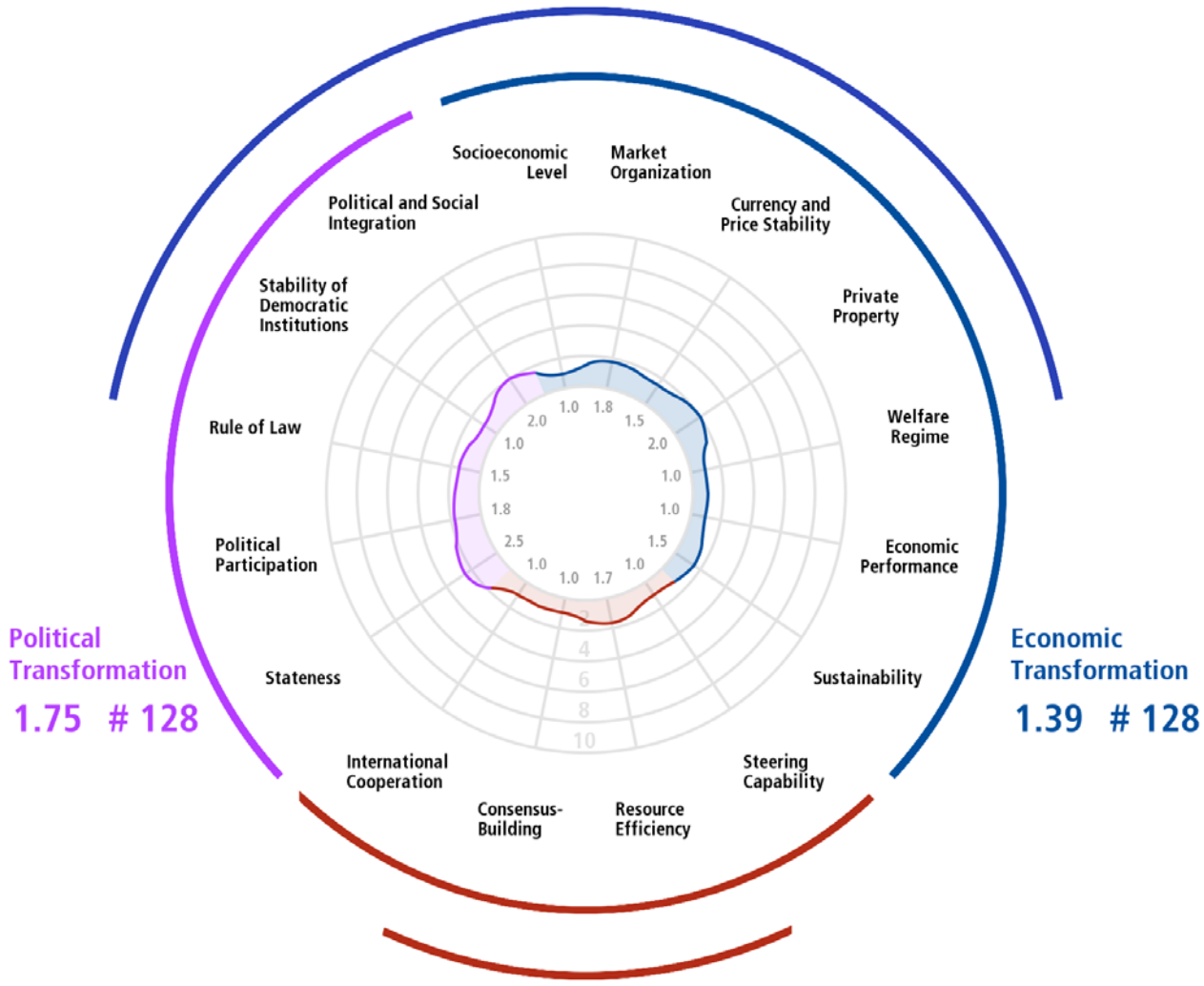


Syria

Status Index

1.57 # 128

on 1-10 scale out of 129



Political Transformation
1.75 # 128

Economic Transformation
1.39 # 128

Governance Index

1.13 # 128

on 1-10 scale out of 129

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2018. It covers the period from February 1, 2015 to January 31, 2017. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	18.4	HDI	0.536	GDP p.c., PPP \$	-
Pop. growth ¹	% p.a.	-1.6	HDI rank of 188	149	Gini Index	-
Life expectancy	years	70.3	UN Education Index	0.439	Poverty ³	% 15.3
Urban population	%	58.1	Gender inequality ²	0.554	Aid per capita \$	260.6

Sources (as of October 2017): The World Bank, World Development Indicators 2017 | UNDP, Human Development Report 2016. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

Over the past years, the situation in Syria has constantly deteriorated in political and socioeconomic terms. The fragmentation of the country and its near inaccessibility to foreign organizations and journalists make it difficult to gather solid information. Even for Syrians, it has become increasingly difficult to understand the living conditions all over the country. The Syrian regime has been crushing hopes for democratization in its territories; the rule of the Islamic State (IS) precludes any democratic options in territory under its control; and in Kurdish and rebel-held areas, military actors dominate political ones. Authoritarian tendencies have become more pronounced all over Syria. Thus, democratic actors have largely been exiled, killed or compelled to address social or humanitarian tasks.

In the beginning of 2014, the United Nations stopped counting the casualties of the war in Syria, however, an estimated half a million people have died so far. Over half of the population has been displaced, with over 6 million people internally displaced (IDPs) and more than 4.6 million registered as refugees, mostly the neighboring countries.

In 2015, UNDP estimated that 80% of the population lived in poverty and that life expectancy had been reduced by 20 years since 2011. Of the projected \$4.38 billion needed for humanitarian assistance in 2016, only \$2.13 billion could be funded.

Industry and agriculture have been severely damaged, tourism has come to a halt, and the regime has found it increasingly difficult to provide services to its citizens. The country is witnessing an unprecedented capital destruction and loss in income. On the Human Development Index, it now ranks 174 out of 187.

Inflation has reduced the value of incomes significantly, and after five years of war, citizens' privately accumulated resources are exhausted.

Corruption and patronage networks, a strong feature of the Syrian economy before 2011, have become even more widespread and more relevant since 2011.

Millions of Syrian children are not attending school, largely because they do not have access to education in neighboring countries or inside Syria, IS has hindered students and teachers from performing their tasks and schools have been destroyed, often deliberately by the regime's air force.

History and Characteristics of Transformation

The constraints on a liberal transformation in Syria are rooted in its recent formation as a modern state. The post-independence rise of radical nationalism and populism among the middle class and peasantry destabilized the semi-liberal oligarchic regime, deterred investment and paved the way for the Ba'thist coup of 1963. This initiated a period of "revolution from above" in which nationalization of big business and land reform demolished the economic power of the old oligarchy, and gave the Ba'th full economic control.

Hafez al-Assad's rise to power in 1970 ushered the regime's consolidation. Assad concentrated power in a "presidential monarchy" achieved by balancing the army, the Ba'th Party, a largely Alawi-staffed security apparatus and a new state-dependent private bourgeoisie appeased by limited economic liberalization. Additionally, a combination of repression, institution building, patronage and foreign policy legitimacy consolidated the state as a whole.

Political dissent was harshly repressed, particularly at the end of the 1970s when the Islamist opposition challenged the regime not only politically, but also violently. This uprising, mainly in the cities of Hama and Aleppo, was violently crushed and any kind of political and social activism was scrutinized.

Apart from a few "tolerated" opposition movements such as the National Democratic Rally led by Hassan Abdul Azim, the regime arrested and oppressed political opponents and largely depoliticized the population by random persecution. This caused a long-term weakness of the opposition which is one of the main hindrances to developing an alternative governance structure.

The exhaustion of Syria's statist strategy of development forced the regime to embark on several waves of "infatih," or opening up of the economy to private investment. However, these did not achieve a sustained momentum, as pressures for reform were periodically relieved by rent windfalls from oil revenues and foreign aid. Syria's first infatih in the 1970s largely helped to recycle oil money, though under the second infatih, beginning in the mid-1980s, the private sector was accepted as a partner of the public sector. The private sector's share in production output, current investment, foreign trade, employment and GDP met and then exceeded that of the public sector. Intermarriage and business partnerships between the largely Sunni bourgeoisie and the state elite, dominated by the Alawi security forces, generated a "military-mercantile complex" that served as the core of a new upper class. The state initially pursued a policy of balance between the

bourgeoisie and its earlier lower- and middle-class constituencies, steering a middle course between a populist statism and a decisive turn toward market capitalism that would risk social stability.

The transition of power from Hafez al-Assad to his son Bashar in 2000 was the beginning of a third infitah. This opened up Syrian markets for new business opportunities which were mainly used to award privileges that garnered support for the young president.

The reforms – supported by Western countries – though limited, enhanced the social divide in Syria and contributed to political tensions. The regime had reneged on the “social contract” in order to bolster its legitimacy. The regime’s patronage capacity was once contingent on state provision of subsidized food, jobs and supported farm prices. Between 2001 and 2011 there was an attempt to center it on granting market monopolies instead of access to state resources. The Ba’th Party turned into a patronage network largely excluded from real policymaking power. The resulting crony capitalist class grew in strength and acted in a rent-seeking manner, exploiting state-granted import monopolies and contracts that would be threatened by competition in a more open and transparent market. However, market measures have deepened, and the needs of investors prioritized. Syria wanted to follow the Chinese model but economic reforms – on top of reforms re-distributing new revenue among a small elite while poverty increased – were not satisfactory for a population that increasingly felt social and political injustice growing stronger. While the Syrian revolution erupted as a popular uprising on political grounds and with freedom as its core demand, criticism of the government’s crony capitalism was raised as early as the first protests in Dara’a in 2011.

The Syrian regime has responded to popular demands with a military strategy and has been unwilling to follow a more reform-oriented integrative approach. Building on its previous strategy of preventing independent activism, it has made political self-organization of citizens difficult and turned more authoritarian and less open to political reforms since the outbreak of the conflict.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

Since 2011, the Syrian government's once effective monopoly on the use of force has consistently diminished and, in the past years, has been completely dismantled. This is due to different factors. The fragmentation of the country means that large areas are outside government control. While the Syrian Arab Army (SAA) is still present to a certain extent in the Kurdish territories, it is mainly the Kurdish Democratic Union Party (Partiya Yekitya Demokrat, PYD) that controls the northeastern region of Hassake and Kamishly, as well as the northwestern area of Afrin. In IS-controlled territories in eastern Syria, there is no presence of governmental forces, and IS has the monopoly on the use of force. The northern province of Idlib and the southern area of Daraa and Sweida are controlled by opposition forces.

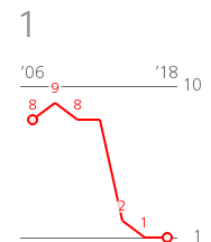
Prior to the war, the Syrian Arab Army (SAA) was considered one of the biggest and best-equipped armies in the Middle East. By 2013, the International Institute for Strategic Studies (IISS) believed it had shrunk to half of its original size through losses and defections. In September 2016, a Russian general Mikhail Khodarenok elaborated on the weakness of the Syrian army.

As early as 2011, pro-regime militias emerged, funded by wealthy businessmen and by looting the territories in which they were active. These militias were integrated in the newly established National Defense Forces over time, and some of them had access to heavy armament. Rivalries between pro-regime groups, coupled with the regime's difficulty trying to control them, further decreased the state's monopoly on violence. In August 2016, Security expert Tobias Schneider has detailed how the existence and positions of these militias further weakens the state monopoly of power even within areas under governmental control.

Thus, the Syrian government's military victories in Aleppo and the surroundings areas of Damascus in the end of 2016 could only be achieved through a combination of Russian airstrikes, the participation of Iranian military advisers, and a massive

Question
Score

Monopoly on the
use of force



deployment of foreign militias, mainly the Lebanese Hezbollah and Shi'ite fighters from Iraq and Afghanistan.

By 2017, the only relevant national security institution the regime remains fully in control of is the complex apparatus of the security services.

The identification of Syria as a state has become increasingly difficult due to the de facto fragmentation of the country. While in the beginning of the revolution one of the core slogans, “Wahid, wahid, wahid” – “one, one, one” – called for unity, the rebels have not been able to convince members of minorities in particular that they would be equally respected. The Syrian government’s narrative of the revolution being instigated from abroad and consisting mainly of Sunni extremists has contributed to divisions along sectarian lines.

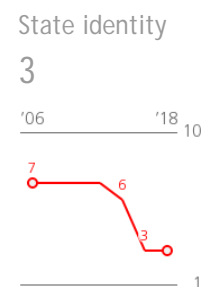
IS feeding into this division by its brutal persecution of anybody who is not in line with their radical interpretation of Islam. While most of their victims in Syria are Sunni Muslims, their atrocities against Yezidis and Alawites have enhanced religious minorities’ fears of not only IS, but all Sunni actors.

The Kurdish population, excluded even in the state’s name “Syrian Arab Republic,” was long denied the rights of citizens. Several hundred thousand Syrian Kurds were stripped of Syrian nationality by a census of 1963, and Kurdish political activism was oppressed. At the same time, the Syrian regime under Hafez al-Assad supported the Kurdish Workers Party (PKK). Its Syrian branch, currently known as PYD, has emerged as the most powerful Kurdish actor in Syria in the past years. The PYD has been negotiating its way between opposition and governmental forces and has enlisted support by Russia, the United States and Europe. By the end of 2016, it seems that the PYD and the Syrian government are allied (apart from minor clashes in Kurdish areas), which was particularly relevant for the military victory over the rebel-held east Aleppo.

While no group has shown separatist ambitions, it is clear that the Kurdish intentions are focused on federalism and achieving greater autonomy within Syria.

At the same time, neither the government nor the armed opposition has been able to offer a better alternative for a future Syria and convey convincing and inclusive statements to the entire population.

The social fabric has been torn apart by the war and the displacement of half of the population. The heavy crackdown by the Syrian government on dissidents, the indiscriminate shelling of civilians and mass arrests without proper trials which led to the disappearance of thousands of citizens have discouraged large parts of the population from believing they will be able to exercise their rights in Syria under Assad.



In areas retaken by the government, citizens have largely not been allowed to return. For instance, the center of Homs remains a ghost town years after having been brought under government control. Other places such as Daraya in the area of Damascus have been completely depopulated.

While Syrians inside and outside Syria still identify strongly with their home country, their confidence that it will be possible to live there has decreased significantly. This is exacerbated by the absence of any reconciliation and reconstruction programs that could facilitate repatriation and rebuild the country.

The proclaimed secular nature of the state has not prevented the Syrian regime from adopting sectarian rhetoric. On the contrary, it seems it has increasingly fostered a divide along sectarian lines to scare religious minorities to enlist their support. The strategy of “demographic engineering” (forced displacement of large numbers of citizens along sectarian lines) cements this on the ground. Overall, this strategy worked out, however, the heavy toll the war has taken on citizens even within governmental held areas has instigated protests there as well.

The armed opposition includes a large number of groups that have a non-radical Islamist agenda.

The Shi’a Islam exercised by the foreign Shi’ite militias does not have much resonance in Syria. The Alawite minority from which the presidential family stems, roughly 10% of the population, is practicing its religion in a much more open way. Initial steps taken in depopulated east Aleppo to establish a Shi’ite religious site, a Husseiniya, and allow foreign militias to fly a Shi’ite flag on the Umayyad mosque in Aleppo has alienated many local citizens, including Shi’ites.

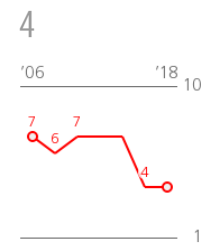
Due to the country’s division into areas under different control, the state’s administrative structures are limited. Military advances in the end of 2016 brought more territory back under regime control. However, the quality of services has deteriorated over the past years.

This is most significant when it comes to security and provision of daily services. In governmental areas, random arrests still occur, and kidnappings by armed gangs (often connected with the regime but not restricted by them) as well as violations of citizens’ property rights are common.

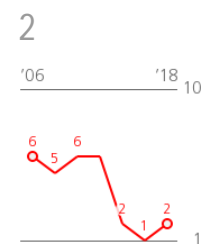
The government still pays salaries and pensions for widows, even to those outside its territories provided that they are able and willing to personally come and collect them.

The dwindling value of the Syrian Lira (SYP) makes it difficult for citizens to live on them. The state, in its territories, also provides services, schooling, hospitals, electricity and water. With millions of internally displaced people, the challenges,

No interference of religious dogmas



Basic administration



especially for housing and schooling, have grown and the regime is not able to fulfill the needs for many who arrived in the areas over the past years.

Damascus, in particular, has suffered shortages of power and water, partly due to rebels using these as negotiating tools, and partly because the regime's bombardments have damaged the infrastructure.

In rebel-held areas, local councils, local administrations and local initiatives have tried to fill the gaps left by the regime. The security situation, access to resources and the lack of a joint vision have led to constant fluctuation, changes and adaptations so that local administration has been rather improvised.

The regime and its allies have targeted schools and hospitals. Private initiatives have tried to maintain underground schools and hospitals but it is difficult. Furthermore, depending on the intensity of aerial bombardments, parents are hesitant to send their children to school.

The administrative structures have weakened, and they are often not even enough to maintain a minimum level of law and order.

2 | Political Participation

Syria regularly holds parliamentary elections but due to the uprising, the 2011 elections were postponed to 2012. The elections are always closely monitored and did not fulfill any criteria of free and fair elections. The majority of the seats were reserved for Ba'th party candidates, with a smaller number of formally independent candidates running.

Constitutional reforms in 2012 slightly changed the system and references to the Ba'th party as the leading party in the country were eliminated. State authorities allowed for the participation of an opposition which was only formally independent and very close to the regime.

During the war, previous persecution of dissidents by the secret services has been complemented with a relentless military campaign. Most of the political opposition members are now outside the country, in prison or have been killed, rendering any future elections even more flawed.

Every seven years, the president is elected in a referendum. In 2014, for the first time, more than one candidate ran for president. Before the single candidate would win more than 97% of the vote. In 2014, Bashar al-Assad achieved only 88.7%. However, it was expected that neither of the other candidates stood a chance and both were considered supporters of Bashar al-Assad.

Free and fair elections

2

'06 '18 10



Under these circumstances, the elections are not legitimate. With more than half of Syria's population displaced, half a million killed and hundreds of thousands disappeared, only a limited number of citizens could participate. Furthermore, polling in the former elections was not possible in IS-controlled or rebel-held areas, and out-of-country voting was only possible in Lebanon.

In order to enhance chances for free and fair elections, a cessation of hostilities, a political transition and reconciliation, and the participation of those who fled would be necessary; this might not happen any time soon.

The Syrian constitution foresees a system with a strong president backed by democratic institutions and it establishes a separation of powers. However, formal roles and offices often do not correspond to their real significance and power.

In practice, the parliament does not play an important role in the Syrian political system where it has more of a rubber stamp function.

Most powerful are the president, his handpicked circle of advisers and the secret services. No institution can abolish or contest their decisions.

The military has come under strain by the conflict and does not play a decisive political role. In some of the government-controlled areas, wealthy businessmen have become more powerful and are sponsoring private militias.

External political actors, particularly Russia and Iran, have become more influential. Given the Syrian regime's dependence on them, they have been considered increasingly able to shape Syrian policy.

In areas outside government control, it has been possible to observe a political process with characteristics of democratic structures only in Kurdish areas. Yet the strongest political actor in these territories, the PYD with its military arm, the YPG, has shown authoritarian tendencies.

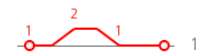
IS does not intend to have democratic features, and in rebel-held territories, political structures and processes were hindered by divisions between different rebel factions. Due to the hot fighting, military actors have become much more important in rebel areas than political actors, and the continued aerial bombardments, as well as the fact that many areas are under attack by the regime and IS at the same time, make it difficult to establish political structures.

The National Coalition of Syria, the political opposition body based in Turkey, is holding elections regularly. However, they do not have a constituency on the ground and thus lack a democratic base.

Effective power to govern

1

'06 '18 10



In 2011, Bashar al-Assad announced the lifting of martial law which had in place since 1963. By martial law, any assembly of more than three persons was forbidden – a law that was obviously not implemented regularly but could be invoked for arrests at any unwanted gathering.

Despite the announcement that it would ease its grip on the population, in the past years, the government has used ever-increasing levels of violence through indiscriminate military campaigns as well as sharp increases in random arrests.

Persecution and harassment of dissidents has increased. In the recent retaking of Aleppo and other places, it's clear that the regime, despite the dramatic situation, has not failed to keep track of political activism and target people based on whether they have a perceived political role in the respective areas.

In rebel-held areas, a number of associations are active. Most visible are the fighting groups, but there are also local councils and groups like the White Helmets, whose thousands of volunteers carry out emergency rescue and medical care for the wounded. Civil activists run schools and form collectives for farming in areas cut off from their fields. Others are clearing the streets from rubble. The level of engagement in these areas is high but difficult and dependent on the goodwill of diverse military actors in the areas. Most of these organizations are a result of the war and lack a common base and history. They are inherently unstable and could not adapt easily to the increasing level of regime pressure and militarization of the conflict.

In those instances of an effective cessation of hostilities, in hundreds of places in opposition areas, people have taken to the streets again, repeating their demand of the regime to fall while at the same time protesting against Jabhat Fatah ash-Sham (JFS), formerly known Jabhat al-Nusra.

IS areas are under a similarly high level of control as regime-held areas when it comes to civic activism, yet even there some informal networks like Raqqa is being Killed Silently remain active.

By the constitutions, Syrians have the right of freedom of expression. In reality, only after 2001, were a very limited number of licenses for independent media issued. This did not protect the new publications from harassment or closure, though. State media did not reflect pluralism of opinions – all reported along the same line. The restrictions on the freedom of expression in Syria that existed before 2011 have been upheld in regime-controlled areas.

It has been easier for citizens to express themselves with the increasing use of the internet and social media. In many rebel-held areas, power cuts, however, restrict the availability of the internet.

In rebel-held areas a number of publications and radio stations emerged, most prominently Enab Baladi, established in Daraya in 2012 and Radio Souriali.

Association /
assembly rights

2

'06 _____ '18 10

2

_____ 1

Freedom of
expression

2

'06 _____ '18 10

1

_____ 1

Furthermore, Syrians in third countries have established a number of websites where they write about current affairs, such as Jumhurriya in Turkey. These new media undertake investigative efforts in an extremely difficult context. The way issues are presented and discussed differ radically from the former state media.

IS has taken strong efforts to cut communications in and from its territories. Internet is only accessible through satellite connection which, due to the visibility of the equipment, are dangerous. There are plenty of reports about IS destroying satellite dishes and televisions, thus increasingly isolating these territories from the rest of the world. Draconian punishments are used to scare citizens into obedience and eliminate any freedom of expression. However, the regime, the armed rebel factions and the Kurds are also trying to suppress and censor media.

3 | Rule of Law

De jure, there is a separation of powers by the constitution and formally the respective institutions exist. Already before 2011, this could not be relied upon, given the strong role of the intelligence services as well as the informal power networks around the president, as described by Syrian scholar Radwan Ziadeh in his book *Power and Policy in Syria*.

Since 2011, the circle closest to the president has changed with some of his closest advisers dying in the “crisis cell attack”, a bombing that targeted top military and security advisers in July 2012. Important family members such as Bashar al-Assad’s brother Maher or his cousin Rami Makhlof as well as the directors of the most important security branches maintain their influence, permeating any formal structures.

While constitutionally independent, the Syrian judiciary was not independent before 2011 and is less so now. There are civil and military courts, courts to appeal and a constitutional court whose 11 judges are appointed by the Syrian president for a renewable term of four years.

The judiciary interprets and reviews existing laws, yet it is a silent understanding that they will not differ from a given political line. In practice, there is little adherence to correct legal procedures whenever political interests interfere.

Hundreds of thousands have been arrested and are awaiting a transfer from the detention centers to regular prisons because this is where they have a chance for a trial.

With the overall economic situation deteriorating, the entire judiciary has become more corrupt, since this is an easy way to extract money from citizens, who in the current situation have even less of a chance for a fair trial.

Separation of powers

2

'06 '18 10



Independent judiciary

2

'06 '18 10



In rebel-held areas, there was a strong effort to set up administrative and judicial structures. However, these are unstable and results are mixed.

In the past years, no formal efforts to hold people accountable for office abuse have been reported. In the few cases in which members of the political elite have run into trouble, such as the high-profile security official Rustom Ghazale, government sources have related the incidents to criminal activities but not opened any investigations. Office abuse has become much more widespread, as documented in the practice of extracting money from family members of arrested or disappeared citizens.

On behalf of the Syrian regime, A military photographer took over 55,000 photos of more than 10,000 killed by torture in regime prisons. These so-called Cesar photos gave an idea of the extent of death in custody on an “industrial level”, as international legal forensic expert David Crane called it.

The vulnerability of citizens has, if at all possible, further decreased in all areas of Syria. Civil rights are codified by law but even the most fundamental rights are violated deliberately and systematically by all armed actors in Syria, most prominently by the Syrian regime itself and IS.

No separate code of citizens’ rights has been set up in rebel-held areas. In principle, these are still governed by Syrian law. Some courts have been taken over by rebels and additional Shariah courts established. However, on one hand, they have been unstable because of the security situation under which they operate, and, on the other, because of the makeshift nature of the initiatives running them.

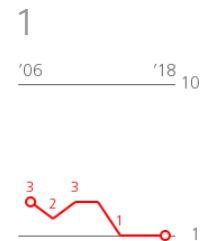
In rebel-held areas, citizens are subject to violations of their rights by those who are locally in control, as well as by indiscriminate military campaigns by the regime and its allies which break international law and violate their right to physical integrity and life. Possibilities for them to seek justice in front of local courts are nearly absent. The Syrian regime does not live up to its responsibility to protect citizens on its territory.

4 | Stability of Democratic Institutions

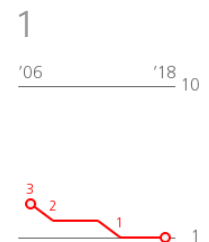
The longer the war has been going on in Syria, the less relevant institutions have become. On the national level, the security services are the most influential body, and external interference has been increasing over the past years.

On the local level, local governance has been diluted by the influence of private militias, often competing among themselves and with political actors. These have been increasingly independent and uncontrollable by state authorities, particularly in the coastal area and the area of Hama.

Prosecution of
office abuse



Civil rights



Performance of
democratic
institutions

1

In rebel-held areas, local councils took the place of local governance. However, over the course of the conflict, military actors became increasingly relevant, sidelining the civil local councils or taking them over. Democratic institutions in Kurdish areas are only partly effective because of the dominant role of the single most powerful actor, PYD. IS neither aims for nor allows democratic institutions.

Syria has all institutions necessary to have democratic processes. The constitution foresees checks and balances, and separate bodies exist. However, power is concentrated in the hands of a close circle around the president and the security services where many decisions remain opaque. Control over these institutions is not possible, because those that should formally be independent are subject to political pressure and orders.

The Syrian regime has always tried to uphold the image of a democratic state and to act according to the Syrian constitution and legislation. For this image, the visible separation of powers, for example holding elections, is important but the current conflict has further empowered the security services. Positioning the different services against each other is an informal factor enhancing the regime's security.

The PYD has set up efficient, yet not necessarily democratic, governmental structures in its territories. The intention has been visible also in the rebel-held areas where local councils and other bodies have tried to form political entities. However, these structures have remained weak and are further dismantled as military actors become more dominant.

5 | Political and Social Integration

Until 2011, the Ba'th party had the leading role in the state, as outlined in the constitution. It always ran in a coalition of smaller pro-regime parties, the National Progressive Front, for which the majority of the seats in the parliament was reserved. A number of smaller, tolerated parties existed, with Hassan Abdul Azim's National Democratic Rally coming closest to an official opposition while hardly visible as such.

After the 2012 constitutional reform, parties outside the National Progressive Front ran for election. The Syrian Socialist Nationalist Party (SSNP) and the People's Will Party, united in the joint Popular Front for Change and Liberation (PFCL) under Jamil Qadri, won five seats. It is not considered to be a real opposition though but rather seen as supportive of Bashar al-Assad.

In Rojava, the PYD has established itself as the most powerful political party within the Kurdish National Council, similar to the hegemonic role the Ba'th party plays in the National Front.

'06 _____ '18 10



Commitment to democratic institutions

1

'06 _____ '18 10



Party system

2

'06 _____ '18 10



Syrian activists in rebel-held areas have hardly established any parties, not least because many consider themselves civil society activists which, in their understanding, is incompatible with politics. Furthermore, the deterioration in the humanitarian situation has made many potential political activists turn to humanitarian and social activism.

Before 2011, it was difficult to establish independent interest groups. They were either co-opted or forbidden. Often the state would establish its own formally independent but regime-linked institutions, such as the Syria Trust run by the first lady.

In the context of the revolution, many activists established their own organizations. While the informal networks for services continue to operate inside Syria, organizations could often not register, nor bring funds into Syria. With the rise of extremist groups, it became more difficult for them to operate.

Most Syrian civil society organizations are thus based outside Syria and tighter border controls by Turkey and Lebanon make it difficult for them to work inside Syria.

Inside Syria, many groups are absorbed with humanitarian work. They work as first responders, and in health care and education – but also in documentation and reporting about their situation.

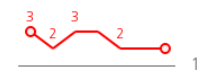
Surveys in Syria continue to be flawed. Due to the war and the inaccessibility of parts of the country, as well as the tight control exerted by different actors in their zones of influence, no independent data collection is possible. This makes it impossible to assess the commitment to democratic values.

It is remarkable that, despite the violent crackdown of the regime as well as the authoritarian attitude of extremist groups, citizens have resumed protests whenever possible. Democratic actors have been in the most difficult situation, however, because they have more enemies domestically and less support than others from the outside.

Decades of authoritarian rule have left a mark on the population. In general, there is little trust, both on a social and political level. Permanent divisions in the opposition have shown this, particularly when debates about who should lead the opposition bring forth accusations of not being true to the Syrian cause.

Increasingly ruthless behavior and less control over the huge security apparatus have made citizens in areas under regime control even more hesitant to trust each other or state institutions. The fact that newly established institutions, such as the National Coalition for Syria, and local councils have not been able to deliver, neither politically nor economically, makes many citizens hesitant to fully support them.

Interest groups

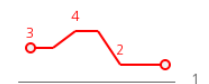


Approval of democracy

n/a



Social capital



In the rebel-held areas, there is a feeling of being dependent on those in the area which has fostered a kind of practical acceptance.

In refugee communities in Lebanon, where there are no official camps, it is a strong feature that people from the same confession, area or town move together and form their own communities.

Civic self-organization is the most important aspect that has helped citizens survive sieges and hardship. For all services and provisions, citizens have set up alternative networks that have ensured basic levels of services, such as health care and education, even in areas besieged for years. These are based on trust, but ever more on the difficult situation. The less trust citizens have in amnesties and reconciliation, the more they feel dependent on their respective authorities, be it in areas under or outside regime control.

II. Economic Transformation

6 | Level of Socioeconomic Development

The socioeconomic situation has been in a constant downwards spiral since 2012. On the UNDP's Human Development Index, Syria moved from being 113 (in 2011) to 149 out of 188 (in 2016).

By the end of 2015, the Syrian Center for Policy Research (SCPR) calculated a total economic loss amounting to 468% of the Syrian GDP in 2010. The GDP has lost around 64.1%, while the capital stock decreased by 26.4%. UNDP further estimates a poverty rate of 85.2% of the population, 69% thereof in extreme poverty.

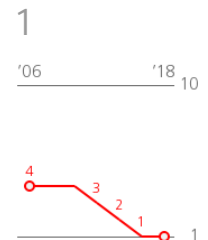
Industrial production is operating at a mere 20% of its pre-war capacity. As a result, unemployment rates exploded and reached 55% in 2015, with youth unemployment at 78%, according to a 2016 report by UN-ESCWA.

Driven by need, the agricultural sector gained an increasingly important role domestically during the conflict, however, the sector faced severe production problems. According to UN-ESCWA, between 2010 and 2015 the overall GDP of farming fell by 60%, mainly due to transport and energy costs, capital destruction and problems of accessibility.

However, price increases, as well as access to goods, varies widely across the country and ranges from areas of relative normality, for instance Damascus city, to besieged areas where even access to basic necessities is severely difficult.

Question
Score

Socioeconomic
barriers



Research by Syrian economist Jihad Yazigi shows different phenomena during the years of conflict. First, a “war economy” has emerged which relies on financial inflows from abroad, the trade of commodities and a variety of illegal activities like looting, kidnapping and blackmailing. Second, administrative structures are fundamentally changing, as government-controlled supply of basic goods and services in many areas have been taken over by opposition and other actors. Further, fragmentation between different areas in Syria has widened, especially between government- and opposition-held areas.

With the decline of the productive industries, income generation has become more difficult. Therefore, on the one hand, money sent by expatriates to their families has become more important. On the other hand, a market of enforced disappearances, blackmail and trading information about detainees has emerged allowing state officials on different levels, in particular, to generate income. 2015 projections on the number of forcibly disappeared persons vary between 65,000 and 200,000 since the war began. Their disappearances have been widely used for blackmail and extortion.

Economic indicators		2013	2014	2015	2016
GDP	\$ M	-	-	-	-
GDP growth	%	-	-	-	-
Inflation (CPI)	%	-	-	-	-
Unemployment	%	14.5	14.5	14.5	14.3
Foreign direct investment	% of GDP	-	-	-	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-	-	-	-
Public debt	% of GDP	-	-	-	-
External debt	\$ M	4764.7	4608.1	4419.5	4394.0
Total debt service	\$ M	0.9	0.2	0.2	0.3

Economic indicators		2013	2014	2015	2016
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	-	-	-	-
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	1.5	1.5	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources (as of October 2017): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Industry has suffered from the fighting, which has particularly affected Syria's previous industrial hub Aleppo. Damage to production facilities and infrastructure, as well as massive migration of Syrian entrepreneurs and their capital, has taken a heavy toll on the Syrian economy.

Many of Syria's entrepreneurs have relocated to neighboring countries, especially visible in Turkey, where the 2.75 million refugees are very active in the economy and had registered over 4,000 new businesses as of May 2016.

The impact on the Syrian economy and on future reconstruction of the country is highly negative as the entrepreneurs play a significant role, as emphasized by former U.S. secretary of State John Kerry on the 7th Global Entrepreneurship Summit in 2016.

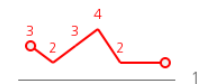
The conflict has forced many Syrian refugees in neighboring countries to resort to the informal sector to ensure a minimum income. According to ESCWA, the assessment of the size of the informal sector is almost impossible. Inside Syria, IDPs often live in extreme poverty, and for normal citizens in all areas, it has become more difficult to make a living. For others, new possibilities emerging in the war economy have been an incentive.

Bashar al-Assad followed a neoliberal course of privatization before the outbreak of the conflict. Privatizations of public assets and the declared goal of a "social market economy" marked a departure from traditional Ba'hist socialist policies. Economic growth mainly depended on oil revenues, and in 2005, Prime Minister al-Utri stated that the Syrian economy was growing below its potential. He named low productivity

Market-based competition

2

'06 _____ '18 10



and investment, growing unemployment and poor standards in manufacturing as the main reasons.

After the outbreak of the conflict, the return to a more etatist approach in order to grant basic services in areas under its control to lessen the direct impact of infrastructure destruction, and to avoid social unrest. The government enforced capital and trade restrictions and increased import tariffs to prioritize necessary goods. In order to ease social tensions, imported wheat and other food products serve for subsidized bread, while subsidies on fuel and other sources of energy are maintained. Patronage policies became more important to garner loyalty.

In 2008, Syria issued Law No. 7 in order to prevent monopolies, fix prices or abuse market power. It was considered another step toward opening up the Syrian economy for investors but was never really put in practice in the most profitable businesses when interests of regime members or proxies were at stake.

Thus, the reforms had very little impact. As a result, Syria moved to a system of public private partnerships (PPP), called Tasharikiya, which basically circumvented the anti-monopoly law. The PPPs took over projects usually reserved for public sector enterprises.

Business tycoon and President Bashar al-Assad's cousin, Rami Makhlouf, owns 40% of the state mobile company Syriatel, controls the duty-free shops and holds important shares in other companies such as Cham Capital, Syria's largest holding company.

Only those businessmen who kept a loyal or neutral appearance were able to continue to operate after 2012. Production chains and companies of others were confiscated or destroyed.

Parts of the business elite engage in funding private militias, thus giving important support to the Syrian regime while, at the same time, enhancing their say over control of certain regions.

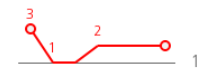
An assessment of Syrian foreign trade since the outbreak of the crisis is almost impossible, as both local and international institutions were unable to follow the developments of the last years in detail. Yet, ESCWA and the IMF have tried to estimate developments since 2011.

Up to 2014, exports and imports dropped by 89% and 60% respectively, exhausting national exchange reserves. The top suppliers remain China, Turkey and Russia, while the top customers of Syrian goods are Germany, Italy and Iraq. The exports most severely affected were petroleum products which almost completely came to halt. Germany received goods at a value of only \$10.9 million from Syria in 2014, of

Anti-monopoly
policy

2

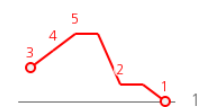
'06 _____ '18 10



Liberalization of
foreign trade

1

'06 _____ '18 10



which almost 70% were animal intestines, anise and other seeds, according to most recent data.

After the first violent events in 2011, the European Union froze the association draft that was under negotiation and suspended all bilateral cooperation programs. Further in 2014, sanctions came into force that restrict a range of economic activities with Syria, most important among them an import ban on Syrian crude oil and petroleum products.

The IMF estimated the account deficit has risen from 0.6% of GDP in 2010 up to 13% of GDP in 2015. Investment is subject to government screening. In terms of financial freedom, Syria ranks 163, with a score of 20 out of 100. In addition, the trade deficit was still 26.7% in 2015 and GDP has lost 64.1% of its value since the outbreak of the conflict.

As part of the “social market economy,” Syria’s government decided to deregulate the banking system in 2003, after it had been nationalized in the 1960s.

In 2015, Rashad al-Kattan, fellow at the University of St. Andrews, provided research stating 14 private and six state-owned banks were operating in Syria. According to al-Kattan, private investment has close ties to the government and the Assad family. This is one reason for the banks’ resilience in Syria despite the conflict and the risks and losses it implies for them.

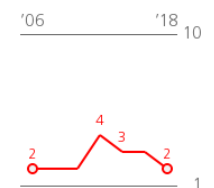
Carnegie Middle East states that an estimated 30% of bank branches in the country are no longer operational, while Jihad Yazigi estimates the losses in banking assets during 2015 at 25%. Further, banks see high potentials for investment in rebuilding the country. This speculation on future revenue keeps them engaged despite the current burdens.

Still, the government retains a comparatively high control over private banks and restricts foreign capital ownership in banks to a maximum of 51%. The Syrian banking sector is controlled by the Credit and Monetary Council which was established in 2002, and which enjoys extensive supervisory prerogatives in cooperation with the central bank of Syria (CBS). Nonetheless, 2014 has seen efforts to restructure state-owned banks. The government is exploring the possibility of transforming these banks into joint stock companies owned by the state, ultimately seeking to ensure a better supervision of both public and private banks by the CBS, and to attract domestic and foreign investment. Carnegie Middle East mentions capitalization requirements, investor protection and property rights as main obstacles.

The IMF further states that Syrian banks are widely isolated from international markets. This is most visible by the dramatic decline of foreign claims to Syrian banks, which dropped from over \$600 million in 2011 to less than \$100 million at the

Banking system

2



beginning of 2015. In addition, non-performing loans have sharply increased from 4% in 2010 to 35% in 2013, and the last years reportedly have done further damage.

8 | Currency and Price Stability

In areas controlled by the Syrian regime, it remains the main employer and the primary source of income in Syria, particularly important after the decline in industry.

However, inflation rates and shortages have driven up prices to such a degree that government salaries cannot even cover the most basic needs. For instance, the salary of a soldier in the Syrian Army amounted to SYP 18,000 (equivalent to \$383 before the war). This value plummeted to about \$28. Many households must live on previously accumulated resources or remittances of family members abroad, and have become dependent on moonlighting and finding alternative methods to bolster income.

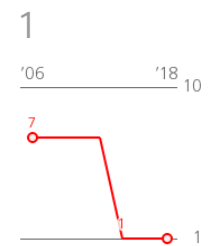
The extensive system of subsidies to support and reduce pressure on household income is increasingly less capable of easing the suffering of the population. In the budget for 2016, the government allocated SYP 973 billion for social subsidy, at that time the equivalent of approximately \$2.78 billion. The budget is intended to continue subsidies on fuel, electricity and certain food products. The heavy burden became visible in summer 2016 when the government decided to roll back the energy subsidies due to exhausted financial resources as a result of the war and diminishing revenues from oil and gas and sanctions. Immediate protests in government-held areas resulted and urged President Assad to increase public sector salaries by SYP 7500 (ca. \$15) in order to support household incomes.

Despite salary increases and extensive subsidies, the continuous devaluation of the Syrian pound has resulted from the conflict. The SYP remained relatively stable during the first two years of the conflict. The deterioration of its value accelerated since middle-2013. Its value never recovered from the consequences of the conflict.

At the same time, alternative ways of payment emerged in rebel-held areas, such as the U.S. dollar or the Turkish lira. This led to a decline in the demand for Syrian pounds and to its further deterioration.

Additionally, the government sold foreign currency reserves worth billions of U.S. dollars to fixed prices in an unsuccessful attempt to stabilize the Syrian pound. It was the officially declared aim of the CBS to stabilize the price of the Syrian pound and to stop price increases of foreign currencies. This has strained Syrian foreign reserves heavily during 2015 and continued in 2016. The World Bank has reported a decline of CBS foreign currency reserves from \$20 billion at the end of 2010 to \$70 million at the end of 2015. According to Syrian economist Yazigi, the government's reserves are "dried up."

Anti-inflation /
forex policy



In addition, food prices rose sharply during 2016, which can be attributed to a deteriorating agricultural sector. The average price for a food basket according to the U.N. World Food Program increased by 49% compared to 2015, with all Syrian governorates affected by the increases. The regions most severely hit were Hama (93%), Hasakeh (121%) and, obviously, Aleppo (207%).

In addition, the prices for energy sources increased dramatically during 2016. Diesel sells at SYP 160 compared to former SYP 135/liter, while the price for gasoline went up from SYP 160 to SYP 225/liter. Cooking gas witnessed a huge increase from SYP 188 to SYP 2500 /bottle.

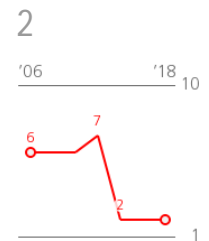
The Syrian economy is widely fragmented and destroyed, without expectations of reconstruction or recovery in the near future. Between 2000 and 2010, the economy was widely stable and improving, especially regarding the Millennium Development Goals, food security, infant mortality and education. Annual growth rates were above world average and diversification was increasing. Six years later, with over half of the population displaced, 75% of the youth unemployed and major sectors of the economy strongly damaged, the country's economy faces huge difficulties in offering economic opportunities to citizens.

UN-ESCWA estimated the total loss in real GDP from 2011 to 2015 as \$169.7 billion. The contraction of GDP has been 55%. The poor security situation along with the previously discussed inflation deprive the Syrians of their sources of income, at the same time forcing them to spend larger and larger amounts on basic needs.

The Syrian government budget has also suffered heavy devaluation. While the government managed to increase the budget in SYP value each year of the crisis, the real value of the budget witnessed a heavy decline. The budget increased by 319% from 2011 (SYP 835 billion) to 2017 (SYP 2660 billion). At the same time, the value of the SYP decreased from an exchange rate of SYP 45/\$ in 2011 to SYP 517/\$ in 2017, ranging at less than 10% of its 2011 value. The Syrian government is dependent on foreign supporters, such as Iran and Russia. Foreign reserves shrunk to a minimum that can only cover very basic imports.

After a long period of steady decline, Syrian public debt grew rapidly since 2010. According to the CIA World Factbook, public debt climbed from 29.7% of GDP in 2010 to reach 57.2% in 2015. It is obvious that Syrian foreign debt increased since 2010. It is, however, unclear whether the percentage change as a share of GDP mainly results from debt increases or from the deteriorating value of Syrian GDP. According to the Lebanese newspaper Daily Star, Iran has granted the Assad government an oil credit line of \$3.6 billion in 2013 in exchange for greater Iranian investments in Syria. As well, a \$1 billion credit line with Iran was established in 2013 and a further billion in 2015 was extended to support the Syrian government.

Macrostability



Syrian-Iranian trade also accelerated since 2011 reaching a volume of \$5 billion. Already in June 2013, a Syrian official was quoted that the value of support from Iran, Russia and China (in order to ease the effects of Western sanctions on Syria) equals \$500 million monthly.

9 | Private Property

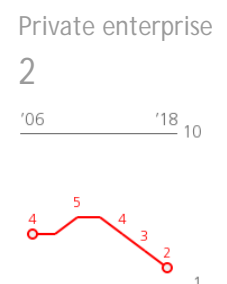
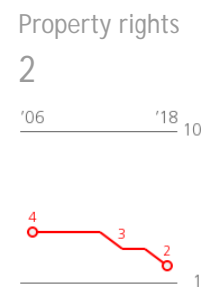
Over all the years of the conflict, severe damage to private and commercial properties is particularly visible in the real estate sector. One of the main challenges in 2016 is the destruction of property, and, less visible, the confiscation of properties by the state, IS and by rebel groups. UN-ESCWA estimated around \$80 billion of capital stock loss by the end of 2015. Furthermore, a shortage in private housing resulted mainly from the regime's aerial bombardments and attacks with barrel bombs which have basically eradicated the city center of Homs, large parts of Aleppo and many other towns and villages.

This has become worse over the years of conflict. Partly, this is due to the destruction of registers recording property rights, but confiscation of property has become a method for exerting political pressure. Announcements regarding a necessary confirmation of property are often circulated only in the print issue of Syrian newspapers, making the information unavailable for those abroad who might be concerned. In any case, most often, they would not be able to appear in person to claim their rights.

All conflict parties have been confiscating and re-distributing property to garner support, to different degrees.

Already on the 2013 index of Economic Freedom, issued by the Heritage Foundation and the Wall Street Journal, Syria obtained only a score of 20 out of 100 in the field of property rights, leaving it among the worst in the world when it comes to the protection and enforcement of property rights. As stated in the index, "the legal framework to date has been inefficient, and protections for private property rights have not been strongly enforced." In the end of 2016, Syria dropped to 10 out of 100, and for 2017, the Heritage Foundation declared the situation precludes ranking Syria at all.

Even before the crisis, Syria usually ranked among the countries with the lowest scores in terms of business freedoms. However, there was a clear trend toward improvement since the takeover of President Bashar al-Assad. Syria's score in the index of economic freedom, issued by the Canadian Fraser Institute, continually improved from 4.9/10 in 2000 to 6.1/10 in 2010, the highest score Syria ever obtained. This trend was reversed during the crisis. Newest available data show



Syria's score at 5.2/10 in 2013. Moreover, the country ranks 153 out of 157 rated countries, and therefore occupies one of the worst positions worldwide.

The violent conflict resulted in the destruction of large businesses, large-scale capital flight as well as a transfer of thousands of small and medium-sized enterprises (SMEs) to safer areas at the coast or in neighboring countries, or in the complete shutdown of large numbers of businesses. This, along with the vast destruction in the former industrial hub Aleppo in particular, as well as confiscations for financing the state deficit and to punish oppositional entrepreneurs, started to reshape the private sector.

The structures of crony capitalism and nepotism that dominated the country before the crisis deepened with some structural changes. The clientelistic structure remains, only the actors dominating the economy have partially shifted along loyalties. Ayman Tabbaa, Chairman of the Syrian Economic Forum (SEF), estimates that nine Syrian businessmen control about 90% of the domestic economy.

Some of the country's largest industries, such as refining oil, have nearly come to a halt. The pharmaceutical industry, for which Syria was renowned in the Arab world, has largely been destroyed.

Businessmen have engaged in funding militias, and inner-Syrian smuggling and illicit trade activities are thriving.

Aurora Sottimano, Senior Fellow of the Centre for Syrian Studies at St. Andrews University, points out that the involvement of these businessmen, along with the old entrepreneurs in economic activities of war are a further obstacle to peace and might prolong the conflict.

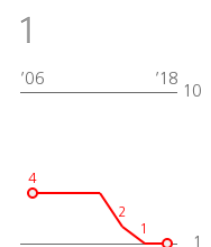
10 | Welfare Regime

Syria used to have a life expectancy comparable to European countries. Citizens had access to basic and nearly free health care and infant mortality was low. A study from the Syrian Center for Policy estimates that life expectancy has dropped by 20 years over the past years. The destruction of medical facilities, the killing of many doctors and the poor conditions for many citizens living as IDPs have taken a heavy toll on the population.

While for a long time the state offered a job guarantee for certain professions – albeit at low salaries – family members depended on each other. Over the past years, provisions for families of the deceased have become more difficult to collect, so many people simply do not have access to even the minimum social security any longer.

The conflict has a devastating impact on the lives of millions of people, particularly in, but not only in areas outside regime control. U.N. Humanitarian Affairs and

Social safety nets



Emergency Relief Coordinator Stephen O'Brien has called Syria the biggest humanitarian crisis of our time.

With the near collapse of the manufacturing sector, unemployment jumped to over 50%, depriving many Syrians of their income and heavily boosting poverty rates. The exhaustion of household savings and high inflation have led to precarious working conditions, child labor and aid dependency. By the end of 2016, food insecurity affects seven million people and 12.8 million are in need of health assistance.

The UN-OCHAs Humanitarian Response Plan for 2016 states that \$4.379 billion was needed to finance the humanitarian aid needed. Of these, only \$2.132 billion, 48.7%, could be funded, leaving large gaps in the provision of aid. Aid arriving through international organizations is mostly going to areas under regime control, so many of the most in need are not being reached. By the beginning of 2017, 85% of the population is living in poverty, 69% in extreme and 35% in abject poverty. 13.5 million Syrians are in need of humanitarian assistance, with 5.8 million of them children and 5.7 million in need of acute assistance due to a variety of circumstances. 4.9 million people in need live in areas hard to reach and 970,000 are still besieged to different extents.

By the end of 2016, 6.3 million people have been internally displaced and over 6 million people have fled to neighboring countries. Turkey hosts 2.75 million, Lebanon 1.5 million, Jordan 1.4 million, Egypt 260,000 and Iraq 250,000 refugees. Many of them suffer from the lack of funding and strategies of neighboring countries, as well as that the return of refugees would be their priority.

The situation for children is particularly worrisome, with nearly seven million children living in poverty and at least one-third of school children out of school.

The SCPR names some 11.5% of the Syrian population killed, maimed or wounded by the end of 2015. This number has most probably significantly increased in 2016, due to intensified fighting and especially due to the relentless bombing of Aleppo.

Access to health facilities depends strongly on the area. While treatment of chronic diseases and other needs is still routine in areas controlled by the government, it has deliberately targeted and destroyed the medical infrastructure in opposition-held areas.

Already in 2011, the regime started its persecution of health workers living up to the Hippocratic oath by treating injured regardless of their political position. This has become much worse since the regime criminalized the proliferation of medical equipment and even the most basic goods such as infusions, antibiotics or blood bags.

The World Health Organization (WHO) announced that only 29% of the funds needed in 2016 could be achieved.

Already in 2013, the SCPR stated that the rise of poverty will adversely affect social cohesion and equality. The crisis of the private sector, as a consequence of destruction and emigration of industries and businesses, is the reason that employees in the public sector are still privileged over those working in the private sector. Even though there have been continued reports of cuts and shortfalls in salary payments for public employees, the central government has raised salaries several times over the last years.

Syria's demographic-political composition has often been described as a complex mosaic of various religious and ethnic groups, with Sunni, Druze, Christians, Alawites and Kurds as the largest groups. The central government has largely managed to accommodate the interests of most groups, but after Hafez al-Assad assumed power in 1970, repression of the Kurds as well as privileging the Alawites has become a more pronounced feature leading to increasing tensions. Social cohesion among these groups has further eroded during the conflict.

In an article written for the Syrian Observer, Yahya Alaous states that during the first two years of the conflict, the regime actively pushed minorities to adopt its official discourse, so as to represent itself as the defender of their cause. The opposition has failed to have an open dialogue on how to grant all citizens of Syria equal opportunities in a transformation. Both have contributed to distrust and fear among the population.

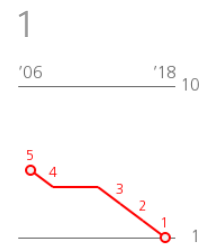
In consequence, the regime shifted its strategy toward winning the support of armed groups – domestically as well as foreigners such as Hezbollah and Iraqi Shi'ite militiamen. According to reports by the Syrian Observer, the regime has granted Syrian nationality to members of these groups, thereby seeking to change demographics to the detriment of Sunnis. In the aftermath of the regime recapturing areas, this approach has been more visible, for instance, when preventing citizens to return to their homes in Homs or other places, or with the “population exchange” negotiated for other areas.

While now tending to ally with the Syrian regime, the Kurds have emancipated themselves from Damascus and do not find themselves more integrated politically, but rather less repressed than before.

When it comes to gender equality, Syria was traditionally classified as a country with a “very high” discrimination against women. It reached a score of 0.42 in the 2014 Social Institutions and Gender Index, meaning that women are exposed to considerable restrictions in the domains of employment opportunities and civil liberties, as well as subject to discriminatory legislative framework. Most female labor was in the public sector or in agricultural work.

Over the conflict, many women inside Syria and in the refugee communities have had to take different roles. With men being recruited for fighting, many of them killed, arrested or unable to leave the country, women inside and outside Syria have assumed the responsibility of generating income in addition to their roles within the

Equal opportunity



families and households. Overall, vulnerability of women to exploitation has increased – socially, psychologically and economically. Women have been arrested not only for political activism but also to pressure family members. It is difficult to obtain reliable data about gender-based violence, but organizations, such as Women under Siege, have documented cases related to the conflict. Domestic violence has also increased in the socioeconomic hardship experienced.

As a result, women are also marginalized in political life. According to the Inter-Parliamentary Union, women’s parliamentary participation stood at 12% in 2011, compared to an average of 14.9% in the Arab world. The minor relevance of the parliament, the dominant role of security services for the regime, and rule of militia leaders in areas outside regime control largely marginalizes women in decision-making.

Women have nevertheless played an important role throughout the political uprising, particularly through efforts in the health and education sector and via women committees in a number of areas formulating political demands, such as Daraya or Zabadani. This work has, according to individual testimonies, often fostered exchange of ideas and, by consequence, political sensitization and empowerment of women.

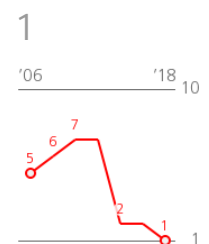
There are prominent female representatives, such as Butheina Shaaban on the regime side, Bassma Kodmani of the Syrian National Council (SNC) or the disappeared lawyer Razan Zeitouneh. On the positive side, female journalists, activists and analysts like Zaina Elrahim, Razan Ghazzawi or Marcell Shehwaro are examples of women who have a strong voice and are listened to. In the international negotiations, all delegations have failed to include a significant number of women. Attempts by U.N. special envoy Staffan de Mistura to include women on a civil society level or as a special advisory board in Geneva have addressed the issue, but have not yet led to satisfactory results, partly because the efforts are not coming from the main conflict actors themselves.

11 | Economic Performance

Measuring Syrian economic output is largely dependent on estimations. The lack of available data, restricted access to many parts of the country, and increasing fragmentation make it impossible to collect reliable data anywhere in Syria.

Therefore, different organizations working in the field come to different conclusions. The International Monetary Fund (IMF) and UN-ESCWA calculate that real GDP has declined by 21% in 2012, 17% in 2013 and 2014 respectively and 15% in 2015. The total GDP declined from \$60.2 billion in 2010 to \$27.2 billion in 2015, according to ESCWA data. Accumulated real GDP loss is estimated at 57% between 2010 and 2015. UNDP estimates that GDP loss rose to 64.1% during 2016.

Output strength



Public consumption dropped by 33.1% alone since 2014, leading to the “dry-out” of the domestic economy. Rampant inflation fuels consumption cuts further. Serious regional differences lead to a further fragmentation of the economy. While regions like Damascus city suffered from 46% inflation, Deir ez-Zor witnessed price increases of almost 1000% during 2015.

Government expenditures decreased from SYP 695 billion in 2010 to SYP 276 billion in 2015, revenues collapsed from SYP 635 billion to SYP 33 billion in 2015. Latest data from 2015 shows a budget deficit of SYP 243 billion. Public debt exploded from SYP 600 billion in 2010 to SYP 5.5 trillion in 2015.

Internal trade, government services and mining suffered the most from the conflict. Trade has collapsed, losing 68% of its real value between 2010 and 2015. Government services in the form of wages and salaries have sharply declined while subsidies increased. Overall government expenditure was almost cut by half. Total oil production in 2014, including rebel-held areas, was 40,000 barrels per day (b/d), compared to 386,000 b/d before the war. Government production made up only 9,000 b/d. The manufacturing sector is operating at 35.4% of its pre-war capacity, according to UNDP. Agriculture has suffered immense losses in livestock, fruits, cereals and other crops, leading to increasing food insecurity all over the country. Only 19.4% of the urban and a mere 11.1% of the rural populations are still food secure (UN-ESCWA).

Consumption and growth projections for 2016 are very difficult and highly uncertain. Nevertheless, World Bank has estimated private consumption grew by 1.7% in 2016, whereas trade deficit and inflation are supposed to have stayed broadly within the 2015 dimensions.

The conflict has most probably cost the country several decades of development. An IMF estimate concludes that the country would need until 2038 to reach its pre-war real GDP level, assuming reconstruction begins in 2018 and assuming Syria’s trend growth rate of the last decades of about 4.5%.

12 | Sustainability

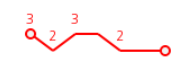
Even before the conflict, Syria faced severe environmental challenges, among them water scarcity, water and air pollution, soil degradation and waste management. A severe five-year drought intensified water supply problems and crippled agricultural production before the conflict and might have contributed to it.

Syria has signed various international conventions on sustainable development, among them the World Summit for Sustainable Development (WSSD) and the U.N. Conference on Sustainable Development (Rio +20). A variety of policies were adopted in order to adhere to sustainable development and the Millennium

Environmental
policy

2

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1

Development Goals. The new constitution that came into effect in 2012 declares sustainable development as an explicit goal.

The long-term environmental consequences of the armed conflict are difficult to assess. However, the high level of destruction, the use of chemical, incendiary and cluster bombs, as well as the international coalition's use of ammunition with depleted uranium will have a long-term effect on the environment.

Damage to oil facilities, private attempts to refine oil and the use of any available material for heating and cooking will have health impacts. Further, the misuse of crude oil, such as for heating, negatively affects the environment. Damages in the water supply infrastructure will lead to further water insecurity and possible contamination of groundwater.

Expected years of schooling peaked at 6.3 years on average in 2010. Since then, income and schooling suffered massively. By 2016, at least 5.4 million children inside Syria are in need of educational assistance. 2.1 million inside and 700,000 outside of Syria are completely out of school.

In 2015, UNICEF reported that one in four schools in Syria was destroyed, damaged or transformed for military purposes. Education expenditure also significantly dropped. The number of one-per-student schoolbooks purchased by the department of education dropped from 6,386,000 in 2011 to 2,378,000 in 2013. According to the organization Save the Children, Syria had, already in 2014, the second worst enrollment rate in the world, and the regime's deliberate targeting of schools has significantly limited access of students to school.

In addition, Syria is facing an increasing shortage of well-trained educational staff. According to World Bank data, literacy rates did not significantly change, ranging between 85 and 86%. UNICEF has stated in 2016 that the loss of human capital due to the conflict equals \$10.7 million. A UNESCO study from March 2016 stated that a total of 4,320,000 Syrians urgently need schooling. Further, the study says that 63% of five to 17-year-olds inside Syria and 48% of them in neighboring countries are out of school. UNICEF's regional office mentions significant modifications of the official curriculum in opposition-held areas, voicing serious concerns with regard to national exams from which a huge number of students are excluded anyway.

Education policy /
R&D

Year	Value
2006	3
2007	2
2008	1
2009	1
2010	1



Governance

I. Level of Difficulty

Syria's geography has always posed challenges to governance. Domestically, Syria's east and southeast are largely desert, and the fertile areas along the Euphrates in the north and the south suffered from severe droughts since 2005, enhancing the already existing trend of migration from rural areas to the cities. On foreign policy, Syria has found itself politically at odds with its neighbors most of the time.

While before 2011 Syria appeared to be much more stable than Lebanon and Iraq, it is now itself a source of regional instability which, among other issues, allowed for the establishment of IS in parts of Syria and Iraq.

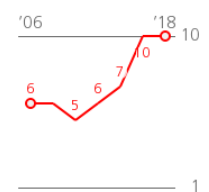
The huge number of refugees and IDPs poses a big challenge to all areas of Syria and neighboring states. Millions of Syrians are living in insecurity and poverty, with all the problems this entails for the communities. The massive damage to the infrastructure and industry makes major improvements unlikely for the near future. Additional constraints are posed by socio-political divisions and exclusion, the deepening of existing confessional and social cleavages, stronger clientelist networks and corruption, and the dire prospects for Syria's next generation. A large number of men have died or fled the country to avoid being drafted, millions of children have little education, and access to health care has become more and more limited.

Syria has become a magnet for foreign Sunni fighters, mainly from Tunisia, countries in the region, and Europe. It is presumed that it might be an exporter of radicalized persons and that returnees might pose security threats far beyond Syria's borders. A similarly high number of foreign Shi'a fighters from neighboring countries as well as Afghanistan are taking a leading role in fighting for the regime. This also fuels regional sectarian tensions and further erodes the state's monopoly on power.

The political compartmentalization of Syria through the conflict has become a structural constraint making central governance difficult. State institutions, most notably the army, have become weaker. Direct and indirect foreign intervention has increased in 2015 and 2016. Turkey and Russia are directly involved on the ground, the international anti-IS coalition is carrying out airstrikes, and Iran, Hezbollah, the Gulf States and Jordan are interfering as well. The Syrian regime has become dependent on foreign support and thus has allowed Russia to establish an air base in

Structural
constraints

10



Hmaymin/Latakia in addition to its naval base in Tartous. In 2017, Syria and Russia concluded lease agreements extending Russia's rights to use them for 49 years and giving it sovereignty over the territory. For its support of the Syrian regime, Iran has been given land as well as concessions in the oil and telecommunications sector. External influence on the regime by regional and international actors with potentially different interests has therefore significantly increased.

Already before 2011, civil society in Syria was tightly controlled. Independent civil society organizations were not given licenses. They remained vulnerable and were not allowed to obtain foreign funding.

The state co-opted NGOs or established an "official" civil society, mostly through the Syria Trust, led by the first lady Asma al-Akhras. Unions and syndicates, as well as the business elite, are under tight regime control and mobilized regularly for political celebrations.

Syrians therefore hardly had a chance to self-administer, particularly not in politics, which will hinder any future transition. However, since 2011 many male and female citizens have established networks and organizations to take care of cultural, social or political topics. Syrian artists have drawn a lot of attention with their coverage of events.

Makeshift hospitals with volunteers have a very important role since civil infrastructure has been destroyed and hospitals deliberately targeted to punish staff for treating dissidents.

Also in other core service sectors, civic engagement filled the gaps the regime left in areas outside of its control.

Especially in the northern and southern border areas where cross-border deliveries were partly possible, civic activism has flourished. The civil defense has obtained trainings, fire engines or ambulances, and agricultural projects have grown. In the health and education sector, Syrian initiatives could make progress. However, continued military campaigns create constant setbacks.

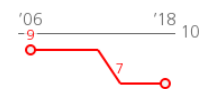
While political activism has allowed for the establishment of nearly independent Kurdish structures, civil activism in these areas continues to be monitored tightly.

Regardless of the area, civil activism in Syria is a courageous act, and therefore the high extent to which people are taking things into their own hands is impressive.

In Syria, several wars are being fought at the same time. The main internal conflicts are the regime's war against rebels and to a lesser extent IS; IS's war against rebels, occasionally the regime and basically the population in its territories; and the Kurds war to try and unify Kurdish territories along the Turkish border. On top of that, the international coalition is continuing its aerial campaign against IS. And, Russia and

Civil society traditions

7



1

Conflict intensity

10

Iran are supporting the regime with airpower and on-the-ground troops to achieve military advances, bringing tens of thousands of foreign fighters from Lebanon, Iraq and Afghanistan to the country.

Of the Sunni extremist groups in 2015 and 2016, IS has been nearly the only force to attract foreigners and has a considerable number of fighters from Tunisia and Europe. Since the end of 2016, Turkey has intervened directly in the border region to secure its interests, and Israel has carried out selected bombardments.

The military fighting is the most visible form of conflict, with a particularly high death toll from the continued use of barrel bombs. Less visible, but equally devastating for civilians, are the sieges that isolate an estimated 700,000 citizens, more than 90% of them besieged by the regime, followed by IS.

Hundreds of civilians have starved to death and the sieges, sometimes upheld for years, have forced many areas into submission.

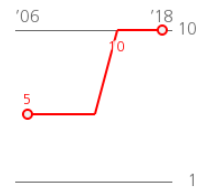
Even after having most of its chemical weapons destroyed and despite a resolution of the U.N. Security Council explicitly banning it, the regime continues to use chlorine bombs.

Rather than release gruesome videos over the past years, IS has taken the headlines by their repeated raids into Palmyra, destroying ancient monuments. However, living conditions in their territories have not improved.

There are no reliable figures for the number of indirect victims of the conflict and of people dying of chronic illnesses because no treatment is available for them. Life expectancy in Syria has declined sharply.

The conflict is about political exclusion, social inequalities and authoritarian practices. Over the years it has become more confessional. Early on, the regime embarked on sectarian rhetoric and IS as well as other extremist groups have had a complementary narrative. The visible Iranian influence and the strong presence of Shi'a militias contribute further to the perception of citizens that the sectarian component has become stronger.

The opposition, while mainly Sunni, includes prominent Alawite and Christian members. Overall, the opposition has not been able to convince larger segments of the minorities that their rights and participation will be guaranteed.



II. Governance Performance

14 | Steering Capability

The regime has not been able to develop a long-term strategic vision for Syria apart from the concentration on “useful Syria” – the big cities, the coastal area and the interest to regain military control. It has not elaborated on the cosmetic reforms it suggested in 2011 and it has been immune to ideas of power sharing outside the limited circle of the tightly controlled Damascus-based “opposition”.

Local ceasefires bear more characteristics of subduing insurgents. This is most visible in the exchanges of population which is primarily a political displacement of the population, such as in Daraya or the center of Homs where former inhabitants were prevented from returning.

The core interest of the Syrian regime is its own survival with little consideration for the population. It benefits from the rise and presence of Islamist forces and can hold what it has only through the massive external support of its allies. In this, it benefits from the international concern about Islamist extremism.

Militarily, at the beginning of 2017, it seems likely that the regime has gained the upper hand, though the absence of a political strategy for reconciliation is not promising for a settlement of the conflict.

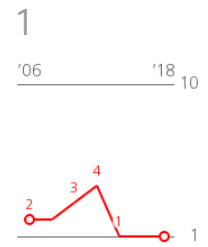
Political changes are limited to reshuffling the cabinet. The Syrian regime has prioritized a victory on the battlefield over political processes. The dependence of the regime on its foreign backers gives them more influence.

The toll this takes on the local population is considerable and not limited to citizens in rebel-held areas. Conscription, forced recruitment of inhabitants of recaptured areas and demands that minorities send their sons for military service have contributed to discontent even among the regime’s supporters.

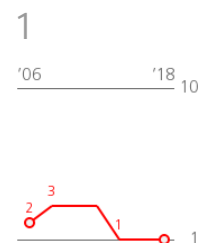
Amnesties have been promised but hardly implemented by the regime. On each occasion, only dozens or a few hundred prisoners were released. For the political talks in Astana in January 2017, prisoner swaps, rather than the release of political detainees, was on the agenda.

Question
Score

Prioritization



Implementation



The Syrian leadership has learned over the course of the conflict that, in the global context of weakening interest in democracy and human rights, it can get away with a strategy focused on repression.

Its allies are non-democratic actors themselves, encouraging the descent into more authoritarian behavior. The sanctions of Europe and the United States have shown little impact.

In order to improve prospects for a satisfactory political settlement, it would be necessary to engage in confidence-building measures and reconciliation, and to offer its opponents perspectives of participation. The regime is further from this than in 2011. This is also due to the sacrifices of its supporters to whom a rapprochement with real political opponents would be difficult to explain after the violence experienced over the past years.

The obstruction in the United Nations Security Council has contributed to this. Even though there have been a number of resolutions signed also by Russia and China to facilitate humanitarian access and to limit the use of chemical weapons, these have largely not been implemented.

Before any round of the Geneva talks under the auspices of the U.N., the Syrian regime has intensified fighting and sieges, driving international attention more to the humanitarian crisis and away from other political topics.

There are signs of discontent by the international allies of the regime, however, their main focus is the same – regime survival, and they have learned that “red lines” can be crossed with impunity.

15 | Resource Efficiency

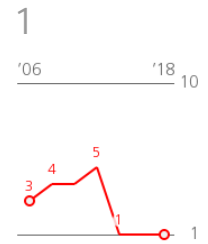
The strong clientelistic structures of the Syrian regime have become more pronounced over the years of war. In 2015, the Syrian Arab News Agency (SANA) stated that 50% of all open posts in public administration would henceforth be filled with family members of soldiers who died in the conflict.

Transparency of policy decisions and their implementation has declined further.

The displacement of millions of Syrians, the killings and arrests of hundreds of thousands, and the alienation of large segments of the Syrian population from the regime from engaging in politics and destroying hopes for a better future creates a huge waste of human resources.

Syria's GDP has sharply contracted since the beginning of the conflict, with the United Nations estimating an investment of \$180 billion would be needed to bring Syrian GDP back to pre-conflict levels.

Policy learning



Efficient use of assets



According to the World Bank, the overall fiscal deficit increased sharply by an average of 12% of GDP during the period 2011-14 and is estimated to worsen to 20 and 18% of GDP in 2015 and 2016, respectively. Oil revenue decreased from \$4.7 billion in 2011 to an estimated \$0.14 billion in 2015. Therefore, current account balance is estimated to continue its trend and reach a deficit of 22 and 15% of GDP in 2015 and 2016, respectively. Government spending was cut back by reducing outlays on wages and salaries, however military spending increased.

In 2015, the central bank of Syria established the debt at 30.01% of the GDP.

Tourism, another major source of income of the Syrian regime before 2011, has come to a halt. Campaigns like the hashtag #SummerInSyria or professional tourism videos on the coastal areas have invited ridicule.

IS has destroyed some of the most prominent sites in Palmyra, a previous magnet for tourists. The vast destruction of the old city of Aleppo and various mosques, churches and synagogues have taken a heavy toll on tourism infrastructure as well.

In light of the prioritization of regime survival, it is difficult to see any coordination with other objectives. Military considerations dominate policymaking.

Expenditures are mostly spent for military purposes and to a lesser extent to keep social peace, at least in the areas under regime control. However, the focus is to crush the rebellion and retake military control. No political initiatives of transition, integration or reconciliation are visible, even though a ministry for reconciliation has been established.

The Syrian Arab Army has been reduced in numbers and replaced largely by foreign and domestic militias which are much more difficult to control.

The EU has declared it will not engage in funding reconstruction unless there is a perspective for political transition. The allies of the regime have little interest in transition, are hardly visible in humanitarian aid and have not pledged resources for reconstruction.

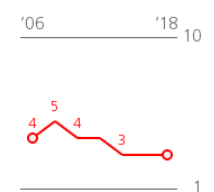
Corruption has thrived during the past years and the conflict has opened more opportunities to engage in it. It was a feature of the regime before 2011, and it became more pronounced through the war economy.

Loyalty has become more important while the state itself and its dwindling resources have had less to distribute. Therefore, it has opened up a series of possibilities of income generation that it does not tightly control, most prominently looting and extracting money at checkpoints, and extorting family members of the disappeared.

It currently does not seem that fighting corruption – one of the demands of the protesters in 2011 – is on the agenda of the Syrian government. It can even be said

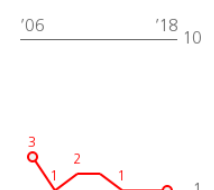
Policy
coordination

3



Anti-corruption
policy

1



that the regime is encouraging it so that people have means of survival and a stake in the regime's continuity.

16 | Consensus-Building

When Bashar al-Assad became president in 2000, he called for intellectuals and citizens to share their views of needed reforms. However, these signs of opening were quickly taken back and those who engaged in debate arrested. Dissidents in Syria criticized the Assad government's lack of clarity about the regime's red lines and the central role of random arrests and persecution in the regime's policy.

The regime's initial attempts to have a dialogue with the opposition were replaced after 2012 by the priority to eliminate real dissents. Even the "tolerated" opposition like the network Building the Syrian State came under pressure.

After 2002, the regime's focus turned to economic instead of political reforms. During the famous regional congress of the Ba'th party held in June 2005, it was decided to move toward a social market economy, however, it was only partially implemented. Cuts to subsidies imposed more hardship on the population, and the regime was not able to reform the social system according to citizens' needs.

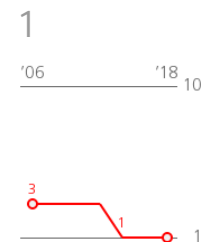
Syria's socialist economy had already opened up to a certain extent under Hafez al-Assad, however it was never one of his priorities and thus did not allow for major development in this sector, particularly regarding an ever-growing youth faced with unemployment. Changes in 2005 increased this problem, as giving up job guarantees for certain professions and reducing subsidies for basic goods drove many into poverty. With this, the acceptance of the state's economic policies declined. With the outbreak of fighting and the collapse of state control in many regions after 2012, economic strategies have become obsolete.

The Syrian government, itself not a democratic actor, has mainly relied on repression against democratic as well as anti-democratic actors in its territories.

With the rise of Islamist extremists controlling Syria's east (IS) and parts of rebel-held territories (such as Ahrar ash-Sham or Jabhat Fatah ash-Sham), anti-democratic actors have increased in numbers and power, and these are not controlled at all by the Syrian regime.

Anti-democratic actors have increasingly been a problem in rebel-held areas. On the one hand, these are extremist factions and their external backers, on the other hand, military groups who might not have a refined political strategy, but are acting upon their interests and with little respect for democratic or participatory structures.

Consensus on goals



Anti-democratic actors



In Kurdish areas, the constitution of Rojava is a document that outlines a democratic structure. In practice, the prevalence of the PYD and their disregard and repression against other Kurdish actors tells a different story.

Polarization has become a political strategy by a number of political and military actors in Syria. Political, confessional and ethnic differences were glossed over before, and until today Syrian authorities engage in a rhetoric of secularism and that, under Hafez and Bashar al-Assad, all citizens were equal. This is an image that is extremely powerful for its foreign relations because often, the blame for Syria's descent into chaos is put on the extremists. The authoritarian nature of Syria before 2011 fades from the memory.

However, already in 2011, the regime ridiculed those asking for reform and engaged in sectarian rhetoric and policies. The fear-mongering among minorities of “the other”, understood as extremists but insinuating that the entire Sunni population are enemies, has exploited existing cleavages and catered to polarization.

A strong confessional component became visible after the fall of Aleppo, when Shi'a militias would post videos of Iranian and Iraqi officials and militia leaders with songs like “Aleppo is Shi'a” as background.

While in the beginning of the uprising, powerful symbols were set against sectarianism, a number of confessional discriminatory songs and videos has been circulated, which feed into the divisions along mainly confessional lines.

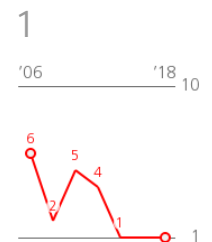
All over Syria, anti-democratic or non-democratic actors are in charge. The dominance of military and security actors has largely drowned out civil society in the policymaking process and negotiations. In government held areas, repression and co-optation as well as the establishment of “governmental” NGOs was a strategy to prevent independent activism; only very few initiatives were and are allowed to operate, such as Building the Syrian State.

On the cultural level, there are many who are contesting this. On the ground, this has little effect but at least shows that different opinions exist.

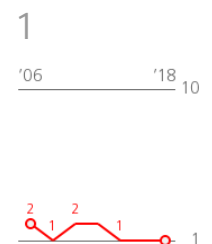
In rebel-held areas, the most important and most visible group of volunteers are the civil defense initiatives all over Syria that became prominent through their largest group, the White Helmets. They are first responders in attacks, and while operating mainly in rebel-held areas, they have an explicit commitment to saving lives regardless of victim or perpetrator.

The protests “tourists without weapons” were a remarkable examples civil activism. The protests emerged all over Syria during the cessations of hostilities in the beginning of 2016 demanding foreign fighters of all backgrounds leave the country. However, the influence of these groups on the ground is marginal.

Cleavage /
conflict
management



Civil society
participation



International hopes were high when local ceasefires were negotiated. However, not all of them were negotiated truces, but many bore characteristics of forced capitulations, achieved by siege and other means, taking a heavy toll on civilians in respective areas.

Some areas which agreed to negotiations were totally depopulated, most prominently Daraya. In others, fighters and members of the local councils were deported to Idlib province while others could stay.

In neither case, were truces accompanied or backed up by reconciliatory efforts. After years of hardship, citizens were sometimes relieved that it was over. However, they felt humiliation and little reason to be optimistic about their future in Syria under the current government, which has continued to reject any responsibility and manipulates memory by blaming others as perpetrators of atrocities (as happened after the 2013 sarin gas attacks in Ghouta).

In rebel-held territories, the deep divisions and the increased in-fighting between militant groups have decreased citizen trust that they are fighting for a different future. While Syrian human rights groups such as the Violations Documentation Center or the Syrian Network for Human Rights continue to document human rights violations by all actors, little justice is accomplished.

17 | International Cooperation

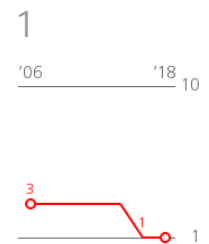
The Syrian regime has been able to use international assistance for its own purposes. Especially since coming under sanctions by the EU and other international bodies, humanitarian aid has played an increasing role and the regime tightly controls what comes into Syria. For a long time, international organizations would not engage in cross-border activities or work in areas outside regime control because the regime threatened to expel them. Mercy Corps was one of the few organizations that actually risked confrontation on that issue, while international aid still mainly goes to the less needy but more accessible regime territories.

The U.N. was heavily criticized for foregoing the principles of humanitarian aid and not insisting on the unfettered access that was demanded by a number of U.N. Security Council Resolutions, such as 2139 or 2258.

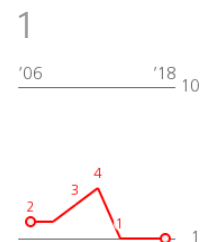
Russia and Iran have been supporting the regime with material and human resources, financially and militarily; however, humanitarian aid is not high on their agenda.

Humanitarian aid is one of the last remaining legal flows of money into Syria and the regime has been able to secure some as means to bolster its own position.

Reconciliation



Effective use of support



The Syrian government and its nontransparent decision-making system are problematic for adversaries and allies alike.

Furthermore, its dependence on outside backing with funding, military aid and personnel has become a more problematic aspect for the regime, since many of its backers are opposed to external influence which can no longer be overlooked.

After the rise of IS, the Syrian regime has tried to present itself as a partner in fighting terrorism to the West. Until today, confrontations between IS and regime forces are much less than the heavy campaigns the regime fights against other rebels. This, as well as past experience, such Syrian support for jihadists going to Iraq to fight against the U.S. in 2003, have made the West reluctant to trust the regime.

In some occasions, the Syrian regime has obstructed efforts of its allies to show conciliatory gestures in the war. For instance, under Russian pressure the regime approved aid deliveries for Daraya in early 2016, but at the last checkpoint, regime forces blocked the convoy from entering the city and carried out an air campaign right after the delivery targeting those waiting.

After the massacre with chemical weapons on 4 August 2013 in which more than 1,000 people were killed, a deal was struck under which the Syrian regime was supposed to hand over its hitherto unacknowledged stockpiles and join the chemical weapons convention. While, by now, most of the arsenal is destroyed, the regime failed to declare all facilities and it continues to use chlorine against civilians.

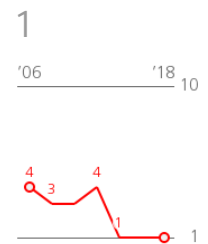
Syria's complicated relations with its neighbors have not become easier in the past years. In contradiction with the traditional Syrian rhetoric of Pan-Arabism, it has been at odds with most Arab states historically and its closest allies over the past decades have been Russia and Iran. With the war, Syria has become more dependent on them as well as non-state actors, such as the Lebanese Hezbollah and Shi'a militias from Iraq which have reshaped its foreign policy.

Syria's relationship with Turkey has changed the most. Syria's support for the Kurdish PYD and its predecessors has been straining Syrian-Turkish relations before 1998 and after 2011. Turkey has gradually changed its position on the Syrian regime after a rapprochement with Russia, and the demands for Bashar al-Assad to step down have become less vocal.

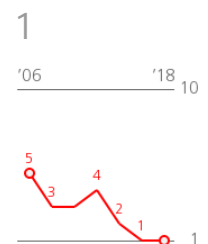
The direct Turkish military engagement in Syria is tolerated in the current circumstances. However, Jordan, whose demand that Assad step down has lessened in recent years, has also been casting more critical looks as to how to secure the border region.

In January 2017, Syrian officials asked to retake Syria's seat at the League of Arab States (LAS), vacant since in 2011. However, LAS kept sanctions in place that are implemented half-heartedly by Syria's neighbors. Most important among the LAS

Credibility



Regional cooperation



sanctions is a ban on transfers from the central bank as well as an end to all commerce and trade with Syria. LAS also froze Syria's membership.

There have been a number of Israeli air raids into Syrian air space, mostly targeting weapon deliveries to Hezbollah or Hezbollah members, and Israel is treating the wounded from the south on its territory. Overall, it watches events in Syria, however, and only gets involved when it feels its direct interests threatened.

Strategic Outlook

Syria finds itself in a downward spiral, socio-economically but also when it comes to political transformation. Military actors are the dominant forces. In all areas of the country, they are relevant or dominant when it comes to political decisions as well. Democratic forces have been sidelined by authoritarian and extremist actors alike.

The direct and massive involvement of the regime's allies has rendered the regime more powerful compared to its opponents, however, this relative advantage is borrowed and seems to be insufficient to retake control or to achieve peace. It has rendered the Syrian regime dependent on its allies, and it has given external forces more influence in domestic decisions.

Without a settlement between the regime and the opposition, it is unlikely to defeat IS. Fighting IS is higher on the international agenda than addressing the complex situation in other areas of Syria.

The situation of millions of refugees outside Syria's borders is still appalling because of a lack of funding for humanitarian aid or, as in the case of Lebanon, the host country's indecisiveness on how to handle the refugee issue. Inside Syria, the internally displaced struggle with social issues and political hostility from their host communities. Hardly any aid is available to them and, due to the deterioration of the overall economy, competition and social tensions have risen.

The Geneva process has continued and it has been complemented by other conferences, with Russia pressing for alternative tracks to advance on certain issues before continuing the Geneva talks. The opposition, unable to offer achievements to the local population and characterized by political divisions as well as in-fighting between military actors, is in a weak position.

The U.N. Security Council has not been able to contribute significantly to a solution of the conflict; even though it has come to a number of resolutions to decrease the human suffering in Syria, not all of these resolutions have been implemented.

Russia has air defense systems in place in Syria so that the direct Russian intervention has further decreased Western options to be involved in Syria. However, the complicated situation with a myriad of actors has lowered the political will to consider military options. As the fall of Aleppo with more than 100,000 people under constant bombardment has shown, even the most dramatic developments do not lead to significant political initiatives on Syria. The regime and its allies have learned that they can act with impunity. This mitigates the chances to encourage democratic transformation from outside. Democracy-oriented Syrian activists feel left alone, while authoritarian actors have confirmed that they can succeed.

There are initiatives looking into reconstruction already, but it remains unclear when and how it could start. A difficulty for Syria in the future will be the "lost generation" – millions of Syrian children are currently hardly or not at all able to go to school, both inside and outside Syria. Thus, more efforts to improve education would make a valuable contribution to the Syrian future.