

# Policy Formulation in a Multi-Donor Aid Context

An ethnographic reading of the early dynamics of Lebanon's post-war reconstruction

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## Introduction

During the 1990s, 'effectiveness' was the focus of many studies on aid. In such studies, aid is conceived as an anti-poverty investment, with a focus on the results extracted (or not) from it (e.g. Dollar and Pritchett 1998). Those studies have led to re-conceptualising the role of assistance in line with a new development paradigm, where 'effective aid' requires a holistic long term strategy in which the interdependence of all elements of development – social, structural, human, governance, environmental, economic, and financial, are taken into account. This paradigm advocates a leading role for the beneficiary country, both 'owning' and directing the development agenda, with donors defining their support in their respective business plans. It focuses on stronger 'partnerships' among governments, donors, civil society, the private sector, and other development stakeholders in implementing the country strategy.

And it supports a transparent focus on development results to ensure better practical success in reducing poverty.<sup>1</sup>

Aid as a social construct has, however, attracted relatively little interest and remains something of an enigma. Looking at aid ethnographically, as the outcome of a complex process of interaction between and among social actors (donors and governments), one may raise some serious questions about the extent to which meeting all or even some conditions of this newly evolving paradigm is realistic in developing countries. An understanding of the workings of the policy arena in which donors strive to set the agenda, determine the discourse and compete for involvement in the few favourable projects, while recipients have few capacities, may shed a light as to why such conditions are seldom met.

This paper is one attempt to operationalise this ethnographic research path by looking at the reconstruction of post-war Lebanon as an 'aid enterprise.' It focuses on the policy dimension of reconstruction and analyses how the various actors in development assistance define and negotiate this policy. It postulates that the years of war created a policy vacuum that the first post-war cabinets could hardly fill. Development agencies, on the other hand not only provided the necessary resources to assist the government initiate the reconstruction, they were also strategic players whose interactions yielded significant, longer-term meaning(s) to the endeavour of 'reconstruction.' The analysis shows that the rhetoric of crisis and urgency is used to create a need for external intervention in line with the overall development agendas of the major donors. In particular, this essay argues that donors can be seen to vie for control over specific realms of economic and policy 'space.' With an essentially weak government after years of war, the ground is set for donors to compete over how to fill the policy vacuum.

To analyse aid to post-war Lebanon as a social transaction, the paper will focus on the Lebanon Aid Co-ordination Meeting (LACM) that took place in

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<sup>1</sup> The Comprehensive Development Framework (CDF) of the World Bank and the United Nations Development Assistance Framework (UNDAF) are two examples of such developments.

Paris in 1991 (also known as Paris I). The conference was a watershed in development assistance for post-war Lebanon. It was organised and chaired by the World Bank,<sup>2</sup> and it brought together major donors as well as the Government of Lebanon (GOL) with the aim of mobilising resources for the daunting task of reconstructing the country after a devastating civil war. The GOL presented a list of projects for financing (LACM 1991d, 1). Representatives of the key development agencies, on the other hand, made statements that mainly described visions of and approaches to Lebanon's reconstruction.

Statements made by the United Nations (UN), the World Bank (WB), the International Monetary Fund (IMF), and the International Finance Corporation (IFC) (grouped under the Bretton Woods Institutions), the United States Agency for International Development (USAID), the European Union, and Arab donors constitute the ethnographic data of this paper. The donor statements are read as policy discourse, and will be studied to extract the policy meanings from situations and processes that antedate post-war reconstruction. As such, development agencies are approached as policy entrepreneurs engaged in a 'persuasive discourse' where ideas (seek to) effect change in a certain direction (White, as cited in Gasper & Apthorpe 1996, 10; Shore & White 1997, 7). Unfortunately, a GOL statement is not available for ethnographic probe, nor is the list of projects that it presented to the meeting. The paper will attempt to identify the GOL position from the donor statements.

Policy ethnography is undertaken in two stages. In a first stage, the policy positions of actors on reconstruction will be identified and examined. This will be accomplished by means of a 'stakeholder analysis' that maps the ideologies of actors (Gasper 2001, 2). Besides enabling a mapping of policies, discourses through which policy operates can offer insights on the workings of power (Shore & Wright 1997). Hence, in a second stage, the paper attempts a

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<sup>2</sup> The meeting came as a result of informal consultations by the Bank with potential aid donors, governments and agency representatives during the World Bank's Annual Meetings in Bangkok in mid-October 1991 (LACM 1991d, 1).

political reading in the reconstruction policy as defined 'jointly' by several actors in the Paris I meeting.

The paper is divided into five sections. The next section elaborates on the policy vacuum that prevailed in Lebanon after the civil war. Section 3 undertakes a stakeholder analysis and maps the policies of development agencies present in Paris I. The fourth section looks at the power plays and related dynamics underlying the policy mapping. The last section summarises and concludes the paper.

## The policy vacuum in post-war Lebanon

Before the civil war, Lebanon had a vibrant economy premised on a free-market capitalist model and was one of the few democracies in the Middle East. The Lebanon civil war erupted in 1975 and left deep scars in the socio-economic fabric of the country. Domestic economic activity declined sharply, the infrastructure was largely dysfunctional, and the society was torn apart, with huge human and institutional losses (El Ghaziri 1997, 43-44).

The war ended in 1989, when a National Accord was concluded among the fighting Lebanese factions. This was followed by a period of normalisation during which central government gradually re-established its authority over the Lebanese territory, held parliamentary elections, and launched the reconstruction process with (financial) assistance from a plethora of donors (Development Co-operation Report 1992).

Due to the uncertainty left over from the civil war, the first few years after the cessation of hostilities were still characterised by a general focus on survival. With such a focus, long-term planning was hardly practised (Plumpture & McQuillan 1993, 2). More importantly, the government climate was not conducive to pondering longer-term or complex policy issues. The integration of warlords in government institutions inspired a climate of distrust among politicians (*ibid.*, 4-5). It also impaired policy and decision-making in the Council of Ministers (Knox 1992, 15). Ministers, especially those recruited

from among the warlords, were focused on their own factional interests. Instead of being unified and driven by a sense of purpose, the Council of Ministers -- the highest executive authority in the GOL -- was a loose collection of individual and sectarian interests with little or no capacity to develop a sound policy framework.

Policy-making capacity was further undermined by the human resource losses inflicted by the war. The public administration in general and the core civil service in particular, suffered from a large number of vacancies at senior levels. Many of the persons appointed to such positions during and immediately after the civil war lacked the experience necessary for policy analysis (Knox 1992, 13). This quantitative and qualitative shortage further undermined GOL capacity to think through complex policy problems (Plumpture & McQuillan 1993, 3).

Given the depleted situation of ministries, the Council of Development and Reconstruction (CDR) was entrusted with the task of reconstruction. By virtue of its mandate, CDR performs three interrelated roles. It plans and programs reconstruction; it co-ordinates aid supporting such programs, and it ensures their implementation. Not itself unaffected by the civil war CDR had to undertake an immense task with limited human and material means. Under such conditions, it is understandable that its reconstruction planning and programming approach was, at best, incremental.

### Emergence of the multi-donor/multi-policy context

Donors were already active in Lebanon before the end of the civil war. In 1978, the United Nations Secretary General (UNSG) had appointed a co-ordinator for the United Nations Assistance for the Reconstruction and Development of Lebanon (UNARDOL). Several UN agencies, especially UNDP, provided relief assistance. With the end of hostilities, those agencies gradually shifted their attention from relief to reconstruction (Attigua 1991).

In December 1990, the GOL requested UN assistance in reconstruction. Several responses to this request came in 1991. In July 1991, the UNSG despatched the UN Inter-Agency Needs Assessment Mission to Lebanon to 'undertake an initial assessment of Lebanon's reconstruction and development requirements and to gauge the social and economic needs of the country.' While mainly a UN effort (featuring UNARDOL, UN specialised agencies, and a number of UN offices), the World Bank (WB) also participated in the mission. Following the mission report, the UN General Assembly issued a resolution inviting the member states and international organisations to extend financial and technical assistance to Lebanon (Attigua 1991, 2).

In October of the same year, the World Bank sent a data-gathering mission to make a preliminary assessment of the economic situation and identify pressing rehabilitation needs in priority sectors (LACM1991d, 1). After those two assessments, the Aid Co-ordination Meeting on Lebanon was held in Paris in December 1991.

Ideology mapping of the various donors present in Paris I examines the meanings those actors allocate to Lebanon's reconstruction in order to understand how they negotiated the reconstruction among themselves. This mapping shows how each of the development agencies uses its own development lens to project Lebanon's reconstruction. In most cases, what the statements say is a 'good reminder' of the ideology discourse typical of each agency. Most notably, statements highlight the differences between the market economy-based development discourse of the Bretton Woods Institutions, on the one hand, and human and regional development as visualised by the UN institutions and the EU respectively.

## The Bretton Woods Institutions

Reconstruction along the lines of the pre-war market economy was a direction emphasised by the Bretton Woods institutions and the US, and echoed by Arab donors. The vision implies an absence of central government intervention and seeks the restoration the country's pre-eminence as a regional

services and financial centre (Koch-Weser 1991, 1; LACM1991f, 1; 1991I, 2; 1991j, 1).<sup>3</sup> The role of the state in this vision is merely limited to creating the 'right' macro-economic framework for the private sector to thrive.

## The World Bank

The World Bank focuses on economic aspects of reconstruction, conceptualised in an economic policy framework. It suggests assistance to involve the establishment of an aid co-ordination mechanism that would assist Lebanon in the formulation and implementation of economic policy (Koch-Weser 1991, 1; World Bank 1991, 1):

...the Government...put(s) in place the necessary policies which can re-ignite and accelerate the economic development of Lebanon...Lebanon requires assistance in formulating medium-term policies and programs for national recovery... (ibid.)

The second immediate concern in the World Bank discourse is fiscal:

the maintenance of the current price and exchange rate stability (so important for an open economy like Lebanon) depends on expected international capital flows, continuous Central Bank's intervention, in the exchange market, and on efforts to control the presently high domestic debt which has... been fuelled by...(a) still large fiscal deficit (ibid., 1-2).

The World Bank opts for a two-pronged assistance strategy. On the content front, it targets infrastructure rehabilitation with a particular focus on telecommunications, electricity and water<sup>4</sup>. In order to finance the reconstruction of those main sectors, it proposes that Lebanon resort to external borrowing combined with private sector financing.<sup>5</sup>

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<sup>3</sup> Note should be made here that market orientation remained unchanged throughout the years of the civil war.

<sup>4</sup> The chairman of Paris I, a World Bank official, was quoted as saying: "By all accounts, major physical impediments are still retarding the process of economic recovery: the lack of electric power, telephones, and skilled and semi-skilled work force" (Koch-Weser 1991).

<sup>5</sup> The argument for external borrowing is built as follows: "The country's public civilian external debt is about US \$ 250 million; this only amounts to 8 percent of GDP, with a debt service to exports of goods ratio 3 percent. Clearly, assuming that ... the fiscal deficit continues to shrink, Lebanon should be able to service additional debt, even on commercial terms. But why should Lebanon borrow when it has about US \$ 1.2 billion in foreign exchange reserves and about US \$ 3.3 billion

## The IMF

Like the World Bank, the IMF statement has a policy emphasis. It qualifies the policies of the Lebanese authorities as aimed at 'bringing about stable monetary conditions'. It further notes that 'policies need to be strengthened in other areas and foreign technical assistance will have an important role to play' (LACM 1991f, 5).

## The IFC

In a tone that resonates that of the World Bank, IFC combined focus on the economy and the private sector. In fact, IFC considered itself to be a 'natural partner' of Lebanon 'given the private and free market economic system which prevailed in (the country) before the civil war...'. (LACM 1991g, 1).

It suggests growth as a path on the road to retrieving Lebanon's pre-war prosperity. Growth would have to be explicitly private sector-led. This provides the IFC with the rationale to offer assistance in particular sectors:

...the following areas are a priority for a country that has a service-based economy and are therefore of priority interest for direct IFC support: telecommunications..., infrastructure... (including) toll roads bridges, tunnels,... electric power plants..., port services..., the construction sector..., tourism and hotel services..., (and the) financial sector... (LACM 1991g, 7).

## USAID

The starting point of USAID is economic, with a sense of urgency in the matter: '...(there is an) urgent need to revive the economy of Lebanon. This is essential to improving the lives of the people of Lebanon who have suffered through sixteen years of civil war.' Primacy goes to the establishment of an environment conducive to the resumption of *growth* (LACM 1991i, 1). Within

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worth gold?...I have already described the nature of the foreign exchange reserves accumulated at the Banque du Liban. Regarding the gold reserves, they provided Lebanon with vital financial security as well as currency support throughout 16 years of war. It would seem prudent to maintain the gold assets until full confidence and sustained economic growth are restored." (Ibid., 3)



Lebanon's free market tradition, such growth would be private sector-led, and the private sector would be the main source of funding for the reconstruction.

In further detailing his vision, the USAID representative mentions that: '... the Government of Lebanon will need to improve and maintain ... (a) favourable economic policy environment to encourage...entrepreneurial capital.'

The reconstruction of the infrastructure is viewed as key for private sector-led development. Though this requires GOL intervention, the private sector is seen as a better vector for the reconstruction of the infrastructure, especially in the power and telecommunications sectors (ibid., 3).

## The United Nations

In line with the approach of the UN statement in the Paris I Meeting, the category 'UN' referred to in this paper encompasses three actors: the UN, UNARDOL, and UNDP. It will be abbreviated as UN(DP).

In a striking contrast to the Bretton Woods institutions and USAID, the UN statement outlined the UN vision of assistance to Lebanon's reconstruction as one that concentrates on human development and reform of the civil service. A strategy of UN assistance is concerned with all aspects of human development. It focuses on education, primary health care, and the promotion of rural areas (Attigua 1991, 6).

The UN goes on to state that while Lebanon's decimated infrastructure -- telecommunications, electricity, and water supply -- are unquestionably top priorities, they are not the only areas in desperate need of rehabilitation. 'Equal' priority must be given to the immediate humanitarian and human development needs of the Lebanese people (ibid.).

Clearly, any comprehensive strategy for the country must...also incorporate and target the full human rehabilitation of the Lebanese people themselves (ibid.).

In contrast to the Bretton Woods Institutions' concern with making (private) capital available for reconstruction, the UN representative emphasises the need for *technical assistance* (Attigua 1991). This is explained by the fact that the UN system is a relatively small donor short of financial resources. Its comparative advantage is in using limited resources as seed or 'starter' money that serves as a pre-investment to attract follow-up financing, to provide grant technical assistance in support of key infrastructure investment priorities or to assist in the design and implementation of critical national programmes (Ibid.).

### European Assistance

Both the European Commission (EC) and the European Investment Bank (EIB) participated to Paris I. Only the statement of the EIB is available. Some aspects of it are useful in understanding European approaches to assistance to post-war Lebanon.

While Bretton Woods Institutions and UN statements are ideologically vocal, the EIB statement features an institutional-regional focus. It starts by identifying Co-operation Agreements with the European Community as the foundation for assistance to Lebanon. Lebanon falls in the 'Southern Mediterranean Countries' category, which benefits from the Community's 'Redirected Mediterranean Policy', the main stream to channel EC assistance. Though 'off-Protocol' assistance is also possible, 'financial protocols' constitute the mechanism for assistance (LACM1991h, 1).

### Arab Assistance

Two documents are available about the role of Arab actors in the Paris I Meeting. They are the statements by the general director and board chairman of the Arab Monetary Fund and a press release about the signature of Loan Agreement between the GOL and the Arab Fund for Economic and Social Development.

The attitude of Arab donors towards Lebanon seems to be a 'brotherly' and generous one. While other donors were busy with policy rhetoric as a prelude to committing assistance, the Arab Fund for Economic and Social

Development signed a loan agreement to the tune of US \$ 75 million on the second day of the conference. The loan assists the rehabilitation of power generation, transmission and distribution, and provides technical assistance to the Electricity Authority of Lebanon (AFESD 1991).

The economic and infrastructure orientation of the loan and the Arab/regional rhetoric is also worth noting. In fact, the starting point of the Arab Monetary Fund (AMF) speaker is economic:

...the economy in its various sectors is stationary, inflation remains at high levels, public sector indebtedness is increasing... Nevertheless, Lebanon was able to preserve its well known characteristics of free economy. In fact, new legislation and new institutions (in Lebanon) emphasise the importance of free financial markets and seek to restore their leading role in economic development of the country... (LACM 1991j, 3).

Yet, unlike the external borrowing and private sector orientation of the Bretton Woods Institutions for example, Arab aid is focused on inter-Arab complementarity. It aims at reducing Lebanon's dependence on foreign aid and at promoting the Lebanese financial market and inter-Arab trade. The latter is expected to strengthen the performance of the external sectors of Arab economies (Ibid.).

## Dynamics of reconstruction policy: From narratives to power games

The section above has identified the policy positions of the development agencies involved in Lebanon's post-war reconstruction. It also highlighted certain differences among them. Most notable among those are the economic policy positions of the Bretton Woods institutions compared human/social rhetoric of the United Nations. However, if policy mapping is to exceed the static assignment of donor positions, the dynamics that accompanied their formulation should also be analysed.

Actors 'exploited' their policy positions. It is interesting to remark, for example, that the UN statement explicitly disputes the economic/infrastructure focus of the Bretton Woods Institutions. Probing such dynamics is a delicate and highly interpretative, yet necessary element in understanding the formulation of reconstruction policy in a multi-donor aid context. Those dynamics concern two aspects of aid interactions. The first aspect relates to donor-donor relations. On this front, data collection and distribution, co-ordination of reconstruction assistance, and the programming of reconstruction appeared to be the subject of tensions between the World Bank and UN(DP).

The other aid interaction relates to donor-Government relations. Here it is noteworthy to see how the policy vacuum that we identified earlier on is easily filled with the 'ready made' policy discourse of the various donors. In fact, one conclusion from the Paris I proceedings may be that little to no input is sought from the GOL in determining the shape of its reconstruction. The subsequent result of this lack of 'partnership' may have been that the money pledged by the various donors is characterised by a 'project by project' approach that does not fit in a larger framework for reconstruction claimed by donors.

### Inter-Donor Relations

One of the effects of the war was the absence of any statistics or reliable information about Lebanon (El Ghaziri 1997, 45). Information was valuable in the early post-war period, and donors were in a privileged position to produce it. The UN and WB 'needs' and 'economic' assessments mentioned earlier provided a main source of estimates of Lebanon's requirements for technical and financial assistance (World Bank 1991, 1). Yet, donors seem to have disputed the very production of data. One example is the economic assessment mission of October 1991. While the WB owns the final product of that mission, the UN representative wishes to assert UN credit in it. An earlier draft of his speech to Paris I includes the following statement about the economic mission:

The work of this World Bank/UNDP mission is also reflected in the documentation before you (Attigua 1991, 5).

Document distribution at the occasion of the Meeting provides another example of the UN(DP) – WB dispute. A letter from the Vice-President and Secretary to Paris I participants reveals that the World Bank report<sup>6</sup> was initially distributed to participants ahead of the UN Inter-Agency mission (July 1991) and the Project Profiles prepared by the GOL, and perhaps as the only document (LACM 1991c).

Though shared, information seems to have been used separately. Donors favoured their own sources of information. The World Bank refers mainly to the findings of their economic assessment mission. The UN, on the other hand, utilises the report of the UN Inter-Agency Needs Assessment mission (Attigua 1991, 3).

Like the information on the Lebanon reconstruction needs, ownership of Paris I was disputed by the UN and the World Bank. In fact, while the final draft of the UN representative speech mentions the World Bank as the initiator and organiser of the meeting, an older draft reveals a wish to label the meeting as a joint World Bank/UNDP initiative (Attigua 1991).

Another area of dispute is aid co-ordination. All donors raised the issue of co-ordination to varying degrees. Yet, most emphatic about it was the UN. With reference to the creation of a Trust Fund for Lebanon in 1978,<sup>7</sup> the UN representative suggests the adoption of a central co-ordination mechanism under UN sponsorship. Highlighting the advantage of the 'neutral role of the UN system as an instrument of multilateralism,' the UN representative invites

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<sup>6</sup> This report is dated 2 December 1991. It was finalised 10 days before the Meeting and it is titled: Recent Economic Developments and Emergency Rehabilitation and Technical Assistance Needs in Selected Priority Sectors.

<sup>7</sup> The Trust Fund accompanied the establishment of UNARDOL during the same year. It was created to provide a mechanism through which aid can be channelled to the key sectors of the Lebanese economy

participants to Paris I to contribute resources for the reconstruction of Lebanon to/through the Trust Fund (Attigua 1991, 8).

By proposing the Trust Fund as a co-ordination mechanism since 1978, the UN asserts its primacy as having been the initiator of a mechanism to co-ordinate aid for the reconstruction of Lebanon. With primacy as a justification, the UN insists on hosting the co-ordination function. It supports its aid co-ordination plea through seeking a 'programmatic approach' to Lebanon's reconstruction:

These essential steps must be taken to stimulate the design of long-range programmes and mechanisms necessary for effective reconstruction and development of Lebanon"; 'the combination of well designed programmes and long operational experience on the ground can make (the UN system) very attractive for ... donors (ibid.).

While rationalising initiative towards reconstruction, a program is also a tool of control. The 'starter' money that the UN invests in the program provides the 'impulse' to start more major activities. Program co-ordination allows the UN(DP) a direct input in the design of the overall program within which major donors pledge funds. Once the program is formulated, resources from multilateral development agencies are pledged into it. The UN keeps a 'golden share' through cost-sharing arrangements with those donors (Attigua 1991, 7-8). 'Capacity building', an approach typically favoured by UNDP, further strengthens control through the programmatic framework. Through such an approach, UN(DP) is directly involved in the staffing of units created to 'manage' particular components of the reconstruction program (de Clercq 2002). The whole 'arrangement' is complete with UN(DP) presence in the field. In 1991, a new UNARDOL co-ordinator was appointed in Lebanon to co-ordinate UN assistance to Lebanon. The incumbent was also appointed as the Resident Representative of UNDP in Lebanon.

A sense of urgency ensures early legitimisation of the programmatic framework. The UN statement emphasises the importance of funding in order

to move 'quickly' from programming to implementation. Hence the call for advance contributions by donors to the eventual program:

Mechanisms within the UN system to provide assistance to Lebanon should be activated to move from programme conceptualisation to implementation as rapidly as possible... In order to be able to do this we do need additional funding... On behalf of the Secretary General I would like you to consider making contributions to the ... Trust Fund for Lebanon. This will provide the needed resources to jump-start Lebanon's economic recovery (Attigua 1991, 8).

Pleas by the United Nations would have been trivial if the World Bank did not wish to play a key role in the co-ordination of aid to post-war Lebanon. Paris I was sponsored by the World Bank and qualified (by the Bank) as the 'first aid co-ordination meeting on Lebanon.' In support of an 'economic' reconstruction led by the private sector and supported by external borrowing, the statement of the World Bank suggested the creation of a co-ordination mechanism to 'assist GOL develop appropriate policies.' In that same line, the meeting was closed with a proposal to establish a Consultative Group for Lebanon (World Bank Press Release 1991).

Generally held in Paris, Consultative Groups are high profile events in aid co-ordination organised by the World Bank. A primary forum for pledging assistance, they often witness extensive policy discussions with a focus on macro-economic issues and economic growth. Sustainable human development, mainly a UN(DP) agenda, is less pronounced during Consultative Groups (Silva 1999).

Consultative Group meetings held for a particular country generally reassert the upper hand of the World Bank in most stages of assistance (Silva 1997). In the case of Lebanon, it implied direct influence by the Bank on issues ranging from policy making on reconstruction, to co-ordination of donor resources for reconstruction, to a close monitoring of implementation. The Consultative Group for Lebanon was supposed to meet in Paris in 1993. Several internal and external factors, however, impeded it.

## Donor-GOL Relations

Statements and/or other contributions made by the GOL during the Paris I meeting were not available for the stakeholder analysis undertaken in the third section of this paper. In spite of this shortcoming, the paper will strive to extract the meaning assigned to the position of the GOL from a close reading of the statements made by the various development agencies. Partially because of the policy vacuum described previously, those agencies are expected to portray the Lebanese government as a passive recipient. Further detail is revealed below.

The UN statement mentions that a “national strategy for Lebanon’s reconstruction” was included in the report of the United Nations Inter-Agency Needs Assessment Mission <sup>8</sup> (LACM1991g, 3)<sup>9</sup>. Besides this information, none of the donor statements mentions a significant GOL input in the identification and prioritisation of reconstruction efforts. The strategy was not referred to during the conference. Instead, the GOL presented a list of projects for financing by donors. This, in turn, can be inferred from statements made by some donor representatives.

While the World Bank ‘thanks’ the GOL for the ‘excellent collaboration and numerous courtesies’ extended to its missions, it does not mention the role of the GOL in assessing and setting priorities for World Bank (or other donor) role in reconstruction (LACM 1991e, 1). Following that same trend, its statement mentions ‘*our* preliminary calculations’ and ‘*our* examination’ (ibid., 4). Finally, it highlights that the amounts deemed necessary to finance the reconstruction of the key sectors as defined by the World Bank *match* the estimates presented by the GOL in its project list, and it asserts this correspondence as a sufficient reason for the meeting to concentrate on settling those financial requirements (ibid., 4).

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<sup>8</sup> The UN statement emphasises that this strategy benefits from the support of the United Nations.

<sup>9</sup> According to this document, the national reconstruction strategy occupied pages 15 to 24 of the Mission’s report.



Like the WB, the UN highlights its 'own' assessment. It qualifies the GOL role as one of 'commitment' to 'the task of reviving and rebuilding the economy', without identifying its actual input (Attigua 1991).

Donors' accountability at setting their priorities seem to be self-reflexive. Though four areas (telecommunications, electricity, water, and housing) are highlighted as 'selected' priority sectors for reconstruction and assistance in several Paris I documents, none of those mentions who defined those priority sectors, the justification, and the process of their selection. Only one of the meeting documents mentions that '(T)he Bank/UNDP mission has, instead, concentrated on the immediate rehabilitation needs in four selected priority sectors, namely: electricity, telecommunications, water, sewage and solid waste, and housing'<sup>10</sup> (LACM1991 e, 3). Here, the use of 'instead' indicates a contrast with a more 'comprehensive' approach adopted in the GOL strategy that was included in the report of the UN Inter-Agency Mission.

Apparently, however, it is the Government of Lebanon that is blamed for the lack of a holistic policy, lack of a reconstruction program, and a 'project by project' approach. This is reflected in the statement of the USAID representative who criticised the sector by sector/project by project approach and deplored the lack of a policy and/or program on the part of the government and/or CDR (LACM 1991i, 2).

What does such a comment mean when post-war Lebanon suffers from a policy vacuum on many fronts, including that of reconstruction/development? And what does it mean when the critics of the lack of a program advance visions of reconstruction? The same person that voices the critique above puts forward an economic/infrastructure 'vision' of reconstruction mentioned in the ideology mapping section.

A clearer example of the policy imposition process is provided in the IFC statement. In formulating its reconstruction vision, this institution not only

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<sup>10</sup> Among those sectors, only the latter is a UN emphasis. It refers to the problem of the displacement of thousands of people from their towns of origin because of the civil war (Attigua 1991).

insists that the free market economic model of pre-war Lebanon 'will *undoubtedly* continue during the reconstruction period', but it also urges that this continuity occurs along a 'fresh approach' (LACM 1991g, 1). Such an approach would involve reflections on the public versus the private role in certain public activities and assets such as electricity generation/distribution, road construction, or telecommunications network, and the fundamental revision of the regulatory framework governing them, with the aim of attracting private capital (ibid., 4). IFC suggests telecommunications as a first candidate for such an overhaul:

In order for Lebanon to capitalise quickly on the new developments, it is essential that the private sector be allowed to assume a major role not only in the installation, maintenance, and construction of communications systems but also in new services such as cellular, data transmission, and other value-added services. A pre-requisite would be some changes in telecom laws and regulations in order to define the role of future private operators, the monopoly status of the PTT, as well as provide for an appropriate regulatory environment (ibid., 5)<sup>11</sup>.

Taken at face value, IFC formulation of Lebanon's reconstruction is perfectly consistent. A country, which 'always' operated a free economy model, would continue to do so. The contradiction appears when the statement advocates the transition of the 'old' free economy towards a 'new' free economy. It is intuitively clear that the Lebanese tradition of free economy is used as an argument to support a revision of the role of the state in line with the model promoted by the Bretton Woods Institutions in the early 1990s. Such a model implies rolling back the state and opening economies to direct foreign investments as the path to development.

## Concluding remarks

The policy ethnography undertaken in this paper reveals different meanings allocated by different development agencies to the reconstruction of post-war

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<sup>11</sup> In the early 1990s, Lebanon contracted two European cellular companies to build the cellular network and operate it for 10 years.

Lebanon. The policy ethnography also helps identify the ways those agencies negotiated and disputed those meanings during a conference that brought them and the GOL together.

The first part of this concluding section will synthesise the stakeholder analysis and its underlying dynamics. The second part links the outcome of the ethnographic analysis of Lebanon's post-war reconstruction debate to the development paradigm of 'partnership' referred to in the introduction.

### Synthesis of mapping and dynamics

The discourse of the **Bretton Woods Institutions** is ideologically-loaded. They share an economic-cum-fiscal conception of the reconstruction. The preservation and possibly further strengthening of Lebanon's free-market economy is the cornerstone of their discourse. IFC further elaborates the policy focus as implying a 'fresh approach' that revisits the respective roles of the private and public sectors in the public domain, and seeks a 'fundamental' revision of the regulatory framework towards greater market orientation. External borrowing and private sector (funding) constitute the practical ingredients of the Bretton Woods policy vision. In particular, the reconstruction of the infrastructure should be private sector-led, and telecommunications is a first candidate for such a private-sector led reconstruction.<sup>12</sup> The policy position of **USAID** is similar to that of the Bretton Woods institutions.

The **UN**, on the other hand, diverges from this position. While it acknowledges the importance of economic revival and the reconstruction of the infrastructure, the UN claims social and human development in an

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<sup>12</sup> The paper will not further probe why the World Bank opts for this private sector led focus and its sectoral choice. It is however remarkable that it emphasises the telecom sector. One would assume that a country coming out of a destructive civil war would put its reconstruction priorities differently: putting more emphasis on the infrastructure "hardware" (e.g. roads, bridges, buildings), then on the "software" such as telecommunications. It is hence relatively easy to be swayed by the impression that the World Bank was using the need for reconstruction to bring in its ideological agenda of private sector-led development as pursued in many other developing countries.

emphatic manner, and it contrasts this vision to that of the Bretton Woods Institutions & USAID. The WB focuses on capital assistance while the UN is concerned with technical assistance.

The **EIB** appears to be an institutional/legal player in development. Its policy discourse is less vocal than that of the Bretton Woods/USAID. It is also differently focused with an emphasis not so much on economic identity, but more on the regional identity of the recipient (c.f. Mediterranean policy). It operates according to legal frameworks and adopts 'institutional entry points' to assistance.

Not so different from the Bretton Woods Institutions, **Arab donors** adopt an economic starting point to Lebanon's reconstruction. Their approach seems to be less policy-loaded and their assistance is 'easier'. This interpretation has been reiterated by development management personnel familiar with Arab aid to Lebanon (Issraoui 2002, Ramadan 2002). A typology of donor orientations on Lebanon's reconstruction are presented in the adjacent table.

Underlying the simple 'policy narratives' of the development agencies is their non-negligible competition over control of Lebanon's post-war reconstruction, especially between the UN(DP) and the Bretton Woods Institutions. The former frames its control in a 'managerial' form premised on programming and managing the reconstruction. The Bretton Woods Institutions, on the other hand, complement their managerial claims over the reconstruction process by a fierce ideological game, much stronger and radical than that of the UN(DP).

While development agencies asserted policy positions and disputed them in an implicit power game, the GOL suffered from a policy vacuum. If the outlook of post-war Lebanon reconstruction followed the policy mapping and dynamics outlined above, one would expect its broad lines to be as follows:

POLICY FORMULATION IN A MULTI-DONOR AID CONTEXT

Donor	Focal points	Sectoral Interest	Conditionalities	Amounts Pledged	Operational Aspects	Institutional Competitor
<b>WB</b>	The economy; fiscal stabilisation	Infrastructure (telecommunications, electricity, water)	Economic policy reforms, private sector participation in reconstruction investments Fiscal policy reforms	USD 1 billion loan (covering 1992-1994)	- External borrowing; - Private capital investments; - Aid co-ordination	UN(DP): - information and reports - aid co-ordination of programming of reconstruction
<b>IMF</b>	Fiscal and monetary stabilisation	Banking	Fiscal policy reforms			
<b>IFC</b>	Economy, growth, private sector	Infrastructure (telecommunications, electricity, services like tourism and hotels)	Economic policy reforms (Revision of the private and public sectors roles) Market-oriented economic policy	USD 50 million loan; worth USD 300 to 400 new investments annually.	- financial and technical assistance	
<b>USAID</b>	Economy, growth, private sector	Infrastructure (telecommunications, power)	Market-oriented economic policy			
<b>EU</b>	Regional focus (Mediterranean countries)		Legal/institutional frameworks of co-operation (protocols).	Mostly grant money; identifications in missions in dialogue with the GOL.		WB (in terms of financial weight)
<b>Arab</b>	Economic	An infrastructure focus (of the Arab Fund for Economic and Social Development) Housing, civil service reform	generous attitude towards post-war Lebanon	Signature of first loan of USD 75 million. 'seed money' to launch the formulation of a program	Inter-Arab co-operation	
<b>UN(DP)</b>	Human and social development				- technical assistance - programmatic framework - capacity building - field presence - aid co-ordination	WB: - information and reports - aid co-ordination - strong policy message

- 'Visioning' is assertively done by the Bretton Woods institutions, especially regarding the role of the state, free-market economy and privatisation; Elements of UN(DP) policy on human development emerge occasionally, though they are not strong enough to lead the policy scene of post-war reconstruction and development;
- UN(DP) plays a major role in organising and managing the reconstruction efforts. These are programmed in cost-sharing arrangements among several donors (mainly WB and UNDP), and supplied by human resources through the 'capacity building' approach;
- The EU is a 'solo' player in assisting Lebanon. Its policy agenda is less clear, and its priorities are obviously different from others, with a regional focus and a legal/institutional mentality;
- Arab assistance is financially generous, but less assertive on the policy and operational fronts;
- Donor assistance to post-war Lebanon is under-coordinated, with tensions and competition underlying inter-donor interaction, especially those between the World Bank and UNDP.

### Implications for the 'ownership' and 'partnership' paradigm of development

Proving whether the actual profile of country reconstruction matches the hypothetical description above is beyond the scope of this conclusion. Nevertheless, it assumes the hypothesis of policy imposition by the donors, and infers that this results from war-related facts that strengthen the 'donor factor' to an extent that undermine the notions of ownership and partnership premised in the current development paradigm promoted by leading development agencies.

The devastating impact of the war led to the assumption of *tabula rasa* for reconstruction (Plumptre & Mc Quillan 1993, 6). This assumption may not have been conscious among the relevant actors, but it implied a start from scratch that justified development agencies not only to provide assistance, but also to project new development models for a country in re-construction. Development institutions with their large apparatus and proven records in

developing countries could easily fill the 'policy vacuum'. Each sought to reflect its emphases, interest areas, and comparative advantages. The policy vacuum allowed them to play a dominant role in setting the direction(s) and pace(s) of the reconstruction effort, in the way outlined by hypothesis above.

The post-war sense of urgency directed attention to resources in a country in need of money, and kept those new ideas implicit. The ideas of strong donors were more easily assimilated (de Clercq 2002). One such group of donors is the Bretton Woods Institutions. Those have assertively formulated the reconstruction of Lebanon as the reproduction of its past. They employed the metaphor of a prosperous pre-war free economy in Lebanon to push for a model typical of their early 1990s development vision and they dictated sector priorities for reconstruction in line with this vision. In fact, most of the Bretton Woods participants at Paris I focused on the rehabilitation of infrastructure which, in Lebanon, are traditionally in public hands. Equally, while the country is in dire need of primary infrastructure rehabilitation, those same donors prioritise private sector involvement in the rehabilitation -- on new bases -- of the telecommunications sector.

Where does this leave the ownership/partnership paradigm of development? If one wishes to assess the main parameters of this paradigm against the post-conflict context of Lebanon, it will appear deficient in all respects:

The long-term holistic strategy component of this paradigm was undermined by an evident policy weakness of the Government of Lebanon. This weakness was matched with competitive visioning by donors for the reconstruction. Donors were willing to fill in the policy vacuum with strong ideologies, clear policies and conditionalities, and considerable institutional capacity to push their policies through. These ideologies were hardly adapted to the specific needs of the country, but seem to fit in well in the general development discourse of the various donors.

The development paradigm premised on ownership/partnership suggests that the beneficiary government should be in the lead. It should direct the involvement of development agencies. Post-conflict Lebanon, however,

suffered from a policy vacuum that undermined a leading role of the government. Little capacity was available to critically assess the reconstruction formulae prescribed by donors. As the Paris I proceedings show, the dialogue between the government and donors was very weak. It was mainly in the form of prescriptions by the latter to the former. Furthermore, those prescriptions appear to be ready-made and were hardly tailored to the Lebanon *post-conflict* condition.

The conference reflects a lack a genuine 'partnerships'. Between donors and the Lebanese government, the tendency is for the former to impose a reconstruction path on the latter. The relationship between government, civil society and the private sector within post-war Lebanon is not elaborated. Instead the reconstruction path suggested by a number of powerful donors seems to favour the private sector. The UN(DP) explicitly disputed this path. Yet, it also sought to carve a niche for itself by promoting itself as a programmer of reconstruction. Other development agencies such as the Europeans and Arabs displayed different approaches all together. The difference of approaches was not an issue of discussion during the meeting.

Finally, the 'requirement' that elements of development be interdependent was not met. In spite of the policy and program talk, the actual approach drifted into a project by project/ sector by sector approach. That was clear, for example, from the way each donor emphasised a set of infrastructure sectors as reconstruction priorities. On the other hand, the only contribution of the government of Lebanon is reported to be a list of projects, corresponding to the World Bank's sector priorities and which provided a sufficient basis for the mobilisation of USD 1 billion to cover the 1992-1994 period (LACM1991e, 4). In the final analysis, the power game between donors meant that some sectors were highlighted while others disregarded. Most importantly the pledged funds in Paris I are not linked to an anchoring programme. Thus, the first seeds of fragmentation are sewn...<sup>13</sup>

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<sup>13</sup> This paper serves as a self-standing unit, but is also part of a more comprehensive study under the auspices of the PhD program of the Institute of Social Studies and financed by the Foundation for Tropical Research, The Netherlands. The research tries to understand the policy environments and workings of administrative reforms in post-war Lebanon. This is an ongoing effort in which



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several donors play a significant role. The paper helps portray the positions of actors at the very beginning of that effort, with Paris I being the 'official start' of the whole process of reconstruction and (administrative) rehabilitation. It provides a zero-base departure point from which the process of reform further unravelled. In the next stage of the research, a similar policy ethnography will be used to distil the positions of the dynamic set of actors involved in the formulation, and later, implementation of the administrative reform program in post-war Lebanon.

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