Lebanon’s difficult financial and economic situation is making headlines around the world, evoking somehow the latest Greek government-debt crisis. The context appears to have become so acute in Lebanon starting in 2020, and it continues to worsen by the day, that the World Bank has recently described the economic crisis devastating Lebanon as one of the worst of its kind in the last 150 years, according to TRT WORLD.

This research argues that the pandemic has strongly affected Lebanon’s economic equilibrium, since travel and tourism services contributed more than 60% to Lebanon’s exports in 2019 (Harvard’s Atlas of Economic Complexity, n.a.) and they decreased by 68% in 2020 (Global Blue), but there are other significant factors that have led to this condition in the long term, requiring to be analysed in order to answer the question mentioned in the title.

In addition to analysing the financial meltdown, the dollarized economy etiquette, and the role of the international pressure on Lebanon to give up the banking secrecy, special attention will be given to this Levantine tiny state’s so-called Multidimensional Poverty Index (MPI) and to the relationship between the analysed dimensions and the existing NGOs in Lebanon, in order to be able to answer the research question.

**Keywords:** Multidimensional Poverty Index (MPI); NGOs; banking secrecy; Levant’s geopolitics; collapsed state; dollarized economy;
INTRODUCTION

Lebanon is the smallest country in mainland Asia occupying an area of 10,400 sq. km, situated in West Asia, being located on the shores of the Mediterranean Sea and having land borders with Israel on a distance of 81 km and Syria on a distance of 403 km. The official language in Lebanon is Arabic, while French is a recognised language. Most Lebanese live near the Mediterranean Sea and/or near the capital Beirut. In the case of Lebanon, it can be said that from a geographical point of view, the type of rugged terrain has favoured, throughout history, the isolation, protection and development of many factional groups based on religion, clan and ethnicity, with long-term effects. The estimated population of Lebanon in the summer of 2021 was 5,261,372, of which 95% considered themselves Arabs, 4% Armenians, and 1% others (The World Factbook, 2021). Here it should be added that the main source for this section of research – The World Factbook – asserts that many Christian Lebanese do not identify as Arabs but prefer to be called Phoenicians because they consider themselves descendants of the ancient Canaanites.1

From a religious point of view, in the case of Lebanon, which officially recognises 18 denominations, among the most important and relevant ones in the Lebanese politics there are: Muslims 61.1%, respectively 30.6% Sunnis, 30.5% Shiites, the rest Alawites and Ishmaelites, Christians 33.7%, Maronite Catholics holding the highest percentage of the Christians, and Druze 5.2%. It is important to note that the data mentioned above do not include the religious affiliation of that important segment of the population consisting of Syrian and Palestinian refugees from Lebanon, but only those who are officially Lebanese citizens (The World Factbook, 2021).

Ignoring the Sykes-Picot Agreement, it can be stated that at the end of the First World War, France gained control of today’s Syria and Lebanon, under a UN Mandate from which Lebanon obtained

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1 Authors’ Note. The authors of this article do not adopt this perspective 100%, considering academic and ethical reasons.
independence, *de jure* in 1943 and *de facto* in 1946. Since then, this small country has been marked by periods of political turmoil interspersed with prosperity built on its position – at least apparently – as a regional centre for finance and trade. However, the consecutive crises, intercalated with the 1975-90 Civil War, which resulted in 120,000-170,000 deaths (Baker, 2020), were followed by years of social and political instability, dominated by sectarianism, interventionism by regional and traditional powers, Hezbollah and Israel still seem to have not resolved their differences, while Lebanon’s borders with Syria and Israel remain unclear.

**Lebanon**

The historical complexity of Lebanon as a unit of analysis is masterfully rendered by Phillip K. Hitti, as follows: “Six miles north of Beirut, where the Dog River empties into the Mediterranean and the Lebanon wades in the sea to its ankle, the face of the limestone rock bears nineteen inscriptions in almost as many languages, beginning with ancient Egyptian, Assyrian and Babylonian, continuing through Greek and Latin and ending with English, French and Arabic” (Hitti, 1965, p. 1).

Among those who left the inscriptions in the languages mentioned by Professor Phillip Hitti, there are legends and personalities of history including Ramses II, Nebuchadnezzar of Babylon, Alexander the Great, Salahuddin, Baldwin I during the Crusades, Sultan Salim of Constantinople, or British and French generals. Hitti also points out that the last – chronologically speaking – inscription was the one in Arabic that was sculpted by the Lebanese Republic to celebrate the evacuation of the last French troops at the end of 1946 (Ib., p. 1).

Despite the historical complexity mentioned above, any specialist in Lebanon who tries to describe or talk about this country today will certainly use the adjective “small” in the first sentences. This is because geographically, demographically, and from the perspective of its natural resources, Lebanon is a country that falls into the category of those states that occupy a place at the bottom of the rankings. In Antiquity, Lebanon had a strategic position as a passage on the eastern shore of the Mediterranean, and its well-known ports were ideal for maritime trade, but that position was affected by the advent of steamships, planes, and paved roads (Rubin, 2009, p. 2).
In modern times, the considerable advantage of Lebanon seems to have been the human resource holding a relative education, that was familiar with the Western world, and had experience in trade – skills that other populations of some regional countries did not have, and, consequently, the Lebanese were sought after precisely for the mentioned abilities (Ib.).

Not long after gaining independence from the French in 1943, Lebanon began to experience a series of never-ending kind of political, economic and security crises, which over time have become a major feature of this small state. In a few decades of existence as an independent state, Lebanon has experienced a long and painful civil war, has been invaded by neighbouring countries, has seen a steady and alarming increase in the number of refugees, the emergence of Hezbollah, and an explosion in the number of non-governmental organisations, which have taken over – intentionally or not – a part of the state’s attributions in relation to its own citizens. To the mentioned aspects it can be added that, in August 2020, it was a terrible Beirut port explosion, which caused huge material damage as well as a lot of pain to Lebanon.

As if all of the above were not enough, these days, Lebanon’s difficult financial and economic situation is making headlines around the world, evoking somehow the latest Greek government-debt crisis. The context appears to have become acute in Lebanon starting in 2020, and it continues to worsen by the day that the World Bank has recently described the economic crisis devastating Lebanon as one of the worst of its kind in the past 150 years (News-Middle-East, 2021). At the beginning of the second semester of 2021 Lebanon has become a geographical area characterised by – literally– fights for a few litters of gasoline, while it is running out of medicine, electricity, foreign and national currency (Hodali, 2021). A situation that affects the majority of the population, not just a small segment of it, while the Lebanese politicians are desperately trying to identify that lifeline – even a temporary one – to avoid entering into an obvious, visible collapse of the state. Because of the lack of natural resources, Lebanon is forced to import fuel, which must be paid in a non-existent foreign currency, electricity has become a luxury available a few hours a day as those few power plants cannot operate, fact that seriously and directly
The pandemic has strongly affected Lebanon’s economic equilibrium, since travel and tourism services contributed more than 60% to Lebanon’s exports in 2019 (Harvard’s Atlas of Economic Complexity, n.a.) and they decreased by 68% in 2020 (Blue, 2021), but there are other significant factors that have led to this condition in the long term, requiring to be analysed in order to answer the question mentioned in the title.

Consequently, in addition to analysing the financial meltdown, the dollarized economy etiquette, and the role of the international pressure on Lebanon to give up the banking secrecy, special attention will be given to this Levantine tiny state’s so-called Multidimensional Poverty Index (MPI), and to the relationship between the analysed dimensions and the existing NGOs in Lebanon, in order to be able to answer the research question, which emerges from the title.

Lebanon from the Phoenicians to the State of Great Lebanon/Lebanese Republic: Main Features

Motto: “For all the flavours of its storied past and rugged natural beauty, Lebanon is a well-kept tourist secret that begs exploration”.

The Lebanese Republic Embassy in the United Arab Emirates (About Lebanon, 2016)

Professor Phillip Hitti emphasises in an extremely artistic way the special relationship between Lebanon and history: the latter (i.e., history) “knew Lebanon from the earliest of times and never forgot it” (Hitti, 1965, p. 1). It would not have happened without certain special physical characteristics of Lebanon. First of all, it is about its strategic location at the crossroads of the world that connects three historic continents, its vicinity with the birthplace of Judaism and Christianity, place that is also closely linked to Islam as religion, and its mountainous character that conditions its climate, and hinders communication with hinterland, especially among its communities, and encourages it indirectly with the West, due to access to Mediterranean Sea. In Lebanon, the mountain has permeated its character over its inhabitants, encouraging them to love their freedom and independence at the community level compared to others in a neighbourhood that is usually difficult to reach. Thus can be explained
the autonomous nationalist or semi-nationalist communities of Druze, Maronites, Shiites, Armenians etc, that prevail today; most of them, like true mountain people, have withstood many invasions over the centuries, and when the Arab conquest of the seventh century brought them into the political orbit of Islam – in its heyday, the Maronites demanded tribute from the caliph as a price for good behaviour, considering that Lebanon’s Christian neighbours had given way over time to the religion of Islam (ib., pp. 1-2).

The altitude at which Lebanon is located, the diversity of its soil and terrain, combined with its climate offer opportunities for the growth of more species and plant varieties than any other area of comparable size. In the past, the strong point in trade was hardwood trees, but today fruit trees are a major source of income at the national level. Beyond the grandeur and beauty of the cedar that Lebanon prides itself on even its flag, or that of the pine and eucalyptus, the olive tree is closely associated with all the communities that make up Lebanon today.

The olive tree has accompanied Lebanon throughout its history being first mentioned in a Phoenician inscription from the fifteenth century BCE, because this tree lives long, requires little from the owner and produces much, so its fruit is a basic element on the table of the lower classes, while the oil produced from olives takes the place of butter in Lebanese cuisine and it has been also used as a fuel for lamps. Olives feed the animals too and the crushed seeds are used as fuel for cooking. Apart from these trees, the potential to grow various varieties of plants, the climate and its landscape, Lebanon has no natural resources, a fact that distinguishes it from its neighbours, the Lebanese living the same type of life since Canaanites in agriculture, trade and travel (ib., pp. 12-14).

To these physical characteristics of Lebanon, it must be also added the importance of Lebanon’s heritage as part of the Mediterranean community known as the Phoenician Route, used since the twelfth century BCE as the essential route for trade and communication in the region, which played an important role in spreading the values, ideas, local products in the whole Mediterranean area, among riparian communities (Phoenicians’ Route, 2020). But of all the characteristics of Lebanon today, the most special and the most beautiful, beyond its people, is the historical imprint that is either forgotten or intentionally
omitted from speeches spread in millions and billions of ways in media and social media since the beginning of the current crisis.

Lebanon has some of the most enchanting cities in the world, whose beauty is equal to their antiquity, importance and multitude of historical elements found in cities such as Byblos, Tripoli that was founded by the Phoenicians around 800 BCE, Sidon founded in the third millennium BCE, which hosted the Phoenicians, Greeks, Romans, Arabs, Crusaders or Mamluks, Tyre built around 2750 BCE, initially in two parts, on the shore and on an island, or the City Sun – Baalbek, founded by the Phoenicians and which, when conquered by the Macedonians, was renamed Heliopolis (La Rotta de Fenici, n.a.). It must be added that in Lebanon the temple of Jupiter can be found as well, the temple of Bacchus and the so-called circular temple of Venus, the temple of Mercury, but also the famous Adonis Valley. In a sentence, it can be stated about Lebanon that it is a necklace of ancient vestiges scattered on the hills and valleys that offer spectacular panoramic views. However, its strategic location between three continents near Jerusalem and, last but not least, on the shores of the Mediterranean, to which it must be added the beauty of the landscape and its historical vestiges, has not exempted Lebanon over time from attracting the attention of various state entities that have passed through the region over the millennia. On the contrary.

The Ottoman rule during the 400 years of control of the region materialised in the case of Mount Lebanon by recognising the dominance of strong families in the region, by collecting taxes, as well as by carefully monitoring the dynamics of conflicts between the strongest clans in the area, and by timely intervening for maintaining the balance of power between them. However, the highly diversified ethnic composition of Mount Lebanon, composed of different sects and beliefs, has become a reason for the potential intervention of European powers, so that the old ports of Lebanon have come to have again a relevant significance not only for traders but also for diplomats and especially for Jesuit missionaries and European Protestants. (Danış, 2019).

The first form of political organisation of Lebanon was the one known as the Emirate of Mount Lebanon, established at the end of the sixteenth century as an autonomous region within the Ottoman Empire, in which emerged and then developed a series of distinctive features
that will have an important impact on the structure and evolution of subsequent political, security and economic events within modern Greater Lebanon and contemporary Lebanese Republic. Among the most important characteristics formed in the period mentioned above and maintained until present day are the following: a considerable Maronite Christian majority, a long cultural and economic exposure to Europe and, very importantly, a tradition of intervention of the European powers in its internal affairs (Traboulsi, 2012, p. 3).

LEBANON AND MULTIDIMENSIONAL POVERTY INDEX – MPI

Although Lebanon is not listed in the 2020 Global Multidimensional Poverty Index – MPI from the Oxford Poverty & Human Development Initiative and the United Nations Development Programme (OPHI, UNDP, 2020), which publishes a yearly situation at global level, a comprehensive report on multidimensional poverty evolution in Lebanon is published by the United Nations Economic and Social Commission for Western Asia (UN ESCWA, 2021).

The United Nations Department of Economic and Social Affairs – UN DESA provides a historical description of poverty measurement (UN DESA, 2015). The report indicates that, until the 1970s, poverty was basically measured only based on income, as development itself was dominated by macroeconomic policies and growth. In the 1970s, development became associated with “basic needs”, while the development assessment method switched from income (measurement) method to direct method, the latter being more related to basic needs. The trend towards the direct measurement method was determined by the observation that monetary measures of deprivation were not necessarily accurate reflections of physical/non-monetary deprivation.

This major transformation in development measurement may translate into a challenge when attempting to assess long-term trends. UN DESA’s paper mentions four approaches that can be found in development measurement: dashboard approach (like the Millennium Development Goals), composite indices approach (Human Development Index, other indexes) multivariate statistical approach and fuzzy sets. The initial monetary measurement of poverty (and/or development) utilised poverty lines as reference. In the multidimensional approach,
the estimation of poverty requires “deprivation cutoffs” in each poverty dimension (e.g., a line that separates those deprived of food from those not deprived of food), but also an overall/final “poverty cutoff”, which represents the sum of one or more cutoffs depending on the definition of overall poverty cutoff/threshold.

The study mentions that the principle of counting the poor in a multidimensional setting has gained prominence. Before introducing precisely defined models, utilised in formal assessments, an empirical example instantiating the transition from unidimensional (monetary) to multidimensional poverty will be presented. In country A, with a population of 30, 10 people earn 100 coins per year, 10 people earn 2000 coins per year and 10 people earn 5000 coins per year. Assuming that the resources are uniformly available throughout the country, the 10 people that earn 100 coins per year can be catalogued as below the poverty line (which is set, for example at 500 coins per year). The total number of poor people in the country would be 10, for the year considered.

However, if three dimensions are added to the monetary dimension, like the access to schools, access to health services and available road infrastructure, then the counts may become (for example): 10 people earn below a (monetary) poverty line of 500 coins per year, 8 people have to wait 2 years before they can start school, 15 people have to wait more than 2 weeks for getting a general medical consultation and 6 people have to travel more than 30 minutes before reaching a paved road, then another (multidimensional) assessment has to be carried. The cutoffs become: 500 coins/year to asses financial poverty, 2 years waiting time for starting schools, 2 weeks for getting medical consultation and 30 minutes time to reach a paved road. Defining the poverty criteria for an inhabitant of country A can take multiple forms: for example, if an inhabitant’s set of measures is below all four cutoffs (monetary, access to school, access to health and access to road infrastructure), then he/she will be COUNTED as a person in extreme poverty. If two or three measures related to an inhabitant are below cutoffs, in this example, then he/she can be catalogued as not poor, poor, extremely poor, or as belonging to another category. The number of dimensions, and the criteria utilised to establish the poverty level depends on the model and its definitions, but the principle of counting
The Level of “Multidimensional Poverty” Index of Lebanon in 2021: An Attribute of a Collapsed or a “NGOs State”?

is mentioned as dominant in methodologies that assess development or poverty.

The principle of multidimensional poverty assessment has been briefly introduced because the generally accepted method, i.e., Alkire-Foster, utilised by OPHI and UNDP to compute multidimensional poverty around the globe, does not appear to have been strictly adopted by UN ESCWA when assessing Lebanon’s situation in the period 2019-2021, although they are both based on the counting principle and the dimensions considered are similar. In fact, more countries appear to have defined either different dimensions of poverty, or different cutoffs, in their efforts to assess and stimulate development: Mexico (CONEVAL, INEGI, Mexico, 2021), Paraguay (Instituto Nacional de Esadistica, Paraguay, 2021) and others. Table no. 1 presents similarities and differences between 2020 definition of MPI provided by OPHI and UNDP and the UN ESCWA definition utilised for the assessment of Lebanon’s situation.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>OPHI&amp;UNDP MPI definition</th>
<th>UN ESCWA MPI definition</th>
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<tbody>
<tr>
<td>Assessment method</td>
<td>Counting</td>
<td>Counting</td>
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<tr>
<td>Total dimensions/indicators</td>
<td>Dimensions: 3 Ind.: 10</td>
<td>Dimensions: 6 Ind.: 20 stated (21 counted)</td>
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<tr>
<td>Weight of dimensions/indicators</td>
<td>Equal weights of dimensions Unequal weights of indicators</td>
<td>Equal weights of dimensions</td>
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<tr>
<td>Multidimensional poverty definition</td>
<td>Household vulnerable to poverty: deprivation score 20 – 30% Poor household: deprivation score 30 – 50% Severely poor household: deprivation score &gt; 50%</td>
<td>Poor household: under cutoff in one or more dimensions Extremely poor household: under cutoff in 2 or more dimensions</td>
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<td>Parameter</td>
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<tr>
<td>Dimension: health</td>
<td>Nutrition</td>
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<td>Child mortality</td>
<td>Access to medicines</td>
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<td>Access to medical services</td>
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<td>Dimension: education</td>
<td>Years of schooling</td>
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<td>Dimension: standard of living</td>
<td>Cooking fuel</td>
<td>Some of OPHI &amp; UNDP</td>
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<td>Sanitation</td>
<td>indicators under different</td>
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<td>Drinking water</td>
<td>UN ESCWA dimensions</td>
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<td>Assets</td>
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<td>Dimension: public utilities</td>
<td>Some of UN ESCWA indicators under different OPHI &amp; UNDP dimensions</td>
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<td>Waste collection</td>
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<td>Dimension: housing</td>
<td>Some of UN ESCWA indicators under different OPHI &amp; UNDP dimensions</td>
<td>Overcrowding rate</td>
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<td>Having a toilet</td>
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<td>Dimension: assets and property</td>
<td>Some of UN ESCWA indicators under different OPHI &amp; UNDP dimensions</td>
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According to the UN ESCWA report, multidimensional poverty almost doubled in Lebanon from 2019 (42%) to 2021 (82%). The poverty situation in 2021, according to UN SCWA definition from *table no. 1* was: 18% of the population: not poor, 82% of the population.
in multidimensional poverty, of which: 40% of the persons in poverty being multidimensional extremely poor and 60% of the persons in poverty being not multidimensional extremely poor. From the total 1.21 million households situated on the territory of Lebanon, 1 million are considered poor. The highest share of extreme poverty can be found in governorates of Akkar (51.5%), Baalbek-Hermel (49.3%), Nabatieh (46.7%) and Bekaa (43%), while the highest share of poverty (which includes extreme poverty) can be found in Akkar (92 %), Baalbek-Hermel (92%), Nabatieh (92%) and Bekaa (91%). The share of poor people in all governorates exceeds 80%, with two exceptions: Mount Lebanon (75%) and Beirut (73%).

The report emphasises the contribution of each dimension to the multidimensional poverty: health (30%), public utilities (21%), employment and income (18%), education (14%), assets and property (13%) and housing (4%). Hence, the nowadays crisis in Lebanon is dominated by deprivations in health, public utilities and employment and income.

HISTORICAL EVOLUTION OF HEALTHCARE IN LEBANON

The beginnings of Lebanon’s healthcare system are associated in literature with the arrival of Western missionaries and foundation of the American University in Beirut back in 1866 (medical programme introduced in 1867), and that of the French Jesuit University in 1883 (Kronfol, 1989, p. 379), (Abyad, 1994, p. 159). Under the French Mandate after the First World War, the Department of Health was founded as part of the Interior Ministry. The French Medical School from the Jesuit University was supervising the development of the department as well as the training of the staff. Although the state-driven French model was adopted, private health providers were already present in the country. In the decades that followed, Lebanon’s health system was negatively influenced by economic recessions, but by 1971, 21 hospitals had been built in Lebanon. In 1960, President of Lebanon, Fouad Chehab, former commander of the Lebanese Armed Forces, commissioned Louis-Joseph Lebret and the institute he founded (the French Institute for Research and Training for Harmonised Development – IRFED)
to develop a study/plan for balanced development (*Development et Civilizations*, 2021), which impacted the healthcare sector as well. Consequently, the National Social Security Fund – NSFF was created in 1964 and the “Law of Polar Centres” was promulgated in the same year (Kronfol, 1989, p. 382).

All in all, the state began to increase its involvement not only in healthcare development, but also in other fields (for example, *Électricité du Liban* was also founded in 1964, civil service board, central inspection office, budget review division, state research centres as well) in the reform period 1960-1964. In terms of healthcare policy, the Public Health Ministry lost influence and its scope was limited to legislation, public policies, planning and similar tasks, while it had to enter an agreement with NSFF for finance personal healthcare and therapies for peoples. The “*Mutuelle of Civil Servants*” – MCS, a new social security instrument created by the government, became yet another institution that would finance health expenses. The private healthcare sector boomed, stimulated by the fee-for-service policy of the state after 1960, but its growth ended in 1975 due to the beginning of the conflict. In 1990, at the end of the war, healthcare infrastructure was heavily damaged and NSFF funds depleted (Wim Van Lerberghe, 2018, p. 13). For the period 1960-1990, two aspects will be considered as trends: a multiplication of state agencies in charge of healthcare management despite simultaneous development of private healthcare capacity (including Non-Governmental Organisations – NGOs), and a chronical lack of effective regulations to manage the entire system efficiently.

The 2018 study cited above mentions that the Ministry of Public Health – MoPH from Lebanon ran out of negotiation power in 1990 and it was substituted by external agencies and NGOs even for basic programmes like vaccinations. The capacity in private hospitals increased from 1562 beds in 1972 to 7373 beds in 1994, an almost 5-fold increase, as the costs were subsidised by MoPH (60%) and other agencies like NSSF, MCS, Army and others (40%) (Wim Van Lerberghe, 2018, p. 13). State agencies paid also for persons without insurance coverage. Another study (W. Van Lerberghe, 1997, p. 298) claims that international NGO services in healthcare sector increased in number from 28 at the beginning of Lebanese (Civil) War (1975) to 171.
National not-for-profit NGOs also grew, amid financing from external aid organisations, and turned gradually into “propaganda machines” or “fronts for commercial organisations”. After 1990, the healthcare industry boomed even faster, in terms of equipment, specialists and medicines, while payment was basically guaranteed by the state. The system became oversized and not sustainable in the long term, and competition from NGOs and private practitioners was also increasing. A further study indicates that the number of cardiac catheterisation facilities increased from 10 in 1994 to 32 in 2002, while the rate of procedures increased to 72 per 10,000 inhabitants, Lebanon’s ranking increasing to second in the world for this type of procedure (Abla-Mehio Sibai, 2006). The same development was observed in terms of CT-scanners: in 2006, Lebanon had more than three times the OECD average for CT-scanners installed (Wim Van Lerberghe, 2018, p. 22). In 1993, Hariri government attempted to boost the sustainability of healthcare sector by reshuffling ministerial teams, attempting to obtain data on the healthcare system and investing $320 mln. in 30 new hospitals. The period 1990-2000 was generally marked by high healthcare costs supported by the state, oversized investments in medical technology, lack of efficiency, overbilling, over-hospitalisation and a further increase of private offer and NGO contribution to healthcare sector in Lebanon.

After the year 2000, medical technology investments slowed down, but private health services in Lebanon continued to expand. Expenditure with healthcare became gradually more efficient. The newer infrastructure focused on larger facilities, and was financed by the World Bank, Saudi Arabia and Kuwait (Ib., p. 21). Accreditation of facilities became an important tool to maximise the efficiency of the infrastructure, a procedure initiated in 2001.

According to Dr. Shadi Saleh, founding director of Global Health Institute within the American University of Beirut, more than “10,000 NGOs operate in Lebanon” (as of 2019), the highest number of NGOs related to population in the world (Safa, 2021). Among them, several are listed in different sources as active in healthcare/medical sector: Marsa, Al-Shifaa for Medical and Humanitarian Services, Howard Karagheusian Primary Healthcare Centre, Heart for Lebanon, project HOPE, among others.
Historical Evolution of Public Utilities in Lebanon

The dimension “public utilities” is the second contributor to multidimensional poverty in Lebanon according to UN ESCWA. This dimension encompasses electricity, drinking water, sanitation and waste collection. In the Ottoman era, Société Anonyme Ottomane des Tramways et de l’Électricité de Beyrouth received a concession in 1906 for producing electricity and running the tram system in Beirut (Lebanese Center for Policy Studies, 2021). The company was then merged into La Société des Tramways et de l’Éclairage de Beyrouth (Arabic – Sharikat al-Tramway wa-al-‘Inara fi Bayrut), which also oversaw conversion of street lighting from gas to electrical.

Électricité du Liban – EDL was created in 1964, as part of the modernisation efforts undertaken by President Fouad Chehab amid the implementation of IRFED country plan called “Besoins et possibilités de développement du Liban”. In 1964, electricity production came thus under state monopoly. The interview with Dr. Ziad Abu-Rish points out that despite the electricity’s poor quality in the early stages, i.e., before 1943 independence and afterwards, arbitrary concessions and political interests led to protests of consumers, but first and foremost of workers in the electricity field. Underscroing that the country’s electricity system was not in the position to meet the need before 1975, he emphasises that Israeli bombing during the civil war “featured the destruction (if not explicit targeting) of the electricity infrastructure in Lebanon”. In the post-1990 era, the national discussion on electricity sector did not manage to address and overcome previous damage and, on the contrary, it accentuated tensions and attempted to address the privatisation of EDL without any positive result.

A 2020 study from SOAS Consortium (London) presents nowadays issues related to Lebanon’s electricity sector (Ali Ahmad, 2020). A brief overview of the study revealed that corruption was a central problem in developing the country’s electricity sector. In technical terms, following data would be sufficient to understand the state of electricity sector in Lebanon: EDL produces 63% of the electricity needed, the losses in power, both technical and non-technical, affect one third of EDL’s total production, the centre of Beirut being probably the single area with a relatively stable electricity supply. Zahle region,
with a regional production facility based on British generators and distribution (Électricité de Zahle – EDZ) is the only success story from Lebanon. EDL’s tariffs have not been updated since 1994, the consequent losses of EDL amounting to more than half of Lebanon’s national debt (Ali Ahmad, 2020, p. 4), while the company had a collection ratio of 66% in 2017. From the 3000 MW installed power of EDL, 2764 MW (or 92%) are power plants depending on imported oil. Between 32,000 and 37,000 generators are trying to complement EDL’s output, and the owners/operators of these generators have also become politically relevant, but since Lebanon does not own hydrocarbon resources, the local generation of power is clearly not a long-term viable solution.

The study SOAS Consortium, citing other sources, indicates that, in 2018, diesel generators produced 40% of total emissions from electricity and 11.4% of country’s total emissions, with possible negative impact especially in urban areas. Furthermore, power coming from diesel generators, although theoretically taxed starting with 2019 budget law, is basically not part of the formal economy yet, as the payments are carried out in cash.

Although the so-called “mafia of electricity” is said to profit from the $ 1.5-2 billion market (Dziadosz, 2021), allegedly poorly regulated and taxed, groups of owners started to strike in the latest round of confrontations with state representatives due to lack of fuel and the poor quality of the one provided (Rose, 2021). Finally, the International Bank for Reconstruction and Development/World Bank Group published a study in May 2020, suggesting that distributed power in Lebanon, based on solar energy, might be the least expensive solution available for the country at an estimated price of 8 cents ($) per kWh under 2020 market conditions (Ahmad, 2020).

A UNICEF press release from July 2021 revealed that over 71% of people in Lebanon risk entering the vulnerability categories “highly critical” and “critical” with respect to water access (Blanche Baz, 2021). Should the state-run water system collapse, the prices are expected to double and to amount to 263% from monthly average income. Among issues in the water supply system, the following are mentioned: dollarized maintenance costs, collapse of the power grid, rising fuel costs, water loss. At the time of the report, UNICEF mentioned
that it needed $40 mln. in order to maintain water supply to over 4 million people in Lebanon.

*Water management* in Lebanon followed a path similar to electricity: imposition of state monopole after independence, paralleled by partnerships with foreign companies or governmental organisations, destruction during the 1975-1990 period, followed by a disorganised reconstruction in post-war era. Along this path, the following episodes can be mentioned: foundation of Beirut Water Authority in 1951, creation of Lithani River Authority in 1954 at the request of Americans and signing the contract for building the Qaraoun Dam based on the Tennessee Valley model, the Decree 14438 from 1970 that sought to regulate the increase in private wells, but only those that were deeper than 150 m and pumped more than 100 m³ per day (Stéphane Ghiotti, 2013). The authors mention that in 2013, Lebanon had only two dams, i.e., Qaraoun and Chabrouh (the latter built until 2007), an abnormal situation for a Mediterranean country. In 2014, the World Bank approved Bisri Dam project, in amount of $617 mil., that is supposed to store 125 mln. m³ of water after completion in 2024. The project is financed by World Bank, Government of Lebanon and Islamic Development Bank (World Bank, 2021).

A crisis of *waste management* was signalised in July 2015 in Lebanon: the Ministry of Environment was ending a 17-year emergency plan by closing the Naameh landfill, *leaving the country with practically no alternative in the short and middle term and the waste collection service by state stopped*. While NGOs, companies and local initiatives coped with the situation, the state launched the new plan (for 4 years) in March 2016 (Azzi, 2017). As the 2016 solution was a middle-term one, another waste crisis was looming in 2020, amid reaching the capacity of existing landfills.

The public utilities crisis in Lebanon has a historical background, apparently similar to the one of health crisis vis-à-vis development politics. The fragmentation of state and state services, externalisation of responsibilities and actions to individuals, private organisations and foreign institutional actors, with a relatively limited efficiency and no long-term perspectives, appear to remain major factors in overcoming shortages.
Historical Evolution of Employment and Income in Lebanon

The third most relevant contributor to multidimensional poverty in Lebanon is the dimension “employment and income”. As this sector is directly related to economy, although it impacts social arrangements in a state as well, some of the major developments that influenced Lebanon’s evolution in the twentieth century will be briefly described in the following paragraphs.

After the study that the British company of Sir Alexander Gibb and partners completed in 1948 on Lebanese economy, President Fuad Chehab commissioned, besides IRFED project, a study on Lebanese economy in 1960. He invited Benjamin Higgins from the University of Texas, USA, to perform it, as part of a project financed by the predecessor of USAID, the International Cooperation Administration – ICA (Kardahji, 2015, p. 10). This study confirmed previous opinions that Lebanon’s economy is unusual and it can play a role in supporting other (regional) economies. Kardahji’s research underlines that while the French were fighting the two world wars, a mercantile, local, elite emerged in Lebanon and became rich, prompting the French diplomacy to call Lebanon a “parasitic economy” in a post-WW II report. Hence, Banque de Syrie et du Liban – BSL, a French bank led by Rene Busson (French citizen), limited money supply in Lebanon in the second part of 1940, with the aim to reduce the assets accumulated by the local mercantile elite, “eliminating speculative elements” that “had mushroomed” during the war.

However, BSL and other foreign-controlled banks appear to have contributed to what Salim Nassar calls “Lebanese financial instrument ... one of the most important means for the control of the regional economy of the Middle East by Western capitalism” (Nassar, 1978, p. 4). Nassar’s study points out that the foreign financial institutions, which grew exponentially after 1943, basically excluded the Lebanese banking institutions from the market, and hindered Lebanese economy directly and indirectly, often supporting local mercantile elite in obtaining import monopoly at the expense of development in local production in many sectors, including agriculture.

The paradox that the banking sector was facing in Lebanon was unique: although deposits were increasing, it was not able/allowed...
to fund projects in Lebanon, as the capital fled to Western mother institutions. Trade was oversupplied with capital (import of goods), real estate as well, while the rest of the economy, infrastructure, education were not priorities. Some examples of monopoly instances are provided in Nassar’s study: Renault and World Bank managed to direct loans from Lebanon according to their interests (Ib.); Law no. 34/1967 that prohibited the dismissal of local representatives of foreign companies (these important monopolies helped four big houses to control 2/3 of Lebanon’s imports: Fattal, Kettaneh, Pharaon and Chiha, and Abou-Adal); limitation of tobacco and sugar beets local production by importers etc. In the 1950s, the main employers were services and public administration. In less than two decades, these fields became saturated and highly educated graduates began to migrate, especially in the Persian Gulf states that experienced economic booms. Unemployed people count was 70,000 in 1969 (10-13% of total workforce) and rose to 120,000 (15-20% of total workforce) in 1974 (Ib., p. 11).

Kardahji divided the circles that politically controlled Lebanon’s economic sector after 1943 independence in two major groups (Kardahji, 2015, pp. 11-20): “The Consortium”, itself divided between a presidential clique and a group loyal to French interests. Representatives of these categories were:

- “The Consortium”, the pole “presidential clique”: former finance minister Hussein Oueini – architect of trade and foreign exchange policies, Khalil al-Khoury, Fuad al-Khoury (son and brother of president Beshara al-Khoury at that time);

- “The Consortium”, second pole “French Group” or “French Banking Interests” – largely encompassing or connected to the Maronites: Jean Fattal – virtual monopoly on Western pharmaceuticals to Lebanon and Middle East, Alfred Kettaneh – exclusive agent of more than 50 American industrial concerns like General Electric, Chrysler, Henri Pharaon – banking, Michel Doumit – speculation with gold, Michel Chiha – brother of president’s al-Khoury wife, Rene Busson – previously mentioned as president of BSL, Lebanon’s de facto national bank immediately after 1943 independence, Maurice Berard – subsequent director of BSL, leader of Berard group that controlled the railway network in Lebanon and Syria, Damas et Hama Prolonguement, P. Philippar – leader of the Philippar group that controlled the Tobacco
Monopoly, *Société des Grands Hotels du Levant* and the *Societe Foncier de Syrie*.

In order to increase French control over the Levant, Rene Busson established *Société d’Études et de Réalisations Industrielles, Agricoles et Commerciales (SERIAC)* as a successor of wartime Office de l’Économie de Guerre – OEG, an organisation similar to the Anglo-American Middle East Supply Company/Center – MESC (Ib., p. 19). Hence, the Lebanese economy appears to have been closely connected to foreign interests in one way or another from the very beginning of independence.

Starting in 1990, Lebanon’s economic environment reported 8-9 % unemployment rates. This situation lasted until 2007, when a steep decline of unemployment led to 6.36% in 2009. A slower decrease to 6.04 % was observed until 2019 (World Bank, 2021). The GDP per capita (current $) also increased from $ 1,012 in 1990 to $ 5,208 in 2007 and reached $ 7,355 in 2009 and 8,012 in 2018. The increase in income strengthens the unemployment decrease trend and both indicators hint at a fast-growing economy.

The financial meltdown of Lebanon that became obvious in the wake of COVID-19 pandemic has just underlined the structural weakness of Lebanon’s economy, and it had multiple causes. Amid pressures to drop its Bank Secrecy Law, its financial system became less attractive. As tourism was strongly affected by the pandemic, the sector that actually brought foreign currency into country and represented a major employer as well, Lebanon’s inflation exceeded to 80% in 2020 (year on year, compared to 2019) and remains high. Along with the indicators presented above, these developments contribute significantly to the rise of multidimensional poverty in Lebanon.

**A STANCE ON LEBANON’S CRISIS**

In order to introduce a political point of view on Lebanon’s crisis, it would be necessary to establish what is exactly meant with “*Lebanon*” and with the term “*crisis*”. This latter term is of particular interest, since one can hardly find a mainstream material nowadays that does not associate “*Lebanon*” with a term like “*crisis*” or “*collapse*”.
Leaving aside the Sykes-Picot Agreement and its regional consequences entails accepting the formation of a new multi-ethnic country, in the sense of a Westphalian state. Between secession on ethnic or religious lines and coexistence, the Agreement decided for the future of the Lebanese, i.e., to adopt coexistence. The borders and duties associated to protecting and developing a state were also imposed to the Lebanese, more precisely through the ruling classes that were in contact with the former colonial powers. After more than one century, the sense of national identity has probably developed. However, membership of an ethnic or religious group has remained very important in Lebanon. The fact that the Lebanese state did not emerge as an alliance after long-term collaboration, as in Europe, has definitely led to subsequent tensions and episodes of mistrust.

The relations between Christians and Sunni Muslims, majority at that time in terms of population, were agreed upon through the 1943 National Pact: the president had to be a Maronite Christian and the prime-minister a Sunni Muslim. But the balance envisioned by this sharing of power was not reached until the Taif Agreement in 1989, since the French initially transferred power to the president upon leaving, not to the prime-minister as expected. The 1989 Taif Agreement redistributed the prerogatives of the president and aimed to reduce the sectarian representation in politics.

The post-colonial influence of the former colonial powers morphed into an economic interest directed through the banking sector and international trade. The USA became a competitor of France in this sense, but the geopolitical interests of France were challenged in multiple dimensions: its favourite partner group, the Maronites, were engaged in prosperous economic activity, but Nasser’s pan-Arabism seeded enthusiasm in other Lebanese communities, and Soviet pivoting in the region offered alternatives to liberal models of development. In fact, the personal leadership model, probably the only one successful in modern Middle East so far, was not seriously challenged in the twentieth century: the countries that avoided states of “crisis”, especially in the economic sector, were generally ruled by different types of authoritarian leaders. A clear lack of success in adopting Western governance models was the 1960-1964 period, when Louis-Joseph Lebret’s plan failed to transform the Lebanese state into a liberal policy agent in terms of definition, supervision and development.
state into a liberal policy agent in terms of definition, supervision and development: instead of creating a state that balances and improves a holistic development, the state monopolised domains of activity and was paralleled by support structures from the private Lebanese environment or foreign countries. One can argue that the policymakers might have not understood their role, but another question that arises is whether the government, social and economic structures available in Lebanon were sufficiently developed as to sustain adoption of such policies.

The foreign interests factor appears to be a major contributor to many if not almost all of the “crises” in Lebanon. The obvious interests of France, USA and eventually the Soviet Union were not the only ones. Israel appears to have constantly impacted the development of Lebanon through involvement in conflicts and support of certain actors, as in the case of the self-proclaimed Free Lebanon State between 1985-2000, what some consider a Lebanese puppet of Israel. Additionally, the rise of the Islamic Republic of Iran in 1979 saw an increasingly powerful Hezbollah organisation on the territory of Lebanon. Finally, the Syrian Arab Republic occupied Lebanese territory in multiple incursions spanning from 1976 to 2005. Indirect economic and geostrategic interests, reflected in political relations, trade and investment revealed ties of different Lebanese groups and Persian Gulf states. The current situation is also exacerbated by different formal or informal sanctions that are meant to further weaken individuals or groups in Lebanon.

The “rentier state”, or “merchant republic”, “dollarized economy” etiquettes attributed to Lebanon come in a very unusual context: the continuous multiplication and parallelisation of state structures, obviously driven by the multi-ethnic structure, intertwine themselves with an ever-increasing presence of the so-called NGOs on its territory. Assuming that one expects political, social and economic progress in Lebanon, the question whether NGOs are the solution or the problem arises especially since the presence of such organisations amounts now for decades, not months or years: if the NGOs are the solution, why have they not managed to solve the now permanent situation of crisis in Lebanon? If one compares the presence of Soviet invaders
in Afghanistan, and then that of the Allied invaders, which had an unsustainable mission and finally gave up, to the presence of NGOs in Lebanon, one can ask himself: *how will the NGOs manage to help develop Lebanon from now on, since after decades of activity there is no sign of getting away from crises?* NGOs like Caritas or Norwegian People’s Aid in Lebanon are becoming veterans in helping the development of Lebanon. This perspective does not underestimate or question the efforts carried out by the high number of organisations present in Lebanon, but opens the stage for research on other tools that might systematically contribute to the *multidimensional stabilisation* of Lebanon.

At any time since 1943, a certain type of crisis has been associated to Lebanon in the literature, either in peacetime or wartime. The latest downfall is clearly exacerbated by pandemic-related developments, but the background of Lebanese is historic and complex. If this is just another crisis, similar to the civil war, or the beginning of what the literature indicates as “collapse”, remains to be established. However, Lebanon has overcome many crises in the multi-ethnic format that it adopted, and should it collapse, the number of entities interested in helping it rise again would probably increase, not decrease, since its pivotal role in Levant arrangements does not appear to have diminished in past millennia.

**CONCLUSIONS**

This study approached Lebanon’s recent political, social and economic evolution, from the perspective of multidimensional poverty, a characterisation manner that is more and more often associated with Lebanon. The findings demonstrated that the long-term structural issues related to the development of Lebanon were amplified by a short-term financial meltdown, amid lack of foreign currency that was usually obtained from tourism. However, the multi-ethnic characteristic of Lebanon has continuously led to tensions after 1943, especially in the context of different external influences.

*The three main contributors to multidimensional poverty in Lebanon, i.e., health, public utilities and employment/income were analysed from the perspective of historical development.* Especially the political aspects of economic development identified in the analysis
suggest that the political fragmentation was reflected in social and economic fields, but not in the sense of a distributed decisional system, like in the case of federations. Certain forms of clientelism became obvious in the political system from the very foundation of Lebanon, as especially France, and the USA apparently to a lesser extent, followed a natural tendency to preserve and possibly strengthen the influence and privileges in the tiny Mediterranean country. The clientele system developed on political, ethnical, religious, regional and possibly other criteria to an extent difficult to imagine – water supply, electricity supply, lately gasoline supply, and similar services, helped providers to develop politically and have a say in either regional or national policies. The health sector had a merely different development – a crumbling system in 1991 was flooded with technology and workforce paid by the tax-money in just a few years, leading to oversupply and debt, instead of a balanced and sustainable health industry. Hence, the main contributors to the debt burden were electricity generation and distribution, as well as expensive imports like the medical technology in 1990s. Certainly, the one-year suspension of bank secrecy might help the country to restore a minimal credibility in front of possible further creditors, but the main question that remains open is whether financial support alone will help development in the long term, as in the past it stabilised only certain situations.

Finally, in the attempt to identify how the 10,000 NGOs contributed to the development of Lebanon, a paradox was observed: the country with the highest number of NGOs per capita in the world, working to help develop Lebanon in various fields, gradually moves towards poverty and extreme poverty. This leads to the obvious question whether the effort is well spent, or whether other instruments would be necessary in order to multidimensionally stabilise Lebanon.

Although the criteria utilised by UN ESCWA to establish levels of multidimensional poverty in Lebanon are not the same as those utilised by OPHI and UNDP (the latter publishing an annual report on multidimensional poverty at global level, that did not include Lebanon for the year 2020), it was interesting to observe in OPHI and UNDP report that lack of cooking fuel in rural areas of Arab countries (as defined in this report) is the largest contributor to UNDP/OPHI-defined multidimensional poverty. In Iraq, a regional country, multidimensional...
poverty is driven by lack of adequate education, more than the other two dimensions: health and standard of living. *The fact that Lebanon is not included in the global research might have two explanations: either Lebanon is not involved in the poverty assessment system coordinated by UNDP, or its poverty situation was one that arose suddenly and might not last long.* The latter hypothesis is difficult to support given the historical deficiencies in Lebanon’s development underlined in this research.

The study of Lebanon’s historic development vis-à-vis the three most relevant poverty dimensions indicated by UN ESCWA’s report was an interesting project, but the global climate change appears to step in, and deprivations, at least the temporary ones, might also emerge in developed economies as well. It will be interesting to observe whether MPI will be developed and adopted as a framework for assessing physical deprivations in all countries, including developed economies, or it will remain a tool associated to developing countries.

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