



Discussion Paper (5)

Waiting for no one: prospects and consequences of bottom-up reconstruction in Syria

Fabrice Balanche,

Associate Professor, Lyon 2 University

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Fabrice Balanche

Fabrice Balanche is an Associate Professor at the University of Lyon in France. Formerly a visiting fellow at the Hoover Institution (2017-2018), he is a political geographer specialising in the Middle East. He was previously the director of the Urban Observatory at the French Institute of the Near East in Beirut from 2003 to 2007, the director of GREMMO (Research Group on the Mediterranean and the Middle East) at the University of Lyon from 2010 to 2015, and a visiting fellow at the Washington Institute for Near East Policy from 2015 to 2017.

His publications include *Geopolitics of the Middle East* (2014, in French), *Atlas of the Near East* (2011, in English, French, and Arabic), the book version of his thesis, *The Alawite Region and Syrian Power* (2006, in French), and many articles on Syria and Middle East. His last book, *Sectarianism in the Syrian Civil War* (in English), has been published in February 2018.

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Introduction

The war in Syria has not ended, yet uncoordinated bottom-up reconstruction efforts have already taken place in many areas where the bombing and violence have stopped. The government is prioritising restoring electricity, as it is inexpensive, but water, education, and health are harder to restore cheaply and quickly. The resumption of public services, and investment in regime areas depends on loyalty, reminiscent of pre-war sectarian politics. The extent of politicisation of the reconstruction efforts led by the Syrian government is reduced because of limited funds, and government disconnection from local levels. Bottom-up efforts to reconstruction are limited to individuals rebuilding their houses using remittances, or low-level housing projects. Lack of large funding for infrastructure, industry and health will slow growth, reinforce fragmentation of industry and reproduce the root causes of the conflict.

Big challenge, limited resources

The priority of the Syrian government is to restore the basic services- electricity and water. In matter of just a few days the government was able to restore electricity capacity in recaptured areas; in Homs in April 2014, and Aleppo in December 2016. Currently, the electricity production in regime-controlled areas is sufficient, as power plants were almost unaffected in the conflict. The al-Chaar gas fields were quickly reopened in spring 2017, and power plants resumed reliance on locally produced gas, instead of the fuel supplied by Russia and Iran. The reduction of the population in the government areas from 21 million in 2011 to 11 million, and the weakness of industrial production have reduced electricity consumption. Electricity production is therefore relatively sufficient. However, sufficient electricity production does equate to equality of access, as the rural areas, the poor suburbs, and the former rebel areas suffer electricity shortage. In winter, overconsumption due to heating causes longer cuts and the population still relies on generators in cities such as Aleppo.

Pre-crisis, the water supply was problematic in Syria, and the war has devastated it. The recovery of the water supply network is more complicated because repairing the damage is beyond the financial means of the government and is also a lengthy process. Residents are forced to use pre-war tanker trucks in more areas than before the war. This situation is hardly new, as it was not uncommon that water would only come for 2 hours a week in many suburbs of Damascus. The demand for water has also decreased with the decline in the population, the economic slowdown, and the decrease of irrigated land. Between 2011 and 2018, Syria had abundant rainfall that recharged the groundwater. However, the problems of water scarcity that occurred before the war would soon become a problem.

The restoration of education is a priority for the government. First, it can be used as a tool of population control. Second, the population wants the resumption of the education system as this is seen as the only way for children to have future opportunity. The functioning of the education system in government controlled-areas encourages families from the Northeast or Idlib to settle there. That is partly because the quality of education in the areas controlled by the Syrian Democratic Forces (SDF) is of lower and supposedly marked by Kurdistan Workers' Party (PKK) propaganda. Moreover, the Syrian government does not validate exams in non-governmental areas. Students cannot register at Syrian universities or in universities abroad with

a “Kurdish baccalaureate”. In addition, the fact that the Kurdish language has been imposed in the "historically" Kurdish regions (Kobane, Qamishli and Afrin before the Turkish offensive) has contributed to expulsion of non-Kurds, and even some Kurdish families, from these areas. In Idlib, while education is more or less assured, diplomas are not recognised by the Syrian state.

Health services are more difficult to organise, or re-organise, because of the lack of practitioners and the destruction of infrastructure in recaptured areas. International sanctions have created shortages of some drugs. Before the war, the Syrian public health system was extremely efficient. Many treatments, such as for diabetes and cancer, were subsidised. Currently, many patients have to cover at least half of the cost themselves. This has increased the urgency for international medical assistance.

The resumption of public services depends strongly on the degree of loyalty of the population to the regime. Areas like Darayya or Eastern Ghouta are being abandoned because of their support for the rebels. In some places, there is a deliberate strategy from the regime to expel the original inhabitants to recover the land and carry out a real estate projects, as is occurring in Darayya. Loyalist areas are also favoured by the regime, such as areas along the Syrian coast. Yet, this also occurred before the war. Areas close to political power were less affected by power cuts and obtained utilities before others.

Waiting for no one to rebuild my house

In the absence of government support, the population is rebuilding their own homes. This is being done with limited support from the state, as there is readily available and cheap raw materials or money from the families of martyrs. Yet this is not enough. Syrians abroad (diaspora and refugees) often help their families inside Syria. It costs only few tens of thousands of euros to renovate or rebuild a home. In Qamishli, in January 2018, there was a rapid increase of new construction sites. The tens of thousands of Qamishli residents who had fled to Iraq or Europe are now investing in real estate because the new Kurdish authority has been very liberal towards land use. Therefore, many have taken advantage of the current legal permissibility and urbanized farmland. More than 90% of Kobane has been rebuilt this way. Again, it was money from the Kurdish diaspora that helped the reconstruction, not the government. However, water and sewer systems are absent because the municipality do not have the financial means to reconstruct these. This may or may not be done in the future.

After all wars, illegally acquired capital is usually recycled in real estate. The same has occurred in Syria. For warlords from the outskirts, it is the easiest way to recycle dirty money. In addition, warlords seize coveted areas in the centre of the city, allowing them to acquire social prestige. There are even some exclusive real estate projects, such as Mezze 66, in Damascus, a new luxury neighbourhood for wealthy customers. However, the project is struggling to get off the ground because the state does not have the finance for the infrastructure and investors doubt about the ability of the market to absorb upscale housing.

The Syrian bourgeoisie, especially those who dominated industry, have been exiled from Syria. They have relocated their businesses to Gaziantep in Turkey or to Egypt and Jordan. New entrepreneurs have replaced the Syrian bourgeoisie and now dominate the market. As the market has shrunk, and these new entrepreneurs do not want the old bourgeoisie to return to Syria to regain the market and resume their places in chambers of commerce and industry. The old elite that constituted the wealthy customers are now absent from Syria, making a high-end real estate market unprofitable.

Syrian industry would be difficult to rebuild as the industrial areas located in the suburbs of Damascus, Aleppo and Homs had been looted. Entrepreneurs no longer want their capital frozen in industrial infrastructure. The Syrian textile industry was badly affected, as it was concentrated in Aleppo. Moreover, cotton production collapsed, and it is uncertain whether it could resume because of water scarcity. The state will no longer have the financial means to subsidise production as it had before the war. While textiles entrepreneurs could still import cotton from abroad because Syrian labour would remain cheap, infrastructure problems would increase the cost of production. The Syrian textile is hardly competitive now.

Challenges for bottom-up reconstruction

The majority of the population and investments are now concentrated in Damascus. Humanitarian aid and NGOs, which offer higher salaries, are also concentrated in Damascus. The Syrian capital is also now the safest area, unlike the rural areas and small towns where the traditional law of retaliation prevents the return of many refugees and IDPs. Quiet cities like Tartus, Latakia and Sweida are also benefiting from reconstruction. However, the reconstruction of Aleppo is still slow, as militias opposing the Syrian government dominate the city and its borders (in areas such as Idlib, Afrin, Azaz and the North-East). While Homs has a strategic location, it has experienced intensive destruction and a strategy of demographic engineering has frozen the reconstruction of many neighbourhoods. It is clear that the regime is attempting to strengthen the Alawite neighbourhoods in Homs to the detriment of the Sunni neighbourhoods that supported the rebellion.

We are witnessing an extension of pre-war trends; rural exodus from the impoverished and deprived countryside, combined with the decline of small towns that had been deprived of state investment for decades. The question is whether new elites from these regions would invest in their original hometowns, or would they settle and invest in Damascus?

The reconnection between local communities and the centre might build a new social contract. The old social contract had broken before the war, because the political centre had stopped redistributing in local communities from as early as from 1970. However, local communities need to reconnect to the political centre. The war has accentuated sectarian divisions, because of ethnic cleansing in some part of the country, and the fear that led minorities to take refuge in their strongholds. Reconnection between communities would only be possible with a return of state institutions. However, the Syrian government does not have the budget for this. In addition to financial difficulties, the Syrian state faces competition from external actors with whom local communities have developed close ties.

The Syrian government wants to be the only political actor in Syria. It will not accept the United Nations Economic and Social Commission for Western Asia (ESCWA) or the World Bank, other than as a technical partner or financial provider. The state needs to be the only national actor, thereby restoring its credibility inside the country and severing links with foreign powers. But is the Syrian state really able to rebuild the country? Does the Syrian state have the capacity for reconstruction? The mechanisms for reconstruction adopted by the Syrian regime were not what Europe and the USA had expected. In order to reinforce his position, Bashar al-Assad would need to redistribute refugees' property to those who had remained loyal, in order to rebuild his social base. Those who had benefited from refugees' assets would be even more loyal and would not want refugees to return to Syria. The departure of more than 7 million refugees to neighbouring countries has reduced the Syrian population to approximately 17 million. In Northern Syria migration is still high, especially with the threat of a conflict between Turkey,

Hayat Tahrir al-Sham, YPG and Syrian Army. Even after the battles end, the economic depression is likely to push many Syrians out.

Conclusion

The reconstruction of Syria would continue to be slow and disorganised. Investments and remittances from Syrians living abroad would likely remain as the main source of income. International aid would be limited to humanitarian aid from Western countries, but it would probably have a knock-on effect on the economy. Yet, if the Syrian government is not obliged to maintain the health or education systems, or provide food supplies, and it could devote scarce resources to reconstruction. The UAE could also provide some financial support to strengthen Syria against Turkey. However, it is unlikely that financial aid conditional on the severing of relations with Iran could convince Bashar al-Assad, as he owes his survival to Iran. Finally, the Iraqi market could be a source of significant revenue for Syrian industry and agriculture that could help restore its economy.