



Forum Euro-Méditerranéen des Instituts de Sciences Economiques  
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**FEMISE ANNUAL CONFERENCE 2019**

**SUSTAINABLE DEVELOPMENT:  
DRAWING AN IMPACTFUL EU-MED ROADMAP<sup>1</sup>**

**13-14 June 2019**

**Brussels, Belgium**

**Marivaux Hotel Congress & Seminar Centre**

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**DAY ONE: Thursday 13 June 2019**

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**Opening Session**

**Welcome Note:**

***Ibrahim Elbadawi***, President & Coordinator of FEMISE and ERF Managing Director

***Patricia Augier***, President of Scientific Committee & Coordinator of FEMISE and IM and Professor at Aix-Marseille University

**Opening Speeches from:**

***Michael Köhler***, Director Neighbourhood South, DG-NEAR-B, European Commission

***Mahmoud Mohieldin***, Senior Vice-President, World Bank Group.

***Jean-Philippe Platteau***, Emeritus Professor of Economics at Université de Namur, Belgium

**Special address from:**

***Pierre Duquesne***, Ambassadeur, Délégué interministériel à la Méditerranée, France

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This conference, held under the theme of 'sustainable development drawing an impactful EU- MED Roadmap', started with the Welcome Note of Ibrahim Elbadawi, President and coordinator of FEMISE and ERF Managing director and Patricia Augier, President of scientific committee and coordinator of FEMISE and IM and professor at Aix- Marseille University. As stated by **Dr. Ibrahim Elbadawi**, this particular theme of the conference coheres very well

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<sup>1</sup> This conference is organised with financial support from the European Union through the FEMISE project on "**Support to Economic Research, studies and dialogues of the Euro-Mediterranean Partnership**", Views expressed are those of the authors and speakers and do not reflect the position of the European Union.

with the ongoing brainstorming in the international development community regarding the importance of sustainable development goals as not only an analytical framework but also a framework for public policy and development. Over the last years, several institutions including the World Bank, the International Monetary Fund and the European Union have started thinking of SDGs as a framework for thinking about various aspects of development challenges ranging from conflicts to climate change to gender equity and inequality.

In this context, this conference focuses on four fundamental themes: 1. EU- MED Neighborhood and Trade Integration, 2. Private sector and Innovation Contributing to Growth and Job Creation, 3. Climate change, Water and sustainable development Linkages and 4. Inclusiveness: Inequalities, Youth, Social Entrepreneurships and Refugees

This annual conference is special, because it closes 4 years of activities that have been funded by the European Commission under the ENPI contract from March 2015 until the end of September 2019. The project has many achievements in terms of research outputs, policy relevance, dissemination activities, etc. Details about these achievements will be elaborated during the General Assembly at the end of the conference.

**Prof Patricia Augier**, joined in to welcome the participants of the conferences and highlighting the challenges ahead in the EU-Med region but also in ensuring that FEMISE is always responding to the needs of the policy making process in the region. She explained that during the plenary sessions, a summary of what FEMISE reached in terms of research outputs within this theme will be provided with the aim to identify which issues still need to be addressed to feed the future research agenda. Finally, regarding the theme of sustainable development, Prof. Augier pointed out that a project of FEMISE in collaboration with KEDGE researchers on the creation of a platform for social entrepreneurship has recently been labelled by the United Nations network SDSN. She emphasized that these sorts of collaborations and partnerships are very important for FEMISE, as being granted this label on this theme, is a way to recognize the FEMISE efforts across the different research themes.

**Michael Koehler, Director Neighborhood South, DG-NEAR-B, European commission stated that** FEMISE is about doing researches that influences policy decisions and it is about providing applied and applicable research. This is important because when speaking about the economics and trade of the Mediterranean, we are speaking about the future of a region that is economically and socially ailing and needs desperately stimulation, more cooperation, and more job creation. He said it is important to create the right sense of urgency and of action. According to the performance indicators of economics of the region, we have one of the highest degrees of youth unemployment in the world average (30 %) and female labor participation in the MENA region is only 20.2% according to ILO statistics. Moreover, employment and growth depend on the private sector. However, we often have a private sector that resist against formalization and therefore it does not contribute to taxation and social security and to growth as it ought to do. He continued that the MENA region is one of the least economically integrated regions in the world. While Trade volume increases, the relative percentage of south south remains constant. The investment flows are still lower than 2011. So we are in a crisis situation!

The question now is how to unleash the economic potential of the region. Investment is the powerful tool in this context, which if delivered in a sustainable way as through the right channels can have a big impact in creating jobs, building skills, boosting economy and facilitate innovation. So, we need new flows of capital investment beyond public fund and

new business models. We also need new tools that brings private investments and public guarantees together.

The importance of investment was confirmed by **Dr. Mahmoud Mohieldin** (Senior Vice president, World Bank group). He stated that FDI have been declining in the region and have been declining globally. He stressed on the importance of discussing the determinants of this decline and the impact of investment.

Also, when it comes to SDGs, countries of the region are not just underperforming, but the reality is that achieving these goals appears impossible. There are 6 risks in the region: Escalation of trade tensions, Innovative policy uncertainty, financial market Stress, lower than expected growth in major economies including weaker than expected potential growth, political risks and climate change. So, the region needs to put the Sustainable Development Goals as its ultimate target, it needs to put a policy framework. Countries of the region need to invest in human capital and infrastructure including digital transformation and they should also invest in resilience to shocks. For that they need data, finance and good implementation. It is important to provide a more aiming situation for young entrepreneurs and people who are launching startups. In This regard, **Dr. Mohieldin** pointed out some recommendations:

- 1- Connecting the entrepreneurial ecosystem to public sector
- 2- Creating a Framework of collaboration, hubs and clusters in the entire country
- 3- Providing dialogue between European and Mediterranean business communities
- 4- Support training to SMEs to help them integrate the value chains
- 5- Support education system that encourage critical thinking
- 6- Introduce tax incentives within employment taxation to encourage business to recruit more workers

So, we should look at these recommendations and develop a meaningful roadmap to reach out different stakeholders, policy makers, private sector and the young innovative generation.

**Ambassador Pierre Duquesne**, Ambassador, Inter-ministerial Delegate for the Mediterranean, also noted that sustainable development is drawing up a powerful Euro-Mediterranean roadmap. He noted that the Mediterranean is seen as the sea of all dangers while it must be seen as the sea of all opportunities. He then elaborated on the initiative that has been taking place "Summit of the 2 shores" or "Sommet des deux Rives" that will be taken place on the 23 and 24 of June 2019 in Marseille. Ambassador Duquesne explained that the aim of this summit is to gather the Ministers of Foreign Affairs of the Western Mediterranean to enhance a dialogue with civil society from the 2 shores with the objective to foster a pragmatic regional socioeconomic dialogue and to launch relevant projects in this region. The Summit will also include the youth, so as to share their ideas and their take on the regional challenges and the way forward.

Within the context of achieving SDGs, **Prof. Jean- Philippe Platteau**, Emeritus professor of economics at Université de Namur, presented his recent paper 'Cultural persistence, marriage and divorce theory and evidence from Turkish migrants in Brussels'. The paper aimed to shed light and remind us that social inclusion is still far from being achieved in societies that is still broken by social norms. In his presentation he highlighted the dilemma of maintaining these norms in foreign or immigrant land with the focus on the Turkish communities in Brussels. Children born out of migration marriage or foreign spouse

marriage and particularly girls are more controlled. Meanwhile, there are high rates of divorce and in 67% of cases the divorce is initiated by women. Moreover, divorce is significantly higher in marriage with foreign spouse than in other types of marriage.

This paper reminds us that we still need to go deep into understanding the social inclusion and challenges that are faced with these migrants..

This session concluded that it is important that Europe seek better partnerships with the Mediterranean and Africa to eliminate and to prevent some of the negative implications of lack of growth and development in the south, which go beyond issues of migration. But at the end, countries are responsible for themselves, growth and development is each country kind of choice.

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## **Plenary Session I: EU-Med Neighbourhood, Trade integration and Cooperation**

**Moderator and Speaker: Raed Safadi**, *Chief Economic Advisor, Dubai and Former Deputy Director at OECD and FEMISE Advisory Board*

**Przemyslaw Kowalski**, *Project Leader and Former President of CASE – Center for Social and Economic Research, Poland and FEMISE Member*

**Zouhair El Kadhi**, *General Manager, l'Institut Tunisien de Compétitivité et des Études Quantitatives (ITCEQ), Tunisia*

**Henry Marty Gauquié**, *Honorary Director, Former Representative of EIB Group in Paris, France and FEMISE Advisory Board*

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## **Floor Discussion**

Dr. Safadi started the session by presenting a summary of the outputs of the FEMISE research conducted in the past 4 years on the theme of Trade and Integration.

“The development and implementation of new public policies, including those concerning trade, are facing major challenges : from Brexit to the US position on WTO’s agreements, to the waves of opposition for economic policies in many countries, to the Arab Spring and the political instability in the MED region” said **Przemyslaw Kowalski**, Project leader and former President of CASE – Center for social and Economic Research, Poland, at the beginning of his intervention.

“Does this context change anything?” asked Kowalski before starting to present the new project that is undertaken by ECORYS, CASE and FEMISE commissioned by the DG Trade, The Directorate General for Trade of the European Commission.

The new study is an evaluation study of the impact of trade of the Euro-Mediterranean Association Agreements with six partners: Algeria, Egypt, Jordan, Lebanon, Morocco and Tunisia. The understanding of the new dynamics is part of the understanding of the challenges and the prospects in the field of trade between countries, including countries bordering the Mediterranean, said Kowalski.

“The relationship between Europe and the Mediterranean is not equal to the stakes, challenges and objectives, whether in terms of integration, political instability or the development of the private sector but also in terms of the of demographic issues...

Addressing these subjects implies a regional cooperation; a consensus between the partners on both the objectives and the means (financial, diplomatic means or means of internal reform and deepening cooperation)", said Henry Marty Gauquié, Former Representative of EIB Group in Paris.

In this same context, **Zouhair EL Kadhi**, General Manager of Institut Tunisien de Compétitivité et des études Quantitatives (ITCEQ), pointed out at the beginning of his presentation the conflictual relationship between the two sides of the Mediterranean: Southern countries accuse Europe of perceiving them as a consumer market pushing always for more and more liberalization, while the countries of the North claim that much has been done for Southern Countries, considered since 2011 as countries of political instability.

" It is therefore the time to find the conditions where everyone wins from North/South integration and cooperation", Raed Safadi, Chief Economic Advisor, Dubai and former Deputy director at OCDE said," but it also the time therefore to see the South becoming more industrialized and democratized with the Maghreb region playing a pivotal role between Africa and Europe", mentioned also Zouhair El Kadhi.

The evaluation of the impact of trade of the Euro-Med Association Agreements, by **Przemyslaw Kowalski**

The fact that this evaluation is undertaken (the largest ex-post evaluation in this field), is a sign of a new approach in trade policies that reflects the importance of inclusiveness and consultation. Although the new study reflects a more inclusive perspective, the agenda for this evaluation is relatively strict and hasn't change from previous assessments.

It uses economic analysis and standard indicators (GDP / partial equilibrium model in a CGE framework/ successful products in the region or for the EU...). Part of the study focuses also on the sustainability impact (to accomplish this, the study uses not only data but also, consultation, open consultation, workshops, interviews).

Results show that countries in the region gain from those agreements in terms of welfare and GD. They show also that EU exports have increased quite a lot more than EU imports from the region.

Kowalski refers that to the nature of the conception in these agreements where MED countries had high bias to start with and had also extensive commitments...

The issues raised here, therefore, relate to trade balances, adjustment and redistribution between countries as well as between sectors.

**Mr. Henry Marty Gauquié**, *Honorary Director, Former Representative of EIB Group in Paris, France and FEMISE Advisory Board* explained that for about ten years, regional cooperation (Med region) has not been up to the task: it has not been able to reach a consensus, has not mobilized public opinion in the South or the North and has not been able to confront the political transition that the Arab world has experienced.

However, the initiative to convene a Euro-Mediterranean summit recently taken by French President Emmanuel Macron at the end of 2018 was the first initiative on deepening the Mediterranean linkages.

However, the conflict that was reduced at the end of the 2nd millennium has increased between the two rives of the Mediterranean sea with the political transition and instability in

the Arab region: the return of the major powers to the Eastern Mediterranean in the form of Russian or American military fleets to the entrance to the Gulf or to the Eastern Horn of Africa but also in front of Israel, Lebanon or Syria is not an encouraging sign.

Thus, is it the fault of the European Union or the fault of the European institutions? - Certainly not," replied Gauquié: "this situation only reflects the evolution of international relations and public opinion". In this respect, Gauquié suggests: "we can see an increase in generalized populism in Europe but also in the Arab world and developing countries".

Public opinion in favor of the notion of the nation-state as a "protective state" does not consider that we live in an open world of generalized competition. There is a huge gap between the aspirations of public opinion and the reality of international political, military and economic relations.

In this context, the EU will not be led to make a partnership offer worthy of the challenges and objectives in Med until it has resolved its internal problems.

The EU's cohesion and coherence will enable it to establish a common foreign policy and to establish a diplomatic and political apparatus.

Two questions arise in this regard.

The first: How can the internal cohesion of the European Commission be restored?

The 2nd: How can we renew or restore the will of partnership between the Mediterranean countries and the whole EU (the western and southern parts of the EU).

Before answering these questions, it should be noted first that Europe has not succeeded in "making society" (*faire société*) about the refugee crisis, although the Member States share "on paper", at least, the same vision of history and the same fundamental values

In this same context, another fundamental question must be asked, which concerns the relationship between European countries but also the relationship between these countries and their Mediterranean partners: Are budget transfers enough to create a common political project? Or do we need more sophisticated policies in terms of emancipating human capital, investing in innovations, creating new economies....

The second point on which cooperation must be made concerns trade between the EU and the rest of the world. Europe can create privileged economic relations with the countries of the South, facing the rest of the world where competition challenges Europe's ideas in terms of preserving the environment, preserving social rights and human rights...

"Remaking society" (*Refaire société*) within the EU is fundamental for the following 4 reasons: (It should be noted that "rebuilding or remaking society" is not a political choice; there is no choice but to have a real Euro-Med policy):

- The stakes are beyond the capacity of states. No state can manage risks and transitions alone, such as the demographic problem, unemployment issues, etc.

- Globalization cannot be "acceptable" in the North or the South unless our states demonstrate that they are collectively capable of creating zones of stability that enhance our common ideologies (human, social, economic prosperity): Globalization does not seek to respect the interests of humankind and simply seeks to compete and make profits.

- Global governance is less and less able to influence the way conflicts are prevented and this will not change in the short term, not only because of the complexity of the problems but also because of the return to the so-called nation states.
- The use of force by the great powers (countries); these powers do not respect the method of contemporary negotiations

In both domestic and diplomatic policies, it is the absence of vision and political offer that creates conflict and uncertainty, and when there are uncertainties there is populism and conflict.

Europe has always had a responsibility in the Med region, but today's Europe has an essential responsibility towards its eastern neighborhood through its stabilizing presence and privileged links.

**Dr. Zouhair El Kadhi**, addressed the participants by providing an overview of the Tunisian exports: Characteristics, Challenges and Opportunities.

He explained that export performances in Tunisia are still weak due to the fragility of the Tunisian export system but also due to the lack of adaptation of supply to the evolution of the world market. In terms of diversification, there is a high concentration by product but also a very high concentration of Tunisian exports on the European market, particularly on the markets of France, Germany, Italy and Spain. This threatens the growth of Tunisian exports for at least two reasons: The first is Europe's new orientation towards other countries such as China, India, Turkey, Bulgaria, Romania... and the second is that the growth of the European demand is the lowest in the world. The production system remains in the framework of subcontracting: Tunisian exports are dominated by textiles and mechanical and technical industries.

Regarding the technological transition, there has not been any real technological transformation in the countries of the South or in Tunisia. And while there is a dominance of low-tech exports, high-tech exports do not exceed 10%. In addition, and as for Tunisia's integration into value chains: almost 35% of Tunisian exports are positioned at the very beginning of the chain where the added value is very low.

Therefore, it seems that the structure of these exports is almost identical to that of the OECD, hence the question: Why could Tunisia not achieve a similar performance?

Finally, Dr. El Kadhi mentioned that 70% to 80% of Tunisian exports are carried out by OFFSHORE companies. These companies represent only 4% of all companies but employ 35% of the Tunisian working population.

After presenting some characteristics, EL Kadhi proposed a series of recommendations that could strengthen Tunisian exports on the one hand and renew the relationship between the South and the North of the MED on the other hand. Among these recommendations, EL Kadhi suggests internal reforms: Tunisia needs to pursue trade facilitation policies (like those of the OECD). It thus proposes to promote relations between SMEs in the South and European SMEs, but also to set up a financial institution that facilitates the mobility of capital and the security of investments and trade.

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## **Plenary Session II: Private Sector and Innovation Contributing to Growth and Job Creation**

**Moderator and Speaker: Michael Gasiorek, University of Sussex, UK and FEMISE Member**

**Henrike Trautmann**, Head of Unit, Regional Programmes Neighbourhood South, DG NEAR, European Commission

**Taoufik Abbad**, Chef de service, Direction des Etudes et des Prévisions Financières, (DEPF), Ministère de l'Economie et des Finances, Morocco

**Samir Abdelkrim**, Founder StartupBRICS.com and Founder Emerging Valley

### **Special Launch:**

**FEMISE Euromed report on: "Private sector development in South Med countries"**

**Patricia Augier**, President of Scientific Committee & Coordinator of FEMISE and IM and Professor at Aix-Marseille University

**Constantin Tsakas**, General Secretary of FEMISE and General Manager of IM

**Sami Mouley**, Professor, Tunis El Manar, Tunisia

### **Floor Discussion**

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**Prof. Michael Gasiorek launched the session** presenting a summary of the outputs of the FEMISE research conducted in the past 4 years on the theme of Private sector.

He added that the sources of economic growth are improved allocation of resources and improved quality of capital. Improving technical efficiency is a way to trigger innovation. The speaker reminded the audience that Foreign Direct Investments (FDIs) are critical for innovation. As stated, FEMISE conducted numerous research projects and activities on the issue. Obstacles to growth that were identified include: the business environment, the difficulty to engage in Global Value Chains (GVCs), uncertainty and political instability, and the lack of appropriate institutions.

Various policy recommendations could be made: regulatory institution reforms, appropriate training, measures towards regional economic integration, diversification and inclusive growth. Still, all are endogenous and linked.

The moderator introduces then three questions to open the session:

- What are the implications in terms of policy? What is the priority? What sense of ranking? High up are regulatory institutions reforms, which are very important for innovation but are not easy to implement because of politics.
- Inclusion, how to generate it? The role of civil society, bottom up approaches, the rise of populism (North and South) etc. Understanding the cultural environment is crucial to figure out the impact of a policy.
- What is the role of third countries in this process (especially the European Union)?

**Henrike TRAUTMANN**, Head of Unit, Regional Programmes Neighbourhood South, DG NEAR, European Commission

Mrs Trautmann started her speech by highlighting the need for a perspective when discussing Mediterranean issues: Depending on one's point of view, the region's current situation can be perceived very differently.

She noted that before her intervention, a lot of the conference's discussions focused on the EU, but she explained there is more than this. She mentioned Sub-Saharan Africa (SSA) and China as examples. The speaker then said that countries in the Mediterranean region must have their own agenda, and must not wait for EU offers, although the 2-side process remains a priority.

On innovation, economic growth is needed and has to be inclusive. Growth has to create jobs, and it can increase knowledge, research and innovation. Different EU programs exist, the latest being the "EU Med Means Business" conference, which translated into a lot of ideas and showed many existing connections. Recommendations that emerge from this event are to be further discussed and the EU really wants to elaborate on them (ex: tax reforms, infrastructure etc.).

There is a need for concrete proposals (and for a work plan) on how to see the southern Med countries at the same level /power than some of eastern European countries. The region is lagging behind because countries are neither flexible nor innovative enough. It is a real trend, and it deters investors from investing in the region.

Although a lot of policies do tackle this issue, the remaining problem is implementation. There exist several EU programs, such as business incubators, matchmaking platforms, the Next Society and so on that are implemented to tackle these issues. Good results are obtained for the latter. Targeted measures for young entrepreneurs and applicability of capacity building are what they want.

The EU has an Investment Plan (particularly in Africa and Northern Africa), especially for the digitalization of the region, climate change issues, and also for an improved access to finance. Financial inclusion is indeed a priority, in particular because it can allow for jobs creation by SMEs. The EU also has an interest for triangulation and on how a triangular investment could work (EU-NS-Africa).

Finally, Ms. Trautmann reminded the audience there is no time to lose, and that there is lots of dynamism in the region that shouldn't be forgotten.

**Mr. Taoufik ABBAD**, Chef de Service, Direction des Etudes de Prévisions Financières (DEPF), Ministère de l'Economie et des Finances, Maroc

The speaker started with highlighting the performance of the private sector in Morocco. Reforms were undertaken in all sectors as well as a double-diversification (sectoral and geographical with exchange agreements). They have led to good results, both in macro indicators and in social improvements. There has been a diversification in exports and a diversification in receiving countries. The employment structure also has evolved and the intra and inter sector productivity as well as the business environment improved.

Nevertheless, challenges remain. SMEs remain under-capitalized and lack access to finance, the factor productivity is still lagging, there are problems of late payments, heavy administrative procedures, cultural norms and geographical concentration. SMEs represent a big part of the national economy, but unfortunately, they don't create enough added-value.

They have a huge progression margin. Several programmes were put in place to follow companies throughout their life cycle. Also, Morocco defined four strategic pillars: business environment, labour market rigidity, inclusiveness and innovation.

Today, the question is: how can the production ecosystem be reinforced? Some answers could be found in public-private cooperation, vocational training and investment in Research and Development.

**Samir ABDELKRIM**, founder of StartupBrics.com and founder of Emerging Valley, gave a testimony on how technological innovation can help youth and create jobs. It can occur through numerous channels: trade, health, employment etc. M. Abdelkrim explained his work on African start-ups, and how he studied their innovation ecosystems. One issue was the very low life expectancy for such companies, because of a lack of funding and a lack of follow up. There has been some improvement though. If we take a look at the number of incubators, it skyrocketed over the past years in Africa. And this is not the result of State intervention but rather the result of a bottom up approach, with entrepreneurs taking action. Another indicator would be the amount of funds that were raised for start-ups, which indeed has increased a lot, but remains insufficient when compared to the current needs.

Emerging Valley represents a platform between Europe, the Mediterranean and Africa, between start-ups in tech for good and investors. It acts on different levels: conferences are held to allow for a new narrative on young entrepreneurs, an investment platform was created (with the help of the French Development Agency and Proparco), advocacy and sensibilisation are conducted. Emerging Valley intends to act at the territorial level, working with local governance instances.

Finally, it was announced that Emerging Valley 2019 will be taking place in December, in partnership with the European Commission and the Research DG. The goal of this year's event will be to bring together as much European actors as possible and go towards a real European scale, with its 27 members.

Q & A :

- 2 points: the missing middle in southern Mediterranean countries. A part of the problem is the informal sector, targeted groups should be questioned. There is also a need for impact evaluation in Morocco to see if government interventions are efficient or fail.
- On micro enterprises: they remain stagnant in the region, most of the programs targeting them provide them with financial assistance, but it is not the first issue (only the third one). Skills are a real problem, and it is difficult to address it. The quality of education is also a barrier, and there is a missing link between micro enterprises other larger enterprises.
- One solution could be clusters, bringing together companies. There is also a need for specialization.

Responses of panellists:

- Access to finance and follow up are indeed real issues
- Concerning Morocco: SMEs usually use auto financing because of barriers they face when they try to obtain funding from banks, and they are really trying to survive rather to innovate because of it.
- One problem lays in the limited number of impacted companies by designed programmes.

- Another problem is valorisation. Low added-value sectors are prominent and there are not enough synergies among sectors.
- The issue of the brain drain trend must also be stressed out. There is a talent gap in the region, which represents a real danger for local economies with transformations brought by AI, the big data revolution etc. Data can be a means to formalize the economy, like it has been the case in Kenya.
- In Tunisia, a Start Up Act emerged from dialogues between civil society and the government. One is soon to be launched in Morocco.

Launch of the FEMISE report on Private sector: **Patricia Augier, Sami Mouley, Constantin Tsakas** and **Karine Moukaddem**.

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### **Plenary Session III: Climate Change, Water and Sustainable Development**

**Moderator and Speaker: Stephane Pouffary**, *Directeur General, ENERGIES2050 and FEMISE Member*

**Elina Bardram**, *Head of Unit A 1- International Relations, DG CLIMA, European Commission*

**Arnault Graves**, *Senior Advisor for Climate Action, Union for the Mediterranean*

**Wolfgang Cramer**, *Research Director (CNRS) at the Mediterranean Institute for Biodiversity and Ecology (IMBE) and Coordinator, MedECC, France*

**Davor Percan**, *Head of Unit F.2 – Bilateral and Regional Environmental Cooperation, DG ENV, European Commission*

**Vera Danilina**, *GREQAM, Aix-Marseille University and FEMISE member, France*

**Hajar Khamlichi**, *President, Mediterranean Youth Climate Network, Morocco*

### **Floor Discussion**

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**Stephane Pouffary**, *Directeur General, ENERGIES2050 and FEMISE Member*, launched the session by introducing some the FEMISE research outputs that have addressed this theme. He also highlighted the importance of the issues of climate change in the region and its threats on its future. He mentioned the recent thematic report that was published in collaboration with FEMSIE and other partners on the fight of Sub-National Governments against climate change.

**Elina Bardram, Head of unit A- International Relations, DG CLIMA, European Commission, explained that** climate change including the Mediterranean matters are present very robustly in the EU cooperation in many forms and contexts

UFM → provides a good platform to provide information on the challenges such as the impacts of climate change on tourism agriculture and different pivotal sectors of Mediterranean countries economy.

Climate change has huge impact on agriculture (Agricultural takes about 70% of water globally)→ We need to adapt agriculture practices.

EU has put itself in the forefront of climate change internationally and domestically.

We have legal framework that covers all sectors of economy : from transport to agriculture to buildings to cars... every element every aspect has been covered and this is also necessary because climate actually is not anymore purely ecological its about industrial transformation about investment and reshaping the way we think about production and assumption

If we don't accelerate our actions very fast and increase the existing level of ambition, we will not stay on 1,5 degrees.

This can make large part of the planet uninhabitable and it will also mean that the likelihood of conflict and increasing migration will be accelerated to intolerable level

We are really dealing with an extension crisis but there're a lot of opportunities for changing the course of history and this is what we saw also in the European election that citizens are starting to really wake up and realizing that we really need to move fast.

Fourth IPCC report on oceans: sea levels in the Mediterranean are arising by 6 cm → salination of large part of agricultural lands that can also compromise the livelihoods of many segments of the society.

**Abdelkader EL KHISSASSI, Expert in social and civil Affairs, UFM, in this trun addressed the main actions of the UFM on climate change.**

Un programme de travail a été approuvé au niveau de l'UPM en 2017.

L'objectif général de l'UPM au niveau du climat est de soutenir surtout les états du Sud et de l'Est de la Méditerranée dans la mise en œuvre de l'accord de Paris.

A partir de là, l'UPM a déclaré un certain nombre d'objectifs et d'actions concernant les politiques climatiques nationales et a créé pour cette finalité une plateforme qui regroupe des experts du changement climatique :

- Renforcer la coopération entre les institutions financières internationales et les autres acteurs du secteur financier.
- Promouvoir un consensus scientifique régional sur les impacts de changement climatique sur la région.
- Changer le point de vue de la région euro-méditerranéennes au niveau des foras internationaux...
- Sur l'activité scientifique : le rôle de UPM est de promouvoir les réseaux d'acteurs scientifique indépendants volontaires.
- Les projets : Plusieurs projets ont été réalisé par l'UPM au niveau climat.

**Wolfgang Cramer: Research director (CNRS) at the Mediterranean Institute for Biodiversity and Ecology (IMBE) and coordinator, MedECC, France**

- Climate is one of the factors that are changing more dramatically in the Mediterranean than elsewhere.
- In the future, in most of big eastern Mediterranean cities the coldest month of the year will be warmer than the warmest month today. There's significantly accelerated likelihood and intensity of heatwaves in the Mediterranean. Heatwaves are affecting people but are also affecting the green ecosystem.

- Rainfall is another indicator also: for 1 degree of additional global warming (for example in west eastern Spain or Portugal), we have more than 50 mm loss of rainfall in the year.
- Greenland is of high relevance to the Mediterranean: more recent researches are putting questions regarding the 60 centimeters the likely amount of the sea level rise of the Mediterranean basin
- And basically, scenarios are getting worst every year.
- The effects of sea level, on people, agriculture, rural and urban conditions... are very alarming.
- With global warming ... we won't have a city like Venice anymore.

**Hajar Khamlichi: President, Mediterranean Youth Climate network, Morocco highlighted the following points in the speech:**

- The Mediterranean youth climate network is a network of youth actively involved and working in climate actions in the Mediterranean countries from North and South.
- The MYCN has been founded by 7 associations: Arab Youth climate movement, the Italian climate network, Climate international, Women and earth climate action network...
- Born as a result of the first Mediterranean youth climate forum held in Tangiers Morocco in July 2016 and launched during COP22 in Marrakech.
- Supported by the UFM (the necessary support, the advice, the visibility) to convey and get further in their action.

The main missions of MYCN is to intensify the regional integration of initiatives led by Mediterranean youth and to support the emergence of new actions both on local and regional levels.

**Main objectives:**

- Raise awareness among Youth
- To be a platform for expertise
- Support and initiate both local and regional initiatives.
- Advocacy at regional and international levels

**MYCN projects:**

In partnership with the MYCN partners, Mediterranean intelligence and Public affairs institute: they promoted sustainable mobility through transporting youth activists using electric cars and public transports as buses and trains...

Strongly present at the UFM climate change meetings

By facilitating several trainee and workshops in several countries locally

**Med-Dynamics:**

- Elaborated with the partnership of FEMISE and Altafemina.
- The main objective of the Med Dynamics is to create an observatory of social and environmental entrepreneurship in the Mediterranean region targeting mainly Women and Youth (as Women and Youth struggled to have jobs in the MENA region...).

- Med Dynamics will address obstacles faced by civil society organizations and entrepreneurs: legislations obstacles, access to finance, problems, discrimination, lack of technical support...
- Push for the emergence of innovative solutions because we believe that it will be an opportunity to create new jobs also.

**Vera Danilina, researchers in the Aix Marseille University presented her recent study on green Public Procurement vs Environmental Taxation: Implications for the EU-MENA environmental policy.** She highlighted two instruments that are used in this work/presentation: green public procurements and public taxation

They are both market-based instruments both are well known and used in practice, but they had special differences:

- Taxes are mandatory / GPP are voluntary
- Taxes are direct / GPP are indirect instrument
- ➔ So, what are the possible effects of these 2 instruments on the environment degradation and for welfare of the countries

General ideas / general results / the situation in the Mediterranean region

Results:

- 1- Taxation is more powerful than GPP in declining the environmental degradation
- 2- But: Relative impact: GPP is more efficient than taxation because One unit of purchasing power loss with GPP corresponds to a more significant environmental degradation decrease in comparison with taxation.
- 3- Countries have different level of taxation → some countries benefit, some countries lose, and the overall result is negative (by losing we mean higher environmental degradation).
- 4- For the GPP: we have also misbalances: some countries lose some countries win but the overall result is positive.
- 5- Trade integration under heterogeneous environmental policies across countries does not necessarily lead to the global environmental degradation reduction
- 6- Policy harmonization:
  - Is a win-win option but it requires the countries to be on relatively the same level of economic and institutional capacity to introduce symmetric policy instruments
- 7- Green PP Development:
  - It is a relatively more efficient and flexible approach to environmental policy design.
  - Absence of public monitoring can diminish the positive effect
  - Unharmonized Green public procurement provokes welfare misbalances
  - GPP can be a supportive policy tool allowing to propagate the existing EU standards and establish a first step towards the eco policy harmonization.

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**DAY Two: Friday 14th of June 2019**

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***Plenary Session IV: Inclusiveness: Inequalities, Social Entrepreneurship and Refugees***

**Moderator: Roger Albinyana**, Director of Mediterranean Regional Policies and Human Development, IEMed, Barcelona and FEMISE Member

**Nathalie Creste Manservisi**, Advisor to the Director, DG EMPL, Labour Mobility, European Commission

**Abdelkader El Khissassi**, Expert, Social and Civil Affairs, Union for the Mediterranean

**Astrid Desjobert**, Responsable du Réseau Méditerranée Nouvelle Chance et représentante IECD région PACA

**Patrick Klein**, Policy Officer, Social Economy, DG GROW, European Commission

**Natalia El Menhall**, Beyond Reform and Development, Lebanon

**Felxi Beaulieu**, Head of International development @Makesense, France

**Samah Ben Dhia**, President, Altafemina, France/Tunisia

## Floor Discussion

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**Roger Albinyana**, Director of Mediterranean Regional Policies and Human Development, IEMed, Barcelona and FEMISE Member launched the session by providing a summary of the FEMISE research conducted on this theme. He then emphasized the important role of inclusiveness and its impact on the social and economic stability of the EU-Med region.

In this session, we have four terms that are different but complementary, as **Abdelkader Elkhissassi**, representative of Union for the Mediterranean (UFM), noted. The four terms encompass very different definitions and very different concepts according to schools, approaches and understandings. We can always find inclusiveness in one way or another in inequalities, there might be a need to include a group because it also suffers from inequalities and among these groups we can find refugees.

Abdelkader El khissassi, stressed that the UfM can contribute to solving certain problems of the Euro-Med region by working on specific actions because the political approach itself is not sufficient to solve all the problems. The UFM brings together the majority of Euro-Med countries and works in a fairly concrete way on issues such as climate change and transport issues and civil society and entrepreneurship issues. Having 60% of the population who are young, they are finalizing a UFM youth strategy that will allow them to have a clearer vision on the youth issue and solutions in light of what is currently happening in the region.

The session continued with the intervention of Ms. **Nathalie Creste Manservisi**, Advisor to the Director, DG EMPL, Labour Mobility, European commission. She recalled the importance of the conclusion of the last ministerial meeting on employment in Cascais. what she brings as message is that the Euro- Mediterranean partnership is around inclusive growth and job creation, therefore it is essential to give the younger generation a chance to provide for their future. She noted that we need a vibrant business environment with the right conditions for individual entrepreneurs to prosper and to turns ideas into jobs.

She noted that the roadmap from Cascais recalls the structural challenges that the region is facing whether in terms of regional stability, humain development and regional integration and it traces also the need to focus further efforts in concrete four priority areas which are:

1. Supporting decent job creation and entrepreneurship, 2. Mobilizing public and private stakeholders to create partnership, 3. Building inclusive labor market to integrate potentially vulnerable and disadvantaged groups and 4. Investing in quality education systems and training skills

Then, Ms. **Astrid Desjobert**, responsible of the Mediterranean Network New Chance and representative of the IECD PACA region, spoke about the field actions that Nouvelle Chance is carrying out. There are 26 thousand young people who are part of the Mediterranean Network New Chance in 9 Mediterranean countries. Today, the Mediterranean Network New Chance has several rather ambitious perspectives such as Institutional recognition through the summit of the two shores which is happening at the moment where they have been pre-selected in different forums, also thanks to the support of the UFM to label projects since 2014 already. The second perspective is the enhancement of international mobility. Thirdly, it is to establish training programs for trainers who are often overlooked in these major programs.

In conclusion, she highlighted the keys to the success of this project, which are: International Cooperation, the link with the labor market, which is at the heart of their pedagogy, and Working in pairs with local and national institutions.

Then, Mr. **Patrick Klein**, who is currently working in the Directorate-General for the Internal Market, Industry, Entrepreneurship and SMEs at the European Commission pointed out different instruments that the commission has put on the table to favor the solidary social economy to build more resilient and sustainable economy with examples that could be a good way for the 7 med countries. He noted that at the EU level, they are committed to developing different actions at internal market level to help social entrepreneurs by developing their activities. To do this, there is one key thing which is the Co-construction of public policies. When we want to create social entrepreneurship, we must develop public policies to stimulate this social entrepreneurship. He added that at the level of the European Commission, for the past ten years or so, they have brought together public and private experts to help define policies in four areas: access to finance, market access, social innovation and technology, and youth. He added that it is absolutely essential to help young people, for example in the context of special training, at the European Union level they have decided to create training with high schools, with university institutes to train young people in cooperative, solidarity and social. They have worked with regional and local organizations to promote this awareness that they can undertake in different ways

He added that it is true that social entrepreneurship is really a solution to all these rather complex issues of economic instability and social inequality that affect different parts of the world and particularly the Mediterranean region. In this context, the EU has recently set up specific programs on the promotion of social entrepreneurship in the Med countries such as the med UP program.

Confirming the fact that social entrepreneurship can be a solution, Ms. **Natalie El Menhal** (Beyond Reform and Development) mentioned that it is one of the tools that could present a certain and interesting model on how to approach inequalities, how to approach inclusion and how to approach the issue of unemployment for everyone including refugees who are among the more vulnerable groups in the different countries. However, for it to be the solution, there are definitely prerequisites for it to work; as the issue of the policy environment, the issue of contextualization and tailoring of support services, the issue of partnership and dialogue which leads to the issue of data needs to help and guide the conversation between different stakeholders.

One of the main challenges that they have faced in Beyond Reform and Development is that because social entrepreneurship has now been placed as the only solution for all socio-economic issues that we are facing, there is so much attention going into it, and there is so much funding opportunities that are going into it, which has created a lot of competition between the local stakeholders, particularly in Lebanon and Jordan where the social entrepreneurship has been one of the programs that has been encouraged to move from humanitarian support to a more development based approach for the refugee crisis. So, a lot of actors have engaged in negative competition to have access to these findings and this has created duplication and the opposite of all the prerequisites, including the ability to have a dialogue and to create this networks of support that would really enhance the possibility and the opportunity for social entrepreneurs in general.

In addition, as mentioned by **Felix Beaulieu**, head of international development at Makesense, Social entrepreneurship has been bringing innovation for everyone. for NGOs it is bringing more efficiency and better management with business tools to be quicker and more efficient. It is bringing to NGOs ideas about financial sustainability and for business it is bringing them ideas about new markets and new ways to operate.

The session ended with the intervention of **Samah Ben Dhia**, President of Alta Femina, which is a women's network that reaches out to the southern provincial region of Côte d'Azur in France. It is an open network to all socio-professional categories and they also want to be open to young people. Alta Femina signed a partnership with FEMISE at the beginning of the year which will give them an opening to the Mediterranean, as Alta Femina's will is to go towards the Mediterranean. Their priorities for action are to promote and affirm the place of women at all stages of their careers by promoting role models to change stereotypes and mentalities, as well as to promote women's access to governing bodies and promote women's empowerment.

Their ambition is to be influential in changing the strength of our thoughts and actions. Everyone must uphold these values of equal opportunities and gender equality

So, Engagement is everyone's business in the Mediterranean in the north and south!

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### **Roundtable Discussion and Closing: an Impactful EU-MED Roadmap**

**Moderator: Patricia Augier**, *President of Scientific Committee & Coordinator of FEMISE and IM and Professor at Aix-Marseille University*

**Miguel García-Herraiz Roobaert**, *Deputy Secretary General, Secretariat of the Union for the Mediterranean*

**Raed Safadi**, *Chief Economic Advisor, Dubai and Former Deputy Director at OECD and FEMISE Advisory Board*

**Henry Marty Gauquié**, *Honorary Director, Former Representative of EIB Group in Paris, France and FEMISE Advisory Board*

**Zouhair El Kadhi**, *General Manager, l'Institut Tunisien de Compétitivité et des Études Quantitatives (ITCEQ), Tunisia*

**Rafik Selim**, *Principal Economist – MENA Country Economics and Policy, European Bank for Reconstruction and Development (EBRD)*

**Dr. Patricia Augier** stated the objectives for this round table closing the plenary sessions. She explained that the FEMISE research agenda will be based on the discussion in this session. She highlighted that this will provide an instrument for FEMISE to answer the forthcoming ENPI call and on the other hand, to plan new projects that will help diversify funding sources. One main issue is to also address is how to translate the research into a real vision carried by the network and its researchers, with a scientific positioning that already exists, but that can be deepened and improved.

**Miguel Garcia-Herraiz Roobaert**, Deputy Secretary General, Secretariat of the Union for the Mediterranean, point of view and as a representative of an international organization, it is important for a think tank's research to have an impact on public policy. The questions to be asked are as follow: What political influence? On whom and with what means? Does it apply to the Union for the Mediterranean, regional, sub-regional and national organisations, citizens' movements, etc.?

He proposed conducting studies on government resistance to reforms (e. g. on green economy reforms or on the environment), and studying policy obstacles and policy resistance. An integral approach is necessary if we want to answer this complex issue.

Finally, issues of water governance and the potential of the green economy as a lever for development are also to be studied. Is this a real development opportunity or just an international trend?

**Raed Safadi**, Chief Economic Advisor, Dubai and former Deputy Director at OECD and FEMISE Advisory Board

Mr Safadi began by testifying to the evolution of research conducted by FEMISE, which has maintained its rigour while transforming itself into policy related research. To his eyes, the next step will be to work on the new dynamics in the region, whether they are national, regional or global. There is a need to take stock: what are the benefits of strengthened regional links? What are the associated costs? How to maximize profits and redistribute them? Cooperation between the two shores of the Mediterranean is undoubtedly beneficial for both sides, and the work in South – North tandems remains crucial.

Emerging public policy recommendations must be applicable and evaluated. We must define an agenda that concerns all levels of society and can be implemented with action plans. But these approaches must be flexible because the world is constantly changing and every problem must be addressed.

Mr Safadi suggested two priority areas for FEMISE. First, the Deep and Comprehensive Free Trade Agreements (DCFTAs). Secondly, the service sector, which is significant for these countries and interconnected with other sectors. There is a need for research and data on the following questions: What is the importance of this in national economies? What role for integration? What are the opportunities for employment, women inclusion and empowerment? What are the impacts on climate change? How to develop pro-environmental, pro-women sectors etc.?

**Henry Marty Gauquié**, Honorary Director, Former representative of EIB group in Paris, France and FEMISE Advisory Board

For Mr. Marty Gauquié, FEMISE must stick to its DNA, economic research. He suggested two directions : the development and framework of the private sector in countries of the South, how to strengthen job creation, with the development of the banking sector to direct capital and generate savings; and the effect of regional relations between local economies, with the issue of Foreign Direct Investment (FDI) and their content. What are the conditions that host countries can impose to promote this spillover effect and generate social and societal change?

Remark by Patricia Augier: one must be careful to differentiate between business and commercial services.

**Zouhair El Kadhi**, General Manager, Institut Tunisien de Compétitivité et des Etudes Quantitatives (ITCEQ), Tunisia

For Mr. El Kadhi, the logistical issue is very important, as is the political economy of reforms for the next five years. Countries are now in a state crisis (or governance crisis), with for example a dissatisfaction of youth. What renewal for the State then?

**Taoufik Abbad**, Chef de service, Direction des Etudes et des Prévisions Financières (DEPF), Ministère de l'Economie et des Finances, Morocco

Mr. Abbad reminded that there is an unprecedented inflation of reports by international institutions on low growth and the non-integrated area of the Mediterranean countries, on the basis of which attempts are being made to make public policy recommendations. Rapid changes and mega trends will disrupt all modes of production, consumption and so on. New power relations will emerge and there is a need for synergies.

The development of regional value chains could position a country in the production space. It is also necessary to look at intra-country development chains, and to measure complexity indicators. This can be interesting, allowing Med countries to escape the trap of primary specialisation. Finally, social entrepreneurship is a fundamental element.

Q & A :

- Need for a systemic and transversal approach, to support States, companies and researchers.
- Need for a cost-benefit approach
- The role of services is indeed very important, as well as the issue of public procurement and SPS measures in the region.
- The role of governance is important, in terms of the rule of law, human rights and so on.
- Feeling like we are a crossroad, a lot is happening and there has to be a change. The role of FEMISE itself must change, from a less passive research to an active contribution to changes in policies and stakeholders.
- We need to work with policy makers, governments, actors etc.
- We must refocus on the well-being of populations, and growth must only be a means to facilitate this.
- FEMISE has accumulated enough research and knowledge to be able to be an active agent from now on.
- What are Europe's objectives in cooperating with the southern shore ?
- The gap between research and implementation remains a major challenge.

Response of panellists :

- One of the greatest challenges is managing complexity and it needs to be studied.
- On the interests of Europeans: European countries may face the same problems, strong economic relations between the two shores, there is a common challenge to create an area of stability and to have guiding principles, such as access for all to essential goods.
- It is important for FEMISE as a think tank to draw conclusions oriented towards this fundamental objective.
- Not enough studies on the economic value of water.