

# SYRIA

## *The Economic Scene*

Reports on the economic condition across Syria



## Armanaz - Idlib

April 2015

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Syrian Economic Task Force

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## Foreword

Economy is not only the stimulant of history, but it is also the foundation upon which all successful realistic strategic policies are built. Any national decision that ignores a main driver of the turbines of reality and history is a wrong one, and the maker of that decision will soon realize that success of any policy, or seeking a way out of a pivotal national predicament, is realized by not overlooking the living reality, especially the economic side of it. Hence, the economists bear, in the time of calamities and disasters, a mission whose impact is no less than that of the politicians, military, relief and medical personnel. The need for economic diagnosis is definitely a national need.

There is no doubt that the long nightmare that Syria experiences will come to an end one day, and we ask God Almighty to hasten the arrival of that historic day. But until that day comes, some party must undertake the task of describing the real Syrian economic condition of the Syrian districts and sub-districts without sugarcoating, in an objective and professional way. Therefore, Syrian Economic Task Force, with its patriotic economic experts, continues to address the economic vacancy, as was its habit since its writing of the Economic Discourse of the Syrian Revolution two months after its eruption, and consequently representing the Syrian side in all international conferences of the Group of Friends of the Syrian People seeking the reconstruction of Syria (Abu Dhabi, Berlin, Dubai, South Korea, ..).

Like it did before, when it provided the Syrian people and the decision makers with thirteen detailed economic reports on most sectors of the Syrian economy from a total, comprehensive and horizontal perspective, including the emergency plans for immediately after the crisis (first 6 months), medium-term plans (over 2 years), and long-term plans (over 5 years); today again, Syrian Economic Task Force is performing its national professional duty, and putting in the hands of decision makers what helps them make the decisions that will pull the Syrian people out of their historic predicament.

*Osama Kadi, PhD  
President of Syrian Economic Task Force*

## Word of Thanks

We cannot help, while we present the Syrian people with these studies, but thank one of the distinguished patriotic businessmen, and there are many, that is our brother and friend, Mr. Ayman Kassab Bashi, who spared no effort in supporting the Syrian issue, especially in its economic awareness side, through his support to the activities of Syrian Economic Task Force, believing in the importance of the realistic and futuristic prospective economic vision to the Syrian issue.

## Research Methodology

In our research, we use the mechanisms of Microeconomics and Meso-economics exploring, through the research, the political and military situation and their direct effect on the city's economy or the factors that affect its local economy apart from the other districts or sub-districts that follow it administratively, since the effects of these factors differ from the other towns and cities according to the geographic and demographic location. In our research, we include the impacts of political and military factors and developments in Idlib Governorate and Syria in general, and in each sector separately.

Furthermore, our research, we depend on field survey to detect price changes, economic situation of the population, and the effect of quarterly and agricultural seasons.

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## Introduction

The city of Armanaz is one of the sub-districts of Harem District of the Idlib Governorate; it lies south of the town of Kafr Takharim on the road connecting it to the city of Idlib. We were done with our research or economic analysis on the city of Armanaz in the first month of the new year, 2015, where we used the Microeconomics techniques of the economic situation of the city during 2014, foreseeing through our predictions the situation during the new year, and using the mechanisms of Microeconomics, Macroeconomics, population displacement, reality of services, and what the financial, social and political situations of the people have become in the fourth year of revolution.



## The Economic Condition

### 1. Income Sources

We can classify the population's income sources as follows:

#### a. Income Sources in the Private Sector

- **Agriculture:** The production of agricultural land, such as harvests, rents and guarantees, constitutes an income source to a great portion of the population of Armanaz, which is a work-by-the-day, performed by a number of men, women, and sometimes children. The daily-worker's wage, including farm workers, reaches SYP 1,000. Olive cultivation is the main agricultural activity, and there are crops and harvests of pomegranate.
- **Manufacture:** A source of income to the laboratories and workshops owners, and craftsmen and workers that work there. Workers' wages here are mostly weekly. Armanaz is known for glass and pottery manufacture, and that reputation has spread outside of Syria. The manufacture sector also includes tiles and ceramic laboratories and construction workers, but the method of wage calculation in construction is different, it is usually daily or per commitment like farm workers. The daily-worker's wage ranges from SYP 1,000 to 1,500, while the weekly worker's wage ranges from SYP 3,000 to 10,000.
- **Trade:** A source of income for merchants and shop owners, most of the wages or pays of trade sector employees are weekly or commissions. The weekly wage of traders range from SYP 3,000 to 10,000. Olive oil and glass trades are considered of the most important types of trades that are active in Armanaz, and secure an important source of income to its workers.
- **Services:** Includes:
  - Private water wells: Provides an income source for its owners and the water transport workers.
  - Power Generators: A source of income for its owners, and it includes sales of generators and workers and technicians wages.
  - Communication networks: Secures an income for its owners, investors and workers in that sector, and includes: Sales of wireless internet service, sales of units, or phone bill payment on the networks MTN and Syriatel.
  - Fuel oil, firewood and gasoline sector.
  - Money and currency exchange sector.
  - Transportation sector: It includes transportation of passengers and shipping.

## B. Income Sources in the Public Sector

- Salaries of government employees (In Idlib's city) whose salaries were not cut due to the employee's status, in addition to the salaries of the retired, and the salaries here range between SYP 10,000 – 50,000.
- Salaries of employees of local entities and civil community organizations (municipal council – relief, medical or charity organizations ... etc.), and the salaries in this section range between \$100 – 1,000.
- Salaries or grants to units of FSA and militant factions, which range between \$75 – 150 – 300.
- Incomes of transport vehicles such as trucks, cars and passengers, the ratio of driver's wage to the vehicle's income reach 30 – 40 %.
- Tangible subsidies from all sides, and it secures about 15% of the population needs, or saves around 25% of their expenses.
- The percentage of government employees whose salaries are cut for security reasons are 25%.

## 2. Production Volumes:

- Agriculture:** The agricultural season this year is one of the worst in many years, especially to the most important crop, which is olive, since there was hardly any production of olive and oil. Production volume compared to the previous years is only 10%, which warns of a real catastrophe. There are around 500,000 productive olive tree in Armanaz, which produce 25,000 tons of olive annually; this year's production did not exceed 2,500 tons of oil. As for the crop of pomegranate and other fruitful trees, it is around 1,000 tons in the city of Armanaz. Cultivation of mango trees has spread recently.
- Manufacture:** The main industry in Armanaz is the manufacture of traditional glass and pottery and its decoration, there are over 200 glass workshop and laboratory of in Armanaz, most of which are traditional manual workshops, and some are labs that use machines to speed the production. These labs stopped for a while after liberation, but the shortage or scarcity of electrical supply has brought life back to these labs again, and they resumed work and started producing lighting crystals for kerosene lamps, and its demand has increased from all governorates which revitalized the Armanazi glass industry. When generators spread and the sale of (Amperes) became popular, the Armanazi glass labs turned to the production and decoration of water-pipe glasses. Currently, around 100 glass and pottery labs are operational in Armanaz, each lab employs around 20 – 30 workers. There are also tiles' labs, which represents an important sector of the Armanazi manufacture.
- Trade:** The olive oil trade is considered the most important in Armanaz. The sales volume in this trade alone in 2014 has reached about 8 million dollars. Whereas the trade of traditional glass and pottery is estimated to be one million dollars in 2014. As for the real-estate trade, it has flourished during the revolution because Armanaz was not subject to the regime's bombing in a way that would harm the construction and properties. The price per square meter of construction lands ranges between SYP 4,000 – 40,000, the price for square meter of ready construction (without finishing) ranges from SYP 12,000 to 20,000, and the price for a ready house (without finishing) with an area of 100 square meters starts from SYP 1,200,000.
- Food trading:** Sales volume reaches \$500,000 per day.
- Services:** It is difficult to find information in numbers about the volume of service production, due to the diversity of service providers.





### 3. Estimation of income levels:

The living standard of the people of Armanaz and its residents is considered relatively average compared to the living standards of the Syrian people. Middle-class constitutes the majority of people of Armanaz.

It is difficult to estimate the average income per capita in Armanaz this year specially, because of the difficulty to calculate the total income and the change in the number of residents, and it ranges between \$3,500 – 5,500 this year, according to estimations and numbers which we were able to obtain. Taking into consideration the absence of many services, and the decrease in value of some goods, and the decline in the value of the Syrian currency.

### 4. Basic commodities:

All basic commodities are available in Armanaz, but the market suffers from fluctuation in the availability of some goods such as flour. Gas is considered one of the unavailable basic commodities these days.

### 5. Basic Services:

- a. **Power:** The electricity status in Armanaz is bad, and there are long outages, which caused citizens to rely on generators. Power is available for six hours a day if there are no malfunctions or outages from the power source, for example, power was out completely in the last month, and then it returned to Armanaz in the beginning of January, after the release of the detained female students by the regime.
- b. **Water:** Water is pumped to Armanaz from Armanaz pumping station. The pumping process is supported by Project “Goal” Organization under the supervision of the municipal council of Armanaz.
- c. **Telecommunications:** All land and mobile communication works on the two networks, Syriatel and MTN. As for the internet, the Syrian network is not functional, and there are three wireless internet networks whose origin is Turkey.
- d. **Health in Armanaz:**
  - Charity Dispensary, sponsored by “Medical Relief”, which are clinics for non-urgent cases (Interior – Women – Children) in addition to obstetrics. This dispensary organizes training and qualifying courses for paramedics.
  - Government Dispensary whose role is limited to the distribution of vaccines, and it has 10 employees including a doctor.
  - There are no hospitals in Armanaz



## 6. Infrastructure:

- The power grid is sound, though weak. The grid is periodically maintained by electrical workshops that are originally existent under the supervision of the municipal council
- Water grid: Drinking water is available, and project “Goal” is currently pumping water from a spring on the outskirts of Armanaz under the supervision of the municipal council.
- Sewage Network: Existent and functioning. The municipal council carries out its maintenance and repairs.
- Roads: The roads in Armanaz are in good condition, and the municipal council supervises its maintenance and cleaning, supported by project Goal.

## 7. Living Standard:

- The living standard of the people of Armanaz is considered average compared to the rest of the liberated cities, but it is still low with respect to the size of the city.
- The rental for a residential house in Armanaz is around SYP 14,000, as for the commercial shops, they range between SYP 5,000 – 20,000 depending on how close they are to the center of the market.
- There are three bakeries in Armanaz:
  1. The bakery funded by the Goal Project, which operates 4 days per week.
  2. The Ahrar bakery.
  3. Kafr Takharim Bakery, where fuel and flour is supplied by the regime.

## 8. The impact of inflation on the population’s life:

The impact of inflation is evident in Armanaz, seeing that the value of the Syrian pound has declined in the last three years to a quarter of its value before the revolution. Which leaves the impact of inflation clear for the citizens of Armanaz to feel, since most of them depend on salary income, for they are of middle class or limited income.

**10. Prices of food:**

Item	Unit	Price (SYP)
Bread (Regime supported)	8 loaves	60
Bread (Goal Bakery)	1 Pack	60
Bread (al Ahrar Bakery)	1.1 kg	110
Olive Oil	16 kg	11000
Olive	1 kg	150-200
Sugar	1 kg	125
Powdered Milk - Nido	900 g	1700
Baby Formula - Naan	1 can	1350
Lamb	1 kg	1400
Beef	1 kg	1200
Ground Lamb	1 kg	1500
Thyme	1 kg	250-500
Cow Milk	1 L	80
Cow Milk Yogurt	1 L	150
Cow Milk Cheese	1 kg	550
Sheep Milk Yogurt	1 L	400
Tea (al Karaza)	1 kg	1450
Tea (Layalina)	1 kg	1250
Coffee Beans	1 kg	1000
Veggie Oil (Asil)	1 kg	700
Ghee (cow)	1 kg	1000
Ghee (sheep)	1 kg	1800
Veggie Oil	1 L	275
Corn	1 kg	200
Italian Rice	1 kg	225
Lentil	1 kg	125
Ground Lentil	1 kg	250
Cumin	1 kg	500
Bulgur (white)	1 kg	175
Flour	1 kg	85
Tomato Past	1 kg	400
Tomato	1 kg	150
Apple	1 kg	150
Banana	1 kg	200
Mandarin xrange	1 kg	100
Tahima	1 kg	700
Halva	1 kg	475
Eggs (Syrian)	30	550
Eggs (Turkish)	30	425

## 11. Prices of fuel, metals, and construction materials:

Item	Unit	Price (SYP)
Diesel Fuel	1 L	100
Gasolin	1 L	375
Propane	canister	4500
Gold (18k)	1 g	5900
Gold (21k)	1 g	6900
Gold	ounce	US \$1181
Cement	50 kg	1100
Twisted Iron	1 kg	125

## 12. Price evolution throughout 2014, and its causes:

Prices have risen in the city of Armanaz since the beginning of 2014 until now, November 2014, by 10 – 20%, and that is due to some factors:

- The city of Armanaz has experienced a state of economic stability for around 3 years since its liberation, but this stability fluctuates sometimes due to military and political changes such as driving IS out of their locations in Armanaz and the rest of Idlib's countryside.
- Closing of Idlib's road during battles with the regime's army, which has been repeated multiple times during 2014.

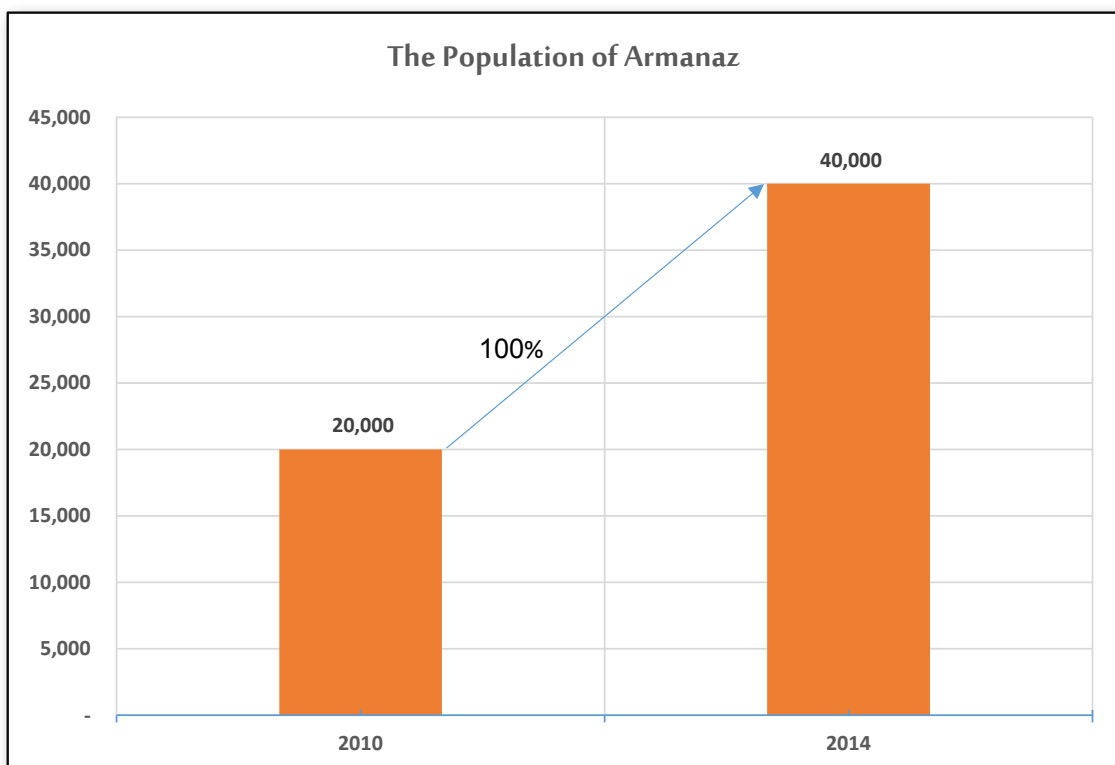
## 13. Estimation of future prices:

It is expected for the prices to rise this winter by 15 – 30% on the short term (Over 3 – 6 months), after that prices could go down if the new agricultural season improved or a political or a military breakthrough was realized during the coming period, or if the prices issue was treated using new measures and plans by the temporary Syrian government or the municipal council or the relief and civil organizations, and that is through development and revitalization projects that aim to improve the local and national economy and remedy the crisis of main seasons' drought and inflation that are continuing until now.



## The Social and Demographic Condition

In 2010, the population of Armanaz reached 20,000; but now, after the normal population growth, the return of Armanaz residents from the rest of the cities after the revolution, and receiving around 300 displaced families from outside the city, the population has reached 40,000. From these figures, we note that the population displacement in Armanaz is almost 100%, which is a high percentage compared to the rest of the liberated cities due to the stability in Armanaz.





## 1. Demographic Age Groups

There is no accurate statistics about the age groups of the population, because of the total absence of the body or institution of specialized statistics, and as a result of displacement conditions and leak of registration of births and deaths. However, stats elicited from some credible relief organizations reveal that the active age group (age 15 to 60), which is the productive or under arms group in wars communities, has declined. This is because of the displacement, and the migration for work or for political and humanitarian asylum, especially to the EU countries.

- Under the age of 15 years: currently 55-65%.
- Age of 15-60 years old currently 25-30%, this is the active or working group, which is used to be more than 35% of the population before the revolution.
- Over the age of 60 years: 10-15%.

## 2. Education:

- The following is still operational in the city:
  1. One private kindergarten
  2. Six public primary schools; students attend daily on two regiments; one for boys and one for girls.
  3. One preparatory (middle) school, one regiment for boys and one for girls.
  4. One Secondary (high) school, one regiment for boys and one for girls.
  5. Islamic secondary school with 250 students.
  6. An Islamic institute, which was opened in 2012.
- There is no technical or vocational education (Industrial, commercial or feminist arts secondary education)
- The total number of students in the city of Armanaz is 4,500 students.
- The total number of teachers in Armanaz is around 150 teacher.
- Teachers are still being paid by the regime. The percentage of teachers whose salaries are cut ,for reasons related to the revolution, is 15%.



## Administrative Condition

### 1. The Local Council

It is known that Armanaz is the center of a sub-district of Harem district of Idlib governorate, and the municipal council of the city of Armanaz follows the municipal council of the free governorate of Idlib (Ministry of Local Administration in the Syrian Interim Government), whose members are elected, and have no salaries. It includes a number of offices:

- Services Office: Responsible for: Water – Power – Cleaning – Transportation – Roads. The council collects SYP 500 as water fees every 3 months,
- 2- Engineering Office: Responsible for: Studying projects – Sewage – Roads, and there is a project for road repairs under study
- 3-Relief Office: Distributes subsidies of deserving families, and registers the details of citizens so that they can receive coupons for project “Goal”.
- 4- Da’wah (Call) and Guidance Office.
- 5- Foreign Relations Office
- 6- Health Office
- 7- Financial Office
- 8- Legal Office
- 9- Media Office

### 2. The “Goal” Project

Project “Goal” supports the water-pumping project and the cleaning wages, as it provides each worker with \$10 a day.

“Goal” also supports agricultural projects and small and medium animal production projects,

Project “Goal” provides relief in the form of value coupons, where citizens buy their needs from certified shops and sellers by “Goal”. “Goal” provides coupons for food, clothing, winter basket, covers and insulators, and heating, and that is under the supervision of the municipal council of Armanaz. It is noteworthy that this experiment is ongoing throughout the liberated governorate of Idlib.





### 3. The Administration of the Islamic Authority for Liberated Areas:

A judicial body that includes the courts, it addresses personal, civil and criminal affairs. Its headquarters is the Cultural center building in Armanaz. Its force is around 100 units, supported whenever necessary by factions situated in Armanaz (Ahrar ash-Sham “Liberated Men of the Levant” Movement, Sham “Levant” Legion).

### 4. Main militant factions in Armanaz:

1. Islamic Front (Ahrar ash-Sham Islamic Movement)
2. Al-Adnan Battalion (Sham Legion)
3. Al-Nusra Front

Ahrar ash-Sham Movement is evidently in control in Armanaz. As for the neighboring city of Kafr Takharim, it is controlled by Al-Nusra Front, which led stability in security within the countryside and eliminated incidents of kidnapping and robbery gangs.

No conflict between the militant factions in the city of Armanaz was noted since the liberation of the city from the Assad’s forces; even during the war with ISIS, who have retreated without any noteworthy clash.





## Conclusion and Recommendations

We conclude from the aforementioned in our research and tours in the city of Armanaz, and through an economic reading of the situation in Syria in general and the governorate of Idlib in particular, that the economic situation in the city of Armanaz needs a number of urgent measures and taking some general strategic actions, which are:

1. Generalization of the development experiments with local capabilities, such as establishing projects on the pattern of project “Goal”, and establishing food and health security organization projects, and linking relief work with development work by establishing civil organizations that can encourage commercial and economic movement, and forming the nucleus of organizing bodies of the economic life
2. Supporting the glass and pottery manufacture and its infrastructure in Armanaz
3. Solving the gas problem urgently and fixing its price, after the prices have reached insane levels, and establishing gas mobilization companies in the future to be enough for the market, and so that these predicaments are not repeated, and encouraging the production of gas from domestic wastes.
4. Activation of the Economic Office in the municipal council, and making urgent plans to revitalize the economic life in the face of upcoming dangers in the winter, especially after the drought season of wheat and olive, and the development of practical alternatives.
5. Improving the infrastructure, and activating the role of professional syndicates, such as Liberated Engineers, Teachers, Doctors, and economists.
6. Operating mines and building materials quarries, and revitalizing this important sector in the mountains surrounding Armanaz, and operating tiles’ labs
7. Improving the health and medical situation and securing the technical and logistic needs

There is no doubt that if the economic remained as it is, then we are approaching more inflation, shortage of some basic economies and destabilization of important economic sectors.

That is why we mention some economic policies that should be followed so as to enhance the economy of Armanaz, governorate of Idlib, and Syria in general:

1. Development of a transportation agreement between Turkey and the Liberated Syria, so as to allow admission of Syrian trucks to Turkish lands, to reach the Turkish ports, and from it to the rest of the world.
2. Linking the policies of the temporary Syrian government and the donors with the economic offices of the militant factions that are operating on the ground, developing common applicable plans, and fusing the available potential in one container.
3. Applying the suggested project to improve the infrastructure, even temporarily, as adequate to the state of war that Syria is experiencing, such as development of alternative or backup roads.