

21 PAPERS IEMed.



POST-CONFLICT RE-CONSTRUCTION IN MENA: PREVIOUS EXPERIENCES AND STAKEHOLDERS' INCLUSIVE INVOLVEMENT IN THE FUTURE RECONSTRUCTION OF LIBYA, SYRIA AND IRAQ

Amaia Goenaga

IEMed.

European Institute of the Mediterranean

Consortium formed by:



Board of Trustees - Business Council:

Corporate Sponsors



Partner Institutions



PapersIEMed.

Published by the European Institute of the Mediterranean

Director:

Senén Florensa

Executive President, European Institute of the Mediterranean (IEMed)

Editorial Team:

Javier Albarracín (IEMed) & Olivia Orozco (Casa Árabe)

ISSN: 1888-5357

Legal deposit: B 10792-2017

April 2017

IEMed.

The IEMed is a think tank for the identification and interpretation of the challenges in the Euro-Mediterranean area and for the preparation of proposals to confront them. It offers spaces for reflection and debate as well as advice and assistance to cultural and cooperation projects in the Mediterranean. Moreover, it promotes the participation of civil society in the Euro-Mediterranean space through several networks and in collaboration with entities from the social, economic and cultural worlds.

The **PapersIEMed.** collection seeks to approach the study of key issues on the current Euro-Mediterranean agenda. Its objective is to provide a new and original view of these issues through the publication of painstaking analyses by recognised experts and researchers in this field.

CONTENTS

Post-Conflict Re-Construction in MENA: Previous Experiences and Stakeholders' Inclusive Involvement in the Future Reconstruction of Libya, Syria and Iraq¹

*Amaia Goenaga**

FOREWORD	8
INTRODUCTION	12
GENERAL CONSIDERATIONS ON RECONSTRUCTION	16
PARADIGM CHANGES IN POST-CONFLICT RECONSTRUCTION APPROACHES	20
Towards locally adapted reconstruction models	22
Peace Consolidation and Power Sharing Model	22
The Timing of the Reconstruction	24
SOCIAL AND ECONOMIC FACTORS ON RECONSTRUCTION	26
The Liberal Peace	27
Financing reconstruction from within: Banking Reform and Taxation	28
The Diaspora	29
Inclusiveness and development in the reconstruction process	29
Human Capital	31
THE ROLE OF THE INTERNATIONAL COMMUNITY	34
KEY PRIORITY SECTORS: ENERGY AND TRANSPORT INFRASTRUCTURES	38

* PhD. Arab, Islamic and Oriental Studies Department, Universidad Autónoma de Madrid

¹ Document prepared by Amaia Goenaga (external expert) based on the discussions and debates of both the Barcelona meeting (IEMed, 11 April 2016) and the meeting in Madrid (Casa Árabe, 19 September 2016). Edited by Javier Albarracín (IEMed) and Olivia Orozco (Casa Árabe) and with the contribution of Yumna Kassim (IEMed).

SHAPING THE NEWS SPACES OF COEXISTENCE THROUGH URBAN PLANNING	40
CONCLUSIONS	44

Foreword

Assessing the monetary and physical costs of reconstruction in conflicts such as the current war of Syria, the conflict in Libya or the series of wars and conflicts lived by Iraq in the last decades is only unfeasible due to its size. Besides, the capacity of destruction and disruption of some of the conflicts affecting Middle East and North of African countries nowadays is such that their implications for the future reconfiguration of these countries and the region itself can only be partially foreseen.

However, as previous experiences proved, the chosen reconstruction process and model will be critical to define those future reconfigurations and give shape to that new order and power-sharing structures settling down with peace. In this context, , it is important to have an overall idea of the main factors and priorities to be tackled in any post-conflict scenario.

Hence, even if it could seem premature to speak of reconstruction in the current situation of some of the conflicts at stake, especially in 2016 when this project was launched, we deemed important to dedicate some time to analyze the different challenges, factors and actors involved in the future reconstruction processes in the region for several reasons. First of all, because it is at least heartening, in the current situation, to think of post-conflict scenarios and to start considering the possible dividends peace may bring to the different stakeholders. Second, because as previous experiences prove, different stakeholders and fighting factions start positioning themselves and taking decisions that will be crucial for the future peace long before the conflict has ended. And third, because the chosen reconstruction model or scheme will condition many of its outcomes, and this needs to be defined and evaluated also in the earliest stages.

Wars and, in particular, civil conflicts have a devastating effect not only for the economy but for the whole social fabric and structures of the country. The reconstruction process, whenever it takes place, is a very delicate and crucial moment, in which the equilibrium reached in any peace agreement among the different contesting forces will be tested; it will have further consequences shaping the country's future.

So, we took the chance of being "cautiously optimistic" and departed from a hypothetical post-conflict scenario in order to analyze the different aspects related to the upcoming reconstruction process in MENA countries after peace be achieved. And we decided to undertake this exercise of analysis from a comprehensive point of view, considering reconstruction as a complex multidimensional process, with

important economic, political and social dimensions, and involving local, national, regional and international actors, as well as the public and private sectors. Following current trends in the literature, we chose to prioritize the analysis of inclusive development policies, gathering approaches and perspectives from different stakeholders and of social aspects over strictly macroeconomic considerations, giving special attention to the political economy of post-conflict countries.

We decided to confront the issue through two working meetings, one in Barcelona in the European Institut of the Mediterranean (IEMed) and a second one in Casa Árabe in Madrid, that would allow us to tackle some of the main aspects related to reconstruction, building upon the discussions of the previous meetings, and inviting a broad range of stakeholders, from multilateral and financial institutions, to local agencies, private sector, experts, policy-makers and civil society.

The sessions and debates touched upon numerous different issues of re-construction, as timing, neutrality, governance, the involvement of regional and international actors, diaspora's role; lessons and risks run in previous post-conflict reconstruction, as well as corruption, cronyism or the reproduction of certain pre-conflict dynamics that may lead back to the conflict.

Reconstruction was portrayed as a holistic process, overcoming the material aspect of it to prioritize the reconstruction of the social fabric, reconciliation and inclusiveness. Even if opinions differed in many occasions, experts agreed that the success or failure of any reconstruction process will depend on the capacity to rebuild and restore the human capital in these countries, including refugees and diaspora. So, if an aspect had to be singled out it would be the need to invest on the education and working capacities of these people urgently.

This paper gives a sample of the richness and complexity of the debates and discussions that followed. The conclusions are neither definitive nor absolute, but offer an honest and collective attempt to introduce some light and caution about some concerns and nuances to be taken into account before any reconstruction process is launched. We hope in this way to contribute modestly to the debate and provide some elements for farther thought that could lead us to better outcomes for the future scenarios of peace in the region.

Senén Florensa, Executive President, European Institute of the Mediterranean (IEMed)

Pedro Villena, director general Casa Árabe

Introduction

The Middle East and North African region is going through turbulent times. Some countries are experiencing instability and are vulnerable to different kinds of violence, others see the (re)instauration of authoritarian regimes, while several are suffering wars that are devastating their social and physical infrastructures. In particular, beyond the massive human suffering that some of these open conflicts are generating, the material destruction in countries like Libya, Syria and Iraq is enormous. This devastation affects every single aspect of daily life, from urban utilities to roads and highways, from houses and schools to hospitals, and from harbours to airports.

Damage assessments and estimations of reconstruction needs are difficult to evaluate, given that conflicts are ongoing. The World Bank estimated in its monitor report of April 2016 that in addition to claiming more than 470,000 lives and pushing half of the Syrian population into displacement, inside or outside the country, the war in Syria had destroyed US\$70-80 billion in capital stock by mid-2014.² However, recent estimations by the IMF elevate the amount Syria will need for post-war reconstruction to US\$200 billion only for physical infrastructures.³ The World Bank also calculated that reconstruction of Libya's infrastructure needs to be US\$200 billion over the next ten years.⁴

But beyond the physical destruction, these conflicts are distorting the economic structures of these countries, destroying institutions and changing power relations, creating new power balances, and new spaces of interaction and distribution. Whenever a peace agreement is reached, and a certain stability restored, reconstruction will have to start, and the process of reconstruction will be a gigantic task due to the extent of destruction and remaining latent confrontations.

Being aware of these challenges, the European Institute of the Mediterranean (IEMed) and Casa Árabe, with the collaboration of ICEX (Spain Trade and Investment), organised in 2016 an international conference entitled *Post-conflict re-construction in MENA: Previous experiences and stakeholders' inclusive involvement in the future reconstruction of Libya, Syria and Iraq*. The aim was to tackle the different aspects and challenges related to reconstruction in post-conflict countries in the region. Given the dimension and complexity of the subject, the conference was structured in a double meeting, bringing together stakeholders, academics and experts. The first one took place in Barcelona on the 11 April 2016 and the second one on the 19 September 2016 in Madrid.

The first meeting organised at the IEMed in Barcelona was dedicated to a first evaluation of the physical reconstruction and a preliminary appraisal of the needs and priorities of

2 Devarajan, S., Mottaghi, L., Do, Q.-T., & Abdel Jelil, M. (2016). *Syria: reconstruction for peace*. Middle East and North Africa (MENA) Economic Monitor. Washington, D.C.: World Bank Group. Retrieved from <http://documents.worldbank.org/curated/en/777291467993169903/Syria-reconstruction-for-peace>

3 Gobat, J., & Kostial, K., (2016). Syria's Conflict Economy. *IMF Working Paper*, 16/123. Retrieved from <https://www.imf.org/external/pubs/ft/wp/2016/wp16123.pdf>

4 Shanta Devarajan, Lili Mottaghi (2016, January). The Economic Effects of War and Peace. *Middle East and North Africa Quarterly Economic Brief*. Washington: World Bank. Retrieved from <http://documents.worldbank.org/curated/en/644191468191061975/pdf/103013-REPLACEMENT-PUBLIC-MENA-QEB-ISSUE-6-JANUARY-2016.pdf>

the reconstruction process in these countries: the quantification of damages, the establishment of the main financial and physical priorities and the challenges for these countries, taking into account previous experiences of post-conflict reconstruction. It analysed its impact in different economic sectors (energy, transport infrastructures, urban planning and housing). Nevertheless, the invited experts went beyond the material and technical aspects of physical reconstruction, and tackled some of the main challenges and recommendations for the future reconstructions in these countries. The invited experts outlined a general picture of the complexity of reconstruction processes and stressed the linkage between those material and technical aspects of this complex process and the political and socioeconomic elements of war-torn countries. Thus, based on previous experiences, experts agreed that the final goal of reconstruction in energy and transport infrastructures, as well as in urban planning and housing, must be to help the country to overcome the grievances and socioeconomic imbalances that led the country to war.

The second meeting, held in Casa Árabe in Madrid, focused on different dimensions of post-conflict reconstruction from the perspective of political economy. It was dedicated first to analysing alternative models and approaches to be followed during the reconstruction processes and stakeholders' inclusive involvement. It also tackled issues related to development and cooperation assistance in the different schemes to finance reconstruction, as well as the institutional and legal aspects of post-conflict reconstruction processes. In general terms, the experts showed a pragmatic approach to reconstruction, prioritising peace consolidation and questioning the idealised elements of the traditional state-building model, such as democracy, liberal economy or developmental imperatives. Discussions focused mostly on particular subjects such as coordination and coherence in the intervention of international actors, local ownership, legitimacy, capacity-building, international dependency or accountability.

The goal of this document is to gather and assess the main conclusions and recommendations reached in both meetings. Thus, based on those debates and sessions, issues tackled have been grouped into five main lines of discussion, which are divided into epigraphs devoted to some key concrete issues: 1) General considerations about post-war reconstruction; 2) theoretical debates on post-conflict reconstructions. This point includes some considerations about the bottom-up approach to reconstruction, the power-sharing model, as well as the timing of reconstruction; 3) social and economic issues, including some reflections and recommendations on the liberal peace model, financing issues, the role of the diaspora, as well as on inclusiveness, development and human capital needs; 4) the

ongoing debate on the role of the international community in post-war countries; and
5) priorities of physical reconstruction, focusing especially on energy and transport
infrastructures, as well as urban reconstruction.

General Considerations on Reconstruction

Post-conflict reconstruction has been a central issue for the international community in the last decades. Historically, the most impressive post-war reconstruction effort was carried out following the Second World War. After the Cold War, the outbreak of several civil wars in the 1990s brought the reconstruction theme back onto the international policy agenda, and gave rise to a significant increase in academic production devoted to the subject. Contemporary civil wars have a different nature to traditional wars between countries. The recovery needs of states emerging out of civil wars in the last 40 years, including those wars and conflicts affecting some MENA countries, do not resemble those of the Western European states in the aftermath of the Second World War. Societies emerging from these kinds of civil conflicts confront not only massive destruction of infrastructures, population displacements or poverty but also face also ongoing ethnic, political or religious rivalry, proliferation of weapons, governmental and institutional vacuums as well as eventual non-unified post-war authorities. These wars also tend to have a criminalised component. In various ways and to varying degrees they use smuggling networks and criminal actors to create and sustain the material basis for warfare. All this poses tremendous threats to peace-building and reconstruction. War-torn countries face around a 40% risk of reversion to conflict during the first decade.⁵ In this way, the reconstruction processes of countries affected by these conflicts need to follow different patterns than those traditionally used.

Taking all this into account, there was a wide consensus among participants that the main goal should be to avoid these societies falling back into the violence trap, establishing a long-lasting and solid peace. In this regard, even if there are some different theoretical approaches to tackle this problem, the experts showed a clear agreement, also reflecting the current mainstream thinking in post-war reconstruction, that a solid and durable peace needs a multidimensional reconstruction programme that must be inclusive, and that it needs to be implemented along with some structural changes that should not focus on restoring the system as it was before the war but on transforming it. They should neutralise the grievances and/or socioeconomic imbalances that led the country to war. Thus, in post-conflict countries a new social contract is needed in order to address the structural causes of inequality, trying to diminish both vertical (social and economic disparities) and horizontal inequalities (ethnic, religious, territorial, or political inequalities) in order to avoid new conflicts. In this regard, special attention should be paid to social and economic development (even though not all the experts agreed on the concept and model of development to be followed), as well as to other social needs such as justice and reconciliation.

Moreover, experts agreed on the idea that any reconstruction programme needs to clearly define short and long-term objectives as well as the mechanisms to achieve them. For the short term, security needs, relief aid, food security, basic energy infrastructures, health

5 Collier, P., Hoeffler, A., & Söderbom, M. (2008). Post-conflict risks. *Journal of Peace Research*, 45, 4(2).

and sanitation infrastructures were identified as the first aspects to be tackled. Then, long-term priorities should focus on structural political and socioeconomic reforms, as well as on the reconstruction of infrastructures in general. Finally, experts agreed on the idea that inclusive and fair institution building is essential for war-peace transitions, peace consolidation, and social, economic and political reconstruction. The institutional building process will affect not only the political outcomes of reconstruction but will determine the political, social and economic reality of these countries in the very long term.

Paradigm Changes in Post-Conflict Reconstruction Approaches

For a long time, the mainstream post-war reconstruction model has been the so-called state-building model. This approach has been understood as a sort of standardised formula whose priority was to strengthen effective and legitimate governmental and economic institutions within a bounded territory. This “orthodox” state-building model follows a top-down approach based on security, state-building, and good governance, usually supervised by international organisations, aiming to achieve a liberal democracy and a market economy. This model was widely accepted and implemented in the 1990s and in the early 2000s in countries such as Sierra Leone, Bosnia, Kosovo, Afghanistan or Iraq.

In the mid-2000s some important changes were introduced in this paradigm, especially in relation to the socioeconomic aspects of the model. An increasing awareness of social issues appeared among experts and international organisations when the imbalances of the model became apparent. At the time, the model was actually built over an ultraliberal economic orthodoxy that generated serious social and economic imbalances in many war-torn countries such as Bosnia, Kosovo, or Iraq.⁶ It contributed to perpetuating wealth imbalances and to aggravating the vulnerability of those sectors of the population with lower income levels. Thus, in the mid-2000s, experts and scholars working on state-building turned towards prioritising inclusive development policies and social aspects over strictly macroeconomic considerations in war-torn societies. However, the model is still based in the liberal democracy principles, and still shows shortcomings and contradictions, both at the socioeconomic and political/institutional level.⁷ Thus, even though the state-building approach is still the main reference for the multilateral organisations working on post-war countries, there is a strong debate among experts and scholars about the suitability of the model.

Experts gathered at the meetings were divided in this regard. Some of them, either implicitly or explicitly, supported the model, suggesting these MENA countries should aspire to construct a liberal democracy, as the only way to avoid the fall back into the violence trap.

However, most of the invited speakers were critical of the state-building approach. First of all, these experts considered that ideas such as democracy, free market or social development, are highly unrealistic for these devastated countries. On the other hand, it was claimed that state-building aims to create self-government, but it does so by means of international intervention and international control, and, as a consequence, the model tends to generate overdependence on international sources and stakeholders. Moreover, this approach tends to reinforce the role of the national elites and central authorities,

6 Cox, M. (2001). State building and post-conflict reconstruction: Lessons from Bosnia, *Centre for Applied Studies in International Negotiations (CASIN)*; Pugh, M. (2005). The political economy of peacebuilding: a critical theory perspective. *International Journal of Peace Studies*, 10(2), 23-42; Dibeh, H. (2000). Beyond the Neoliberal-Monetarist Impasse: Toward a New Policy of Economic Recovery. In UNDP. *Linking Economic Growth and Social Development in Lebanon*. Beirut; Ginty, R.M. (2003). The pre-war reconstruction of post-war Iraq. *Third World Quarterly*, 24(4), 601-617.

7 Pugh (2005). op. cit.; Sisk, T.D., & Paris, R (Eds.) (2009). *The Dilemmas of State-building, Confronting the contradictions of postwarpeace operations*. Routledge.

leaving large parts of the society out of the decision-making process. Likewise, experts stressed that the social and economic principles behind the model are still the cause of major socioeconomic imbalances. Finally, some experts recalled that much of the goals of the state-building model, such as liberal democracy, free market, etc., are not universal or neutral. Those agendas may clash with different ideologies and local idiosyncrasies, so their imposition may generate frustration and anger in local societies.

In this regard, some speakers stressed that state-building should be limited to the creation of effective/transparent institutions, with a very inclusive character and adapted to the local realities and needs.

Towards Locally Adapted Reconstruction Models

The problems generated by the state-building approach have generated renewed attention towards the bottom-up flows in post-conflict countries.⁸ This has been the case during the meetings.

Experts repeatedly claimed the need to find synergies and equilibrium between top-down and bottom-up approaches for future post-conflict reconstruction scenarios. They advocated empowering local agents (local governments, local associations and civil society) in order to reach more locally adapted and inclusive reconstruction outcomes. In fact, these authorities are often the sole service providers in their regions, and they are in direct contact with the needs of the population. Consequently, experts considered that there is not one sole solution for all these countries, not even a single remedy for each country. Within each country, the different regions would need different solutions adapted to the local realities. In this regard, political and economic decentralisation has been strongly recommended for MENA countries.

Peace Consolidation and Power-Sharing Model

As mentioned, the final goal of any reconstruction process should be to avoid the war-torn country falling back into violence. Some invited experts considered that implementing power-sharing principals can be key in this regard.

The power-sharing model has gained adepts among experts in the last decades, being considered by some as the most realistic approach to afford peace-building and peace

⁸ See Weinstein, J.M. (2005). *Autonomous Recovery and International Intervention in Comparative Perspective*. *Center for Global Development*; SSRN Working Paper Series.

consolidation in divided societies. The model aims to create an institutional framework where the contending groups get proportional power quotas, and it is based on three principals: inclusive government, group self-government and proportionality.⁹ Thus, it is a pragmatic approach that tries to make peace suitable and acceptable for belligerents, and apparently it has proved to be quite effective when it comes to leading a conflictive country from violence to peace.¹⁰ That was the case in Lebanon, Bosnia or the Ivory Coast.

However, as some scholars pointed out, the power-sharing model is far from being a panacea.¹¹ The model depends on bargaining among the leaders of the different groups to moderate their demands and their ability to contain hard-line elements within each group. Thus, power sharing may get contending groups to leave the battlefield but it requires a constant bargaining among elites, which may make the political life and the decision-making process very hard in the future. Moreover, this kind of solution may lead to the institutionalisation of certain war realities, such as the political empowerment of war lords, war economy logics, illegal traffic networks, informality, etc., which may promote corruption and rent seeking.¹² Thus, for its critics, the power-sharing model frequently facilitates a transition from war but it thwarts the consolidation of peace and democracy in the long term.

In response, advocates of the power-sharing model claim that the power-sharing institutions promote moderate and cooperative behaviour among contending groups by fostering a positive-sum perception of political interactions. And this is considered to be highly positive for establishing a self-enforcing peace in the long term.¹³ Thus, the defenders of the model tend to focus on how to stabilise the transition towards enduring peace following the bargained resolution of civil wars, rather than considering how power-sharing institutions might lead to building a democracy.¹⁴

During the conference, some experts followed this pragmatic approach, and recommended focusing on peace consolidation needs rather than investing in idealised formulas for democracy building. Thus they made an extensive defence of the power-sharing model, both implicitly and explicitly, and not only in the political arena.¹⁵ The experts considered that the more extensive power-sharing arrangements are, the more likely it is that peace will endure in the long run. Hence, territorial power sharing was also

9 Lijphart, A. (1977). *Democracy in plural societies: A comparative exploration*. Yale University Press; Hartzell, C., & Hoddie, M. (2003). Institutionalizing Peace: Power Sharing and Post Civil War Conflict Management. *American Journal of Political Science*, 47(2), 318-332.

10 Hartzell, C., & Hoddie, M. (2003). op. cit.

11 Roeder, P. G., & Rothchild, D.S. (2005). *Sustainable peace: Power and democracy after civil wars*. Cornell University Press; Mehler, A. (2009). Peace and power sharing in Africa: a not so obvious relationship. *African Affairs*, 108(432), 453-473.

12 See for example Leenders, R. (2012). *Spoils of truce: Corruption and state-building in postwar Lebanon*. Cornell University Press.

13 See Lijphart, A. (1977). op. cit.; Hartzell, C., & Hoddie, M. (2003). op. cit.

14 Hartzell, C., & Hoddie, M. (2003). op. cit.

15 Political forms of power-sharing mean basically electoral proportional representation, administrative proportional representation, and executive proportional representation. Hartzell, C., & Hoddie, M. (2003).

recommended. A territorial dimension of this formula could lead to a division of autonomy between levels of government on the basis of federalism or a regional autonomy arrangement. Some experts even claimed that in the case of the MENA countries the nation-state approach in reconstruction needs to be revised. Likewise, these principles should also be implemented in the economic arena (i.e., the distribution among groups of economic resources controlled or mandated by the state, especially in the case of natural resources) and in the military field (i.e. distribution of the state's coercive power among the warring parties).

These recommendations were related to the need to neutralise spoilers as a key element to reduce the risk that might reignite the conflict. As Stedman pointed out in a widely quoted article,¹⁶ spoilers are considered as one of the main problems to peace consolidation in war-torn countries. However, while Stedman claimed that international custodians are essential to avoid the spoilers' success, and to create an internationally legitimated peace narrative, experts in the meetings were more focused on the need to develop constructing internal legitimacies, through the implementation of power-sharing principles.

Finally, regarding the debate on peace consolidation, the contribution of Anke Hoeffler, research officer at the Centre for the Study of African Economies, in Oxford University, deserves a special mention given the debate that followed it. Based on empirical data, Hoeffler argued that peace duration is more related to the way peace has been achieved than to any other political or institutional reform tackled once the war is ended. Evidence given proves that civil wars ending with a clear military victory for one of the contenders tend to produce longer-lasting peace situations than those ending in a negotiated agreement with no clear victor, even if international peace missions may contribute to peace sustainability in the latter cases. This argument led to an intense debate, since it favoured the hypothesis that maybe it would be better to allow conflicts to take their natural course, since sorting out the winners from the losers would guarantee a more lasting peace in the longer term.

The Timing of the Reconstruction

An especially relevant debate was devoted to the timing of the reconstruction. Some of the experts claimed that reconstruction should start before the end of the war, following the Lebanese example. However, this opinion was also quite contested since launching reconstruction during the wartime means that stakeholders have to negotiate with belligerents which, very often, forces them to take sides in the war.

16 Stedman, J. (1997). Spoiler problems in peace processes, *International Security*, 22(2), 5-53.

Taking sides is a very delicate issue that should be carefully considered beforehand. Any decision in this regard should include an in-depth analysis of the conflict; this being done with a particular awareness of the surrounding situation and of counteractive factors, such as weak local capacities, unstable and unclear governmental structures and corruption. Moreover, lessons learned from previous cases show that reconstruction projects launched in wartime or even the relief work aid agencies provide in these contexts are often spoiled by the war logics. Even though these projects were originally well-meaning, they can be easily manipulated by war lords and armed groups serving as a way to finance and legitimate them, which can help to perpetuate the war.

In any war, belligerents are dependent on resources generated by the war economy for their survival, and, in a given moment, economic resources may become their priority. Belligerents may perpetuate a conflict as a deliberate means to secure their sources of revenues and political power. Thus, to end a violent conflict it is necessary to understand, and neutralise, the incentives that make violence profitable rather than a problem. A simple conflict analysis is not enough to discern this. The economies of war involve a very broad variety of actors, from migrant workers, individual smugglers, family businesses and small and medium-sized companies both in the country and in its neighbouring countries, to large multinational corporations and transnational networks, international organisations and aid and development agencies.¹⁷ Hence, a careful examination of the political economy of war must be carried out. This can help to identify the economic impact that war has on local populations, the course of the conflict, the interests that will turn transition into a durable peace, as well as the political economic structures and power distribution in the post-war period.

17 Keen, D. (1998). The Economic Functions of Violence in Civil Wars. *The Adelphi Papers*, 320. London: Adelphi.

Social and Economic Factors on Reconstruction

The Liberal Peace

The reconstruction model of the 1990s and 2000s, based on market driven reconstruction, had an agenda based on promoting macroeconomic stability, reducing the role of the state while empowering the private actors, enhancing privatisation and focusing economic growth on promoting exports and foreign investment. Nowadays, it is widely recognised that the implementation of these programmes in war-torn countries contributed to perpetuating wealth imbalances and to aggravating the vulnerability of those sectors of the population with lower income levels. Measures such as the removal of state protections, giving way to unrestrained market forces, produced growing income disparities and led to the atomisation of the social fabric marked by the erosion of normative controls. Rising crime levels and widespread corruption in public institutions, including those in charge of maintaining public order, have been associated with this normative decline.¹⁸ Thus, in the last decade, experts and scholars turned towards prioritising inclusive development policies and social aspects over strictly macroeconomic considerations in war-torn societies. However, as has been mentioned, the economic agenda linked to the orthodox state-building approach keeps many core elements of the liberal model, such as the reduction of public goods and public sectors, and the support for global integration.¹⁹

During the meetings, some invited experts advocated this liberal model, although being more conciliatory regarding the role of the state in the economy, and including development parameters in their discourse. This group argued that the participation of the private sector should be a key factor in reconstruction efforts, with bringing in capital and creating jobs considered more efficient.²⁰ Similarly, the argument is that the private sector can operate with more awareness of cultural relativism than international agencies and manage available local resources more efficiently, incorporating local expertise, local communities and subcontracting. Thus, lasting and sustainable long-term reconstruction efforts would rely, to a large extent, on the involvement of the private sector, especially in building and managing utilities such as water, power, transport and telecommunications.²¹

On the other hand, some of the attendants painted a very critical picture of what they called the "liberal peace". In this regard, they were very tough on the traditional role this model gave to the private sector, considering that the real goal was to benefit the private economic interests of big corporations (both national and international), which are set above national interests and those local social needs that should be the main priority in a post-war context. Thus, the most critical experts advocated a complete change in the

18 Cox, M. (2001). op. cit.; Dibeh, H. (2000). op. cit.; Ginty, R.M. (2003). op. cit.

19 Pugh, M. (2005) op. cit.

20 Lawrence, D. (2013). Four ways to attract investment to post-conflict countries. *Business Fights Poverty*. Retrieved from <http://community.businessfightspoverty.org/profiles/blogs/how-to-attract-investment-to-post-conflict-countries>

21 Ibid.

way economic issues are currently tackled in war-torn societies, ruling out mainstream liberal economic proposals to define economic policies locally.

Nonetheless, most experts claimed that a way of achieving a more inclusive growth in the aftermath of the conflict is to guarantee a balanced involvement of both the public and the private sector in the reconstruction process. It is generally accepted that ensuring a positive business environment relies primarily on the capacity and will of public authorities and institutions to legislate and implement reforms in this direction. In this regard, the involvement of local authorities in the economic reconstruction was strongly recommended. Reforms should promote the involvement and engagement of small and medium-sized businesses, making them responsible for the provision of services and infrastructures, and eliminating obstacles that could hinder their activity and involvement.

In this way, setting up public-private partnerships was considered critical. This requires appropriate legislation and offering security guarantees as well as a political consensus for its implementation, especially in the case of strategic and socially sensitive utilities, such as water or energy. However, in post-conflict environments both the national and international political and social contexts also shape the implementation of public-private partnerships.

An estimated 50% of the world's poor population live in post-conflict countries.²² Given the major positive effects that such projects could have on the welfare and livelihood of the local population, they should be taken into account as part of the impact, risks and return assessments. The potential in post-conflict countries for marginalising the local population, making access to reconstructed services unaffordable is high.

Financing Reconstruction from Within: Banking Reform and Taxation

Who will finance the reconstruction and how will obviously be another key element to tackle in these countries in the near future. At this point, experts considered that at least two issues will be critical for any successful reconstruction process: a banking sector reform and a tax reform.

First of all, an efficient, accountable, inclusive and reliable banking sector is of utmost relevance for a successful reconstruction effort. Deep financial and banking reforms may attract investments, both foreign and national, but also local savings and those of the diaspora, which would definitely help to push the local economy, as well as SMEs, through credit creation.

22 Lawrence, D. (2013). Four ways to attract investment to post-conflict countries. *Business Fights Poverty*. Retrieved from <http://community.businessfightspoverty.org/profiles/blogs/how-to-attract-investment-to-post-conflict-countries>

The second immediate reform needed should be that of the tax system. Taxation was considered very important both for peace-building and state-building. A good and progressive tax reform can facilitate the generation of revenues for local authorities to finance reconstruction, while reducing the dependency on donors and international financial institutions. Fiscal capacities improve state power to overcome the sovereignty and accountability gaps that wars tend to generate. In this regard, financing the state's expenses through natural resources should be avoided. When state institutions are weak and budget procedures lack transparency or are discretionary, dependence on natural resources generates rentier economies which tend to undermine democratic governance and lead to authoritarian governments.²³ And experiences have shown that this tends to generate corruption and mismanagement.

However, as some commentators pointed out, it will not be easy to bridge these gaps in MENA countries, as Middle Eastern societies are not used to paying taxes, given the rentier state structures that most of them present. In a similar logic, values such as representativeness or accountability are not necessarily a component of local idiosyncrasies.

The Diaspora

As experts stressed, diaspora may be an important source of economic and financial resources but, more than this, they can significantly contribute with their knowledge and skills to the reconstruction of the country and its institutions. Hence, the role of the diaspora was also considered in any economic post-conflict reconstruction and should be attracted back to their home countries and involved in the reconstruction process. In this regard, it is important to create an attractive political and economic framework, with effective policies that would support local SMEs and businesses, job creation and financial reforms, but also guarantee juridical security, law enforcement, and private property.

In the mid-term, the authorities should be able to generate incentives that could attract the national talent that had left the country due to the war.

Inclusiveness and Development in the Reconstruction Process

Probably the key concept used during the meetings when tackling peace consolidation issues was inclusiveness. An extensive part of the conference was devoted to discussing it and how to bring it about. Economic recovery, the reconstruction of the political institutions

23 See Beblawi, H., & Luciani, G. (Eds.) (2015). *The Rentier State*. Routledge.

and of the social fabric, as well as national reconciliation, needs to be based on inclusive principles in order to consolidate peace and coexistence. Hence, the power-sharing model was advocated to reach those goals.²⁴

However, as some speakers pointed out, inclusiveness is mostly a myth in war-torn societies, while exclusiveness tends to be the norm. This is especially striking at the socioeconomic level. Post-war countries experience rates of significantly high economic growth in the aftermath of conflict. That is called the peace dividend. Actually, the bigger the damages and the destruction the conflict entails, the bigger the economic growth rates experience after the war. However, previous experiences show that this growth is rarely inclusive. The lion's share of these peace dividends is usually captured by donors and national elites. In the political arena, exclusiveness is also the norm. Traditionally, peace agreements are signed between governments and individual rebel movements, while civilian parties and other actors are left out. Hence, the non-signatories tend to be set aside from the exercise of power or they get a disproportionately small share of it. Meanwhile, warring parties are over-represented in power positions in the aftermath of a conflict. Moreover, exclusiveness may be an especially striking pattern in the MENA region, due to key structural imbalances of its societies, such as systemic shortcomings to social mobility, high unemployment ratios, rural-urban disequilibrium, unequal ethnic and religious access to resources, etc.

To overcome these problems, experts recommended the involvement of a wide variety of social actors (especially local and regional leaders) in the decision-making process at all levels, and not only the warring parties and elites, as is usually the case. This involvement should start as soon as possible, in order to guarantee the representativeness and presence of a wide part of the society in the design of the new post-war system.

Likewise, the need to overcome geographical imbalances in distributing resources during the reconstruction processes was equally underlined. The Bosnian and the Lebanese case showed that, traditionally, investment was directed towards the reconstruction of urban centres, while many rural areas were neglected. Currently, in the Syrian case, almost 50% of the current reconstruction efforts are concentrated in Aleppo and around 20% in Dara'a. Yet, even within cities and across city centres and suburbs gaps tend to be obvious. All this can generate further imbalances in these devastated countries, especially between rural and urban areas. Moreover, this could generate rural exodus towards urban areas, leading to ghettoisation and pauperisation in these areas. In this regard, more investment in rural areas and the

²⁴ See section 1.b.

implementation of policies to invigorate rural economies, adapted to the local realities, was recommended.

The other key issue was development. As mentioned, development became a core element in the post-war mainstream thinking only in the mid-2000s. At the time, the Millennium Development Goals, and the lessons learned from conflicts in the 1990s, led the multilateral organisations and worldwide experts to rethink the (neo) liberal paradigm of reconstruction. Hence, a new revisionist agenda emerged in post-war literature questioning the Washington consensus for transition and reconstruction, linking peace-building debates to developmental debates, and considering that a long-lasting peace would be directly related to development in war-torn societies. Thus, in the last decade international organisations have been implementing a wide range of measures aiming to improve development in these countries.

Yet, during the conference some experts showed a critical view of the development model implemented by the international community in post-war countries. Some even argued that development scenarios may not be realistic in war-torn countries. The strongest criticisms to the model came from the way international organisations managed aid. It was denounced that a big share of the money donors provide goes back to them, around 40%, given that that money tends to be spent on security, consultancy, etc. which are often implemented by companies from the donor's countries. Some experts claimed that international organisations tend to distribute those funds following their own considerations and interests. Besides, there is usually a lack of coordination between the different international actors and organisations that prevents development of more coherent projects and based on each country's needs and context. Likewise, aid is used mostly to overcome short-term urgencies. As a consequence, aid tends to be less efficient in the long term, even counterproductive, since it tends to generate dependency. Hence, experts claimed that the current development policies implemented by the international community tend to generate imbalances and dependency in the affected societies.

Human Capital

On the other hand, experts considered that the main priority when it comes to development should be to invest in human capital. One of most startling outcomes of the ongoing wars in the Middle East is probably the striking brain-drain these countries are experiencing, as well as the destruction of human capacities. Skilled workers and

local professionals have massively flown the country, which represents a huge hindrance for any reconstruction process in the future. In this regard, it was argued that one of the main goals aid policies should aim at was to minimise this problem. Hence the importance of introducing new policies to manage refugee camps, not only to avoid refugees losing their education and working skills, but also to provide them with further education, including high education and different kinds of training for the future.

The Role of the International Community

The role of the international community in the current wars and future reconstructions was extensively debated. The implication of international organisations in post-war countries has always been controversial. Traditionally, this role was associated with the deployment of external military forces in war-torn countries, as simply pacification forces. But by the mid-1990s, the international organisations gave greater emphasis to their goal in helping to build up “governance capacity” in those countries emerging from conflict (state-building), as well as guiding them into a market-driven economic reconstruction. From then on, the role of the international actors in most conflict contexts has been paramount but highly controversial. The promised results have rarely been reached and, instead, international intervention is blamed for some structural problems most war-torn countries have faced in the past twenty years. Hence, the international community has been accused of prioritising their own agendas and interests over local population interests; of implementing an orthodox state-building model, both at the institutional and socioeconomic level, and the consequences of this.²⁵

In this regard, there is an extensive literature on reconstruction arguing that the role of the international community should be much more limited, and that local strategies should be promoted instead. Some scholars even argued that it is possible to reach a lasting peace, a systematic reduction in violence, and even post-war political and economic development in the absence of international intervention.²⁶ Others considered instead that the existing model needs to be improved, but through a deeper commitment of international actors in reconstruction and deeper and longer-lasting international interventions.²⁷

During the conference most experts showed a highly critical view of the role the so-called international community tends to play both during and after conflict. In this regard, the role some international actors are currently playing in MENA countries was strongly condemned, given their direct military and political involvement. Some experts even claimed that some of the ongoing wars in MENA, especially the Syrian war, cannot be considered as a civil war due to its complexity and to the strong involvement of regional and international actors in the conflict. In this regard, it is worth remembering that the Syrian war is a typical example of internal wars in the post-cold war era, defined by some experts as post-modern civil wars.²⁸ As mentioned, the post-Cold War world witnessed a new warfare model worldwide. Since the late 1980s, wars do not correspond with the Clausewitzian idea of inter-estate/intra-estate war, where there is a clear division between government, army and people. Those new conflicts are mainly intra-estate and they tend to be much more complex and messy than the traditional civil wars: they involve a wide variety of actors (official armies, war lords, militias, paramilitary group, mafias and criminal groups, etc.)

²⁵ See section 1.

²⁶ See Weinstein (2005). op. cit. or Coyne, C.J. (2006). Reconstructing weak and failed states: Foreign intervention and the nirvana fallacy. *Foreign Policy Analysis*, 2(4), 343-360.

²⁷ See Rathmell, A. (2005). Planning post conflict reconstruction in Iraq: what can we learn? *International Affairs*, 81(5), 1013-1038.

²⁸ Berdal, M. (2003). How 'new' are 'new wars'? Global economic change and the study of civil war. *Global Governance*, 9(4); Salmon, J. (2006). *Militia politics the formation and organization of irregular armed forces in Sudan (1985-2001) and Lebanon (1975-1990)*, PhD Dissertation, Berlin University.

and entail the involvement of an important number of external actors, both officially and extra-officially. Thus, these wars tend to have a remarkable transnational dimension accentuated by the globalisation and financial deregulation. Similarly, the objectives leading to war tend to degenerate rapidly, with each actor and organisation pushing for its own agenda and interest. Hence violence becomes an institutionalised instrument of accumulation, which contributes to the perpetuation of those conflicts.²⁹ Consequently, the Syrian war, as well as the current conflicts in Iraq (at least since 2006) and Libya can be considered the typical intra-estate war in the post-Cold War era.

Most experts considered that the involvement of the international community is needed, although suggesting some changes in the way these actors and organisations operate in the current wars and future reconstruction processes.

On the one hand, the role of international actors differs according to each organisation or institution, since so many different types of organisations get involved in the reconstruction processes: the UN and regional multilateral organisations and stakeholders, the international financial institutions (IFI), advocacy groups, development agencies; private security corporations; multinational corporations; non-governmental organisations, etc.³⁰ Each organisation should have a different and clearly defined role, but they should coordinate efforts, work in the same direction, and follow similar goals. Likewise, international actors need to be clear in the definition of the short-term and long-term goals. In this regard, it was recommended that aid should be addressed in such a way as to make international involvement unnecessary in the medium term. Aid policies should engage/promote these countries to self-sustainability.

On the other hand, experts strongly advocated moving beyond the traditional top-down approaches. International actors should work more closely with civil society, especially with local authorities and local leadership, from the very first moment, in order to empower these kinds of actors. Hence, a locally adapted and realistic approach to reconstruction was defended.

29 Billon (Le), Ph., Macrae, J., Leader, N., & East, R. (2000). The political economy of war: What relief agencies need to know. *Humanitarian Practice Network*, Network paper, 33; Berdal, M. (2003). op. cit.; Rubin, B. (2000). The political economy of war and peace in Afghanistan, *World Development*, 28(10), 1789-1803

30 Billon (Le), Ph., Macrae, J., Leader, N., & East, R. (2000). op. cit.

Key Priority Sectors:
Energy and Transport Infrastructures

Obviously, rebuilding national energy and transport infrastructures was considered key, and not only due to their strategic value but especially due to the impact they may have in the development of the national economy, especially in areas such as health, sanitation, food distribution or even education.

Thus, the reconstruction of infrastructures cannot be considered as a simple exercise in investment, based on short-term ad-hoc measures. Social, political and institutional reforms must be tackled before launching any significant reconstruction infrastructure project. As a consequence, when it comes to facing the reconstruction of national infrastructures the main obstacles are not technology or lack of resources but lack of social cohesion, dysfunctional economic structures, weak public institutions, lack of transparency in tenders and procedures, limited incentives for foreign investors and insecurity, and in certain cases widespread corruption. Targeting these challenges and creating an effective framework that would facilitate the stabilisation of the local economy and society, as well as rebuilding institutions, while implementing good governance structures, will be crucial for the reconstruction process and a proper planning and management of critical infrastructures.

To achieve these goals, projects should be planned evaluating their long-term impact, and coordinating the main international, national and local actors and stakeholders was recommended. Experts stressed that cooperation between the international private sector and their local counterparts serves to transfer knowledge, good practices and planning, while promoting local skills for durable and sustainable maintenance. Moreover, international stakeholders should encourage strategies that could avoid redundancies, while enhancing transparency, good governance, reconciliation patterns, as well as local approval. It is important to note that any project seen as an external imposition on the country might raise some suspicion and lead to the withdrawal of certain local groups. In this respect, participatory decision-making processes were considered very important.

**Shaping the News Spaces of Coexistence
through Urban Planning**

Even though urban planning in post-conflict scenarios tends to be perceived as a neutral practice, it is an inherently political critical process in the aftermath of any conflict. Actually, urban planning is a political, economic and social issue, especially important for reconciliation processes. Urban reconstruction in this kind of context means dealing with fractured societies, broken identities and scarce resources. These fractures need to be counteracted both at sub-national and national level. Otherwise, divisive issues could fuel further imbalances and grievances, which could have destabilising consequences in the future. Likewise, in the last decades, a liberal market-led model of urbanism has largely privileged interests of certain elites, to the detriment of public interests. That was the case in Lebanon. The Lebanese urban reconstruction model cemented war divisions and segregation between peri-central and peri-urban areas, while destroying the urban identity and heritage of the city. Similarly in Beirut, local inhabitants have been forced to leave the city centre to the benefit of elitist interest.

On the other hand, avoiding ghettoisation is paramount for an inclusive reconstruction, and for constructing new social structures after the war. Under this logic, it is important to keep in mind the way refugees and displaced populations have been traditionally managed in post-conflict contexts. Establishing refugee camps might be convenient for international donors, yet they can lead to negative consequences for national and local authorities in the countries where they are established. Moreover, especially when it comes to dealing with internal displacements in war-torn countries, there is a tendency to concentrate displaced people in concrete parts of urban areas, and, once they are settled, in prolonged conflicts, as is usually the case, these populations become ghettoised. These ghettos are characterised by lack of urban planning and the absence of the rule of law, which inevitably generates informality in political and economic terms. Moreover, even more dangerous, most of the time ghettoisation is based on ethnicity, religion or colour, depending on the case, which may perpetuate war grievances in peace periods. In this regard, experts claimed that guaranteeing urban continuity in the cityscape and creating more porous urban borders is crucial for implementing reconciliation policies, and socioeconomic integration. Humanitarian capital would be better spent on looking for alternative ways of supporting displaced populations, whether across borders, as refugees, or internally. The capital spent generating camps as temporary solutions can be hugely leveraged looking at strategic ways to support displaced populations inside cities, creating permanent, formal settlements. In a similar vein, as mentioned before, a greater awareness of rural areas among donors and stakeholders was strongly recommended in order to avoid or minimise rural exodus toward cities.

Architecturally, a degree of continuity should be conserved through the preservation of those elements that contribute to the city's heritage, soul and memory. Hence, a more

holistic and respectful attitude towards the city, in terms of the heights of buildings, urban fabrics and paths, and symbolic parts of the city was supported. In this regard, the case of certain specific experiences in Iraq showed the benefits of this kind of approach to urban reconstruction. They showed the advantages of incorporating different professionals in the reconstruction teams – architects, urban planners, religious leaders, economists and sociologists –, as well as the importance of working in a three-scale approach to rehabilitation: metropolitan, neighbourhood and local. This same experience also showed the need for better coordination between national authorities and local stakeholders for the continuity and success of any projects.

Conclusions

The Barcelona meeting was a first appraisal of some key lessons learned from previous experiences for the future of these MENA countries currently at war. These lessons were mostly focused on the physical reconstruction of post-war countries, although the debate about models, timing and actors involved in reconstruction processes was also very present. Meanwhile, in Madrid, the experts focused on political and socioeconomic matters, although once again the lessons learned in the past were also very prominent. Four main aspects can be highlighted out of these two meetings.

First of all, it can be said that most experts in both meetings were critical of the traditional state-building approach. As they pointed out, these internationally-led and standardised formulas do not usually match local realities and they have turned out to be inefficient. They have tended to generate further imbalances, grievances and dependency in war-torn societies. Critics were especially harsh in the Madrid meeting, where the very idea of the so-called “liberal peace” was strongly criticised. Experts denounced the fact that the traditional peace-building and state-building approach is directly linked to the mantras of democratisation and economic liberalisation, which do not fit the realities of countries such as Syria, Iraq or Libya. Thus, most experts claimed that the international community should leave aside the liberal socioeconomic and political narrative to design a more pragmatic approach for economic and political reconstruction in these countries, based on power-sharing logics, and being very aware of local realities.

Secondly, experts stressed that the top-down or state-level approach should also be reconsidered, and called for a greater role for local authorities and locally adapted solutions. They agreed on the need for economic and political decentralisation as a way to be more efficient and inclusive. In the same way, most experts favoured a slower process that could help, first, to design local institutions compatible with specific historical and political contexts and, second, help to forge strategies of economic development that would allow the country to finance its own state-building costs over time.

Third, there was also some consensus on demanding that the international community changes the way it tackles peace-building, state-building and reconstruction. It was argued that international actors need to improve their coordination, as well as to identify better short-term and long-term goals. However, the priority raised was the need for a real commitment of international actors to local reconstruction, based on what these countries and these societies actually need, and not to prioritise the interest of these international actors.

Not all the attendants shared these criticisms of the model. In fact, the two meetings have been a clear reflection of the current debate among experts and stakeholders on

reconstruction. Some experts, especially those representing multilateral organisations and financial institutions, continued to defend the liberal peace model and a strong presence of the international community in the future reconstruction of these countries. Finally, the traditional approach to reconstruction as a physical aspect has been overcome. Reconstruction is seen as a holistic process, and the physical reconstruction is important as long as it serves social reconstruction, which is considered the main priority. Terms such as reconciliation, inclusiveness and reconstruction of the social fabric are part of the core of any reconstruction project and debate, even when it comes to designing the physical reconstruction of these countries.

In this regard, experts agreed on the idea that the success or failure of a reconstruction process will depend very much on the capacity to rebuild and restore the human capital in these countries, which is necessarily linked to the situation of refugees and the diaspora. As experts pointed out, if the international community really wants to contribute to reconstructing these countries, it should start urgently investing in the education and working capacities of these people. Moreover, in the future, specific policies should be implemented to attract the diaspora and their money back to their countries.

IEMed.

The European Institute of the Mediterranean (IEMed), founded in 1989, is a consortium comprising the Government of Catalonia, the Spanish Ministry of Foreign Affairs and Cooperation and Barcelona City Council. It incorporates civil society through its Board of Trustees and its Advisory Council formed by Mediterranean universities, companies, organisations and personalities of renowned prestige.

In accordance with the principles of the Euro-Mediterranean Partnership's Barcelona Process, and today with the objectives of the Union for the Mediterranean the aim of the IEMed is to foster actions and projects which contribute to mutual understanding, exchange and cooperation between the different Mediterranean countries, societies and cultures as well as to promote the progressive construction of a space of peace and stability, shared prosperity and dialogue between cultures and civilisations in the Mediterranean.

Adopting a clear role as a think tank specialised in Mediterranean relations based on a multidisciplinary and networking approach, the IEMed encourages analysis, understanding and cooperation through the organisation of seminars, research projects, debates, conferences and publications, in addition to a broad cultural programme.

