

Reconstructing Syrian Economy through Public and Private Sectors Partnership

Mohamed Esam Ahmed
Mosul University
meaq80@yahoo.com

Aram Hanna Massoudi
Cihan University/ Erbil
arammassoudi@gmail.com

Abstract

This research focused on partnership between public and private sector as a solution to rebuilding the Syrian economy after the civil war of 2011, especially after the issuance of The Partnership Law No. 5 / of 2016. The research problem lays by asking to what extent the private sector is able to participate in government projects? And what is the most appropriate formula or contractual methods used for such participation?

The researcher formulated an indicator – to be used in the first stage of partnership – consists of four objective elements to achieve the economic and social goals in the rebuilding process of Syrian infrastructure: size of capital, ability to create jobs, attracting technology, and the financial reality of the project. This indicator can evaluate all projects required for the rebuilding process of the affected areas in Syria in the near future.

The result showed that Syria is still not ready to implement the partnership because it has not yet implemented the laws and legislations that accompany the law of partnership such as financial, banking, insurance, taxation and accounting law for partnership projects. In addition to the unavailability of sufficient expertise in dealing with partnership contracts, and the lack of preparation of the cultural and public environment for such endeavor.

Keywords: Partnership, Law No. 5, Public and Private Sectors.

1. Introduction

Syria's war and the international and Arab economic sanctions have led to a deterioration in economic growth rates, high unemployment rates, and a partial halt in the production cycle, after achieving a remarkable growth in the years before the war (2000-2010), especially in human, economic, and social development. This put Syria in a serious and difficult challenges to advance the national economy such as the decline in

public and private revenues, the flow of funds abroad (legally or illegally), and the loss of technical and Professional human resources competencies.

The Partnership Act of 2017 was issued by the Ministry of Commerce and Foreign Trade to find formulas that activate work and stimulate economic activities with supporting projects, increase employment opportunities and achieve greater competencies in the utilization of government capital through the activation of public-private sectors partnerships.

The importance of this research stems from the fact that it addresses the criteria and domains in which the private sector can enter as a partner in the investment of public utilities and infrastructure, in order to contribute to the process of economic and social development.

The research aims at identifying areas of partnership implementation and identifying the sectors that are recommended to the private sector to enter. Also indicates the stages and steps leading to the realization of the advantages of the implementation of a project on the partnership basis.

The research problem lays by asking to what extent the private sector is able to enter all sectors allowed by partnership law? And what is the most appropriate formula or contractual methods to utilize?

Law No. 5 of 2016 authorized the private sector to invest in public utilities, infrastructure or projects owned by the government, with one or more of the following works: design, construct, build, implement, maintain, rehabilitate, develop, manage or operate in order to provide a public service or any service in the public interest. It is noted from the law that the private sector has been allowed access to all aspects of the economic activities (except for exploration and investment in natural resources, such as oil and gas), which was exclusively monopolized by the government.

It may seem at first glance that partnership is the magic solution for Syria, in order to ensure the availability and security of services to its citizens; This is true if the problem of providing public services is purely a financing problem (the inability of the government to provide funding for investment in infrastructure and public utilities), but the issue of partnership is more complex than that, specifically with regard to funding formats, financial engineering of the project, guarantees and government support, risk sharing and quality of partners, type of contract and its duration, and certainly the sensitivity of the quality of service provided by partnership and its impact on social, economical, and political life. Therefore, the partnership should be planted with much care before the government decided to implement any such project.

A partnership is generally defined as a type of developmental cooperation between the public and private sectors by establishing contractual arrangements whereby the private sector is allowed to provide goods and services, used to be produced by public sector. Private sector participation extends not only to the public sector finance, management, operation, and maintenance, etc. but include risk sharing (the essence of a partnership).

In order for a partnership to achieve its objectives and able to provide public services, government bodies must adhere to four basic principles:

1. Ensuring that the required services meet the public needs, can be defined, identified, and measured easily.
2. Ensuring that the public sector has the experience to assess and manage risk.
3. Ensuring that partnership provides high quality and efficient services through a distribution of risk.
4. Ensuring clarity of accountability and responsibility.

It is necessary for partnership project to ensure consistency and compatibility with general objectives of the state and does not create advantages and gains for certain individuals in the private sector, and it does not lead to monopoly. Therefore, each project must be studied separately and chooses the appropriate legal form in accordance with the state's strategy towards partnership. The state may find it difficult to include some infrastructure projects in its list of partnership projects for reasons of its strategy or its national security.

The research consists of three sections (not including the introduction), the first section presents the theoretical framework of partnership between private and public sectors. The second section deals with the rationale for the partnership in Syria and the conditions for its success. The third is the procedure for selecting partnership projects and its areas of application. The research was concluded with some results and recommendations.

2. The Theoretical Framework for Public-Private Partnership

2.1 Definition of Partnership

A partnership is defined by the abbreviation (PPP) which stand for public-private partnership. In United state known as (P3), in Canada as (3P), and in Europe (PFI), or Private Finance Initiative. But all are in one orbit and do not go beyond the

participation of private sector with the public sector in financing, building, and construction of infrastructure projects, by employing human, financial, administrative, technological, and organizational capabilities in the delivery of public services.

Tvarno et al.,(2010) defined partnership as A long-term contractual agreement between the government authority and the private sector (Consortium) aims to create a mechanism for the proviso of public services using the private sector experience over long periods of time. This requires that the private sector finances part or all of the project.

The French law of July 28, 2008 in its first article, defines a partnership contract between private and public sectors as an administrative contract under which a person of public law shall be entrusted to a private law person, to carry out a comprehensive task relating to the financing of investment in public facility and its management, exploitation and maintenance for the duration of the contract specified in accordance with the nature of the investment, in exchange for financial amounts paid to the project company in a piecemeal manner throughout the contractual period (Boisheek, 2009).

In Syria, partnership was defined in accordance with the Partnership Act No. 5 of 2016 as a contractual relationship for certain period of time agreed upon by a public entity and private sector partner, whereby the private partner invests in one or more from of the following works: design, construct, implementation, maintenance, rehabilitation, development, management or operation of one public facility or project own by public sector, with the aim of contributing to the provision of public service or any service envisaged in the public interest directly to or on behalf of the public contracting authority to the final beneficiary (Law5, article 1, 2016).

That Act in Syria did not explicitly mention funding as one of the actions that should be undertaken by the private partner, even though funding is one of the most important reasons for Syria's resort to partnership, and the law has expanded the field for the private sector to enter not only public infrastructure and utilities but public-owned enterprises (Law 5, article 8-9, 2016).

In this way, the researcher finds that the law of partnership in Syria opened the door widely for the private sector to enter all public sector domains in addition, to let them participate in all projects owned by the government.

2.2 Classification of partnership projects and methods of contracting

Some consider that four important criteria should be taken into account when making a decision to resort to partnership: The importance of infrastructure, the level of

technology, collection of funds easily, and the size of the production or consumption area (pirro and Stanco, P. 236, 2002).

1. The importance of infrastructure: Any public service needs to have a facility to produce it, and the infrastructure is meant the size of investment needed to build it, such as dependence on physical capital. The importance of infrastructure varies based on the type of goods, which are significant when it relates to transportation (roads, ports, airports) and electricity. Conversely, the importance is less for social goods (education and health). It is recommended that partnership be applied to facilities that require big amount of capital and fund.
2. Technological level: The degree of technology required varies from one public service to another. Some will require simple techniques (lighting of roads or postal services), and some require complex and rapidly changing technologies (communications, air transportation, and renewable energies). It is recommended to applies partnership with services that require advanced and rapidly changing technology.
3. Collection of funds (fees): General goods and services differ on the basis of the possibility of paying for them and the ability to measure them – you can charge fees for some public goods and services, depending on the consumption of these services such as (Communications, water, and rail transportation), but this cannot be applied to defense and justice, they are purely public goods that cannot be divided and difficult to determine the amount the consumer will pay for. These services are paid through the State Treasury (financed through taxation). Also, there are goods that the state can impose price and fees for it, but it is undesirable for social or political reasons such as education and health.
4. Size of production area: production area and its geographical location have technical and legal nature. Wherever the service is local in nature, private sector is able to provide it (municipal services: urban transportation, Water, lighting), but if the market for goods and services is of a national nature (security), it is not advisable for the private sector to intervene in the public sector, for fear of harming national security, and so the private sector should intervene in projects at the local level and avoid projects which have a national dimension which characterized by natural monopoly.

The following table reflects the four criteria mentioned above that can be built upon when determining projects Priority for decision-making in partnership, and the figures in the table indicate the potential and importance of participation of the private sector in the implementation of the public service, ranging from the values of criterion

(1 to 5). Number (5) refers to the necessity and the importance of involving the private sector in the implementation and delivery of public services, while (1) indicates a decrease in importance for the contribution of the private sector in the implementation and delivery of public services.

To clarify, wastewater purification requires very large investments in physical capital (5), high degree of technology (4), no tariff or fee can be imposed by consumption (1), and a region with a production of a local nature (5).

Table 1: Characteristics of public goods and services

Goods and Services	Infrastructure	Degree of Technology	Fees	Size
Electricity	5	4	5	5
Water	5	4	5	5
Waste Water Purification	5	4	1	5
Air Transportation	2	5	5	4
Land Transportation	5	3	4	4
Railroads	4	4	5	3
Urban Transportation	4	2	2	5
Lighting	5	2	1	5
Postal Services	1	2	5	3-5

Source: (pirro and Stanco, P. 337, 2002).

The types of contracts and contracting methods vary according to ownership of assets and financing, investment responsibility, nature of risks and its size, the type of service provided, and the duration of the contract. In general, partnership contracts are classified in five main groups arranged according to the responsibility, the duty of the private sector and the risks it bears. The most acceptable classifications by many researchers fall into the following category (Transport and Tourism Division UNESCP, P. 16, 2007):

1. Management contract
2. Turnkey Project
3. Lease contracts
4. Concession Contracts
5. Private Ownership of assets

The table below shows types of partnership contracts and contracting methods, knowing that it is possible for one project to be implemented on the basis of one form of contracts (management contract), also it could be implemented by consolidating two or

more contracts (contracts for the leasing of existing assets, with the construction, operation, and transfer of new assets).

Table 2. Types of partnership contracts

Main category	Subcontract	Ownership of capital assets	Responsibility of investment	Assumption of risk	Duration of contract
Management contract	External	Public	Public	Public	1-3
	Maintenance	Public	Public/private	Public/private	3-5
	Operational	Public	Public	Public	3-5
Turnkey project		Public	Public	Public/private	1-3
Leasing Contract		Public	Public	Public/private	5-10
Concessions contract		Public/private	Public/private	Public/private	10-20
Private ownership of assets (Private sector financing)	BOT*	Private	Private	private	10-30
	Financing public sector	Public/private	Private	Public/private	20-40
* Build-Operate-Transfer (BOT) has many other variants such as Build-Transfer-Operate. BOT includes 75 different types of contract.					

Each of the above models has its own pros and cons, also the uniqueness of some sectors and extent of technological development, regulations, laws and politic outlook on services have a role in determining the appropriateness of the form of partnership.

Since Syrian partnership law did not specify the duration of the contract and allowed the private sector access to all state-owned project. Thus, models of partnership contracts can range from simple contractual arrangements to provide a specific service (garbage collection), to a complex arrangements for the design, building, operating, maintenance, and infrastructure finance of services (airports). The law left the door open for the partnership council to establish various types or models of the partnership contracts and issue a guidelines for each contract (Law Number 5, 2016).

The way in which the private partner obtains his or her wage varies depending on the ability of the project to achieve self-financing according to the type and specifications of public services. In some types of contracts, the private partner receives a wage for specific services, or the service provider receives fees or service charges. There is no free public service, someone has to pays for it, and the payment is made for the service, either by fee or by taxes, or by adopting both methods. According to project ability to save its own funds, partnership projects can be classified into three main sections:

1. Financially self-standing concession: A projects which fees are charged for its usage and it is capable of covering and financing its capital and operating expenses. These projects apply to roads, bridges, harbors, railways and postal services.

2. Hybrid PPP: these projects are economically and socially feasible, however, these projects are unable to cover all its capital expenditures for political or social reasons; in such case, the public entity should offer financial support for the service by differentiating between usage charges and real cost (Electricity sector).
3. Private Financing Initiative: This type of partnership is applicable in all sectors where no usage charges may be imposed, or the imposition of such fees is not acceptable from a political point of view; for example in the field of public services: Street lighting and wastewater treatment, and in government facilities, such as courts, prisons, municipalities buildings, and others (Central Unit for Public and Private Partnership, 2006, P.2).

The researcher have tried to show the diversity of goods and services that we deal with differently, as well as the diversity of solutions that can be applied. Based on the above, it can be said that public sector is responsible for producing goods and services to satisfy the needs of its citizens. Also, public and private sectors' production must be under the supervision of the government by imposing free competition, free market entrance, and freedom and transparency of information.

3. The Rationale for Partnership in Syria and the Conditions for Its Success

3.1 The role of public and private sectors in economic development in Syria

The private sector's contribution to GDP was always greater than the contribution of the public sector. As the contribution of the private sector in the studied period increased from 56.34% in the year 2000 to 64.65% in the year 2010 compared the contribution of the public sector where the decline of the contribution of the public sector in the GDP from 43.66% in 2000 to 35.35 in 2010. The reason for this decline is:

- The decline in GDP due to the mineral industry; a lower crude oil production as the extractive sector constitutes the largest share of public sector revenues.
- Economic liberalization and the granting the private sector more freedom and facilitation. Where many commercial, financial and economic legislation that stimulate the private sector and encouraged greater participation in the economic development activities.

Private sector activity has increased significantly in the finance, insurance, real estate and trade sectors. Also, as a result of the privatization of the public sector in the generating and distribution of electricity, as well as in water projects, the gross domestic product for this sector has been concentrated in the public sector (Syrob, P.122, 2012). Figure 1 shows the contribution of both sectors on GDP for the period of 2000-2010.

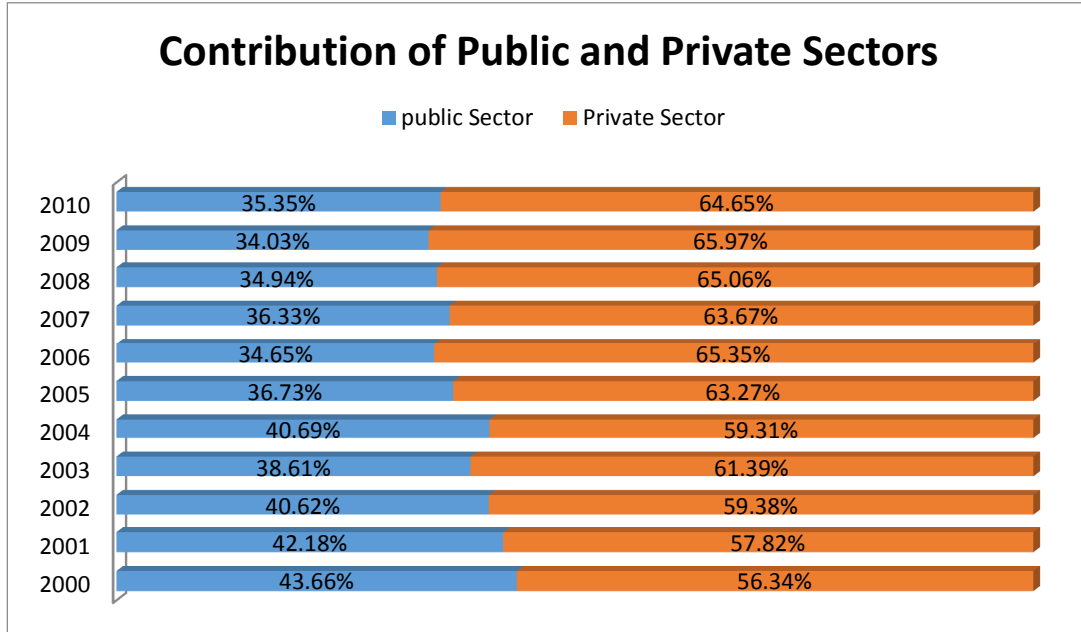


Figure 1. The contribution of both sectors on GDP for the period of 2000-2010.
Source: Central Bureau of Statistics, Syrian Arab Republic, Statistical Abstract (2010).

Since the partnership is private sector investment in public utilities and infrastructure, the researcher will explain below the contribution of both public and private, in the overall fixed capital formation that includes investment in building and construction and transportation methods. Figure 2 shows the contribution of both sectors in fixed capital formation for the years 2000-2010

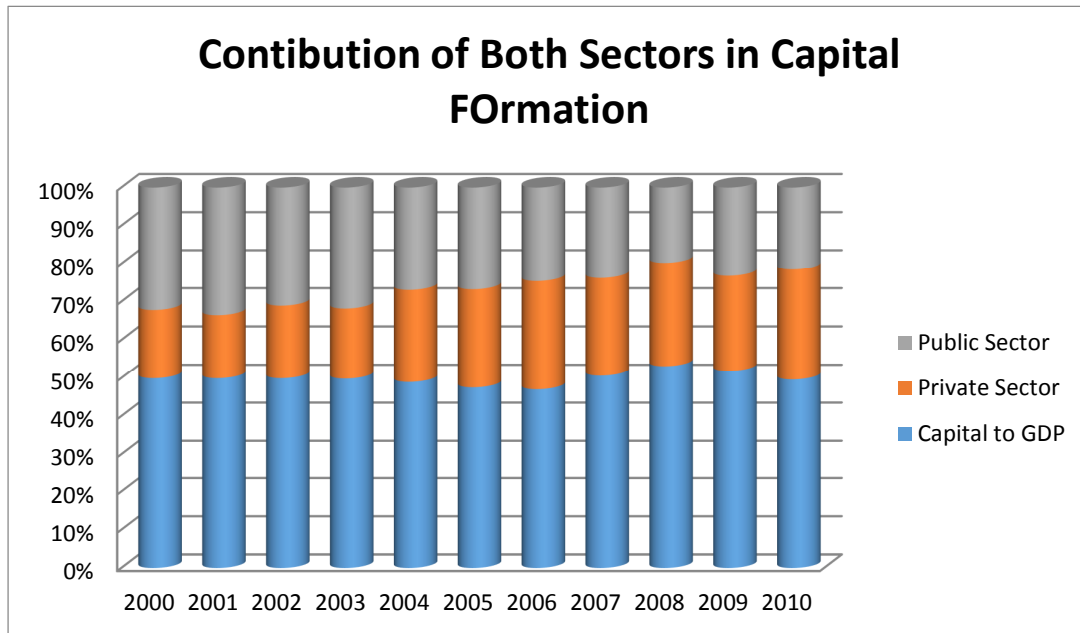


Figure 2. The contribution of both sectors in fixed capital formation for the years 2000-2010

Source: Central Bureau of Statistics, Syrian Arab Republic, Statistical Abstract (2010)

In Figure 2 above, the researcher noted the following:

- Fixed capital formation to GDP increased at constant prices from 17.1% in 2000 to 23% in 2010.
- Despite the increase in the volume of fixed capital formation in both sectors, the growth rate of investment expenditure in the public sector was lower than in the private sector where it averaged 4.5% while the growth rate in private sector spending averaged 24.8%.
- The share of the public sector in fixed capital formation decreased from 64.14% in 2000 to 46.76% in 2010. On the other hand, the of private sector contribution to fixed capital formation increased from 35.86% in 2000 to 57.28% Which indicates an increase in the economic activity of the private sector.

When considering the volume of investment spending on infrastructure (electricity and water, building and construction, transportation), the researcher noted that the proportion of fixed capital formation is decreasing significantly, and this is what is shown in table 3.

Table 3: Infrastructure Expenditure for the period of 2005-2010 in Millions

	Sector	Electricity and Water	Building and Construction	Transportation	Total Spending on Infrastructure	GDP	Infrastructure spending To GDP
2005	Public	37,514.71	375.60	37,113.79	65,004.10	1,156,714.17	8.3%
	Private	-	7,020.09	23,437.44	30,457.52		
2006	Public	33,397.40	759.09	18,302.62	52,459.11	1,215,082.00	7.0%
	Private	-	7,598.60	25,485.49	33,084.10		
2007	Public	28,456.00	428.89	21,282.37	50,167.26	1,284,037.72	5.9%
	Private	-	5,823.12	19,421.82	25,244.94		
2008	Public	26,359.39	512.40	14,742.82	41,614.61	1,341,516.10	4.9%
	Private	-	5,583.54	18,475.24	24,058.78		
2009	Public	32,240.06	566.78	21,784.99	54,591.82	1,420,830.48	5.7%
	Private	-	6,271.98	20,514.59	26,788.57		
2010	Public	39,121.26	879.97	18,637.30	58,638.52	1,469,703.11	6.3%
	Private	-	7,953.45	25,993.54	33,947.00		

Source: Central Bureau of Statistics, Syrian Arab Republic, Statistical Abstract (2010), various numbers and percentages were calculated by researcher

From the figure above, the researcher noted the following:

- In order to achieve economic development, the volume of infrastructure expenditure relative to GDP is relatively low in Syria, the highest rate of 8.3% in 2005, accounted for a higher percentage of expenditure on capital formation than the following period.
- There is no contribution from the private sector in the electricity and water domain because, before the issuance of the law of partnership, it was impossible to allow the private sector to invest in these areas.
- The volume of spending on building and construction is dominated by the private sector, but not on the construction process, but on providing means of transportation and equipments.
- The public sector remained the main acquirer in the transportation, communications, and the field of construction sectors.

Thus it can be said that the public sector played positive role socially, economically, and in development of Syrian infrastructure projects such as dams, renovation projects, irrigation systems, roads, and transportation. The private sector directed its investment activity towards the financial, insurance and real estate sectors. There has been no serious obstacle in front of the private sector (domestic and foreign), where many of the laws, decrees, and legislation granted the private sector the opportunity to invest in activities that was not permissible before.

3.2 Justification for partnership in Syria post-2011

The Syrian-British Association launched the National Partnership Document at the Public Sector Partnership Conference in November 2009. The Government intends to address the development challenges and how the private sector is able to increase its contribution to the development process. Also opening the way to attracting more investment through the launching of an ambitious public-private partnership program aimed to the implementation of at least 10% of the investments required for infrastructure development during the years 2011-2016. Transportation, social housing, water, and sanitation programs are the first sectors to be targeted by the partnership program (Presidency of the Syrian Council of Ministers, P.2, 2009).

Accordingly, the main objectives for the implementation of partnership are as follows:

1. Ensure the availability of funds and investments necessary for the development process.
2. Quality of public services and reduction of its cost.
3. Mitigating the financial burden on the state budget
4. Reducing unemployment and poverty rates

After more than seven years of war in Syria and international economic sanctions, partnership justifications have become more necessary than ever before, since the war has destroyed a large part of the Public and private assets, including energy infrastructure, water, sanitation, transportation, education, agriculture, housing, and other infrastructures. In addition to the decline of public resources because of the collapse in oil revenues and the decline of taxes and customs duties, and government focus on military spending and the provision of daily living materials. Also the deterioration of economic growth rates to very low levels, and high unemployment rate with a sharp increase in the state budget deficit, and a partial halt to the trade movement that caused huge pressure on the balance of payment and exchange rate. Table 4 shows the Syrian Budget Deficit for the years 2011-2017.

Table 4: Evolution of the state budget figures over the period of 2011-2017 in Billions of Syrian Pounds

Statement	2011	2012	2013	2014	2015	2016	2017
Total budget appropriations	835	1326,55	1383	1390	1554	1980	2660
Current credits	455	951,55	1108	1010	1144	1470	1982
Investment credits	380	375	275	380	410	510	678
Total estimated revenue	684,66	779,53	633,96	865,89	980,34	1338,57	1918,4
Total estimated deficit	186,34-	547,497-	749,04-	524,11-	573,66-	641,43-	741,6-

Source: Presidency of the Council of Ministers, Syrian Arab Republic, “ Government Financial Statement for 2017

Figure 3 shows the percentage of current and investment credits in Syrian public budget for the period 2011- 2017.

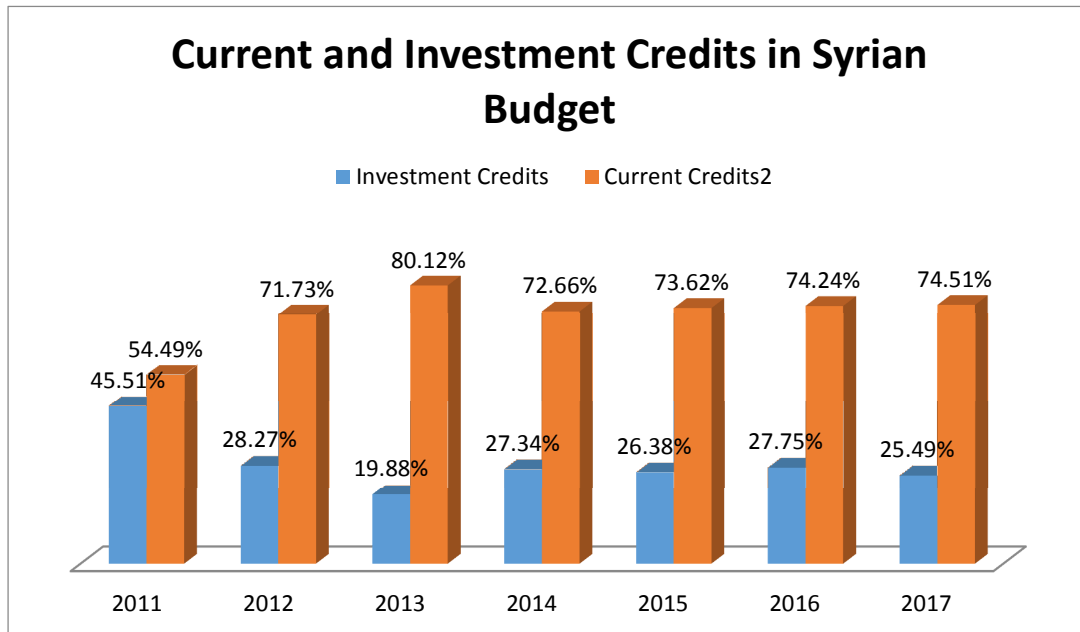


Figure 3. The percentage of current and investment credits in Syrian public budget for the period 2011- 2017.

Source: Presidency of the Council of Ministers, Syrian Arab Republic, “ Government Financial Statement for 2017

From the figure above, the researcher noted the following:

1. The Priority of public budgets over the years of the war was spent in response to humanitarian needs and relief and shelter issues and ensuring basic commodity

requirements. The percentage of appropriations of the total budget reached 74,51% in 2017, after it was 54,49% in 2011.

2. The decline in the role of the state in investment spending, where the proportion of investment appropriations declined from 45,51% in 2011 to 25.9% in 2017
3. Increase the budget deficit of the state from (186.34) billion S.P. In the year 2011 to (741,6) billion S.P., with an average growth rate of 50% annually, as a result of the decline in internal and external sources of finance and the shrinking of tax incentives resulting from low economic activity and major losses that affected businesses and enterprises.

Also, the result of major damage to infrastructure, public utilities, the residential sector, hospitals schools, roads, bridges, dams, etc., and the large deficit in the general budget, due to the suspension of the production wheel partially in some institutions and entirely in others, and the decline in public revenues of the state, whether from the taxes and fees, or the shrinking volume of exports activity and revenues from the tourism and the oil sector. And because the reconstruction phase needs huge investments in infrastructure and public utilities. Therefore, it is urgent to utilize all sectors and civil society organizations to help improve the situation in economic, social and living conditions of citizens.

3.3 Conditions for successful public-private partnerships in Syria

Since partnership is a complex societal issue, where overlaps the economy with politics and law, and social, technological, demographic and historical developments factors play a role cannot be neglected. And because a partnership is not a goal in itself; but a means to achieve the objectives of the state in the development of its national economy, it needs to have several conditions to be successful. In Syria these conditions are:

1. Legislative environment and organizational structure: There should be a Clear and fair political, legal, tax and administrative framework that govern partnership projects.
2. Transparency of the environment that govern partnership projects: In fact, a legislative framework is not sufficient to ensure the success of the partnership, and economic success cannot be achieved without transparency in the relationship between all parties.
3. Economic and social environment: One of the most important requirements for the success of a partnership is the harmony between economic profitability and the social

goals of all parties, and this is not an easy task to be designed legally, and is not simply achieved and controlled in reality (Fadlia, P.19, 2010).

4. Cultural and public environment: It is recommended that the culture of the partnership be disseminated objectively, honestly, transparently, and clarify its pros and cons in choosing the projects.
5. Human Resources: All of the above does not guarantee the success of partnership in achieving its objectives, without qualified individuals and economic thinkers who are motivated by the desire for innovation and success.

According to Murphy (2008) "In order to achieve partnership goals and objectives, the partnership must adhere to four basic principles:

1. Ensuring that the services required to meet the general needs, and can be identified, and measured easily.
2. Ensuring that the public sector has the experience in evaluating and managing risk.
3. Ensuring that partnership provides high quality and efficient services through risk allocation.
4. Ensuring clarity and accountability (P.120)".

Corruption is one of the most dangerous elements that prevent the achievement of the four principles of partnership. Corruption is an element that causes economic erosion, it increases the costs of contracts, and reduces transparency when drafted or in the proceedings and offer. Also, it reduces service productivity and product quality, and distort policies.

In Syria, there is a widespread prevalence of government and employees corruption, corruption involving money abuse or seeking personal gain Such as: The abuse of official power or influence in exchange for money or services, and a violation of public interest to gain personal privileges (UNDP, 1998, P.9).

According to Transparency International Annual Report 2017, Syria ranked 131 out of 178 countries in corruption index. It is a huge increase from 2004 where it ranked 73 from 146 countries (Transparency International Annual Report, 2017). Thus it is very dangerous to offer partnership contracts with Non-competitive or through automatic offers, or carrying out projects classified under a complex nature in Syria.

4. Procedures for Selecting Partnership Projects and Areas of Application

When the conditions for successful partnership are met, the following actions can be taken to choose the project to be implemented on a partnership basis:

4.1 The stages of proposed project based on the partnership approach

According to (Akitoby, Hemming and Schwartz P.10, 2010) prior to the approval of the partnership implement execution of any project, the partnership decision should be clearly made by the competent authority. A decision which can be achieved in two stages:

First Stage:

This stage can be tabulated by drawing up an index including four elements, these elements are derived from the objectives of economic and social policies in Syria, and one of the necessities and needs that Syria will utilize in the upcoming period is the reconstruction and development, these elements are:

1. Capital: It is composed of three items: the size of investment spending, the proportion of foreign currency to finance the project, Financial structure and the need for borrowing to finance the project.
2. Operating: It reflects the project's ability to create local employment opportunities, and its contribution to the reduction of unemployment rates in Syria, this component consists of two items, the number of direct employment opportunities, and the percentage subcontracting services.
3. Technology: The importance of this component lies in the extent to which the project is able to integrate advanced technology. It consists of two items: the source of technology, and the transfer of knowledge.
4. The nature of the project: It is the element that reflects the financial reality of the project, and consists of four items: the ratio of financial support provided to the public service, classification of the project according to finance, cash flows received for the project, and project lifetime.

The four elements have equal points (for each element 5 points), but they differ in weighting ratios, where the ratios are determined based on the importance of the state economic and social objectives. It can be distributed according to the following: Capital 15%, Operating 30 %, technology (15%), and the nature of the project (40%).

The weighting percentages are re-examined in the preparation of the five-year plans, and no project should be proposed to the partnership board if it did not receive three points. Table 5 shows the project evaluation model in the first stage of decision making.

Table 5: Project evaluation model in the first stage of decision making

Project Name		Evaluation Date	
Entity Involved		Decision Date	
Ministry Concerned		Endorsement	

Indices Study			
Element	Index	Element	Index
Capital	Size of Capital Invested	Technology	Technological Resource
	% of Foreign Currency to Capital		Technological Adaptation
	Financial Hierarchy	Project Nature	Support size
Local Job Creation	Cash flows received		
Proportion of Subcontractors' Work to the Project	Financing the Project According to the Classification		
	Duration of the Project		
Element	Average number of points (a)	Weighting (b)	(a) × (b)
Capital	5	15%	0.75
Operation	5	30%	1.5
Technology	5	15%	0.75
Nature of Project	5	40%	1.75
Total			5

Second Stage:

After identifying the project points according to Syrian development objectives, projects are sorted by its achievement of three points and more and deciding on how to implement them, such as in a traditional way or on the basis partnership. identifying projects that can be undertaken by the public sector and projects that can be put on a basis of partnership (list of partnership projects) which must be approved by the Council of Partnership (law #5, 2016). This stage is called ("Project Approval"); and to reach this stage, we can use Public Sector Comparator (PSC)

Which is one of the most important quantitative measurement tools to evaluate the offers made by the private sector, and comparing between them to choose the preferred offer that offers the best value for money.

Public Sector Comparator represents the adjusted cost for the potential risks of the project after neutralization competitive effects of the project in the event that the public sector provides public services, including capital and fully estimated operational and administrative costs at their present value (Net Present Value). The project shall be adjusted after calculating the costs of the transfer of risk assuming that will be executed, financed and designed, through public sector (traditional construction method).

Project total cost is studied and compared to certain period of time according to the following:

1. Traditional buying contracts: It is the total estimated costs incurred by the public sector if it executed the project. through traditional construction contracts, known as the public sector comparator (PSC). (Infra Structure Ontario, P.4, 2007).
2. Alternative financing and procurement: It is the total estimated costs that incurred by public sector if they executed the same project at the same specifications. This is done by alternative financial contracts, which is known as Adjusted Shadow Bid (ASB). The difference between Public Sector Comparator and Adjusted Shadow Bid equal the Value for Money. If (ASB) is smaller than (PCS) this mean that (VFM) is positive, then it is better to execute the project by using (AFP). (Infra Structure Ontario, P.4, 2007).

No project should be approved based on partnership if not approved for its economic and social feasibility. Partnership generates prosperity, economic benefits, and stability and should not rush to resort to the partnership rather, it is necessary to make progress in the process of preparing the population and accepting the concept of partnership. Also, the State should define its objectives in a scientific and objective manner, and it sets up its own departments and institutions and provides a good organizational framework that avoids arbitrary practices. A partnership can be implemented in a way that benefits all segments of society.

4.2 Project implementation stages according to of the partnership approach

At this stage, practical steps are taken to implement the project, starting with the preparation of the proposal and invitation of the exhibitor to offer design, operation, and financing. The final step is the selection of a private partner and the establishment of a company project, by using following the steps:

- Economical and social feasibility study of the Project and government Preparation of the Tender: next step is prequalification quotations (Request For Quotation-RFQ) for applicants who wish to invest, and then requesting prices offers. The government should prepare documents forms and books of technical and financial conditions and

contractual agreement, the terms of the proposal, and the preparation of a public sector comparator (PSC).

- Selection of Private Partner and the establishment of Project Company: An invitation to qualified exhibitors which have been selected under pre-qualification procedures and in response to the request for quotation prices, private sector prepare (Consortium) Alliance prepares its bid and submits it to the government Request For Proposal (RFP). The RFQ must require the necessary funding, and is not normally based on the evaluation of technical and financial offer but must be built on the extent of the impact that will happen in the future for national economy, such as: Availability of foreign currency, employment creation, training and rehabilitation of local labor, and the extent of reliance on local resources and transfer of technology, etc., which is known as (VMF). After selecting the winning bidder, the project company is established (Special Purpose Vehicle).
- Financial Closure: After negotiation of all the project agreements and the contract agreements signed, the project will be in the stage of financial closure where the investors and financiers start financing the project. Financial closing is defined as securing the necessary financing by the winning bidder within the specified period in the announcement (Partnership Project Law, Article 1).
- Follow-up and control: Once the project reaches the financial closure phase, the implementation of the project begins, and the role of the government does not end after the financial closure, but it has to follow up the execution of the project, which has been approved for implementation in a partnership framework, also pursuing the execution with periodical report according to the time plan for the implementation of the project, and under the contract between public and private sectors.

In short, no partnership project should be approved if it is not feasible economically and socially. Partnership must result in luxurious and social stability to all people.

4.3 Proposed ideas for partnership projects in Syria

In the light of historical experiences and partnership studies under the United Nations Development Program, it is noted that the specific circumstances of each country determine the role of the public and private sector. According to Syria's economic, social, and political circumstances, Syria suffers from the following:

1. A decline in public revenues and a significant deficit in the state budget;
2. Rising unemployment rate to record levels, particularly among youth;

3. Substantial destruction of infrastructure from roads, bridges, dams, airports, residences, hospitals, schools, etc.
4. The deterioration of human capital and the departure of a large number of professionals, experts, and academics.
5. Capital flight abroad, low domestic savings and high inflation rates

The researcher proposes the following projects listed in the table below, where we have noted that the projects selected are small in area size (according to province), the private partner is not allowed to invest in public sector in all parts of Syria at the beginning of the partnership implementation. This was done to increase competitiveness among private sector partners in the governorates. Also, to eliminate the spread of corruption by implementing projects at the local level. If the project fails, it will not have a major impact on individuals and the state in handling the consequences of failure.

The researcher cannot identify the proposed projects because the state is the only entity capable of determining Syrian needs for the upcoming period, but here we can propose some types of projects that are consistent with the following four main points:

1. The ability of the project to achieve rapid revenues and optimization for existing infrastructure, such as (Money transfer and postal and parcels services), without the need for more public spending.
2. The possibility of creating jobs and qualifying human cadres, by implementing projects characterized by labor intensity, such as (roads maintenance) or projects that increase the skills of manpower, and enable them to enter the labor market (Development Center)
3. Attracting advanced technology (generating electricity through renewable energies, building hospitals with advanced medical equipments).
4. Improving the social and service sector that was resulted from deterioration of health and sanitation services, such as (waste management).

Therefore, there must be an extensive studies from government agencies before any project is presented on the basis of partnership. Even though, all projects may change after the preparation of the detailed study by the State, in harmony with priorities and requirements of social development goals.

Table 6: Suggested Syrian projects based on partnership

Project Name	Sector	Sub-sector	Stage	Type	Location
Road Improvement and Maintenance	Transportation	Roads and Bridges	Operating and Maintenance	BOT	Each Governorate on its own
electrical Power Generation	Energy	Renewable Energy	Design, operation, and Maintenance	BOT	Each Governorate on its own
Money transfer And postal parcels	Telecommunications And technology	Postal Services	Operation	Concession Contract	All Governorates
Development and Rehabilitation Center	Administrative Development	Continuous Learning	Design and Operation	BOOT	All Governorates
Waste Treatment	Water	Sewage Plan	Operation and Maintenance	BOT	Affected Areas
Hospitals Building	Health	Infrastructure	Design and Operation	DPOOT	Aleppo
Tourism buses	Tourism	Transportation	Design and Operation	Administrative Contracts	Tourist Areas
Passenger Terminal Damascus International Airport	Transportation	Airports	Design, Operation, and Maintenance	BOOT	Damascus-Lattakia-Al-Qamishli
Hotels Management and Regional Tourism	Tourism	Tourism Resorts	Design, Operation, and Maintenance	Administrative Contracts	Hotels in Different Provinces

Prepared by researcher

The desire to quickly implement a project on a partnership basis, regardless of how the implementation and requirements success, will create dire consequences even under the best intentions. This requires gradation in the introduction of projects, giving sufficient time to study projects to be presented on a partnership basis, specifically in projects with social development dimension.

Reality has proved that there is no single solution, and no single model can be copied and applied to sectors in all countries, partnership projects should be shaped and creatively adapted to the development of new economic mechanisms. The economy depends on continuous and sustainable growth to achieve partnerships and explores

promising opportunities. Therefore, creativity and innovation are a must in finding new ways to achieve partnership and ensure its success.

5. Results and Recommendations

5.1 Results

Based on the above, the researcher came with the following results:

1. Partnership in itself is not a goal, it is a change in the development philosophy, and a reconsideration of the state role, and its responsibilities in managing the national economy.
2. The need for applying partnership, because of the increasing need for investment in infrastructure and the inability of the state public finances these projects alone, specifically in the first stages of reconstruction process.
3. Because of the rise in the corruption index in Syria, it is dangerous to offer partnership contracts through non-competitive procedures or through automated offers.
4. Syria is still not ready to implement the partnership because it has not yet completed the laws and legislations that accompany the law of partnership such as financial, banking, insurance, taxation and accounting areas of the law. In addition to the unavailability of sufficient expertise in dealing with partnership contracts, and the lack of preparation of Syrian citizens for such projects.
5. The private sector can be a partner in all the projects that belong to the government if partnership law No. 5 allows the private sector to enter the infrastructure and utilities projects owned by the public sector.
6. There is no single model that can be copied and applied to all sectors and projects, the extent of technological development and quality of service have a major role in determining the methods and the forms of contracting.
7. Formulation of a four-element indicator (capital, technology, operation, project nature), as a first step in presenting projects according to the partnership approach.

5.2 Recommendations

Based on the above results, the researcher suggested the following recommendations:

1. Public and private sectors should operate in a competitive manner without distinguishing between them under the supervision of the State. Efficiency and effectiveness standard should be fundamental for those who enter a project to provide goods and services that meet the demand of individuals and society at the best quality and lowest price.
2. Formation of partnership unit in each ministry under the administration of the minister concerned and technical unit under the command of Ministry of Finance. Each unit must be composed of legal, economic, financial, administrative, and technical cadres, its task is to propose projects and provide feasibility studies to each project.
3. Training and qualification of human resources in the state and in the public sector, to be able to manage partnership contracts, such ensuring the formulation of contracts, good implementation, quality control service, and thus ensuring the achievement of goals its construct for.
4. It is advisable the entrance of the private sector to provide any public service, especially when this service needs major financing, sophisticated technology and implemented on a local scale.
5. Preparation of detailed index by the State, The state should take the decision to offer partnership projects. These projects aim to achieve the economic and social goals for Syria.

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