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## 'RED LINES' FOR THE EUROPEAN NEIGHBOURHOOD POLICY IMPLEMENTATION

The European Neighbourhood Policy (ENP) has been implemented for over 10 years. Despite the overall long-term objective to tackle socio-economic inequalities and foster prosperity and democracy, the Euromed region, and the ENP southern countries in particular, are still suffering from political, social and macro-economic instability, coupled with state fragility, insecurity and conflicts. At the same time, the EU has established several instruments and programs as part of the ENP to promote sustainable development and inclusive growth as part of its bilateral relations with ENP Southern countries. Nevertheless the stock-taking exercise that led to the decision of revising the ENP policy, has clearly demonstrated how the EU neo-liberal approach to socio-economic cooperation has not resulted in bringing about the expected results of democracy and prosperity.

According to the ILO Global employment Trends for Youth Report, the Middle East and North Africa (MENA) region still records the highest youth unemployment rate. A trend that is worsened by the ongoing expansion of the informal sector, rising income insecurity and labor marginalization for women and vulnerable groups. In addition, several southern neighborhood countries have very fragmented social protection systems in place, that work on an individual and short-termist base and governments are also spending too much on short term poverty alleviation policies which do not lead to long term and economic social investments or address the structural causes of poverty and social inequality. Lastly, southern neighbourhood countries are severely restricting civil society space, putting restrictive legislations that criminalize the right of freedom of association and peaceful assembly and collective bargaining rights.

### BACKGROUND

The Joint Communication on the [revised European Neighborhood Policy \(ENP\)](#) was issued on 18 November 2015 and Council Conclusions were adopted on 14 December 2015, setting the framework for the revision of regional and bilateral cooperation between the European Union and Southern Neighborhood countries.

**SOLIDAR**, together with the **Arab NGO Network for Development (ANND)** has provided input during the consultation process that ended in June 2015, highlighting the [key principles for a revised ENP](#) anchored on the universality and indivisibly principle of human rights, as essentials to achieve decent work and social protection for all. SOLIDAR has also provided amendments that have been included in the [final AFET report](#) on the ENP review, whereby paragraph 24 and 25 with reference to freedom of association and economic, social and cultural rights (ECSRs) and the need to promote the social dimension of the ENP. In addition, SOLIDAR has contributed to the EESC opinion on [Towards a New European Neighborhood Policy](#)".

The two networks have intensively monitored the impact of the ENP in promoting and defending civil society space, and in promoting the progressive realisation of economic, social and cultural rights (ECSRs) in the southern neighborhood countries. In this context, on the occasion of the Third Regional Conference on the EU-Arab Partnership, SOLIDAR and the ANND launched the [Social Protection Monitoring Reports](#) providing analysis and regional policy recommendations towards the EU on how to ensure that EU bilateral cooperation with partner countries (and direct budget support programmes) have a real impact in promoting





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ESCRs, ensuring decent work and social protection for all, and therefore fostering local and national socio-economic sustainable development.

Based on the elements and principles of ownership and differentiation that were outlined in the new ENP, currently, the services of the European Commission are consulting with Member States and Partner Countries to agree and sign Partnership Priorities (PPs) for the 2016-2020 period that will be tailored to the needs and interests of both parties.

### **'RED LINES' FOR THE NEW ENP PARTNERSHIP PRIORITIES**

The new ENP highlights three elements considering economic and social rights: **Enhancing economic governance, strengthening fiscal stability and supporting structural reforms** for improved competitiveness and inclusive growth and social development. In addition, the ENP is built on the assumption that economic growth is the main trigger for prosperity and socio-economic development, with liberalisation and free trade as its key ingredients. Against this background, the new ENP is promoting deep and comprehensive free trade agreements (DCFTAs) in combination with enhanced cooperation with International Financial Institutions (IFIs), to strengthen partnerships with the private sector. Against this background, building on SOLIDAR and ANND analysis of socio-economic inequalities in the MENA region, some 'red lines' for the implementation of the ENP can be drawn in order to ensure that ESCRs are fully recognized and fulfilled within the Partnership Priorities.

#### **1. Socio-economic policy**

10 years of implementation of the ENP have shown that structural adjustment reforms programs, implemented with stringent economic and fiscal policy conditionality under conditions of political and macroeconomic instability, will lead to the explosive growth of the informal economy and the staggering increase in social exclusion, poverty and inequality.

In this regard, the new partnership priorities within the ENP should highly focus on supporting the achievement of human rights at all levels and should be enshrined in the international human rights frameworks. At the same time, it should not bring further economic policy conditionality such as trade liberalisation and privatisation of essential services, nor undermine the autonomous development of economic and social policies. In addition to that, structural adjustment programs can only be inclusive and sustainable if participation and national ownership of local actors, including civil society, is ensured.

Partnership Priorities that are currently being discussed between the EU and partner countries focus on promoting economic stability through structural reforms to underpin socio-economic development. In this regard, SOLIDAR and ANND's assessments of socio-inequality in the region highlight that **universal social protection systems are a potential tool to boost sustainable socio-economic development and prosperity, and they should be at the heart of the PPs when promoting economic stability.**

The right to social protection is enshrined in the International Human Rights Law, and notably in the International Covenant on Economic Social and Cultural Rights (ICESR), which sets the legal basis for the interlink between social protection and the progressive realization of ESCRs. In addition, on 20 July 2015 the EU has adopted a new [EU Action Plan on Human Rights and Democracy](#), seeking to mainstream human rights in all its external relations, and putting a strong focus on the need to "foster a comprehensive agenda to promote economic, social and cultural rights... to promote and support the development and increased coverage of national social protection floors and gradual implementation of higher standards of social guarantees". Beyond the legal human rights obligation, evidence has demonstrated the transformative effect of social protection in society and its positive impact on economic growth, by increasing household productivity and enhancing labor market participation, thus facilitating economic reforms, contributing to better economic performance productivity, fostering gender equality, social





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cohesion and state institution building. Therefore, **National Social Protection Floors should be recognized as key elements to be promoted within the ENP PPs and support to the establishment of SPFs should be scaled up through the Single Support Framework.**

## 2. Investments

The new ENP sets that the EU should “*step up cooperation with the International Financial Institutions (IFIs), notably the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), the World Bank and the International Monetary Fund (IMF) and relevant international organisations on private sector development and initiatives that promote inclusive growth and employment and improve living conditions for citizens*”.

In this context, there is quite extensive track record of promotion of structural reforms through PPPs, as in the case of the EIB’s Facility for Euro-Mediterranean Investment and Partnership (FEMIP), and since 2011 the EBRD also has become a keen promoter of public-private partnerships (PPPs) especially in the energy, infrastructure, industry and agribusiness sectors. Nevertheless, assessment undertaken by the ANND on PPPs legislative framework in several countries cast doubts on the effective value for money of PPP projects and the impact on socio-economic rights. According to CSOs assessments, in order to ensure sustainable and equitable PPPs, some key steps need to be undertaken to insure proper functioning, including adoption of a national plan that determines the amount of PPPs investments needed depending on the national needs, implementing transparency and human-rights based accountability mechanisms on the private sector partner and access to information, need of compensation mechanisms for victims and legislative administrative control.

In this regard, **when setting procurement rules, quality principles for the relationships between service providers and users, as well as the relationships between service providers, public authorities, social partners and other stakeholders should be established and respected to ensure that the specific characteristics of services of general interests are taken into account.** In addition, **the EU should stop imposing controversial economic policy conditions which push privatization and trade liberalization related reforms.**

## 3. Trade and market liberalization

New ENP sets that one key instrument in promoting prosperity in the ENP so far has been granting access to the EU market, with the purpose to achieve the ‘*gradual economic integration of partners in the EU internal market and therefore to the creation of an economic area of prosperity based on the WTO rules*’.

In negotiating the PPs, Deep and Comprehensive Free Trade Agreements (DCFTAs) remain one key priority, while a differentiated approach will allow the EU to go beyond preferential or non-preferential trade agreements. In either cases, the EU should ensure that the trade liberalization policies enhance and support domestic productive capacities with a focus on the domestic and regional markets, and are anchored on the basis of creating decent work, social protection and foster inclusive social development, within both trading partner countries. For this, ensuring universal access to social services is a pre-requisite to combating poverty and reduce socio-economic inequalities, hence **the sectors of education, health care and social services of general interests should be excluded from the DCFTAs negotiations.** In this regard, **social services should be left out of free trade agreements, and social economy actors should be better recognized and promoted as key components for promoting quality, affordable and accessible services as a basis.** In addition, **DCFTAs should not include provisions on investor state dispute settlement mechanism.** As EU’s own experience demonstrated, opposition to investor-state dispute settlement is clear, given the implications on the sovereign right of the State to regulate in the public interest.





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Furthermore, while recognizing the positive contribution of labour migration to the economy, migrant workers, regardless of their status, must enjoy equal treatment under labour legislation and full respect of their fundamental rights at work. In particular, **Migrant workers involved in trade in services in particular should enjoy the same rights to equal treatment as other workers and host country laws and collective agreements should apply, without such equal treatment being considered an obstacle to free trade.** The EU should promote the application of national labour law and international labour standards to all migrant workers, including refugees and asylum seekers, irregular migrants and those covered under Mode IV –type of services. Importantly, readmission agreements should be delinked from Mobility Partnerships and should not, by any means, included in the current DCFTA.

The **EU should ensure transparent consultations and access to information at all** stages of the negotiation of a DCFTA, or an Agreement on Conformity Assessment and Acceptance (ACAA) ensure that these consultations move beyond a marginal ‘tick-box exercise’, towards a comprehensive dialogue and consultation on trade and development policies implemented within the ENP, including consistent engagement throughout the various stages of negotiations and adequate and timely access to information.

