

# **OPEN QUESTIONS IN DEFINING, MEASURING, AND MONITORING POVERTY IN THE NEW MEDITERRANEAN SCENARIO**

## **Assisting Social Transition in a Single Euro-Mediterranean Space**

### *Abstract*

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The social dimension has been formally recognised as important in the development process launched by the Euro-Mediterranean Partnership (EMP) aimed at creating a strong and integrated regional economic pole, capable of responding to the economic challenges of globalisation. Nonetheless, there is a risk that social cohesion in the area and attention to poverty and exclusion will be far from the top of the list in research and policy making priorities.

As the experience of the European Union demonstrates, the EMP can grow in an egalitarian and functional fashion along three distinct dimensions: the financial and economic dimension, the political and security dimension, and the social dimension. The Mediterranean basin would thus be transformed into an area of mutual dialogue, solidarity, and development.

The impact of transition in the Mediterranean area on the vulnerable segments of the population, and in particular the poor, is the Censis research theme within the FEMISE project. The project concentrates on different methodological and content issues:

- the different conceptual definitions of poverty, data-collection instruments, measurement methods, and useful indicators;

- the profile of poverty and economic and social deprivation in different areas of the basin, especially a comparative analysis in five Mediterranean countries (Morocco, Egypt, Jordan, Italy and Greece);
- the impact of poverty on processes of supernational integration, with the EU to the North, and with the Euro-Med free trade area to the east and south;
- the role and activity of international bodies involved in identifying, monitoring, and fighting poverty in the area;
- past national policies and proposals for monitoring transition.

There are diverse profiles of poverty and wealth in the countries around the basin:

- the European countries on the northern shore have a GDP between 12 and 26 thousand dollars per capita (from Greece to France), and the percentage of the population below the US poverty line (\$14.40/day) between 12% (France) and 2% (Italy);
- the MENA countries, where the average GDP per capita is \$2000, the percentage of the population under the international poverty level (\$1/day) ranges between 2% in Morocco and Algeria and 7.6% in Egypt, with the Gini coefficient between Egypt (31) and 43.4 (Jordan).

All principal indicators, which can be examined with a supernational approach or using national poverty lines, show that economic growth involving MENA countries over the past two decades has had a great impact on the income poverty profile, increasing the GDP per capita and reducing the proportion of the population below the \$1/day poverty line. Poverty levels are lower than those in other zones experiencing similar development.

Using the conventional definition of absolute poverty adopted at the international level to compare the situation in developing countries, based on a consumption threshold of \$1/day (1985 PPP), 5.6% of the total population of MENA countries, or about 11 million people, is poor. The highest rates are in Jordan (12.6%) and Iran (8.9%), and the lowest are in the

Maghreb countries (1.2% to 2.9%). Thanks to economic expansion, the average poverty index in the area dropped 6% between 1985 and 1994, to 5%. Egypt, Morocco, and Tunisia all experienced GDP growth and a decrease in economic poverty, while the in Jordan GDP decline corresponded to increase in income poverty.

Those who are in the extreme poverty category and far worse off, although the definition of *extreme* varies between North and South. In Italy, for example, extreme poverty is based on social exclusion, and includes such marginalised groups as immigrants, Gypsies, the solitary mentally ill, and the homeless (about 500,000 people). In Jordan, on the other hand, the *abject poverty line* is based on the minimum number of calories necessary to survive in working conditions. In 1996, 4.5% of the 26% of families in absolute poverty were below the abject poverty line.

Today's conception of poverty goes well beyond the simple lack of income. Poverty is rather a multidimensional phenomenon, with different faces, which appears as an interlocking of different factors which compete to determine the social exclusion of an individual from the active life of the community, and using a single indicator such as that of absolute poverty, which is actually relative, is extremely reductive.

In particular, the success of some Arab countries in reducing income poverty conceal enormous social inequities which remain intact, and are not reflected in a similar improvement on social indicators. According to the UNDP, *human poverty*, measured using the HPI (which measures poverty by indicators of deprivation such as life expectancy, infant nutrition, education, and access to public and private resources rather than by mere disposable income) is much greater than economic poverty. In fact, by this measure, 32% of the population in the region is poor, rather than 4%. In Egypt, for example, while 7.6% of the population is below the \$1/day threshold, 34% were considered, in 1995, poor according to the human poverty index, not far from the 38% in South Asia and among the highest in the developing world. In Morocco, the number is over 40%.

The economic growth seen as a consequence of the Euro-Mediterranean cooperation and the free trade agreements should generate, at first, an improvement in the income poverty conditions, tied to an increase in the per

capita GDP, while leaving “holes” in the social fabric. Inequality in the distribution of resources, and inefficient allocation of resources in the strategic factors for increasing human potential, even risk increasing social inequality and marginalisation for broad swathes of the population and heightening social tension in the area.

This highlights the need for careful monitoring, for an evaluation of the impact of the transition of various segments in which the phenomenon appears: different labour segments (public sector, especially, susceptible to foreseeable adjustment shocks; emerging “atypical” work still without social protection), and the different territorial contexts (rural areas, urban centres, and coastal zones, which respond differently).

The mediation of the impact of transition on poverty passes above all through the macroeconomic policies implemented in different countries: through economic reform in the public sector, credit and microcredit policy, assistance to entrepreneurs, tax and education policy, and flexibility in the workplace.

In particular, in the social arena, three factors should be considered in outlining the background picture for the area of intervention:

- new policies of economic openness in MENA countries match a decrease in the involvement of the State in the social security system (as has happened and is still underway in Europe in pensions, welfare, and health care), while population growth will result in an increased strain on social and welfare services;
- anti-poverty policies and promotion of social inclusion have been limited in the past and have not covered the entire area;
- structural changes at the institutional, economic, productive, and labour market level in the transformation to a post-industrial development model require a revision of the traditional models of social protection, both in the South and the North Mediterranean.

The policies of mediation of the impact of EMP on poverty and the overall living conditions of the population involve different *key players* in transition, with new responsibilities:

- policy makers in the supernational integration process, who must push institutional reforms in each country, especially those regarding the public network of social protection;
- social policy makers, meeting the challenge of a more efficient and strategic allocation of public resources in the expenditures for social inclusion and use of human capital (assistance, pensions, health care, training, employment subsidies, etc.);
- development players, working on specific public programmes meant to support the needs expressed at the local level (taking different conditions in different areas into account when defining selective subsidy allocation mechanisms);
- private subjects and the social service market, who must work on the “regular” definition as a leading component in the remodulation of the overall shape of the social protection scheme, especially in light of reduced public spending and increased demographic pressure in the south;
- the “functional autonomy” subjects, the protagonists of a participatory and bottom-up management of regional cooperation, involving entrepreneurs and those in local civil society;
- simple subjects (families and businesses) working on finding a new route to self-protection and the individual responsibility for social insurance and development

It is important to conduct local experiments of the strength of the economic growth/social development model underlying the EMP, looking at the local dimension (rural, urban, coastal, etc.) using permanent measurement and evaluation systems for the social impact of North-South integration and development of adequate diagnoses and strategies.

In conclusion, the concrete proposals developed by Censis for the definition of a FEMISE position regarding poverty in the Mediterranean basin are:

- use the EMP to promote a concerted management of social processes and not just economic ones;
- reach an official definition of poverty, shared among countries involved in EMP, as a functional synthesis of the different conceptual and methodological approaches;
- reach a definition of the minimum and shared standards for Euro-Mediterranean citizenship, understood as basic inalienable rights of every citizen of the region, which government policies should use in making decisions and planning initiatives;
- set up a system of permanent territorial monitoring for the evaluation of the impact of the EMP on poverty in different areas of the basin, using a selected set of indicators;
- launch together a Forum for the Development of Basic Points for Converging Policies for the Reduction of Social Exclusion in the shared Euro-Mediterranean space, a round table for the above key players, which will then divide into sectorial commissions for the study and proposal of appropriate solutions.