

Introduction

Almost a decade of conflict has radically transformed all aspects of Syrian society. The purpose of this report is to trace these transformations at social, economic and governance levels. It provides a framework for moving forward, proposing principles, priorities and pragmatic steps toward an inclusive and sustainable economic recovery and peacebuilding process.

Such an undertaking is of the utmost urgency. The human and social toll of the conflict has been devastating. Casualties number in the hundreds of thousands. The total number of involuntary internally displaced persons (IDPs) and refugees amount to almost 12 million, or half of the pre-conflict population. Those who have survived face an incredibly difficult daily reality. In 2019, more than 11.7 million people within the Syrian Arab Republic were still in need of at least one form of humanitarian assistance, with 5 million of these in acute need. About 6.5 million were food insecure and an additional 2.5 million susceptible to becoming acutely food insecure. Widespread destruction of the educational and health infrastructure casts a shadow over current and future human development prospects, particularly for an entire generation of school-age children.

The economic toll has been equally staggering. By the end of the eighth year of conflict, damage to physical capital was estimated at \$117.7 billion. When added to the estimated gross domestic product (GDP) losses of \$324.5 billion, total economic losses amounted to \$442.2 billion. Real GDP by the end of 2018 was 46 per cent of its 2010 level. The significant destruction of the economic infrastructure, particularly in sectors such as housing, manufacturing, electricity and power generation, also implies a significant transformation in productive capacity. Unlike before the conflict, when it placed an emphasis on relative diversity and self-reliance, the Syrian Arab Republic is less diverse economically, and society as a whole is more reliant on external assistance. There is a danger that the war economy that took hold during the conflict will entrench the power of warlords and connected business profiteers.

However, the numbers do not tell the full story of the conflict landscape. Years of intense polarization and suffering, rights violations and widespread abuses have also torn the social fabric, threatening to irreversibly change the Syrian Arab Republic's once well-known coexistence and culture of tolerance. Intolerance is not only found in actions and through armed combat, but also in the political repertoires that uphold zero-sum accounts of the conflict and its resolution, and agitate along identity lines, further exacerbating societal polarization. But despite the deep challenges, most Syrians speak of a unified society, and believe in that society, even if they

disagree on political vision or various aspects of Syrian modes of governance. For every incident of hatred, there are numerous examples of societal initiatives, grass-roots efforts and other joint initiatives seeking to cross boundaries, build bridges and move society forward. While the Syrian Arab Republic, as a country and a society, has changed, so too has the regional and international context. Perhaps earlier than others, Syrians sensed shifting political and economic dynamics. Most Syrians routinely say that the pain of global indifference is as searing as that of their daily hardships. Since 2015, they have witnessed one border after another begin to shut down for those seeking refuge from the conflict, accompanied by a rise in hostility and xenophobia in previously welcoming environments.

At the same time, the geopolitical landscape has become more complicated. Syrian territory became a battlefield, first for regional proxy wars and then for the direct presence of international troops. For the international community, 2014 marked a watershed moment, with the so-called Islamic State (hereafter referred to as Islamic State in Iraq and the Levant or ISIL/Da'esh) overtaking large areas of the Syrian Arab Republic and Iraq in brutal fashion. The rise of ISIL and other factors precipitated the direct intervention of the United States of America, and in 2015 the Russian Federation, as direct combatants in the Syrian Arab Republic. After the period 2014-2015, the conflict's trajectory changed decisively. The Government, with support of the Russian Federation and the Islamic Republic of Iran, recaptured a significant amount of lost territory. Both the United States and Russian Federation, in addition to Turkey and Iran, maintain a military presence inside the country. In turn, all four countries have alliances with non-State actors, such as Hezbollah and the Kurdish militia (YPG), who continue to play roles in determining military and political dimensions of the conflict.



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Soldiers and patrols from multiple armies brush up against one another in heavily militarized regions in northern Syrian Arab Republic. Coordination and various truces and other informal and formal agreements between different militaries have attempted to minimize direct clashes and have at times led to symbolic joint patrols. However, such truces are precarious and have been rolled back on many occasions. More importantly, the lack of political progress and a comprehensive settlement means the threat of escalation is ever-present. Routinely left out of key deliberations and summits on matters concerning their own life and death, Syrians have felt this lost agency acutely.

Blanket economic sanctions have negatively affected the economy and had an impact on ordinary people, diminishing the capacity to fulfil basic needs and meet urgent humanitarian concerns. The impact of sanctions has been magnified by the financial crisis affecting Lebanon – a vital outlet for Syrians – since October 2019, which has resulted in increased shortages and further devaluation of the currency.

Within this complex picture, there are promising signs the conflict may finally be ebbing. In the Syrian Arab Republic, improvements in human development, such as access to basic needs, health and education, have often corresponded with the cessation of hostilities. In 2019, the total number of people categorized as being in need was down by approximately 1.5 million from 2017. Health indicators have shown marginal improvement since 2017 from the low of 2015, including a small rebound in life expectancy. Returning home is still considered risky for refugees. In 2017 and 2018, however, large numbers of IDPs – more than 1 million according to the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) – have returned to their communities of origin, and there was a downward trend within the country until the resurgence of fighting in Idlib in early 2020.

Similarly, over the past four to five years there has been a marked shift at international level, with widespread recognition that the conflict must come to an end. The United Nations Security Council resolution 2254, which was adopted in December 2015 and calls for a ceasefire and political settlement in the Syrian Arab Republic, set the framework for what a political resolution might entail. Despite increases in violence that cause tremendous suffering, some positive changes have emerged at regional and international levels. The number of actors fuelling the conflict has diminished. Though multiple and parallel peace processes have not achieved a political solution, they have brought people to the table in ways never thought possible in the early years of the conflict.

The report aims to document these developments, track their socioeconomic impact, and assist the international community in drawing conclusions on the best way forward. The novel coronavirus pandemic, known as COVID-19, has had a devastating impact across the globe, with intensified risk for countries in conflict. They face additional socioeconomic pressures due to sanctions, food insecurity and deteriorated health infrastructure, as

well as a drop in remittances because of contraction in neighbouring economies induced by COVID-19 mitigation measures. The spread of the virus has shown the vital interconnections between governance, the economy and social infrastructure. The extent to which societies around the world have responded effectively to this public health crisis is correlated with transparent and meritocratic institutions, economic resilience and social safety nets, in addition to vital public health infrastructure and human capital. The approach in the report is guided by a similar logic, as are the priority areas and suggestions offered throughout, particularly in chapter 4.

We present the report as a diagnostic, analytical and prescriptive tool for civil society, activists, policymakers, States and organizations around the world. It is diagnostic in identifying, enumerating and quantifying the various costs and impacts of the conflict; analytical in examining causal factors, consequences and dynamics of the conflict; and prescriptive in bringing together and highlighting the work of Syrian experts from all walks of life, who are joined by the belief that an end to the conflict and a better future for all Syrians is possible. The people have shown exceptional resilience despite the devastation documented here. Now, more than ever, there is an urgency for the international community to find a comprehensive solution that will allow Syrians to achieve this ambition.

The report is structured as follows. Chapter 1 provides the political, governance and international dimensions of the conflict. The aim is not a comprehensive history of the eight years of the conflict but a summary of the crucial factors that have shaped the landscape, and a context through which to understand the report.

Chapter 2 enables an appreciation of the impact of the conflict on the human development status of Syrians across the country and those who have sought refuge in neighbouring countries, and considers demography, education, health, nutrition and poverty levels.

The macroeconomic ramifications are detailed in chapter 3, which elaborates the scale, sectoral and geographic distribution of economic destruction, and the financial and fiscal repercussions for the State. Understanding the scope of the economic challenges enables a more sober assessment of the requirements for economic recovery.

Finally, chapter 4 provides the outcomes of ESCWA's research and consultations regarding the way forward for the Syrian Arab Republic. It offers a framework to understand the peacebuilding process that includes the principles and vision for peacebuilding, as well as the key challenges requiring priority attention in the recovery phase if setbacks are to be avoided.