



Palestine Economic Policy Research Institute

**Evaluation of Palestinian Development Plans
and Ministerial Programs
Pertaining to Poverty Eradication**

**Omar Abdel Razeq
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Summary

This study aims to evaluate the Palestinian development plans and ministerial strategies and programs pertaining to poverty eradication. The study explores the views of ministries staff who are concerned with planning for poverty eradication or involved with direct or indirect programs in this regard. In addition, the study presents practical recommendations for improving the Palestinian development plans and ministries programs to be pro-poor.

To achieve this aim, local and international literature on the subject was reviewed. A revision of Palestinian development plans and various ministerial programs and strategies was made and field interviews were conducted to collect data from ministries staff.

This study covers the period from the establishment of the Palestinian National Authority in 1994 following Oslo Agreements, until August 2000 when data collection was completed and necessary documents concerning programs and plans of various ministries, the Palestinian development plans, public budget and legal environment were obtained. The Israeli aggressive policies against Al-Aqsa Intifada since 28 September 2000, created new realities and affected all aspects of Palestinian life. It revealed that the Palestinian economy suffers from real deformities and that inherent vulnerability is a characteristic of the Palestinian society with all its (public, private and NGOs) institutions and its executive, legislative, judicial and security systems. The siege revealed the full dependency of the Palestinian economy on Israel and the Israeli tight control on all aspects of Palestinian life. The performance of Palestinian institutes during Al-Aqsa Intifada requires a separate study.

Literature review shows that there are many perceptions of poverty, which is mostly identified and measured on family level. Poverty lines are usually defined on the basis of a minimum income that is considered essential for an average medium family. There are different perceptions in modern literature like absolute poverty that develops the previous concept to the minimum socially acceptable living conditions, which are usually measured by nutritional requirements in addition to other essential goods and services. The concept of relative poverty compares between various social groups in terms of standards of living. Poverty is also defined as the absence of participation or lack of empowerment and unequal

opportunities. Poverty is linked to other concepts that affect its volume, severity, range and possibilities for eradication, such as disparity in income distribution and the vulnerabilities of a society or certain social groups.

Poverty measures and methods for eradication differ according to various concepts. There are a number of indicators used to measure the range and severity of poverty. If we define poverty as inadequate income and essentials, eradication programs would concentrate on increasing income for the poor. But if we define poverty as “human deprivation” or lack of empowerment, eradication would be through activating social mobility by eliminating social disparities between groups in standards of living and owned assets. The wide range of poverty concepts encouraged the involvement of the poor themselves in the planning, monitoring and evaluation of poverty eradication programs.

Palestinian areas suffer from various forms of deprivation and prevailing types of poverty. Many groups of the Palestinian people suffer from fragilities that expose them to poverty. Most of this deprivation, fragilities and poverty is linked in a way or another to the Israeli occupation policies based on impoverishment of the Palestinian people by controlling their sources of living and making their economy dependent on the Israeli economy. Despite the relation between Palestinian poverty and Israeli policies, this phenomenon has been aggravated creating an actual problem even in view of the prospects of a Palestinian independent economy.

Many studies have been conducted on Palestinian poverty. The last of which was a report published by the National Team for Poverty Eradication, and another report issued by the Palestinian Central Bureau of Statistics (PCBS). The two reports indicated the main characteristics of the Palestinian poverty depending on specific criteria for defining various poverty lines.

The review of the Palestinian official status concerning poverty eradication showed that the programs of the Ministry of Social Affairs are the only programs directly targeted to poverty eradication.

On the macro level, there are:

- Several trials to formulate general developmental plans such as ‘The General Program for the Development of National Palestinian Economy’, ‘The Development Plan for 1998-2000’ and ‘The Development Plan for 1999-2003’;

- Annual Public budgets;
- Significant legal changes that affected the Palestinian investment environment.

It has been realized that the data required for evaluating the impact of the various plans and programs in a direct practical method is not available. These plans and programs are still under development. Some criteria were adopted to delineate whether the plans and programs are concerned with the poor and to what extent would the expected results contribute to poverty eradication. The criteria comprise the following:

First: Direct address and reference to poverty in the plans/programs

- Was the issue of poverty directly articulated in the plan preparation?
- Was poverty eradication among the general or specific goals?
- Was poverty considered a problem in diagnosing the Palestinian status in the presentation of the plans/programs?

Second: Utilization of statistics

- Did the plan/program make use of poverty statistics provided by the PCBS?
- Are per-capita income, standards of living and consumption data published by the PCBS being utilized?
- Are Palestinian poverty reports being used?

Third: Target groups

- Are the targeted groups clearly identified in the plan/programs?
- Is there a description of the targeted groups characteristics and entitlement conditions?
- Do the plans/programs target specific groups? Are these groups well defined and identified?
- Are beneficiary mechanisms specified?

Fourth: Indicators and monitoring

- Are there specific indicators for measuring achievement?
- Are there indicators of the side effects of the plan/programs?
- Is there a performance appraisal mechanism?

Fifth: Participation

- What is the level of participation?
- Have the poor or targeted groups been involved in the planning process?

- Have the civil society institutes including government councils, associations and leaders been involved?
- Were the plans/programs discussed on various public, grassroots and/or specialist levels?

Sixth: Coordination

- What is type and level of coordination among various programs?
- Is there a discussion mechanism for the various ministerial programs by a central party?

In addition to these criteria, for the evaluation of development plans and macro-policies, there is the level of governmental commitment to poverty eradication:

- Is the government surely committed to poverty eradication through the adoption of a time framework?
- Have the government established the appropriate institutions to follow up the implementation of goals and monitoring of policies?

When these criteria were applied on the various plans/programs the results were as follows:

‘The General Program for the Development of National Palestinian Economy’ is considered the first serious attempt to formulate a comprehensive Palestinian development framework for the period 1994-2000. The program concentrated on the rehabilitation of Palestinian economic facilities and the reconstruction of the destructions inflicted by the Israeli occupation. It has been observed that while ‘poverty’ was present in the program, there was no reference to ‘poverty eradication, in the list of adopted objectives. The program did not utilize any data on poverty (the program was prepared prior to the publication of official Palestinian data). It did not target specific social groups either. Regarding participation issue, a chosen elite of Palestinian specialists and experts prepared the program.

So despite the presence of ‘poverty’ in ‘the General Program for the Development of National Palestinian Economy’, there is a lack of details on the Palestinian poverty phenomenon and its eradication mechanisms due to the general nature of the program. Nevertheless, the program emphasized the necessity of eliminating economic dependence on Israel as major source of poverty.

Palestinian Development Plan:

There were two Palestinian development plans, the first for the period 1998-2000 which did not deal with poverty phenomenon and the second for the period 1999-2003 which expanded on the presence of 'poverty but is still not considered pro-poor. It has been observed that there is no specific commitment for poverty eradication from the PNA. 'Poverty eradication' was mentioned as a detailed objective of the general goal for the 'development of human resources by means of education, health and training'. The plan made use of previous studies on poverty in its description of the sufferings of the Palestinian society. No specific groups were targeted by any distinct program, nor specific indicators were adopted for the formulation of objectives. Although the plan indicated that many experts and politicians were involved in its preparation, there is no reference to the participation of local civil society or any indication of the coordination mechanisms adopted at various stages of the plan preparation.

Public Budget:

The public budget for 2000 was the first to be presented to the PLC on time as specified legally by the budget law. It was also the first budget forwarded by a report by the Minister of Finance describing the Palestinian economic status and demonstrating main assumptions on which the budget was based. Nevertheless, the budget presented neither general nor specific goals and did not come over poverty in the budget report.

Legal Environment:

The PNA issued a number of laws that have direct impact on investment and economic performance in the West Bank and Gaza Strip. Trade agreements were also concluded with a number of countries and international groups. But laws that have significant impact on the poor are still absent such as social security, retirement, insurance against unemployment, minimum wages and antitrust laws. The investment promotion law is pro-big enterprises, which invest large capital. Free trade agreements signed by the PNA may also negatively affect income distribution and consequently the poor.

Ministerial Programs and Strategies:

Programs and strategies of some ministries and the Palestinian Economic Council for Development and Reconstruction (PECDAR) were reviewed. With the exception of the Ministry of Social Affairs, none of the ministries and public establishments had special programs for poverty eradication. There are many programs that affect directly or indirectly the poor but none is directed to poverty or plan for poverty eradication. However, the closest is the Ministry of Local Government program for rural development that targets poor areas.

Ministry of Social Affairs:

The programs run by the ministry comprise of social care system, orphans care program, world food program for needy families, the program for training and employing poor women (in Gaza), handicapped rehabilitation, vocational and juveniles' centers. It is noticed that most of these programs are of relief nature and based on the transfer of cash or in kind assistance to extremely poor families, or families that are categorized as social cases according to the ministry adopted criteria such as families with no male provider, or when the provider is ill or old and/or when there are no males who are at an age to enable them to work and when these families are with no property. These programs comprise humanitarian assistance, health insurance programs, the irregular world food program and in cash assistance program for families of martyrs and wounded. Cash assistance to families varies between 96 NIS monthly for a family consisting of one member to 623 NIS for a family of 15. There is no link between the aid and the needs of the family or poverty line or any of the other criteria. In 1998, the ministry provided assistance to only 18.9% of the total number of poor families (below poverty line).

Although it is known that these programs are directed to the poorest in the Palestinian society, there was no opportunity to know their specific goals and whether their planning was based on poverty statistics due to the absence of written plans and reports.

Additionally, some families are benefiting from the 'rehabilitation' program run by the ministry in three aspects, health, social and economic.

Ministry of Local Government: Local Rural Development Program:

The local rural development program run by the Ministry of Local Government and financed by the UNDP and European Community affects directly and indirectly the poor in areas covered. Although the program objectives do not comprise poverty eradication or reduction, the choice of beneficiary areas was based on Palestinian poverty statistics. The projects were selected in each village depending on a survey of needs in coordination and with the participation of local councils and other local society institutions. The program was conditioned by a 10% participation in project costs by the local society. Priority was given to projects that serve a group of villages. This affected poor villages that were unable to pay their share. Upon examining this program against the adopted criteria, it was realized that poverty was addressed in the planning for the program and in targeting villages. Palestinian poverty statistics were utilized in selecting beneficiary areas also. Targeted groups represented villages and their local councils whose needs and conditions were studied. However, the program did not adopt specific indicators for the planning, follow up or implementation. This program is distinguished by adopting the method of local society participation.

The Palestinian Economic Council for Development and Reconstruction (PECDAR):

PECDAR coordinates and manages international assistance to the Palestinian people. The council prepared in cooperation with the World Bank the emergency assistance program within the general investment program that international donors pledged to finance during the period 1994-1998 with an amount of \$ 2.4 billion. Specific objectives were drawn regarding various aspects of Palestinian infrastructure within the emergency assistance program and comprised sectors like water and sewage, solid wastes, transportation and communication, energy, education, health, social welfare and local government. Detailed objectives differed for each sector with one common goal, i.e. the improvement of Palestinian infrastructure to enable sustainable Palestinian development. With the exception of addressing poverty in the context of the description of Palestinian socio-economic conditions, the adopted criteria do not apply on PECDAR program.

Palestinian official vision on poverty:

33 officials, from various ministries associated with poverty issues, were interviewed. The interviews concentrated on the vision of these officials regarding poverty, its range and level in the WBGS, its causes, tools of measurement, treatment of the phenomenon, the role of the relevant ministry and existing levels of coordination. This aimed to explore the level of Palestinian official awareness concerning poverty phenomenon in the WBGS and to what extent is it present in their thought and programs. In general, the results were positive with regard to visions and awareness. It was observed that there is a pretty good level of awareness for the Palestinian poverty phenomenon and quite a satisfactory vision concerning priorities of treatment. However, the results were not satisfactory in terms of the officials' viewpoint regarding the role of relevant ministries in poverty eradication. Many considered that 'important ministries do not have any relation with poverty eradication'. The overall result is considered a positive development since the time when these ministries were established. In addition to the experiences gained through practice, the publication of poverty reports by the PCBS and the National Team for Poverty Eradication together with studies by the Palestine Economic Policy Research Institute-MAS and others enhanced the awareness about poverty phenomenon. This has also made poverty present in all discussions of plans and programs. On the other hand, the formulation of poverty eradication committees by the Ministry of planning and the meetings and workshops that were held contributed to raising awareness concerning details of the causes and treatment of poverty.

Poverty Eradication: Recommendations and Suggestions

This part deals with general concepts of poverty eradication strategies and theoretical background. It would contribute to the design of the Palestinian strategy for poverty eradication which is the main task of the National Team for Poverty Eradication. It also provides a brief on international experiences regarding the best strategies for poverty eradication and presents specific suggestions on the way to the preparation of the Palestinian strategy besides other suggestions aiming to develop general and various ministries programs.

Suggestions concerning the Palestinian strategy for poverty eradication:

The suggestions are summarized in the following:

- There is a serious need for an articulate commitment of the PNA to poverty eradication in the WBGs. The general target of the PNA should be 'the complete elimination of extreme poverty by the year 2015'.
- Enhance the team responsible for the strategy with efficient and effective staff to coordinate and supervise the utilization of scientific capabilities most efficiently.
- Define the Palestinian poverty pyramid and draw its map.
- Intensify the awareness on poverty issues and concepts particularly for the staff of various ministries and field researchers who are related to the national strategy for poverty eradication.
- Devise an educational public program aiming to raise the awareness of the society of the poverty problem, its impact and prospects for solutions and also raise the awareness of the poor regarding their rights and the necessity to employ their potentials.

Suggestions concerning general plans and ministerial programs:

Development plans:

- To adopt 'poverty eradication' as a central theme of the comprehensive development in the WBGs.
- To provide the appropriate environment for sustainable and comprehensive development through the rectification of socio-economic laws. This would allow for equal opportunities and the support for the disadvantaged and underdeveloped areas as well as respect for division of authority.
- To fight administrative and financial corruption and ensure the efficiency and effectiveness of public spending to guarantee the achievement of general Palestinian objectives.
- Decentralization in planning and implementation of various local programs.
- To involve the poor and disadvantaged in the discussions of development plans, objectives and programs.
- To devise special programs for special groups and areas like

- women, the youth, rural areas and refugee camps.
- To provide all communities with main socio-economic infrastructure.
- To adopt the goal of 'reducing the economic dependency on Israel' as a central theme of Palestinian development.
- To support the financing of small and micro enterprises.

Public budget:

The public budget must reflect the commitment of the PNA to poverty eradication through the allocation of sufficient funds for public social services in addition to the allocation of an adequate proportion from the developmental budget to programs directed to the poor and other vulnerable groups. The budget should aim to the achievement of socio-economic goals that develop the human capacity of the society.

Legal environment:

The Palestinian legal environment should be revised with a new perspective that concentrates on the poverty phenomenon. In this context, the ratification of laws regarding social security, insurance against unemployment, minimum wages and antitrust laws should be accelerated. The investment promotion law must be modified to include small and labor intensive projects. The income tax law must also be modified to become more just and to have a real progressive Palestinian income tax.

Ministerial programs:

- ◇ Ministry of Social Affairs
 1. Raise the aid to become sufficient to pull families above poverty lines.
 2. Develop rehabilitation programs and particularly the economic to adopt small rotating grants programs.
 3. Conduct detailed studies on the feasibility of establishing 'the Palestinian social development fund'.
 4. Incorporate training programs with those run by the Ministry of Education.

- ✧ Ministry of Health
 1. Concentrate on the development of fundamental health care and maternity and childcare in rural areas.
 2. Evaluate the financing of the health insurance system as to adopt differential-fees.

- ✧ Ministry of Education
 1. Concentrate on the development of the educational infrastructure in rural areas.
 2. Devise a special program to encourage female accession to high schooling.
 3. Revise the financing system of Palestinian education so that the rich undertake a bigger share of education costs.

- ✧ Ministry of Agriculture
 1. Develop a special program to support small farmers and agricultural informal sector by adopting rotating loans system and training with regard to the use of pesticides and new technologies.
 2. Work out a special plan to provide food security for the Palestinian society.

- ✧ Ministry of Local Government
 1. Devise a training program for local councils staff in rural areas and refugee camps with poverty eradication as central element.
 2. Formulate boards from local society to participate in the planning, monitoring and scrutinizing of local councils' budgets and governmental budgets pertaining to the poor and vulnerable groups.

- ✧ Ministry of Housing
 1. Develop housing programs for the poor who cannot meet the present conditions.

- ✧ Ministry of Waqf & Religious Affairs
 1. Evaluate the process for the administration of Islamic Waqf particularly concerning land as to rationalize its utilization in coordination with other ministries to become pro-poor.
 2. Encourage the formulation of Zakat local committees that are run by the local society without interfering with its work and maintaining financial oversight only.

- ✧ Ministry of Labor
 1. Come up with laws that regulate child labor and conditions of formal and informal sectors.
 2. Support NGOs working in human and economic empowerment.
 3. Develop training and rehabilitation programs as to concentrate on training on new technologies and skills needed by the market.
 4. Develop the system for 'Palestinian Employment Fund' to become a law within the social security and unemployment insurance law.

- ✧ Ministry of Planning
 1. Work on the development of the planning process in the ministry, other ministries and NGOs concerned with the poor and special groups to adopt a methodology with poverty as central theme.

- ✧ Other ministries
 1. The Ministry of Culture must concentrate on rural areas and refugee camps, providing public libraries, cultural contests and other cultural and theater activities.
 2. The Ministry of Economy and Trade must work to obtain preferential treatment for the Palestinian economy in trade agreements with other countries.
 3. The Ministry of Youth & Sports must give liberty to youth organizations to diversify their activities and encourage their fundraising efforts maintaining the role of financial monitoring only.
 4. PECDAR must provide a continuous emergency employment program that would be expanded or contracted depending on unemployment averages and conditions. It is suggested that this program would be self-financed through small monthly installments in return for a guarantee of work opportunity when needed. It is also advised to coordinate with 'Palestinian Employment Fund' that is advocated by the Ministry of Labor and 'the Social Fund' recommended by this research.