



**POSTWAR
JULY 2006
RECONSTRUCTION REPORT**
CASE STUDIES: HOUSING AND INFRASTRUCTURE

POSTWAR JULY 2006, RECONSTRUCTION REPORT

Case studies: Housing and infrastructure

The opinions expressed in this report are those of the authors and do not necessarily represent the views or opinions of LTA and MAJAL.

The contents of this study are based on information gathered as at end of 2008 and may hence need to be updated on the date of its publication.

FOREWORD

The effort to monitor post war reconstruction activities in Lebanon is a part of the Lebanese Transparency Association's, (LTA) commitment to strengthen transparency and accountability in governmental practices in Lebanon. LTA attempts to strengthen the role of civil society in Lebanon, especially in terms of monitoring governmental projects.

To this end, LTA partnered with the Academic Observatory for Construction and Reconstruction (MAJAL) in the aftermath of the July 2006 War to observe and analyze the reconstruction. MAJAL and LTA focused on two specific case studies: housing compensation and reconstruction of bridges.

This project is a continuation of LTA's previous activities aiming at increasing the monitoring role of civil society and promoting transparency, accountability and the rule of law. LTA launched its Transparency in Post War reconstruction project in the framework of its Democratization and Public Accountability Program in 2003. This project has included a number of studies and workshops on the post war reconstruction process, a book entitled *Corruption in Post War Reconstruction: Confronting the Vicious Circle*, as well as a paper *Reconstruction Survey: The Political Economy of Corruption in Post-war Lebanon*. The program analyzes the cost of corruption, as well as its nature, role, and impact on the Lebanese economy and political system.

The housing compensation component is a comprehensive study of the methods used to provide compensation to individuals whose homes were damaged or destroyed in the 2006 Israeli war. This study determines the actors involved, and evaluates the system for assessing damage and for providing compensation. Both state and non-state institutions had a hand in this compensation system, so both of the systems were examined and evaluated.

Housing compensation was chosen as a topic for several reasons. As a result of the July 2006 war, one quarter of the Lebanese population was displaced, and homes were partially or totally damaged and destroyed. It is an issue of primary concern both for the individuals affected and for the many communities of which the destroyed houses were a part, because the compensation system had an effect on all of these communities.

The monitoring of the reconstruction of bridges is a case study of the reconstruction of six bridges destroyed in the war. First, the project differentiated the actors involved, namely the donor, the consultant, and the contractors hired. The study investigates these stakeholders' role, their interactions, and attempts to determine their interests in the project. It also determines the specifications for each project, including the physical needs of reconstruction, the cost of each project, and the timetable for completion.

Bridges were systematically destroyed during the war, making them easily comparable as case studies. The rebuilding process involved collaboration between several state and non-state actors, providing an opportunity to examine their interactions, and to derive lessons for all of the stakeholders involved.

Both components examine the transparency and efficiency of the systems involved, and provide recommendations for improving these and future responses to crises in Lebanon. These studies are intended for a multi-stakeholder audience including the public and private sectors, the international community, as well as Lebanese civil society. With this study, LTA seeks to increase public awareness of and interest in government activities in Lebanon. In addition, this study presents both the achievements and the flaws of these systems, in an effort to demonstrate the lessons learned, and improve future practices.

On behalf of LTA, I would like to thank MAJAL for their expertise in research, and gathering the data, as well as their extensive surveys and interviews. I would like also to thank all of those who have provided their feedback and comments as part of the Experts' Meeting to discuss the studies. I would also like to thank my colleagues from LTA's Board, especially Nassib Ghobril, who has provided a thorough review of the study. Last but not least, I would like to thank LTA's team that has contributed to the project, especially Abigail Tonge and Natacha Sarkis for their work in compiling and coordinating the final report, and Gaele Kibranian, who has managed the project.

Mohammad F. Mattar
Chairman

PREFACE

The 2006 post-war reconstruction raised a new challenge for the Lebanese administration, which is to promptly respond to a significant devastation inflicted within a short span of time.

Yet, these conditions gave rise to a constructive collaboration between the government and the civil society: a multitude of non-governmental stakeholders such as political and civil parties, economic bodies, private sector institutions, local and foreign NGOs as well as international organizations participated in the reconstruction and had to engage into a coordination process.

The report is built on two case-studies: the housing compensation project and the bridges reconstruction. It attempts to evaluate the effectiveness of the mechanisms and procedures put in place by governmental institutions and various stakeholders to face the reconstruction issues.

The major finding is that both Lebanon and the region lack from emergency and crisis management plans, despite the numerous wars that have occurred and the reconstruction efforts that had been undertaken in response.

Therefore, we hope that this report would critically contribute to lay the path for the creation of a national/regional emergency plan that anticipates the actions and procedures to carry out after a crisis.

Serge Yazigi
Head of Majal

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I. ACRONYMS

ACTED	Agency for Technical Cooperation and Development
ALBA	Académie Libanaise des Beaux-Arts
AUB	American University of Beirut
CDR	Council for Development and Reconstruction
COS	Council Of South
CSR	Corporate Social Responsibility
DRC	Danish Refugee Council
ECHO	European Commission for Humanitarian Aid
GDP	Gross Domestic Product
HFHL	Habitat for Humanity Lebanon
HRC	Higher Relief Commission
JEN	Japanese Emergency NGO
LBP	Lebanese Pounds
LTA	Lebanese Transparency Association
MAJAL	The Academic Observatory for Construction and Reconstruction
MoU	Memorandum of Understanding
NGO(s)	Non Governmental Organization(s)
NRC	Norwegian Refugee Council
OFDA	Office of the United States Foreign Disaster Assistance
PEO	Private Engineering Office
TI	Transparency International
UK	United Kingdom
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
US	United States
USA	United States of America
USAID	United States Agency for International Development
USD	United States Dollars

II. EXECUTIVE SUMMARY

After a war, one of the greatest challenges that a country faces is reconstruction. Countries emerging from a war are particularly vulnerable to corruption for several reasons, including the many sources of funding, the number of projects that must be undertaken, and the different entities involved.

This study focuses on reconstruction after the 2006 war in Lebanon. Two projects have been examined: the housing compensation project, which consists of the provision of funds to those whose homes were destroyed or damaged during the war, and the reconstruction of bridges.

The housing compensation study first determines the actors involved in the project, considers the efficiency of the different mechanisms used to provide compensation, and finally provides an analysis of transparency and effectiveness of the project. Both the state and the non-state mechanisms for providing aid are examined.

The government mechanism involved coordination between the Prime Minister's Office, Khatib & Alami (an auditing firm), the Council of the South, and the Ministry of the Displaced. Other entities involved include donor countries and various NGOs, who took different approaches to compensation and assistance. Jihad al Binaa's Waad project to reconstruct Beirut's southern suburb is an example of a well-planned and well-orchestrated reconstruction effort. The study examines the administration process in terms of efficiency and transparency. As for the steps involved in the process the study looks at requests for aid, damage assessment, the first and second (if necessary) installments.

Regarding the bridges' reconstruction, the study provides an overview of the different actors that donated money to the reconstruction, the details of the agreements between the donor and the state, and raises questions about the motives of the parties involved.

The reconstruction of six bridges have been investigated in case studies: Fidar, Casino, Awali, Sofar, Mdeirej and Dahieh Bridges.

Three of the bridges were financed by donor countries, namely, Saudi Arabia, Italy, and the United States of America (USA), and the others by the private sector, civil society, and a state-owned enterprise: The Byblos Bank Group, the Hariri Foundation, and Casino du Liban. The study sheds light on the concept of corporate social responsibility in Lebanon, and how this relates to clientelism and transparency.

These two projects illustrate the challenges faced in post-war Lebanon, as well as the successes of both the Lebanese state and the outside institutions in addressing these challenges, including the efficiency and transparency of the methods for reconstruction, and their transparency. Recommendations for improving transparency and efficiency are also given.

III. INTRODUCTION - LEBANON: A HISTORY OF RECONSTRUCTION

Gaelle Kibranian*

Lebanon's fifteen years of conflict from 1975 to 1990 are referred to "as the costliest conflict in recent memory" and compared to the Second World War, it seems that "No country in Western Europe suffered a physical loss near that scale..."¹. A miracle was needed to get Lebanon out of this situation, and when in 2004 Lebanon received an award from UN-Habitat it was looked as a "Shining Example". While Anna Tibaijuka, Executive Director of UN-Habitat highlighted that the rebuilding of Lebanon has led to economic development, others such as Georges Corm, has warned of the dangers of the Lebanese reconstruction, which should rather be considered as a "mirage"². So, can we really speak of a Lebanese miracle? Lebanon's reconstruction has led to great political and social challenges, which soon were followed by economic setback given so many lost reform opportunities. A number of plans were needed to save the country, which in 2006 with a very high debt burden, faced another war against Israel, and the history of reconstruction needed to repeat itself one additional time.

Historical Context of Post War Reconstruction in Lebanon: Impact of Taef and Lessons Learnt

Following fifteen years of civil war, Israeli invasions, and Syrian tutelage, Lebanon, which in the years preceding 1975 was referred to as the most democratic country in the Arab region, found itself severely challenged by the damages caused to its infrastructure, physical assets, and the devastation of human resources. The death toll caused by the years of civil war is estimated at 150,000, which represented 5% of the total population, and an additional 300,000 were displaced and 500,000 emigrated³. As the country's infrastructure was massively destroyed, post-war Lebanon was subject to unreliable provision of electricity, phone and water supply, and dysfunctional road networks. The war had also a tremendous impact on the country's economy, as Lebanon suffered from inflation in the 1980's, decrease in wages, and a Gross Domestic Product (GDP) per capita with levels lower than on the eve of the civil war. However, one of the most dangerous consequences of the war was of social nature, and had an impact that is still felt in Lebanon. The war has created a wide divide along confessional lines, and despite the fact that Article 95 of the Taef Agreement calls for political deconfessionalism, the fabrics of the Lebanese social and political in the post-war era have further increased the challenge of confessionalism and led to its institutionalization.

The Taef Agreement drawn up in 1989 regulated the political, economic, and social directions Lebanon would take after the War and subsequent reconstruction plans in Lebanon. However, the Taef and following reconstruction initiatives and plans, was not the first time reconstruction was looked at in the aftermath of the Lebanese Civil War. During the war itself, especially during times of détente, Lebanon was subject to various reconstruction plans sponsored by foreign aid. In the months following the beginning of the civil war, devastation impacted the Lebanese economy and infrastructure, and was also felt in terms of human losses. The first reconstruction initiative started in 1977 following two years of conflict with the establishment of the Council for Development and Reconstruction (CDR) by Legal Decree No. 5 issued on January 31st of that year. The CDR came as a replacement to the dysfunctional Ministry of Planning and was granted foreign support especially from Arab countries. The CDR's main tasks were to mobilize foreign resources and investments, implement reconstruction projects, as advised by the Council of Ministers, and consequently develop a general reconstruction and development plan. In 1979 a LBP 22 billion five-year plan was developed, but only a very few projects were implemented as conflict reached superior dimensions⁴. Following the Israeli invasion in 1982, damages were greater (mainly in Beirut), and the question of reconstruction became a fixture, especially given financial support from Arab countries. Additionally, the international community through International Organizations and International Financial Institutions such as the World Bank, supported another reconstruction plan for Lebanon⁵. The CDR prepared a nine-year plan, with an estimated cost exceeding \$17 million. The latter mainly focused on housing reconstruction, water management, and infrastructure planning. However, the plan "proved over-ambitious", and even with a general will for reform, the collapse of the Lebanese pound, as well as an increasingly emerging confessional partition of the country, and the total paralysis of the state rendered all reconstruction initiatives vain⁶. Both plans developed had also political directions as several conditions were set, including the creation of links between West and East Beirut. It is only after the end of the civil war and the conclusion of the Taef Agreement that a serious and well-planned reconstruction process could begin.

* Gaelle Kibranian is LTA's Programs Director. The views in this chapter are those of the author and do not necessarily reflect the views of LTA.

¹ United Nations Development Program. "Human Development in Lebanon", *National Human Development Report*. UNDP: Beirut. 1998. Page 26.

² Corm, Georges. "Behind the Façade of Reconstruction: The 'Lebanese miracle' in danger", *Le Monde Diplomatique*. 1998.

³ Kisirwani, Marwan. "The Rehabilitation and Reconstruction of Lebanon", *Remaking the Middle East*. Berg Publishers: New York. April 1, 1997. Page 87.

⁴ The Council for Development and Reconstruction (CDR) is still operational today, but was subjected to reforms in the post-war era. A legal amendment on certain provisions was issued on December 7, 1991 through Law No. 91-117. More information on the CDR can be found on its website: <http://www.cdr.gov.lb>

⁵ Federal Research Division. *Lebanon: a Country Study*. Kessinger Publishers: 2004. Page 152.

⁶ *Ibid.*

Therefore, the Taef Agreement brokered by Saudi Arabia, with the support of Syria, the United States, and France, “...was the culmination of several earlier endeavors to bring a cessation to hostilities through an new power-sharing arrangement”⁷. Along with the subsequent reconstruction plans, the Taef Agreement triggered a return to normalcy in Lebanon. In order to understand the post-war reconstruction process it is important to have a brief overview of the Taef Agreement and the way it had paved for a reconstruction plan to be implemented and was in the first year following the war the essence that pushed for a series of reforms. In this context, a very early analysis formulated by Paul Salem describes the Taef as a tool that on the one hand “deals with issues of political reform” and on the other hand sets “mechanisms for ending the war, dissolving the militias, organizing ‘special’ relations with Syria, and securing the withdrawal of Syrian forces from Beirut and Western Lebanon to the Biqa’ Valley”⁸. The Taef on papers looked at Lebanon from a political spectrum and established a roadmap for reforms through constitutional amendments. More importantly the Taef called for the dismantling of war militias. It shifted the executive powers from the hands of the Presidency of the Republic to the Council of Ministers. It confirmed Lebanon’s identity as an Arab sovereign, free, and democratic country, and a parliamentary system with separation of powers, introducing equal seats in parliament between Muslim and Christian communities.

However, as Lebanese history has for so many instances proven, a system of power-sharing in Lebanon would automatically lead to political stalemate, all reform initiatives would be flawed, and, as will be later demonstrated in this chapter, will have a negative impact on the reconstruction process of the country. Indeed, the power-sharing system in Lebanon, agreed unanimously in the framework of the Taef Accord and the resulting governance structure, were short-term solutions for Lebanon aiming at bringing about immediate peace, and did not focus on serious peace building efforts⁹. Power-sharing resulted in the Troika system, an understanding to divide power between the President, Prime Minister, and the Speaker of Parliament, respectively representing the Maronite, Sunni, and Shiite communities of Lebanon. The leadership was organized according to an appointment methodology among allies of the Syrian regime, wealthy businessmen, former militia leaders, of course in a way to promote communal and confessional interests. No efforts were made to promote the rule of law, democratic electoral laws, transparency and good governance in Lebanon. The patronage networks established in post-war Lebanon tinted all reconstruction efforts, which involved great extents of corruption, and as a consequence reconstruction plans remained unachieved.

In 1991 the Lebanese Government, through the CDR, commissioned two companies (local and international) Dar Al-Handasah and Bechtel International in order to develop a reconstruction plan for Lebanon. The plan, better known as “Horizon 2000 for the Reconstruction and Development of Lebanon” was estimated at \$13 billion to be implemented from 1993 to 2007, and was an investment generating strategy. The plan was engineered in a way to re-boost the Lebanese economy and focus on the country’s reconstruction. It additionally included provisions to empower and revitalize the business environment, and at the same time it aimed at consolidating confidence in the country. For the first 10 years of its implementation, the Lebanese Reconstruction plan was allocated as follows:

Sector	Cost (Million USD)
Electricity	1,800
Health	825
Waste Management	180
Communications	620
Transport	2,845
Water	415
Education	1,135
Social Welfare	600
Agriculture	585
Industry	350
Fuel Oil	70
Services	300
Public Buildings	170
Management	150
Housing	950
Total	10,995

Source: Republic of Lebanon, 1992.⁹

⁷ Kisirwani. Page 89.

⁸ Salem, Paul. “Two Years of Living Dangerously: General Awn and the Precarious Rise of Lebanon’s Second Republic”, *The Beirut Review*. Vol. 1, No. 1. LCPS: Beirut. Spring 1991. Page 77.

⁹ Adwan, Charles, “Corruption in Reconstruction: The Cost of National Consensus in Post War Lebanon”, in *Corruption in Post-War Reconstruction: Confronting the Vicious Circle*. ed. Daniel Large, Beirut: LTA, 2005.

¹⁰ This table was cited in Marwan Kisirwani, see footnote #1

In parallel to the reconstruction plan, or even in the midst of it, the Lebanese Parliament passed also in 1991 law no. 117, which provided the CDR with the mandate of setting a private joint-stock company, Solidere, which would plan and execute the reconstruction of the Beirut Central District. Solidere was incorporated in May 1994 and, was constituted in a way that former owners of property in downtown Beirut had automatically become shareholders in the company. In a few years, Solidere managed to totally rebuild downtown Beirut and, in the framework of Horizon 2000 and in a very few years the infrastructure, transportation, communication, and other related sectors were rebuilt in Beirut, as well as in other parts of the country. The following table illustrates the implementation of Horizon 2000 by March 2001, 7 years after the beginning of the implementation Horizon 2000, which corresponded to half way of the process:

Muhafaza	Planned investment (USD per capita) (Horizon 2000)	Actual investment (USD per capita)	Actual versus planned (%)
Beirut	1515.5	2183	144
Beirut's Suburbs	1987.3	1365.1	69
Mount Lebanon	1460.8	1526.2	104.5
North	1647.5	1408.3	85.5
South	1861.1	1419.2	76
Nabatiyeh	2391.9	1719.9	72
Bekaa	2117.1	1609.1	76
LEBANON	1770.6	1455.3	82.2

Source: Council for Development and Reconstruction, Progress Report. CDR: Beirut. March 2001.

However the successful implementation of Horizon 2000 and Solidere has been debated, and criticized by many. The main argument behind the criticism was the fact that Horizon 2000, was designed in a way that it covered strictly a limited area of Beirut, and did neither include surroundings areas, nor was it extended to the entire country. The plan did not consider the displaced residents nor did it achieve an equal allocation of compensations. Eng. Assem Salem, former Head of the Order of Engineers and Architects of Beirut, highlighted that “the reconstruction of Beirut was considered as a ‘profitability game’, an economic project”.¹¹

Moreover, post-war reconstruction was implemented at the expense of social, humanitarian, and national development; Horizon 2000 included limited provisions for social expenditures¹². Therefore, despite the fact that the reconstruction of Beirut can be characterized as a success story, it is important not to omit the fact that it was financially ambitious, especially for a country with a debt burden estimated to more than \$40 billion. Further plans were thus needed to save Lebanon from the consequences of reconstruction.

Lebanon Pre-July 2006: Can another war and consequent reconstruction be handled?

The Taef Agreement as argued above brought immediate peace to Lebanon, it also laid the foundations for a reconstruction plan, and re-organized the political chaos in which Lebanon found itself in the post-war era. However, in 1997 Maroun Kisirwani, Political Analyst from the American University of Beirut (AUB), warned about the dangers the Taef Agreement represented to the future of Lebanon, due to the system of power-sharing it introduced, which would eventually have lead to “... paralysis and political instability within Lebanon...” and advised that remedial measures were to be included¹³. Reconstruction was limited by the political, social, and economic context of Lebanon.

The country faced many challenges, and development and growth soon stagnated given difficulties in terms of economic and developmental management, shortsighted fiscal and monetary policies, as well as unorganized state intervention. The weak economic planning was mainly due to the fact that the Lebanese state faced challenges while introducing reconstruction in the country's economic policies. In parallel, the limitations of the fiscal and monetary policies were a result of conflicting objectives in terms of market stability, inflation, treasury needs, and cash flow. To top it all, the state's intervention had limitations and became more of an interest-seeking opportunity, among the different communities, part of the power-sharing formula. Lebanon thus, found itself in a situation of fiscal deficit, and urgency in terms of completion of the reconstruction plan.

¹¹ Interview with Eng. Assem Salem, former Head of the Order of Engineers and Architects of Beirut. The interview was conducted on February 9, 2006 by Dr. Khalil Gebara and Gaëlle Kibranian, in Zokak Blat, Beirut.

¹² Lebanese Center for Policy Studies. “Lebanon: Stability and the Poor”, The Lebanon Report. LCPS: Beirut. Number 3, Summer 1996.

¹³ Kisirwani, Marwan, “The Rehabilitation and Reconstruction of Lebanon”, Remaking the Middle East. Berg Publishers: New York. April 1, 1997.

It is in this atmosphere that the first Aid Conference for Lebanon, better known as Paris I, was held on February 27, 2001 under the auspices of French President Jacques Chirac. During this conference, Lebanon presented an ambitious reform plan to reduce the servicing of the continuously rising debt, based on the stimulation of the economy, modernization of the taxation system, privatization of public infrastructure, and stabilization of the monetary system. The Donor Community pledged \$500 million to Lebanon to implement development projects. Unfortunately, the reform plan advanced by Paris I was not met, and another Donors' Conference was needed in November 2002 known as Paris II, having as a headline "Beyond Reconstruction and Recovery... Towards Sustainable Growth". In the report presented in the framework of Paris II, the Lebanese Government provided an assessment of Paris I, which reflected on the economic situation that led to the need for another conference. Paris II, a \$4.2 billion five-year aid plan, pointed out the achievements in terms of recovery, fiscal adjustment, and structural reforms. However, Paris II was only partially implemented, and more aid was needed in order to achieve the ambitious Lebanese recovery plan to service the Lebanese debt.

Between 2002 and 2005, the Lebanese Government worked towards implementing the economic reform plan set by Paris II, and in 2004, Lebanon represented by its Prime Minister Rafic Hariri received a prize from UN Habitat for achievements in terms of reconstruction and recovery. However, reconstruction only focused on the infrastructure perspective, at the expense of economic, social and political reform. Governance in Lebanon was questionable, and the country was still plagued with corruption as a result of the power-sharing formula and the resulting patronage networks, as well as an archaic legal framework, and weak institutions, and Syrian occupation. Lebanon faced a political crisis that started with the adoption by the United Nations Security Council of Resolution 1559 in September 2004 calling upon the withdrawal of Syrian troops from Lebanon, and culminated with the assassination of Prime Minister Hariri, and subsequent series of political assassinations. Lebanese citizens gathered in the streets and demonstrated against the Syrian presence in Lebanon, in such a way that in April 2005 the last Syrian troops left Lebanese territories. The Lebanese political spectrum became more polarized with the emergence of two competing groups referred to as March 14 (pro-Western group) and March 8 (pro-Syrian regime and its allies in Lebanon). March 14 won the majority of seats in the 2005 Parliamentary Elections, and the results of the elections were contested by the opposition¹⁴. Lebanon faced a year of almost no growth in 2005, but 2006 was more promising with an expected 7% of growth, with a peak in summer 2006 and expected arrival of tourists and increased foreign direct investment. At the eve of the July 2006 war, and despite the political tensions in the country, fiscal results and the balance of payments in the first half of 2006 showed surplus, (of course if the debt service is not considered)¹⁵. More and more calls were led by civil society for change to happen, calling for better governance, more representative electoral laws, and a space for public participation.

Despite the improvements in terms of financial and economic indicators in summer 2006, recovery remained fragile as the country had still to support a heavy debt burden and the Government of Lebanon was on the verge of adopting a new comprehensive reform plan, looking into the political crisis, and weaknesses of the Lebanese Economy. The country was certainly not ready to deal with another war leading to a humanitarian crisis and the need for a new reconstruction plan.

Lebanon Post-July 2006: From reconstruction, to escalation of tension, to stalemate

From July 12, 2006 to August 14, 2009 Lebanon found itself in the midst of a war against Israel, following a raid by Hezbollah and large-scale retaliation by Israel. During 34 days, Lebanon was victim of massive airstrikes, and faced air, land, and naval blockades. The crisis was resolved diplomatically with the reaching of the UN Security Council Resolution 1701.

Only 16 years following the end of the civil war Lebanon was in need for another reconstruction plan, at a time when the internal situation was already polarized and frail, and when the country was indebted for almost \$40 billion (180% of its GDP), one of the highest ratios worldwide. In 34 days, the losses reached 1,200 Lebanese civilians were killed, 4,000 injured, and a quarter of the population was displaced (almost 1,000,000 Lebanese citizens)¹⁶. The damages also reached the infrastructure, housing, hospitals, schools, industrial zones, as well as roads and bridges. The blockade impacted the economy, unemployment reached high levels, basic services were cut down, and the most affected sectors were agriculture, transportation and tourism. The immediate reconstruction of devastated areas was handled by Hezbollah's reconstruction unit Jihad Al Bina, and financial compensations were provided by the party. On the Lebanese Government's side, it is the Prime Minister's Office with the collaboration of the Higher Relief Commission (HRC), the Ministry of the Displaced, the Council for the South, municipalities and the CDR, that was responsible for the aid and reconstruction processes.

Soon after the war, and given the challenges faced by the Lebanese State to handle reconstruction, an aid conference was held at the end of August 2009 to support Lebanon's reconstruction at Stockholm in Sweden. The Stockholm conference gathered \$940 million in pledges for Lebanon, which were mainly directed

¹⁴ Kibrarian, Gaëlle. "Communal Corruption and Peace Building in Lebanon", *New Routes-Pilfering the Peace: The nexus between corruption and peace building*. Life and Peace Institute: Tufts University. Volume 14. September 2009.

¹⁵ Infopro Center for Economic Information. *Economic Impact of the July 06 War and Steps Towards Recovery*. Infopro: Beirut. November 2006. Page 9.

¹⁶ *Ibid*. Page 1.

towards humanitarian relief or infrastructure rehabilitation. Aid resulting from Stockholm was channeled in three different ways, either through direct donations to the Lebanese Government (through the Central Bank and the HRC), or by sponsorship of reconstruction projects (such as bridges, roads, schools, hospitals, etc...) and direct disbursement to beneficiaries, or through UN agencies or donations to international and local Non-Governmental Organizations. The below table lists most of the grants and soft loans pledged for Lebanon following the 2006 war:

Donor	Amount pledged (million USD)
Kingdom of Saudi Arabia	590
Kuwait	315
Qatar	300
United Arab Emirates	102
Oman	50
Iraq	35
Egypt	15.4
Bahrain	5
United States of America	140
European Union	111
Germany	51
Italy	38
Spain	32
France	25 (combination of grant and soft loan)
Canada	21
Sweden	21
United Kingdom	20
Australia	17
Turkey	10
Japan	7
Arab Fund for Economic and Social Development	318 (combination of grant and soft loan)

Source: Higher Relief Commission www.rebuildlebanon.gov.lb

Another conference, Paris III, was held a few months later (in January 2007) channeling \$7.6 billion conditioned by economic and administrative reforms, as well as management of the country's public debt¹⁷.

By the end of the July 2006 war, the Lebanese Government estimated the direct damages of the war to \$3.6 billion¹⁸. Of these damages, the CDR assessed that damages to housing and commercial spaces amounted to \$2.4 billion, and damage to the transportation sector amounted to \$484 billion. This includes 107 bridges and overpasses that were either damaged or destroyed in the offensive¹⁹. The following chapters of this report examine two projects: housing compensation, which provided funds to citizens whose homes were damaged or destroyed, and the reconstruction of six bridged: Fidar, Casino du Liban, Awali, Sofar, Mdeirej, and Dahieh. More specifically, all actors involved in the reconstruction process are mapped, the efficiency of aid mechanisms is analyzed, and the overall effectiveness and transparency in which aid is channeled and projects are conducted are looked at. But before going through the details of reconstruction projects, it is important to have an overview of the political and social situation in which they are being developed.

The dependence of Lebanon on foreign intervention, coupled with the fact that the country is polarized in terms of group allegiances, have placed it 28th on the 2007 "Failed State Index" developed by the Fund for Peace and Foreign Policy magazine²⁰. As soon as the war started the internal divides that were splitting the country into two major blocs (March 8 and March 14), were attenuated facing the attacks launched by Israel

¹⁷ Gebara, Khalil and Kibrarian, Gaelle. "Corruption, State-Building and Communal Strife: The role of non-state actors in Lebanon". LTA: Beirut. November 2008. Page 7.

¹⁸ Infopro Center for Economic Information. Page 1.

¹⁹ Cited in: Ministry of Finance. Impact of the July Offenses on Public Finances of 2006. August 30, 2006. Available at: www.rebuildlebanon.gov.lb

²⁰ For more information see, Gebara and Kibrarian.

against civilians and civilian infrastructures throughout the country²¹. However, in the direct aftermath of the July war, tensions were as strong as before and even escalating into a series of security incidents dividing further the confessional differences. Security incidents reached a peak in May 2008, with militiamen from different confessional backgrounds, affiliated to different regional and international powers, taking the streets in Beirut, and spilling the conflict throughout Lebanese territory. The tensions were still a direct result of post-civil war Lebanon; the previous warlords and militias are still dominating the political and social scenes, and facing a failed state and failing institutions due to the repetitive internal and external conflicts, they can "... freely operate and create areas of control, where malpractices such as intimidation, lack of accountability, favoritism, patronage, clientalism are common"²².

The Doha Agreement was brokered and reached on May 21, 2009 as an update to the Taef Agreement, and a direct solution to the country's crisis. The Doha Agreement as was the case with the Taef, did not look as much into a sustainable solution, but rather focused on power-sharing and further competition for state resources. The burden of the civil war and the July 2006 war will be long felt, if Lebanon does not find a solution for long-term peace. This solution should introduce a strong reform plan, which will lead to a better legal apparatus and better functioning and coordinated institutions, which will pave the way for better governance at the social, economic, and political levels, and eventually to a sustainable development plan.

²¹ Salem, Paul. "The Future of Lebanon", *Foreign Affairs*. Volume 85 No. 6. November/December 2006. Page 14.

²² Gebara and Kibrarian. Page 10.

IV. HOUSING SECTOR COMPENSATION SYSTEM

The 2006 Israeli war caused almost \$3 billion in damages, about half of which involved the housing sector. About 130,427 housing units in South Lebanon, the Bekaa, and the Southern Suburb of Beirut were destroyed²³.

After the end of the hostilities, a number of governmental and nongovernmental bodies mobilized to aid in rebuilding destroyed and damaged homes. A preliminary damage assessment was immediately performed and presented at the Stockholm Conference on August 31, 2006. At this conference, many Arab and non-Arab countries made pledges to fund the reconstruction of infrastructure and housing units. With these donations, the State established an assistance mechanism for the destroyed or damaged housing and units on all the Lebanese territory. In addition, many independent organizations, such as local and international NGOs, participated in the rebuilding process.

A. The Lebanese Government Compensation Mechanism

1. Stakeholders

The state's system for damage assessment and compensation was set up by the Prime Minister's office. It involved damage assessments by the Council of the South or the Ministry of the Displaced, auditing of these assessments by Khatib & Alami, and distribution of compensation money.

The Prime Minister's Office

The Prime Minister's Office oversaw the compensation project. This was an anomaly: usually, reconstruction is overseen by the Higher Relief Commission. The Prime Minister gained control of the operation through Ministerial Decree No. 1 on July 16, 2006, granting Prime Minister Fuad Siniora the authority to take all necessary action against Israeli attacks. After the end of the conflict, this decree was used to give the Prime Minister's Office control over reconstruction activities.

The Higher Relief Commission

The Higher Relief Commission was created on December 17, 1967. Since 1993, it has been a committee that is overseen by the Prime Minister, and includes the Ministers of Defense, Public Health, Social Affairs, Interior, Finance, Public Works, Energy and Housing, in addition to the general directors for Social Affairs, the Council of the South, the Central Fund for the Displaced, and representatives from the Internal Security Forces and the Lebanese Army. In the past, the HRC has accepted donations from individuals, companies, or countries. It has used these donations along with Lebanese State funds for emergency interventions, going through a combination of public and private institutions.

However, in the case of housing compensation after the 2006 war, the Higher Relief Commission was superseded by the Prime Minister's office and played a small role. It issued checks and delivered them to the Council of the South and the Ministry and Central Fund for the Displaced, who then distributed them to the beneficiaries.

The Council of the South and the Ministry and Central Fund for the Displaced

The Ministry and Central Fund for the Displaced was created by decrees 190 and 193 on January 4, 1990 in order to facilitate the return of the Lebanese displaced by the civil war to their homes. The Ministry consists of an executive body headed by a general director, as well as a central directorate, regional offices, and a National Council for the Affairs of the Displaced, known as the "Assembly".

The Council of the South was established in 1970 to offer financial assistance to the families of martyrs in South Lebanon, Nabatiyeh, and in the West Bekaa and Rashaya cazas.

The Ministry for the Displaced and the Council of the South served similar roles in the housing compensation project, but were responsible for different regions. The Council of the South was concerned with the areas mentioned above, and the Ministry of the Displaced was responsible for damage in all other areas.

Both performed the preliminary damage evaluations, which were later verified by Khatib & Alami. The Ministry of the Displaced and the Council of the South were also both responsible for verifying the identity of the inhabitants and ownership of the destroyed houses, as well as administration: they collected the compensation request forms, submitted them to the Prime Minister's Office, and then distributed the checks.

²³ *Rebuild Lebanon: Human, Economic, and Infrastructure Recovery*. www.rebuildlebanon.gov.lb

In addition to this role, the Council of the South helped to coordinate aid efforts of NGOs and other international bodies involved in the reconstruction.

The two different bodies entrusted with the same task complicated administration. Among various other logistical problems, it led to accusations of political clientelism, because the Ministry of the Displaced and the Council of the South are linked to political parties. Beneficiaries complained of being treated unfairly because of their political views.

Lebanese Local Governments

Lebanese Local Governance system:

Lebanon is divided into six Muhafazat, or provinces: Beirut, North Lebanon, South Lebanon, the Bekaa, Nebatiyeh, and Mount Lebanon. Each of these Muhafazat are further divided into cazas, or districts, which are further divided into municipalities. The governing system has two parts. The first is a state-appointed hierarchy of officials. Each Muhafazat has a Mohafaz, or governor. Within each Muhafazat, each caza is appointed a Caemacamiya as a representative.

Parallel to the state-appointed system, there is a local governance system for the Municipality. Each Municipality is governed by a Municipality Board, composed of representatives who are elected by the citizens every six years. In addition, each Municipality elects Mukhtars who perform official administrative work. These systems work in conjunction to govern the region, but sometimes, as in this case, fill similar roles.

The local governments participated in several parts of the process. Offices in both the governance and Municipal systems participated by issuing and collecting aid request forms. Mukhtars also delivered property certificates to the inhabitants who did not hold legal title deeds, and delivered building permits.

The Private Sector: Khatib & Alami

The Prime Minister's office hired Khatib & Alami to audit the preliminary damage assessments made either by the Council of the South or the Ministry of the Displaced.

Khatib & Alami is a consulting company that specializes in construction and public infrastructure. Since its founding in 1959, the company has grown and has worked in several Arab countries as well as in Central Asia, Belgium and the United States. The company has extensive experience in Lebanon, and has been commissioned for reconstruction projects by the Lebanese State, the Higher Relief Commission, the Council for Development and Reconstruction, and UNESCO. This experience and their Geographic Information Systems department gave them the capability to perform a detailed analysis of the damages.

Involving a private company in the government-run reparations programs increased transparency. As an outside agent, Khatib & Alami were able to monitor the proceedings neutrally.

2. Aid Mechanism

Damage Assessment Mechanism

In order to receive compensation for damaged buildings, the occupants had to first submit a request for aid to the appropriate office in the area, which could be the Council of the South, Ministry of the Displaced, Central Fund for the Displaced, Muhafazat and Caemacamiya Centers, Municipalities or Mukhtars.

After the request forms were submitted, the Council of the South or the Ministry of the Displaced verified all the necessary identification and ownership documents, and conducted a preliminary damage assessment. This assessment was then audited and confirmed by Khatib & Alami.

Inhabitants Request Forms

Available at: Ministry of the Displaced, Central Fund of the Displaced, Council of the South, Muhafazat and Cae Macamiya Centers, Municipalities and Mukhtars



Inhabitants Submit Forms

Submitted at:
 a) The COS Offices in South Lebanon and Nabatiyeh or in the West beqaa and Rashaya caza-s
 b) The Offices of the Ministry of Displaced or the Offices of the Central Fund of the Displaced in the Other Lebanese Regions



Constitution of files by the South Council and the Ministry of the Displaced

- by Destroyed or Damaged Unit
 - by Village or Municipality
-



Verification by Khatib & Alami



Damage Assessment Issued by Khatib & Alami and Validated by the Prime Minister's Office and HRC



First Installment Issued by the Prime Minister's Office and Delivered to Inhabitants by the COS or Fund for the Displaced

Payment is made at the Central Bank



Inhabitants Request the Second Installment

Requests made at COS or the Ministry of the Displaced



Technical Verification of Progress on Construction



Second Installment Issued by the Prime Minister's Office and Delivered to the Inhabitants by the COS or Fund for the Displaced

Payments made at the Central Bank

Damage Assessment

Four categories were defined to assess the damage:

- Completely destroyed
- Partially destroyed
- Completely damaged
- Partially damaged

Compensation for a completely destroyed unit was fixed, and the compensation for a partially destroyed or partially damaged unit was determined by the area of the destroyed or damaged portion.

The amount of money distributed in the Southern Suburb differed from the rest of Lebanon. In areas outside the Southern Suburb, compensation was determined as follows:

Completely destroyed units were valued at LBP 80,000,000 in the Southern Suburb and 50,000,000 outside the suburb, regardless of size.

In all areas, partially destroyed units were valued by calculating the destroyed area, and allocating LBP 30,000 per square meter.

Compensation for completely or partially damaged units was determined in damage assessments, and ranged between LBP 200,000 and LBP 30,000,000.

Furniture was valued at LBP 10,000,000.

Compensation for common areas, including stairs, was paid to the owner of the building.

One flaw in this system was that it created friction because it was sometimes more financially advantageous to have one's entire home be destroyed than to be compensated for a partially damaged home. However, it would have been difficult to implement a different damage assessment system.

Payments

If the damages exceeded LBP 10,000,000, the payments were made in two installments, with the first being LBP 10,000,000, and the second the remainder. Payment of the second installment was conditional on evidence of construction. If damages were less than LBP 10,000,000, only one payment was made and was equal the total compensation. Beneficiaries also had the option to refuse reconstruction, in which case the damages were paid in one sum.

Checks were issued by the Prime Minister's Office, and delivered to the beneficiaries by the Central Fund for the Displaced or the Council of the South.

Amount of financial assistance in the Beirut Southern Suburb

	Basic estimation	Minimum	Maximum	1st installment
Restoration		200,000 LBP	30,000,000 LBP	15,000,000 LBP
Partial destruction	<ul style="list-style-type: none"> • 300,000 LBP/m² for the destroyed part • Damage evaluation of the damaged part 		50,000,000 LBP	
Total destruction of unit	300,000 LBP/ m ²		80,000,000 LBP (Including furniture)	40,000,000 LBP
Common parts (1)	300,000 LBP/ m ²		80,000,000 LBP	35,000,000 LBP
Total destruction of non-residential area (2)	300,000 LBP/ m ²		100,000,000 LBP	50,000,000 LBP

(1) Include stairs, stairwells, elevators, and tanks (in the case of a building of more than three levels, i.e. ground floor + 2 floors) and the damaged lower floors are not used for housing, or a floor that is built on piles.

(2) Reconstruction of medical offices and their share in common parts

Amount of financial assistance in the Lebanese regions, with the exception of the Beirut Southern Suburb

Category	Basic estimation	Minimum	Maximum	1st installment
Restoration		200,000LBP	30,000,000 LBP	10,000,000 LBP
Partial destruction	<ul style="list-style-type: none"> • 300,000LBP/ m2 for the destroyed part • Damage evaluation of the damaged part 		40,000,000LBP	<ul style="list-style-type: none"> • 50% of the value of the destroyed part • maximum of 10,000,000LBP of the value of the demolished part
Total destruction	300,000 LBP/ m2		50,000,000LBP +10,000,000LBP for furniture	
Common parts (1)	150,000LBP/ m2		50,000,000LBP	

3. State Mechanism for Compensation: Conclusion

As of December 2008, all 348 villages' need of assistance had donors, the assessments had been completed, and approximately half the scheduled compensation had been disbursed²⁴. The amounts of aid disbursed and the intended total compensation are listed in the table below. The first payment installment is almost complete, and the second payment installments are due to be paid to the inhabitants whose damages require additional assistance.

There have been some delays in payments, prompting criticism. As- Safir, a local Lebanese newspaper, published an article concerning these complaints. Hezbollah's representative Hassan Fadlallah accused the government of spending \$ 10 million of the funds initially allocated to the reconstruction of housing units on infrastructure projects in other regions (including \$ 40 million for the Arab highway in the Bekaa valley).

Additionally, Waad's director Mr. Hassan Jachi declared that only 50% of the beneficiaries have received the first installment, and accuses the government of deliberately delaying payment in view of creating tensions between the inhabitants and Hezbollah. Such claims were denied by the government. (As-Safir - 4 February 2008).

	Number of Houses to be Rebuilt	Total Amount Scheduled for Payment (Amounts are in millions of USD)	Payments Made (Amounts are in millions of USD)
Houses to be rebuilt by donors	73,561	472.77	330.01
Houses to be rebuilt by the Lebanese government in villages outside the southern suburbs	12,469	56.97	38.37
Houses to be rebuilt by the Lebanese government in Dahyeh	22,142	236.66	140.31
Lebanese Government Total	34,611	293.63	178.68
General Total	108,172	766.4	508.69

HCR Financial Report January '05 to August '08. December 3, 2008

However, problems are mostly related to the second installment. After the declaration of HRC's Secretary General General Yahya Raad about the difficulty of providing payment for the second phase, a controversy arose regarding the usage of the grants allocated to housing. The government denies this, and defended itself by a (relatively late) publication of the latest numbers regarding the use of funds on its website.

²⁴ *Rebuild Lebanon: Human, Economic, and Infrastructure Recovery.* <http://www.rebuildlebanon.gov.lb>

Construction has also been slow in Southern Lebanon, partially because of delays in payments to beneficiaries. Some families chose to begin rebuilding their houses with loans, and were later paid the first installment of their compensation. Other families waited until they were paid the first installment.

The compensation system is still in progress, and information can be found on the government's website dedicated to the purpose of publishing figures and increasing transparency www.rebuildlebanon.gov.lb

B. Other Compensation Systems

1. Donor States

Much of the funding for the housing compensation project was pledged at the Stockholm Conference on August 31, 2006. Saudi Arabia made a donation of \$350 million, which was to be used at the Lebanese state's discretion. Other countries, namely Bahrain, Indonesia, Egypt, Iraq, Jordan, Syria, Oman, and Yemen, sponsored several individual villages through the state mechanism.

Other countries and several NGOs financed reconstruction using mechanisms outside that developed by the Lebanese State.

Qatar

Qatar undertook the reconstruction of four severely damaged villages: Bint Jbeil, Khiam, Ainata and Aita Ech Chaab. This project constitutes a large portion of the overall reconstruction effort, including 3,137 houses, as well as schools, churches, mosques, hospitals, and infrastructure. Instead of using the state mechanism, Qatar collaborated directly with the local authorities and employed GETI Contracting, a consulting company, to perform the damage assessments. After assessments were made, Qatar transferred money to Bank Audi, and payments were made through Private Engineering Office (PEO), in Achrafieh.

Qatar has made the first aid payments to the villagers, which amounted to up to \$12,000. Two additional aid installments of \$10,000 and \$20,000 respectively are scheduled, dependent on evidence of reconstruction. Progress, however, has been slow due to difficulties in assessing damages, determining title deeds, and in planning reconstruction. For example, in Bint Jbeil, it has been difficult to create a plan that keeps the historical center of the town intact while providing for the inhabitants' needs.

The project also includes reconstruction of schools and infrastructure. Qatar is currently funding the reconstruction and rehabilitation of 40 schools in Southern Lebanon. The aid includes reconstruction, furniture, and school supplies, and plans are in place for teacher development and training. The projected cost of the project is \$10,194,020²⁵.

Kuwait

Kuwait participated in the reconstruction through the Kuwaiti Fund, established in 1961 to fund development and sanitation projects throughout Asia and Africa. Kuwait pledged to reconstruct 25 villages after the 2006 war. Kuwait used the state's mechanism to assess the damage, but instead of making payments through the state authorities, the funds were directly distributed to the inhabitants. This was most likely due to a fear that the funds given to the state could be "leaked."

Up until November 2008, the Kuwaiti government had transferred USD 80.4 million to inhabitants of the affected villages. The government has pledged to provide a total of USD 115 million in housing compensation, in addition to USD 185 million for development projects²⁶.

2. NGOs

Various NGOs played a large role in the reconstruction, including: UN Habitat, Habitat for Humanity Lebanon (HFHL), Norwegian Refugee Council (NRC), the Agency for Technical Cooperation and Development (ACTED), Beit Bil Janoub, the American University of Beirut, Danish Refugee Council (DRC), and Japanese Emergency NGO (JEN).

²⁵ *Reach Out To Asia*. Retrieved December 10, 2008. <http://www.reachouttoasia.qa/>

²⁶ *Lebanon Ministry of Finance. Aid Coordination Newsletter, Issue 12 November 2008*

The Japanese Emergency NGO responded to the crisis by offering immediate aid and shelter assistance. It provided hygiene kits to the many families whose homes were destroyed and were living in temporary housing. These kits were given to 1,248 returnees in 208 households. In addition, JEN distributed toolkits for debris clearance in 38 villages.

Several agencies have aided reconstruction efforts by advising families on architectural design:

ACTED, AUB, and Beit Bil Janoub participated in the Good Governance for Enhanced Reconstruction project. They created Regional Technical Offices in Tyre, Taibe and Aitaroun. These offices assisted families with architectural design for reconstruction, estimating costs, and acquiring building permits, as well as monitoring and documenting the projects, and providing information through Geographic Information Systems Services. AUB oversaw and coordinated the project, while ACTED and Beit Bil Janoub established and managed the offices. The two-year project had a budget of €1,300,000, and was financed by the Dutch and Cypriot governments.

Habitat for Humanity Lebanon undertook a similar project, which provided support and technical assistance to families seeking to rebuild their homes as well as to municipalities, improving municipal response planning. This, along with Habitat for Humanity Lebanon's Shelter Related Intervention Project, was funded by USAID, the Emily Anton Memorial Foundation (US), the Bible Land Foundation (UK), and Citigroup (Lebanon).

NGOs also provided aid by repairing and waterproofing homes damaged by the war:

The Norwegian Refugee Council has experience in waterproofing houses as well as other development projects, and implemented two aid projects. The Rapid Shelter Rehabilitation project focused on immediate assistance. For the 7 months following the war, the NRC helped 10,000 families whose homes needed minor or more substantial repairs make their houses habitable for winter. ECHO and the Norwegian Ministry for Foreign Affairs funded this project, donating €1.8 million and €650,000 respectively. The second project focuses on repairing damaged roofs in 47 villages in southern Lebanon. Both beneficiaries and national contractors share in the work. The funding, €2.8 million, is provided by ECHO.

Habitat for Humanity Lebanon also participated in this effort. The Shelter Related Intervention project repaired homes in affected areas. It assisted 2,391 individuals in Abbaseye, Qaouzah, and Qana, and rehabilitated 397 houses in Beit Yahoun, El-Tiri, Kounine, Yaroun, Majdelzoun, Rechkananay and Sidiqine.

ACTED implemented a Shelter Repair and Waterproofing project between March and December 2007. The project was funded by the Office of the United States Foreign Disaster Assistance (OFDA) with a budget of USD 1,000,000. It focused on nine villages in the Marjeyoun and Bint Jbeil Casas. The agency provided assistance to direct damages to the houses, then made repairs and modifications to waterproof the buildings. 400 families benefitted from the project.

Jihad al Binaa

Jihad al Binaa is a Hezbollah organization dedicated to reconstruction efforts. Since its establishment in 1995, it has focused on the rehabilitation of villages and sustainable development. After the 2006 war, Jihad al Binaa responded with several projects.

Iwaa, a housing assistance project, provided money equal to a year's rent to families whose homes were destroyed during the war. This compensation was of USD 10,000 for inhabitants of the South and USD 12,000 for the inhabitants of the Southern Suburbs of Beirut.

Tarmim is an aid project to assist in repairing or reconstructing those units that were damaged but not destroyed in the Southern Suburb.

Jihad al Binaa: Reconstruction, compensation, and aid dossiers

Type of Assistance	Number of cases	Value in USD
Iwaa (housing assistance)	28,300	133,500,000
Tarmim (repairing the damaged housing units)		190,700,000
Economic and commercial institutions	12,500	30,000,000
Direct agricultural damages	1,300	2,000,000
Direct animal damages	2,000	3,000,000
Public transportation vehicles	2,300	4,000,000
Aid to devastated villages	Highly difficult situation	3,000,000
Aid to fishermen	3,500	700,000
Waad project		14,000,000 until present
Total		380,900,000

Source: Waad

Waad is Jihad al Binaa's project to reconstruct Southern Beirut. This project extends over 0.4 square kilometers and its value is estimated at USD 370 million. It is financed both by the money allocated by the state to the inhabitants and by Hezbollah. The project aims to rebuild damaged homes, businesses, and public buildings. In addition, the project will reorganize traffic to make the area more accessible to pedestrians, to improve traffic flow, and to allow for green spaces. This project is ambitious in that it plans to reconstruct the Southern Suburb in a way that reflects the collective memory of the inhabitants while still providing for their needs. The new buildings will preserve the original design with the same number of floors and units but will be built with higher technical and safety standards. The construction process is uniquely designed to be both non-repressive and participative, allowing the inhabitants to take part in planning.

However, there have been complaints about slow construction, which sparked debates between Jihad al Binaa and the government. Hassan Jachi, the director of Jihad al Binaa, asserted that the problems are not related to Waad, and accused the government of delaying payments in order to create problems between Hezbollah and the inhabitants.

V. BRIDGES CASE STUDY

A. Case Study

This monitoring project focused on six bridges that were damaged or destroyed in the 2006 war. These bridges represent a range of projects that presented different reconstruction cases: private and public donors, repair and reconstruction interventions, in kind and financial donations, etc. The following six bridges were selected for case studies: Fidar, Casino, Awali, Sofar, Mdeirej and Dahieh (“Section B of périphérique central de Beyrouth: Hazmieh-Airport”).

The donation type determined the role of each actor in the reconstruction process. Financial contributions, such as those used to rebuild the Dahieh and Sofar bridges, were very straightforward: the donor provided a sum of money to the Lebanese government. The Council for Development and Reconstruction (CDR) then used the funds to finance and direct the reconstruction process.

Some foreign governments provided assistance in the form of financial donations. Italy made a donation and requested that it is used to specifically reconstruct the Sofar Bridge, which was originally built by an Italian company. Saudi Arabia donated money to assist Lebanon with general reconstruction after the war without specific stipulations, so part of this money was used to reconstruct the Dahieh Bridge.

In these projects, CDR was responsible for hiring and paying a contractor and consultant for the projects. The hiring was done through either a tender or direct negotiations. CDR also determined the technical specifications of the project, overseeing all aspects of construction through an appointed consultant. CDR, therefore, had full responsibility and liability for the project.

In contrast, in-kind donations involve a more direct role for the donor organization and less involvement by the Lebanese state. The agreement between the Lebanese government and the donor party was in the form of a Memorandum of Understanding (MoU), which defines the role of each party in the construction project. The MoUs for all projects had similar stipulations. CDR set the design criteria and reviewed the plans before the construction, then relied on an external consultant for advice and technical supervision. The donor, on the other hand, is responsible for all aspects of execution of the project, including selecting and paying the contractor.

Four bridges that were monitored were reconstructed through in-kind donations. The Byblos Bank Group, one of the largest Lebanon’s largest banking and financial services groups, rebuilt the Fidar Bridge, Casino du Liban rebuilt the Casino Bridge, the Hariri Foundation for Human Development rebuilt the Awali Bridge, and the United States Association for International Development (USAID) funded the reconstruction of the Medayrej Bridge.

Specifications of Bridge Reconstruction Project

	Medayrej Bridge	Sofar Bridge	Dahieh Bridge
Donor	USAID	Government of Italy	Saudi Arabia
Donation Type	In Kind	Financial	Financial
Specifications of Project	Repair and Reconstruction. Length: 430 m Height: 72 m (max) Width: 33 m Lanes: 2x3	Repair of 2 out of 8 spans of the bridge, and a 4.5 km section of highway. Length: 310 m Height: 20 m Width: 30 m Lanes: 2x3	Repair. Bridge 1: Length: 125 m Height: 4.75 m Width: 17.5 m Lanes: 2x2. Bridge 2: Length: 532 m Height: 4.75 m Width: 17.5 m Lanes: 2x2
Cost (millions of USD)	30 M	5 M	2.8 M
Duration of Project	6 February 2007 - May 2009 (projected)	19 June 2007 -	4 January 2007- 10 August 2007 (Bridge 1) and 22 August 2007 (Bridge 2)

	Fidar Bridge	Casino Bridge	Awali Bridge
Donor	Byblos Bank	Casino du Liban	Hariri Foundation for Human Development/ Deputy Bahia Baha'eddine Hariri
Donation Type	In Kind	In Kind	In Kind
Specifications of Project	Reconstruction. Length: 140 m Height: 25 m Width: 30 m Lanes: 2x3	Repair of 4 damaged arches. Arches 1, 2, and 3 were damaged, arch 4 was slightly damaged Length: 90 m Height: 80 m Lanes: 2 x 2	Repair and Reconstruction. Bridge Length: 352 m. (140 Reconstruction; 212 Repair) Height: 8 m (avg.) Width: 10.5 m Lanes: 2 (one way)
Cost (millions of USD)	4	3.2	1.275
Duration of Project	18 August 2006 - 7 June 2007	21 August 2006 - 19 July 2007	16 August 2006 - 10 July 2007

B. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the effort by companies to be ethical in all aspects of their conduct, both within the company and through participation in development efforts in the community or country in which they operate. The case of reconstructing Lebanese bridges is an interesting study of Corporate Social Responsibility in Lebanon.

The three organizations that made in-kind donations to reconstruct bridges in this study were all practicing CSR, but some stakeholders question whether these projects were undertaken out of social concern, or for personal or corporate gain. Three bridges in this study were funded by the private sector: the Fidar Bridge was funded by the Byblos Bank Group, the Casino Bridge by Casino du Liban, and the Awali Bridge by the Hariri Foundation for Human Development.

The state allowed a company to sponsor the bridge it chose, without stipulating priorities on which bridges needed to be rebuilt first. As a result, some bridges were rebuilt quickly by the private sector while construction lagged on others because they lacked funding. Therefore, it is important to examine the reasons behind the selection by companies of sponsoring a specific bridge.

The Byblos Bank Group chose to reconstruct the Fidar bridge for several reasons. According to Byblos Bank's Assistant General Manager Joumana Bassil Chelala, "Dr. Bassil [Byblos Bank's chairman] is from Fidar, the bank's name is Byblos, and the bridge is in Byblos, but we did it for the good of the country"²⁷.

Recognizing that clientelism or favoritism could be a problem in such a large undertaking, Byblos Bank hired the firm La Constructa to choose contractors. According to La Constructa, relying on an independent entity for contract award allowed Byblos Bank to avoid falling into the embarrassing situation where it had to choose consulting and construction companies among its large network of relations and clients.

Casino du Liban chose to reconstruct the Casino Bridge because the bridge constitutes a main access route to the Casino. Rebuilding the bridge therefore was necessary for the Casino for continued successful business. The decision to reconstruct this bridge may have been made either out of corporate social responsibility, or simply because it was in the company's best interests, or for a combination of both reasons. These reasons often overlap, because companies that practice CSR are often more successful in many aspects of business.

²⁷ Orhstrom, Ysandra, "Rebuilding the Fidar Bridge shapes up as a key", *Daily Star*, 22-09-06.

The Hariri Foundation chose to repair and rebuild the Awali Bridge in Saida.

According to the Hariri Foundation, they chose to reconstruct this bridge because “The Bridge is an essential traffic distributor to the city of Saida and the South.” In addition, the Hariri family is from Saida, and Saida forms the Hariri family’s electoral base.

Private donors are not required to use a public bidding process for choosing contractors and consultants. The donor has full responsibility for making these decisions. The Hariri Foundation chose Geneco as the contractor for this project. Geneco was the original contractor for the bridge, but it is important to note that the company is owned by the Hariri family, so the contractor and the donor were essentially the same entity.

The large sums of money donated to rebuild bridges after the 2006 war were generous, but may have also resulted in gains for the donor. These gains could have included favor in elections or monetary gains through awarding the contracts. This could be further examined and possibilities for corruption could be avoided with greater transparency in hiring contractors and in financing the projects.

VI. MAJOR FINDINGS

A. Multiplicity of Actors

Many of the problems and difficulties encountered in both housing compensation and rebuilding the bridges are direct results of the multiplicity of the actors involved.

In the Housing Compensation project, the political tensions between various actors defined the character of the project. With the state compensation mechanism, the Lebanese state found itself in the precarious position. This made keeping neutrality one of the state's first priorities. To maintain this neutrality, the state hired Khatib & Alami as an outside consultant to make the final damage assessments. The state attempted to maintain integrity and to expedite the process despite the many actors with conflicting interests involved.

Hezbollah's Waad project, on the other hand, represents a non-state actor's vision of the reconstruction project. This project was exemplary in that it was carried out in such a way as to respect the original architecture, but also allows each inhabitant to play a role in designing his or her own housing. This empowers the inhabitants, because a role in design was previously reserved only for the upper class. Hezbollah's project, therefore, is seen as having a "democratic and unrepresive vision." (Rahif Fayyad, president of the Waad Advisory Committee). This project served the community well, but may have in some ways increased tensions as the different parties involved worked together.

These two different agents, as well as the many NGOs involved, created somewhat of an atmosphere of competition. Both Hezbollah and the State are interested in promoting their image, which could create conflicts of interest. However, all actors involved were resourceful, and did not hesitate to resort to the other when necessary. Jihad al Binaa was carried out with funding from the indemnities paid by the state, and the damage assessments made by Khatib & were based on preliminary evaluations made by various actors, including Hezbollah.

The multiplicity of actors also played a large role in bridge reconstruction. The state mechanism to reconstruct the bridges lacked a centralized system of authority. Instead, responsibility for the state's infrastructure is divided between the Council for Development and Reconstruction, the Ministry of Public Works, and the municipalities. This may have created construction delays as it was unclear which bridges fell under the authority of which organization. It was also difficult to find donors for the bridges without a system to prioritize the different projects. However, the Prime Minister's Office's Recovery and Reconstruction Unit was created to address this problem, and did play a centralizing role. It was able to install temporary bridges and facilitate the projects.

B. Transparency

The presence of multiple actors both in the bridge reconstruction and in the housing compensation may have had a mitigating effect on corruption.

In theory, the different actors in the housing compensation project, with their conflicting political affiliations, would have controlled each other and reduced corruption. However, this was not necessarily the case. Political clientelism, embezzlement, and other forms of corruption were a substantial concern. One clear illustration of this is Qatar's decision to pay reparations directly to the individual beneficiaries instead of through the State, probably to avoid potential corruption problems.

There were additional accusations of political clientelism. The Council of the South, who made initial damage assessments in many villages, has clear political ties to Amal and Hezbollah. Many villagers not associated with the dominant party in their district complained of unfair treatment, and these complaints were exacerbated by the fact that a representative from the dominant party was often present when the initial assessments were made.

Many villagers also mention "fictitious houses." Because the Prime Minister's Office did not stipulate the location in which houses were to be rebuilt, some houses were built on previously empty lots. It is questionable whether the funds for these houses were obtained through corrupt means or the legitimate use of deserved state aid.

The government has, however, made steps towards making the project more transparent. It has published updates and figures on the reconstruction on a website, www.rebuildlebanon.gov.lb. In the case of bridges, it is difficult to determine the fine line that separates corporate social responsibility and altruism from political clientelism. The generosity of private donors is commendable, but, at the same time, prompts some stakeholders to raise questions about the motives for putting so much money into these projects.

Additionally, there is a lack of transparency in the projects undertaken by private donors making in-kind donations. The choice of all contractors and suppliers was up to the donor, opening opportunities for clientelism and favoritism. Also, it was difficult to project or determine the actual costs of the projects. Again, the lack of central government oversight for these projects was problematic.

C. Gaps in the System

Several problems with both projects were revealed in the studies. There were several problems in the housing compensation system. One of these was created by the difficulty of assessing damages. If a house was completely destroyed, the amount allocated to rebuild it was fixed, regardless of the area of the original house. In many cases, this meant that families whose houses were destroyed were paid enough money to rebuild a much bigger house, while families who were only paid for damages could barely repair their existing house.

Problems in reconstructing the bridges centered on the Memorandums of Understanding signed by the state and the donors for in-kind donations. These agreements could be made more specific in terms of choosing contractors and suppliers, which would increase transparency.

The study also showed that there is no comprehensive maintenance system in place for the bridges after they are built. It is unclear who will be responsible for future repairs. One reason for this could be the difficulty of evaluating existing bridges and assessing the costs of these repairs.

D. Impact of the Projects

Reconstructing the villages in the South and the Southern Suburbs of Beirut had a significant impact on the urban environment. When they received the funds to rebuild their houses, many families took out loans and were able to build houses much larger than their original homes, changing the character of villages. Although the General Directorate of Urbanism already had experience on the subject of returning displaced to their homes and rebuilding, this experience was ignored.

However, several organizations filled these gaps and helped inhabitants rebuild their villages in a way that respected the original design. These included the Regional Technical Offices created by AUB, ACTED, and Beit Bil Janub. In Bint Jbeil, AUB and local architects collaborated in an effort to use Qatari funds to rebuild the center of the town in a way that respects its history. The Waad project is another example of urban planning of a reconstruction that respects the collective memory of the inhabitants.

VII. RECOMMENDATIONS

The conflict of the summer of 2006 has shown the lack of an efficient emergency plan capable of enduring the middle or long term sustainability and coherence of the mechanisms that were set up. The abundant donations and political arm-wrestling brought satisfactory financial compensation but no long term solutions. Forty years after the start of the Arab-Israeli conflict and the economic consequences of the civil war, occupation, invasion, numerous attacks and aggressions on the Lebanese territory, it is more than due time to consider the establishment of an emergency plan both on the national level and the level of regional authorities that would allow for more rapid and efficient action in extreme situations (It sounds as if you are expecting additional wars!). The following recommendations may improve governance and consequently fight corruption and ensure greater transparency.

1. Create a ***national emergency plan*** for responses to crises and/ or natural disasters. This plan should outline the different disaster or crisis scenarios and plans of action, dictating how aid donations will be processed and used.
2. To enhance transparency by ***modifying existing laws and drafting new legislation*** to require government and donor organizations to publish financial reports, procedures for awarding contracts, and progress reports.
3. ***Improve governmental organizational structure*** to clearly define the role of each institution. This would improve interactions by increasing communication and decreasing the political nature of the recovery process. A more rigid organization or definition of roles could decrease opportunities for clientelism, favoritism, or party politics, thus improving transparency.
4. ***Establishment of decentralized intervention units*** to allow regional and local authorities to undertake efficient disaster management or reconstruction measures.
5. ***Increase transparency and communication of information*** between sponsors and the government institutions executing the projects in order to efficiently implement the projects. To encourage donor countries to publish their action plans and expenses.
6. Identify a ***standardized definition of good practices and procedures*** agreeable to all stakeholders which also meets international standards. This would set international criteria that would prevent any donor from privately benefitting commercially and/or politically from a project but instead maximize public benefit.
7. ***Conduct a comprehensive study*** on what reconstruction and compensation has been covered by donors and what still needs to be worked on. This would allow the government to identify priorities for future construction. An inclusive budget should follow this study in order to better allocate money donated for future projects.
8. Set up ***a system for repair and maintenance of public infrastructure***, in order to sustain the accomplished projects.
9. Implementation of a ***participatory policy*** that would allow inhabitants of affected localities to contribute more actively in the reconstruction process. Such dynamics could create jobs within the local community that would offer the necessary financial support for remaining in the village.
10. ***To limit chaotic development*** in order to avoid the degradation of the territory, through the tight control of construction and the establishment of master plans for villages, and even a plan for delimiting built areas and protecting natural or agricultural areas.
11. ***A participatory policy*** that would allow inhabitants of affected localities to contribute more actively in the reconstruction process. Such dynamics could create « small jobs » within the local community that would offer the necessary financial support for remaining in the village.
12. ***Engage the public in compensation and reconstruction efforts*** by continuing to publish data on these projects, making them transparent and accessible.

VIII. ABOUT LTA

LTA, established in May 1999, is Transparency International (TI)'s national chapter in Lebanon. It is the first Lebanese Non Governmental Organization (NGO) that aims at curbing corruption in its various forms and promoting the principles of good governance. Its main objective is to establish the rule of law, thus advance the concepts of transparency and accountability. Moreover, LTA aspires at strengthening the respect of basic Human Rights as declared in both the Lebanese Constitution and in International Charters.

The organization resorts to any necessary means to fight corruption, improve the quality of life, and encourage civil society to take measures to promote integrity and transparency.

LTA does not investigate or expose individual cases of corruption but advocates for reform by focusing on systemic improvement and by building coalitions with other anti-corruption stakeholders, including the government, parliamentarians, the private sector, media institutions, the international community, and civil society organizations.

LTA employs the following methods, among others:

1. Raising citizens' awareness about their rights, corruption, its causes, consequences and its cost at all levels within society.
2. Empowering the youth to reject corruption and participate in promoting transparency and accountability.
3. Improving the Lebanese legislation related to transparency, accountability and corruption.
4. Coalition building with similar organizations, whether international, public or private institutions committed to combating corruption.
5. Cooperation with the media, encouraging it to unveil truths, strengthen integrity and promote transparency in the practices of public and private institutions.

Today, LTA is Lebanon's leading NGO in its domain. In existence for ten years, it has gained recognition on national, regional and international levels. As part of the local network of TI, LTA benefits from international anti-corruption research and constantly manages to keep knowledge and good practices updated.

IX. ABOUT MAJAL

MAJAL is an Academic Urban Observatory, promoting sustainable planning strategies in Lebanon.

MAJAL was established, within the Urban Planning Institute of ALBA - Académie Libanaise des Beaux-Arts, Balamand University, in the wake of the highly destructive July 2006 war, in order to provide a scientific monitoring of the reconstruction process management. Since then, it expanded its mission and is conducting projects related to urban planning and sustainability in general.

MAJAL's mission consists in three types of activities:

1. Monitoring set of indicators on construction process and sustainable planning
2. Technical support to decision makers in the form of expert missions, consulting services, training, or other specific tasks in urban planning and development projects.
3. Advocacy, lobbying and awareness raising in the fields of good governance, and sustainable planning.

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The Lebanese Transparency Association (LTA), which was established in May 1999, is Transparency International's Lebanese

chapter. It is the first Lebanese NGO that focuses on curbing corruption and promoting the principles of good governance. In existence for ten years, it has gained recognition on national, regional and international levels. LTA does not investigate or expose individual cases of corruption but advocates for reform by focusing on systemic improvement and by building coalitions with other anti-corruption stakeholders, including governments, the private sector and civil society organizations.

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