

BY YVES DE SAN UNDP RESIDENT REPRESENTATIVE

I am pleased to introduce the third National Human Development Report (NHDR) of Lebanon, the theme of which is “**Globalization: Towards a Lebanese Agenda**”. Reflecting the specific country context, priorities, and aspirations, the report aims to raise public awareness, trigger action on critical human development concerns, and put forward the message that human development is a process of enlarging people’s choices by expanding their capabilities. Within the limited available statistical and analytical knowledge base, the report is an exploration of issues at stake and options for Lebanon, and is intended as a contribution to national debate concerning requirements of a Lebanese development and globalization strategy. The hope is that issues raised will induce further policy research as well as active participatory discussion among Lebanese stakeholders - namely the state, civil society and the private sector - regarding the significance and consequences of a more systematic integration of Lebanon into the global economy. The NHDR and related advocacy of the main findings are expected to also trigger and/or stimulate national policy initiatives and action.

The preparation of the report has not been easy, given the complexity of the subject matter, and limited availability of data and research on globalization and human development in the local context. Rather than offer a comprehensive analysis of the complex linkage of human development and globalization in Lebanon, the NHDR focuses on *selected* crucial aspects for meeting

the challenges raised by globalization on the one hand and benefiting from opportunities offered by it on the other. The NHDR reviews and analyzes “drivers” of globalization (markets, finance, and information and communication technology), exploring their impact on human development and how they can contribute to shaping a new vision for the country. The smooth integration of Lebanon into a rapidly globalizing world will critically hinge on giving increased and sustained priority to human dimensions of development and on strengthening positive linkages with these “drivers.” In particular, the report reviews and emphasizes the priority of investing in human capital, necessary reform of social protection policies, and the new role of the state.

The NHDR comprises much interesting information and many useful insights, providing a platform for dialogue and further work to seek and substantiate answers to the question: does globalization impose a *challenge* to human development - which views individuals as both means and end of development - or does it rather present an *opportunity* for a more equitable and just society? In my view, the process of globalization is in itself neither good nor bad; one does not have to praise or despise it. Nevertheless, I would single out *governance* as a key element in successful national outcomes of globalization and what each of us will make of it.

w This NHDR “**Globalization: Towards a Lebanese Agenda**” in **Chapter one** reviews the concept of human development and the

situation in Lebanon using the standard human development indices, which for the first time have been calculated for the country at the sub-national level.

wChapter two introduces the concept of globalization and emphasizes the historical openness of the Lebanese economy and society to the world and their links to a variety of international networks. Lebanon has been to a great extent, by aspiration or necessity, an early globalizer, a largely plural and open society, and through the emigration of thousands of its people, the centre of one of the first global communities. Yet, the country needs to reengineer itself to fully benefit from and operate in a modern global mode.

wChapter three reviews and analyzes constraints and issues that challenge Lebanese firms as they seek to become more competitive and penetrate new markets. The importance of sustained and comprehensive support for small business development is discussed; national initiatives and approaches to integrate the Lebanese economy into world markets are examined; and success factors for joining regional and global trade arrangements are highlighted, as is Lebanon's quest for a renewed regional role.

wChapter four highlights the strengths of the Lebanese financial sector and examines the elements within it that threaten sustainable human development. The sub-national and social distribution of credit is reviewed and nascent micro-credit initia-

tives to meet the financial needs of the poor and lower income groups are examined. The final section of the chapter sheds light on the paradox of limited investment amidst the abundant finance available in the country, as combined effects of the regional and national environments have radically distorted market indicators and created significant gaps between the Lebanese and world economies.

wChapter five examines the status and possibilities of the information and communication technology sector and its potential contribution to human development in Lebanon. The country's advantages in information and communication technology are presented, with a reflection on how Lebanese can leverage these to meet the challenges of globalization as the level and pace of global flows in physical and intangible assets are dramatically boosted by the ability to create vast networks across geographic boundaries at negligible marginal cost. The chapter also examines the impact of globalization and information and communication technology on local culture and media and cultural products.

wChapter six reviews the priority of continued investment in human capital for Lebanon to successfully integrate into the globalizing world. The chapter examines access to and quality of education and a number of determinants underlying a successful education system, highlighting weaknesses and strengths, and suggesting means of adaptation. Among the factors considered are youth orientation, research

and development, information and communication technology and access to knowledge, and building Lebanon's linguistic capital. The final section of the chapter reviews the future role of the state in education.

WChapter seven discusses issues of social protection in light of current public policy reform. The chapter presents the foundation for a comprehensive social policy for Lebanon as globalization leads societies and social partners around the world to reconsider ethical, legal, political and economic foundations of social policy. Government spending in education, health, and social welfare are reviewed, with a specific focus on the national health protection system and an examination of social protection against retirement risks. The chapter ends by considering the role of the state and social partners in designing and implementing social policies in a rapidly globalizing world.

WChapter eight discusses the role of the government in facing the challenges and changes brought on by globalization. Sound financial policies and economic expertise are not sufficient accompaniments to globalization-related reforms and dismantling of economic boundaries. Rule of law in a democratic framework is also a major requirement for any state to face global issues. Hence, the new role of the state and the process of reform also have to include activation and modernization of the legislative and the judicial branches of government, while examining the human rights

record of each state and its obligation to internally enforce relevant international conventions.

National Human Development Reports promote and support human development at the national level. This NHDR is a contribution to confronting the challenges of development in Lebanon and achieving its aspirations for human development. This Report should be seen as contributing to a process that targets a sustained dialogue. Development debates on subjects addressed in the report should lead to initiatives and action towards strengthening human development dimensions of the integration of Lebanon into a rapidly globalizing world. Such debates should culminate in national seminars on aspects of the subject, in order to build consensus and stimulate and guide initiatives and actions. Further activity should be conceived under an inclusive approach, providing opportunities to strengthen the linkages and interaction of the public sector with the private sector on the one hand and civil society on the other. UNDP as a champion of human development is committed to moving the process forward towards achieving the ultimate goal of human development in Lebanon: a better life for its entire people.

Yves de San

UNDP Resident Representative

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