

REBUILDING SYRIA

PART 1

A Localized Revitalization Strategy



REBUILDING SYRIA



A Localized Revitalization Strategy

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Cover photo: Bassam Khabieh/Reuters. A boy sits on a wheel in front of the bullet-riddled facade of a mosque on the first day of Eid al-Adha in the Duma neighbourhood in Damascus October 4, 2014.

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PROLOGUE

The Atlantic Council's *Rebuilding Syria* initiative is a product of conversations between area specialists, development experts and practitioners, policy analysts, and officials of the US and partner governments. These exchanges highlighted a need for painstaking reconstruction planning and some core principles on which to build our analysis. Although this report represents the views of the authors, it was made possible by sustained engagement with and input from these stakeholders.

This report focuses on larger, strategic policy questions: Why should the international community help rebuild Syria? Should it work with the Syrian government? If so, can the promise of rebuilding be used as leverage? Who are our local partners? What are the priorities in terms of sequencing?

This report does not plan exclusively around a post Bashar al-Assad presidency or even a consensual political settlement scenario. Syria is not likely to see durable, nationwide peace in the next few years. As the “winning” party (as of this writing), the regime

seems unwilling to share power with the opposition, which itself is weakened and fragmented to a degree that complicates reaching and implementing a settlement. Key foreign powers have yet to agree on an acceptable end state. The most likely scenario will feature different political and governance arrangements across Syria for several years. This forms the report's underlying premise.

Although technical experts provided invaluable input, this report is not a technical stabilization or reconstruction blueprint. Rather, it offers a few important strategic guidelines to policy makers and practitioners, drawing on country expertise, political economy, and analysis of Syria's local environment. The report's immediate goal is to provoke thoughtful, urgent discussion about rebuilding among all stakeholders in Syria's recovery. Its goal is to inform a stabilization and reconstruction plan that strengthens political legitimacy in Syria by upholding the security and dignity of the Syrian people.

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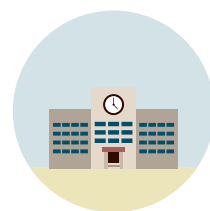
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The conflict has killed an estimated **470,000 people** and injured hundreds of thousands more.

In addition to the human toll, the war has damaged or destroyed a third of the country's housing stock and devastated health care, education and basic services, such as power utilities.



Half of Syria's hospitals have been destroyed, often by deliberate targeting.



School attendance has dropped by 40 percent as facilities are destroyed and children have been compelled to work.



Some **70 percent** of all Syrians have **no access to clean water**.



The economy is estimated to have shrunk by nearly two thirds from 2010, amid serious fiscal and monetary pressure.



An estimated **two out of three Syrians live in extreme poverty**.



Half of all Syrians have been displaced internally or made refugees.

SOURCES

<http://www.worldbank.org/en/country/syria/publication/the-toll-of-war-the-economic-and-social-consequences-of-the-conflict-in-syria>
<http://www.unocha.org/syrian-arab-republic/syria-country-profile/about-crisis>

EXECUTIVE SUMMARY

This analysis defines “rebuilding” as meeting a cluster of needs, efforts, and goals that fall under either stabilization or reconstruction.¹ These should serve the central goals of resettling displaced persons and facilitating inclusive, locally driven development that helps establish political legitimacy. It is therefore also an effort to revitalize communities through:

- Provision of essential services including healthcare, water, power, and sanitation
- Rehabilitation and reconstruction of housing
- Access to education
- Access to short-term employment
- Restoration of freedom of movement and trade including transportation
- A top-down approach to reconstruction would be a near total waste of grant, loan, and investment money. The regime’s corruption and incompetence are established beyond debate, and the political economy built by the regime laid the ground for the uprising that began in March 2011. A top-down approach would leave untouched the causes of Syria’s instability and would reward those who have helped destroy the country and displace its population.
- A ground-up international development strategy organized and backed by the United States is the best alternative, but for it to work, the areas in which it is undertaken must be protected from the regime and its external enablers. The current de-escalation framework is potentially valuable, if areas under US or allied purview are protected with a credible threat of the use of force against the regime in case of violations.
- Immediate rebuilding efforts should focus mostly on SDF-controlled northeast Syria; southern Syria; and the Turkish-dominated “Euphrates Shield” area in Aleppo province. The United States appears to be seriously considering a long-term presence and, with it, greater ability to engage in rebuilding.
- Rebuilding in non-regime areas requires a sharply decreased level of violence made possible by robust de-escalation agreements and backed by the threat of lethal enforcement by the United States and its partners if necessary.
- Planning and execution should place high priority on resettling displaced populations. The conditions conducive to their safe return correspond to many of those required for sustainable, inclusive development in which local communities take ownership of rebuilding efforts
- A rebuilding strategy should follow the “do no harm” principle: short-term opportunities to produce quick results should be eschewed if they reinforce Syria’s dysfunctional political economy, thereby laying the foundations for further exploitation of the population and conflict.
- There is a compelling strategic rationale for rebuilding, based on the potential long-term threats to the United States and its allies posed by large-scale population displacement, terrorism, and geopolitical instability
- Planning should not assume a clean “post-war” scenario: the military balance favors a leadership that those best-placed to rebuild Syria are likely to reject. Western countries have set, as a condition for rebuilding, the need for a fair political settlement that is not on the horizon; and failure to plan for a more complex, less clear-cut scenario might be a missed opportunity
- Absent a political settlement, rebuilding should focus on areas outside government control. The regime should be bypassed, as the alternative is politically impractical, unlikely to produce meaningful results, and almost certain to reinforce those aspects of Syria’s political economy that led to the conflict in the first place.
- It is unlikely that the promise of stabilization and reconstruction aid would give donors enough leverage over Assad to convince him to make a political deal with his opponents. Rebuilding should not, therefore, proceed on that assumption.

¹ United States Institute for Peace, “Strategic Framework for Stabilization and Reconstruction,” last accessed October 26, 2017, https://www.usip.org/sites/default/files/guiding_principles_poster.pdf.

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- As national-level reconstruction is unlikely to advance soon, planning for electricity, water, sanitation and hygiene (WASH), and other larger-scale projects may be done by expanding ongoing stabilization programs.
- Local and provincial councils, nongovernmental organizations, and governments with influence over them are the main partners for legitimate, successful stabilization and reconstruction.
- The main obstacles to rebuilding in opposition areas are regime violence, the war economy, and the continued presence of terrorist groups in some of these regions.
- While localized rebuilding plans may contribute to fragmentation and devolution of economic power, it offers the best chance of curbing further destabilization, radicalization, and the open-ended displacement of millions of Syrians.
- If rebuilding were to even marginally revive economic activity in opposition-held territory as well as cross-border trade, this may well create immediate positive ripple effects in Syria's economy.
- The debate over rebuilding strategy is real: there are factors that will make it increasingly tempting for Western powers to accept Assad as a legitimate partner in reconstruction. To do so would be harmful and self-defeating.

INTRODUCTION

Syría is mired in the humanitarian catastrophe of the century—one causing immense suffering and posing national security problems that echo throughout the region, Europe, and the United States. The damage from the conflict presents not only a massive rebuilding challenge, but a strategic environment particularly ill-suited to large-scale development efforts. The regime has essentially defeated the armed opposition militarily, but will not likely control all of Syria, which will contain several different and often hostile armed groups.

Western powers have, to date, avoided shouldering the burden of rebuilding regime-held Syria to Bashar al-Assad's benefit, citing the lack of a meaningful political transition. US contributions have focused on humanitarian aid to the tune of some \$6.5 billion.² The United States and its allies should indeed focus development efforts on areas outside regime control, where inclusive, responsive government is possible. At the time of writing, these are the areas controlled by Euphrates Shield and Syrian Democratic Forces (SDF), and the southern region. In addition to reducing suffering, success may demonstrate the benefits of alignment with a US-led constellation of external and local actors to other areas of Syria. Failure to address the challenge, however, will drive extremism, insurgency, and further population displacement of Syrians within and outside Syria.

Governments, international organizations, and think tanks have produced strong work on damage and needs assessments and produced stabilization plans for post-war contingencies. These findings are invaluable to analysts, practitioners, and states alike. There is a need for complementary strategic analysis with immediate application—one that presumes Syria will not achieve a stable post-war stage for a while, but rather will experience conditions somewhere between war and peace instead. The strategy should propose how rebuilding can accommodate this uncertainty. It should be based on working through legitimate local actors, as development must be rooted in political legitimacy to produce lasting results. Above all, it should work through and for local communities, defining their

own needs and priorities and taking ownership over rebuilding efforts.

Rebuilding—stabilizing and reconstructing—Syria is strongly in the interest of the United States and its partners, as it is an essential component of counterterrorism efforts, resettling the millions of displaced Syrians, and avoiding another regional proxy war—three phenomena that pose security threats to the United States and its allies and partners. Rebuilding cannot wait for a just and durable political settlement to emerge, but neither should it be pursued through the Syrian regime in the form of direct government support or via international development organizations, such as the World Bank or International Monetary Fund. Local opportunities can be exploited now, and a highly centralized, Damascus-centric development strategy would risk resurrecting the political and economic pathologies that led to the current conflict.

Rebuilding should start as opportunities present themselves, but in line with the larger political-economic strategy. The strategy should be pragmatic but evaluate opportunities in their political context—the Syrian conflict—and the implications of tackling them for political legitimacy. Planning and execution should both include resettling displaced persons. The conditions conducive to their safe return overlap with many of those necessary for sustainable, inclusive development. Humanitarian aid should be made available anywhere it is needed, but sustained development should be limited to opposition areas. For those opportunities to exist in a meaningful way, there would need to be robust de-escalation agreements, backed by the threat of lethal enforcement by the United States if necessary.

The strategy presented here is just that: A strategy. It is not a technical assessment—other organizations have already done excellent work on that.³ It is not an operational blueprint for the detailed physical reconstruction and macroeconomic revival of Syria, but rather a set of principles around which to design such a blueprint to ensure rebuilding is inclusive, fair, and lays the foundations for legitimate political order.

2 US Department of State, "US Humanitarian Assistance in Response to Syrian Crisis," April 5, 2017, <https://www.state.gov/j/prm/releases/factsheets/2017/269469.htm>.

3 The World Bank, "The Toll of War: The Economic and Social Consequences of the Conflict in Syria," July 10, 2017, <http://www.worldbank.org/en/country/syria/publication/the-toll-of-war-the-economic-and-social-consequences-of-the-conflict-in-syria>.



Residents inspect damage in a site hit by what activists said was a barrel bomb dropped by regime-controlled aircraft in Aleppo, April 18, 2015. Photo credit: Hosam Katan/Reuters.

The principle of “do no harm” argues against funding or otherwise supporting a model of state-centric, centrally-driven development in the absence of a legitimate, stable central government in Damascus. Although state-centric development is the model to which states and international organizations are accustomed, in the case of Syria it may well generate recurrent cycles of political unrest and violence by reinforcing the Syrian regime’s corrupt, ineffective, and exploitative political economy. In any event, this path would not generate meaningful rebuilding results. It would also present the obvious political and legal hurdles of helping a government with a well-documented record of atrocities rebuild a country it had a hand in destroying.

Instead, *Rebuilding Syria* proposes a different way of thinking about this problem, emphasizing the unique dynamics of the Syrian war, its political economy, and the political landscape of the country. The analysis is not apolitical—rebuilding anything in Syria is an unavoidably political enterprise, not least because it involves decisions about who gets what and why. It is not partisan, however. Rather, it examines how to benefit all Syrians while giving them ownership over the recovery process.

DEFINING THE PROBLEM

Why Rebuild in Syria?

Is the larger goal of rebuilding Syria self-evidently the right thing to do? Millions of people are suffering after all, and the resources and organizations needed to relieve this suffering do exist. That alone may not motivate governments balancing competing demands on time and resources and navigating the perilous politics of the conflict. The task will be onerous and expensive even if limited to certain areas of Syria (reconstruction estimates for all of Syria run into hundreds of billions of dollars).⁴ Despite the obvious human benefit of rebuilding, it also presents some ethical grey areas due to the political choices that must be made such as who gets helped first, how, and where. Altruism alone cannot mobilize the international community, but there is a compelling strategic rationale that rests on at least three concerns. It should be noted that the Syrian regime is fully aware of these concerns in Western governments. The temptation to yield to regime blackmail in designing and implementing a reconstruction process must be successfully resisted.

The Refugee Problem

The war has displaced half of Syria's population—over 11 million people.⁵ The United Nations estimates that over five million of them are refugees.⁶ This has placed enormous social and economic pressure on Syria's neighbors, two of which are particularly unable to absorb and cope with their refugees. Jordan, a relatively resource-poor country with its own substantial economic problems, hosts some 660,000 refugees, 93 percent of whom live below the poverty line. Turkey, while larger and more economically robust, hosts nearly 3 million refugees.⁷ Lebanon faces the greatest pressure. A country of 4 million with a weak state, stagnant economy, deep sectarian fissures, a radical militia that rivals the official military, and a troubled history with Syrians, is home to over one million (registered) refugees, 70

percent of whom live below the poverty line, with no formal refugee camps in which to live.⁸ Iraq, a US partner with enough social, economic, and security problems as is, hosts nearly one-quarter million refugees, mostly in the Iraqi-Kurdistan region.⁹

Among these countries, only Turkey can conceivably sustain a prolonged refugee presence of such size, albeit with social and economic costs. Jordan lacks the financial and natural resources. Lebanon has none of the means of supporting such a population, and all the vulnerabilities to the pressures it brings, and it may not survive the strain on its social and economic fabric. Indeed, the country is already seeing serious tensions and a backlash against refugees. It is not in the interest of the United States or its partners for refugee populations to destabilize friendly governments.

Finally, about one million Syrians have requested asylum in Europe, often via dangerous sea crossings that have killed thousands.¹⁰ This number of refugees is substantially smaller than those hosted by Jordan, Turkey, and Lebanon, but the social tensions are potentially more serious, given the attitude toward and suspicion of Muslim populations in general, amid a series of Islamist terrorist attacks on civilians in Europe. To make matters worse this has almost certainly contributed to the entry of once-marginal right-wing groups into mainstream European politics: a development encouraged by Russia. This represents a threat to both US and European security and undermines the solidarity of European states, as well as destabilizing relations between the West and Muslims.

In summary, the United States, its allies, and its regional partners have a deep and urgent interest in Syrian refugees returning to Syria, under conditions that would allow them to resettle there.

4 Benedetta Berti, "Is Reconstruction Syria's Next Battleground?" Carnegie Endowment for International Peace, Sada, September 5, 2017, <http://carnegieendowment.org/sada/72998>.

5 United Nations High Commissioner on Refugees, "Syria emergency," last updated May 30, 2017, <http://www.unhcr.org/en-us/syria-emergency.html>.

6 Ibid

7 Ibid

8 Ibid

9 United Nations High Commissioner on Refugees, "Syria Regional Refugee Response: Inter-agency Information Sharing Portal," last updated August 31, 2017, <http://data.unhcr.org/syrianrefugees/country.php?id=103>.

10 European University Institute, "Syrian Refugees: A Snapshot of the Crisis - In the Middle East and Europe," last updated September 2016, <http://syrianrefugees.eu/>.

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660,000

refugees in Jordan
(93% below poverty line)



3 million

refugees in Turkey



1 million

refugees in Lebanon
(70% below poverty line)



0.5-1.8 million

refugees in Iraq

The Radicalization Problem

There is no clean and complete theory of terrorist motives, including those of Islamist extremists. It is probably safe to say, however, that radicalism and recruitment are more likely to thrive among disenfranchised, aggrieved, humiliated, and dislocated populations (or co-religionists angered by their plight). That is an apt description of millions of Syrians currently without safety, shelter, education, food, water, and healthcare.

It is tempting to see most serious victims of the conflict as living in an emergency situation, perhaps needing urgent humanitarian support to see them through the restoration of stability. That is inaccurate. For many and perhaps most of those affected, this situation is their “new normal.” Eventually, the generation of disenfranchised, uneducated, and unemployed Syrians who feel abandoned by the world will likely produce civil unrest, political violence, and a rise in extremism.

The Stability of Syria

While Syria’s descent into civil war was triggered by regime violence against protesters, the roots of the conflict arguably lie in the country’s distorted, unjust, and dysfunctional pre-war political economy. Seeing as the regime is likely to survive the war and that international organizations may feel compelled to run their stabilization and reconstruction programs through it, economic inequity and widespread resentment against the government likely will deepen. The result will be deprivation within a distorted political economy, which is what led Syria into conflict. Insofar as limiting the chance of yet another regional proxy sectarian war in Syria is desirable, then stabilizing and rebuilding Syria is a worthy goal, so long as it is done in a manner that mitigates rather than reinforces the causes of conflict.

The destabilizing effect of large-scale population displacement; the role of prolonged grievances and dislocation as an incubator for radicalism; and the near-certainty of continued political violence in a destroyed Syria present a triple threat to the interests of the United States and its partners. This makes stabilizing and reconstructing Syria a critical international security interest.

The Impact of the War

The Syrian war’s exact economic and human tolls are difficult to determine, but they are indisputably severe. The World Bank has produced a comprehensive survey of the war’s impact.¹¹ The conflict has killed an estimated 470,000 people and injured hundreds of thousands more.¹² In addition to the human toll, the war has damaged or destroyed a third of the country’s housing stock and devastated health care, education, and basic services such as power utilities. Half of Syria’s hospitals have been destroyed, often deliberately targeted by the regime and Russia through airstrikes. School attendance has dropped by 40 percent, as facilities are destroyed and children have been displaced or compelled to work.¹³ Some 70 percent of all Syrians have no access to clean water.¹⁴ Large, densely inhabited urban areas including in and around Homs, Aleppo, Deir al Zour, and Damascus have been destroyed or made unlivable.

The cost of reconstruction in Syria is estimated at around \$200 billion—a sum that the regime’s allies Russia and Iran have indicated they will not or cannot cover. The economy is estimated to have shrunk by nearly two-thirds since 2010, amid serious fiscal and monetary pressure. Inflation is rampant and exerting dramatic effects on food prices. Food security has plummeted due to inflation and agricultural decline, and unemployment has skyrocketed. Most of the workforce is believed to be unemployed.¹⁵ An estimated two out of three Syrians lives in extreme poverty. More complicated and potentially longer-

11 The World Bank, “The Toll of War: The Economic and Social Consequences of the Conflict in Syria.”

12 Syrian Center for Policy Research, “Confronting Fragmentation,” February 11, 2016, <http://scpr-syria.org/publications/policy-reports/confronting-fragmentation/>.

13 Anthony Cordesman, “If the Fighting Ever Stops: Stabilization, Recover, and Development in Syria,” Center for Strategic and International Studies, May 16, 2017, <https://www.csis.org/analysis/if-fighting-ever-stops-stabilization-recovery-and-development-syria>.

14 Ibid.

15 Ibid.; Syrian Center for Policy Research, “Confronting Fragmentation.”

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lasting is the problem of forced displacement. Half of all Syrians have been displaced internally or made refugees. Among those still in Syria, an estimated 4.6 million are in besieged or hard to reach areas.¹⁶

So much for the numbers. The actual suffering and long-term damage of these effects is much more difficult to quantify. The war continues to create generations of malnourished, uneducated, unemployed, and displaced Syrians. While this has less immediately visible effects than death, injury, and deteriorating services, the long-term implications are profound: a lost generation beset by idleness, crime, illiteracy, despair, radicalization, and hostility from and toward host communities. As time passes, the war makes this outcome more inevitable and less reversible.

What Needs to be Accomplished

For this analysis, “rebuilding” is defined as a cluster of needs, efforts, and goals that fall under either stabilization or reconstruction.¹⁷ These should collectively serve the two central goals of resettling displaced persons and facilitating inclusive, locally driven development that expedites the establishment of local political legitimacy. They include:

- Provision of essential services including healthcare, water, power, and sanitation

- Rehabilitation and reconstruction of housing
- Access to education
- Access to short-term employment
- Restoration of freedom of movement and trade including transportation
- A robust conflict mitigation/prevention mechanism

To be accessible and sustainable, the results of any rebuilding effort must be reached in a manner that strengthens political and economic legitimacy in targeted areas. They must include:

- Security of person and property
- Adequately functioning legal mechanisms
- Accountability of authorities
- Equitable, non-discriminatory access to benefits

This challenge is compounded by the near-absence of a national bureaucracy or unified security apparatus in much of Syria, despite the presence and continued operation of some government administrative bodies and staff in opposition territory, which continue to provide services and employment and collect fees from local populations.

¹⁶ United Nations Office for the Coordination of Humanitarian Affairs, “About the Crisis,” last accessed October 26, 2017, <http://www.unocha.org/syrian-arab-republic/syria-country-profile/about-crisis>.

¹⁷ United States Institute for Peace, “Strategic Framework for Stabilization and Reconstruction.”

CORE STRATEGY

Do Not Plan for a Post-War Scenario

The United States and the international community should begin planning a rebuilding strategy that does not presume a decisive military outcome or durable peace settlement, for several reasons:

- 1** Post-war planning assumes as a premise a certain minimum level of political agreement. Yet **the most likely military outcome is one in which the regime controls most of “Useful Syria”—its western demographic, urban, and industrial cores, an outcome that would be unattractive to Western governments and wealthy Sunni Arab states well-placed to finance rebuilding.** Presently, the United States remains hostile to Assad and therefore is unlikely to lead efforts to rebuild Syria through him. The Trump administration will not try to reverse a regime victory, but is more likely to disengage from the Syrian crisis than support rebuilding Syria through the Syrian regime. Indeed, it is may well block World Bank and International Monetary Fund (IMF) initiatives to do so.
- 2** **A fair political settlement that leads to legitimate national governance is unlikely to emerge in the current local and regional environment.** The Syrian regime has never seriously contemplated compromise and power-sharing, either because its members do not believe they can survive them, or because strong foreign backing has made domestic political accommodation unnecessary. For its part, the insurgency has failed to present a coherent national front that could negotiate on its supporters’ behalf and enforce an agreement. In any case, the opposition now lacks the military power to withstand regime offensives. Thus, a legitimate national government—necessary for implementing an effective, sustainable national rebuilding strategy—is not likely to emerge.
- 3** **Planning exclusively around a “Post-War” scenario constitutes a missed opportunity.** Indeed, external government agencies, organizations, civil society groups, and individual benefactors are already doing substantial development work in Syria, in both regime and opposition-held areas. Although

many of these efforts are flawed, insufficient, or politically problematic, that is partly a product of inadequate interest and strategic planning by governments (including the United States) and therefore is not a reason to neglect the problem; more can be done now. Shifting the entire burden onto the United Nations is highly problematic for reasons that will be discussed below.

The time to plan and, where possible, implement a strategic rebuilding program is now.

A Focus on Non-Regime Areas

A rebuilding effort in Syria must balance alleviation of human hardship with the need to avoid reinforcing the political-economic dynamics that drove Syria into conflict in the first place. States and international organizations are inclined or, in some cases, mandated to work with internationally recognized central governments. While this allows basic humanitarian aid to reach Syrians in regime-held territory, development is a different matter. Syria is not a candidate for a centralized, top-down rebuilding efforts directed by the violent, incompetent, and corrupt Assad regime. Thus, until there is a political settlement that demonstrates inclusivity, accountability, and earns political legitimacy among the overwhelming majority of the citizenry, rebuilding efforts should focus on areas outside regime control, such as those held by the opposition and SDF forces.

There are several compelling reasons to concentrate on non-regime areas:

- 1** Any serious reconstruction effort in Syria would hinge primarily on US, European, Turkish, and Gulf Arab financial and technical input. These governments have insisted (or are likely to insist) on a fair, sustainable political transition in Damascus as a condition for rebuilding support. The European Union, some members of which have shown worrisome leniency on this matter, has nonetheless reaffirmed (for now) that reconstruction would proceed “only in the context of a genuine and inclusive transition that benefits all the Syrians.”¹⁸ This policy is sound and, since it is impossible to rebuild anything

18 European Council, “Supporting the future of Syria and the region: co-chairs declaration,” April 5, 2017, <http://www.consilium.europa.eu/en/press/press-releases/2017/04/05-syria-conference-co-chairs-declaration/>.



Syrian refugees in Kawrgosk refugee camp, Erbil, Northern Iraq in 2013.
Photo credit: IHH Humanitarian Relief Foundation.

substantial in regime-controlled Syria outside the regime's purview and without rewarding Assad and his clients, necessarily directs international efforts away from government territory. The remaining choices are to do nothing, or to rebuild in non-regime areas.

- 2** Opposition areas have borne the brunt of physical damage, siege, and displacement due to regime tactics and superior firepower. Yet a trend of local ceasefires offers opportunities to rebuild without the previous certainty that anything restored will not be destroyed again. Critically, if ceasefires hold, then displaced Syrians can begin to consider returning home. The United States and Russia both appear invested in preserving these ceasefires. There are, to be sure, serious questions over their viability given the regime's track-record of violations and likely commitment to retaking all of Syria, but they are the most serious local de-

escalations yet and should be exploited, backed by the threat of lethal enforcement if necessary.

- 3** A rebuilding strategy that focuses on non-regime areas would offer a prospect of return for some of the millions of externally displaced who see no future for themselves in regime-held territory. It could serve as an example and possible beacon that could make Syrians and international parties more willing and able to support and invest in non-regime areas. It could even have positive macro-economic ripple effects into otherwise economically destitute government-held areas, which nevertheless trade regularly with them.

An immediate rebuilding focus on non-regime areas does not imply efforts should never expand to regime-held areas, though this should be conditional on a meaningful political settlement to the conflict. However unlikely that appears, Assad's long-term survival prospects are in any case unclear. This

strategy does not require stopping humanitarian aid flows to regime areas, however problematic that experience has been. Finally, targeting non-government areas need not exclude benefits that “spill over” and help Syrians living in regime territory. Indeed, that is an important goal, as outlined below.

Sidestepping the Regime

The Syrian regime will manipulate any stabilization and reconstruction assistance to government territories to strengthen its political, economic, and military position. This has meant using aid to reward loyalists while permanently excluding or marginalizing populations seen as hostile. The regime has used and would use control of access for aid organizations to manipulate and constrain the international community. It does this by taking advantage of organizations like the United Nations’ (UN’s) single-minded intent to provide humanitarian and development aid, imposing onerous conditions meant to benefit only the regime itself and its allies. The UN experience with aid provision through the government is instructive. It has forced international agencies to partner with or work through regime-backed or affiliated organizations, and channeled aid to regime-controlled territories and allies. Civilians in opposition areas have reportedly been deprived of basic aid, while regime cronies benefit.¹⁹ Basically, the regime has turned the granting or withholding of permission to rebuild into a political tool.

The regime is adept at pulling external aid providers into an orbit that it controls and from which it benefits. For example, as humanitarian needs have grown in its own areas, it has created or authorized a network of supposedly nongovernmental organizations (NGOs) that are staffed or led by persons close to the regime. These groups receive support from international organizations and then implement their own projects. International organizations are forced to work with what are essentially regime gatekeepers such as the Al-Bustan Foundation run by Bashar Assad’s cousin Rami Makhlof, a regime business crony and financier of pro-regime militias.²⁰ Indeed, the United Nations recently awarded telecommunications and security contracts to regime allies embedded in the political economy of corruption, some of whom are influential enough to be considered regime members themselves.²¹

Absent a comprehensive strategy to politically neutralize assistance and oblige the regime to provide free access and noninterference in development efforts, the regime will continue to commandeer and benefit from resources channeled through the Damascus national-level aid nexus, sabotaging the rebuilding benefits that would stabilize or develop Syria. Despite, or perhaps because of, the pressures of war, cronyism, rent-seeking, and economic favoritism toward the security forces (and now, militias) have become more prevalent than ever. Indeed, reports indicate the regime is already using the reconstruction process to disguise or enable property seizures, pursue demographic re-engineering, prevent the return of displaced persons, and reward business allies through strategic destruction, land transfers, and the issuing of property rights.²²

The regime’s tendency to use reconstruction to disguise or facilitate demographic reengineering is also a concern. In an in-depth study of the city of Homs (which the regime fully captured from rebels in 2014 after prolonged siege and bombardment), interviewees detailed how the government had stopped them from returning to their homes even as UN Human Rights Commission (UNHCR), UN Development Programme (UNDP), and foreign-sponsored rebuilding efforts continued.²³ There are indications that loyalist neighborhoods received preferential treatment in reconstruction as well. In the absence of political compromise and accountability mechanisms, the report on Homs convincingly argues that rebuilding assistance can function as a war dividend instead of a peace dividend. This is not only a misuse of assistance—it also creates a moral hazard with fatal consequences. Finally, it seriously delegitimizes the rebuilding effort, threatening a durable peace and economic development.

Initial assessments of pilot stabilization projects in regime-held Aleppo, Homs, and rural Damascus suggest international and nongovernmental organizations operating in regime areas have been implementing stabilization programming with little regard for local political and conflict contexts. So-called “local reconciliation agreements”—essentially opposition surrenders—have not resulted in a notable increase in cross-line aid deliveries either. Furthermore, the regime has issued a series of

19 Rick Gladstone, “73 Syrian Aid Groups Suspend Cooperation with the UN,” *New York Times*, September 8, 2016, <https://www.nytimes.com/2016/09/09/world/middleeast/syria-aid-united-nations.html>.

20 Kheder Khaddour, “I, the Supreme,” Carnegie Endowment for International Peace, Diwan, March 22, 2017, <http://carnegie-mec.org/diwan/68348?lang=en>.

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23 PAX, “No Return to Homs: A Case Study on Demographic Engineering in Syria,” February 21, 2017, <https://www.paxforpeace.nl/publications/all-publications/no-return-to-homs>.

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ordinances—most famously Decree 66—that will formalize socio-economic reengineering through expropriation and reconstruction.²⁴ Indeed, the Assad government has yet failed to offer guarantees for the right of return of displaced.²⁵

As ceasefires and the campaign against the Islamic State of Iraq and al-Sham (ISIS) progress, the United Nations has begun classifying areas covered by international agreements, as well as those held by the US-backed Syrian Democratic Forces (in late June, the United Nations for the first time in years sent an aid convoy all the way from regime-held Homs to regime-held Qamishli), as “newly accessible areas.” This paves the way for Damascus-based, regime-dominated aid and development organizations to work in areas outside of formal government control. Absent a pragmatic, decentralized alternative, these aid channels will slowly expand across the country, indirectly increasing the regime’s reach and leverage over different populations.

Syria’s corrupt and dysfunctional political economy was a primary cause of the uprising. The United States and its partners have no interest in reviving an unsound system that is both fundamentally unstable and inimical to development. Governments and organizations that do not wish to recreate and strengthen the economic dynamics that contributed to the outbreak of Syria’s civil war must explore pragmatic alternatives to state-centered rebuilding.

The Question of Leverage

Any discussion about rebuilding Syria must address the question of political leverage. Some analysts, economists, and policy makers have suggested that the offer of international stabilization and reconstruction aid would give donors leverage over the regime and perhaps lead it to make political concessions to the opposition.

The idea is attractive as it would further two worthy goals: rebuilding Syria and reaching a fair settlement to the conflict. Scholars Steven Heydemann and Yezid Sayegh, however, have argued that the promise of aid would not constitute leverage over the Assad regime.²⁶ They argue that the regime could conceivably survive a devastated economy, but not the political change the West is setting as a condition. Interestingly, the regime

seems to feel entitled to assistance without conditions (or to impose its own conditions) and has described Western withholding of support as “blackmail.”²⁷ Heydemann also highlights that the regime is awarding contracts to allies Russia and China. While these countries lack the resources to rebuild regime-held Syria, they can help sustain the regime’s patronage network including militia leaders and other cronies, giving Assad options that only decrease whatever Western leverage currently exists.

The belief that reconstruction support provides leverage over Assad is also based on a false premise about the regime’s priorities, namely its supposed eagerness to successfully resettle displaced populations. This is an incorrect reading of how it perceives this problem. It ignores that at least some of these population displacements were the result of a deliberate strategy of targeted violence at forced displacement of perceived (largely-Sunni) pro-opposition populations away from core regime territory in Western Syria. Regardless of regime intentions, the reality is that the economic, political, and security burdens posed by millions of dispossessed and presumably politically hostile Sunnis have been shifted away from key regime areas or onto Syria’s neighbors. It is unclear why the Syrian regime would feel so compelled to resettle them that it would grant the political reforms and compromises advocates of the leverage argument would expect.

As we have seen, the regime has managed to compel aid providers (including international organizations) to work through its own channels and institutions as a condition for operating in Syria (and benefiting Assad), allowing it to tightly control aid flows and empower its domestic allies. That may sound counterintuitive, but it simply reflects these organizations’ single-minded focus on providing assistance despite these serious compromises, which has led them to accept these onerous conditions.

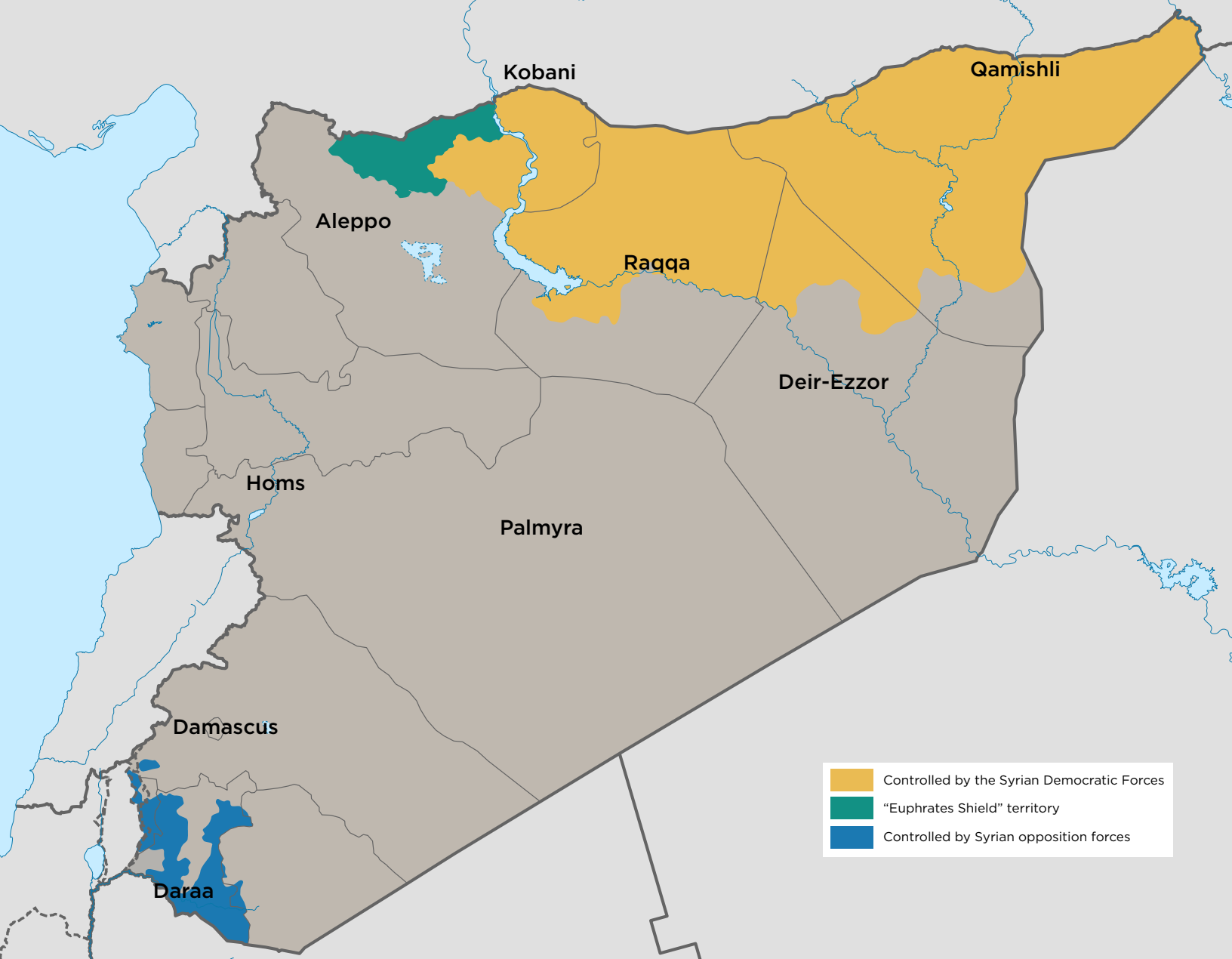
In conclusion, the evidence suggests outside parties should not expect the promise of rebuilding to create political leverage over the regime, and a rebuilding strategy should not be premised on this belief. What is clear is that directing rebuilding

24 Legislative Decree 66/2012, passed in September 2012, provides a financial and legal framework for redeveloping informal and unauthorized housing. This has allowed redevelopment of opposition areas captured by the government to proceed, generating controversy over alleged dispossession and demographic engineering by the regime.

25 Tom Rollins, “Syria’s reconstruction plans take shape,” *Al-Monitor*, May 22, 2017, <https://www.al-monitor.com/pulse/originals/2017/05/syria-war-reconstruction-process-regime-opposition.html>.

26 Steven Heydemann, “Syria Reconstruction and the Illusion of Leverage,” *SyriaSource*, Atlantic Council, May 19, 2017, <http://www.atlanticcouncil.org/blogs/syriasource/syria-reconstruction-and-the-illusion-of-leverage>; Yezid Sayigh and Michel Duclos, “Aiding or Abetting?” *Diwan*, Carnegie Endowment for International Peace, April 4, 2017, <http://carnegie-mec.org/diwan/68493>.

27 Steven Heydemann, “Syria Reconstruction and the Illusion of Leverage.”



efforts at and through the regime would eliminate any leverage that the United States and its allies may still have, due to the regime’s remarkable ability to manipulate the aid itself and extract concessions in return for allowing others to strengthen it.

Geographies

The key accessible areas outside regime control are the SDF-controlled parts of northern and northeast Syria; the Euphrates Shield territory under Turkish influence; and southern Syria encompassing parts of Quneitra and Daraa provinces. The Ghouta and Homs-Hama pockets are surrounded by regime forces and are essentially unreachable without running into all the problems associated with rebuilding through the regime, even if it did allow reconstruction aid to flow there.

That means rebuilding efforts should focus on the SDF-controlled areas, Euphrates Shield territory, and southern Syria. Each presents challenges and opportunities.

The SDF territory encompasses northern Syria from Qamishli in the northeast to Manbij, Aleppo province to the west. It benefits from the close relations between the dominant Kurdish Democratic Union Party (PYD) group and the United States, forged through the joint military effort against ISIS and the US presence in that territory. PYD-Assad relations vary from mutually tolerant to cooperative, depending on the circumstances, which lessens the risk of large-scale violence that could reverse stabilization or reconstruction accomplishments. As mentioned above, the United States appears to be considering seriously a long-term military presence in SDF areas, deterring regime attack. The disadvantage is that neighboring Turkey views the SDF enclave as a strategic threat, and may attempt to weaken it in the future, though it is not likely to make a serious attempt while the US military is present.

Euphrates Shield in northern Aleppo province is one area where stabilization and reconstruction

has already begun in earnest, relying on preexisting local councils with strong relations with Turkey. The experience has been instructive and not altogether discouraging (see below). The main complication Euphrates Shield presents is also the reason it has seen progress: Turkish dominance brings a measure of order and resources and deters regime attack, but it also asserts Turkish control over aid and development flows and restrictions on international access. Euphrates Shield will remain a de facto protectorate of Turkey for the time being, but Turkish government suspicion of outside influence may lessen somewhat, allowing a greater international role in rebuilding efforts. In any case, Turkey remains a member of NATO and a potential rebuilding partner, as well as the main guarantor of such efforts in the Euphrates Shield area. It is worth noting that its territorial control may expand into and stabilize parts of neighboring Idlib province as well, though that is likely to be an area of active (or nearby) hostilities between local and foreign forces and the al-Qaeda affiliate Hay'at Tahrir al Sham (HTS).

Opposition-held southern Syria is in some ways a promising rebuilding opportunity. It benefits from proximity to Jordan which, unlike Turkey, has excellent relations with the United States. Jordan has a strong incentive to create conditions in Syria that would allow its large refugee population to return there. It has proven quite capable of creating and sustaining aid systems in both Jordan itself and southern Syria. Additionally, the United States and Jordan both have strong ties to the opposition in the south, which is moderate and hostile to Islamist extremists. The social fabric in southern Syria is strong, and civil society organizations are active. The region does present challenges, however. The main obstacle to rebuilding here is the area's strategic importance to the regime, which makes a long-term cessation of hostilities less likely than in Turkish or SDF-controlled areas in the absence of a US deterrent to regime aggression. There is also a possibility that Jordan, calculating that the United States is unlikely to enforce a sustained ceasefire in southern Syria, would strike a separate deal with the Syrian regime, possibly accommodating its seizure and control of southern Syria in exchange for allowing the return of refugees.

The United States in Syria

The United States already has a substantial role and presence in Syria. Specifically, it has partnered with Kurdish-led forces to liberate large swathes of the country from ISIS control, in the process deepening its local partnerships and establishing a military infrastructure in SDF-controlled areas in the north and a smaller, Arab territory in the southeast, including bases, outposts, and at least one air strip.

“. . . [T]his should not be a purely US effort. A key US strength lies in its ability to put together a coalition of allies to help finance and engage directly in stabilization and reconstruction.”

Due to its physical presence in engagement with local military parties and populations, the United States gains substantial leverage over the priorities and implementation of potential development efforts. Thus far US officials have shown limited enthusiasm for such work aside from restoring very basic services such as water supply.

If the United States establishes an open-ended presence in these areas, however, it seems likely that its involvement in rebuilding would deepen as its ownership of local circumstances deepens. This looks probable, as civilian and military officials increasingly believe a long-term presence to be critical to preventing the reemergence of ISIS and/or exerting pressure on Iran in Syria. This would make the United States second only to Iran as the most influential foreign actor in Syria, and would also make the Kurdish-held territories the most logical and accessible target of US-led development efforts. If the US military presence is joined by US government development agencies, the US role in rebuilding significant parts of Syria will expand, as will the US ability to implement the strategy outlined here and its stake in a successful outcome. Nonetheless, this should not be a purely US effort. A key US strength lies in its ability to put together a coalition of allies to help finance and engage directly in stabilization and reconstruction.

Local Partners

A local, decentralized strategy would necessarily rely on local partners, meaning elected local and provincial councils with their associated stabilization bodies in opposition territories. Syrians working with these councils often have years of experience managing and implementing international assistance programs. The international community can draw on their accumulated know-how to maximize effectiveness of stabilization and reconstruction assistance in line with local needs. Further, the early experience within the Euphrates Shield pocket in North Aleppo, cleared and held jointly by the Turkish Army and Syrian rebel forces,

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could be an instructive model for building and scaling up an eventual wider rebuilding plan.

Following a Turkish crackdown on international and independent NGOs working in the North Aleppo area, the opposition-aligned Aleppo Stabilization Committee (ASC), under the elected Aleppo Provincial Council, was left to manage the greater part of international stabilization programming in the Euphrates Shield area. The body has grown from twelve to thirty-five full-time employees, with four hundred staff in more than one hundred projects reaching 230 communities across the area. It has so far successfully navigated between international donors, local armed and political factions, and Turkish forces. While the humanitarian situation in the area remains poor and the security situation tense, the group has proven that local civilian institutions can, with care and expertise, operate relatively freely and even mitigate some of the harmful interference by foreign and local groups.

Reconstruction aid channeled through official opposition governance bodies can help reform governance as well. As the Euphrates Shield pocket expanded, these organizations were instrumental in shaping local governance, setting up thirty-five of forty-four local councils in North Aleppo. While governing bodies already exist in other opposition areas, a centralized and coordinated assistance structure can help stratify and integrate civilian bodies currently operating separately. Councils have sought the ASC's help in reforming operations to access ASC channel programs.

There remains a need for a Syrian Interim Government, albeit one that is derived from or is representative of provincial and local bodies. The fracturing of Syrian territory has further aggravated conflicts between existing governing bodies competing for assistance money. Aid ought thus to be tied to regular elections, public consultations, and a proper role for locally resident internally displaced persons (IDPs).

Locals active in stabilization programming have further highlighted the need for international donors to coordinate reconstruction aid to avoid duplication and meet needs evenly. In Aleppo province, there has been a steady process of integration to the point where local bodies have managed to get European and Turkish planners to sit at the same table to discuss stabilization planning, after Turkish programs recognized the need for Western and local expertise.

Finally, there is a critical need for direct outreach to and engagement with Syrian civilians most affected

by the impact of war. This is laborious but could center on ascertaining the conditions under which displaced persons would consider returning, the priorities of persons living in non-regime areas, and what they see as the main obstacles to obtaining them. There is also a need to partner with Syrians working in opposition territory but earning wages from the central government, to make use of their knowledge and expertise and integrate them into the local economy

Regional Partners

Syria's neighboring countries have natural and essential roles to play as participants in and facilitators of stabilization and reconstruction efforts. Turkey and Jordan host hundreds of thousands of Syrian refugees and are thus deeply concerned with spillover effects and stability over their borders. This has led to both useful and obstructive actions. In their attempts to control these areas, Turkey and Jordan have intervened significantly in international aid and assistance programming, shutting down a number of both local and international NGOs and restricting the operations of others. These moves have shut down most operations along parts of the Syrian-Turkish border, for example.

On the other hand, both Jordan and Turkey have pushed their Syrian clients to consolidate and accept ceasefire agreements with the Syrian regime. While strategic and ideological differences among the international community, regional states, and local Syrians persist, they share an interest in stable and secure living conditions and governance bodies in opposition communities along the border. Considering the state of Syria's productive sector and heavy industry, most of the primary capital inputs would likely be sourced from neighboring states, which might represent a convergence of economic interests as well.

Turkey is essentially governing Euphrates Shield as an extension of Gaziantep province. However, while most international NGOs have been squeezed out, international programming has consolidated in the ASC, where it has taken over a critical role. Its knowledge and expertise has led Turkish officials to compromise and seek its assistance in Turkey's own planning. There thus remains a clear opening for international assistance if channeled through official Syrian opposition channels. Aid organizations that are situated in a Turkish sphere of influence should be left to negotiate their relationship with Turkey themselves, so that problems in Turkish-Western relations do not hold development work hostage.

OBSTACLES

Political and Communal Violence

Neither stabilization nor reconstruction can occur amid large-scale political violence, with the destruction, displacement, and sense of unpredictability that brings. While it is probably unrealistic to expect a total cessation of hostilities or end to fighting (including between rival factions within non-regime territory), recent developments show that substantial de-escalation is possible, including an end to artillery shelling and aerial bombardment. This has affected the Euphrates Shield area, the SDF territories, and most recently southern Syria.

It appears that externally brokered ceasefires under Russian, Turkish, US, and inevitably Iranian influence are the surest way of maximizing the likelihood of sustained ceasefires. The regime has not yet, however, given up its goal of ultimately retaking all of Syria. Therefore, the recent decline in violence will last only if the regime calculates that the cost of retaking certain territories is too high, either because of opposition or Kurdish military capabilities, the threat of foreign retaliation (such as by Turkey in Euphrates Shield or the United States in SDF areas), or pressure from foreign allies. Absent an inclusive and durable political settlement, however, some degree of violence will likely persist—though measures such as building fortified hospitals can increase local resilience in the face of violent regime intransigence.

The War Economy

Years of war, decay of the formal economy, capital flight, and state weakening in much of Syria have predictably given rise to an entrenched war economy. This is characterized by black market activity, looting, smuggling, seizure of assets, extortion, and exploitation of people. It often entails violence against civilians. Armed groups are deeply

implicated in these activities and often control strategic assets such as oil and crops.²⁸ In non-regime areas, the war economy frequently involves trade with regime areas and across neighboring country borders. Its beneficiaries are not limited to armed groups—a new economic elite has grown rich over control of commercial activity linked to or made possible by the war and receding state authority. In addition to the injustices and pernicious economic effects of these dynamics, they have led to the rise of a business class that stands to lose its power—and its livelihood—from normalization. On the other hand, the boost in economic activity from rebuilding may incentivize some to shift to legitimate activities, including by providing much-needed capital. This would give the new elite a stake in the rebuilding process. In any case, a cessation of hostilities would not necessarily lead to a quick end to the war economy.

Extremist Groups

Activists, local officials, and donors active in stabilization programming in opposition areas differentiate between “mainstream” factions, such as the Free Syrian Army, and radical groups who consider civil society a threat to their political project. Indeed, proliferation of mainstream armed groups and even occasional infighting between them is reported not to significantly impact stabilization planning and implementation, while the threat of radical Islamist groups is universally recognized. Any large-scale reconstruction efforts are therefore contingent on—and could possibly be a part of—a larger pushback against the militant group Hay’at Tahrir al Sham (HTS) and its affiliates in Idlib province. Indeed, effective stabilization and eventual reconstruction are essential to any long-term counterterrorism strategy. There does seem to be a US intent to weaken HTS by targeting its leadership, though that is unlikely to suffice.

28 Hamoud Al-Mahmoud, “The War Economy in the Syrian Conflict: The Government’s Hands-Off Tactics,” Carnegie Endowment for International Peace, December 15, 2015, <http://carnegieendowment.org/2015/12/15/war-economy-in-syrian-conflict-government-s-hands-off-tactics-pub-62202>.

SEQUENCING

Comprehensive and full political settlement and pacification are not realistic preconditions for rebuilding in non-regime territory. However, full-scale reconstruction cannot reasonably begin until these areas have been effectively shielded, by either diplomatic or military means, from regime and extremist violence.

At the time of writing, a tenuous cessation of hostilities holds in the three areas of greatest interest: the south; Euphrates Shield; and the SDF territory. Should this break down, the regime will resume destruction of essential public infrastructure critical to healthcare, education, and civil public infrastructure, among other services. When fighting breaks out along frontlines, cities and towns tend to be targeted in depth. In such a threat environment, scarce donor resources may be better spent on humanitarian and stabilization needs, rather than large-scale reconstruction. Nonetheless, the experience of Euphrates Shield, the SDF, and to a lesser degree negotiated agreements in the south have shown that the United States and its partners are able to shape the military and diplomatic environment in a way that creates conditions conducive to stabilization and reconstruction.

Our proposed localized approach is inherently limited in what it can achieve for Syria as a whole in its current state of war: Certain national-level infrastructure cannot be rebuilt in Idlib, Aleppo, and Daraa alone. For example, the country's electricity production is primarily tied to its gas extraction. Its water and irrigation network is dependent on rivers and dams. Still, the sheer level of damage to major power and extractive infrastructure makes near-term rebuilding of such sectors unlikely anyway. Across the country, local solutions have already replaced the persistent deterioration of public services.

Local reconstruction programming ought to prioritize immediate humanitarian need. Priorities should subsequently be defined in consultation with local community members who have a superior understanding of what has been lost and what

needs to be replaced soonest. Those priorities could include job creation to create a basis on which local Syrians can build a private economy; the construction of permanent shelter, healthcare, and schooling facilities; and the revival of major power plants. Such facilities are prerequisites for civilian life and have, throughout the war and even under the most adverse conditions, tended to serve as anchors for destitute local communities.

Whatever the local sequencing priorities, a meaningful rebuilding strategy must allow people to resettle, reclaim property, and return to a semblance of normalcy. This raises the challenge not only of rebuilding destroyed property, but also addressing the mess of property rights and claims, including on land and homes. As noted, the regime has been manipulating property records and awarding rights on a partisan political and strategic basis, to say nothing of the seizure of property by non-state militias. Resettlement addresses the refugee problem of course, but it is also key to local and national reconciliation and the eventual strengthening of political legitimacy as circumstances allow.

As national-level reconstruction is unlikely to advance in the near future, planning for electricity, water, sanitation and hygiene (WASH), and other larger-scale projects may be done by expanding ongoing stabilization programs. The Syrian Reconstruction Trust Fund and other NGOs have experience with delivering generators, water pumps, and filtration systems that can stabilize the local conditions until the situation permits rebuilding Syria's major plants. Another option, first implemented in North Aleppo, is tying opposition-held territory into neighboring countries' public utilities. This would likely require significant assistance, including funding, by third-parties, though it may prove attractive to the governments of Jordan and Turkey if it permits more Syrian refugees to return and should certainly be explored in depth by the United States and other governments.

SECOND-ORDER EFFECTS

Fragmentation

Providing selective support for opposition and other non-state actors while excluding the regime may contribute to solidifying the fault lines the war has widened in Syria's national social and economic fabric. However, the international community should be realistic about the prospects of national reconciliation in the short- or mid-term absent a serious political compromise. At this point, the alternative to fragmentation and devolution of economic power appears to be the misery, destabilization, radicalization, and open-ended displacement for millions. Aid channeled through the regime has neither reached suspect communities nor helped generate conditions conducive to the return of displaced person. That model too has contributed to fragmentation, and possibly displacement as well by creating a “new normal” in regime-controlled areas.

Rather than finance a national approach that is bound to exclude and marginalize millions of Syrians—an approach these authors reject under the circumstances—grassroots rebuilding could not only allow for multiple, locally adapted governance models to survive side-by-side, but possibly also provide the economic and social surplus capital needed to rebuild cross-communitarian ties in the country. Indeed, this would help slow if not reverse some of the fragmentation the war has caused.

Ripple Effects and Macroeconomic Stabilization

If stabilization and reconstruction assistance, paired with a recovery in cross-border trade, were to spur economic activity in opposition-held territory, this would likely create immediate ripple effects throughout Syria's war economy. Already, there exist local agreements on trade and smuggling across frontlines. All civilian and armed factions in Syria regularly coordinate cross-line missions to provide social services (especially schooling and health care), as well as localized relations to trade essential goods. In some cases, government officials already maintain and collect fees for operating

certain large national-level infrastructure and for providing services even in opposition areas. Such relationships should be preserved where necessary for the well-being of Syrians on both sides of the frontline.

With Syria's national economy all but collapsed, the remaining trade in illicit, as well as highly fungible goods such as oil and gas, has empowered armed factions. Expanding employment and opportunities for young people could reduce the recruitment base for armed factions on both sides. The availability of certain services, products, and employment opportunities in opposition-held territory could further disincentivize loyalist militias from aggressive action and—on both sides of the frontline—strengthen the hands of civilian stakeholders over armed factions. The use of local labor and sourcing of locally available goods and services would be an obvious priority.

Opposition institutions would sit atop not only cross-border import streams, but also increased flow of investment, remittances, and thus foreign currency. Already, Central Bank branches in governorates bordering regime-held areas capture foreign currency flowing into opposition territories to stabilize Syria's shaky national currency. Injections of foreign capital into the country, bypassing the Syrian regime's banking sector, could reduce inflation without underwriting the Syrian state budget.

Syria currently lacks not only the fiscal means for reconstruction, but also the economic and industrial basis for it. Many of its major manufacturing plants and industrial districts lie in ruins due to fighting, or idle due to economic dislocation. Syria no longer produces sufficient cement, steel, or other inputs necessary for construction. Beyond simply procuring inputs and services as available, aid ought to encourage the creation of new businesses and recovery and importation of machinery. Such essential production capacities could be located in opposition-held areas and contracted out wherever necessary and possible.

CONCLUSION: AN ACADEMIC DEBATE?

It may seem difficult to imagine that, given its clearly documented atrocities and alliance with states hostile to the West including Iran and Russia, the Syrian regime would be the recipient of large-scale Western-led investment and development efforts. The United States has not shown interest in this, and many key European allies such as the United Kingdom and indeed the EU as an institution have conditioned reconstruction aid on a just political settlement in Syria. Some observers might ask whether the question of reconstruction is irrelevant as far as the West is concerned.

That may accurately reflect a snapshot of the situation. It is not necessarily a durable one, however, and the debate over rebuilding Syria has not concluded. There are institutional and bureaucratic interests in engaging in reconstruction, often simply because of a given organizations' mandate: How else to explain the UN agreement to the regime's humiliating conditions on aid delivery and indeed reconstruction? The UN is doing its job, and other international organizations will naturally seek to do theirs including lobbying governments for permission, regardless of the long-term consequences for Syria. There is a significant and powerful altruistic motive at play as well: the desire to help ordinary Syrians regardless of the larger political and economic consequences.

In addition, since he inherited the presidency from his father in 2000, there has always been a latent, albeit fluctuating, undercurrent of international sympathy for Bashar al-Assad, in some Western countries more than others. Notwithstanding the EU's official position on reconstruction, important political voices in Europe at the popular and elite levels argue for rehabilitating Assad, either because they see him as a counterterrorism partner, or as preferable to Sunni extremists, or the victim of an ill-conceived Western and Gulf Arab proxy war (or all the above). If the violence in Syria decreases somewhat, arguing for Assad's rehabilitation could re-emerge as a mainstream policy position, and with it the drive to make the Syrian state the focal point and conduit of rebuilding efforts. This will be accelerated by some European countries' eagerness to send unwelcome Syrian refugees back to Syria.

In conclusion, there are important interests and voices favoring a rebuilding approach quite

different from the one outlined here—one that the authors believe is likely to do more harm than good to Syria itself and bring little advantage to Western countries including the United States—which should remain vigilant and steadfast in pursuing rebuilding opportunities shaped by locally driven agendas and priorities and empowering Syrian communities. This is the surest path to mitigating the problems of radicalization and population displacement. As it happens, it is also the just thing to do, but it requires the United States to take immediate steps as a start of a long process including:

- 1** Announcing an official US goal and policy of stabilizing non-regime areas of Syria and building an international coalition of financial and development partners in this effort.
- 2** Allocating resources and personnel tasked with ground up stabilization and reconstruction in parts of Syria outside regime control.
- 3** Clearly communicating which areas of Syria will be affected by this commitment, securing necessary de-escalation agreements with the regime or its backers, and backing those agreements with the credible threat of lethal force against violators.
- 4** Announcing unequivocal US opposition to any international efforts to rebuild Syria through regime-controlled institutions in the absence of a meaningful political compromise by the regime.
- 5** Engaging with local stakeholders in aid, development, commerce, construction, services, and other vital sectors to assess needs and identify legitimate partners.
- 6** Determining the prerequisites of return for displaced persons and engaging with them and locals around depopulated areas in non-regime territory.

The necessary resources and interests are both present, but these measures would merely constitute the first steps of a rebuilding effort, which only highlights the urgency of getting started.

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List as of November 6, 2017



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