**No Funds to Foot Syria’s Reconstruction Bill**

Although the drive to reconstruct Syria has gained momentum in recent months, the government does not have the funds or strategy to lead the recovery process, writes Syrian journalist Jihad Yazigi.

Jihad Yazigi, *The Syrian Observer,* December 4th 2017

ACROSS THE MIDDLE East, investors and politicians are banking on the reconstruction of Syria to generate new business opportunities and kickstart their economies, which have been seriously battered since the popular uprisings of 2011.

The cost of the reconstruction, which is estimated at anywhere between $100 billion and $300 billion, confirms the very high stakes that Syria’s reconstruction represents for the whole region.

In practice, however, there is little chance that any reconstruction process will happen unless a comprehensive political deal is reached, which is itself very unlikely.

No Funds

The countries and institutions that have the money and which traditionally fund such large-scale financial efforts, namely the Gulf countries, the European Union, the United States and, through it, the World Bank, have, indeed, lost the Syrian war. Saudi Arabia is not going to put money in a country that is controlled by Iran. As to the E.U. and U.S., they want a political deal before proceeding to transfer funds to Syria. While some think the fear of refugees will eventually push the E.U. to pay the bill, rebuilding ties with the Syrian regime would carry serious political costs, which only increased after the chemical attack in Khan Sheikhoun.

Meanwhile, the countries that have won the war, Russia and Iran, do not have the financial means to pay for reconstruction. Since 2011, both countries have put significant effort and money into the war – Russia has actually made a profit out of killing Syrians, through the various export deals won by its arms industry – but they have provided very little in terms of direct economic aid, except for oil supplies by Tehran.

Some expect China to fill the gap, but all signs coming from Beijing point to the unwillingness of the Chinese authorities to get much involved in a country that is in the midst of various regional and international tensions and rivalries. Also, both Iran and Saudi Arabia are important suppliers of crude to China, which will be reluctant to antagonize either of them. In addition, wherever China has invested in emerging countries, such as in Africa, it has demanded in exchange access to these countries’ natural resources. Syria has few of these and they have anyway already been taken by Russia and Iran.

Some Syrian government officials, realizing the obstacles they are facing, have argued that they would rely on public-private partnerships through private investors and local banks. However, not only have most of Syria’s prominent investors left the country but also local banks are in no shape to provide funding. At the end of June 2017, the combined assets of Syria’s 14 private-sector banks stood at $3.5 billion, which is less than a 10th of the assets of a single large bank in Lebanon or Jordan, such as Bank Audi and Arab Bank.

No Strategy

The problem is not only one of finance, though; it is also the lack of any broad and comprehensive reconstruction strategy.

The only policy followed by the government appears to be prioritizing the interests of Russia and Iran, on the one hand, and regime cronies on the other.

Moscow and Tehran want, indeed, a payback for the political and military support they have provided to the regime over the past years. Russia has already acquired, for instance, the rights to develop Syria’s phosphate mines and oil and gas fields, and much of the revenues from these resources that could have been used to fund reconstruction will actually go to Russian companies. In a recent bilateral meeting between Syrian and Russian officials, the only major infrastructure project under discussion was not investment in much-needed housing infrastructure or water networks, but the construction of a rail track linking the phosphate mines to the port of Tartous in order to facilitate and reduce the costs of exporting phosphate to the benefit of the Russian company exploiting the mines.

Meanwhile, Iran is preparing to provide a loan of $1 billion to the Syrian government – a very small amount in view of the needs – on condition that the money will be used exclusively to buy Iranian products. Tehran’s money is therefore as much a help to Iranian companies as to Syria’s economy.

On the other hand, the government is directing the limited money it has to fund projects that will benefit business figures linked to it. The main symbol of this is the Basatin al-Razi real estate project located in the Mazzeh district of Damascus, from which thousands of Syrian families have been expelled and dispossessed.

Many Syrians call the Basatin al-Razi project “the Syrian Solidere” because of its planned high-rise buildings and tramway lines, and the fact that it is dedicated to the very small segment of the population that can afford to buy expensive housing.

However, even though the overwhelming demand now is for popular housing to replace the hundreds of thousands of houses that were destroyed during the war and the very limited lending capacities of local banks, the government instructed one of the state-owned banks to use its cash to fund the infrastructure works for the project.

Basatin al-Razi makes little economic sense but could generate huge profits for a few individuals; this is what the government is prioritizing.

False Premises

Fundamentally, the expectations of a reconstruction drive in Syria are built on false premises. The last example of a large reconstruction effort in the region is that of Lebanon. In that case there were the following elements: 1) A political deal backed by the main regional and international players; 2) the prominent role of Rafic Hariri, a powerful man with strong economic and political networks around the globe; 3) a vision for what reconstruction should be based on, i.e. repositioning Lebanon, and Beirut, as an intermediation center between the Middle East and the West; 4) strong financial support from Saudi Arabia.

In the case of Syria today all these elements are missing. The reconstruction of Syria is unlikely to start anytime soon.