



Policy Paper: Iraq Reconstruction

Getting Reconstruction Right and Wrong: Lessons from Iraq. By Hideki Matsunaga*

Bitter experiences of reconstruction in the last two decades have made the international community [hesitant](#) to engage in robust reconstruction activities. Iraq's reconstruction after the United States-led invasion in 2003 contributed significantly to this reluctance. Between 2003 and 2014, more than \$220 billion were spent on rebuilding the country. Despite the huge amount of money spent and extensive projects and programs implemented, the international community and the Iraqi people view the effort critically. This perception makes the international community focus mainly on humanitarian relief and much less on engagement that requires medium- to long-term commitment.

At the same time, the human suffering and lasting displacement produced by the turmoil in the Middle East demonstrate that the cost of inaction can be great. Humanitarian relief alone does not address the root causes of the conflict and violence. The success or failure of reconstruction can have a significant impact on the peace and stability of the broader global community.

So how can we manage the process effectively? What lessons – positive and negative – can we draw from the Iraq reconstruction experience? The recently published report, [“The Reconstruction of Iraq after 2003 – Learning from its Successes and Failures”](#) identifies several key lessons:

First, actions taken by the international community need to reinforce national success through national institutions. The drive for early results does not justify bypassing national institutions; donors should work through them. A [U.S. audit report](#) states that donor-funded physical infrastructure put in place since 2003 was already breaking down by 2005 since Iraqi institutions were not fully engaged, and the



Policy Paper: Iraq Reconstruction

roles of institutions in operating and maintaining infrastructure were not sufficiently considered.

Also, international actors need to avoid weakening national institutions and the related social capital through their interventions. In Iraq, policies such as de-Baathification, dissolution of the Iraqi military, and establishment of the Governing Council based on ethno-sectarian divisions have had a lasting negative impact on institutions and societies. Imposing external solutions invites counter-productive reactions from local counterparts.

To be sure, this approach to reconstruction that emphasizes national institutions entails serious challenges. A big challenge for reconstruction actors is in finding legitimate partners to work with, as we are witnessing in parts of the Middle East and North Africa (MENA) – such as Syria and Yemen today – while trying to identify national needs in an intensely divided political environment.

Second, international actors need to adopt a flexible approach to deal with the uncertain, fluid, and complex nature of reconstruction, even when facing increased security risks. Effective implementation depends in large part on the ability to adapt to constantly changing conditions, a difficult task that most donors and international organizations struggled with in Iraq. It is true that maintaining a presence within a country under volatile security conditions increases the risks for concerned staff, but it also provides better opportunities to interact with counterparts and enhance the effectiveness of assistance. Retaining a presence in less volatile parts of Iraq might have allowed for more flexible responses.

The international community needs to devise a new mechanism for coordinating the response to security and development challenges. The dire security situation is usually the biggest hurdle for reconstruction activities and private sector development in a fragile environment. At



Policy Paper: Iraq Reconstruction

the same time, security risks can only be fully neutralized by addressing the root causes of violence and extremism through a development approach that contributes to providing economic opportunities, especially among young people. The [2017 Arab Youth Survey](#) raised possible links between unemployment and the potential for radicalization. Young Arabs perceived unemployment and extremism as the biggest problems holding back the MENA region. Security and development are inextricably entwined. But there have been historical difficulties in connecting security and development actors in reconstruction, and Iraq was no exception. Developing and strengthening partnerships between the security and development spheres is of paramount importance.

Third, problems related to accountability have a major impact on reconstruction outcomes. For example, dual accountability, the tendency for donors and international organizations to be accountable first to their domestic constituencies and only second to those of recipient states—can make delivering results on the ground difficult. In Iraq, superiors back in donor capitals often overlooked or dismissed the good intentions of international staff in the field.

Furthermore, local accountability can be undermined when reconstruction financing comes from resources unconnected to the local population. The majority of the Iraqi reconstruction budget was funded by oil revenues and donor funding—neither of which held a direct connection to the population at large. In turn, this gave Iraqis little incentive to scrutinize reconstruction spending consistently. External actors, along with national actors, should try harder to leverage reconstruction funds to strengthen the accountability of national institutions toward their citizens.

One proposal to enhance accountability and therefore the effectiveness of reconstruction funding is to revisit the mechanism for distributing oil



شبكة الاقتصاديين العراقيين

IRAQI ECONOMISTS NETWORK

www.iraqieconomists.net

Policy Paper: Iraq Reconstruction

resources. [Shanta Devarajan and colleagues](#) argue that by transferring a portion of natural resource-related government revenues uniformly and universally as direct payments to the population, and taxing the population, some countries could increase both private consumption and the provision of public goods and thereby reduce poverty and enhance social welfare. This argument might also be made for donor funding. The total financial commitment for the reconstruction of Iraq amounted to somewhere between \$7,000 to \$9,000 per capita. As much of the spending is thought to have been ineffective in improving the lives of Iraqis, they may have been better off with a transfer of this amount to each citizen.

Today, following the end of major fighting against the Islamic State of Iraq and the Levant (ISIL), the Iraqi government and the international community are facing yet another challenge of reconstruction. To improve the outcome in Iraq and possibly in Syria, Yemen, and Libya in the future, international actors need to understand the weight of their responsibility and take the actions necessary to learn from past mistakes. Reconstruction in uncertain, fluid, and complex situations requires flexibility and creativity in both thought and response.



Adviser, Chief Economist Office, Middle East and North Africa Region - World Bank

Source: Brookings , October 1, 2019

<https://www.brookings.edu/blog/future-development/2019/10/01/getting-reconstruction-right-and-wrong-lessons-from-iraq/>