

From Fragilities to Resilience: A Strengthened UfM in the Face of the Covid-19 Pandemic

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In the span of a few months, the pandemic of COVID-19 has spread to every corner of the world, pushing us into an unprecedented crisis, the severity of which has not been seen in almost a century. The socio-economic repercussions of this crisis will be extremely far-reaching, and will likely unfold for years to come. Even levelled out across the world, the OECD estimates that for each month of confinement there will be a loss of nearly 2% in annual GDP growth, and the economic impact alone is now expected to be worse than the 2008 recession.

There can no longer be any doubt that COVID-19 has plunged us into a new era. The pandemic has exposed and exacerbated vulnerabilities and inequalities within and among countries. It has reconfirmed that the systems on which we depend, are not only increasingly interdependent, but also growingly vulnerable. The virus is shining a spotlight on inequalities of all kinds. It poses the highest risks to the most vulnerable, and its social and economic impacts are concentrated on those who are least able to survive.

This reality, valid at a global scale, is nonetheless a more urgent one for the Mediterranean region, where conditions of fragility and exposure are further concentrated. The region's existing elements of fragility – most notably the high levels of socio-economic inequality and pressing climate change emergency – are indeed set to worsen as a result of the pandemic. The rise of temperatures is progressing 20% faster than the global average across the region. The health and wealth threat multiplier represented by climate change, therefore, is especially intense over

the Mediterranean Basin. This, in turn, deepens existing inequalities, by impacting vulnerable groups and economies unevenly and to a devastating effect. For example, communities unable to self-isolate due to poor housing will drive up infection rates. Also, pressure on public health systems will sap resources from the economy that could otherwise be invested in climate change mitigation.

And so the story goes on, and this is why resilience must be built through a greater commitment to holistic approaches that protect and boost health, environmental, social, and economic recovery all at once. As we strive to recover, we must therefore reexamine many long-standing beliefs and reconsider the methods that have led us adrift.

Concerted and integrated actions that tackle the root problems of crises and a comprehensive understanding of their complexity is the vision the Union for the Mediterranean (UfM) is putting forward, to take on the social, environmental and economic challenges that we all share in this common Euro-Mediterranean space, at the meeting point of three continents.

There is a clear circular link between climate, energy security, economy, development and health. The same causes of climate change are fostering inequality and poverty, with higher health risks, in developing economies (climate change is caused by concentration of resources, not development) and their further deterioration caused by the COVID-19 crisis will even further aggravate climate change, in a dangerous feed-back loop. We urgently need to break the cycle.

All sectors count. Among other issues, the UfM aims to tackle health insecurity, water and sanitation gaps, climate change, enlargement of areas suffering infectious diseases, destabilization of health infrastructure, air pollution, disruption and cross-contamination of

ecosystems, all through agriculture and manufacturing systems that absorb CO₂, while consolidating food security in a way that would allow the surrounding ecosystems to become health-protective.

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As the only regional organization that brings together the countries of the European Union and 16 countries of Europe, the southern and eastern Mediterranean, all on an equal footing, the UfM is developing a specific approach. This is not a distant dream, but one that is consistent with the post-COVID strategies emerging within partner organizations and stakeholders, with whom we are gearing up to join forces. The pandemic is yet another wake-up call for the international community to move forward in unity and solidarity with a collective response, which will determine how fast we recover and how well we handle these pressing issues. We must rethink the way in which countries cooperate. And that is why the UfM has adopted a unique methodology that turns policies into results. It creates effective links between political decisions taken by its Member States and their translation into region-wide cooperation projects, with a tangible impact on the ground. This action-driven methodology has yielded positive results, and demonstrates the wide range of opportunities for continuing to forge ever-stronger bonds of partnership in the Euro-Mediterranean region for enhanced peace, resilience, stability and socio-economic development.

Let us examine this response in two specific areas that have been particularly affected by the Covid-19 pandemic, namely the socio-economic and the environmental spheres.

Regionalizing Trade Flows

First, in the wake of the COVID-19 pandemic, it has become clear that the economic impact of the crisis

is uneven both at the global and the regional level: countries that are more dependent on supply chains heavily dominated by Chinese and Southeast Asian economies have been hit harder than others.

Research shows that 300 of the world's top 500 companies have facilities in Wuhan, so the outbreak of coronavirus there caused disruptions to supply chains on all continents before it even became a pandemic. This situation has revived the debate about the need to reconsider the current model of economic dynamics, and the viability of relocating some of the supply chains closer to home – the concept of *proximization*. While avoiding frontal attacks on globalization, we need to consider how we can increase our resilience and work better to ensure the solidity of our regional supply chains.

The picture is even more tarnished by the overriding economic situation of the UfM region. Indeed it remains one of the most economically fragmented areas in the world, with trade flows sharply skewed towards a higher concentration in the EU, representing 90% of all Euro-Mediterranean trade flows, and a further 9% between the EU and its southern and eastern UfM neighbours. South-South trade meanwhile accounts for only 1%.

This potential *proximization*, therefore, holds keys not only for economic security and stability, but also for a more structured and sustainable regional integration in the Euro-Mediterranean region, which is, as we know, the very essence of the Barcelona Process and the crux of the Union for the Mediterranean's mandate. So, the current situation offers a historic opportunity to explore and promote this potential and all the efficiencies, synergies and complementarities that it entails for the EU and the MENA Region.

The UfM Secretariat is already working with its partners on assessing this potential and is ready to assume its role in promoting it, leveraging on its expertise, its networks and its methodology of action. The benefits to be reaped are many, and the aspired co-creation of value can deliver tangible development gains for both shores of the Mediterranean. We are notably joining hands with the OECD to assess progress achieved in regional integration, as well as to explore the potential to create regional supply chains.

Research is key, but it also needs to be translated into action. Here, the UfM Secretariat has been striv-

ing to encourage a stronger contribution from the private sector to regional integration efforts. UfM member states notably gave a new impulse to economic integration in the Euro-Mediterranean region at the 10th UfM Trade Ministerial Conference, where they agreed to develop a set of modernized rules of origin that would be simpler, easier to use and more adapted to regional value chains than under the current convention. These modernized rules would ease the activities of economic operators, especially those of small and medium-sized enterprises (SMEs). Action plans were also endorsed to help fight against piracy and counterfeiting and to assist sectoral cooperation in several areas, including: the automotive sector, textiles and clothing, environmental goods and services, and information and communication technology.

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Leaving No One behind

The UfM trade and investment agenda has the clear aim of promoting inclusive growth, with a special focus on sustainability, socio-economic inclusion, and the empowerment of women and young people. Indeed, the COVID-19 pandemic is turning into a job crisis that is far worse than the 2008 recession. Youth, low-income households, women, low-skilled workers, part-time or temporary workers and the self-employed are being hit the hardest. According to the ILO, 94% of the worldwide labour force lives and works in countries that are affected by company closures. The economic crisis will account for a loss of working hours equivalent to 305 million full-time employees.

There is a real danger that the crisis will increase poverty and widen inequalities. Many countries are now taking unprecedented measures to extend safety nets, but as confinement measures begin to ease

and economies re-open, they should ensure that support continues to reach the most vulnerable.

UfM member states, therefore, place an unequivocal emphasis on Social Economy, not only as an alternative way of delivering economic, social and environmental value, but also as a smart way of unlocking resources, creating sustainable employment, and generating inclusive economic growth in the region. This sector alone constitutes more than 3.2 million enterprises and organizations and 15 million jobs across the Euro-Mediterranean region.

The UfM has been encouraging the development of new ways of working as well as new forms of training and education to unleash this potential. With the financial support of GIZ, on behalf of the Federal Ministry for Economic Cooperation and Development of Germany (BMZ), it has launched a grant scheme for employment promotion to support non-profit organizations in the Mediterranean that work to give people opportunities in view of the COVID-19-induced economic crisis. It focuses largely on projects that enable people to find jobs, continue to gain a living and improve their work and living conditions. At the same time, we seek to support projects that encourage entrepreneurship and improve the business climate for Micro-, Small and Medium-sized enterprises as crucial providers of employment in the Mediterranean region.

Addressing the Climate Emergency

Even as the pandemic has pushed climate change out of the headlines, the threat to the planet has not gone away. On the contrary, it represents a unique opportunity to address the heavy impact of climate and environmental changes across the Mediterranean Basin. Renowned for its cultural and natural wealth, the Mediterranean Basin has resiliently proven the cradle of exceptional diversity throughout the ages. Estimates today indicate the region hosts up to 18% of all identified marine species in the world.

Left to its own devices, the Mediterranean clearly has a natural capacity to cultivate life. But this long-standing tenacity for sustaining itself has its limits. And human action is already pushing them over the edge. The concentration of economic activities and its reliance on climate-sensitive agriculture com-

bine to make the region one of the main climate change hotspots in the world.

For the last few decades, the average annual temperatures of both the sea and atmosphere have increased, sea levels have risen and these rises are forecast to accelerate. And all this while water acidification worsens. Moreover, no fewer than 15 mega cities border the Mediterranean's shores and are at risk from flooding, making them particularly susceptible to these predicted rises in the future. By 2050, 250 million people are expected to be "water poor;" an unmanageable number of citizens to provide relief for through emergency measures.

All these changes jeopardize both ecosystems and human wellbeing alike. In the absence of a globally coordinated response and with the risk of environmental considerations slipping to the bottom of the agenda in these times of economic crisis, we can expect more shocks in the form of extreme weather events or further infectious outbreaks. Two particular lessons must therefore be reinforced during the current pandemic: the importance of being united in both our commitment to and reliance on scientifically driven solutions.

Progress here is already being made, as the UfM is providing the space to first agree and then act on the region's most pressing environmental priorities with integrated, long-term strategies. The first-ever scientific report on the impact of Environmental and Climate Change in the Mediterranean region was developed with the UfM's support. Since 2015, a network of more than 80 scientists from across the region (MedECC network) has been developing the report with the aim to facilitate more effective policy responses to climate change. Among its main conclusions, the report shows that around 94% of primary and secondary emissions emanate from human activity and in particular from our choices regarding heating, transportation, energy sources, heavy industry and agricultural production. To manage future risks, building resilience by exploiting the data analyzed in the report will be key. Only then can we hope to tackle the main issues linked with ongoing changes in a robust and resolute way. We must, in fact, turn climate change into an opportunity for peaceful, fair and sustainable co-development.

One message, beyond immediate scientific findings, emerges from the report: no person, organization or area, be it the South or North rim of the Mediterra-

nean can face the amplitude of challenges on their own. We all need each other to face this climate emergency. Working together could lead to a new cycle of common growth that is more enhanced and more equal, including in gender relations. Reconsidering our approach to resources in terms of justice and human rights must be at the heart of this process because there are undeniably huge imbalances within the region, from access to resources to conflicts and continued large-scale migration. If we don't act now, global warming will take an irreversible toll on the Mediterranean and its inhabitants.

The UfM will therefore continue to drive the very necessary conversations aimed at preparing the region to face, tackle and even reverse the inevitable impacts of climate change. While addressing the unprecedented situation created by the Covid-19 pandemic, this year, the 2020 UfM Climate Week has taken place through several online meetings during the last three weeks. UfM representatives, scientific experts, civil society, IFIs and other relevant climate actors have gathered to discuss key climate-related issues for the Mediterranean, such as the science-policy interface, the regional analysis of Nationally Determined Contributions (NDCs) as well as the support to climate finance.

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The UfM has also signed a cooperation agreement with the Regions of Climate Action (R20), to allow some projects on waste management, renewable energy or energy efficiency, to attract private and public investors, with the long-run aim of setting up a specialized fund for the Mediterranean. If we want to create resilient societies after the pandemic, we must attain strong fiscal support for green investment – dematerialization, digitalization, energy efficiency – starting with the most severely hit and more polluted areas, which are disproportionately home to the least affluent communities. These issues will all be addressed by UfM member states at

the next UfM Ministerial Meeting on Environment and Climate Change in 2020 in Egypt.

In a few words, resilience must be at the heart of each and every action we undertake from now on. Settling for the status quo is not an option. We must be bold in our conviction to act together, if not, the consequences will be dramatic and very possibly, irreversible.

Only through these shared values of equality, cooperation and dialogue combined, will we overcome the complex challenges we are confronted with

To achieve this, the Euro-Mediterranean region needs to build a development strategy based on the promotion of local, regional and circular economies which can be exploited as engines of a growth that is sustained and yet sustainable, fairly distributed yet that still drives competition. As we recover, we must leverage the opportunity to create new inclu-

sive societies that ensure young people and women can fulfill their potential as agents of change and contributors to the region's economy as a whole. New concepts, new business models and new public strategies to help realize the necessary shift in the paradigm already exist and do not need to be reinvented.

Yet, these benefits are all based on greater cooperation and connectivity, which are the prerequisites of the change needed. Only through these shared values of equality, cooperation and dialogue combined, will we overcome the complex challenges we are confronted with.

The outbreak of the pandemic is certainly one of the greatest crises we have faced in over a century and serves as a stark and uncompromising reminder of the need for tangible cooperation across borders, between sectors and among citizens and their representatives. It confirms that erecting walls is no longer feasible in a globalized world that has grown more connected than ever.

At this pivotal moment, with COVID-19 still spreading, geopolitical tensions rising and the cry for social and climate justice ever more urgent, we have a responsibility, together, to address the legitimate aspirations of our citizens. Let's not disappoint them.