
CHAPTER 14 Lebanon and Palestine

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The Poverty Strategies Initiative (PSI) launched by the United Nations Development Programme (UNDP) in 1996 was intended to be a strategic tool for influencing policy reforms, without prescribing the means to be used. Consequently, there is great variation between countries on how the funding was tailored to ongoing and new initiatives. This chapter describes how UNDP made use of this facility in Lebanon and Palestine, identifies any tangible impacts and reflects on lessons that can be learned for future similar undertakings.

Given the small size of country allocations made available under the programme, it is often difficult to ascribe progress in anti-poverty policy directly to the programme. PSI funds were often combined with other sources to enable UNDP to perform several roles in relation to policy reform initiatives. Of particular interest is the extent to which UNDP acted as catalyst or broker in advancing the poverty discourse and policy reform process in countries in which the programme was offered.

The first section of the chapter presents the poverty situation and policy context of Lebanon and Palestine, and gives an account of the nature and history of PSI activities in each. Then we look at the leveraging effects of the PSI projects, focussing on the extent to which they strengthened ongoing policy reform initiatives and institutional capacity, particularly in host government agencies. Did the PSI projects contribute to enhancing the capacity to reform in key institutions? Did they fit into initiatives already taken by government or other donors, thus enhancing cooperation between multiple stakeholders at the country level? Next we examine what may be called the catalytic effect of the PSI programme. The focus here is on whether these projects were instrumental in raising public awareness, improving critical knowledge, forging new forms of institutional cooperation or enhancing the government's commitment to policy reform in favour of poverty reduction.

The two cases demonstrate the merits of a flexible funding mechanism for strategic policy interventions. In both countries, PSI gave the local UNDP offices the ability to seize opportunities for policy work that eventually had effects far beyond the limited financial contribution of the projects. In Lebanon, the publi-

cation of the 1998 *Mapping of Living Conditions* helped place poverty, inequality and regional development issues at the centre of an electoral campaign that culminated with the election of a new government in December of that year. In Palestine, PSI funds were used for the publication of the 1998 *Palestine Poverty Report*, which was instrumental in the creation of the National Commission on Poverty Eradication. The success achieved in both cases was no coincidence. In Lebanon as well as Palestine, UNDP has a special standing within the donor community as a trusted adviser to government, and benefits from the experience and extensive networks of highly qualified local staff. With the recent upheavals in the region, however, the cases also amply demonstrate that progress on the poverty policy front may easily be overturned.

Country context

Lebanon

In 1990, Lebanon emerged from a 15-year long civil war that seriously damaged the country's civil infrastructure, business and human resource base. The war inflicted huge losses in terms of human lives and the social and physical displacement of people. Poverty and social inequality in Lebanon have to be understood as well as addressed in the context of these post-war traumas. The country's leadership was challenged with the need to recreate what had been damaged, while balancing on a tightrope in the religiously charged politics of the country.

The first priorities of the governments that followed the Taef Peace Accord of October 1989 were to rebuild the war-torn infrastructure in Greater Beirut and stabilise the economy. From 1992 to 1998, inflation fell from 100 to 5 per cent, massive civil works projects changed the dilapidated façade of Beirut, and foreign capital and international investors started to return. But these successes seemed not to have had the expected effect on the economy. The initial high growth rates of the post-war period have not been sustained. The reconstruction of Beirut has not stimulated productive investments, while the costs to the state have been formidable.

In the government-sponsored building boom of Beirut, one issue fell by the way-side — the rising incidence of poverty and social inequality. The reasons are mixed, but a significant factor has been the fragile balance of power among the sect-based political factions. Raising the issue of social injustice was seen by many as potentially threatening to the power-sharing mechanisms that had been installed, whereas construction projects offered benefits and spoils to all parties. The sense of deprivation among large sections of the population has been increasing, not least aggravated by the memories of 1960s and early 1970s, when a growing middle class had been enjoying steady improvements in living standards. The past periods of prosperity did not benefit all, pointing to deep-rooted structural problems — not only the damages of war — as causes of poverty.

With the change in government in December 1998, there was a shift in the political perceptions at the cabinet level with respect to poverty. The proclamations of the new regime included addressing regional disparities and social development. Poverty, it was now felt, could trigger social unrest if the government did not act.

Making action possible, however, requires knowing who, how many and where the poor are. This is not so easy in a country in which social statistics have traditionally been seen as politically sensitive and treated with caution.¹ By the start of the 1960s, 4 per cent of the Lebanese controlled 32 per cent of national income, whereas 50 per cent were poor, living mainly in the rural areas. By the end of the decade, a period of global economic growth, coupled with conscious efforts by governments to develop a welfare state, had reduced disparities, but not sufficiently to mitigate the escalation of violent conflict.

It was not until the World Summit for Social Development in 1995 that the issue of poverty was brought back onto the political agenda, thanks to the newly created Ministry of Social Affairs (MoSA), which was established in 1993. Assisted by the United Nations Economic and Social Commission for Western Asia (ESCWA) and UNDP, the Ministry flagged poverty as a major national concern and advocated the formulation of a national strategy for poverty reduction. A preparatory study for the Summit, done by a Lebanese expert, gave the first post-war numerical expression of poverty in Lebanon (Haddad 1996). The study created a huge controversy. The poverty estimates of 28 per cent of total households and 75 per cent among farming households shocked the political establishment. These findings derived from a limited sample survey that collected income data from 1,000 households, and computing the minimum costs of a basket of basic expenditure items related to food, housing, clothing, health care, education and other household needs. The study was therefore criticised for its narrow statistical base and crude methodology.

MoSA decided to improve the situation by carrying out a more comprehensive analysis of living conditions in Lebanon, with technical and financial support from UNDP. The study built upon a Population and Housing Survey conducted in 1994, which had established a statistical frame based on 65,000 households. In 1995-1996, more detailed data on housing, demography and education were collected for a sample of 5,000 households. This formed the statistical base for the report on *Mapping of Living Conditions in Lebanon*, whose preparation was financed by the PSI programme. Published in 1998, this comprehensive report of social and regional disparities in Lebanon could now provide the basis for the development of the country's first national poverty reduction strategy.

Palestine

Any assessment of public policy of the Palestine Authority (PA) has to take cognisance of the extreme volatility of the political situation. This accounts for the

external relations with Israel and the international community, as well as domestic politics. The faltering peace process, border closures, security problems, and unresolved territorial disputes have made coherent and long-term national development planning virtually impossible. The political need of the PLO leadership to accommodate various factions and interest groups among the Palestinians within the emerging state has, more often than not, overridden development concerns.

On one particular issue, the external and internal constraints have been converging: the rising unemployment. From a pre-Oslo situation with a single digit unemployment rate (excluding the years of the *Intifada*), it rose to more than 30 per cent in early 1996.² The single most important factor causing a sharp deterioration in living conditions was the restrictions imposed by Israel on Palestinians seeking employment in Israel, and on Palestinian businesses dependent on the Israeli economy. On the other hand, the single most important factor in reducing unemployment has been public employment by the Palestine Authority, although many feel that they are deprived of benefits from the emerging state apparatus.

Since the inception of the PA in 1994, following the Oslo Accords, there has been a rapid build-up of a public administration and policy-making apparatus, largely financed by international development assistance. Many observers argue, however, that the growth of the public sector has moved beyond sustainable levels, and led to a proliferation of agencies with unclear and overlapping mandates, coupled with an inexperienced, and frequently overstuffed, civil service. The newness of the Palestinian experience of integrating political authority, civil society and development of a market economy seems to have prevented the PA from formulating a development vision guiding public policy.

Understandably, the political priority of the PA leadership is managing the negotiations with the Israelis, while at the same time balancing and uniting the many factions within the Palestinian community. Considerable financial and human resources, directly and indirectly, are tied up in the management of this volatile political situation. This notwithstanding, it is of great concern that the PA already exhibits symptoms typical of many aid-dependent countries: weak coordination of public finances, centralised decision-making, donor-driven policy-making processes, weak mobilisation of domestic revenue, low and declining rates of aid disbursement, and lack of transparency. There is also growing frustration and disenchantment within large sections of the Palestinian civil society with the lack of societal progress.³ Raising a debate on poverty in this context is bound to be highly controversial. It brings up a discussion of the extent to which social disparities are the fault of domestic politics, rather than external factors.

For these reasons, 'poverty' is a newcomer in the Palestinian political vocabulary, and poverty measurements are still in their infancy. Central to a discussion of poverty and the design of policies to address it is the definition of who is in need

and who has the right to claim assistance from the state as some form of compensation or moral due for shortfalls in living standards. In the emerging Palestinian state, however, the formalisation of citizens' rights is still a lingering issue. Current practice recognises two types of legitimate claims: from de facto household breadwinners who cannot participate in the labour market due to old age, illness or single mother status; and from families of people who served in the liberation struggle and were imprisoned, killed or injured. Clearly, these two categories do not embrace all who are poor.

Despite the high incidence of poverty in Palestine, the first national development plan (PDP) covering the years 1998-2000 lacked an explicit poverty focus, as reflected in the limited public sector expenditures devoted to programmes that attend to the needs of deprived households.⁴ It is estimated that about nine per cent of the total population receives social assistance from public or private sources (i.e. the Islamic alms or *Zakat* committees). If we compare this with the latest poverty estimates, a substantial 'hole' emerges in this safety net. The households falling through the net are, to a large extent, those headed by unemployed or underemployed men. At the same time, as little as five per cent of social sector investments (or 1.3 per cent of total PDP) are targeted at the two types of beneficiaries or claimants mentioned above, of which liberated prisoners and returnees receive most. The allocation for social welfare projects, the budget line most clearly targeted for poverty alleviation, is a mere 0.5 per cent of the plan.

None of the ministries and institutions responsible for social affairs seems to have a long-term development vision and strategy into which poverty has been explicitly integrated. There is confusion about symptoms, effects and causes of poverty, and little consciousness about possible linkages between causes of poverty and public policy. Existing social assistance programmes suffer from inadequate attention to gender issues, either by not addressing the problem of female unemployment or by associating women's training needs with the traditional requirements of housewives.⁵ As it is, there seem to be many hurdles to pass before 'poverty' as a social condition translates into a set of individual rights and state obligations. And yet a national discourse on poverty eradication is slowly emerging in Palestine. As the National Commission for Poverty Eradication states in the *Palestine Poverty Report*, financed by UNDP through its PSI programme:

Now, almost five years after the establishment of the Palestine Authority, and in preparation for the future, it is imperative to develop a realistic and a comprehensive developmental strategy to confront the phenomenon of poverty, which is much more widespread than originally thought (Palestine 1998, p. 17).

This new level of awareness is a positive sign, and it is fair to say that UNDP has contributed in no small measure through the funding of the *Palestine Poverty Report*.⁶

Supporting poverty analysis and capacity-building

Lebanon

Until very recently, Lebanon was falling short on the commitments it made at the 1995 World Summit for Social Development. The government did not establish a follow-up committee, and there has been no high-level or inter-ministerial coordination to prepare for necessary policy reforms. The year immediately following the Summit started with six per cent economic growth and reduced inflation, which encouraged the government to intensify its focus on monetary stabilisation and rebuilding of infrastructure. There was little attention to social development, despite commitments made in Copenhagen the previous year. The strong reactions by the Prime Minister to the 1996 Haddad report did not improve the climate.

Under the circumstances, in November 1996, MoSA and UNDP acted courageously in deciding to seek the acceptance of government for a more thorough mapping of poverty in the country using funding from the PSI programme.⁷ The proposal latched onto ongoing initiatives by the Ministry, including the development of a statistical database of welfare indicators, which had been supported by the UN system (ESCWA and UNFPA). MoSA is the only ministry that has been consistently vocal on the poverty issue, but its mandate is restricted mainly to social assistance and safety nets. With the support of UNDP, however, it has embarked on a programme of capacity-building that not only includes poverty analysis and surveys, but also support to community development through local municipalities, using its network of Social Development Centres. This is important because decentralisation is widely regarded as a prerequisite for balanced regional development in Lebanon, where the regions (*kada*) currently play no developmental role and local governments are extremely weak.

In preparation for the study, MoSA and UNDP had to grapple with the widely shared view that focussing explicitly on poverty through setting of a national poverty line was politically unacceptable in Lebanon. Its image as a wealthy country was at stake. This prompted UNDP to form a mission of international experts with a mandate to develop a methodology, adapted to Lebanese conditions and existing survey data, for measuring 'living conditions'. The mission gave an elaborate justification for measuring poverty through what they called the *direct approach*, based on the direct observation of the level of satisfaction of basic needs, as distinct from the *indirect approach* to the measurement of poverty, which is the basis for the setting of a poverty line. Whereas the poverty line method (PL) is useful for capturing needs that are met through current private consumption, the Unsatisfied Basic Needs (UBN) method recommended by the team of international experts is useful for capturing needs that are met predominantly through public spending.⁸ The two methods are complementary, and ways of combining them have been devised. In 1997, however, Lebanon had not yet established ade-

quate survey data on household expenditures, which excluded use of the poverty line method. A Household Standard of Living and Consumption Survey, conducted by the Central Administration of Statistics (CAS) was under way, but cooperation between MoSA and CAS proved difficult. The UBN method, therefore, represented a pragmatic solution to the availability of data, while at the same time the focus on basic needs, as opposed to income poverty, helped to allay official concerns and to secure the government's sanction.

As a result, the 1998 report financed by UNDP avoided usage of the term 'poverty', focusing instead on 'living conditions' and levels of 'satisfaction'. Still, the finding that 35 per cent of the population lived below the 'satisfaction threshold' has been widely interpreted as indicative of the level of poverty in Lebanon.⁹ The data reveal that the extent of deprivation among Lebanese households is highest in relation to education and income. This implies that 'improving household incomes and the level of education would probably contribute to improve overall living conditions more than would improvements in housing and in water and sewerage services' (Kanaan 1998). It was found, moreover, that 57 per cent of the deprived population lived in urban areas — and about half of them in Beirut, where the deprived are largely urban residents of rural origin who have moved to the cities and towns in search of employment. At the same time, the extent of 'low satisfaction' is substantially higher in rural areas, especially in the North — the Akkar region, which together with the Bekaa valley, accounts for the bulk of people in 'abject poverty'.

To supplement the results of the living conditions study and assist in priority setting for public policy, UNDP Beirut requested additional PSI funds for the elaboration of a social sector expenditure review, which was conducted in 1999. The report was done by Lebanese experts and approved by the Ministry of Finance in March 2000. It shows that public spending in health is much lower than 20 per cent of the budget and not quite 20 per cent in education. Moreover, the report categorically states that despite the country's high level of spending on health and education as a share of GDP compared to countries at a similar level, 'available evidence does not indicate that the outcomes are comparatively superior' (Social and Economic Development Group 1998). Both sectors are characterised by heavy private financing that caters mainly to the affluent sections of society and is skewed towards the tertiary level, significant government subsidies to private providers, and minimal government regulation, in part to preserve sectarian balance. Under existing health and education policies, inequity will continue to increase. More rational use of existing resources is needed to allow for improvements in service delivery. Consequently, the report sets clear objectives for better targeting of basic social services in the 2001 budget, and for creating greater public awareness on the need to improve services to disadvantaged groups.

A less tangible, although equally important, outcome of the PSI project in

Lebanon has been the sharing of the experience gained in using the UBN method with other countries in the region. Since the method does not require information on household income or expenditure and can be applied to most population surveys, a meeting of poverty experts that took place in Cairo in November 1997 recommended its use by other Arab countries as well.

A number of steps have been taken to follow up on the PSI project. This includes a 3-5 year National Programme for Improving Living Conditions, the first phase of which began in early 1999 with funding from Norway, MoSA and UNDP.¹⁰ The objectives of the Programme are very ambitious: to develop a national strategy for poverty reduction and strengthen the capacity of government to implement it; to improve social statistics and establish monitoring systems to track progress in poverty reduction; and to mobilise civil society in the battle against poverty. The Programme's first phase has financed three types of activities:

- Capacity-building of MoSA, including the training of staff at some 50 Social Development Centres in community development planning, the preparation of information booklets with relevant statistics for each of Lebanon's 26 *kadas*, and efforts to improve coordination among departments of the Ministry;
- A social survey, aimed at enlarging the existing database of CAS on household income and expenditure to facilitate the calculation of a national poverty line and the preparation of a comprehensive poverty profile;
- Community development projects, 15 of which are being implemented on a pilot basis in the Akkar region of North Lebanon, in cooperation among MoSA and local community groups, NGOs and municipalities.

Palestine

At the Copenhagen Summit for Social Development in 1995, the Minister of Social Affairs of the Palestine Authority stated:

Poverty in Palestine interlinks with factors different from those in other countries, where it is often attributed to structural social and economic imbalances. In Palestine, poverty basically interlinks with Israeli occupation (Al Wazir 1995).

This statement reflects the fact that Israeli border closures, land confiscation and restrictions on trade have severely reduced the economic opportunities of Palestinians. It also mirrors the dominant political perception of the PLO concerning the common suffering and shared injustice of the Palestinian people. According to this perspective, all Palestinian people are deprived and deserving of restitution and new entitlements.

But the concept of 'poverty' used in the Western social policy tradition and recently by international aid agencies represents a different outlook. Its focus is on internal differentiation and inequality rather than externally imposed injustice.

The goal is to establish an economic and socio-culturally defined line between the haves and have-nots of a people. The core political issue is the definition of who is in need and who has the right to claim assistance from the state. It is within this context that UNDP attempted to contribute to raising the political awareness of poverty among Palestinians by encouraging a national dialogue on what constitutes and causes poverty in Palestine. And it is against this backdrop that judgments on the success of this initiative have to be passed.

The first living standard survey among Palestinians, done in 1992, discussed social stratification (Heiberg and Ovesen 1993), while the first attempt to establish a poverty line came as late as 1995, claiming that 14 per cent of the Palestinians are poor (Shaban and Al Botmeh 1995). It was felt, however, not only that these figures under-represented the extent of poverty in Palestine, but also that there was a need to develop a national poverty discourse in the West Bank and Gaza, where explicit strategies for tackling poverty were deemed to be missing. To do this, the UNDP Programme of Assistance to the Palestinian People (PAPP) decided to support the preparation of a comprehensive situation analysis of poverty in Palestine, and the formation of a national task force or steering committee that subsequently was constituted as a National Commission for Poverty Eradication. These tasks were accompanied by sensitisation and information campaigns aimed at embedding the emerging poverty discourse in key PA and non-governmental institutions.

The *Palestine Poverty Report*, published in 1998, estimated that almost a quarter (23 per cent) of the households fell below the poverty line, with 14 per cent in 'deep poverty'.¹¹ These poverty indices were developed using data from the 1996-1997 Expenditure and Consumption Survey. The Palestinian Central Bureau of Statistics conducted the survey, based on a sample of about 4000 households. More importantly for development policy purposes than the exact percentage of poor people are the geographic, demographic and distributional patterns present in Palestinian society. The most salient findings of the *Poverty Report* are:

- Regional disparities are striking, with South Gaza exhibiting a poverty rate of 51 per cent, compared to a low 3 per cent in Jerusalem.
- The highest incidence of poverty is found among refugees, especially in the Gaza Strip, while in the West Bank poverty is mainly a rural phenomenon.
- The poverty incidence is higher among larger households, among households with less education and formal skills, as well as among those headed by women.
- Poverty among the working population is high, reflecting a problem of low wages and irregular employment, and not only unemployment as such.
- The lowest incidence of poverty is associated with employment in Israel, as well as remittances to the household from abroad.

Unfortunately, the report wavers between two competing perspectives, one based

on a notion of poverty as the *lack* of something (of assets, basic services or income to sustain a minimum standard of living), the other as the *relationship* of a person to his or her social and physical environment. The report argues that vulnerability and inequality are major issues in Palestine, but that abject poverty is not. It also notes that the lack of social security systems and the close links with the Israeli economy make many Palestinians vulnerable to economic shocks. Interestingly, the former is not a cause of poverty in itself, whereas the latter is, but it is also largely outside the realms of the Palestine Authority.

The second phase of the PSI project involves an assessment of public spending under all development plans since the Oslo Accords, as well as of the current plans and programmes of sectoral ministries. The objective of both studies is to gauge to what extent investments are targeted at the causes of poverty and the problems faced by poor people. As a parallel initiative not supported by the PSI, UNDP proposed to the Ministry of Social Affairs a project targeting the recipients of monthly social security payments. The main concern was to introduce income-generating activities and shift the focus from relief to development. Another major exercise in the pipeline is the Participatory Poverty Assessment to be carried out with funding from the UK Department for International Development (DfID). This is seen as a major vehicle for bringing poverty concerns and the views of the poor into the process of developing the next PDP. Also pending is a clarification of the role and political mandate of the National Poverty Commission that was set up to support the preparation of the *Palestine Poverty Report*.

These pending challenges notwithstanding, what we see today is a glimpse of an evolving *national* poverty discourse, promoted by Palestinian scholars. The fact that this is a national discourse, and not one dominated by outside observers as in many developing countries, is a significant and positive feature. The way UNDP has played its role as facilitator has contributed in a major way towards this outcome.

Galvanising policy reform

Advancement in a policy reform process does not depend only on mobilising support for ongoing initiatives. It is likely to entail in equal, or even greater measure initiatives that change the course of events. Donors can act as change agents and catalysts, and UNDP did so at several important junctures in the poverty debate in Lebanon and Palestine. These experiences are very relevant in view of the international donor agenda that seeks to promote national poverty reduction strategies, even through the use of conditionality, as in the case of the World Bank and IMF requirements in connection with the Heavily-Indebted Poor Countries (HIPC) Initiative. We examine next the role of UNDP, as well as the contributions made by its PSI programme, in enhancing public awareness and political commitment to reform, and in nurturing new forms of institutional cooperation to meet the challenges of poverty reduction.

Enhancing public awareness

Both in Lebanon and Palestine, the bulk of PSI funding was used to finance analytical outputs to fill critical knowledge gaps relating to poverty. Little in the form of new knowledge was produced, as most of the work sponsored by UNDP essentially confirmed findings from earlier studies. But both Lebanon's mapping of living conditions and the Palestinian report on poverty played an important role in establishing a more authoritative basis for public discourse and policy planning.

In Lebanon, UNDP was able to broker a way of obtaining government approval for a new poverty study after the controversies provoked by the Haddad report. As late as 1996, the Lebanese Prime Minister had declared that the country did not have a poverty problem. Then, at the behest of MoSA, a new study was conducted in 1998 to measure living conditions using information from the housing and population database. By the time the study was ready for public release, the incumbent government was approaching the end of its term, and the poverty issue found its way into the election campaign. It took six months of discussions with advisors to the Prime Minister before the report was submitted to the Cabinet in September 1998. It was publicly launched in October, the same month as the elections to the National Assembly.

Apart from revealing poverty among public employees, the MoSA report did not change a picture that was generally known. But the timing of its release contributed greatly to its remarkable impact on the public debate. In fact, the publication underscored the continuing gravity of the poverty problem in Lebanon. Its findings were widely reported in the press and used by opposition politicians in raising the need for addressing social issues. The media raised the figure of 28 per cent poor, reported by Haddad, to 35 per cent (Kanaan 1998) and interpreted this as a worsening of the situation, omitting any reference to differences in methodology. As a result, the new government that emerged from the elections emphasised the urgency of reducing the vast regional disparities highlighted by the MoSA study, particularly the disadvantaged situation of the northern region of Akkar, Baalbeck and Hermel in the Bekaa valley.

Given the controversy created by the Haddad report a few years earlier, the decision to undertake a new study of living conditions was no small accomplishment. It shows that UNDP in Lebanon is well placed to influence the government on sensitive matters. The technical advice provided by UNDP on the UBN method made it possible to overcome official scepticism, clearing the way for subsequent poverty studies in the future, such as the one that will be carried out by Central Administration of Statistics using household income and expenditure data.

Although to a lesser extent than in Lebanon, the publication of the poverty report in Palestine also stirred public debate and improved the general awareness about social conditions to a degree that was previously absent. Prior to the publi-

cation of the report, the prevalent view within the Palestinian ministries associated poverty with unemployment and lack of income. The closure of the borders with Israel was seen as the main determinant of poverty (Fawzi El-Solh 1996).

The report financed by the PSI introduced a more nuanced, and more complex picture of poverty. It indicates certain policy areas where improvements are needed to allow people 'to meet their basic needs as a major component of human and citizen rights'. The most crucial ones are the right to education and health care, employment opportunities for those capable of working, and access to a social security net for those who cannot work or are part of a vulnerable social group. The main policy recommendations of the report call for:

- Reducing the exclusion of women from the labour market. The high percentage of deep poverty among female-headed households points to the need to focus on empowering women through skills training, credit and other measures;
- Enacting mandatory pension schemes for public and private employers, including strong survivors' provisions for widows and dependent children. This reform will have to be introduced gradually, not least taking account of the large informal sector;
- Introducing a mandatory health insurance scheme;
- Establishing a national social security and welfare corporation aimed at creating a diversified assistance programme for poor households. The objective is to move beyond charity and to focus on enhancing income-generating capabilities through a closely coordinated approach encompassing the many institutions, public and private, currently involved in social welfare activities;
- Enacting minimum wage legislation to guarantee employment and living standards above the poverty line;
- Developing regional development programmes targeting the highly poverty-stricken areas (the south and middle of the Gaza Strip, and the districts of Jenin and Hebron in the West Bank).

The role of UNDP has mainly been one of providing managerial support to the work of the National Poverty Commission in the preparation of the poverty report. The involvement of UNDP also lent credibility to the outcomes of the study, cushioning it against unwarranted criticism. Published in 1998, the report is the first comprehensive poverty analysis of this kind in Palestine. Although its definition of poverty and fixing of a poverty line will continue to be debated, it is clear that the report has made important contributions to the political discourse. It broadened the scope of policy and analysis beyond a focus on income poverty and unemployment. It confirmed that poverty is a major social problem and determined its incidence, both geographically and by socio-economic group. It also brought social inequality, an issue that had been shunned by the PLO leadership, to the centre of the policy agenda.

The report was issued in both Arabic and English editions. Its release generated substantial media attention and was widely covered by the Palestinian as well as the Israeli press. More than 500 participants attended the launching conferences that took place in Gaza and Jerusalem, including the President of the PA. This underscores the importance and political sensitivity of the poverty issue in Palestine. The President's Office reacted to the relatively high poverty rates presented in the report, especially the rate of 20 per cent in households with their main source of income from public sector employment. The Commission was under pressure to revise or omit this figure, but the issue was put to rest upon the intervention of the UNDP office. Despite the media attention, the Palestine report is much less explosive politically than the one in Lebanon. While critics of the regime are using it to press for changes in public spending, the high poverty rates documented in the report help the Palestine Authority lobby donors for continued international assistance.

Strengthening political commitment and ownership

The question of government ownership is critical to the success of policy reform initiatives. Without it, policy proposals are bound to founder, no matter how well designed. There is considerable variation in the extent to which UNDP succeeded in galvanising a commitment to reform, as well as in the role governments played in the PSI activities in Lebanon and Palestine. While in both cases, there was a linkage with a government agency, it cannot be inferred that the national authorities unambiguously own the reform process. In fact, these two cases demonstrate that a government cannot be considered a monolithic entity. Reform processes often generate much of their momentum from opposing forces *within* the public sector.

Moreover, positive changes in a country's commitment to reform cannot be gauged over the relatively short time span of the PSI projects. It takes time to alter the mindset and entrenched attitudes of key political and administrative actors. There is a long way to go before Lebanon or the Palestinian Authority has a workable national poverty reduction strategy. Even sectorally, attention to basic needs and social inequality is still not high on their agenda.

Yet, the developments in the PA, where UNDP forged a strategically important partnership with the Ministry of Planning and International Cooperation (MoPIC), allow some room for optimism. Below the level of the supreme Office of the President, this is a powerful ministry, vested with a key role in development planning. By being responsible for the new five-year strategic plan, MoPIC is well-placed to integrate poverty concerns across sectors and policy areas. UNDP played the main architect in making MoPIC the coordinator of the process of preparing the *Palestine Poverty Report*. This was undoubtedly a wise investment, since giving the responsibility for coordination to some other ministry would probably have been a

blind alley for the reform process.

Equally important has been the move towards institutionalising the reform process through the establishment of the National Poverty Commission, as well as the decision to reach out to the indigenous academic community and involve it in the debate on poverty and the work of the Commission. Bringing in foreign experts might have improved the quality of the poverty report, but it probably would have diminished its political impact, given the scepticism with which government officers and Palestinian intellectuals view donor reliance on foreign consultants. Therefore, vesting the process in several national academic institutions was important from the point of view of local validation and ownership of the outcomes of the study.

Nevertheless, the sustainability of the policy reform process is still very much in doubt. The role and influence of the Poverty Commission is a lingering issue. Its political mandate is not clear, and questions on whether it should remain as an independent technical committee or receive a direct mandate from the President yet to be addressed. The fact that the members of the Commission have been working on a voluntary basis could jeopardise the continuity of their work. But it also helps preserve their independent status. If the Commission were to come under the aegis of the President's Office, it might have to sacrifice the independent role it has had until now.

The same questions apply to MoPIC. Its aim is to have a poverty reduction strategy within two years, provided Palestinian statehood is achieved. However, the Ministry has been largely dependent on UNDP for financial and managerial support, especially for the initial build-up of capacity. The fact that the recurrent expenses of MoPIC have been donor-funded raises questions for the continuity of the policy reform process. The latter is unlikely to materialise unless sufficient political will is mobilised internally to enable the process to move forward even without donor support. Hence, the future of policy reform and aid dependency are intimately linked.

In Lebanon, too, UNDP has established a close partnership with a ministry dealing with poverty issues. The partnership with the MoSA preceded the PSI initiative, dating back to the preparations for the 1995 World Social Summit. But unlike the planning ministry in the Palestine Authority, MoSA has no overarching role in policy-making and holds a relatively marginal position in relation to the influential social sector ministries. Because of its visibility on poverty issues, UNDP decided nonetheless to strengthen the position of the MoSA within the government and to support its role in social policy development. This is in line with the Ministry's own goal of becoming the government's chief architect of social development policies. There is no doubt that the study on living conditions, and the credibility lent to it by UNDP, has contributed to this end. There also remains the problem of overcoming the obstacles posed by the limited mandate of the

MoSA, which has been and is likely to remain focussed on social welfare.

UNDP is inclined to continue its support to MoSA, primarily by strengthening its capacity for policy formulation. UNDP appears to be more ambivalent with respect to the Ministry's role as a community development agency. There is the prospect of making the network of Social Development Centres a multi-sectoral arm of the central government to support local initiatives addressing poverty problems. However, there is still no consensus in government, and MoSA lacks qualified staff to play this enhanced role. Consequently, the future role of MoSA is ambiguous, even though both the World Bank and the European Union are willing to support it in connection with the establishment of a Social and Economic Fund.

The political discourse of the new Lebanese government has changed in a positive manner, but its capacity to deliver on the poverty front has yet to be demonstrated. Post-war Lebanon still struggles with balancing vested sectarian interests, which renders rational development planning difficult at best. At the moment, it is difficult to pinpoint the most critical decision-makers for moving the poverty and social development agenda forward. In the absence of a strong coordinating body for policy-making, the future direction of policy reform is uncertain. Despite the rhetoric of the new government, there is still no political process that embraces several ministries and civil society actors. Lebanon has established a broad-based consultative forum, the Economic and Social Council, to enhance popular participation in the development process. But the Council meets only rarely, and has merely an advisory function, with no role in the policy-making process. In this context, progress towards an effective national poverty reduction strategy is difficult and may even be futile unless a stronger policy-making body emerges. Whether this body could be the Ministry of Finance, which commissioned the budget expenditure review financed by UNDP with PSI resources, remains to be seen.

Forging new forms of institutional cooperation

Success in policy reform hinges partly on the possibility of identifying an agency within government, or a key actor outside of it, with the capacity and stature to take the lead in pushing for policy change. Alternatively, policy reform may depend on the ability to broker partnerships involving various actors, who together can bring a reform agenda to fruition.

The most interesting case of institutional brokerage is the new Poverty Commission in the PA, which started as a project committee for planning the 1998 *Palestine Poverty Report* but has gradually been given a broader and more official mandate under the auspices of MoPIC. While UNDP was clearly very instrumental in its formation and subsequently in supporting its role, the Commission has been gaining credibility as something more than simply a UNDP project committee. One major reason for this seems to be its composition and professional credibility. The

Commission is composed of members that represent leading academic institutions and non-governmental organisations, under the chairmanship of MoPIC. These institutions and NGOs are considered the main centres of poverty research and practice in Palestine. They include the Central Bureau of Statistics, the Palestinian Economic Policy and Research Centre, the Women Studies Institute and the Development Studies Centre of Birzeit University, the Palestinian NGO Network, and the Palestinian Secretariat for Childhood. If allowed to play the role of an accredited but independent reviewer of public policy, the Commission may evolve into a body with significant influence over policy-making.

One lingering problem is that the political mandate and role of the Commission are still not clear. The Office of the President has agreed to endorse the Commission's mandate, but there are concerns that this may jeopardise its independence. So far, the Commission has played no role in the preparation or review of public investment proposals. Even the powers of MoPIC have been limited in this respect, as most of the budgetary process has been controlled directly by the President's Office. The extent to which the role of the Commission becomes more institutionalised, therefore, remains to be determined.

Some other positive institutional developments have taken place in the PA, although it is still too early to assess their significance. The appointment of an inter-ministerial committee, composed of 11 ministries and affiliated to the National Commission, could greatly improve communication on policy matters. Cases of institutional rivalry such as those that have surfaced in the past are likely to be resolved in a more effective manner through dialogue and negotiation. Another positive development is the decision by the Palestinian Central Bureau of Statistics (PCBS) to develop its own capacity for maintaining statistics on poverty. PCBS recently published an updated poverty analysis on its own initiative, and appears to be willing to take this on as a regular function. Apparently, this decision was spurred by the involvement of the PCBS in the preparation of the *Palestine Poverty Report*, and is therefore an important by-product of the PSI project. More recently, the World Bank decided to produce a poverty profile following Bank procedures. UNDP was instrumental in fostering a dialogue between Bank staff and the Poverty Commission on how to make use of this exercise to improve on weaknesses in the 1998 report.

Similar institutional problems are present in Lebanon, where the public sector is characterised by weak horizontal integration. In the absence of a strong coordinating body, relationships between ministries and other public institutions tend to be highly competitive. This makes the formation of effective social development policies extremely difficult, since it requires overcoming fragmentation and adopting policy measures that cut across sectors.

As we have seen, the strategy of the UNDP office in Beirut has been to support

the capacity-building agenda of the social affairs ministry, a small but very vocal actor on poverty issues in Lebanon. This was probably the best avenue for building political awareness of the country's poverty problems. However, it may turn out to be a blind alley in developing effective poverty reduction policies. One issue of concern relates to the role of MoSA vis-à-vis other government agencies, some of which are critical of the initiatives it has taken with the support of outside donors. There has been a long-standing dispute between this ministry and the Central Administration of Statistics (CAS) on the responsibility for the production and dissemination of poverty-related surveys and analyses. It is not surprising, therefore, that CAS refused to collaborate in MoSA's Population and Housing Survey of 1994. The work of MoSA also overlaps with the responsibilities of the Ministry of Health at the primary level, through the functions of the Social Development Centres. When these Centres take on a broader community development role, as is the case in the pilot projects in the northern region of Akkar, new issues of institutional turf and sustainability will come to the fore.

It is noteworthy that the work of MoSA and UNDP, which sprang out of the 1998 mapping study, has had the indirect effect of focussing attention on institutional and governance aspects of social development. This is far more critical than further sophistication of poverty measurements. In fact, the institutional set-up for regional development in Lebanon is still in an embryonic stage. UNDP has contributed to different models and experiences, working in partnership with MoSA in Akkar and with the Council for Development and Reconstruction (CDR) in the Baalbeck-Hermel region. Common to both of these projects is that UNDP is directly involved in the implementation through recruitment of project staff, procurement and financial management. Many raise questions about the strong field-level presence of UNDP in a relatively developed country like Lebanon. Others defend the approach, in particular on the ground that it may help defuse sectarian tensions and ensure better quality staff and non-partisan attention to project objectives.

To the extent that these pilot activities in Akkar and Baalbeck represent efforts to develop models and procedures for local government reform, they raise a number of pertinent institutional questions. What is, for example, the role of the Ministry of Municipalities (now merged with the Ministry of Interior) in promoting decentralisation and local government reform? What are the institutional justifications for capacity-building of MoSA and its Social Development Centres in this context? How does MoSA's network of Social Development Centres relate to the functions of the Ministry of Municipalities? And what should be their role vis-à-vis the Council for Development and Reconstruction (CDR), which today is the government's main vehicle for coordinating development projects and international assistance?

Whatever the answers to these questions, there seems to be an urgent need to assist the government in utilising the experiences from various donor-assisted local development approaches. The latest Development Cooperation Report of the UN system in Lebanon is quite pessimistic with regard to this issue:

There has not been much progress with respect to concrete measures and programmes to favour the development of rural areas. The institutionalisation of such approach is yet to be achieved. The fact that there was no progress on decentralisation has been a further obstacle (DCR 1999).

Given the recent initiative to establish a Social and Economic Fund with substantial funding from the European Union, the need to advance the decentralisation agenda has been further accentuated. Experiences from other countries have shown that the proliferation of 'aid islands' of community development projects may undermine genuine decentralisation rather than support it. Similarly, aid projects may promote local initiatives and resource mobilisation, but tend to undermine processes of forging improved working relationships between the centre and the local level. Local governments and communities benefiting from international aid may use it as leverage to loosen their ties to the centre. The social and political fabric of post-war Lebanon may be too fragile to accommodate strong local governance. At the same time, there seems to be a critical need to develop the capacity for development management and inter-sectoral coordination at the municipal level.

UNDP's strategy of assistance to MoSA may also prove short-lived if, as experience from other countries suggests, the development of effective poverty reduction policy requires strong involvement of all the 'heavy' ministries, particularly in the areas of finance and planning, agriculture, industry, health and education. We are not aware of any catalytic effects yet of the work of UNDP in forging inter-ministerial collaboration at this level.

There are, however, some positive developments worth mentioning, apart from CDR's involvement in the Akkar project together with MoSA. One is the active participation of the ministries of finance, health, and education in the preparation, validation and follow-up to the social sector expenditure review carried out in 1999. Another is the recent agreement by CAS to take part in a new poverty survey under preparation. The new survey is intended to address some of the questions raised about the scientific quality of the living conditions study published by MoSA. The study has been criticised for the paucity of indicators used in applying the UBN method, as well as the subjectivity involved in setting 'satisfaction' levels for each of the indicators and quantifying them for the purpose of developing a composite index. Hence the need for a new study that will combine basic needs data with household income and expenditure data. UNDP has been instrumental in leveraging Norwegian support for the new survey and placing the professional

responsibility with CAS. Both examples, as well as a national conference on linking economic growth and social development, which UNDP organised jointly with MoSA and the Ministry of Economy and Trade in January 2000 in Beirut, point to the prospect of improved inter-ministerial cooperation in the future.

Mobilising support from other donors

In both Lebanon and Palestine, UNDP finds itself in a major developmental role. In Lebanon, the World Bank and most bilateral donors are newcomers. The UN, on the other hand, has a long history of engagement in the country, and is seen as a more neutral partner. UNDP therefore enjoys the status of a trusted advisor in government circles, despite its limited financial role. The situation is similar in the PA, where the PLO leadership views UNDP as a close ally in development management. It is worth noting that Lebanon and the PA are both examples of weak capability on the governments' side for the coordination of aid.

UNDP has been definitely more successful in leveraging donor engagement in poverty-related work in Palestine. In order to finance the 1998 *Palestine Poverty Report*, UNDP entered into a co-funding arrangement with Saudi Arabia, and received additional contributions from the governments of Denmark and the Netherlands. Despite its positive reception, the report has not been free from criticism. This applies, in particular, to its treatment of the causes of poverty and its relative neglect of the role of domestic forces in contributing to both poverty and inequality. Subsequent studies should therefore pay attention to such topics as:

- Urban bias in development investment and political representation, including in the National Legislative Council;
- Problems of governance and corruption, and their effects on the poor;
- Links between education and poverty, with a special emphasis on vocational education;
- Relationship between employment and poverty, in light of the fact that as many as 76 per cent of poor households have their breadwinners in the labour market;
- Taxation policies and mobilisation of domestic revenues, a highly politically charged issue given that, for instance, there is no capital gains taxation in the Palestine Authority.

Follow-up activities now under way could not only fill important gaps in policy analysis, but also contribute significantly to policy reform. With UNDP as project manager and DfID (UK) as the main donor, MoPIC is preparing a participatory poverty assessment as an input to the National Development Plan under preparation. The goal of the project is to elicit the views of the people 'from below' in order to influence the formulation of local initiatives and improve the capacity of municipalities in participatory planning. The project office will be located within MoPIC, while the Poverty Commission will also play a key role by acting as a steering body and profes-

sional advisor for the project. By continuing to involve both of these key government agencies, the planned second phase has the potential for building sufficient institutional and professional capacity to carry forward the policy reform process.

From its focal position in Lebanon and Palestine, UNDP has had a continuous dialogue with other multilateral and the bilateral donors, and assists the host governments in monitoring aid flows. In the absence of a strong government hand in the management of aid, we find there is a certain element of competition between donors. Nevertheless, in the two cases examined here, UNDP retains a leading role among the donors on the poverty agenda. Contrary to the situation in many other countries, the World Bank has not taken up these issues in any significant way. It is evident that the UNDP offices in Lebanon and the Palestinian Authority prefer to keep it that way. In this context, it is fair to say that the PSI has also functioned as a hegemonic instrument for UNDP. The fact that UNDP collaborates with Norway in Lebanon and the UK in Palestine in work financed by or resulting from the PSI indicates improved donor coordination less than the leading position of UNDP in each case.

Conclusions

It is unrealistic to expect that the relatively small amounts of funding provided by UNDP through the PSI programme could lead to a complete reorientation of host governments' or donor agencies' priorities. Nor could the level of funding offered by the programme alone form the basis for a completely new UNDP engagement in these countries. The funds were too small. They had to function as a financial add-on and, insofar as possible, be matched by other sources. But it should be expected, nonetheless, that the PSI funds would be used strategically so as to strengthen ongoing initiatives and leverage further commitments and resources in support of a policy reform agenda.

The most tangible output of the PSI project in Lebanon is the report on *Mapping of Living Conditions*, published in 1998 by UNDP and the Ministry of Social Affairs. The report is still the only comprehensive study of social and regional disparities in the country, and is widely used and cited. While there is nothing new or surprising in its findings, the study created an objective basis for addressing social inequality and definitely has had a catalytic effect on the public debate, including discussions in the Parliament. It is apparent that poverty research has made important strides forward in recent years in Lebanon, not least because of the support of UNDP. Several Arab countries have shown interest in applying the Unsatisfied Basic Needs method of measuring poverty, which is seen as particularly useful when survey data on household income and expenditures are inadequate.

The decision to finance a study of living conditions was definitely a strategic one. It built upon previous engagements by UN agencies, which had assisted the Lebanese government in the preparations for the World Social Summit of 1995 and a house-

hold welfare survey completed in 1996. When funding from the PSI programme became available, the opportunity was effectively used by the UNDP office in Beirut to obtain the endorsement of the government for a new analysis of living conditions that could provide the baseline data for a comprehensive social development strategy in Lebanon. It is clear that through its support to the Ministry of Social Affairs, UNDP played an important role in raising a public and political debate on poverty in Lebanon. Given its long-standing presence in the country, it is nonetheless equally possible that UNDP would have taken a major initiative on poverty-related work even if funding from the PSI programme had not been forthcoming.

With assistance from UNDP, a National Programme for Improving Living Conditions has been launched as a follow-up to the PSI project. Under the auspices of MoSA, the new programme has the objective of formulating a national poverty reduction strategy. Nevertheless, no concrete steps have yet been taken and there appears to be little progress in terms of policy change. Lebanon still does not have an official poverty line. The figures cited in the MoSA study on living conditions can and have been contested, and cannot easily be compared across national boundaries. Fiscal management appears to be the overriding priority of the government, consistent with the five-year economic adjustment programme. It is therefore tempting to draw the conclusion that the political will or capacity to formulate and implement a national poverty reduction strategy is still absent. The time, it appears, is not yet ripe for an integrated strategy such as would be required to address the structural factors underpinning social disadvantage in Lebanon.

Under such circumstances, it would be wrong for UNDP or other donors to push further for a document that could be labelled a 'strategy', but most likely would not have the ownership of key decision-makers. Instead, donors would be well advised to follow a more sectoral and pragmatic approach until the time is ripe for a genuine national strategy. This engagement should focus on each sector and ministry independently. It is expected that the multi-purpose survey to be carried out by CAS will provide a better understanding of the determinants of poverty and the type of sectoral interventions that can contribute most effectively to poverty reduction. On this basis, donors should seek to engage several of the relevant ministries in an internal review process to identify short-, medium- and long-term measures to alleviate individual and household poverty and address regional disparities within their respective functional mandates. As part of its focus on poverty reduction, UNDP could help the government to develop an applied local government research programme. The purpose would be to distil lessons learned from ongoing local development projects on how to facilitate the mobilisation of local organisations, improve coordination among line agencies, and establish a good working relationship between the central and local levels of government.

In Palestine, we find a similarly positive contribution by UNDP to the evolving

national discourse on poverty. Clearly, the 1998 *Poverty Report* played a catalytic role in revealing new insights on the prevalence of poverty in Palestine and providing an authoritative basis for public action. The PSI project was also instrumental in improving the working relationship between the national statistical office and policy-makers, and strengthening local capacity for poverty analysis in indigenous research institutions and the important planning ministry. There are good prospects for a genuine national political process through the work of the Poverty Commission, itself a direct outcome of the UNDP project. This could be further helped by the planned follow-up phase to the poverty report, which will involve a participatory poverty assessment and a review of the current plans and programmes of the line ministries and of all public spending under the development plans since the Oslo Accords.

Nevertheless, many hurdles remain before a general reorientation of policies to tackle poverty and inequality takes place. Poverty is an elusive and highly political concept. This is especially so in the charged political environment in which the Palestinian authorities and society operate. The harsh political realities in the region provide little hope for a major turnaround in the near future. The constrained local market and limited private domestic and foreign direct investments make job creation in Palestine a slow process. Hence, dependency on employment in Israel will remain high.

One encounters the same ambiguity as that found in the *Palestine Poverty Report* when reviewing the official documents of the Palestinian Authority. The first long-term national development plan contains plenty of development jargon, but falls short of providing a comprehensive development vision concerning what kind of society the Palestinians want for themselves. As an analytical concept or a policy priority, both poverty and inequality are missing from the document. Both the public investment figures included in the national plan and information on existing social assistance programmes reveal a serious lack of poverty focus in public sector expenditures.

Despite these problems, one can see a glimpse of an emerging public conversation on poverty in Palestine. There is a growing recognition that quite apart from the Israeli occupation, domestic factors also are at play in creating poverty and vulnerability, and that addressing these conditions is part of the larger challenge of formalising citizens' rights in the emerging Palestinian state.



As a general conclusion of relevance to the donor community, it is worth noting that in both Lebanon and Palestine, UNDP relied heavily on the intimate knowledge and personal networks of national, as opposed to foreign staff in its work to influence the national policy discourse on poverty. The UNDP offices in

both Beirut and Jerusalem have qualified national staff dealing with the poverty portfolio. This highlights the importance of using high-quality national programme officers in aid management.

To become an effective change agent, however, requires not only knowledge and networks, but also a vision. In the two cases reviewed in this chapter, we find UNDP often struggling to articulate its own views on some of the critical dilemmas and challenges related to poverty. Merely advocating for the design of national poverty reduction strategies may easily turn into a mantra, which can be frequently repeated but does not communicate what it implies. Tackling poverty is first and foremost a political struggle, not a technical issue. UNDP, therefore, needs to develop its own thinking on some of the thorny political issues it will have to confront when joining governments, donors and civil society on a policy reform path. ■

Notes

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¹ The balance of power in Lebanon partly depends on popular images of who resides where and leads what kind of life, among the major socio-ethnic groups — Sunni Muslim, Shi'a Muslim and Maronite Christian. Facts and figures that may distort these images are therefore threatening. But as long as ethnic and religious labelling was avoided, some surveys have been conducted over the last decades.

² Dakkat et al. 1997 gives a figure of 28.6 per cent for April-May 1996, while the Palestinian Development Plan 1998-2000 states that 'from late February through early April in 1996, the unemployment rate rose to over 50 per cent' (PNA 1998). By 1999, the situation had improved somewhat, with an unemployment rate of about 15 per cent (Said 1999).

³ According to data from a public opinion poll conducted for the preparation of the 1998 *Human Development Report*, sentiments of growing impoverishment and inequality are widely shared. Forty-four per cent of Palestinians felt that their standards of living have not changed since the establishment of the PNA, while 41 per cent felt their conditions have deteriorated. Fifty-five per cent of those interviewed disagreed with the view that 'all sectors of society benefit from the development projects implemented by the National Authority'. And 73 per cent maintained that the gap between rich and poor has been increasing in recent years (Said 1999).

⁴ The Plan contains only cursory references to poverty. It consists mainly of a list of aid projects, and almost 50 per cent of public investments are earmarked for physical infrastructure. A quarter of all project financing falls within the social sectors, which is a high percentage by international standards. Looking at the type of investments listed, however, the bulk of the

projects are again related to infrastructure — hospitals, school buildings and housing programmes. The underlying assumption of the PDP seems to be that it is the nation that is poor, rather than groups within it.

⁵ A 1996 report by the Women's Study Centre at Birzeit University found a close association between gender inequality and poverty, but contended that gender-segregated views of poverty have restricted the development of comprehensive and effective policies. This holds for job creation and social security measures that have been targeted to men, as well as special social welfare measures targeting women (Fawzi El-Solh 1996). Likewise, the 1998 *Palestine Poverty Report* commissioned by UNDP documented that de facto female-headed households are major recipients of formal social assistance, but 'this assistance does not permit an exit from poverty or address other rights and needs of poor women' (Abu Nahleh et al. 1999).

⁶ As the financial ceiling of the PSI programme was considered insufficient, UNDP entered into a co-funding arrangement with the Arab Gulf Programme for United Nations Development Organisations (AGFUND), financed by Saudi Arabia. The total project budget amounted to US\$ 240,000. Funds for the publication were also contributed by Denmark and the Netherlands.

⁷ The UNDP contribution to the PSI project was US\$ 200,000. In addition, there was a minor contribution from the Norwegian Ministry of Foreign Affairs to pay for advisory services from the FAFO Institute for Applied Social Science, Norway. The project covered the costs of an expert mission to develop a methodological approach to poverty mapping in Lebanon using available statistics, which was carried out in 1997, as well as the preparation, editing, publication and dissemination of the report on *Mapping Living Conditions in Lebanon*. Funds were also used for purposes of professional exchange. Most importantly, the methodological approach utilised in the Report was presented to a meeting of poverty experts held in Cairo in 1997, which recommended its adoption by other Arab countries as well.

⁸ The Unsatisfied Basic Needs method has been used for poverty mapping in several Latin American countries, and consists of the following steps: a) definition of basic needs and their satisfiers; b) selection of variables and indicators that, for each need and satisfier, express their degree of satisfaction; c) definition of a minimum level for each indicator, or deprivation threshold, below which the need is considered unsatisfied; d) classification of households as poor, *when one or more basic needs are unsatisfied or when a compound index indicates overall deprivation*; and e) every person that belongs to a poor household is regarded as poor (UNDP 1997b). To identify what satisfiers are indispensable in any given society, there is a need for in-depth sociological and anthropological research. As an example, which is counterintuitive to most poverty researchers, the expert team gave the case of the private car in Beirut. As public transport is almost non-existent, a private car tends to become essential in an economy where most have long commuting distance from home to work.

⁹ This finding is based on a living conditions index measuring unfulfilled basic needs in four areas: housing, water and sewerage, education and income. For the latter, the study uses three indicators: ownership of car, number of dependants in the household, and type of employment or occupation. In fact, the authors of the *Mapping of Living Conditions in Lebanon* finally decid-

ed not to follow the UBN methodology recommended by the expert team to its full extent, which would have implied that deficiency in meeting only one of several basic needs was enough to be classified as poor. Instead, the 1998 report adopted an overall index score, averaging the satisfaction levels of the individual needs and related indicators. Otherwise, the level of poverty would likely have been higher.

¹⁰ The project management is actively soliciting funding for the next phase, to continue the capacity-building of MoSA and develop a comprehensive regional development project for Akkar. By February 2000, the prospects for continued funding through the Council for Development and Reconstruction were identified, opening up a project execution modality that creates a partnership between MoSA and CDR. This is an interesting development in view of the need to improve the management of integrated programmes at the local level.

¹¹ In constructing poverty lines, the *Poverty Report* used actual costs of a basket of necessary goods (food, clothing and housing) plus other basic services (e.g. education and health) and amenities (e.g. personal care, domestic utensils and transport) for a reference household of two adults and four children, which is the most typical household composition in the survey sample. This reflected a deliberate decision to avoid a simplistic and absolute definition of poverty based on food intake (caloric content) or costs of a minimum food basket only. The 'deep poverty line' is an expression of what is needed in terms of food, clothing and housing 'providing the minimum for decent survival'. The 'poverty line', in turn, represents an expanded basket of consumption items 'necessary not merely for survival but for minimally adequate living standards'. It was decided to fix the poverty cut-off point at the third decile of the distribution, which corresponds to 60 per cent of the median expenditure, a common definition of a relative poverty line. This resulted in a 'poverty line' for the reference household of 1,390 Israeli Shekels or US\$ 400 per month (1,141 Shekels for 'deep poverty'). A demographic equivalence formula was then developed to adjust for actual household size (NCPA 1998).