

CSSR

Thematic Working Group: Economy, Recovery and Development Perspectives

–*Geneva*

Participant's summary report

Thematic Working Group

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EXECUTIVE SUMMARY

The Group on the Economy, Recovery and Development Perspectives is a CSSR Thematic Working Group (TWG) established to develop ideas, input and recommendations to the Office of the Special Envoy pertaining to socio-economic policies, including combating poverty and promoting sound economic governance.

Following months of substantive and serious collaboration, CSSR participants of the Thematic

Working Group (TWG) on “Economy, Development and Early recovery perspectives” met during four days in Geneva, at the invitation of the Office of the Special Envoy for Syria and his team to finalize the group’s work . The meetings concluded with the presentation of a summary of the discussions and key recommendations to the Office of the Special Envoy for Syria team, International Syria Support Group (ISSG) members and CSSR donors.

BACKGROUND

Over the past two years the Syrian economy has taken a sharp downturn. In 2021 Syria saw its GDP shrink by 18%, its trade deficit increase to over 60% of the GDP, and its currency's exchange rate decline dramatically. Inflation skyrocketed by around 80%, indebtedness continued to rise amid ever greater reliance on foreign aid, and unemployment reached 48%. Furthermore, the economic downswing pushed poverty levels to 92% and those of extreme poverty to 53%, while displacement and migration rates continued their upward trend, with no prospects of refugees returning in the country's current circumstances.

The economy has been impacted by a host of external factors, including the COVID-19 pandemic, the Lebanese crisis, drought and sanctions. However, the failure of economic governance, the dominance of the war elite and the economics of conflict, and the decline in human capital were key factors contributing to the economic collapse, in addition to regional fragmentation, social polarisation, and the destruction of physical capital. Moreover, the decline in the number and intensity of military operations did not contribute to an economic recovery in a context characterised by the persistence of policies centred around conflict and subordination to foreign powers.

The TWG offers a set of proposals under the framework of an Integrated Development Nodes strategy. It envisages a greater role for civil society in the economic process amid the political impasse.

The strategy is based on the principle of **participation** of all relevant stakeholders in governing economic projects implemented by civil society and the small- and medium-scale private sector.

The strategy is therefore centred around joint economic activities and coordination among producers, distributors, and consumers in order to reduce waste and exploitation. It links economic productivity with the revitalisation of human capital (by promoting education and training), the bridging of social divisions, and environmental sustainability.

The CSSR can provide the space for the development of these integrated, coordinated, and participatory processes across regions and sectors through its augmented expertise in promoting participation, dialogue, and social priorities.

In the current situation the proposed direct intervention is to start from integrated food sovereignty projects based on participatory work (in terms of production, delivery, consumption and sustainability). Such an intervention is essential in light of the great need for food among the population, and it will utilise the expertise of the local and civil community in terms of production, storage and distribution. In addition, such projects generate jobs, without requiring high-level skills. Such a process gets the focus back on restoring the cycle of production and consumption and reduce reliance on the distribution of food aid.

KEY ISSUES

In order for the TWG to determine which areas to tackle, it has identified a set of issues that constitute the main challenges to the economy under current circumstances. These include:

- ◆ *The economics of conflict*
- ◆ *Fragmented geography and governance*
- ◆ *Subordination: The dominance of external powers militarily, politically, and economically, in addition to dependence to a large extent on foreign aid.*
- ◆ *Poverty and economic inequalities*
- ◆ *Polarisation and the deterioration of social relations*
- ◆ *The distortion of institutions*
- ◆ *The unprecedented deterioration of public services*

DEVELOPMENT NODES STRATEGY

The Development Nodes Strategy aims at moving past the conflict and its pernicious effects by creating incentives and building new relations and institutions. These are long-term and slow processes that need to be developed on different levels in order to meet the needs of both people and society as a whole.

Coordination among the interested actors who implement the strategy is a key step that would support the gradual construction of development nodes. Making these nodes sustainable, however, requires integrating them through connections and relations that transcend social and political divisions, and utilise human and physical capital and markets.

The strategy adopts the following factors and principles that must be considered in all development or humanitarian projects or initiatives:

- ◆ *Supporting better governance within initiatives*
 - ◆ *Adopting a participatory approach*
 - ◆ *Dismantling the economics of conflict*
 - ◆ *Promoting social capital*
 - ◆ *Developing integrated linkages across communities, regions and classes*
 - ◆ *Creating jobs*
 - ◆ *Improving living conditions*
 - ◆ *Reducing inequality and prioritising the hardest-hit segments of the population*
 - ◆ *Ensuring environmental sustainability*
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- ◆ *Relying mainly on the available material and non-material resources*
- ◆ *Emphasising intrinsic links with local culture*

DISMANTLING THE ECONOMICS OF CONFLICT

The economics of conflict in Syria constituted systems that have fueled war across the country's regions through:

- ◆ *the destruction of material and non-material resources;*
- ◆ *the redistribution of resources in favour of authoritarian power, depriving the majority of the population; and*
- ◆ *the recourse to arbitrariness, pillage and impoverishment, further consolidating the absence of the rule of law.*

These systems gave rise to conflict-related cross-border networks that are causing adverse impacts outside Syria both regionally and internationally. Syrian citizens are the primary victims of the economics of conflict.

The ongoing depletion of internal and external resources has reduced the chances of their exploitation by the parties to the conflict. Moreover, the fallout of the economics of conflict inside and outside of the region have caused substantial regional economic damage and increased insecurity, and could potentially aggravate the economic crisis in the future.

1 COUNTERING CONFLICT NETWORKS

The proposed strategy regards Syrian society as a key actor in supporting economic growth, whether through civil society organisations, initiatives, or informal networks and institutions at the local and national levels. Below are some recommendations for proposed strategies and initiatives that can reduce the power and influence of the conflict elite:

- ◆ *Include measures to undermine and eliminate the economics of conflict in all humanitarian, economic, and development projects by excluding the conflict elite and networks from them and encouraging productive activities and transparent mechanisms.*
 - ◆ *Include measures to eliminate the economics of conflict in any potential peace agreements, provide for it in the Constitution, and garner national and international support for such measures. Ensure the implementation of a consistent regional and international strategy aimed at halting or obstructing conflict-related activities inside the country and across borders, including the arms trade, human trafficking, the employing of mercenaries, smuggling, pillage, and the abuse of property and resources.*
 - ◆ *Promote the role of national and global civil society and that of independent agencies in monitoring the economics of conflict and calling for stringent action against it.*
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- ◆ *Disrupt and dismantle networks of monopoly, pillage, and royalties that are hindering the process of sustainable development and impeding production and distribution. Among such policies should be the opening of internal crossing points for products and commodities without royalties or other forms of rent seeking.*
- ◆ *Transform the current humanitarian aid strategy into one of integral development; introduce projects to supply food, energy, and water, and link them to the provision of education, health care, and other social services; invest in cross-region and cross-community projects; and ensure the provision of UN humanitarian aids to all regions without distinction and through all the necessary crossing points, including Al Yarobiyeh and Bab Al-Salam crossings.*
- ◆ *Invest in providing an economic environment that is conducive to the return of the internally displaced and refugees, and to efforts to integrate them into the solidarity economy.*
- ◆ *Lift sanctions impacting food security, particularly in terms of production and distribution, including logistical and financial barriers.*

2 PROMOTING THE SOLIDARITY ECONOMY

The shift to a post-conflict economy must not repeat the same policies that prevailed prior to the conflict, that had led to major disparities and exclusions.

Below are some of the proposed policies and interventions:

- ◆ *Develop the governance of the civil society economy so that it supports equal opportunities in ownership and investment and ensures inclusion and sustainability. This economy will accelerate the rehabilitation of the country's infrastructure and the main facilities, while guaranteeing wide participation across all levels of society.*
 - ◆ *Create a fair environment that facilitates productive activities by encouraging alternative economic projects that are based on solidarity and that gradually eliminate the activities of the war elite, guaranteeing recovery and reconstruction.*
 - ◆ *Encourage labour-intensive projects in the public, private, and civil sectors that could mitigate extreme poverty, widen social networks, and provide the marginalised with decent jobs.*
 - ◆ *Adopt fiscal policies that can stand against economic volatility, make public spending more efficient, and limit corruption and waste, especially policies that encourage investment, which will help to create jobs and maintain subsidies, considering that the majority of Syrians are poor.*
 - ◆ *Reassign most subsidies and military and security expenditure, whether from government or non-governmental sources, to productive sectors and the provision of social security. This requires substantive efforts from national and international actors to counter the military-focused strategies of the warring parties.*
 - ◆ *Reduce subordination to foreign influences and forces, support local production across all sectors through a variety of funding sources, and activate efficient monetary policies to stabilise prices.*
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- ◆ *Ensure participatory and equal access by all to the opportunities offered by the recovery and reconstruction process.*
- ◆ *Dedicate relevant revenues to address injustice and lay the foundations of the solidarity economy.*
- ◆ *Make integrated efforts to achieve the solidarity economy among Syrians both in and outside the country, and among Syrian refugees and host communities.*

3 RECOMMENDATIONS RELATED TO DEVELOPING THE MECHANISMS OF FOREIGN SUPPORT

- ◆ *Prioritise justice in all policies and interventions as the key factor that will allow the country to move past the conflict.*
- ◆ *Stop providing weapons and/or support to authoritarian actors.*
- ◆ *Ensure consistency in confronting the conflict elite and their illegitimate activities, and in imposing disincentives on all illegal networks and the actors involved in them.*
- ◆ *Promote cooperation among the main external actors, and between them and Syrian institutions and society.*
- ◆ *Focus on sustainable solutions by linking all support to inclusive development goals.*
- ◆ *Encourage accountability by introducing and implementing an independent and transparent monitoring and evaluation system.*
- ◆ *Include the promotion of social capital in projects and interventions to counter internal and external exploitation of identity-based discriminatory policies.*
- ◆ *Provide subsidies that empower local potential and limit subordination to foreign influences of whatever kind.*
- ◆ *Empower refugees and ensure their safety.*

Key recommendations on food sovereignty:

- ◆ *Criminalise the use of access to food and water as a weapon of war; prioritise interventions in regions and communities that were besieged and that suffered from starvation and deprivation, especially children who*
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suffered from malnutrition; end exploitation or obstruction of water inflows, either through the Euphrates River or pumping stations; and ensure compliance with international conventions on water.

- ◆ *Develop relief strategies oriented towards more sustainable and inclusive interventions targeting food sovereignty, food security and social solidarity; increase the scope of participation and representation in the cycle of food production and distribution; activate the role of civil society and the private sector by granting public and private freedoms, freedom of speech; and ensure the accountability of warring parties for their practices on food security and food sovereignty.*
 - ◆ *Develop solidarity production networks such as cooperatives that guarantee the participation of everyone in society, with an emphasis on sustainability, the reduction of disparities, and cooperation in production, distribution, and marketing needs (shift from individual to collective support).*
 - ◆ *Activate the role of local communities and civil society organisations specialising in food and environmental security by enabling them to participate in decision-making; and provide public freedoms to local communities to express their demands for change towards creating an economic, social, and political environment that is a prerequisite for achieving food sovereignty.*
 - ◆ *Focus on the importance of integrating and linking food sovereignty issues across regions and local communities and ensure coordinated efforts to deal with cross-regional issues, such as providing adequate infrastructure and guaranteeing a safe and sustainable environment.*
 - ◆ *Eliminate royalties and irregular fees throughout the process of food and agricultural production, including transport across regions.*
 - ◆ *Eliminate monopolies and the leveraging of nepotism in all areas of food production, distribution and procurement. This includes primary production inputs (e.g. a monopoly of an entire product).*
 - ◆ *Lift sanctions on food inputs and commodities, especially indirect sanctions, such as the additional costs of money transfers, insurance and transport.*
 - ◆ *Introduce production and distribution initiatives that are based on the non-tangible Syrian heritage and are environment friendly.*
 - ◆ *Develop integrated funding methods through local contributions, humanitarian funding, public finance, and the contributions of the private sector within a participatory framework achieved by defining investment priorities.*
 - ◆ *Put policies in place that guarantee the reconstruction of human capital working to ensure food security. This could be achieved by linking education and training to the process of food sovereignty, reaffirming the need for security and safety for all, securing the return of the internally displaced and refugees, and providing a conducive working environment for those deprived of education and persons with disabilities.*
 - ◆ *Ensure safe working conditions and reasonable pay and promote agricultural ownership and the process of food sovereignty for women, especially breadwinners.*
 - ◆ *Rehabilitate arable lands that were damaged during hostilities by including them in a special agricultural plan; rehabilitate irrigation systems, dams, underground reservoirs, and artisanal wells that meet agricultural water needs; and provide the resources needed to pump water, like electricity and fuel.*
 - ◆ *Increase investment in modern irrigation projects and stop the overexploitation of surface and underground water.*
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- ◆ *Provide seeds and fertilisers to farmers and feedstock to agricultural producers at reasonable prices, expand opportunities to obtain agricultural loans, and develop storage and marketing facilities.*
- ◆ *Devise a response plan to climate change factors that affect agricultural production in the short term by allocating budget funds to natural disasters like drought or floods, and by providing financial subsidies to regions that are hit hardest by inadequate precipitation, especially those that rely on rain, to offset losses incurred by late rains or crop failure.*
- ◆ *Support the cultivation of priority crops that meet the needs of communities, provide job opportunities and do not harm sustainability.*
- ◆ *Give top priority to displacement and migration issues, because the internally displaced and refugees in neighbouring countries are considered to be the most vulnerable to food insecurity; provide job opportunities to the internally displaced and refugees in their regions and cities that they left because of the war; and grant long-term housing loans for the reconstruction of houses and residential areas, which would encourage the return of agricultural workers who either migrated to escape fighting or were internally displaced by the war.*
- ◆ *Rely on evidence to determine poverty and deprivation levels at the national and local scale; devise social support programmes for the poorest households; and seek to end poverty and reduce the high cost of living, which skyrocketed during the war.*
- ◆ *Link food sovereignty programmes to solidarity work and provide education for children and teenagers and health-care services for all.*
- ◆ *Develop sustainable solutions in the energy, agricultural and manufacturing sectors, and invest in producing high-quality food.*
- ◆ *Provide fuel and electricity in the path towards achieving food sovereignty by exerting pressure to eliminate royalties and internal fees and ensure the participation of civil society in planning and implementation in order to increase production and facilitate investment in this sector.*
- ◆ *Reaffirm the importance of protecting property rights to prevent seizures and confiscations from occurring in the process towards achieving food sovereignty.*

CSSR, 2022

The Civil Society Support Room (CSSR) was established in January 2016 by the Office of the Special Envoy for Syria as a mechanism to consult with a broad and diverse range of civil society actors. Through the CSSR, civil society actors can meet, interact and provide their insights and ideas to the Office of the Special Envoy, relevant United Nations actors, as well as international stakeholders.

This mechanism aims at rendering the UN mediation process more inclusive.

The overall supervision and guidance of the CSSR rests with the OSE-Syria. NOREF Norwegian Centre for Conflict Resolution and Swiss Peace foundation have been mandated by the OSE to provide methodological expertise, operational and technical support to the process.

The views expressed in this report are those of the authors and do not necessarily reflect the UN standpoint.