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## Syria: Preparing for Reconstruction

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This article sketches out recommendations for post-conflict reconstruction in Syria based on the lessons learned from the types of bodies that have been established to oversee reconstruction in Palestine, Bosnia, Indonesia, Lebanon, Afghanistan, West Timor, Haiti, Iraq and Rwanda. Successful reconstruction will help consolidate the new regime and thus increase stability.

### Important questions:

- How should the bodies for overseeing reconstruction be structured?
- How should the program be defined and projects chosen?
- What should be the role of donor countries in the decision-making process?

### Key recommendations:

- Separate the budgetary tool and the political body for reconstruction.
- Define as soon as possible the roles and responsibilities of all those involved in the reconstruction.
- Organise a donor conference very early in the process.
- Establish a reconstruction programme ahead of time, in agreement with donors.
- Anticipate the arrival of aid by management that is above reproach.
- Make the objectives fit the available funds.
- Do not omit aid for sectors that are less attractive for donors.
- Retain control over the choice of projects and priorities at the national level.
- Integrate Syrian companies into the reconstruction plan.
- Showcase the Syrian economy.

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## A. Organisational Structure

Various methods have been tried for arranging the funding management of reconstruction projects, including arrangements which either merge or separate the funding and management functions. The most frequently used model is separation, believed to encourage more transparency, with:

- *A Trust Fund*: responsible for managing and using funds, as well as for contact with the donors. The Trust Fund is a budgetary instrument that is intended to make it possible to provide donors with guarantees for sound financial management.
- *A Political Council for Reconstruction*: This is an intergovernmental body under the authority of the Prime Minister or President. It must not be answerable to any one ministry to avoid being drawn into political considerations (ministerial reshuffles, changes in the parliamentary majority, etc.). It must also be a slim body to avoid cumbersome bureaucracy.

### 1. Trust Fund

Salvatore Schiavo-Campo recommends a trilateral division of responsibilities to ensure that good use is made of the Trust Fund to manage spending (Multi-Donor Trust Funds).<sup>1</sup> The functions and characteristics of each entity must be clearly defined to prevent conflict or overlap.

Good practices recommended by the OECD suggest the establishment of a Multi-Donor Trust Fund as a very useful body with a dual benefit: it allows for the collection of financial assistance from various bilateral or multilateral actors, and it facilitates evaluation of the availability of resources. Understanding the predictability of aid is important for generating donor support for medium and long term programs (at least three or four years) rather than just ephemeral projects which sate the humanitarian consciences of donors.

The example of Ghana illustrates the possibility of overcoming the “traditional distrust of bilateral donors to the multiannual programming.”<sup>2</sup> Through the Multi-Donor Budgetary Support (MDBS) mechanism established in 2003, a three-year program is negotiated with donors. The existence of the MDBS has convinced ten donors (Denmark, Germany, Netherlands, the United Kingdom, Canada, Switzerland, France, the World Bank, the African Development Bank and the European Union) to share some of their resources, making Ghana the ‘donor darling’.<sup>3</sup>

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<sup>1</sup> Salvatore Schiavo-Campo, “Financing and Aid Management Arrangements In Post-Conflict Situations”, *CPR Working Papers*, June 2003.

<sup>2</sup> Pierre Jacquemot, « Harmonisation et appropriation de l'aide. Commentaires autour de l'expérience du Ghana », *Afrique contemporaine*, 2007/3-4 (n° 223-224), pp. 161-191, available at : [http://www.cairn.info/zen.php?ID\\_ARTICLE=AFCO\\_223\\_0161](http://www.cairn.info/zen.php?ID_ARTICLE=AFCO_223_0161).

<sup>3</sup> Pierre Jacquemot, « Harmonisation et appropriation de l'aide », *op.cit.*

Contributions made outside of a Multi-Donor Trust Fund, however, need not be excluded when dedicated to projects coordinated involving the overall approach. This is illustrated by the example of Afghanistan where a massive bilateral emergency assistance package of \$160 million helped rebuild the Ministry of Finance and the Central Bank.<sup>4</sup>

## ***2. Political Council for Reconstruction***

A well-organised, effective and competent political component is essential because aid is de facto selective: most aid is naturally directed towards better-run countries. This body must produce a programme of reconstruction activities based on the principles of transparency and citizen participation. This is particularly vital in post-conflict situations where any grey area is may be perceived as problematic by donors.

In Haiti, for example, the Interim Haiti Reconstruction Commission (IHRC) was set up to manage monies and approve the projects that were to be financed by the fund. On 17 December 2010, it approved 74 projects for a total of 1.6 billion dollars.

The political body must meet several criteria:

- It must have a clearly-defined mandate that is both credible and realistic: it should be a platform to evaluate needs, identify gaps (programmes which are not financed or insufficiently financed), structure projects, and coordinate and direct contributions. This work must be done thoroughly and ahead of time, since it will determine the aid received. The Lebanese Council for Development and Reconstruction (CDR), for example, set itself a threefold mission: establishing development and reconstruction plans and programmes; obtaining the necessary financing; and realising objectives whilst keeping projects under supervision.
- It must not be subject to cumbersome bureaucracy or administration, and must therefore opt for a public, intergovernmental structure that is both flexible and slim. It is imperative that this structure be in place before aid arrives. It must be flexible so as to be able to redirect aid and adapt to evolving needs and circumstances.
- A public-relations strategy (including for the donor states) will be necessary to forestall the at-times unrealistic expectations of the population and to contain the criticism that follows the post-conflict euphoria. To avoid losing popular support, the best PR is, of course, rapid results on the ground. Systematic communication must also share the imperative of transparency.
- Centralising aid: aid will need to go through the Council for Reconstruction to prevent a proliferation of isolated initiatives that are concentrated in some sectors whilst neglecting others. This will help to prevent aid from being fragmented or absorbed by

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<sup>4</sup> Serge Michailof, « Le défi de la reconstruction de l'administration en Afghanistan », in Jean-Marc Châtaigner et Hervé Magro (dir.), *Etats et Sociétés Fragiles : Entre conflits, reconstruction et développement*, Karthala, 2007, p.565.

limited groups. Fair allocation of aid depends on such centralisation. In Afghanistan, for example, the ineffectiveness in reconstruction stems above all from a lack of strategic aid management.<sup>5</sup> This was supposed to be ensured by a high functionary of the Afghan government but the country has neither the technical capacity nor the authority required to impose discipline and a clear strategy on the donors (see the section on the role of donors in decision-making below).

- Strong leadership: the Council must have someone to manage the international aid, and be a single interlocutor for the donors. The leader must have authority and credibility. The leader's reputation under the previous regime must establish his or her credibility and legitimacy. In Lebanon, the Council, under the control of the Prime Minister, is strong and capable of soliciting and receiving donations and loans. In Palestine, however, the Palestinian Economic Council for Development and Reconstruction (PECDAR) is under the dual control of the PLO's Executive Committee and the Palestinian National Authority.
- Avoid a plurality of responsibilities to improve effectiveness and prevent suspicions. In particular, new functions must not be used by their holders to reinforce their own power, at the risk of seriously damaging the credibility and effectiveness of the political body. In Palestine, three members of the Council are, problematically, also members of the PLO's Executive Committee. Three others have ministerial status within the Palestinian National Authority (Finance, Economy and Planning). Arafat himself once held the PECDAR presidency. The PECDAR project to build the Yasser Arafat Mausoleum is here revealing.

Several elements should be taken into consideration for choosing staff:

- At all costs, the Political Council for Reconstruction must avoid nepotism in hiring. This was the hallmark of the previous regime in Syria. The choice of staff must be based exclusively on the criterion of competence.
- Remuneration must correspond to going market rates and thus help to put a new value on public-sector employment.
- Restore the public's confidence in civil servants trained in the concept of the public good.
- Role of the diaspora: a large diaspora can be a trump card both in human terms (skills) and in financial ones (contributions), as it was during the conflict phase. But for development to be successful, it is important to strike a balance between diaspora and locals. Donors have a natural liking for members of the diaspora because of easier communication, closer work habits, and the education they have received, sometimes in the donor countries themselves. This bias must be corrected so as to avoid growing resentment among locals.

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<sup>5</sup> Serge Michailof, "L'échec de l'aide internationale en Afghanistan", *Commentaire*, issue 122, summer 2008.

In case of a political vacuum (government), beware the tendency of reconstruction councils to monopolise decision-making and thus replace the country's executive, whether consciously or not. Such a tendency slows down the emergence of a strong government. In fact, this phenomenon is more often seen with competent and effective reconstruction councils. The potential competition between the two bodies in terms of resources and authority means that the Political Council for Reconstruction, which must be temporary, needs to be given an exit strategy. Palestine's PECDAR, for example, formed a proto-government for a time, through having become the donors' only interlocutor, with some donor countries preferring to deal with the PECDAR rather than the ministries of the Palestinian Authority.

A model to be avoided at all costs is one in which ministries with unequal levels of training manage institutions with badly defined missions, deficient organisational structures and staff chosen because of their community, ethnic or political affiliation. Quite apart from the guaranteed ineffectiveness of such a system, it also strengthens the suspicions of donors, who are very sensitive to problems of corruption.

A positive example can be found in Afghanistan.<sup>6</sup> The (unique) case of the Ministry for Rural Rehabilitation and Development shows that it is possible to build, within a short time, a solid working structure and modern institutions by:

- Clearly defining the institution's missions and objectives: the National Solidarity Programme provides small subsidies for over 17,000 village communities.
- Selecting a small team of high-quality managers and paying them market rates.
- Defining how work will be organised and carried out and responsibilities shared.
- Generating funding (once the previous steps are complete), which should as much as possible be in the shape of national programmes where the donor monies go into a common fund managed by the ministry (see discussion below on exchangeability).
- Preparing projects within the framework of these national programmes that are then applied as widely as possibly by carefully supervised NGOs.

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<sup>6</sup> Serge Michailof, *op.cit.*

## **B. Aid allocation**

Aid, far from being a lasting solution, is often an integral part of the reconstruction challenge. It must be allocated judiciously over time, among various sectors and among the geographical zones.

### ***1. Chronological allocation: a balance between urgency and the long term***

The major challenge, as far as strategy is concerned, is to find a balance between immediate needs and more long-term infrastructure development. International aid must be divided among short and the long term projects. For instance, some basic infrastructure reconstruction may be a short term requirement to allow for bringing other services and utilities online.

#### ***Short term:***

- A priority: security should be restored as much as possible before reconstruction. In Afghanistan, for example, there was neither a total military victory in 2001 nor a political agreement with the opponents, and the Taleban were excluded from the Bonn political process. The latter have since rebuilt a politico-military infrastructure in Pashtun rural areas. The fact that security has not been restored in rural zones has prevented local governments from being put in place.
- Creating and reinforcing sovereign state institutions must be a priority. In very poor countries, absent or dysfunctional local institutions, with their technical incapacity and corruption, are at the heart of what renders public policy, and thus international aid, ineffective. In some cases, it is not only the institutions that have disappeared, but all the qualified staff as well. Local needs therefore go well beyond developing technical competencies through training. Institutional capacities must also be built, that is to say, the ability of institutions to prepare and apply concrete programmes of action.
- For very short-term effectiveness, there are American (and more recently Chinese) methods of awarding contracts, without invitation to tender, to companies that are able to complete projects within tight deadlines. This makes it possible to realise projects such as major roads rapidly. But this approach has considerable disadvantages – additional costs, threats to transparency, no local competencies being created – which endanger the survival of the projects once completed.

#### ***Long term:***

- Choosing long-term projects is not difficult but an overarching, medium- to long-term approach must first be defined. This is, by nature, not very attractive to donors, who are anxious to obtain rapid and visible results. The initial momentum must be channelled into a clear timetable with precise intermediate points. It is also useful right from the start to nominate a person or team to be in charge of long-term development only.

## ***2. Geographical allocation***

The geography of the insurgency causes differentiation among part of the country, in Syria as elsewhere. The geographical allocation of aid generally conforms to two regrettable logics: it is very much centred on the capital city and large towns. In Afghanistan, for example, aid for Kabul reached 600 dollars per inhabitant in 2007-2008, compared with about 50 dollars for the worst-off provinces. Aid also follows zones where fighting is developing. In calm Afghan provinces, aid is minimal and reconstruction has not begun, which sometimes causes these regions to topple over into insurrection. This results in a perverse situation whereby it is insecurity that attracts international aid.<sup>7</sup>

The isolation of rural areas is a problem very much associated with the issue of security. Neglect of the countryside must absolutely be avoided if any lasting results are to be obtained and if these zones are to be enabled to join trade networks. Similarly, the authority of the state must be exercised there. One of the first measures must be to develop a network of rural roads. Moreover, it is essential to invest in irrigation and in support of agriculture so as to modernise and secure an at-times fragile sector.

## ***3. Allocation by sector***

Aid is a rare good. Care must be taken to optimise use of aid resources, making sure that they target not only zones but also sectors where they are likely to have maximum impact. However, aid allocation by sector does not necessarily correspond to the most obvious priorities. Aid allocation must strike a balance between social/humanitarian needs and the infrastructure on which restoring security and stability depends.

Currently, donors view their aid as part of the fight against poverty set out in national Poverty Reduction Strategy Papers (PRSPs) and the Millennium Development Goals (MDGs), which favour funding for education and health. However, these logics are not best adapted to post-conflict reconstruction. This generic education and health-focused approach prevents aid from being used to rebuild the state apparatus and prevents the funding of large projects that can immediately contribute to economic advancement, such as in industry and agriculture. And yet the link between deficient infrastructure and the failure to generate political stability is only too well-established. In Afghanistan, for example, three important areas have been neglected – the energy sector, secondary and rural roads, and irrigation/agriculture.

Donor unwillingness to withdraw from their favourite sectors (health and education) paves the way for other powers, such as China, to engage in road-building and infrastructure work. Moreover, donors are naturally resistant to projects that carry risks, and are favourable to those offering visible results in the short term; such tendencies must be curbed. This lack of flexibility and patience, which is *a priori* incompatible with the complex subject of reconstruction, must be taken into account.

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<sup>7</sup> Serge Michailof, *op.cit.*

## C. The Role of Donors in the Decision-Making Process

*“Better to let them do it imperfectly than to do it perfectly yourself, for it is their country, their way, and your time is short.”* T.E. Lawrence

### 1. Incentives for donors

Without contributors, there is no Trust Fund – hence the necessity of relying on incentives for donors. This implies that the possibilities, as well as constraints, of such tools must be taken into account. For example, certain measures can be put in place, such as multi-lateral trust funds, that make it possible to find matching funds for donor financing. The main donors must also be able to contribute to drawing up sector strategies ahead of time and to applying them later. Finally, it is very important to organise a donor conference quickly.

### 2. Aid by project?

*“Insist on the Script, not the Cast.”*

Without an accepted programme director, aid institutions behave “like consumers in a supermarket”: national-strategy documents set out long lists of needs, among which the donors choose those that most closely correspond to the wishes of their principals and the pressure groups to which they are subject.<sup>8</sup> In this case, it is the donors’ institutional constraints – and not the country’s most pressing needs – that shape their actions. Where exchangeability is concerned, there are two possible attitudes:

- Allowing the donor countries to specify the use to which their financial contributions are to be put, in other words assigning their monies. This risks excluding certain facets of reconstruction from funding.
- Or indicating that the monies gathered will finance the reconstruction programme in its entirety, through a common fund. This method is hardly an incentive for donor countries, which want to be identified as the sponsors of specific projects.

An intermediate solution could be to allow donors to indicate their preferences among the various spending categories (education, health, transport, etc.) and to inform them regularly of the progress made by such projects. Donor preferences would thus be known, but all contributions would go into a common fund, and fund directors would control the transfer of monies to the various spending categories according to needs. In exchange, contributors would be assured that a sum at least equal to their contribution was spent in their preferred sector.

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<sup>8</sup> Serge Michailof, “Le défi de la reconstruction des Etats ‘faillis’”, *Grotius*, 2010.

The best option is therefore to establish a reconstruction programme ahead of time, in agreement with the donor countries, and then to put in place a single fund. Such centralisation, and such a decision made by the Syrians themselves, would make it possible to avoid duplication or neglecting certain sectors; it would be a real response to the needs.

### ***3. Limiting interference by Donor Countries***

Experience shows that it is beneficial to initiate a dialogue with the main partners very early on so as to build a consensus on each partner's responsibilities. The main principles for coordinating aid, set out during the Paris and Accra Conferences on aid effectiveness in 2005 and 2008, do not work well in post-conflict situations. This issue must therefore be clarified, in particular the division of responsibilities between those involved within the country and the donors.

#### **Legitimacy**

The international community's support for reconstructing the state apparatus will raise the problem of the new regime's legitimacy. The role of donor countries in reconstruction must therefore be supervised so that decision-making is retained at the national level.

#### **Rights of Donor Countries**

Donors may demand a coherent reconstruction programme and a truly consultative process. They will also want to be reassured about any risks of corruption (conversely, evidence of corruption will reinforce their conviction that only projects of their own choosing with staff paid by them are worthwhile pursuing).

This can lead to problematic situations: in a context of a shortage of qualified staff, the donors – such as multilateral and bilateral agencies or NGOs – will put in place “project structures”. For each project for whose funding they are responsible, they will recruit scarce technical staff (sometimes from among the diaspora), and the salaries they pay increase rapidly until they are based on the pay scales of UN agencies. This can lead to a parallel administration financed by the donors.

The Afghan example illustrates this: salaries of those administering projects financed by aid are at least eight and up to 40 times higher than those in the government attempting to establish itself. This system contributes to the human-resources drain from government services.<sup>9</sup>

Vigilance is therefore required to ensure that local authorities are not short-circuited. However, donor interference – strong both in Afghanistan (because of the foreign intervention) and the Palestinian Territories (because of Palestine's unique status) – should be more limited in Syria.

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<sup>9</sup> Serge Michailof, *op.cit.*

### **Keeping control of decision-making**

Local authorities must be given a sense of responsibility. In particular, they must be held accountable for their spending, and even its results.

Aid resources must imperatively be managed with a strategic vision. It is therefore important to build up local capacities in aid management as quickly as possible.

Palestinian counter-example: The PECDAR has frequently accepted projects that are not high priority, and done so without coordinating with other projects that were being run at the same time. One of the most restrictive factors is that donors impose conditions that do not necessarily correspond to the reality on the ground. For instance, Japan has given funds for constructing a wastewater system in the town of Khan Yunis. The contracts were awarded to Japanese companies, inflating both costs and delays, and causing the project to be suspended.<sup>10</sup>

The same difficulties (imposing joint priorities, coordinating actions) occur when major players, such as the World Bank, are mobilised in the aid effort. A leader must impose his or her authority to manage this issue (see discussion above on leadership). In Lebanon, the Council for Development and Reconstruction (CDR) managed by the Prime Minister should be a positive example of such authority but is in fact a counter-example, with the reconstruction of the capital's city centre being appropriated by a single company, Société libanaise pour le développement et la reconstruction de Beyrouth (Solidere).

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<sup>10</sup> Marlène Ghorayeb, Jean-Pierre Troche and Mahmoud Al-Saad, "Gestion urbaine en Palestine, Construction institutionnelle et modes de régulation", *Programme de recherche urbain pour le développement*, Etude de « Ville et Habitat » April 2004.

## **D. Summary of Proposals (for the Short Term and the Longer Term)**

- 1) Separate the budgetary tool and the political body for reconstruction. A single Trust Fund and a Political Council for Reconstruction – a slim (and ephemeral) body – will thus co-exist under the direct control of the country's executive wing.
- 2) Define as soon as possible the roles and responsibilities of all those involved in the reconstruction. This will make it possible to avoid interface problems between those involved internally (government, political parties, civil society, the private sector) and those involved externally (investors, foreign states, multilateral organisations).
- 3) Organise a donor conference very early in the process.
- 4) Establish a reconstruction programme ahead of time, in agreement with the donors.
- 5) Anticipate the arrival of aid by management that is above reproach. The structure must be set up ahead of time because the donors' trust depends on its smooth operation.
- 6) Make the objectives fit the available funds to prevent large numbers of failed objectives from causing reconstruction to fail entirely.
- 7) Do not omit the less attractive sectors for donors during aid allocation, nor the sectors requiring more long-term investments. This also means that aid must not be too rigidly earmarked.
- 8) Retain control over the choice of projects and priorities at the national level.
- 9) Integrate Syrian companies (for example in the sectors of public works and construction) into the reconstruction plan under new rules. Sidelining such know-how would increase dependence on foreign countries. The criteria of capacity and competence must prevail here, as with choosing staff.
- 10) Showcase the Syrian economy. The links forged during reconstruction should make it possible to offer donor countries long-term investment opportunities in the economy.