

# **Harnessing Economic Autonomy for Peace: Reimagining Syria's Path Forward**

## **Economic Foundations for Peace in Syria**

**Brussels, Belgium, April 29, 2024**

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# Economic Autonomy???

- Does **Economic autonomy** have a meaning?
  - What has meaning is the **capacity to generate income**, especially for women
  - What has less meaning is economic autonomy in the **local** and “**decentralization**” sense:
    - We live in a **globalized world**
    - You need **inputs**, machinery to produce, and **markets** to sell
    - You need State institutions to **regulate markets**, qualities, consumers' protection, ...
    - Even for agriculture and SMEs...
  - Does it mean **self-sufficiency? Autarky?** i.e... **the end of (foreign) aid?**
  - The **strengthening of local economy** comes from opening **more markets** for it, **lowering costs to access** these markets, and **alleviating barriers**... not autonomy
  - Autonomy? While **the whole region is recomposed** on the basis of preferential **trade corridors** between major economic blocks:
    - The Silk Road and Belt, India-Middle East-Europe Economic Corridor, The Gulf-Iraq-Turkey-Europe corridor, ....

# The corridors



# Cities, population and front lines in Syria

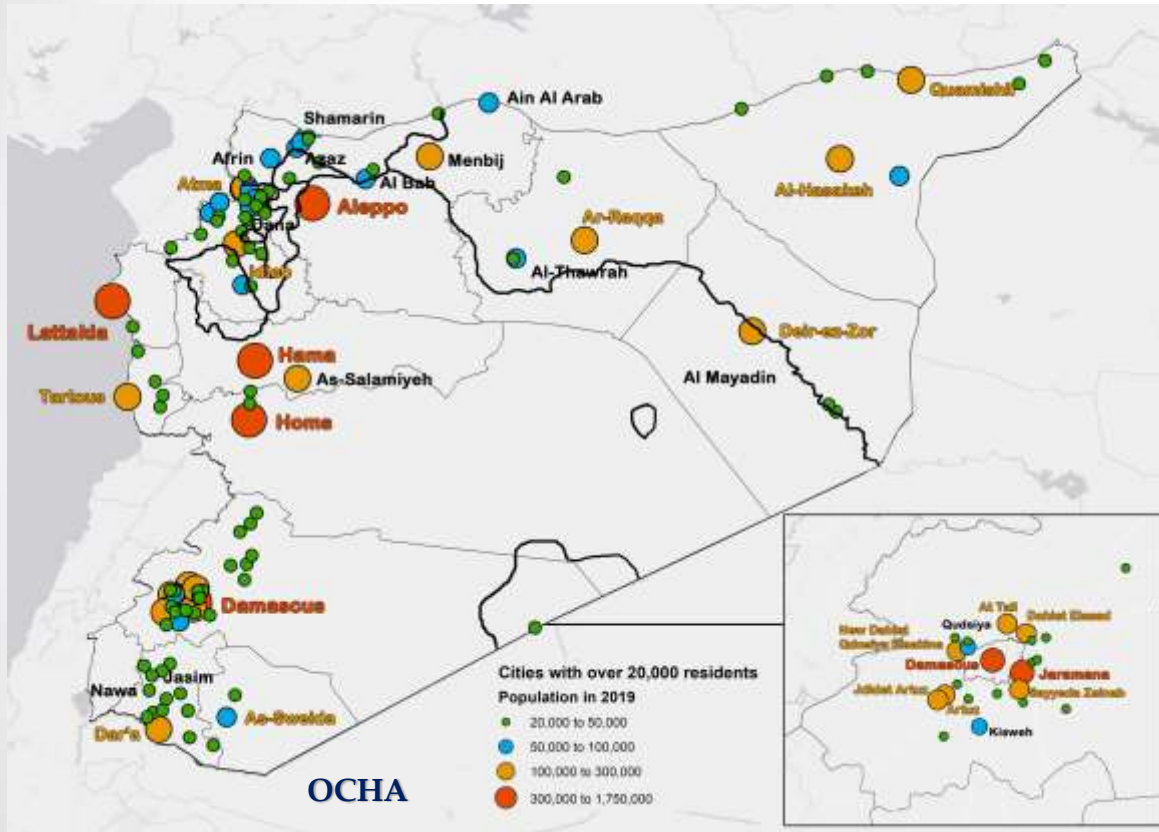
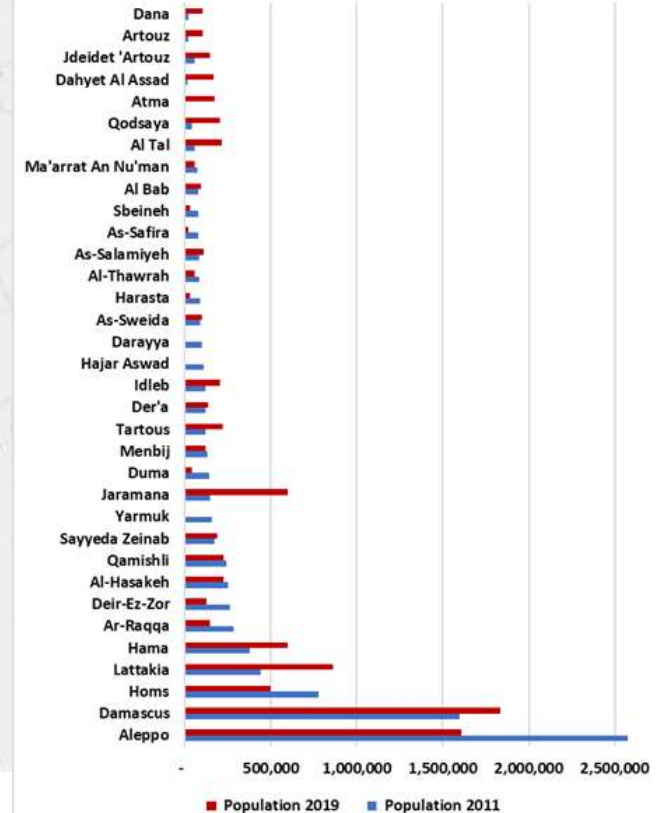
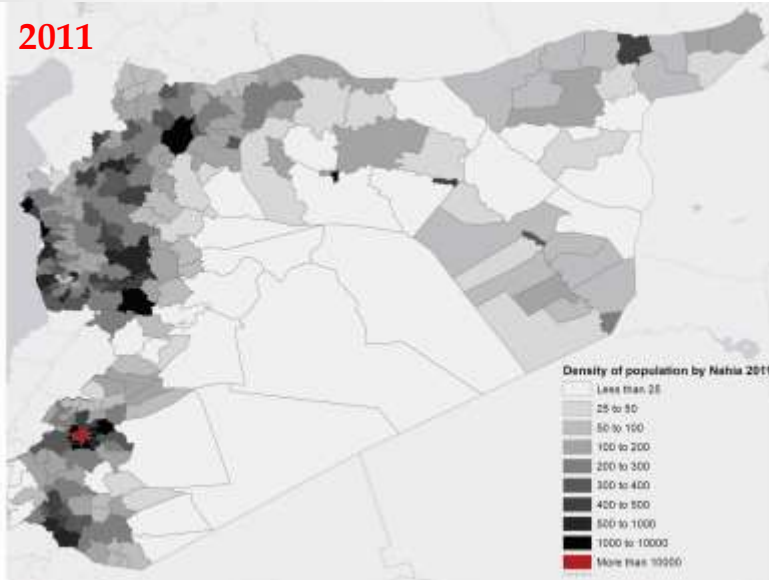


Fig 2. Evolution of the population of selected cities 2011-2019

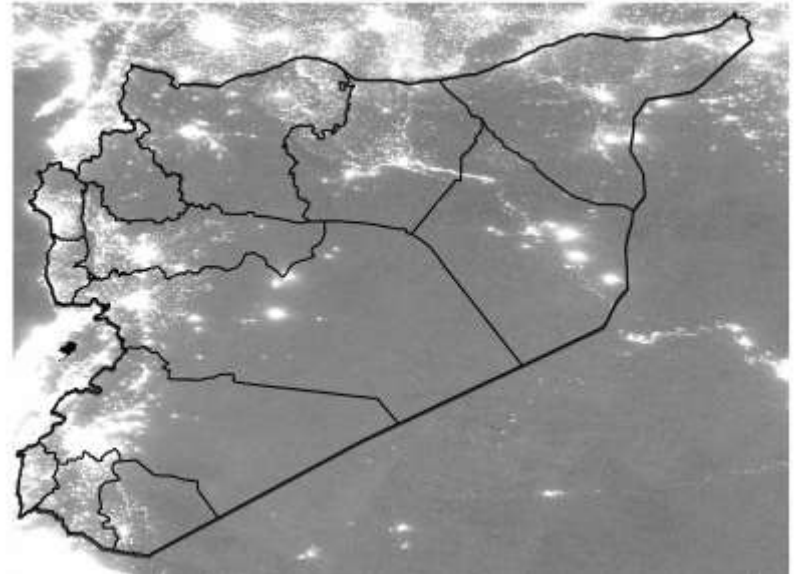
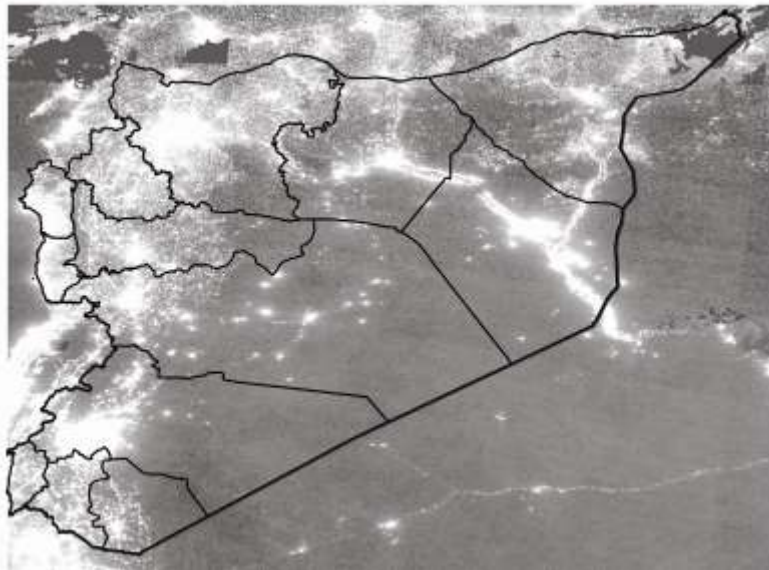
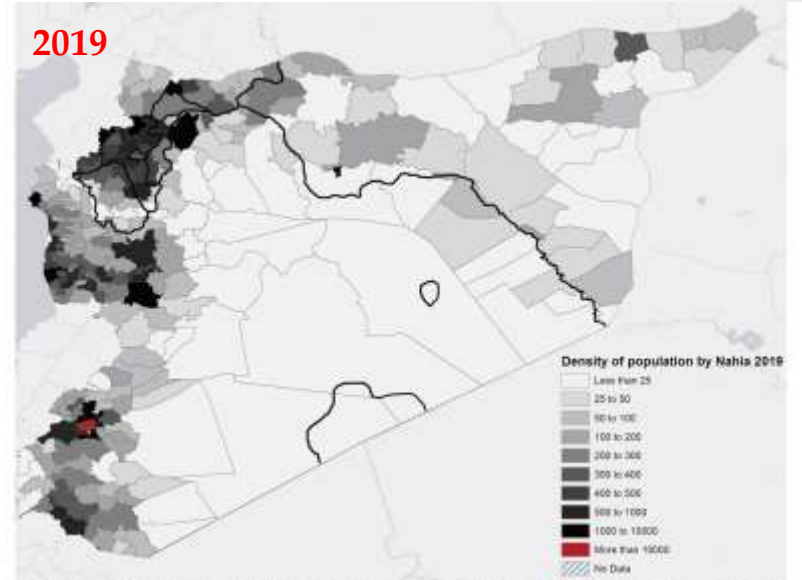


# Population density and night luminosity

2011



2019



# Peacebuilding and economy

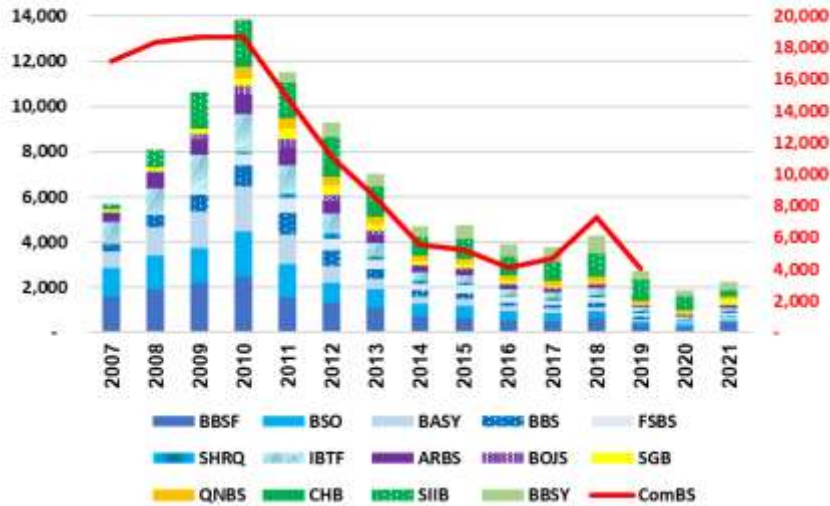
- There is a political economy of war. As well, there is also a **political economy of peacebuilding**:
  - Conflict leads to the **redistribution of wealth** and the crushing of the middle class
  - Peacebuilding = gradual **dismantling of the political economy of war** and conflict; i.e. cross-border and cross-lines smuggling, warlords rent-seeking,...
  - **Improper decentralization** during recovery could lead to empowering warlords...
  - **No political change without middle class...**
  
- Peacebuilding is overcoming the **“fragility and conflict trap”** :
  - Realism and not idealism;
  - Local, not international priorities;
  - Reconciliation first, not election first... including at the local level;
  - Working with governments, not around governments;
  - Institution-building and nation-building.
  
- **Peacebuilding is enhancing national connectivity**, especially economically as an initial step:
  - Europe’s unity and peace were first built on **economic cooperation** and **free internal trade**...
  - Long-term internal disconnection → Major obstacles to national State building

# Major issues in peacebuilding and “early” recovery

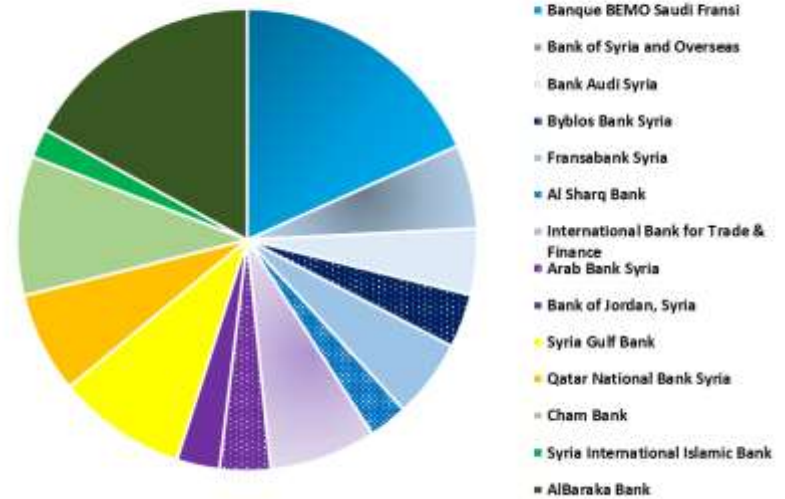
- **Financial and monetary:**
  - In-kind aid is impeding local production → Move to **monetized aid** for IDPs as for refugees...
  - What currency? What reference currency? See SMEB...
  - **Cash economy vs financial institutions** and their regulation
  - **Financial decentralization ???!!!**
- **Energy and electricity:**
  - Assist local production of energy/electricity:
    - **Clean energy:** solar, wind...
    - **Base energy connectivity:** gasoil, gasoline,...
    - **Electrical energy connectivity:** local electricity production/transmission and the national network...
  - **Energy decentralization ???!!!**
- **Transportation and connectivities:**
  - Local transportation within each subregion... the isolation of the IDPs! What is local? Residents vs IDPs
  - Cross-lines connectivity... access to markets
  - Cross-border connectivity is already working... the false issue of Bab Al Hawa
- **Medical supplies:**
  - **Human health:** medicines, inputs for pharmaceutical industry....
  - **Agriculture and animal health:** medicines for poultry, crops' diseases, ....
  - **Healthcare decentralization ???!!! Compare with education !**

# The Syrian banking sector

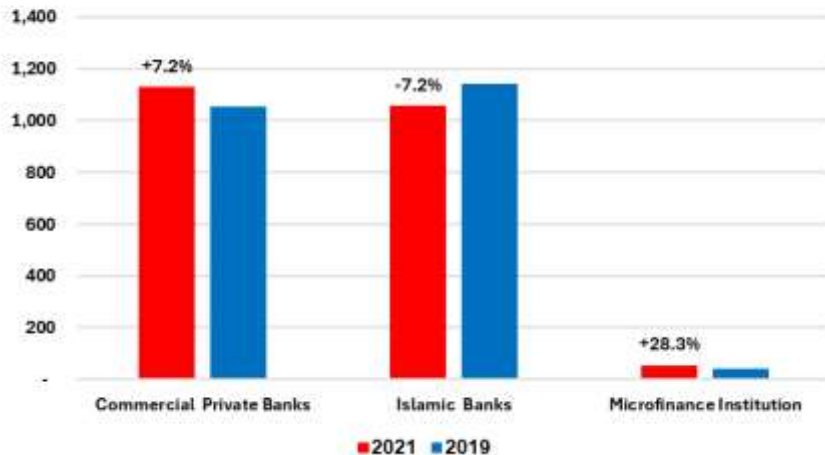
Fig 35. Evolution of the total balance sheet of Syrian private banks (US\$ million equivalent)



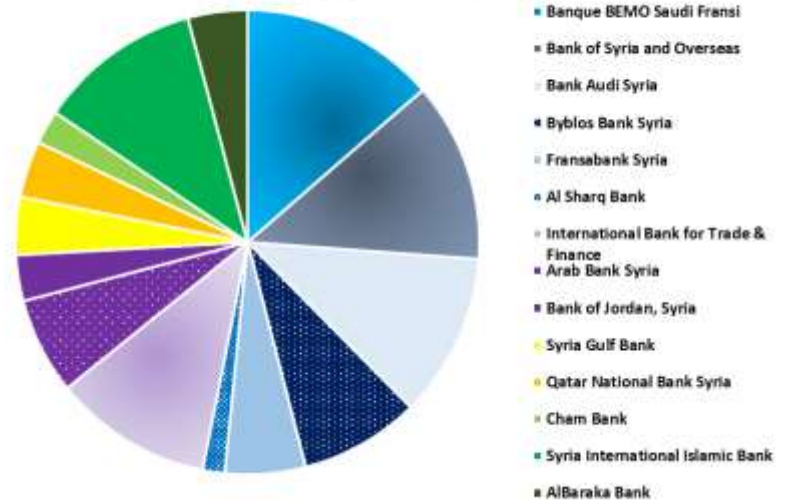
The private banks in Syria.  
Distribution of total balance sheet 2021



Loans from banks in Syria (2019-2021, million US\$ equivalent, Central bank of Syria)



The private banks in Syria.  
Distribution of total balance sheet 2010





# Microfinance institutions in Syria

- Syria > US\$ 60 M in 2023**

**40,000 loans**

Lebanon 2019 US\$ 220 M

150,000 loans

7 institutions

Jordan 2011 US\$ 112 M

204,000 loans

10 institutions

Microcredit for Syrian refugees in Lebanon and Jordan

- AKDN/FMFB-S**

- o established 2007

9 branches reinstated in 2021 Akam 56%, IFC, EIB, KFW 14% each

US\$ M equivalent

2021 9.4

2022 11.7

2023 4.3

13,000 loans

- Ibdaa Bank**

- o established 2011

6 branches

AGFUND

US\$ M equivalent

2021 ??

2022 ??

2023 ??

13,000 loans

- Al Wataniya**

- o established 2003

6 branches

Syria Trust

US\$ M equivalent

2021 11.7

2022 15.4

2023 ??

??? loans

- UNRWA**

- o established 2003

?? branches

EU Funding

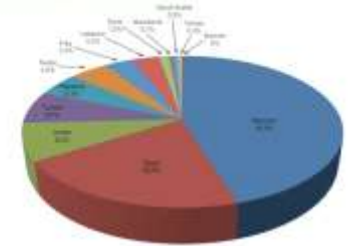
US\$ M equivalent

2017 2.17

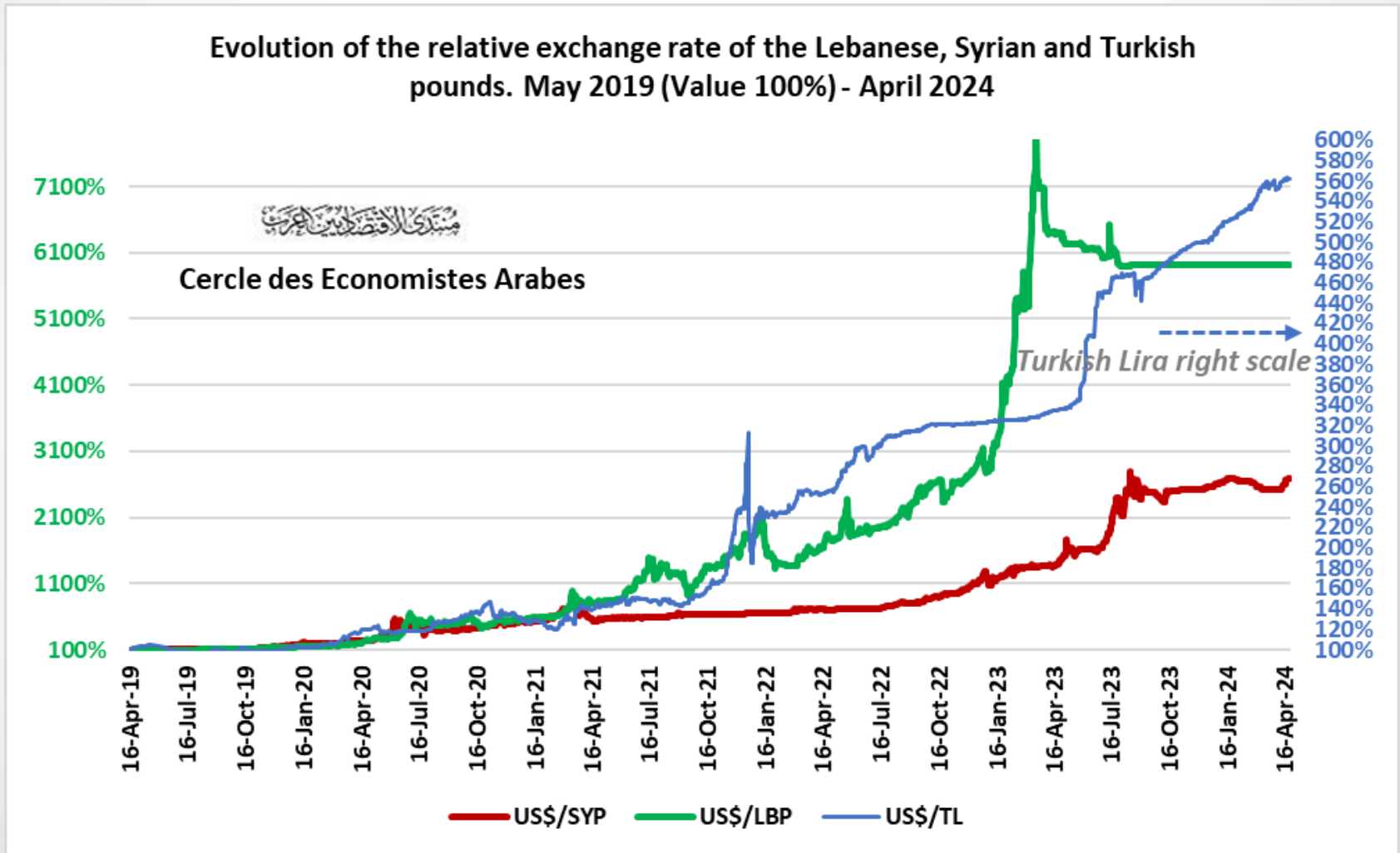
11,000 loans

- SRTF** North East and North West total all years US\$ 260 M 1,000-2,000 loans

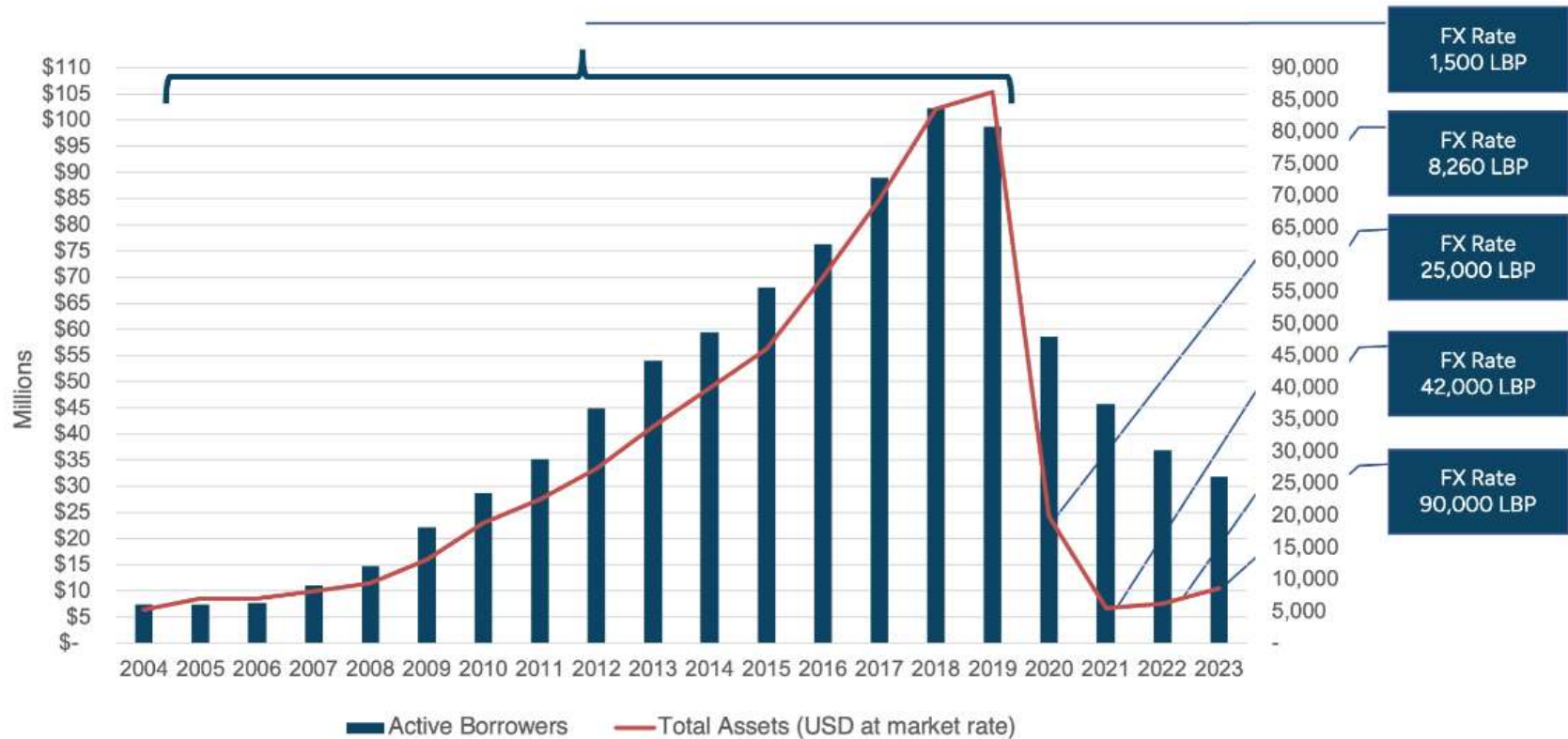
Chart 5: Market Share by Loan Loss Portfolio, 2020



# Exchange rate and inflation in Syria



# The exchange rate risk on microcredit



**Create HOPE !!!**

**A Fund for peacebuilding?**

**With what scope?**

**Encouraging nation-re-building and  
peacebuilding instead of dismantling  
Syria as a nation?**