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## Research Report

# Focussing European cooperation with the Middle East and North Africa on social contracts

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## Focussing European Cooperation with the Middle East and North Africa on Social Contracts

### Summary

2021 is proving to be a key year for cooperation between Europe and its neighbours in the Middle East and North Africa (MENA) region. As the European Union (EU) launches its new multiannual budget, the COVID-19 pandemic has demanded a rethink of the political, economic and social priorities that the EU and its member states should pursue with MENA countries. Europe's potential for positive influence on state-society relations in MENA countries has yet to be realised.

The latest European Neighbourhood Policy (ENP) South Communication, published in February 2021, promises a "new agenda" for cooperation with MENA countries. It does not, however, address conflicts between its own objectives, especially between liberal-democratic political and economic reforms, accountable government and respect for human rights on the one hand, and restrictive trade practices, migration management and security cooperation on the other. Furthermore, there is little bilateral policy coordination among EU member states.

Focussing cooperation on social contracts would help overcome such conflicts, which are inherent in cooperation targeting short- to medium-term goals, such as migration management, resilience and private investment. In authoritarian contexts, these measures tend to strengthen the state at the expense of society, and thereby increase prospects for conflict, rather than the stability they promise.

The social contract perspective is long-term. Social contracts rely on the state's delivery of the "3 Ps": protection (of citizens), provision (of economic and social services) and participation (in decision-making).

The social contract provides an analytical tool and a set of organising principles for joint EU and member state priorities and activities. The social contract lens shows how the 3 Ps work together as a framework for social cohesion, peaceful relations and political stability. In practical terms, its use would help improve the effectiveness, coherence and coordination of EU and member state cooperation with MENA countries. Some EU member states prefer to focus on trade and economic cooperation, some on political reform and human rights, and others on migration management. If all take a more long-term perspective, they will realise that sustainable social contracts in MENA countries are good for all of their aims.

All European actions should support reforms in MENA countries that aim to make social contracts more acceptable to the contracting parties – governments and social groups. Ideally, such reforms result from negotiations of social contracts between parties on equal terms. In practice, however, the negotiation power of social groups is often limited – one reason why Europe should ensure that its programmes strengthen societies at least as much as governments.

This paper discusses four key cooperation areas which are potential drivers of change for social contracts:

- Conflict resolution, peacebuilding and reconstruction;
- Post-COVID-19 recovery: health and social protection;
- Participation at local, regional and national levels; and
- Mutually beneficial migration and mobility.

The EU and its member states, by working together on the 3 Ps in these four areas, can influence positive change in the MENA region.

### EU cooperation with MENA countries: Where do we stand?

The various manifestations of the EU's cooperation policy towards the MENA region, including the Euro-Mediterranean Partnership and the ENP, have a deep incoherence at their heart. The EU's overarching rhetorical objectives of supporting democracy, promoting prosperity and ensuring security have proved irreconcilable in the MENA context. Despite the desire for political and economic transformation manifested in the 2011 Arab Uprisings and subsequent protest movements in several countries, the EU has avoided supporting unpredictable agents of change. In the last major ENP revision in 2015, the focus for cooperation was placed much more heavily on short-term stabilisation and resilience, to the detriment of support for deeper and longer-term political and economic reforms aimed at better public education, administrative accountability or competition rules for MENA markets.

The 2021 ENP South Communication (EC/HR [European Commission/High Representative], 2021) promises a renewed partnership with MENA countries. However, despite the title, the EU is not proposing a "new agenda", but emphasises transition rather than transformation. There is no real change in the kinds of reforms the EU promotes in neighbouring countries, the incentives it can offer and the risks the EU is prepared to take, especially regarding standing up for principles such as democracy and human rights when called upon to do so.

It is not evident that the EU's Directorate-General for Neighbourhood and Enlargement Negotiations (DG NEAR) and the High Representative for Foreign Affairs and Security Policy are ready to address the incoherencies in the ENP. The Communication does not discuss trade-offs between pursuing objectives in its five priority areas, particularly those between migration/mobility and peace/security. There is also no acknowledgement of the potential drawbacks of cooperation with the region's governments, most of which are undemocratic and increasingly repressive.

The same applies of course for the policies of EU member states. Indeed, while the ENP has long attracted criticism, the EU institutions can only do what member states give them mandates for. Revisions of the ENP framework are closely watched and shaped by member states, often at the highest levels of government – as was the case in 2015 when the migration crisis was at its peak.

These existing structural weaknesses have been compounded by the COVID-19 pandemic, which has severely worsened the economic situation in many MENA countries. Slow growth, high budget deficits and austerity policies hollowing out public services have been the norm for several years. The economic shock brought along by COVID-19 means that the EU will have to face increased expectations and needs from partner countries with more limited resources.

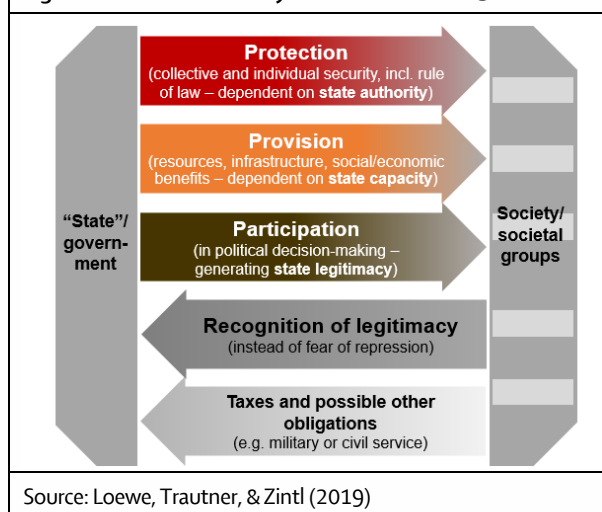
What could a genuinely new agenda look like? The social contract perspective offers a way out of these dilemmas and incoherencies. It envisages an evolution, rather than

revolution, of cooperation, by focusing on core aspects of state–society relations and the delivery of the 3 Ps.

### The social contract as a unifying objective

The social contract perspective looks at the long-term stability of state–society relations rather than short-term objectives such as the prevention of migration to Europe or the preservation of the existing political–administrative order. The pursuit of short-term objectives is intended to bring about "stability", but creates frustration in MENA societies, thereby increasing the risk of political turmoil.

Figure 1: The state–society social contract: the 3 Ps



Source: Loewe, Trautner, & Zintl (2019)

Social contracts can be defined as the entirety of "explicit or implicit agreements between all relevant societal groups and the sovereign (i.e. the government or any other actor in power), defining their rights and obligations towards each other" (Loewe et al., 2019). The government's task is to deliver the 3 Ps, as displayed in Figure 1: (i) protection (individual and collective security), (ii) provision (of social and economic services) and (iii) participation (in decision-making). In exchange, citizens are expected to (i) accept the ruling authority of the government, and (ii) pay taxes and play an active role in society in accordance with their ability to do so.

Of course, governments can rule by repression rather than by consent, but they rarely succeed in the long run without at least some legitimacy emanating from a social contract. The state's failure to deliver one or more of the 3 Ps leads sooner or later to societal discontent and political instability.

Donor interventions are especially sensitive as they may directly affect fragile societal relationships. Development cooperation invariably contributes to strengthening the state, and this often comes at the expense of society. In the short run, this may stabilise the political order so that economic and security cooperation can continue. However, its longer-term effects can be fundamentally destabilising, as social dissatisfaction with the status quo builds, resulting in pressure on the political and economic elite. The EU's future cooperation with MENA countries – in development but also diplomacy, migration, security and other policies – should avoid having these effects.

The main driver of protests during the Arab Uprisings in 2011 was the breakdown of the “old social contracts”, in which the governments delivered a decent standard of living in return for citizens’ tacit acceptance of authoritarian political systems. A decade later, the Arab Uprisings have not yet reached their conclusion. Popular resentment at the resistance of MENA elites to change was expressed in the so-called “Arab Spring 2.0”, which rocked Algeria, Jordan, Lebanon and Sudan before the COVID-19 pandemic shut down protest in 2020. The pandemic is itself likely to have far reaching consequences for the MENA region, for the trajectory of change in the Arab world and for the region’s social contracts.

### How the EU and member states can work together to support more inclusive MENA social contracts

As shown in Figure 2, the ENP’s main objectives have been to support the state and its ability to deliver *provision* and *protection*. This strengthens the power of the government and its position in negotiations with society on reforming the social contract. The ENP has thus helped reduce incentives for governments to implement political and economic reforms that society wants and elites dislike.

Human development, governance, rule of law	Provision/Participation
Resilience, prosperity, digital transition	Protection/Provision
Peace and security	Protection
Migration and mobility	Provision
Green transition: climate, energy, environment	Protection/Provision
Source: EC/HR, 2021; the authors	

The ENP is, of course, a reflection of the political reality of European interests, capabilities and internal politics, the MENA governments’ leverage in shaping European preferences, and the degree to which the EU’s efforts have been successes or failures in the past. Nevertheless, refocussing the ENP on the social contract would help reconcile its conflicting goals over the long-term, and strengthen societies as well as states.

European cooperation policies towards the MENA region could support reforms that improve the economic, political and social well-being of citizens, but which are still acceptable to governments – for example, improvements in health care and education, especially in rural areas; greater transparency in administrative processes; targeted social assistance to replace energy subsidies; or more equitable access to justice.

Reforms of this kind are “Pareto optimal” – they are good for all involved parties. Governments can only continue to rule long-term if citizens are satisfied to some degree. They are also likely to resist external interventions that weaken their hold on power. Donors, also interested in steady rather than revolutionary change, are also better off. Furthermore,

Pareto-improving social contract reforms contribute to all aspects of social cohesion: vertical trust (in the government), horizontal trust (in the members of other groups of society), feelings of belonging and readiness to engage as citizens for the common good (Burchi, Strupat, & von Schiller, 2020).

The next EU Multiannual Financial Framework provides an opportunity to consider new priorities for cooperation, particularly with regard to COVID-19 recovery. The social contract lens should become a central tool for informing programming decisions for the new Neighbourhood, Development and International Cooperation Instrument (NDICI), and in the planning of EU and member state cooperation with MENA countries in all domains. This would increase the effectiveness and efficiency of European engagement across three dimensions:

- **Sustainability:** The social contract lens focuses on long-term effects, helping ensure that support to MENA countries contributes to long-term stability.
- **Coherence:** Defining and pursuing a long-term goals framework requires that short-term cooperation objectives contribute to long-term goals, reducing contradictions and building synergies.
- **Coordination:** The joint objective of supporting Pareto optimisation in MENA countries’ social contracts would help improve coordination between EU and member states’ policies and engagements.

Programmes should contribute to the delivery of the 3 Ps to society. Current cooperation practices are in need of reform in the following four areas. These are examples of sectors where the EU and member states, working together under the “Team Europe approach”, can make a real difference.

#### *Conflict resolution, peacebuilding and reconstruction*

Germany and the EU are leading actors in advancing the conceptual and practice dimensions of conflict resolution and peacebuilding. German guidelines for analysing and responding to conflicts, for coordinating its responses effectively and mobilising resources have been reflected at the EU-level. This is evident in EU commitments to an integrated approach to conflict response, a new mediation concept that announced the EU’s intention to specialise in this area, and progress towards an EU-wide consensus on peacebuilding.

It is time to turn these conceptual advances and statements of intent into concrete action in the MENA region. Post-conflict reconstruction is a priority across the region, but especially in Lebanon, Libya, Syria and Yemen. Reconstruction means more than rebuilding destroyed infrastructure. The biggest challenge in conflict-affected countries is that of reconstructing a social contract where it has been destroyed. A focus on the 3 Ps – protection as a first priority, followed closely by provision and participation – is crucial.

#### *Post-COVID-19 recovery: health and social protection*

The COVID-19 pandemic’s social and economic fallout is compounding the pressure on MENA countries’ strained social contracts. Europeans have mobilised short-term

support to health systems and small businesses, and have started longer-term recovery. These are valuable but not enough. Europe could provide MENA countries with sufficient COVID-19 vaccines to contain the virus in the region. In addition, Europe could increase its offer of short-term funding to address the pandemic's health and socioeconomic impacts in the MENA region.

Europe could also encourage and support MENA countries to reinforce their long-term resilience against economic, financial, health and environmental risks by (i) expanding the capacities of national health systems, (ii) removing barriers to universal access to health care, and (iii) establishing universal basic income grants or at least unconditional social pensions, child grants and cash-for-work jobs. All of these are highly effective anti-poverty measures, because beneficiaries tend to spend the benefits locally, supporting other low-income people.

#### *Participation at local, regional and national levels*

The participation of citizens in municipal and regional decision-making is crucial for embedding the social contract at local levels, where decision-making has a real impact on people's lives. There are already several programmes and projects financed and run by the EU and by member states across the MENA region that aim to increase inclusion and empowerment, and encourage inter-group engagement and cooperation. Examples include, among others, the German *Übergangshilfe* programmes in Jordan and Lebanon; French-financed support for "urban resilience" in Algeria, Lebanon, Morocco and Tunisia; and municipal capacity-building projects, often financed by a mixture of bilateral and multilateral donors, across the region. These efforts often overlap and local authorities, civil society and citizens are asked to take part in several projects at once. The conceptual focus offered by the

social contract lens could assist urgently needed coordination of these initiatives among EU donors.

#### *Mutually beneficial migration and mobility*

Making aid conditional on migration cooperation undermines incentives for development reforms. There is also significant potential for accusations of hypocrisy, when the EU's policy documents promise peace and prosperity, while it finances partners that abuse human rights.

The "talent partnerships" proposed by the EU's New Pact on Migration and Asylum offer a new approach. Talent partnerships aim to build cooperation with third countries in matching labour and skills needed in EU member states. European expertise in supporting vocational training to address labour shortages – especially in the health, aged care, skilled trades and information technology sectors – could be linked to more ambitious proposals for circular migration, with numbers conditional on the progress of reform.

#### *Team Europe for new MENA social contracts*

Europe's dilemma in cooperating with MENA countries via the ENP and bilaterally is well known. On the one hand, Europeans need to support MENA state institutions in providing benefits to ordinary people, like vaccines, jobs and visas. This is unavoidable, but strengthens authoritarian regimes. On the other hand, the EU must support social, economic and political changes that threaten MENA elites and their control of the status quo. The social contract approach, with its emphasis on Pareto-optimal evolution rather than revolution, offers a way out of the dilemma. For Europeans, supporting the 3 Ps would help deliver on the principles they espouse: civil and human rights, economic fairness, and responsive and accountable government.

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