



CONSELHO ECONÓMICO E SOCIAL

Combating Poverty in the Euro-Mediterranean Countries

Report

Working Group

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Nota prévia

O partenariado Euro-Mediterrânico foi instituído em Barcelona, em 28 de Novembro de 1995, pela Conferência de Ministros dos Negócios Estrangeiros dos 27 países situados em ambas as margens do Mediterrâneo, reunindo anualmente para discutir alguns temas destinados ao reforço da cooperação da UE com os países da bacia mediterrânica.

Em Novembro de 2006 realizou-se em Ljubljana, na República da Eslovénia, a 11ª Cimeira Euro-Mediterrânica dos Conselhos Económicos e Sociais e Instituições Similares. Na sua segunda sessão, foi apresentado e discutido o tema "*Combating poverty in the Euro-Mediterranean countries*" ("Combate à pobreza nos países Euro-Mediterrânicos"), com base num Relatório coordenado pelo CES de Portugal, preparado em colaboração com os CES de França, Grécia, Itália, Tunísia e Turquia.

Este Relatório surgiu na sequência da Cimeira Euro-Mediterrânica que decorreu em Valência, em Novembro 2004; tendo como objectivos avaliar o estado actual da pobreza na região Euro-Mediterrânica, mais precisamente nos 10 países Euro-Mediterrânicos que não pertencem à União Europeia – Argélia, Egipto, Israel, Jordânia, Líbano, Marrocos, Palestina, Síria, Tunísia e Turquia –, compreender as suas causas e consequências, bem como os esforços que têm sido efectuados e que necessitam de ser realizados, com vista a combater a pobreza nestes países.



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Executive Summary

Globally speaking, poverty coexists with abundance. Nevertheless, it is said that if the current trend persists, most of the Millennium Development Goals will be missed in most countries. The resolutions of the international community are far from being satisfactorily implemented, namely due to lack of political will.

The right to development demands that the eradication of poverty be explicitly included as one of the aims of the development strategy. Such a strategy should give particular attention to the need of delimitating *severe* or *extreme forms of poverty*. Peace and development interact with each other.

In the Euro-Mediterranean region and, particularly in the Southern and Eastern Mediterranean countries (SEMCs), the Barcelona Declaration was received with enthusiasm. However, ten years later (2005), the results do not correspond to the expectations. Efforts on both the sides are necessary to give a new impetus to the Euro-Mediterranean partnership. In particular, it has been recognised that the Barcelona process, in spite of all its richness and usefulness, does not give especial accent to the fight against poverty. It is true that some of its axes have an indirect positive effect on poverty, but it does not attach priority to that objective. Furthermore, poverty does not appear as a mainstream concern of the economic and social overall strategy. This is the time and the opportunity to fill in the omission and place the problem at the centre of the Euro-Mediterranean partnership.

It must be noted that, whatever the economic and human progress may have been achieved in the EU, poverty, including its extreme forms, still persists. In this context, it is regrettable that, except for employment, poverty and exclusion have recently been excluded from the original list of priorities of the Lisbon Strategy.

The analysis of poverty in the SEMCs shows that, in general, the incidence of poverty in the region is higher in the rural areas compared to urban areas. However, the emergence and expansion of considerable "poverty pockets" or "slums" in urban areas indicates that urban poverty is also increasing, although economic vulnerability is higher in the rural areas. Indeed, these trends reinforce each other. Female poverty rates turn out to be higher than male rates in all countries. Together with the traditional forms of poverty, these countries now face new forms of poverty, named as "working poor", who are employed with low and/or irregular payments, often in the informal sector of the economy. With respect to age, younger children are poorer, active-aged adults are not as poor, and the elderly are poorer than adults, but not as poor as children. In this context, it is natural that having children increases the risk of poverty more than having elderly members.

The sluggish economic performance in most of the countries of the region can be argued to have led to a decline in the living standards of the households and to an increase in poverty. Jobless growth is another factor affecting poverty in the region. Poverty is also affected by mutually reinforcing migration, urbanization and the expansion of the informal economy.



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On the other hand, globalisation has not proved beneficial for all countries and peoples, and has not been an instrument of inclusion and emancipation of the South of the world. Globalisation poses new questions, which need to be addressed in a planetary approach. Not only the foreign debt, but also the weak regulation of international trade necessitates efficient national, international and supranational policies, so that trade may be beneficial to all the parties involved. Indeed, while some of the causes of poverty are internal, other must be sought worldwide.

The debt spiral places poor countries under conditions of increasing inequality when compared to their industrialised creditors, while distorting international economic relations and the economic and social development of developing countries.

Commercial exchanges with the EU are substantial and unbalanced. The low level of foreign investments is insufficient and the productive basis of these countries appears to be inadequate to support the growth of the SEMCs and stimulate their qualified offer on the markets.

Combating poverty is a complex task. It needs to address the different aspects, and involves the participation of different actors, both national as well as international. Economic, social and human development is the main means to combat poverty. Sustainable growth is a necessary condition for progressively overcoming the scourge of poverty. However, what is at stake is not development alone, but a just and cohesive development.

The challenge of solidarity has changed during the last decades. Overall policies must address not only the microeconomic concerns – certainly necessary –, but also the real and changing needs and problems of the people. With the adaptations that may prove necessary, the approach of the Lisbon Strategy, based on the economic, social and environmental axes, may also be recommendable to poorer countries.

It is to each country to establish its own policies, but there should also exist a common Euro-Mediterranean strategy. A cross-cutting mission for monitoring the fight against poverty should have the status necessary to be heard at the level of governmental decision-makers. It would be difficult to understand should the countries of the Mediterranean basin stay aside this worldwide momentum around such a fundamental endeavour towards justice and peace in the world. This implies, above all, political will.

Safeguarding the differences among the countries, a set of common aims seem important, namely regarding basic needs, education; decent work; social protection and guidance to those who look for a job; social protection; family; persons with disability and the elderly; and the modern forms of exploitation and human traffic.

Underlying these aims, there should be the concern with the promotion of *citizenship* of the poor, comprising not only the civil and political rights, but also the economic, social and cultural rights, including the possibilities of effective



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participation in society. It is important to understand and eradicate the mechanisms that leave a part of the population by the side of the road to development.

Each State should be responsible for finding its own course of action. However, a coordinated strategy by countries of the Mediterranean basin could provide substantial support and an overall framework to national initiatives. The fight against poverty should be seen as a common endeavour of the peoples of the Mediterranean basin, and be clearly stated as such in the context of the Barcelona process.

Combating poverty is not just a matter of social security or welfare. It involves a general policy and all specific policies at the national level, as well as the need of a global approach towards poverty at the world level.

The efficiency of the efforts to combat poverty in the Euro-Mediterranean zone depends, to a large degree, upon good governance. Phenomena of over-centralization, accompanied by informal economy and lack of transparency in the interaction between public and private actors, must be dealt with so that anti-poverty policies may be less costly and more productive.

Especial efforts must be addressed to facilitate the integration of the informal sector into the formal economy and to combat corruption.

Good governance is equally relevant at the global level. One of the most serious problems of global governance is the inequality between the economic power of the States. This inequality translates into negotiating strength, which differs sharply between rich and poor countries.

The importance of the roles of the government and of the private sector in the fight against poverty should not underestimate the role of the organised civil society. The development of a dynamic organised civil society should be vigorously encouraged. The freedom of association is imperative and requires concrete legal guarantees; pluralism is a sign of such freedom.

Last but not least, a special reference must be made to the relevance of the role of the international institutions, namely the International Monetary Fund, the World Bank and the World Trade Organisation. Given their international character, the action of these institutions should be focused primarily on the global common good, which implies especial concern with the situation of the poorer countries and peoples of the world. This report presents some recommendations in this regard. In the particular aspect of foreign debt, the report underscores the need to define legal tools to guarantee equity and justice in the relations between debtors and creditors, avoiding, above all, intolerable suffering on the people. In the meanwhile, emergency measures are needed towards the most urgent situations.



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1. Introduction

The report on *Combating poverty in the Euro-Mediterranean countries* emerged as a follow-up of the Valencia Euro-Mediterranean Summit (November 2004). It aims at assessing the current state of poverty in the Euro-Mediterranean region, more precisely, in the 10 non-EU Euro-Mediterranean countries – Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Syria, Tunisia and Turkey –, and understanding its causes and consequences, as well as the efforts undertaken and needed to combat it.

Poverty is a societal problem that exists all over the world, though with different degrees of severity and in varying contexts. In some countries or regions, it means hunger and death. There is poverty in poor contexts, as well as amidst affluence.

Globally speaking, poverty coexists with abundance¹.

World poverty demands local and national efforts, as well as a decisive worldwide commitment, in line with the Millennium Development Goals 2000-2015 (MDGs) established by the United Nations in 2000². Five years after, it is disturbing to hear statements from highly qualified sources, such as the following, by the Director of the Human Development Report Office: "*This report (HDR 2005) is sending a very clear signal that most of the MDG's will be missed in most countries if we continue on the current trend*"³.

The Barcelona Process did not attach priority to the fight against poverty. This is the time and the opportunity to fill in the omission and place the problem at the centre of the Euro-Mediterranean partnership. In a globalised world, poverty is and must be understood as a global problem. All nations are part of the problem and should be part of the solution. This is also a cornerstone for building good neighbourhood, together with respect for the choices and the need of good governance in each nation-State. Ultimately, poverty denies the fundamental right to freedom⁴.

Peace and development interact with each other. To combat poverty, societies need peace, and, vice-versa, peace cannot be sustainable and just in a context of poverty and exclusion.

Poverty is generally understood as a relative concept. Definitions and methodologies abound. One should not expect to achieve a universally accepted definition of poverty or yard-stick for measuring it. Furthermore, poverty also has subjective dimensions that are no less relevant than the objective ones. It should be noted, however, that one of the effects of globalisation is that the benchmarking for

¹ See, for example, "Working Out of Poverty", Report of the Director-General, ILO, Geneva, 2003.

² United Nations Millennium Declaration, Resolution adopted by the General Assembly, UN, September 2000.

³ Kevin Watkins, Director of the HDR Office and lead author of the HDR 2005.

⁴ See Sen, A. (1999), *Development as Freedom*, Anchor Books.



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assessing a given situation cannot ignore the extreme limits of the problem: on the one side, those who live in extreme poverty, for whom poverty means hunger and death; on the other, persons and groups who concentrate in their hands disproportionate levels of wealth and income.

In the present report, we consider poverty as defined by the United Nations Committee on Social, Economic and Cultural Rights

"...poverty may be defined as a human condition characterized by sustained or chronic deprivation of the resources, capabilities, choices, security and power necessary for the enjoyment of an adequate standard of living and other civil, cultural, economic, political and social rights"⁵.

Towards the end of the 20th century and the beginning of the 21st century, the international community has expressed awareness of the urgency in putting an end to the endemic problem of poverty. Various international meetings and documents have expressed this concern⁶. However, the resolutions of the international community are far from being satisfactorily implemented, namely due to lack of political will⁷.

2. Poverty and Development

For many decades, development was understood predominantly as economic growth. It was assumed that growth would trickle down to the poor strata of the population and translate into well-being for all. In the recent years, however, there is increasing awareness that, though a necessary and fundamental means, economic growth must be complemented by policies aimed at distribution and sustainable "human development", defined as *"the process of enlarging the range of people's choices — increasing their opportunities for education, health care, income and employment, and covering the full range of human choices from a sound physical environment to economic and political freedoms"*⁸.

In a similar approach, the Vienna Declaration (World Conference on Human Rights, 1993) declared development as a human right: *"the right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in and contribute to and enjoy economic, social, cultural, and political development in which all human rights and fundamental freedoms can be fully realized"*⁹.

⁵ Poverty and the International Covenant on Economic, Social and Cultural Rights, Committee on Social, Economic and Cultural Rights, UN, May 2001.

⁶ WTO (November 2000); International Conference of (March 2002); CNUCED Conference at Bangkok (April-May 2002); G8 Summit (Xananaskis, June 2002); NEPAD Summit (Durban July 2002); World Summit (Johannesburg, August-September 2002); Universal Declaration of Human Rights, UN, 1948.

⁷ See, for example, "In larger freedom: towards development, security and human rights for all", Report of the Secretary-General, United Nations, General Assembly, March 2005.

⁸ UNDP HDR 1992, Overview, p.2.

⁹ Sengupta, A. (2000).



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Defined in these terms, **the right to development demands that the eradication of poverty be explicitly included as one of the aims of the development strategy, and that poverty indicators be part of the set of indicators used to assess development.**

Such a strategy does not avoid the need of delimitating *severe or extreme forms of poverty*, which require emergency action, albeit temporary and of an assistential nature, addressed to meeting urgent basic human needs.

Thus, *“one of the benefits of using human rights approach to development is that it focuses attention on those who lag behind others in enjoying their rights, and requires that positive action be taken on their behalf. In the human rights literature, this is often dealt with in terms of favouring the poorest or the most vulnerable groups of the society”*. *“The Right to Development (...) is centred around the concept of equity and justice, with the majority of the population who are currently poor and deprived enjoying raised living standards and the capacity to improve their position. The concept of well-being in this context extends well beyond the conventional notions of economic growth to the expansion of opportunities and capabilities to enjoy those opportunities”*¹⁰.

This integrated and indivisible concept of development as a human right corresponds to a coherent theoretical and empirical framework in which development should be understood, strategically defined, monitored and assessed.

3. Poverty in the Euro-Mediterranean Area

As it is well known, in September 2000, 189 nations adopted the **Millennium Declaration**, which comprised 8 Millennium Development Goals (MDGs) to be achieved by 2015. The first goal is to «Eradicate extreme poverty and hunger»¹¹.

In the Millennium Development Goals Report 2006, the *Under-Secretary-General for Economic and Social Affairs* summarises the assessment of the implementation of the MDGs, namely in the following statement: *“The present report shows that some progress has been made. This should provide the incentive to keep moving forward. But (...), there is still a long way to go to keep our promises to current and future generations”*¹².

Indeed, the decade that separates us from the year 2015 is decisive. In 2006, most of the countries are lagging behind the MDGs. Human development is unsteady in key areas, and inequalities, already deep, tend to deepen further. The commitment of the rich countries, according to Pearson and Brandt reports, are not yet accomplished. The decision to allocate 0.7% of GDP of developed countries to the development of poorer countries remains an unfulfilled promise.

¹⁰ Sengupta, June 2000.

¹¹ See <http://www.un.org/millenniumgoals/>.

¹² The Millennium Development Goals Report 2006, United Nations, Foreward.



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Rich countries allocate, in average, 0.25% of their GNI to Development Aid. The promise of the EU to achieve 0.51% until 2010 is particularly encouraging. Nevertheless, even in this case, the financing will remain short of the needs to attain the MDGs in the developing countries, including those of the Southern and Eastern Mediterranean area. The initiatives towards reducing poverty and promoting development in the area are praiseworthy, but they take too long to be implemented.

In the Euro-Mediterranean region and, particularly in the Southern and Eastern Mediterranean countries (SEMCs), the Barcelona Declaration was received with enthusiasm, which was enhanced by Meda I and Meda II Programmes (respectively, for the periods 1995-1999 and 2000-2006)¹³. Ten years later (2005), the results do not correspond to the aspirations of the partners from the SEMCs. While the European partners underscore the lack of good governance and of respect for human rights and democratic principles in those countries, the benefits of the trade balance for the EU member-States exceeds considerably the financial envelope of Meda I and Meda II. In this respect, the gap between the EU and the SEMCs is considerable and is at risk of increasing towards 2010, presumably the year for establishing a free trade zone in the area.

Efforts on both the sides are necessary to give a new impetus to the Euro-Mediterranean partnership.

4. Poverty in the European Union

Although the present report is concerned with poverty in the Southern and Eastern countries of the Euro-Mediterranean region, it is useful to include a summarised view of poverty in the EU at large.

It must be recognised that, whatever the economic and human progress may have been achieved in the EU, poverty, including its extreme forms, still exists in the EU: according to the 2005 report of the European Commission, on social protection and social inclusion, more than 68 million people (15% of the population) of the EU-25, were in, or at risk of, poverty in 2002¹⁴. The national poverty rates ranged from 10 % to 20%.

The question of social cohesion within the EU gained new dimensions with the May 2004 enlargement, when countries from the former "communist block" joined the EU. Future trends are naturally linked to the major question of European growth and to the restructuring brought about by the changes in the world economy. Hence the need to reinforce policies aimed at social inclusion.

In the light of these events, and notwithstanding the fact that the fight against poverty and exclusion remains within the competence of the member-

¹³ See http://ec.europa.eu/comm/external_relations/euromed/meda.htm.

¹⁴ Commission Européenne: rapport 2005 sur la protection sociale et l'inclusion sociale.



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States, the EU has developed a set of initiatives in this field. Furthermore, the year 2007 was declared the European Year of Equal Opportunities for All.

It is regrettable, however, that, except for employment, poverty and exclusion have recently been excluded from the original list of priorities of the Lisbon Strategy.

The National Action Plans for Inclusion are subject to the "open method of coordination" established at the Lisbon Summit. This method defines the general objectives for the plans, but leaves to the member-States the choice of the means and policies to achieve them. The method fosters cooperation between member-States and provides an overall European framework for the programme.

The EU programme has three strands: research, political cooperation and mutual learning, and networking at the European level. The common objectives of the programme cover a wide range of areas: participation in the labour market; modernisation of social protection systems; education and training; child poverty; decent housing; access to and quality of services; eradication of discrimination. Actions should engage the widest possible range of stakeholders, public and private, national and local, as well as the victims of exclusion and those who are at risk of being excluded.

The EU action plans are complementary to other European initiatives that directly or indirectly also address the problem of exclusion.

According to numerous *think tanks* and other organisations, the progress brought about by the actions launched under the Lisbon Strategy to fight against poverty is not clear. The strategy for social inclusion is in itself a sign of progress. It places the issue in the political debate and sensitises the relevant actors. However, the mechanisms are considered by some analysts as insufficient to bring about a substantial reduction of poverty in the EU. In its 2005 report on this subject, the European Commission proposed a certain number of measures to improve the existing mechanism.

5. Poverty in the Euro-Mediterranean Southern and Eastern Countries

The main focus of this section is to supply an overall "picture" of the 10 non-EU Euro-Mediterranean countries (SEMCS), in order to assess the situation with regard to poverty and, where possible, detect their common characteristics.

Notwithstanding the considerable lack of information, this section focuses on the following items: a brief description of the countries' "global features" and of the main social indicators, with particular emphasis on those that are related to poverty and, where possible, the identification of country-clusters regarding the characteristics of poverty. The main difficulty encountered was lack of information, particularly from national sources, not only on poverty, but also on some social



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indicators that are crucial to assess the situation and the development status of these societies.

In many texts, the majority of the SEMCs are included in the group of the Middle East and North Africa region (MENA), which, according to the World Bank, is considered as a middle-income region. In the 2004 "Strategy Paper for the MENA region", the World Bank considers the MENA region as comprising 20 countries, of which 8 are covered by this report (Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine, Syria and Tunisia). Israel is also sometimes considered in the MENA region, due to its geographic location, but not Turkey, which is also considered here.

The MENA region is economically diverse. It includes countries such as Algeria and Syria, which are rich in natural resources and have abundant labour force; Egypt, Jordan, Morocco and Tunisia, with scarce natural resources, but abundant labour force; the Gulf countries, which are rich in natural resources (mainly oil), but are net "importers" of labour force. The heterogeneity underlying the SEMCs emphasises the need to be cautious when tackling social phenomena such as poverty, especially when trying to make generalizations and interpreting statistical data, the majority of which are supplied by international organizations that, as expected, try to harmonize the methodology underlying the concepts. This word of caution should be underscored, since those diverse economic contexts are not described in the present report.

Population. As regard the *size of the population*, it is possible to distinguish, within the SEMCs, *larger countries* (Egypt, Turkey, Algeria, Morocco and Syria) from *smaller countries* (Israel, Jordan, Lebanon, Palestine and Tunisia).

In 2004, the population in the SEMCs was more than half the population of the EU-25, growing at relatively high rates (at or above 1.5%; except for Lebanon, Tunisia and Turkey), averaging 2.1% (see annex, table 1). According to the UNDP Human Development Report 2005, the annual average population growth rate is 1.1% for the world, 1.3% for developing countries, 0.5% for high-income countries, 0.8% for middle-income countries and 1.6% for low-income countries¹⁵.

With regard to the *population structure*, data show that, in 2003, about half of the population was female. Concerning the rural-urban breakdown, although there seems to be a decreasing trend, a high percentage of the population still lived in the rural areas (exception goes to the smaller countries: Israel, Lebanon and Jordan) (see annex, figure 1). Nevertheless, in 2003, more than half of the overall population of the SEMCs lived in urban areas (except for Egypt, where 57.2% lived in rural areas).

The *age breakdown of the population* shows a clear difference between the SEMCs and the EU-25 (see annex, table 2 and figure 2). In 2003, in average terms, the percentage of the population with ages between 0-14 and above 64 were in the SEMCs, respectively, 33.4% and 5.0%, while in the EU were around 16% for both age

¹⁵ UNDP HDR 2005, p. 235. Data refer to medium-variant projections for the period 2003-2015.



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groups. Currently, the SEMCs do not present a trend towards ageing (except for Israel, where the share of population above 64 is almost 10% of the total population).

On the other hand, *child dependency ratios*¹⁶ are higher for the countries with higher population growth rates (e.g. Palestine, Jordan and Syria), with the exception of Morocco (see annex, figure 3), with significant implications on child poverty in these countries. *Total dependency ratios*¹⁷ show that almost 50-60 persons are dependent *per* 100 persons of working age (15-64), reflecting a real dependency burden on the working age population, which has to be tacked, either by the welfare regime of the country or by informal solidarity mechanisms. The implication of this burden will be discussed later, in section 7.

Health and education. These are the two essential areas for the analysis of poverty. Access to basic health services and education are essential to the well being of every human being, and the lack of these services contributes to the persistence of poverty.

Life expectancy at birth, total fertility rate, infant mortality rate and child mortality rate are four basic indicators used in cross-country comparative analyses. In addition to these, child malnutrition, for children under 5, and access to improved water source and sanitation should also be considered (see annex, table 3).

*Life expectancy at birth*¹⁸ can fall due to problems like famine, war, disease and poor health. Life expectancy rises with the level of development. However, at lower stages, dramatic improvements in life expectancy may be achieved with elementary measures in public health, sanitation and social assistance, etc. Women tend to have higher life expectancies than men. The reasons for this difference are not fully understood, but are often attributed to biological differences and life styles. Data for the SEMCs confirm these differences and, except for Israel, which, on average, is quite above the EU-25 average, countries demonstrate similar numbers of years of expected life (average of 70.3 for men and 74.1 for women – see annex, figure 4).

Average *total fertility rate*¹⁹ is 2.6 for the world, 1.7 for high-income countries (the value for the EU-25, in 2004, was estimated to be 1.5), 2.1 for middle-income countries and 3.9 for low-income countries²⁰. In terms of human development rankings, the average rate is calculated as 1.7 for high human development countries, 2.5 for medium human development countries and 5.8 for low human development countries. The total fertility rate data for the SEMCs also reveal their clusters, both in terms of income and human development: except for Palestine (which is clustered in medium human development category), Israel appears in the

¹⁶ The child dependency ratio is the ratio of the population aged 0-14 to the population aged 15-64.

¹⁷ The total dependency ratio is the ratio of the sum of the population aged 0-14 and that aged over 65 to the population aged 15-64.

¹⁸ Average life span of a newborn and is used as an indicator of the overall health of a country.

¹⁹ Average number of children a woman would have, assuming that current age-specific birth rates will remain constant throughout her childbearing years (usually considered to be ages 15-49).

²⁰ UNDP HDR 2005, p. 235. Data refer to estimates in the period 2000-2005.



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group of high human development and Lebanon, Tunisia, Jordan, Turkey, Algeria, Syria, Egypt and Morocco in the cluster of medium human development.

*Infant mortality rate*²¹ is also used to compare health and well-being across countries, together with the *child mortality rate*²². Using World Bank data it is clear the decline in both these indicators in all the SEMCs, between 2000 and 2004, thus reflecting some improvement. The progress is higher in some countries (e.g. Egypt and Morocco – although these countries presented, in 2000, in the overall group, the highest levels of infant and child mortality rates –, and Syria and Tunisia), than in others (e.g. Algeria).

A comparative view of the SEMCs with the rest of the world shows that average infant mortality and child mortality rates are, respectively, 54 and 80 (*per* 1,000 live births) for the world, 5 and 6 for high-income countries (as is the case of Israel), 29 and 36 for middle-income countries, 80 and 124 for low-income countries²³.

Child mortality rate is partly a reflection of *malnutrition for children under 5 years*. Data on this last indicator show a strong positive correlation between the two indicators for the countries for which data is available. Exception goes to Syria, which presents a high value for the child malnutrition, but a relatively “low” figure for child mortality rate, when compared to the rest of the SEMCs.

As regards *access to improved water source*, some improvement, although moderate, was achieved in Turkey (the highest), Tunisia, Morocco and Egypt, between 1990 and 2002. However, the situation worsened in countries such as Algeria and Jordan. Jordan ranks among the 10 water-poorest countries in the world, and is, therefore, highly dependent on external water sources. In Israel and Lebanon, the whole population has access to improved water source.

In relation to *access to improved sanitation*, very little progress was made in the 12 year-period, in the overall SEMCs. Exception goes to Egypt, but it presented the lowest value in 1990, and, together with Morocco, remains as that in 2002. Note the high percentage of population (98%) with access to improved sanitation in Lebanon in 2002.

Education and knowledge. In this regard, adult and young adult literacy rates and combined gross enrolment ratios are considered, with gender breakdowns (see annex, table 3).

*Adult literacy rate*²⁴ shows the accumulated achievement of primary education and literacy programmes in imparting basic literacy skills to the population, thereby enabling them to apply such skills in daily life and to continue learning and communicating in written form. The gender breakdown of the adult

²¹ Rate at which babies less than one year of age die, *per* 1000 live births.

²² Probability of dying between birth and exactly five years of age, *per* 1,000 live births.

²³ UNDP HDR 2005, p. 253.

²⁴ Percentage of population aged 15 years and over who can both read and write with understanding a short simple statement on his/her everyday life.



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literacy rate shows an expanding difference between women and men in developing countries, demonstrating the biased access of women to education.

Data on the SEMCs reveal two types of clustering: (i) in terms of male adult literacy, more than 90% (Israel, Jordan, Lebanon, Syria and Turkey), and between 60 and 90% (Algeria, Egypt, Morocco and Tunisia); (ii) gender differences higher than 15% (Algeria, Egypt, Morocco, Tunisia, Syria and Turkey, although this latter country can be considered being in the borderline) and lower gender differences (Israel, Jordan and Lebanon).

Considering the young adult literacy rate²⁵, data reflect a significant improvement for the whole set of countries and a considerable reduction of the gender differences, which cancel out in the case of Israel and Jordan.

Concerning the combined gross enrolment ratio²⁶, in five SEMCs (Israel, Jordan, Lebanon, Palestine and Tunisia) women tend to show better enrolment rates than men. Though intended to reflect educational attainment, this ratio fails to reflect the quality of education outcomes. Even when used to capture access to education opportunities, combined gross enrolment ratios can hide important differences among countries, because of differences in the age range corresponding to a level of education and in the duration of education programmes. Thus, the advantage of women in these countries can be explained by these differences in levels and duration, as well as by the military conflict in the case of Palestine.

Considering the three levels of education – primary, secondary and tertiary – the low percentages in the school enrolments in the secondary and tertiary levels in Morocco are particularly worrisome, when compared to the other SEMCs. Algeria also presents a low percentage in the last level of schooling.

As stated in the introduction to this report, poverty is a phenomenon that exists all over the world, though with different degrees of severity and in varying contexts. Hence the need of caution in making generalizations. Nevertheless, a few indicators will be used to establish some comparisons with regard to poverty and inequality (see annex, table 4):

- i. **Percentage of population living on less than 1\$-a-day**. This indicator is in straight relation with Goal 1 of the MDGs, which aims at “*to halve, by the year 2015, the proportion of the world’s people whose income is less than one dollar a day and the proportion of people who suffer from hunger and, by the same date, to halve the proportion of people who are unable to reach or to afford safe drinking water*”²⁷. Except for Egypt, this percentage is below 2% for the SEMCs with data available. However, on adding another dollar to the

²⁵ Percentage of population aged 15-24 years who can both read and write with understanding a short simple statement on his/her everyday life.

²⁶ Number of students at primary, secondary and tertiary levels of education, as a percentage of the population of official school age for those levels.

²⁷ United Nations Millennium Declaration, Resolution adopted by the General Assembly, UN, September 2000, p.5.



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benchmark, the picture changes dramatically. For instance, in the case of Egypt, 3.1% of the total population live on less than 1\$-a-day, which is roughly 2.3 million of people. By the 2\$-a-day threshold, the poverty rate increases to 43.9%, i. e., approximately 31.9 million people;

- ii. **Percentage of the population below minimum level of dietary energy consumption.** This is the only available indicator of *food deprivation*, and shows that Jordan and Morocco have the highest values in the region (7%), Tunisia the lowest (2.5%), while the remaining countries (except Israel and Palestine, for which no data are available) remain in between those extremes.
- iii. **Relative poverty**²⁸. Excluding the two outliers values of Tunisia and Palestine, the SMECs show a certain similarity of values around 15-20%, with the highest extreme registered in Palestine (40.3%) and the lowest in Tunisia (4.2%). The average rate for EU-25 in 2004 was of 16%.
- iv. **Gini coefficient.** This indicator measures income inequality²⁹. Even though it is not available for all the SEMCs, one can argue for a similar inequality in terms of income distribution, as the coefficient ranges between 0.32 and 0.44 for the 9 countries, where data are available.

These social indicators analysed in this section reflect not only the status of quality of life in the region, but also the situation of monetary as well as non-monetary poverty in each country. In the light of these indicators, a socio-demographic profile of the poor in the region is drawn, by trying to answer a few relevant questions.³⁰

- a) **Is poverty a rural or urban phenomenon?** In general, the incidence of poverty is higher in the rural areas compared to urban areas. However, the emergence and expansion of considerable “poverty pockets” or “slums” in urban areas indicates that urban poverty is also increasing, although economic vulnerability is higher in the rural areas. Actually, these trends reinforce each other, since higher rural economic vulnerability motivates migration to cities, where shantytowns or slums emerge.

Furthermore, in large countries of the region, the incidence of poverty tends to evolve from a rural-urban divide to a geographical-regional pattern. For example, in Egypt, the traditional setting of economic structures has evolved to affect the regional income distribution beyond the rural-urban divide and the divergence of poverty and inequality across regions became much more significant with being worst in Upper Egypt, both in rural and urban areas. In Turkey, even though there are small differences in vulnerability and incidence of poverty between rural and urban areas, one observes significant differences in poverty incidence between regions of the country. In general,

²⁸ Percentage of population with income less than 60 percent of median income *per capita*.

²⁹ It varies between 0 and 1, where 0 implies perfect equality and 1 perfect inequality.

³⁰ The information is gathered from not only regional reports but also from specific country reports compiled by international agencies such as UNDP or World Bank. The detailed citations are given in the references section.



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one can argue for a strong spatial differentiation in welfare among and within regions, not only in terms of wealth, natural resources and economic activity, but also in the way social and public services are distributed. This dimension extrapolates and reinforces the regional differences.

- b) **Is poverty gendered?** Conceptually, feminisation of poverty is a recent concept that highlights the vulnerability of women to economic conditions. As women are estimated to constitute 70% of the poor and 2/3 of the illiterate worldwide, it is evident that they are more critically affected than men by any economic changes. Almost in all cultures, women often work longer hours than men. However, much of their work remains un(der)valued, unrecognized and unappreciated.

The gender profile of the poor in the SEMCs is not different from these general conceptualizations: (i) female poverty rates turn out to be higher than male rates in all countries (ii) when women have the responsibility of “head of the household”, the incidence of poverty tends to increase due to the self-reinforcing effect of less access of women to education and to the labour market. Thus, one way or the other, the interaction of poverty with gender produces a vicious cycle where female children in poor households, deprived even of a basic education in childhood, would have significantly deprived labour market prospects as they grow up and, thus, they, and their children, would be doomed to a life of poverty.

- c) **Is poverty related with the characteristics of employment?** Traditional forms of poverty have always been thought to be tied to unemployment, and solutions were sought in the creation jobs for these sectors of the society. What we face now is the emergence of new forms of poverty, named as “working poor”, who are employed with low and/or irregular payments, often in the informal sector of the economy. This assessment is supported by the evidence from poverty studies in the SEMCs, pointing to lower proportions of unemployment among the poor. On the other hand, both in rural as well as in urban areas of the SEMCs, there is a significant incidence of poverty among females out of the labour force. Furthermore, considering that about 4/5 of the poor live in households with working heads in the region, one can argue that the main problem is not only employment or work opportunities, in themselves, but also the types of employment and the corresponding working/payment conditions. As poor workers have to accept whatever working conditions and payments are available, their well-being is subject to a vicious cycle. As could be expected, one observes a lower incidence of poverty among those employed in the public sector, while about 3/4 of the poor are employed in the private sector, where the informal sector is dominant, with insecure jobs and low pay.

Occupational characteristics are argued to be very close correlates of poverty risks. Labour market data for the SEMCs reveal that wage-earner category dominates on other forms of employment (almost half of the total employment: for instance, 50.6% for Turkey, 49.3% for Syria). In rural areas, unpaid workers and seasonal workers are more stricken by poverty than wage



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earners, while the urban poor are found to work as wage earners and self-employed (who do not hire others and work alone), especially in services and construction. In general, the largest proportion of the working poor is concentrated in agriculture and construction.

- d) **Is poverty related with household characteristics?** In the region as a whole, larger families with elderly and children are more likely to be poorer than the smaller ones. This is simply because larger families have fewer *per capita* resources, in absolute terms, though some goods may be shared among household members. The general tendency is that poverty is associated with age: younger children are poorer, active-aged adults are not as poor, and the elderly are poorer than adults, but not as poor as children. In this context, it is natural that having children increases the risk of poverty more than having elderly members.

Regretfully, there is no available information on the intergenerational transmission of poverty. The analysis of this aspect is particularly relevant, especially in the study of “traditional” poverty, which is usually long-term in nature. The importance of distinguishing long-term poverty from recent poverty lies in the fact that the former demands additional measures to overcome the *consequences* of poverty on the personality, behaviour and culture of the poor. These consequences may hamper seriously the results of what is done to combat deprivation and the causes of poverty, and must be dealt with from the very beginning of any anti-poverty programme or policy.

What has been said in this section shows that the set of countries under analysis is not homogeneous. Common aspects in the pattern of poverty go side by side with aspects in which there are relevant differences between the countries of the region. Both the common as well as the divergent features must be taken into account in the formulation of any recommendations.

6. Causes of Poverty

During the last 20 years, heads of international institutions have been claiming that a globalisation based on the principle of self-regulation of the market would bring about mainly positive effects, produced by higher revenues generated by higher productivity. In the 1980s it was affirmed that only restrictive monetary policies and reduction of budgetary deficit would allow for growth of GNP and increase of employment. To this purpose, the term “sustainable development” was coined and is used. The model was known, a few years later, as the “Washington Consensus”, adopted by international and supranational institutions in their operational interventions.

This conceptual framework neglected a series of negative phenomena produced by its internal logic itself: extension of inequalities; incapacity of collective demand to “automatically” adapt to potential levels of production; unequal distribution of gains deriving both from specialization and from the allocation of



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savings; loss of work posts, due to destructive competition within more advanced economies; consequent drop in the supply of public administration services, in the definition of environmental standards and of labour security norms; etc. All these negative phenomena eventually became determining factors of the unsteady and fragile growth that some countries are currently facing.

Globalisation poses new questions, which need to be addressed in a planetary approach. The protection of the rights of workers, the safety of consumption goods, the concept of sustainable development, and other similar concerns demand the search for a balance between lasting economic growth, exploitation of resources and protection of the environment, as between the protection of fundamental universal human rights and the protection of cultural diversity. Not only the foreign debt – which has evolved into a *spiral*, distorting international economic relations and the economic and social progress of developing countries –, but also the weak regulation of international trade necessitate efficient national, international and supranational policies for making trade beneficial to all the parties involved.

This general framing takes us to the discussion of causes of poverty in the Euro-Mediterranean region, some of which are internal, while others must be sought worldwide.

Even though, in overall terms, the region is identified as relatively rich in terms of natural resources, many of the Euro-Mediterranean countries face significant challenges in terms of poverty and social exclusion.

An analysis of the internal causes of poverty leads to the following assessment:

- **Poverty is closely related with economic development.** Despite the economic diversity within the region, with respect to *per capita* income, economic growth and structure, some similarities are evident. The economic slowdown in the 1990s affected the incidence of poverty in the region. In most cases, this weak performance is attributed to the decline in the agricultural sector growth and insufficient growth in the non-agricultural sectors (such as manufacturing and services) to absorb the effects of the decline of the traditional agricultural sector. Thus, sluggish economic performance can be argued to have led to a decline in the living standards of the households and to an increase in poverty, given the significant proportion of population living in rural areas.

Two cases remain as exception: Palestine and Turkey. In Palestine, more than three years of political unrest and closures have pushed the economy into crisis and seriously affected the living conditions and poverty. In Turkey the impact of the 2001 economic crisis, though mainly financial in nature, increased the vulnerability of the poor population and of those living just above the poverty line³¹.

³¹ WB, 2004; WB, 2005.



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- **Poverty is also affected by mutually reinforcing migration, urbanization and the expansion of the informal economy.** This aspect has a close relation with the economic development. As agriculture is no longer sufficient to sustain living, especially for landless peasants and small producers (who also cannot benefit from various price support policies introduced in the 1990s), those living on the margins migrated from rural to urban areas, in search of income and job opportunities. Throughout the region, late 1980s and early 1990s witnessed the expansion of urban employment through low-skill and low-paid precarious jobs, which, on the one hand, increased the labour force participation but, on the other, increased vulnerability, since the income provided by these jobs was irregular and impermanent.

Coupled with the slowdown in the non-agricultural sectors, especially in manufacturing, in addition to the growing unemployment in the urban centres, the expansion of the informal economy should also be mentioned. Thus, among the factors underlying the dynamics of poverty in the region, not only the correlation between unemployment and the incidence of poverty should be stressed, but also the stagnation and deterioration of wages and the expansion of precarious informal employment.

- **Jobless growth.** Even though the different factors are interrelated and should not be taken separately, it should be noted that jobless growth is another factor affecting poverty in the region.

In simple terms, it refers to the inability of economic growth to ensure job creation. This is due not only to labour saving technological changes, but also to subcontracting practices that open up opportunities for informal employment. Thus, even though small and medium size enterprises may be crucial for job creation at the local level, they also have the potential to become the pockets of informal employment, where many “working poor” are employed.

As mentioned above, whatever the relevance of the internal factors of poverty may be, the causes of poverty cannot be fully understood in the present world without taking into account the implications of the global context. In this regard, one should begin by underscoring the long lasting insecurity and unrest that affects some of the countries of the region, due to conflicts that have a regional locus but are much wider in their origin and implications.

Besides stressing the role of sustainable peace in the achievement of development, some other global aspects should be considered, namely the following:

- **Globalisation has not proved beneficial for all countries and peoples.** The two factors that are usually mentioned to explain growth and transformation of the global market – financial liberalisation and technological innovation – have not proved capable of achieving that objective, in the absence of adequate regulation.
- **The problem of the foreign debt of the developing countries has also been viewed as a source of social injustice and economic instability.** The



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ongoing trend of market globalisation has not adopted the new rules needed for ensuring that globalisation may serve as an instrument of inclusion and emancipation of the South of the world.

The debt spiral places poor countries under conditions of increasing inequality compared to their industrialised creditors, while distorting international economic relations and the economic and social development of developing countries. These countries' foreign debt has a negative effect also on the economies of the creditor countries, in as much as it precludes the expansion of commercial exchange and the enlargement of the markets of the rich countries, benefiting the respective employment and contributing to the limitation of migratory flows. As a result, even those who do not subscribe values such as development and solidarity should recognise the overall benefits of supporting the poorer countries.

When the debt spiral develops outside any internationally negotiated and agreed legal context, it undermines the sovereignty of individual States, leading debtor nations in the direction of disbandment, in that they are unable to guarantee fundamental social services. It, thus, undermines fundamental human rights - meaning the right to life and the economic, social and cultural rights - as well as human solidarity.

- **Unbalanced commercial exchanges with the EU.** The commercial exchanges with the EU are substantial. Europe takes up about 51% of the exports of the South Mediterranean countries and supplies them about 53% of their imports. The Mediterranean partners continue asking, without success, for a greater openness for their agricultural products on the European market, due to the importance of these products in those countries and because they expect comparative advantages on those products.

- **Insufficient foreign investment.** The low level of foreign investments is insufficient and the productive basis of these countries appears to be inadequate to support the growth of the SEMCs and stimulate their qualified offer on the markets. Since 1997, combined annual investment flows, stemming mostly from the EU, fluctuated between 6 and 12 billion dollars. Compared with the GDP of these economies, this is fairly insubstantial, and barely helps to offset the low rates of internal saving or to finance the major trade deficits and high external debt affecting these countries.

Furthermore, the foreign direct investment (FDI) in the region presents a high geographical concentration. From 1997-2003, 75% were focused on four countries: Egypt, Israel, Morocco and Turkey. FDI flows in these countries display a somewhat a volatile behaviour, reflecting the impact of major investment projects implemented in the context of privatisation processes in certain years.

Foreign investment, especially in the Maghreb countries, has essentially been geared towards traditional sectors such as energy, the primary sector, textiles and clothing and, to a lesser extent, tourism.



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The low growth of FDI in the Mediterranean may be partly explained by the fact that the weaknesses of these countries, relating to macroeconomic factors, business climate and political risk, may well have been more influential than the benefits they offer for relocation. This could explain the investors' preference for Eastern Europe and certain Asian countries.

Nonetheless, in recent years, the SEMCs have been implementing policies to attract foreign investment in an attempt to harness the growing process of production globalisation. Many countries in the area see attracting foreign investment as an alternative to the energy sector and to the dependence on oil exports, and some of them have initiated competition with other regions of the world in order to attract capital investment and improve the investment climate.

7. Efforts Towards Combating Poverty in the Euro-Mediterranean Southern and Eastern Countries

Combating poverty is a complex task, not only because it needs to address the different aspects, but also because it involves the participation of different actors: state, non-governmental organizations, civil society and international agencies. No uniform pattern can be found for designing efforts towards combating it.

There is a variety of programmes targeted to the vulnerable groups in the Euro-Mediterranean Southern and Eastern countries (SEMCs): food subsidies, microfinance programmes, public works programmes, and transfers in-cash and in-kind. Not all of them are government programmes, but some are developed and financed cooperatively with international agencies, and NGOs are also active.

Although the programmes adopted by the main international agencies (namely, UNDP, WB and IMF) seem to follow the international strategy of those institutions to combating poverty, the experience in the SEMCs shows that those programmes develop in close cooperation with the national efforts.

Thus, the identification of the different types of efforts towards combating poverty according to the actors involved becomes difficult, given the various interrelated actions involved. Even though the diversity of the SEMCs makes generalizations hard to compose, these efforts can be argued to follow a general pattern. In this regard, following the type of analysis undertaken by the World Bank³², which was based on distinction between *formal* and *informal* mechanisms, a review of national efforts will be undertaken and discussed. Rather than presenting a

³² WB, 2002a.



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complete list of programmes implemented in the region, this review will only address to broad categories that are commonly seen in the SEMCs³³.

7.1. Formal Mechanisms

7.1.1. Mechanisms within the social protection system: In the SEMCs, social protection systems have evolved within a public-sector-led economic growth model, where social assistance and services have been provided by the state. Within this framework, three groups of formal mechanisms can be identified: a) social assistance programmes, b) social insurance programmes and c) active labour market programmes.

a) Social Assistance Programmes comprise the following measures:

- *Public Work Programmes*, designed to create temporary jobs for the unemployed, while basic infrastructure is provided to the poor communities. Within the SEMCs, Algeria and Egypt have introduced these programmes in the 90s, with structural adjustment measures. However, Tunisia and Morocco have a longer tradition in this field³⁴. The fact that programmes are mostly supply driven precludes addressing the specific needs of the poor communities.
- *Social Funds*. As a common feature of the formal social protection systems, these funds are created (either by governments or by donors) to supplement traditional public social expenditure. They cover a wide range of programmes, from health and education infrastructure to community development and microfinance, and use a variety of intermediaries³⁵. Within the SEMCs, the Algerian Social Development Agency, the Egyptian Social Fund for Development and the West Bank and Gaza Community Development and the NGO Projects can be regarded as the three main examples. It has been asserted that, even though the importance of social funds in the overall social protection system or job creation in the region is diverse and most of the time remains limited, most funds are regarded as successful in terms of output³⁶.
- *Cash and In-kind Transfers* are provided by national governments, usually publicly administered but, in some cases, in partnership with local charities (e.g. Morocco). In-kind transfers include food aid through schools (Tunisia), food aid to the elderly and the handicapped (Morocco), means-tested food aid (Turkey), nutritional programmes for mothers and children (Morocco and Tunisia), training centres for poor, illiterate or dropout girls,

³³ The information is gathered from not only regional reports but also from specific country reports compiled by international agencies such as UNDP or World Bank. The detailed citations are given in the references section.

³⁴ WB, 2002.

³⁵ WB, 2002.

³⁶ WB, 2002.



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and shelters for school-age children and orphans (Morocco and Turkey). Cash transfers include assistance to the elderly and the handicapped (Algeria, Egypt, Tunisia and Turkey) and means-tested assistance to poor families in need (Jordan, Tunisia and Turkey).

- *Food Subsidies.* For several decades, these subsidies have formed an important element of formal social protection systems in Middle Eastern and North African countries. The programmes range from universal subsidies to self-targeted systems and rationed schemes to targeted safety nets, but typically include wheat and wheat flour (except in Tunisia, where semolina is provided), edible oil and sugar, mostly provided as a direct price reduction to consumers. As a general trend, one observes the decline in public spending on these programmes in the region during the 90s, mostly because of the reform measures manifested in the elimination of the subsidies (Algeria), reduction of both subsidized commodities and ration card holders (Egypt), replacement of subsidies with targeted cash assistance (Jordan) and introduction of self-selection mechanisms through quality differentiation (Tunisia)³⁷.

b) Social Insurance Programmes include the following:

- *Pension Systems.* Most countries in the region have defined pay-as-you-go (PAYG) pension systems. These systems have been experiencing severe challenges regarding the misuse of the funds collected from premiums mostly to pay government debts with negative rates of return, demographic transformations imposing increases in dependency ratios, and weak institutional capacities of the systems. Pensions cannot be regarded as an effective mechanism to combat poverty, not because of the amount of pension, which is argued to be high and generous, but because the coverage is limited to the formal sections of the national economies.
- *Unemployment Insurance.* These schemes are more recent in the region. As argued³⁸, uncertainties within the dynamics of the labour market affect the financing agreements of the system, in determining the amount of contribution, duration and level of the benefit, and the replacement rates. Furthermore, unemployment insurance system is also related with the formal section of the labour market and, thus, turns out to be less effective in terms of combating poverty facing those left out of the formal economy.
- *Microfinance Programmes,* mostly run by NGOs, experienced a significant expansion in the last decade. Based on a simple rationale that aims to “enhance the access of poor households to formal financial services”, these programmes resemble a participatory approach to development in general, and combating poverty in particular, by providing opportunities to poor people to become self-sufficient in the longer term. The expansion of the programmes is supported by international agencies, especially the UNDP. It is argued that the provision of financial services to the poor increases household

³⁷ Iqbal, 2006.

³⁸ WB, 2002.



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income and economic security, builds assets and reduces vulnerability, creates demand for other goods and services (e.g. nutrition, education, and health care), and stimulates local economies³⁹. Considering the SEMCs, as mentioned above, the expansion of the microfinance programmes is evident, not only in terms of the significant growth of the outreach, but also in the dominance of NGOs dependent on donor driven funds.

c) Active Labour Market Programmes comprise the following:

- *Job Search Assistance*, which mainly covers counselling and placement services. The programme is argued to reach a limited fraction of the labour force because, not only they operate through the unemployed registered in employment agencies, but also these lack appropriate information systems and technologies.
- *Vocational Training* covers long-term unemployed and retraining for retrenched workers. These are regarded no more successful than job search assistance programmes, as their main deficiency stems from the inadequacy of post-training placement. International evidence shows that these programmes work well in times of economic expansion or when implemented as small-scale and tightly targeted⁴⁰.
- *Wage Subsidies*, mostly used to support first-time job seekers with direct transfers to workers and firms. The net effect of this measure remains ambiguous. As an example, the Algerian experience shows that subsidies for the low-skilled workers are lower than minimum wage and firms are given incentives to hire unemployed. It is argued that firms use these schemes to hire workers they would have hired anyway rather than unemployed⁴¹. So, the impact of these schemes to combat poverty remains also quite limited.

7.1.2. Mechanisms outside the social protection system, which cover health, education and price subsidies and regulations.

a) Health

There is a significant improvement on living standards and health status of the population in the region, while cross-country variations still remain. It is quite common to emphasize the link between health status and poverty, as it inherently assumes low income, poor sanitation, lack of safe drinking water, poor nutrition, and low educational attainment, as well as a lack of access to health services. Health insurance is prevalent in all countries, though in varying degrees, as they are mostly part of the social security systems. Public systems cover public sector employees and formally employed workers with significant coverage gaps, not only for the informal sector workers, who constitute the

³⁹ Brandsma and Burjorjee, 2004.

⁴⁰ WB, 2002.

⁴¹ WB, 2002.



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'working poor' of the societies, but also for some rural areas within the region. As seen in many middle-income countries, **the high levels of out-of-pocket expenditures create an additional burden on the poor households, which allocate a higher share of their budget to health care services.** For instance, in Algeria the share of household health expenditure for the poorest 10% of the urban population is three times higher than for the richest 10%, while this share doubles for the rural population. In Tunisia, health expenditures, as a share of total household expenditures, for the poorest 5% of the urban population account for about 1.2% of total expenditures, while for the corresponding rural population, the expenditure share increases to about 2.1%.⁴².

b) Education

In the region, countries have achieved universal primary education and significant improvements in secondary school enrolments. However, as in the case of health, the access to and the quality of education is highly doubtful since there is no coherent educational policies. Associated with this is the increase in school dropouts and repetitions, where many of the dropouts are children from poor families who are likely to join informal labour markets during times of economic hardship. As there are no institutionalized policies specifically addressing to poor children, such deficiencies remain untouched. In Egypt, the enrolment rate for children in the top quintile remains above 80%, whereas enrolments in the poorest one-fifth of households are around 50%. In Morocco, net primary enrolments in rural areas are 58%, compared to 85% in urban areas.⁴³

c) Price subsidies and regulations

- *Subsidies for Water.* In response to the natural water scarcity in rural areas, these subsidies mostly aim at overcoming the problem in the case of export-related products. Some argue that these subsidies have created inefficiencies for irrigation when the cost of irrigated water is compared with the value added generated from agricultural production⁴⁴. In terms of the implications for the poorer segments of the society, the system implies higher costs and shortages when also coupled with infrastructural inadequacies.
- *Subsidies for Infrastructure and Transport.* Despite the diversity of schemes for providing basic infrastructure and transportation for the poor within the SEMCs, the common practice is to keep the price low, so as to maintain access and affordability. Nonetheless, 'services for the poor' become "poor" as infrastructure and the quality of the services deteriorate, because revenues fall short of maintenance expenditures, while demand is expanding. It is also reasonable to argue that shortages of basic services often concentrate on poor rural areas, not only due to the lower capacity of the poor population groups to finance these services, but also because they have less political influence to lobby for subsidized investments.

⁴² WB, 2002.

⁴³ WB, 2002.

⁴⁴ WB, 2002.



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- *Agricultural Price Controls.* As agricultural production in the region is subject to variability due to weather and climate conditions, farmers are protected by producer subsidies (mostly as transfers) in the form of guaranteed minimum prices, obligatory delivery and collection prices given by state monopolies, or floor prices, with a premium over reference prices, and input subsidies for fertilizers or improved seeds, aiming at the diffusion of new technologies. The programmes do not prioritize the more needy and poorer groups of rural population. Hence, one can claim that large farms tend to benefit more from these measures, as smaller farms are usually engaged in subsistence farming and do not benefit from these support programmes, since they do not have access to "markets".

7.2. Informal Mechanisms

a) Rural Portfolio Management

A large part of the poor in the region live in rural areas and, in fact, formal social assistance mechanisms are rarely extended to these groups. In addition, rural populations have less access to basic services, such as sanitation and water, as well as to public services regarding health and education. In such circumstances, and as coping strategies, family farms develop portfolio management mechanism in terms of crop and livestock production, as well as farm-family labour resources. The latter component of labour resource is regarded as the most crucial element, as these are employed outside the farm in temporary or seasonal jobs, either in agriculture or in urban areas, because these tend to generate a considerable source of household income, although temporary or irregular. Also, when the structure of the agricultural production is considered in terms of the size of the farms, one can easily claim that for small producers (i.e. small sized farm units like in Tunisia and Turkey) this out-of-farm income is usually more than in-farm generated income.

b) Family and Kinship Support

Households rely on family and kinship networks for coping with crises and having support in terms of resources. These types of networks are viewed as "vital" by the World Bank⁴⁵, where all the risks will be mostly individually challenged or dispersed through the enhanced social capital of poor individuals⁴⁶ in case of failure of the former. Thus, this approach mainly emphasizes individual risk management with strengthened social networks, rather than state intervention, which is highly doubtful in case of the poor communities. This is not to deny the importance of this support mechanism, but to highlight that the current trend of poverty and inequality in the region may weaken this family support (generally taking the form

⁴⁵ WB, 2002, p. 50.

⁴⁶ Social capital refers to the collective value of all 'social networks' and the inclinations that arise from these networks to do things for each other (Putnam, 2000).



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of food, livestock or other in-kind transfers), when relatives who used to help those in need would no longer be able to do, as they are also in need⁴⁷.

c) Charity Based Assistance

In the Middle Eastern and North African countries, religious charitable contributions constitute an important part of the safety net. Either by paying Zekat and institutionalizing Waqf type of foundations⁴⁸, or through local church based charity organizations, this type of assistance is widespread in the region, partly because of lack or insufficiency of well-established and institutionalized safety nets for protecting the poor. As this help is not continuous and is given on *ad hoc* basis, poor people cannot rely on this non-systematic and discretionary type of assistance. Evidence shows that for the case of Palestine, where the dominant modes of social assistance and social services used to be delivered by NGOs and charities using resources collected from Zekat and Waqfs, state-sponsored social protection has been growing as the Palestinian Authority assumes more responsibility⁴⁹.

In the beginning of section 6 – «Causes of Poverty» – some important implications and challenges that the developing world has to face, in a context of a globalized economy, were emphasised. These are the great challenges that humanity is called to face and that cannot be adequately addressed by national policies alone. Measures are necessary at the global level, which include the indispensable overhauling of the relevant international organizations, which, as they are now, seem incapable of effectively tackling these problems. In a later section, some recommendations will be presented in this regard.

8. Towards Building Up the Future

8.1. Poverty and Development

Economic, social and human development is the main means to combat poverty. Sustainable growth is a necessary condition for progressively overcoming the scourge of poverty.

It has been highlighted that the reduction, by 137 million, of the number of persons living in absolute poverty in the world, occurred during the decade of 1990-2000, was mainly due to the progress in China and India. During the same period, absolute poverty increased in many other regions, especially in the sub-Saharan

⁴⁷ See Bugra and Keyder, 2003 for a case study in Turkey, and World Bank, 2004a for West Bank and Gaza. Different from the other country examples, this study points to the weakening of informal support mechanisms in refugee camps as a result of dispersion as well as dispossession.

⁴⁸ Zekat is an obligatory payment for the wealthier to those in need in the Ramadan while Waqfs are charitable foundations set up by wealthy people to provide assistance or to support certain activities as schooling etc. for the poor.

⁴⁹ WB, 2002.



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Africa (with an increase of 82 million in 10 years)⁵⁰. Development is seriously uneven between countries and within countries. **What is at stake, therefore, is not development alone, but a just and cohesive development.**

The challenge of solidarity has changed during the last decades. Beyond the praiseworthy action undertaken by a large number of NGOs, overall policies must address not only the microeconomic concerns – certainly necessary –, but also the real and changing needs and problems of the people.

The EU has tried to respond to the challenge that it also faces, by adopting the Lisbon Strategy, based on the economic, social and environmental axes. The Strategy is focussed on knowledge as the main engine of progress. Human development can thus be seen not as a burden but as a key to development accessible to all. Such an approach is not exclusive of the developed countries. With the adaptations that may prove necessary, it is also recommendable to poorer countries.

The enhancement of personal autonomy is essential, but should not hamper the interdependence and solidarity between persons. The new approach towards development requires the understanding of the consequences of personal choices, to start with the effects of consumption choices of the better-off, over the life of the poor. **The ethical challenge that the world faces involves individuals and groups, as well as governments, and questions all levels of decision: local, national and global.**

8.2. The Fight Against Poverty and the Socio-Economic Strategy

It has been recognised that the Barcelona process, in spite of all its richness and usefulness, does not give especial accent to the fight against poverty. It is true that some of its axes have an indirect positive effect on poverty, but it does not attach priority to that objective. Furthermore, **poverty does not appear as a mainstream concern of the economic and social overall strategy.**

It is to each country to establish its own policies, but there should also exist a common Euro-Mediterranean strategy. **A cross-cutting mission for monitoring the fight against poverty should have the status necessary to be heard at the level of governmental decision-makers.**

The UN have already defined clear objectives to reduce poverty, namely in the context of the Millennium Declaration. **It would be difficult to understand should the countries of the Mediterranean basin stay aside this worldwide momentum around such a fundamental endeavour towards justice and peace in the world.** This implies, above all, political will.

Safeguarding the autonomy of each country to choose the means to achieve the objective, the following aims seem to be commonly acceptable:

⁵⁰ OIT, Février 2004.



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- Meeting basic needs of the whole population (*inter alia*, food, water, health care, education, housing, environment);
- Educational programme adapted to the children from poor families (equal opportunities of access and of success);
- Decent work for all;
- Social protection and guidance to those who look for a job;
- Reinforcement of the social protection schemes, ensuring the basic social benefits and minimum income guarantee for the most deprived;
- Family policy (its relation with work, the educational role of families, school for parents, housing policy);
- Policy for persons with disability and for the elderly, fostering their autonomy;
- Fight against the modern forms of exploitation and human traffic.

Underlying these aims, there should be the concern with the promotion of *citizenship* of the poor.

One of the characteristics of poverty is that it leads the poor to lose all forms of political, economic and social capabilities. The programme to combat poverty must, therefore, devolve to the poor the possibilities of being "normal" citizens and take their life and future in their own hands. This implies that **the poor should be the first actors of their own development and participate in the decisions that concern them.**

The common notion of citizenship usually considers only civil and political rights. However, these rights are inseparable from what has been called "social citizenship", concerned primarily with economic and social rights. On the other hand, it is increasingly clear that the representative democracy needs to be complemented with some dimensions of participatory democracy, in order to enhance the participation of all the social groups in the development process.

8.3. Mainstreaming the Fight Against Poverty

The development of the world economy has brought about economic and cultural changes that affect deeply the societies of the Mediterranean basin. It belongs to each country to find its own ways of action. International action cannot consist of a ready-made model imposed on different contexts and situations. This diversity of circumstances and experiences demands national-level economic and social policies. Indeed, as stressed above, each State should be responsible for finding its own course of action. However, **a coordinated strategy by countries of the Mediterranean basin could provide substantial support and an overall framework to national initiatives.**

One of the features of the current changes is that the free market economy, driving toward rapid globalisation, engenders, progressively, a new culture of economic activities and even of human relations. The predominance of the financial logic generates a process of marginalisation and exclusion of the weakest sections of the population, breaking traditional forms of solidarity and hurting dramatically



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those who cannot earn their living by themselves. This is particularly the case of youth without access to jobs, and of dependent persons, due to disability or age. **It is important to understand and eradicate the mechanisms that leave a part of the population by the side of the road to development.**

The EU does not escape from this question, and faces, namely in its global strategies, the competition between the demands of the competitiveness and the requirements of an inclusive policy. The Southern and Eastern Mediterranean countries are directly exposed to economic competition and it is even more difficult for them to establish social priorities that may ensure the future and the cohesion of their societies. Indeed, though absolute poverty is less dramatic in these countries than in some other regions of the world, the growth of *GDP per capita* is too slow and the unemployment rate is too high, especially among youth⁵¹.

Poverty calls into question the society as a whole. The way in which a society treats the situations of poverty is, in any case, an indicator of justice in that society. It is a cultural and ethical structural feature of the society's identity.

The fight against poverty should be seen as a common endeavour of the peoples of the Mediterranean basin, and be clearly stated as such in the context of the Barcelona process.

8.4. Involvement of the Extreme Poor

Poverty is not a homogeneous situation. There are different types of poverty, of which the most serious are the extreme poverty and the long-term poverty. Poverty is not only a situation of physical deprivation. It affects the poor in all the spheres of the personality: physical, psychological, cultural and behavioural. It undermines self-confidence and self-esteem. The deeper it is and the longer it persists, the more severely is the person affected by the situation.

The World Summit on Social Development (Copenhagen, March 1995) was clear in stating that "*extreme poverty is an offence to human dignity*"⁵².

Identifying the vulnerable and striving to involve them in projects ensures that these projects tackle the problems of exclusion so that no one is left out. Broadly speaking, programmes for combating poverty have extreme difficulty in accessing those in greatest need. Hence, the need for better quantitative and qualitative information on the poorest groups in all societies; the need for qualitative assessments of persistent poverty and of the effectiveness and failures of strategies to eliminate it; and the need to ensure that actions are undertaken in partnership with the most vulnerable, rather than focus on the averagely poor. If we are to create a social safety net for all, we must work starting with those who are unacknowledged, unheard and unseen.

⁵¹ Femise Report 2005.

⁵² UN, Report on human rights and extreme poverty, submitted by the Special Rapporteur, Mr. Leandro Despouy, June 1996.



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The most disadvantaged groups are partially obscured in the statistics. They are invisible to those who steer the development policy, and in constant danger of being by-passed, or even crushed, by the development process. Furthermore, the growing disparities within disadvantaged groups are, to a large extent, not apparent in the current assessments. Nevertheless, the poor at large, and those in extreme poverty, in particular, are hurt in the fundamental right to freedom. Indeed, **the right to freedom cannot be understood without meeting the conditions necessary to exercise it, the first of which is the possibility of meeting one's human basic needs.**

One of the possible difficulties encountered in defeating poverty, over and above unfavourable economic situations, is the inertia of the relevant stakeholders. **The low profile of national and European action against poverty is an indication and a cause of this inertia.**

Combating poverty is not just a matter of social security or welfare. It involves a general policy and all specific policies at the national level, as well as the need of a global approach towards poverty at the world level.

Extreme poverty will not recede unless all citizens in the country, throughout the Mediterranean basin, feel involved. Despite all efforts, the directly affected groups in all countries, i.e. the victims of poverty and exclusion, are barely involved in the definition, implementation and assessment of the objectives and actions undertaken. Their input, in terms of personal experience, is not adequately appreciated.

8.5. Governance

The efficiency of the efforts to combat poverty in the Euro-Mediterranean zone depends, to a large degree, upon good governance, i. e., upon the efficient organization of public administration and its harmonious cooperation with the social partners, the civil society and the international institutions.

Phenomena of over-centralization, accompanied by informal economy and lack of transparency in the interaction between public and private actors, must be dealt with so that anti-poverty policies may be less costly and more productive.

The active participation of the social partners and NGOs will help create a system of contractual relationship between the government and the society, and enable the international organizations to establish a more direct contact with the poor areas (geographical or sectoral).

Good governance may be better understood by distinguishing the *substantial approach* from the *instrumental approach*. The former considers that the respect and expansion of rights and freedoms are inherent to the development process, and that poverty implies the denial of fundamental rights and freedoms. The latter is interested in the effectiveness of the rights and freedoms as mere instruments.



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Following the former approach, the UNDP has included human rights in the very notion of sustainable development.

A special effort must be addressed to facilitate the integration of the informal sector into the formal economy. The simplification of the systems and norms in all the countries of the EU and the SEMCs included in the Barcelona process could foster the entry of the informal activities into the structured formal economy.

On the other hand, the multiplication of laws and regulations, or their absence, engender administrative complexity and foster corruption. The majority of the SEMCs have laws that are excessive and difficult to interpret. A major consequence of this situation is the emergence of a climate of lack of confidence on the system and of credibility of the structures of the State.

Thus, the simplification of laws and regulations, upgraded training of civil employees and high standards in their selection, establishment of independent agencies with adequate staff to ensure that anti-poverty programs are implemented in a transparent way, are some of the main characteristics that the efforts to enhance good governance should have.

Good governance is equally relevant at the global level. One of the most serious problems of global governance is the inequality between the economic power of the States. This inequality translates into negotiating strength, which differs sharply between rich and poor countries.

Some recommendations regarding this issue are included below.

8.6. The Role of Organised Civil Society

The roles of the government and of the private sector in the fight against poverty are well known. It suffices, therefore, to emphasise here the role of the organised civil society.

Irrespective of the level considered (local, national or supra-national), societies may basically be conceived as sets of individuals that are in continuous interaction with each other, moved by social, political, economic, cultural and other relationships and institutions that, in some cases, tend to promote the gathering of the individuals in specific groups. Civil society is one of the most important representations of the encounter of these groups.

One of the three main objectives of the Barcelona Declaration is "*the rapprochement between peoples through a social, cultural and human partnership aimed at encouraging understanding between cultures and exchanges between civil societies*"⁵³. Therefore, the potential active role of the civil society and, in

⁵³ "The Euro-Mediterranean Partnership/Barcelona Process" (http://europa.eu.int/comm/external_relations/euromed/).



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particular, of the organized civil society, as a promoter to straighten-up the relations and cooperation in the context of the Euro-Mediterranean partnership, represented, in most cases, by the Economic and Social Councils (ESC) and Similar Institutions, was established at a quite high level of expectations. These institutions could also play a decisive and challenging role in the context of the Euro-Mediterranean partnership in regard to the changes brought about by globalisation, namely in the conversion of many issues from a national to a worldwide scale.

The development of a dynamic organised civil society should be vigorously encouraged. It must be guaranteed by legislation enabling citizens to freely take collective responsibility in matters of public interest. It is a decisive factor in the combat of poverty because it permits interested parties and persons of goodwill to take direct action on the ground.

Economic and social conditions are determinant and affect the ability of each person to exercise his/her citizenship. Although political democracy is rightly perceived as the key aspect of democracy, it should not neglect the vital forces of the civil society. The weakness of the civil society undermines political democracy.

It should be recognised that in the present day societies there are many groups of interests that belong to the organised civil society, beyond the “traditional” social partners (employers’ and employees’ associations). Nevertheless, the latter continue to play a major role in the social dialogue, which still is a major mechanism of participatory democracy. Hence, **the freedom of association is imperative and requires concrete legal guarantees; pluralism is a sign of such freedom.**

8.7. The International Monetary Fund

In the emerging countries, currency crises may provoke the interruption of flows of resources touching the essential key of development and creating dramatic revenue drops. These revenue falls may be further aggravated by operational proposals of the IMF called in to help the country concerned. In fact, among the solutions that the IMF traditionally proposes, the increase of internal interest rates and the decrease of imports usually emerge. The incongruence of these procedures has long been emphasised.

The issues listed hereinafter are only a few among many others. They have recently drawn attention again.

The first issue relates to the following question: is the supply of funds by the IMF sufficient to face liquidity crises a convincing procedure to handle critical situations?

The second issue regards the capacity to prevent or remove phenomena of distortion of incentives to economic agents (“moral hazard”) that the role of crisis manager and last instance backer tends to create. This is due to the fact that the financing granted by the IMF is in the form of loans and not aids, but, since the



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interest rate of these loans is lower than in the market, debtor countries implicitly obtain a subsidy.

On the other hand, the process of finance supply is not typical of a last instance financial backer that needs limited time and funds higher than the maximum exigencies to be faced. Notwithstanding, in the last years the IMF has acquired new tools, such as supplemental reserve facilities, that represent a really short-term intervention line to extend, in a very short time, credit in excess in comparison with single countries' quotas.

A proposal put forward in December 2003, by Chancellor Gordon Brown, in order to find resources necessary for cancelling poor countries' debt, consists in re-evaluating the gold resources of the IMF (about 103.4 billion ounces) and using them to finance the debt cancellation of developing countries under certain requirements.

8.8. Finding new resources

The proposal of an International Finance Facility (IFF) was put forward for the first time in January 2003 by the UK Government, with the aim of finding resources necessary to face the problems of the poor countries. It refers, in particular, to the Millennium Development Goals of the UN, redefined in 2002 in Monterrey.

The IFF proposal arises from the need to assure effective availability of the necessary funds and to increase their amount for the poorest countries. The Monterrey Declaration hypothesises that the financial commitment of donor countries will reach 0.7% of the respective GNP until 2015⁵⁴. However, since bonds of public budget balance condition most of these countries, serious doubts arise as to whether such a target may be achieved.

The IFF mechanism could be able to tap additional money (estimated at 50 billion US dollars *per year*) derived from the international financial market. It would consist of issuing stocks based on obligatory long-term commitment of donor countries and assure reimbursement to credit securities' holders using future flows of payment of such countries. The supply of funds would be carried out through bilateral and multilateral mechanisms that are already in use, both in the form of funds and of debt reduction. The economic sphere to be protected would be that of long-term investments. That is, securities would be issued according to Monterrey long-term commitments and reimbursed in the years after 2015. The innovative feature of the proposal would consist in allowing developing countries to maximize the benefits from long-term investments.

⁵⁴ UN, International Conference on Financing for Development, Monterrey, Mexico, March 2002 – see <http://www.un.org/esa/ffd/0302finalMonterreyConsensus.pdf>.



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Thus, IFF could represent a supplement to the long-period commitment of the donor countries, making the immediate need of resources converge with the process these countries have to pursue to reach the set target of 0.7% of GNP.

The proposal has to undergo further technical study. After a preliminary evaluation of its viability, the IMF and the World Bank are working on it through the International Monetary Fund Committee and the Development Committee. So far, it has obtained a relatively general backing from the developing countries, international institutions, some NGO, etc. However, the articulation and the range of problems and evaluations connected with them are still vast.

8.9. International Trade

Globalization requires efficient global governance, closer commercial ties among nations, direct foreign investment and capital flows. Thus, rules at the global level have a strong impact on national economic and social policies.

According to a Nobel Prize holder for economy Joseph Stiglitz "*globalization today is not working for many of the world's poor. It is not working for much of the environment. It is not working for the stability of the global economy. (...) To some there is an easy answer: Abandon globalization. That is neither feasible nor desirable (...). The problem is not with globalization, but with how it has been managed.*"⁵⁵

So that globalisation may prove beneficial for all countries and peoples, it is necessary that the governmental and parliamentary institutions, together with the World Trade Organisation (WTO) and other international financial and economic institutions be organised with the goal of promoting the well-being of humanity and defending its cultural differences.

The principles of market globalization, grouped under the name of "Washington consensus", focus on trade, investments and disinvestments, privatization, public deficit associated with certain institutional settings. On the other hand, the concept of "sustainable development" has added new concerns into the traditional economic policy-making, namely in the areas of environment, poverty and reduction of revenue inequalities. In regard to the poorest countries', one may mention debt remission or the introduction of global tax mechanisms.

In this light, it is essential to carry out initiatives, namely, with the following aims:

- Establishment of a new model of international cooperation, no longer centred exclusively on governments, but comprising also significant and direct involvement of private parties, banks and volunteer organisations;
- Reducing anti-competitive procedures within the global production system;
- Opening of markets to developing countries;

⁵⁵ Stiglitz, J. (2002), *Globalization and Its Discontents*, Penguin Books, p. 214.



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- More decisive and significant support for development;
- Wider access to technology, namely activating, in the developing countries, a policy for improving technological skills;
- Identifying, in rich countries, new resources for setting an aid policy for increasing employment and the quality of labour, and measures for the reduction and conversion of public debt;
- Correcting existing distortions on the international financial market, starting from an equitable distribution of foreign interventions;
- Promoting universal values, respect for human rights and backing democratic structures;
- Drawing-up a precise multilateral set of norms for the mobility of people.

Similarly, lack of transparency and responsibility of action by international organisations has still not been solved, and the positions taken by governments are not always subject to constant evaluation by national parliaments, nor known to the public opinion. On the other hand, there is also lack of evaluation by independent bodies of the impact of these political decisions on single countries.

The WTO must become a driving force for the growth of all, namely supporting initiatives aimed at reducing the dependency of developing countries and being sensitive to the arguments of these countries. In the recent past, the so called "Seattle-People" have raised a series of questions, which deserve to be taken into consideration, regarding the need to reconcile the principles of democracy with free trade, while acting to counter the negative effects of globalisation and safeguard the environment and the cultural diversity in the planet.

The Association Agreements provide for the progressive and reciprocal liberalisation of the exchange of agricultural products and all the parties must be subject to the norms of the WTO. However, there remain some obstacles that hamper free trade. It is necessary to achieve an agreement on this subject, comprising all the sectors, including agriculture, and in line with the rules of the WTO.

It shall be necessary to pursue a greater integration of the developing countries in the standard-setting mechanism of international trade, achieving the necessary agreements on the minimum social conditions to be implemented, in respect of the production and distribution of products and services, namely the so-called "social clause", which is not related to the worldwide equality of wages or working conditions – an obvious inconsistency – but to the rights of association for all the social partners, which must be guaranteed in all countries, the principle of collective bargaining, besides the prohibition of forced and/or compulsory labour, child labour and any forms of discrimination.

Such an agreement, acknowledging, as its shared basis, the universality of human rights, must also take account of the different levels of development achieved by the various countries, and of the fact that the differences between their interests and approaches are increasing (between emerging, developing, less-developed and underdeveloped countries). In this setting, the role of the international bodies could become particularly important, in seeking a balance between the various interests.



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Among other things, the removal of the tariff and non-tariff barriers cannot be pursued separately from policies capable of softening the otherwise inevitable and much too often adverse, if not perverse, impact on persons' lives – we are often dealing with enormous masses of people –, on the environment and on cultural diversity. As demonstrated by the failed rounds of the recent WTO Conference, it is no longer possible to find an agreement exclusively between the EU, the United States, the Cairns Group and Japan. Provisions must be made to involve countries like China and India, as well as the developing countries, in the negotiations.

On the other hand, **it seems neither right nor ethically acceptable, at this point, to request the poorer world to remove all trade barriers with respect to goods and services, while maintaining the worldwide protection of patents and the so-called intellectual property rights, not only with regard to musical and literary productions, but even to basic and life-saving drugs, which leave aside entire populations and continents.**

It should also be underlined that increasing the market shares of developing countries would not, by itself, automatically translate into lasting development. Several preliminary steps are required, and these must necessarily be taken by the states, namely aiming at guaranteeing political and economic stability and the consistence of national policies with the objective of fostering investment and savings. Furthermore, it is clearly necessary to put into place a training system capable of corresponding to the new demands of the labour market.

The international community should contribute to establishing a more favourable scenario for the growth of the developing countries. Even where selfish motivations prevail, it should not be ignored that it has always been in the interest of developed countries and economic systems to extend markets and the consumption of goods.

8.10. Foreign Debt

The question of foreign debt can no longer be considered solely in technical-financial terms. It calls for a political approach that may be effectively implemented through the coordination of financial, commercial and cooperation policies, so as to create the necessary conditions for a healthy economic outlook in poor countries.

The situation of the foreign debt of poorer countries has engendered a vicious circle in which debtor countries use most of their GNP to pay a debt that never extinguishes. Being sensitive to the sovereignty of their respective States, debtor countries find it impossible to ensure the fundamental social services for their peoples, thus jeopardising fundamental human rights, the right to life, economic, social and cultural rights, and human solidarity. The international law, in its current application and interpretation, is not capable of solving the problem, as it does not regulate relations between creditor and debtor countries.



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It seems therefore necessary to define legal tools to guarantee equity and justice in the relations between debtors and creditors, avoiding, above all, intolerable suffering on the people. In the meanwhile, emergency measures are needed towards the most urgent situations. This involves the creditor countries, as well as European and international institutions, such as the IMF, the World Bank, WTO, G-8 and, last but not least, the Club of Paris.

First of all, action should be directed on the Hague International Court of Justice, as mentioned in the Annabà Declaration of 1999 and in the connected Communication at the Summit of Euro-Mediterranean economic and social Advice in Naples (November 2000). The problem should be placed according to the economic situation of the indebted countries, and could mean annulment, restructuring or reconversion, or repayment in form of local development actions, where appropriate.



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ANNEX



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Table 1 - Population: Global Features

	Surface area	Population		Population growth	Population female	Rural population	
	(sq km - thousand)	Total (millions)	%	(annual %)	(% of total)	(% of total population)	
	2003 (a)	2004 (b)		2004 (b)	2003 (a)	1990 (a)	2003 (a)
EU-25	-	457,2	-	0,5	-	-	-
Algeria	2381,74	32,4	12,8	1,5	49,4	48,6	41,2
Egypt	22,14	72,6	28,6	1,9	49,1	56,4	57,2
Israel	89,21	6,8	2,7	1,6	50,3	9,7	7,9
Jordan	10,4	5,4	2,1	2,5	48,4	27,8	20,9
Lebanon	446,55	3,5	1,4	1,0	50,7	15,8	9,4
Morocco	185,18	29,8	11,7	3,4	50,0	51,6	42,6
Palestine	163,61	3,4	1,3	4,1	49,3	--	--
Syria	6,22	18,6	7,3	2,5	49,5	51,1	47,5
Tunisia	1001,45	9,9	3,9	0,9	49,5	42,1	32,6
Turkey	774,82	71,7	28,2	1,4	50,2	38,8	33,0

Source:

(a) World Bank, World development Indicators, 2005.

(b) World Development Indicators database, April 2006.

EU data - Eurostat.

Note: -- not available.



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Table 2 - Population: Age Breakdown and Dependency Ratios

	Population ages 0-14				Population ages 15-64				Population ages 65 and above				Dependency Ratios ¹		
	(% of total)				(% of total)				(% of total)				Total	Child	Old-Age
	70's (a)	80's	90's	2003 (a)	70's (a)	80's	90's	2003 (a)	70's (a)	80's	90's	2003 (a)	2003 (b)	2003 (b)	2003 (b)
EU-25	-	-	-	16,6	-	-	-	67,1	-	-	-	16,3	-	-	-
Algeria	48,4	46,5	42,0	33,9	47,5	49,6	54,4	62,0	4,1	3,9	3,6	4,0	51,7	44,9	6,8
Egypt	41,4	39,5	39,9	33,5	54,3	56,5	56,3	62,2	4,3	4,0	3,8	4,3	62,3	54,5	7,8
Israel	33,2	33,1	31,3	27,4	60,2	58,2	59,6	63,0	6,7	8,7	9,1	9,7	61,0	44,8	16,3
Jordan	45,9	49,4	46,8	37,4	51,0	47,5	50,0	59,4	3,1	3,1	3,2	3,2	67,5	62,1	5,4
Lebanon	43,9	40,2	34,8	30,3	51,2	54,5	60,0	63,8	4,9	5,4	5,2	5,9	56,0	44,6	11,4
Morocco	47,6	43,2	38,9	32,9	48,3	52,7	57,4	62,7	4,2	4,1	3,8	4,4	56,0	48,5	7,5
Palestine	--	--	--	45,1	--	--	--	51,8	--	--	--	3,1	94,6	88,5	6,0
Syria	48,9	48,5	47,8	38,2	46,7	48,3	49,5	58,7	4,4	3,2	2,7	3,1	66,7	61,5	5,2
Tunisia	46,2	41,6	37,6	27,5	50,0	54,6	58,2	66,5	3,8	3,8	4,2	6,1	47,7	38,4	9,3
Turkey	41,1	39,2	35,0	28,3	54,5	56,0	60,7	65,8	4,4	4,7	4,3	5,9	52,9	44,6	8,3

Source:

(a) World Bank, World development Indicators, 2005.

(b) Data compiled from WB and UN Population Division (2005).

EU data - Eurostat.

¹ The total dependency ratio is the ratio of the sum of the population aged 0-14 and that aged 65+ to the population aged 15-64. The child dependency ratio is the ratio of the population aged 0-14 to the population aged 15-64. The old-age dependency ratio is the ratio of the population aged 65+ to the population aged 15-64.

Note: -- not available.



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Table 3 - Health and Education Indicators

	Algeria	Egypt	Israel	Jordan	Lebanon	Morocco	Palestine	Syria	Tunisia	Turkey	EU-25
Life expectancy at birth (2003) ^(a)											75.1 (2003)
Male	69,8	67,7	77,6	69,9	69,8	67,5	70,9	71,6	71,2	66,5	-
Female	72,4	72,1	81,7	72,9	74,2	71,9	74,0	75,1	75,4	71,1	-
Total fertility rate (children per women) (2003) ^(a)	2,53	3,29	2,85	3,53	2,32	2,76	5,57	3,47	2,00	2,46	1.50 ^e (2004)
Infant mortality rate (per 1000 births) (2003) ^(a)	37,4	36,7	5,1	23,3	22,5	38,1	20,9	18,2	22,2	41,6	4.50 ^e (2004)
WB data ^(b)											
2000	37,0	40,0	5,8	25,0	28,0	45,0	--	19,0	25,0	37,5	-
2004	34,6	26,4	4,8	22,6	26,5	38,2	--	15,0	21,0	28,3	-
Child mortality rate (under age 5) (2003) ^(a)	41,0	43,0	6,0	27,0	26,0	46,0	24,0	21,0	25,0	49,0	-
WB data ^(b)											
2000	44,0	49,0	6,8	30,0	32,0	54,0	--	22,0	31,0	44,0	-
2004	40,0	36,2	5,9	26,8	30,5	42,8	--	16,4	25,4	32,0	-
Child malnutrition (% of children under 5) (2004)											
WB data -Data at a glance ^(c)	6	9	--	4	--	--	--	7	4	8	-
Access to an improved water source (% of population) ^(d)											
1990	95,0	94,0	100,0	98,0	100,0	75,0	--	79,0	77,0	81,0	-
2002	87,0	98,0	100,0	91,0	100,0	80,0	--	79,0	82,0	93,0	-
Access to improved sanitation (% of population) ^(d)											
1990	88,0	54,0	--	--	--	57,0	--	76,0	75,0	84,0	-
2002	92,0	68,0	--	93,0	98,0	61,0	--	77,0	80,0	83,0	-
Adult literacy rate (% , ages 15+) ^(e)											
Male	78,0	67,2	97,3	95,5	92,4	63,3	--	91,0	83,1	94,4	-
Female	59,6	43,6	93,4	85,9	81,0	38,3	--	74,2	63,1	78,5	-
Young adult literacy rate (% , ages 15-24) ^(e)											
Male	94,1	78,7	99,4	99,5	--	77,6	--	96,9	97,4	98,1	-
Female	85,6	66,9	99,4	99,5	--	61,3	--	93,0	90,6	93,2	-
Combined gross enrollment ratio (2003) ^(a)											
Male	76,0	--	89,0	77,0	77,0	62,0	78,0	65,0	73,0	74,0	-
Female	72,0	--	93,0	79,0	80,0	54,0	81,0	60,0	76,0	62,0	-
Year 2003 ^(b)											
School enrollment, primary (% gross)	110,4	100,5	111,9	99,9	106,4	106,1	--	122,1	110,6	94,7	-
School enrollment, secondary (% gross)	77,6	86,9	92,8	88,3	86,8	44,3	--	59,2	77,0	85,3	-
School enrollment, tertiary (% gross)	19,1	28,5	57,0	35,0	44,7	10,5	--	--	26,2	28,0	-

Source:

(a) Data compiled from UNDP (2005).

(b) World Bank data - World Development Indicators database, April 2006.

(c) World Bank data - "Data at a glance" (site: <http://www.worldbank.org/mena>).

(d) World Bank, Millennium Development Goals: MDG 7 "Ensure environmental sustainability" (site: <http://www.worldbank.org/mena>).

(e) UNDP Human Development Report 2004, in "Droits des Femmes dans le Partenariat Euro-Méditerranéen", Conseil Economique et Social Française, 2005.

EU data - Eurostat.

e: estimated.

Note: -- not available.



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Table 4 - Poverty and Inequality Indicators

	Algeria	Egypt	Israel	Jordan	Lebanon	Morocco	Palestine	Syria	Tunisia
1\$-a-day (% of population) 1990-2003 (MDG 1) ^(a)	<2	3,1	--	<2	--	<2	--	--	<2
2\$-a-day (% of population) 1990-2003 ^(a)	15,1	43,9	--	7,4	--	14,3	--	--	6,6
Population below minimum level of dietary energy consumption (%) - MDG 1 (2002) ^(c)	5.0	3.0	--	7.0	3.0	7.0	--	4.0	2.5
Relative poverty (% of population) ¹ (2003) ^(b)	16,1	16,7	--	14,2	17,0	19,0	40,3	11,4	4,2
Income distribution-Gini (2003) ^(b)	0,37	0,38	--	0,38	0,44	0,39	0,32	0,37	0,36
Human Poverty Indicator (HPI-1) ^(d)									
HDR 2001									
Value	23,5	31,7	--	8,5	10,2	36,4	--	19,8	--
Rank	40	50	--	7	11	62	--	34	--
HDR 2005									
Value	21,3	30,9	--	8,1	9,6	34,5	6,5	13,8	18,3
Rank	48	55	--	11	18	61	7	29	43

Source:

(a) UNDP HDR (2005).

(b) Data compiled from UNDP (2005) and National MDG reports as well as Poverty Assessments published recently.

(c) World Bank, "Millennium Development Goals" (site: <http://www.worldbank.org/mena>).

(d) UNDP Human Development Report 2001 and 2005.

¹ Percentage of population whose income fall below 60 percent of median income *per capita*.

Note: -- not available.



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