁷. A key variable to consider throughout the coming decade is the consequence of the [Megatrend: Human Mobility and Urbanisation](#). As we have seen, the Southern Neighbourhood's future is eminently urban. Around 80% of the population will concentrate on only 10% of the land by 2030, mainly on the coast.

The so-called “Arab Spring” directed our attention towards how the Neighbourhood's urban spaces could gather waves of dissatisfaction with different origins. Subsequent events (such as the explosion in the port of Beirut in 2020) have shone light on urban initiative opportunities that put the focus on citizens and show how the cities are true laboratories of social mobilisation. The wellbeing of societies will largely depend on urban governance and associated public policies. Urban population growth has been faster than economic development in most of the Neighbourhood countries, and it seems likely that the structural challenges will become tougher, along with the aggravation of social tensions and a deeper level of vulnerability.

Social and spatial marginalisation interact in cities. Urban management and service provision tend to be centralised, while technical services and infrastructures are increasingly decentralised on a local scale, although with insufficient human and fiscal resources to be implemented correctly⁷⁸. The very high population density in some neighbourhoods represents one of the main challenges — 3% of the region's surface area is home 92% of the total population⁷⁹—. The lack of infrastructure and public networks are a particularly pressing threat in terms of providing basic services and goods (the issue of food security could become critical). COVID-19 has shone

light on the fact that these areas are impossible to control.

The significant equalities of income in cities represents another challenge within a context of generalised poverty. The World Bank warns that poverty is becoming urbanised, given that poorer populations are moving to cities at a faster rate⁸⁰. The role of infrastructures in reproducing relationships of power (class, sectarian, and others) needs mentioning in this respect. Infrastructures and public property such as electricity, bridges, and roads create differences, diminish and divert, although they can create spaces for coming together and joint actions⁸¹. Spatial stratification of urban areas based on income, identity-based ideology, or birthplace is on the rise, while urban planning guided by neoliberal principles and left to market forces amplifies the spatial divides and social inequalities.

Pockets of young people are forming in Neighbourhood cities, mainly comprised of young single men, characterised by a lack of economic opportunities and an inability to express their political preferences. The implementation of citizen initiatives is one such consequence, as shown in recent years in Cairo and Beirut. Another, however, is the rise in public insecurity and the creation of *foci* of violence, sometimes related to the organisation of protests in the form of political violence, but also as a result of the rise in organised crime and [smuggling](#). To date, terrorist attacks have also been mostly concentrated in urban areas.

Poverty and the failure of current infrastructures to benefit the population as a whole contrast with the centrality of these infrastructures for hard connectivity (not always aligned with soft connectivity, in terms of culture, community, and the use of advanced technology) within a context whereby infrastructures such as ports are essential, given the increase of trade and transfer practices in the Mediterranean.

77 TADAMUN (2018). Planning [in] Justice. Spatial Analysis for Urban Cairo. TADAMUN. <http://www.tadamun.co/planning-justice-report/?lang=en#YBpaxylh3MI>

78 Harb, M. y Atallah, S. (2014). Decentralization in the Arab World Must be Strengthened to Provide Better Services. LCPS Policy Briefs. <https://www.lcps-lebanon.org/publication.php?id=271&category=700&year=2014>

79 World Bank (2011). Poor Places, Thriving People : How the Middle East and North Africa Can Rise Above Spatial Disparities. World Bank MENA Development Report. <https://openknowledge.worldbank.org/handle/10986/2255>

80 Ravallion, M., Chen, S., y Sangraula, P. (2007). New Evidence on the Urbanization of Global Poverty. World Bank, Research Digest 11 (4).

81 Nucho, J. R. (2016). Everyday Sectarianism in Urban Lebanon: Infrastructures, Public Services and Power. Princeton University Press.



The Tanger-Med port is a key example⁸².

The implementation of efficient health systems represents another challenge. Despite its variable impact in the Neighbourhood, the COVID-19 pandemic has shone light on the disastrous state of the countries' health systems, another symptom of the **absent state** and a social contract in which health does not have a key role. Infectious diseases are not the only threat. Some diseases such as diabetes or cancer, along with heart issues, are growing enormously. Malnutrition and micronutrient deficiencies coexist with obesity, the latter closely linked with the processes of population concentration and food insecurity that shape the Neighbourhood's future. Health systems should also be increasingly ready for the ageing of the population and women's work-life conciliation needs, by using specific structures that do not depend on family units or community care. Mental health is a silent pandemic with increasing importance that also needs to be considered. Trauma is present in the Neighbourhood in many forms, particularly among the new generations in locations such as Syria or the Gaza Strip, as well as in Lebanon and Egypt.

Although urbanisation is not extrinsically linked to climate change, it is important to consider its combined impacts **on food security**. The climate emergency intensifies challenges, particularly in urban settings, where the large majority of the country's population concentrates, along with emissions and other types of pollution. The urban heat island effect is also another factor. 10 of the 20 world's most affected cities by climate change will be located around the Mediterranean. The uncertainty regarding sharp temperature changes and natural events are a source of further tension when providing public services, particularly when it comes to water and health, and building infrastructures to make cities and their populations more resilient.

An aspect requiring consideration throughout the coming years is urban area exposure to disasters, whether natural (which will be increasingly more common) or human-induced. There are eminent institutional issues to add to the failure of infrastructures (including private home building) and inefficient public services provision. These include the creation and updating of early warning systems, risk evaluations and vulnerability maps, a multilevel decision-making process, and two-way communication with the public⁸³. Disasters are more likely to happen in coastal cities, an issue analysed in **one of the Opportunities identified in this Document**.

82 Colombo, S. y Soler, E. (eds.) (2020). Infrastructures and Power in the Middle East and North Africa. *EuroMeSCo Joint Policy Study 17*. https://www.euromesco.net/wp-content/uploads/2020/09/JPS_Infrastructures-and-power-in-the-MENA.pdf

83 O. El-Kholei, A. (2019). Are Arab cities prepared to face disaster risks? Challenges and opportunities. *Alexandria Engineering Journal* 58(2).



Case study

Beirut, reconstruction upon reconstruction

Lebanon is one of the most urbanised countries in the world. Throughout its history, both urban expansion and the main economic activities have been concentrated in and around the main coastal cities, regional cities, and belts around cities. Affected by both endogenous factors like economic development and the country's geography, and exogenous factors like the region's instability, urbanisation is expected to account for 90% of the population in 2030. This growth has mainly developed around the major cities, particularly Beirut⁸⁴.



The Lebanese capital also represents an example of the dilemmas posed by uncontrolled urbanisation in the Southern Neighbourhood, in the Levant in particular, and specifically by the way the city is spatially planned, having been destroyed and rebuilt five times, and a reflection of the sharing of power among the country's sectarian elites⁸⁵. The civil war did not lead to true reconciliation, rather a balance of power shared between its main players, who became responsible for the inhabitants of the respective jurisdictions. The end of the conflict led to rapid building work with no sustainable urban planning, controlled by a select number of companies (for example, *Al-Waad-Al-Sadiq* in the *Haret Hreik* Shiite region, or *Solidere* in the centre of the city). It also led to a gradual rise in prices - with real estate still representing a safe haven in an almost unregulated market - that pushed tens of thousands of individuals and families towards the suburbs and insecurity. In a country where public transport is extremely poor, the hours spent on the road worsen both pollution and public health.

The layout and functioning of the infrastructures, the almost non-existent green spaces and open areas, and the poor public transport are evidence that public well-being has never been an objective. Congestion became a permanent fixture, along with environmental, noise, and light pollution, paradoxically compatible with daily power outages and water shortages. When available, public service provision depends on a variable number of intermediaries, the first of which is affiliated to a sectarian community, if not others. Social class becomes another key indicator within the same area. Although Lebanon is not a country under water stress unlike its neighbours, water supply is a pressing problem for Beirut due to the growth of the population and the rise in consumption, combined with poor resource management. With volumes set to continue to rise, waste management is a challenge for both the present and the future, as shown during the national crisis in 2015. Access to quality healthcare also depends on social class, to the extent that survival itself can depend on it. The infrastructures are insufficient and inadequate for most of the older population.

The informal sector is present on every street corner in one way or another, even when it appears legal. Almost always selected by their social class, Syrian refugees

84 World Population Review (2021). Beirut Population 2021. <https://worldpopulationreview.com/world-cities/beirut-population>

85 Bou Akar, H. (2018). For the War Yet to Come: Planning Beirut's Frontier. *Stanford University Press*.



have been key players in informal construction over recent years, as were the Palestinians decades earlier. In both cases, their dwellings were destined to be only temporary, with services and infrastructures subsequently not being provided. In the case of refugees, but also the poorest classes of society, pockets of poverty and crime have sprung up across the length and breadth of a city marked by different forms of violence over the decades, both direct and indirect conflict, both domestic and regional: violence marked by interventions of the regime's different actors in the form of "politics of fear".

Structural violence has also led to the mobilisation of citizens on numerous occasions, with notable examples like the events surrounding the *#YouStink* protests from the summer of 2015 onwards, or the "October Revolution" from the autumn of 2019 onwards. The main characters in many of these mobilisations were initially young people, who despite being active users of the urban space, are marginalised by conventional urban governance systems and faced with "variable geometries of hope"⁸⁶. The protests will continue and multiply in view of the country's political and economic elites avoiding tackling society's failures. Mobilisation has not been limited to the organisation of increasingly larger and cross-sectional protests, however, and networks of activities, opposition, and solidarity have developed over the years that deputise for the role of the state and the sectarian elites, and propose inclusive and sustainable future plans for society.

The explosion that devastated the port of Beirut and surrounding areas on 4th August 2020 was a symbol of the unsustainable situation in the country. It was clear sign of the problems that had been accumulating in the city, which included the lack of an early warning and risk prevention system, closely linked to negligence and corruption, heightened security, and the depreciation of any publicly owned social provision network. This deficiency also took on a central role during the COVID-19 pandemic, and has become particularly serious given the apparent ageing of the country and not being able to lean on family networks or other social structures in urban environments. Women are again amongst the most vulnerable, whether at work or in terms of personal safety. The rebuilding of Beirut and the country as a whole after the collapse will mark the coming decade and beyond, with more unanswered questions than certainties.

86 NAHNOO, URBEGO, Architect For Change y LOYAC Lebanon (2018). Youth Engagement in Beirut. Dreams to action. <http://www.smedcv.net/wp-content/uploads/2018/06/Youth-Engagement-Index-Beirut.pdf>

6. The transformation of the energy market



🔍 Main takeaways

- The policy of Neighbourhood countries towards the decarbonisation process depends on whether they are energy exporters or importers.
- Countries such as Jordan, Tunisia, Egypt, or Morocco, have launched ambitious plans for renewable energies to account for a third of their installed power in 2030.
- The COVID-19 crisis represents a window of opportunity for investment in renewable energies.
- The evolution of the gas market will have significant consequences for exporting countries in the Neighbourhood.
- The growing demand for oil consumption from Asia will imply a change in direction for exports from the Neighbourhood countries.

Natural resources are key to understanding the past and present of the Southern Neighbourhood, both in terms of geopolitics and political economy, and of the internal institutional structures these countries have adopted, and more specifically, the development of authoritarian regimes that derive their legitimacy from redistributing the benefits from these resources (rentier states can also obtain benefits from external non-productive sources). The lack or abundance of hydrocarbons, and the influence of their exports on the economy will determine the strategies adopted regarding the [decarbonisation process](#) and the potential adoption of other sources of energy. While countries such as Algeria and Libya are strongly dependent on hydrocarbon exports (constituting approximately 96% of their exports), hydrocarbon are a lot less important for the other Neighbourhood countries (35% of exports in the case of Egypt; 12.5% for Tunisia, and only 2.3% for Morocco)⁸⁷. The former show significant reluctance and a lack of preparation regarding the decarbonisation process, while the latter display greater appetite for economic diversification and a more open posture regarding the energy transition.

Stronger climate change and demographic growth will also determine the available energy resources in the region, along with the strategies adopted by its countries to guarantee both their energy securi-

“Libya will be a late mover into the world of renewable energy and electricity generation, which in better circumstances would have been the natural path of evolution for its economy and its own domestic power needs.”

Tarek Megerisi

ty and their opportunities for trading these energy resources. The transition towards renewable energy production has been boosted by the development of new technologies, the simplification of processes and reduction in price, and the opening of new

⁸⁷ Zaki, C. (2020). Reforms in North African countries: from change to continuity. In Aimé, E. y Domínguez de Olazábal, I. (Eds.), *Informe África 2020. Transformations, mobilisation, and continuity*. Madrid: Fundación Alternativas. https://www.fundacionalternativas.org/public/storage/publicaciones_archivos/a09c8d21a6bfd59a820d5dd01f7806be.pdf

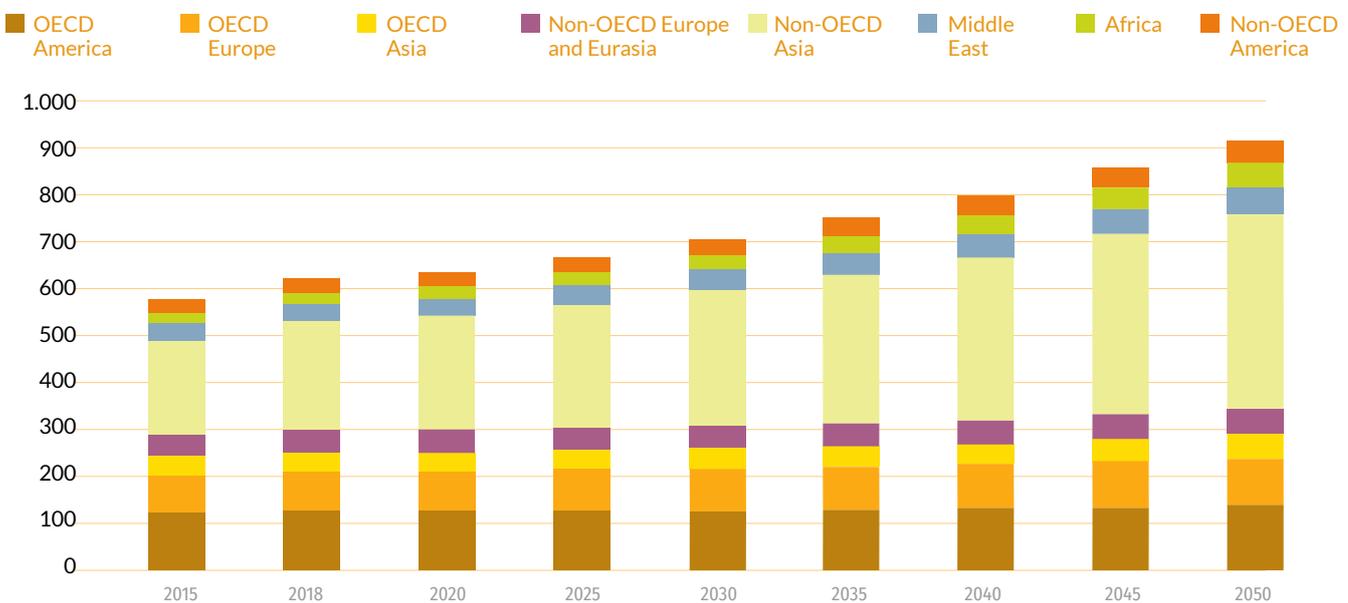


energy markets⁸⁸. Despite this, renewable energies still are not prominent in the MENA region, only providing 4.1% of the consumed renewable energy (compared to the 18% consumed worldwide)⁸⁹. The low figure is significant if both the region's energy potential (countries such as Morocco, Jordan, and Lebanon are in the so-called "sun belt", characterised by strong potential for photovoltaic power) and the high energy dependency of these countries is considered. Other than Algeria and Libya, with significant oil reserves, the other Southern Neighbourhood countries import at least 90% of the energy they consume. Furthermore, the region's energy consumption has doubled in the past twenty years⁹⁰,

energy production by 2030, while Algeria, Tunisia, and Jordan aim for that figure to be close to a third of their total production⁹¹. These transition processes can be boosted by the existence of transportation infrastructures (such as ports and oil pipelines) and their proximity to Europe. However, they also face considerable obstacles to overcome: governance problems that hamper economic efficacy, water supply problems, or limited regional integration between countries⁹².

Both the fight against climate change and energy conversion will represent a turning point for the region in this respect. A range of steps for coopera-

Primary energy consumption by regions, from 2015 to an estimation for 2050



Source: EIA (International Energy Outlook 2019) (Energy consumption in trillions)

as a result of the change in the population's consumption habits, the increase in living standards for a section of the society, and the continued energy sector subsidies.

Despite the limited influence of renewable energies in the Southern Neighbourhood countries, most have developed a political agenda to gradually transition towards renewable energies. With a more ambitious outlook, Morocco plans to produce 53% of its

energy production by 2030, while Algeria, Tunisia, and Jordan aim for that figure to be close to a third of their total production⁹¹. These transition processes can be boosted by the existence of transportation infrastructures (such as ports and oil pipelines) and their proximity to Europe. However, they also face considerable obstacles to overcome, such as infrastructure and regulation problems that bogged down previous initiatives like the [Mediterranean Solar Plan](#)⁹³.

In this context, the current pandemic will have strong

88 Menichetti, E. (2018). The MENA Region in the Global Energy Markets, *MENARA Working Paper*, N° 21.

89 UNESCWA (2020). Op. Cit.

90 Menichetti, E. (2018). Op. Cit.

91 IRENA (2016). Renewable Energy in the Arab Region. Overview of Developments. *International Renewable Energy Agency*. Abu Dhabi.

92 Narbone, L. (2020). Revisiting Natural Resources in the Middle East and North Africa. *European University Institute*. Fiesole. *European University Institute*.

93 Ibid.



repercussions on the energy market and demand. 2020 saw a 5% decrease in global demand, particularly when it came to polluting energies⁹⁴ (the sector earned 40% less income in the MENA region compared to the figures for 2019), favouring the relative consumption of renewable energies. The recovery of global demand will depend on the countries' abilities to overcome this crisis, but it is likely to be held up until 2025, when chances will increase in terms of augmenting the decarbonisation process and favouring the transition towards renewable energies⁹⁵.

A second emerging market in this energy transition process involves hydrogen. Both Egypt and Algeria could become exporters in the coming decades, followed by Morocco and Tunisia. These countries could benefit from European, national, and supra-national strategies for promoting hydrogen consumption, and specifically from the EU's launch of the European Clean Hydrogen Alliance with a time horizon of the year 2030 and within the framework of the decarbonisation process agreed for 2050⁹⁶. At present, the region's potential for supplying this resource has resulted in the creation of the MENA Hydrogen Alliance with the aim of generating public-private capital to develop this energy in the region. At the same time, the existing gas and electricity infrastructure, its proximity to Europe, and the current development of a local hydrogen market make Morocco a possible partner for developing a hydrogen market with the EU. All the same and despite its future possibilities, making the most of hydrogen-derived energy will encounter significant obstacles in the coming decades, given its need for significant installed power, the slow adaptation process shown to date⁹⁷, and the need to develop infrastructures that enable transportation.

» The gas market

The strengthening of the gas markets is another trend to consider. This importance placed on gas will have consequences for both countries located in

northern Africa (specifically Libya and Algeria with significant gas reserves) and the so-called Eastern Mediterranean region, with Egypt and Israel exerting considerable influence. In the case of the Maghreb countries, it could represent significant source of relief with a view to the decarbonisation process. However, the influence of this gas market will be impacted by the development of liquefied natural gas, with half of the gas expected to be distributed in the form of LNG by 2040, in detriment to oil pipelines⁹⁸. In this context of energy market transformation, Algeria faces the dilemma of attracting investment and rerouting its production strategy, as well as running the risk of losing importance as a gas exporter in the European market, given the significance of new competitors such as the U.S.A. or the increasing exports from Qatar⁹⁹. When it comes to Libya, its exporting outlook will depend on its ability to resolve the war that has been raging in the country since 2011. The inability of Libya and Algeria to overcome these obstacles could lead to a rise in social tensions in both countries, making them clear losers in the energy reconversion process.

Furthermore, the discovery of gas deposits throughout the past decade has contributed to a renewed centrality of the so-called "Eastern Mediterranean", intensifying the existing conflicts between the relevant countries (see the tensions between Turkey and Cyprus and Greece), and giving rise to new energy interests and possibilities for constructing new alternative energy routes. Turkey's efforts to establish a maritime corridor in the Mediterranean are along these lines. There is also the discovery of the Zohr gas-bearing deposit in Egyptian waters, which opens up different options for expanding energy markets, either towards Asia or Europe, although the latter option clashes with EU environmental plans and their interest in distancing themselves from Russia, who have shares in the deposit.

In the same vein, the higher demand for energy from Asian countries has opened up an opportunity for Southern Neighbourhood countries to export

94 IEA (2020). *World Energy Outlook*. <https://www.iea.org/reports/world-energy-outlook-2020>

95 Ibid.

96 Whinger, F. y Raad, S. (2020). 'The MENA region's green hydrogen rush', *IPSO*, 04/08/2020. <https://www.ips-journal.eu/regions/middle-east/the-mena-regions-green-hydrogen-rush-4540/>

97 Jancovici, J. (2020). 'Sus à l'hydrogène', *L'Express*, 01/10/2020. <https://jancovici.com/publications-et-co/articles-de-presse/sus-a-lhydrogene/>

98 IEA (2020). *Op. Cit.*

99 Lázaro, L. y Escribano, G. (2021). 'Seven climate and energy trends to follow in 2021'. *ARI 7/2021*, 20/01/2021. http://www.realinstitutoelcano.org/wps/portal/ri/elcano_es/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/zonas_es/energia/ari7-20201-lazaro-escribano-siete-tendencias-climaticas-y-energeticas-a-seguir-en-2021



to emerging markets, compensating for the reduced energy demand from the U.S.A. and Europe. The major Asian economies are strongly dependent on importing hydrocarbons, and will become the main market for oil in the coming decade, particularly China and India. At present, Asia's demand for oil represents 71% of the global demand and will account for 81% in 2025¹⁰⁰. The establishment of trade

agreements and the increase in exports also open the door to a potential demand for hydrogen, in turn contributing to a greater geographical diversification of exports from Neighbourhood countries. This change in direction for energy exports follows a general trend of increasing exports from the MENA region to the emerging economies and Asia.



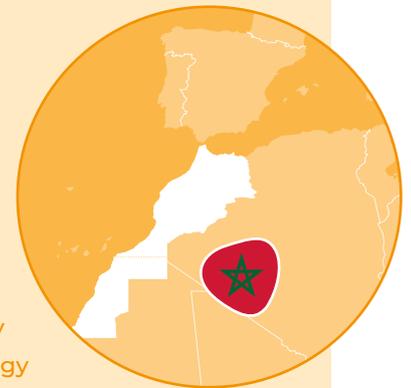
Case study

Morocco as a renewable energy hub

Morocco is at the forefront of the Neighbourhood countries when it comes to committing to renewable energy and supporting decarbonisation, having taken significant steps in the past decade to achieve SDG 7 and to guarantee affordable and non-polluting energy security. The country's commitment to investing in renewable energy offers an optimistic outlook in terms of national and international energy supply.

Since 2010, the country has fostered renewable energy development by creating the National Agency for Sustainable Energy (MASEN), pushing through regulation favouring private investment in this area, implementing a National Energy strategy, and opening several plants within the framework of the Noor solar power station. In accordance with the ONEE (National Office of Electricity and Drinking Water), the percentage of installed power based on sustainable energy was 34% in 2019¹⁰¹. Within the context of the Paris Climate Conference (COP21), Morocco announced the goal of producing 42% of its installed energy capacity using renewable energies by 2030, a figure that was later increased to 52%. The announcement was formalised with different plans for producing solar, wind, and hydroelectric energy, most notably through the 2016 inauguration of the Noor solar plant in Ouarzazate in the south of the country.

Morocco has a high level of energy dependency. It imports approximately 95% of its total energy and over 90% of the hydrocarbons it consumes. Its energy demand doubled between 2014 and 2020, and it is estimated to increase fourfold by 2040¹⁰², boosted by an increase in consumption and a successful policy for extending electricity access to rural areas. Energy transition represents an opportunity to alleviate their dependence on hydrocarbons, but also to join the "green energy" market and contribute to the fight against the climate change.



100 IEA (2020). Oil Report 2020. <https://www.iea.org/reports/oil-2020>

101 Official data from the Office National de l'Electricité et de l'Eau Potable. <http://www.one.org.ma/FR/pages/interne.asp?esp=2&id1=4&id2=53&id3=39&t2=1&t3=1>

102 Res4Med (2018). Country Profile: Morocco. <https://www.res4med.org/wp-content/uploads/2018/06/Country-profile-Marocco-2.pdf>



Energy reconversion can contribute to increasing the commercial appeal of Morocco and strengthen the country's economic relationships with the EU even further, as the latter progresses with implementing the European Green Deal. The energy commitment, the facilities for foreign investment, and the country's political stability¹⁰³ represent favourable aspects for establishing economic relationships with Rabat. In this context, the Moroccan commitment to hydrogen fuel and plans for developing routes for its commercialisation are particularly important. Beyond the commercial appeal, it is also an opportunity to develop energy diplomacy that positions it as a leading country among the region's countries in the area of clean energies, as they already showed by the hosting COP22 in Marrakesh in 2016.

This commercial appeal can enable them to establish stronger commercial relationships with China (as indicated by the considerable rise in investment in the country throughout 2017 and their financial involvement in the Noor solar plant¹⁰⁴) or enhance their relationships with Africa over the medium-long term.

However, not everything is rosy regarding Morocco's energy future. To date, the energy investment in the country has not translated into social improvements and a reduction in the country's economic divide. The commitment to sustainable energy investment has predominantly involved the large national companies (mainly ONEE and MASEN), without facilitating investment for small and medium enterprises from a regulatory or budgetary standpoint, nor does it tackle the technological challenges and invest in qualified workers. Recent studies project strong employment growth derived from this energy reconversion (which could come close to half a million jobs created for this sector by 2040¹⁰⁵), should the country decide to commit to both renewable energy and a sustainable economic model that invests in the local area.

103 Bennis, A. (2021). Power surge. How the European Green Deal can succeed in Morocco and Tunisia. *European Council on Foreign Relations*, 16/01/2021. <https://ecfr.eu/publication/power-surge-how-the-european-green-deal-can-succeed-in-morocco-and-tunisia/>

104 Ibid.

105 Ibid.



Case study

Algeria and the persistence of a rentier economy

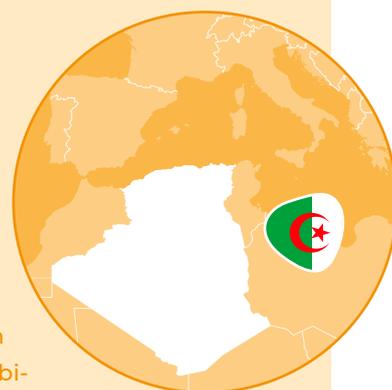
Algeria will be one of the most affected Southern Neighbourhood countries by the gradual transformation of the energy markets. The gas and hydrocarbons sector represents approximately 96% of the country's exports. The income has enabled to clear foreign debt, invest in infrastructures and in fiscal and social policies to the benefit of social stability (at the expense of democratic political development)¹⁰⁶.

All the same, the country has experienced popular protests since 2019 that denounce the lack of political freedom and the current social inequalities. Furthermore, the country is facing a critical economic situation, resulting from the pandemic crisis, the fall in the price of oil, and an increase in domestic energy demand. Both situations endanger the country's future political stability and economy, particularly in terms of its ability to respond using normal mechanisms. The climate emergency adds to this scenario, leaving question marks about the current energy models and the growing trend towards decarbonisation in Europe, the country's main trading partner.

Within this context, Algeria's capacity for long-term growth has reduced, affected by the economic weakening of the hydrocarbon sector and the lack of sustainability of its public investment model. Additional factors are the economic impact of the pandemic and the rise in the country's public debt. Algeria's decision to overcome the economic crisis without pumping up foreign debt or increasing dependency on international bodies will force the country to adopt drastic structural economic measures in the coming years.

To date, Algeria has avoided three types of reforms that would alter the traditional rentier strategy in the country: a reduction in hydrocarbon subsidies, a more open foreign stance, and political reforms that lead to better governance¹⁰⁷. Specifically, maintaining public subsidies on the price of hydrocarbons, along with the gradual demographic increase in the country, creates doubt about the stability of the Algerian economic model. This is also conditioned by different structural factors that restrict the capacity for growth in Algeria, mainly the maturity and exploitation of deposits, the need for investment in infrastructures, and an unfavourable administrative and fiscal environment for foreign investment.

To reverse this forecast, the Algerian government approved a new hydrocarbons law at the end of 2019 that aims to unburden the legal and fiscal framework to offer better opportunities for foreign investment. All the same, the new law continues to grant a monopoly of the hydrocarbons sector to the company, Sonatrach, which is under complete state control, preventing energy diversification and committing to more prospecting and exploitation of reserves. These decisions reflect a desire to maintain the same strategies used to date. This desire will clash with the expectations for change among the country's population, who have already opposed the new approved law, along with demanding greater environmental awareness, as demonstrated by the opposition to initial shale gas explorations in 2014.



106 World Bank (2020). The World Bank in Algeria, 01/10/2020. <https://www.worldbank.org/en/country/algeria/overview>

107 Escribano, G. (2018). Argelia is not Venezuela. Comentario Elcano 22/2018. http://www.realinstitutoelcano.org/wps/portal/rielcano_es/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/zonas_es/energia/comentario-escribano-argelia-no-es-venezuela

This search for new markets could also imply a reorientation of economic interests from Algeria towards Asia, a desire already expressed by Sonatrach¹⁰⁸. However, these plans face the difficulties of entering a more competitive market. This change of direction could alleviate the negative consequences derived from the decarbonisation of the EU over the long-term.

The favourable geographical location of Algeria and the country's size should constitute an incentive for investing in renewable energy, contributing to the country's economic diversification and fostering the country's decarbonisation. Few steps have been taken in that direction to date. All the same, recent years have seen the government announce ambitious plans for 2030, increasing the country's installed power from the current 2% to 13%. However, this objective would need major investment and the country being able to establish public-private agreements with foreign investments, necessitating a gradual change from the economic model in place to date.



108 Ouki, M. (2019). Algerian gas in Transition: Domestic transformations and changing gas export potential. OIES Paper: NG 151. <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2019/10/Algerian-Gas-in-Transition-NG-151.pdf>

7. ¿Too big to fail? The debt problem and an uncertain post-COVID-19 recovery



🔍 Main takeaways

- Debt accumulation will be one of the main macroeconomic problems for the Southern Neighbourhood countries, particularly in a post-pandemic context with extremely limited room for manoeuvre for the respective governments.
- Private debt accumulation also represents a potential risk.
- The adjustments many of these countries had to make had devastating effects on a large part of the population. Other necessary adjustments are impeded by the elites and the system.
- Will one of these countries, characterised as strategic, be too big to fall – maybe even too big to be saved –, in the not so distant future?

One of the most common responses within the framework of the interviews pointed to the threat of the macroeconomic structure to the wellbeing of Southern Neighbourhood societies, with generally clear allusions to the unsustainability of a considerably eroded social contract. The level of public debt in many of the Southern Neighbourhood countries is a particular cause for concern, and the question to contemplate throughout the coming decade regards whether these countries are too big to fail, a concept coined about private sector entities but applied to countries in this case. It refers to states which might be too strategic and interconnected for stakeholders to allow them to collapse, an event that would prove disastrous for the Neighbourhood and the entire MENA region¹⁰⁹.

Three countries were mainly mentioned, given their historical evolution, but also due to the impact of the pandemic and other recent events on their public finances: Egypt, Lebanon (some argue that the collapse already happened), and Jordan. All have a typical rentier model political economy, generating most of their capital from non-productive sources of income, potentially from external finance or natural

resources¹¹⁰, with the latter two hugely affected by the influx of Syrian refugees from 2015 onwards. Increasing doubts about the sustainability of debt in

“Lebanon’s economy has spiraled almost uncontrollably since late 2019. The Covid-19 pandemic and the devastating Beirut Port explosion the following summer had only exacerbated an existing series of crises. About 50 percent of the population now lives in poverty, according to the United Nations.”

Kareem Chehayeb

Tunisia or even Algeria were put forward¹¹¹, given the latter’s mild abandonment of the country’s traditio-

¹⁰⁹ Comolet, J. (2014). Jordan: The Geopolitical Service Provider. *Brookings*. <https://www.brookings.edu/research/jordan-the-geopolitical-service-provider/>

¹¹⁰ Malik, A. (2017). Rethinking the Rentier Curse. *International Development Policy* 7.

¹¹¹ Omrane, S. y Badr Gabsi, F. (2019). Public Debt Sustainability in Tunisia: Empirical Evidence Estimating Time-Varying Parameters. *Journal of the Knowledge Economy* 10(3–4).

Some economic indicators for the Southern Neighbourhood

Country	Public debt (%GDP) 2020	Growth 2019	Growth 2020	Growth 2021 (estimated)	Output gap (actual GDP - potential GDP) 2020
Algeria	51.4	0.8	-5.5	3.6	N/a
Egypt	87.5	5.6	3.6	2.3	-1.2
Jordan	109.0	2.0	-1.8	1.4	-3.9
Lebanon	186.7	-6.7	-20.3	-9.5	-19.1
Libya	137.1	2.5	-31.3	66.7	-7.5
Morocco	77.8	2.5	-7.0	4.2	-10.1
Palestine	24.2	1.4	-11.5	3.5	-14.8
Tunisia	87.2	1.0	-8.8	4.0	-10.4



Source: World Bank <https://openknowledge.worldbank.org/bitstream/handle/10986/35275/9781464816994.pdf>

nal aversion to generating public debt.

Most concur when it comes to which key reforms the Southern Neighbourhood countries should adopt. These include adopting a robust industrial strategy and creating a competitive manufacturing sector to help generate more jobs and produce more competitive goods, as such joining global value chains and attracting higher levels of foreign investment. This means more efficient and transparent political and economic institutions are essential¹¹². The socio-political instability means obtaining foreign investment is more difficult, and it is in this sense that the context of the Neighbourhood shines light on the close link between economic development and society's satisfaction as a whole.

Although the need for reforms has become a mantra, several sources of resistance were already present even prior to 2011. On the one hand, there are the elites who fear that such efforts could move the respective countries away from rentier systems towards models based on meritocracy and equal opportunities. As public spending is used to achieve social stability, another obstacle represents the effects of reducing or eliminating fuel and food subsidies on

the social contract, or the contraction of the public sector, which Southern Neighbourhood countries will be obliged to do sooner or later, and even more pressing given the pandemic required many painful adjustments.

The effects of the pandemic on public finances will mean governments have to allocate a large part of their budgets to repay their debt, instead of investing in the knowledge and public services economy. Accessing bond markets will be more expensive over the short- and medium-term, because investors are likely to demand higher interest rates. The social contract also implies low or no taxation, and over the past few years, the Southern Neighbourhood has seen protests decrying the lack of return on a small increase in taxes. Economic reforms are an eminently political rather than technocratic process, encompassing the issue of redistribution and social justice. Many countries no longer have any room for manoeuvre with their monetary policies.

The need for reforms and potentially unsustainable nature of public debt means a central external financier comes into play in the form of international financial institutions. International donors insist on

¹¹² Zaki, C. (2020). Reforms in northern African countries: from change to continuity. *Fundación Alternativas Africa 2020 Report Transformations, Mobilisations, and Continuity*. https://www.fundacionalalternativas.org/public/storage/publicaciones_archivos/a09c8d21a6bfd59a820d5dd01f7806be.pdf



conditions for ongoing or expected reforms in most cases. As such, the weight of the foreign debt is very likely to force the respective governments to introduce austerity measures, which often reduce social well-being programmes and come with the risk of augmenting social discontent. These entities are accused of focusing on optimising macroeconomic management at the expense of social inclusion and justice, particularly when it comes to young people and women¹¹³.

When it comes to external financiers, the potential effects of a drop in the oil price on the financial flows destined for sustaining a particular political system in these states should be noted. In addition, the normalisation of relations between Israel and some

Arab states may lead to either a total or partial loss of strategic position for some countries, particularly Egypt and Jordan. The growing global consensus about the inevitability of high debts in a post-pandemic context represents a possible way to reduce the stress on these countries.

Discussing debt also means discussing the problem of private debt among individuals and families that is increasingly affecting the Neighbourhood's societies, particularly as a result of the incendiary combination of the pandemic, unemployment, and lack of social security systems¹¹⁴. Some public powers have encouraged for years frenzied consumerism among citizens. This is particularly the case for the Palestinian Authority unable to incur sovereign debt.



Case study

Egypt, structural adjustments and opaque privatizations

In November 2016, and at a time when many considered that the country was on the brink of bankruptcy, Egypt signed an agreement with the IMF that included a reform agenda focused on three areas: monetary, fiscal, and structural reforms¹¹⁵. These included the adoption of a flexible exchange rate: the flotation of the Egyptian pound reduced its value by 50%. Although some foreign investment was attracted, the cost of living increased drastically, as the prices of basic products and services reached unprecedented levels. Fuel subsidies were cut. Public dissatisfaction has been evident ever since, particularly in urban centres and among educated young people. Although the macroeconomic indicators improved, the poverty rate increased. Combined with the corruption and clientelism of which the regime is accused, all these factors contributed to the outbreak of protests in the autumn of 2019, which are likely to occur again in the future. Despite differentiating the sources of dissatisfaction sometimes proving difficult, the protests of autumn 2019 had an eminently economic foundation.



113 Zaki, C. (2020). Reforms in northern African countries: from change to continuity. *Fundación Alternativas Africa 2020 Report Transformations, Mobilisations, and Continuity*. https://www.fundacionalalternativas.org/public/storage/publicaciones_archivos/a09c8d21a6bfd59a820d-5dd01f7806be.pdf

114 Arab Youth Survey (2020). What Do 200 Million Arab Youth Have To Say About Their Future? <https://www.arabyouthsurvey.com/findings.html>

115 IMF (2016). IMF Executive Board Approves US\$12 billion Extended Arrangement Under the Extended Fund Facility for Egypt. *IMF*. <https://www.imf.org/en/News/Articles/2016/11/11/PR16501-Egypt-Executive-Board-Approves-12-billion-Extended-Arrangement>. An agreement to renew the loan has not been undersigned, but the Fund was requested for urgent help without requiring reforms in order to tackle the pandemic.



The country also implemented policies to simplify bureaucratic processes. The rapid progress made with implementing reforms and their recent discoveries of natural gas led to renewed interest among foreign investors. The reforms also led to GDP growth, but they did not deal with the production system failures at the heart of some of the country's structural problems, nor the concentration of economic power in the hands of the elites, which discourages foreign investments or the creation of a fair and transparent taxation system, among other issues. The recent and long-established reform efforts have been carefully gauged to avoid changing the dynamic involved with power and resource accumulation. The search for privileges in the different levels of the economy has a key role in the low level of job creation and the vulnerability of the country's external accounts and public finances¹¹⁶. Foreign investment in the country is limited to the companies whose considerable size and expertise enabled the establishment of contacts within the regime. Setting up companies in the country also depends on proximity to this contact network.

Efforts have mainly been focused on building infrastructures. These include megaprojects like the new capital, but also other less ambitious projects. They have created low-skilled jobs with limited security, but they have not led to a fairer wealth distribution despite the claims in the Egypt Vision 2030 plan. The strategy casts light on the primary concern of generating capital without shaking the foundations of the political regime and the army's total domination over the economy too, which some consider a new version of Egyptian state capitalism¹¹⁷. A privileged form of attracting capital into the country represents privatising companies using opaque procedures whereby the companies are owned by the elites close to the regime, rather than the state, while the regime consolidates their power further. This blurred boundary between private and public property in a sui generis public-private cooperation model, ultimately meaning that the regime retains almost complete control of the market, shines light on another issue - the hidden debt in the hands of privatised companies.

COVID-19 has hit hard when it comes to tourism, remittances, and the Suez Canal - all key sources of income for the country. Egypt's balance of payments will face long periods of uncertainty during 2020-2030¹¹⁸, with the potential consequences in the socio-political domain. Let's not forget that the IMF praised Egypt's economic policies in the period prior to the 2011 uprising¹¹⁹, while several analysts showed concern for the "pampered country" status bestowed on Egypt by international financial institutions. Despite the initial expectations from the godsend of hydrocarbons in the Eastern Mediterranean, Egypt continues to consume most of the gas it produces, and doubt has been cast regarding its plans to become an energy hub through the East Mediterranean Gas Forum¹²⁰ due to factors like the changes in global energy markets and post-COVID-19 recovery uncertainty¹²¹, although it should be said that there were already doubts about the profitability of the EastMed pipeline prior to the pandemic¹²².

116 Devaux, P. (2015). Egypt: the need to reform a rent-seeking economy. *BNP Paribas*. <https://economic-research.bnpparibas.com/Views/DisplayPublication.aspx?type=document&idPdf=25547>

117 Sayigh, Y. (2020). Egypt's Military as the Spearhead of State Capitalism. *Carnegie Middle East Center*. <https://carnegie-mec.org/2020/10/26/egypt-s-military-as-spearhead-of-state-capitalism-pub-83010>

118 Fitch Ratings (2020). MENA Sovereign Outlook Negative, Uncertain Recovery Ahead. *Fitch Ratings*. <https://www.fitchratings.com/research/sovereigns/mena-sovereign-outlook-negative-uncertain-recovery-ahead-08-12-2020>

119 <https://www.theguardian.com/commentisfree/2009/nov/08/egypt-imf>

120 Fahmy, H. (2020). Will the lights stay on in Egypt? *Middle East Institute* <https://www.mei.edu/publications/will-lights-stay-egypt>

121 Oztas, T. (2020). Egypt's hopes of gas bonanza could sink in Eastern Med energy showdown. *Middle East Eye* <https://www.middleeasteye.net/opinion/stakes-are-high-egypt-regional-energy-showdown>

122 Papadimitriou, J. (2020). EastMed gas pipeline flowing full of troubling questions. *DW* <https://www.dw.com/en/eastmed-gas-pipeline-flowing-full-of-troubling-questions/a-51871424>



The country's public accounts will also be considerably impacted by the lower flows from the GCC, and the doubts about whether China or Russia could cover part of these flows. The question that opened this section remains: is Egypt too big to fall anyway? A significant number of officials remain convinced in this regard, and it appears to have become one of the foundations of the regime's strategy and narrative. Foreign investors that buy short-term instruments (high interest rates represent a considerable risk to sustainability for long-term instruments) convince them of international partners' presence and support for Cairo. As time goes on and the country's debt rises proportionally to the growth in gross domestic product, the question takes on another meaning: might Egypt be too big to be saved?

8. The potential for conflict and transnational cooperation between states and societies



🔍 Main takeaways

- The increased potential for conflict in the region results from the structural violence endangering human security on a regional and global level.
- The region experiencing more conflicts and proxy wars is evidence of the growing presence of non-conventional actors and mechanisms.
- The increased potential for conflict in the region shines light on the failure of multilateral, intraregional, and international instruments and institutions.
- The turn towards Africa and the growing normalisation of diplomatic relations with Israel are two game changers that will influence the Neighbourhood's dynamics.

The decade since the 2011 anti-authoritarian revolts has seen an increase in the potential for conflict in the Southern Neighbourhood, clearly exemplified by the continuation of the civil war in Syria, and the violence and political instability in Libya. This is simply another reaction to the structural violence threatening human security at both a regional and global level, manifesting as the growing vulnerability of the population due to intraregional and international economic inequalities, the persistence of chronic poverty, or scarcity of resources, among others. This vulnerability has and will be augmented by the persistence of authoritarianism and poor governance¹²³, as well as the growing climate emergency, which will contribute to increase the number and intensity of conflicts in the coming years as the scarcity of resources becomes more evident. Many of the current conflicts have been put on ice due to the COVID-19 pandemic, and it has reduced or halted the popular mobilisations that some of the region's countries were experiencing (such as in Algeria or Lebanon). However, these are likely to recommence once the health situation improves.

The revolts led to more intervention by foreign powers in the region's countries. This includes the Gulf monarchies, who partly financed the counter-revolutionary wave that has devastated the

“The anti-Islamist policy in place under the leadership of President Abdel Fattah Al Sisi has been exported over the past eight years, influencing policy decisions and interventions in Libya and Sudan, as well as informing a broader regional policy aligned with arguably Egypt's most ideological partner, the United Arab Emirates (UAE).”

Hafsa Halawa

region in the past decade. In this sense, the restoration of authoritarianism in Egypt, and above all, the sustaining and supporting of the region's monarchies (Morocco, Jordan, and Bahrain) should be understood as an attempt to strengthen the pre-2011 authoritarian *status quo*. This external projection occurs in a region with heightened levels of securi-

¹²³ Khouri, R. (2019). Poverty, inequality and the structural threat to the Arab region. *Belfer Center*, March 2019. <https://www.belfercenter.org/publication/poverty-inequality-and-structural-threat-arab-region>



ty and militarisation, in which the emphasis on discourses that advocate the survival of the state and national sovereignty in the face of external and internal threats are on the rise, justifying domestic repression and external interference. This militarisation both reflects the states' foreign policies and shows a change in trend for domestic policies, and a strengthening of security strategies and the repression of disagreeing voices.

In this context, there have been more proxy wars involving an increasing number of regional powers and revisionist states, mainly Saudi Arabia, the United Arab Emirates, and Egypt, in opposition to the interests of Qatar and Turkey. As was mentioned under the [Megatrend Fragmentation of International Order](#), the increase in the number of states (militarily or economically) involved in armed conflicts has

“[Multilateralism] has become more of a necessity than a choice given the modern global challenges that can only be addressed and solved when transnational synergies are synchronized.”

Abdeslam Badre, PhD

been augmented by the power vacuum left by the U.S.A. and their inability to successfully impose their strategies in the region. Embroiled in a growing lack of leadership and the repeated announcement of an (unlikely) withdrawal of their troops, Washington's action in this geographical area remains a key factor regarding the future of the regional conflicts in the coming years.

The current regional tensions are, one way or another, a legacy of previous unresolved political conflicts, such as in Western Sahara and the apartheid situation in historical Palestine; along with the economic and sectoral tensions in place since the countries' independence. The regional power balance has been traditionally characterised by constant an-

tagonism between Iran and the alliance led by Israel and Saudi Arabia. However, other than a series of small scale skirmishes, a conventional regional war looks unlikely.

In the case of historical Palestine, the events of April-May 2021 that followed the evictions in Sheikh Jarrah underlined that what has long been presented merely as an ethnonational conflict, is in fact a case of colonial control characterized by the structural violence exercised in several ways on the Palestinian population, on both sides of the Green Line, but also on the Palestinian diaspora. Even though attention turned almost exclusively to the confrontation between Hamas and Israel, a significant majority of Palestinians decided to react, in what they called the 'intifada of unity', calling for the adoption of a new paradigm for their present and future, a change that is starting to take place in debates in the press, think tanks and political arenas. The demands of the Palestinians are once again gaining popularity among societies of the Southern Neighbourhood, particularly among young people who, as a consequence of the normalization agreements, associate the repression of their respective regimes with that of the Israeli security forces.

Added to the increased potential for conflict, there is the emergence of unconventional actors and mediums, such as unidentified militia or armed groups, cyberwarfare, or trade wars. The greater role of militias leads to more territorial and political management by non-state actors, either alone, or in direct or indirect collaboration with state governments. The Libyan Government of National Agreement's dependency on militias in order to govern over the medium-term is a good example.

The security and military based approach in the region is rooted in foreign policies with regional influence via soft power mechanisms mainly pushed by the GCC countries. This "narratives war" and the search for influence takes on many forms, such as politics and religious, media, economic, or cultural projection. Although there are significant diplomatic connotations, it is not always a forerunner for military intervention. The pandemic has shown an intensification of this "soft" power through the push for humanitarian diplomacy towards vulnerable



countries, as reflected by the increase in support from the GCC towards Middle East countries (Gaza, Lebanon) or Africa (Ethiopia, Somalia). This scenario has given rise to a new healthcare diplomacy, in the form of donating material and support from experts and professionals, and in the coming years, vaccine donations and trading.

» Cooperation and multilateralism

The increase in potential for conflict is also a reaction to the failure of regional cooperation and the inability of the Arab League to create a collective regional security framework. There is also the ongoing failure of the Arab Maghreb Union (AMU), whose trade flows only account for 4.8% of the total trade figure of its countries, with no further regional integration expected in the coming years. In this vein, the states' different reactions to the COVID-19 crisis have confirmed the lack of regional coordination and that the North-South relationships will remain in place.

This outlook for cooperation looks more encouraging on examining the capacity for collaboration with the African continent and the optimistic perspectives projected by the African Continental Free Trade Area (AfCFTA). Reducing trade barriers is calculated to derive in increased income of over 292 billion dollars¹²⁴, which could benefit from the projections for demographic and economic growth for the coming decades, with a view to 2050. The economic weight of the countries in northern Africa, such as Morocco and Egypt, and even Algeria, give the states an advantageous position within the agreement.

The Libyan conflict (or other decisions such as partial and unilateral bans on the sale of arms to Saudi Arabia) has drawn attention to the dominance of national interests at the heart of the EU, and the block's inability to adopt a common position regarding the Southern Neighbourhood conflicts. The recent reformulation of the EU's agenda towards the area reflects the desire and need to commit to more coherent political instruments towards these countries. In this sense, the greater emphasis on state survival and the reconfiguration of regional interests

has led to the Southern Neighbourhood turning towards Africa and Asia, and adopting a discourse that moves away from the defence of human rights and democratisation as a discursive framework for legitimacy¹²⁵.

» Game changers

The turn towards Africa and the growing normalisation of diplomatic relations with Israel represent game changers for the evolution of relations in the region.

As highlighted in the [Megatrend Fragmentation of International Order](#) Africa is destined to acquire greater international weight in the future, both demographically and because of its appeal in terms of resources and agricultural space. Numerous countries, such as Morocco or Egypt, have shown an interest in reorienting their relations towards the continent; other countries, such as Algeria or Libya, have traditionally adopted a stronger foreign policy towards its South. The relevance of the latter two has deteriorated in the past decade, however, although their presence in the continent could be reinvigorated once they have solved their political impasse (Algeria) or conflict (Libya).

The growth in South-South relations also reflects the growing concern regarding scarcity of resources, often shared between two or more states, and which could lead to more instability and increased tension. This impact could exacerbate current tensions, such as between Egypt and Ethiopia due to the building of the Grand Ethiopian Renaissance Dam on the Blue Nile, from which Egypt obtains 90% of its fresh water, but also the tensions between Jordan and Israel regarding the exploitation of the River Jordan.

At the same time, the Southern Neighbourhood is experiencing a reorientation towards the Eastern Mediterranean, which could lead to a diplomatic re-balancing for Egypt given the diminished interest of the U.S.A. in the region. The promotion of the East-Med project is a reaction to that interest by creating a differentiated subregion in the Eastern Mediterra-

124 World Bank (2020). *The African Continental Free Trade Area. Economic and Distribution Effects*. World Bank Group. <https://www.worldbank.org/en/topic/trade/publication/the-african-continental-free-trade-area>

125 Cherif, Y. (2018). *The Maghreb's disengagement with Europe*. IEMed. *EuroMed Survey*, 09.



nean. The discovery of hydrocarbon deposits in the geographical area may contribute to this, having stoked historical territorial conflicts and opens Europe up to the possibility of obtaining an energy supply from the Levant, and as such, independent of Russia. Reflected by the increase in tensions between Turkey and Greece due to the control of maritime regions and exclusive economic zones¹²⁶, these conflicts are a reaction to these countries wanting to remain as regional powers, as in Turkey's case, and to position themselves as significant energy exporters when it comes to Egypt and Israel.

Lastly, the potential impact on the region from the normalisation of relations of Israel with other Arab states, such as the United Arab Emirates, Bahrain, Sudan, and Morocco in 2020 needs to be considered. This follows a trend of expanding economic relationships from previous years, contributing to regulating and making existing relationships public¹²⁷.

From this perspective, establishing relations with Israel opens up the possibility for access to new markets, stronger economic exchanges, and other areas such as surveillance and security¹²⁸. From a political perspective, it remains to be seen whether this normalisation will lead to an appeasement and the establishment of diplomatic relations from the region's countries with Israel, as well as the abandonment of the Palestinian cause, which formed part of the political narrative in many of the states to date. In the case of Morocco, it could lead to greater recognition of their sovereignty over Western Sahara, as was already noted by the U.S.A. in 2020, also under Joe Biden's administration. Despite the discontent displayed so far by the populations of the countries signing up for these cooperation agreements, the process of diplomatic recognition for Israel begs the question as to whether the Palestinian cause will remain in the collective consciousness of the region's societies in the distant future¹²⁹.

126 Saurina, M. (2021). Turkey's Foreign Policy in the Mediterranean: Conflict and continuity. *Fundación Alternativas*. https://www.fundacionalternativas.org/public/storage/opex_documentos_archivos/f65d4e5dce273b0c9ba089a8a4ac6468.pdf

127 Doha Institute (2020). How is Arab Normalization with Israel Playing Out?. *Situation Assessment*, Unit for Political Studies. 21/07/2020. <https://www.dohainstitute.org/en/PoliticalStudies/Pages/Arab-Normalization-with-Israel.aspx>

128 Uziyel, K. (2020). The economic implications of the Israeli-Arab normalization agreements - Interview with EIU. *Focus Economics*, 26/11/2020. <https://www.focus-economics.com/blog/posts/the-economic-implications-of-the-israeli-arab-normalization-agreements-interview-with-eiu>

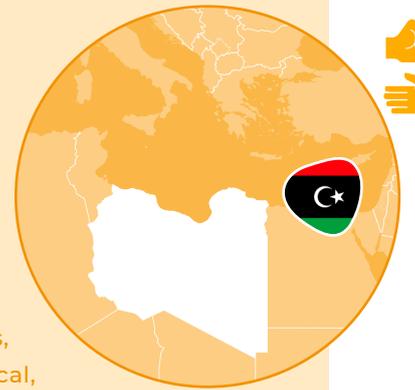
129 Arab Youth Survey (2020). *Op. Cit.*



Case study

The multileveled Libyan conflict

None of the Neighbourhood countries reflects the trend towards national and international conflict like Libya (with the exception of Syria, whose agreement is on hold). Practically at civil war since the 2011 revolts, the country has witnessed the duplication and confrontation of its national institutions, the emergence and growing importance of non-state actors, and the intervention of regional powers, which have all contributed to give this conflict three dimensions: local, national, and international.



The 2011 post-revolutionary situation left a muddle of non-functional institutions, which had previously been under the egotistical reign of Colonel Gaddafi, and a set of tribal and inter-regional relationships that showed the importance of the periphery¹³⁰. This inherited situation helps to explain why successive national governments have found establishing their authority throughout the Libyan territory difficult, and ultimately, as it is the case with the creation of multiple leadership centred on the Government of National Accord (GNA), recognised by the UN but with limited territorial control, and the House of Representatives and the military figure of General Haftar. The decade since the first Libyan civil war has both transformed these relationships of power and reflected the inability of the United Nations to impose a successful reunification plan that reaffirms the country's national sovereignty and reflects Libya's popular will, in addition to the growing interference of foreign powers.

A new Government of National Accord was agreed and inaugurated in early 2021, pushed by the UN, with all parties agreeing for the first time. However, this government continues to have to deal with most of the obstacles faced by its predecessors. These include an inability to maintain control over the territory without recurring to tribal militia, a disagreement around the political and institutional unification process (and more specifically, about how to include the militia and their loyalty), and the continued existence of relations with foreign countries that look to push their own national agenda. At the same time, the method chosen by this new executive still experiences the same problems as previous formations in terms of a lack of responsibility from its members and the risks of poor governance, corruption, and the distancing from the political elite that this entails¹³¹. The above factors contribute to hamper, or at least slow down, the capacity for the national government to be successful, and ensure their dependency on militia for territorial control in the coming years. Additionally, territorial decentralisation of the country may be imposed in the coming years to resolve the existence of multiple leaderships, the difficulty in controlling the territory, and the traditional importance of the periphery in the country.

On the other hand, foreign power intervention in the conflict, either directly or indirectly, reproduces some of the existing tensions in the international domain, playing the counter-re-

¹³⁰ Pack, J. (2013). *The 2011 Libyan Uprising and the Struggle for the Post-Qadhafi Future*. Palgrave Macmillan: Nueva York.

¹³¹ Badi, E. y Lacher, W. (2021). Agree to disagree: Libya's new unity government. *Carnegie endowment for International Peace*, 08/02/2021. <https://carnegieendowment.org/sada/83839>



volutionary momentum against political pluralism and support for Islamist currents. In this sense, Libya became the stage for a proxy war that reflects the tensions originating during the 2011 antiauthoritarian revolts. Other interests intersect in this context, such as Libya's obvious oil appeal, or Russia's ambition for projection on the region, aspiring to mediate to resolve the conflict and regain the trade links that existed when Gaddafi was in power. On examining the relationship between the Government of National Accord and Turkey, made official by an agreement to establish an exclusive economic zone on the country's East coast, it is framed within the Turkish doctrine of the "blue country" and their interest in establishing a maritime corridor with Libya in the Mediterranean. The reactions of these countries regarding the new national government will depend on how it affects their economic and geopolitical interests.

In this context, the EU's difficulty in acting as a block stands out, specifically regarding the contrasting interests represented by the postures of France and Italy, and reflected by Paris recognising General Haftar, as opposed to the GNA officially supported by the UN. The prevalence of national interests is a reaction to the weakness of the multilateral routes, the EU's difficulties in defining a common foreign policy, and the lack of interest in respecting signed international agreements from intervening countries.

9. Heightened securitisation of human and smuggling flows



🔍 Main takeaways

- The securitisation of migration and goods flows has been intensifying, due to states placing greater emphasis on their sovereignty and the growing link between human mobility and terrorism and criminality.
- Migration flow management has given rise to migratory diplomacy in the Neighbourhood countries that use instruments to control the flows, or to the regularisation of migrant persons to benefit national interests.
- More border controls against the smuggling of legal and illegal goods has a negative impact on the peripheral and border regions that depend on the informal economy for their survival.
- The last decade has shown an evolution of the traditional routes and actors involved in trafficking illegal goods, with non-state actors adopting a more prominent role.
- COVID-19 will strongly impact unemployment in the region, leading to more migratory flows and dependence on the informal market.

The Southern Neighbourhood's geographical position as an intersection between three continents, and its traditionally porous borders, makes the mobility and interaction of all types of flows (legal and illegal goods, but also people, tourism, ideas, etc.) one of the deciding factors in the relations between these countries and adjacent continents. Their border with Europe has made this issue one of the main focuses of diplomatic relations, both within the EU and the Neighbourhood countries, and between Spain and Morocco in particular.

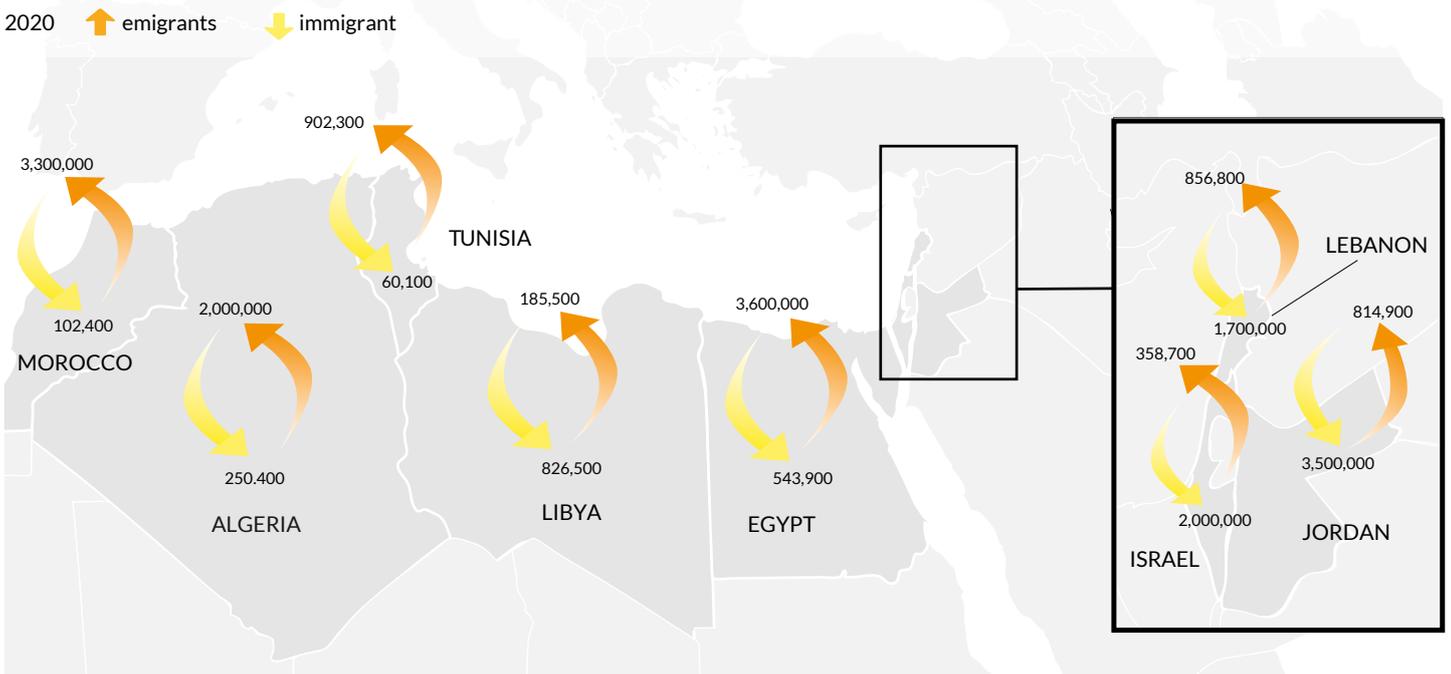
The states' attempts to achieve more control over migration flows, their greater emphasis on the idea of sovereignty, and how they link mobility with other flows, such as terrorism, arms and drugs trafficking, or human trafficking, have led to these flows being subject to increasing securitisation, with the building of fences and walls, more importance placed on the security forces, and investment in new surveillance and drone technologies¹³². This trend is common at both the region's external borders and the borders

“These countries [affected by conflicts] disproportionately contribute to global refugee and displacement populations, as well as require significant humanitarian support that detracts from global cooperation on climate change and other existential crises. The consequences of these conflicts go far beyond the borders of any single state; the response should match this urgency.”

Yara M. Asi, PhD

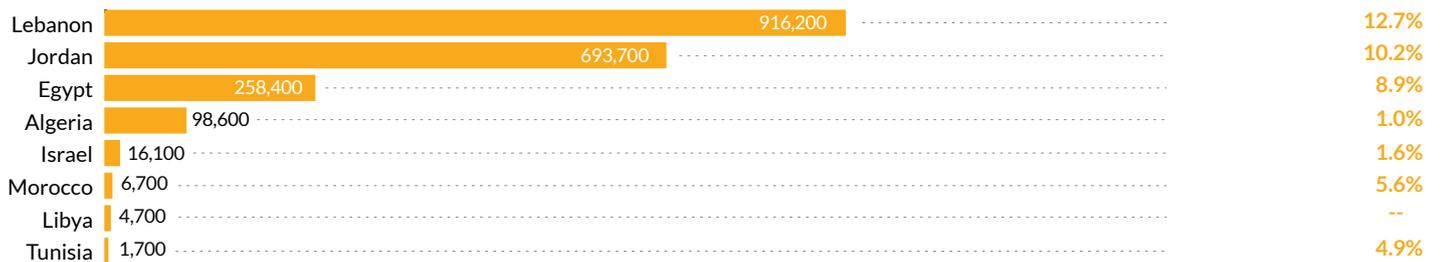
¹³² Boukhars, A. (2019). Barriers Versus Smugglers: Algeria and Morocco's Battle for Border Security. *Carnegie Endowment for International Peace*, 19/03/2019. <https://carnegieendowment.org/2019/03/19/barriers-versus-smugglers-algeria-and-morocco-s-battle-for-border-security-pub-78618>

Inward and outward migration flows



Total number of refugees, 2020

% of GDP represented by remittances received from abroad



Source: Compilation based on the data from the Department of Economic and Social Affairs of the United Nations, ACNUR and the World Bank <https://datos.bancomundial.org/indicador/SM.POP.TOTL?locations=TN-MA-DZ-LY>

STORY DATA

that separate the Neighbourhood's countries (see the borders between Egypt and Palestine, Libya with Algeria and Tunisia, or Morocco and Algeria).

Mobility results from numerous factors, common to migration within and beyond the continent. These include the economic differences between countries and the emigration from countries with low development indicators, the trend towards urbanisation and the ongoing inequalities between urban and rural regions, and the demographic pressure present in many countries of origin, making entering the labour market in the countries more difficult¹³³. The strong demographic growth experienced in the

region (Africa is expected to reach 2.5 billion inhabitants by 2050) and the persisting trend towards the population agglomerating in the major urban centres clearly indicate the lasting importance of these factors and trends in the coming decades.

At the same time, these migration flows have intensified due to higher potential for conflict in some of the southern and eastern Mediterranean countries, mainly due to the continuing armed conflicts in Libya, Syria, and Yemen. Almost six million people have left Syria since the start of the civil war, mainly taking refuge in Egypt, Iraq, Jordan, Lebanon, and Turkey. The armed conflict in Libya has also displa-

133 Domínguez de Olázabal, I. et al. (2020). Migratory flows in the Mediterranean: reasons, policies, and reform. *Fundación Alternativas*. https://www.fundacionalalternativas.org/public/storage/opex_documentos_archivos/a30bf8e41e8e6ea483417ceadcd7cfad.pdf



ced around 383,000 people¹³⁴.

Libya and Egypt are main recipients of immigration (in transit or permanent), with only Sudan receiving more on the continent¹³⁵. Jordan, Palestine, and Lebanon, on the other hand, are the region's countries with the greatest number of refugees or persons in similar situations (comprising 32%, 24%, and 15% of the region's refugees, respectively)¹³⁶. These include 5.6 million Palestinians registered by the UNRWA as refugees in Jordan, Lebanon, Syria, and Palestine. 50% of them are in situations of poverty¹³⁷. The employment, economic, and social difficulties encountered by people returning to their locations of origin with conflicts¹³⁸ in recent years can discourage the emigrated or refugee population from wanting to return in the coming years.

The overcrowding of refugee centres in Libya, the evidence of human rights violations in the country, and the actual deterioration of the political and humanitarian situation in the country has led to greater migratory pressures on neighbouring countries¹³⁹. This situation may mean that Libya does not achieve a higher level of political stability, but that economic situation in countries such as Lebanon may continue to deteriorate.

The Southern Neighbourhood's importance as countries of origin and transit, but also destination, has led to them developing a migratory policy towards both Europe and their neighbouring countries, but also in terms of the actual policies developed by the countries to regulate or block this immigration. Examples of this migratory policy include the legislation of sub-Saharan migrants by Morocco in 2016 on the eve of their re-joining the African Union, or Egypt's pressure on Sudanese migrants within the framework of the conflict surrounding the building of the Nile dam. In this vein, the increased security applied to the migratory strategy of the EU and its

Member States, exemplified by agreements such as the treaty between the EU and Turkey in 2016 or the Memorandum of Understanding reached between Italy and Libya in 2017, grant a greater capacity for controlling flows to the EU's neighbouring countries, augmenting inequalities and human rights violations between these countries and adding to the instability at the borders of the region's countries.

The trend towards heightened securitisation has also affected the flows of regional ideas, reinforced by the security paradigm in the intellectual, academic, and decision-making domain, but also strengthening regionalisation processes and the exchange of transnational initiatives.

» Smuggling of goods

A second dimension worth highlighting is the trade of goods across the borders of Neighbourhood countries, either bilaterally or as part of illegal trade routes to other continents, but mainly Europe. The trade in illegal goods (necessity goods, luxury products, petrol, etc.) is a pressing issue given their volume and importance for border communities, where price differences and the existence of state-subsidised products feed the trafficking of products across borders. The potential for conflict after the 2011 anti-authoritarian revolts, along with the instability and inability to control borders in countries such as Libya, has led to the increase in the illegal flows of arms, drugs, and human trafficking.

This smuggling is favoured by poor governance issues, local corruption, and porous borders, augmented by the presence of militia or cartels, and these regions' dependency on informal trade¹⁴⁰. For example, the informal sector is estimated to contribute approximately 54% of Tunisia's GDP, 45% in Algeria, and 20% in Morocco¹⁴¹. In the sense, goods smuggling represents an escape valve for the eco-

134 UNHCR GLOBAL APPEAL (2019). *Middle East and North Africa. Regional Summaries*. https://reporting.unhcr.org/sites/default/files/ga2019/pdf/Chapter_MENA.pdf

135 International Migrant Stock (2020). *United Nations*. <https://www.un.org/development/desa/pd/content/international-migrant-stock>

136 United Nations (2020). *The impact of the Covid-19 on the Arab region: an opportunity to build back better. Policy Brief*. https://unsdg.un.org/sites/default/files/2020-07/sg_policy_brief_covid-19_and_arab_states_english_version_july_2020.pdf

137 Ibid.

138 IOM (2020). *Middle East and North Africa. Regional Strategy 2020-2024*. https://www.iom.int/sites/default/files/documents/middle_east_and_north_africa_regional_strategy_2020-2024_21sept20_v06.pdf

139 Knoll, A. y Teevan, C. (2020). *Protecting Migrants and Refugees in North Africa: challenges and opportunities for reform. ECDPM, Discussion Paper, N° 281*. <https://ecdpm.org/wp-content/uploads/Protecting-Migrants-Refugees-North-Africa-Challenges-Opportunities-Reform-Discussion-Paper-281-October-2020-ECDPM.pdf>

140 Dhaouadi, R. (2019). *Cross-border smuggling. What drives illicit trade in North Africa? . ENACT*. <https://enactafrica.org/enact-observer/what-drives-illicit-trade-in-north-africa>

141 Ibid.



economic failures in peripheral regions and appears to guarantee social peace in these regions. This economic dependency puts forward a dilemma regarding state governments' approach to security: "How can the government improve border control without succumbing to repression campaigns that lead to social uprising?"¹⁴². This trafficking of goods cannot be expected to decrease while this economic dependency on the informal sector and the centre-periphery divide remains.

This smuggling is benefiting from the proliferation of non-state actors that gain legitimacy from tribal links or their economic links to the local population, basing their activity on the informal networks in place with region's institutions and security forces, which allow (or may even foster) the smuggling¹⁴³. In the same vein, arms, drugs, and human trafficking uses well-established routes, but also new routes created due to the power vacuums, leading to the emergence of new actors to replace the traditional cartels¹⁴⁴. The last decade has seen an evolution in the routes and actors involved in arms trafficking, from routes supported by state actors and non-state actors at the border between Syria and Iraq, to non-state actors that operate throughout the region, from Libya to the Maghreb (with more smuggling to Tunisia), the South (mainly Mali and Sudan), and the East (Syria), and from Yemen to the horn of Africa¹⁴⁵.

The current COVID-19 pandemic will have a strong economic and social impact on the region, worsening the precarious conditions currently experienced by most of the displaced population. The health crisis is estimated to affect employment for around 40% of the population of northern Africa and the Middle East, making it hard for the migrant population to find jobs, as well as access services or return to their countries of origin¹⁴⁶.

Equally, the pandemic will lead to a reduction in international tourism (which directly and indirectly accounts for around 15 % of GDP in Egypt, 14% in Jordan, 12% in Tunisia, and 8% in Morocco)¹⁴⁷, along with a decrease in remittances sent by the countries' population from abroad (12.3 million of the world's immigrants are estimated to come from northern Africa, 48% of which live in Europe)¹⁴⁸.

Looking beyond the economic dependency from remittances, it is worth examining the increasing impact on domestic and foreign policies due to the number of immigrants from the MENA region. Among others, and despite the Muslim population in Europe not being the only emigrant population from the Southern Neighbourhood, 5% of the resident population in Europe is currently estimated to be Muslim. This will increase by 2050, accounting for 11% to 14% of the European population.

142 International Crisis Group (2013). Tunisia's Borders: Jihadism and Contraband. *Middle East/North Africa Report*, N° 148. <https://d2071and-vip0wj.cloudfront.net/tunisia-s-borders-jihadism-and-contraband.pdf>

143 Gallien, M. (2018). Informal institutions and the regulation of smuggling in North Africa. *Perspectives on Politics*. http://eprints.lse.ac.uk/90957/1/Gallien_Informal-institutions.pdf

144 International Crisis Group (2013). *Op. Cit.*

145 UNODC (2020). Global Study on Firearms Trafficking. https://www.unodc.org/documents/data-and-analysis/Firearms/2020_REPORT_Global_Study_on_Firearms_Trafficking_2020_web.pdf

146 United Nations (2020). *Op. Cit.*

147 Amirah Fernández, H. (2020). The coronavirus in Arab countries: a passing storm, an opportunity for change, or regional catastrophe?. *ARI 32/2020*, 31/3/2020.

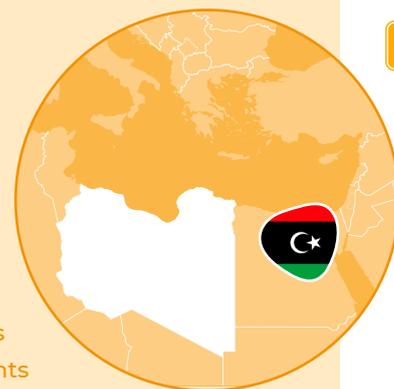
148 International Migrant Shock (2020). *Op. Cit.*



Case study

Heightened securitisation in foreign policies for Libya

Libya has seen its political situation and war worsen since 2011, with none of the legitimacy-claiming political institutions able to improve the humanitarian situation or regain control over the territory and border. Neighbouring countries' response to this situation has been to focus on heightening security regarding migratory movements and goods smuggling. Not exclusive to Libya, but common throughout the region and even worldwide, this security-focused approach paints Libya's instability as a risk for neighbouring countries, with concerns about the country's violence overflowing its borders, in the form of militia or terrorist movements, or that it leads to more migration towards other destinations.



The European migratory strategy is particularly relevant from a multilateral and bilateral perspective in this context, with Libya having evolved from a transit country for migration flows to a border of containment¹⁴⁹ for this immigration (from northern Africa, and above all, sub-Saharan Africa), bringing further violence and rights violations.

This evolution derives from different factors, including the weakening of border control maintained by Colonel Gaddafi up to 2011, supported by repression and economic agreements with border towns and tribes¹⁵⁰. The fall of his regime ended the balance between militias, increasing the competition for border control and leading to monopolies and constant rebalancing of power¹⁵¹, worsening the situation regarding the borders, smuggling, and immigrants. The inability of hostile Libyan governments to regain control of the territory and the weakness of the recently named Government of National Accord will contribute to sustain the power of the militia, and as such, impede any improvements to the country's internal situation regarding migration and borders.

In the same vein, the inability of a national government to guarantee territorial and national security have benefited the militia in their relations with third countries, with benefits including financial support from the EU through their EU Trust Fund for Africa, and from their Member States. Again, the lack of national stability will continue to benefit the militia in the coming years, perpetuating their presence and legitimacy unless there is a change in EU policy priorities that lead to more investment in governance and support for the Libyan institutions.

In the last decade, the European states have shown a commitment to outsourcing border and migratory flow control by preparing and training Libyan security forces and establishing budget lines with third countries that empower migratory control. This includes the aforementioned EU Trust Fund for Africa created in 2015, operation Sophia (UE-EUNAVFOR-MED) launched that same year to tackle human trafficking networks and now renewed within the framework of the fight against arms smuggling, and the Memorandum of Understanding signed between Libya and Italy in 2017 and renewed in 2020. They have all contributed to the building of a “virtual wall”

149 Kuschminder, K. (2020). Once a Destination for Migrants, Post-Gaddafi Libya Has Gone from Transit Route to Containment. *MPI*, 06/08/2020. <https://www.migrationpolicy.org/article/once-destination-migrants-post-gaddafi-libya-has-gone-transit-route-containment>

150 United Nations University (2017). People Smuggling in Libya: You Can't Bomb Away a Problem of Economics. *Center for Policy Research*, 27/01/2017. <https://cpr.unu.edu/news/impact/people-smuggling-in-libya-you-cant-bomb-away-a-problem-of-economics.html>

151 Ibid.



in the Mediterranean¹⁵² and to extending European borders for migration beyond the northern shores of the sea. The renewal of the Libyan-Italian agreement for three years up to 2023 suggests this policy of outsourcing border control will remain in place.

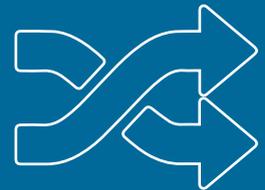
The migratory policy questions the regulatory policy backed by the EU, and may weaken the “soft power” strategy that this supranational power supports, while contributing to legitimise the authoritarianisms in the region, and bring about the human rights violations that they denounce.

A similar situation has been observed with goods smuggling at the borders, including the smuggling of legal goods on which the border regions of Libya and neighbouring countries depend. The worsening of the war in Libya and the global pandemic crisis in which we are currently immersed have led to the closure of borders and many of the traditionally used smuggling routes. The rebalancing of powers and the competition between militias have also affected them as mentioned earlier. Smuggling is vital in regions where the state hardly has a presence or where they are not involved in infrastructure development projects, affecting vulnerable marginalised regions on both sides of the border, as shown in the border regions of Tunisia, Algeria, or the sub-Saharan Africa countries. Although these historically porous borders are a transit route for migrants and goods, recent years have seen an increase in goods smuggling compared to migratory flows, resulting from the lack of security in the country and the effect of European migratory policies¹⁵³. In this sense, the commitment to increase security at the borders by countries such as Tunisia, or through collaboration agreements with the governments of Chad, Niger, and Sudan, occurs in detriment to the economic well-being of these regions. In recent years they have been affected by the closure of border passages, the emergence of new informal transit controls set up by the militias, the intermittent export of oil in Libya, and more tensions and confrontations between neighbouring countries’ security forces and the Libyan militias. The economic dependency of these regions poses both a present and future dilemma around the imposition of more border control and the regulation of smuggling, and the risk of economic and political destabilisation of these locations that could lead to new peripheral social revolts.

152 Plaut, M. (2019). Why Migrant Detention Centers Won't Be closed in Libya. *The Globe Post*, 19/07/2019. <https://theglobepost.com/2019/07/19/detention-centers-libya/>

153 Tubiana, J. y Gramizzi, C. (2017). *Tubu Trouble: State and Statelessness in the Chad-Sudan-Libya Triangle*. Ginebra: Small Arms Survey. <http://sahelresearch.africa.ufl.edu/files/Chad-tubu-state-statelessness.pdf>

↳ **Outlines for future scenarios**



This section proposes two potential exploratory scenarios with the view set on the year 2030, although some of the dynamics could be extended in subsequent years. Both horizons are analysed resorting to a normative approach, considering the interests of Spain and the EU regarding the Southern Neighbourhood. This involves devoting less attention to specific events that may rock the region's political landscapes (some of which are unforeseeable, as demonstrated by the current health crisis), and more to the domestic and international policy strategies and orientations adopted by the different governments, which would lead to two opposing scenarios. Their likelihood depends on the willingness of Southern Neighbourhood governments to adopt measures targeting better governance and the adoption of more national and international multilateral action frameworks that favour cooperation.

» Scenario 1

The rise of the region: stability and social dialogue



The pandemic has represented a moment of reflection and political restructuring for the governments of the different Southern Neighbourhood states. It has highlighted many of the structural issues affecting the region, and provided a brief respite to accelerated trends such as climate change, pollution, urban growth, and even the protests that had been gaining strength since 2019.

The crisis exposed the structural problems these countries are facing, and in the interest of greater sustainability, state leaders realised that minimum political transformation and reforms are required in order to avoid the uprisings that can destabilise them (or even overthrow them) and to appease the social unrest deriving from the economic crisis. In this perspective, climate change is the most pressing worldwide phenomenon and particularly difficult to tackle given its cross-border nature. The recommencement of activity and mobility flows from 2021 opens up a *build back better* opportunity through adopting new environmental measures. An environmental commitment means higher budgetary investment into environmental protection projects, the enactment of laws more favourable to conserving natural and cultural assets, more dialogue with civil society, and a push for decarbonisation initiatives and investment into renewable energies.

Internationally, environmental commitment opens up the possibility of establishing stronger cooperation agreements with the EU within the framework of its European Green Deal, benefiting from opportunities opening up in renewable energy markets. Not every country will have the same opportunities, however. In a favourable scenario, Morocco, Tunisia, or Jordan can fulfil their energy transition expectations, and Egypt can extensively benefit from its gas fields and a focus on the East Mediterranean that opens the door to new international markets. However, countries such as Algeria and Libya are still in the early stages of adapting to renewable energies and a long way from potential decarbonisation, which requires an economic effort that can only be brought to fruition if combined with an increase in their gas

and oil exports to Asia, where hydrocarbon dependency levels are higher than in European countries.

Moreover, the health crisis will have led to both a strengthening of the state's presence and the renewal of the social contract via the expansion of the healthcare system and care services of the Southern Neighbourhood countries. The pandemic has laid bare an obvious problem: the significant inequality gap in these countries and the dependence of a large sector of the population on the informal economy, representing 50% of the population of the MENA region in 2018. The mobilisations that began to take shape in 2019 and the peripheral protests that lingered on throughout the 2010s were appeased in the context of the impasse derived from the pandemic and the imposition of total or partial lockdowns. With the aim of appeasing new social mobilisations that draw on the discontent created by the health crisis, the region's states commit to pushing forward a regularisation of their economies, a more competitive public-private market, and a commitment to human capital, while extending social security systems to the vulnerable non-tax paying population.

This economic effort will shine light on the persistence of a clientelist form of capitalism that is weighing the economy down and making it hard for a significant sector of the population to enter the labour market. The popular protests are unlikely to disappear even in the most optimistic scenario, given the continued high levels of inequality between the richest and poorest sectors of the population, and between the centre and the periphery. In this scenario, however, a clear will by governments to reduce the privileges of the elites and promote greater integration of the population could end up reducing the intensity of such mobilisations, which would turn to making specific political and economic demands, with political regimes themselves not directly under threat. This trend includes an effort to integrate the young population, more affected by labour imbalances, who will be favoured by investment in human capital, more foreign investment and job creation, making the demographic dividend a possibility.



In more open scenarios with greater inclusiveness, these measures will include more opportunities to participate in the political-institutional area by creating specific electoral lists and a gradual process to renew the political elites. These reforms (which would ideally come along with greater investment in the digital and environmental domains) would favour the establishment of deeper trade relations with the EU and the commitment to more regional autonomy, by pushing so-called nearshoring measures and stronger free trade agreements.

This integration process will bring greater administrative and economic decentralisation, enabling better economic and resource distribution between regions. This will be particularly relevant for Libya, as a *sine qua non* condition for the survival of the new government agreed in early 2021 and a guarantee for the cessation of hostilities. The development of constitutionally recognised decentralisation processes in Morocco and Tunisia could lead to more bottom-up democratisation of these countries and the tempering of many of the protests and demands the countries have experienced. Higher economic investment in the Rif region in Morocco could derive in a new source of legitimacy for the monarchy, essential if the constant rumours about the health of King Mohammed VI are considered. Similarly, the Western Sahara conflict does not appear to be close to ending, but it could imply the recognition of more autonomy for the region. In the case of Tunisia, the reforms could help reduce the peripheral protests and social unrest that have been slowing down democratic advances since 2011. When it comes to Egypt, also with its constitution recognising the decentralisation process, progress in this field could mean greater executive autonomy and the inclusion of a greater number of political voices, without necessarily meaning a democratisation of the country. In general, this decentralisation process could diffuse the pressure on the accelerated urbanisation dynamic. A

process of digitalisation that is sustainable and respects basic rights in the Southern Neighbourhood could lead to *smart city* development in the form of connectivity centres, as well as more social and economic opportunities for citizens. This commitment and the development of more care resources could contribute to tackling the issue of uncontrolled urbanisation and the rise in informal suburbs.

When it comes to international relations, a commitment to multilateralism would lead to a greater push for regional initiatives, given the success of initiatives such as the MENA Hydrogen Alliance or the EastMed project, or the strengthening of the 5+5 Dialogue or the UfM as forums for dialogue and negotiation with potential for practical progress. In this context, the process of normalisation of relations with Israel will have extended to other countries in the region, appeasing political tensions, and promoting economic networks in the Eastern Mediterranean, in detriment of the rights of the Palestinian population, the main 'loser' in this process. At the same time, the slow but already evident demographic and commercial growth of the African continent leads to a gradual turn towards Africa, through the strengthening of trade relations within the framework of the AfCFTA, and the push for human and intellectual capital exchange between the continent's countries, including most of the Southern Neighbourhood countries. This increased coordination would lead to the establishment of more legal migration routes and gradual freedom of movement. Similarly, increased border cooperation would also lead to greater control over the smuggling of illegal goods and reduce the presence of militias and cross-border paramilitary organisations, to the benefit of Libya's political stability. This increased regional integration and border control will have positive consequences for Spain and the EU, contributing to increase regular migration and develop cooperation targeting human security.



» Scenario 2

The potential for conflict and political-social deterioration in the Southern Neighbourhood

In a contrasting scenario, the pandemic crisis will limit the capacity for state reaction, as well as economic and social stability, leading to the adoption of protectionist and unilateral measures, and an authoritarian regression on the political level that generates more instability both within and outside the Southern Neighbourhood countries' borders. This contrasting scenario does not necessarily represent the most negative scenario that may occur; rather, it contains many alternatives that could come to fruition by continuing with business as usual.

The efforts and economic impact of the pandemic, grievances regarding the differences in access to COVID-19 vaccines, and the environmental demands agreed within the framework of the UN, will all contribute to generate a lack of state reaction to the climate emergency and a reticence to adopt environmental or energy transition political measures. The inevitable deterioration of the environment will exacerbate social tensions and popular mobilisations due to concerns about the impact of the climate emergency on their surroundings, the increasing scarcity of resources, and the intensification of meteorological events both on urban centres and the capacity for agricultural production in these countries. The consequences of climate change will increase poverty and social inequality, and will augment the rural exodus to cities, in turn reducing quality of life there, leading to more insecurity, the informal growth of cities, and more competitiveness between formal and informal labour markets. It will also test the quality of the infrastructures of urban centres (the capacity for waste management, transportation, security...) and the availability of basic services such as education and healthcare. This will trigger social mobilisations, both in the centre and on the periphery, that will demand a change to the system in most of the Neighbourhood's countries. Social peace will only be achieved by augmenting security policies and repression, adding to a deterioration in political and civil rights, resulting in extensive campaigns to detain activists, journalists,

and intellectuals. The intensification of authoritarianism in these countries will lead to the declaration of states of emergency in countries such as Algeria and Egypt, triggering a campaign prohibiting political parties and civil society organisations, and reversing the democratic political advances in Tunisia.

When it comes to energy, a "business as usual" approach will be applied, with a commitment to continuing to exploit hydrocarbons in exporting countries, and a slow energy transition in importing countries, which will see their economic dependence on energy resources continue. This commitment to the carbon industry will imply a gradual distancing from European energy markets, affected by restrictions and conditions under the framework of the decarbonisation process, and a turn towards Asia and Africa. This will have a negative impact on European energy markets, increasing their energy dependency, but also the capacity for influence and soft power. This distancing will limit the EU's ability to project normative values on the region. What's more, in an attempt to ensure borders remain stable, the EU will adopt a more pragmatic approach to sign agreements and advance the legitimisation of the counter-revolutionary wave spreading across the region. In this sense, the EU's negotiating capacity will depend on the strength and cohesion of its own institutions. 2030 is a short-term scenario for the EU to have actually lost geopolitical weight. However, in a pessimistic scenario, there could be a rise in pro-sovereignty currents at its core, making it more difficult to agree and develop a unified foreign policy. The predominance of national interests would contribute to the legitimisation of the region's authoritarian options, who would take the opportunity to seek out bilateral agreements from Member States and take advantage of the competition between these to project their influence on the southern shores of the Mediterranean.

Furthermore, the competition to access resources will lead to an increase in the potential for interna-



tional conflict, the escalation of tensions or even war breaking out between Egypt and Ethiopia for control over the Nile, or the resumption of tensions between Jordan and Israel. New actors would be involved, such as Turkey, with a strategy of power projection over the Mediterranean, or China through its Belt and Road Initiative. In this context, Libya will remain the setting for conflicting geostrategic interests, which would lead to the failure of the Government of National Accord and the reactivation of hostilities between the different state and non-state parties. This instability will continue to overflow its borders and affect the security and stability of neighbouring countries, increasing border instability, the violation of human rights on Libyan soil, sustaining a war economy and expanding the militias' territorial control, and legitimising the adoption of authoritarian measures in the name of security, as is the case in Egypt.

At a national level, the authoritarian regression will contribute to sustain a nepotic economy with limited competitiveness, perpetuating the elite-population cleavage and adding to the prevalence of social inequality and the economic marginalisation of extensive sectors and regions of the Neighbourhood countries. The lack of job opportunities will discourage education and entrepreneurialism among young people, forcing them to emigrate, or adding to the social unrest and lack of confidence in institutions. The popular protests will already be a constant in the Neighbourhood countries, feeding into the political instability and contributing to the authoritarian regression, a restriction of political pluralism and the continued exclusion of the popular will, added to the lack in separation of powers. The so-called Islamist political parties that have gained significant parliamentary representation since the 2011 anti-authoritarian revolts will again be the scapegoat to justify the democratic regression, leading to the intensification of the religious cleavage and potentially contributing to the emergence of more reactionary and intransigent religious interpretations, and ultimately, more terrorism and potential for conflict.

Technological advances appear inevitable and global in nature, without necessarily meaning that the population will benefit from them. A lack of investment in education can widen the technological gap and augment the socio-economic and territorial gaps (centre-periphery, urban population-rural popula-

tion), in terms of lacking the necessary income to educate themselves and being excluded from communication infrastructure development. Their isolation will foster a "technological Darwinism", making entering the labour market difficult not only for the most vulnerable sectors but also the middle classes, augmenting the varying rates of development in these countries. This digital gap will not imply the deterioration of the trade relations or investment opportunities in these countries, as they will live on through the training of specialized human capital, while each country, or supranational organisation such as the EU, will be responsible for ensuring that their trade agreements, foreign investment, and development aid benefit the entire population and not just the most favoured sectors of these political regimes.

However, not every country in the region will be able to undertake the technological investment or maintain stable economic growth. This document asks whether these countries, including Egypt and Lebanon, Tunisia, and even Algeria, are too big for international financial institutions to let them become submerged in economic crises without intervening or, on the other hand, whether the cost of intervening could be considered too high. International bodies such as the International Monetary Fund will intervene in this scenario, imposing strict economic containment plans that will contribute to perpetuate inequalities and raise the risk of further social opposition.

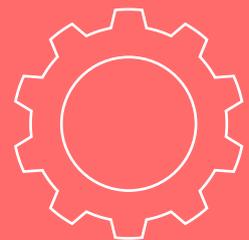
The aforementioned deteriorations show the link between structural violence, the lack of human security, and the potential for conflict. Fewer available resources will cause more conflicts within and between states, which as has been shown can lead to increased tensions between neighbouring countries that share resources, the development of new conflicts in the Eastern Mediterranean, higher levels of tension between Morocco and Algeria, and the deterioration of the Libyan conflict as the main setting for proxy warfare in the Neighbourhood. In this context, a turn towards Africa will mean the projection of regional tensions onto the continent and the start of a race to influence the countries of the South, led by Morocco and Algeria among others, in detriment of the situation and potential resolution of the conflict in the Western Sahara. In the same vein, the nor-



malisation of relations with Israel will exacerbate the divide between the ruling elites and the population, and will lead to a rise in social tensions and potential polarisation regarding recognition of this state. The diversification of relations to other geographic areas will be to the detriment of the importance of Europe, on whom they will be less dependent when it comes to driving their economies and trade relationships. Nevertheless, in favour of Europe's importance is the fact that the continent continues to have significant demographic weight and appeal among the Neighbourhood countries' population.

The rise in potential for conflict can translate into the adoption of tougher security policies, stricter border controls, and the closure of legal migration routes, which at the same time will lead to illegal non-state actors having greater control over migratory and goods flows, leading to more human rights violations and more deaths along migratory routes. The outsourcing and securitisation of migratory control by the EU will add to this, continuing a trend already reflected throughout the past decade, which separates migratory control from human rights, and may contribute to legitimising the region's authoritarian regression.

↘ **Ten opportunities:**
*Managing the risks, not
merely the crises*



The identified trends shine light on a set of opportunities for Southern Neighbourhood countries (or challenges, if they are not grasped), which could help to reduce the identified fractures, promote economic and social development, and lead to greater and closer collaborations with Spain and the EU. It is important to emphasize that any significant change simply has to come from one of these countries or from stronger cooperation between some of these actors, with the post-pandemic objective of ‘build back better’ in mind, and part of a process of recovery that also aspires to be inclusive, green, and feminist, with awareness of the need to explore new motors of growth and guarantees of sustainability, particularly given the likelihood of reduced development aid in the coming years. Based on the analysed trends, ten opportunities have been identified with this aim in mind, representing potential turning points in the identified scenarios.

“While states must be held accountable, donors must be as well. Further, their actions must be consistent, as should their approach to human rights.”

Yara M. Asi, PhD



1. 2020-2030: a decade of post-COVID-19 recovery and an opportunity to build new social protection systems

A significant number of Sustainable Development Goals (including SDG 1 - End poverty, SDG 3 - Ensure healthy lives, SDG 10 – Reduce inequality, or SDG 16 – Promote peaceful and inclusive societies

for sustainable development) are closely linked to failures in terms of social protection. With a decline in the situation since the 2011 anti-authoritarian revolts¹, the spread of the COVID-19 pandemic has put it in the spotlight.

The considerable impact of the pandemic on the health, employment, and education sectors has magnified the vulnerability of the least protected sectors of the population, showing the precarious-

¹ Heydemann, S. (2020). Rethinking social contracts in the MENA region: Economic governance, contingent citizenship, and state-society relations after the Arab uprisings. *World Development*, Volume 135, 2020. <https://doi.org/10.1016/j.worlddev.2020.105019>

ness of the jobless population, those working in the informal sector, as well as a significant number of women providing household care and other care services. Up to now, Neighbourhood countries' resources have been allocated to containing the immediate effects over the short-term. However, the post-pandemic reconstruction can also be viewed as an opportunity to tackle some of the broadest and deepest effects of this crisis, alleviating the existing deficiencies in the region's state social protection systems and building a new, more extensive and inclusive social contract.

The anti-authoritarian uprisings in the region showed that [social inequalities](#), were more the source of the problem than poverty, and that stability requires tackling both the symptoms and the causes of poverty. Economic growth will not be sustainable if only a few benefit from it. Tackling the structural causes that hamper economic development in these countries requires reviewing and re-designing the forms of social protection, in combination with measures that reduce unemployment (particularly among young people) and integrate the informal economic sector, impose more effective taxation systems, and lead to the reform and clean-up of the public sector. Social security systems help make societies more resilient to socio-political and socio-economic phenomena, as well as regional and global changes, including those caused by the climate emergency.

Currently only 30 to 40% of the Arab population is covered by formal social protection systems². In the Neighbourhood in particular, countries depend excessively on short-term social care systems, notably in the form of food and fuel subsidies, or transfers in cash or in kind. This model of indirect subsidies does not involve true vertical redistribution or investment in human capital, two key factors to bring the demographic dividend to fruition and to put an end to some of the causes of human insecurity in the Neighbourhood.

An efficient and fair taxation is needed to support a sustainable future for any social care system, which is one of the pending challenges for the Southern Neighbourhood countries. These countries currently have a strong state presence, with high public spending³, in the form of subsidies and inflated bureaucracies. Creating and adapting tax figures will be required in the future, targeting specific sectors of the population and the economy, as such that they pave the way for fairer and more redistributive social protection mechanisms, with direct payments in cash, conditional money transfers, minimum income guarantee systems, along with pensions and unemployment subsidies, grants for training, or access to a healthcare system that is not dependent on one's employment situation⁴. Some of these mechanisms help mitigate the effects of shocks on the economy, as long as they are designed fairly, periodically re-evaluated, remain true to soft conditionality, and consider the many types of inequality present.

However, this new social contract will be senseless without also making progress on a political level, moving towards more democratic regimes that foster the participation of citizens and increase satisfaction with the state's public services. Achieving this requires both ending corruption and the oligarchies present in every Neighbourhood country, which represent an obstacle to suitable distribution of resources and a competitive market. This new social contract should target at reducing the gender divide in Neighbourhood countries, both cushioning the impact of the pandemic and working towards including more women in the market and in institutions via measures that include integration of the informal sector (of which women represent 71%), protection measures in the public sector, a work-life balance, and fostering investment⁵. This should not represent an impediment to the dismantlement of systems based on structural injustice such as the kafala in Lebanon or Jordan, which have led during the pandemic to an increase of vulnerability and cases of violence.

2 UNESCWA (2013). *Integrated Social Policy Report V: Towards a new welfare mix? Rethinking the role of the state, the market and civil society in the provision of social protection and social services*. UNESCWA: New York.

3 Arezki, R. y Mohieldin, M. (2020). *Covid-19: Forging a new social contract in the Middle East and North Africa*. OECD. <https://oecd-development-matters.org/2020/05/28/covid-19-forging-a-new-social-contract-in-the-middle-east-and-north-africa/>

4 Jawad, R. (2014). *Social protection in the Arab region: emerging trends and recommendations for future social policy*. UNDP, *Research Paper Series*. https://arab-hdr.org/wp-content/uploads/2020/12/Final_Rana-Jawad_Social-Policies-ENG.pdf

5 Majed, R. (2021). *Towards a Feminist Political Economy in the MENA Region*. WILF. <https://www.wilpf.org/towards-a-feminist-political-economy-in-the-mena-region/>

Lastly, we return to an initiative of greater importance, which in the context of the current pandemic crisis would help to overcome the economic difficulties faced by a large percentage of the region's population: the implementation of a universal basic income. Extending social security coverage to the entire population would mean being able to overcome some of the stated structural problems, including the lack of access to social services by the population employed in the informal sector or those whose activity is not dependent on the labour market. Although this initiative must overcome many obstacles (such as the weakness of the tax systems in the region's states, and again, rejection by the elites), a redistribution of public spending or the investment of profits from the hydrocarbon sector could help to finance this economic instrument⁶.

2. A second demographic dividend: preventing new forms of exclusion and focusing on citizens

While social protection systems aim to contribute to the well-being of a fairer and more inclusive society as a whole, with positive effects regarding potentially exploiting the **demographic dividend of young people**, the progressive demographic transition in the Southern Neighbourhood – more advanced in some countries of the Maghreb – will pose new challenges to the **older populations**. Countries are still facing the challenges that come with a higher proportion of young people. However, they should be preparing and adapting for a growing number of older people, with the threat of the population ageing prior to the country providing suitable social security systems to cover each age group's specific needs, or an economic structure that guarantees greater productivity, mapping out the risk from a population of unemployed citizens of working age and neglected older people.

This trend will come hand in hand with a drop in the working age population, leading to increasing pressure on the social protection systems, with a

view to managing the social costs and maintaining lifestyles that require very specific care and for which the Southern Neighbourhood countries do not have either the infrastructure or specific training. As is the case with mental health issues, there is also a cultural aspect, among societies where an older person not living with their family is unthinkable, but in which urbanisation and a reduction of resources have also made this convivial living impossible. The Neighbourhood's cities and systems are designed for a specific phase of demographic transition, in which older people are not the main players. However, the potential for the young people who demand better services today becoming tomorrow's older people with similar expectations needs to be considered.

The ageing of the population brings new needs in terms of public spending, public policies, and infrastructures, but also new social dynamics, beyond what could be simplified as lesser dynamism. The ageing of the population will also have a considerable impact on the transformation of the Neighbourhood's appeal regarding investment, as its workforce changes and the region loses its window of opportunity based on young people and cheap labour, something that is already beginning to take shape and which can be perceived in the weariness among public decision makers towards the Neighbourhood, in contrast to an exacerbated optimism towards sub-Saharan Africa.

In the right conditions, a second demographic dividend is possible, both in terms of the possibility that these people work longer and people that choose to move to these countries (whether returning emigrants or older people from other countries looking for a peaceful retirement). The former will provide a larger working age population and more domestic savings with more spending, creating an accumulation of capital over time, leading to strong economic growth. As was the case with young people, jobs need to be created along with reining in the increasing divergences between skills and job characteristics through opportunities for continuous learning and ad hoc training. For the latter, the ob-

⁶ Choucar Vizoso, J. (2020). A Slice of Knafeh for everyone?, *Arab Reform Initiative*, 12/06/2020. <https://www.arab-reform.net/publication/a-slice-of-knafeh-for-everyone-a-critical-introduction-to-universal-basic-income-in-mena/>

jective is clearly the country's stability, but also the implementation of suitable infrastructures and services for older people. The health system will have a central role in any scenario, particularly in view of both the threat of further pandemics and an increase in non-transmissible diseases such as obesity and cancer.



3. Guaranteeing multidimensional digital rights

One of the main challenges faced by the states and societies of the Southern Neighbourhood is the [digital divide in its various dimensions](#) and the possible impact in terms of sustainability and mental health. The EU commits to working “for an open and fair digital age” and the “New Agenda for the Mediterranean” states that one of the five priority areas is “to strengthen resilience, build prosperity, and make use of the digital transformation”, specifying that it will occur while “fully respecting human rights and civil liberties”. Everything points to digital divides reducing over the coming years, but under what conditions?

Therefore, being aware of the huge opportunities in basic aspects of human development, such as e-government, health, or the spread of knowledge, along with economic potentialities, digital cooperation should also extend to the societies whose collective well-being and sustainability is targeting the document. In this sense, a first step involves implementing the necessary structures to reduce the digital divide, with a notable role for submarine cables in the Mediterranean basin, an investment that will be felt in the economic and trade domain, creating connections with the African continent and the extended Neighbourhood, but also in education and among citizens. However, as has been seen, providing citizens access to the Internet - and a computer - is not enough, they also have to have the means to purchase them, and the capacity to acquire the necessary skills to use and control them, so that the digital domain represents a useful rather than dangerous tool both personally and professionally. Digital literacy, skills, and entrepreneurship are essential

in addition to supporting universal access to improved, affordable, and safe networks.

The digital era to which the EU is committing must also be “fair”, and in this sense, reducing the digital divide is closely linked to governance issues. When it comes to digital transformation possibilities, the investment plan of the “New Agenda for the Mediterranean” proposes specific initiatives for Morocco and Israel, the former a country in which citizens' fundamental rights have been violated in the online world, and the latter a state immersed in digital apartheid practices. Citizen repression is an area in which regimes enjoy sovereignty, sometimes with the consent/lack of opposition from technological companies. Citizens' civil and political rights will need to be respected for the digital era to be fair. In this sense, the human security on which this document focuses will also be gradually threatened by state actions (and even non-state actions) within the framework of cyber-attacks and cyberwarfare.

The Southern Neighbourhood is one of the subregions most often subjected to abuses regarding the use of citizens' data, which is again a governance issue. In some areas, the colonialism of data is even discussed, whereby controlling data substitutes for controlling people⁷, meaning it is subject to dispossession and monetisation in the event of insufficient regulation. As such, unfettered digital expansion has the potential to limit the sovereignty of the states involved in the process, who are unable to develop indigenous digital economy models.

4. More R&D in the face of food insecurity



Investment in R&D and innovation is covered by SDG 9, which aspires to “build resilient infrastructure, promote sustainable industrialization and foster innovation”. In this sense, innovation represents a key driver for economic growth and reducing both unemployment and the social and economic divides in Neighbourhood countries. However, it also represents a basic cornerstone to ensure human security and to tackle the [water, food, and energy](#)

⁷ <https://policyreview.info/articles/analysis/making-data-colonialism-liveable-how-might-datas-social-order-be-regulated>

stress facing the region. Analysing the agricultural production of these countries shows that their natural and productive resources are both underexploited and underused⁸, a situation that could worsen in the coming decades due to the climate emergency and as resources become scarcer.

The agricultural sectors of Neighbourhood countries face a series of common challenges, such as demographic growth, urbanisation or the deterioration of the land and its resources due to the climate emergency. Food insecurity and the vulnerability of the MENA region markets to changing food prices, along with access difficulties for sectors of society with fewer resources, represent one of the key risks for the region, particularly relevant during periods of economic slowdown. The region's governments' attempts to control prices and tax revenues to date have clearly shown the short-termism of these measures and the structural nature of the problem. The current global pandemic crisis and the problem of inflation faced by some Neighbourhood countries, notably Lebanon, make the implementation of new policies to ensure greater food security a necessity.

These policies should enable: better access to cultivatable lands for the population and the regularisation of agricultural sector workers; more state investment in the sector to promote the adoption of new technologies and foster the creation of rural employment, as well as fostering investment in the public sector; the allocation of international funds to the agricultural and industrial sector; and the provision of better social security coverage for vulnerable groups. This transformation of the agricultural sector also requires a change of mindset regarding the use of resources and technologies, the use of traditional knowledge, and more local involvement in participation processes.

Water stress also obliges investment and restructuring in agriculture to ensure that water is used more efficiently. Two such examples are the need to transition towards high value crops and the need for investment in desalination techniques, enabling better use of the water and the region's desalination capacity⁹. The environmental impact of desali-

nation processes requires concurrently investment in renewable energies, and specifically, the development of solar power-based desalination technologies.

5. Rebuilding sustainable tourism green, digital and local



Tourism was a key economic sector in the region prior to the spread of the pandemic in 2020, accounting for over 10% of GDP in Morocco, Tunisia, Egypt, and Jordan. Even in the other countries with a lower economic weight, COVID-19 has had considerable economic repercussions in terms of job losses and a rise in people experiencing poverty. The health crisis will also imply the transformation of tourism as part of the economic rebuilding process, in the form of new tourism policies, new strategies to regain tourists' trust, better health measures, and improved quality measures, leading to more sustainable tourism.

Rebuilding tourism based on the latter can be understood as an opportunity for the Neighbourhood countries, as it leads to the development of more environmentally friendly tourism, fostering digitalisation and favouring local development. Tourism cannot be rebuilt without ensuring health conditions that both appeal to tourists and keep diseases under control, meaning healthcare systems will become increasingly important.

Secondly, the economic slowdown resulting from the pandemic positively impacted the environment, with an 8% drop in CO2 emissions in 2020. The UNWTO estimated that there would be a 25% increase in tourism-related CO2 emissions between 2019 and 2030 (mainly from transport). The rebuilding of tourism represents a unique opportunity to reverse this trend and accelerate the decarbonisation of tourism, as well as the reduction of air pollution, the protection of natural heritage, and the rehabilitation of coastal areas. Technological advances and the push for sustainable policies can lead to the development of greener tourism, i.e. tourism that does not damage natural or cultural assets, with more respect for local values and the local economy,

⁸ Siam, G. (2009). Food Supply Crisis and the Role of Architecture in the Middle East and North African (MENA) Region. *Med.* 2009. <https://www.iemed.org/anuari/2009/articles/a234.pdf>

⁹ World Bank Group (2019). *Beyond Scarcity*. World Bank: Washington. <https://www.weathertec-services.com/news/9781464811449.pdf>

continuing the increasing trend for “ecotourism” in recent years. However, this opportunity is a “narrow path forward”¹⁰, and will require active interest from these countries, reversing many of the practices carried out to date (mass tourism in cities such as Cairo or Marrakesh, vehicle use in protected landscapes or those considered natural assets, or the lack of measures to prevent pollution or deterioration of those landscapes).

This new tourism model has to include efficient technologies, part of the so-called [Fourth Industrial Revolution](#). The digital transformation has already started, through the promotion of virtual experiences during the lockdown periods (for example, the Egyptian government provided platforms for virtual visits to their main national assets) and virtual communication, and it should continue developing to include easier online procedures, the use of Big Data techniques for commercial development, and a commitment to artificial intelligence¹¹.

Finally, these transformations can lead to more inclusive “local-friendly” tourism, halting the development of mass tourism and promoting the development and facilitation of communities by supporting small and medium enterprises, reappraising the value of local customs and identities, and conserving their heritage.



6. The Southern Neighbourhood as a global solar energy powerhouse

Empowered both by environmental causes and the increasing scarcity of oil resources, the [de-carbonisation process](#), represents a window of opportunity to promote alternative renewable energies. The advantageous geographical location of the Neighbourhood countries, the solar irradiance, and the high number of sunshine hours open up the possibility for Neighbourhood countries to become hubs for [global renewable energy transitions](#) in the coming decades, whether in terms of trading renewable-sourced electricity both within

and outside the region or using renewable energies for domestic consumption. This transition towards the development of a renewable energy model will also reduce the economic dependency of oil-importing countries, and tackle the issue of water stress faced by the region.

The first year of the pandemic led to a 17% reduction on the carbon emission levels recorded in 2019¹². This reduction represents an opportunity for every country around the world to push energy strategies that keep emission levels down, while also providing the possibility of transforming market behaviour in terms of transportation, working habits, or [digitalisation](#). The opportunities for investment in infrastructures, the stimulus from recovery plans, and the expected increase in public spending, along with the potential investment in education and training on specific skills, could also provide a positive short-term impact on the economies of countries committing to the energy transition, including a necessary reduction in unemployment levels.

Looking more to the longer term, it could also favour a certain level of [administrative decentralisation](#) and economic deconcentration, involving local civil communities and societies, and contributing to reducing both poverty and the centre-periphery divide. There is no doubt that promoting more sustainable and less polluting energy models would have significant positive repercussions on the human security of the Neighbourhood’s populations.

In 2019 alone, the solar energy sector experienced a 11% growth in investment, and solar power capacity has multiplied by 25 in the past decade. In this scenario, the MENA region would be estimated to have a 26% share of solar energy by 2023. This development would take place in a positive context for investment, in which technological developments contribute to increase energy storage capacities and reduce both energy prices and the prices of the solar panels required to produce it, with pro-

¹⁰ Auf, O. (2021). Global Tourism Post Covid-19 and the Island Model. *The Cairo Review of Global Affairs*, 01/02/2021. <https://www.thecairereview.com/covid-19-global-crisis/global-tourism-post-covid-19-and-the-island-model/>

¹¹ Ben Youssef, A., Zeqiri, A., y Belaid, F. (2021). Tourism in MENA region after Covid-19: from shock to structural transformation. *Economic Research Forum*. <https://theforum.erf.org.eg/2020/10/26/tourism-mena-covid-19-shock-structural-transformation/>

¹² Heger, M. y Sieghart, L. (2020). Going green after Covid will help MENA economies recover better. *World Bank Blogs*, 06/07/2020. <https://blogs.worldbank.org/arabvoices/going-green-after-covid-19-will-help-mena-economies-recover-better>

duction costs reducing by 86% in the past decade¹³.

The increase in public spending and job creation will be futile without promoting better working conditions, investing in the population's skills, and a push for better [gender equality](#) policies. In this vein, African countries such as Nigeria, Tanzania, or Uganda have implemented interesting inclusion strategies for women into the energy market, via recruitment drives and supported by the utilization of the energy produced for domestic use¹⁴.

At the same time, in a context where the main challenge to the competitiveness of renewable energies is neither cost nor location, but rather their intermittent nature that depends on both technology and infrastructure, there is a need to tackle the challenge of integrating the electric grids, both within and outside borders. Greater investment in this area could also open up a second opportunity for development and economic and regional deconcentration for these countries, in the form of more [South-South cooperation](#) and the construction of energy transportation infrastructures towards the rest of the African continent.

Lastly, and within the framework of the European Green Deal, it is worth highlighting that this [energy transition](#) would enable the establishment of significant trade relations with Europe, benefiting both regions. However, ambitious plans for commercialising renewable energy in the Mediterranean have been seen before, and adopting a different approach to previous plans would be required, being aware of the challenges to overcome. This is particularly the case with the Industrial Desertec initiative and the UfM Mediterranean Solar Plan, both unsuccessful, but offering lessons to be learned, specifically regarding regulatory and infrastructure issues from Europe, with the idea of the Iberian peninsula as an "electrical island" a notable example.

7. Nearshoring, or deglobalisation as an opportunity for greater strategic autonomy in the Mediterranean



So-called "deglobalisation" is one of the trends accelerated by the COVID-19 crisis. It can be understood in various forms, but one representation involves the reconfiguration of global production chains. In a scenario in which global supply chains have shown their vulnerability, as long as a series of conditions are met, northern African countries will have a considerable advantage when it comes to developing regional value chains with the EU, whose companies could look for a range of alternatives with less uncertainty, and as such shortening the supply chain by preferring domestic or nearer production¹⁵. The trendy new concept is *nearshoring*, and simply mentioning it leads to heated debates.

Geography would also represent added value, along with the longed for signing of free trade agreements, enabling some Neighbourhood countries to become the gateway to the African continent¹⁶ (with further expectation from the potential of the AfCFTA) and the GCC countries, with optimistic outcomes in terms of job creation and exploiting the [demographic dividend](#). However, there are several obstacles to achieving potential delocalisation. One involves the [issues surrounding good governance that currently discourage foreign investment in the region](#), including the necessary ongoing investment in human capital. Another involves the lack of horizontal integration in the Southern Neighbourhood. Every report draws attention to the fact that, despite Morocco having become more integrated into global supply chains for European consumer markets, the Maghreb subregion remains one of the least economically integrated in the world. Added to this is the need to build a network of infrastructures that would enable some of the Southern Neighbourhood countries to become manu-

¹³ Genscu, I y Mason, N. (2018). Unlocking the inclusive growth story of the 21st century: accelerating climate action in urgent times. *The New Climate Economy*. https://newclimateeconomy.report/2018/wp-content/uploads/sites/6/2018/09/NCE_2018_ENERGY.pdf

¹⁴ Genscu, I y Mason, N. (2018). *Op. Cit.*

¹⁵ Zaki, C. (2020). Reforms in northern African countries: from change to continuity. *Fundación Alternativas Africa 2020 Report Transformations, Mobilisations, and Continuity*. https://www.fundacionalalternativas.org/public/storage/publicaciones_archivos/a09c8d21a6bfd59a820d5dd01f7806be.pdf

¹⁶ Thieux, L. y Hernando de Larramendi, M. (2020). Maghreb-Africa relations: new challenges and interdependencies. *Fundación Alternativas Africa 2020 Report Transformations, Mobilisations, and Continuity*. https://www.fundacionalalternativas.org/public/storage/publicaciones_archivos/a09c8d21a6bfd59a820d5dd01f7806be.pdf

facturing hubs. These infrastructures are used for trade and transportation, but they should also prioritise the provision of basic services for the entire population.

An increasing number of voices shine light on the need to reformulate the approach of the Euro-Mediterranean Association Agreements, particularly when it comes to establishing free trade areas. These critiques point to the countries running the risk of losing their competitive advantages, and they also insist that the extractive elites comprising the crony capitalism model are the only beneficiaries. They refer to experiences such as Morocco, and the high social costs resulting from competition between local and European actors translating into unemployment and/or job insecurity. As such, the main objective should be to avoid fostering European investment that is not focused (contrary to offshoring) in the search for cheap labour (particularly damaging for women, and young people with higher education in general), and on bringing products from the South and seeking tax breaks for companies from the North, but rather to implement more sophisticated industrial activities, moving up the value chain, complementing those in Europe, and which could also serve a wider Arabian market.

The pandemic has also provoked debate on both shores of the Mediterranean about the potential of industrial policies. A developed secondary sector could provide significant added value for both the economy and in terms of digitalisation, and could create lasting and sustainable employment for qualified young people, particularly women who cannot be integrated into currently preferred activities, such as infrastructure building.

Considering the failures of previous initiatives is important at this point. In the past decades, Tunisia, Morocco, and Egypt became privileged actors regarding potential integration into global value chains in sectors such as clothing, electronics, and cars. They made the most of their geographical proximity to Europe, the preferential access to the

EU market, and the salary gap between workers from the north and south Mediterranean, with several of their coastal areas receiving both foreign and national investment. What could be deemed a relative success did not translate into economic and social benefits for most of the population, rather into economic and territorial inequalities. These countries were also placed in a structurally weak position in the event of changes in the European market.

This weakness was laid bare in recent years after the worldwide economic crisis and the 2010/2011 anti-authoritarian uprisings. While Morocco managed to strengthen its position in the European production networks, benefiting from its relatively stable political situation and a more sophisticated industrial policy, the Tunisian and Egyptian governments went down the devaluation route to foster competitiveness, with the aforementioned socio-political and socio-economic consequences¹⁷. As long as it is part of a strategy that attends to the needs of local populations, this is how nearshoring could represent a welcome development, with the EU and/or its Member States working alongside private sector actors. Again, this means that dealing with the failures of governance that impact both the private sector and societies is crucial. Several of the interviews saw suggestions for these companies contributing to the well-being of locations where they launch their operations, rather than simply creating jobs, with the core issue of taxation or building infrastructures to balance external influences proposed.

¹⁷ Azmeh, S. y Elshennawy, A. (2020). North Africa's export economies and structural fragility: the limits of development through European value chains. *LSE Middle East Centre paper series (42)* <http://eprints.lse.ac.uk/107885/>



8. The age of cities

Recent years have seen cities positioned as agents of change in their own right, both in terms of job creation and well-being and as a reflection of all the risks represented by many of the identified trends. Cities are also differentiated ecosystems within the scope of international relations and other notable areas such as the fight against the climate emergency – against which they declare to be the first line of defence–, economic recovery, and the efficient use of technological advances. Although they do not establish the rules of the game, they could set themselves up as laboratories to experiment with new approaches that may prove useful at a macro level, and exploit global opportunities.

In the case of the Southern Neighbourhood, [extreme centralisation hugely limits the room for manoeuvre](#) for local bodies, particularly in terms of resources and their ability to intervene. This has not excluded – but has possibly driven – the implementation of initiatives centred on the diplomacy of the cities or others whereby experiences and knowledge are exchanged through multilevel forums, as is the notable case of the Euro-Mediterranean Regional And Local Assembly, which involves a range of relevant actors, although this sometimes raises doubts around duplicity and irrelevance. Barcelona in particular has made significant efforts to strengthen ties between Mediterranean locations, built on the conviction that city-to-city cooperation helps to open up spaces of democratic governance¹⁸.

The Southern Neighbourhood is characterised by its many cities with valuable urban assets, threatened by both daily degradation and the apathy of authorities and the multidimensional effects of the climate emergency. Protecting these assets, and rejecting urbanisation models that do not consider these characteristics, sourced from the extended Neighbourhood, for example, could represent the standard for sustainable urban development models in which housing, public space, and suitable service provision is prevalent (as would be the

case for energy should the use of renewable energies grow, for example). Finalised late 2020, the UfM Strategic Urban Development Action Plan 2040 for sustainable, resilient, and inclusive cities and communities in the Mediterranean¹⁹ is in this same vein. It includes an action plan for sustainable housing, but does not specify how cities and local bodies can become privileged intermediaries within the framework of Euro-Mediterranean relations, given that the countries have decision-making authority.

Current initiatives – normally within informal frameworks – in cities such as Beirut, Ramallah, or Cairo (and also present on the other side of the Mediterranean, such as in Spain or the United Kingdom), based on strengthening the ties between people and local public and private institutions, invite reflection and the construction of new approaches to local economies that can reduce the vulnerability of people and ecosystems. These strategies also advance when there is more democratisation during decision-making on all levels, with the notable participation of research centres and local economic development agencies.

9. Anticipating risk: disaster prevention

In the past decade, and obviously within the context of the current worldwide pandemic, the importance of having the capacity and logistics to quickly respond to crises is evident, but there is also a need to develop warning systems, for both human disasters, as occurred with the explosion in Beirut in 2020, and natural disasters. [Natural disasters](#) will be increasingly common throughout the length and breadth of the Southern neighbourhood, with increasingly devastating effects on areas with high population density and added vulnerability. The rise in the number and intensity of natural disasters will have significant consequences both globally and on the region, in detriment of human and food security, the deterioration of infrastructures, more deaths and displacements, or the potential for civil wars to break out.



¹⁸ Woertz, E. (2018). *Mediterranean Cities, the Urban Dimension of the European Neighborhood Policy*. *CIDOB Notes Internationals 202*. https://www.cidob.org/en/publications/publication_series/notes_internacionals/nl_202/mediterranean_cities_the_urban_dimension_of_the_european_neighborhood_policy

¹⁹ UfM (2020). *The UfM Strategic Urban Development Action Plan 2040 (Draft)*. <https://cor.europa.eu/en/events/Documents/ARLEM/6th%20ARLEM%20Commission/UfM%20event/3rd%20DRAFT%20Union%20for%20the%20Mediterranean%20ACTION%20PLAN%20FINAL.pdf>

Developing comprehensive disaster risk management (DRM) services and specific DRM institutions is becoming increasingly essential. These services require a comprehensive approach that makes disaster prevention a priority governmental focus both locally and nationally, developing risk assessment mechanisms and improving authorities' ability to respond. However, it should also tackle structural factors that augment these disasters, such as environmental protection, investment in [sustainable urbanism](#) or the protection of the agricultural sector and the numerous factors involved in food security²⁰. [Descentralización](#) and [good governance](#), represent a key challenge, with cities, local communities, and civil society playing a key role, as long as they have sufficient support and means. Despite the pressing danger from the rise in natural and human disasters, few Neighbourhood countries have to this date adopted specific measures in this respect²¹.

Although many of these reforms need to be implemented domestically, a [transnational approach](#) needs to be adopted. The impact or repercussions of natural disasters are not bounded by national borders, potentially involving forced displacements of the population or market impacts. Their transnational nature offers significant incentives for international cooperation. Along these lines, there is the notable approval of the Sendai Framework for Disaster Risk Reduction as a core approach from the UN in 2015, which commits to developing national strategies that mean fewer people and infrastructures are affected by natural disasters, but there are other instruments, such as the EU Civil Protection Mechanism. In line with the countless benefits that an inclusive society brings, all actors on the different levels have to be involved in this cross-sectional effort, building on previous initiatives such as the Arab Strategy for Disaster Risk Reduction launched 10 years ago, the Global Facility for Disaster Reduction and Recovery, or the Islamic Strategy for Disaster Risk Reduction and Management; hand in hand with key international allies such as the World Bank, the United Nations Office for Disaster Risk

Reduction (UNDRR), and the United Nations Development Programme (UNDP).

10. Decentralisation and territorial deconcentration



As an opportunity to create institutions with transparency and good governance, with greater equality of opportunities, decentralisation has been part of the agendas of international development organisations like the World Bank and the United Nations Development Programme (UNDP) for years, who have channelled resources towards local governance and promoted the development of skills and local training with a particular emphasis on providing more efficient services. Decentralisation is shaping up as a formula for both relatively stable countries like Morocco, and for countries in conflict, like Syria, where the post-war decentralisation debate turns out to be key for understanding the reconstruction²². Decentralisation is also considered a tool for resolving and managing conflicts, given that it establishes power-sharing mechanisms among local communities and enables the political representation of citizens at a local level. The participation of local and regional organisations in green and digital transitions is also recommended when it comes to fostering resilience against the risks that shape the expected trends. Lastly, but no less importantly, decentralised spaces also represent better opportunities for women and other vulnerable populations to become key figures in the political arena.

In a 2018 online survey organised by the Arab Reform Initiative to measure the perception of the benefits and challenges of decentralisation processes, the results showed that the large majority of the Arab population has a positive opinion about its potential for deepening participative democracy and furthering economic development. 86% considered it a necessity for the Arab world, and 91% thought that a decentralised system would increase citizen inclusion and involvement in decision-making, while 81%

20 UNISDR (2018). *Arab Strategy for Disaster Risk Reduction*. https://www.preventionweb.net/files/59464_asdrreportinsidefinalforweb.pdf

21 Jedd, T. et al. (2020). Drought management norms: is the Middle East and North Africa Region managing risks or crises?. *Journal of Environment and Development*.

22 Arab Reform Initiative (2019). *What Can Syria Learn from Decentralization Experiences in Other Arab Countries?* <https://www.arab-reform.net/publication/what-can-syria-learn-from-decentralization-experiences-in-other-arab-countries/>

considered that there would be more accountability. Most of the respondents assured that the main objectives of decentralisation should be social development, improved service provision, and more public political involvement.

The demands that play a key role in the **territorial divide** can be divided into two types: demands for political and cultural rights focusing on recognising identities and/or local interests, and demands for economic and social rights with complaints about the insufficient redistribution of resources, employment, infrastructure, services, and subsidies between regions. Decentralisation has to work for the general good. The prevalence of delicate political and economic contexts in which resistance to any reform of power-sharing predominates, mostly encourages circumstantial alliances and the conciliation of divergent interests. For fear of stoking popular unrest, the latter tend to minimise the political impact of decentralisation reforms, preferring to approach this issue using technical mechanisms, and sometimes not paying enough attention to clarifying and defining the relationship between all levels of local governance.

Additionally, decentralisation processes should be inclusive and participatory, and a series of safeguards need institutionalising at a central and local level for decentralisation reforms to have the desired positive impact. The resulting entities also need public funds and a healthy taxation system. Fiscal aspects, such as transfers from the central government and the participation of local governments in the state budget, the authority to collect taxes, and the administration of natural resources, all remain key issues for decentralisation reforms. Debates such as those surrounding agricultural reforms appear inevitable at some point.

Empirical evidence recommends focusing innovation efforts locally and avoiding international donors contributing indirectly to a greater centralisation of power and state services, with the subsequent augmentation of corruption and inefficiency²³, as well

as not following exported models (as has been the temptation with the Global North models), so that the actors feel the problems are close to hand and remain aware of the particularities of each context at all times. A feature to consider for small countries like Jordan and Lebanon in particular is that decentralisation makes more sense by distributing powers through bodies (of several types, potentially districts or local councils) that already have legitimacy and expertise in the local domain, encouraging jointly developing public policies that create administrative bodies.

Decentralisation does not mean “less state”, but rather a more efficient state, one that seems to be impeded by the current transformation that the Arab state system is undergoing. As such, there could even be advantages for authoritarian type regimes, given that it enables the reduction of some of the local level dissatisfaction, at least over the short- and medium-terms. It is also true that more room for manoeuvre in the local stage can also translate into mobilisations against the central state. Something similar occurs with the potential confidence in the political arena from the implementation of consultative mechanisms and national and local dialogues on mildly polarised issues. In the case of Libya, a failed state with over five years of institutional duplicity up to recently, the decentralisation process appears as a necessary condition for better functioning and greater legitimacy for its institutions, through the absorption of different power bases and decision-making, and their inclusion within a framework of democratic rules.

Lastly, when it comes to cities, the need to tackle the urban divide also implies a higher level of decentralisation. Governments have to assume a central role in guiding and leading the urban development processes, and particularity in the institutionalisation of inclusive development within the formulation and implementation of territorial planning policies. This includes reflecting on the way that these cities interact with the rest of the territory on an administrative, political, economic, and infrastructure level,

23 Harb, M. y Atallah, S. (2015). Decentralisation in the Arab World Must Be Strengthened to Provide Better Services. *IEMed Mediterranean Yearbook 2015*. https://www.iemed.org/observatori/arees-danalisi/arxiu-adjunts/anuari/med.2015/IEMed%20Yearbook%202015_Panorama_De-centralitzationArabWorld_MonaHarbSami%20Atallah.pdf

particularly with rural areas that hold a key role in terms of food security.

↘ **Annex: Views from the South**



Onwards we present, as a necessary complement to the content of this Document, a series of written contributions by some of the young experts that were interviewed during the research process of this foresight exercise.

The long-term consequences of COVID-19 in the conflict-affected states in the Southern Neighbourhood (Palestine, Libya and Syria)

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As has become evident in the past year, proper response to a pandemic situation requires long-term planning, commitment, and investment for years prior to an outbreak. Even in the wealthiest countries in the world, starting a pandemic response once an outbreak has entered the emergency state leaves a population vulnerable for longer than necessary, and less resilient during the crisis and in the recovery period. Conflict-affected states are especially poorly equipped to engage in this type of planning. Especially in protracted conflicts, a sizable proportion of health services delivery is done by humanitarian agencies, which are only as effective as they are funded. Funding priorities shift over years, and as a conflict continues, as these three conflicts have, it can be hard to maintain the same level of investment. This leaves states unable to plan for almost any threat, let alone infrequent and unprecedented events like pandemics.

Of the ten states considered part of the Southern Neighborhood, few could be considered politically stable, especially as Egypt, Jordan, Lebanon and Tunisia enter new eras of growing tension and uncertainty. Yet this region also hosts three of the world's worst humanitarian emergencies, in Libya, the occupied Palestinian territories (West Bank and Gaza Strip), and Syria. The West Bank, which is still a tourist destination despite its conflict status, reported its first cases of COVID-19 early, on March 5¹, in a group of visitors in Bethlehem. However, the rest of the conflict-affected countries of the region are either closed to visitors or too dangerous for most tourism, so the pandemic reached them relatively late. The Gaza Strip reported its first positive COVID-19 case on March 21², Syria reported its first case on March 23³, and Libya on March 24⁴. It is likely that there were earlier cases that went unreported due to low testing capacity, which has persisted throughout

1 El Batsh, M. (2020). Palestinians confirm 7 coronavirus cases, declare tourist ban. *Times of Israel*. <https://www.timesofisrael.com/palestinians-confirm-7-coronavirus-cases-declare-tourist-ban/>

2 Akram, F. (2020). Palestinians report 1st cases of coronavirus in Gaza Strip. *ABC News*. <https://abcnews.go.com/Health/wireStory/palestinians-report-1st-cases-coronavirus-gaza-strip-69731270>

3 McKernan, B. (2020). Syria confirms first Covid-19 case amid fears of catastrophic spread. *The Guardian*. <https://www.theguardian.com/world/2020/mar/23/syria-confirms-first-covid-19-coronavirus-case-amid-fears-of-catastrophic-spread>

4 Reuters (2020). Libya confirms first coronavirus case amid fear over readiness. <https://www.reuters.com/article/us-health-coronavirus-libya-measures/libya-confirms-first-coronavirus-case-amid-fear-over-readiness-idUSKBN21B25F>



the pandemic. Thus, reported numbers of infections and deaths are estimated to be much lower than actual outcomes. However, while the virus entered these territories later, they are also among the states that will be the last to be fully vaccinated.

It is important to first understand the context in which the pandemic entered these states. Ability to procure food, water, or healthcare was low for large segments of their populations. These are also highly militarized states, with low investment in social support like health and education. Aside from the conflict-specific limitations, these states have depressed economies, limited by blockades, corruption, and poor governance. At the same time, costs for food and other basic goods have skyrocketed across the Middle East. These complex and intersecting factors mean that these countries are at the greatest disadvantage in recovering from a massive global disruption like COVID-19⁵. This prolongs conflict as populations become more desperate and politicians continue to deemphasize social development⁶.

Recognizing these unique risks, the development community has identified three priority areas for response: protect poor and vulnerable households, support businesses and jobs, and support emergency health operations and economic resilience⁷. Yet, at this stage in the pandemic, it is clear that these efforts have struggled. In Syria, economic depression has deepened, with more than 80% of Syrians living in poverty⁸. Many local businesses had just been able to reopen as the violence from the war decreased, when the pandemic forced them to close again. In 2020, Libya faced its worst economic performance in its recent history, contracting by an estimated 31%, especially as oil revenues collapsed⁹. The Palestinian economy, already limping along during decades of occupation and blockade, shrunk by 14% in 2020¹⁰, and is expected to report 30% unemployment and GDP growth of only 3.7% for the next four years. Millions of children experienced disruptions to education in the region, especially with the lack of internet and electricity in the most fragile areas¹¹. Further, most of the jobs lost in the pandemic were in sectors predominantly occupied by women, setting back many hard-won gains by women in recent decades¹². Without significant economic investment and cessation in war-related economic constraints, it is unclear how these economies will be expected to recover and produce jobs for the growing population of youth in the region.

Humanitarian interventions and contributions during and after the pandemic must take a different approach than the decades where short-term projects meeting donor motivations were prioritized over the needs of local populations. A complex emergency requires a complex response; the goal cannot be a mere return to status quo, but to rebuild institutions that are just, context-specific, and structurally transformed¹³. Weak states will not be ready for the next global disruption, whether health-related, as a result of climate change, or some as-yet-unforeseen crisis that will challenge states in new and unprecedented ways. How success is measured must change, from short-term projects that prop up annual funding reports to long-term outcomes in the affected environment¹⁴. Where appropriate, interventions should coordinate with state institutions (like Ministries of Health and Education) to strengthen them and promote accountability, rather than function as an independent NGO sector that works outside of the state. While states must be held accountable, donors must be as well. Further, their actions must be consistent, as should their approach to human rights. Provi-

5 ReliefWeb (2021). Risk of Instability, Tension Growing, amid Glaring Inequalities in Global COVID-19 Recovery, Top United Nations Officials Warn Security Council. <https://reliefweb.int/report/world/risk-instability-tension-growing-amid-glaring-inequalities-global-covid-19-recovery-top>

6 Mulroy, M., Oehlerich, E. & Blair, A. (2021). COVID-19 & Conflict in the Middle East. *Middle East Institute*. <https://www.mei.edu/publications/covid-19-conflict-middle-east>

7 World Bank (2020). Decisive Action in an Unprecedented Crisis. <https://www.worldbank.org/en/news/feature/2020/04/17/decisive-action-in-an-unprecedented-crisis>

8 Said, S. (2020). Covid-19 And The Syrian Economy. Implications For Social Justice. *Friedrich-Ebert-Stiftung*. <http://library.fes.de/pdf-files/bueros/beirut/16320.pdf>

9 World Bank (2021). The World Bank in Libya. Overview. <https://www.worldbank.org/en/country/libya/overview>

10 UNCTAD (2021). Palestine faces hard road ahead to recovery from COVID-19 shock. <https://unctad.org/news/palestine-faces-hard-road-ahead-recovery-covid-19-shock>

11 <https://www.unicef.org/mena/press-releases/covid-19-leaves-profound-impact-children-middle-east-and-north-africa>

12 Chamliou, N. (2021). MENA's post-COVID resilience depends on using the talent pool of women. *Atlantic Council*. <https://www.atlantic-council.org/blogs/menasource/menas-post-covid-resilience-depends-on-using-the-talent-pool-of-women/>

13 ILO (2020). From crisis to opportunity for sustainable peace. https://www.ilo.org/wcmsp5/groups/public/---ed_emp/documents/publication/wcms_761809.pdf

14 Mecklenburg, N. & Mackenzie, J. (2020). COVID-19 Makes the Case for Getting Development in Fragile States Right. *Institute for State Effectiveness*. <https://effectivestates.org/publication/covid-19-makes-the-case-for-getting-development-in-fragile-states-right/>



ding humanitarian support to one entity while providing arms and military support to the antagonistic entity should no longer be an acceptable practice.

Despite the copious challenges, the people of the conflict-affected states in the Southern Neighborhood deserve a concentrated global effort to support their post-pandemic recovery. These conflicts would not be as inflamed without external interventions, and global inequalities have led to these countries being the last to receive and distribute the vaccines they are counting on to move forward. Further, these countries disproportionately contribute to global refugee and displacement populations, as well as require significant humanitarian support that detracts from global cooperation on climate change and other existential crises. The consequences of these conflicts go far beyond the borders of any single state; the response should match this urgency.

Insights into Morocco



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» Introduction

Monarchy, stability, geographic location and foreign policy are four pivotal factors that characterize Morocco, and will continue to nation-brand the kingdom for the coming decades. On the one hand, “change in continuity” was the reigning model that King Mohammed VI chose to enact in 1999. The Royal Institution has been successful in consolidating its legitimacy through its historical context, symbolic meaning, spiritual influence, and deeply rooted bounds with the people. In addition to the cultural foundations of authoritative relationships that exist in the Moroccan society. After two decades of reign, the promised “change” and “continuity” are quite lucid. The first could be witnessed at the socio-economic developments’ levels. The second is manifested in the monarchy’s power-control of specific political and institutional agencies, which renders political change rather slow, if not static at times.

Monarchy, stability, geographic location and foreign policy are four pivotal factors that characterize Morocco, and will continue to nation-brand the kingdom for the coming decades. On the one hand, “change in continuity” was the reigning model that King Mohammed VI chose to enact in 1999. The Royal Institution has been successful in consolidating its legitimacy through its historical context, symbolic meaning, spiritual influence, and deeply rooted bounds with the people. In addition to the cultural foundations of authoritative relationships that exist in the Moroccan society. After two decades of reign, the promised “change” and “continuity” are quite lucid. The first could be witnessed at the socio-economic developments’ levels. The second is manifested in the monarchy’s power-control of specific political and institutional agencies, which renders political change rather slow, if not static at times.

On the other hand, the dynamism characterizing the monarchy has been efficient not only in absorbing socio-political tensions that swiped many republic regimes during the so-called ‘Arab Spring’, but has also established itself as a pillar in ensuring stability. The latter has become a decisive factor for weaving international relations, attracting foreign investments, and multinational corporations, especially in an era of globalized trades. Finally, more than ever, the country is bidding on its proximity to Europe, the Middle East, and being the gateway to Africa, for positioning itself economically and geopolitically in efforts to upgrade its outlook in the world stage, for the coming decades. This paper provides brief insights on how Morocco will continue branding its nation through internal reforms and international synergies.

» Internal Structural Reforms

The steady economic progress and fluctuating socio-political reforms Morocco has witnessed during the last two decades put the country at historic turning points and difficult choices that require strategic decisions and plans for the coming decades. A report (World Bank 2018)¹⁵ predicts that the choices and major plans the Kingdom faces today might lead to two fundamental but contrasting options. It can either maintain a slow-paced and postponed development, thus missing the possible development scenarios for 2040. Or else, it will indulge in permanent reforms at the macro structural levels; and thus, resolutely unleash multifaceted renewal and developmental processes, which will offer sustainable growth.

¹⁵ Chauffour, J. (2018). *Morocco 2040: Emerging by Investing in Intangible Capital*. World Bank Group.



For doing so, the country has to invest ways and means in leapfrogging three basic macroeconomic trends. First, an employment rate which remains fairly low, standing at 42.8%, with a female participation rate of only 23%, whereas the average is 60% and 45% for female employment in other emerging or developed countries. Youth employment rate stands at less than 50%, compared to an average of 65%. Second, the investment rate stands at 43% and seconds that of China, which is among the highest in emerging economies. Yet it does not generate ample gains. Third, productivity gains of the economy as a whole stands at 4.3%, and remains low (WB, 2018)¹⁶ when compared to investment rate (43%). Up-scaling these parameters will depend on the resolution of a number of institutional and societal problems.

To address these macro-economic challenges, the country has designed and started implementing a set of medium-term vision-based reforms, whose results are expected to emerge in the medium and long run. At the socio-political level, there is the “National Sustainable Development Strategy (2017-2030)” and the “Pathways to Inclusive growth by 2040” that comprises 4 focal areas: modernizing the productivity model; improving public institutions and services; investing in human capital; and investing in social capital. As far as the youth are concerned, the country launched the “National Integrated Strategy of Youth 2015-2030” accompanied with the “National Strategic Vision 2015-2030 for Education, Training and Scientific Research”, which seek to empower educational and professional leadership skills of the Moroccan youth. At the energy level, there is the “2030 National Action Plan for Energy Efficiency” that aims at raising renewable energy target to 52% by 2030 as well as “Morocco Generation Green 2020-2030” that foresees the doubling of agricultural GDP by 2030, following the achievements of the Green Morocco Plan, through the adoption of a new governance model and the provision of smart technologies to the sector.

Additionally, “Forests of Morocco 2020-2030” foresees the planting of 600,000 new trees by 2030. On the infrastructure front¹⁷, the Kingdom has launched a series of strategies and programs. Notably, there is the “Road Map 2035”, whose aim is to extend the road network by 2000 km express roads and 45000 km rural roads. The “Rail Plan 2040” aims at reaching 2743 km of conventional lines and 1561 of high-speed train lines. The “2030 National Port Strategy” sets to turn Morocco into a regional shipment hub with its 27 commercial ports, building 6 new ports and expanding 4 existing ones; “Airport Development 2030” will increase its airport capacities; and the “National Competitiveness Strategy” aims at creating 70 logistics zones in 28 cities.

While some of these strategies have already started yielding concrete results, the coming years promise more prosperity should these reforms spill over their outcomes on the livelihood of the Moroccan citizens in equitable and efficient manners. Therefore, to reap the full potential of these strategies in the years ahead, the country needs to implement substantial and serious reforms at the constitutional, institutional and governance levels. It seems that the kingdom is going at two discrepant speeds: the economic reform speed seems to be faster than the one directed toward individual rights and freedom. Besides economic prosperity, Moroccans also demand social justice, individual freedom, good governance, transparency, political participation and power sharing. The State’s provision of these social demands does not always seem to meet the citizens’ expectations. Hence, investments in these sectors needs to be taken seriously in order to alleviate the youth’s frustration, which is often expressed through distrust in the national institutions, social protests, migration, and extremism. The advent of information technologies, social media, and globalization trends, especially among the Moroccan youth, will make it harder for the ruling establishment to keep overlooking these social demands.

» International Synergies

Multilateralism is a key principle that guides the Kingdom’s foreign policy and international relations, and it is based on three pillars: “Peace and security”, “Development” and “Human rights”, as stated by the Minister of

¹⁶ Ibid.

¹⁷ Ministry of Equipment, Transport, and Logistics of Morocco. Available at: <http://www.equipement.gov.ma>



Foreign Affairs during the 75th session of the UN General Assembly in 2020. This orientation has become more of a necessity than a choice given the modern global challenges that can only be addressed and solved when transnational synergies are synchronized. Cases on point are international terrorism, cross-border digital crimes, human trafficking and smuggling, migration, global economic crises, and global health crises (e.g., Ebola & COVID-19), and climate change and environmental justice, among others. In each of these challenges, Morocco proved to be an international player while also remaining exposed to their threats, which makes the country dependent on its allies' support.

Today, for instance, the country has built a reputable collaboration with neighbors and friends, namely the EU, the US, and African Union, in various domains. First, it plays a central role in the fights against terrorism and exchanges invaluable intelligence with its EU allies (France, Spain, Belgium, Germany) and the USA. Second, Morocco is investing efforts and logistics in collaboration with its Southern Mediterranean neighbors (Spain) with regard to border management, illegal migration, smuggling and human trafficking; and it hosted the Global Migration Pact in 2018. Third, it plays a central role in the UN Peacekeeping mission and humanitarian assistance, especially in Africa (Congo, Somalia, Democratic Republic of the Congo, Côte d'Ivoire and the Central African Republic), and Middle East (Refugee Camps in Jordan and Lebanon). Its role in hosting the talks and contributing to reaching a solution to the conflict in Libya has gained Morocco international recognition, likewise.

Conversely, the nature of the economy, the limited national resources, and the geographical proximity to Europe makes Morocco very dependent of its Northern Neighborhood, and have initiated fundamental reforms. Efforts to accelerate economic growth, the modernization of economic and financial structures, and the upgrading of the legal and institutional frameworks have been accomplished, including the upgrading and modification of legal texts such as the Customs Code, the Commercial Code, the Investment Charter, the Law establishing the commercial courts, the Law on free pricing and competition, the regulation of the State's markets, and the Law on the protection of industrial and commercial property. For the future, Morocco will continue its strategy of improving the business and investment environment as well as diversifying and expanding multilateral trading system and economic relations, in order to encourage more investments. It will also capitalize on its free-trade treaties with the United States, the European Union, EFTA, Turkey, and Member States of the Arab League as part of the Greater Arab Free Trade Area, and the Mediterranean Arab countries as part of the Agadir Agreement.

Furthermore, the long-lasting conflict over the Sahara issue, which continues to feed tension between the Kingdom and Algeria, Mauritania, and other nations, has taught Morocco that only by mobilizing the international community and gaining more voices on its sides can the country solve this internal conflict. This explains the country's decision to reclaim its chair within the African Union in 2017, paying more and more attention to Africa. Furthermore, Africa represents a fertile economic market in which Morocco will have a substantial share. For instance, the country has become the 2nd African investor in the continent (\$ 3 billion direct investments in sub-Saharan Africa in the past 10 years) thanks to more than 1000 cooperation agreements with more than 40 countries¹⁸. In so doing, Morocco seeks to position itself as an essential financial hub and export "platform for investors wishing to target dynamic markets with high growth potential in Africa"¹⁹.

Finally, the COVID-19 pandemic, and especially the race toward securing vaccines, has also ushered the country's leadership toward understanding the value of building diversified international relations, and not relying solely on traditional allies. Therefore, the coming years will reveal the establishment of a new generation of bilateral trade and strategic agreements with new powers; a good example on this new orientation is the newly signed UK-Morocco Association agreement in 2020, and the Morocco-US-Israel Deal in late 2020. The future will reveal more international collaboration with unconventional partners in Africa, Asia, Europe, and Latin America.

¹⁸ Ministry of Economy, Finance, and Administration Reform of Morocco. Available at: <https://www.finances.gov.ma>

¹⁹ Ibid.



Algeria 2030-2050: Situation analysis (diagnosis) and alternatives-proposals-scenarios in the face of future challenges

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Algeria is facing a social and political dynamic unprecedented since the independence as a result of a popular movement known as *Hirak*. The political system inherited from the independence, which establishes dialectical ties between rent and power logics, finds its natural boundaries due to its inability to solve the new social demands and the new problems faced by the country. The fact that young people form the most populated group only exacerbates this cleavage. The power/opposition political parties and the civil society attached to the traditional parties find themselves unable to represent a population which has lost its faith on them.

The arrival of COVID-19 and the fall in hydrocarbon prices, which showed how vulnerable the hydrocarbon-based Algerian economy really is, has only worsened the forementioned picture.

The last presidential election (December 12, 2019) and the boycotted constitutional referendum (November 1, 2020) have already showed a soaring level of abstention. The failure of these and other political proposals by the system makes a renewal of central and local governance urgent in order to achieve an increased morality in the political management inasmuch as the rule of law cannot exist as long as the rule does not bring law, i.e., if it is immoral. Rule of law becomes a necessity to Algeria due to national security reasons.

Against this background of an Algerian economy crumbling ever since the fall of hydrocarbon prices in 2014, the crisis is also political with a system which has become obsolete. The need of systemic reforms is an urgent matter.

In the social framework, with a social deterioration highly aggravated by the pandemic, the continuation of the social transfers (subsidies)—i.e., almost 8.4% of the GDP each year—cannot be taken for granted in the near future.

Against this background, we call into question the future of the country in the lead up to 2050, especially taking into account its economic, political and social indicators, where even the most positive of the scenarios is alarming. Thus, a change of course is urgently needed, as the status quo would represent something similar to suicide. This picture reveals the need to draw lessons and especially to take action against the divorce between State and society via the engagement of a civil society originated in the February 22 *Hirak*; what is at stake is the national and international credibility of the Algerian political system.

The population trends, with almost 1 million births each year during the last two decades and with the demographic pressure (over 50 million inhabitants by 2030), makes imperative resolving Algeria's political crisis and developing a realist strategy—one which adapts to the fourth global economic revolution, to artificial intelligence, to the digital challenge, etc.



The pitiful level of development the country has reached several decades after the independence, despite enormous monetary expenditures, makes a new governmental direction and a general mobilization from the citizenship an urgency in order to prevent strong budgetary tensions as early as 2021/2022. The potential consequences of such tensions would be dramatic and economic, social, and political at the same time.

The needed reforms will require adaptative strategies which take into account the projection of our environment based on a dialogue between all the stakeholders as a determining factor to prevent a poor future development. It will be a matter of avoiding imperatively any delay on the structural reforms, considering the desire for change of two thirds of the population, fighting corruption—a source of threat for the national security—and pushing back against any kind of bureaucracy.

The incoming global geostrategic changes, expected at the outset of 2030, force Algeria, a country in a decisive and historical crossroad, to turn a critical eye on its state of affairs, what has been carried out, and what it is trying to achieve in benefit of a country which needs to find itself and bring together its citizens to accomplish an ambition, a hope, and above all a project for a society.

Free access to information, a truthful one, is a must in order to show the functionality of the governmental action for the benefit of the present and future generations. It is a necessity to keep demanding this kind of information.

The challenge for 2050 is the refounding of the State, achieving a new kind of governance with a solid basis founded in freedom – in a broad sense – for a participative and civic society; this entails real decentralization regarding large regional centers of power.

Algerian policymakers will need to adapt to this dynamic and constantly moving new world, which has no static model; otherwise, Algeria would be forced to live on outdated schemes from the past century, leading the country to an *impasse*.

The future reforms will need to carry out a profound or even radical reform of socioeconomic policy, with a new philosophy and way of doing politics which takes the moralization of the society into consideration, since bureaucracy and corruption have deepened the cleavage between the State and the citizenship and are an obstacle for the national – and therefore international – leap the country needs.

The success of the reforms depends on new political, social, cultural, and economic intermediation, leaving behind the unpredictability of the rent. The only way for Algeria to recover is to prohibit false privileges and to reestablish the standards of competence, meritocracy, and innovation as a bridge for success and social progress.

Algeria has no other choice than to accelerate the structural reforms, both microeconomic and institutional, as a prerequisite for macroeconomic, social, and political stability and, therefore, for reestablishing hard work and intelligence as a sign of success.

In conclusion, Algeria is in need of a new strategy, away from empty and populist slogans, as a way to adapt itself to a new world dominated by knowledge (or artificial intelligence); a return to confidence to ensure its future. Its imperative to move away from the burden of a rentier mentality in order to rehabilitate good governance.



Foresight Report – European Southern Neighbourhood: Libya

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Libya is a state which exists precariously and is a nation in a deeply vulnerable state. This deleterious situation effectively means that over the coming decades it will be buffeted by any and every trend which bears relevance. Thus, the most fundamentally important dynamic to Libya's future (and its impact on the region it inhabits) will be the ability of Libyans to rebuild resiliently. This goes beyond material reconstruction and speaks to the capacity of Libya's population to complete 2011's popular revolution by building a new political economy which can bring domestic stability – and gain support for their endeavour internationally.

In the ten years since the Libyan uprising against the 42-year tyranny of Muammar Qaddafi the country has devolved on every level. Libyan society, which atomised under the duress of 2011's military conflict, has continued to break down as insecurity and a battle for access to state resources – and therefore developmental or other rights – drives communities to deepen geographical boundaries or re-empower previously defunct tribal systems to find solidarity and help secure their needs.

This social shift has exacerbated an already creaking governance apparatus. With the collapse of Qaddafi's regime, his ruling clique, and their patronage networks, new networks and cliques were superimposed by the new rulers of the country. This caused the public sector payroll to balloon and its already low productivity to deteriorate further. Worse still, armed groups in sensitive locations used violence to loot public coffers or hold key state infrastructure to ransom, hampering Libya's state sovereignty, revenue generation, and ability to govern. The worst expression of this phenomenon was the development of a proto state in Libya's eastern province, Cyrenaica, under the autocratic rule of a warlord.

Under these conditions Libya has atrophied over ten years, and as such remains exposed to negative consequences from many of the upcoming trends set to define the coming decades. As already witnessed, Libya's strategic geography and other assets has made it amongst the first affected by the recrudescing battle between middling powers to control the broader region. Libya's fragile political transition was hijacked, and the country became an increasingly intense battleground exhibiting the worst features of this trend and accelerating other trends such as the proliferation of drone warfare, other new military technologies and the growth of transnational mercenary groups being used for 3rd state aims. This will stunt its growth for years to come as foreign mercenaries' man the frontlines of Libya's civil war, whilst foreign state actors snap up strategic real estate to transform into military bases.

The phenomenon of 'peak oil price' is also a spectre looming large over Libya's future, and aggravated by the recent past. The corruption and looting of the Libyan state by predatory Libyans and nations has dramatically reduced the size of Libya's foreign exchange reserves, and damaged Libya's export capacity. This means that for Libya, a country where almost all government revenue currently comes from oil, the state will have less and less resources with which to do the more and more needed investments. This is a trend that will worsen socio-political disfunction as government jobs remain the ambition of most constituencies, and it'll considerably raise the stakes of the zero-sum game for power, incentivising further conflict while further disincentivising compromise.



This also means Libya will be a late mover into the world of renewable energy and electricity generation, which in better circumstances would have been the natural path of evolution for its economy and its own domestic power needs. If neighbouring states replace it, and Europeans find other paths to fill their demand, then Libya will have lost its moorings and be forced to innovate a new economic base away from the energy sector just as its primary asset depreciates exponentially. It also means that Libya will be penalised by carbon based economic instruments that will be increasingly deployed as part of the global effort to fight climate change.

Libya's feeble if non-existent attempts to prevent the coronavirus rampaging through its population have been instructive of how its recent compounding failings leave it especially exposed to the trends of global devastation. Whether this be future pandemics, or other catastrophes like climate change, Libya lacks the state control, mutual trust, communication mechanisms, and organisational capacity to mount effective responses. In fact, these factors then make it susceptible to unexpected side-effects, such as becoming a thoroughfare for uncontrolled migration from the global south to the north.

The common denominators of Libya's predisposition to extreme negative consequences from the different trends sweeping the region are the incapacity of its state, its social disharmony, and political confusion. As such, the issue which will have the strongest bearing on Libya's trajectory over the medium term is the ability of Libyan civil society to take control over its political process. If Libyans can withstand the depredations of a predatory elite and found a constitutional basis for a new political order and a new social contract to define the relationship of Libyans to their state, then that will have a transformative effect on the country and its ability to grapple with other developing trends of the era.

Although it is Libya's political process that is the key to Libya's future, who drives it will have the most influence upon it. This is why the trend of Libya's growing civil society, demonstrated by nationwide protests against corruption and the elite in Autumn 2020, who remain a simmering watchdog over the official UN process today will be the one to watch. As civil society organisations become more active at democratisation and civil engagement projects while engaging more with 'western' missions, the organisational capacity of Libya's civil society grows, as well as its ability to articulate the desired changes. The trajectory of Libya's civil society over the next few years, and its ability to find an international sponsor that may shelter it from the predations of other nations, rather than exploit it, will be the defining feature of Libya over the decades to come.



Egypt's Post-pandemic trajectory: more of the same

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Egypt has, by many standards, exceeded expectations of how it would navigate and emerge from the Covid-19 pandemic. For several invested actors and observers, the fear was, in March 2020, that the country would descend into a spiral of healthcare chaos and increased domestic turbulence and instability. While its covid-19 pandemic response has been lacklustre for most of the last 15 months, alongside a woeful vaccine rollout to date, the country has emerged with its “darling” reputation among international financial institutions intact, a more entrenched and consolidated regime, and foreign policy challenges that are being met with a pragmatic approach from Cairo.

» Domestic stability amid a raging pandemic

Egypt has not, despite significant underreporting, been left unscathed from the pandemic in the last year. Although an early lockdown and closure of airspace was introduced in the Spring of 2020, since then the country has decided to coexist with the virus, and keep life and work open, relying on citizens to exercise restraint, self-control and assess their own risks. Nevertheless, the death toll has surged in the most recent third wave in Spring 2021 – which has proven far more deadly and harder to control than the first or second. Even in this scenario the government has showed a clear reluctance to shut down social activity, despite the deaths of more than 500 doctors, possibly hundreds more healthcare professionals and undoubtedly many thousands more citizen deaths than officially reported.

Despite this, the country's leadership has managed to use the pandemic and the global economic downturn to further consolidate power. Pockets of frustration with state policies that had previously seen small, spontaneous protests or domestic outrage have been entirely muted as the country closes inwards and the regime finds itself capable of entrenching its position within the institutional framework. Although arrests of civic activists continue, and human rights are consistently ignored and abused, domestically the country has never seemed more stable or secure for the regime in power. For the most part, dissent or opposition falls on entirely deaf ears, when before it may have at least caused some reaction or rupture.

However, the one domestic arena that remains a potent mobiliser of civil society and promotes civic engagement across socioeconomic barriers is the role of women and, specifically, sexual and gender-based violence. The last year has seen the country experience a gender-rights reckoning of a potency not felt during the 2011 and 2013 political schisms. While the government and other state institutions – such as parliament and the security forces – have acted to reinforce male dominance in society and diminish the voice of women seeking self-determination and equality, the mobilisation has not disappeared, nor has it lost its relevance or impact on citizens.

» Foreign policy pragmatism



Egypt has been challenged over the last decade by significant neighbourhood and foreign policy concerns. The domestic anti-Islamist policy in place under the leadership of President Abdel Fattah Al Sisi has been exported over the past eight years, influencing policy decisions and interventions in Libya and Sudan, as well as informing a broader regional policy aligned with arguably Egypt's most ideological partner, the United Arab Emirates (UAE). In addition, a commitment to back strongman politics across the broader MENA and Horn of Africa regions has seen President Sisi provide material and diplomatic support to some of the region's most ardent authoritarians, such as Bashar Al Assad in Syria, Yoweri Museveni in Uganda, and General Khalifa Haftar in Libya.

Of late, while Egypt has found itself in a prominent position in Libya, being able to impose its policy priorities on the country's trajectory, it has not found the same success along its southern border neighbours such as Sudan, and more importantly, with Ethiopia and the decade-long negotiations over the Grand Ethiopian Renaissance Dam (GERD), which continue to stall. More recently, Egypt is facing a crisis of strategic relevance in light of Israel's successive normalisation agreements with other MENA countries, the UAE, Bahrain and Sudan, and longer-term questions over the primacy of its main strategic revenue: the Suez Canal. In addition, whilst for decades seen as the international community's prime interlocutor on the Israeli/Palestinian conflict, that future relevance is now in doubt as other countries seek alliances with Israel that could nullify Egypt's role.

With its strategic importance to the West now in question, the country clearly seeks to establish its own independent foreign policy, looking to emerge from years of being in the shadows of richer, more overbearing Gulf states like the UAE and Saudi Arabia. Believed to be fueled by a divergence in policy approaches towards the Horn of Africa, it is unlikely, however, that longstanding difference of opinions on regional policy will reach the level of rift or rupture in that alliance. Foreign policy goals are expected to continue to align or run in parallel with Gulf partners, although there are distinct signs that Egypt seeks to establish its own priorities of a more pragmatic and less confrontational approach, specifically along its borders.

» Conclusion

Egypt continues to face internal challenges amid the Covid-19 pandemic, which will have longstanding economic effects even as the country recovers in the months and years to come. However, the domestic threat perception for the regime is now significantly moderated, as it establishes a more consolidated role than arguably at any other time since President Sisi came to power. Meanwhile, foreign policy threats remain the most potent for the country, specifically the relationship with Ethiopia and the longer-term threat of divergent Gulf policies that fail to align with what Egypt considers national security concerns. Egypt seeks to promote a more pragmatic and realistic set of policy principles abroad, which require the need to review its relationships with the United States and Europe. This could, in the future, result in small concessions domestically, notably on the issues of human rights and freedoms, although the interpretation of what such concessions are remains wildly different in Cairo than in Western capitals.



Tunisia's long road to 2030

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Tunisia went through tremendous changes in the last decade. However, the direction it will undertake between now and 2030 is far from certain, due to several factors. The fact is, a decade since the Arab Uprisings began has passed, 2025 is coming soon and 2030 is close by, but the issues keep piling up. And while the Tunisian authorities did produce foresight reports and medium-term plans, their application or follow-up remains problematic. Hence, the pledges made during the government's "Tunisia 2020"²⁰, conference of 2016 were largely ignored, and so were the recommendations of the *Tunisie en 2025* report²¹, issued by the Presidency of the Republic the following year. But, following the "Tomorrowland" scenario dressed in the EUISS *Arab Futures 2.0*²² report, this paper will give a slightly optimistic overview.

» Fogs and Thunder

It must be noted, nonetheless, that the beginning of the decade will be tough for Tunisia.

The most immediate, short term challenge the country has to cope with is related to Covid-19. So far, public hospitals have been submerged and many Tunisians died because of the lack of places for Covid-19 patients. Private hospitals, though, benefited and charged exorbitant prices in their Covid-19 wards, but this is not sustainable. Tunisia, moreover, had difficulties to get and distribute the vaccine jabs, and it was not until mid-March 2021 that the vaccination campaign started. Scepticism about the pandemic and its vaccine remains high among the population which will complicate the situation. Covid-19 will impact Tunisia for years.

But perhaps more than the health crisis, it is its economic repercussions that will affect Tunisia the most on the short and medium terms. The Tunisian economy is tied to the global one, with services and tourism representing important chunks of its GDP. Since the late 2000s, it began to show crisis signs, accelerated by the 2008 global financial crisis. That in turn precipitated the 2011 uprising, but the economic situation did not improve in the subsequent years. Then came the pandemic with a negative growth²³, of around 9%, the largest in the country's history. It is hard to predict any positive rebound before 2023, at least. And even then, Tunisia will need to catch up with the lost years and deal with several problems that will be enumerated below.

In parallel with its economic struggles, Tunisia suffers from a long political crisis that is partly structural. Whereas freedom of expression advanced since 2011, the institutions that make a democracy work have difficulties to function. The country got a constitution, but no constitutional or supreme court. It holds regular elections and have a powerful parliament, but barely no structured and organized parties (apart of Ennahda). So even when stakeholders agree on a compromise, it quickly falls apart. Political instability will be the norm, not the exception.

The lack of strong political parties is in turn affecting the work of bureaucracy, because each time a political party makes it in elections, it elevates some of its supporters to high responsibilities. Once the party disinte-

20 Más información en: http://www.investintunisia.tn/Fr/programme-de-la-conference-internationale-pour-leinvestissement-tunisia-2020_50_201_D118

21 Leasers (2017). L'ITES publie "La Tunisie en 2025", *Leaders*, 26/04/2017. <https://www.leaders.com.tn/article/22170-l-ites-publie-la-tunisie-en-2025>

22 Gaub, F. (2019). Arab Futures 2.0: The road to 2030. *EUISS*, Chaillot Paper/154. <https://www.iss.europa.eu/content/arab-futures-20>

23 Reuters (2021). Update 1 – Tunisia's economy contracted 8,8% in 2020. *Reuters*, 15/02/2021. <https://www.reuters.com/article/instant-article/idAFL1N2KLOWQ>



grates (it happens frequently), these bureaucrats are there, in high positions, but with little sense of belonging to any group. Furthermore, recruitment in public offices has been uneven, with less recruitments over the years. Also, due to the low salaries in the public sector, most skilled young Tunisians prefer to either emigrate or work in the scant private sector. There is therefore no quality rejuvenation in ministries and other public service providers.

And relatedly, Tunisia has to cope with its own youth bulge. Because the economy is struggling to restart, it will be difficult to include hundreds of thousands of unemployed people in the economic circle between now and 2030. And as alarming, tens of thousands of school dropouts²⁴ were recorded in the last decade, which foreshadows a lost generation. Then, like all the countries in the southern Mediterranean, Tunisia is being hit hard by climate change. Desertification is creating shortages in arable lands and destroying water sources. As the population size keeps growing, feeding it will prove more difficult. The combination of demographic growth, unskilled youth, unemployment and climate change are ingredients of revolt.

And finally, Tunisia became a democracy at a time when democracy contracted globally. In the next few years, it will find less support to build its democratic institutions and consolidate the rule of law than if it had democratized three decades ago. And because of its authoritarian neighbourhood, it will face ongoing hostility and feel contained.

» Then a Real Spring?

But this bleak picture should not hide some opportunities Tunisia has, certainly not on the short term, perhaps not on the medium term, but quite possibly on the long term.

When it became a democracy in 2011, the country joined an exclusive club that gives it a seat with global powers and opens the fountains of development aid, especially from the European Union (EU) and the United States (US). Besides, the democratic system makes it easy for international partners to implement projects in the country and build partnerships. The country is often seen as a model that other countries in the region should emulate, a place where different voices are heard and where problems are solved through dialogues and in parliament. Moreover, because of its geographic proximity to Europe's core, Tunisia will continue to be in the priority list of Brussels' decisionmakers.

And even if Tunisia counts numerous school dropouts, it still has an educated society, overall, because of a public education system that was established seven decades ago. Also, the last decade witnessed the birth and coming to age of a new generation of free individuals who do not fear to fight against injustice and claim their rights. They are widely connected to the internet as well, and they learn avidly from online resources. Many among them got EU and US scholarships, educated therefore in the best schools in the world.

And, with all their flows, Tunisian state institutions showed resilient in front of the many challenges the country faced and they keep providing basic services. Furthermore, as messy and painful the current bureaucratic reforms look like, they will start bearing fruit by the end of the 2020s decade. With less bureaucratic obstacles, citizens and residents' lives will become easier. Start-ups and independent jobs will spread and the younger generation will be less tempted to join the public sector and more willing to launch their own projects and adapt to the market regulations. Additionally, the decentralization process that started in the late 2010s would have given, by the end of the following decade, enough prerogatives to local officials to act on their own and respond to the direct queries of their constituencies, improving the state of their localities.

²⁴ Bougzhou, K. (2016). L'abandon scolaire en Tunisie; état de lieux, caractéristiques et perspectives. *L'Éducation en débats: analyse comparée*, 7: 47-58.



Besides, even if the political parties are weak and dysfunctional, a vibrant civil society is blossoming in Tunisia. Moreover, violent extremism, which threatened social cohesion in the mid-2010s, has decreased in intensity and this is an ongoing trend. And Libya, which was both a security problem and an economic headache for Tunisian decisionmakers, is heading towards a peaceful settlement, which will provide jobs for thousands of unemployed Tunisians.

Finally, the international context might help. As oil becomes less relevant, Gulf states will become less hegemonic and their interference in the affairs of other states will decrease accordingly. Other regional hegemonies, such as Turkey, Algeria and Egypt, will need to cope with economic, demographic and climatic issues, becoming consequently less influential beyond their borders. Tunisia's autonomy will therefore be consolidated.

Of course, this is one of many scenarios, and things can go in multiple directions.



Lebanon's food security crisis: structural, not circumstantial

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Lebanon's economy has spiraled almost uncontrollably since late 2019. The Covid-19 pandemic and the devastating Beirut Port explosion the following summer had only exacerbated an existing series of crises. About 50 percent of the population now lives in poverty, according to the United Nations²⁵.

The international community and much of the Lebanese population have called for structural reforms that will improve living conditions, diversify the economy, and put in place accountability measures to combat rampant corruption and theft of public resources.

One of the most significant consequences is a food security crisis. As of December 2020, food inflation soared to over 400% according to the Lebanese government's own Central Administration of Statistics. The World Food Programme says this is currently among the most severe cases of food inflation worldwide²⁶.

However, the country's food security crisis is not just circumstantial, but also deeply structural. It is evidently linked to the other key issues that caused Lebanon's economy to collapse. While international non-governmental organizations have stepped in to mitigate the impact, the authorities have spent most of this bought time implementing stopgap measures that have ultimately failed. Now, at a time where a significant economic restructuring is needed most, Lebanon lacks the financial resources and policies needed to make that happen.

Lebanon since September 2019 has been experiencing a currency crisis, which continues to spiral to this day. The country has relied on pegging its local currency, the lira, to the US dollar at 1,500LL to \$1 since 1997²⁷. Both currencies were used in the market. The government at the time was trying to stabilize and rebuild its economy after a 15-year civil war from 1975 until 1990. However, with the service and banking sectors having the largest share in the national economy, and the country facing ongoing political and security crises, Lebanon struggled to maintain that currency peg. Several unsustainable reactive measures failed to solve this structural issue, such as luring people to put large chunks of their money in Lebanese bank accounts by implementing high interest rates.

In September 2019, the country began to face a dollar shortage, which caused a panic at the banks. Over time, they implemented dollar withdrawal limits, later only allowing people to withdraw their US dollars in its Lebanese equivalent. By early 2020, an informal black market rate has dominated the economy, and the authorities

25 UNESCWA (2020). Poverty In Lebanon: Solidarity Is Vital To Address The Impact Of Multiple Overlapping Shocks. https://www.unescwa.org/sites/www.unescwa.org/files/20-00268_pb15_beirut-explosion-rising-poverty-en.pdf

26 WFP (2020). The Market Monitor. https://dataviz.vam.wfp.org/global-coverage-market-monitor-49-oct-2020?_ga=2.4981107.1361756272.1615134614-1312311795.1614691789

27 Blominvest Bank (2018). Why the Peg is the Best Option for Lebanon? <https://blog.blominvestbank.com/wp-content/uploads/2018/10/Why-the-peg-is-the-best-option-for-Lebanon.pdf>



have struggled to maintain fair price inflation. Today, the banks have exchange rate to 3,900LL to the US dollar; however, that rate at the black market is at over 10,000LL.

What also makes this especially concerning for access to food is the fact that Lebanon is also an import-heavy economy. It relies on imports for 80% of its goods, including food items and primary materials needed for food manufacturing²⁸. Despite its geography, agriculture and the agri-food industry only respectively contribute to 5% of the country's GDP²⁹.

The import economy visibly unraveled throughout 2020, further expedited by the Covid-19 pandemic. For example, imported grain – which accounts for most of the grain used to produce bread – is subsidized to maintain a steady cost for a bread loaf³⁰. However, the dollar shortage has forced the Economy Ministry to inflate that price several times since last June.

Meanwhile, smaller grocery stores are struggling to stay afloat, while others have hiked their prices with far more limited items³¹.

The Beirut Port explosion on 4 August 2020 worsened the existing food security crisis for two reasons. Firstly, the Beirut Port handles almost three-quarters of all the country's imports. In addition, the explosion destroyed a 120,000-ton capacity grain silo, the only of its kind in the country³².

Following the port blast and the worsening economic crisis, the World Food Programme has stepped up its efforts to support a greater segment of the population, which also includes Palestinian and Syrian refugees who have been economically viable for years. The UN agency says there has been an increase in Lebanese nationals requesting cash assistance³³. However, the Lebanese government has not taken any serious steps necessary to alleviate this issue.

While caretaker Economy Minister Raoul Nehme and Cabinet announced a list of basic food items that will be subsidized by the Central Bank in May 2020 to prevent inflation, its execution was ultimately unsuccessful. First of all, oversight was weak, so the state was unable to make sure subsidized goods were fairly priced at stores. Secondly, blanket subsidies ultimately benefit people with the greatest purchasing power, and subsidized items have been prone to hoarding and smuggling across the border to other countries³⁴.

Some markets have made an effort to reduce hoarding by limiting purchases of several basic primary staples, but shortages have led to disputes breaking out between customers. As a result, the subsidies have ultimately benefitted the black market and those with significant purchasing power, not the country's poorest.

Resolving Lebanon's food security crisis falls in line with the wider economic crisis. It is a result of poor economic planning, with a heavy reliance on the service sector and imports, and a disregard for having a foundation labor and human rights.

Firstly, access to land and labor rights is key for this sector to improve. The top 10 percent of landowners own

28 Koffman, T. (2020). Lebanon's Currency Crisis Paves The Way To A New Future. *Forbes*. <https://www.forbes.com/sites/tatianakoffman/2020/07/09/lebanons-currency-crisis-paves-the-way-to-a-new-future/?sh=3f284fd36a17>

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two-thirds of farmable land across Lebanon³⁵. On top of that, the vast majority of agricultural laborers works informally, and is deprived of their basic labor and human rights.

In addition, while Lebanon hopes to unlock key developmental aid from the international community, it is imperative that these resources are used to invest in the country's agricultural and industrial sectors, to cultivate a sector where they can expand capacity and production, with labor rights and environmentalism at its core. Lebanon would also benefit from this because it would rely less on imports and would also have a more diversified economy.

Thirdly, as recommended by United Nations Special Rapporteur on the Right to Food Michael Fakhri³⁶, the International Fund for Agriculture should respond to farmers' demands to create a 'national developmental agricultural bank' to support local commercial farmers. Fakhri adds that this could help create stockpiles of basic food items that could be distributed at a subsidized rate or even for free for the country's poorest.

At the same time, the WFP and the United Nations' Food and Agricultural Organization need to continue their efforts, both with financial assistance and with supporting local farmers to move towards utilizing more effective practices and to access wider markets.

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Alexandria, climate change, and the Mediterranean Narrative

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The modern history and contemporary nature of Alexandria is a brew of different identities that give off (or once gave) a distinct resonance: Mediterranean, Egyptian, Arab, African, Middle Eastern, Islamic, Christian, Jewish, Levantine, among others. But the one profile that emerges as rooted in Alexandria's existential survival is the Mediterranean identity. Within a few decades, rising sea levels will inundate parts of Alexandria in what could be the start of history's closing curtains on the 2,300 year old city. Along with political and institutional will, it is imperative that Alexandria's relationship to the Mediterranean shifts its face from past and present towards the future and pushed further into a wider regional narrative.

Ask an Alexandrian what makes up their identity and the first word you will most likely hear is the sea. The sea is central to the popular imagination, literature, films, theatre, escapism, growing up, families, wedding shoots, and a street art that reflects the bond with the sea and its history and myths: mermaids, citadel, centurions, Alexander the Great, and lots of boat graffiti. Right down to the common line "If I leave Alexandria, I will feel like a fish out of water."

The long stretch of corniche and wave breakers have displaced the beaches as the dividing line, liminal space, and intersection between the public and the sea. Access to the corniche and the ability to see the sea is a continuing battle in light of the privatisation and "development" drive that have, in many cases, cut off the public from viewing the sea, let alone accessing it. Yet pockets of communal respite are to be found. At the outset of the pandemic, the corniche furnished many of Alexandria's young with the newly discovered hobby of kite flying that became a unifying public spectacle as even street children could get access to cheaply made kites. I had never seen that high degree of elation induced by any activity before on the corniche in many years. Barely a month or so passed and the kites were banned by the government on the official reason that they were behind a series of accidents (which is a legitimate concern but outright banning is different to regulating). The kite had, for a moment, become a hovering icon that connected sky, sea, corniche, and public.

To speak of Alexandria in a regional narrative is nothing new. Since the 1990s, elite efforts have been made to reintegrate Alexandria into the Mediterranean imaginary – albeit a neoliberal one that succeeded its colonial predecessor. The government rehabilitated the façade of the city as several institutes directed energies to crystalizing Alexandria's role in the Mediterranean world which included the Bibliotheca Alexandrina, Anna Lindh Foundation, and the former Swedish Institute, along with various cultural centres and initiatives.

Yet an endeavor needs to expand the notion of the sea from one linked to the past that evokes nostalgia and childhood memories, as well as the present that touches upon romance, enchantment, leisure, and livelihoods, to a future where an apocalypse looms on the horizon. Not to terrify the populace, but rather to deepen civic responsibility – from anti-littering to reconsideration of investment decisions – as part of the fight against climate change that can complement the respective policy on the matter. As well as linking Alexandria to efforts made by other cities in the basin as part of an unfolding story that aims to rescue the historical hubs of



the middle sea. However, short of radical adaptation measures³⁷, it is Alexandria, the only major city in the Mediterranean, that is at the highest risk of being largely submerged by 2050³⁸. It is no wonder why popular Google searches for Alexandria in the context of climate change reveal bizarre questions such as “Does Alexandria Egypt still exist?” and “who destroyed Alexandria Egypt?” It is an omen the city can do without.

Time and again, events have shown that Alexandrian public engagement or interest, particularly among the young and students, in their city’s welfare is heightened when they feel the city is part of a regional or global story – whether it be visits by foreign heads of state, clean up campaigns, artistic troupes, or the Africa Cup. It is part of the conscious Alexandrian mode of living to make sense of the fractured present while living in the shadow of multiple ancestral giants. It is the “nature of identity”³⁹, individual or city identity no less, “to change depending on time, place, [and] audience.” In this case, the repositioning of Alexandria’s Mediterranean identity can no longer be limited to culture wars, Euro-centric elites, and postcolonial critiques. It is now a question of survival.

As I have argued before⁴⁰, the Mediterranean is a laboratory with natural demarcations, rich history, trade, and cultural ties that could enable “an overarching new Mediterranean narrative to be written through a series of conferences, symposiums, workshops and accessible publications” with the possibility of contributing to “animating forms of transnational citizenship, a project that builds a Mediterranean platform” that can construct a new narrative and social contract.

Alexandria needs to feel part of the neighborhood story and brought into a mission in which its fate is tied with the same menace confronting Beirut, Tunis, Tangiers, Barcelona, Marseilles, and the rest of the cities dotted around the basin. While many Mediterranean cities will suffer from rising sea levels to hotter temperatures, the menace is eyeing Alexandria with the utmost ferocity and has earmarked a swathe of the city to be turned into one large underwater museum. A rising sea level that will perhaps regurgitate onto the city’s future and permanently flooded streets, the thousands of abandoned facemasks, and lost kites.

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