

Decentralisation and local governance:

Pursuing area-based approaches that support accountability in the restoration of basic services and economic recovery in Syria

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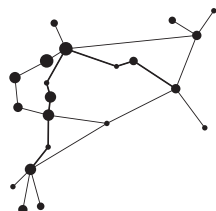
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Abbreviations

CBS	Central Bureau of Statistics
CSG	Civil Society Group
CSO	Civil Society Organization
EC	Executive committee
ESCWA	Economic and Social Commission for Western Asia
FAO	Food and Agriculture Organization of the United Nations
GCRED	General Commission for Real Estate Development
GDP	Gross Domestic Product
GEH	General Establishment of Housing
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
GoS	Government of Syria
HLP	Housing, Land and Property
IDP	Internally Displaced Person
LAU	Local Administrative Unit
LD	Local Development
LNOB	Leave No One Behind
MAM	Municipal Administration Modernisation Programme
MoLAE	Ministry of Local Administration and Environment
MoSAL	Ministry of Social Affairs and Labour
MoPWH	Ministry of Public Works and Housing
MSME	Micro-, Small and Medium Size Enterprises
MTOS	Municipal Technical Office Support Programme
M&E	Monitoring and Evaluation
NC	Neighbourhood Committee
NFRP	National Framework for Regional Planning
NUA	New Urban Agenda (NUA)
OSR	Own Source Revenue (of LAUs)
PLRP	Participatory Local Recovery Planning
PICC	Planning and International Cooperation Commission
PPP	Public-Private Partnership
RPC	Regional Planning Commission
SDG	Sustainable Development Goals
SYP	Syrian Pound
UDP	Urban Development Project
USD	United States Dollars
UN-Habitat	United Nations Human Settlements Programme
UNDP	United Nations Development Programme
URF	Urban Recovery Framework

Terminology

As far as not explained in the text of the paper itself

Local Administrative Units: Legal entities, such as Cities, Towns and Municipalities governed by elected councils, delivering services to the citizens and promoting development within their local boundaries.

Governorate: Regional entity governed by an elected council, delivering services to the citizens and promote development at regional level.

Governor (*Muhafiz*): representative of central government in his Governorate. He supervises the directorates of line ministries working in his Governorate and has approval authority over most council decisions.

Governorate Council (*Majlis al-Muhafaza*): The elected local council for the administrative unit. It practices its work in accordance with the provisions of Law 107.

Governorate Executive Committee (*Al-Maktab al-Tanfeedhi lil-Muhafaza*): The Executive Committee of the administrative unit.

City Council (*Majlis al-Medina*): The elected local council for the administrative unit. It practices its work in accordance with the provisions of Law 107.

Mayor (*Ra'ees al-Majlis, Ra'ees al-Medina*): The elected chairman of the council, legal representative of his / her LAU.

Mukhtar: The representative of the LAU at neighbourhood level. There might be several mukhtars, according to the area's population. As an administrative officer, the mukhtar is responsible for some of the official functions established among the people of his/her community, such as validating certificates of national registers, births, deaths, and marriages.

Local Council: A body operating in areas not under GoS control that endeavours to take the role of the LAU Council and maintain service delivery.

Civil Society Group: A group of citizens uniting to give assistance to those in need or addressing other

societal needs. They do not have formal approval and do not have legal status.

Civil Society Organisation: A group of citizens uniting to give assistance to those in need or addressing other societal needs. They may have formal approval and legal status.

Decentralisation: Transfer of authority and responsibility for public functions from the central government to subordinate or quasi-independent government organizations or the private sector. Seeks to create relationships of accountability among citizens, service providers, and subnational governments and between the local and central governments.

Deconcentration: Central government distributes responsibility to provincial organization, whilst retaining authority over field office, and exercising authority through the hierarchical channels of the central government bureaucracy.

Delegation: Central government transfers political responsibility to local governments or semi-autonomous organizations that are not controlled by the central government but are accountable to it through contractual relations that enforces the accountability of local government.

Devolution: Transfer of authority for decision making, finance, and management to quasi-autonomous units of local government with corporate status. Devolution provides the greatest degree of autonomy for the local unit.

Local Development: A concept of change bringing together economic, social, cultural and environmental dimensions; with innovation across and in between these dimensions. It may be seen as a method which helps improving quality of life, supporting or accelerating empowerment of ordinary people, developing or preserving local assets, overcoming market failures, strengthening cohesion, and defining and delivering grassroots development projects.

Local Economic Development: Participatory process where local people from all sectors work together to stimulate local commercial activity resulting in a resilient and sustainable economy.¹

¹ UN-Habitat, *The Quick Guide, Strategic Planning for Local Economic Development*, June 2004

Local Governance: Comprises set of institutions, mechanisms and processes, through which local government, central agencies, community members and their groups, private sector can articulate their interests and needs and exercise their rights and obligations at the local level. Local Governance is not just about local governments, but also about the interaction and networking of different stakeholders in a given urban area.

Urban Governance: Urban governance is the way government (local, regional and national) and stakeholders decide how to plan, build, finance and manage urban areas. It involves a continuous process of interaction over the allocation of social and material resources and political power.²

Recovery Ladder: The identification and prioritisation of actions along a continuum from stabilization to transformation and across scales from local to national.

Sustainable Development Goals: The Sustainable Development Goals were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030

all people enjoy peace and prosperity. The 17 SDGs are integrated—they recognize that action in one area will affect outcomes in others, and that development must balance social, economic and environmental sustainability.

Urban Recovery Framework: The Urban Recovery Framework (URF) is a methodology developed to guide urban-specific dimensions of post-disaster and post-conflict recovery. It is intended to fill a significant gap in the international system's ability to support countries and cities affected by urban crises.

Micro, Small and Medium Sized Enterprises: According to the global definition, very small enterprises comprise less than 6 employees (micro) or less than 50 employees (small) or less than 250 employees (medium). The Syrian definition of MSMEs is enterprises with 1 – 5 employees (micro), 6 – 20 employees (small), or 21 – 100 employees (medium).

Own Source Revenue: The fees collected by LAUs themselves (for services) and revenue from their own assets as part of the financing of their budget.



Participatory Recovery Planning Under URF
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² <https://gsdrc.org/topic-guides/urban-governance/concepts-and-debates>

Executive Summary

While the outcome of the Syrian crisis remains unclear, military hostilities have largely ceased in different parts of the country. Multiple crises (economic, COVID-19, etc.) continue to negatively impact on the functionality of public services and related infrastructure, and new risks are emerging related to institutional brain drain and capacity deficiencies. Furthermore, the prevailing economic conditions, exacerbated by global food shortages and a significant anticipated reduction in aid allocations towards Syria, are expected to further aggravate these challenges, which will shape the landscape for Syria's recovery for decades to come. In the absence of an internationally recognized political solution, new forms of war economy, *ad hoc* military confrontations, and other spill-over effects are expected to continue and proliferate³.

Unlike in many other conflict-affected countries, public services in Syria prior to the conflict reached large portions of the population, if not always equitably and with limited accountability⁴. Even though Syria adopted a general policy orientation towards (administrative) decentralisation in 2011, and although quasi- governmental bodies emerged in non-government-controlled areas of the country during the conflict, as with many countries, the issue is still viewed with a certain level of apprehension.

Against such a backdrop, a modality for international support that puts an emphasis on accountability in local public service delivery, whilst increasing the space for civic engagement and encouraging sustainable recovery at different levels, is desperately needed. An 'acceptable solution' for the Syrian people becomes even more pressing when one considers the sheer scale of population displacement that came as a result of the conflict (close to 10.5 million people became internally displaced between 2016 and 2021); creating intricate Housing, Land and Property (HLP) challenges and affecting social cohesion in all parts of the country.

This paper therefore explores the implications of, and establishes a direct trajectory between, work on resilience and recovery interventions on the one hand, and engagement through the Syrian local public service delivery system, on the other. It is part of a series of policy papers developed under the Urban Recovery Framework (URF), which explores conditions and recovery options for Syria, with a focus on the 3 URF pillars of urban governance, urban economy and community engagement. It aims to contribute to the debate on external assistance in Syria by providing a comprehensive analysis of the local governance system, as well as presenting options to pursue urban and early recovery through area-based approaches that support accountability in the restoration of basic services and economy recovery. Options for absorptive, adaptive and transformative recovery are thus considered. The focus is primarily on Government of Syria (GoS) controlled areas although the outcomes of the conflict may, or may not, dictate that the orientations proposed could become relevant for wider parts of the country. For further analysis concerning other URF pillars, the reader is kindly redirected to complementary policy papers on housing, infrastructure and services, environment and urban heritage.

While the current official public positions of the majority of international donors on Syria suggest that some of the language in this paper may not be to the liking of these stakeholders, it seeks to nonetheless fill a vacuum in the space for reasonable policy reflections, at a moment when there is some acceptance in the notion that conflict-sensitive, area-based resilience programming may produce self-regenerating local recovery effects that extend beyond traditional humanitarian assistance.

³ Centre for Humanitarian Dialogue, Situation Report, 2021.

⁴ UNCT Approach to Resilience Assistance in Syria, 2021.

The diagnosis in this paper can be summarised as follows:

Vast damage to urban infrastructure, housing and enterprises was sustained due to conflict (31.4 per cent of the 2010 housing stock is either destroyed or severely damaged⁵, 26 per cent of hospitals are non-functional⁶, over a third of the population does not have access to piped water.⁵ Municipal buildings were also severely damaged or pillaged and equipment was destroyed or stolen (in 2014, Aleppo staff collecting solid waste was already reduced by 75 per cent, and vehicles by 67 per cent, while in Dar'a, only two tractors and two compressors were left to collect solid waste for an estimated 150,000 people in 2020⁷). The prolonged crisis has further resulted in destroyed and damaged essential environment-related public services, such as supply of clean portable water, solid waste and wastewater management, and the challenge of electricity shortages further undermines provision of such public basic services. Local administrative units (LAUs) also lost staff and, with them, knowledge and experience.

National GDP contracted by 75 per cent between 2011 and 2021⁸. Syria's economic collapse was preceded by the demise of the Lebanese banking system in 2019 and, by 2020, the passing of the Caesar Act "sent ripple effects through the Syrian economy and its small and medium-sized private-sector networks"⁹. COVID-19 dealt a further blow. While the effect was irreconcilable for most rural communities, urban economies were also deeply affected. The conflict also affected the composition of the enterprise sector, with the proportion of informal small and medium-sized enterprises (SMEs) increasing, and that of large enterprises decreasing, from 24 per cent in 2009 to 16 per cent in 2017.¹⁰ The wide-spread damages to urban areas, in which most MSMEs operate, meant the loss and contraction of a large proportion of MSMEs, in Homs City for example, only around 60 per cent of businesses in Hasaweyyah Light Industrial Zone recovered partially. Micro, small and medium enterprises

(MSMEs¹¹), which constituted about 95 per cent of all enterprises in Syria¹², lost an estimated 20 per cent of their employee positions¹³.

While environmental challenges and climate change-related impacts were contributing factors to rural–urban migration and increased poverty before the conflict, conflict-related impacts have further exacerbated these environmental challenges. Unsustainable land management, with competition over water and land combined with drought, have had severe implications for agriculture and livelihoods. Urban centres and markets are directly affected by reduced outputs in their rural hinterlands, with a near-collapse of rural systems as a result of climate change. Furthermore, human behaviour during the conflict resulted in land contamination, rapid urban migration and rural depopulation, the destruction of forests and irrigation systems, and pollution-inducing activities with lasting consequences. In addition, most of Syria's major urban centres lie on an environmental fault line separating the eastern slopes of the Mediterranean, the anti-Lebanon mountains and their respective watersheds, from an expansive desert where the remaining urban centres sit precariously on increasingly water-scarce desert oases.

Physical and economic fragmentation have been further exacerbated by new dimensions of political economy. With the deterioration of traditional economies, 'oligopolies' connected with controlling powers in different parts of the country began to play major roles in cross-border trade and illicit economies, especially in the wake of Lebanon's economic and financial crisis. This gradually evolved into activities that have had a direct impact on the provision of basic goods and services, initially through direct rent seeking and deterrents to the freedom of movement, and subsequently through a more subtle engagement in local governance processes¹⁴. The power vacuum in some areas also gave rise to violent extremist groups that exploited the service gap to gain grassroots legitimacy.

5 <https://www.statista.com/statistics/742066/share-of-housing-damaged-or-destroyed-syria-governorates/>

6 Socio-Economic Assessment of COVID-19 and Related Factors in Syria, United Nations Country Team in Syria, July 2020, p. 18.

7 Urban profiles Aleppo, UN-Habitat. 2020 and Dar'a, 2020.

8 World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. a/ Projections based on nighttime light data. MPO 2

9 Omar Abdelaziz Hallaj, Geneva Centre for Security Policy, Formality, Informality, and the Resilience of the Syrian Political Economy, June 2021

10 Syria at War: Eight Years On, © 2020 ESCWA

11 According to the global definition, very small enterprises comprise less than 6 employees (micro) or less than 50 employees (small) or less than 250 employees (medium). The Syrian definition of MSMEs is enterprises with 1–5 employees (micro), 6–20 employees (small), or 21–100 employees (medium).

12 United Nations Country Team in Syria, *Socio-Economic Assessment*, 2020

13 United Nations Country Team in Syria, *Socio-Economic Assessment*, 2020

14 Omar Abdelaziz Hallaj, Geneva Centre for Security Policy, Formality, Informality, and the Resilience of the Syrian Political Economy, June 2021

The timing of the adoption of the Local Administration Law (107) in September 2011 following the outbreak of violence in Syria was not coincidental; for many Syria analysts and observers, it was viewed as a reformist gesture in support of decentralisation. One of the major transformations foreseen by the Law concerned the political function of LAUs: "The Local Council...moved from being an oversight body representing the local community in supervising the national State assets...to being the body representing the local community in managing its own assets. After a period of five years of transition, the law envisioned all central state services (excluding what the law perceives as sovereign functions, ie. defence, justice, foreign affairs) to become local services. In essence, the law reversed the previous relationship between the local and central. In the past, line ministries owned and managed services and the local councils supervised them to ensure community interests are preserved. Under the new law, Local Administrative Units owned these services and managed them through the elected councils, while the line ministries supervised to ensure compatibility to national norms and standards"¹⁵.

Law 107 largely retained the earlier local administration system, including preserving the powerful role of Governors. The Law did not address the issue of multi-level governance, or how decision-making should be distributed vertically between different tiers of government, or horizontally across multiple government entities and non-governmental organizations. Delineation of tasks between different levels remained unclear, with a complete transfer of functions to LAUs pending, underscored by capacity limitations, as well as structural and conflict-related challenges.

As per Law 107, LAUs also became responsible for 'local development' and Governorates for 'regional development'. For both tiers, this was a new but largely unprescribed task. The Law offered some new opportunities for citizens to participate in local affairs, through engagement with neighbourhood committees, and also through direct participation in local development committees and other structures. It also created space for cooperation between LAUs and other public or non-government authorities

(including the private sector), in order to stimulate local development. With the exception of Damascus, Aleppo and Homs, which created additional Service Directorates, LAUs were subdivided into neighbourhoods, each neighbourhood having a neighbourhood committee and a *Mukhtar*¹⁶. Earlier municipal structures were maintained¹⁷, while new (non-elected) positions were added (ie. Chief Executives, *Mukhtars*, Neighbourhood Committees).

However, despite significant efforts that were undertaken to enhance LAUs role prior to the conflict¹⁸, inclusive representation in, and engagement with, local authorities, remained limited, owing to insufficiencies in the electoral system, the existence of a complicated legal framework regulating local development, a lack of familiarity on the part of LAUs on the benefits of community and private sector engagement, and a lack of knowledge on the part of the citizens about their rights. Furthermore, voices of the Syrian displaced population inside and outside Syria continue to be largely absent from local decision-making processes.

Most LAUs, including central cities, did not adopt a strategy for local development and recovery. Hence, LAUs predominantly follow pre-crisis *modus operandi* and by-and-large did not adopt participatory methods, except for some internationally supported recovery planning processes. These initiatives are further examined in this paper.

¹⁵ European Union, State of Syrian Cities, 2017.

¹⁶ Aleppo City, for example, currently has 68 neighborhood committees comprising 495 members, 25 of which are female members. While in Homs City, there are 20 female members working in 53 neighborhood committees, and no female Mukhtars. Dar'a City has no female NC Members at all. Alternatively, there is informal female community representation in both Homs and Dar'a.

¹⁷ Members selected by the progressive front parties including the Council President selected by the City Council and confirmed by decree by the progressive front members.

¹⁸ Initiatives like the EU-supported Municipal Administration Modernization programme (MAM).

For a range of reasons, most of the provisions of Law 107 have not been implemented to date. That said, the following ad hoc initiatives have been observed:

- Establishment of the Supreme Council for Local Administration, chaired by the Prime Minister, to produce a National Decentralisation Plan, this plan is now in the final stages of development to be issued soon.
- Reform of LAUs to extend representation to all the Syrian geography (ie. a *territorially contiguous* municipal map).
- Amendment of the municipal finance law.
- Establishment of more than 40 citizen service centres in the Governorates of Damascus, Rural Damascus, As-Sweida, Aleppo, Homs, Latakia, Hama and Tartous, to facilitate and improve service delivery to citizens.
- Introduction of the position of the Secretary General in all Governorates and the Director in main cities, such as Homs and Aleppo.
- Activation of voluntary committees at neighbourhood level.
- Piloting of recovery planning and capacity building programmes (ie. LAUs and community representatives in different locations).

Among all the new laws promulgated since the start of the crisis, Law 37 (2021) on Finances for Administrative Units presents perhaps the greatest *litmus* test for a willingness to invest in decentralisation. LAUs suffer from severe financial and human resources constraints owing to: (a) limitations in own-source revenues; (b) loss or damage to local resources and; (c) diminishing intergovernmental fiscal transfers. Overall revenues of Syrian LAUs are small, even when compared with countries with similar GDP/capita. Local authorities in Syria receive an estimated 1.8 per cent of GDP or 23 per cent of total government revenue (USD 343 million of total government revenue of 1.495 billion)¹⁹. Local governments generate only \$2/capita per year²⁰, which is well below average for the region. A restrained, inflexible and centralised financing system for LAUs combined with very low own source revenues limit LAUs capacities to deliver services, govern urban development in effective manner, and make the necessary changes, in priorities as needs and opportunities arise.

Consequently, local authorities are stuck in a vicious cycle of low tax compliance, poor revenue, and worsening public services. While the stated ambition of Law 37 is to better structure the system of local revenues, allowing for an increase in own source revenues by LAUs, this is not a given. Further analysis is required on this new law; a serious effort at decentralisation will require a dedicated effort to increase own source revenues of LAUs, whilst eventually considering potentially ringfenced and resourced localised reform pilots, as well as the development of a fair, predictable and transparent system of inter-governmental fiscal transfers that includes provisions for *equalisation* between local authorities.

In the absence of a national decentralisation plan, the ambitions of Law 107 remain largely unfulfilled. As indicated above, piecemeal measures have been adopted, but these have lacked a clear overarching purpose. Furthermore, since 2011, the Syrian local governance landscape has altered dramatically; local governance institutions are now “part of complex patronage networks and service delivery around them creates partnerships with different other institutional layers, non-state actors and non-governmental organizations”²¹. Therefore, any initiatives that place an emphasis on robust and accountable local public service delivery and local governance will need to take these factors into account.

International experiences in decentralisation and local governance:

In the last two decades, several countries have sought to pursue decentralisation with the ambition to stimulate equitable development across geographies, and to enable local authorities to fulfil assigned service delivery mandates. Examples can be found in Europe (eg. Spain, France, Poland), as well as the Middle East and North Africa (eg. Morocco, Tunisia, Jordan, Iraq, Turkey). These efforts have been met with varying degrees of success, but significant lessons can be extracted for Syria, in the short-, medium- and longer-term. Lessons are briefly explored in this paper. Invariably, there are a range of aspects which need to be carefully considered against the prevailing socio-economic and geopolitical situation in Syria and the wider

19 SCPR (2020), Justice to Transcend Conflict: Impact of Syrian Conflict Report. Syrian Center for Policy Research and from the WB report World Bank (2021) Syrian Economic Update: Whole of Syria Strategic Steering Group (SSG) Meeting 6 October, 2021.

20 This figure stands for the official revenue that is collected within municipalities. It should be noted that however, that municipalities often collect revenues from their citizens without formally declaring these, to avoid sharing these revenues with higher levels of government

21 European Union, State of Syrian Cities, 2017.

region, but the underlying premise is that: (i) an investment in decentralisation and local governance now represents one of the only viable alternatives to address Syria's protracted and multiple cascading crises; (ii) successful recovery (and eventually, development) will hinge on the empowerment of local communities, through the clear definition of competences and the assignment of adequate (financial and human) resources to local authority-led interventions.

Policy recommendations using a recovery ladder:

In the Syrian context, following over ten years of a protracted crisis, the most effective way to meet the resilience needs of an expanding vulnerable population is through an emphasis on multi-sectoral, area-based recovery interventions that seek to restore critical services and infrastructure, whilst focusing on the creation of an enabling framework for (self-initiated) economic recovery, combined with efforts to support peacebuilding and social cohesion, whilst maintaining a critical eye on mitigating major contextual risks. These efforts should subscribe to a longer-term policy objective focused on restorative localisation that reinforces accountability mechanisms and counters the tendency towards illicit economies, rent seeking and informal mechanisms to dispense patronage.

Initial work has already been undertaken to pilot conflict-sensitive, area-based approaches, like the URF, as a gateway for accountable and effective local governance, through the enhanced involvement of local civil society, as well as improving the business enabling environment and the inclusivity of recovery (women and minorities). Greater recognition now needs to be given to work that targets the interface between local authorities and community structures, particularly when it comes to the prioritisation of service functionality and local economic recovery. A new focus for external assistance in Syria must therefore now also incorporate an emphasis on sustainable approaches that leverage community capital and resources, whilst reducing aid dependency. Syrian local actors that promote enhanced civic space must be prioritised.

In the pursuit of this approach, UN agencies and other aid actors will be required to engage at a technical level with local authorities, in order to access service providers, systems and infrastructure, and support the restoration of basic services, in a way that is equitable, inclusive and accountable. A regional recovery focus may also be required, which

includes an emphasis on strengthening linkages and complementarities between the different levels.

Considering the magnitude of conflict-induced damage and destruction in Syrian cities, coupled with high and escalating needs, local authorities and other actors working in urban areas do not have the resources or capacity to address all recovery needs. This paper thus calls for a phased recovery model with implementation of selected interventions across levels and timescales. The recommendations outlined in this section follow a 'recovery ladder' structure that identifies phased priority interventions. Possible strategic entry points to target both stressors and root causes of outlined governance challenges in Syrian cities are also considered within recommendations at neighbourhood, city, regional and national levels. This is a starting point to identify opportunities for absorptive, adaptive, and transformative measures using area-based approaches such as the URF. These recommendations can be embedded into urban recovery efforts through cross-sectoral and multi-stakeholder engagement, with the aim to implement initiatives with the greatest potential impact and value for money.

The recovery ladder can be divided into three "phases" with corresponding measures:

- **Absorptive:** responding to immediate needs for stabilization, including need for basic services and livelihoods
- **Adaptive:** medium-term response, including conditions for improvements within the current legal and organisational setting
- **Transformative:** longer-term, including disruptive and bounce-forward measures towards modernization of local administration

Recommendations are considered in light of current limitations in the financing of external assistance, also taking into account the current limited opportunities to support institutional (decentralisation) reform. By understanding how urban recovery work at these scales, opportunities for synergies and transformative actions may emerge. This can in turn help guide the prioritisation of investment and resource allocations.

The timeframe for these phases is therefore not set in stone; these phases need not be strictly consecutive. That is, one phase may start while the previous one is still ongoing. Furthermore, if the conditions allow

for a progressive policy dialogue based on clear reform orientations, different stakeholders may find it meaningful to outline conditions by which it will be possible to take significant steps towards a more advanced set of interventions foreseen within the next phase of the recovery ladder.

Absorptive measures primarily target the scale up of participatory, area-based resilience programming (analysis-planning-implementation-monitoring) that focuses on the restoration of basic services, mobility and access, economic recovery, social cohesion and building back better, and consider integration within the broader response architecture, as well as a significant drive towards the expansion of participatory processes in different forms. Under the proposed modality, non-humanitarian data sources should be better leveraged, such as damage assessments, urban functionality analysis, spatial inequality mapping, as baselines to support evidence-based prioritization and sequencing of interventions and monitoring progress. Programmatic responses should acknowledge the interdependencies between sectors, systems and governance arrangements in a principled way, with due attention to rights-sensitive issues.

Local economic development and livelihoods creation should be considered as an integral part of recovery planning, exploring targeted partnerships aimed at improving engagement between the private sector, local community and local governance actors, which might yield advancements in economic recovery and community resilience. Environmental sustainability, climate resilience and the preservation of urban heritage should be integrated into local recovery planning priorities. The above processes should be anchored in strong context analysis and due diligence processes, to ensure sensitivity to pre-crisis grievances, local dynamics and programmatic risks. Local capacity building should be considered at a purely technical level. All of the above should be used to support evidence-based policy dialogue about the implications and entry points for working with local authorities, including assessing the feasibility to carry out capacity assessments for different typologies of LAUs.

Adaptive measures include the piloting of integrated recovery processes and funding mechanisms that support a more complete focus on the restoration of urban service delivery systems and enhanced agency collaboration on local and regional economic recovery (including a focus on rural-urban linkages), as well as considering institutional structures to

support more effective collection and use of data, ensuring equitable access to capital, training and information for MSMEs and strengthening LAU own-source revenue optimisation.

Transformative measures are framed around current opportunities, as well as future conditions that may arise as determined by the prevailing political discourse on the conflict. Current possibility might include efforts aimed at strategy elaboration, the institutionalisation of participatory area-based recovery processes and structures, and the advancement of regional and local economic recovery through the mobilisation of the private sector (with a foreseen reduction in external assistance). Institutional and organisational capacity assessments, and political economy analysis, of local governance actors, are proposed to better understand the preconditions for decentralisation. Direct support to LAU capacity on own source revenue collection and utilisation may be considered.

Looking beyond what is currently possible, but in the not too distant future, international donors, as well as the Syrian Government and different de facto authorities in Syria, may be forced to confront some difficult questions that may fundamentally challenge their previously established positions. The underlying premise is that: (i) an investment in decentralisation and local governance now represents one of the only viable alternatives to address Syria's protracted and multiple cascading crises; (ii) successful recovery (and eventually, development) will hinge on the empowerment of local communities, through the clear definition of competences and the assignment of adequate (financial and human) resources to local authority-led interventions. Thus, these actors must now consider their preparedness to engage in a 'local governance capacity building compromise'.

While the future remains unpredictable, a focus on developing an effective national local governance framework may have merits in terms of maintaining the territorial integrity of Syria, whilst allowing sufficient room to take account for local preferences; always a *causa prima* for decentralisation. Recovery options therefore need to be considered that recognise the underlying challenges, and opportunities, of working with local authorities and local governance: "While local governance procedures and normative regulations present the most fundamental opportunity for re-stitching the fragmented territorial order, the different modes of service delivery have created new realities and conditions that may act to

spoil any future re-aggregation of local governance and create viable and sustainable institutions”²². In short, Municipalities could function to territorial integrity, as curriculum does in the field of education; unifying curriculums is essential to maintaining unity, as is normalizing the work of Municipalities.

Under such a framework, area-based recovery interventions combined with an appropriate resilience financing mechanism, may serve to support resilient recovery across the divide, thereby taking the discussion on crossline assistance into new, unchartered territory. Such an approach, which ventures beyond some donors’ red lines for Syria, will require a deeper understanding of systems of local governance, and the application of a conflict sensitive approach that is underpinned by robust due diligence mechanisms, when engaging with local authorities.

Future transformative actions may thus target advancing discussions on decentralisation,

including possible technical assistance to sketch out the main parameters for decentralisation, territorial-administrative reforms targeting the creation of ‘functional’ local authorities, possible revisions to key legislation, enhanced structures for representative and participatory governance, options for national policy levers to optimize municipal finance including transparent, equitable and predictable intergovernmental transfers, modernise the municipal human resource system and consideration for an investment in large scale capacity building of municipal staff.

There are natural limitations to the scope of this paper; the majority of analysis and recommendations relate to geographic areas, and therefore the system of local administration, that falls directly under the control of the Government of Syria. The paper does contain some cursory analysis on local governance arrangements in other parts of the country, but this analysis is mainly sourced from other documentation, where more detailed information can be found.



Safer Access Community-based Planning in Rural Damascus
© UN-Habitat 2021

22 European Union, State of Syrian Cities, 2017.

Introduction

The Syrian conflict has had a significant and lasting socioeconomic, environmental, political, and demographic impact. Over the last 10 years, cities have been epicentres of hostilities. This has left large parts of Syria's basic and social service infrastructure, as well as its housing and economic assets, heavily damaged or destroyed. Moreover, large-scale displacement has significantly reduced the overall population, and resulted in demographic shifts towards safer, less conflict-affected areas as the crisis has evolved. Over the period from January 2016 to June 2021 alone, close to 10.5 million people are estimated to have been internally displaced.²³ Cities and towns with their perceived better provision of services and income generating opportunities, have received a large share of those who have fled. In Syria, the vast majority of the population now lives in cities.²⁴

Some neighbourhoods have been subject to a complete population exodus, while others have been affected by a drastic population influx.²⁵ Most displaced people stay close to their homes, either within, or in proximity to, their governorate of origin. The large inflow of internally displaced persons (IDPs) in certain municipalities, particularly in urban areas, has added strains on already scarce services and infrastructure. Combined with limited economic opportunities across host populations, IDP and returnees, the situation has heightened needs, tension and competition among residents.

Damage and destruction from the conflict has not manifest evenly across areas; it varies in intensity and scale from city to city. Aleppo city or Eastern Ghouta have been heavily damaged or destroyed (35,722 and 34,136 damaged buildings

respectively²⁶). There are also intra-city differences. In Damascus, for instance, the city centre is relatively less damaged than peripheral neighbourhoods and suburbs. Likewise, in Aleppo, the western part of the city is less damaged than the historic city centre and the eastern neighbourhoods. Other locations, such as As-Sweida, Tartous and Latakia, have suffered far less, in terms of damage.

The prolonged crisis has resulted in destroyed and damaged essential environment-related public services, such as supply of clean portable water, solid waste and wastewater management, and the challenge of electricity shortages further undermines the provision of such public basic services. Environmental changes and degradation have also significantly impacted on urban systems and the economy through, for instance, increased pollution of air, soil and water resources, and the collapse of the waste management system. These challenges continue to affect people's health and livelihoods. Prior to the crisis, natural hazards, exacerbated by climate change and the lack of environmental management capacity, had resulted in a severe ten-year drought (2000 - 10) that forced many to abandon their rural livelihoods in search for new opportunities in the cities.²⁷

COVID-19 has further impacted the potential for local recovery. Containment measures have included closing borders, schools, restaurants, shops and malls (except for those selling basic needs supplies and pharmacies). Public transport was suspended, and restrictions were placed on the movement of people between rural and urban areas and between Governorates. These measures impacted public

23 OCHA, *Syrian Arab Republic IDP Spontaneous Returns*, 2021.

24 The percentage of people living in urban areas in Syria differ per source, The World Bank mentions 54 per cent, UN-Habitat Syria country profile of 2016 puts the 2014 urbanisation rate of more than 70 per cent.

25 Urban Syria, Urban Analysis Network, City reports on Aleppo, Al-Hasakeh, Al-Qusayr, Al-Raqqa, Al-Rastan, Al-Suwayda, Azaz, Dar'a, Deir Ez-Zor, Douma, Homs, Jaramana, Manbij, Qaboun, Al-Qamishli, 2019-2020.

26 Syrian Cities Damage Atlas, Eight Year Anniversary Of The Syrian Civil War, Thematic Assessment Of Satellite Identified Damage, REACH March 2019

27 For more on the environmental impact on urban areas, see: *Urban Recovery Framework, Urban Recovery Framework Thematic Paper: Pursuing environmental sustainability through urban recovery in Syria*, forthcoming.

service provision²⁸, halted non-essential businesses and have had an adverse effect on the livelihoods of already extremely vulnerable Syrians.²⁹

Combined, these multiple crises have added additional strains on already overstretched and underfunded local authorities. Moreover, the economic crisis, where the Syrian Pound (SYP) has lost more than 95 per cent of its value over the period from 2011 - 21, has exacerbated the severity of budget restrictions on local authorities, significantly undermining their ability to deliver services, and to manage urban recovery.

Lack of accurate data is a critical issue. Reliable, relevant and up-to-date statistical data needed for urban governance, identification of development gaps and monitoring is not available. Even when data is available at an aggregated level (the Central Bureau of Statistics primarily publish data at national and regional levels), data on the local level is often lacking.

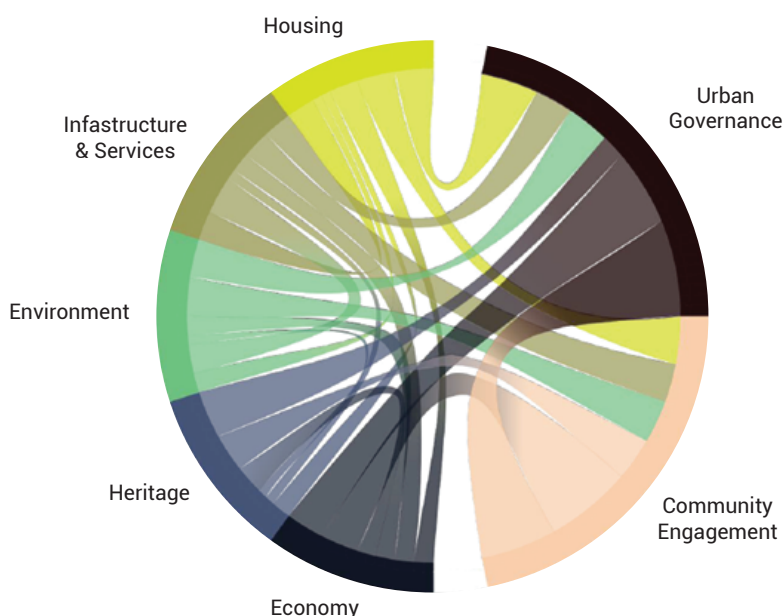
While the outcome of the Syrian conflict remains unclear, new risks are emerging that continue to negatively impact on the functionality of basic

services and related infrastructure, including institutional brain drain and capacity deficiencies. In the absence of an internationally recognized political solution, new forms of war economy, ad hoc military confrontations, and other spill-over effects are expected to continue and proliferate.

The prevailing economic conditions, further exacerbated by global food shortages and a significant anticipated reduction in aid allocations towards Syria as a result of the war in Ukraine, will further exacerbate these challenges, which are expected to shape the landscape for Syria's recovery for decades to come.

The paper is part of a series of policy papers developed under the URF project, which explores conditions and recovery options under a set of thematic areas. It contributes with a comprehensive analysis of the local governance system in Syria and presents options to pursue urban and early recovery through area-based approaches that support accountability in the restoration of basic services and economy recovery. As such, it seeks to explore three of the seven URF pillars, on urban governance, urban economy and community engagement.

Figure 1: Sectoral inter-dependencies within URF area-based approach.³⁰



28 Closing of schools and decreasing state institutions employee presence to 40% affecting the functionality of a wide range of public services during that period.

29 UN Country Team Syria, *Socioeconomic Impact Assessment of COVID-19 and Related Factors in Syria*, 2020.

30 UN-Habitat, *Urban Recovery Framework Policy Brief*, March 2022.

Against this backdrop, the objective of this paper is to inform a policy dialogue on two key areas; urban governance and urban development, namely its social and economic dimensions³¹. It aims at providing the international community and Syrian national and subnational authorities with policy recommendations that will support evidence-based decision-making on early recovery utilising local public service delivery systems. The paper outlines trends and challenges linked to local governance, civil society and local development and provides insight on how these issues manifest in Syrian cities. The paper further outlines key considerations for local governance and puts forward policy suggestions on how to tackle these issues using area-based approaches, such as the URF. Options for absorptive, adaptive and transformative recovery are considered.

There are natural limitations to the scope of this paper; most of the analysis and recommendations relate to geographic areas, and therefore systems of local administration, that fall directly under the control of the Government of Syria. The paper does contain some cursory analysis on local governance arrangements in other parts of the country, but this analysis is mainly sourced from other documentation, where more detailed information can be found.

The paper starts with a description of the context of urban governance in Syria and the effects of the conflict on cities and local administration (Chapter 3). Chapter 4 explains the local administration system before and after 2011, giving an overview of the Syrian legal and legislative environment regulating subnational administration, as well as the operational environment including institutional capacities and finance. Chapters 5 and 6 explore the current local finance system and charts options for local economic recovery and development. Chapter 7 explores the space for civil society and community engagement in local recovery processes in Syria. Chapter 8 presents normative frameworks for urban governance, drawing on international experience from the wider region and beyond. Chapter 9 accordingly formulates policy principles and design. Finally, a brief overview of implementation and monitoring modalities is given before the concluding remarks.



31 The environmental dimension is examined thoroughly in a separate URF policy paper.

Urban Governance and Service Delivery During Crisis

Syria adopted a local administration system following independence. However, despite different legislative iterations, the system remained highly centralized. Authorities were deconcentrated through centrally appointed Governors with some level of delegated responsibilities. While a lower administrative tier existed, this could not be said to be truly decentralised.

Recognition that the centralized system in Syria was not able to adequately respond to the increasing need for services, housing and economic opportunities of a rapidly growing urban population started prior to the conflict. Already in 2005, thinking began on the modernisation of the local administration system and the need for a decentralisation process, belatedly culminating in the adoption of a reform-oriented Local Administration Law in 2011 (further elaborated in Chapter 4). This development reflected a trend towards decentralisation in the wider region, where processes to balance urban and regional development and improve service delivery through decentralisation were being initiated in Iraq, Jordan, Morocco, Palestine, Tunisia and Turkey.

Despite these efforts, the system of local governance in Syria is now in rapid decline. Many Local Administrative Units (LAUs) ceased working during the conflict and subsequent crises³² and an increasingly challenging operational environment has further exacerbated these challenges, including massive demographic changes, a rapidly worsening socio-economic situation and physical damage to, and loss of, infrastructure, equipment and machinery, as well as a significant loss of human and financial resources.³³ The conflict has also led to severe damage to LAU properties; buildings such as service centres and equipment have either been destroyed

or stolen. The lack of mobile equipment essential for the provision of basic services (lorries, compactors, etc.) immediately affects the performance of those functions and causes a loss in revenues. Even cities that were not directly damaged by the conflict suffered from a surge of heightened needs incompatible to resources.

A pre-conflict housing crisis, manifest in the existence at least 115 informal settlements in Syria, where around 38 per cent of the Syrian population resided,³⁴ has worsened since 2011, following severe damage to the housing stock. At a national level, 8.6 per cent of houses available in 2010 were estimated to be totally destroyed, and 22.8 percent sustained severe or partial damage.³⁵

In almost half of the country's sub-districts, water and sanitation, health and education services are now considered to be highly dysfunctional – compromised by a combination of hostility-induced damage and destruction, under-investment, an inability to conduct regular maintenance and repair, and chronic human resource shortages – with these disproportionately concentrated in just three governorates; Aleppo (32 per cent), Idlib (21 per cent) and Rural Damascus (17 per cent).³⁶

Over a third of the population does not have access to piped water. Substantial damage has been sustained by water systems, sewage networks and irrigation canals. The conflict has also caused considerable environmental risks and related health hazards, in areas such as soil pollution, ground water pollution, open water pollution, the collapse of waste management, air pollution, and unexploded ordnance.

32 Platforma, What role can local governments play in fragile or conflict-stricken countries? The case of the Syrian crisis, 2015.s

33 What role can local governments play in fragile or conflict-stricken countries? The case of the Syrian crisis, Platforma, 2015, p. 27.s

34 See the link: <https://aliqtisadi.com/45137-تسوانامي-من-المساكن-العشوائية-في-سورية-45137>

35 <https://www.statista.com/statistics/742066/share-of-housing-damaged-or-destroyed-syria-governorates/>

36 Humanitarian Needs Overview, Syrian Arab Republic HNO March 2021

By May 2020, 26 per cent of all hospitals were only partially functional and 26 per cent non-functional.³⁷ There is now a chronic shortage of health sector staff, driven by displacement, death, injury, and flight of health workers.

The conflict's economic impact, due to disruptions in economic organization, even supersedes physical damage. Simulations show that cumulative GDP losses due to such disruptions in economic organization exceed that of capital destruction by a factor of 20 in the first six years of the conflict.³⁸

The conflict has generated different models of local governance on the ground. In different parts of Syria, it has also resulted in the accumulation of new and unforeseen tasks for local authorities, especially related to security and political issues (agreements, reconciliations, settlements).

Box 1: Examples of Conflict Impact on Service Delivery

Housing:

In Aleppo alone 46 per cent of the neighborhoods is considered heavily damaged, and 14 per cent partly, as assessed by satellite imagery analysis. Informal areas in large Syrian cities have suffered disproportionate levels of damage and displacement.

Healthcare and Education:

In Aleppo alone, 27 per cent of the hospitals is not functional as well as 70 per cent of the health centers. As for education, until May 2020, 25 per cent of the primary schools have been destroyed. This means that over 1000 school buildings need repair or rebuilding.

Sewage and Sanitation:

In Deir-ez-Zor city, around 40 per cent of the entire length of the sewage network has been damaged with access understood to have reduced by up to 40 per cent between 2011 and 2020.⁹³

In Aleppo, in 3 of the 11 city service directorates, the sewage network has been severely damaged, and both waste water treatment stations have been destroyed. Similar levels of destruction have been observed in Dar'a city.

Municipal Capacities:

In 2014, Aleppo staff collecting solid waste was already reduced by 75 per cent (from 1600 to 400), and vehicles by 67 per cent. In Dar'a, in 2020, only two tractors and two compressors are left to collect solid waste for an estimated 150,000 people³⁹. Latakia city, which is one of the least affected LAUs in terms of damage, went from employing 750 sanitation workers in 2010 to only 300 workers in 2019 despite the 100 per cent increase in population since. In Homs City, the 27 employees in the building permits department now operate using 4 computers only. Homs solid waste equipment went from 85 vehicles and 4,000 containers in 2012, to operating only 55 vehicles and 2,500 containers in 2022.

37 Socio-Economic Assessment of COVID-19 and Related Factors in Syria, United Nations Country Team in Syria, July 2020, p. 18.

38 The Toll of War - The Economic and Social Consequences of the Conflict In Syria, World Bank Group, 2017

39 Urban profiles Aleppo, UN-Habitat. 2020 and Dar'a, 2020.

In areas outside the Syrian government control, improvised local governance practices gave rise to new actors. Gaps in service delivery led to the emergence of local councils.⁴⁰ These councils formed their own working organizations to perform tasks previously carried out by local authorities. Local councils came in various forms and were occasionally influenced by military groups dominating these localities, and in most cases suffered from a lack of

funding. Coordination channels within and between local authorities, regional and national entities on matters related to urban planning and development control were also disrupted in these areas, although, in the early years of the conflict, structures were created with the aim to bring all new local councils under a vertical governance structure. This dynamic is not covered directly within this paper.



40 J. Daher, *Syrian Civil Society in Conflict and Post-Conflict Setting*, AUB, Asfari Institute for Civil Society and citizenship, s.a., 2018.

Syrian Legislation and Practice on Local Administration

Local Administration Governance Structure

The current system of local administration in Syria was established in 1971 with the adoption of Law 15. Over time, the system evolved and, by 2009, it consisted of a two-tier structure made up of 14 Governorates, and 639 Local Administrative Units (LAUs) (129 cities, 258 towns and 252 municipalities). Between 2011 and 2018, the number of LAUs increased from 1,337 in 2011, to 1,444 LAUs, including 14 governorate councils, in 2018. The increase was a result of an effort to provide legal entity status to villages, which were not previously categorised as LAUs, as well as the geographic sub-division of some LAUs. The stated intent of this reform was to achieve representation for all Syrians as per criteria mentioned in Law 107.

Governorates

There are 14 Governorates in Syria. Most line ministries have Directorates in each Governorate to carry out operational tasks, such as managing assets, staff and budgets, implementing investments, and supervising operations. These Directorates receive their technical and policy instructions from central ministries. The Governor supervises Governorate Directorates and may also give technical instructions (eg. to solve problems or address requests or complaints by LAUs or residents). When LAUs initiate activities for which these devolved entities also have a mandate (eg. health, education, public works, heritage) it must submit a request for approval to the relevant Directorate. The Directorates deal with the requests on a discretionary basis.

Governorates are composed of the Governor (*Muhafiz*), the Governorate Council (*Majlis al-Muhafaza*, elected) and the Governorate Executive

Committee (*al-Maktab al-Tanfeedhi lil-Muhafaza*). The roles within the Governorate are as follows:

- a. **Governor:** Appointed by Presidential Decree and represents the central government. S/he chairs both the governorate council and the executive committee (EC). S/he approves all decisions of the city, town or municipality councils related to budgets, investment plans and projects, as well as decisions regarding local regulations.
- b. **Governorate Council:** The highest body of the Governorate. It approves the annual budgets, investment plans and projects for the various sectors. Its members are elected by direct vote every four years. Law 107 Paragraph 30 outlines the responsibilities of the Governorate Councils as follows: "Within the general policy of the state, the local councils are responsible for the affairs of the local administration and all the activities conducive to developing the Governorate economically, socially, culturally, and spatially, in line with the principles of balanced and sustainable development, in the fields of planning, industry, agriculture, economy, commerce, education, culture, heritage, tourism, transport, roads, irrigation, drinkable water and sanitation, electricity, medical care, social affairs and labor, services and public utilities, quarries and metal resources, disaster management and firefighting, traffic control and driving license centers, environment, sports and youth, and other joint projects of the administrative units". Paragraph 32 adds the preparation of plans for balanced and sustainable development for the Governorate, linked to regional spatial plans. Paragraph 33, Sub-paragraph 5, specifies that the role of the Governorate Councils is to perform tasks and projects exceeding the capacities

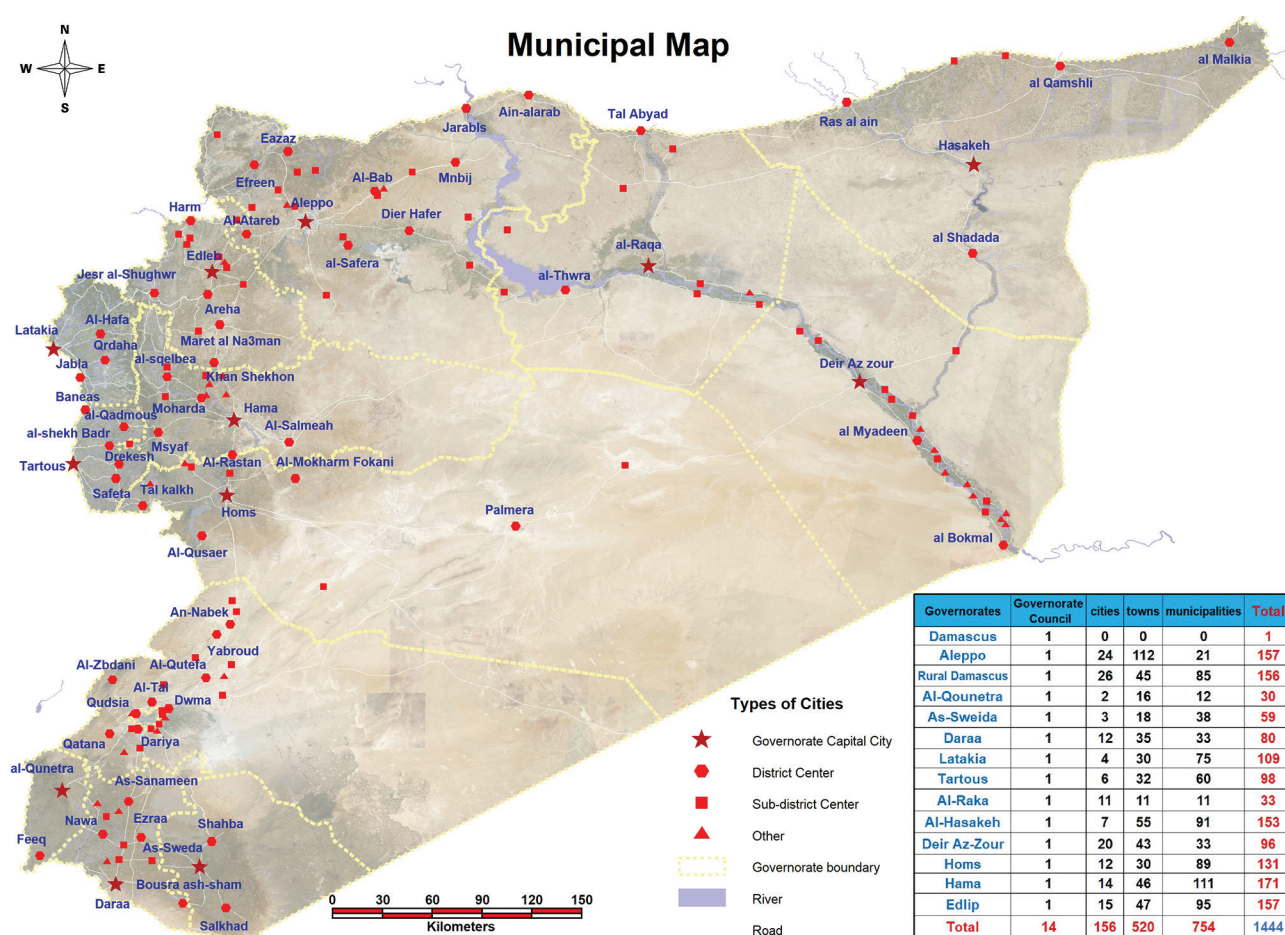
of local LAUs. This is a first step towards the application of the subsidiarity principle, although not explicitly stated, which means that “a central authority should have a subsidiary function, performing only those tasks which cannot be performed at a more local level”.⁴¹

- c. **Executive Committee:** Elected by the Governorate Council, but the members and the distribution of tasks between them is approved by presidential decree. The Executive Committee prepares the work of the governorate council and implements its decisions.

LAUs

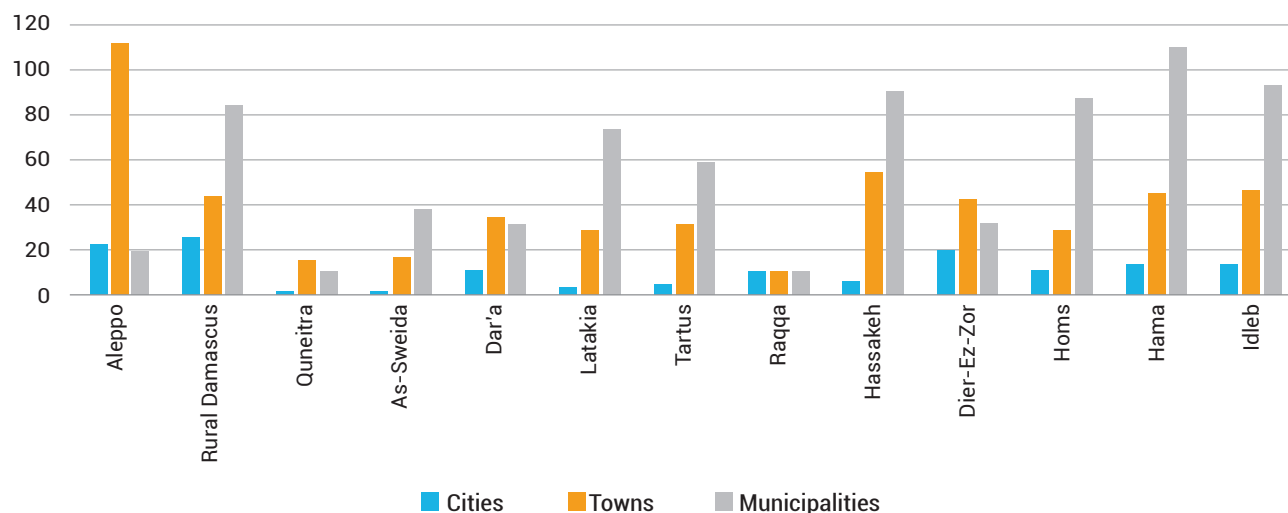
There are 1,444 LAUs in Syria, 14 Governorates that comprise 156 cities, 520 towns and 754 municipalities (see Figure 2 below), all with elected councils. The establishment of new LAUs is regulated by Law 107 (paragraph 9) which states that cities are established by decision of the Prime Minister, and towns and municipalities by the Executive Committee of the Governorate.

Map 1: Governorate Divisions and City Distribution in Syria (the map doesn't include towns or municipalities)



41 Oxford dictionary, <https://en.oxforddictionaries.com/definition/subsidiarity>, accessed 7 October 2021.

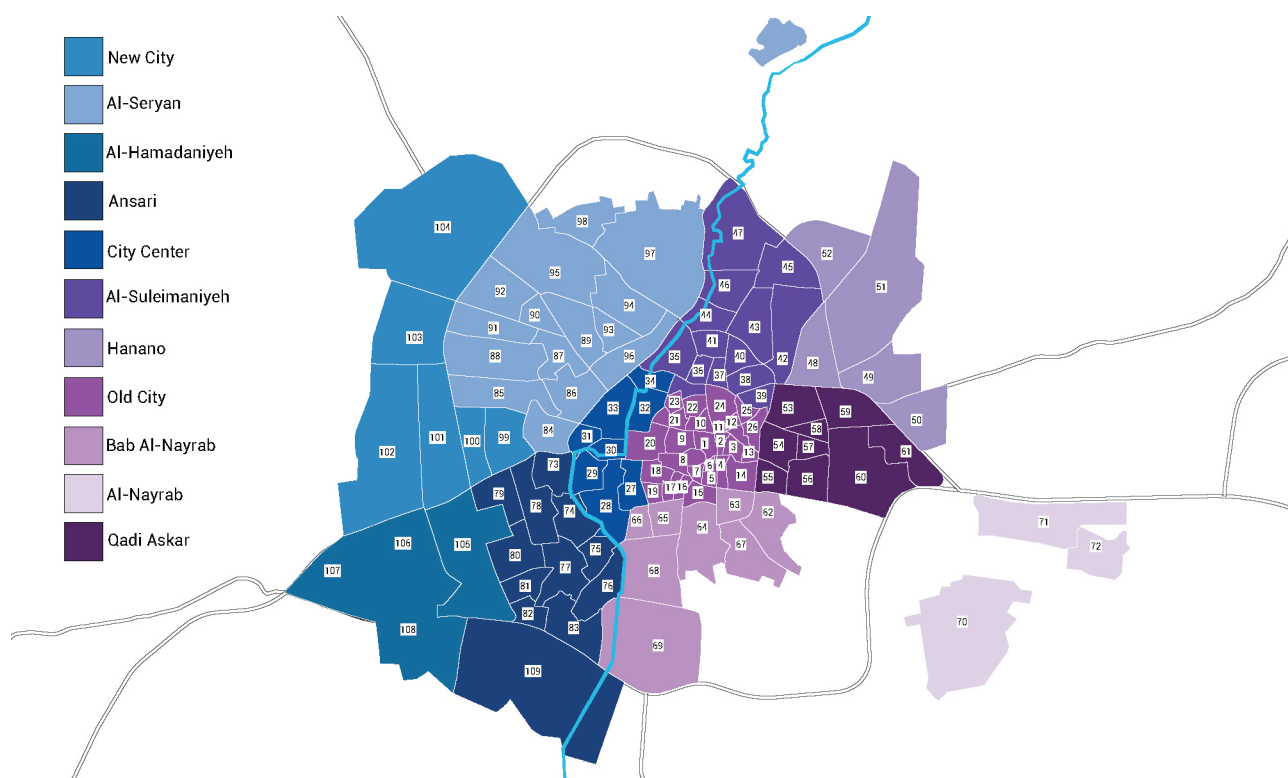
Figure 2: Local Administrative Units in Syria, 2018



LAU organisational structures are standardized for each category according to Law 50 (2004). LAUs may request MoLAE to amend the organisational structure for specific local reasons. The cities of Damascus, Aleppo (see Map 2) and Homs have

created organisational structures comprising central directorates at the city level that carry out complex tasks, and city district directorates that carry out the day-to-day operational tasks, such as solid waste collection, cleaning of public spaces, etc.

Map 2: Aleppo City Neighborhoods and Service Directorates



The most important organs of the LAU are the Mayor (*Ra'ees al-Majlis*, *Ra'ees al-Medina* etc), Municipal Council (*Majlis al-Medina*) and the Municipal Executive Committee (*al-Maktab al-Tanfeethi*). The roles are divided as follows:

- a. **LAU responsibilities** are defined by Law 107 (paragraph 30): These are limited to the geographical boundaries of the LAU. Paragraph 60 gives the LAU responsibility to provide an opinion about regional plans, to approve urban plans and annual economic, social and services plans. LAU jurisdiction is defined by the Governorate under which it falls (paragraph 33.5). It is important to note that the capacity of LAUs is not sufficient to take up all these tasks, because of lack of qualified staff, equipment and finances. By default, larger LAUs are usually able to perform a greater variety of functions than smaller ones.
- b. **Mayors** are elected by the Municipal Council and appointed by the President or the Minister of Local Administration and Environment. S/he chairs the council and Executive Committee meetings and supervises the working organisation of the LAU. Executive Committee members are elected by the Municipal Council, where their election is ratified by the Minister of Local Administration and Environment (for Governorate capital cities) or the Governor (for other LAUs).
- c. **All decisions of Municipal Councils and Executive Committees** concerning annual budgets, investment plans and local regulations are subject to approval of the Minister of Local Administration and Environment (for Governorate Capital Cities) or the Governor (for other LAUs).
- d. **Municipal Councils adopts the budget and investment plans and the economic social and service plans** and approves rules and regulations of a local nature. The Executive Committee prepares the work of the council and follows up on the implementation of its decisions.

Neighbourhoods

All LAUs are divided into neighbourhoods. In each neighbourhood there is a neighbourhood committee (NC) appointed by the Executive Committee. These NCs have an advisory role to the Executive Committees of the LAUs. They are not legal entities and cannot perform any legal action independently. This includes matters related to the municipal service delivery or infrastructural works. The NCs do not have their own budgets, nor delegated powers of

decision-making. The NC may establish voluntary work committees to implement community projects under the supervision of Executive Committees. This provision may facilitate public participation in local development, including small scale improvements and repairs, service delivery such as cleaning of public spaces and removal of debris and community-based assessments such as neighborhood damage assessments and COVID risk profiling and response.

In every neighbourhood there is a *Mukhtar*, appointed by the Executive Committee. *Mukhtars* chair NCs and are responsible for validating certificates of births and deaths, updating registers of residents, as well as issuing other documents imposed by laws and regulations. They also support the authorities on a range of legal issues.

Major Decentralisation Legislation in Syria

Law 107 was the result of a long process to redesign the Syrian local administration system. The 10th Five Year Plan (2006-2010), adopted and issued in 2006, already mentioned improvement of managerial performance, eradicating obsolete governmental practices and procedures, transparency, accountability, policy analysis, and finally, decentralisation, with the aim of economic development. The drive to introduce a social market economy after 2006 also had implications on local authority performance, through the anticipated privatization of some government functions. On 23 September 2011, Law 107 was promulgated.

The timing of the adoption of the Local Administration Law (107) in September 2011 following the outbreak of violence in Syria was not coincidental; for many Syria analysts and observers, it was viewed as a reformist gesture in support of decentralisation. One of the major transformations foreseen by the Law concerned the political function of LAUs: "The Local Council...moved from being an oversight body representing the local community in supervising the national State assets...to being the body representing the local community in managing its own assets. After a period of five years of transition, the law envisioned all central state services (excluding what the law perceives as sovereign functions, ie. defence, justice, foreign affairs) to become local services. In essence, the law reversed the previous relationship

between the local and central. In the past, line ministries owned and managed services and the local councils supervised them to ensure community interests are preserved. Under the new law, Local Administrative Units owned these services and managed them through the elected councils, while the line ministries supervised to ensure compatibility to national norms and standards⁴².

Law 107 largely retained the earlier local administration system, including preserving the powerful role of Governors. The Law did not address the issue of multi-level governance, or how decision-making should be distributed vertically between different tiers of government, or horizontally across multiple government entities and non-governmental organizations. Delineation of tasks between different levels remained unclear, with a complete transfer of functions to LAUs pending, underscored by capacity limitations, as well as structural and conflict-related challenges.

However, Law 107 had some significant new elements, signalling a step towards strengthened local administration. These included:

- a. Introduction of the concept of regional and local development planning for Governorates and LAUs.
- b. Introduction of the concept of balanced and sustainable development. Although the law did not define these concepts, in international parlance, balanced development means that every Syrian citizen has the right to the same level of services wherever he or she resides. Sustainability not only refers to the environment, but also to long-term financial sustainability, and social acceptance.
- c. Establishment of citizens service centres to facilitate and improve service delivery to citizens.
- d. Establishment of urban observatories for data gathering on development and services.
- e. Introduction of annual reporting to the Council by the Executive Office.
- f. Introduction of the position of Secretary General in the Governorates and Director in Cities and Towns, which was intended to assume the role of the secretary of the Council and Executive Committee, and the role of the Chief Executive Officer of the civil service organisation for these entities.

- g. Introduction of the Joint Departments with joint organisations for service delivery and projects.
- h. Introduction of time frames for all steps of the approval procedures of council decisions.
- i. Establishment of a lending bank for LAUs.
- j. Introduction of voluntary committees at neighbourhood level⁴³.
- k. Introduction of local development planning as a new task for both Governorates and LAUs. This allows the Executive Committees of the LAUs to form sub-committees for development (paragraph 62.13).

One year after the promulgation of Law 107, a new constitution was adopted. In its Paragraphs 130 and 131, it adopted the principles of decentralisation and administrative and financial autonomy of LAUs governed by elected Councils.

Despite limited advancements following the adoption of Law 107, some organisational and institutional modifications have been observed:

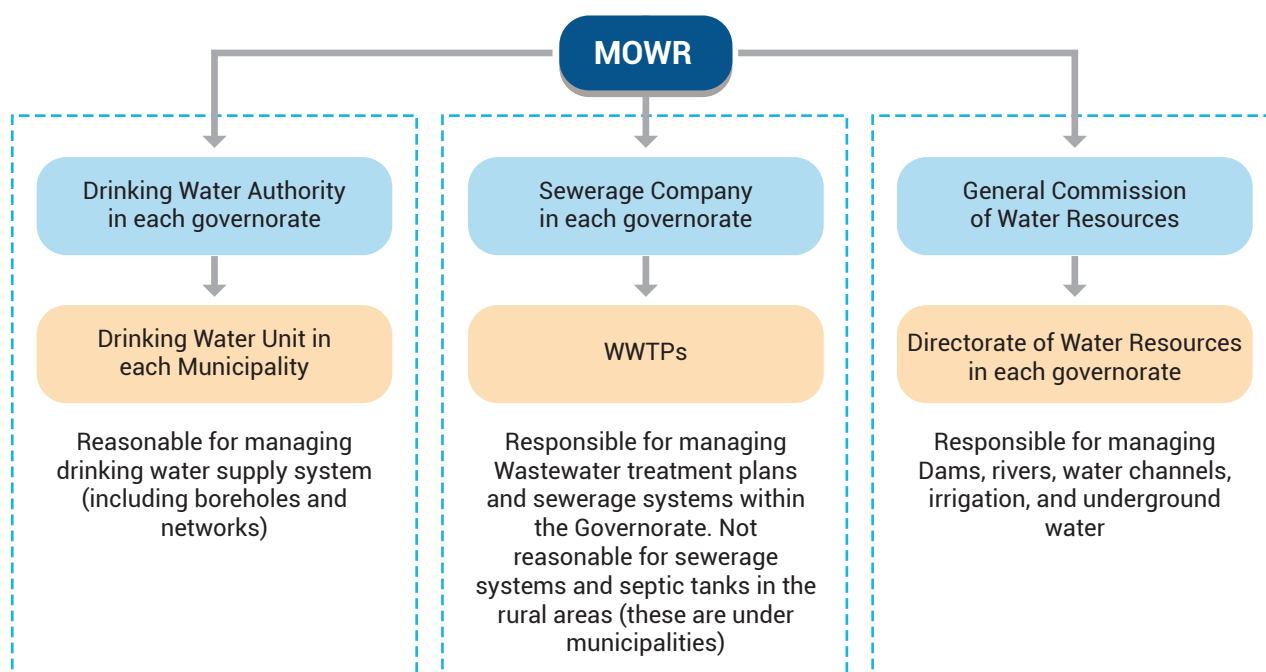
- Establishment of the Supreme Council for Local Administration, chaired by the Prime Minister, to produce a National Decentralisation Plan, the plan is produced through consultations with ministries to gradually achieve administrative decentralization of ministerial functions promulgated in law 107 as under LAUs jurisdictions. The plan spans a five-year period divided on annual basis. During the first six months, a number of functions will be transferred from Governors to central cities. This plan is in final stages of development and anticipated to be issued soon.
- Reform of LAUs to extend representation to all the Syrian geography (ie. a territorially contiguous municipal map).
- Amendment of the municipal finance law.
- Creation of Service Directorates in Damascus, Aleppo and Homs Cities.
- Establishment of more than 40 citizen service centres in the Governorates of Damascus, Rural Damascus, As-Sweida, Aleppo, Homs, Latakia, Hama and Tartous, to facilitate and improve service delivery to citizens.
- Introduction of the position of the Secretary General in all Governorates and the Director in main cities, such as Homs and Aleppo.

⁴² European Union, State of Syrian Cities, 2017.

⁴³ As compared to NCs, voluntary committees are appointed by the EC for a specific task or project, whereas NCs are appointed to support all task mentioned in Law. Both are appointed by Executive Committees.

- Forming of voluntary committees at the neighbourhood level with support of local and international initiatives.
 - Piloting of recovery planning and capacity building programmes (ie. LAUs and community representatives in different locations).
- However, no implementation regulations⁴⁴ have been issued for Law 107. To date, some of the most conspicuous elements of Law 107 have not been implemented. These include:
- a. Local development plans have not been made. The only forms of planning practiced so far are investment planning, urban planning (spatial planning) and recovery planning supported by international actors. There are no guidelines for the preparation or structure of local development plans.
 - b. There is still a lack of clarity in the delineation of tasks between different entities, with a complete transfer of functions from deconcentrated line ministries (eg. Ministry of Public Works and Housing, Ministry of Water Resources) to LAUs still pending.
 - c. No joint departments for service delivery have been established.
 - d. No lending bank has been established.
 - e. Few or no periodical town hall meetings with local communities have been held⁴⁵.
 - f. Approval practices seem largely not to be guided by the law. There are cases in which mayors ask their governors for permission to contact their neighbouring LAUs about operational questions.⁴⁶
 - g. The requirement of balanced and sustainable development does not usually guide planning or investment decisions. As the LAUs do not have plans defining priorities or criteria for decision making, these decisions are often perceived as arbitrary.
 - h. The financial means of LAUs are still insufficient to address their most immediate development and recovery needs and to provide essential services.

Figure 3: Current institutional framework for water and wastewater management



44 Many laws in Syria have so called implementation regulations in which details are given about the implementation of the law. Here this did not happen and that is an opportunity for introduction of improvements.

45 UN-Habitat has supported community consultation through town hall meetings in as pilots in some locations including Dar'a City.

46 ESCWA, *Mapping Local Governance in Syria, A Baseline Study*, Beirut, 2020.

As a complement to envisaged local administration reforms, regional planning also gained greater prominence in the immediate period prior to the conflict. This represented a notable departure point from the earlier system of "sectoral planning", as expressed by five-year plans issued since 1960⁴⁷, which paid little attention to the specificities including the dis/advantages of different regions. They appeared for the first time in *Syria 2025*, a study commissioned by the Council of Ministers and carried out by a team of 20-plus researchers and experts. This study subdivided the Syrian territory into seven distinct regions: the Southern Region, the Northern Region, the Middle Region, the Coastal Region, the Al-Jazeera Region (North-East Syria), the Greater Damascus Region and the *Badia* region. It analysed each region in detail, to make projections towards 2025. Though unpublished, it inspired further initiatives towards multi-sectoral and area-based planning: Rural Damascus Regional plan was developed in 2011, and Latakia and Tartus Regional Plans were developed during the period 2007 – 09 and redeveloped in 2021. Regions were defined according to economic, demographic and natural factors but the executive side of regional plans was anchored around LAUs, these initiatives also had a few major shortcomings: they lacked a general guiding framework and most of their focus was directed on the region itself (without taking into account its links with the neighbouring regions).

The envisaged path at that time was that each region would have a "*Regional Authority*" to manage and implement its plan, such authority would in principle comprise two main bodies; central and local through which bottom-up representation and planning would be facilitated by decision making and regional planning directorates.

Law 107 stipulates that regional plans are to be respected when preparing city, town or township master plans, development plans and five-year plans. The law also endows local authorities with the right to comment on regional plans covering their jurisdictions. In practice, the aforementioned authorities were not established, and regional planning remained limited to Decision-Support and Regional Planning Directorates at the Governorate level.

In a bid to overcome some of these limitations, a more robust concept to regulate regional planning efforts materialised through the establishment of a Regional Planning Commission (RPC), under Law 26 (2010). This included provisions for a National Framework of Regional Planning (NFRP), a strategic planning document aimed to guide and integrate local and regional plans as well as the national sectoral strategies, based on the country's regional and sectoral (dis)advantages and its supra-regional links. It was drafted in 2011 by the RPC but put on hold, due to the conflict. However, in 2019, the basic directions of the national framework were revisited, in an effort to update the national framework document to reflect the realities created by the crisis. It identified a two-phase exit from the crisis: Phase 1: transitional development (recovery) and Phase 2: sustainability. Both phases were expected to "promote the interconnection of local, regional and national development tracks."⁴⁹

From the above, one may conclude that, during the conflict period, the ambitious ideas laid down in Law 107 have not yet been adopted.

Cooperation Between LAUs and Between LAUs and Other Entities

Law 107 offers possibilities for cooperation agreements between LAUs, between LAUs and private sector, and between LAUs and civil society organizations (CSOs). It also allows for the establishment of joint administrations or temporary council committees in which non-council members may participate. A novelty in the Law 107 is the joint administration (paragraph 97) which responds to the challenges, especially for small LAUs, to secure qualified staff and cover for capacity deficiencies. Joint administrations can be used by LAUs to acquire specific services from other LAU staff, as per an agreed annual plan and budget. The idea, which is commonplace in other countries, was originally meant to be applied in rural areas with small LAUs but, given the current situation, it may also be relevant in urban areas with middle-sized LAUs.

47 Five-year plans were developed by the State Commission of Planning (later renamed the Planning and International Cooperation Commission) based on inputs provided by line ministries charged with the different economic and service aspects of regional and urban development.

48 Under PICC, the regional planning concept actually existed in an embryonic form through the PICC department of regional planning but with no comprehensive results brought into being.

49 The draft document of the basic directions of the regional planning's national framework, <http://damascusuniversity.edu.sy/hiorp/index.php?lang=1&set=3&id=548>

Despite Law 107 and its decentralisation focus, relations between the tiers of government are mostly characterized as top-down. The law does not address the issue of multi-level governance, or how decision-making should be distributed vertically between different levels of government and horizontally across multiple government entities and non-governmental organizations. Law 107 is not clear on distribution of tasks and responsibilities between the various tiers of local administration. However, clarity on this issue is a condition for good performance, and for the allocation of resources. That said, even if the distribution of tasks were clarified, local authorities would be required to work with other tiers of government, including Governorates or Ministries, to coordinate funds, priorities, service and infrastructure delivery, and ultimately to realise policy goals. This is a common practice in other countries and one of the hallmarks of an effectively decentralised system.

Staffing of Governorates and LAUs

Governorate and LAU staff are subject to the Basic Law for State Employees (Law 50 of 2004) and related regulations, which prescribe the organisational structure of Governorates and LAUs, number of staff allowed and their qualifications in broad terms. An example of Aleppo City administrative structure is given in Annex 2. Aleppo City has, in addition to Damascus, a very advanced organization that introduces another level of administration between the city and neighbourhoods, which are the Service Directorates.

Staff recruitment procedures are centralized, lengthy and cumbersome; it does not always match LAUs with candidates with the required qualifications, especially for important urban recovery and local development functions (eg. outreach experts, specialists for specific parts of infrastructure such as sewage systems and water treatment stations, etc.). As a result, municipal staff often lack the specific qualifications needed for technical tasks, other than the engineering and legal aspects. Occasionally, LAUs cover the qualifications gap by hiring temporary

staff or resorting to temporary transfer of staff with needed capacities from other governmental entities. A recent governmental trajectory to modernize and reform the central recruitment process, has assigned the recently created Ministry of Administrative Development the responsibility of leading state recruitment: LAUs must apply for filling vacancies at MoLAE, which then addresses the request to the Ministry of Administrative Development, who recruits and assigns successful candidates to LAUs, based on qualifications requested by the LAUs and approved by MoLAE. This process is new and remains rather theoretical.

For public employees, labour contracts render many with a low salary, without a way out.⁵⁰ Salaries in the public sector are not competitive, as compared to those in the private sector. Combined with the effect of the years of conflict, the outbreak of COVID-19 and economic crisis, this has caused a further reduction of LAU performance of their basic tasks.

The conflict has had a devastating effect on staffing of LAUs and Governorates. This comes on top of staff shortages, prior to the conflict. In Aleppo, approximately half of the management staff employed before 2011 left the Municipality. In Deir-ez-Zor, four staff at the LAU's planning office served a population of at least 150,000 people⁵¹ in 2018. In the case of Dar'a, the city planning office contains a mere five staff members, none of whom are urban planners or architects. In Homs City, the total number of municipal staff dropped by almost 18 per cent between 2011 and 2021, staff in Homs urban organization department, for example, went from 35 in 2011 to only 10 staff today, the cleanliness directorate's staff went from 1200 to 485 during the same period. United Nations Economic and Social Commission for Western Asia (ESCWA) estimates a nationwide shortage of 100,000 technical staff in 2020.⁵² As staff have left, valuable knowledge, expertise and experience in different tiers of government has been lost. Initiatives to build municipal capacities have existed since before the crisis, the MAM programme was planned to have a second phase that would be further expanded in partnership with GTZ. A national training programme is also ongoing on a limited scope mostly related to implementation of new laws and legislations.

50 COAR, *The Syrian Economy at War*.

51 The Deir-ez-Zor population was approximately 150,000 in 2018. Prior to the conflict, in 2010, its population numbered at 268,500 inhabitants. Source: URBAN-S. (2018). Deir-ez-Zor City Profile.

52 ESCWA, *Mapping Local Governance in Syria, A Baseline Study*, 2020.

E-governance⁵³

Digital systems can help governments at all levels to deliver better and more efficient services. They can also help governments to reach a wider segment of the population but are even more imperative to account for the voices of the displaced and refugees. The merits of E-governance can only be possible if internet and mobile access are widespread and significant investments are made to fully harness digital governance.

The Syrian local administration law provides for the establishment of Citizen Service Centers (One-Stop Shops) that are digitally connected to relevant civil and cadastral records directorates and line ministries. Citizen service centers are intended to improve the efficiency of services provision for citizens.

Furthermore, information on governorate and municipal administrative service processes and required documents is also available on the Syrian Digital Government Portal.⁵⁴ The Syrian Digital Government Portal is developing certain digital services that can be requested by citizens online through a mobile app. These online services are expected to be active soon and would greatly increase the accessibility of citizens to civil, cadastral, and, consequently, urban services, including for displaced populations in and outside the country. Presently, online cadastral services are limited to the Governorate of Damascus.⁵⁵

Several pieces of legislation have been passed to regulate this newly emerging sector of digitized state transactions, most important of which are the Electronic Signature and Network Services Law No. 4 (2009) and the Electronic Transactions Law No. 3 (2014). If deployed correctly, digital governance can be used to erode corruption and provide for more transparency and efficiency in public services. Electronic transactions are relatively new to Syria; hence the aforementioned laws were passed to provide accurate mechanisms to prove the occurrence of an electronic transaction and the credibility of the two parties' stated wills,

determining the time of its conclusion and providing the possibility of reviewing its content. This is to guarantee the rights of all parties involved in such electronic transaction.

The fruits of digital governance can only be fully realized if all persons have access to digital services and affordable and accessible internet on equal terms, as well as the needed digital skills. According to data provided by the World Bank, 34 per cent of the Syrian population were internet users as of 2017. A figure that is almost half of the average for the Arab World (63 per cent), as measured by the World Bank.⁵⁶ Furthermore, 83 per cent of Syrians were reported to have mobile phone connections as of 2020.⁵⁷ However, throughout the conflict, internet access has varied significantly, due to electricity shortages and ongoing or intermittent violence disrupting telecommunications networks. When internet access is available, it is reported to be slow and subject to frequent interruptions.

Considering that Syria has the largest population of displaced persons (combined refugees and IDPs) of any country in the world, questions of digital equity should also consider internet and mobile phone access that these displaced persons are able to enjoy. This is critical since displaced persons are effectively limited to digital technology with respect to their ability to access information and participate in urban governance procedures. A study on Syrian refugees living in urban areas of Jordan, especially Amman, found that 96 per cent of respondents owned a phone, and that 78 per cent owned an internet-enabled phone. However, the study also reported anecdotal estimates which suggested that only approximately 25 per cent of all urban Syrian refugees in Jordan have access to smartphones.

53 UN-Habitat, A Comparative Analysis of Urban Governance in 10 Countries of the Global South, 2022

54 See the link for the digital portal: <https://egov.sy/page/ar/112/0/%D8%A7%D9%84%D8%B5%D9%81%D8%AD%D8%A9%D8%A7%D9%84%D8%B1%D8%A6%D9%8A%D8%B3%D9%8A%D8%A9.html#&panel1-4>

55 See the link for the website: <https://ecsc.gov.sy/>

56 World Bank. (2017). Individuals using the Internet (% of population) – Syrian Arab Republic. <https://data.worldbank.org/indicator/IT.NET.USER.ZS?locations=SY>. Accessed on 13 December 2021.

57 Kemp, S. (2020). Digital 2020: Syria. <https://datareportal.com/reports/digital-2020-syria>. Accessed on 13 December 2021.

Box 2: Citizen Service Centers

Law 107 provides for the establishment of Citizen Service Centers (One-Stop Shops) that are digitally connected to relevant civil and cadastral records directorates and line ministries.

Citizen service centers aim to provide the following services: Services of the Directorate of Professions and Licenses, urban planning and organization data, residential lease contracts, temporary cadastral records services, complaints, services from the General Directorate of Cadastral Affairs (GDCA), document ratification from the Ministry of Foreign Affairs and Expatriates (MoFAE), services from the Ministry of Industry, Civil records from the Ministry of Interiors, unemployed statement and vehicle insurance documents. Services may be expanded to include: transportation, services of the General Institution for Social Insurance (work clearance), services of the General Institution for Housing, request for compensation for damages resulting from terrorist acts, and Traffic Department services (granting a driving license, Renewal of a driving license).

The number of digitized citizen service centres in the Governorates of Damascus, Rural Damascus, As-Sweida, Aleppo, Homs, Latakia, Hama and Tartous exceeds 40 centres in central cities that have service departments (such as the cities of Aleppo and Damascus). There are a further 50 centers distributed across other Governorates⁵⁸, making a total of 90 centers out of 600 minimum number of centers that should be introduced according to Law 107.

Future online services will be expected to include civil registry documents, such as data of registration, birth or death, as well as other transactions such as a clearance document, a non-employee statement and other official papers related to civil records and cadastral services in addition to some services related to the ministry of education and the ministry of higher education (high school diplomas, some documents for workers of the education ministry and documents for higher education students). Online cadastral services are limited to the Governorate of Damascus.⁵⁹

A mobile application linked to the online portal of citizen service centers is expected to be introduced with the following features:

- Request new transactions.
- Review cases of submitted transactions.
- Alerts on the movement of submitted transactions.

For the time being, only digitized citizen service centers are operational, and they require personal presence, or a family member/ legal agent presence, upon request and receipt of service. As for online digital services, the service is under development; the plan is for services to be requested remotely but delivered by mail or received personally by the applicant, or a family member/ legal agent, depending on the required service.

⁵⁸ ALWAHDA Foundation for Press, Jan 2021

⁵⁹ See at <https://ecsc.gov.sy/>

Local Finance

Economic and Financial Context for Local Administration in Syria

The Syrian local administration system is currently operating under very constrained circumstances. The Government already faced budget deficits prior to the conflict. Public revenues in 2019 were estimated to USD 3,849 million, a 72 per cent reduction from its 2010-level. At the same time, public expenditures were reduced by 59 per cent, with 6,094 million over the same period, with a budget deficit at USD 2,245 million in 2019. This was negative 15 per cent of Syria's estimated GDP in 2019 resulting in public debt reaching 100 per cent of GDP that same year.⁶⁰ The planned budget for the fiscal year 2022, amounts to 13 trillion and 325 billion Syrian pounds (USD 3.41 billion), with a total deficit of 4 trillion and 118 billion Syrian pounds (USD 1.05 billion)⁶¹ which is just under 10 per cent of its 2021 national GDP of USD 16.5 billion.⁶²

To address the impact of the crisis and current economic situation, Syria will require functional and resourced local authorities. However, a key challenge is that local authorities are severely underfunded. Overall revenues of Syrian Municipalities are small, even when compared with peers of similar GDP/capita (see Figure 4). In 2019, local authorities in Syria received an estimated 1.8 per cent of GDP or 23 per cent of total government revenue (USD 343 million of total government revenue of 1.495 billion)⁶³. As a result, local authorities in Syria on average dispose of just USD 20/capita per year to fulfil their functions. Smaller municipalities such as

Jbab (Governorate of Dar'a, 18,000 inhabitants in 2021) has as little as USD 2/capita per year⁶⁴. Given their significant responsibilities in terms of service delivery, the available funding is insufficient to allow for functional local governance.

60 UN Country Team Syria, *Socioeconomic Impact Assessment*.

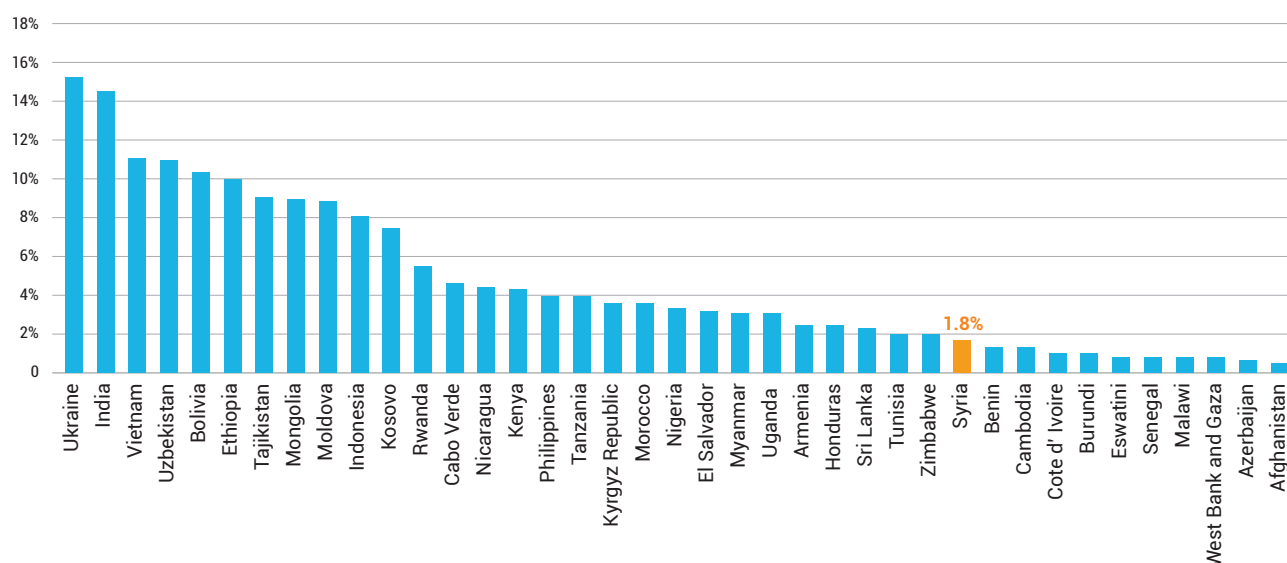
61 SANA, 2021, <http://www.sana.sy/?p=1540707>.

62 Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. a/ Projections based on nighttime light data.

63 SCPR (2020), *Justice to Transcend Conflict: Impact of Syrian Conflict Report*. Syrian Center for Policy Research and from the WB report World Bank (2021) Syrian Economic Update: Whole of Syria Strategic Steering Group (SSG) Meeting 6 October, 2021.

64 (SCPR (2020), *Justice to Transcend Conflict: Impact of Syrian Conflict Report*. Syrian Center for Policy Research; World Bank (2021) Syrian Economic Update: Whole of Syria Strategic Steering Group (SSG) Meeting 6 October, 2021).

Figure 4: Local government revenue per capita peer comparison.⁶⁵



Local Authority Budgets and Revenues

LAUs in Syria depend on two sources of revenue: Own Source Revenues (OSR) and intergovernmental transfers. While transfers are low, the even-lower OSR collection among LAUs means that the bigger part of LAUs budgets still come from national transfers.

The budget preparation is guided by guidelines by the Ministry of Finance and the MoLAE. The LAUs tend to submit draft budgets with overstated claims to be studied by MoLAE and the subsequent negotiation process does not always result in government support as per objective criteria. Though the law stipulates that the budget of each administrative unit is prepared by its executive office in cooperation with the council's budget committee, the Governorate oversight of municipal budgets effectively leaves the control of main investment budgets for cities, towns and townships in the hands of Governors, who are appointed by the President. Aleppo serves as an example of centralized control of Governorate and LAUs budgets. In 2018, Aleppo's municipal budget was reviewed by the Prime Minister and nine ministers during a joint mission to Aleppo. The original budget pledged for 2019 was 9 billion Syrian

pounds, but after the review, Aleppo's budget was reduced to only 2-3 billion Syrian pounds.⁶⁶

LAUs need approval by higher authorities for budget modifications during the budget year as well. This limits LAUs abilities to respond to changing circumstances and adapt priorities accordingly. This is particularly a challenge in urban areas, where the multitude of actors and the fluidity of populations require flexible systems to respond. With severely restrained human and financial resources, LAUs rely on outsourcing of activities to the private sector, intermunicipal cooperation and others to carry out activities, while parallel systems for service delivery have also been developed.

⁶⁵ ICTD/UNU-WIDER (2020); UCLG and OECD (2018); World Bank (2021), SCPR (2020)

⁶⁶ URBAN-S, Aleppo City Profile, Chapter 5: Governance and stakeholder analysis, July 2019.

Figure 5: Financial Structure of the LAUs in Syria

	Ministry Of Local Administration & Environment	Governorate	Cities, Towns And Municipalities
Financial Law Governing Financing	Main State Finance Law n. 54 year 2006	Independent Budget Law n. 35-year 2007	LAUs Financial System LAW n.37 - year 2021 and law n. 107 year 2011
Financial Resources	<ul style="list-style-type: none"> The state budget All revenues received under the Basic Financial Law of the State 	<ol style="list-style-type: none"> A percentage added to: <ul style="list-style-type: none"> The central taxes and fees, not more than 10% The administrative unit fees by no more than 10% Taxes and fees on economic activities in the governorate Fines on violations of laws and regulations, not exceeding 1% The net revenues of the General Tobacco Corporation, not exceeding 20% The revenues from the sale of sugar companies in Syria, not exceeding 0.005 The proceeds of selling local and imported cement in Syria, not exceeding 1% The proceeds of imports in Syria, not exceeding 0.003 Recycled savings from previous years Benefits of bank accounts, if any. Subsidies from the central government. Donations and gifts. 	<ul style="list-style-type: none"> Taxes and fees on local economic activities of all kinds Revenue from: public property investment, public property occupancy, the sale of damaged and old things A percentage of: real estate and estate income tax, not exceeding 10%, the real profits tax for economic activities that does not exceed 10%, the value of consumption of combustible materials, the value of road advertising Percentage of entrance fees to museums, castles and archaeological sites Subsidies provided by the governorate budget Donations, gifts and aid from international organizations Loans and credit facilities A percentage (3%) of the total actual current revenues collected for the fiscal year (5%) of the forest wealth
Areas Of Expenditure	<ul style="list-style-type: none"> Salaries, wages and compensation Administrative expenses Investment expenses Debts pay off Social and Economic Contributions Subsidies for administrative units 	<ul style="list-style-type: none"> Salaries, wages and compensation Administrative expenses Debts pay off Social and Economic Contributions Investment expenditures for the sectors of health, schools, roads, sewage, solid waste, environmental protection, disasters and civil defense Subsidies for administrative units Development projects not included in the state budget 	<ul style="list-style-type: none"> Salaries, wages and compensation Administrative expenses Debts pay off Social and economic contributions, Investment expenditures for the roads, sewage, buildings, construction, parks and reconstruction sectors

	Ministry Of Local Administration & Environment	Governorate	Cities, Towns And Municipalities
Mechanism Of Financial Transfer Between Laus And Central Government	<ul style="list-style-type: none"> 11 of the municipal revenue sources defined by law 37/2021 are transferred to MoLAE to be distributed to LAUs according to a preset financial formula. The remaining 30 municipal revenue sources are transferred to respective LAUs directly according to defined time limits 	<ul style="list-style-type: none"> Transferring financial subsidies directly from the Ministry of Local Administration and Environment Transferring part of the revenues of the administrative units (cities - towns - municipalities) to it, Transferring part of its revenues to the Ministry of Local Administration and Environment for central collection and redistribution Transferred to the rest of the administrative units (cities - towns - municipalities) part of their revenues 	<ul style="list-style-type: none"> Transferring financial subsidies from the state's general budget Transferring financial subsidies directly from the Ministry of Local Administration and Environment Transferring subsidies to it from the independent governorate budget, Transfer to the independent budget of the governorate a part of its revenues Transferring part of its revenues to the Ministry of Local Administration and Environment for central collection and redistribution

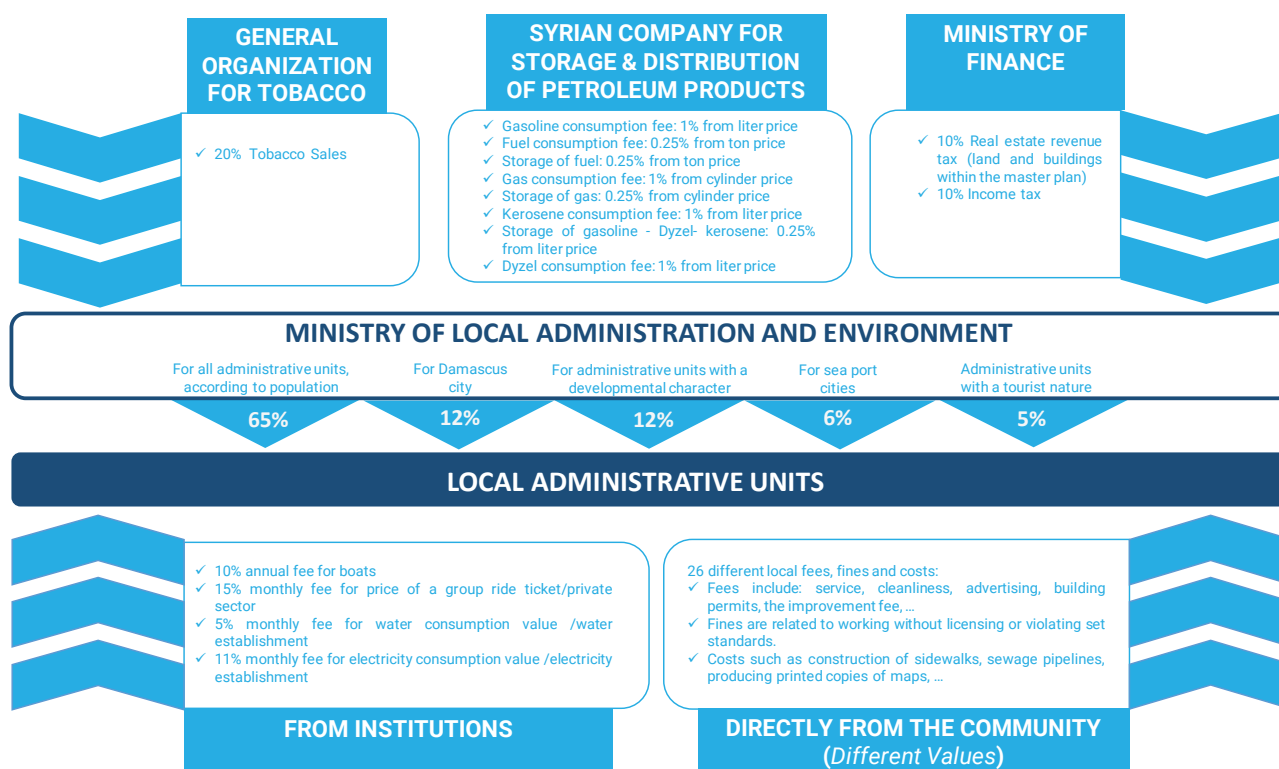
Intergovernmental transfers

Local authorities are highly dependent on intergovernmental transfers, which make up the larger proportion of local budgets, despite overall revenues being low to begin with. As a result of the crisis, intergovernmental transfers have been significantly reduced.

Law 37 of 2021 is the central law for LAU finance. In addition to the local fees and costs that LAUs are entitled to levy, the law prescribes a distribution of shares out of central taxes and fees to the running budgets of the LAUs according to population figures (65%)⁶⁷ and national importance (35%) (see Figure 6). The aforementioned dual criteria can result in cities, such as Damascus and port cities, receiving disproportionately larger shares by default. Furthermore, the factors by which a city is designated of a touristic or developmental importance leave vast room for interpretation.

⁶⁷ Population figures in the civil registry records or the statistics of the Central Bureau of Statistics, whichever is higher, in coordination with the councils of the administration units in terms of population.

Figure 6: Municipal Finance Sources as Per Law 37 of 2021



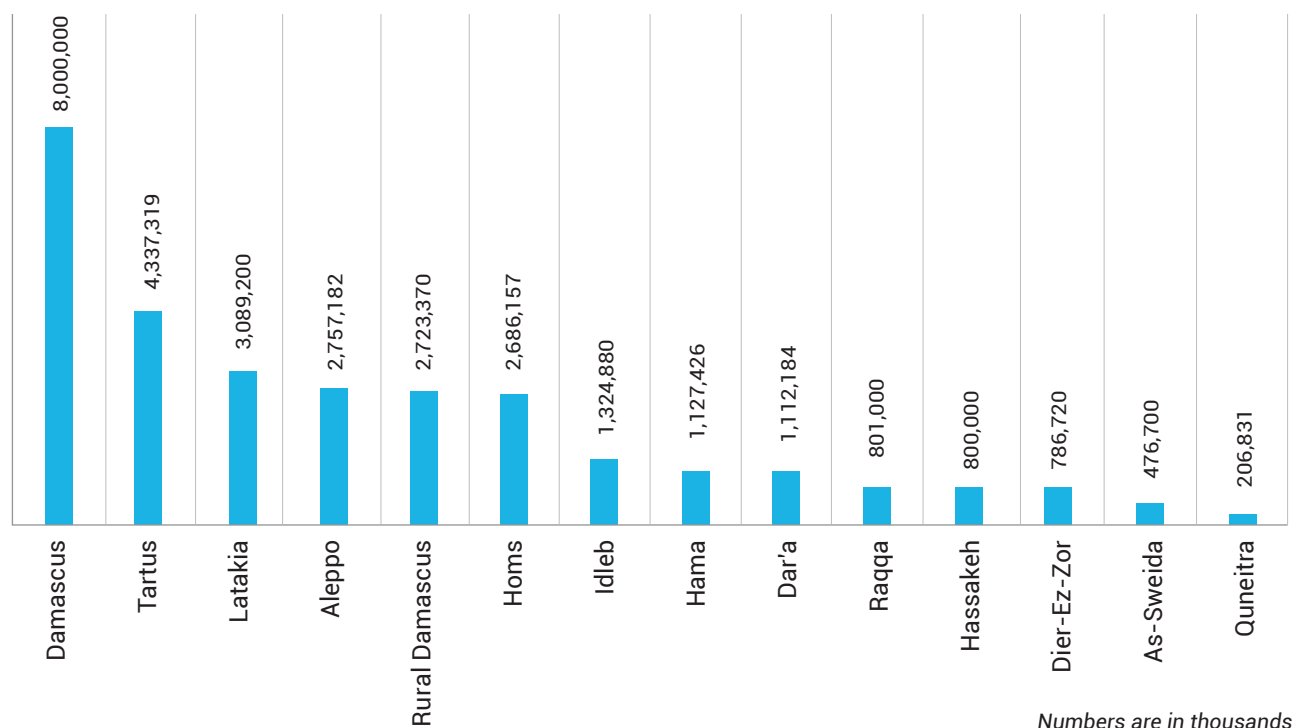
Law 37 is not the only source of government transfers to Governorates and LAUs. There are also budgets for LAU councils, Governorate Councils, and Ministries in the State's Annual Fiscal Plan. The Annual Fiscal Plan is developed by the Planning and International Cooperation Commission (PICC), in coordination with relevant Ministries. The annual fiscal plan allocates national transfers mainly on the Governorate-level in addition to a limited number of LAUs, and is divided into investment and current credits, with the current credits comprising two thirds of the budget on average. In 2011, the state annual fiscal plan allocated around 3 million USD to administrative units including Governorates, which comprised 0.02 per cent of the total 2011 state budget. Out of the allocated amount, 85 per cent were on the Governorate-level and 15 per cent went to 20 cities, 12 of which were governorate centers.

An additional source of potential funding is the Emergency Budget managed by the Prime Minister via Inter-Ministerial Committees. The Services and Infrastructure Committee identifies gaps in service

provision and allocates funds to the Ministries on a project-by-project basis. MoLAE then directs those funds to the relevant Governorate Council and/or Local Council. The Committee often consults with the Governors when identifying gaps.

Moreover, there is the Governorate independent budget that is separate from the Governorate's annual budget included in the state's annual fiscal plan. The independent budget is for investment expenditures and is regulated by Law 35/2007. The independent budget size is reliant on the Governorate's resources and characteristics as well as on central distribution of funds, hence there are noticeable disparities between governorates in that regard (see Figure 7). 25 per cent of the Governorates' independent budget is transferred to LAUs. Support is based on projects submitted and approved, however, there is no clear distribution criteria to divide the funding between LAUs.

Figure 7: Governorates Independent Budgets in 2010:



Law 107 stipulates additional shares of intergovernmental transfers such as paragraph 134 and paragraph 9: "3 per cent of the total actual income for the fiscal year in the state budget is distributed to cities, towns and municipalities upon a decision from the minister and in accordance with specific criteria and principles."

The result of this amalgamate financing system is that, in practice, support by the national Government to Governorates and LAUs is not necessarily distributed on the basis of objective criteria. Consequently, the accountability of Mayors and local councils, who depend on the inter-governmental transfers and the independent budget, is upward rather than downward.

Budget classification: The classification for expenditure in the LAU budgets is based on economic categories (e.g. staff related costs, other organisational cost, cost of investments and outsourced activities, cost of transfers and obligatory participations, debt service). All budgets are annual budgets. Multi-annual budgeting is not being practised. The sizes of the budgets are very limited and in general too low for the operational tasks.

Box 3: Allocation of National Transfers as per Law 37 of 2021

The budgets for subnational governments (Local Councils/Municipalities, Governorate Councils) are decided in the State's Annual Fiscal Plan. The Annual Fiscal Plan is developed by the Planning and International Cooperation Commission (PICC), in coordination with Ministries. The total amount to be distributed comprises a percentage of 15 nationally collected taxes, of which some are directly allocated to LAUs and some allocated to MoLAE based on the following distribution Formula:

- A. 65 per cent for all administrative units, distributed according to the number of residents in the civil registry records or the statistics of the Central Statistics Office; Whichever is higher, in coordination with the administrative units' councils regarding population.
- B. 12 per cent for Damascus City.
- C. 12 per cent for administrative units of a developmental character, these units are determined by a decision of the Council of Ministers.
- D. 6 per cent for the cities of seaports, these cities are determined by a decision of the Council of Ministers.
- E. 5 per cent for administrative units of a tourist nature, these units are determined by a decision of the Council of Ministers.

The percentages mentioned above may be modified by a decision of the Council of Ministers.

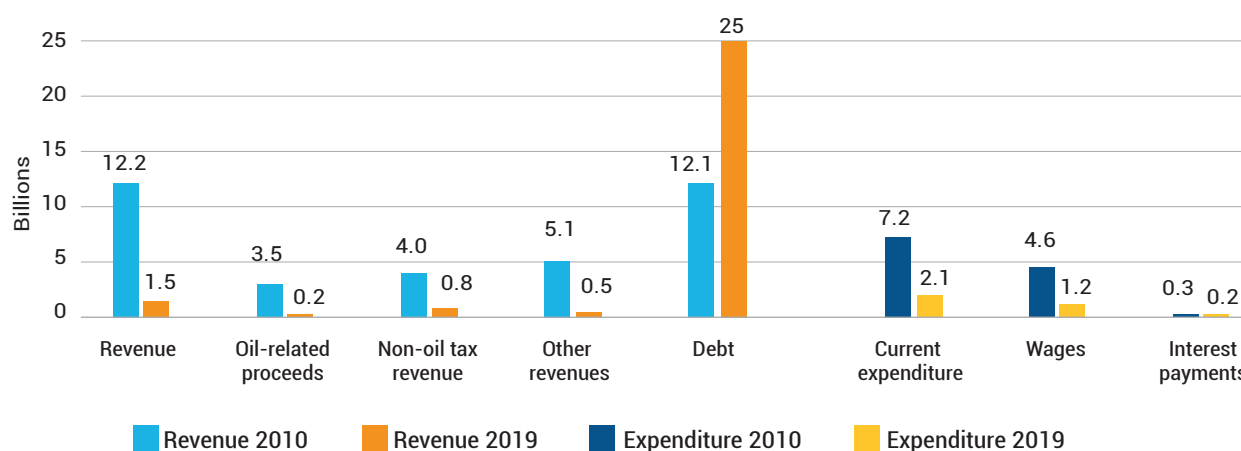
Increasing intergovernmental transfers to address crisis impacts

Syria's revenues have decreased by almost 90 per cent since the start of the war from USD 12 billion to USD 1.5 billion. Oil revenues decreased from USD 2 billion to around USD 144 million with major oil reserves now under rebel control. Failed government service delivery and armed hostility have also decreased national tax revenue from USD 12 billion to USD 900 million. Tax revenue is enough to pay for only 62 per cent of government wages. To cover the growing budget deficit, the Syrian government budget has become increasingly debt-financed, with debt levels increasing from 30 per cent of GDP pre-war to 208 per cent of GDP by 2019. Considering the rapid inflation of the Syrian Pound which has lost close to 6,000 per cent in value since the start of the war, this largely foreign debt, is becoming increasingly unsustainable.

Local authorities often request increases in transfers to meet expenditure needs. Any adjustment to the system of intergovernmental fiscal transfers would need to take account of the structural differences and revenues capacities of local authorities. Carrying out such a change would require a revision of laws

regulating transfers (eg. Law 107/2011, 37/2021 and 35/2007) as well as laws on the elaboration of the state's annual fiscal plan and emergency fund, to put in force more predictable and own source revenue performance-related intergovernmental transfer distribution. Increasing access to transfers might also disincentivise local authorities from enhancing efficiency of expenditure by precluding them from having to negotiate with citizens and provide improved services in return for increased tax contributions. Most importantly, however, while increasing transfers may be desirable for enhanced local governance, it is simply not currently sustainable from a macro-economic perspective.

Figure 8: High-level Revenue and Expenditure Breakdown 2010 vs 2019⁶⁸



Own source revenues

As per Law 107, Article 134, and Law 37 of 2021, local authorities in Syria have the authority to leverage a series of important local revenue sources, including user fees, fines and penalties, licenses, revenue from assets, building permits, as well as a land-value capture mechanism ('improvement fee'). The only commonly devolved OSRs that were not devolved in the Syrian context are the property tax and the business license, two important local OSRs, which are however at least in part compensated for by a general tax or 'service fee'. Despite this relatively comprehensive range of OSR sources, local governments generate only \$2/capita per year⁶⁹. Even when compared with local authorities in other low-income this is well below average. This relates to a number of factors including efficiency of collection and cultural norms related to, for example, willingness to pay.

There is a general lack of trust among the public in LAU performance, which is hence not conducive to paying local taxes and fees. Inefficient and porous tax processes may invite predatory behaviour by tax officials, forcing businesses to pay bribes to avoid abuse, greatly undermining the overall business environment. Where local authorities are not fulfilling the functions devolved to them, illicit economic networks have swept in, to take over government functions, such as the provision of water and electricity with questionable pricing structures. Lack

of responsiveness to citizens' concerns regarding access or quality of services, and accounts of misallocation of public resources, have eroded community trust in LAUs. The parallel structures which emerge further impair local authorities and undermine an effective recovery.

Low OSR also means that local authorities find it more difficult to attract external investments which tend to consider OSR to be one of the most important variables in a creditworthiness assessment. Given the difficult national context, the most effective way to convince investors and creditors that their finances can be repaid by a local authority, is if the latter has control over its own steady and reliable OSR.

Lack of capacity, controls, incentives, and legal bottlenecks remain barriers to OSR. Local authorities largely do not have sufficient administrative capacity to effectively use the existing tax authority with which they have been bestowed. Significant equipment (including vehicles needed for tax collection) were destroyed during the conflict; this has not been replaced. Local authorities also often remained understaffed and struggle to enforce compliance among population groups who lack resources or willingness to pay. Even more critically, accounting and data management platforms are underdeveloped with all but the largest of local

⁶⁸ World Bank (2021); Christou, William and Karam Shaar (2020), SCPR (2020)

⁶⁹ This figure stands for the official revenue that is collected within municipalities. It should be noted that however, that municipalities often collect revenues from their citizens without formally declaring these, to avoid sharing these revenues with higher levels of government

authorities using largely manual accounting systems. Consequentially, there is little analysis of revenue gaps and/or profitability per revenue which would facilitate more strategic usage of existing administration resources. Furthermore, there are little to no digitalized processes for communicating with taxpayers, notifying them of tax obligations, or facilitating easy payment. The postal system is also not used for delivery of bills and so most bills are hand delivered, with inherent limitations to scalable, accurate and cost-effective collection.

The lack of capacity of local authorities is further compounded by a lack of incentives for local authorities to effectively use their existing OSR authority. The lack of sound accounting and data systems render OSR systems at the local level rather opaque, creating a breeding ground for financial malpractice. There are no consistent methodologies in place to estimate revenue potential of different OSR sources and so it becomes very difficult to know whether OSR systems are performing. Lack of control of tax collectors is further aggravated by low public wages (which are further undermined by hyperinflation) which incentivize graft over effective tax collection. There is also little to no systematic internal or external audits of OSR practices, which are used around the world to incentivize performance. National transfers, which could function as a key mechanism for incentivizing performance, due to the large dependency of local authorities on the latter, are allocated based on a mechanism prescribed by Law 37, that does not consider OSR performance. Lastly, given that local authorities need to share some of their OSR proceeds with higher levels of government, there is an additional disincentive to optimize collection embedded within the system.

Revenues from public or LAU-owned land and properties

As noted, the opportunity for LAUs to manage their properties has been limited severely. Nevertheless, public land holdings represent a potential important source of revenues for LAUs through taxes, renting out public land. However, many properties have been heavily damaged by conflict. An estimated 30 per cent of the municipal budgets of each Homs and Aleppo cities is financed by revenue from municipal assets, but this may be exceptional.

Revenues from taxes and fees

Syrian municipalities get revenue from taxes and fees. Taxes are a tax is paid for the common benefit conferred by the Government on all taxpayers. Fees are paid only by those who request services such as permits, cleanliness, market fees etc. It would not make sense to devolve e.g. the property tax as local authorities are struggling to enforce compliance of more general tax-like OSRs that are not linked to the provision of particular services. In a post-war context, where trust in government is low and OSR systems are in their infancy, it makes more sense to start with optimizing administration of OSRs where the service-link is very clear (e.g. cleanliness fee, market fee, improvement fee).

Micro, small and medium enterprises (MSMEs) contribute with an estimated 75 per cent of direct taxes and fees. Yet, a significant proportion of MSMEs operate in the informal economy, hence they are not part of the tax base.⁷⁰ It is likely that MSMEs, which are mostly located in residential neighbourhoods, have suffered similar rates of physical damage as the housing stock, which will prevent them from making a significant contribution to LAU OSRs.

There is no room for LAUs to impose new fees or taxes; many request a tax clearance if a citizen comes and applies for a document. As citizens do not come very often to the LAUs for a service, and as tax registers are not always kept over many years, this practice leads to tax capacity leaking away.

Another main element shaping the OSR practice of Syrian LAUs is the sometimes lenient and informal practice of tax collection, building permit and other approvals that are issued by the LAU in order to collect additional fees despite not being in the best interest of the local interest. An example of such is the common practice of approving permits to add additional building floors or change the organizational zoning attributes of plots or buildings even when such changes are not in line with urban planning and design standards in order to increase municipal revenue or achieve personal gains.

70 United Nations Country Team in Syria, Socio-Economic Assessment, 2020, p. 61

LAU existing own source revenue authority

To increase funding of local authorities, some voices call for the provision of additional OSRs. Indeed, it is clear that the goal of administrative decentralisation as per Law 107 has not been fully pursued and the authority of LAUs to effectively manage and co-ordinate their own developments is limited. LAUs require national government buy-in/approval for a vast array of functions including the recruitment of staff, the allocation of budgetary revenues, etc. Capital investments projects depend almost exclusively on transfers. Indeed, two of the most powerful sources of revenue frequently used at the local level, have not been devolved in Syria 'business licenses' and 'property taxation'.

Having said that, it is clear that, while LAUs may not have the full range of typical OSRs at their disposal, they actually do have quite a broad range of revenue options. They can also raise a general Service Levy, which is based inter alia on an assessment of property size, and which in effect functions similarly to a property tax. The overall slightly more 'limited tax authority' cannot explain the poor OSR performance

of Syrian local authorities, since in many other peer countries of similar GDP/capita, OSR/capita is high and property tax is not a major component of OSR.

Policy takeaways

In general, one can track a long-term pattern of reduced municipal budgets with each State-initiated decentralization reform (ie. 2003, 2011, 2015). Law 37 presents perhaps the greatest litmus test for a willingness to invest in decentralisation. Local authorities are stuck in a vicious cycle of low tax compliance, poor revenue, and worsening public services. While the stated ambition of Law 37 is to better structure the system of local revenues, allowing for an increase in own source revenues by LAUs, this is not a given. Further analysis is therefore required on this new law; a serious effort at decentralisation will require increased own source revenues of LAUs, whilst eventually considering potentially ringfenced and resourced localised reform pilots, as well as the development of a fair, predictable and transparent system of inter-governmental fiscal transfers that includes provisions for equalisation between local authorities.

Box 4: Aleppo and Homs Cities Budgets in 2021

In 2021, Aleppo city own-source revenue was 61 per cent of its total revenue of 15,370,447,000 SYP. Almost half of its OSR was from municipal property and investment while the other half came from local taxes, fees and costs. Aleppo OSR added to intergovernmental transfer amount resulted in \$3.62 revenue per capita value, a major achievement given the widespread damage and non-functionality of basic and economic infrastructure in the city.

However, this couldn't prevent a budget deficit of 25 per cent (5,270,000,000 SYP) that same year, as Aleppo's investment expenditure (56 per cent of 2021 total expenditure) also doubled from its 2020 amount in line with the city council's efforts to restore vital infrastructure and services and revive Aleppo's local economy.

During the same year, Homs city own-source revenue comprised 63 per cent of its total revenue of 7,418,921,809 SYP. Almost half of its OSR was from municipal property and investment while the other half came from local taxes, fees and costs. Homs OSR added to intergovernmental transfer amount resulted in \$3.12 revenue per capita value.

Homs investment expenditure is only 19 per cent of the 2021 total expenditure at a very low value not exceeding 900 million SYP despite a budget surplus of more than 2.5 billion that same year due to underestimates of expected revenues and consequently under budgeting values. The incompatibility between Homs City council focus on collecting local taxes, fees and costs and the low investment the city is making to restore basic infrastructure and services has been persistent since 2018.



Harasta City
© UN-Habitat 2021

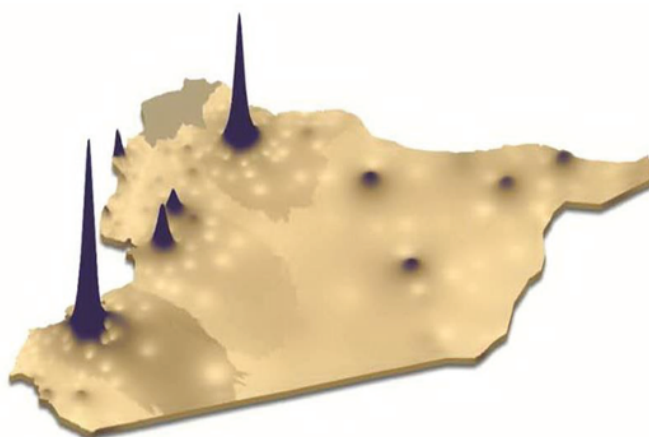
Local Economic Recovery and Development

Local governance and local (economic) development are intricately related. Whereas local governance comprises the set of institutions, mechanisms and processes through which local and central authorities, communities and the private sector can articulate their interests and needs and exercise their rights and obligations at the local level, local development represents concept of change bringing together economic, social, cultural and environmental⁷¹ dimensions; with innovation across and in between these dimensions. It may therefore be seen as a method which helps improving quality of life, supporting or accelerating empowerment of ordinary people, developing or preserving local assets, overcoming market failures, strengthening cohesion, and defining and delivering grassroots development projects. Today, it is widely recognised that a focus on local development must accompany any process of decentralisation. Local governance

provides a foundation for citizens to use their talents, to improve their social and economic conditions.⁷²

Syrian legislation assigns local authorities with responsibility for planning and leading local development processes, in three main dimensions: economic, social and services. Yet, while the majority of international assistance to Syria since 2011 included strict limitations concerning engagement with local authorities, the protracted crisis, increasing levels of vulnerability, donor fatigue and/or attention to other crises, and the successful piloting of multi-sectoral, participatory, resilience programmes in line with Syrian decentralisation legislation, necessitate that greater consideration be given to local recovery processes that include engagement with local authorities but also allow for advances in terms of participation, and accountability in local public service delivery.

Figure 9: Local GDP per capita distribution, map compiled using data aggregated at sub-district level (National Framework for Regional Development, 2012)



Whereas Chapters 3 – 5 reflected on the framework and conditions for municipal service delivery during crisis, this Chapter explores the economic

dimensions of local recovery and development, while Chapter 7 will explore the social dimensions.

⁷¹ The environmental and cultural dimensions are examined thoroughly in a separate URF policy paper.

⁷² Promoting Local Economic Development through Strategic Planning, Volume 2, UN-Habitat, 2004

Impact of the Conflict on Syrian Local Economies

During 2011 – 2021, the Syrian GDP contracted by 75 per cent as it decreased from USD 64.32 billion in 2011 to USD 16.5 billion in 2021,⁷³ and the conditions have subsequently worsened. Syria's economic collapse was preceded by the demise of the Lebanese banking system in 2019 and, by 2020, the passing of the Caesar Act "sent ripple effects through the Syrian economy and its small and medium-sized private-sector networks"⁷⁴. COVID-19 dealt a further blow. While the effect was irreconcilable for most rural communities, urban economies were also deeply affected. In 2022, 97 per cent of the population lives below the poverty line and over 80 per cent of the population is assessed to be food insecure.⁷⁵ Unemployment figures rose to unprecedented levels, from 12 per cent in 2011, to 44 per cent for adults and 60 per cent for youth in 2020,⁷⁶ in 2022, approximately 36 per cent of households report no employed household member.⁷⁷ During 2021, the Government considered significant cuts to indirect subsidies for basic goods and services, despite increasing dependence on these subsidies by many families⁷⁸.

The Government is the largest single employer in Syria.⁷⁹ However, labour conditions are poor and wages are insufficient to cover the cost of living for public employees. At the same time, government social support is dwindling, with salary freezes and the transfer of the cost burden on the private sector or the population, in addition to reduced subsidies.

Approximately 300,000 jobs have been lost since the beginning of the COVID-19 pandemic with micro, small, and medium enterprises (MSMEs), considered by many to be a driver for the pre-conflict economy, particularly affected.⁸⁰ The UN inter-agency socio-economic impact assessment on COVID-19, completed in August 2020, found that 15 per cent of businesses had permanently closed; 40 per cent had paused trading; and 30 per cent reduced their activity.

The conflict and unilateral measures have led to a major slowdown in the establishment of new MSMEs in Syria. It is likely that MSMEs, which are mostly located in residential neighbourhoods, have suffered similar rates of physical damage, as the housing stock. A limited survey carried out in 2018 showed that there was a decrease of close to 20 per cent in average employees in the MSME sector.

Economic recovery has been hindered by the lack of electricity and basic service functionality. This limitation came as a result of damage caused by the conflict, and also because of the impact of reduced energy supply from neighbouring countries, and restrictions on the import of capital and spare parts for power plants. Water supply systems, critical for economic recovery, have also suffered from damage to treatment plants and networks, inaccessibility of spare parts and equipment, and shortages in fuel for pumping.

Physical and economic fragmentation have been further exacerbated by new dimensions of political economy. With the deterioration of traditional economies, 'oligopolies' connected with controlling powers in different parts of the country began to play major roles in cross-border trade and illicit economies, especially in the wake of Lebanon's economic and financial crisis. This gradually evolved into activities that have had a direct impact on the provision of basic goods and services, initially through direct rent seeking and deterrents to movement activities, and subsequently through a more subtle engagement in local governance processes.⁸¹

The power vacuum and/or service gaps in some areas during the conflict gave rise to violent extremist groups that were sometimes part of illicit economic networks and used service delivery as a means to gain grassroots legitimacy.

73 World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices. a/ Projections based on night time light data. MPO 2

74 Omar Abdelaziz Hallaj, Geneva Centre for Security Policy, Formality, Informality, and the Resilience of the Syrian Political Economy, June 2021

75 Humanitarian Needs Overview, Syrian Arab Republic, 2022

76 Socioeconomic Impact Assessment of COVID-19 and Related Factors in Syria, United Nations Country Team in Syria July 2020, p. 11

77 OCHA, Humanitarian Needs Overview, Syrian Arab Republic, 2022

78 London School of Economics, Future of Government Support in Syria: Three Debated Scenarios February 2021.

79 COAR, *The Syrian Economy at War: Captagon, Hashish, and the Syrian Narco-State*, 2021.

80 Humanitarian Needs Overview, Syrian Arab Republic, (HNO) March 2021

81 Omar Abdelaziz Hallaj, Geneva Centre for Security Policy, Formality, Informality, and the Resilience of the Syrian Political Economy, June 2021

Damage to physical and economic facilities

The widespread damages that hit Syrian LAUs had an almost crippling effect on local economies in some areas, Aleppo, Rural Damascus, Homs, Raqqa, Idlib and Deir ez-Zor Governorates have collectively sustained over 80 per cent of the total physical capital damages in Syria. Aleppo's share of the damage is 32.5 per cent, and Rural Damascus is 19.3 per cent, with these two Governorates covering over half of all damage. As for Homs, Raqqa, Idlib and Deir ez-Zor, damage was less extensive; 8 per cent in Homs, 8.3 per cent in Raqqa, 6.9 per cent in Idlib, and 6.8 per cent in Deir ez-Zor (ie. these four Governorates covering about a third of all damage to Syrian physical infrastructure, during the period 2011 – 2018).

The Governorates of Aleppo and Rural Damascus have the largest share in the main affected sectors too, representing, respectively, 27.6 and 13 per cent in the housing sector, and 62.1 and 22.4 per cent in the manufacturing sector, 34.3 and 25.5 per cent in the transportation sector, and 19.5 and 9.8 per cent in the electricity sector. The damage in Homs Governorate is high in the sectors of housing, infrastructure, public service facilities, and public and private economic entities. The damage was mainly in the city, rather than adjacent areas of rural Homs.⁸²

Box 5: Conflict-impacts on Aleppo City's economy

The clearest illustration of the dramatic effects of the conflict on a specific locality can be observed in the economy of Aleppo City. At present, Aleppo's economic infrastructure is effectively destroyed: most of the commercial assets and almost the entirety of its light industries are damaged. The main industrial areas, Sheikh Najar, Heidariya, Billeramoun, and al-Ramouseh, were only partially damaged, but many industrial sites were heavily looted during the conflict.

Most of the businesspeople from these areas have either re-established on the coast or fled to Turkey or Egypt. More than four years have passed since the end of direct hostilities in the City of Aleppo. However, there has not been any substantive improvements in economic opportunities.

Many of the former working-class neighbourhoods of eastern Aleppo are extremely damaged, and people have been unable or unwilling to return to these neighbourhoods. This is equally true for much of the Aleppo middle and upper class. The effect on unemployment is grim, rising from around 8 per cent before the conflict⁸³ to around 41.1 per cent in 2021. The labour force participation rate is also very low at 29 per cent, compared to the Syrian average of 42.64 per cent and a world average of 60.32 per cent in 2020⁸⁴, this might be attributed to the contraction of the population group that is 15 to 40 of age due to migration and military conscription.

The Government has been slow to advance development and reconstruction plans for the city. As a result, many of the middle-class, medium-sized business owners who have fled are growing impatient and are selling their properties and businesses in Aleppo. Labour, industry, and capital have also been largely displaced - both internally and externally - thereby depriving Aleppo of many of the elements that once made it an economic hub. The disintegration of networks that uniquely supported Aleppo's economic development prior to the conflict, will be hard to replace.

82 ESCWA, *After Eight Years of Conflict*, 2020.

83 Urban Analysis Network, *Aleppo City Profile*, 2019

84 The World Bank - <https://www.ceicdata.com/en/indicator/syria/labour-force-participation-rate#> accessed on 24-02-2022

Local Authorities and the Private Sector

Good practice in local economic development suggests that focusing the use of public resources and government intervention (eg. public spending, regulation, access to services) on improving the business enabling environment in a way that will reach all levels of society (ie. rather than supporting individual companies) is the most effective and beneficial way government can contribute to local economic development.⁸⁵

Box 6: Principles for consideration by urban governance actors supporting local economic development

1) Support to institutions and strategies should combine governance with culture. The effort to localize economic development in Syria since 2011 works towards this goal, however limited participatory practices at all levels still to some extent hinder this endeavour.

2) Clear decision on rules and procedures are needed in government, these should be pro-market not pro-business or favouring particular entities: Elite capture of many aspects of the economic scene in Syria has been exacerbated due to the dynamics of the war economy.

3) Political environment must be safe. For many investors, consistency, predictability and clarity of government policies and regulations are as important as a business environment with few restraints: the very turbulent political environment in which Syrian LAUs and businesses function highly affects medium and long-term planning. Furthermore, decision making in matters related to urban development, local investment and distribution of resources in Syria still lacks predictability and transparency for all current and possible market players.

4) Enabling environments should have a high ease of business entry and efficient regulation-enforcement. The number of procedures an entrepreneur must go through to get a license to operate, how long it takes and how much it costs: The national regulatory framework plays a profound role in shaping the business environment across the country. A World Bank Group study in 2020 concluded that Syria's business environment scores a 42 per cent grade and ranks 176 out of 190 economies when assessed against 11 indicators that measure the business environment for domestic small and medium-size companies and the regulations applying to them through their life cycle. Syria's business environment scored the highest on the indicators of starting a business (80.1%), paying taxes (74%) and protecting minority investors (54%), while it scored lowest on getting credit (15%), resolving insolvencies (27%) and trading across borders (29.8)⁸⁶.

The principles are derived from "Promoting Local Economic Development through Strategic Planning" UN-Habitat, 2004.

⁸⁵ Promoting Local Economic Development through Strategic Planning, UN-Habitat, 2004

⁸⁶ Doing Business - Syrian Arab Republic Economic Profile, World Bank Group, 2020.

In general, international research suggests that countries with heavy regulations and weak enforcement have higher rates of corruption, a larger informal economy and therefore a less conducive enabling environment for private sector-led growth. Syria, with its eleven-plus years of protracted crisis, faces a whole other set of challenges.

Under 'normal' conditions, it generally takes between 7 - 8 procedures, 15 - 16 working days and SYP 400,000 as premium capital (88.3 per cent of average income per capita in 2020) for a limited liability company (or its legal equivalent) to start a new business in Syria. Local rent-seeking activities may further prolong and complicate this procedure. In the World Bank's 2020 'Doing Business' survey, Syria scores 80.1 per cent for starting a new business, which is just under the MENA country average of 84 per cent. Accordingly, Syria is ranked 143 out of 190 other countries in the world.⁸⁷

Furthermore, in the project sphere, centralized control of financing slow to almost inexistent flow of funding for implementation, and even its reduction during the course of project implementation, prevents the completion of projects as planned. Urban development and Public Private Partnership (PPP) legislation is generally quite cumbersome and unpractical; in the longer-term, this will hinder the identification and implementation of large-scale recovery or investment projects.

MSMEs in Syria

MSMEs are important drivers of the Syrian economy; they constitute about 95 per cent of all enterprises in Syria and contribute with an estimated 75 per cent of direct taxes and fees, and 42 per cent of the capital of industrial projects in the country. They further comprise 37 per cent of the total assets and 36 per cent of the added value resulting from these projects, in addition to 35 per cent of salaries in the industrial sector.⁸⁸ The contribution of small and medium-sized enterprises to Syrian GDP in 2009 was about 49.8 per

cent. The rest of the private sector establishments in Syria contribute to achieving the remaining two thirds of GDP (16.8 per cent). The largest share of this contribution is in the trade and finance sectors (25.6 per cent), and industrial establishments (11.1 per cent) of the GDP.⁸⁹

A significant proportion of MSMEs exist in the informal economy; a survey conducted in a number of Syrian Governorates, including Damascus, during 2019 - 20 suggests that 19.8 per cent of commercial establishments in Damascus City are not registered, 98.8 per cent of which are micro businesses.⁹⁰ It is important for local authorities to recognise the contribution of the informal economy to the overall economy; a lack of integration of the informal economy results in lost opportunity for recovery and poverty reduction.

Since 2014, microenterprises, as well as MSMEs, have played a role in the recovery of basic economic activities, particularly in terms of providing food, textile, detergents and other necessities to the population.⁹¹ It is likely that MSMEs, which are mostly located in residential neighbourhoods, have suffered similar rates of physical damage, as the housing stock. A limited survey carried out in 2018 showed that there was a decrease of close to 20 per cent in average employees in the MSME sector, with a decrease of 24 per cent for women and 17 per cent for men.⁹² This circumstance will prevent MSME from making a significant contribution to municipal own source revenues.

Furthermore, the conflict affected the composition of this sector, with the proportion of informal SMEs increasing and that of large enterprises decreasing from 24 per cent in 2009 to 16 per cent in 2017.⁹³ According to a 2017 Enterprise Survey, across the country, service interruptions, loss of employees, and breakdown of supply chains were the greatest challenges facing Syrian firms.⁹⁴

87 Doing Business - Syrian Arab Republic Economic Profile, World Bank Group, 2020.

88 United Nations Country Team in Syria, Socio Economic Assessment, 2020, p. 61

89 Employment and Livelihood Support in Syria, A Study conducted for UNDP Syria by the Syrian Economic Sciences Society, 2018, p.25

90 CBS, Social and Economic Establishments Census, 2019-2020

91 Employment and Livelihood Support in Syria, UNDP, 2018

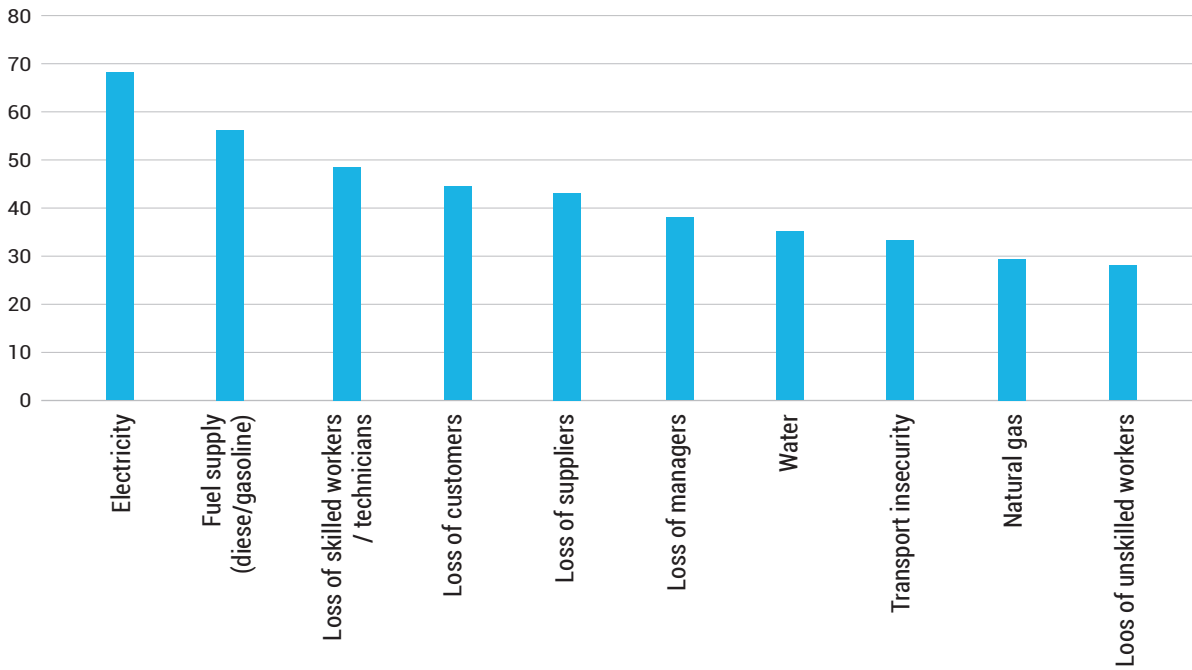
92 United Nations Country Team in Syria, Socio-Economic Assessment, 2020, p. 67

93 Syria at War: Eight Years On, ESCWA, 2020

94 "Salmon, Kinley; Assaf, Nabila; Francis, David. 2018. Surviving Firms of the Syrian Arab Republic : A Rapid Assessment. Policy Research Working Paper; No. 8397. World Bank, Washington, DC. © World Bank.

Against this backdrop, international aid began to play an increasingly important role in local markets; a heavy weighting towards supply-driven humanitarian assistance has not been commensurate with the need to stimulate equitable local production and economic resilience.⁹⁵

Figure 10: Ten most cited problems rated as “major” or “severe”, percentage of firms citing problem as major or severe⁹⁶:



MSME recovery will hinge on the creation of an enabling framework to kickstart local economies, including legislation (eg. low-cost licensing procedures), infrastructure repairs and maintenance, and the existence of functional industrial areas and educational institutions to revive or establish new enterprises.

95 The Unintended Consequences of U.S. and European Unilateral Measures on Syria's Economy and Its Small and Medium Enterprises, Samir Aita, December 2020

96 "Salmon, Kinley; Assaf, Nabila; Francis, David. 2018. Surviving Firms of the Syrian Arab Republic: A Rapid Assessment. Policy Research Working Paper; No. 8397. World Bank, Washington, DC. © World Bank.

Box 7: Hasaweyyah Light Industrial Zone in Homs City

Hasaweyyah is a city neighborhood that employs local labour, retains local capital and contribute to municipal revenue. In 2011, the area contained around 2,630 crafts, workshops and light industries, employing more than 30,000 workers from Homs City neighborhoods and surrounding rural areas. Hasaweyyah was the main source of building material for Homs city and surrounding rural settlements and played a vital role in the building & construction value chain that comprises locations in Hama and Homs governorate.

Hasaweyyah labour force came mostly from the city's residential neighborhoods such as Khalidiyah neighbourhood that is severely damaged today, untrained workers also came from Ar-Rastan and Talbiseh in the northern countryside to work in the area's building material factories. Hasaweyyah used to provide Homs city and surrounding rural settlements with building materials, a function that is highly needed to the city's recovery today. The area used to share supply and marketing chains with its surrounding rural areas such as Hasya Industrial City, Ar-Rastan, Talbiseh and Qaryatein in Homs Governorate and with other governorates, mainly Hama (kafrbo and Msyaf).

Hasaweyyah Light Industrial Zone did not sustain noticeable damage during the conflict. However, widespread looting of properties and machinery, national level economic stagnation, a chronic energy crisis, importing difficulties and the consequent diminished business profitability are major deterring factors to the area's recovery. Most importantly, the destruction sustained by Homs City neighborhoods and the related population displacement have a vast effect on the industrial zone's labour supply and consumer demand. A slow return of establishments has started since late 2015 to culminate at a nearly 60 per cent occupation rate as of February- 2022. Currently, the area employs 2,000 to 2,500 workers, less than 10 per cent its pre-crisis working force.

The area's administration is the responsibility of Homs city municipality, service delivery is carried out by the municipality and governorate at a cost that is occasionally transferred in part to business owners. Quality of service is not always satisfactory, and attitudes towards the city council in the industrial area are generally negative, thinking of the municipality as a spoiler rather than a facilitator and service provider due to strict municipal inspections and fines that the business owners view as unfair given the difficult circumstances they operate under.

The subject of economic empowerment of women is also of imperative importance at the current stage in Syria, as it would bring both social and economic recovery gains. Women participation in the labour has increased during the course of the crisis from 14.2 per cent to 22 per cent between 2011 and 2019⁹⁷. Yet the fact remains that around 90 per cent of all business establishments in five governorates⁹⁸ in Syria have male owners, while male labourers accounted for 83.5 per cent of the total number of workers and women are largely concentrated in types of businesses that have minimal barriers for entry, as political and social barriers block them from

entering the workforce. A 2020 study⁹⁹ highlighting crucial challenges to the way in which development agencies approach women's empowerment objectives in Syria found that the ongoing conflict has indeed opened space to women in the Syrian economy but these changes are not guaranteed to last once the conflict ends, stressing the need for women economic empowerment initiatives to target social structures as a whole.

97 The Voluntary National Review, Syrian Arab Republic, 2020

98 The governorates are Damascus, Rural Damascus, Tartus, Latakia, and As-Sweida, CBS 2020.

99 The business of empowering women: Insights for development programming in Syria, COAR, 2020

Process of Local Development Planning in Syria

Local development can be seen as a participatory process where local people from all sectors work together to stimulate local commercial activity resulting in a resilient and sustainable economy. It is an approach to help create decent jobs and improve the quality of life for everyone, including the poor and marginalized.¹⁰⁰ It also becomes critically important in the discussion on a shift towards early recovery interventions in Syria.

Efforts to support early recovery that target the restoration of basic service and infrastructure functionality will eventually require a parallel emphasis on regional and local development, since this may help to generate conditions for more sustainable, and accountable, local public service delivery, as well as enabling conditions for economic recovery and the creation of livelihoods opportunities. These efforts require consideration for all parts of Syria, regardless of the eventual outcome of the conflict and political process. As noted elsewhere in this paper, local recovery processes are also being applied on a small scale to support absorptive and adaptive approaches to resilience.

In Syria, following over ten years of a protracted crisis, the most effective way to meet the resilience needs of an expanding vulnerable population is through an emphasis on the restoration of critical services and infrastructure, coupled with the creation of an enabling framework for (self-regenerating) economic recovery. The focus should be on stimulating growth through agricultural and industrial production.¹⁰¹

Within such an approach, local authorities can play an important role in creating the conditions for recovery. Yet, despite the expansion of competences under Law 107, their roles remain limited, and not well-prescribed. Important roles within the cycle of local recovery and, eventually, local development, may include:

- Gathering statistical data about services and employment opportunities.
- Analyzing data in order to identify development gaps.
- Consulting stakeholders (ie. residents, IDPs, refugees, CSOs, enterprises) about perceptions and priorities.
- Identifying areas where interventions are needed.
- Identifying projects or activities that may help to address key identified issues.
- Drafting local recovery or development plans in consultation with the local community.
- Development of local finance plans and securing budgets for projects to be implemented.
- Provision of business services and licenses and planning for, and supporting, strategic priority investments (inter-municipal cooperation to support rural-urban value chains).
- Provision of electricity and basic infrastructure to restore functionality of industrial zones and other key local economic assets.
- Implementation of projects (feasibility studies, attracting private investors, facilitating their work, overseeing quality etc.).
- Monitoring and reporting on the result of the above interventions.

Law 107 introduced local development planning as a new task for Governorates and LAUs. Under this law, the LAUs are required to draw long-term vision regarding the future developmental directions of their respective communities as well as to develop annual economic, social and service plan (Art. 60, Clauses 1 and 4). Moreover, the same law allowed the LAUs to form community-based local development committees to carry out small-scale development projects at the sub-city (e.g neighbourhood) level (Art. 62, clause 13). Yet, the only forms of planning practiced so far are investment planning and urban planning (spatial planning including recovery plans). As the activity is new to Syria, there are no guidelines for the preparation of local development plans at both the city and the sub-city levels¹⁰². Training and

¹⁰⁰ UN-Habitat (2004), "The Quick Guide, Strategic Planning for Local Economic Development", June 2004

¹⁰¹ London School of Economics, Future of Government Support in Syria: Three Debated Scenarios February 2021.

¹⁰² The experience gained under the MAM project that supported Syrian local authorities to develop Local Agenda 21 plans during 2006-08 may also be considered. Essentially, these are strategic plans with a focus on economic, social and environmental sectors, developed through a participatory approach.

guidance will be needed to ensure that LAUs and local communities can play these important roles, in particular knowledge and capacity to organise participatory consultations, identify projects, assess their feasibility, attract partners for their realization and monitoring their results and outcomes. Furthermore, basic statistical data is needed for the identification of recovery gaps and for monitoring development.

Looking ahead to Syria's recovery phase, an important notion under any future system of local

administration will be that every Syrian citizen should be entitled to the same level of services wherever he or she lives. Hence, statistical data will be pivotal to identify parts of the country or cities that lag behind in terms of development or service functionality. Generally, Central Bureau of Statistics (CBS) data is at higher aggregation levels than LAUs (ie. at sub-district, district and governorate levels). As explained in Chapter 4, urban observatories envisaged under Law 107 might be able to play such a role.

The Local Development Environment

Tasks influencing local development are being carried out by virtue of a complex set of laws and instruments commonly known as the urban law and covering issues related to land administration, land management, local economic development, and real-estate investments. While the following lines describe in brief the urban development environment in Syria, more details can be found in Annex 1 that on the most important laws, with some reflection on their current state.

The Masterplan is the cornerstone of urban development as it defines the LAU's development trajectory for the 20 years following its ratification. It draws the framework within which all activities carried out by private or public actors take place. The development of the masterplan, a key task of the local authority is a participatory exercise involving the different local stakeholders and reflecting, to varying degrees, their needs, interests and ambitions. Being so, it isn't surprising that the efficacy with which a masterplan is developed and the adequate engagement by the different local actors in the development process are decisive factors in the achievement of an urban development that is healthy and fulfilling to local visions. In Syria, the master planning process suffers a number of structural deficiencies in these and other regards that were reflected in an unregulated urban expansion of the major cities and in the proliferation of informal settlements.

The physical expansion of urban centers is regulated through implementation instruments that work within the guidance set by the masterplan. In Syria, the

existing instruments work in competence creating a type of legal forum shopping environment where, in most cases, an urban development authority has the opportunity of picking the instrument of choice based not on clear justifications, but rather on discretion and obscure selection criteria.

In the past, the expropriation of private land played a major role in securing the necessary lands to establish housing projects in the major Syrian cities implemented mainly by public sector developers. Starting from the 1970s, and especially from the 1980s, this instrument, known for its numerous shortcomings, has given way (while not entirely revoked) to another and more equitable tool, land readjustment, also known as "land pooling" where, instead of being expropriated by the local authority against the will and interest of their possessors, undeveloped urban land plots are consolidated into one large development land zone and re-subdivided into development land plots with regular shapes and appropriate areas and separated by streets with adequate widths allowing adequate access to these plots. Lands required to construct these streets as well as the necessary public facilities are taken by the local authority free of charge (or for a price for the part of land exceeding a certain ceiling). In exchange, the original landowners receive land plots of less areas but more value allowing them to erect multi-story buildings.

Evolved gradually since 1974, land readjustment in Syria has two "flavors" reflecting two different views of urban development: the first, represented by law 23 (2015), tends to favor the local population

(original landowners) and is more suitable for the less attractive areas for investors, and the second, incarnated by law 10 (2018) designed mainly for lucrative real estate development projects with less consideration to the interests of the poor and the vulnerable. While land readjustment is participatory by nature, the mass displacement caused by the crisis has created conditions rendering participation and inclusiveness far-fetched no matter what alternative is chosen.

Urban zones developed by public sector entities, also known as public housing projects, is another, even though less common, instrument. The General Establishment of Housing (GEH) is one of the major public entities that developed several housing suburbs in major cities using its own land assets, lands donated by the state or expropriated land in fewer cases. While GEH works under its own regulatory framework which entitle it to act as any private real estate developer (solely or in partnership with private developers).

The real estate development framework is another instrument used in the context of land development. This sector is regulated by the General Commission for Real Estate Development (GCRED), a public entity first created in 2008 and responsible for designating real estate development zones across the country as well as qualifying the licensed developers according to their capacity. Due to the unfavorable conditions resulted from the crisis, the real estate development sector is considered idle and very few are the developers willing to invest.

Land value, a problematic subject that raised significant disputes and controversy in the recent decades, is one of the most critical elements of the local development framework. This is because, regardless of whether a planned project is about building a new road, a public facility or a residential suburb, the land over which the project is to be established must be acquired. The cost of land acquisition depends on the valuation method. Syrian laws involving land development states invariably that land valuation must be equitable and reflecting actual values. However, in practice, there are no land valuation methods commonly recognized, the valuation criteria are almost always vague if ever existing and, in most expropriation cases, landowners receive significantly less than the market value of their land.

The issue land valuation doesn't only affect landowners, but also public revenues. The central government, as well as LAUs, receive various land-based taxes and fees based on outdated land values maintained by finance departments. Commonly known as nominal values, these "official" values count as a small fraction of the market value. After 2000, a few initiatives were launched to reconsider this situation; the General Mortgage Finance Supervisory Commission, established in 2009 (Law 39), was entitled, among other tasks, to regulate the land valuation profession. Law 8 of 2012 further established conditions and rules for land valuation practitioners, defining valuation as "estimating land value on the basis of market prices as defined by the ongoing buying and selling operations".

The latest update on this issue is the new real estate sales tax Law 15 promulgated in March 2021, which stipulates that the calculation of taxes of sold properties based on their market value, instead of the price agreed upon by the seller and the buyer in financial records, based on a complicated set of rules and formula, take into consideration the property's nature (residential, commercial land, etc.), geographic location, and other characteristic. While the scope of the Law is limited to sale and lease, the rules stipulated by the Law could be used to carry out land valuation in different contexts (eg. land development). Land value is therefore one of the most critical elements of the local development framework and a problematic area for further investigation.

Local development is also delineated by another set of operational laws that regulate public and private investment, LAUs contracting, property management and public-private partnerships (PPPs). Some of these laws, such as Law 5 of 2016, create room for the private sector to assume a more pivotal role in urban recovery, but with no successful implementation till date (see Annex 1).

Stakeholders in Local Economic recovery and Development

Public participation in decision-making is crucial to involve non-State actors and to situate the voices and needs of priority groups in the urban development agenda, thus indicating democratic governance. Three groups of actors are identified as having primary roles in local development: the State, private sector and civil society. In Syria, the organization and involvement of these three actors has defined how both informal and formal urban development have taken place in Syria. Other actors, such as international organizations, influence local development processes by engaging with local authorities, the private sector and the civil society.

The State

Central government: The central government still has the highest influence on LED through: i) legislation: issuance of laws that enable the decentralisation of the economy such as the participation law and the municipal property investment law, however this is still constrained by another set of generic and centralized laws such as the contracting law; ii) finance: as demonstrated in the municipal finance section, investment on the local level is still mainly financed by the central government; and iii) planning: local and regional plans are formulated within an overarching five-year state plan that is prepared by PICC.

LAUs: Globally, local governments are pivotal in LED as service providers, planners, conveners of partners, project managers and implementers. Law 107 has assigned LAUs the responsibility of leading the LED process, yet this role is not practiced on the ground for reasons outlined above.

Private sector

Private sector enterprises play an important role in local development. They interact with LAUs in various capacities. Enterprises are clients of LAUs

when they apply for permits or licenses. They are partners when they work for LAUs and implement projects. Like citizens, they are beneficiaries of certain services (eg. water provision, sewage, road maintenance, or waste collection). The private sector can advance local development greatly due to its initiative, risk tolerance, and orientation towards creativity and innovation in a way that guarantees its ability to compete, and positively influence the process of economic growth and poverty reduction.

The partnership between the public and private sectors (PPPs) is one of the modern trends for local development and is particularly essential to close the development gap caused by the Syrian conflict. The participatory mechanism for public-private partnerships (PPPs) is stipulated and its requirements are specified by Law 5 of 2016, which includes the role of LAUs (see Annex 1).

Urbanization and urban redevelopment in Syria are influenced by the private sectors in many ways, starting from private sector interest groups (eg. chamber of commerce, the crafts' union, etc.) representation in the Regional Technical Committee. Private engineering consultancy companies are also contracted by local authorities to carry out the planning, design, and formulation of many Syrian urban areas. Furthermore, since a wave of neoliberal policy reforms were implemented at the start of the 21st century,¹⁰³ there has been increased private sector involvement in urban development and real estate projects through legislation that enable PPPs such as Law 15/2008. Since the start of the conflict in 2011, the Legislative Decree 66 (2012) and Law 10 (2018) also provided mechanisms for PPPs in urban redevelopment and renewal projects.

Despite some challenges, these policies represent a positive trend in that for decades there has been widespread consensus that the private sector rather than the state should lead urban development in Syria. This advocacy stems in part from recognition of the fact that urban development in Syria has been de facto led by the private sector in the last half

103 Aita, S. (2019). Urban Recovery Framework for Post-Conflict Housing in Syria: A first physical, social and economic approach. The Cercle des Economistes Arabes.

century through informal development. Informal development has accounted for almost 50 per cent of urban growth on the outskirts of conurbations in Syria during the last 40 years.¹⁰⁴

Indeed, informal urban development in Syria consists entirely of private capital and has historically been the main means of relieving the pressure for urban growth and housing supply, specifically for affordable housing, since waves of rural to urban migration intensified in the 1970s. In this respect, the private sector actively responds to the special needs, demands, interests and inputs of citizens. Therefore, it is necessary to emphasize that the planning system should not only facilitate private sector, market-led development, but it should also comprehensively guide and organize it.¹⁰⁵

The social responsibility of the private sector and entrepreneurs is imperatively complementary to their economic role, reflected in responding to the needs of the local community by, for example, investing community resources, employing local labor, supporting health, education and training services and applying environmental safeguards.

Community resilience in Syria and its strong relation to the private sector has been historically anchored within the Syrian society based on informal cohesion networks formed out of familial, tribal or religious ties. The challenge, however, is that these networks work in isolation from local authorities other than the informal individual and tribal networks that trickle through governmental entities and CSOs with a skeptical attitude towards the more formal shape of engagement. The potential of a mutually beneficial relationship between the private sector, the local community and the local authority that would yield advancements in local economic recovery, municipal revenues and community resilience has not yet been fully explored.

In most cases, the relationship between the private sector and local authorities in Syria is often weak and local authorities are not always attractive partners for private enterprises for various (formal and informal) reasons; LAU staff may not always be competent to understand the needs of the private sector, corruption and rent seeking behavior can also

prolong and add uncertainty and burdens to business procedures, additionally, LAUs themselves are bound by rules, regulations and approval procedures with uncertain outcomes.

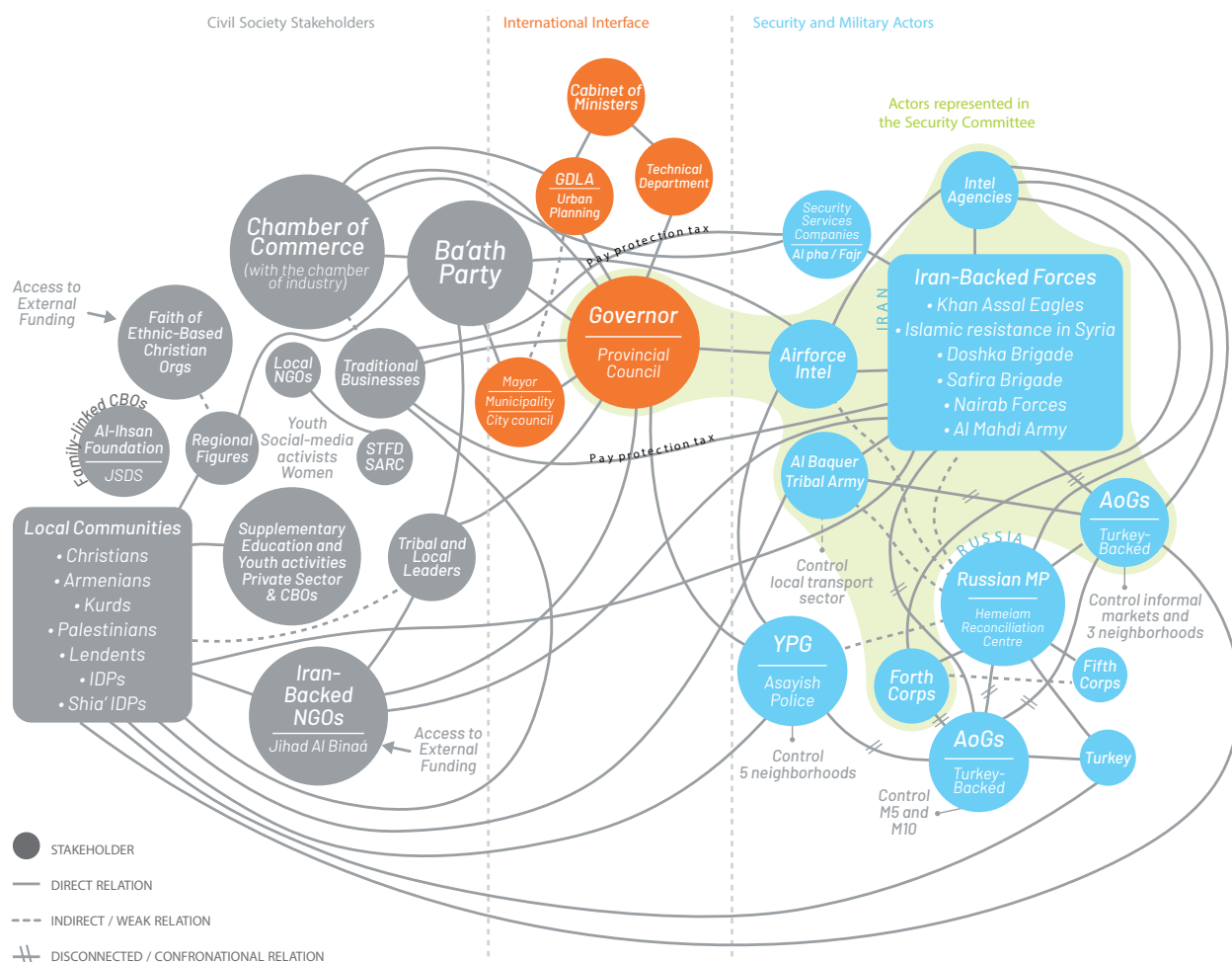
In Aleppo, Syria's economic capital prior to the conflict, the majority of powerful businesses and civil society elite left the city during the conflict and the poor security and economic situation in the city has largely prevented them returning. Furthermore, with the Governor and other security actors taking on dominant roles within the city, the prospects for economic recovery have been curtailed. In such contexts, LAUs will need to take on a more proactive role in local processes, including stimulating mutually beneficial relationships between the private sector, local community and other local governance actors, as well as adopting a more client-oriented approach towards private enterprises.

103 Aita, S. (2019). Urban Recovery Framework for Post-Conflict Housing in Syria: A first physical, social and economic approach. The Cercle des Economistes Arabes.

104 MAM Urban Planning and Informal Settlement Work introduction paper. (2008).

105 McAuslan, H. A. (2007). Urban Planning in Syria: General Overview and Recommendations for Improvement. (this document was published with the support of the EU).

Figure 11: Actor mapping in Aleppo¹⁰⁶.



Civil society and the local community

Most civil society organisations are framed around a humanitarian or developmental objective. Very often, these objectives intersect directly with the needs of local communities, local authorities and the private sector in a way that may support local development. Local community representatives can catalyze interventions in a way that stimulates local development, whilst also reducing the risk of corruption through direct community oversight. Decentralisation also envisages a role for local community in providing more accurate information and context-specific knowledge about the characteristics and needs of a given areas.

Law 107 remains without executive instructions, and therefore the formation of local community committees or voluntary work committees remains without formal clarification of how they should be established or operate; this limits the effectiveness of these committees, despite the existence of ad hoc initiatives taken to establish them (see below). Hence, a framework for public participation in local development processes in Syria remains limited to occasional involvement of civil society representatives and private sector interest groups in decision-making processes at the Governorate level, in addition to occasional meetings with

106 Urban Syria, Urban Analysis Network, City report on Aleppo, 2019-2020.

neighbourhood committees on matters related to local public service delivery. Community engagement in urban planning, as envisaged by the law, only takes place at a late stage of the urban development process in the form of a 30-day right to appeal, while there is no requirement for the planning entity to undertake meaningful community consultations in the design and planning phase, in order for urban plans to be fully responsive, inclusive, participatory, and representative.

After the endorsement of the master plan, citizens may request a printed map for their specific parcel of land within the master plan showing the parcel and its immediate surroundings. Additionally, there are many cases where municipal councils and planning authorities publish an image of the master plan through social media or the council's website; such initiatives are becoming more common for almost all newly endorsed master plans.

With influence from international development agencies, and in line with various national strategic objectives, some forms of civil society participation have started to emerge in the form of pilot projects that consider public participation a key element of urban development decision-making. However, civil society participation has not to date achieved complete results, due to the following reasons:

- a. Citizen and civil society **perceptions** of the role civil society could play in urban development decision-making has mostly been weak. Effectively, civil society does not fully have faith in the idea that their participation can make an impact upon decision-making.
- b. The current urban development process lacks the necessary legal **provisions and institutional space** to ensure effective public participation that is responsive, inclusive, participatory, and representative. **Capacity** on the local as well as the governorate level is also generally missing whether in terms of appropriately trained staff that can facilitate participation on the local level or allocated funds (e.g., staff training and implementation costs), leaving the requisites of such processes entirely dependent upon donations from international parties.¹⁰⁷

Furthermore, the wide population displacement and migration after the crisis, effectively excluded a

large segment of citizens from urban development decision-making, there is also no official or specialized platform related to the delivery of urban services whereby citizens can provide feedback about the government's performance and conduct. Citizens can, however, voice their general concerns to their Municipal Council by informal and formal means through social media or ad hoc community consultation meetings.

Professional syndicates, chambers and unions:

Chambers of commerce, industry, agriculture and tourism, farmers unions, craftsmen unions, students' unions, engineers' syndicates, teachers' syndicates, workers' syndicates, and other such formations aim to represent their members' interests, advocate for more fair distribution of opportunities and resources and provide services to their members. The role of these entities gains more importance in the light of the social market state policy adopted since 2005 in Syria. Professional interest groups in Syria, however, are under the supervision of different line ministries that have considerable control over their strategies and broad areas of work. Which has limited the independence these interest groups should enjoy, in-avertedly reshaping them into bureaucracies that members engage with, for example, regarding the facilitation of licenses and approvals. Professional interest group roles in capacity building and knowledge management is limited, as is their role in scaling up scientific advancements.

107 Hasan, S. (2012). Civil society participation in urban development in Syria. Doctoral dissertation, Heriot-Watt University.

Box 8: Role of Homs Chamber of Commerce in the City's Economic Recovery

Homs Chamber of Commerce issues membership certificates for merchants and commercial establishments in the Governorate. This certificate is labelled with five commercial categorization grades (premium, 1, 2, 3, and 4). The commercial grade of the merchant / establishment is decided based on size of business, type of activity, years of operation and financial capacity. The membership fee, paid yearly by members, increases as the grade gets higher (Premium being the highest). The larger chambers of commerce, such as the one of Homs, are composed of 18 board members. Two thirds of the members are elected and a third being appointed by the Ministry of Domestic Trade for a mandate of four years. The recently elected members of 2020 are medium-sized businessmen, while there are many significant economic actors among the members appointed by the government.¹⁰⁸

Chamber of Commerce membership certificate is an obligatory precondition for merchants and commercial establishments to be registered in the Governorate's directorate of internal trade and consumer protection and to subsequently obtain a commercial record that enables its carrier to apply for tenders and engage in export and import activities. Micro and small-scale merchants and commercial establishments do not normally register with Chamber, even though they are obliged by law to do so within 3 months of opening, primarily because they don't engage in formal tenders or cross-border trade. This fact implies that representation by the Chamber is seen by small-scale businessmen as purely bureaucratic.

The Chamber sustained some damages to its facilities and records between 2011 and 2014 but was able to resume operations in late 2015. The chamber advocates its members' interests to higher levels of central state although representation of micro and small enterprises is lower than that of medium and large businesses. Horizontal coordination between the Chamber and other stakeholders is very weak. The Chamber is not consulted on, or involved in, decisions that affect the merchant class in the city, such as, priority market recovery needs or strategic local planning decisions. Instead, when such decisions are seen to be against the interest of its members, the Chamber resorts to channelling complaints to higher levels of governance, usually the Council of Ministers.



Prioritizing Interventions through Participatory Approaches
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¹⁰⁸ The Syrian Chambers of Commerce in 2020: The Rise of a New Business Elite, European University Institute, Research Project Report, Joseph Daher, 2020

International organisations

International organizations played an important role in local development before the crisis through funding, capacity building and the promotion of participatory approaches to development. This included a wide array of partners including international development donors, development banks, UN agencies and a small number of INGOs. With the conflict, the focus of international support shifted primarily towards the provision of humanitarian assistance, although recent efforts by some UN agencies, and a limited number of INGOs, have incorporated a focus on participatory processes supporting early recovery. The following can be considered of note:

UN-Habitat:

Since 2015, UN-Habitat has assisted the preparation of comprehensive recovery plans for Dar'a, Deir Ezzor, Aleppo and Homs, and basic recovery plans for over 80 other locations. While not specifically mentioned in Law 107, these plans, and the processes used to develop them, represent an important inroad towards more accountable local public service delivery, whilst at the same time defining actions and priorities for multi-sectoral recovery. They were prepared in close consultation with the local communities, including neighbourhood committees and other community representatives. While not currently feasible with most external assistance, staff operating in regional or local authorities will eventually require capacity building to facilitate local recovery and development processes. Use may also be made of a methodology note currently being developed by UN-Habitat to guide participatory urban recovery planning processes in Syria.

United Nations Development Programme (UNDP):

UNDP contributes to Sustainable Development Goals 1, 5, 8, 10, 12, and 13 by facilitating equal and decent socioeconomic opportunities for all, especially for vulnerable population groups such as women-headed households, youth, and persons with disabilities. It focuses on medium- to long-term local economic recovery in both rural and urban areas, including interventions for territorial local recovery through developing local (economic) recovery plans, economic sectoral recovery and development including value chain development, sustainable agricultural production, boost sustainable employment and self-employment, income generation, such as vocational and skills training and placement, inclusive private sector recovery and development, and social protection.

These interventions require a careful balance between stimulating local economic growth and ensuring that growth is green, inclusive, addressing grievances and benefiting population equally.

Food and Agricultural Organisation (FAO):

FAO has worked on restoration of rural livelihoods and food security since the earliest days of the crisis in Syria. This has involved activities from the rehabilitation of irrigation infrastructure; the restoration of agricultural inputs supply and equipment; to restarting food processing activities and rural income generation activities relating to agricultural. This work is supported by natural resource assessments (particularly water availability), as well as community consultations on specific needs in order to ensure sustainability. Local planning and engagement is key – it has supported farmers groups and producers' associations, as well as the setting up of local water users' associations to manage access to irrigation. At the same time, for the development of the overall food system in post-crisis Syria, markets and urban-rural linkages are critical to bridging the gap between net food producers (predominantly based in rural areas) and net food consumers (the majority of the urban population).

United Nations Industrial Development Organisation (UNIDO):

Since 2018, UNIDO has been supporting capacity building efforts in Syria by improving technical and vocational training possibilities for disadvantaged groups. Three labs have been rehabilitated at vocational training centers in Damascus and Aleppo, with state-of-the-art equipment from multinational companies.

Box 9: Technical Vocational Education and Training (TVET) in Syria

Technical and vocational education and training in Syria is delivered by a number of actors including the state (482 vocational schools spanning 22 vocations), professional interest groups such as the chamber of industry and other national and international organizations (UNRWA, UNIDO, ...).

TVET in Syria is constrained by a multitude of factors including the decreased numbers of teachers, professors and trainers along with the unavailability of financial means to provide the necessary equipment, tools and technologies needed for the educational process. Not to mention the conflict-inflicted damage and looting of educational facilities across the country. The industrial sector for example lost two thirds of its TVET institutes and complexes which were damaged or put out of service. While a number of industrial establishments managed to resume their activities, accessibility to jobs is still constrained by the lack of training opportunities, mainly in the engineering, agri-food and textile sectors.

TVET institutes in Syrian governorates try to respond to local needs and changed contexts with small scale initiatives. While on the national level, law 38 of 2021 sought a reform of vocational education by introducing the concept of joint (dual) education as a partnership between the educational sector and the business sector to transform vocational institutes and schools into production centers and link their students to labour markets.

109 SANA, 2022, accessed at <https://www.sana.sy/?p=1555173>

110 UNIDO Fact Sheet: Technical Cooperation for Long-Term Capacity Building and Supporting the Industrial Sector in Syria.



Hasawiyyah Industrial Area - 2022
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Civil Society and Community Engagement

Different stakeholders influence the social and economic development of a given society, including the private sector, civil society organisations, professional organisations, universities, international organisations, private citizen, etc. In a conflict or post-conflict context, where war economies proliferate, the diversity of stakeholders and interest groups becomes increasingly complex. The effective pursuit of recovery that restores the social contract and improves urban governance therefore necessitates that the 'right' combination of stakeholders are engaged in processes are transparent and underscored by accountability principles. Participatory governance results in more equitable policy orientations and programmes, whilst indirectly increasing local revenues through a willingness to share in the financial burden of development.

Building on Chapter 6, where the role of the private sector was considered, this Chapter explores the role of, and potentially wider opportunities for engagement with, communities, their organisations and other local partners in governance. It underlines that a focus on participatory and accountable local governance is critical in Syrian post-conflict urban contexts, since 'triple nexus' (humanitarian-development-peace) interventions can help to restore the social contract and build partnerships that are necessary to respond to a magnitude of new challenges.

Experiences in Participatory Local Governance

Community participation in decision-making structures remains limited in Syria. Even when channeled through formal civil society organisations, Syrians have few channels to make their voices heard on issues that concern them and *de facto* governance mechanisms (including the electoral system) impair accountability on the part of local authorities and limit representativeness¹¹¹. In contrast to several other countries in the MENA region, Syrian legislation does not prescribe a minimum number of women in elected bodies¹¹².

Furthermore, *Mukhtars* and the Neighbourhood Committees are appointed, thereby limiting representation and active participation in the political and social life of significant portions of society. In addition, conservative gender norms often prevent women from participating in political or community engagement processes¹¹³. Aleppo City, for example, currently has 68 neighborhood committees comprising 495 members, 25 of which are female members in addition to one female mukhtar. While in Homs City, there are 20 female members working in 53 neighborhood committees, and no female Mukhtars. In Deir-ez-Zor City, there are 9 female members out of 176 neighborhood committee members, and again, no female Mukhtars. Other more conservative localities, such as Dar'a City, has no formal female representation in its neighborhood committees.

Alternatively, women have more important roles as

111 Residents can in principle only vote or run for municipal office in the place they are registered. Given the high fluidity of the population, driven by large-scale displacement, for example, this bars many from participating in elections. There is a possibility to change the registration to the place of actual residence, but it is not well-known to the public.

112 In Jordan, a minimum 33 per cent of elected representatives must be women, at national, governorate, municipal levels.

113 In Douma, women historically did not play a role in the public life of the community, with their involvement in public bodies limited only to positions in the city that were mandated by national policy. In 2016, all 25 members of Douma Local Council were male. In the 2018 local elections, after the Government of Syria regained control of the city, a new Municipal Council was elected with only 11 per cent of its members being women (4 out of 36 members).

community volunteers in Dar'a and Homs cities. Demographic displacement is also a constraint, with major limitations to the effective participation of large segments of society, who are now no longer resident, in recovery processes in their Municipalities of origin.

Before 2011, the position towards civil society was restrictive but was showing small signs of change during the 'reform era' of 2005 - 10. The 10th Five Year Plan placed an emphasis on bottom up planning and accountability while meaningful community engagement was accepted, for example, as a part of new strategic planning processes put forward under the EU-supported Municipal Administration Modernisation (MAM, 2006 - 2009) project. In Aleppo, a consultation process involving the local community resulted in a strategic vision of the development of the City of Aleppo, based on Local Agenda 21.

Since the onset of the conflict and the promulgation of Law 107, local consultation processes have been shaped by a myriad of factors, related to: (i) local context and community structures; (ii) power distribution and international influence; and (iii) community trust and vertical social cohesion. Some progress has been made in terms of interventions that expand the scope for community participation in urban assessments, planning, monitoring and evaluation. Below are some examples. These were often self-initiated but also took place with international support.

A first example of an arrangement that was formally established but mainly operated on the basis of informal contacts, was the Committee for Development Affairs in Al-Tal. This committee was created in Al-Tal City through a decision of the Governor of Rural Damascus and the Executive Committee of the City, in line with a provision of Law 107. The committee consisted of 13 members, five of whom were from the city council while the rest were selected in a public meeting in July 2018. The main aim of the committee was to crowdfund donations for projects that the council was unable to finance. Towards that end, the committee included some local figures with the aim of mobilizing their networks and connections with local businessmen and those abroad. Although the committee was headed by the city council's chairperson and deputy, it functioned

autonomously, in order to appease concerns among community members regarding corruption. Indeed, the committee had an independent bank account, and it selected fund-raising projects based on negotiations with the council and the wider community¹¹⁴.

A second example is from Tafas City (Governorate of Dar'a). Tafas was afforded special status as part of a reconciliation agreement where the former opposition figures operating within the framework of the Tafas negotiation committee played a key role in overseeing the work of the city council in the provision of public services. A new, loosely structured community initiative was gradually introduced, whereby members of the negotiation committee and the disbanded local council engaged in monitoring and coordinating services provided by the city council. This new initiative simply became known as *Al-Lajna*, or 'The Committee'. Instead, it uses an ad hoc approach to carry out short-term tasks, whenever needed¹¹⁵.

A gradual shift towards acceptance of enhanced community engagement has been evident following the COVID pandemic; specific ministerial directives were issued to activate the role of Neighbourhood Committees stipulated in Law 107, in order to better represent and support communities during the crisis. Indeed, crisis response can be a catalyst for meaningful community engagement, and this can become a major enabling factor for urban and rural resilience in Syria.

There are numerous good examples of participatory processes supported under URF planning processes, which evolved from purely technical engagement with LAUs, to completely community driven processes. When Dar'a City Recovery Plan was first drafted in 2018, the exercise consisted of Dar'a City Council as the purveyor of local needs and interests. During 2019 and 2020, however, the Recovery Plan was consolidated and updated through a structured community consultation process, whereby local authorities and community representatives and leaders worked side-by-side to reassess needs and priorities through an area-based approach to recovery. This approach resulted in a comprehensive recovery plan for the city that, by 2021, included neighbourhood recovery plans developed by community representatives, in an initiative that gave

114 ESCWA, Mapping Local Governance in Syria, A Baseline Study Local Governance in Syria, Beirut, 2020, p. 25-27.

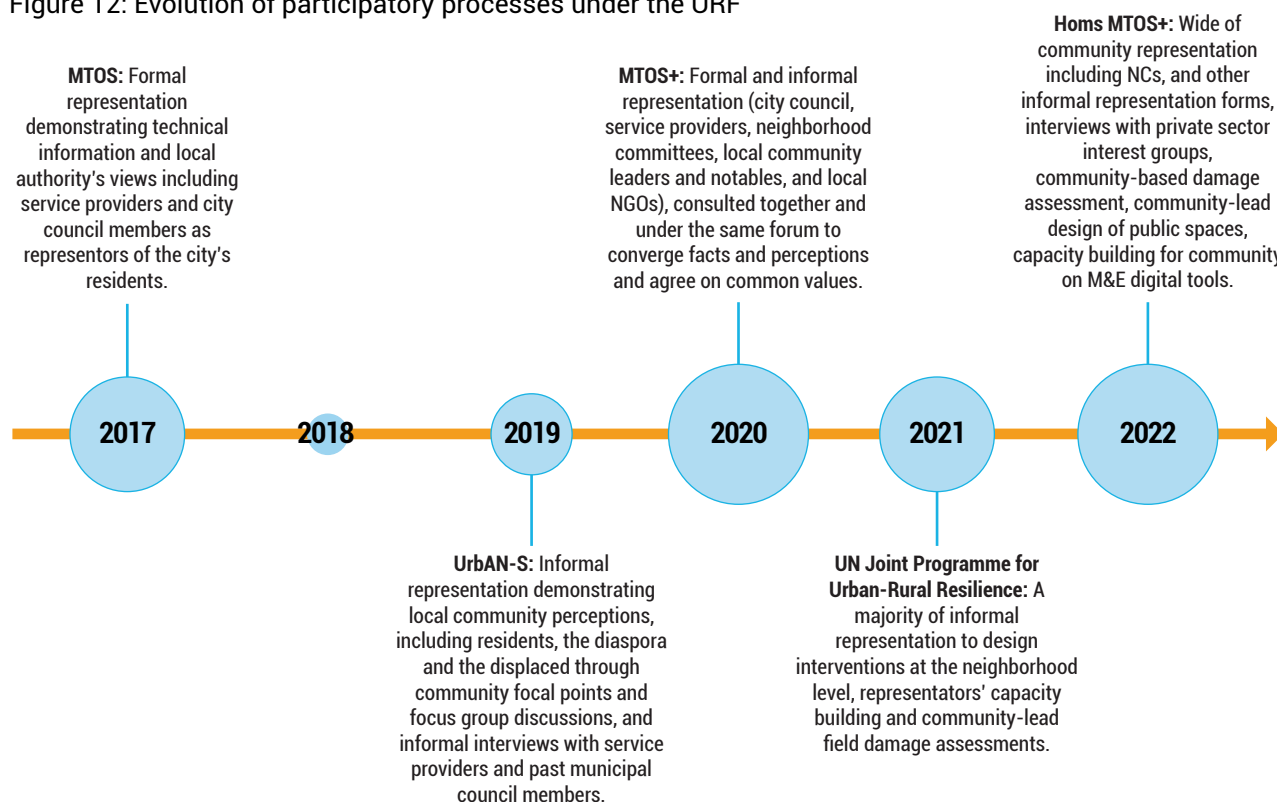
115 ESCWA, Mapping Local Governance in Syria, A Baseline Study Local Governance in Syria, Beirut 2020., p 28-29

voice to the previously marginalized residents in southern part of Dar'a City and the Palestine refugee camp, as well as formal Neighbourhood Committee representatives. This level of engagement didn't only inform the programme design for the UN Joint Programme for Urban and Rural Resilience in the city, but was also instrumental for peace building and social cohesion in a city that had been shaped by instability after the feted reconciliation agreement of July 2018.

Recovery planning and programming in Dar'a city also piloted another concept that seeks unhindered participation of women and girls in recovery planning

and project design, such level of participation can in some cases be affected by dominant social norms that impede equal voices from both genders. To circumvent the issue, pilot activities have been dedicated to involving women and girls, especially those from more conservative areas, in local recovery planning. To that end, an all-female audience in Dar'a City was consulted on the selection UN-Habitat's Joint Programme Safer Access activities, the exercise not only generated a sense of empowerment and harvested unrestricted input and guidance from both urban and rural women and girls from the area, but also started to lay the foundation for stand-alone programmes to empower women and girls in recovery planning.

Figure 12: Evolution of participatory processes under the URF



The recovery planning process in Aleppo during 2018 - 20 yielded a unique platform for advocacy through which community members, Aleppo City Council and representatives from line ministries sat together to formulate the city's strategic framework and ended up discussing a topic that is inseparable from the notion of peacebuilding in the Syrian context, which is informality and HLP rights. Through the process, recognition was given to alternative steps that might be applied instead of land readjustment. Furthermore,

a package of infrastructure and basic service rehabilitation projects foreseen in the city's Recovery Plan have been implemented with community 'walk throughs', where local residents and beneficiaries were part of the initial project scoping, as well as subsequent monitoring and evaluation. This case illustrates the need to pursue a proactive approach to engage community representatives throughout various stages of the process.

Box 10: Digital tools for participatory planning reality

In planning and recovery processes, the inclusion of communities is challenging, even when communities are essential to produce and share knowledge on the use of urban space. UN-Habitat has therefore initiated various processes to develop and deploy digital tools intended to facilitate community-based assessments, project design and M&E.

The Neighborhood Cahier “Urban Needs Assessment” tool was developed to capture communities’ perceptions and local knowledge regarding urban functionality, including services, infrastructure and demography. This tool is used to generate a common community understanding of what makes an urban system and how to diagnose urban problems and organize response priorities.

New innovative digital tools have recently been used to support project design processes using virtual reality technology to encourage and support the active participation of children, youth and other non-technocrats in an urban planning – project design activities, under Safer Access projects in Homs City, Saqba City and Nashabiyeh Town.

Digital tools training has also been delivered for Neighbourhood Committees to tackle a multitude of issues, including population return, physical damages, public health and safety, accessibility and, also, the very challenge of stimulating inclusive consultation processes that also support social cohesion.

Digital tools training for community monitoring and evaluation (urban data collection, communication and coordination and urban recovery projects management and geographic information systems), is also now being piloted as a part of community-based field damage assessments and project implementation.

The city of Harasta provides another good example of participatory planning in support of HLP rights and returns. As part of the preparation of a Recovery Plan for the city, local community representatives organized a participatory damage assessment which reflected an accurate level of damage with around 45 per cent of buildings partially damaged and 14 per cent destroyed. The Recovery Plan developed through a rapid participatory process (also involving displaced populations in adjacent urban areas) in 2019 focused on three areas of the city. Area I and Area II suffered from severe damage to the sewage network and threats to the structural safety of buildings due to tunnel networks dug during the height of the conflict. Area III, the industrial area with the old market, suffered from conflict-inflicted damage to buildings and infrastructure and the impact on economic activities. Resources have now been mobilized to support improved housing conditions through structural safety measures (including the filling of tunnels), common service restoration and removal of debris. From a pre-crisis population of 70,000 to less than 500 during the peak

of conflict, over 30,000 persons have now returned to the city, with a new spike in returns following the above project interventions.

Building on the experience from Aleppo and other city recovery planning processes, an integrated Recovery Plan was developed for Homs City during 2021 - 22. The process included extensive community consultations and wide-ranging analysis on damage levels, infrastructure and service functionality, environment degradation, economic barriers and options for local economic development, tenure security, return considerations, urban heritage threats, local governance and social cohesion issues, etc. The exercise was also informed by a Localised Needs Assessment that was based on consultations with displaced communities not currently residing in the city, as well as a Situation Report documenting the aspirations of different groups as part of local mediation efforts in the North Homs Triangle.

Crisis response and community resilience often comprise significant private sector participation components, usually by individuals that are active members of their local communities. Such participation has been noticeable through the community consultation processes as part of internationally supported projects (COVID response, educational and health services, small-scale basic infrastructure and early recovery initiatives) in different cities in Syria.

Wider involvement of the civil society and meaningful local community engagement are two of the Sendai Framework guiding principles for Risk Reduction and Resilience. An example of a highly participatory process that subscribed to these principles took place with the establishment of the Community Environmental Center in Qadmous. The Center was established in 2020 to provide a sub-regional platform for community-based environmental monitoring and recovery initiatives. What was unique in this example was the piloting of a *Community Contracting* modality, where funding was transferred to a local community committee (as foreseen by Law 107) for self-implementation of local project initiatives.

Inclusive participation of local communities including women, youth, children and IDPs in urban recovery interventions in Syria remains challenging due to cultural and organisational norms, as well as large population displacement. However, there exist valuable entry points for a more inclusive approach. Advocacy and open community consultations can be one of such entry points (eg. dialogue between mayors, neighborhood committees and women participants during neighborhood recovery planning processes). Another entry point includes innovative ways to include vulnerable populations, including women, youth and children, in participatory planning and project design processes. Finally, to capture the views and preferences of displaced communities, or even diaspora from a given location, new remote consultative processes have been organized.

As indicated in Chapter 6, participation should not be seen as an end in itself. The engagement of traditional and new resilience networks in Syrian society is predicated on the idea that local authorities can be repositioned as enablers for local recovery

and development, including through an expansion of the local tax base and the creation of a culture of compliance and accountability. For local authorities to assume their role as enablers of recovery, initiatives to strengthen social accountability and anti-corruption measures are embedded in the variety of local urban information management, local participatory planning and project design interventions using, for example, digital tools for M&E and project design, community-based damage assessments and community action planning to prevent elite capture and clientelism from influencing the recovery process.

Other Initiatives Supporting Community Engagement

The 'triple nexus' of peacebuilding through enhanced participatory processes is also being pursued from different angles by UN agencies in Syria. In addition to the URF, UNDP has been applying participatory approach to social cohesion at the community level, UNFPA has intensified engagement with CSOs in its work on gender equality, and FAO has engaged directly with agricultural extension units, water users associations and village spatial committees, among others. The increased initiatives in this domain also demonstrate a gradual positive change of attitude towards the notion of community engagement.

The Agha Khan Foundation in Syria represents another good example of the use of innovative methods to engage local communities. The foundation capitalizes on already existing local potential by following three interlinked principles of community mobilization: motivating volunteerism and self-originated community initiatives, utilizing and building local capacities; and enhancing networking. For example, the Foundation has encouraged diabetic patients to be part of the awareness raising campaigns about diabetes, it also starts competitions between different locations and neighborhoods to create their own initiatives meaning more bottom-up selection of interventions. The foundation also utilizes already established community engagement structures and channels and builds their capacities such as the agricultural extension units¹¹⁶ and the

116 The Ministry of Agriculture (MOA) establishes Extension Units on the subdistrict level, these units work directly with the farmers. AKF cooperates with the MOA – The Extension Units when its target beneficiaries are farmers.

Healthy Villages Programme committees¹¹⁷. Building local capacities to enhance community resilience and project sustainability is also pursued through volunteers' training programmes on subjects related to communication skills, needs assessments, developing community-based projects, monitoring and evaluation, community research, social marketing, etc. Finally, the foundation works on strengthening networking between the community, CSOs and different national and international actors.

¹¹⁷ The Ministry of Health (MOH) has a program titled Healthy Village Program, more than 100 committees were established under this programme in Syria. the AKF utilizes these committees to involve local communities in the design and implementation of interventions.

Box 11: UNDP Experience in Restoring the Power of Community through Participation

UNDP's conflict sensitive, participatory area-based approach aims at developing more entrenched early recovery interventions and build community resilience. This approach was tested during 2021 in the city center of Hama and in Kadi Askar, in Eastern Aleppo city carrying out a participatory local recovery planning process (PLRP). The main features of the experience are the following:

A more integrated inter-sectoral approach at the local level leads to a more transformative and sustainable impact on recovery dynamics by facilitating further synergies among Area Humanitarian Country Team (AHCT) actors on the ground.

Greater joint understanding of risks and opportunities for conflict sensitive programming, helps humanitarian partners design programming that builds social cohesion while minimizing risks of doing harm based on a joint analysis of the dividers and connectors in the targeted communities, and identifying how programming interacts with these factors.

Locally owned recovery plans owned by local stakeholders by collectively identifying priorities and solutions that have been reflected in local administrative plans to contribute to a more responsive service provision, greater participatory local governance and improved local coordination, including humanitarian actors.

Safe spaces for local dialogue to build horizontal and vertical social cohesion through the exchange of plural views and negotiation of joint priorities across social cleavages building the capacities of youth, women, the elderly, PwDs and IDPs so they can assertively raise their voice vis a vis local authorities, often for the first time. Local authorities are being trained on participatory approaches to increase their transparency and accountability.

Greater community participation by developing mechanisms for inclusive planning and implementation of early recovery processes, together with vulnerable groups . Based on the Law 107, Voluntary Committees have been established for a genuine community engagement to support LNOB principles and empower communities with more agency and dignity.

Multi-level governance mechanisms tested by encouraging governorate, local councils, and line directorates to work together on collective priority-setting based on feedback from local communities, paving the way for more responsive and accountable multilevel local planning.

Involvement of community-based private sector representatives (small entrepreneurs, shop owners, industrial workshops) to untap local capacities to support recovery and livelihoods efforts.

Community implementation of local solutions mobilizing endogenous resources independently of external aid through quick impact projects to build trust and cooperation in the community like the rehabilitation of public parks or the collective removal of rubble.

The PLRP process is building local capacities for peace at the local level through early recovery assistance, thereby supporting the UN's Sustaining Peace and Prevention Agendas and operationalizing the Humanitarian Development Peace (HDP) nexus in the country. The process focuses on the promotion of horizontal and vertical social cohesion through dialogue and by raising the voices of vulnerable communities. The implementation – with the support of local, national and international actors – of jointly identified recovery solutions will lead to more sustainable early recovery outcomes, build trust within communities and restore a sense of hope and agency.

E-governance and Accountability

While there are inherent constraints regarding internet privacy in Syria¹¹⁸, as in all countries, and while the benefits of technology have not yet entered into a full adoption of e-governance services for citizens in Syria, there is a trend towards the gradual adoption of new approaches. The Local Administration Law stipulates that LAUs should encourage the establishment of urban observatories and local information documentation centers, that should in principle provide open-data platforms that publish up-to-date information and urban plans to citizens.¹¹⁹ Due to conflict-strained local capacities, only one Urban Civil Observatory has been fully established in As-Sweida Governorate. In the meanwhile, LAUs use websites and social media platforms to communicate information to their constituencies. Official websites are set up for some Syrian cities such as Hama, Homs, Latakia and Tartus. All such websites contain a feature for raising complaints and occasionally citizens can track their submitted transactions and requests online, as is the case for the Hama Council webpage¹²⁰.

Other websites are set up at the governorate level, such as Damascus, Homs, and Aleppo Governorates and, in all cases, information on the processes and required documents for submitting requests for different urban services are available on those websites. Moreover, almost all municipal councils have social media outlets that are used for top-down and bottom-up community engagement and are usually updated regularly with selected news, implemented projects and announcements on the local level. Such social media outlets are also typically the more frequently used platform by which citizens communicate their complaints and concerns to their respective municipal councils. Despite these positive trends towards increased transparency through digital media, a dominant gate-keeping attitude is still observed of national and local authorities towards releasing data and information to the public outside the traditional channels of formal requests and complaints.

118 While Article 36 of the 2012 Constitution protects the "inviolability of private life" and Article 37 holds that the "confidentiality of postal correspondence, telecommunications and radio and other communication shall be guaranteed in accordance with the law", following the onset of the conflict and rise of armed opposition groups, the Government issued a series of laws that fully extended censorship and surveillance of government opposition to the digital realm. Legislation including the Media Law no. 108 (2011), the Cybercrime Law no. 17 (2012), and the Anti-Cybercrime Law no. 9 (2018) that have undermined personal and digital privacy.

119 Legislative Decree 107/2011, Article 60.

120 See the link for the website: <http://hama.org.sy/>.

Box 12: Informal Governance during the Conflict

In non-Government of Syria (GoS) controlled areas, local councils emerged to perform tasks that were usually carried out by local authorities. Formal elections are not held for such local councils. In most cases people known for their expertise were co-opted by leading figures, or simply gathered to set up an embryonic local administration. In other communities the local councils were formed by representatives of families or tribes. Female participation in local councils was very low.¹²¹

These councils formed their own working organizations but have occasionally been influenced by military groups dominating the area. In some cases, they were also partly financed by these military groups.¹²² All local councils suffered from a lack of funding. As they were self-organised, they receive no funding from the GoS. Those near the border sometimes got funding across the borders from foreign donors or INGOs, those in the interior did not get such support and had to find their own sources of revenues¹²³. The local councils nevertheless managed, to varied degrees, to provide a basic level of services such as solid waste collection, removal of rubble, maintaining or repairing the sewage system, maintaining property records and civil registry.

In the areas that are currently governed by the Autonomous Administration of North and East Syria (AANES), the picture is slightly different. Here elections were held, even if the candidates were vetted before elections. The councils suffer from rivalry between various Kurdish parties. This makes decision making in councils more difficult as clan politics and party politics dominate decision making.¹²⁴ Along the Turkish border, Turkey set up its own local councils in the areas it controls and provides financial support and staff for basic services delivery, including electricity¹²⁵.

In many LAUs, security services often play a dominant although often unseen role. There are cases where security services have, for example, vetted draft master plans before entering into formal procedure of approval by the LAU council.¹²⁶

Civil Society and Community Engagement Stakeholders

Civil society activities in Syria have been restricted over the past four decades, and the non-governmental organizations that existed during this period have been subject to strict controls, based on Law 93 of 1958 and its modification by Decree 224 of 1969¹²⁷. That said, alongside formal channels for community engagement that are facilitated through

neighbourhood committees, project development committees and volunteer committees regulated by Law 107, there are various other forms of civil society that should be engaged in recovery processes at the local level, in order to ensure greater impact and sustainability.

121 J. Daher, *Syrian Civil Society in Conflict and Post-Conflict Setting*, AUB, Asfari Institute for Civil Society and citizenship, s.a., 2019.

122 Bacsko Adam, Dorronsoro Gilles, and Quesnay, Arthur, *Syrie, Anatomie d'une guerre civile* (Paris, CNRS edition, 2016).

123 Bahjat Hajjar, Corinne von Burg, Leila Hilal, Martina Santschi, Mazen Gharibah and Mazhar Sharbaji, *Perceptions of Governance - The Experience of Local Administrative Councils in Opposition-held Syria*, Swiss Peace (Schweizerische Friedensstiftung), January 2017

124 Dr. Rim Turkmani a.o. (ed.), *Political Economy and Governance in Syria*, London School of Economics and Political Science (Conflict Research Programme, 2019).

125 ESCWA, *Mapping Local Governance in Syria, A Baseline Study Local Governance in Syria SUMMARY*, 2020

126 Urban-Syria, Urban Analysis Network, *Ar-Rastan City Profile*, 2019.

127 Friedrich Ebert Stiftung, *Activism in difficult times*. Berlin, 2014.

Civil Society Organisations (CSOs):

A relatively new organizational form in the Syrian context, numerous CSOs now operate formally and informally inside and outside of the country, often playing an intermediary role between Syrian communities, diaspora, IDPs and refugees, the private sector and *de facto* authorities. Many CSOs only have a limited number of members. In practice, they merely consist of a committee and sometimes informal and unpaid supporting volunteers, and often only a few people are dominant as opinion and decision-makers or implementers of activities. Syrian CSOs mostly work on their own; they rarely have common branch organizations to which they may go to acquire knowledge or expertise in their respective fields. This makes it very difficult to assess whom they represent and how much opinions contributing to plans, initiatives and projects are really shared by larger groups of the community.

CSOs are required to meet strict conditions. They cannot possess real estate other than what is needed for their goals, can only deposit money in banks approved by the Government and they may be dissolved by the Ministry of Social Affairs and Labour (MoSAL) if they do not comply with the law, or act against national interest, without the possibility of appeal. If the organisation is considered of public interest, further layers of scrutiny are introduced. CSOs with similar goals may also be merged, underscoring the idea that no more than one association is needed within the same work domain. Candidates for CSO Boards may be vetted by national authorities, and a Director may be appointed. CSOs must also seek approval from MoSAL for cooperating with, or receiving funding from, actors outside Syria¹²⁸. In general, the law shows a strong tendency for regulation and oversight. Despite these constraints, CSOs represent an important entry point for accountability in local governance. Currently, there are about 822 active NGOs licensed by the MoSAL, acting across all parts of Syria.

Academia:

Academia has always played an important role in policy dialogue in Syria. It has also indirectly supported youth participation in development processes before the crisis; this role has been resumed, on an ad hoc basis, since 2017. The Higher Institute of Regional Planning at the University of

Damascus for example has responded to the urgent need for urban and regional planners by offering programmes to government employees and others in these disciplines. Yet, in the post-conflict period, there exists a disconnect between academia and the realities on the ground, not to mention the operational and organizational disconnect that renders meaningful engagement of this sector in recovery interventions slow and ineffective.

Professional syndicates, chambers and unions (described in Chapter 6).

Tribal councils:

In southern and eastern Syria, tribes and clans are the main social unit that shape community fabric and dynamics and play a stabilizing role within their localities. These dynamics are informally governed through tribal councils / tribal dewans representing prominent families and notables from the community. Functions of tribal councils range from supporting vulnerable populations and facilitating charitable initiatives, to mediating disputes and reconciliation agreements. This role has been sometimes compromised due to tribal competition over the intermediary role with the government before the crisis and lately due to the different instances taken towards the conflict. Tribal councils have historically been unrepresentative of women and this weakness has lately grown to include the youth. Moreover, the influence of tribes and clans has become less visible in urban areas in general.

Diaspora:

Before 2011, the Syrian diaspora was estimated to include 18 million people who have contributed actively to their host communities. This 'old diaspora' has now increased with refugees who fled Syria because of the conflict. Members of the old diaspora generally enjoy financial capabilities, professional qualifications, knowledge, and networks which, it is assumed, will position them for a role in the recovery and reconstruction of Syria. Today, there are several examples of initiatives where the diaspora has played a key role in peacebuilding dialogues in different parts of Syria. Their involvement in eventual recovery and reconstruction processes will depend to a great extent on how well they can organize themselves to play a strategic role in this regard.¹²⁹

Religious entities:

¹²⁸ القانون 93 لعام 1958 قانون الجمعيات والمؤسسات الخاصة وتعديلاته (Syria) (global-regulation.com)

¹²⁹ Kodmani, Basma and Jaber, Hana, Arab Reform Initiative, Mapping the Syrian diaspora; A global player in the reconstruction of Syria, December 2018.

Throughout Syria, religious entities have had the widest community base and strongest influence on the Syrian grassroots. Furthermore, CSOs with a religious or ethnic character receive a substantial amount of funding from national and international aid actors. However, this form of civil structure has its disadvantages as it operates in *silos*, separated from other urban governance actors, and may be used to mobilize communities along sectarian divides.

Media:

Written media, television and audio broadcast have historically played a limited role viz-a-viz independent reporting on community interests, advocacy and awareness raising. This has become more visible, effective and localized with the growing popularity and advancements in social media that opened up possibilities for formal and informal community engagement and the mobilization of civil society groups formed on the basis of specific localities, professions or interest groups. Expression, while more free than traditional media forms, is consistently observed and faces increasing regulations, including sanctions on the international level.

International Organizations:

International organizations, including UN agencies and INGOs, operating in and outside of Syria, have played a valuable role in supporting community engagement and civil society structures to assume a more meaningful role in recovery processes. Apart from the pursuit of more accountable approaches, this has also been necessitated by the international community's position on Syria, which still largely confines engagement with Syrian authorities to technical matters on the local level and calls for the channeling of international support directly to local communities. As shown in the previous section on community engagement, international organizations have made valuable progress in this field, but the extent to which they can influence widespread adoption of effective participatory processes of recovery and growth will and should remain naturally limited. Hence, a realistic level of ambition will be required that focuses on the catalytic role that international partners can play in the delivery of impactful demonstration projects that target participatory recovery planning, implementation and monitoring, coupled with enhanced longer-term accountability of local authorities towards communities.



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International Experiences on Decentralisation and Local Governance

Normative Notions on Local Governance

The interconnection between good governance and sustainable development is identified in several of the main international human rights instruments. For example, the *Universal Declaration of Human Rights* recognises the importance of participatory governance and the two International Covenants on Human Rights contain language that is more specific about the duties and role of governments in securing the realisation of all human rights. Furthermore, the *Declaration on the Right to Development* proclaims that all peoples "are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development". In emphasising good governance, *Sustainable Development Goal (SDG) 16* recognises the rule of law, controlling corruption, participation, effective, accountable and transparent institutions, access to information and the protection of fundamental freedoms (OHCHR International Standards for Good Governance).

The adoption of the New Urban Agenda (NUA) at the UN Conference on Housing and Sustainable Urban Development in Quito, Ecuador in 2016, and endorsement by the UN General Assembly later that year, reiterates the importance of improving urban governance, as one of the four fundamental drivers of change for sustainable urbanization along with policy and legislation, planning, and financing mechanisms. It links good urbanization to development, job creation, livelihood opportunities, and improved quality of life.

Despite the above, there is no single unifying international covenant or declaration on decentralisation or the principle of subsidiarity. The European Charter of Local Self-Government

lays down standards for protecting the rights of all subnational (regional and local) authorities and requires the 47 member states of the Council of Europe¹³⁰ to comply with a number of principles:

- a. Local authorities must be able to regulate and manage a substantial share of public affairs within the limits of the law, and these limits should be crystal-clear.
- b. Public responsibilities must be exercised by those authorities which are closest to the citizen. (subsidiarity principle). Allocation of responsibility to another authority only happens if needed commensurate with the nature of the task, or for reasons of efficiency and economy.
- c. Local authorities shall be able to determine their own internal administrative structures.
- d. The conditions of service of local government employees shall be such as to permit the recruitment of high-quality staff on the basis of merit and competence.
- e. Local elected representatives shall be enabled to free exercise of their functions.
- f. They must get appropriate financial compensation for expenses incurred in the exercise of the office and compensation for loss of earnings or remuneration.
- g. Any administrative supervision of local authorities may only be exercised according to such procedures and in such cases as mentioned by law. Such supervision must aim at ensuring compliance with law.
- h. Local authorities shall be entitled to adequate financial resources of their own, of which they

¹³⁰ The Council of Europe brings together 47 members, with the objective to advocate for democracy and human rights. The Council is not the same as the European Union, and also comprise states that are not members of the EU, such as Russia, or Norway. Syria is among the non-member entities who are invited to sign and ratify relevant conventions of the Council of Europe on a case-by-case basis.

may dispose freely within the framework of their powers, commensurate with their responsibilities as per law, partially derive from local taxes and charges of which they may determine the rate.

Although the Charter is not binding on any other state, it can be considered a useful framework for those states that are considering the pursuit of a decentralised form of local administration and local public service delivery. In fact, during consultations that led to the adoption of Law 107, the Syrian government consulted European local governments¹³¹ in order to measure the provisions of the law against the Charter.

Successful experiences in decentralisation are usually underpinned by the Principle of Subsidiarity. This assumes that public functions should be exercised as close as possible to the citizen with functions assigned to a 'higher' level of government only if the 'closest' authority is not in a position to perform it effectively.

The vital role of local authorities and the need for effective urban governance has received increased attention in recent years, including in crisis-affected areas. This reflects a growing recognition of sub-national authorities as first responders, with a primary responsibility to carry out activities such as service delivery. As such, there has been a call to give local authorities more autonomy over decisions that affects their responsibilities, more control over their budgets and financial resources, more freedom in setting their own goals and priorities, and in turn to be held accountable for their actions and their results in a transparent and predictable way. This to provide effective and equitable service delivery and local economic development and support a better life for inhabitants.

Decentralisation outcomes should naturally be context specific. The process depends on many factors including local political, social, economic and even historic considerations, the existence of a rationale or vision for decentralisation that has a critical mass of support, the maturity of existing subnational and multilevel governance arrangements, etc. And the process itself takes time; even when a clear roadmap has been defined, it may be met with a variety of unforeseen (complex and systemic) challenges (OECD Ten Guidelines for

Effective Decentralisation Conducive to Regional Development).

A pragmatic, as opposed to dogmatic or theoretical, approach is therefore advised. Ultimately, the solution for a given country and the extent to which traction will be gained in support of a specific decentralisation model or approach should be guided by some clearly defined and understood principles: the objective of decentralisation should be framed first-and-foremost around equitable and sustainable local public service delivery and local development, the functionality of subnational authorities should be viewed as part of a wider system where the criticality of establishing effective relationships with central governing authorities should be underscored, and that a focus on capacity building and co-ordination among different stakeholders at all levels will be vital to increase the efficiency of public spending.

131 In 2010, the Ministry of Local Administration and Environment requested advice of the Swedish Association of Local Authorities on the then draft of the Law on Local Administration.

Lessons Learned From the Region and Beyond

Both in the wider MENA region and other parts of the world, the thinking on local governance, local development, service delivery and the relationship with civil society has led to the introduction of decentralisation reforms. From these experiences, which were not all successful, lessons can be drawn.

In Europe, balanced regional development has been the main driver for decentralisation processes in countries like Spain, France and Poland, where peripheral regions were given more support to develop away from the concentration of development in central regions and the capital. For this purpose, regional authorities were established, or existing regional structures redesigned. In most cases, the conventional role of the prefect or governor as the supervising authority for local administration was either reduced or removed. Approvals of council decision before implementation (*approval ex ante*) were replaced by checks on compliance with law and public policies with legal status (eg. regional spatial and development plans) and with financial regulations.¹³²

In some Arab and Middle Eastern countries, the role of the Governorates and Governors have also been reconsidered. In Iraq, this led to a form of federalism that considerably limited the powers of the central government. In both Iraq and Turkey, the role of the Governor as representative of the central government and head of the regional administration was reduced. Both in Turkey and Tunisia, *ex ante* approvals (*approval before implementation*) were replaced by a review of local council decisions in compliance with the legal framework and financial

regulations; if the Governor assesses that a decision is not in line with law, he may request cancellation by the administrative court, or by the court of accounts. Tunisia is widely seen as a relatively successful example of decentralisation, but the ambitions laid out in the 2012 Constitution and subsequent decentralisation legislation remain a work in progress. Despite early progress as part of the Local Administration Reform process between 2005 - 15, Turkey subsequently introduced legislation that exhibited a tendency towards recentralisation.¹³³

In Jordan, the process of decentralisation was limited to the establishment of Governorate Councils and the introduction of bottom-up decision-making on investments for development. After a prudent start, the decentralisation process suffered from different interpretations of the basic concepts and from a lack of political support from the central government. No real devolution of powers to lower tiers of administration took place, nor was there a reduction in approvals or introduction of fiscal decentralisation.¹³⁴

In Morocco, the municipal tier was established almost from scratch, starting in 1960. In a series of subsequent laws, the powers of the LAUs were gradually expanded but fiscal decentralisation and reduction of approvals has not yet been achieved.¹³⁵

132 For a description of the local administrative system of Spain, see Eloísa del Pino, and César Colino, *National and Subnational Democracy in Spain: History, Models and Challenges*, CSIC-Institute of Public Goods and Policies, Madrid, 2010. and: Del Pino, E. & Colino, C. (2010). *National and Subnational Democracy in Spain: History, Models and Challenges*. Instituto de Políticas y Bienes Públicos (IPP), CCHS-CSIC, Working Paper, Number 7. Available: <http://hdl.handle.net/10261/24408>.

For France see: Alain Christnacht, on Decentralization in France, in: Arab Reform Initiative, *Decentralization and the Future of the Syrian State*, December 2916, p. 21-36.

For Poland see: Jerzy Regulski, *Local Government Reform In Poland: An Insider's Story*, Budapest, 2003

133 For Iraq see: Law of Governorates, Not Incorporated into a Region: As Amended by Law 15 of 2010 and Footnoted, Volume I, Version I, February 2011, Iraq Local Governance Program – USAID, Phase III, Baghdad, January 2011, Ali Al-Mawlawi, in Bawader, 22nd July 2019, Exploring the Rationale for Decentralization in Iraq and its Constraints, Arab Reform Initiative, World Bank, Report No AUS17063, Republic of Iraq, Decentralization and subnational service delivery in Iraq: status and way forward, March 2016.

For Turkey see: Summarized from Zeynep Kadirbeyoglu, Decentralization in Turkey, in: M. Shalaby et al., *The Dynamics of Decentralization in the MENA: Processes, Outcomes, and Obstacles*, University of Gothenburg, Gothenburg, 2020. p. 67-82.

For Tunis see: Intissar Kherigi, in: M. Shalaby et al., p. 54 – 66

134 Ezra Kamel and Miriam Bohn, Decentralization in Jordan, in: M. Shalaby et al, p. 40-53, with some additions by the author who in Jordan from 2016 to 2021 in the USAID funded CITIES project and was responsible for technical assistance to the preparation of governorate and local development plans.

135 Silvia I Bergh, Morocco's Decentralization Experience, in: M. Shalaby et al., p. 23-39.

Decentralisation may contribute to managing conflicts between the state and regional autonomy movements. In Europe, the two most conspicuous examples are to be found in France and Spain. In France, within the general framework of the new regions, Corsica was established as a separate region and its council got more powers and responsibilities. This contributed to appeasing the independentist movement. In Spain, the Basque country was the centre of an independence movement. The gradual growth of autonomy in such matters as language and culture contributed to appeasing this movement and reducing popular support. In both cases, the integrity of the state was not affected, and the lowest tier of local administration remained in place.

Key takeaways from the above examples include:

- Decentralisation should be based on a long-term vision, shared by a solid majority, on the development of a country, its regions and its government. In the absence of a well-organised consultation process with sufficient space for dialogue and exchange, the process is likely to be unsuccessful.
- Decentralisation will be more promising if it is seen as a multi-disciplinary and multi-stakeholder effort, where leadership of the process preferably resides above ministerial level. Reforms led by just one ministry or even a group of ministries tend to get stuck.
- Any vision for decentralisation should be based on the understanding that public functions should be exercised as close as possible to the citizen with functions assigned to a 'higher' level of government only if the 'closest' authority is not in a position to perform it effectively.
- Empowering and enabling governorates and local authorities to play their role in regional and local governance and development only works if the sub-national government organizations are able to retain well qualified staff, expertise to carry out the essential services, and are adequately financed and have the freedom to manage their finances.
- The legal and financial aspects, distinction of responsibilities between tiers of government, and approval processes (with reduced ex ante approvals) and criteria, should be made unequivocally clear.
- The process of enabling governorates and local authorities should be combined with increased accountability and go hand-in-hand with strengthened auditing practices.
- Downstream accountability should also be emphasised through enhanced community engagement and monitoring of local public service delivery and local development initiatives, as well as the management of own source revenues.



Policy Principles and Design

The analysis included in this paper illustrates that many of the conditions required for well-functioning and accountable local public service delivery and economic recovery in Syria are not currently in place. Yet, initial efforts have been made to pilot conflict-sensitive, area-based approaches, as an eventual gateway for accountable and effective local recovery and local governance. This Chapter unpacks a range of policy options that could be derived from these experiences.

Policy principles: Enhancing local recovery and local governance in resilience programming

In the Syrian context, following over ten years of a protracted crisis, the most effective way to meet the resilience needs of an expanding vulnerable population is through an emphasis on multi-sectoral, area-based recovery interventions that seek to restore critical services and infrastructure, whilst focusing on the creation of an enabling framework for (self-initiated) economic recovery, combined with efforts to support peacebuilding and social cohesion and maintaining a critical eye on mitigating major contextual risks. These efforts should subscribe to a longer-term policy objective focused on restorative localisation that reinforces accountability mechanisms and counters the tendency towards illicit economies, rent seeking and informal mechanisms to dispense patronage.

Piloted conflict-sensitive, area-based approaches, like the URF, have demonstrated that enhanced community engagement processes supported by a technical and evidence-based engagement can improve the prospects for an inclusive and sustainable recovery. Greater recognition therefore needs to be given to work that targets the interface between local authorities and community structures and private sector interest groups, particularly when it comes to the prioritisation of service functionality and local economic recovery. A new focus for external assistance in Syria must therefore also incorporate an emphasis on sustainable approaches that enlarge the local tax base and leverage community capital and resources, whilst reducing aid dependency.

Syrian local actors that promote enhanced civic space must be prioritised.

Looking beyond what is currently possible, but in the not too distant future, international donors, as well as the Syrian Government and different de facto authorities in Syria, may be forced to confront some difficult questions that may fundamentally challenge their previously established positions. The underlying premise is that: (i) an investment in decentralisation and local governance now represents one of the only viable alternatives to address Syria's protracted and multiple cascading crises; (ii) successful recovery (and eventually, development) will hinge on the empowerment of local communities, through the clear definition of competences and the assignment of adequate (financial and human) resources to local authority-led interventions. Thus, these actors must now consider their preparedness to engage in a 'local governance capacity building compromise', which also anticipates a foreseen reduction – and reduced dependence on – external assistance.

While the future remains unpredictable, a focus on developing an effective national local governance framework may have merits in terms of maintaining the territorial integrity of Syria, whilst allowing sufficient room to take account for local preferences; always a *causa prima* for decentralisation. Longer-term recovery options therefore need to be considered that recognise the underlying challenges, and opportunities, of working with local authorities

and local governance: “While local governance procedures and normative regulations present the most fundamental opportunity for re-stitching the fragmented territorial order, the different modes of service delivery have created new realities and conditions that may act to spoil any future re-aggregation of local governance and creation of viable and sustainable institutions”¹³⁶. In short, Municipalities could function to territorial integrity, as curriculum does in the field of education; unifying curriculums is essential to maintaining unity, as is normalizing the work of Municipalities.

Under such a framework, area-based recovery interventions combined with an appropriate resilience financing mechanism, may serve to support resilient recovery across the divide, thereby taking the discussion on crossline assistance into new, unchartered territory. Such an approach, which ventures beyond some donors’ red lines for Syria, will require a deeper understanding of systems of local governance, and the application of a conflict sensitive approach that is underpinned by robust due diligence mechanisms, when engaging with local authorities.

Policy Design: A Recovery Ladder

Considering the magnitude of conflict-induced damage and destruction in Syrian cities, coupled with high and escalating needs, local authorities and other actors working in urban areas do not have the resources or capacity to address all recovery needs. This paper thus calls for a phased recovery model with implementation of selected interventions across levels and timescales. The recommendations outlined in this section follow a ‘recovery ladder’ structure that identifies phased priority interventions. Possible strategic entry points to target both stressors and root causes of outlined governance challenges in Syrian cities are also considered within recommendations at neighbourhood, city, regional and national levels. This is a starting point to identify opportunities for absorptive, adaptive, and transformative measures using area-based approaches such as the URF. These recommendations can be embedded into urban recovery efforts through cross-sectoral and

multi-stakeholder engagement, with the aim to implement initiatives with the greatest potential impact and value for money.

The recovery ladder can be divided into three “phases” with corresponding measures:

- **Absorptive:** responding to immediate needs for stabilization, including need for basic services and livelihoods
- **Adaptive:** medium-term response, including conditions for improvements within the current legal and organisational setting
- **Transformative:** longer-term, including disruptive and bounce-forward measures towards modernization of local administration

The reader should consider that these recommendations are not intended to present a complete picture of all URF priorities; further guidance can be found in complementary policy papers that tackle the issues of housing, infrastructure and services, environment and urban heritage.

The timeframe for these phases is not set in stone; these phases need not be strictly consecutive. That is, one phase may start while the previous one is still ongoing. Furthermore, if the conditions allow for a progressive policy dialogue based on clear reform orientations, different stakeholders may find it meaningful to outline conditions by which it will be possible to take significant steps towards a more advanced set of interventions foreseen within the next phase of the recovery ladder.

Recommendations are considered in light of current limitations in the financing of external assistance, also taking into account the current limited opportunities to support institutional (decentralisation) reform. By understanding how urban recovery work at these scales, opportunities for synergies and transformative actions may emerge. This can in turn help guide the prioritisation of investment and resource allocations.

¹³⁶ European Union, State of Syrian Cities, 2017.

Absorptive

General Objectives: Absorptive measures primarily target the scaling up of conflict-sensitive, area-based resilience programming that includes self-regenerating local recovery impacts and limits conditions conducive to the proliferation of illicit economic activities and violent extremist groups.

1. Iteratively develop and scale up participatory, area-based resilience programming (analysis-planning-implementation-monitoring) that focuses on the restoration of basic services, mobility and access, economic recovery, social cohesion and building back better, and consider integration within the response architecture.
2. Develop integrated recovery processes (sub-regional, city and community level) through an inclusive process that ensures accountability for the delivery of local public services.
3. Expand participatory processes including:
 - Participatory damage assessments that feed urban recovery planning processes.
 - Consultative meetings between mukhtars and neighbourhood committees and other community representatives (community leaders, CSOs, professional groups, etc.) to ensure inclusivity in recovery processes, reflecting the needs and priorities of all groups, including women, youth, minorities, and displaced persons.
 - Ensure voices of the displaced and refugees are accounted for in local decision making through digital tools, INGOs and NGOs.
 - Integrate peacebuilding into recovery planning processes, to mitigate spatial inequality.
 - Leverage Law 107 to encourage participation through mixed committees for development.
4. Leverage non-humanitarian data sources, such as damage assessments, urban functionality analysis, spatial inequality mapping, as baselines to support evidence-based prioritization and sequencing of interventions and monitoring progress.
5. Ensure that programmatic responses acknowledge the interdependencies between sectors, systems and governance arrangements in a principled way, with due attention to rights-sensitive issues.
6. Include local economic development and livelihoods creation as an integral part of recovery planning, exploring targeted partnerships aimed at improving engagement between the private sector, local community and local governance actors, which might yield advancements in local economic recovery, municipal revenues and community resilience.
7. Consider possible mechanisms to ensure equitable access to (business-related) services, capital, training and information for MSMEs.
8. Consider opportunities and adequate modalities for vocational training for youth and jobless men and women focusing: first on damage assessment and construction-related skills in an effort to give push to small scale rehabilitation projects targeting shelters, shops open spaces and public services at the neighbourhood level, and second on small businesses considered as stimulators of restoration of normalcy in the affected neighborhoods.
9. Pursue environmental sustainability and climate resilience through integrated local recovery planning processes. This includes the engagement of communities to address environmental impacts (eg. community contracting), adopting a more complete focus on urban services (water, sanitation, waste, pollution management, greening urban areas, etc.) and embed concept for building back better, and enhanced efforts and integrated natural resource management / climate change resilience through urban-rural linkages and focus on livelihoods, productivity and food security.
10. Anchor the process in local capacity building, initially at a technical level. The scope of the term 'technical' requires a clear interpretation, given donor redlines and requirements for genuine participatory and context-sensitive local development.
11. Anchor the process in strong context analysis and due diligence processes, to ensure sensitivity to pre-crisis grievances, local dynamics and programmatic risks.
12. Pilot coordination bodies at the neighborhood level (comprised of representatives from LAU, cadastral and civil affairs authorities and the local community) to foster the sustainable recovery of affected neighborhoods based on following objectives: (i) capacity building and technical support to affected communities to enhance community engagement in urban recovery activities; (ii) improved cadastral services and security of tenure on the neighborhood level; (iii) improved capacities of municipal staff in

housing recovery information management; and (iv) increased municipal revenues from rehabilitation activities.

13. Engage in an evidence-based policy dialogue with donors about the implications and entry points for working with local authorities, including assessing the feasibility to carry out capacity assessments for different typologies of LAUs, as well as a detailed analysis of the anticipated allocations towards different LAUs under Law 37 on Local Finance.

Adaptive

General Objectives: Pilot integrated recovery processes and funding mechanisms that support a more complete focus on the restoration of urban service delivery systems and enhanced agency collaboration on local and regional economic recovery, as well as considering institutional structures to support more effective collection and use of data. Ensure equitable access to capital, training and information for MSMEs. And consider options for LAU own-source revenue optimisation.

1. Strengthen coordinated multi-stakeholder responses and integrate tools and multisectoral actions that target resilience, anchored in strong context analysis and due diligence processes.
2. Outline a proposal for an external pool fund for area-based resilience interventions channelled through UN agencies.
3. Introduce funding that will support a more complete focus on the restoration of urban service delivery systems.
4. Pilot the preparation of local and regional economic recovery plans and enhance joint agency collaboration to support local and regional economic recovery (eg. UN-Habitat, FAO and WFP on rural-urban linkages, UN-Habitat, UNDP and UNFPA on youth-led market assessments).
5. These plans should consider from the outset the viability of prioritised interventions, considering the local tax base:
 - Plans involving larger LAUs (governorate capitals and district centers) or LAUs with specific assets (eg. heritage and tourism assets, major transport networks or depots) may consider the optimisation of own source revenues, to self-finance local recovery interventions.
 - Plans involving small or rural LAUs will focus

mainly on agricultural production, agro-industry (provided a vision exists for multi-level and inter-municipal recovery planning that supports rural-urban value chains), or local heritage development.

6. Ensure equitable access to capital, training and information for businesses and entrepreneurs in both the formal and informal economy, in a clear regulatory environment with simplified bureaucratic procedures.
7. Target businesses or sectors with a high demand for low to medium levels of skilled labour, whilst also targeting the poor as an unskilled labour force for training.
8. Document and advocate for participatory processes pursued as Absorptive measures.
9. Incrementally assess, and propose policy options to address, challenges in Law 107, in particular, measures to enhance participatory planning involving government and non-government stakeholders.
10. Put forward proposals for a LAU own-source revenue strategy in which revenue potential is identified and collection enhanced, including strengthening communication with taxpayers about the use of collected taxes and fees.
11. Integrate within recovery plans a focus on sustainable service provision and, based on specific LAU commitments, consider replacing damaged or destroyed LAU equipment used specifically for the provision of essential services, such as the removal of rubble, creating safe access routes to schools, repair of buildings, creation of green spaces, increasing the number of solid waste bins, etc.
12. Explore possibility to establish and operate civil society-supported urban observatories (foreseen in Law 107) that play a role in gathering data and

monitoring developments, using the experience of Qadmous Community Environmental Center to guide further pilots.

Transformative

General Objectives (Current Conditions):

Institutionalize participatory area-based recovery processes, advance regional and local economic recovery and data management.

1. Institutionalize multi-partner, area-based recovery processes, advancing regional and local economic recovery planning and local data management through urban observatories.
2. Strengthen participatory governance mechanisms at subnational levels and promote awareness-raising programmes, legal literacy ("know your rights") campaigns, surveys or focus group discussions for citizens to provide feedback in a systematic, inclusive, and efficient way, etc.
3. Establish and support development committees and other community-based entities as laid out and envisaged in Law 107.
4. Establish community centres to facilitate community involvement in planning and implementation of urban recovery plans.
5. Develop annual activity reports, produced by LAUs, to be discussed with communities and CSOs in annual town hall meetings, to improve transparency and accountability by LAUs.
6. Prepare guidelines for the preparation of recovery plans, building on lessons learned from recovery planning to date.
7. Invest in capacity building of community stakeholders, including the private sector, to support local recovery and development processes.
8. Improve collaboration within and between LAUs and CSOs, to support and coordinate service delivery and local economic recovery and development.
9. Remove prohibitive red tape and costs for establishing MSMEs and incentivise their involvement in economic development and urban recovery at the local level (eg. making land available, provision of electricity, and access to financing options).
10. Promote social responsibility by granting facilities and tax exemption to MSMEs and social enterprises that improve individuals' sources of income, employ local workforce, etc.
11. Train LAUs in facilitating permit applications

by enterprises and commercial partners in development, as well as streamlining procedures and reducing cost of permits.

12. Conduct institutional and organisational capacity assessments, and political economy analysis, of local governance actors, to better understand the preconditions for decentralisation.
13. Pilot civil society-supported urban observatories to produce disaggregated, reliable, up-to-date data for evidence-based priorities.
14. Develop a vision for local economic development, to move from the prevalent mentality of thinking of local development as mere development projects to a multi-disciplinary participatory approach.
15. Improve capacity and introduce incentives for LAU collection of own source revenues, including training on the improvement of tax administration, tax payment enforcement, and incentives for LAUs to improve their collection.
16. Provide basic support to LAUs to improve the management of their assets.
17. Explore LAU strategies to support informal economies while seeking to strengthen the skills and resources of people to graduate into the formal sector, thereby promoting better public management, increased revenues through taxation, etc.

General Objectives (When Conditions Allow):

In line with the prevailing political solution to the conflict, advance discussions on decentralisation, including technical assistance to sketch out the main parameters decentralisation, territorial-administrative reforms targeting the creation of 'functional' local authorities, possible revisions to key legislation, enhanced structures for representative and participatory governance, options for national policy levers to optimize municipal finance including transparent, equitable and predictable intergovernmental transfers, modernise the municipal human resource system and consider an investment in large scale capacity building of

municipal staff.

1. Sketch out main parameters of a national plan for decentralisation, either as a complete plan, or as sector plans, elaborated between the High Council for Local Administration and sector Ministries.
2. 1,444 LAUs are neither functional nor cost-effective; investigate options for territorial-administrative reform including the merger of smaller municipalities. A variety of options may be considered as a step in this direction including consideration of the need for elected local councils at the district or sub-district level, or even the creation of Unions of Municipalities as a step in the direction of amalgamation.
3. Review the electoral legal framework in order to make the elected bodies more representative (eg. higher share of women, of minorities, facilitating participation of inhabitants in local elections).
4. Reinforce legislation or regulations that guarantee citizens (including the externally and internally displaced) the right to participate in public affairs, as well as the necessity for LAUs to introduce 'open government' strategies and initiatives.
5. Reactivate the role of the Regional Planning Commission.
6. Develop and implement more effective development control processes related to management of the urban planning system through analysis of existing processes and resources and incrementally build the financial and human capacities of local authorities to adequately manage urban planning systems.
7. Consider options to increase the share allocated to LAUs in the national budget and in their share of Real Estate Tax so that they are better equipped to fulfil basic tasks in service delivery, urban recovery and local development.
8. Increase accountability and transparency in criteria for transfer of government funding; state support may be distributed according to these objective criteria with equalisation considered for LAUs with different structural capacities.
9. Introduce selection criteria for accountability in state support to investment plans and more equitable distribution of funds among LAUs for vital infrastructure projects, in line with the principle of balanced development.
10. Create a professional community or platform where LAUs can learn from each other and their experiences with recovery planning and implementation to ensure systematic and continuous capacity development.
11. Draft a checklist of minimum positions and staff qualifications needed for each category of LAUs; consider the financial viability of proposed organisational reinforcements.
12. Pilot 'clustering' of LAUs, through joint administrations for example, to increase capacities and efficiency, particularly among smaller LAUs. This would allow for improved service delivery and better use of resources by having dedicated staff working on tasks that are usually intermittent within a single LAU such as urban planning. Joint administrations can also be piloted as institutional tools for strengthening urban-rural linkages.
13. Evaluate and improve systems for the allocation of staff to LAUs to be flexible and more responsive to the specific needs of the LAUs, including specific qualifications.
14. Ensure involvement and consultation with LAU practitioners in the above process a standard procedure, to improve quality and compliance.
15. Reconsider the criteria (and future implementation regulations) by which Governors are able to make decisions on approval of local council plans, strategies and financial regulations. Develop an applied approach to gradually improve the integration of innovations especially in the field of energy technology into the local economic development process within all the stakeholders including the public institutions, LAUs, local communities, private sectors and related international organizations operating in Syria.



Returning Shop Owner in Rural Damascus
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Implementation and Monitoring

Potential Roles in Transforming Policy Priorities to Actions

Main actors and partners

Main Responsibilities	Local Communities (Including Idps & Refugees)	Private Sector	Csos & Ngos	Laus	Ministries & National Authorities	Universities	International Organisations
Damage Assessments & Analysis And Data Management	Support	Support	Support	Implement	Coordinate	Implement	Support
Preparation Of Recovery Plans	Implement		Inform & Advocate	Implement	Coordinate		Support & Advocate
Capacity Building			Implement		Implement	Implement	Implement
Awareness Raising			Implement	Implement			Support
Emergency Works, Rehabilitation And Reconstruction	Implement	Implement	Support	Implement	Implement	Technical Support	Implement & Support
Local Economic Development	Implement	Implement	Support	Lead	Support & Coordinate	Technical Support	Support
Regulatory And Legislative Frameworks			Advocate	Inform & Advocate	Develop		Advocate

Syrian national authorities should:

- Expand the scope and geography of participatory recovery plans.
- Promote the utilisation of participatory recovery plans across different ministries and public authorities.
- Equitable allocation of financial means to LAUs.
- Create space for dialogue on the national plan for decentralisation, including review the relevance of provisions in Law 107 and Law 37.
- Ensure consultation with LAU practitioners in development of legislation, national strategies and plans.
- Offer LAUs a platform to discuss professional issues and to learn from each other.
- Modernize staff recruitment procedures.
- Establish joint administrations, starting with a pilot.
- Formulate criteria for Governors on approvals of council decisions.
- Explore options for territorial-administrative reform (in areas under control).
- Explore introduction of women quota.
- Explore abolition of approvals and registration costs for the establishment of MSMEs.
- Consider how to make available (more) loans and microcredit facilities for MSME establishment.

Syrian local authorities should:

- Utilise participatory recovery plans to guide national and international financial contributions.
- Strengthen collection of own source revenues.
- Improve management of LAU assets.
- Increase systematic engagement with CSOs and citizens.
- Draft local economic development plans, with external support as needed.
- Draft simple and factual annual activity reports and discuss these with citizens and CSOs in town hall meetings and in special meeting about interventions and projects.
- Establish urban observatories, starting with 1 - 2 pilots, possibly in joint initiatives with CSOs.
- Make inventories of equipment.
- Establishment of community centres at the neighborhood or LAU level.
- Redesign permit application procedures for enterprises and commercial partners.
- Explore the production LAU equipment locally (compactors, lorries, etc.).
- Participate in platforms (meetings of professionals, magazines and/or websites) to discuss professional issues and to learn from each other.

Neighbourhood Committees and CSOs should:

- Carry out damage assessments for urban recovery plans and identify needs to be addressed together with civil society.
- Support the preparation and implementation of urban recovery plans.
- Establish and support development committees.
- Create space for engaging a wider and more representative sample of community members.
- Operation of community centers at neighborhood or LAU level.

Donors and international organisations should:

- Continue to iteratively develop and scale up participatory, area-based resilience programming that focuses on the restoration of basic services, mobility and access, economic recovery, social cohesion and building back better, and consider integration within response architecture.
- Support the development and implementation of "quick-win" area-based and multi-sectoral projects to provide proof of concept, with a strong community participation component including when feasible community contracting.
- Support the development and implementation of programmes that stimulate economy recovery and create entrepreneurship opportunities in creative and construction industries.
- Provide technical support and capacity building to local authorities and other stakeholders in multi-sectoral urban recovery approaches and conflict-sensitive land-based programming. Such support could be embedded into existing programmes, or through joint programming with specialized agencies.
- Advocate for the protection of rights-based programming.

Financing Alternatives

The following alternatives may be currently available, or could become available, in the near future:

- Continuation of humanitarian funding to support rehabilitation of basic services and infrastructure.
- Expansion of non-humanitarian funding to support integrated recovery programming with multiplier effects, including rehabilitation of critical services and infrastructure, mobility and access, economic recovery, integrated housing recovery and return preparedness.
- Micro-credit schemes aimed at repair and reconstruction work on private properties, with (eventually) loans for environmentally friendly investments.
- Mobilisation of an independent pool fund for area-based resilience interventions channelled through UN agencies.
- Promotion of funding of priorities identified in Recovery Plans by Syrian diaspora.
- Public private partnerships (PPP) that allow for the longer-term finance and operation of key services and infrastructure projects.
- Optimisation and utilisation of LAU own-source revenues for the implementation of priorities identified in Recovery Plans.

In the longer-term, following a political resolution to the conflict, if sufficient confidence is built following a Recovery and Peacebuilding Assessment, international reconstruction financing may become available, including through expanded PPPs, blended financing, municipal investments and, eventually, loan financing. The mobilisation of these resources will only become possible under conditions where rights-based and due diligence approaches becomes central to recovery efforts, in addition to clearly defined capacities, mandates and transparency of involved local authorities.

Monitoring

Robust monitoring must accompany interventions to ensure sound prioritisation and equitable distribution of support as international response progresses from humanitarian to early recovery. A rigorous due diligence system will need to be applied through all stages of recovery processes in Syria, including:

1. City and neighbourhood profiling with a focus on context analysis and risk assessment;
2. Risk screening for indicative recovery plan priorities;
3. Environmental and social risks screening for project, and;
4. Environmental and social management plans with mitigation measures for risks.

A coherent monitoring framework for recovery plans can be supported by the SDG11+ tool, designed to enhance urban baseline data and improve targeting. A careful selection of 37 SDG indicators strikes a balance between understanding the status of needs, services, systems and capacities at decentralised levels, capturing activity outcomes against several levels of engagement from the neighbourhood to city to national levels.

Furthermore, virtual tools for monitoring and accountability may also be considered.

Conclusion

This paper is part of a series of policy papers developed under the Urban Recovery Framework (URF), which explores conditions and recovery options for Syria, with a focus on the 3 URF pillars of urban governance, urban economy and community engagement. It aims to contribute to the debate on external assistance in Syria by providing a comprehensive analysis of the local governance system, as well as presenting options to pursue urban and early recovery through area-based approaches that support accountability in the restoration of basic services and economy recovery. Options for absorptive, adaptive and transformative recovery are thus considered. For further analysis concerning other URF pillars, the reader is kindly redirected to complementary policy papers on housing, infrastructure and services, environment and urban heritage.

The impacts of the conflict are well-documented in this paper, as well as other URF policy papers. While discussions on international assistance in Syria appeared to have reached an impasse, by 2020 there emerged a set of voices articulating for the application of area-based resilience programming in regions of Syria most impacted by multiple cascading crises. Against such a backdrop, and given prior testing of URF in the Syrian context, the paper proposes a modality for international support that puts an emphasis on accountability in local public service delivery, whilst increasing the space for civic engagement and encouraging sustainable recovery at different levels. The focus of most LAUs on the maintenance of basic services is understandable but undermines the adoption of a more comprehensive approach that addresses local economic, social, cultural and environmental development. An 'acceptable solution' for the Syrian people that places local recovery and development within their direct line of visibility, becomes even more pressing when one considers the sheer scale of population displacement that came as a result of the conflict.

Any investment in local public service delivery, in

any country, should consider from the outset certain principles regarding the design of a given local governance system:

1. Application of the subsidiarity principle (ie. public functions to be exercised as close as possible to the citizen with functions assigned to a 'higher' level of government only if the 'closest' authority is not in a position to perform it effectively).
2. Consideration of the need for territorial – administrative reform based on the principle of local authority 'functionality'.
3. Clear separation of responsibilities between central, regional and local authorities, while putting in place simple and streamlined coordination channels.
4. Equitable service delivery for all citizens, no matter where they reside.
5. Creation of an enabling environment for local economic recovery.
6. Predictability of local authority decisions on the basis of oversight and participation, including leveraging digital tools for local governance.
7. Equitable representation of minorities and women in elected bodies.
8. Commensurate funding and staffing of local authority in line with their responsibilities and tasks, including a future inter-governmental fiscal transfer system that is based on fairness, predictability and transparency, and includes provisions for 'equalisation' between local authorities.
9. Capacity building of local authority related to the performance of essential functions.
10. Meaningful involvement of local authorities in the design of national policies and legislation.

For Syria specifically, any external support that touches upon the local governance system must seek to harness a wide range of data sources, to support evidence-based policy dialogue and the prioritization of interventions. It must also be anchored in strong context analysis and due diligence processes, to ensure sensitivity to pre-crisis grievances, local

dynamics and programmatic risks.

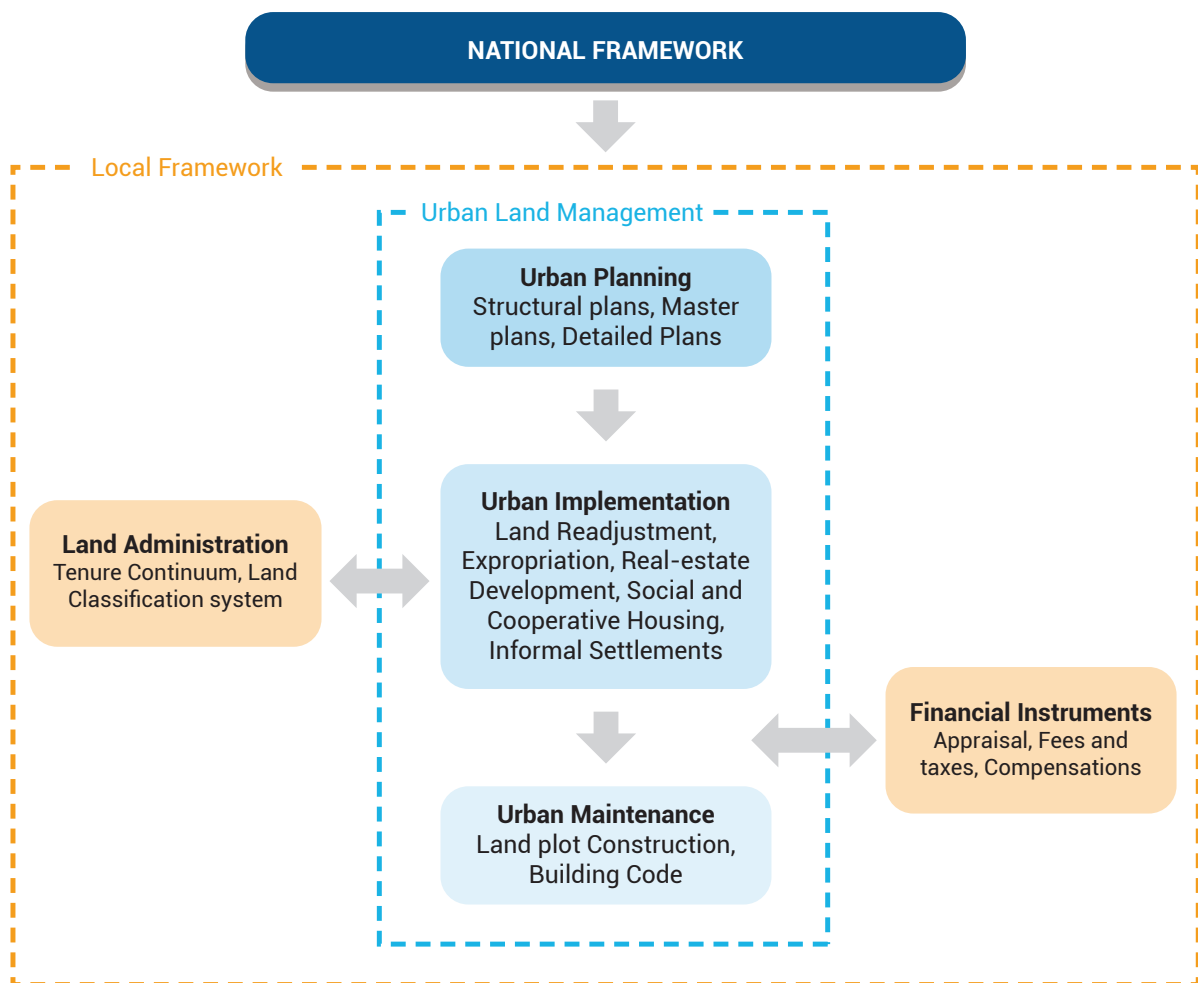
While the current official public positions of the majority of international donors on Syria suggest that some of the language in this paper may not be to the liking of all Syria stakeholders, it seeks to nonetheless fill a vacuum in the space for reasonable policy reflections, at a moment when there is some acceptance in the notion that conflict-sensitive, area-based resilience programming may produce self-regenerating local recovery effects that extend beyond traditional humanitarian assistance.



Child Labour as a Coping Mechanism, Rural Damascus
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ANNEX 1: Laws on Urban Planning and Redevelopment

Figure 13: National Syrian Urban Laws; Local Framework for Urban Development ¹³⁷



¹³⁷ Analysis of Syrian Urban Law, Legal Thematic Paper, UN-Habitat, February 2022

Urban planning is the guiding framework all other planning and development activities in cities and towns by public (local) authorities, private sector and individuals must follow. This function of urban planning is clearly highlighted by the urban planning Law 5 of 1982 which defines the planning programme as the one establishing the community's current and future needs in terms of housing, basic services, commercial and industrial activities on the basis of the current and projected population (Art. 1 and the implementation instructions).

While LAUs are entitled to develop their own urban plans with public consultation of local communities, this process isn't entirely guided by the local stakeholders. In fact, urban plans drafted by the LAUs are reviewed and ratified by higher authorities including the governorate and/or the ministry of housing. On the other hand, while the local community must be consulted before any urban plan is ratified, the tools offered by the urban planning law aren't sufficient for the voice of population to be heard rendering this fundamental exercise less transparent and less reflective to the actual needs.

Box 1: Responsibilities of key institutions in urban planning in Syria

The Ministry of Public Works and Housing (MoPWH)

Responsible for preparing¹³⁸ and approving fundamentals of construction planning in addition to approving municipal planning programmes, general master plans and building codes.

Supreme Council for Regional Planning

Responsible for approving regional plans and national frameworks for regional planning.

The Regional Planning Commission (RPC)

Responsible for preparing and monitoring the implementation of regional plans. Also Responsible for preparing and implementing the national framework for regional planning together with administrative units and involved ministries.

Executive office of the governorate (governorate capital)

Responsible for approving general master plans, building codes and detailed master plans.¹³⁹

The Governorate Council of Damascus (Damascus city)

Responsible for approving detailed master plans.¹⁴⁰

Municipal planning department/office

Responsible for implementing fundamentals of construction planning; preparing municipal planning programmes as well as implementing them; preparing general master plans, building codes¹⁴¹ and detailed master plans.

Local/City Council (cities which are not governorate capitals)

Responsible for approving general master plans and building codes; and for approving detailed master plans.

The Municipality and the technical directorates in the Governorate

Responsible for implementing general master plans and building codes and implementing detailed master plans.

¹³⁸ With the participation of academia, national and international experts, and the Ministry of Local Administration and Environment (MoLAE).

¹³⁹ Based on the recommendation of the Local Council.

¹⁴⁰ Based on the recommendation of the Executive Office of the Governorate.

¹⁴¹ With consideration given to the Regional Technical Committee's decisions on objections raised by involved persons.

As indicated in Chapter 4, despite the existence of a legal framework in support of decentralisation, LAUs do not have sufficient qualified staff to prepare and update urban plans. Hence, Directorates for Technical Services in Governorates often play a major role in their development, including Master Plans and detailed urban plans. Much of the work to develop these plans is outsourced to the state-owned General Company for Engineering Studies. Outsourcing master plans can limit understanding and representation of local needs but has at the same time the double-folded benefit of using a neutral actor to limit elite and private interest influence over the plans and of circumventing the challenge of limited municipal capacities needed to develop such plans. A follow up committee affiliated to MoLAE/the project owner (usually the Governorate) is another due diligence mechanism to ensure master plans represent local needs and protect public interests. Another risk factor that the master planning process is faced with is the absence of an adopted city / LAU vision developed in partnership with local communities and other urban stakeholders to guide and monitor master plans ensuring they don't derail from the commonly agreed local objectives and values.

A hierarchical organizational structure for urban development decision-making continues to persist because of: (i) the inactive status of many articles of Law 107 and other laws that facilitate horizontal coordination, for example the Regional Planning Law 26 of 2010; and (ii) the growing capacity gaps at the local, regional and national levels. As a result, there is a disconnect between central and local planning authorities and between planning and implementation departments within the same authority, causing decisions to be outdated and creating competition across or within entities. Furthermore, urban planning is generally not based on inclusive participatory processes. A lack of transparency and accountability on the part of local authorities contributes to low levels of community trust and engagement. This is a considerable barrier facing the process of identifying needs, opportunities and anchoring solutions with the population, especially among vulnerable groups such as the displaced, returnees, women and children.

Other major challenges that constrain participatory urban development planning are non-compliance with the law, an absence of transparency, inadequate control and land fragmentation. Consequently, a proliferation of informal urban development was already visible before the conflict, in the form of 115 informal settlements across Syria, most of which were concentrated in peri-urban areas on the fringes of Damascus, Aleppo and Homs, where around 38 per cent of the Syrian population resided.¹⁴² This phenomenon is further exacerbated by the fact that, in the majority of cases, masterplans are out of date before they come into effect partly because they take long periods to prepare but more importantly because, with rapid urban growth, it is necessary to provide facilities – housing, jobs, infrastructure – to meet the needs of the newcomers to cities, whether a plan exists or not.

Urban (re)development laws

Since 2008, a series of new laws that focus on urban development and land readjustment have been issued. Sometimes these laws emerged out of competing institutional priorities and were not therefore entirely complementary, and also introduced new unforeseen risks.

Law 15 / 2008 allowed for the designation of property development areas on land provided by the municipality by decision of the Prime Minister, based on the proposal of the Minister of Public Works and Housing and with the consent of the concerned local authority council. Law 15 applies for projects with the following aims: (1) establishing new urban communities; (2) addressing “the problem of informal areas”; (3) securing alternative housing to individuals who received demolition warnings; (4) securing shelter to victims of natural disasters; (5) securing housing units to specific segments of the society at favorable terms for persons with middle incomes; and (6) constructing advanced facilities for medical, educational, commercial and sports services.¹⁴³ A Real Estate Development Commission, affiliated to the Ministry of Public Works and Housing, is responsible for real estate development areas. This law resulted in the issuance of many licenses for real estate development areas, none of which have been implemented to date. Within these property

¹⁴² A study by the Ministry of Housing in 2012 (focusing on areas where over 60 per cent of the residents lack formal land tenure or building permit documentation)

¹⁴³ Law 15/2008, Article 14(D).

development areas, the disposal of property is not bound by the strict regulations of Law 20 / 1983 on expropriation or Law 51 / 2004 on procurement.

Law 23/2015 abrogates Law 9/1974 and Law 60/1979 and their amendments, to give local authorities the choice between different instruments for the redistribution of land, such as facilitating implementation of urban plans through voluntary redistribution of land by owners, or compulsory redistribution of land by the Municipality. Compensation is foreseen, as a share of land must be set aside for public use (streets, parks, public buildings) and hence must be deducted from the properties of the owners.

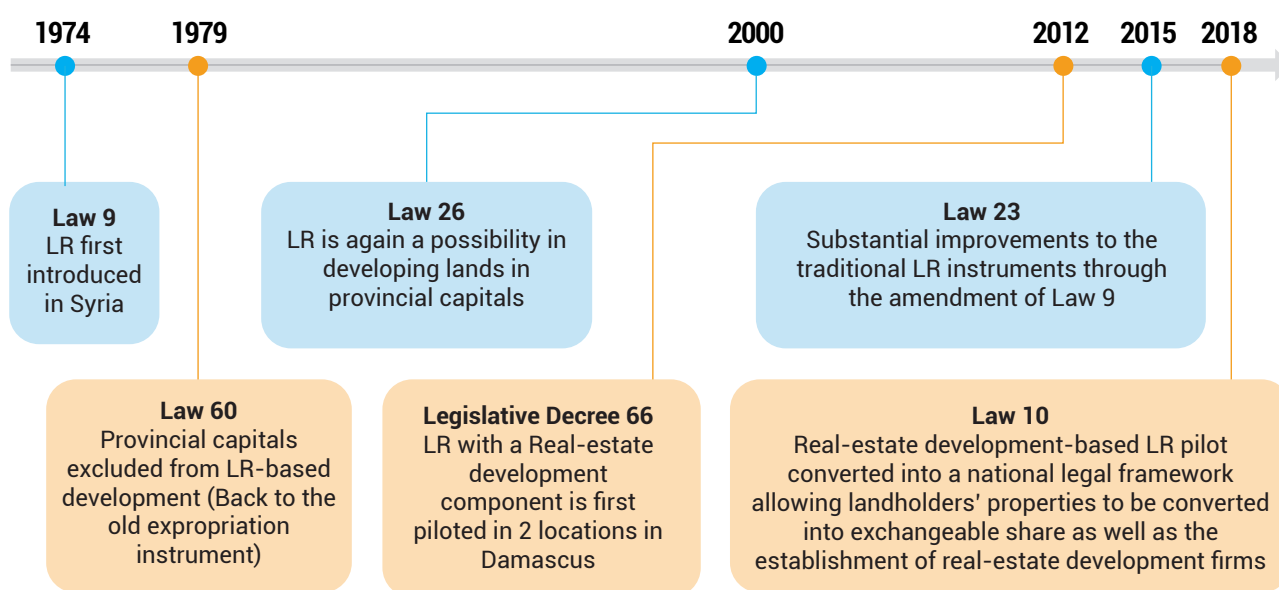
Law 10/2018 is a generalization of Legislative Decree 66/2012 enacted to establish two development zones within the Governorate of Damascus, Kafar Souseh and Daraya. Law 10 amended Decree 66 and in-so-doing created a national framework for implementing land readjustment within the Master Plan boundaries of any Syrian city. Land readjustment, which is a tool often employed for reconstruction following significant damage and destruction from armed conflict or natural disasters, pools all the land in a specific location and re-plans it as a single unit with all necessary housing,

commercial areas, infrastructure and services.

The legal authority of Municipalities to identify urban areas for redevelopment within an existing Master Plan was significantly expanded with Law 10. Based on economic feasibility and social studies, a Municipality may submit a redevelopment proposal for a specific location to the Minister of Local Administration and Environment (MoLAE), for review and approval, which may result in the issuance of a Presidential Decree endorsing the proposal. Municipalities are charged of implementing the necessary infrastructure in exchange of a share of the development zone. They are also responsible for providing the eligible occupants with alternative housing at subsidized prices. Until the alternative housing is ready, former residents should receive rental allowance.

The laws mentioned here have a few characteristics in common: processes are cumbersome, take a long time and advanced capacity (municipal staff and finance), and therefore may only be practicable in bigger local authorities. Moreover, a greater level of analysis is required concerning the HLP risks related to the implementation of these laws, including mechanisms of tenure documentation, resettlement, compensation, etc.

Figure 14: Timeline on the development land readjustment laws in Syria¹⁴⁴



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Investment planning

The pre-conflict planning system is described briefly in Chapter 4. Despite the emergence of legislation on regional planning, as well as the creation of the Regional Planning Commission and a National Framework of Regional Planning in 2010, this system has not been properly introduced. The current practice is that Ministries present their investment proposals on an annual basis to PICC, who in turn prepares a draft State Budget and divides available resources on an ad hoc basis. There does not appear to be standardized objective criteria established for the allocation of the state's scarce resources to specific localities. During 2019 - 20, PICC produced a policy document "Syria after the War", which was a first effort by the Government of Syria to develop an investment planning system based on four envisaged stages of recovery: emergency aid; recovery; strengthening; and sustainable development.

Land and asset management

Many LAUs possess large quantities of lands and buildings, some of it transferred by the State. Prior to the conflict, LAUs acquisition of property was mainly carried out through expropriation (Law 20 of 1983), LAUs could prepare expropriation proposals which were then reviewed by the governorate, then by the MoLAE, and finally reviewed and issued by the Prime Minister. Generally, expropriation compensations were below market value and were often paid years after the expropriation had taken place.

Public purchase of land is possible within the narrow limits set by the contracting Law 51/2004, which stipulates that prices are to be advised by a committee. In principle, LAUs can buy, sell or rent land and properties by mutual agreement, but the procedures vary from case to case, according to actors involved and the purpose of the transaction. In all cases, approvals from higher tiers of government are needed.

According to Law 51, administrative units are obliged to apply one of exclusively defined methods of contracting, namely: direct purchase, tender, request for proposals, competition and consensual contract and in accordance with other provisions of this law. The contracting law constitutes a very bureaucratic mechanism that does not respond to the needs of the LAUs and is still linked to centralized measures

that do not distinguish between buying stationery and purchasing machines and equipment dedicated to development work.

Administrative Units Property Investment Law (Legislative Decree 19 of 2015) allows LAUs, by a decision of the Minister of MoLAE, based on a proposal by the governorate council or city council, to create a Syrian private joint-stock holding company based on social, economic and organizational studies with the purpose of managing and investing all or part of the LAU properties, the administrative unit owns all company shares. The newly created holding company may establish or contribute to subsidiaries or shareholder funds and manage them. The board of the holding company consists of the chairperson and members of the LAU's council, its board of directors is headed by the chairperson of the LAU, and the decisions of the company board are subject to ratification by the governor. These companies operate in accordance with the provisions of the Companies Law and the Trade Law in force.

The decree also authorized, by a decision of the Minister of MoLAE upon the proposal of more than one administrative unit council, the creation of a joint holding company between more than one administrative unit, provided that the board of the joint holding company consists of members from the councils of the administrative units participating in it, and their number is determined by the Minister of Local Administration in a manner that takes into account the proportions of invested capital from each administrative unit. The joint holding company board of directors is headed by the chairperson of the administrative unit with the largest invested capital.

Legislative Decree 19 of 2015 empowers the administrative unit to authorize the holding company to assign one of its management companies the tasks of managing the development areas, including:

- Carrying out the procedures for granting building permits, monitoring their implementation, granting housing permits, and matching the classification of the executing departments, for the benefit of the administrative unit and under its control.
- Collecting all fees, costs and fines related to its work for the benefit of the administrative unit.
- Assuming the tasks of managing the newly created development areas funds, including collecting installments, and following up on the repayment of loans and their interests, directly or through banks.

- Creating and managing citizen service centers.
- Implementation of infrastructure and management of electronic systems in the organizational areas, and for this purpose it must apply the laws and regulations in force related to these works in a manner that does not contradict the provisions of this legislative decree.

The investment process in the Syrian economy as a whole is regulated by the **Investment Law (Law 18 of 2021)** according to specific controls and to broad investment incentives and benefits provided to investors. This law is applied to projects established by the investor alone or jointly including investment partnerships with public sector authorities such as LAUs, and those who have an investment license, with the exception of banks of all kinds, exchange companies, microfinance banks and all financial institutions that accept deposits. Law 18/2021 proposes new investment patterns that did not previously exist in the economy, namely, the three types of special economic zones, categorized into: the development zone, the specialized zone, and the zone with private ownership. These zones are established with the aims of encouraging projects of special importance, creating growth carriers, encouraging the establishment of production and service clusters and assisting affected or developing areas to achieve comprehensive growth.

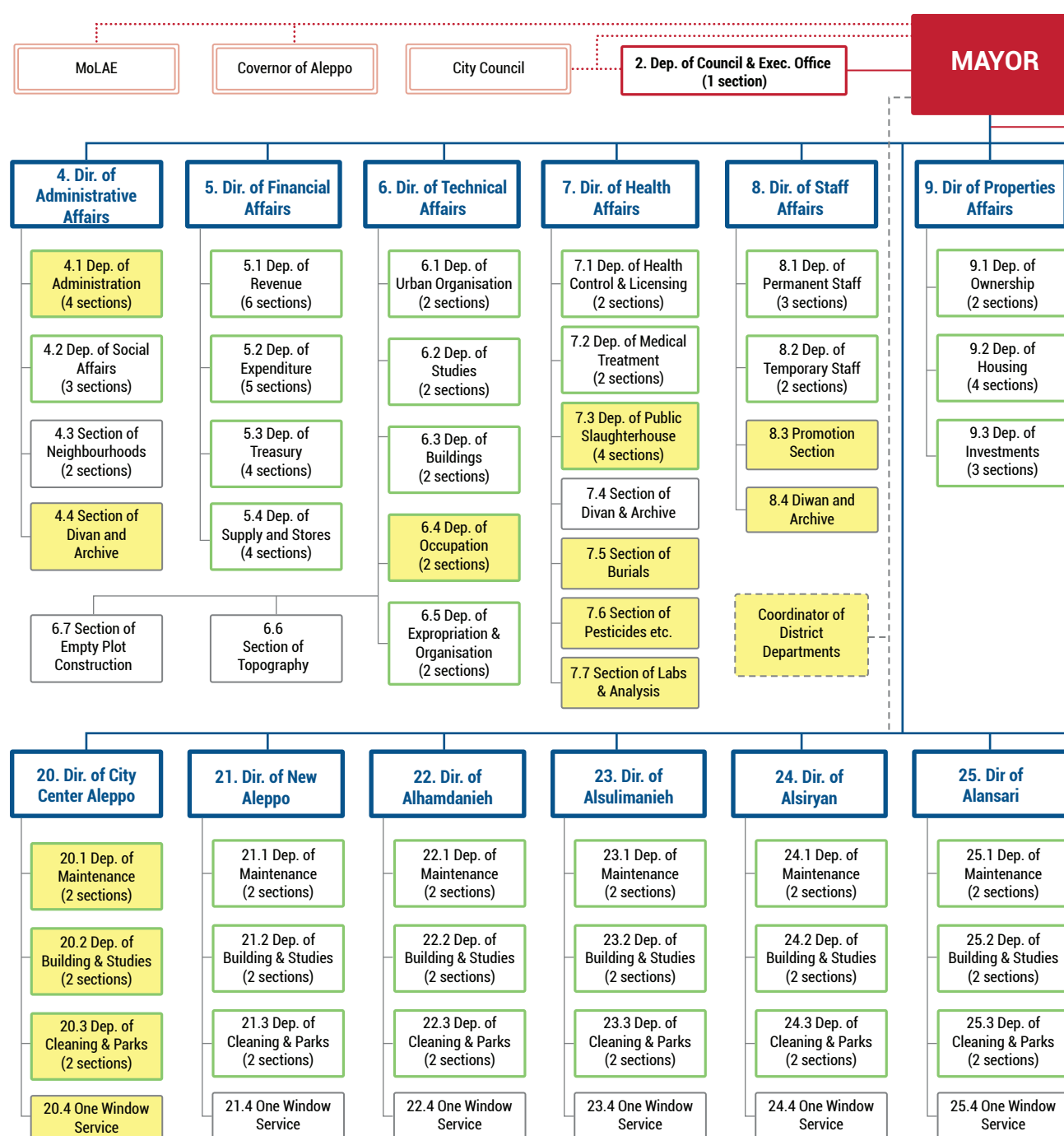
The **Participation Law (Law 5 of 2016)** is another very important tool for providing great investment formulas between the public and private sectors, which may be a solution to many investment problems that public authorities suffer from, including LAUs, to whom the law grants directly the ability to apply these formulas with all its components as stipulated by the law. Partnership is a contractual relationship for a specific and agreed period of time, between a public authority (may be an LAU) and a partner from the private sector, whereby the private partner invests in one or more of the following works: Designing, constructing, building, implementing, maintaining, rehabilitating, developing, managing or operating a public facility or projects owned by the public sector, with the aim of contributing directly to the provision of a public service or any service that aspires to the public interest. The law also aims to achieve sound economic foundations, high efficiency in performance, maximum added value to local resources while maintaining transparency, non-discrimination, equal opportunities, competitiveness, safety and legality of all procedures relating to partnership contracts. The participation law can play

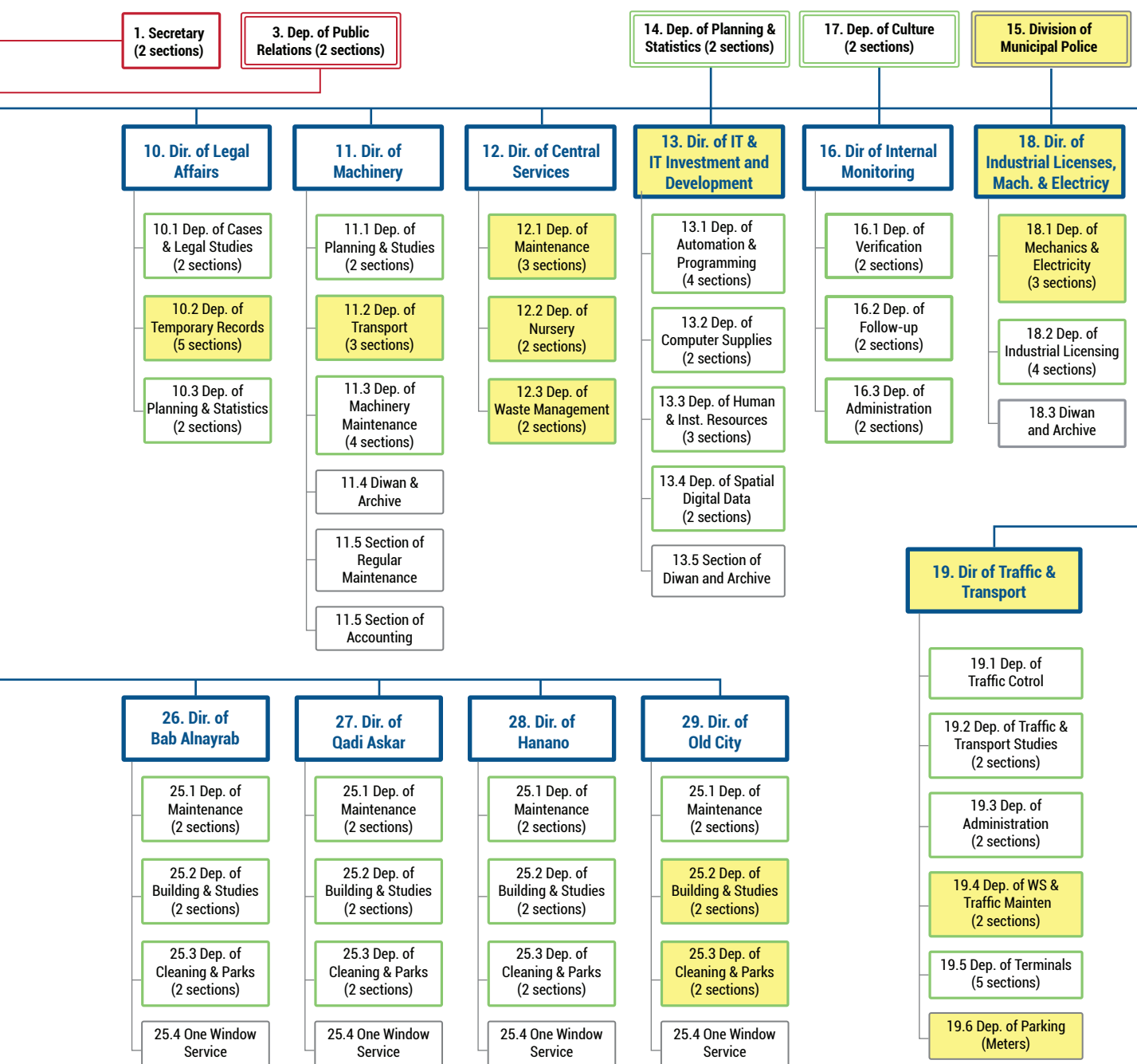
a major role in achieving local economic development within localities, however remains unimplemented till today.

Another major influencer to local economies is industrial cities, according to the **Industrial Cities Law (Legislative Decree 57 of 2004)**, industrial cities are managed by "the industrial city council" headed by the Governor, the industrial city council is bestowed wide authorities in order to achieve the city's goals, such as owning and selling lands, providing services to investors, and proposing an investment system for the city. One of the amendments to the Industrial Cities Law in 2013 noted the presence of a role for LAUs, where part of the revenues of the industrial city come from licensing fees, works, services and penalties defined by the Municipal Finance Law 37 of 2021.

ANNEX 2: Aleppo City Organigram

Figure 15: Current Structure of Aleppo Municipality (source: Aleppo CDS)





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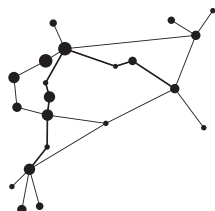
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