

Crisis and Breakdown: How Can the EU Foster Resilience in the Middle East and North Africa?

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ABSTRACT

States and societies in the Middle East and North Africa (MENA) region are experiencing profound crises of trust, statehood and governance as traditional economic models and social contracts are no longer capable of providing basic services and goods. Socio-economic challenges are compounded by conflict, authoritarianism and the prevalence of deep-seated geopolitical rivalries between major states in the region and beyond. This paper provides an overview of major challenges and opportunities for state and societal resilience in the MENA region and examines priorities and niche areas for action as the European Union seeks to operationalize the goals and ambitions set out in the EU Global Strategy.

*Middle East | North Africa | Egypt | Lebanon | Iraq | Qatar | Tunisia
| Turkey | Economy | Domestic policy | Arab Spring | Resilience |
European Union | EU Global Strategy*

keywords

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Introduction

Seven years since popular protests erupted across the Middle East and North Africa (MENA) region, socio-economic, security and political indicators have worsened considerably in most states of the region. A number of MENA governments are teetering on the verge of collapse due to a fraying social contract and declining state capacity to provide for their citizens. MENA societies are growing more restless and agitated, demanding socio-economic reforms and increased access to decision-making bodies.

Ethnic and sectarian conflict, terrorism and the rising tide of radicalization are compounding these challenges, further straining state capacity while negatively impacting economic outlook. Varying degrees of state collapse amidst conflict and civil war in Yemen, Libya, Iraq and Syria, the resurgent rivalry between Saudi Arabia and Iran and the growing isolation of Turkey and Qatar represent further drivers of regional instability, with ramifications for most states and societies in the MENA, particularly those undergoing complex transitions since the 2011 Arab uprisings, such as Tunisia, Egypt, Libya and others.

The sheer amounts of challenges make the MENA a source of deep apprehension for the European Union. As the EU seeks to operationalize the goals and ambitions set out in its 2016 Global Strategy (EUGS), the MENA is emerging as a key testing ground for the EU's credibility and vision. To advance the goal of fostering resilience as an ingredient for stability, good governance and prosperity, the EUGS calls for targeted action at *both* the state and societal levels.¹

¹ European External Action Service (EEAS), *Shared Vision, Common Action: A Stronger Europe. A Global Strategy for the European Union's Foreign and Security Policy*, June 2016, <https://europa.eu/globalstrategy/en/node/339>.

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· Paper produced in the framework of a project entitled "The EU's New Resilience Agenda in the MENA Region", December 2017. Copyright © Istituto Affari Internazionali (IAI) and Foundation for European Progressive Studies (FEPS).

This paper will first unpack the underlying challenges confronting state and societal resilience in the MENA region. It will then move to examine three transversal challenges to resilience – corruption, the growth of the informal sector and demographic pressures – that hold important implications for state–society relations and the growing crisis of the traditional Arab development model. Finally, a number of policy tools and approaches with which the EU can help to mitigate these challenges while empowering “resilience-facilitating” actors in individual national contexts will be discussed.

The six country case studies considered in this paper, which sums up the findings of joint research project between IAI and the Foundation for European Progressive Studies (FEPS), reflect both the diversity of the MENA and the existence of a number of shared challenges common to most states and societies in the region.² The fact that each country has been affected by the 2011 Arab uprisings in different ways adds to the importance of their selection, providing a diverse and representative sample of MENA states and societies. Comprising two countries in North Africa (Tunisia and Egypt), two in the Levant (Lebanon and Iraq) and two outlying cases (Turkey and Qatar) which stand out as holding rather diverse development models, social contracts and relations with the EU, the selection allows the research to balance region-wide trends and challenges with a more in-depth appreciation of individual specificities present at the national or sub-regional level (e.g., North Africa, the Levant or the Arabian Peninsula).

In this way, the paper will provide a holistic, macro-level analysis of the major challenges impacting state and societal resilience in the MENA and work down from there to identify micro, or niche areas, for targeted EU action aimed at mitigating and eventually reversing these challenges to resilience in specific national contexts or grouping of states.

1. Resilience and breakdown: four principles for EU action in the MENA region

Before proceeding with the analysis and policy recommendations, four principles will be highlighted as starting points for an assessment of the underlying drivers for the current breakdown in the MENA. These should serve as a general framework within which to begin refashioning EU policies and approaches.

The *first* principle has to do with the correct identification of the challenge at hand. While terrorism, conflict and sectarianism dominate the headlines, the general challenge facing most states and societies in the region is a *crisis of governance* and the consequent breakdown of state–society relations. Terrorism, radicalization and sectarianism are of course important dynamics that will necessitate policy

² For more information on the IAI-FEPS research project on resilience in the MENA region, including access to the six case study papers, visit the IAI website: <http://www.iai.it/en/node/8435>.

responses, but such developments are in large part *symptoms* of deeper socio-economic and governance crises, rather than the underlying drivers of breakdown in the first place.

The above holds true for both Syria and Iraq, but also Yemen and Libya. Popular protests in these countries, as in Tunisia and Egypt, were in large part sparked by socio-economic grievances accentuated by engrained authoritarianism and lack of freedoms. Only at a later stage did the protests spiral into an armed insurrection sponsored by regional and international actors driven by competing agendas. While the local, regional and international dimensions will need to be addressed in order to allow for conflict resolution and stabilization, the real long-term challenge will be that of rebuilding *trust* between the institutions of the state and broader society. This can only be done via an inclusive, locally driven process of state and institutional building based on agreed legal principles governing the distribution of social goods and decision-making power.

Second, the crisis of governance is in large part driven by decades of ineffective policies implemented by Arab regimes and the declining capacity of traditional Arab development models to provide basic goods to citizens. Given the historical dimension of these challenges, it must be clear that no quick-fix solutions exist. Rather, what the region is facing today is nothing less than a generational or potentially bi-generational challenge in which both the state and society will need to come together to find new and agreeable modes of cooperation and governance. In essence, the central challenge facing the MENA today relates to the urgent need to renegotiate more just, inclusive and sustainable *social contracts* between the state and its citizens. Re-establishing trust in the institutions of the state and developing new national narratives to rally the nation around promises for a better future will be key to this gradual healing process between states and societies.

A *third* important principle is that of conceptualizing the region as an integral part of the international system, not as area of supposed “exceptionalism” dominated by ancient hatreds or ethnic-based violence. Many of the fundamental challenges facing states and societies in the MENA are part of broader trends impacting the international system as a whole – including the EU and its member states. Declining public trust in the state and elites, rising socio-economic pressures, youth unemployment, corruption, populism and fraying public services are challenges common to *all* states and societies.

Nonetheless, such trends are undoubtedly more pronounced in the MENA. In essence, the instruments and capabilities of states and societies in the region to respond to these challenges are more limited – or “less resilient” – due to the lack of agreed modes of interaction, mediation and conflict resolution between the state and society, in itself a by-product of entrenched authoritarianism, skewed social contracts and repeated foreign and regional meddling. Thus, the contributing role of international dynamics, including the EU’s past policies, must also be considered and, to the extent possible, addressed by the EUGS.

Finally, the *fourth* principle relates to the need to acknowledge that solutions to the above challenges can only be effective if they are homegrown *not* imposed from afar or top-down in the absence of public engagement and oversight. Resilience, therefore, is likely to follow a long-term and non-linear process of development in which MENA societies explore new modalities of pressure, negotiation and confrontation with ruling elites and the formal institutions of the state in an effort to negotiate new citizenship bargains and social contracts. Shocks, setbacks and crises will no doubt impact and at times slow or even reverse progress, yet it is precisely this ability to withstand such unforeseen developments that stands at the heart of the EU's definition(s) of a resilient state and society. EU policy can of course help (or hinder) this gradual fostering of state and societal resilience, but the timing, sequencing and ability to deliver will largely depend on local dynamics on which Europe has little influence.

Throughout history, every state and society will have developed certain examples of resilience. These can be found in embryonic form at the micro-societal level but also within the institutions of the state, albeit often in a marginalized form. The challenge therefore will be that of identifying "resilience-friendly" *interlocutors* at both the state and societal level, and developing means to build up their defences to other, less progressive forces (national, regional and international) as a means of empowering them to act as incubators of resilience in their given national contexts.

2. State-society relations in the MENA: a breakdown in trust

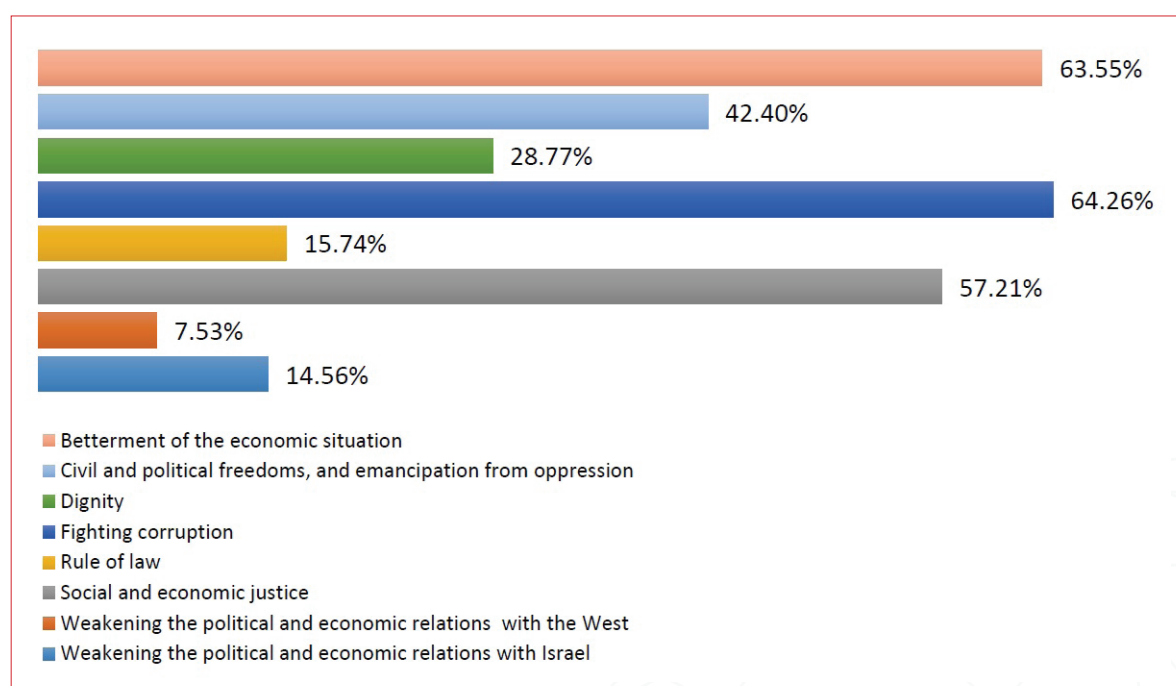
The Arab uprisings erupted in Tunisia in late December 2010, but it would be a mistake to make this the starting point for an analysis of the profound crises gripping the region, let alone an examination of the underlying drivers that led to the current breakdown. Popular grievances in the Arab world have been brewing for many years, driven by decades of failed Arab governance policies, aggravated by entrenched regional geopolitical rivalries and repeated foreign interventions. Seven years later, socio-economic challenges remain at the forefront of citizen demands in the MENA and new bouts of citizen protests have been witnessed in numerous countries of the region, from Morocco's Rif region, to Lebanon, Egypt and Jordan. Most recently, between December 2017 and January 2018, citizen protests have taken place in Tunisia and Iran, again demonstrating how socio-economic grievances can quickly assume political connotations as price hikes, spending cuts and declining public services retain much disruptive potential in the region.

Public opinion polls and academic research reflect the fact that major drivers for the Arab uprisings were grievances stemming from endemic corruption, declining public services, unemployment and rising prices for basic foodstuffs (see Figure 1). On top of these were growing calls for increased freedoms and access to decision-making bodies, particularly from youth, who felt excluded from important decisions

concerning their future and emboldened by access to unfiltered information in an increasingly globalized and interconnected world.

The traditional Arab social contract (or authoritarian bargain³) – based on the provision of public sector jobs, security and welfare services in exchange for acquiescence to various forms of political authoritarianism – was gradually no longer able to provide basic services, leading to a legitimacy crisis and ensuing breakdown of state–society relations in many countries. Citizens turned to family, clan or religious networks for sustenance and services no longer provided by the state. Such tendencies would further the vicious cycle, as a growing informal sector encroached on government finances, favouring corruption and the related expansion of non-state actors increasingly operating in the place of the formal institutions of the state.

Figure 1 | Main drivers for Arab uprisings



Source: Elena Ianchovichina, Lili Mottaghi and Shantayanan Devarajan, *MENA Economic Monitor, October 2015: Inequality, Uprisings, and Conflict in the Arab World*, Washington, World Bank, 2015, p. 27, <http://hdl.handle.net/10986/22711>.

Declining state capacity and the multiplication of non-state actors would lead to an atomization of society, contributing to intra-ethnic or confessional tensions. Following the age-old colonial tactic of divide and rule, authoritarian regimes have at times supported such fragmentation as a short-term means to prevent a critical mass of grievances among the populace. In other settings, regimes have themselves

³ See for instance Raj M. Desai, Anders Olofsgård and Tarik M. Yousef, "The Logic of Authoritarian Bargains", in *Economics & Politics*, Vol. 21, No. 1 (March 2009), p. 93-125, <http://brook.gs/2bIjnL8>.

promoted the activities of various non-state actors – such as religious charities, militias or non-governmental organizations – to step in and fill the vacuum of the retrenching state.⁴ Such practices have only weakened state authority and legitimacy further, diminishing the contact points between state and society and thereby contributing to the gradual breakdown of trust.

Meanwhile, the prevalence of deep rivalries and geostrategic competition between states in the region (and their foreign backers) has weakened state capacity further, diverting funds from development to war making and deterrence capabilities, enhancing authoritarian trends and deepening a tendency to view citizens as potential threats to regime survival. Resulting from their lack of legitimacy, ethnic or confessional minorities have increasingly been viewed with suspicion by ruling elites, as potential “fifth columns” whose mounting grievances could be exploited by rivals. As a result, the politics of regime survival gradually emerged to trump almost any other dimension of governance in many Arab states.

The net effect of these developments has been a collapse of state–society relations in many states of the MENA. The traditional Arab social contract crumbled amidst rising Arab budget deficits, expanding demographics, declining oil revenues and the broader socio-economic pressures brought about by globalization and the related “digital revolution”.

The stage was set for the outbreak of the 2011 Arab uprisings. Rallying calls for “bread, dignity and social justice” were heard from Tunisia to Egypt, Libya, Bahrain, Iraq, Yemen and Syria. Citizen protests also took place in Morocco, Algeria, Saudi Arabia and Jordan although the authorities there responded quickly with a mixture of reforms and substantial cash injections to pacify the streets.

Even in Turkey, a country that cannot be placed in the same socio-economic and governance basket as most North African or Middle Eastern states, recent trends have witnessed a significant backsliding in democratic norms and freedoms, particularly pronounced since the failed July 2016 coup attempt. Protests against the ruling Justice and Development Party (AKP) government took place in March 2011, calling for the freeing of imprisoned journalists and increased press freedom.⁵ Major protests would resume in 2013, during the so-called Gezi park demonstrations, when thousands marched in Istanbul to demand increased transparency in government policies, the protection of minorities and freedom of assembly. In 2017, Turkey’s main opposition party, the Republican’s People Party (CHP), organized a “Justice March” from the capital Ankara to Istanbul to protest government corruption and lack of transparency. These developments demonstrate that all is not well when it comes to state-society relations in Turkey.

⁴ See, for instance, Andrea Dessì, “Re-Ordering the Middle East? Peoples, Borders and States in Flux”, in *Documenti IAI*, No. 16|11 (July 2016), <http://www.iai.it/en/node/6677>.

⁵ Sebnem Arsu, “In Turkey, Thousands Protest a Crackdown on Press Freedom”, in *The New York Times*, 13 March 2011, <https://nyti.ms/2FHgWoV>.

A deeply polarized country with an array of internal and external challenges and security threats, government finances are coming under increased strain, weakening the ability of the state to command legitimacy across large sections of the population.

2.1 Socio-economic challenges and declining state capacity

Given the relevance of economic growth to healthy state–society relations, a political economy approach that prioritizes good governance, growth, the rule of law and security represents a first priority for MENA states and societies. Strengthening the state’s capacity to provide for its citizens is an indispensable ingredient for trust and more resilient social contracts, and it is in these dimensions that EU policy should look to produce concrete results.

All MENA states are facing the urgent need to modernize their governance models, strengthen private sector development and enhance the diversification of the economy, key ingredients needed to address demographic, environmental and socio-economic challenges that are generally shared across the region. Oil-importing MENA states are most exposed to these challenges as a result of their budgetary weakness and low growth rates, but oil exporters are also facing daunting challenges as a result of volatile oil prices and an overreliance on the hydrocarbons industry.

The present turmoil and instability in the region are further straining the socio-economic outlook of states in the region, challenging economic recovery and deepening popular disillusionment with governing elites. Estimates by the UN Economic and Social Commission for Western Asia (ESCWA) have indicated that conflict and turmoil in the region between 2011 and 2015 have led to a net loss of 613.8 billion dollars in economic activity, and an aggregate fiscal deficit of 243.1 billion dollars for MENA states.⁶

As the EU seeks to foster state and societal resilience in the MENA, a focus aimed at providing concrete solutions to the key socio-economic challenges of corruption, the growing informal sector and youth unemployment, as well as the resulting declining state capacity, would help strengthen state–society relations in these contexts by improving economic growth and the ability of state institutions to provide for their citizens. Identifying positive “resilience-friendly” interlocutors who enjoy popular legitimacy and have demonstrated a willingness to promote new and creative means aimed at addressing these challenges will be indispensable for successful EU action.

⁶ Economic and Social Commission for Western Asia (ESCWA), *Survey of Economic and Social Developments in the Arab Region, 2015-2016*, Beirut, ESCWA, November 2016, p. 7, <https://www.unescwa.org/node/95978>.

2.1.1 Corruption and citizen trust in the state

Transparency International's 2016 Corruption Perceptions Index shows the abysmal performance of Arab states, 90 percent of which received a failing score of less than 50 points (Turkey received a score of 41).⁷ Indeed, five out of the ten most corrupt countries in the world, according to the same report, are in the MENA: Iraq, Libya, Sudan, Yemen and Syria. The World Bank's Worldwide Governance Indicators, which also include "control of corruption", confirm the negative showing of MENA states, highlighted as the worst performing region after Sub-Saharan Africa. Corruption is widely cited among the major popular grievances across Arab states, damaging citizen trust and providing ample opportunities for criminal networks to gain further influence over society and the state.⁸

Combined with the expansion of the informal sector, corruption, capital flight and bribes have cost MENA economies billions in lost revenue, undermining development models and enhancing the fragmentation of society. In Egypt, for example, President Abdel Fattah al-Sisi even put the country's top auditor on trial after the latter publicly admitted that corruption had cost Egypt about 67.6 billion dollars in lost revenue over four years.⁹

Given the widespread and adverse effects of corruption, identifying local actors that command popular legitimacy and could take the lead in combating the phenomenon would have highly positive carry-on effects on the broader goal of fostering state and societal resilience. The publication of the so-called Panama Papers has demonstrated how global multinationals, many Western-based, are highly implicated in the siphoning off of funds and natural resources from many developing states, including in the Arab world.¹⁰ An honest assessment of the complicity of Europe and the West in international corruption – both government and private sector – must therefore also be addressed. Targeted action aimed at closing international loopholes, increasing commercial oversight on major arms,

⁷ Transparency International ranks corruption on a scale from 0 (highly corrupt) to 100 (very clean). Rankings below 50 are considered a "failing grade" by the organization. See Kinda Hattar, "Middle East and North Africa: A Very Drastic Decline", in *Transparency International Surveys*, 25 January 2017, https://www.transparency.org/news/feature/mena_a_very_drastic_decline.

⁸ See Arab Center Washington DC (ACW), *2016 Arab Opinion Index: Executive Summary*, April 2017, <http://arabcenterdc.org/?p=4414>. For more on the role of corruption see, Andrea Teti and Pamela Abbott, "The Integrity of States: Corruption in the EU's Southern Neighbours", in *Arab Transformations Policy Briefs*, No. 6 (September 2017), <https://www.researchgate.net/publication/315713451>; Roger Sapsford et al., "Corruption, Cohesion and the Rule of Law", in *Arab Transformations Working Papers*, No. 15 (October 2017), <https://www.researchgate.net/publication/312935551>.

⁹ Transparency International, "Three Reasons Why Attacking Egypt's Top Auditor is Bad News", in *Space for Transparency*, 10 June 2016, <https://blog.transparency.org/2016/06/10/three-reasons-why-attacking-egypts-top-auditor-is-bad-news>.

¹⁰ See, for instance, Isabel Esterman, "Report: Tax Havens Cost Egypt's Treasury Billions", in *MadaMasr*, 10 May 2015, <https://www.madamasr.com/en/?p=17596>; Brian Frydenborg, "Panama Papers: In the Middle East, Mossack Fonseca's Business Is Lethal", in *Global Risks Insights*, 11 April 2016, <https://wp.me/p4OLsl-5d6>; Lorenzo Kamel, "Havoc in the Middle East: The Other Side of the Coin", in *Eurasia Review*, 7 September 2016, <http://www.eurasiareview.com/?p=112908>.

infrastructure or energy deals and eradicating international tax havens should be launched.

The publication on 5 December 2017 of an EU blacklist of tax havens, which includes Tunisia, the United Arab Emirates (UAE) and Bahrain in the MENA among 17 blacklisted countries, represents a hesitant effort to address the issue by 'naming and shaming' states complicit in international tax evasion.¹¹ The hope is to increase incentives to close international loopholes and thereby increase state revenues while limiting capital flight. Tunisia was among the few MENA states to improve their standing in the 2016 Transparency International corruption index, and Europe must do more to assist the country in its delicate transition. Jumpstarting economic growth, attracting investments and restoring Tunisia's tourism industry will be indispensable. Yet, corruption remains a challenge, at both the governmental and the public procurement level as well as in the realm of the private sector. Multinational firms and even European state-owned enterprises in the security and energy sectors have been involved in corruption with local MENA elites and more needs to be done to ensure transparency on major international trade deals and agreements. Moreover, the inclusion of Tunisia on the tax havens blacklist can lead to further strains to the country's finances, with potentially troubling repercussions on the transition and state–society relations. Rather than simply blacklisting Tunisia, the EU should provide assistance and advice on legal and tax reform to help Tunisia attract increased foreign investment and develop its employment and production capacities.

2.1.2 Informal economies and tax reform

Closely linked to corruption, the important growth of the informal sector in the MENA region has also been documented as a significant challenge to state resilience. One study has estimated a 67 percent growth of informal sector employment between 2002 and 2012 (see Figures 2 and 3).¹² As noted by the 2016 Arab Human Development Report, between 2000 and 2005, 75 percent of new entrants into the Egyptian labour market were employed in the informal sector, while this number was roughly 20 percent in the 1970s.¹³ Similar figures were also registered in Syria, where 69 percent of new jobs between 2001 and 2007 were in the informal sector.¹⁴

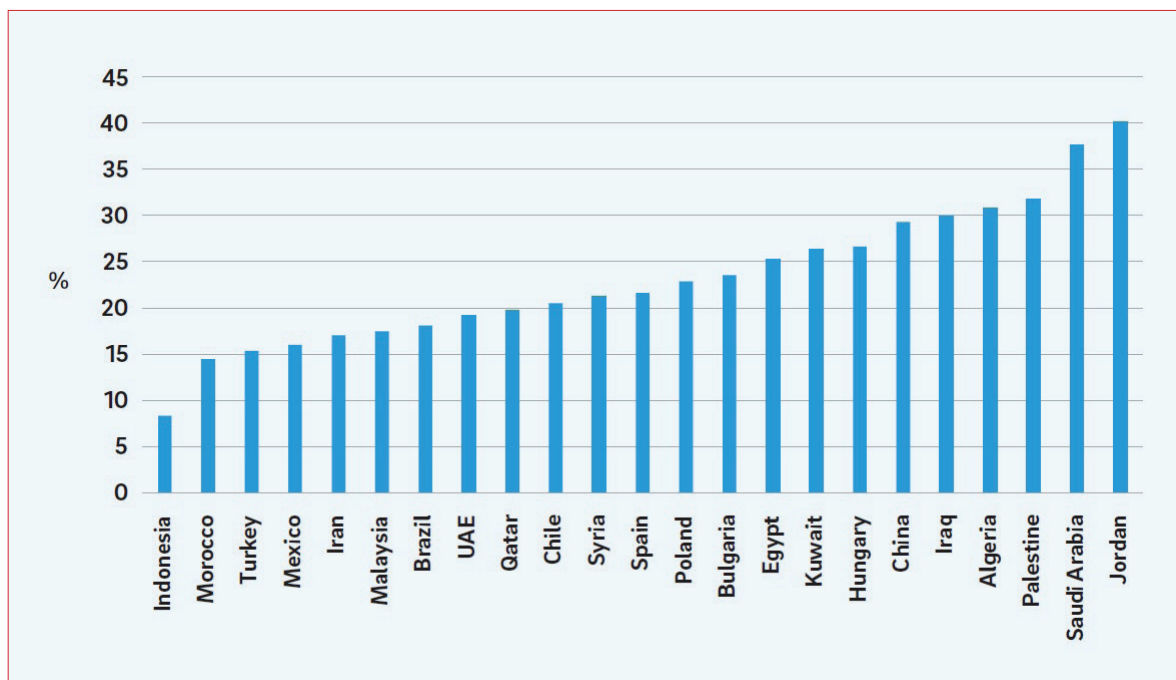
¹¹ "EU Puts UAE, Bahrain and Tunisia on Tax Heaven Blacklist", in *Al Jazeera*, 5 December 2017, <http://aje.io/3fn24>.

¹² Shanta Devarajan and Lili Mottaghi, *MENA Economic Monitor, April 2015: Towards a New Social Contract*, Washington, World Bank, 2015, p. 19, <http://hdl.handle.net/10986/21718>.

¹³ United Nations Development Programme (UNDP), *Arab Human Development Report 2016. Youth and the Prospects for Human Development in a Changing Reality*, New York, UNDP, 2016, p. 78, <http://www.arab-hdr.org/Reports/2016/2016.aspx>.

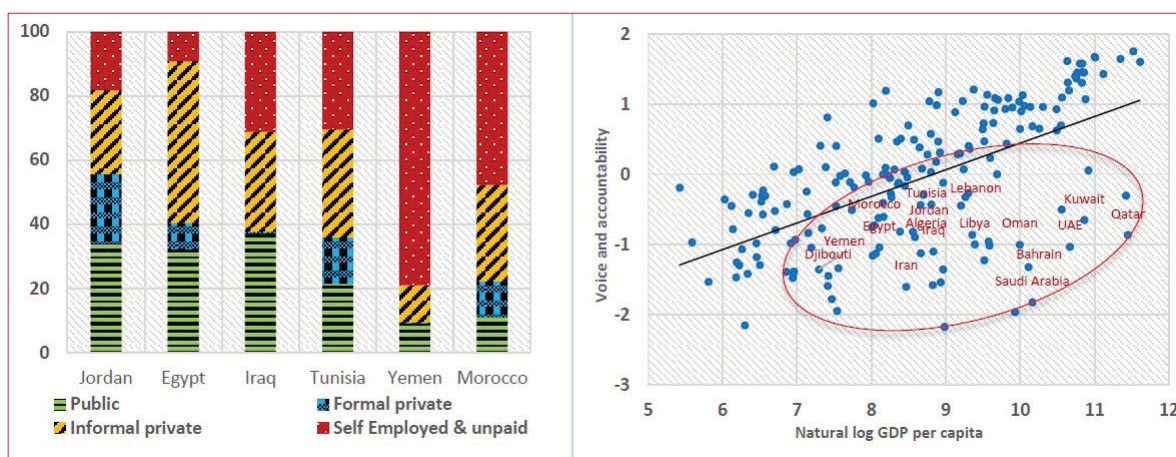
¹⁴ Ibid.

Figure 2 | Average employment share in public sector in selected Arab countries and comparator countries in the 2000s



Source: UNDP, *Arab Human Development Report 2016*, cit., p. 29.

Figure 3 | MENA employment status and accountability index



Source: Shanta Devarajan and Lili Mottaghi, *MENA Economic Monitor*, April 2015, cit., p. 12.

The growth of the informal sector has not only limited government finances, it has also contributed to the expansion of parallel networks and non-state actors operating in the rural interior and along the borders of many MENA states. The expansion of black market economies, smuggling and illicit forms of trade is a particularly complex challenge, given that large segments of the local populations are directly dependent on these economies for their livelihood. Government authorities, as well as international actors such as the EU, the International Monetary

Fund (IMF) or World Bank, will need to tread carefully when calling on MENA states to eradicate informal networks as a means to gain access to economic loans and gradually enhance tax revenues. Such actions will need to be accompanied by increased social services, employment and safety nets for the communities most directly impacted in order to offset the most damaging social and humanitarian effects of such policies.

The poor economic outlook of many states in the region and the increasingly unsustainable public sector payroll and subsidy schemes have led a number of MENA states to request major assistance and loans from international actors, such as rich oil-producing states in the Gulf as well as the IMF and World Bank. Egypt, Iraq, Lebanon and Jordan are particularly exposed to the urgent need for financial liquidity. Yet even Saudi Arabia has recently embarked on major fundraising activities, receiving a 10 billion dollar loan from an international consortium of private banks as a result of the declining price of oil.¹⁵

The economic and governance reforms demanded by the IMF and World Bank in exchange for disbursing loans range from scaling back subsidies on basic foodstuffs and fuel, tax modernization in an effort to encroach on the informal sector, privatization and currency devaluation. There is a significant risk that subsidy reform and increased taxation lead to a worsening of humanitarian indicators in the region, which in turn could lead to socio-political instability and further harm economic outlook.

Such a scenario would trap MENA states in a vicious circle of debt and low growth, with little prospect of improvement in the short or medium term. While a degree of austerity and fiscal restraint will no doubt be necessary, so will investments in the economy and production capacity as a means to generate employment and offset the risk of recession. EU member states have themselves experienced the adverse effects of excessive austerity without a parallel commitment to investment, and should work to apply these lessons in their relations with MENA states and international monetary organizations.

2.1.3 The demographic challenge and youth "bulge"

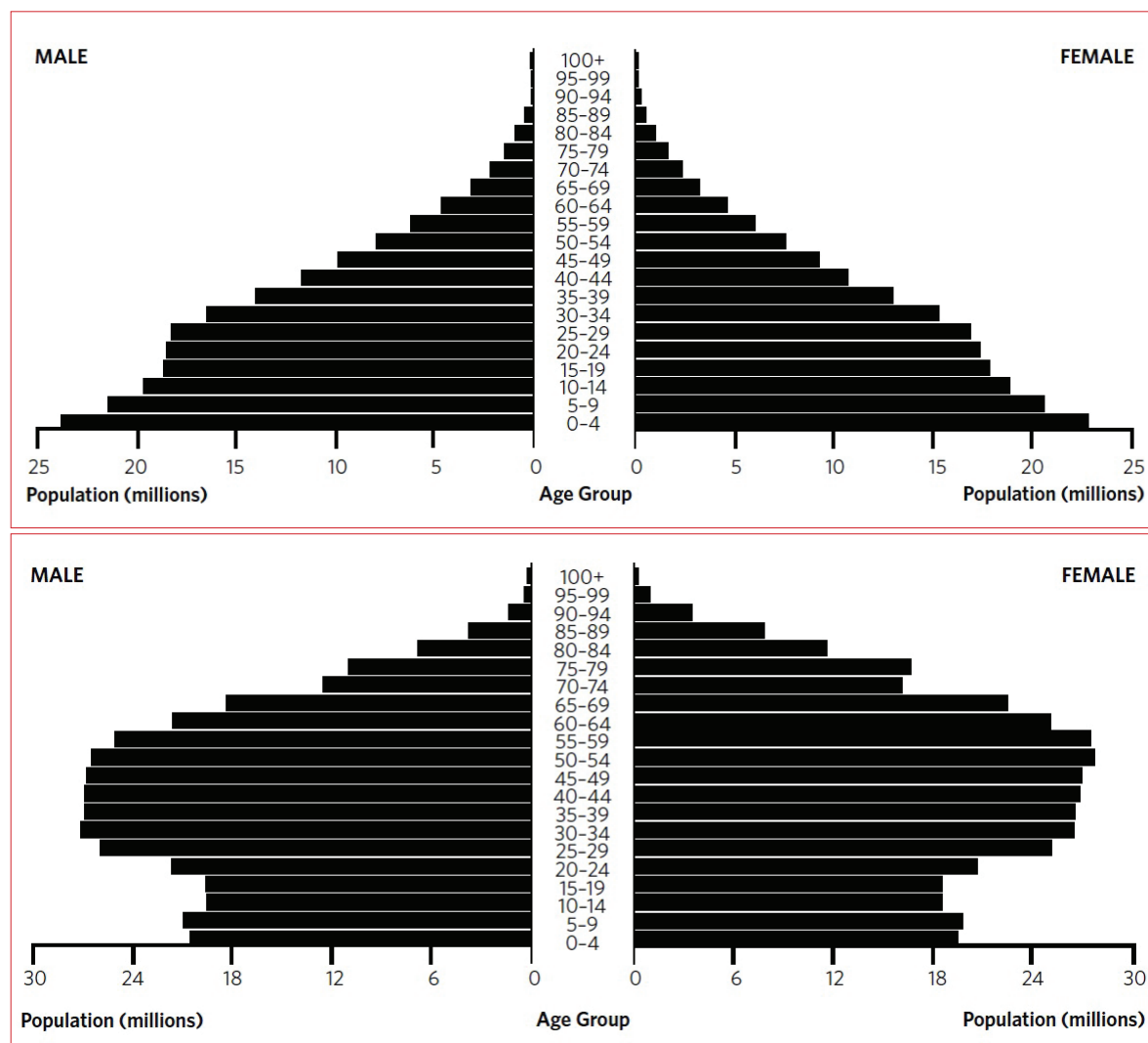
Finally, demographic growth and in particular youth unemployment represent pressing and widespread phenomena across MENA states and societies, adding significant strain to MENA economies and governance models. Youth unemployment will remain a fundamental challenge for the MENA well into the future (see Figure 4), yet if governments are able to re-direct the economy and modernize the education system to better prepare youth for the labour market, such trends could also result in a "demographic dividend"¹⁶ with positive effects

¹⁵ Nicolas Parasie, "Saudi Arabia Set to Secure \$10 Billion Loan to Address Budget Shortfall", in *The Wall Street Journal*, 20 April 2016, <http://on.wsj.com/1pgxb2I>.

¹⁶ Musa McKee et al., "Demographic and Economic Material Factors in the MENA Region", in

on growth and productivity.¹⁷ Across MENA states, 60 percent of the population has not yet reached the age of 30, while youth aged 15–29 account for almost 30 percent of the population.¹⁸

Figure 4 | Population by age in Arab League states (top) and EU member states (bottom), 2016



Source: Perry Cammack et al., *Arab Fractures*, cit., p. 9.

MENA economies, particularly in North Africa and the Levant, will need fundamental reform if they are to provide for their increasingly young populations, with estimates pointing to the need for states to provide as much as 60 million

MENARA Working Papers, No. 3 (October 2017), <http://www.iai.it/en/node/8433>.

¹⁷ Also see Perry Cammack et al., *Arab Fractures. Citizens, States, and Social Contracts*, Washington, Carnegie Endowment for International Peace, 2017, p. 7-12, <http://ceip.org/2jUNCA2>; UNDP, *Arab Human Development Report 2016*, cit., Ch. 8.

¹⁸ UNDP, *Arab Human Development Report 2016*, cit., p. 22.

new jobs by 2020 to account for new entries into the job market.¹⁹ Demographic pressures are not limited to employment, however. They also involve the urgent need to modernize the education system, provide targeted vocational and technical training to prepare youth for the job market, and develop means to ensure adequate access to health care, housing and other social services, including the sustainability of critical infrastructure such as waste management.

Housing and health care are two important sectors that have been starved for funding in many MENA states, leading to significant explosions of popular anger and frustration against the authorities. Affordable housing and mass urbanization are particularly dire challenges for countries like Algeria, Tunisia, Egypt and Lebanon. A strategy aimed at addressing the twin challenges of demographic growth and youth unemployment will therefore need to be based on a holistic assessment of the strengths and weaknesses of a specific national context and developed in synergy with broader efforts aimed at redressing governance models and the distribution of power and social goods between the state and society.

Turkey is also exposed to many of these same socio-economic challenges, although it does benefit from a much larger and more functional state governance structure and economy. Economic trends in Turkey – independently from high GDP growth registered in 2017 – represent a source of concern for the AKP government, not least given that a major source of popular support for the government stems from Turkey's positive economic showing since the AKP party took power in 2002. Political and security trends in Turkey and its neighbourhood, combined with the growing tensions with traditional allies in the West, are harming Turkey's domestic and foreign policies. The Turkish economy has recently witnessed a decline in foreign investments, high consumer price inflation and growing current account deficits.²⁰ Such trends are weakening Turkey's state and societal resilience, understood in this case as the ability of Turkey's formal state institutions to mediate with society and advance agreed and legitimate policies capable of addressing citizen demands. The AKP's relentless drive to monopolize power is driving a wedge in society, endangering Turkey's economic, social and political progress, and the country's overall resilience, that is, its ability to manage its domestic and foreign prerogatives in a stable and sustainable manner.

Ultimately, long-term solutions to many of these socio-economic challenges cannot be found without addressing the regional geopolitical setting of the MENA, including repeated instances of foreign meddling and intervention. The lack of region-wide mediation and cooperation mechanisms and the prevalence of deep-seated rivalry and competition, not only between Saudi Arabia and Iran but also within the so-called "Sunni camp", with Turkey and Qatar being increasingly

¹⁹ Ibid., p. 78.

²⁰ See *ibid.*; Mustafa Sonmez, "Turkey's Spectacular Growth Has Darker Side", in *Al-Monitor*, 15 September 2017, <http://almon.co/2x87>; Zülfikar Doğan, "Foreign Investors Flee Turkey", in *Al-Monitor*, 22 November 2017, <http://almon.co/2ygh>.

isolated by the UAE, Egypt and Saudi Arabia, represent fundamental impediments to increased economic opportunities for the region. Foreign meddling and rivalry, as well as the current heightening of tensions between the US and Iran, present further worrying signals for the region and EU policy. Boosting intra-regional conflict resolution, trade and interdependence would help solve many of the most pressing economic issues facing MENA states and societies. Plans for a future economy based on close trade links between MENA states (and the outside world) should be held out as incentives by international actors like the EU in an effort to de-escalate regional tensions and promote a more sustainable future.

3. Fostering state and societal resilience in the MENA

The above sections have highlighted how socio-economic, security and political challenges are feeding off each other, creating a vicious circle of popular grievances and declining state capacity to remedy these. In light of these dynamics, how can states and societies in the MENA interrupt this cycle and provide much-needed breathing room to allow for national efforts aimed at building more sustainable and inclusive social contracts and governance models? How best can Europe use its leverage and resources to support this goal of fostering state and societal resilience in the MENA?

In exploring policy recommendations for the EU, it will be important to not lose sight of the fundamental lessons of the 2011 Arab uprisings and closely heed the concerns and priorities of MENA citizens. Recent opinion polls conducted across the Middle East and North Africa confirm that large majorities today view socio-economic issues – such as housing, jobs, welfare, social services, education, corruption – as top priorities of governance.²¹ This is followed by demands for security and only later increased freedoms and political representation.

Providing answers to citizen concerns in the socio-economic and security domains should therefore be two key priorities of governments and international actors, including the EU. Responding to such demands will be key to fostering trust between the state and its citizens, an indispensable step to the re-fashioning of more sustainable state–society relations and governance models. It will also be key to the goal of prevention and stabilization, as socio-economic grievances are quickly transformed into political demands once protests hit the streets, a dynamic most recently demonstrated by citizen protests in Iran in late December 2017 and in Tunisia in early January 2018.

²¹ See, for instance, *Arab Barometer Wave III 2012-2014, Public Opinion in the Arab World*, <http://www.arabbarometer.org/node/233>. Also see the ArabTrans project reports, <http://www.arabtrans.eu/publications-and-reports-/reports>.

The EU should not sidestep issues tied to political representation and authoritarianism, however. Rather, a focus on socio-economic and security reform should be framed as inherently linked to the opening up of the political domain and increased freedoms, as the latter objective is conducive to the former and vice versa. An effort to couch socio-economic reforms and enhanced security cooperation into broader policies aimed at strengthening civic debate and representation will be important as the EU and its member states approach MENA states and societies in an effort to foster resilience.

The EU should differentiate its contact points with both state and society in every context. This will be important not only to prevent EU policy from inadvertently strengthening “authoritarian resilience”, as has been the case in the past, but also in order to ensure that its policies are based on the largest possible pool of viewpoints and concerns and not restricted to those outlined by the ruling elites or Western-oriented organizations that enjoy the easiest access to EU officials and policymakers. Engaging local actors and groups that do not necessarily share European or Western values, yet enjoy widespread trust and legitimacy in their local contexts and have demonstrated a genuine desire to improve local and national governance, will be indispensable as the EU seeks to foster resilient states and societies across the MENA.²²

In light of the prevalence of authoritarianism across the region, and the fact that these regimes represent a fundamental obstacle to the EU’s conception of resilience at both the state and the societal level, greater resources and focus should be placed on the societal dimension. Finding means to empower local societal or “resilience-friendly” actors and assist them in promoting national dialogue on key socio-economic and political challenges would serve the long-term objective of building both state and societal resilience. Empowering actors that enjoy vast legitimacy and support from various sections of the population would serve the dual cause of enhancing citizen trust and participation while expanding the contact points between state and society, thereby gradually helping build more inclusive state–society relations.

The six case studies addressed by the project have highlighted examples of civic activism as sources of societal resilience. In Egypt, worker unions, student movements and women’s groups can be highlighted as having played important roles at the intersection between state and society, advocating for increased rights and freedoms long before the Arab uprisings. Lebanon and Tunisia have also recorded examples of societal activism – such as the organization of protests during Lebanon’s trash crisis in 2015 or the ability of youth groups to organize and run in Beirut’s municipal elections in 2016, challenging regime elites.²³ In the case

²² See, for instance, Daniela Huber and Lorenzo Kamel (eds.), *Arab Spring and Peripheries. A Decentring Research Agenda*, London and New York, Routledge, 2016.

²³ “The Garbage Crisis in Lebanon: From Protest to Movement to Municipal Elections”, in *Tadamun*, 19 May 2016, <http://www.tadamun.co/?p=7809>.

of Tunisia, the activism displayed by women's groups and citizens to push for full equality of rights²⁴ and the role of the Tunisian National Dialogue Quartet made up of Tunisia's leading unions and business associations, which won them the 2015 Nobel Peace Prize, are important examples of societal resilience.

Even in Iraq, a country still reeling from violent conflict and radicalization, civil society organizations along with religious and community leaders have performed highly important and often overlooked roles in helping to mediate between state and society. Thus, local actors and communal religious agents, such as the Shia Hawza of Najaf and the leading Shia cleric Ali al-Sistani, have provided humanitarian relief, education and basic goods to many internally displaced Iraqis, independently from their ethnic or religious background. The same goes for Kurdish forces in Northern Iraq, which have provided security and aid to displaced communities fleeing the self-proclaimed Islamic State. Two leading figures in the Iraqi Shi'a community, al-Sistani and Muqtada al-Sadr, have been playing important roles in preventing Iraq from sliding deeper into civil war and carnage, and both have more recently backed the anti-corruption drive launched by Iraqi Prime Minister Haider al-Abadi.²⁵

Certain institutions of the state and political figures do retain the ability to rally large segments of the population around civic and developmental issues. In Tunisia the ruling party has launched an important anti-corruption drive and all political parties, including the moderate Islamist Ennahda party, have embraced democracy and negotiations to resolve ideological and political differences. In Iraq, religious leaders and politicians have emerged as major voices calling for good governance and the eradication of corruption, keeping powerful elites in check as a result of their vast popular legitimacy and appeal. In Qatar, the ruling monarchy has directed significant funding and support to various cultural and educational initiatives aimed at supporting the country's transition from a rentier to a knowledge-based economy.

Gulf Cooperation Council (GCC) states' have recently embarked on ambitious top-down reform processes that include the adoption of VAT taxes on commodity goods and the gradual scaling back of public subsidies. Saudi Arabia's Vision 2030 and Qatar's National Vision 2030 include these efforts and aim to remedy these countries' traditional overreliance on hydrocarbons to fuel the economy and public spending.²⁶ As GCC states begin implementing taxation, the traditional social contract of the Arabian Peninsula based on zero taxation and ample public employment and welfare services will be exposed to significant pressure. Gulf

²⁴ See, for instance, Ramy Khouli and Daniel Levine-Spound, "Anti-Violence Law Is another Victory for Tunisian Women", in *Middle East Eye*, 2 October 2017, <http://www.middleeasteye.net/node/66361>.

²⁵ "Iraq Cleric Pushes Anti-Corruption Fight as Protests Flare", in *Reuters*, 7 August 2015, <http://reut.rs/1ISmgTI>.

²⁶ See, for instance, Jane Kinninmont, "Vision 2030 and Saudi Arabia's Social Contract. Austerity and Transformation", in *Chatham House Research Papers*, July 2017, <https://www.chathamhouse.org/node/30579>.

citizens are likely to demand more from their governments in terms of political representation and accountability.

Saudi Arabia for instance has recently launched a nation-wide welfare system targeting low- and middle-income families as it prepares to implement a 5 percent VAT tax on most goods while scaling back fuel subsidies. While such a move is welcomed by international organizations, the fact that approximately half of the Saudi population is receiving these benefits – with estimates placing the cost at 261 billion dollars this coming fiscal year – raises questions about the long-term sustainability of such programmes.²⁷ While this is likely to be a long-term process, there are means by which the EU can seek to steer the pace and extent of reforms in certain GCC states, beginning with an effort to limit corruption and encourage greater public oversight of the reform process.

Saudi Arabia's recent anti-corruption drive and massively ambitious plans for a 500 billion dollar mega-city meant to provide employment and prepare for the post-oil economy are other examples of government efforts to reform the economy. Yet, the modalities in which such efforts are taking place – in the Saudi Arabian case well beyond any semblance of the rule of law and transparency – cannot be considered as effective models for the region. Rather, such efforts – like those pursued by the Egyptian president – are primarily directed at enhancing regime resilience, weakening potential opposition and reproducing new modalities of MENA authoritarian bargains while promising stability and anti-terror support to the West.

3.1 Policy recommendations for the EU

The above sections have highlighted how socio-economic and security challenges stand at the forefront of citizen demands in the MENA region. Yet, the EU must not abandon those values and norms that have made Europe peaceful and prosperous. The EU's fundamental values of democracy, the rule of law and human rights remain the primary engine for its "soft power" and international prestige. In this context, the EU should clearly and repeatedly publicize the profound links connecting economic growth and private sector expansion to the opening up of political debate and civic freedoms, reminding MENA interlocutors at both the state and societal levels that achieving one without the other is not only unlikely but also represents a long-term threat to the stability of these states.

Most importantly, Europe should not be dragged into the MENA's many intra-regional disputes. Maintaining distance will add to the EU's credibility in the region, and also potentially provide Europe better means to influence regional dynamics.

²⁷ Aya Batrawy, "Half the Saudi Population Receiving Welfare in New System", in *AP News*, 21 December 2017, <https://www.apnews.com/0aa0bd13056f444f8e82da76069cf883>.

The starting point of any new EU approach to the MENA must be based on an honest assessment of EU capabilities. Raising expectations only to then fail to deliver would be extremely harmful for the EU's credibility, already weakened by decades of failed policy approaches and close cooperation with authoritarian regimes. A degree of prioritization will therefore be necessary, focussing EU action on those sectors and national contexts where the EU's leverage and influence is more pronounced. This can either derive from long-term engagements and historical responsibilities, as in the context of the Israeli-Palestinian conflict and in Lebanon, Libya and Turkey, or as a result of an understanding that the limited successes made in one context need to be preserved and protected in order to serve as examples for others, as is the case in Tunisia's fragile transition.

At the macro-regional level, a degree of differentiation between oil-exporting and oil-importing MENA countries should be made. Oil-exporting states share similar challenges tied to their overreliance on hydrocarbons, weak private sector and mounting fiscal deficits due to the declining price of oil. These states require enhanced technical assistance and advice in helping to restructure their economies away from the oil sector and towards increased modes of domestic production. Key to this transition will be the availability of foreign direct investment (FDI), but also reforms to the tax code and legal frameworks as a means to enhance investor confidence as well as encouraging private sector growth.

The EU and its member states should cooperate with international financial organizations, including the World Bank, IMF and European Investment Bank (EIB), to coordinate investments and assistance to oil-exporting states in the MENA, providing advice and best practices in the realm of tax reform, public procurement and consumer oversight and protection. Improvements in these domains would have carry-on effects on broader dimensions of state–society relations, helping to improve economic outlook and the gradual scaling back of the state-led economic model to the benefit of increased private sector growth and, it is hoped, civic freedoms and state/society resilience. Placing anti-corruption standards at the centre of EU action and assistance to oil-exporting MENA states should be a *sine qua non* for EU engagement, conditioning technical assistance and advice on the basis of enhanced transparency and interaction with non-state actors who enjoy popular following and legitimacy and have challenged regime interests and elites through anti-corruption campaigns and civic activism.

Turning to oil-importing MENA states, major challenges consist in declining state capacity to provide basic services to the populace, which in turn is a by-product of declining growth rates and a breakdown of trust between the state and its citizens. MENA states such as Morocco, Tunisia, Egypt, Jordan and Lebanon are all facing similar socio-economic pressures stemming from high unemployment and demographic growth, widespread corruption, lack of affordable housing and entrenched education disparities. Budget deficits, low productivity and growth are compounding these challenges, limiting the state's ability to respond to the demands of its citizens and thereby furthering this vicious cycle of declining state capacity and weakening state–society relations.

The task of fostering state and societal resilience in these contexts is centred on restoring and reviving the social contract, refashioning modes of interaction between the state and society in an effort to enhance citizen trust and accountability of state policies. Such goals will need to be accompanied by the modernization of legal norms and legislation, a further empowerment of the legislative branch of government as well as the judiciary, and efforts aimed at expanding the private sector as a means to jumpstart economic growth. Here, civil society and legitimate local or communal actors, including certain government ministers or local municipalities, will be key interlocutors, as it is they who will take the lead within society in promoting civic activism and reform. The key challenge will be to translate what are often sectorial movements into broader national efforts, a goal that is often undermined by the internal fragmentation of society, divisions between rural and urban settings, regime co-optation efforts, restrictions on the freedom of assembly, speech and the press.

Moving to MENA states presently engulfed in violent conflict or civil war – Yemen, Syria, Libya and Iraq – EU policy should prioritize humanitarian aid and emergency assistance to the most vulnerable sections of the population, in particular to refugees and internally displaced people. In Iraq, where a number of European states are presently engaged in providing training and technical assistance to Iraqi authorities, the EU should prioritize the exchange of best practices in governance and security sector reform, enhance visible EU support to anti-corruption campaigns launched by state institutions as well as local societal actors, and redouble efforts to upgrade and modernize Iraq's ailing infrastructure, starting from the water, waste and electricity sectors. Such targeted action by the EU would have positive effects on broader dynamics of state and societal resilience, helping to restore state capacity and citizen trust in the central authorities while improving stabilization efforts and reconciliation between various communities in the country.

One key setting in which the EU is called on to assume more direct responsibilities is Libya. Europe must redouble its efforts to support the UN-backed political transition process and the UN's new Libya Action Plan, the failure of which could spell disaster for the country.²⁸ Building on the action of EU member states such as Italy and France, Europe should engage with a wide array of local actors in an effort to support the UN-backed Libyan National Conference. Most importantly the EU must first reach internal consensus on the priorities and sequencing of policies in the context of Libya. Divisions among EU member states on Libya, particularly between Italy and France, are a fundamental impediment to effective EU action. Europe should therefore further internal consultations to map out the respective interests of member states to evidence areas of shared interests,

²⁸ Alison Pargeter, "Libya's New Action Plan: A Recipe for Success?", in *Al Jazeera Centre for Studies Reports*, 17 October 2017, <http://studies.aljazeera.net/en/reports/2017/10/libyas-action-plan-recipe-success-171017085801315.html>.

if not complementarity. It should also engage with the disparate regional and international actors involved in Libya in an effort to develop an agreed road map for enhanced multilateral support to the UN-led efforts to bring stability and reconciliation to Libya.

The Syrian conflict presents the EU and Western actors with hard truths. Europe and the West more broadly have failed in the Syrian war and will consequently not enjoy the same degree of leverage and influence over the outcome of the conflict as Russia, Iran and, less so, Turkey. Given that the EU is essentially “locked out” of Syrian territory, EU efforts should focus on the regional humanitarian dimension of the conflict, in particular in Lebanon and Jordan, while seeking – to the extent that it is possible – to influence the diplomatic and reconciliation processes. Repairing the damaged EU–Turkey relationship, while taking the lead in defending the Iranian nuclear deal, will be key to preserving and even enhancing the EU’s credibility and geopolitical leverage in the region. Such policies would also improve the EU’s standing with Russia, and may in turn help open the door for increased European influence over the ongoing negotiations on Syria.

Looking to the future, a major emphasis should be placed on the modalities of reconstruction of war-torn Syria, insisting on a degree of transparency and public consultation with the Syrian population. The objective should be to seek to influence post-conflict dynamics in Syria in such a way as to avoid the simple restructuring of the previous modes of authoritarian control, seeking to increase the space for local civil society to mediate between the central authorities and local communities as an important ingredient for resilient state–society relations in post-conflict Syria.²⁹ Engaging with Russia, which is leading the constitutional drafting process, as well as with Iran, will be important. Seeking to ensure that the new Syrian constitution provides room for minorities and that the expected financial returns that will flow from the reconstruction effort do not end up strengthening corrupt elites tied to the regime, are key objectives that are broadly shared among EU member states.

In light of the EU’s dwindling financial capabilities and the fact that political and security trends across the MENA are encouraging foreign investors to withdraw from the region, the EU and its member states must adopt a degree of prioritization when it comes to financial assistance to struggling economies in the MENA. Against this backdrop, the EUGS’s call for enhanced coordination and pooling of resources among EU institutions and member states represents the only realistic means to enhance EU leverage and influence in a time of limited resources. Tailoring EU and member state policies according to agreed international goals – such as the 2030 Agenda for Sustainable Development, UNSC Resolution 1325 on “women, peace and security” and the International Climate Change Accord

²⁹ See, for instance, Faysal Itani and Tobias Schneider, “Rebuilding Syria. A Localized Revitalization Strategy”, in *Atlantic Council Reports*, December 2017, <http://www.atlanticcouncil.org/publications/reports/rebuilding-syria>.

– would serve to widen the legitimacy of EU policies and objectives, enhancing their effectiveness and appeal within local contexts while helping to multiply EU leverage and influence.

The launching of the European External Investment Plan (EIP) in September 2016 – which is meant to assist public and private investment in ENP and African countries in key sectors to enhance sustainable growth and development, and help to tackle the root causes of instability and migration – represents one tool for the EU's engagement strategy with the MENA. The EIP is one part of the much broader EU Fund for Sustainable Development (EFSD), which aims to become an "integral financing mechanism to support investments by public financial institutions and the private sector".³⁰ Helping to pool EU funding, while implementing strategies aimed at diminishing investment risks, represents an innovative means to enhance the effectiveness of the EU's public and private action in these contexts.³¹

Regrettably, there has been a growing tendency within the EU to employ these new structures as a means to divert development funds to more short-term security-related sectors, such as migration control and border management. The EU should be mindful of an excessive securitization of its migration policy and instead complement such measures with a wider reform of the EU's asylum and immigration systems, to allow for increased regular migration channels into Europe. Such action would prove beneficial to MENA states – particularly those in North Africa, which are severely impacted by migration flows – and could also result in more structured and inclusive cooperation mechanisms between MENA and EU states. Simplified visa modalities for MENA citizens seeking education and employment in the EU should also be established and extensively publicized across the region, also with a view to create cyclical migration patterns, allowing MENA citizens easy access to fixed short-term stays in various European countries.

While the EU has signed Association Agreements with eight MENA states (only Syria and Libya are lacking), and these contain their own limited forms of free trade in goods, since the uprisings new efforts have been launched to expand access to the EU market in the form of Deep and Comprehensive Free Trade Agreements (DCFTAs), which also cover areas such as "agriculture, industrial standards, dispute settlement and services and establishment".³² DCFTAs are available to Egypt, Jordan, Morocco and Tunisia, yet, since 2011, official negotiations have only been launched with Morocco (March 2013) and Tunisia (October 2015). At any rate, the effective benefits of such accords would only be available far in the future, if and when the parties finalize the full accord, limiting the effectiveness of DCFTAs as a

³⁰ See the European Commission website: *External Investment Plan*, <http://europa.eu/!wY97Dq>.

³¹ European Commission, *EU External Investment Plan. Factsheet*, November 2017, <http://europa.eu/!fg63xn>.

³² European Commission, *Overview of FTA and other Trade Negotiations*, updated November 2017, p. 5-6, <http://trade.ec.europa.eu/doclib/html/118238.htm>.

means to jumpstart economic growth in these countries.³³

The limited attractiveness of DCFTAs was recognized by the 2015 review of the European Neighbourhood Policy (ENP), which acknowledged that “a number of partners do not currently wish to pursue” the DCFTA model. In these contexts, new initiatives such as Agreements on Conformity Assessment and Acceptance (ACAAs) are proposed as a means to boost trade in specific sectors.³⁴ Another means that may be explored to boost economic growth and production capacity is the establishment of special economic zones (SEZs) in certain regions and localities in the MENA. Some authors have called for the establishment of SEZs as a means to boost economic output, investment and development, particularly by targeting and providing local employment opportunities to refugees displaced across the MENA, as has been done in Jordan for instance.³⁵ While not free from controversy,³⁶ such initiatives can help local economies attract foreign investment and improve private sector competitiveness. Also in Lebanon, recent studies have demonstrated that the large numbers of refugees have actually produced some economic benefits rather than only burdens, contributing to Lebanon’s fragile economic outlook notwithstanding the lack of media and policymaker focus on such dynamics and mounting anti-migrant feelings in Lebanese society.³⁷

Boosting regional cooperation and trade would provide the greatest degree of added value to MENA states and societies. The untapped export potential of many MENA states, combined with the low levels of intra-regional trade, represent major impediments to economic growth and sustainable development across the region.³⁸ In accordance with the EUGS emphasis on fostering “cooperative regional orders”³⁹ as a means to improve prevention and the effective management of crises in Europe’s near abroad, the EU should emphasize the mutual socio-economic and security benefits that flow from enhanced regional trade and cooperation, seeking to encourage MENA states and societies to set aside their geopolitical disputes and instead agree on a set of standards and rules to develop peaceful conflict resolution and dispute settlement mechanisms.

³³ See Richard Youngs, *Europe in the New Middle East. Opportunity or Exclusion?*, Oxford, Oxford University Press, 2014, p. 110-114.

³⁴ European Commission and EEAS, *Review of the European Neighbourhood Policy* (JOIN/2015/50), 18 November 2015, p. 8, <http://eur-lex.europa.eu/legal-content/en/TXT/?uri=celex:52015JC0050>.

³⁵ See Alexander Betts and Paul Collier, “Jordan’s Refugee Experiment”, in *Foreign Affairs Postscripts*, 28 April 2016, <https://www.foreignaffairs.com/articles/middle-east/2016-04-28/jordans-refugee-experiment>.

³⁶ Heaven Crawley, “Why Jobs in Special Economic Zones Won’t Solve the Problems Facing the World’s Refugees”, in *The Conversation*, 6 April 2017, <http://theconversation.com/why-jobs-in-special-economic-zones-wont-solve-the-problems-facing-the-worlds-refugees-75249>.

³⁷ See, for instance, Rosalie Berthier, “Monetising Syrian Refugees”, in *Lebanese Economy Watchdog*, 11 December 2017, <http://www.synaps.network/lebanese-economy-watchdog#chapter-3177383>.

³⁸ Bernard Hoekman, “Intra-Regional Trade. Potential Catalyst for Growth in the Middle East”, in *MEI Policy Papers*, No. 206-1 (April 2016), <http://www.mei.edu/node/23007>.

³⁹ For more on “cooperative regional orders” see EEAS, *Shared Vision, Common Action: A Stronger Europe*, cit., p. 32-39.

Overall therefore, a European policy strategy that prioritizes socio-economic grievances as the driving force for the present regional breakdown but which acknowledges authoritarianism and the lack of freedoms as fundamental obstacles to renewed economic growth and “resilience” represents a good blueprint for EU action. Such approaches are also well suited to the Turkish case.

Turkey’s significant 10-year decline in freedom and democracy registered by the 2017 Freedom in the World report by Freedom House (-28 points between 2006 and 2016)⁴⁰ is the direct result of the policies pursued by the ruling AKP government and President Recep Tayyip Erdogan. The significant expansion in Turkey’s ongoing crackdown on civil liberties, the rule of law and the media presents a fundamental threat to state and societal resilience in that country. Turkey remains something of an outlying case compared to other MENA states, given the legacy of the failed EU accession track and the country’s longstanding NATO membership, which create a rather different institutional framework for EU–Turkey relations compared to those with MENA states. This reality is both a challenge and a potential opportunity for the EU.

Mistrust and political tensions are widespread, but institutional links⁴¹ and economic and energy interdependence⁴² are more entrenched, providing different avenues for EU policy to foster state and societal resilience in Turkey. The negotiations to upgrade the EU–Turkey customs union could have positive effects on the broader economic and legal setting within the country, thereby strengthening institutional resilience in the country. This is one important avenue for the EU to pursue, combined with that of increasing support to Turkish civil society organizations as an important means for the EU to remain engaged with Turkish society independently from the high-level political tensions between governments and elites.⁴³

A close examination of societal trends in Turkey and the avoidance of overreactions to political tensions and provocations will be key to EU–Turkey relations. Finding areas of mutual interest – which exist on many levels – and building up from there should be the starting point of this engagement. Emphasizing the long-term strategic nature of EU–Turkey ties and playing up the economic benefits of closer

⁴⁰ Freedom House, *Freedom in the World 2017*, January 2017, p. 10, <https://freedomhouse.org/node/49188>.

⁴¹ Pol Morillas, Melike Janine Sökmen and Akin Ünver, “EU-Turkey Relations in the Midst of a Global Storm”, in *FEUTURE Online Papers*, No. 7 (November 2017), <http://www.feuture.uni-koeln.de/en/publications/feuture-online-paper-series/#c195361>.

⁴² See, for instance, Lorenzo Colantoni et al., “Energy and Climate Strategies, Interests and Priorities of the EU and Turkey”, in *FEUTURE Online Papers*, No. 2 (March 2017), <http://www.feuture.uni-koeln.de/en/publications/feuture-online-paper-series/#c182504>.

⁴³ E. Fuat Keyman, Nathalie Tocci and Michael Werz (eds.), *Trends in Turkish Civil Society*, Washington, Center for American Progress, July 2017, <https://www.americanprogress.org/issues/security/reports/2017/07/10/435475>.

convergence and cooperation does represent a good starting point for repairing the EU–Turkey relationship, a relationship which for all intents and purposes is “too big to fail” for both parties.⁴⁴

The correct identification of priority areas for action, followed by a realistic identification of benchmarks for progress and a careful assessment of interlocutors at the state and societal level will therefore be key to the EU’s efforts to operationalize the EUGS emphasis on resilience. It is this reorganization of EU reporting and periodical assessment of developments in the MENA that represents a significant novelty in the EUGS as well as the 2015 ENP.⁴⁵ In this respect, coherence between bilateral, multilateral and international policies pursued by EU institutions, member states and international organizations represents another key goal of the EU’s revised external action.

The EU’s ambition to reorganize periodical reporting and enhance coordination between various sectors and policy strands should represent a first priority tied to the implementation of the EUGS. Pairing an EU institution with a single member state and allowing them to take the lead in specific sectors could represent a good means to balance national and communal interests of the Union, thereby protecting interdependence and coherence in EU policy.

In order to be effective, the reorganization of EU reporting on single MENA states and societies should be accompanied by a significant expansion of the staff budget of the European External Action Service (EEAS). Reporting offices should be opened in Brussels and subdivided according to North African, Middle Eastern and Arabian Peninsula sub-regions, staffed with officials holding extensive background knowledge of the region and given sub-region. Key qualifications should include historical and language knowledge of the MENA, a political economy approach to understanding the specificities of state–society relations, governance models and socio-economic challenges in these contexts, and experience in navigating the various power nodes and institutional makeup of the EU in Brussels.

The overall objective of these offices should be to map-out different sectors of EU and member state action, and seek means to make these strands mutually reinforcing in an effort to empower local “resilience-friendly” actors in these contexts, the identification of which should also fall under the remit of the reporting. Having such reliable and up-to-date information on different sectors and countries will allow decision makers to make informed choices on the priorities, sequencing and correct interlocutors to engage, brining EU policy a step closer to

⁴⁴ For more on the EU-Turkey relationship see Nathalie Tocci, “Turkey and the European Union: Scenarios for 2023”, in *FEUTURE Background Papers*, September 2016, <http://www.feuture.uni-koeln.de/en/publications/feuture-online-paper-series/#c113811>; Bilge Yabanci, “The Future of EU-Turkey Relations: Between Mutual Distrust and Interdependence”, in *FEUTURE Online Papers*, No. 1 (November 2016), <http://www.feuture.uni-koeln.de/en/publications/feuture-online-paper-series/#c126161>.

⁴⁵ European Commission and EEAS, *Review of the European Neighbourhood Policy*, cit., p. 5.

the ambition displayed by the EUGS. Such data would also serve the related EU goal of prevention and early warning, helping to flag developments that may result in further disruptions and challenges while allowing for a rapid response to mitigate these before the next crisis erupts.

Conclusions

The EU Global Strategy sets out its ambition to become the new road map for EU foreign and security policy in the years ahead. Pooling EU leverage and adding a degree of interdependence and coherence to EU policy sectors stand out as the most promising, and ambitious, goals of the strategy.

In the Middle East and North Africa, where challenges to state and societal resilience derive from the gradual breakdown in trust between the state and its citizens, the pervasiveness of authoritarianism, conflict and deep seated intra-regional rivalries and competition, EU policy will be hard pressed to deliver results. Governance and socio-economic challenges have been identified as laying at the heart of the current crises and breakdown. Jumpstarting economic growth and improving the provision of social goods and services stand out as urgent priorities to foster trust and gradually reform state-society relations.

Not enough time has passed since the formal unveiling of the EUGS to provide a holistic and comprehensive assessment of the strategy and its emphasis on resilience. The contents of the strategy, combined with the revision of other EU tools and approaches – chief among which stands the revised 2015 ENP – do trace a positive balance between ambition and capabilities, values and realpolitik in an effort to allow the EU to “navigate this difficult, more connected, contested and complex world”.⁴⁶

While criticized by some for an excessive embrace of realpolitik, the degree of self-awareness contained in the EU's new strategic documents should be regarded as an acknowledgement of the global dimension of EU action and a realistic assessment of the comparative strengths and weaknesses of the EU within the international system at large. At the same time the EU is clearly conscious that its strengths lie in Europe's embodiment of the fundamental values of democracy, the rule of law and human rights. Given the present uncertainties gripping the international system, the unpredictability and relative retrenchment of the United States under President Donald J. Trump and the rising influence of actors such as China, Russia and others whose foreign policies are not based on similar values, there is an opportunity for the EU to emerge as the new global leader in these norms and values.

⁴⁶ EEAS, *Shared Vision, Common Action: A Stronger Europe*, cit., p. 13.

In such a context the EU should seek to emerge as the new global values “gatekeeper”, a position that would lead to strengthened EU cooperation with, and leadership within, major international organizations such as the UN, the Organization for Economic Cooperation and Development (OECD), the Organization for Security Cooperation in Europe (OSCE) and others, including financial institutions such as the World Bank and IMF. By pairing EU policy goals to those of these large international actors, EU influence and leverage is multiplied, also allowing for increased funding and external support for these policies, while enhancing the ability of EU member states and institutions to influence US policy.

Ultimately, only an integrated and more united Union can hope to preserve a degree of European influence and leverage on the world stage. To paraphrase from the title of a book by American author and policymaker Richard N. Haass, “foreign policy begins at home”,⁴⁷ and in this respect the first indispensable priority to improve the EU’s foreign action relates to internal dynamics tied to the reorganization of roles, the pooling of resources and enhanced coordination between EU institutions and member states. The fact that this is acknowledged by both the EUGS and the 2015 ENP, as well as other policy documents and Action Plans, and that progress has already been made in such realms as Permanent Structured Cooperation (PESCO) in the defence field,⁴⁸ represent positive steps in the EU’s efforts to refashion its global role and vision.

Political courage and support on the part of individual member states will be key to the ultimate success of the EUGS’s ambition. Ultimately, EU institutions and member states will need to give the EEAS and Commission the authority and tools to carry forth such a programme, commanding legitimacy and authority not only at the external level but also and perhaps more fundamentally internally, within the EU apparatus.

Updated 15 January 2018

⁴⁷ Richard A. Haas, *Foreign Policy Begins at Home. The Case for Putting America’s House in Order*, New York, Basic Books, 2013.

⁴⁸ EEAS, *Permanent Structured Cooperation – PESCO. Factsheet*, updated 13 December 2017, <http://europa.eu/!tg94Hv>.

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