



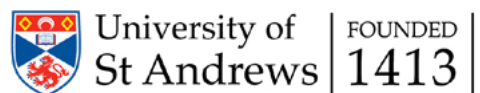
SYRIA AT WAR

Syria at War: Eight Years On

SUMMARY

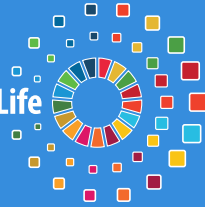


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SUMMARY



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Introduction

The Economic and Social Commission for Western Asia (ESCWA) and the Centre for Syrian Studies at the University of St. Andrews (CSS) collaborated in producing the “Syria at War: Eight Years On” report with a focus on providing unique insights into the social, economic and governance transformations caused by the conflict in the Syrian Arab Republic. Throughout the report, the authors highlighted the continuity and transformation in the ongoing conflict, and emphasized its economic and social implications on the Syrian Arab Republic. Despite the profoundness of those transformations, the authors concluded the reports with proposals for a peacebuilding and economic recovery framework that is both inclusive and sustainable.



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1 Continuity and Transformation in the Syrian Conflict

1.1 Introduction

What began, in 2011, as protests demanding reform quickly deteriorated to a long and bitter conflict. The original demands and root causes of the protests were swiftly lost with the militarization of the conflict and the escalation of violence that entailed a massive human and economic toll. The conflict has resulted in a dramatic transformation at all levels of State and society. After several years of conflict involving Syrian and non-Syrian actors, the Syrian Arab Republic exhibited many of the symptoms of State failure, including the loss of monopoly over the means of violence, compromised territorial control and, in many areas, a complete breakdown of order.

Despite the deterioration of the institutional capacity to deliver services, the Government remains in power and has largely restored its power over most of the country's territories and population. All the main Syrian actors have reaffirmed their commitment to a political solution and to maintaining the country's political boundaries. There still prevails, between them, the belief in a viable and unified Syrian State, despite disagreement on issues of political power, democratic representation and the degree of State centralization. Syrians of all political persuasions have been exhausted by the conflict and are ready to move forward.

1.2 Territorial Divisions: fragmentation, segmentation and reconsolidation

The proliferation of non-State armed groups starting from 2012 resulted in distributing the control of the Syrian Arab Republic territory among the warring factions. These groups have further complicated the conflict as they reflected the interests and rivalries of their backers. Each of the areas had their own governance projects with administrative structures and security, judicial and even educational systems that often mirrored the ideology of the dominant political formations. The relationship between them was complex, alternating between conflict and collaboration. All areas engaged in licit and illicit trade or bartering. This exchange gave rise to a war

economy that entrenched the power of middlemen and warlords, and allowed non-State armed groups to finance themselves for long periods.

Supported by the Russian Federation intervention in 2015, the Government has gradually recaptured most, though not all, of the lost territory. By 2020, the Syrian Government, aided by Russian and Iranian troops, restored its control over most of the country east to the Euphrates river, excluding the Idlib governorate. The Democratic Autonomous Administration (DAA), dominated by the Democratic Union Party (PYD) and the Syrian

Democratic Forces (SDF), with western coalition forces led by the United States, held territory east and north-east of the Euphrates. The Idlib Governorate, along with a few other areas, are directly controlled by Turkey, Turkish-backed Syrian troops, and, in the case of Idlib, several armed groups, including Hayat Tahrir al-Sham (previously Jabhat al-Nusra).¹

However, the Syrian Government regaining control over the majority of the Syrian Arab Republic does not denote the type of control it enjoyed prior to 2011, nor can services once enjoyed by the people of these areas be compared, in any meaningful sense, with the precarious conditions they continue to live under.

1.3 Governance and rule of law during conflict

1.3.1 Fragmented governance

Governance in areas controlled by the State continued to exhibit many of the features of the pre-conflict model, despite early attempts at reform. The revoking of the Baath Party's leading status in the revised 2012 Constitution provided an opportunity for transition to multiparty rule, yet, the Government's policy towards power-sharing remained minimalist as the centralization of power, impunity of security services and stifling of political life and civil liberties continued largely as before.

When the State's administrative reach contracted from areas lost to opposition groups, the resulting ungoverned space was filled by informal, hybrid governance,

including the attempts of the opposition-founded Syrian Interim Government in the north, and the DAA. Service provision was initially filled by councils born of the local coordination committees that had organized anti-Government protests, and by civil society movements. However, these attempts were highly localized, and reliant on intermittently functioning networks, resulting in increasing fragmentation. This was exacerbated by regional-level backing for rival groups and the third layer of governance by international donors, who channelled funds, along with their own conflicting agendas, through rival external opposition groups or private subcontractors.²

1.3.2 Human rights violations and gender violence: an inescapable legacy

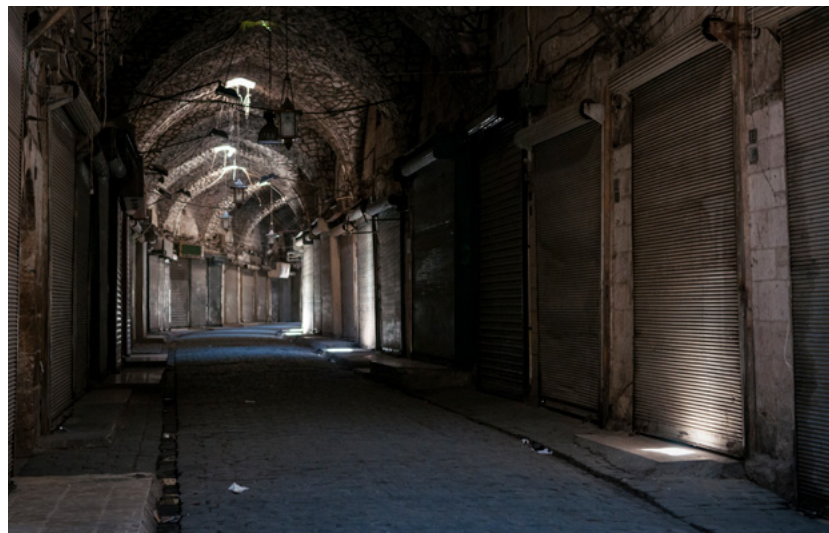
Rights violations, crimes of the conflict and lack of accountability threaten attempts at sustainable peace. In 2018, a report by the United Nations Human Rights Office stated that civilians have not only been the unintentional victims of violence, but have often been deliberately targeted through unlawful means and methods of warfare. These violations include decimating vital civilian

infrastructure by repeated attacks on medical facilities, schools and markets; instrumentalizing humanitarian aid as a weapon of conflict with siege warfare to surrender or starve;³ the spread of mass arrests, enforced disappearances, torture and death in custody;⁴ violations against children; and gender-based violations, rife almost since the onset of conflict, reaching unbearable levels.

1.3.3 From normal economy to war economy

Fragmentation of governance and militarization in the Syrian Arab Republic transformed the economy. Even as the productive capacity of the normal economy declined, a war economy with regional and transnational connections came to be – empowering a sector of middlemen, war profiteers, warlords, smugglers and a host of other intermediaries. It has also involved an increasing number of ordinary civilians desperate to identify an income-generating activity that could help sustain their families.

Economic deconstruction was driven by several forces. First, western-imposed sanctions, notably on the export of oil to Europe, greatly reduced government revenues and cut the banking system off from the west. Second, the increasing violence damaged production and infrastructure. And, finally, the eastern hydrocarbon and grain-producing areas were lost to the opposition.⁵



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The fragmentation of the country brought about internal trade barriers while territories had open trade with the outside world and widespread smuggling by pre-existing criminal networks or cross-border tribes proliferated. As internal production declined, inward flows of resources, including humanitarian aid and funding from opposition sponsors, became main prizes for which rivals competed.⁶ As such, a war economy was created around predatory and intermediary activities, rather than production. Control of supply chains and checkpoints between areas was lucrative, for government and opposition officers, creating a societal logic of sustainability. This raised transaction costs and prices for citizens, and living standards for the majority declined, though a few reaped significant profits.

The capital flight to neighbouring countries was immense. As Syrian businesspeople established enterprises outside the country, their capital became increasingly embedded, and immobile, and unlikely to readily return home.⁷

A potential objective of the international sanctions was to drive a wedge between the Government and capitalist

class that shaped pre-conflict economic leadership. This policy has largely failed, since many businesspeople have substantial investments in the country that outweigh their overseas assets and commercial interests. Hence, the majority remained highly invested in the government's survival. In the vacuum, a new class of wealthy war profiteers emerged, thriving on the chaos, sanction-busting and scarcities.⁸

One obstacle to post-conflict economic reintegration is that countries involved in the conflict have also maneuvered for a share in the new economy, particularly in strategic areas such as energy as the case of the United States backed, Kurdish-dominated SDF controlling much of the hydrocarbons, and the hydropower capacity of the Tabqa Dam. Though pragmatic economic deals have been reached to trade electricity for oil or gas and are expected to continue, reconstruction may require formal planning, and investment agreements and legal arrangements to cross truce lines, a much more daunting prospect.

1.4 The different manifestations of conflict internationalization

International actors – States and intergovernmental organizations – have acquired enhanced leverage over the Syrian Arab Republic's fate, and this will inevitably impact any effort at the reconstruction and reintegration of the divided economy, possibly even obstructing it in the absence of a political settlement. The internationalization of the conflict is manifested by the following factors:

First, the direct military presence of several foreign countries and other proxies with their involvement in political, humanitarian and economic affairs, albeit in different regions and to different degrees.

Second, the Government's loss of control weakened its power over taxing and controlling the flow of humanitarian aid, fighters, smuggled goods and weapons into the Syrian Arab Republic from outside supporters.

Third, there have been twenty-three United Nations Security Council resolutions since 2012 with a far reaching scope and including a comprehensive political transition and solution to the conflict, human rights violations, the destruction of chemical weapons stockpiles, counter-terrorism frameworks, humanitarian assistance and cross-border aid delivery, as well as targeting illegal trafficking and networks.

Fourth, the sanctions maintained by the European Union countries and the United States against Syrian Government agencies and individuals directly or indirectly affect most sectors of the economy.

Fifth, the presence of millions of Syrian refugees in neighbouring countries and Europe, and the multinational and multi-institutional effort needed to assist, manage, and to seek durable solutions for them.

Sixth, the wide international humanitarian presence in and around the country.

Finally, there have been multiple parallel peace processes sponsored by international actors, including the United Nations-led political initiative (known as the Geneva Process) alongside an ensemble of initiatives, starting with the Astana process in January 2017, which focused on military and security issues. By and large, however, 2019 and early 2020 saw momentum stalling in the settlement process due to external and internal factors, including the increased tightening of sanctions by the United States, the Turkish invasion of northern Syrian Arab Republic, and the battle by the Government and allied forces to recapture Idlib.

1.5 A hopeful peace and precarious status quo

Despite the multiple peace processes, there has been no comprehensive political settlement. The Government regaining control of large swathes of territory previously held by opposition groups and ISIL has dramatically lowered rates of death and destruction however, violence continues quite heavily in some parts of the country and

the potential for conflict relapse along new axes remains. With the reduced fighting, a fledgling recovery is evident in some parts of the country, as well as a revival of economic linkages between countries in the region, vital for those such as Jordan and Lebanon.

Sanctions entailed high costs on the Syrian society as well as exacerbated the war economy. While economic recovery in some parts, particularly those experiencing complete destruction, is a positive, the lack of a comprehensive settlement implies piecemeal reconstruction that does not address the legacy of the war economy. This process may also reward warlords and continue a process of illegitimate wealth accumulation. Moreover, no settlement and the continued status quo

could lead to a devastating conflict relapse. A sustainable and inclusive process of peacebuilding is imperative, one that addresses the root causes as well as the transformations wrought by the conflict itself. There have been missed opportunities, but now is as good a time as any for all sides to engage in protracted peacemaking and peacebuilding – for the good of Syrians, the region and the world.

2 Social Landscape

2.1 Introduction

The conflict continues to cause damage to social structures and physical infrastructure. Syrian civilians have suffered the most: the proportion of civilian deaths has been high and rising, while the bulk of survivors have either been internally displaced or sought asylum in neighbouring countries, where the suffering largely continues among refugee communities. The de-escalation of the conflict in

the past few years has led to some improvements in some areas. The population may gradually increase to its pre-conflict levels as refugees and IDPs return to rebuild their communities, but there are long-term social repercussions and damage to infrastructure that may take years to be restored to pre-conflict levels.

2.2 Demographic outlook

The conflict has led to an approximate 21 per cent decline in population over the period 2010 – 2018, and many of those who remained in the country were internally displaced, in search for physical safety and access to basic

services.⁹ In the past few years, there has been a wave of IDP voluntary returns due to more readily available basic services and the restoration of security in some areas. Still, millions of Syrians remain displaced.

2.3 Refugees

Syrian refugees are estimated at more than 5.5 million, dispersed predominantly in Lebanon, Jordan, Turkey, Iraq and Egypt.¹⁰ Many of them live below the poverty line and under dire socioeconomic conditions. The vast majority are in informal tent settlements (ITS), where living conditions are much worse than in-camp settlements.¹¹ Such living conditions are the foundation for harmful exploitation, such as gender-based violence, child abuse, child labour and early marriage.

“The right of the displaced and the refugees to a **safe, dignified and voluntary return to their homes** (or to any other location inside the country they voluntarily choose to return to)”

2.4 Population in need

As of 2019, more than 11.7 million Syrians, 5 million of whom are children, remain in need of at least one form of humanitarian assistance.¹² This is a substantial decrease from the 13.1 million people in need reported in 2017, reflecting the de-escalation of conflict. Water, sanitation and hygiene (WASH), protection and health are the three main categories in which need is pressing. While United

Nations-declared besieged locations were evacuated over the course of 2018, 76 per cent of those communities are still classified by the United Nations as hard to reach.¹³ People in these areas are severely vulnerable as the delivery of humanitarian assistance is generally obstructed.

2.5 Education

Syrian children have been deprived from their most fundamental right: education. Since the start of the conflict, hundreds of schools have been either destroyed, damaged or used as shelters.¹⁴ Almost 3 million Syrian children were out of school, and more than a million were at risk of dropping out during the academic year 2017-2018: many due to child labour, child recruitment to

fighting groups and the early marriage of girls as young as ten.¹⁵ In addition, more than 140,000 teachers are no longer in their positions, which further deteriorates the quality of education provided.¹⁶ With these emerging social epidemics, the Syrian Arab Republic faces the acute challenge of having lost a generation.

2.6 Food insecurity and nutrition

As the agricultural sector continues to suffer from losses in crucial infrastructure, crop production, livestock and human capital, the need for nutritional assistance remains substantial. Prices of basic food have significantly increased from their pre-conflict levels. In some 40 per cent of Syrian households, more than 65 per cent of their expenditures is on food.¹⁷ Many families have resorted to

harmful coping mechanisms and consumption patterns. 46 per cent of Syrian households are cutting down on their daily food rations.¹⁸ In 2019, around 6.5 million Syrians were food insecure; and 2.5 million were prone to becoming acutely food insecure.¹⁹ Relatively high stunting and mortality rates have also been recorded among children.²⁰

2.7 Health

Health facilities have also significantly deteriorated in both quantity and quality, giving civilians little – if any – chance of accessing treatment. By the end of 2018, 48 per cent of health facilities were reported to be partially functional or non-functional.²¹ The health situation, already precarious, further deteriorated in 2019, with 15.5 million Syrians

lacking access to safe water sources, which inevitably causes waterborne diseases.²² Several infectious disease outbreaks were also reported. Furthermore, many Syrians now suffer from mental health disorders due to the conflict and there is a shortage of psychological support outlets.

2.8 Other social implications

Several groups, commonly children, youth, women and the elderly, have been left unprotected from various threats, including loss of civil documents, human trafficking, looting and other forms of exploitation. More than half of the assessed Syrians communities have reported the loss of civil documents due to the conflict, which places them at grave risk of statelessness and long-lasting marginalization.²³ As of 2015, the unemployment rate soared to nearly 55 per cent²⁴ and to as much as 75 per cent among youth, affecting women more than men.²⁵ Further, gender-based violence has plagued women throughout the conflict. Aspirations of the youth have been shattered with possibly irreversible losses as many of them many have lost their formative childhood years, been deprived of an education and suffered traumatic experiences. Finally, the Syrian Arab Republic's culture, often described as a multicultural mix of the traditional and the modern, has been profoundly damaged with lessened tolerance and heightened the oppression of multiple identities, ideologies, religions and ethnicities. These social implications pose a threat that must be taken into account in the reconstruction of the Syrian Arab Republic.

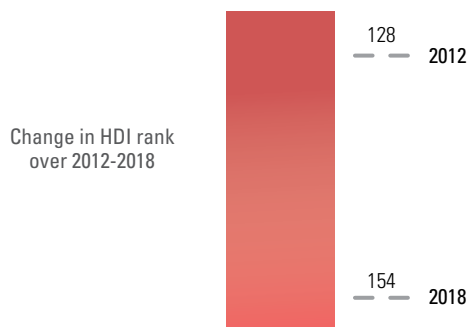


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2.9 Human development

The Syrian Arab Republic's human development index (HDI) fell sharply, leading to the gradual downgrading of its HDI rank, from 128 to 154 out of 189 countries over the period 2012–2018.²⁶ The armed conflict has detrimentally impacted all three dimensions of HDI (health, knowledge and living standards) as the shelling indiscriminately targeted hospitals, schools and civilians. Men also have a significantly higher HDI than women: a gender gap caused mainly by inequalities in living standards and education. Many girls in the Syrian Arab Republic do not complete primary school and are more subject to acts of exploitation and abuse ranging from child marriage to verbal and sexual harassment. The average life-expectancy decreased from 72.1 in 2010 to 71.8 years in 2018. It is even lower for men, currently marked at 66.6, especially as women are at an advantage when accessing humanitarian aid.²⁷ Men are also more likely to engage in armed violence. Still, it is important to note that the HDI has witnessed some improvement since 2017 due to the de-escalation of the conflict.

Change in HDI rank 2012-2018



2.10 Poverty

Poverty estimates and projections show a substantial rise in poverty and vulnerability to poverty. Extreme poverty in the Syrian Arab Republic is projected to have increased during the conflict, with an estimated 40 per cent of the population living under \$1.90 per day in 2019. In addition, severe socioeconomic contraction has led to a sharp

decline in the middle class, pushing millions of people into multidimensional poverty. At this point, the country's poverty profile leans more towards a least developed country (LDC) than a middle-income country. This poses major implications for post-conflict social and economic policies.

2.11 Conclusion

Despite the deep challenges, most Syrians speak of a unified society and have a belief in that, even if they disagree on many aspects of its mode of governance. The years have brought conflict but also numerous examples of societal initiatives, grassroots efforts, and other joint

initiatives seeking to cross the boundaries, build bridges, and move society forward. If approached with a common goal towards human and gender equality, an equitable, accountable, and truly inclusive reconstruction process may start building a future for all Syrians.

3 Macroeconomic Ramifications

3.1 Loss in physical capital

Assessing the value of damage to physical capital has been very challenging due to the lack of consistent data and the various constraints imposed by the conflict on collecting data. The mass destruction of physical infrastructure has been valued by the end of 2018, at a cost of 117.7 billion dollars. Conflict-induced damage accumulated in seven of the most capital-intensive sectors, namely: housing, mining, security, transportation,

manufacturing, electricity and health facilities.²⁸ The hardest hit was housing, at 17.5 per cent of the total. Similarly, the governorates of Aleppo, Rural Damascus, Homs, Al-Raqqa, Idlib and Deir Ezzor, together, accounted for 81.8 per cent of the damage to physical capital. This enormous level of destruction will have deep implications on economic recovery and long-term economic growth.

3.2 Impact on the real economy

By 2018, the Syrian Arab Republic's GDP had lost 54 per cent of its 2010 level, which came mainly as a result of violence and lack of security, internal and external displacement, damage to physical capital, sanctions, and market fragmentation within the country. The accumulated annual losses in GDP, comparing to what the GDP would have been if there was no conflict, reached 324.5 billion dollars, leading the total cost of the conflict to reach 442.2 billion dollars, after adding the cost of physical capital destruction during the same period.

In 2018, the GDP recorded positive change for the first time since the outbreak of conflict, up by 1.6 per cent. This was driven mainly by manufacturing and internal trade, despite

the negative impact of bad weather on the agricultural sector and the tightening of unilateral economic restrictive measures by the United States on the Syrian Arab Republic. On the supply side, real GDP change was mainly driven by mining and manufacturing as well as internal trade before and during the conflict. Agriculture, nevertheless, played a volatile role in economic growth due to the periodic droughts and the inefficient use of water and distorted the incentives system during both periods. On the demand side, aggregate consumption – public and private alike – was the main driver for GDP change before and during the conflict by around 75 per cent on average, with higher contraction in private consumption during the conflict.

3.3 Foreign trade

As most borders remained outside government control for several years, many cross-border transactions with neighbouring countries were not captured in official data. Foreign trade is analysed using mirror data recorded by the Syrian Arab Republic's trade partners and published by the International Trade Centre (ITC).

Foreign trade constituted about 43 per cent of GDP on average over the period 2013-2018. Syrian exports collapsed from \$8.7 billion in 2010 to \$0.72 billion in 2018. Exports of mineral products (mainly oil and phosphate), which accounted for 52 per cent of total exports before the conflict, were virtually non-existent by 2018 mainly as a result of damage in the productive infrastructure, as well

as the US and EU unilateral restrictive economic measures (UERM). As a result, imports experienced a significant increase relative to GDP, widening the trade deficit from -16.6 per cent of GDP in 2010 to -34.6 per cent in 2018, which entailed increasing pressures on the value of the Syrian pound.

Comprised mainly of oil and mineral products, the Syrian Arab Republic's exports to Europe dropped from 45.6 per cent (\$4.8 billion) of total exports in 2010, to 20.6 per cent (\$0.15 billion) in 2018. Syrian imports from Europe dropped likewise from 25.8 per cent (\$4.9 billion) in 2010 to 10.7 per cent (\$0.7 billion) in 2018.

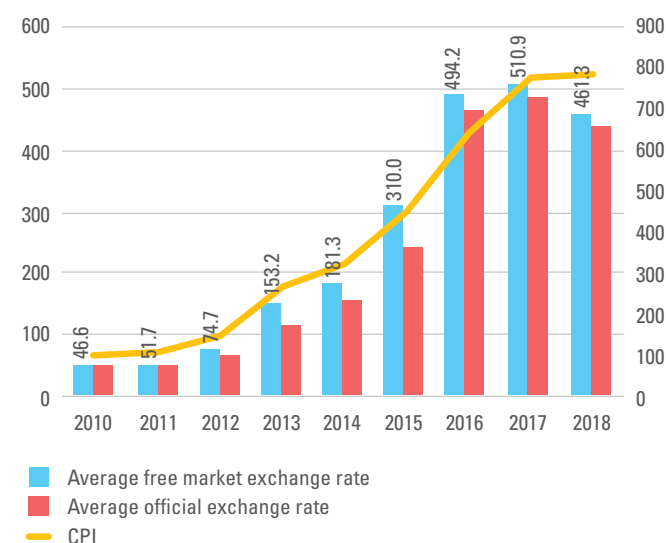
3.4 Monetary policy and financial sector

An important share of the cost of the Syrian conflict is reflected in economy-wide price changes. According to official data, the Syrian CPI reached 811 by the end of 2018, taking 2010 as the base year. The unprecedented high levels of inflation were induced by supply-side shocks and increasing production costs due to lack of security, widespread destruction, market fragmentation, sanctions, and deficit financing due to the vanishing public revenues. These conditions entailed a drop in exports that did not commensurate the drop in imports. This, in turn, widened the trade deficit and levied downward pressures on the value of the Syrian pound as well as contributed to the flying inflation rates to unprecedented levels.

The Central Bank of Syria attempted to manage demand on foreign currency by adopting special exchange rates for official transactions, controlling imports, and imposing restrictions on dollarization. These measures were, however, unsuccessful. Consequently, the average exchange rate by the end of 2018 reached 460.2 Syrian pounds (SYP) per \$1 compared to 46.4 SYP in 2010; the SYP lost almost 90% of its value.²⁹ Subsequently, these dramatic developments

have aggravated poverty and food insecurity indicators which are already at drastic levels because of the losses in the purchasing power of ordinary Syrians.

CPI and official free market exchange rate of dollar in SYP, 2010 - 2018



3.5 Capital markets

During the conflict, the Syrian Arab Republic witnessed a drop in savings and investments as a result of a deteriorating investment climate, and a large-scale exodus of financial assets and capital, or capital flight. As such, there has been a significant drop in savings and investments during the conflict. In absolute terms, private investment dropped by 31 per cent on average during 2010-2017.³⁰

Furthermore, the available data indicates the conflict has aggravated an already poor performance of the banking sector in the Syrian Arab Republic. During the conflict,

the loss of major industries, particularly those largely operating in the informal sector, made it difficult for banks to properly assess risk and returns, and to provide lending opportunities within suitable risk parameters. The dollar value of total deposits in the Syrian banking sector dropped by more than 82 per cent during 2010-2017 from \$30.1 billion to \$5.3 billion. During 2011-2016, the dollar value of banking assets also dropped, with an almost similar rate, from \$47 billion to \$9.2 billion, where many firms identified the lack of access to finance as a major constraint for their operation.

3.6 Public finance

Not unexpectedly, public finance figures dropped in proportion with the decline in Syrian GDP. With no official data, the dollar value of public revenues were estimated to have dramatically decreased from \$13.6 billion in 2010 to around \$3 billion in 2017 and public expenditures fell from \$14.9 billion to \$3.6 billion during the same period.³¹ As a result, though budget deficit fell from \$1.3 billion to \$0.7 billion, its percentage to GDP, however, more than doubled, from -2.2 per cent to -4.7 per cent over the same period. The dwindling public revenues eroded the State's capacity for delivering public services and social protection tools while sustaining the State institutions and service delivery came at the expense of deteriorated standards of living of public sector employees whose real wages almost vanished.



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3.7 Doing business

The conflict affected the composition of the enterprise sector, with the proportion of large enterprises in the private sector dropping from 24 per cent in 2009 to 16 per cent in 2017 while the share of informal, small and medium enterprises (SMEs) increased. The process of doing business during the conflict was arduous. According

to the 2017 Enterprise Survey, in areas controlled by the Government, firms identified the interruption to services (electricity, water), poor infrastructure, lack of access to finance, loss of employees, physical damage, insecurity and the loss of customers as the main obstacles to doing business.

3.8 Economic governance

The governance and institutional framework, characterized by a complex bureaucratic structure; weak contract enforcement and property rights, was a major limitation on economic activity pre-conflict, especially for the private sector, and it deteriorated further during the conflict. The World Governance Indicators (WGI) ranked the Syrian Arab Republic at the 20th and 26th percentiles on regulatory quality and rule of law, respectively, in 2011. These had declined severely to the lowest 4th and 1st percentile by 2016.³² Corruption and perceptions of corruption – long-standing grievances within the Syrian Arab Republic – increased during the conflict, and the country fell from

the lowest 14th rank to the 2nd lowest over the same timescale.^{33,34}

According to the World Bank's Ease of Doing Business rankings for 2020, the Syrian Arab Republic ranked 143rd in starting a business among a total of 190 economies. Revealingly, this is based only on statistics from areas controlled by the government. This business environment, along with political instability, induces low investment confidence where investors feel unable to appropriate the returns on their activities; a binding constraint to sustainable growth.³⁵

3.9 Conclusion

There remains formidable economic challenges for the Syrian Arab Republic including the damage to physical capital, weak economic performance, widening trade deficit, capital flight, external displacement and economic sanctions. All have led to massive unemployment—especially among youth. The Syrian pound is under tremendous pressures and the purchasing power of ordinary Syrians is continuously dropping, and large segments of the society are being pushed into extreme poverty and food insecurity.

Furthermore, there has been weakened institutions and State capacity, and deep environmental degradation. The weakened administrative capacity of State institutions has given room for corruption, a war economy and criminal activities to flourish.

These challenges are truly daunting, but the Syrian Arab Republic has strengths and opportunities. Despite the

huge damage to business infrastructure, the economy has coped and has kept functioning in all sectors, to varying degrees. The economy had diversity pre-conflict and this, with the important agricultural base, has afforded it significant resilience. Though weakened, State institutions have largely survived with some administrative and fiscal capacity in managing day-to-day life by providing basic needs and legal documents, governance, public finance and economic management. It will be crucial to harness these strengths while transforming their governance structures and performance to make them representative, accountable and responsive. Finally, the Syrian diaspora has always been an asset. Other countries that recovered from conflict found that remittances can correct balance of payments deficits, at the macroeconomic level, and present stable sources of income security at the microeconomic level.

4 Towards an inclusive and sustainable peacebuilding and economic recovery³⁶

4.1 Introduction

The scale of the crisis coupled with its geopolitical complexity implies recovery and reconstruction are of global importance, not just for Syrians in desperate need. The National Agenda for the Future of Syria Programme (NAFS), hosted by ESCWA, has served as a platform for dialogue for a broad spectrum of Syrian stakeholders. Based on collaboration between networks in civil society, the private sector, and national and international institutions, the programme facilitates discussions regarding a basic framework through which to understand peacebuilding and recovery in the Syrian Arab Republic.

The framework identifies principles for peacebuilding that are widely recognized as important guidelines and highlights the main challenges facing them. In earlier stages, four fundamental headings for a future vision were discussed through the NAFS platform, namely: 1) The Syrian Arab Republic is a unified country, 2) Syrians can rebuild the Syrian Arab Republic and achieve comprehensive economic development, 3) Syrian society is diverse and creative, and 4) the Syrian Arab Republic has a unique geo-political position that requires dealing with challenges resulting from this fact.³⁷

“Syrian identity is pluralistic and expressive of Syrian cultural diversity and cannot be reduced to any one of its components only.”

The framework defines “reconstruction” in such a way as not to be confused with the mere rebuilding of what has been destroyed by the conflict,³⁸ which implies the restoration of a previous status quo, including the internal flaws which contributed to the conflict. Indeed, it would clearly not be sensible to aspire to simply replicate previous conditions. Instead, there is a need for a holistic, inclusive and sustainable reconstruction process. It must be inclusive in that it promotes a Syrian Arab Republic for all sectors of Syrian society, be they inside the Syrian Arab Republic or as refugees, and pays particular attention to the role of women. Finally, the process must be sustainable by promoting indigenous processes for recovery, reconstruction development and growth.

4.2 Principles of peacebuilding

For the Syrian Arab Republic to engage in meaningful peacebuilding, the political culture must move away from the zero-sum logic and extreme polarization of the military conflict. This implies the priority for establishing a new social contract and enhancing State legitimacy through

a consensual process, one which will reform governance structure and rehabilitate political institutions to eradicate the conflict’s legacies and avoid the potential to relapse into conflict. In this context, the following guiding principles for the peacebuilding process are suggested.

1. A political transformation based on United Nations Security Council resolution 2254 that guarantees transition towards a country where a culture of democracy is built and practiced, mutual trust re-established between political players, and the rule of law, equality and citizenship established, with attention to the role of women, as victims of war and leaders in the peacebuilding process.
2. The right of the displaced and refugees to a safe, dignified and voluntary return to the Syrian Arab Republic.
3. A national reconciliation to which all Syrians are invited and encouraged to contribute.
4. A balanced and equitable citizen-centred development that directly contributes to stability, peacebuilding and reconciliation at the local and the national levels, and empowers people, especially the most vulnerable and poor, to attain their basic needs.
5. Moving towards a governance framework and a national administrative structure that is comprehensive, participatory, transparent, accountable, and that increases gender equality.³⁹



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4.3 Challenges for recovery

The challenges for the Syrian Arab Republic are widespread and overwhelming. Thus, recovery will be long and complex. It is important to simultaneously

address issues in the short to medium run. The key issues are grouped under four main themes with several cross-cutting issues across all of them:

4.3.1 Emergency response, services and basic needs

Though the armed conflict has diminished in many areas, it continues in others, and the humanitarian and basic needs of Syrians, both inside the country and in neighbouring countries, remain substantial. Therefore, it is important to prepare the ground for a possible refugee return and to guarantee the personal safety and the basic needs of returnees in an equitable and non-discriminatory manner. Attention to basic needs should incorporate and respond to local priorities in an inclusive manner and should allow local, particularly the most vulnerable, populations to articulate their priorities.

The available economic and natural resources and the infrastructure of basic needs delivery should also be examined. Relevant sectors are food security, water,

sanitation, hygiene, healthcare, education, shelter, direct poverty alleviation and livelihood provision, energy and electricity, and telecommunications. The toxic impact of the conflict should be assessed, including environmental degradation, mines and unexploded ordinances, before developing a strategy to mitigate their impact.

The dire needs of the country's population are of an urgent humanitarian nature. However, the immediate nature of the needs should not divert policy away from the longer-term focus on sound and sustainable approaches towards economic growth. Finally, it is imperative that the property rights of displaced populations be safeguarded against arbitrary manipulation.

4.3.2 Political and administrative governance and institutional reform

For the purpose of sustainable development and rebuilding the social fabric, the recovery process should provide an opportunity to examine 'big' governance issues such as the constitution; separation of powers and rule of law; and basic rights and freedoms. The political culture should move away from the zero-sum logic of the military conflict toward an inclusive, consensus-based process that recognizes the rights of all Syrians. It is also essential for the process of political governance, during the peacebuilding phase, to have national ownership

and be conflict sensitive by listening to the voices of all stakeholders, particularly groups likely to be marginalized. Throughout the conflict, the Syrian Government passed or initiated a series of laws, some of which were criticized as being inadequate in process and substance given the conditions in the country. Many of these laws have a direct and at times irreversible impact on the basic human, political and economic rights of large sections of the population. That context gives them the same zero-sum connotations as the conflict which undermine

their legitimacy. Without a comprehensive and inclusive political settlement, the legitimacy and intention of the laws will continue to be questioned as a source of national division rather than consensus.⁴⁰

Restoring citizen trust in the State requires urgent attention to reforms that impact the daily lives of citizens, such as the judicial and security sector institutions, which should promote the rule of law and prioritize human rights.⁴¹ The judiciary can only fulfil its role in monitoring and oversight over the executive and legislative branches if its full autonomy is constitutionalized. The main goal of security sector reform should be to achieve a democratic and human rights-compliant sector, while aiming for a long-term resumption of State monopoly over the legitimate use of force within its territory.

The country's administrative structure was marked by extreme centralization while the administrative governance and appropriate decentralization issues face longstanding challenges emanating from the State capacity, public administration, public institutions, the civil

service, and the inequality between different governorates. The conflict has fundamentally changed several aspects of administrative governance and service provision with the rise of local councils, NGOs and foreign donors, and this is likely to have lasting effects. Presidential decree/law no. 107 of 2011 should be assessed as a potential starting point, and amended as necessary to ensure appropriate fiscal and administrative decentralization policies, more autonomy from the central State and judicial accountability.

Rehabilitating public administration is key to ensuring that the civil service and public sector function in accordance with good governance standards. Citizens are likely to trust the government when civil servants effectively deliver services in a timely fashion, are accountable and act in an ethical manner, are responsive to people's needs, and can identify with those they serve. As such, the unhealthy links between political and administrative governance must be severed so that a professional, meritocratic, accountable, and transparent civil service can thrive.

4.3.3 Societal reconciliation, social cohesion, media and revival of civil society

Social and national reconciliation can only occur if military hostilities end and all parties meaningfully commit to a political solution. Negotiations to end the military conflict and national reconciliation, the two parts of diplomatic activity, must accompany and be informed by one another. After all, the goal of a political solution is to benefit Syrian society and its well-being, rather than simply be the minimal level of an agreement between warring parties. It is also important to recognize that a comprehensive process of reconciliation is closely connected to rebuilding a national inclusive identity and the social capital that has been degraded as a result of the conflict and polarization.

National reconciliation is a long process of healing and rebuilding through an accumulation of efforts at all levels of society. The complexity of the conflict necessitates a sustained effort to undo the damage. All Syrians must recognize each other as parts of society and counter the

efforts of war entrepreneurs, who invest in sectarian politics, hate speech and polarizing repertoires.

The peacebuilding phase is crucial for building a culture of public accountability and societal debate to allow the revival of Syrian society, with clear guidelines for rights and limits. Policies must also be put in place to guarantee the independence of civil society organizations, many of which are already active throughout the Syrian Arab Republic, as they have a key role in monitoring and overseeing Government institutions, as well as contributing towards benchmarks and goals in the reform of governance institutions. Instituting internal mechanisms of accountability, educating citizens about their own functions, and maintaining accessible data systems must be integrated into the work of government institutions themselves.

4.3.4 Inclusive economic revival and undoing the war economy

It is necessary to look beyond emergency measures and humanitarian aid towards economic growth. To that end, the emergency response process should be linked to long-term rehabilitation and economic development. At the very least, this should include sustained investments in human capital, rehabilitating physical infrastructure, and choosing particular strategic sectors, such as agriculture and manufacturing, for targeted support. Economic recovery should facilitate the reintegration of all parts of Syrian territory, through the revival of internal trade and free internal mobility, and societal reconciliation, through equitable employment and balanced growth. Horizontal equality during the economic recovery is vital.



Source: Istockphoto, photo credit: Joel Carillet

At the same time, it is necessary to address the legacy of the war economy which has entrenched warlords and promoted distorted development, illegal forms of wealth accumulation and illicit transnational transfers.

The ramifications of the conflict have created conditions for significant land and property-based disputes in the country. This was further complicated by the laws that

were passed with minimal social input regarding the regulation of the reconstruction process, which have raised legitimate fears of unjust land grabs. Additionally, many of these laws undermine each other, creating a confusing legal apparatus that raises fears of abuse. Therefore, addressing housing, land and property (HLP) issues in an equitable fashion should be central to any political agreement and peacebuilding strategy.⁴²

4.4 Ways out of the deadlock

The bitter legacy of the conflict has left an understandable gap in trust between Syrians, resulting in a stalemate on the political front. The military and security dimensions of the conflict have been prioritized, followed by urgent humanitarian care. The question of how this can be broken remains, as well as the practical steps that can be taken to restore confidence, de-escalate tension and ultimately launch the process of building peace.

The main actors have openly and repeatedly declared their commitment to a political solution, and important breakthroughs, however small, have taken place. The formation of the Syrian Constitutional Committee in September 2019 under terms agreed to by the Syrian Government and the Syrian Negotiation Committee, and facilitated by the United Nations in Geneva, marks an important first step forward for a political solution within a comprehensive process of peacebuilding and recovery. While these are hopeful signs, more is needed. A series of suggestions around practical steps out of the political deadlock were concluded by a wide variety of Syrians from all walks of life. Many of the components of these suggestions, such as those on humanitarian aid and political detainees, have been reiterated in relevant United Nations statements and resolutions as well as in statements from regional countries; for example, the letter of August 2019 from the representatives of Iran, Russia and Turkey to the President of the Security Council.

The first issue to stress is that simultaneous movement needs to happen at both the internal and external levels. In other words, de-escalation requires multiple actors pushing in the same direction. A key issue confronting the recovery process stems from the fact that the internationalization of the Syrian conflict implies that there are both internal and external challenges, especially on themes such as economic sanctions, economic resources for recovery, political governance and institutions, and refugees and displaced populations. With that in mind, the following recommendations are put forward for the consideration of all relevant parties:

1. **Formal and informal policies that directly improve the quality of life of all Syrians throughout the Syrian Arab Republic and in neighbouring countries without discrimination based on political affiliation.** Humanitarian relief and livelihood revival are a minimum and should not be a bargaining position.

This includes an actual commitment for protection of all civilian populations and lifting all restrictions on humanitarian access. This should include a reappraisal of the blanket sanctions that harm Syrians and impose a huge barrier on all economic transactions – even those intended for daily needs – due to the possibility of violating sanctions. While much of the discussion on this topic has revolved around reconstruction funds, a more logical step would be to revisit blanket sanctions.

2. **The release of detainees and clarification over the fate of tens of thousands of missing people.** Reforms should include an end to arbitrary arrests or detentions, or those based on political affiliation or suspected political affiliation, and revisit the sentences passed by the “Counter-Terrorism Court” established in 2012 following a series of decrees and laws which started by the April 2011 lifting of the State of Emergency which had been in place since 1963.
3. **A wider spectrum of Syrian voices and a revival of Syrian societal initiatives should be embraced.** As the armed conflict winds down, more space should be given both in the process of formal negotiations as well as in the public arena for Syrian voices in and out of the country. This includes but is not limited to paying special attention to women’s organizations, youth representation, and voices of refugees in neighbouring countries.
4. **Joint economic, cultural, and social cooperation at the local level.** One of the strengths of Syrian society was its social capital and sense of connectedness of Syrians, an attribute that has been deeply eroded by the conflict. Rebuilding social capital is not easy and is part of a wider healing and reconciliation process. In addition, a wide variety of Syrian experts have repeatedly stressed the importance of measures at the local level throughout the country. Such measures can unite all Syrians through joint economic and social initiatives, which revive economic interdependency within the country, provide for livelihood opportunities, and serve to build positive social capital.

Endnotes

1. Some pockets in the east and south-east remain under the control of ISIL (east), and the United States and anti-government forces(south-east). In 2015, pockets in southern borders with Jordan were still controlled by the Free Syrian Army. These have since been retaken by the Syrian government.
2. Khalaf, 2015; and Abboud, 2016, pp. 180-182.
3. A/HRC/37/72.
4. A/HRC/31/CRP.1.
5. Yazigi, 2014.
6. Abboud, 2014.
7. Abboud, 2017.
8. Lund, 2018.
9. Computed based on World Bank data.
10. UNHCR data, accessed June 2020.
11. UNICEF, 2017.
12. OCHA, 2019.
13. Ibid.
14. OCHA, 2017.
15. OCHA, 2019.
16. Ibid.
17. Ibid.
18. FAO and WFP, 2019.
19. Ibid.
20. OCHA, 2019
21. WHO, 2018
22. OCHA, 2019.
23. Ibid.
24. OCHA, 2019; OCHA, 2017; and Syrian Center for Policy Research, 2016.
25. OCHA, 2017; and Syrian Center for Policy Research, 2016.
26. Based on UNDP, "Human Development Data (1990-2018)", Database.
27. Based on UNDP, "Human Development Data (1990-2018)", Database.
28. ESCWA, NAFS estimations and calculations.
29. ESCWA, NAFS Programme calculations based on the Central Bank of Syria's official exchange rates for banks [<http://cb.gov.sy/ar/stats/category?id=7e96402809>: accessed 18 Dec. 2019] , Central Bureau of Statistics CPI data available on [<http://cbssyr.sy/cpi-2019.htm>: Accessed in 18 Dec. 2019]
30. Central Bureau of Statistics, the Syrian Arab Republic, Statistical Abstract (2011 and 2017).
31. ESCWA, NAFS estimations and calculations.
32. Regulatory quality captures perceptions of the government's ability to implement and formulate sound policies that promote the development of the private sector. As per the World Bank Group's definition, rule of law reflects the perception of contract enforcement and property rights, as well as the police, courts and the likelihood of crime and violence. It implies: (1) government bound by law; (2) equality before the law; (3) law and order: (4) predictable and efficient rulings; and (5) human rights.
33. Corruption reflects perceptions of the degree to which public power is used for public gains, as well as the elite's "capture" of the State.
34. World Bank, 2017c.
35. World Bank, 2011.
36. The suggestions discussed herein are not a blueprint nor roadmap for reconstruction, a comprehensive survey or prioritization of issues. They are neither a substitute for political discussions, nor an attempt to impose solutions or to support or undermine the legitimacy of any stakeholder. There is no substitute for recovery that is an outcome of an inclusive Syrian-led national dialogue on the Syrian Arab Republic's needs and priorities.
37. See ESCWA NAFS, 2017.
38. Barenstein, 2012.
39. Based on ESCWA, NAFS programme Strategic Policy Alternatives Framework (SPAF) 2017. This document reflects the hopes for the country that is envisioned to emerge from this tragedy.
40. There are flaws in the substance and content of the laws and policies. As the ratio of presidential decrees to laws indicates, they reflect extreme centralization of power. The Supreme Constitutional Court's (law no. 7/2012) independence is compromised by being appointed by the president, and the scope and purview of its judicial review is restricted. The laws governing political life were flawed and restricted, and in practice not observed. While martial law was lifted (decree no. 161/2011), the upper limit of detention fixed at 60 days (decree no. 55/2011) and the right to protest recognized (decree no. 54/2011), the reforms were ignored, and the security sector continued to act with impunity.

41. According to the United Nations Rule of Law “requires measures to ensure adherence to the principles of supremacy of the law, equality before the law, accountability to the law, fairness in the application of the law, separation of powers, participation in decision-making, legal certainty, avoidance of arbitrariness, and procedural and legal transparency.” For more please see: “United Nations and Rule of Law” <https://www.un.org/ruleoflaw/>
42. Property and land tenure systems were complex, consisting of several types of tenure, including: 1. mulk (private ownership); 2. amiri (State land); 3. matrukah murfaqah (State land with collective usage rights); 4. matrukah mahmiah (public land such

as public gardens, roads, streets, at all levels of governance and part of public domain); and 5. khaliyah mubaha (State land that has not been delegated), among other rights of usage, renting, sharecropping, mortgage and lease. In reality, they are part of a spectrum, with the public-private distinction blurred due to rent, usufruct and other usage rights. Significant informal housing existed where property ownership was unclear. War has resulted in massive displacement, forced displacement after property seizure, and destruction of property. Seizing property of alleged dissidents has been a practice, along with attempts at forging land deeds.



