

AMERICAN UNIVERSITY OF BEIRUT

THE POLITICAL ECONOMY OF RECONSTRUCTION IN
WAR-TORN SYRIA: SANCTIONS, SECURITY, AND
LEGITIMACY

by
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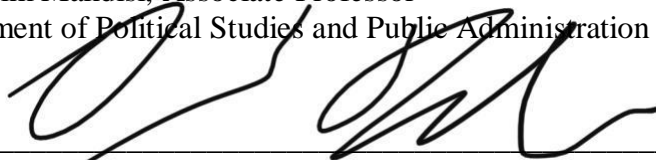
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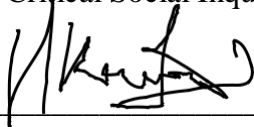
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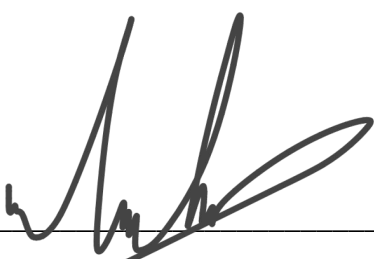
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ABSTRACT OF THE THESIS OF

Hussein Ali Chokr

for

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Title: The Political Economy of Reconstruction in War-Torn Syria: Sanctions, Security, and Legitimacy

This thesis explores the reconstruction agenda the Syrian Government has been deploying in multiple stages with pure political rationale in response to conflict challenges raised throughout the war. To do so, the research emphasizes on the war stages the Government perceived and used as factors to transform the role of the reconstruction plan accordingly. It argues that this reconstruction was used as a tool for the Syrian Government to: (1) securitize informal neighbourhoods in Damascus in response to the security threats these neighbourhoods carry; (2) exert authority and regain legitimacy it had lost throughout the war; and (3) to affirm a sense of victory and signal a finality of the war in response to the Western sanctions that stymied the Government from manifesting its battlefield supremacy into governance and reconstruction.

This research challenges a narrative that depicts that reconstruction plans should take place in post-conflict phase as purely development strategy. It tries instead to reframe the rhetoric around reconstruction agendas using the Syrian Government case that started the deployment process without reaching a post-conflict phase. When it suffered from the informal neighbourhoods threats of Damascus in the early days of the war, it was able to manoeuvre the reconstruction agenda through urban policy to fit the security context and prepare for Marota City development. Afterwards, when it felt the need to regain legitimacy, the Government succeeded to craft the agenda through rerunning a modified economic governance model to restore part of its legitimacy fabric. Last, when the sanctions stymied the ability of the Government to transfer battlefield supremacy into reconstruction and governance, the Government manipulated the agenda to verify its victory and signal a final end of the war. Taking this research inquiry as a starting point, this thesis explores the following main question: How has the Syrian Government deployed the reconstruction agenda as a political tool and war strategy? A sub-question that is also relevant to the research is: How has the role of reconstruction agenda change throughout the various phases of the 10-year-old war? By answering these questions, this thesis aims to explore the shift in the power dynamics of the reconstruction agenda, and hence depicts how the Syrian Government perceives the process and maneuvers it for political gains. The different stages of the Syrian war put the Government under critical challenges, which push it to choose the deployment of the reconstruction agenda in order to overcome them.

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CHAPTER I

INTRODUCTION

A. Research Problem and Significance

1. Background and Problem Statement

The war in Syria may be winding down amidst increasing (if ambivalent) international consensus on then need to stabilize the country. However, chaos is still dominant. Locally, the number of deaths had reached 593,000 by the end of 2020 and the number is increasing every day,¹ which means no cease of fire. This number is not surprising given the unprecedented nature and scale of destruction since the start of the war in 2011. Over 6.5 million Syrians have been internally displaced, and around the same number forced to leave the country.² On the other hand, according to the Economic and Social Commission for West Asia (ESCWA), the total economic losses of the Syrian war until now are estimated by \$442.2 billion. No sector was spared; the infrastructure and physical buildings are shattered, millions of Syrians are deprived of human basic needs of shelter, healthcare and education, with about 6.5 million of the population having no secure access to food and around 40% living under \$1.90 per day in 2019.³ Nonetheless, the instability of the status quo as well as the blurriness of the

¹ The Syrian Observatory For Human Rights. (2020, December 9). On International Human Rights Day: Millions of Syrians robbed of “rights” and 593 thousand killed in a decade • The Syrian Observatory For Human Rights. *The Syrian Observatory For Human Rights*. <https://www.syriahr.com/en/195385/>.

² ESCWA. (2020). *Syria at War: Eight Years On*. <https://www.unescwa.org/publications/syria-war-eight-years>.

³ Ibid

political future, did not stymied the Syrian Government of began to apply the deployment of a hastily-devised reconstruction agenda.⁴

Marota City, a large-scale investment project on the outskirts of Damascus, was the first reconstruction symbol the Government developed after 2011. It is also the first project to experience the exercising of different administrative and urban policies. As the thesis will demonstrate, the Syrian Government used the reconstruction deployment as a political act of different roles based on the developments of the war. It examines three stages of the Syrian crisis that pushed the Government to use the reconstruction deployment in different ways. At the first war stage, the Government faced the threats produced in informal neighborhoods; it used, consequently, the reconstruction agenda as a strategy to securitize these threats near Damascus. At the second war stage, when the security threat declined and the Government needed to have legitimacy on the governing level, it used the reconstruction agenda as a strategy to exert authority and regain the legitimacy it lost throughout the war. Upon the third war stage, when the sanctions prevented the Syrian Government from manifesting its battlefield supremacy into governance, it used the reconstruction agenda as a strategy to affirm war victory.

The reconstruction discourse usually is the product of the development strategy for countries. In Syria, however, it is highly political and contentious given that war rages on in certain regions like Idlib province, while international sanctions and diplomatic isolation continue. In essence, the state-driven reconstruction discourse competes with a Western and Gulf-based discourse that casts the state as the Bashar al-

⁴ Assad orders preparation of a plan for Syria's postwar development - govt minister. (2018,). *Interfax : Russia & CIS Military Newswir*

Asad “regime” that does not have the legitimacy to carry on with reconstruction as though the war had ended and consensus negotiated.

The reconstruction process usually starts when a conflict ends. In contrast, Syria is atypical. The Syrian Government began deploying a reconstruction discourse during an ongoing war whose end still seems distant. The warring parties, local and regional, have failed to reach a peace agreement. While Russia aggressively tries to advocate the necessity of reconstruction to stabilize Syria,⁵ the United States argues that such process is still premature.⁶ Moreover, the war over Idlib might bring further crisis especially that Syrian National Army is summoning on the front lines in Northwestern of Syria.⁷ Daesh resurgence is infiltrating every day as the Special Envoy for Syria, Mr. Geir Pederson, mentioned.⁸ The designated group committed several bomb attacks in the eastern province of Deir Ezzor since December 2019.⁹ The latest was on the 30th of December 2020 when the group targeted buses for the fourth brigade of the Syrian Army in Deir Ezzor and killed more than thirty soldiers.¹⁰ While the northern conflict is largely with Turkey, to the south, “Israel” continues its regular attacks on a vast swathe of Syrian territory, largely targeting Iranian, Hezbollah and Syrian military bases, as well as

⁵ Lavrov intends to discuss with de Mistura results of Sochi congress on Syria, reconstruction of Syria's infrastructure, economy. (2018,). *Interfax : Russia & CIS General Newswire*

⁶ "Pompeo, De Mistura Agree Talks of Syria Reconstruction Premature - US State Dept." *Sputnik*, 2018.

⁷ Agency, A. (2021, January 15). *Syrian National Army thwarts infiltration attempt by Assad regime, Russia*. Daily Sabah. <https://www.dailysabah.com/politics/syrian-national-army-thwarts-infiltration-attempt-by-assad-regime-russia/news>.

⁸IFP News. (2021, January 11). Iranian Diplomat, UN Envoy Discuss Syria Developments. *Iran Front Page*. <https://ifpnews.com/iranian-diplomat-un-envoy-discuss-syria-developments-4>

⁹ Kajjo, Sirwan. 2020. “Surge of IS Violence Seen in Syria | Voice of America - English.” <https://www.voanews.com/extremism-watch/surge-violence-seen-syria> (February 22, 2020).

¹⁰ BBC News عربي. (2020). 28 قتيلًا في هجوم على حافلة في دير الزور شمالي سوريا. *BBC News عربي*. <https://www.bbc.com/arabic/middleeast-55493063>

civilian infrastructures. In 2020, Israeli planes hit fifty targets in Syria^{11 12}, the latest was on December 30 in the Nabi Habeel area in the Damascus Country side near the Zabadani Valley.¹³ In early 2020, a prominent Israeli security official openly declared that “Israel” will operate a deadly campaign against the Islamic Revolutionary Guard in Syria to eliminate them.¹⁴

This thesis explores the Syrian Government’s reconstruction agenda as a **political** act in the war, rather than one of service provision for its beleaguered population. The thesis argues that this reconstruction agenda was used as a tool for the Syrian government to: (1) securitize unwanted informal neighborhoods; (2) exert authority and regain legitimacy it had lost throughout the war; and most importantly, (3) affirm a sense of victory and signal a finality of the war.

2. Research Question

To start a reconstruction deployment, countries should be in a post-conflict phase even if the path is non-linear. The question that frames this thesis is how a reconstruction agenda can co-exists in conjunction with or in parallel to continuing conflict. This research, therefore, will delve into analyzing the different war stages that decode the Syrian Government’s attitude to deploy the reconstruction in this transitional phase. The thesis will challenge a narrative that depicts the reconstruction to be a

¹¹ Shaham, U. (2020). *IDF reveals it attacked 50 targets in Syria throughout 2020*. The Jerusalem Post. <https://www.jpost.com/arab-israeli-conflict/idf-reveals-it-attacked-50-targets-in-syria-throughout-2020-653818>

¹² The Daily Star. (2020). *Israel says it hit 50 Syria targets in 2020 | News , Middle East | THE DAILY STAR*. <https://www.dailystar.com.lb/News/Middle-East/2020/Dec-31/515869-israel-says-it-hit-50-syria-targets-in-2020.ashx>

¹³ Aljazeera. (2020). *Syrian soldier killed in Israeli raid near Damascus*. <https://www.aljazeera.com/news/2020/12/30/syrian-soldier-killed-in-israeli-raid-near-damascus>

¹⁴ “Israeli Official Threatens IRGC With ‘Deadly Campaign’ in Syria.” 2020. *Asharq AL-awsat*. <https://bit.ly/2vVJBq9> (February 22, 2020).

process of pure economic development, and it will instead show that its deployment before the end of the war has a different role in Syria. I shall present the different stages the Syrian Government used the reconstruction agenda throughout. This line of thought enables me to dissect whether the rationale behind the reconstruction plan is the usual development role or not.

Focusing on the role of the reconstruction agenda in the Syrian case, I propose that the agenda is pure political rather than economic development, so I will be answering the following main question: How has the Syrian Government deployed the reconstruction agenda as a political tool and war strategy? A sub-question that is also relevant to the research is: How has the role of reconstruction agenda change throughout the various phases of the 10-year-old war? Through answering these questions, the research explores the shift in the power dynamics of the reconstruction agenda, and hence depicts how the Syrian Government perceives it for political gains. The different stages of the Syrian war put the Government under critical challenges, which push it to choose the deployment of the reconstruction agenda in order to overcome them.

3. Significance

This thesis seeks to contribute to the discussion on the international level by broadening the debate over the viability and the role of reconstruction *before the end of conflict*. It shows how the Syrian case diverges from the usual examples of post-conflict reconstruction plans. Despite being a rich subject of inquiry in academic circles, very little is found in the literature specifically on the deployment of a reconstruction agenda and discourse in Syria as a significant and self-governing action in war political economy. There is, conversely, an abundance of research on the geopolitics of the

reconstruction process in Syria, while most literature on the power dynamics of the international actors like Russia, Turkey, and China in reconstructing Syria is written off.

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Several major players have impacted the work of the reconstruction process – mainly international stakeholders such as the US, Russia, the European Union and regional key stakeholders like Turkey and Iran – and each one has pulled the plan strings to force it to serve their own best interests. But amidst all of this, the Syrian Government was striving to deploy the reconstruction agenda against the odds while the Syrian citizens were struggling to have more prosperous and self-sufficient life with minimal requirements of welfare. The importance of this investigation takes its momentum from its impact on the life of Syrians which should be the highest aim for policymakers and scholars. Reaching adequate results on the variables that affect the reconstruction process would help policymakers to adopt more suitable development policies and would assist scholars in framing more clearly the development features of the conflict. This thesis seeks to fill the gap in the literature on the political economy of the reconstruction in Syria that overlooks the rationale of the process, particularly in the hands of the Government.

B. Literature Review

The literature review section is made up of six parts. In the first section, to locate and identify the non-post-conflict context of Syria, I will explore the post-conflict

¹⁵See Van Veen, E. (2019). (Rep.). Clingendael Institute. doi:10.2307/resrep21302; also see Hinnebusch, R. (2020), The Battle over Syria's Reconstruction. *Glob Policy*, 11: 113-123. <https://doi.org/10.1111/1758-5899.12779>.

as a phase then contextualize its application in Syria to introduce the scope and nature of the Syrian status quo. In the second part, and in order to account for the rationale in the reconstruction process, and thus understand the importance of the reformation and implementation of the governance system in Syria, I will examine the literature of reconstruction in general and the economic governance reconstruction more precise. In the third part, I will discuss the literature of authority and legitimacy and how can they be retrieved. In the fourth part, and in the aim to depict the vitality of the private sector to help the Syrian Government to deploy reconstruction, I will explore the typologies the literature frames around the inclusion of the foreign direct investments and the private sector in the reconstruction process. I explore the elements that motivate the funders to provide or prevent investments in reconstruction plans. The staving off of funds to reaching the reconstruction agenda pushes the states to use black markets and rely on proxies. The last section, therefore, examines the Western sanctions on Syria and how they pertain to the reconstruction agenda of the Syrian Government.

At the end of this section, this chapter will have developed a conceptual and ontological framework within which to look at the reconstruction deployment throughout this thesis.

1. Reconstruction and Conditions of Post-Conflict

Scholars have a near agreement that a post-conflict phase is the conclusion of warfare military operations. According to Bojana Blagojevic, post-conflict refers to the post-enmity phase when the conflict parties (1) agree to ceasefire, and (2) endeavor to

settle the war.¹⁶ Blagojevic uses post-conflict to only refer to the disappearance of military actions through peace deals. Janvier Nkurunziza also argues that the period of post-conflict directly starts after a *clear victory* of one of the warring parties. He refers to this “post” phase when the warring actors sign a comprehensive accord to officially declare a victorious party.¹⁷ Frere and Wilen similarly contend that post-conflict describes the literal time of conflict ending, however, they believe it is complex to empirically identify this end. Brown et al. agree that the determinants of post-conflict in civil wars are complex and not straight forward.¹⁸ For instance, wars do not necessarily settle by the issuing of a peace agreement; especially that the scale of violence might not completely disappear thereafter. Nonetheless, the intensity of war slowly degrades to reach a point either the conflict ends or relapses.¹⁹ Scholars at some point try to simplify this complexity by providing different war ending determinants. For example, Hartzell and Hoddie, Gonzalez and Del Pilar, and Gerxhi, contend that the main features of post-conflict are (1) the peace settlement that secures power-sharing, (2) the disarmament, demobilization and reintegration, and (3) the transitional justice.^{20 21 22}

Furthermore, Brown et al. and the UNDP focus on the examination of the transitional

¹⁶ Blagojevic, B. (2004). *Ethnic conflict and post-conflict development: Peacebuilding in ethnically divided societies*.

¹⁷ Nkurunziza, J. (2008). Civil War and Post-conflict Reconstruction in Africa. A paper presented at the Ninth Annual Global Development Conference on *Security for Development: Confronting Threats to Safety and Survival*. Brisbane, Australia. January 29–February 5.

¹⁸ Brown, G., Langer, A., Stewart, F., 2008, 'A Typology of Post-Conflict Environments: An Overview', Centre for Research on Inequality, Human Security and Ethnicity (CRISE) Oxford University, Oxford.

¹⁹ Frère, M.---S. & Wilen, N. (2015). *INFOCORE Definitions: “Post---conflict”*. Bruxelles: ULB. Online available at <http://www.infocore.eu/results/definitions/>.

²⁰ C, H., & M, H. (2003). Institutionalizing peace: Power sharing and post-civil war conflict management. *American Journal of Political Science*, 47(2), 318-332. doi:10.1111/1540-5907.00022.

²¹ González Peña, A.,Del Pilar. (2018). *Exploring the impact of the disarmament, demobilisation and reintegration process on post-conflict peace* (Order No. 13832576). Available from ProQuest Dissertations & Theses Global. (2164566209). Retrieved from <https://search-proquest-com.ezproxy.aub.edu.lb/docview/2164566209?accountid=8555>.

²² Gërxi, A. (2017). Post-conflict peacebuilding in Kosovo. milestones, actors and people. *Academicus*, (15), 122-135. doi:<http://dx.doi.org.ezproxy.aub.edu.lb/10.7336/academicus.2017.15.07>.

determinants in a post-conflict phase of civil wars. They mention that these determinants are: 1) termination of violence; 2) signing of political peace agreements; 3) disarmament; 4) refugee repatriation; 5) establishing a functioning state; 6) reconciliation; 7) economic recovery.^{23 24}

The Syrian case has this complexity in determining the end of the war and the start of the post-conflict phase. For instance, the Syrian war is complex to the extent that even ending the presence of Jihadi fighters would not settle the conflict. The Turkish invasion, the Israeli bombardments, the Western sanctions, the internal political instability, and many others, all are variables that overlap to generate the ongoing conflict. The solution for these variables is not necessarily unified or similar. For example, the Turks have their own national security interest in Northern Syria linked to their historical rivalry with the Kurds. However, the Israeli interests are different and framed against Iran and its proxies, mainly Hezbollah, that are developing a major presence in Southern Syria. The solution for these two variables is therefore dissimilar. Similarly is the solution for the other variables that overlap to produce the status quo crisis. It is the nonlinear and complex identification that has driven some scholars to modify and frame the transition of Syria from conflict to post-conflict. In the third Chapter of *Post-Conflict Power-Sharing Agreements: Options for Syria* book, Amal Khoury and Faten Ghosn focus on power-sharing as a crucial step for post-conflict transition in Syria. They believe that power-sharing should occur in two social levels,

²³ Brown, G., Langer, A., Stewart, F., 2008, 'A Typology of Post-Conflict Environments: An Overview', Centre for Research on Inequality, Human Security and Ethnicity (CRISE) Oxford University, Oxford.

²⁴ Ohiorhenuan, F. E. J., Stewart, F. United Nations Development Programme. Bureau for Crisis Prevention and Recovery. 2008. "Post-conflict Economic Recovery: Enabling Local Ingenuity." *United Nations Development Programme, Bureau for Crisis Prevention and Recovery*. <https://www.undp.org/content/undp/en/home/librarypage/crisis-prevention-and-recovery/crisis-prevention-recovery-report-2008-post-conflict-economic-recovery.html>.

the “elites” and the “locals” and in three interrelated pillars, socioeconomic, politics and military.²⁵

Moreover, scholars draw a strict correlation and dependency between post-conflict and reconstruction, when one should not happen without the other. They almost agree that a reconstruction process is usually the product of the post-conflict phase. Carl Dahlman believes that reconstruction starts when post-conflict begins.²⁶ Some scholars like Brown et al. go beyond this interpretation and refer to the reconstruction as development recovery to be an indicator of the existence of the post-conflict phase.

Scholars tend to define the reconstruction process away from its political role, but through its intended product of development. Anna Herrhausen contends that the term reconstruction is often used to refer to an overlapping and complex development set of targets, timelines, and actions.²⁷ For example, Martina Fischer refers to the reconstruction in the context of rebuilding a society to the prewar level, which is social reconstruction.²⁸ Ho-Won Jeong believes the process to have four main pillars: liberal politics reforms, economic reforms, physical development and security building.²⁹ Similarly, Roger McGinty puts it into multi-task actions to achieve development and

²⁵ Khoury A., Ghosn F. (2018) Bridging Elite and Grassroots Initiatives: The Road to Sustainable Peace in Syria. In: Salamey I., Abu-Nimer M., Abouaoun E. (eds) Post-Conflict Power-Sharing Agreements. Palgrave Macmillan, Cham.

²⁶ Gallaher, C., Dahlman, C. T., Gilmartin, M., Mountz, A. & Shirlow, P. (2009). *Key Concepts in Human Geography: Key concepts in political geography* London: SAGE Publications Ltd doi: 10.4135/9781446279496

²⁷ Herrhausen, A. (2007). *Coordination in united nations peacebuilding: A theory-guided approach*.

²⁸ Fischer, Martina. 2004. “Recovering from Violent Conflict: Regeneration and (Re-)Integration as Elements of Peacebuilding.” In *Transforming Ethnopolitical Conflict: The Berghof Handbook*, eds. Alex Austin, Martina Fischer, and Norbert Ropers. Wiesbaden: VS Verlag für Sozialwissenschaften, 373–402. https://doi.org/10.1007/978-3-663-05642-3_18.

²⁹ Jeong, H. (2005). *Peacebuilding in postconflict societies: Strategy and process*. Boulder: Lynne Rienner Publishers.

security in shattered countries.³⁰ Moreover, in their book “*Making war and building peace: United Nations peace operations*”, Doyle and Sambanis frames the reconstruction process by the term “sustainable peace”. They view it in the context to develop the social, political and economic infrastructures with a target to achieve sustainable peace.³¹ Besides, Junne and Verkoren argue that reconstruction has two main goals, (1) in the short-term to implement humanitarian relief actions, (2) in the long run to achieve development.³² All these viewpoints examine the role of reconstruction as a tool for states and governments to drive the societal and institutional development. However, the gap this paper shall tackle is to frame reconstruction around political attitude.

2. Governance & Legal Frame in Reconstruction

All scholars agree that countries emerging from conflicts suffer from different difficulties and problems that prevent a linear reconstruction process. Nonetheless, they also believe that a new effective governing mechanism is central to overcome these hurdles and ensure proper reconstruction course.^{33 34 35} A report produced in 2008 by the UNDP named *Post-Conflict Economic Recovery*, surveys useful tools to deploy reconstruction. These tools include developing suitable macroeconomic policies, and re-

³⁰ Mac Ginty, R. (2008). Indigenous peace-making versus the liberal peace. *Cooperation and Conflict*, 43(2), 139-163. doi:10.1177/0010836708089080.

³¹ Doyle, M. W., & Sambanis, N. (2006;2011;). *Making war and building peace: United Nations peace operations* (Course Book. ed.). Princeton, N.J: Princeton University Press.

³² Junne, G., & Verkoren, W. (2005). *Postconflict development: Meeting new challenges*. Boulder: Lynne Rienner Publishers.

³³ Brinkerhoff, D. W. (2007;2006;). *Governance in post-conflict societies: Rebuilding fragile states*. London;New York;: Routledge. doi:10.4324/9780203965122.

³⁴ Jones, S. G., Rand Infrastructure, Safety, and Environment (Organization), & Books24x7, I. (2005). *Establishing law and order after conflict* (1st ed.). Santa Monica, CA: RAND. doi:10.7249/mg374rc.

³⁵ Haufler, V. (2006). The private sector and governance in post-conflict societies. () doi:10.4324/9780203965122.

enhancing the state functionality. While the first entails measures to combat high inflation, fiscal deficit, unemployment rate, etc; the second contains the establishment of governance system and the rebuilding of effective institutions; and the restoration of state control over public finance, etc. According to the UNDP report, the legal framework is crucial for the successful transformation in conflict.³⁶ John Ohiorhenuan reaches similar conclusions when he considers that successful reconstruction plan and economic recovery requires building a legal framework with a series of interlinked policies that, first, strengthen the indigenous drivers; second, reach suitable partnerships; third, enhance inclusive economic approach; fourth, rebuild the state capacity.³⁷ States, therefore, should take care of drafting a suitable economic governance system to ensure the achievement of development through reconstruction. Yet, this economic governance system likewise has a political role in providing legitimacy for governments.

Due to the huge repercussions the legitimacy and authority have over the state attitude, they have been the concern for politicians and scholars in political sciences, international law, and public policy disciplines; especially under weak and fragile governments. Scholars identify two local and international origins for the government to gain authority and legitimacy. First, they study the mechanism to achieve locally-driven authority and legitimacy. Klem and Suykens believe that preventing monopoly of political power in the hands of one party or person is vital to bring authority for

³⁶ Ohiorhenuan, F. E J., Stewart, F. United Nations Development Programme. Bureau for Crisis Prevention and Recovery. 2008. "Post-conflict Economic Recovery: Enabling Local Ingenuity." *United Nations Development Programme, Bureau for Crisis Prevention and Recovery*. <https://www.undp.org/content/undp/en/home/librarypage/crisis-prevention-and-recovery/crisis-prevent-recovery-report-2008-post-conflict-economic-recovery.html>.

³⁷ Ohiorhenuan, J. (2012). "Post-conflict recovery". In *Elgar Handbook of Civil War and Fragile States*. Cheltenham, UK: Edward Elgar Publishing. doi: <https://doi.org/10.4337/9781781006313.0003>.

governments. They consider that authority is a force generated by both the state and its opposition.³⁸ Others think that authority is part of a democratic play reached through elections and public debates.³⁹ Furthermore, in Neil Walker book *Sovereignty in Transition*, scholars contend that political inclusion of citizens and their ability to law making improves the legitimacy of governments.⁴⁰ Aalbert and Zanotti view legitimacy and sovereignty as a governmentalized tool in modern state-building to regain power in the political order.^{41 42} Similarly de Carvalho et al. consider legitimacy to be a practice that can be constructed on daily basis.⁴³ These various views deepen the reality that the national reaction of law abidance and policy design between the government and the citizens lead to the production of locally generated authority and legitimacy. It becomes possible to say that authority and legitimacy are crucial political byproducts of policy practices taken by governments.

Second, scholars analyze how governments gain authority and legitimacy by building relations with the international order and foreign states. John Heathershaw argues in his chapter on *Democracy and Authority* that governments not only acquire authority through local political parties and public discourses, but also from the

³⁸ Klem, B., & Suykens, B. (2018). The politics of order and disturbance: Public authority, sovereignty, and violent contestation in south asia. *Modern Asian Studies*, 52(3), 753-783. doi:http://dx.doi.org/10.1017/S0026749X17000270.

³⁹ Heathershaw, J. (2009). *Post-Conflict Tajikistan*. London: Routledge, https://doi.org/10.4324/9780203879214.

⁴⁰ Walker, N. (Ed.). (2003). *Sovereignty in transition*. Bloomsbury Publishing.

⁴¹ Aalberts T (2014) Rethinking the principle of (sovereign) equality as a standard of civilisation. *Millennium* 42(3): 767–789.

⁴² Zanotti L (2011) *Governing Disorder: UN Peace Operations, International Security, and Democratization in the Post-Cold War Era*. University Park, PA: University of Pennsylvania Press.

⁴³ de Carvalho, B., Schia, N. N., & Guillaume, X. (2019). Everyday sovereignty: International experts, brokers and local ownership in peacebuilding Liberia. *European Journal of International Relations*, 25(1), 179-202. doi:10.1177/1354066118759178.

international relations they draw on global levels.⁴⁴ Eric de Brabandere also in his book *Post-Conflict Administrations in International Law* mentions that when international agencies, mainly the United Nations, intervene in states, they empower the authority of the government emerging out of the conflict.⁴⁵ However, the international intervention is not widely advocated from scholars; many criticize them due to the complexity of interests they might bring up. To give an idea, Stephen Krasner claims that states emerging out of conflicts live in a clash mode between the Westphalian sovereignty, and its own domestic sovereignty.⁴⁶ This clash might lead to chaos and conflict of interest between the national and international stakeholders or between the national stakeholders themselves; and in either ways the state authority and legitimacy should be weakened. David Chandler criticizes this international intervention in state-building since it drops off the sovereignty of states and makes it vulnerable to various international hegemony. He, consequently, believes that authority and sovereignty should be locally derived and retrieved.⁴⁷

Joshua B. Forrest believes that Governments in civil wars lose a big part of their authority and legitimacy.⁴⁸ The implementation of reconstruction, therefore, would be at risk if the state fails to exert authority again. The UNDP report mentions that a functioning state that aims to recover from conflict should show three critical features,

⁴⁴ Heathershaw, J. (2009). *Post-Conflict Tajikistan*. London: Routledge, <https://doi.org/10.4324/9780203879214>.

⁴⁵ Brabandere, E. D. (2009). *Post-conflict administrations in international law: International territorial administration, transitional authority and foreign occupation in theory and practice*. Retrieved from <https://ebookcentral.proquest.com>.

⁴⁶ Krasner, Stephen D. (2004) Sharing Sovereignty. *New Institutions for Collapsed and Failing States. International Security* 29 (29): 85-120.

⁴⁷ Chandler, D. (2017) Peacebuilding as Statebuilding. In: *Peacebuilding. Rethinking Peace and Conflict Studies. Palgrave Macmillan, Cham*. doi:10.1007/978-3-319-50322-6.

⁴⁸ Forrest, J. B. (2006). *Subnationalism and post-conflict governance: Lessons from Africa*. () doi:10.4324/9780203965122.

(1) authority, (2) legitimacy, and (3) effectiveness.⁴⁹ Although the three do overlap, the relation between the reconstructing an economic governance system and authority with legitimacy should be my focus here due to their crucial impact on the state attitude; especially that effective and legitimate implementation of reconstruction would not happen if authority exertion is absent.

To this end regarding Syria, I use the local origin of authority exertion and legitimacy gaining, more specifically the claims of Aalbert and Zanotti as well as de Carvalho et al. to analyze the relation between the economic governance system of reconstruction and the regain of authority and legitimacy in Syria. Steven Heydemann argues that the reconstruction process of the Syrian Government is part of the regime authoritarian attitude it uses to reassert its sovereignty. He contends that the continuity of the Syrian Government norms and practices of predatory, corruption, and personalistic are still dominant in the economic governance attitude of the regime and are the frame of the reconstruction agenda.⁵⁰ He discarded, however, the transition timing and the other determinants of post-conflict reconstruction that restrict the attitude of the Syrian Government. Exploring such relation might bring us new identification for the government attitude in transitional periods, and per se the definition of post-conflict features as a whole.

⁴⁹ Bureau for Crisis Prevention and Recovery, ed. 2008. *Post-Conflict Economic Recovery: Enabling Local Ingenuity*. New York, NY: United Nations.

⁵⁰ Heydemann, S. (2018). Reconstructing Authoritarianism: The Politics and Political Economy of Postconflict Reconstruction in Syria. *The Politics of Post-Conflict Reconstruction*, 14-21.

3. Financing Reconstruction: Foreign Investments & Private-Sector Development

Scholars claim that national private investors and foreign direct investments (FDIs) can be useful for the reconstruction process.⁵¹ States in conflict usually suffer from depleted public resources and failed economy features of loss of assets, macroeconomic shocks, distorted markets, etc...⁵² This possesses difficulties to run immediate recovery. Part of the third chapter and the whole of the fourth tackle the National Partnership Economy based on the Public and Private Partnership Law that the Syrian Government adopts to foster the reconstruction deployment. Consequently, it is important to examine the literature review around the role of the private sector in the process. Scholars tend to draw four typologies on the emergence of private sector in the reconstruction plan. The first and the most dominant discusses the technicalities and the mechanism of development, the mode of implementing, the way and the gaps the private sector brings to the reconstruction agenda.^{53 54 55} The second type examines the positive impact and the vitality of foreign investments and the private sector to recover the economy.⁵⁶ This type bases its episteme on the doctrine that consider the private

⁵¹ Haufler, V. (2006). The private sector and governance in post-conflict societies. () doi:10.4324/9780203965122.

⁵² Mac Sweeney, Naoise. 2008. "Private Sector Development in Post-Conflict Countries a Review of Current Literature and Practice." https://www.enterprise-development.org/wp-content/uploads/PostConflict_PSD_EN.pdf.

⁵³ Mac Sweeney, Naoise. 2008. "Private Sector Development in Post-Conflict Countries a Review of Current Literature and Practice." https://www.enterprise-development.org/wp-content/uploads/PostConflict_PSD_EN.pdf.

⁵⁴ Fischer, Martina. 2004. "Recovering from Violent Conflict: Regeneration and (Re)Integration as Elements of Peacebuilding." In *Transforming Ethnopolitical Conflict: The Berghof Handbook*, eds. Alex Austin, Martina Fischer, and Norbert Ropers. Wiesbaden: VS Verlag für Sozialwissenschaften, 373–402. https://doi.org/10.1007/978-3-663-05642-3_18.

⁵⁵ Bureau for Crisis Prevention and Recovery, ed. 2008. *Post-Conflict Economic Recovery: Enabling Local Ingenuity*. New York, NY: United Nations.

⁵⁶ Gerson, B. A. (2001). Peacebuilding: The private sector's role. *American Journal of International Law*, 95, 102-997.

sector to be more technically efficient than the public sector.⁵⁷ Emmanuel Nnadozie and Siham Abdulmelik argue, in a chapter published in Hany Besada's book, that the resources, skills and interests of the private sector can create jobs and generate growth in the economy of transition states. Nnadozie and Abdulmelik, in their assessment to the role of the private sector in Sierra Leone's reconstruction contend that the private businesses solved the economic roots of the conflict, through promoting the socioeconomic inclusion of minorities.⁵⁸

The third typology is the negative impact of the foreign investments and the private sector on the reconstruction of states. Rajesh Venugopal argues that such development would lead to the dominance of business elites over the economic resources of the state. Venugopal counter argues Nnadozie and Abdulmelik, to claim that the dominance of the private sector could deepen the economic marginalization and per se might deepen the root causes of the civil war. He adds that the interests of the private sector could blend with the interests of war economies to generate corrupted and illicit economic networks.⁵⁹ This would per se redefine the political economy features of countries and reshuffle and generates new power dynamics based on such networks. To give an idea, Collier contends that FDI's might turmoil the conflict and establish a situation where the political economy variables can generate violence. This mainly happens when investors rush to loot natural resources of a country and make it

⁵⁷ Privatisation and the post-Washington consensus: Between the lab and the real world? (2001). (pp. 68-95) Routledge. doi:10.4324/9780203418796-7

⁵⁸ Besada, H. (2009;2011;). *From civil strife to peacebuilding: Examining private sector involvement in West African reconstruction*. Waterloo ON, CA: Centre for International Governance Innovation.

⁵⁹ Venugopal R. (2012) Privatization, Private-Sector Development and Horizontal Inequalities in Post-Conflict Countries. In: Langer A., Stewart F., Venugopal R. (eds) *Horizontal Inequalities and Post-Conflict Development*. Conflict, Inequality and Ethnicity. Palgrave Macmillan, London.

dependent on this single commodity which by default means to become vulnerable toward the external economic changes.⁶⁰

The fourth typology is framed around the rationale and objective of the private investments reimbursed by states and international actors. Call & Cousens, and Rolan Paris state that the reconstruction deployment requires essential collaboration between international and national actors.^{61 62} Such collaboration can be foreign direct investments done by sovereign funds or well-known private investors. Mlambo et al., Senior Nello, and Flores & Nooruddin stress on the importance of these investments to help the reconstruction and relief of severe economies.^{63 64 65} Kamran Mofid contends that the funds the international actors provided to reconstruct Iraq after the end of the Iran-Iraq war have prevented the relapse of war and enhanced the establishment of peace.⁶⁶

⁶⁰ Collier, P. (2003) *Breaking the Conflict Trap: Civil War and Development Policy*, Washington, DC: World Bank. doi:10.1596/978-0-8213-5481-0

⁶¹ Call, C. T., & Cousens, E. M. (2008). Ending wars and building peace: International responses to war-torn societies. *International Studies Perspectives*, 9(1), 1-21. doi:10.1111/j.1528-3585.2007.00313.x.

⁶² Paris, R. (2004). *At war's end: Building peace after civil conflict*. Cambridge: Cambridge University Press.

⁶³ Mlambo, M. K., Kamara, A. B., & Nyende, M. (2009). Financing Post-conflict Recovery in Africa: The Role of International Development Assistance. *Journal of African Economies*, 18(1), i53-76. <https://doi.org/https://academic.oup.com/jae/issue>.

⁶⁴ Senior Nello, S. (2001). The Impact of External Economic Factors: The Role of the IMF. In (Ed.), *Democratic Consolidation in Eastern Europe Volume 2: International and Transnational Factors*. : Oxford University Press. Retrieved 9 Dec. 2018, from http://www.oxfordscholarship.com/view/10.1093/019924409X.001.0001/acprof_9780199244096-chapter-4.

⁶⁵ Flores, T. E., & Nooruddin, I. (2009). Financing the peace: Evaluating world bank post-conflict assistance programs. *The Review of International Organizations*, 4(1), 1-27. doi:http://dx.doi.org/10.1007/s11558-008-9039-0.

⁶⁶ Mofid, K. (1990). Economic Reconstruction of Iraq: Financing the Peace. *Third World Quarterly*, 12(1), 48-61. Retrieved from <http://www.jstor.org/stable/3992447>.

Nonetheless, the international intervention can be used as a weapon to serve the interest of the funder.⁶⁷ Schraeder et al. in the article “*Clarifying the foreign aid puzzle: A comparison of American, Japanese, French, and Swedish aid flows*” find that the financial assistance of these Western countries is driven by self-interests. France, for example, prefers recipients to have commonalities, like francophone culture. Japan, Sweden, and the United States are motivated by economic interests.⁶⁸ Meernik et al. say that in the post-cold war era, the United States foreign financial assistance has been driven by security goals that subsume its national security orientation.⁶⁹ Studying the rationale behind the provision or the prevention of external funds is highly crucial in the Syrian case to assess the probability of the Syrian Government’s ability to deploy the reconstruction plan amidst the severe consequences of sanctions. To show what this means, Omar Dahi argues that while the Western countries are blocking the financial assistance for reconstruction in Syria, the allies of the Syrian Government cannot handle the whole reconstruction costs. The solution, hence, should be a UN-sponsored political settlement that gathers both sides on the same table.⁷⁰

4. Sanctions

Ever since the 28th President of the United States, Woodrow Wilson stated that sanctions are “peaceful, silent, deadly remedy, scholars diverged on their value and

⁶⁷ Collier, P. (2003) *Breaking the Conflict Trap: Civil War and Development Policy*, Washington, DC: World Bank. doi:10.1596/978-0-8213-5481-0.

⁶⁸ Schraeder, P. J., Hook, S. W., & Taylor, B. (1998). Clarifying the foreign aid puzzle: A comparison of American, Japanese, French, and Swedish aid flows. *World Politics*, 50(2), 294-323. doi:10.1017/S0043887100008121.

⁶⁹ Meernik, J., Krueger, E. L., & Poe, S. C. (1998). Testing models of U.S. foreign policy: Foreign aid during and after the cold war. *The Journal of Politics*, 60(1), 63-85. doi:10.2307/2648001.

⁷⁰ Dahi, Omar. (2018). *A political economy analysis of the Syrian conflict*. Paper presented at the University of Massachusetts Amherst Political Economy Workshop, Massachusetts, United States.

viability to achieve strategic goals in diplomacy. Scholars like Kimberly Ann Elliott, Jeffrey J. Schott, and Gary Clyde Hufbauer contend that sanctions show fruitful outputs in the international politics to achieve strategic goals in diplomacy.^{71 72} In Article 41 of Chapter VII of the United Nations Charter, the UN declares that the Security Council can to conduct sanctions in order to maintain world peace. Nevertheless, the evaluations done by the same UN since 1990s depict that the sanctions the Security Council imposed were ineffective.⁷³ Scholars like Robert Pape believe that the destiny of sanctions is to fail in achieving its goals.^{74 75 76}

In Syria, the economy has been experiencing sanctions since a long time before the crisis; however, its current level of coercion is unprecedented. Despite the fact that different actors have used different types of sanctions as a foreign policy tool to impose changes in the Syrian conflict, there is no agreement among all of them over their appositeness. The United Nations imposes sanctions to combat Daesh and radicalism in Syria; the Western and Arab countries impose measures against the Syrian Government to destroy its economic and political capabilities.⁷⁷ The Syrian opposition hails them, and roots for intensifying their brutality, yet, the United Nations stresses on their

⁷¹ Kimberly Ann Elliott, (1998). “The Sanctions Glass: Half Full or Completely Empty?” *International Security*, 23-1, pp. 50–65

⁷² Gary Clyde Hufbauer, Jeffrey J. Schott, and Kimberly Ann Elliott. (1990). *Economic Sanctions Reconsidered* (Washington, D.C. Institute for International Economics)

⁷³ Marc Bossuyt. (2000). *The Adverse Consequences of Economic Sanctions on the Enjoyment of Human Rights* (Geneva: United Nations Economic and Social Council, Commission on Human Rights), p. 4 and pp. 24–26

⁷⁴ Robert A. Pape. (1996). *Bombing to Win: Air Power and Coercion in War* (Ithaca, N.Y.: Cornell University Press), pp. 21–27.

⁷⁵ ; Robert A. Pape. (1998). “Why Economic Sanctions Still Do Not Work,” *International Security*, 23-1, pp. 66–77

⁷⁶ Robert A. Pape. (1997). “Why Economic Sanctions Do Not Work,” *International Security*, 22-2, pp. 90–136

⁷⁷ Blockmans, S. (2012) *Preparing for a post-AI-Assad Syria: What role for the European Union?* in: CEPS Commentary (Brussels: Centre for European Policy Studies).

unwanted consequences on the Syrian citizens, and the Syrian Government allies condemn their illegality and repercussions on deepening the complexity to find a solution for the conflict.

The Syrian opposition counts on these measures to strangle the Government. In February 2018, Nasr Hariri, the President of the Syrian Negotiation Commission, supported the European Union decision to issue new sanctions against the Syrian regime, in a hope to curtail it more and more.⁷⁸ The Syrian opposition stance did not stop at support but it urged the EU and the US to intensify the sanctions on the petroleum sector of the Syrian Government to deprive it more from finance.⁷⁹ For the United Nations, a UN internal paper in 2016 blamed the EU and the US coercive measures for punishing the Syrian people instead of the Government. The *Humanitarian Impact of Syria-Related Unilateral Restrictive Measures* paper says that the sanctions complicate the Syrian resolution and are unlikely to achieve their aims against the regime.⁸⁰ This nonconformity was reflected in the Lucca/ Italy meeting in 2017 for the foreign ministers of the G7, where the Italian Minister of Foreign Affairs confirmed the non-agreement of the G7 to impose new sanctions on Syria, and noted these tools not to be efficient for the EU to achieve its goals at the current moment.⁸¹ In fact, several analysts see the sanctions impractical to collapse the Government or even

⁷⁸ Kuwait News Agency. (2018) Syrian opposition welcomes EU sanctions against al-Assad regime. Retrieved from <https://search-proquest-com.ezproxy.aub.edu.lb/docview/2008261172?accountid=8555>.

⁷⁹ Khalaf, Roula, Abigail Fielding-Smith, and Anna Fifield. (2011). "Syrian Rebels Urge Oil Sanctions." *Financial Times*. <https://www.ft.com/content/9e735f18-bd22-11e0-9d5d-00144feabdc0> (May 31, 2020).

⁸⁰ Yerepouni Daily News. (2016) UN blames US, EU sanctions for punishing syrian civilians, stalling aid work - leaked report. Retrieved from <https://search-proquest-com.ezproxy.aub.edu.lb/docview/1825194943?accountid=8555>.

⁸¹ Xinhua News Agency. (2017) No agreement among G7 FMs on further syrian sanctions. *CEIS* Retrieved from <https://search-proquest-com.ezproxy.aub.edu.lb/docview/1886706344?accountid=8555>.

to change its attitude. Nasser Zuheir, a Syrian researcher and analyst believe the sanctions to only exert pressure on the Government and the citizens, but not to the extent to enhance any serious change in the Government's ruling agenda. Similarly, Khattar Abou Diab, a political science teacher at the University of Paris, thinks the financial repercussions of the sanctions will not affect the Syrian Government but only the innocent citizens.⁸² Also, Bassem Mroue, the Mideast correspondent for the Associated Press interviewed many Syrian citizens inside Syria, and found it was easier for the people to make their ends meet at the peak of the conflict than now under the sanctions. He concluded that the sanctions' effects on the huge losses in the foreign currency reserves are hardening the transfer of remittances into Syria, and restricting the shipment of many industrial and vital commodities into the Syrian market, and hence increasing the struggle of the citizens to survive the deteriorated socioeconomic situation. For Mroue, sanctions do not punish the Government, they only harm the citizens.⁸³ Moreover, Roger Harris, board member of the Task Force on the Americas, is convinced that the US sanctions are illegal and are deteriorating the Syrians livelihood status. Upon his visit to the International Trade Union Forum in Damascus, Harris admitted the complexity of the conflict, and insisted on the brutalization of the sanctions in punishing the citizens and preventing them from accessing daily commodities.⁸⁴ Similarly a journalist argues that although the sanctions are intended to hit the

⁸² Yeranian, E. (2019). *Syrian currency hovers near record lows on black market*. Washington: Federal Information & News Dispatch, Inc. Retrieved from ProQuest Central Retrieved from <https://search-proquest-com.ezproxy.aub.edu.lb/docview/2288162466?accountid=8555b>.

⁸³ Mroue, Bassem. 2019. "Western Sanctions Push War-Wearry Syrians Deeper into Poverty." *ABC News*. <https://abcnews.go.com/Lifestyle/wireStory/Western-sanctions-push-war-wearry-syrians-deeper-poverty-64727064> (May 31, 2020).

⁸⁴ Harris, Roger D. 2019. "International Conference in Syria on Sanctions and Its Blowback." *MintPress News*. <https://www.mintpressnews.com/international-conference-in-syria-on-sanctions-and-its-blowback/261986/> (May 31, 2020).

Government, they are affecting detrimentally the Syrian citizens and increasing poverty among those unable to earn convenient wages to meet their needs.⁸⁵

Despite the fact that these views do not accuse the Western sanctions to intentionally aim at hitting the Syrian citizens, they are certain that their repercussions are doing so. President Bashar al-Assad believes that the sanctions aim to punish the citizens who refuse to rise against the Government and do not back the terrorists at the different stages of the conflict. The Al-Assad thinks the Western mind-set is set with punishment attitude to make the Syrian people pay the price of not obeying the Western agendas written to Syria.⁸⁶

C. Definitions

Before delving into the body of the research, I shall set the stage for three principles. First, I will refer to the Syrian regime by the Syrian Government, similar to what the United Nations use, to avoid any unwanted political interpretations. Second, I used Daesh instead of Daesh since it is more familiar to recognize in Western Asia. Last, I will prove that the Syrian status quo is not in the post-conflict phase yet. This is to avoid any misinterpretation of the post-conflict indicators in the Syrian case. To do so, I will use what I believe to be the most comprehensive examination of Brown et al. and the UNDP report for post-conflict milestones to prove that Syria is exogenous of

⁸⁵ Malek, Natalie. 2019. "Poverty in Syria: How Sanctions Are Worsening the Issue." *BORGEN*. <https://www.borgenmagazine.com/poverty-in-syria-how-sanctions-are-worsening-the-issue/> (May 31, 2020).

⁸⁶ The Syria Report. 2019e. "Economy, Business and Finance - Syria and the Middle East." <https://www.syria-report.com/library/al-Assad-speeches-interviews/interview-bashar-al-Assad-russian-rt-tv-channel-november-11-2019> (May 31, 2020).

this phase. In the following, I will assess these milestones and their viability in the Syrian case.

1. Contextualizing Syria

a. Termination of Violence

On a national level, the termination of violence is far from reach neither now nor in the near future. Although almost the majority of the Syrian territory has not witnessed a main battle since couple of years, Idlib and the Northern Syria are still in turmoil. The Russian-Turkish agreement reached in Sochi to end Idlib's military escalation is already attacked several times and lacks comprehensiveness to conclude this tension.⁸⁷

Actually, the conflict of interests between the actors in Idlib, makes it hard to achieve a consensus to prevent violence. Similar is the case in Northeast Syria, where the Kurds and the Turks are far from harmony to end their historical rivalry.⁸⁸ Therefore, the "termination of violence" milestone is invalid.

b. Signing of political peace agreement

One of the indicators for this milestone is the signature of cease fire agreements. Brokered by the Russians, the Syrian Government has signed dozens of these agreements all across Syria. In fact, a lot of battles have concluded through such agreements. However, they are not national comprehensive political agreement that put an end for the decade long Syrian trajectory. Such a comprehensive agreement is far

⁸⁷ Enabbaladi. (2020). *عنب بلد. مؤشرات غربية على فشل اتفاق روسيا وتركيا بشأن ابلب*. <https://enabbaladi.net/archives/369033>.

⁸⁸ Deutsche Welle. (2019). *الهجوم التركي على شمال سوريا - أطماع قديمة تهدد مستقبل الأكراد*. DW.COM. <https://bit.ly/2D7VGMu>.

from horizon especially that the Constitutional Committee is currently paralyzed, the international community is still divided, and the warring parties inside Syria remain active. The peace agreement milestone is therefore invalid.

c. Disarmament

The military groups' reduction is a clear indicator for this milestone. In Syria the reduction was not in the mass of the groups, but in their geographical consolidation. The main groups that were fighting in Syria, like, the Syrian Army, the Syrian Free Army, the different Jihadi factions, and pro-government allies are still active, but with different power dynamics from the past. Currently the Syrian Army is dominant on battle field, and many international actors believe that Daesh is almost dead in Syria, nevertheless, Hay'at Tahreer al-Sham is still heavily active and present in Northern Syria. Similarly, the National Front for Liberation is active in Northern Syrian and has supply routes and border crossing with Turkey to sustain its capacity and power. This reality doesn't negate the fact that disarmament is partially getting place in Syria by enforcement, via victories of the Syrian Army and the retreats of all other kinds of opposition. However, this doesn't reach the extent to consider Syria in the disarmament phase. Hitherto, the "disarmament" milestone is inactive.

d. Refugee Repatriation

According to the UNHCR, between 2016 and 2019, around 230,418 refugees have organized their return to Syria, which is almost 4.14% of total refugees outside the

country.⁸⁹ This shy number goes back to many reasons related to the conflict. According to a report done by the International Crisis Group, the main hurdles ahead of refugees to return back are 1) detention; 2) security clearance; 3) conscription. Unless refugees feel safe to return back, they will choose to stay outside Syria far from security threats.⁹⁰ Therefore, the “refugee repatriation” milestone is invalid so far.

e. Establishing a functioning state

The Syrian Government is doing much to enact rule of law and enforce regulations. This can be seen in two clear indicators. First, the sequential increase of tax revenues in the public budget since 2017. Taxes and fees revenues were 811,990,000⁹¹; 563,050,000⁹²; 409,500,000⁹³; 322,489,000⁹⁴, in the years, 2020, 2019, 2018, and 2017, respectively. This means that the Government is either imposing new taxes or enhancing its tax effort. In both ways, the increase means that the Government is working to activate the state institutions. Second, the Government is conducting measures to fight corruption. In the previous months, it froze assets for several businessmen in accusation of corruption.⁹⁵ Although a lot was said around this action, such criticisms do not negate the reality that this step is part of the corruption fight. The presence of the two indicators is a clear determinant that efforts on forming a

⁸⁹ UNHCR. 2020g. “Situation Syria Regional Refugee Response: Durable Solutions.” https://data2.unhcr.org/en/situations/syria_durable_solutions (May 31, 2020).

⁹⁰ International Crisis Group. 2020b. *Easing Syrian Refugees’ Plight in Lebanon*. <https://d2071andvip0wj.cloudfront.net/211-easing-syrian-refugees-plight-in-lebanon.pdf>.

⁹¹ The Syria Report. 2020f. “Economy, Business and Finance - Syria and the Middle East.” <https://www.syria-report.com/library/budgets/2020-budget-revenues-full-details> (May 31, 2020).

⁹² The Syria Report. 2019. “The Syria Report - Economy, Business and Finance - Syria and the Middle East -.” <https://www.syria-report.com/library/budgets/2019-budget-revenues-full-details> (June 4, 2020).

⁹³ The Syria Report. 2018. “The Syria Report - Economy, Business and Finance - Syria and the Middle East -.” <https://www.syria-report.com/library/budgets/2018-budget-revenues-full-details> (June 4, 2020).

⁹⁴ Ibid

⁹⁵ Alnahhas, Saleem. 2019. “سوريا: القصر الجمهوري يضبط أمراء الحرب.. بدعم روسي!” <https://bit.ly/2VZs5dZ> (May 31, 2020).

functioning state are being done. Therefore, this milestone is valid, but maybe in slow pace due to many overlapping political economy variables.⁹⁶

f. Reconciliation

The Syrian Government has been working on reconciliation through reconciliation agreements since early years of the conflict. President al-Assad has established in 2012 a Ministry for National Reconciliation for this purpose⁹⁷ before he replaced it with the Administration for National Reconciliation in 2018.⁹⁸ Despite the fact that the Syrian Government is saying that the agreements are increasing, many reports say that they are no more than surrender agreements with no security guarantees.^{99 100} In fact, there is no existence for a clear comprehensive reconciliation program that works on a national scale to address the real variables of the crisis and facilitate the end of the conflict. Therefore, I cannot consider the “reconciliation” milestone valid.

g. Economic recovery

As the previous chapters show, the Syrian Government is trying to start economic recovery. The Establishment of new institutions, the issuance of updated regulations,

⁹⁶ It is worth to mention that these two indicators overlap with other political economy realities which affect the possible outcome. They can either hurdle, boost, or slow the process of establishing a functioning state.

⁹⁷ Snack Syrian. 2018c. “سنالك”. 2012 عام حيدر علي حيدر عنها الوزير علي حيدر. <https://bit.ly/2R53BhM> (May 31, 2020).

⁹⁸ Enabbaladi. 2018b. “هيئة” عنب بلدي. <https://www.enabbaladi.net/archives/265890> (May 31, 2020).

⁹⁹ Araabi, Samer, and Leila Hilal. 2016. “Reconciliation, Reward, and Revenge: Analyzing Syrian De-escalation Dynamics through Local Ceasefire Negotiations.” https://www.berghof-foundation.org/fileadmin/redaktion/Publications/Papers/AraabiHilal_SyrianLocalCeasefireNegotiations.pdf (June 4, 2020).

¹⁰⁰ Amnesty International. 2017. “‘We Leave or we Die’ Forced Displacement Under Syria’s ‘Reconciliation’ Agreements.” <https://www.amnesty.org/download/Documents/MDE2473092017ENGLISH.pdf> (June 4, 2020).

and the launch of programs are evidences for economic recovering attempts. Therefore, the “economic recovery” milestone is valid.

To this end, it is now clear that the post-conflict phase in Syria is invalid. I allocated the post-conflict indicators to make the foundation of the research significant and the analysis more credible.

D. Methods

The research design is three-fold. First, I performed a desk review of secondary sources on selected literature such as books, academic journals, official documents derived from the Syrian Government, decrees, laws, official documents derived from private sources, mass-media outputs like newspapers and media news. The investigated documents were in both English and Arabic languages. Second, semi-structured informal interviews was held with five individuals who all have preferred to remain anonymous:¹⁰¹ one former Syrian minister for Local Administration and Environment, high-level Syrian economist at ESCWA, a former Syrian minister, a Syrian expert in the real estate sector based in Damascus, and a member of the Constitutional Committee. In my interviews, I intended to understand how decisions are made at the higher level of the Syrian Government at times of crisis, and what factors influence the decision-making process. In this sense, I wanted to determine how the Syrian Government acts and interacts with policy avenues and tools. Third, I visited Damascus to observe Marota City and its geostrategic location.

¹⁰¹ I submitted my IRB application with the intention of conducting more interviews, but due to the late response from the IRB office, I ended up with only five informal interviews.

Equally important, I must acknowledge that my own personal experiences as a researcher in the National Agenda for the Future of Syria at the United Nations Economic and Social Commission for Western Asia (ESCWA) in Lebanon affect my approach to this topic, as a lot of the insights I deploy in this paper are drawn from my own personal involvement in informal discussions with different Syrian stakeholders. In particular, and owing to the fact that I had side discussions with various Syrians based in different areas while visiting the UN House for consultation meetings, I framed a more in-depth understanding of the crisis dynamics to exert on intellectual level, and that gears the direction that could end up being more suitable to analyze my aimed question.

Finally, and before proceeding into the substance of this study, it is important to clarify the choice of some terms, as terminology in the case of exerting authority is of utmost importance. This study does not claim to tackle the authoritarian attitude terms that are conventionally used in academic circles, however, it does point out the action of legal authority usually used in states. In our case, this research does not refer to exerting authority as an “authoritative action”, as most studies effortlessly do, but rather as a normal process of conducting governance of the Syrian Government. I must say that the challenges ahead of the research were many. While the main limitation was the hardship to collect data directly from Syria, the escalations remain fast and volatile in the war. For example, Geir Pedersen has replaced Staffan de Mistura as the United Nations Special Envoy on Syria, who brought different practices with regard to peace settlements and agreements. Also, the Turkish end of invasion to Northeast Syria is still immature after confrontation with the Syrian Government in Idlib at the Northwest. Moreover, the al-Hol camp that hosts the families of Daesh fighters, as well as the

foreign fighters of the terrorist group, remains risky if they succeeded to escape, which brings the Syrian conflict back to a very early position. All these challenges among others added or eliminated factor/s the thesis has been relying on.

E. Thesis Structure

This paper is a study of the different roles of the reconstruction agenda the Syrian Government has been deploying in the face of several changing variables, and in it I seek to make sense of the way in which the Government thought to reach security, authority, legitimacy, and war victory stagnation through the deployment of the reconstruction agenda as a political tool in a war strategy.

The research is divided into five parts. Chapter 1 offers a quick background on the current developments with respect to the reconstruction process in Syria. It also presents the research questions, methods used, and the chapters' structure in the thesis. Moreover, this chapter studies the importance of the Syrian Government reconstruction deployment before reaching a post-conflict status by using the conceptual framework where it outlines the main concepts and their distinctive features. Chapter 2 analyzes the urban issue of informal neighbourhoods in Syria and shows how the reconstruction urban policies of 66/2012 and 10/2018 are to tackle the security threats of the informal neighbourhoods. It examines the foundational elements of the policies that have let the Syrian Government deploy reconstruction as a tool to securitize the unwanted threatening areas, and that is through focusing on the informal neighborhood lands of Marota City. Chapter 3 analyzes the development in the governance performance of the Syrian Government and dissects its refurbished legal agenda especially in local governance and the partnership with the private sector, in an attempt to provide an

examination of the role transformation of the reconstruction agenda to be a tool to exert authority and regain legitimacy for the Syrian Government. Chapter 4, meanwhile, investigates how the Western sanctions deprived the Syrian Government to partner with local and international private investors from Russia, China, and Iran to deploy the reconstruction plan. This impact of sanctions led to the failure of the Syrian Government to confirm its supremacy in battlefield and questioned its victory. These variables have transformed the role of the reconstruction agenda to be a tool the Syrian Government must use to affirm its war victory. The conclusion, lastly, examines how the last transformation of the reconstruction agenda role had the impact on the Syrian Government to push toward the reliance on proxies to guarantee the deployment of the reconstruction plan. Moreover, it analyzes all the empirical findings of this thesis against the backdrop of the main argument that the rationale of the reconstruction agenda in Syria is political with different war strategies.

CHAPTER II

THE SECURITY OF URBAN DYNAMICS: RECONSTRUCTION IS SALVATION

The first role for the reconstruction agenda was a war strategy tool for the Government to securitize unwanted informal neighborhoods in 2012-2016, when the security threat was at its utmost. This role is incarnated in the genealogy of the Marota city project. On the 17th of March 2016, President Bashar al-Assad visited Basateen Al-Razi in the Mazzeh district of Damascus, and laid the foundation stone to one of the biggest real estate projects in the Syrian modern history.¹⁰² President al-Assad stressed on the importance of the project and the necessity to commit to the set deadlines such that the project can be a model for the Syrian reconstruction future.¹⁰³ A year after, the Damascus Governorate gave this project a new title: “Marota City”, or “Sovereignty” in the ancient Syriac language.¹⁰⁴ The project that started with a vision to construct some 12 thousand housing units, education and health facilities, a commercial mall and government building, turned out to be an upscale estate project that only serves the bourgeoisie.¹⁰⁵ Observers, who consider this project to be a blueprint for the post-conflict reconstruction phase, believe that it is demographically controversial. Many compared the project to the Lebanese post-conflict Solidere urban deformation of

¹⁰² SamaTV. 2016a. “الرئيس الأسد يضع حجر الأساس لمشروع تنظيم 66 بساتين خلف الرازي” بمنطقة المزة قناة سما الفضائية | الرئيس الأسد يضع حجر الأساس لمشروع تنظيم 66 بساتين خلف الرازي ويؤكد أهمية الالتزام بالمواعيد” <http://www.sama-tv.net/index.php?id=7690> (May 30, 2020).

¹⁰³ SANA. “الرئيس الأسد يضع حجر الأساس لمشروع تنظيم 66 في منطقة بساتين خلف الرازي ويؤكد أهمية الالتزام بالمواعيد” <https://www.sana.sy/?p=354635> (May 30, 2020).

¹⁰⁴ Issa, B. (2018). “بعد (ماروتا سيتي) إطلاق اسم سرياني آرامي آخر على مشروع سكني فاخر في العاصمة السورية دمشق / مجلة / السريانيان” <http://www.syriac-union.com/?p=3159>.

¹⁰⁵ The Syria Report. 2016b. “Bashar Al-Assad Lays Foundation Stone of Sectarian Cleansing Real Estate Project.” <https://www.syria-report.com/news/real-estate-construction/bashar-al-Assad-lays-foundation-stone-sectarian-cleansing-real-estate-> (May 30, 2020).

Beirut, which expropriated properties from local Beirutis and built new fancy, bourgeoisie-oriented districts exhibiting as the cultural and economic anchors of the city.¹⁰⁶ Marota City, the sui generis Damascene project, is a crucial case to analyze the Government's reconstruction rationale amidst the complex status quo of Syria while under the crisis and confined by war variables. In this chapter, I aim to trace and dissect the urban regulatory portfolio used in developing this project. I will explore the rationale behind the Government starting the reconstruction process in the mid of the war. Despite the fact that the project has the façade of economic development, I believe that the crucial moments that drew the founding decree of it, 66/2012, and the decree 10/2018 explain how the Government later sought reconstruction as a tool to securitize unwanted informal neighborhoods.

During the conflict, the Government issued two prominent urban policies. The first decree is No 66 of 2012 that regulates the expropriation of lands of the informal neighborhoods for renewal in Basateen area at Damascus city, and the second decree is No 10 of 2018 that extends this ability to expropriate lands of informal neighborhoods for renewal purposes all over Syria. The informal neighborhoods problem has been present in the conscious of the Syrian Government since day one until recently. Hereafter, I analyze the genealogy of this prominent urban problem, and interpret how it became a security issue, enforcing the government to eradicate the informal neighborhoods.

¹⁰⁶ Rollins, Tom. 2019. "In Downtown Beirut, Signs of the Coming Cost of Syria's Reconstruction Plans." *Syria Direct*. <https://syriadirect.org/news/in-downtown-beirut-signs-of-the-coming-cost-of-syria%E2%80%99s-reconstruction-plans/> (May 30, 2020).

A. Informal Neighborhoods Do Not Resist, But Urban Policies Do Fail

1. Genealogy of Informal Neighborhoods

The issue of informal settlements goes back to the days of Hafiz al-Assad. Between 1981 and 1994, the illegal houses spread all over Syria and counted the double of the legal houses, with a ratio of 961,000 to only 482,000. In Damascus, the rate was 67%, or 102,000 illegal houses.¹⁰⁷ In Homs and Aleppo, the rate of illegal houses was 40% and 32% respectively.¹⁰⁸ The problem became more severe in the first decade of the second millennium. In Damascus, the inhabitants of informal settlements reached 40% or some 1.3 million out of 3 million.¹⁰⁹ In 2010, 32% of the total Syrian urban population was living in informal settlements. Inhabitants of metropolitan cities severely faced this problem, for instance, 1.6 million out of 4 million in Damascus, and 1.1 million out of 2.4 million in Aleppo lived outside the Government's Organizational Design, in other words, in informal settlements.¹¹⁰ Although the updates over the number of informal neighborhoods stopped during the war, the former Syrian Minister of Housing and current Prime Minister, Hussein A'rnous, said that the informal settlements are circa 50% of the Syrian urban areas, which shows that the problem kept expanding throughout the war.¹¹¹

¹⁰⁷ Jabor, Saadallah. 2002. "واقع السكن العشوائي في مدينة دمشق وكيفية التعامل معه." ندوة المجلس الأعلى للعلوم. <https://bit.ly/2KrZ4FR> (June 4, 2020).

¹⁰⁸ Dairi, Ayyas. 2007. "مناطق السكن العشوائي في سورية وربطها مع خصائص الاسر والسكان." <http://cbssyr.sy/studies/st24.pdf> (June 4, 2020).

¹⁰⁹ Clerc, V. 2014. "Informal Settlements in the Syrian Conflict: Urban Planning as a Weapon." *Built Environment*, 40(1), 34-51. <https://halshs.archives-ouvertes.fr/halshs-01185193/document>.

¹¹⁰ OCHA. 2013. "Emergency Response to Housing Land and Property Issues in Syria." <https://reliefweb.int/sites/reliefweb.int/files/resources/Emergency%20response%20to%20Housing%20Land%20and%20Property%20issues%20in%20Syria.pdf> (June 4, 2020).

¹¹¹ Enabbaladi. 2018b. "وزير الإسكان: السكن العشوائي في سوريا يشكل 50% فقط." <https://www.enabbaladi.net/archives/228204> (May 30, 2020).

2. *Failing Since the First Attempt*

Since the beginning of the 21st century, the Government endeavored to solve this urban problem by increasing the production of legal affordable houses, nonetheless, they failed. In the 2000s, the liberal adjustments of the Social Market Economy were significant in the real estate sector. The Government redrew the urban planning policies, reformed the building permits, deregulated the rents, and reorganized property laws. However, it remained afraid from the new liberal measures not to monopolize the market and marginalize the low-income households, putting them with almost minimal purchase power to buy formal houses. Therefore, the Government established the public owned company of Public Establishment for Housing (PEH), aimed at increasing the supply of affordable low-cost houses for youth low-income households.¹¹² While the liberal measures succeeded to increase the production of legal houses, the PEH failed to make them affordable. To illustrate, by 2007 the annual legal housing production increased by sevenfold in the capital city, and by fifteen in the suburbs.¹¹³ Nevertheless, there was shortage in demand due to their high costs making them affordable only to upscale clients instead of average citizens.¹¹⁴ As a result, the Syrians who failed to buy a legal house went after owning affordable illegal residence. The Government's reaction was not smooth; it started to penalize those who infringed the urban laws and built new informal houses. It enacted the decree no 1 of 2003 and issued the decree no 59 of 2008 to stop the increase of the illegal constructions.^{115 116} It also pursued the formation of

¹¹² CLERC, VALÉRIE, and ARMAND HURAUULT. 2010. "Property Investments and Prestige Projects in Damascus: Urban and Town Planning Metamorphosis." *Built Environment (1978-)* 36(2): 162–75.

¹¹³ Clerc, V. 2014. "Informal Settlements in the Syrian Conflict: Urban Planning as a Weapon." *Built Environment*, 40(1), 34-51. <https://halshs.archives-ouvertes.fr/halshs-01185193/document>.

¹¹⁴ *Ibd.*

¹¹⁵ Parliament, Syrian. 2003. "القانون رقم 1 لعام 2003 مخالفات البناء." <http://www.parliament.gov.sy/arabic/index.php?node=201&nid=5459&RID=->

urban master plans to tackle the roots of the informal neighborhoods problem in the metropolitan cities. It cooperated with several international stakeholders, such as the European Union, France, Japan and Germany, to design new national urban projects. As a result, the Government had to choose between two approaches, either to upgrade the neighborhoods i.e. improving infrastructure for existing zones or to renew them i.e. destruct and then reconstruct.

3. Upgrade option or Renewal option?

The establishment of many projects and programs that swing between upgrading and renewing the neighborhoods shows how the Government was uncertain of which option to pursue. Several public institutions, mainly the Ministry of Local Administration and Environment (MLAE) proposed projects to facilitate the option of upgrading the informal neighborhoods. The Government, upon the MLAE request, issued a series of laws like Law No 46 of 2004 and Law No 33 of 2008 to facilitate this option.^{117 118} In 2010, it prepared in coordination with the Regional Planning Commission, the “*Informal Settlements Upgrading and Rehabilitation National Programme*”, which presents the possible scenarios for upgrading many informal settlements in the country. Similarly, it carried out in coordination with the European Union the “*Municipal Administration Modernisation Programme*” that develops similar scenarios. Various Governorates also launched similar programs. For instance, the

1&Last=9788&First=1&CurrentPage=36&VId=-1&Mode=&Service=-1&Loc1=&Key1=&SDate=&EDate=&Year=&Country=&Num=&Dep=-1& (May 30, 2020).

¹¹⁶ Parliament, Syrian. 2008c. “المرسوم التشريعي 59 لعام 2008 قانون إزالة الأبنية المخالفة ومخالفات البناء.” <http://www.parliament.gov.sy/arabic/index.php?node=5588&cat=4774> (May 30, 2020).

¹¹⁷ Amended by Law No. 23 of 2015

¹¹⁸ Parliament, Syrian. 2008b. “القانون 33 لعام 2008 القاضي بتثبيت ملكية العقارات المبنية وأجزاء العقارات غير المبنية.” <http://www.parliament.gov.sy/arabic/index.php?node=5588&cat=4751&> (May 30, 2020).

Governorate of Rif Damascus, in cooperation with the MLAЕ, Cities Alliance and the World Bank, carried out the study of “*Upgrading Informal Settlements in Rif Damascus*”, that recommends upgrading the informal settlements in Rif Damascus. Similarly the Governorates of Damascus and Aleppo launched with the German Cooperation (GIZ) the “*Sustainable Urban Development Program*”.¹¹⁹

On the other hand, some institutes, mainly the Ministry of Housing and Construction, and the Public Establishment of Housing, endorsed the option of renewing the informal neighborhoods in Syria. They pushed the Governorates to work on renewing projects in parallel with other institutes working on the upgrading scenarios. For example, the Damascus Governorate studied the option of renewing part of the neighborhoods in the city. In 2007, it provided a vision to renew 17 Damascene urban areas and most of them were informal.¹²⁰ In fact, this option was attractive to several Government officials who advocate the renewing option as a win-win solution to end the chronic urban problem and at the same time to benefit from their lands to attract private investors. Accordingly, the Government issued Law No 15 of 2008 that regulates the ability of the private sector to develop the real estate market. One of the Law items stresses on the possibility to legalize the provision of the lands of the informal neighborhood for private investors to develop them.¹²¹

At the end of the 2010s, the two urban options had their own advocates and active policies. This led to a real confusion on what final decision Syria should pursue

¹¹⁹ Clerc, V. 2014. “Informal Settlements in the Syrian Conflict: Urban Planning as a Weapon.” *Built Environment*, 40(1), 34-51. <https://halshs.archives-ouvertes.fr/halshs-01185193/document>.

¹²⁰ *Ibd.*

¹²¹ Parliament, Syrian. 2008a. “قانون التطوير والاستثمار العقاري” القانون 15 لعام 2008 <http://www.parliament.gov.sy/arabic/index.php?node=201&nid=4801&ref=tree&> (May 30, 2020).

to end this urban issue. The solution was to go after both policies and implement them case by case according to the characteristics of each neighborhood. However, the pick-and-choose criterion was unclear making the implementation policy vulnerable to many changes, especially in Damascus the heart of political Syria.

B. The Uprising: Reshuffling the Urban Policy Approach

The Government failed to stop the surge of informal construction due to the revolt, and appeased the citizens by modifying its decision to upgrade almost all the neighborhoods in Syria instead of renewing them, before it ended up issuing the sudden renewal Decree No 66 of 2012. By the end of 2011, almost all the international entities collaborating with the Government in drawing the urban plans left the country. The GIZ experts left in April, MAM programme experts escaped in May, and the foreign consultants of Khatib and Alami from Lebanon fled in November. The international actors froze all the funds dedicated to the plans.¹²² At the same time, the Government faced rapid expansion of illegal constructions. The sales of construction cement increased to an unprecedented level. According to the General Organization for Cement and Building Materials that supervises the production of the state-owned construction materials, the sales of construction cement increased by 115% only between March and April 2011.¹²³ Nonetheless, the regime was not in strong position to prevent the citizens from building illegal houses; hence, they left them in order to avoid undesirable routs or protests. This reality forced the Government to freeze the renewal policy approach.

¹²² Clerc, V. 2014. "Informal Settlements in the Syrian Conflict: Urban Planning as a Weapon." *Built Environment*, 40(1), 34-51. <https://halshs.archives-ouvertes.fr/halshs-01185193/document>.

¹²³ The Syria Report. 2011b. "Construction Activity Leads to Surge in Demand for Cement." <https://www.syria-report.com/news/real-estate-construction/construction-activity-leads-surge-demand-cement> (May 30, 2020).

Before the uprising, in January 2011, the master plans of Damascus recommended to renew 60% of the neighborhoods and to upgrade the remaining 40%. However, in December 2011, and to appease the citizens it decided to instead, upgrade 60% and renew the remaining.¹²⁴ This change towards adopting the upgrading approach witnessed the establishment of the “General Authority for Improving Illegal Housing Areas” and “The National Fund to Improve and Rehabilitate Illegal Housing Areas” which foster upgrading the informal neighborhoods. The escalation of protests pushed the Government once again to increase the upgrading scale in an attempt to appease the citizens more. Therefore, in spring 2012 it decided to upgrade almost all informal neighborhoods, with few exceptions.¹²⁵ Nonetheless, in December 2012, out of the blue, President al-Assad issued the decree No 66 of 2012 to renew two informal settlements in Damascus and Rif Damascus with no fears of outrage protests. Six years later, he issued the decree No 10 of 2018 that extends the decree 66 and the renewal option to involve all Syria



Figure 1 Timeline presents the change in the approach of the Syrian Government towards informal neighborhoods

¹²⁴ Clerc, V. 2014. “Informal Settlements in the Syrian Conflict: Urban Planning as a Weapon.” *Built Environment*, 40(1), 34-51. <https://halshs.archives-ouvertes.fr/halshs-01185193/document>.

¹²⁵ Ortas. 2011a. “العشوائى السكنى بمناطق للارتقاء عامة هيئة إحدائى.” <http://www.ortas.gov.sy/index.php?p=21&id=83926> (May 30, 2020).

C. The Paradigm Shift: Volcano of Damascus

By analyzing the period between spring 2012, the time the Government decided to upgrade all informal neighborhoods, and December 2012 when it issued the renewal decree No 66, we find that the only variable that occurred was the existential threat of the fall of Damascus city in the hands of the rebellions. On the 17th of July 2012, the Free Syrian Army launched a military operation “*Volcano of Damascus*” to take over the Capital.¹²⁶ This incident was the paradigm shift that transformed the Government’s approach towards the urban policy. The combats started on the 15th of July among several informal neighborhoods of Tadamon, al-Midan, Kafr Souseh and others in Southern Damascus.¹²⁷ They rapidly spread in the next days into different zones, like, Jobar, Qaboun and Khalid bin Waleed, the very close street to the Syrian Parliament and several ministries.¹²⁸ ¹²⁹ By the end of the 17th of July, the Free Syrian Army confirmed its control over several Damascene neighborhoods.¹³⁰ This operation was the first real threat to the Government in Damascus the political heart of Syria and the power stronghold of the regime. Accordingly, it summoned troops from the Golan Heights borders and relocated them in the Capital to face the military battles.¹³¹ The security threat peaked on the 18th when a suicide attack targeted the National Security Headquarter in the heart of Damascus. The bomb killed four highly senior security and

¹²⁶ BBC News Arabic. 2012e. “سوريا: الجيش الحر يقول إن ‘تحرير دمشق’ بدأ وبريطانيا لا تستبعد ‘أي خيار’” https://www.bbc.com/arabic/middleeast/2012/07/120717_syria_wrap_1.shtml (May 30, 2020).

¹²⁷ BBC News Arabic. 2012c. “اشتباكات عنيفة في دمشق والصليب الاحمر يقول إن سوريا تشهد ‘حربا أهلية’” https://www.bbc.com/arabic/middleeast/2012/07/120715_syria_civil_war.shtml (May 30, 2020).

¹²⁸ Far two kilometers

¹²⁹ BBC News Arabic. 2012d. “سوريا: اتساع نطاق المعارك في دمشق وكلينتون تقول إن النظام السوري ‘ لن يمكنه ’” https://www.bbc.com/arabic/middleeast/2012/07/120716_syria_clashes_clinton_.shtml (May 30, 2020).

¹³⁰ Ibid.

¹³¹ Reuters. 2012g. “اسرائيل: سيطرة الحكومة السورية على دمشق تضعف” <https://ara.reuters.com/article/topNews/idARACAE86G0AB20120717> (May 30, 2020).

military officials the Syrian Ba'ath Government has ever had; the Defense Minister General Dawoud Rajiha, General Assef Shawkat, Deputy Defense Minister and President Bashar al-Assad's brother in law, General Hassan Turkmani, former Defense Minister and Director of Crisis Management Chamber and Assistant to Vice President Farouk al-Sharaa', and General Hisham Bkhtiyar, Director of the National Security Bureau.¹³²

The unprecedented breach to the National Security Building showed the capability of the Free Syrian Army to reach such sensitive areas. The building was located in highly securitized and strategic zone in al-Rawda neighbourhood, the very heart of Damascus, couple of kilometers far from the house of President al-Assad in al-Malky, and near sensitive sites, like the Russian Embassy. Consequently, the Government launched aggressive raids against the attacks to oust the Free Syrian Army out of Damascus.¹³³ It succeeded in almost all the neighborhoods on the 23rd, and declared its victory after the reoccupation of al-Tadamon neighborhood.^{134 135 136}

¹³²Al Arabiya News. 2012a. "Bomb Kills Syria Defense Minister, Al-Assad's Brother-in-Law and Key Aides." <https://web.archive.org/web/20120719080452/http://english.alarabiya.net/articles/2012/07/18/227035.html> (May 30, 2020).

¹³³ BBC News. 2012b. "Syria Conflict: Fresh Offensive against Rebels." <https://www.bbc.com/news/world-middle-east-18897773> (May 30, 2020).

¹³⁴ Naharnet. 2012. "Syrian Army Retakes Most of Damascus." <http://www.naharnet.com/stories/en/47542> (May 30, 2020).

¹³⁵ Edwards, Anna. 2012. "Syrian Government Declares Victory over Rebels in Damascus as Onslaught Continues in Aleppo." *Daily Mail*. <https://www.dailymail.co.uk/news/article-2180750/Syrian-government-declares-victory-rebels-Damascus-onslaught-continues-Aleppo.html> (May 30, 2020).

¹³⁶ Nowlebanon. 2012f. "All of Damascus Now under Army Control, General Says." <http://archive.fo/D7r0l> (May 30, 2020).



Figure 2 Timeline presents the paradigm shift that changes the approach of the Syrian Government towards informal neighborhoods

D. The Second Attempt: Security Never Fails

1. Law No 66: Security Threat

The Government used the reconstruction decree no 66 as a securitized tool to end the security threat it faced in the Capital. Although the member of the Constitutional Committee contended that the project of Marota City is for gentrification purposes, the City's legal roots showed that its basis was to end the security threat of the informal neighborhoods. Expropriating the lands of the two informal neighborhoods Kafr Souseh and Basateen el-Razi was the result of the security threat it felt after Volcano of Damascus. Subsequent to the end of the battle, the Government started to tackle the neighborhoods that might form a suitable environment for fighters.¹³⁷ Al-Tadamon, al-Maidan, Kafr Souseh, Basateen el-Razi, Hajar al-Aswad, Daraya, Qanawat Basateen and others were districts and informal neighborhoods the Free Syrian Army used to launch attacks. According to the United Nations, the satellite images show a

¹³⁷ Zaman AlWsl. 2012h. "زمن الوصل". ريف دمشق والأحياء الجنوبية للعاصمة خزان الجيش الحر. <https://www.zamanalwsl.net/news/article/33151> (May 30, 2020).

large scale of destruction for almost thousands of buildings in the al-Tadamon neighborhood due to artillery fire.¹³⁸ The Government aimed at making the neighborhoods uninhabitable per se emptying them. It was impossible for the Government to destruct all the informal neighborhoods and bring up a social catastrophe of displaced people inside the Capital. Therefore, it was important to have criteria to choose the neighborhoods to empty according to their sensitivity and geostrategic location. The Government issued the decree 66 to expropriate lands of Kafr Souseh, Basateen el-Razi and Qanawat Basateen that are strategically located. Kafr Souseh zone contains the Council of Ministers, the Ministry of Foreign Affairs and Expatriates, the Ministry of Interior, the Ministry of Local Administration and Environment, the Military Judgment and other international embassies. The neighborhood is only one road far from the Umayyad Square, the literal center of Damascus. Similar is Basateen El-Razi, part of Mazzeh district, the hub of many embassies, and the crossroad of Damascus-Beirut highway, the key connection between Damascus and Lebanon, and one road far from Umayyad Square. In fact, the Syrian expert based in Damascus contended that the Government found it valuable opportunity to get rid of the informal settlements near Damascus. Therefore, the Government found it inevitable to use its authority and destruct these two districts under the umbrella of renewing them. The security threat they brought to the Government built up the rationale to use reconstruction as a security tool instead of development. At such moments the state conscious recognizes its governing authority over reconstruction and facilitates it to be a soft weapon to win battles those arms fails to win.

¹³⁸ Human Rights Council. 2013. "Report of the Independent International Commission of Inquiry on the Syrian Arab Republic." *United Nations*. https://www.ohchr.org/Documents/HRBodies/HRCouncil/CoISyria/A.HRC.22.59_en.pdf (June 4, 2020).

2. Law No 10: Security & Economics Shall Always Merge

Wealth accumulation was a byproduct for the security rationale in the reconstruction decree no 66 of 2012, unlike the decree no 10 of 2018 that uses reconstruction as a tool for both security and wealth accumulation (gentrification) at the same time. In 2012, the Government had no privilege of thinking about urban design reconstruction, nor had the advantage of thinking of gentrification out of reconstruction, as it was in a real existential threat and fear from toppling down at any moment. The clear evidence was that it announced the development of Marota City over the lands it expropriated through decree no 66 several years after 2012 when it felt more comfortable to think of accumulating wealth. In fact, back then, it was not clear if the Syrian regime would stay in charge of the future Syria. Unlike in 2018, many variables helped the Government to take start the real reconstruction process, gentrification, and declare the final victory. The rapid wins in battlefields, the Russian direct military intervention in 2015 onwards, and the increase of victory rhetoric, all played a role in making the reconstruction decree no 10 of 2018 a tool for security and gentrification. In 2018 the President issued the decree no 10 to expand land expropriation over all Syria. At this stage, the Government had retaken the majority of Syria and confined the security threat of the neighborhoods. Although it kept in mind their future risks, its main aim was to start the actual reconstruction process to declare its final victory. Accordingly, it sought lands to share with private investors to participate in partnerships for gentrification. Unlike what some analysts believe of using this decree to change the sectarian demography in Syria, the Government did not intend to renew only the neighborhoods of the opposition, but also the supporters. In 2018, Damascus

Governorate announced that it is conducting studies to renew several Alawite majority informal settlements in Damascus including Mazzeh 86 and E'sh el-Warwar and other neighborhoods that stood by the Government's side throughout the war.¹³⁹

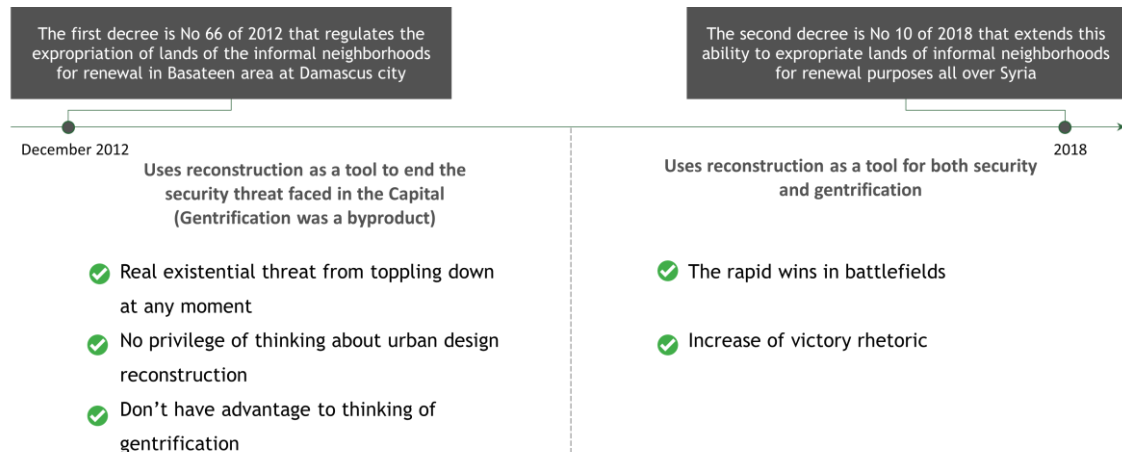


Figure 3 Timeline presents the difference between the two urban policies of 66/ 2012 and 10/ 2018 towards informal neighborhoods

E. Conclusion

In the final analysis, the security rationale behind the reconstruction of Marota City entailed a deep political attitude allowing it to serve as a war strategy. The sudden deployment of the decree number 66 of 2012 came at a time when the Government wanted to face the most existential threat in Damascus rising from the informal neighborhoods. In other words, by stating that the Syrian Government used the urban policy to securitize the area of Damascus, it was in fact deploying pure political attitude. This rationale will always be around when mentioning the Volcano of Damascus. Even if the aim changes in the future to accumulate wealth through gentrification of the informal neighborhoods using the decree number 10 of 2018, the context the decree

¹³⁹ Economy 2 Day. 2018a. "الإقتصاد اليوم". محافظة دمشق بصدد وضع خطط لتنظيم العشوائيات..منها ركن الدين! <https://bit.ly/3hT5EkU> (May 30, 2020).

number 66 was issued upon shows how the primer rationale was pure political to securitize the threatening areas.

Having analyzed the first role of the reconstruction agenda between 2012 and 2016 when the Government faced the peak of security threats, the next chapter will examine this deployment when the Government took the battlefield lead and succeeded to overcome the utmost security threats.

CHAPTER III

RISING FROM ASHES: THE TRANSFORMATION TO LEGITIMACY

The reconstruction agenda between 2016 and 2018 became a tool for the Government to exert authority and regain the legitimacy it lost throughout the war. It was not enough for the Government to be de facto controller if it aimed to continue ruling, but to become de facto governor and regain back the authority and legitimacy it lost throughout the war. The reconstruction discourse suddenly started and faded after the presidential elections in July 2014. Maybe this timing was to present the electoral winning of President al-Assad a war victory. However, the real reconstruction rhetoric started in 2016 after the existence of two major variables, the Russian intervention in September 2015, and the Government's wide territory retake all over Syria; it started to boldly think of proceeding with the reconstruction phase. President al-Assad put the cornerstone of the Marota City, and the Government issued several economic meetings with national and international partners. At this moment, the reconstruction agenda became a tool for the Government to exert the authority it lost throughout the war over the governing system and the citizens. This authority brings back internal legitimacy amongst Syrians who questioned its ability to stay in charge of welfare production.

Accordingly, for the Government to make the reconstruction agenda a tool for authority exertion and legitimacy regain, it needed to enact governing tools and venues. It started to issue new decrees and practice another. Acting like a governor can make it a governor again. It began to play a governing role and build new norm based on a renovated social contract with citizens. It also figured what legal framework, regulatory

strategy, and economy to use for the reconstruction process and what kind of economic approach can save its fragile financial portfolio.

A. De Facto Controller Achieved, Time to De Facto Governor

The Government needed to deploy new governing system to reorganize its relationship with the citizens and foster the reconstruction process. It recognized that only being de facto controller for territories would not guarantee the implementation of the reconstruction agenda, unlike being de facto governor. The military control tends to block security threats, and is a crucial prerequisite to start reconstruction projects; yet, it cannot guarantee the ability to conduct projects, but the governance control can. The ability to govern comes when state institutions organize and systematize permits and regulations, all of which has citizenship acceptance away from coercive military exertion. Back in 2016, when the reconstruction discourse began, the Syrian government had not this recognition. The disconnection between Damascus and the rest of the country, the mistrust of the citizens and the Government, and the disenchantment between the central government and the various localities, all played a role to make the governing ability fragile. This detachment reached such a point that a “partition” discourse for Syria started to gain serious traction.¹⁴⁰ So the first concern ahead the implementation of the reconstruction agenda was to find the governing frame that can exert authority power away from military coercion, in a time when the Government lost its authority over the governing system and the citizens.

¹⁴⁰ Stavridis, James. 2016. “It’s Time to Seriously Consider Partitioning Syria.” *Foreign Policy*. <https://foreignpolicy.com/2016/03/09/its-time-to-seriously-consider-partitioning-syria/> (May 30, 2020).

1. The Gate to Legitimacy: New Social Contract for Reconstruction

To guarantee the exertion of authority and the regain of legitimacy, the Government needed to find a new governance system that builds a renovated social contract with the citizens, and more importantly to enable the deployment of its reconstruction agenda within this new system. In August 2011, Damascus passed the Legislative Decree number 107 or the Local Administration Law that although was aimed to be part of various legislative reforms to appease the Syrian mobilization, it turned out to become the most prominent legislation the Government has been using to build the new social contract.¹⁴¹ The Law gives unprecedented political, economic and administrative authorities to the local administrative units. Its elasticity in interpretation makes it enjoy support from all local and international actors involved in Syria, all of which aim that the law meets their desires in shaping the governance and ruling system in postwar Syria. The opposition aims to conduct separatism, while the Government shows compliance for demands to change the pre-2011 centralized governance system.

The Law gives the Government two significant additions to the goal of exerting authority and regaining internal legitimacy. It firstly builds a new norm for a new social contract based on local governance instead of the pre-war central power. Secondly, it deploys the reconstruction agenda from within the fiscal decentralized powers of the local units that the Government continued to empower more through deepening their fiscal capabilities by new supporting decrees like No 19 of 2015. Nonetheless, if we dissect the related executive decrees of the local administration law, we reach a conclusion that even the new governance system is remained heavily central and the

¹⁴¹ Parliament, Syrian. 2011. "المرسوم التشريعي 107 لعام 2011 قانون الإدارة المحلية". <http://www.parliament.gov.sy/arabic/index.php?node=201&nid=4390&ref=tree&> (May 30, 2020).

Government refuses to lose the grip on the local units. In fact, it depicts the mindset of the Government in exerting authority by holding the power in the hand of the center and making the localities dependent on its authorization.

The Law builds a new social contract norm based on local empowerment instead of the pre-crisis central authority. It transfers considerable amount of powers to the local administrative units to enable them to rule. Back then in the middle of the crisis, the fragile governing apparatus Damascus was suffering from lost its authority and legitimacy over the various localities that rose against the regime. It was clear that not all areas would directly accept the pre-2011 governance contract, and if so, the recognition would be under pressure that might lead to future relapse. The law 107 presented a solution for this reality through providing a new governance model that can appease the citizens and relief the Government. Article number thirty says that “*the Local Councils are competent to conduct the affairs of local administration within it and all work which leads to the development of the Governorate “economically, socially, culturally, and structurally”*”.¹⁴² It provides the localities with new decentralized powers, like the authority to govern their areas, develop and manage their resources.

Moreover, the law enables the Government to deploy the reconstruction agenda from within the new governance model. It leaves the decision making for the localities to draw their own development approach. The third bullet in the second article shows how the local units are financially capable to conduct projects, it states that the law’s purpose “*is to boost and enhance the **financial capacities** of the Local Units which*

¹⁴² Parliament, Syrian. 2011. “المرسوم التشريعي 107 لعام 2011 قانون الإدارة المحلية”. <http://www.parliament.gov.sy/arabic/index.php?node=201&nid=4390&ref=tree&> (May 30, 2020).

make them able to play a developmental role in addition to its service provision role, make this community responsible for preserving and developing their resources to provide better living conditions for its citizens.”¹⁴³ Indeed, the law transfers various fiscal powers to the local councils and enables them to conduct the Government’s reconstruction agenda in areas that had revolted during the uprising. The Government continued to empower the local units further. In April 2015 it issued the Legislative Decree No. 19 or what is known by the *Local Administrative Units Holding Companies Law*, permitting the local administrative units to establish private holding companies to develop and manage their local assets.¹⁴⁴ This decree with the transferred fiscal powers of the law number 107 overlaps to form the Government’s instrument in deploying the reconstruction agenda as a tool to regain authority over the citizens. Omar Ghalawenji, the Deputy Prime Minister and Minister of Local Administration said that "the Legislative Decree No. 19 of 2015 is in cohesion and harmony with the principle orientation for Local Administration Law of 2011, to have strong local units that are able to draw and implement development projects". Ghalawenji added that "the Law presents an advanced step in the preparation for the reconstruction phase for governorates”.¹⁴⁵ Being in a powerful financial position and in charge of implementing reconstruction projects the Governorates created their own holding companies; Damascus Governorate established “Damascus Cham Holding Company” in December

¹⁴³ Ibid.

¹⁴⁴ Prime Ministry, Syrian. 2015. “المرسوم التشريعي رقم 19 لعام 2015 حول جواز إحداث شركات سورية قابضة مساهمة”. *مغفلة خاصة بناء على دراسات اجتماعية واقتصادية وتنظيمية بهدف إدارة واستثمار أملاك الوحدات الإدارية أو جزء منها*. <https://bit.ly/2LqoW0b> (May 30, 2020).

¹⁴⁵ SANA. 2015. “الرئيس الأسد يصدر مرسوما بجواز إحداث شركات سورية قابضة مساهمة مغفلة خاصة”. <https://www.sana.sy/?p=203530> (May 30, 2020).

2016, to develop “Marota City”,¹⁴⁶ Homs Governorate in 2017,¹⁴⁷ Damascus Countryside Governorate in March 2018,¹⁴⁸ and Aleppo in 2019.¹⁴⁹

However, through dissecting the exertion of the decentralized powers, we see how the hierarchal authority in allocating revenues, determining expenditures, and approving budgets make the Law 107 subject to central regulations that were issued and approved before the war which means that authority can be gained only through central control. The decentralized fiscal power enables the local units to conduct development projects; however, they need, in a way or another, the ratification either from the inline central ministries or from different central regulations and laws. The former Syrian minister for Local Administration and Environment said that the central authorities did not give the local units the privilege to raise local revenues. For instance, the local units are highly dependent on the Government transfers. The latter finance the majority of the revenues in the budget of the local units, and the former should obtain approval to locally raise revenues and determine expenditures. Furthermore, the pre-war issued Laws No 18 and 35 of 2007 are still active to regulate the financial capabilities of the units and their monetary relation with the central government. The Law No 18 of 2007 - the amendment of Law No 1 of 1994- regulates the budget of local units as part of the central state general budget, and the Law No 35 of 2007 approves and regulates the establishment of an independent budget only on the governorate level. Both laws are heavily dependent on the authorization of the central government. For example, in the

¹⁴⁶ عن دمشق القابضة. “شركة دمشق الشام القابضة”. <http://damacham.sy/about/ar> (May 30, 2020).

¹⁴⁷ Ibrahim, Nibal. 2017. “محافظة حمص تنشي «شركة قابضة»”. *Al-Watan*. <https://alwatan.sy/archives/95522> (May 30, 2020).

¹⁴⁸ Business, Business 2. 2018. “موافقة مبدئية على تأسيس شركة قابضة لإعادة إعمار ريف دمشق”. *B2B-SY*. <https://b2b-sy.com/news/48511/> (May 30, 2020).

¹⁴⁹ Business, Business 2. 2019. “شركة قابضة في حلب على غرار دمشق الشام القابضة”. *B2B-SY*. <https://b2b-sy.com/news/54337/> (May 30, 2020).

Law No 35, out of 9 articles that should have transferred financial powers to the governorates, 3 of them are intergovernmental transfers from the central government, and the remaining 6 articles approve the raising of local revenues upon the authorization of the same body. The Minister of the Local Administration should ratify, upon the approval of the Minister of Finance, the budgets of the Governorates and the Cities mentioned in the State General Plan, and the Minister of Local Administration directly approves budgets of Cities unmentioned in the State General Plan without going back to the Ministry of Finance. Also, the Law No 18 that regulates the distribution of national revenues by the Government does not observe the changes happened in post-2011. For instance, the distribution criterion it uses is based on privileging touristic & archaeological cities, development provinces, port cities, and sizeable population cities. This does not address the real need of the Syrian cities after the war since it fails to reflect the destruction scale and the development desires for each locality. For instance, the mass of destruction in Damascus is different than that of Aleppo and Homs, and the development needs of Deir Ezzor is not similar to Lattakia or Tartus. This depicts that the central government rules the localities by different executive decrees. Even the holding companies, the strongest financial entity of the local units, are centrally controlled by the Government. According to the Local Administrative Units Holding Companies Law, the head of the holding company should be the Governor that is appointed upon the Law No 107 by the President himself. The former Syrian minister for Local Administration and Environment believed that this central appointment is a huge gap in the role the Law 107 should play in the future of Syria. Accordingly, the Syrian Government has made certain that the exertion of local authority is vulnerable to the center. This deepens our understanding of the Government mentality that exerting

authority and gaining legitimacy should only come by the control of the central government.

2. Act like a Governor: Exert Authority over the Economy

The Syrian Government also exerted authority over the economic governance system. It deployed the reconstruction agenda on the micro level of the economy dynamics, and started to redefine its financial economy; for instance, taxation system, trade policies, and public budgeting. These measures are to a great extent what the OECD considers the exact steps to recover economies in post-conflict.

a. Regulations

According to Lewarne and Snelbecker, the economic governance of post-conflict requires the issuance of new commercial laws and the establishment of new institutions compatible with the reconstruction plan.¹⁵⁰ Updating the commercial legislations and institutions became more prominent when the Syrian Government considered the private sector central for reconstruction. This update is inevitable for a successful engagement with investors. In fact, the state is responsible to regulate the relation with the private investors in such a way that protects the public rights, and encourages investments. Laws related to pledges and/or loans, and regulations that govern bankruptcy and money liquidity are key inputs to reduce uncertainty risks for investors and make them feel safe. Furthermore they end a lot of obstacles generated out of the war economy and war lords' networks.

¹⁵⁰ Lewarne, S. and Snelbecker, D. (2004). 'Economic Governance in War Torn Economies: Lessons Learned from the Marshall Plan to the Reconstruction of Iraq', Long Report Prepared for USAID, The Services Group, Inc., Arlington.

Regarding the Syrian case, the Government still lacks the update for the commercial legislations to regulate pledges, loans or bankruptcy to encourage the private investors; nonetheless, it has issued the public-private partnership law that controls to a great extent the relation with the perceived sector. It also established in 2019 the Public Company for Engineering Studies, which studies, audits, and monitors the projects planned through partnerships.¹⁵¹ The Government has also issued many decrees to restrain the illegal penetration of many suspicious financial figures. The latest was in September 2019, when the Syrian Ministry of Finance issued the decision number 2495 upon the decision of the Prime Minister and the recommendation of the Central Administration for Monitoring and Inspection to seize as per security reasons the fixed and current assets of 87 persons from different backgrounds.¹⁵² Another decision issued by the Public Administration of Customs, based on a delegation from the Ministry of Finance seizes all assets of Rami Makhlof, and others.¹⁵³ Moreover, according to the Deputy Minister of Finance, the Ministry seized assets of 10315 persons in 2019.¹⁵⁴ The seizure applied on politicians, like ex-minister Hazwan al-Waz, businessmen, like Rami Makhlof, and Tareef al-Akhras, the paternal uncle for Asma' Al-Assad the wife of President Bashar, and war economy lords, like, Ayman Jaber.^{155 156 157 158}

¹⁵¹ Parliament, Syrian. 2019. "القانون رقم 12 لعام 2019 القاضي بإحداث شركة عامة ذات طابع اقتصادي تسمى (الشركة)". <https://bit.ly/2LVBrCR> (May 31, 2020).
"العامّة للدراسات الهندسية)

¹⁵² Aliqtisadi. 2019. "مصدر في المالية يؤكد الحجز الاحتياطي على أموال وزير سابق | الاقتصادي". <https://bit.ly/2VM2hmx> (May 31, 2020).

¹⁵³ Brocarpress. 2019. "بينهم رامي مخلوف.. الحجز الاحتياطي على أموال 'حيتان' الاقتصاد وزوجاتهم". <https://bit.ly/2SjCccw> (May 31, 2020).

¹⁵⁴ Enabbaladi. 2019b. "المالية السورية: حجز احتياطي بحق أكثر من عشرة آلاف اسم في 2019 "عنب بلدي". <https://enabbaladi.net/archives/331132> (May 31, 2020).

¹⁵⁵ Hamad, Mais. 2020. "ماذا وراء 'مكافحة الفساد' في سوريا؟". <https://www.enabbaladi.net/archives/353479> (May 31, 2020).

¹⁵⁶ Arabitoday. 2020. "العدو الإسرائيلي يعتزم مواصلة عملياته في سوريا". <https://www.arabitoday.com/2020/04/العدو-الإسرائيلي-يعتزم-مواصلة-عملياته-في-سوريا/> (May 31, 2020).

¹⁵⁷ Enabbaladi. 2020a. "النظام السوري يحجز على أموال رامي مخلوف وعائلته". <https://www.enabbaladi.net/archives/385987> (May 31, 2020).

b. Budget

A post-conflict reconstruction process requires a formation of new budget system that is compatible with the deteriorated fiscal conditions emerging from the conflict.¹⁵⁹ To rehabilitate the financial system, the state should form a budget setting rich with policies to carefully manage the public expenditures in time of revenue shortages. In the Syrian case, the Government has been regularly submitting and ratifying the public budgets since the previous two years. In the new budgets, the Government endeavoured to decrease the deficit and increase its micro management capabilities to monitor the treasury structure; this enables the state to execute and trace expenditures and revenues cautiously.^{160 161}

c. Taxation System

Similarly the taxation policy should be compatible with the reconstruction plans, in which to serve the vision of the government in raising revenues.¹⁶² If the premium aim of the government is to develop locally driven SMEs reconstruction process, then the taxation policy must ease the grip over the small investors to encourage them invest money in various enterprises and circulate the economy. However, if the Government

¹⁵⁸ Enabbaladi. 2020b. "عنب بلدي". <https://www.enabbaladi.net/archives/386215> (May 31, 2020).

¹⁵⁹ Lewarne, S. and Snelbecker, D. (2004). 'Economic Governance in War Torn Economies: Lessons Learned from the Marshall Plan to the Reconstruction of Iraq', Long Report Prepared for USAID, The Services Group, Inc., Arlington.

¹⁶⁰ Prime Ministry, Syrian. 2018. "الرئيس الأسد يصدر قانوناً بتحديد اعتمادات الموازنة العامة للدولة للسنة المالية 2019 بمبلغ إجمالي قدره 3882 مليار ليرة سورية". <https://bit.ly/2Xrzg0j> (May 31, 2020).

¹⁶¹ Albaath Media. 2019a. "الرئيس الأسد يصدر القانون رقم 25 لعام 2019". <http://newspaper.albaathmedia.sy/2019/11/29/2019-لعام-25-القانون-رقم-25> (May 31, 2020).

¹⁶² Lewarne, S. and Snelbecker, D. (2004). 'Economic Governance in War Torn Economies: Lessons Learned from the Marshall Plan to the Reconstruction of Iraq', Long Report Prepared for USAID, The Services Group, Inc., Arlington.

plans to develop reconstruction process based on corporate private sector with enormous capital, the taxation policy should be elastic enough to encourage the direct and indirect private investments. In the Syrian case, as the previous chapters show, the Syrian Government chose the private sector to drive the reconstruction partnership strategy. Altogether, for the past couple of years, it has been providing tax concessions to attract investors, as the case of the Syrian investors based in Egypt will show.

d. Trade

Governments need to develop the trade system to fix the trade balance, especially if exports are negative and the domestic production is damaged. Doing so shall increase the foreign demand on domestic products, per se the exports. In Syria, as the next chapter will depict, the decree No 3 of 2016 and the establishment of *Exports and Local Production Support and Development Agency*, both have been aligned to develop a new trade mechanism that strengthens the domestic productivity and curbs the dependency on imports.

3. No Governor without Economic Vision: The Use of the National Partnership

Economy for Reconstruction

In its modern history, Syria passed through different fluctuations in economic models. It ran a socialist state-oriented economy, followed by liberal deregulating measures throughout the 2000s and till today. The liberal process accelerated after the succession of Bashar al-Assad, and reached the climax at the 10th Ba'ath Party Regional Conference in 2005, when the officials adopted the Social Market Economy. This approach is a strategic economic plan that balances between liberal measures to involve

the private sector in the market and the continuity of the welfare state. The various liberal measures of this approach did not push the Government to take radical measures like transferring public assets to the private sector.¹⁶³ It only loosened the state grip over the market and gave some space for the private sector. For example, the Government did not sell out the public banks; however, it expanded the banking sector to include new private banks.¹⁶⁴

The Government needed to run an economic approach that fits its ability and aims at exerting authority over the governing system and the citizens. The unsteadiness of the Syrian economy characteristics kept the policymakers ahead of questions like: how to delineate the new economic approach for the new Syria? Is it to complete the 2000s liberal measures and increase the state dependency on the private sector? Or should we adopt a social economic model that puts the government in control of social welfare? This debate was crucial; especially that after 2011, the Syrian Government was in dire need to show that it can stand by itself, and reestablish the social welfare of the country through the state institutions and the public sector.¹⁶⁵ ¹⁶⁶ Meanwhile, the crisis of 2011 put the Syrian order ahead of new socioeconomic and financial realities that the public financial capacity could not address without assistance. The massive scale of destruction, the high poverty and unemployment rates, the escape of national investors,

¹⁶³ For example, Law No. 32 of 2007, Law No. 34 of 2008 and Law No. 29 of 2011, etc

¹⁶⁴ Al Bawaba. 2004. "Private Banks Open in Syria Ending Half-Century of State Monopoly." <https://www.albawaba.com/business/private-banks-open-syria-ending-half-century-state-monopoly> (May 30, 2020).

¹⁶⁵ Butter, David. 2015. "Syria's Economy Picking up the Pieces." *Chatham House*. https://www.chathamhouse.org/sites/default/files/field/field_document/20150623SyriaEconomyButter.pdf (June 4, 2020).

¹⁶⁶ By 'the economic approach', I mean the macroeconomic vision with indefinite tools and venues to implement, as opposed to 'an economic model' that should have a coherent master plan with a complete set of policies to act upon. I use 'approach' since the Syrian government itself has no clear holistic economy model to initiate the reconstruction process.

and the sharp financial shortage in the public budget, all made the need for new economic approach relying on the private sector inevitable.

All these factors resulted in the adoption of the National Partnership economy or the partnership between the public and the private sectors. In 2016, the Government issued the law No. 5 or the Public-Private Partnership Law that regulates the partnership between the public and the private sectors in conducting development projects.¹⁶⁷ The Law is the normal end for the historical economic contention between the social and liberal approaches. The Government ended the enactment of the Social Market Economy of 2005, and adopted the National Partnership Economy based on partnership with the private sector. It balances between the welfare state's need to exercise authority over the economic governance system, and its need for liberal measures to attract private investors. In fact, this new model enables the Government to exercise authority not only over the economic governing system, but also over the national private financial power. Its core competence is to show the recognition and acceptance of the Syrian private capital, which fled the country, to work under the authority of the Government again. The Government, accordingly, will gain legitimacy from national investors to solidify its standing point as a de facto governor instead of being de facto controller of territories.

4. The National Partnership Economy and the Battle of Legitimacy

I will be showing how the Government succeeded to regain recognition and legitimacy from the private sector through the real estate sector by using my case study

¹⁶⁷ Prime Ministry, Syrian. 2016. "القانون رقم 5/ لعام 2016 حول التشاركية بين القطاعين العام والخاص." <https://bit.ly/3dvgsCQ> (May 30, 2020).

of Marota City. Prior to the upheaval, the Syrian Government had passed several decrees to attract private investors in the real estate sector. It heavily relied on the Law No 15 of 2008 to include the private investors in the sector. The Law establishes and regulates the *General Commission of Development and Real Estate Investment (GCDRI)*¹⁶⁸, to permit local and foreign private investors to develop estate projects in Syria.¹⁶⁹ The Government also established the *General Commission for the Supervision of Mortgage Finance* to raise and secure funds for the sector.¹⁷⁰ On the social level, it issued in 2010 the Decree No 82 to oblige landowners to acquire building licenses within a year from land acquisition and finalize building works within three years, or pay a penalty of 10 percent of the land value.¹⁷¹ These policies attracted private investors with potent financial capacity to invest billions of dollars in huge projects throughout Syria. The table below presents the major investments that happened before the 2011 uprising.

| Name of Investor | Name of Project | Estimated Cost |
|-------------------------|----------------------|------------------------------|
| Cham Holding | Hijaz Station Estate | \$100 Million ¹⁷² |
| Urban Development Group | Yafour Gardens | \$120 Million ¹⁷³ |
| Emaar-IGO | Eighth Gate | \$1.2 Billion ¹⁷⁴ |

¹⁶⁸ Established to manage the development and influx the of investments

¹⁶⁹ Parliament, Syrian. 2008. "القانون 15 لعام 2008 قانون التطوير والاستثمار العقاري" <http://www.parliament.gov.sy/arabic/index.php?node=201&nid=4801&ref=tree&> (May 31, 2020).

¹⁷⁰ Parliament, Syrian. 2009. "القانون 39 لعام 2009 إحداه الهيئة العامة للإشراف على التمويل العقاري." <http://www.parliament.gov.sy/arabic/index.php?node=201&nid=4640&ref=tree&> (June 4, 2020).

¹⁷¹ The Syria Report. 2010b. "New Decree Expected to Increase Real Estate Supply." <https://www.syria-report.com/news/real-estate-construction/new-decree-expected-increase-real-estate-supply> (May 31, 2020).

¹⁷² The Syria Report. 2007b. "Cham Holding to Develop Six Major Projects." <https://www.syria-report.com/news/real-estate-construction/cham-holding-develop-six-major-projects> (May 31, 2020).

¹⁷³ The Syria Report. 2007c. "Foundation Stone to Be Laid in Yafour Gardens." <https://www.syria-report.com/news/real-estate-construction/foundation-stone-be-laid-yafour-gardens> (May 31, 2020).

¹⁷⁴ The Syria Report. 2009a. "Eighth Gate's Cost to Run as High as USD 1.2 Billion." <https://www.syria-report.com/news/real-estate-construction/eighth-gate%E2%80%99s-cost-run-high-usd-12-billion> (May 31, 2020).

| | | |
|--|----------------------|------------------------------|
| Souria Holding | Aleppo Gate | \$60 Million ¹⁷⁵ |
| MAS Economic Group and Belhasa International Company LLC | Jasmine Hills | \$30 Million ¹⁷⁶ |
| Akar Development Company | Cordoba Hills | \$300 Million ¹⁷⁷ |
| Majid Al-Futtaim | Khams Shamat | \$1 Billion ¹⁷⁸ |
| Wahoud Group | Antaradus Sea Resort | \$200 Million ¹⁷⁹ |
| Souria Holding | Abraj Souria | \$320 Million ¹⁸⁰ |
| Gardenia Real Estate and Tourism Investment Company | Gardenia Project | 5 SYP Billion ¹⁸¹ |
| Cham Holding and Renaissance Construction | Taj Halab | \$180 Million ¹⁸² |
| Sama Invest Group | Sama City | \$100 Million ¹⁸³ |
| Al-Fayhaa New Company | Royal Residence | - 184 |

¹⁷⁵ The Syria Report. 2008d. "Souria Holding to Develop SYP 3 Billion Real Estate Project in Aleppo." <https://www.syria-report.com/news/real-estate-construction/souria-holding-develop-syp-3-billion-real-estate-project-aleppo> (May 31, 2020).

¹⁷⁶ The Syria Report. 2008b. "Jasmine Hills Real Estate Project Launched Officially." <https://www.syria-report.com/news/real-estate-construction/jasmine-hills-real-estate-project-launched-officially> (May 31, 2020).

¹⁷⁷ The Syria Report. 2008a. "Akar Announces near Completion of Cordoba Hills Infrastructure Works." <https://www.syria-report.com/news/real-estate-construction/akar-announces-near-completion-cordoba-hills-infrastructure-works> (May 31, 2020).

¹⁷⁸ The Syria Report. 2010a. "MAF Announces Beginning of Works in Yaafour Development." <https://www.syria-report.com/news/real-estate-construction/maf-announces-beginning-works-yaafour-development> (May 31, 2020).

¹⁷⁹ The Syria Report. 2008c. "Porto Marina to Manage Antaradus Resort." <https://www.syria-report.com/news/real-estate-construction/porto-marina-manage-antaradus-resort> (May 31, 2020).

¹⁸⁰ The Syria Report. 2009c. "Works on Abraj Souria to Start Before End 2009." <https://www.syria-report.com/news/real-estate-construction/works-abraj-souria-start-end-2009> (May 31, 2020).

¹⁸¹ The Syria Report. 2009b. "Gardenia Real Estate Development to Be Completed by 2011." <https://www.syria-report.com/news/real-estate-construction/gardenia-real-estate-development-be-completed-2011> (May 31, 2020).

¹⁸² The Syria Report. 2011b. "Renaissance Buys Stake in USD 180M Taj Halab Development." <https://www.syria-report.com/news/real-estate-construction/renaissance-buys-stake-usd-180m-taj-halab-development> (May 31, 2020).

¹⁸³ The Syria Report. 2010c. "Works Begin on New Real Estate Development in Aleppo." <https://www.syria-report.com/news/real-estate-construction/works-begin-new-real-estate-development-aleppo> (May 31, 2020).

¹⁸⁴ The Syria Report. 2011a. "Kuwaiti Syrian Holding to Begin Works on Upscale Yaafour Residential Project." <https://www.syria-report.com/news/real-estate-construction/kuwaiti-syrian-holding-begin-works-upscale-yaafour-residential-project> (May 31, 2020).

| | | |
|----------------|--------------|-----------------------------|
| Binladin Group | Palm Village | \$25 Million ¹⁸⁵ |
|----------------|--------------|-----------------------------|

Table 1 Major investments in the Syrian real estate sector before the crisis

The start of the crisis did not stop the Government from continuing the attempts to attract private investors for the estate market. For example, it issued Decree No 15 of 2012 – continuity of Decree No 39 of 2009- to legislate the establishment of private mortgage finance companies to raise funds for the sector. The Decree allows foreign investors to have a ceiling share of 49 percent in such companies. It also authorizes the local private banks to create their own mortgage finance companies. Finally, it establishes the *National Foundation for Real Estate Finance* to ensure the financial stability of the market, in an attempt to encourage the investors.¹⁸⁶

Nevertheless, these attempts were not enough for the Government to avoid the sector’s crippling in the war. The crisis stopped the flow of funds and suspended the development of ongoing projects. Huge projects of Abraj Souria, Khams Shamat, Eighth Gate and others, stopped their work. Devaluation of currency, escalation of military risks, instability of the governing order, and blurriness of the political horizon, all participated in ending the investors’ interest in the Syrian market. Nonetheless, the continuous and progressive military preeminence of the Government, plus the active performance of the regime in governance has urged the investors to regard the Government as the winner. Accordingly, they recognized the Government again and

¹⁸⁵ The Syria Report. 2007a. “Binladin Group Launches Latest Project in Syria.” <https://www.syria-report.com/news/real-estate-construction/binladin-group-launches-latest-project-syria> (May 31, 2020).

¹⁸⁶ Parliament, Syrian. 2012. “القانون 15 لعام 2012 السماح بتأسيس شركات تمويل عقاري وشركات إعادة تمويل عقاري.” <http://www.parliament.gov.sy/arabic/index.php?node=201&nid=4325&ref=tree&> (May 31, 2020).

gave it back some of the legitimacy it lost throughout the conflict. The revival of interests in the real estate sector proves this regain of legitimacy.

Below is a two tier analysis to explain how the Government succeeded to regain recognition and legitimacy from the private sector through the real estate market. The analysis investigates the relation between the eagerness of the Government to find private investors and the willingness of the investors to engage. The first tier analyzes the Government's point of view through tracing the number of real estate development permits the GCDRI provided to private companies. The second tier analyzes the private sector's point of view in acquiring the same number of permits. In both tiers I explain the numbers of permits under categorical division since the establishment of GCDRI in 2007 until recent days.¹⁸⁷

a. The Government's Eagerness

The three different categories are divided according to the following: first, when the Government was ruling without the war factor before 2012. The second category is, between 2012 and 2016, when the Government was totally distracted with military operations brutality and the risk of its own fall. The third one is when the Government started the rhetoric of reconstruction.

¹⁸⁷ 2007 is when GCDRI started to provide permissions in Syria.

| | Pre-War | | | | | Need for Territory Control | | | | Need for Recognition and Legitimacy | | | | |
|-------------------|---------|------|------|------|------|----------------------------|------|------|------|-------------------------------------|------|------|------|---|
| Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | |
| Number of Permits | 2 | 0 | 0 | 9 | 8 | 2 | 1 | 1 | 4 | 2 | 12 | 9 | 3 | |
| Total | 19 | | | | | 8 | | | | 23 | | | | 3 |
| Accumulated Total | 41 | | | | | | | | | | 12 | | | |

Table 2 Number of permits the Syrian Government provided for private investors in the real estate sector

From 2007 to 2012, the Government was implementing its liberal approach to expand the estate sector. Accordingly, the GCDRI permitted 19 private companies to develop real estate projects. However, between 2012 and 2015, the Government was distracted from the continuity of the economic development activities and fully focused on the military dynamics to resist the possibility of its fall. This resulted in only providing 8 companies developing permits in four years. However, between 2016 and 2018, the Government started the rhetoric of reconstruction per se to regain legitimacy; during this period, the GCDRI permitted 23 companies. This rapid increase reflects the Government's eagerness to find private investors that are willing to recognize and partner in the reconstruction process of the estate sector.

b. The Private Sector Desire

In this section, I present the same number of permits but as they are requested from the private developers, with different categorical division for the timeline to express the

private sector’s point of view. The first category is before 2012, when Syria had no security risks, developed an investment regulations and suitable business environment. The second is between 2012 and 2016, when the security risk factor peaked, and the huge loss of territory made the Syrian Government unrecognized as victorious. The third in the years 2017 and 2018, when the security risk factor still existed but the balance of power drastically shifted to the advantage of the Government. In these two years the Government had two major achievements; the wide retake of territory all over Syria; and the active run of the economic governance system. The last category is in 2019, when the military operations degraded and ended in the majority of the Syrian territories, but the West brutalized the sanctions on Syrian businesses.

| | Suitable Business Environment | | | | | Loss of Territory and Authority | | | | | Territory Control & Active Governance | | Sanctions |
|-------------------|-------------------------------|------|------|------|------|---------------------------------|------|------|------|------|---------------------------------------|------|-----------|
| Year | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Number of Permits | 2 | 0 | 0 | 9 | 8 | 2 | 1 | 1 | 4 | 2 | 12 | 9 | 3 |
| Total | 19 | | | | | 10 | | | | | 21 | | 3 |

Before 2012, nineteen private developers - seventeen of them were in 2010 and

Table 3 Number of permits the private investors requested to invest in the Syrian real estate sector

2011 only-¹⁸⁸ requested development permissions from the GCDRI. This reflects the developer's desire to work under stable, non-threatening situation, with fully legitimate government that can be relied on. Nevertheless, when the situation became unstable, and businesses were threatened with military operations, the power of the Government was questioned and it lost authority and legitimacy to be a reliable partner in economic projects. This led to the decrease of requests to only ten¹⁸⁹ between 2012 and 2016. The requests considerably drifted up again to twenty one between 2017 and 2018, when the balance of power re-shifted towards the Syrian Government through controlling back the biggest part of the country, and activated its governing power. This image changed again with only three requests in 2019 amidst the Western sanctions over any business attempt in Syria and left the Government hopeless to find a solution for its reconstruction agenda.

The numbers clearly depict how the private sector started to recognize the Syrian Government again through requests of development permits. In 2017 and 2018 the private sector requested permissions more than it did in the five years before the war. Nonetheless, the developers did not operate their acquired permissions. Their hesitation to activate them and partner with the Government was the breaking point for the latter to modify the role of the reconstruction agenda. The uncertainty in engagement uncertainty and the unwillingness of the private sector to optimize their permits have risked the Government's supremacy over the war. If the Government fails to materialize its military achievement in reconstruction, this means it fails to declare final victory. As the next chapter will examine.

¹⁸⁸ In 2010 and 2011 Syria experienced the boom in Real Estate sector

¹⁸⁹ The majority of these ten companies are public owned.

B. Conclusion

To conclude, the authority and legitimacy rationale behind the deployment of the reconstruction agenda at some point made the plan highly political. After the fade of major threats, the main concern for the Syrian Government was to activate its authority and legitimacy again. It succeeded by playing the reconstruction card. It started with a new social contract, and continued to establish a new economic approach at the same time it reactivated the microeconomic governance system in Syria where it tackled the trade, regulations, taxation system, and budget. The National Partnership Economy based on the public and private partnership law reached the real estate sector, as the private investors' requests for development permissions increased throughout the period the Government aimed at regaining its legitimacy back. Similar to the first role of the reconstruction agenda, by arguing that the second role was to exert authority and regain the legitimacy it lost, the Government was in fact conducting pure political strategy. Its focus on authority and legitimacy lucidly depicts the Government's concern about the political gains these two norms can bring.

Through time when the Government gained some recognition from different international actors and became less dire to use the reconstruction agenda as a tool of authority exertion and legitimacy gain, the emergence of sanctions reshuffled the game and transformed the reconstruction agenda to another new role. The next chapter will examine how the sanctions that curtail the emergence of private investors to deploy the Government's objective have transformed the role of the reconstruction strategy.

CHAPTER IV

STRONG TO LOSE, BUT WEAK TO WIN: THE EMERGENCE OF SANCTIONS TO SHIFT THE BATTLEFIELD BALANCES

The role for the reconstruction agenda, after 2018, shifted to become a tool for the Government to affirm its victory in the war. Although the rhetoric says that the victorious should be responsible to rule and reconstruct the country, nonetheless, the Syrian Government has been failing to materialize its battlefield supremacy in reconstruction. The military situation has been in favor of the Government since 2017, and the regime has been endeavoring since then to start its reconstruction agenda. The Government proved itself as a de facto controller and afterwards as a de facto governor; however, it remained incapable of deploying its reconstruction strategy. Its major obstacle was to find a private sector that is willing to invest in Syria. As part of a Western strategy to prevent the Syrian Government from materializing its military supremacy, the Western sanctions impeded the investors from intervention. This incapability has risked the Government's war victory and questioned its ability to continue ruling Syria without the conduct of development and welfare projects. Accordingly, the Government realized that the reconstruction agenda is no longer only a tool to exert authority, but also a tool to declare victory.

As DeRouen says, the reconstruction process must associate with the influx of local and international private investments in order to be stable and successful.¹⁹⁰ Nonetheless, due to the sanctions, the Government failed to attract private investments which put its reconstruction agenda at risk. Accordingly, this chapter discusses how the sanctions transformed the role of the reconstruction plan to be a political strategy to ensure war victory. The first section dissects how the sanctions hold the Government to fail to bring the Syrian investors back to Syria, and to operate its economic relations with its international allies Russia, China and Iran in the reconstruction agenda due to the Western sanctions. The second section examines the failure of the Government to materialize the recognition of the private sector in developing Marota City. The last part analyzes the typology of sanctions on Syria and how they directly affect the investors and the economy to impede the Government from declaring victory. In conclusion, I interpret that the Government relied on proxies to forcefully deploy its reconstruction agenda to affirm victory against the coercive Western measures.

A. Sanctions Work: The False Bet on Allies

Subject to the Western sanctions, the Syrian Government failed to drag its allies into the reconstruction agenda. Although the former Syrian minister stressed that the current sanctions are unilateral measures that should not affect the international community, the sanctions' effect reaches states that have been backing the Syrian Government since the first days of the war. President al-Assad and his Government had regularly stressed on favoring Russia, China and Iran in leading the reconstruction

¹⁹⁰ DeRouen, K. (2015). International intervention. In *An introduction to civil wars* (pp. 154-182). 55 City Road, London: SAGE Publications, Ltd doi: 10.4135/9781483390345.n7.

process.¹⁹¹ They supposed that the political and military support would bring economic aid. However, they miscalculated the perceptions of the allies, especially that the rationale behind pursuing reconstruction is not as critical and strategic as the political and military support. Accordingly, this section will analyze the economic stand of each of these countries in the reconstruction process and how the sanctions impeded their involvement in the strategy. This section will further discuss their current and previous economic cooperation to show the impact of the sanctions on curbing the Government's reconstruction agenda.

1. Russia: Sanctions Win over Military

Russia was the first country to discuss and push, throughout the international venues, to start the reconstruction phase in Syria. The Russian President, Vladimir Putin, said in 2017 that it is the time for the international community to initiate the reconstruction process in Syria.¹⁹² He also stressed in the Refugees Returning Summit that took place in Damascus November 2020 on the necessity to start reconstruction in Syria in order to relief the humanitarian crisis the Syrians are experiencing.¹⁹³ Nonetheless, these proposals not only fail to find international implementers, but also the sanctions stymied the Russians themselves from doing so.

The rationale behind the political and military intervention of Russia in Syria goes back to the disastrous conditions the Russian national security would have had to

¹⁹¹ President bashar al-Assad's interview with TELESUR. (2017, Apr 27). *Syrian Arab News Agency* Retrieved from <https://search.proquest.com/docview/1892536870?accountid=8555>.

¹⁹² Asia News Monitor. (2017). Russia/Syria: World should ponder over syria's post-war reconstruction - putin. Retrieved from <https://search-proquest-com.ezproxy.aub.edu.lb/docview/1951045472?accountid=8555>.

¹⁹³ Vohra, A. (2020). Russia Wants to Trade Syrian Refugees for Money. *Foreign Policy*. <https://foreignpolicy.com/2020/11/17/russia-wants-to-trade-syrian-refugees-for-money/>

face if the Syrian Government failed. The intervention was never due to Russia's aim to exploit the Syrian economy and hold the financial grip over its sectors. Moscow has history of providing political and military support for the Syrian Government that goes back to the mid of the 20s century. The current support is no different from the Russian mentality to help the legitimate Government of President al-Assad from any international intervention. Russia conducted military operations at the end of 2015 when it felt that the rapid defeats of the Syrian Government would end up toppling the legitimate ruler of Syria, which per se has irrevocable consequences inside Russia and on its strategic goals in the Levant. Moscow believed that the intervention in Syria would first prevent a radical Islamic amplification risk inside the federation; and second, would hinder the US supremacy and manipulation of the international order to legalize the latter military intervention in other countries.

First, Russia is convinced that the war in Syria is between a secular state and extremist groups which revived its own struggle with Chechen. Valery Gerasimov, Chief of the Russian General Staff said, "Daesh would have continued to expand more and more and spread to next door states. Expansion would have led us to fight these groups inside Russia, in Caucasus, and the Volga region." The Russian President Vladimir Putin similarly pointed that, "Russia needs to take the advantage and fight the groups in their own controlled geography rather than waiting for them to arrive on ours." In fact, Russia is a home country to some 16 million Muslims; no say to the countries with Muslim-majority to its border.¹⁹⁴ The radicals in Russia used to sustain a

¹⁹⁴ Rogers, Simon. 2011. "Muslim Populations by Country: How Big Will Each Muslim Population Be by 2030?" *the Guardian*. <http://www.theguardian.com/news/datablog/2011/jan/28/muslim-population-country-projection-2030> (May 31, 2020).

strong link to the Middle East, and the Chechen revolutionaries used to receive considerable aid from the Gulf, which might revive their connection to Syria as an Islamic Jihadi battleground. Second, Moscow believed that the Western intervention embeds national security threats that the West could use regime change as a strategy to destruct the regimes refusing to obey, which can reach Russia itself. The Kremlin thought that if the rebellions backed by the United States succeeded to change the Syrian regime, the regime change under the international order would be normalized. President Putin stated that “these Western supported regime changes are considered to have instable impact on the international system, and instead of conflict settling, an escalation occurs, and instead of sovereignty deepening, an expansion of chaos happen.”¹⁹⁵ Third, through intervening in Syria, Russia would prominently place itself again at the ruling table of the international order with considerable power to influence any decision against its interests. All these factors demonstrate that the Russian rationale behind the heavy intervention in Syria is to protect its national security from Western coercion. Although Moscow could take advantage in the future to benefit from the Syrian reconstruction, this has never been the driver for Russia to intervene in the Syrian crisis and the whole region. In fact, the strategic Russian involvement to back the Syrian Government makes its economic assistance in reconstruction unquestionable; nonetheless, the possible consequences of the Western sanctions on the Russian economic interests in the West made this assistance inapplicable under the current conditions.

¹⁹⁵ Presidency, Russian. 2014. “Meeting of the Valdai International Discussion Club.” <http://en.kremlin.ru/events/president/news/46860> (May 31, 2020).

a. Financial Aid

Russia was hesitant to provide financial aid for Damascus. Before its collapse, the USSR was the major economic back to Syria. In the second half of the 20th century, it lent Damascus with some 13.4\$ billion to help it fund its economy, stabilize its political order, and strengthen its military. After his succession, President Bashar al-Assad settled all Syrian debts from the USSR and Eastern Europe. Between 2004 and 2010, he signed several agreements to end the financial liabilities with Slovakia and the Czech Republic, Poland, Romania and Bulgaria. The most significant agreement was in 2005 with the Russian Federation, when Moscow agreed to annul 73 percent of the \$13.4 billion debt, and to reschedule the remaining 27 percent (\$3.61 billion) through a favorable repayment method for Damascus. The two countries agreed to transfer \$2.118 billion into a Russian account in the Central Bank of Syria that can be used by Moscow to invest and/or to purchase Syrian goods. They agreed to pay the residual \$1.5 billion in twenty equal payments over ten years.¹⁹⁶ After 2011, Russia changed its financial support attitude towards Syria. It refused in 2014 to lend Damascus \$1 billion due to fears that Syria lacks financial guarantees to repay back.¹⁹⁷ The only significant financial aid it provided was first, to postpone the rescheduled \$327 million payments of the 2005 debt, and second, to provide in 2015 and 2016 two wheat shipments equal to million tons for free or in discounted prices.^{198 199}

¹⁹⁶ The Syria Report. 2020. "Economy, Business and Finance - Syria and the Middle East." <https://www.syria-report.com/library/economic-data/factsheet-syria-russia-economic-relations> (May 31, 2020).

¹⁹⁷ The Syria Report. 2014. "The Syria Report - Russia, Syria, Fail to Agree on USD 1 Billion Loan -." <https://www.syria-report.com/news/economy/russia-syria-fail-agree-usd-1-billion-loan> (June 4, 2020).

¹⁹⁸ The Syria Report. 2014. "Russia to Provide Multi-Million Dollar Grant to Damascus." <https://www.syria-report.com/news/economy/russia-provide-multi-million-dollar-grant-damascus> (May 31, 2020).

The Russian refusal to provide financial aid for Damascus illustrates that the former does not consider financing the latter part of strategy to achieve its intervention. Endowing Syria with grants would not lessen the threats on the Russian national security.

b. Business: Before the War

The Russian business presence in Syria before the war changed dramatically after the breakout. Russia ended almost all its businesses when the war started, and then failed to revive the relation due to sanctions. Prior to the uprising, Russia invested in different sectors and mainly focused on the energy. In 2005, *Taneft*, an energy company from the Republic of Tatarstan –part of the Russian federation– signed with the Syrian Government a production sharing agreement to develop block number 27 located in the Syrian-Iraqi borders. Also in 2006, *Soyuzneftegaz*, a Russian state-owned energy company, signed a similar agreement with the Government to develop block number 12 located in Southeast Syria.²⁰⁰ Russian companies also invested in tourism, industry and technology. For example, *Intoursit Sinara*, a Russian consortium developed a 4-star coastal resort in Lattakia worth estimated cost equal to \$50 million. In real estate, *Renaissance Construction*, a Russian-Turkish company acquired 30 percent of Taj Halab estate project worth up to \$180 million. In industry, *Uralmash Company*, a

¹⁹⁹ The Syria Report. 2015c. “Syria Says Russia Promised Aid.” <https://www.syria-report.com/news/economy/syria-says-russia-promised-aid> (May 31, 2020).

²⁰⁰ The Syria Report. 2020. “Economy, Business and Finance - Syria and the Middle East.” <https://www.syria-report.com/library/economic-data/factsheet-syria-russia-economic-relations> (May 31, 2020).

Russian company invested in oil drilling machinery. In technology, Russia worked through the *Syrian International for Services and Technology*.²⁰¹

These engagements almost stopped when the war kicked-off. Russia was clear and refused to enter projects that require reimbursement of money. In early 2012, almost all Russian companies left Syria. The projects that were awarded after 2012 like that of *Soyuzneftegaz Company* to explore offshore oil and gas wells also left Syria in September 2015 when Russia intervened directly. Russia feared the Syrian Government's inability to repay its liabilities. For instance, in 2014 *Soyuzneftegaz* won a deal worth €193 million to build a water pumping station in Tigris River, nevertheless, nothing happened because they did not secure funds. In addition, in the same year, *Inter RAO* bid to construct 600 MW power plant, but again the financial shortages stopped the project.²⁰² Similarly the Russian *OMZ* engineering company faced the same faith for building a cement plant in Aleppo in 2018.²⁰³

Nevertheless, the Russians were at the same time clear in their intentions to benefit from the reconstruction process as a return for their political and military support. Moscow did various meetings, and signed different agreements with Damascus to facilitate the process, yet it still failed to materialize results. The Kremlin believed it has a moral right over the Syrian Government to have financial returns in exchange to its support. The former Russian Deputy Prime Minister, Dmitry Rogozin, said that his country has the full right to benefit from every Rouble it spent in Syria. He claimed that

²⁰¹ The Syria Report. 2020. "Economy, Business and Finance - Syria and the Middle East." <https://www.syria-report.com/library/economic-data/factsheet-syria-russia-economic-relations> (May 31, 2020).

²⁰² *Ibid.*

²⁰³ The Syria Report. 2018g. "Limited Prospects for Russian Companies Outside the Energy Sector." <https://www.syria-report.com/news/economy/limited-prospects-russian-companies-outside-energy-sector> (May 31, 2020).

President al-Assad himself guaranteed that Damascus will favor the Russian companies in future reconstruction projects.²⁰⁴ The two countries, accordingly, held regular meetings in the past 3 years to discuss the possibilities to start the reconstruction strategy. Despite the harmony these meetings appeared in the beginnings of 2017, however, the two countries failed to guarantee any project. In the 10th meeting in Sochi, the *Syrian-Russian joint Committee for Scientific, Technical, Commercial and Economic Cooperation* signed agreements, protocols and memorandum of understandings for economic cooperation between the two countries. In the meeting, the *Committee* discussed the possible sources of funds for future projects, and stressed on the importance of money as a vital component at this stage.²⁰⁵ However, the meeting failed to implement results beyond verbal agreements. Moreover, in 2017, around 80 Russian companies visited Syria to discuss possible reconstruction opportunities, yet nothing happened.²⁰⁶ The Russian-Syrian discussions continued in April 2018 at the 4th edition of the Yalta International Economic Forum held in Crimea. A big Syrian delegation of 100 representatives out of which 70 were investors attended the Forum, and signed new economic agreements. The Forum organized a seminar to discuss the Syrian reconstruction process titled “Syria’s Economic Development”. The seminar resulted in the following; firstly, to establish a joint Syrian-Russian company for managing investments in Syria. Secondly, they agreed to open the Syrian-Russian Grains Centre to distribute Russian cereals in the Middle East. Third, they signed a

²⁰⁴ The Syria Report. 2017h. “Russia Lays Claims Over Syria’s Energy Resources.” <https://www.syria-report.com/news/economy/russia-lays-claims-over-syria%E2%80%99s-energy-resources> (May 31, 2020).

²⁰⁵ The Syria Report. 2017i. “Russian-Syrian Economic Meeting Yields Very Limited Results.” <https://www.syria-report.com/news/economy/russian-syrian-economic-meeting-yields-very-limited-results> (May 31, 2020).

²⁰⁶ The Syria Report. 2018k. “Syrian Investor Highlights Obstacles to Business Ties with Russia.” <https://www.syria-report.com/news/economy/syrian-investor-highlights-obstacles-business-ties-russia> (May 31, 2020).

memorandum of understanding to develop Syria's offshore energy reservoirs. Fourthly, they signed an agreement to promote entrepreneurship between both countries. Lastly, they signed an agreement between the Syrian Ministry of Economy and Zenden, a Russian shoe retailer.²⁰⁷ Nonetheless, the outputs were almost mere ink on papers, and no clear reconstruction projects took place. The same happened with Crimea in late 2018, when the Syrian Government signed an economic cooperation agreement on trade subjects but failed to materialize it.²⁰⁸

c. Sanctions are the Reason

The officials from Syria and Russia explained that this failure in conducting mutual economic projects is because of sanctions. Although they had slight differences in determining the origins of the failure, they agreed on the brutal effect of Western coercive measures on them. Alexei Gruzdev, the Russian Deputy Ministry of Economy, said that the financial risks in Syria are the main hurdles to proceed with the investments, and the Syrian market must have a suitable financial environment, like financial infrastructures and direct accounts that support and facilitate fiscal transactions.²⁰⁹ Samir Hassan, the head of the Syrian Russian Business Council, agreed with Gruzdev and emphasized that the Western sanctions imposed on the Syrian banking system are the main problems preventing the economic relations from

²⁰⁷ The Syria Report. 2018e. "From Crimea, Syria and Russia Sign New Economic Deals." <https://www.syria-report.com/news/economy/crimea-syria-and-russia-sign-new-economic-deals> (May 31, 2020).

²⁰⁸ The Syria Report. 2018i. "Syria, Crimea Sign Economic Cooperation Agreements." <https://www.syria-report.com/news/economy/syria-crimea-sign-economic-cooperation-agreements> (May 31, 2020).

²⁰⁹ The Syria Report. 2018a. "Business Forum Fails to Lift Doubts about Syria's Attractiveness for Russian Investors." <https://www.syria-report.com/news/economy/business-forum-fails-lift-doubts-about-syria%E2%80%99s-attractiveness-russian-investors> (May 31, 2020).

development.²¹⁰ Igor Matveev, the former Russian trade attaché in Damascus, agreed with Hassan and stated that the Western sanctions prevent the improvement of economic relations with Syria, since they blocked the financing of big projects and only made trade viable.²¹¹ Mr Vladimir Padalko, the Vice President of the Chamber of Commerce and Industry of the Russian Federation, also stated that the Western sanctions are postponing the ability of the Russian companies to bring money to Syria.²¹²

Russia still wants to benefit from its supremacy in Syria, but without indulging into sanctions war with the West. They are avoiding the possible negative impact of the sanctions on the Russian financial interests in Europe and the United States. It will keep on trying to benefit from economic opportunities that do not cross this line. For instance, its involvement in the Syrian energy sector does not include neither the sell and buy of Syrian oil and gas and other derivatives in the foreign markets, nor the shipment of oil and gas to Syria. Moscow is only responsible to explore and drill new Syrian domestic reserves, which are per se out of the besiege criteria.²¹³

Russia will not support Syria beyond pushing the international community to agree on initiating the reconstruction process. The risks of sanctions on Syria are not a

²¹⁰ The Syria Report. 2018j. "Syrian Investor Highlights Obstacles to Business Ties with Russia." <https://www.syria-report.com/news/economy/syrian-investor-highlights-obstacles-business-ties-russia> (May 31, 2020).

²¹¹ The Syria Report. 2016c. "Russian Economic Support Unlikely to Extend Beyond Trade." <https://www.syria-report.com/news/economy/russian-economic-support-unlikely-extend-beyond-trade> (May 31, 2020).

²¹² The Syria Report. 2018a. "Business Forum Fails to Lift Doubts about Syria's Attractiveness for Russian Investors." <https://www.syria-report.com/news/economy/business-forum-fails-lift-doubts-about-syria%E2%80%99s-attractiveness-russian-investors> (May 31, 2020).

²¹³ The Syria Report. 2020. "Economy, Business and Finance - Syria and the Middle East." <https://www.syria-report.com/library/economic-data/factsheet-syria-russia-economic-relations> (May 31, 2020).

national security threat for Moscow to confront the West. Unless the Russian interests in Syria were challenged, it would rather preserve its involvement in reconstruction, and wait for an international agreement to wipe out the sanctions risk.

2. China: No Interest if Sanctions Exists

China's strategic political involvement makes the economic assistance to the Syrian Government indubitable if sanctions did not exist. Beijing, alongside Moscow, provided strong political support to the Syrian Government in many Security Council resolutions.²¹⁴ It did not support Syria in an aim to bargain for future economic benefits from the reconstruction process; rather, it aimed to confront the Western endeavors to facilitate the change regime policy against non-Western countries. China has been sensitive against violating the sovereignty of states through foreign coercive pressures. The officials have been regularly emphasising Beijing's non-acceptance and opposition towards foreign military interventions of the West to coercively harm states' sovereignty and change regimes. China has always been anxious from the Western hegemony through coercively change state's regimes, and at some point affecting China itself. Its paradigm shift was the manipulation of the UN supported NATO-led armed intervention in Libya to topple Qaddafi and change the regime instead of applying Responsibility to Protect (R to P). Since then, Beijing has vetoed various security resolutions to directly conduct coercive military measures on Damascus.²¹⁵ It clearly stated that the only vision to end the Syrian war is through UN-brokered political,

²¹⁴ Nicholas, Michelle. 2019. "Russia, Backed by China, Casts 14th U.N. Veto on Syria to Block Cross-Border Aid." *Reuters*. <https://www.reuters.com/article/us-syria-security-un-idUSKBN1YO23V> (May 31, 2020).

²¹⁵ Nicholas, Michelle. 2019. "Russia, Backed by China, Casts 14th U.N. Veto on Syria to Block Cross-Border Aid." *Reuters*. <https://www.reuters.com/article/us-syria-security-un-idUSKBN1YO23V> (May 31, 2020).

peaceful and just resolutions that gather all conflicting parties on the same table away from military interventions.²¹⁶ This factor demonstrates that defending its national security through preventing the manipulation of the international order is the Chinese rationale behind its political support to Damascus. This strategic goal that the Chinese involvement serves makes the economic coordination somehow a byproduct; nevertheless, sanctions prevented this cooperation from development.

a. Aid

The Chinese aid was shy and did not start until late 2017 and 2018. China provided its first grant worth \$16 million in 2017 and it was exclusively dedicated to humanitarian needs.²¹⁷ The second in 2018 was worth \$12 million, dedicated to buy power generators.²¹⁸

b. Business

China was active in the Syrian economy before the war. It invested in different sectors but focused on the energy. In 2003 for example, the *China National Petroleum Corporation (CNPC)* signed a 25 year contract with the *Syrian Petroleum Company* to develop the Kebibe field in Northeast Syria with an estimate value of \$107.5 million. As per the agreement, both firms established a joint Syria-Sino energy entity named *Al-Qawqab Oil Company*. In addition, in 2006 and 2010, the CNPC acquired around 20

²¹⁶ Swaine, Michael D. 2012. "Chinese Views of the Syrian Conflict." *Carnegie Endowment for International Peace*. <https://carnegieendowment.org/2012/09/13/chinese-views-of-syrian-conflict-pub-49378> (June 4, 2020).

²¹⁷ The Syria Report. 2017b. "China Offers First Grant to Syria Since 2011." <https://www.syria-report.com/news/economy/china-offers-first-grant-syria-2011> (May 31, 2020).

²¹⁸ The Syria Report. 2018d. "Electric Generators as Part of Chinese Grants to Syria." <https://www.syria-report.com/news/power/electric-generators-part-chinese-grants-syria> (May 31, 2020).

percent of the *Al-Furat Petroleum Company (AFPC)* working in Syria. Another Chinese state-owned oil company, *Sinopec* in 2003 established in cooperation with the *General Petroleum Corporation (GPC)*, the *Oudeh Petroleum Company* to extract heavy crude oil from several Syrian fields. *Sinopec* in 2008 also acquired the Canadian owned *Tanganyika Oil Company* that works in the Syrian market. Furthermore, *Sinochem*, another Chinese state-owned company acquired in 2009 the *Emerald Energy* firm and possessed 50 percent of the working rights in the Northeastern field in the Block number 26, with a total acquisition value estimated by 878\$ million.²¹⁹ Outside the petroleum sector, the Chinese companies have been known to be contractors rather than investors. They worked in various sectors, for instance, *ZTE* and *Huawei* the most famous Chinese telecommunication corporations, have implemented many projects all over Syria. In the industrial sector, a Chinese construction engineering company, *CBMI Construction*, constructed Al-Badia cement plant, the only privately owned cement plant in Syria.

When the war started the crisis neutralized the Chinese interest in Syria, and pushed Beijing to withdraw all the Chinese labor power in 2012, except 100 staff to secure the Chinese private plants.²²⁰ This withdrawal did not prevent Damascus from building hopes on China's courage to invest in the reconstruction agenda. It has regularly asked for coordination, meanwhile the Chinese usual response is to fully support the reconstruction process, but with the condition of a stable Syria. One of the highest rank meetings was in Beijing 2017, between the Syrian President Advisor and

²¹⁹ The Syria Report. 2018c. "Economy, Business and Finance - Syria and the Middle East." <https://www.syria-report.com/library/economic-data/factsheet-syria-china-economic-relations> (May 31, 2020).

²²⁰ *Ibid.*

the Chinese Foreign Minister where former sought a formal promise from China to help in the reconstruction process, but the Minister conditioned that Damascus must become more flexible in the political negotiations. Such response means that China does not see the status quo suitable for engagement in the reconstruction process, but prefers to postpone it until after the political solution. In another incident, the Syrian Government tried in 2017 to seduce the Chinese companies in Damascus International Trade to cooperate with the Syrian counterparts. The Syrian Investment Agency prepared them a list of profitable projects to possibly conduct. Imad Mustafa, the Syrian Ambassador to China, said in the Fair that the Chinese companies will be prioritized in reconstruction, and can benefit from Oil for Loans deals and Yuan currency transactions if they decide to go after the projects. However, the companies did not sign the agreements. This failure in cooperation with the Chinese companies repeated itself in different incidents. For example, in 2017, a huge Chinese engineering group named *PowerChina*, met with the Syrian local officials in Lattakia to discuss the possibility of building 600MW power plant, but the agreement failed.²²¹ Also, a Chinese company named *Detroit* visited Damascus in 2018 to discuss investment opportunities in the building materials industry, yet, the visit resulted in disappointment. Moreover, in the same year, a delegation from *SANY* -another Chinese and one of the biggest international manufacturing companies in heavy machinery industry- failed to reach an agreement with the Minister of Industry, and the Minister of Public Works and Housing.²²² Even the only small scale fruit juice manufacture project worth 16 Euro

²²¹ The Syria Report. 2017c. "Chinese Company Considering Building New Power Plant." <https://www.syria-report.com/news/power/chinese-company-considering-building-new-power-plant> (May 31, 2020).

²²² The Syria Report. 2018b. "Chinese Companies Starting to Look for Opportunities in Syria."

million in Lattakia that a Chinese company bid for in 2018, was rejected by the Syrian Government due to the offer being non-lucrative.

China has only accepted opportunities that do not require direct investments like franchise and trade. For instance, two Chinese companies agreed to provide a vehicle manufacturing licenses for Syrian businessmen to produce and sell the Chinese vehicles in Syria. The first was in 2017, between the Syrian *Khallouf Trading* and the Chinese *Dong Fan Motors Company*, and the second in 2018 between *E-Motors Company* owned by Samer Foz and the Chinese famous motor company *BYD*.²²³ Furthermore, trade has experienced improvement between both countries since the beginning of war. The cheap Chinese goods continued to invade the Syrian market, especially as a result of the Western sanctions that restricted the shipment of European products. The sanctions gave the Chinese companies a good opportunity to adjust the import drop in the Syrian trade balance and become the second major importer to Syria with 25% of total exports in 2017 worth \$1.09 billion.²²⁴ Despite the fact that Syria has been benefiting from this situation, the load of imports has negatively impacted its foreign currency reserves. The high importing load with no significant credit facilities consumed the reserves for the sake of saving consumption of goods. Tsui Bin, the Chinese trade attaché in Damascus, announced with Ghassan al-Qallaa, the chairman of the Damascus Chamber of Commerce that China intends to open a permanent trade park in Adra hosting almost 200 Chinese companies in a permanent basis to exhibit their

<https://www.syria-report.com/news/economy/chinese-companies-starting-look-opportunities-syria> (May 31, 2020).

²²³ The Syria Report. 2018c. "Economy, Business and Finance - Syria and the Middle East." <https://www.syria-report.com/library/economic-data/factsheet-syria-china-economic-relations> (May 31, 2020).

²²⁴ The Observatory of Economic Complexity. 2017a. "Syria (SYR) Exports, Imports, and Trade Partners." <https://oec.world/en/profile/country/syr/> (May 31, 2020).

products.²²⁵ Although this project would be beneficial to the growth of the Syrian market and would stimulate the trade balance, in reality, it is not the type of businesses the Syrian Government is seeking, and it is not the sort of investments that develop the foreseen reconstruction agenda.

All the mentioned facts depict the unenthusiastic Chinese attitude to spend money under a Western besiege environment. In fact, the Syrians have failed to benefit from the Chinese backed major Asian funders for development of infrastructure and construction aims, like the Shanghai Cooperation Organization, and the Asian Infrastructure Investment Bank. This deepens the argument that China would not enter Syria without a clear stabilization mode for the status quo.²²⁶ According to two Chinese experts, the Syrian market has high risks hindering the Chinese investments and making Beijing reluctant to intervene at the meantime.²²⁷ Indeed, the Syrian non-suitable business environment fractured with sanctions prevents China from being part of the reconstruction agenda. The military war has ended, but the sanctions are getting more brutal. It is unclear what the political settlement would result to, especially that the sanctions threaten those who economically support the Government. Beijing would not gamble the investment risk under such conditions and hence would go after the safest path and wait for a clear resolution that per se might offset the market dangers. As a result, China is also waiting for international guarantees to partner with the

²²⁵ The Syria Report. 2019b. "China to Set-up Permanent Trade Centre Near Damascus." <https://www.syria-report.com/news/economy/china-set-permanent-trade-centre-near-damascus> (May 31, 2020).

²²⁶ The Syria Report. 2018c. "Economy, Business and Finance - Syria and the Middle East." <https://www.syria-report.com/library/economic-data/factsheet-syria-china-economic-relations> (May 31, 2020).

²²⁷ Caiyu, Liu. 2017. "Chinese Firms Open to Investing in Syria despite Huge Risks." *Global Times*. <http://www.globaltimes.cn/content/1055777.shtml> (May 31, 2020).

Government's reconstruction agenda. This agreement ensures avoiding the Western sanctions that might negatively impact the Chinese interests in Europe and the United States if challenged.

3. Iran: Sanctions are Common

Iran's involvement in Syria has political strategic roots to the extent that makes the economic cooperation inevitable if applicable. Among various drivers, the major reasons which pushed Tehran to prevent the collapse of the Syrian regime are (1) to prevent the break of the axis of resistance that Syria is an essential pillar in; (2) to strengthen the strategic power of having permanent presence in the Syrian-Palestinian borders. Damascus is the only Arab strategic ally to Islamic Iran with history going back to the 1979 and crystallized more throughout the Iran-Iraq war where Syria sided with the Iranians against Saddam Hussein. Since then, both countries had harmonious strategic vision of the Middle East. This strategic relationship pushed Tehran to deploy thousands of militants through the Quds Force to back the Syrian Government and prevent its collapse.²²⁸ To have the regime in power would spare Tehran a possible threat of post-al-Assad government composed of anti-Iran, and per se breaks the axis of resistance, Tehran's strategic power advantage against "Israel". The former Iranian Supreme National Security Adviser, Saeed Jalili, said "Iran will not allow the axis of resistance, which Damascus is a basic pillar in to be broken".²²⁹ Indeed, Syria is a crucial assistant alongside Iran to Hezbollah in Lebanon, Hamas and Islamic Jihad in

²²⁸Karam, Zeina. 2018. "Analysis: Iran Role in Syria Key Item at Trump-Putin Summit." *APNEWS*. <https://apnews.com/7eebb04b92ce416495bb0ca7f0b07e54/Analysis:-Iran-role-in-Syria-key-item-at-Trump-Putin-summit> (May 31, 2020).

²²⁹ CBSNEWS. 2012. "Iran: We're in 'Axis of Resistance' with Syria." <https://www.cbsnews.com/news/iran-were-in-axis-of-resistance-with-syria/> (May 31, 2020).

Palestine. Karim Sadjadpour believes that many of the armaments provided to Hezbollah from Iran are through Damascus, and the disruption of this linkage will severely impact Tehran's power in the region.²³⁰ This was not the only driver for Iran, according to Nader Uskowi, Tehran wants to establish a permanent house of Quds Force personnel in Syria to strengthen its intelligence and logistics facilities near the borders of its existential "Israeli" enemy. He believes that Tehran sought to secure the land corridor between Syria-Iraq to link a complete supply chain to ensure the freedom of movement for Quds Forces and other military groups.²³¹ In fact, the Iranian intervention is considered the first in nature which gives Tehran a new dimension of war strength. Paul Bucala believes that the Iranian military sees Syria as a laboratory to develop its way of war and generate a new irregular warfare model that can be replicated in different avenues.²³² These strategic ambitions to secure the Syrian regime make the economic coordination indubitable if practical. Iran, therefore, did not hesitate to assist Syria financially and to seek development for economic cooperation; nonetheless, sanctions made this implementation nonviable.

a. Aid

Prior to the uprising, Iran was not a major economy ally to Damascus. However, after 2011, Tehran started to play a major financial role and finance the Syrian

²³⁰ Price, Bryan. 2013. "Syria: A Wicked Problem for All." *Combating Terrorism Center at West Point*. 6(8): 32. <https://ctc.usma.edu/wp-content/uploads/2013/08/CTCSentinel-Vol6Iss88.pdf> (June 4, 2020).

²³¹ Uskowi, Nader. 2018. "The Evolving Iranian Strategy in Syria: A Looming Conflict with Israel." *Atlantic Council*. https://www.atlanticcouncil.org/wp-content/uploads/2019/09/The_Evolving_Iranian_Strategy_in_Syria.pdf (June 4, 2020).

²³² Bucala, Paul. 2017. "Iran's New Way of War in Syria." *The American Enterprise Institute and the Institute for the Study of War*. http://www.understandingwar.org/sites/default/files/Iran%20New%20Way%20of%20War%20in%20Syria_FEB%202017.pdf.

Government, to the extent that the Syrian Prime Minister said Iran is the only country that provided financial aids to Syria.²³³ The massive assistance of \$6.6 billion made Iran the only real financial supporter to Damascus since the beginning of the conflict. In early 2013, Tehran credited the Syrian Government with \$1 billion to purchase power machinery equipment. In the same year, Iran provided again another credit worth 3.6\$ billion, to exclusively purchase crude oil and petroleum derivatives from Iran itself. An extra credit of 1\$ billion was delivered in 2015 to import goods. The last aid was 1\$ billion given in 2017, half of it to buy oil and energy derivatives and the other half to purchase industrial and agricultural manufacturing inputs, but all should exclusively be from or via Iranian companies.²³⁴

b. Meetings and Agreements

Even before the regime's supremacy in the battlefield, Tehran provided the Syrian Government with credit regardless the risk of repayments, and continued to seek economic relations with Damascus. It has been continuously sending delegates for business economic agreements with the latter. One of the earliest agreements happened in March 2015, before the Russian military intervention when the security risk was at the peak, the Iranian Minister of Economy and Finance met President al-Assad in Damascus and signed an economic agreement. After this event President al-Assad said that the war against Syria is not only political and military, but also economic.²³⁵ In the same year, Ali Akbar Velayati with an Iranian economic delegation visited Damascus

²³³ The Syria Report. 2017f. "Iran Grants USD 1 Billion to Damascus." <https://www.syria-report.com/news/economy/iran-grants-usd-1-billion-damascus> (May 31, 2020).

²³⁴ *Ibid.*

²³⁵ The Syria Report. 2015a. "Iran Acts as Creditor, Supplier and Alternative to Sanctions for Syria." <https://www.syria-report.com/news/economy/iran-acts-creditor-supplier-and-alternative-sanctions-syria> (May 31, 2020).

and signed an economic arrangement to regulate the supply of the Iranian crude oil and the coordination with different sectors.²³⁶ Furthermore, in late 2016, Iranian private investors visited Damascus with Iranian public officials to seek business opportunities.²³⁷ Two years later in 2018, a delegation of 50 Syrian investors visited Tehran and signed various significant agreements and located Iran at the same economic level of trade with Russia and China. The agreement established a joint Syrian-Iranian Chamber of Commerce, and ratified preferential trade accords to boost mutual trade.²³⁸ In 2018, the joint Syrian-Iranian Economic Committee met in Tehran and agreed to increase banking relations and trade facilitations between both countries.²³⁹ The latest meeting was in the 14th joint Syrian-Iranian Higher Committee in Damascus in 2019, when the two countries signed ten memorandums of understanding (MoU) and one strategic long term economic agreement covering many sectors.^{240 241}

These agreements failed to implement projects, but they developed the Syrian-Iranian economic relations to a similar level of Tehran's counterparts. Iran has no active economic history in Syria like Moscow and Beijing; however, these agreements quickly put Iran on the same economic coordination level with them. In 2016, a Preferential

²³⁶ The Syria Report. 2015b. "Iran Seeks Guarantees before Providing New Credit Line to Damascus." <https://www.syria-report.com/news/economy/iran-seeks-guarantees-providing-new-credit-line-damascus> (May 31, 2020).

²³⁷ The Syria Report. 2016b. "Iran Visit Seeks to Enhance Bilateral Business Ties." <https://www.syria-report.com/news/economy/iran-visit-seeks-enhance-bilateral-business-ties> (May 31, 2020).

²³⁸ The Syria Report. 2018h. "Syria and Iran to Establish Joint Chamber of Commerce." <https://www.syria-report.com/news/economy/syria-and-iran-establish-joint-chamber-commerce> (May 31, 2020).

²³⁹ The Syria Report. 2019c. "Iran, Syria Sign New Economic Agreement." <https://www.syria-report.com/news/economy/iran-syria-sign-new-economic-agreement> (May 31, 2020).

²⁴⁰ MoU are non-binding

²⁴¹ The Syria Report. 2019d. "Iran-Syria Sign New Economic Deals but Doubts Remain on Their Significance." <https://www.syria-report.com/news/economy/iran-syria-sign-new-economic-deals-doubts-remain-their-significance> (May 31, 2020).

Trade Agreement between Syria and Iran entered into force which lessened the custom duties of all Iranian goods to 4 percent. Shortly after this agreement, the two countries agreed to temporarily exempt all percentages.²⁴² According to Iran Customs Administration, the Iranian exports to Syria -excluding oil- reached \$326.1 million in 2017, putting Iran third behind Turkey and China.²⁴³

In fact, Iran might have surpassed Russia and China in the depth of economic coordination if the Western sanctions on Tehran did not exist. Unlike Moscow and Beijing, Tehran is already under brutal economic embargo from the United States, which makes the risk to confront the sanctions minimal. However, these sanctions did affect the Iranian financial capacity to deploy the reconstruction process with Damascus. In various occasions, the Damascus Chamber of Commerce and the Iranian Vice-President Eshaq Jahangir stressed that the Western sanctions on the financial system of both countries have been harming their capabilities to go further in investments and economic relations.²⁴⁴ Indeed, the Western hegemony over the international financial order has marginalized the financial power of both countries and stymied their abilities to smoothly deploy reconstruction projects.

In short, Tehran is neither waiting for international guarantees, nor for the removal of Syrian sanctions to go after the reconstruction process, however, it is waiting for its own financial capacity to debut.

²⁴² The Syria Report. 2016d. "Syria, Iran Preferential Trade Agreement Enters Into Force." <https://www.syria-report.com/news/economy/syria-iran-preferential-trade-agreement-enters-force> (May 31, 2020).

²⁴³ The Syria Report. 2018f. "Iran Exports to Syria Continue to Rise." <https://www.syria-report.com/news/economy/iran-exports-syria-continue-rise> (May 31, 2020).

²⁴⁴ The Syria Report. 2019d. "Iran-Syria Sign New Economic Deals but Doubts Remain on Their Significance." <https://www.syria-report.com/news/economy/iran-syria-sign-new-economic-deals-doubts-remain-their-significance> (May 31, 2020).

B. The National Private Sector: The Failed Seduction

Furthermore, the Syrian Government failed to bring the Syrian investors that escaped at the beginning of the war. After 2011, almost 20\$ billion fled to neighbor countries in shape of bank deposits and business investments. In Lebanon, the Syrian deposits in the Lebanese banks before the turmoil were circa 16\$ billion out of 144\$ billion of total deposits in dollar currency. Immediately after the war, the bank then 29\$ billion cash reserves in dollar currency in the central bank increased to 37\$ billion.²⁴⁵ Most probably this rise is due to the Syrian capital that resided in Lebanon. In Jordan, the Syrian capital in 2014 was around 140\$ million or 15% of the total foreign direct investments, and almost 191 Syrian investors are living there. Similarly, the Syrian capital that escaped to Egypt was around 2\$ billion, where they established around 70 manufacturing firms.²⁴⁶ Finally, about 1.2\$ billion fled to Turkey where some Syrian businessmen transited their manufacture machines through the Turkish border cities.²⁴⁷ In 2015, Turkey experienced a peak in the establishment of thousands of Syrian companies, where the Syrian investments equated to 22.3% of the total foreign direct investments. This outflow for the Syrian capital has weakened Syria's ability to secure money and procure reconstruction partnerships.²⁴⁸

The Government failed to bring back the Syrian capital from outside the country. It tried, but faced a major dilemma to find the suitable mechanism that makes Syria attractive again. In January 2016, President al-Assad issued Decree No 3 that

²⁴⁵Damascus Center for Research and Studies. 2017. "تمويل إعادة الإعمار الاحتياجات والمصادر المحتملة." <https://bit.ly/3nllBS9> (June 4, 2020).

²⁴⁶Ibd.

²⁴⁷Ibd.

²⁴⁸Ibd.

establishes the *Exports and Local Production Support and Development Agency* to support local production and provide manufacturers with preferable conditions to work. The Government also cancelled the trading deposit the traders were obliged to pay in order to receive an importing license.²⁴⁹ Moreover, in June 2017 the President issued Decree No 172 to reduce the custom duties on manufacturing inputs by 50 percent in an attempt to reduce the production costs of local commodities.²⁵⁰ ²⁵¹ These steps aimed to rerun the manufacturing sector and make it attractive for investors; yet, they were not enough. In February 2017, Maamoun Hamdan, the Syrian Minister of Finance, met with the *Grouping of Syrian Investors in Egypt* in Cairo to discuss their possible return and contribution to the Syrian economy. Egypt has been hosting a considerable number of Syrian manufacturers, especially those from Aleppo the economic capital of Syria. Minister Hamdan offered a lot of incentives to convince them; for instance, to reduce the custom duties on production inputs, to exempt their sales from taxes, and to reschedule their debts in state banks, etc... However, the meetings led to only a promise from Khaldoun Al-Muwaqe' to visit Damascus.²⁵² In another attempt, Syrian investors from 23 different countries formed in 2018 in Bucharest, the capital of Romania, a new lobby named the *Group of Syrian Businessmen in the World*. The lobby aimed at searching the possibility to invest in Syria again. Nevertheless, the good relationship between some of the group members like Basel Samaqia, based in Egypt, and the

²⁴⁹ Parliament, Syrian. 2016a. "القانون 3 لعام 2016 إحداث هيئة دعم وتنمية الإنتاج المحلي والصادرات." <http://parliament.gov.sy/arabic/index.php?node=55150&cat=15822&> (May 30, 2020).

²⁵⁰ The Syria Report. 2016a. "Government Changes Again Import License Rules." <https://www.syria-report.com/news/economy/government-changes-again-import-license-rules> (May 30, 2020).

²⁵¹ Prime Ministry. 2017. "المرسوم رقم /172/ لعام 2017 القاضي بتخفيض الرسوم الجمركية بنسبة 50 بالمئة على المواد الأولية ومدخلات الإنتاج اللازمة للصناعات المحلية." <https://bit.ly/2PXANpK> (May 30, 2020).

²⁵² The Syria Report. 2017d. "Despite Launch of Local Car Assembly Plant, Syria Struggles to Attract Back Manufacturers." <https://www.syria-report.com/news/manufacturing/despite-launch-local-car-assembly-plant-syria-struggles-attract-back-manufacturer> (May 31, 2020).

Government was not enough.²⁵³ Despite the many visits the group did to Damascus, no projects have been established and no investments have been announced. Indeed, it is very hard for Syrian investors especially those based in Egypt to go back to Syria and become subject to sanctions, meanwhile they have lucrative incentives from the Egyptian Government. For example, Tareq Qabil, the Egyptian Minister of Industry and Foreign Trade, has already revealed the intentions of the Egyptian Government to set-up an industrial zone of 500,000 square meters dedicated only to the *Group* in a clear and successful bet from the Egyptians to hold on the Syrian capital residing there.²⁵⁴

C. Defunding Marota: Possible Destruction of Reconstruction

The Government found it hard to bring investors for the real estate market in general and Marota City in specific. Unlike the prewar phase, it was a nonlinear process. The budget for the project was uncertain during the war period. In 2014, two years after the Decree No 66, Nassouh Al-Nabulsi, the head of the financial affairs at the Damascus Governorate, explained that the *Real Estate Bank* will provide 14 SYP billion, around \$70 million at that time, to start working on the project's infrastructure. However, it is not evident that the transaction was done afterwards. The uncertainty continued to 2016 when the Prime Minister announced that the *Commercial Bank of Syria* will provide a loan of 20 SYP billion, around \$40 million to start the City construction. The loan was syndicated a year later with the *Saving Bank* with 8 SYP billion provided by the latter and 14 SYP billion provided by the former. This

²⁵³ The Syria Report. 2018l. "Syrian Investors Create New Lobby Group." <https://www.syria-report.com/news/economy/syrian-investors-create-new-lobby-group> (May 31, 2020).

²⁵⁴ The Syria Report. 2017e. "Egypt Tries to Retain Syrian Investors." <https://www.syria-report.com/news/manufacturing/egypt-tries-retain-syrian-investors> (May 31, 2020).

uncertainty over a long period of 5 years shows that the Government counted on public banks such as the *Real Estate Bank*, the *Commercial Bank of Syria* and the *Saving Bank* to carry out the reconstruction agenda when it failed to attract private investors. Faisal Srour, an executive board member and representative of the Budgeting and Planning department in Damascus Governorate, assured this fact in 2017 when he stated that no investors but 60 contractors showed interest in the project.²⁵⁵

Moreover, the absent of international investors in the estate sector was unusual to the history of the Syrian market. Previous to the war, the Gulf investors almost monopolized the estate market and invested in the largest estate projects. The table below shows this dominance:

| Company Name | Nationality | Project | Project Cost |
|-----------------------------------|----------------------|------------------------|--------------------|
| Binladin Group | Saudi Arabia | Palm Village | \$25 Million |
| Emaar | United Arab Emirates | Eighth Gate | \$1.2 Billion |
| Belhasa International Company LLC | United Arab Emirates | Share in Jasmine Hills | \$30 Million |
| Majid Al-Futtaim | United Arab Emirates | Khams Shamat | \$1 Billion |
| Renaissance Construction | Russian-Turkish | Share in Taj Halab | 30% of the Project |
| Sama Invest | Suadi Arabia | Share in Sama City | \$100 Million |
| Kuwait Syrian Holding Company | Kuwait (Kharafi) | Royal Residence | - ²⁵⁶ |

Table 4 Foreign direct investments in the Syrian real estate sector prior to the war

²⁵⁵ Al-Watan. 2017a. “ ”.66 المشروع في الاستثمار طلبوا 60 مستثمراً طلبوا الاستثمار في المشروع 66. من مؤتمر مقاولي الإنشاءات لفرع دمشق ... سرور: 60 مستثمراً طلبوا الاستثمار في المشروع 66. *الوطن*. <https://alwatan.sy/archives/95960> (May 31, 2020).

²⁵⁶ Failed to access data.

This dominance was absent in financing Marota City. The only two records of international were on projects that started before the war. The first was in Ya'afour through a company connected to the *New Fayhaa Company*; a subsidiary to the *Kuwait Syrian Holding Company*. However, even back then, the ownership of the project was not confirmed to be the *Kuwait Syrian Holding Company*, as large controversy was raised whether it belonged to Marzouq el-Kharafi, the main shareholder of *Kuwait Syrian Holding Company* or not. Especially that, some news said that the Government seized some assets belonging to el-Kharafi and Mahmoud El-Nuri, the chairman of the Board of Directors of the *New Fayhaa Company*.²⁵⁷ The second record was in late 2018, when Abduljalil el-Blooki visited the *DCH* to discuss the possibility of activating his *Emirates Private Development and Investment Company* established in 2013, however, nothing happened.²⁵⁸ Indeed, the Gulf financial power the Syrian estate market used to experience was totally absent. Even the foreign direct investments or the international companies the GCDRI had permitted were almost negligible. Out of the 3510 SYP million capital of all permitted 56 companies, only 164 SYP million (4.7%) were foreign investment capital, and it is unclear if they were exercised in an existing project.²⁵⁹

²⁵⁷ Aliqtisadi. 2019. "المالية تحجز على أموال مستثمرين عرب منهم مرزوق الخرافي." *الاقتصادي*. <https://bit.ly/2YP5q3J> (May 31, 2020).

²⁵⁸ The Syria Report. 2018f. "Prominent UAE Investor Visits Damascus." <https://www.syria-report.com/news/real-estate-construction/prominent-uae-investor-visits-damascus> (May 31, 2020).

²⁵⁹ General Commission of Development and Real Estate Investment. 2018. "التقرير السنوي." http://www.gcdri.gov.sy/img/uploads1/library_105.pdf (June 4, 2020).

D. Sanctions: Control, But Forbidden to Reconstruct

The current coercive measures on the Syrian Government are continuous to the foreign policy approach of the Western countries -mainly the United States- towards Damascus to achieve political gains. Since the early days of President Hafiz al-Assad, the United States had used sanctions to pressure Damascus to obey various affairs especially issues related to “Israel” and the peace process in Western Asia. In late 1986 and 1987 the Western countries alleged Damascus to support international terrorism. Accordingly, the United States imposed sanctions on trade with Syria, cancelled agreements, and reduced diplomatic presence.²⁶⁰ The United States’ pressure on Syria intensified in the first years of Bashar al-Assad presidency, especially when the former accused Damascus to support militants fighting its troops in Iraq. As a result, the President George W Bush in 2000s ratified the Syrian Accountability Act that permits the imposition of a range of punitive measures including travel, trade, and finance.²⁶¹

Although that the after 2011 coercive measures on Syria are the continuity of this Western foreign policy towards the Syrian economy, there is a difference in scale and scope with pre-2011 sanctions. First, the United States has been trying to cripple the Syrian economy through measures on the banking sector and trade since the days of al-Assad the father, nonetheless, the oil industry was reserved from sanctions until August 2011. Even in the peak of tensions between Damascus and the United States, like the Washington’s announcement in 1996, and the Syrian Accountability Act of 2003, the United States did not include punitive measures on the Syrian petroleum industry.²⁶²

²⁶⁰ Axon, A., & Hewitt, S. (2018). *syria 1975/76-2018*. Brill.

²⁶¹ *Ibd*

²⁶² Sharp, J. M., & Blanchard, C. M. (2011). unrest in syria and u.s. sanctions against the asad regime. *Current Politics and Economics of the Middle East*, 2(3), 437

Second, the history of sanctions on Syria did not impede either the national or the international private sector from investing in Syria. The pre-2011 punitive mode of sanctions did not threaten investors from reaching out the Syrian market unlike the current mode; the Gulf investment in the real estate sector is clear evidence.

As the review shows, the sanctions prevented the investors from partnering with the Government in the implementation of the reconstruction agenda. Nonetheless, Syria is experiencing massive scale of destruction in the Syrian socioeconomic fabric, the infrastructure, and the service delivery; it is hard to predict the dynamics the sanctions can act on without identifying their types. They have no single prototype, or even one monotonic pace, but they escalated in different occasions and took various shapes for different objectives. In the following, I discuss the targets of sanctions on Syria and how they per se subjugate the reconstruction process.

1. Types of sanctions

a. Sanctions on Syrian Regime networks

The United States and Europe imposed sanctions on individuals and institutions adhesive to the Syrian regime since the early days of the conflict. This type of sanctions was active before the war as part of the Western foreign policy against the Syrian Government. As the Western countries believe, these trans-sectarian networks of military, security, business, economic, religious and political personnel and institutions build the regime's power. For example, the EU and the US have imposed sanctions on many companies owned by Rami Makhlouf, the President's cousin and one of the

previous most influential businessmen for the Syrian Government.²⁶³ They also blacklisted many regime officers, like, Hilal Hilal, Saji' Darwich, Tahir Khalil, etc...²⁶⁴ The latest updates for this blacklist was in February 2018 when they added Imad Abdallah Sarah, the Minister of Information, and Mohamad Youssef the Minister of Industry.²⁶⁵ Upon these acts, many countries have frozen their assets.

The United States and Europe realize that disrupting these chains is crucial to weaken the regime. Accordingly, they imposed sanctions to dismantle this source of power. Although they state that sanctions aim at ending violence started in 2011,²⁶⁶ they are betting at pressuring individuals and institutions attached to the regime to turn against it. At the same time, the sanctions exempted the Syrian rebels from possible consequences in an attempt to indirectly encourage the personnel to shift to the opposition side.²⁶⁷

Nonetheless, this type of sanctions does not have equal impact on all chains, as some are more vulnerable to the external restrictions than others. Its impact on the networks of military, security, and national politics is less crucial from that on the networks of businessmen and economic institutions; especially that the Western countries were not controlling the military and security system in Syria before the war,

²⁶³ The Syria Report. 2017e. "Cham Wings, Russian Executives, Makhlof Companies Blacklisted by U.S. Treasury." <https://www.syria-report.com/news/economy/cham-wings-russian-executives-makhlof-companies-blacklisted-us-treasury> (May 31, 2020).

²⁶⁴ Council of the European Union. 2017. "List of persons and entities under EU restrictive measures over the situation in Syria." <https://www.europarl.europa.eu/cmsdata/124083/list-persons-entities-EU-restrictive-measures-Syria-30052017.pdf> (June 4, 2020).

²⁶⁵ The Syria Report. 2018d. "EU Adds Two Syrian Government Members to Blacklist." <https://www.syria-report.com/news/economy/eu-adds-two-syrian-government-members-blacklist> (May 31, 2020).

²⁶⁶ Department of State, United States. 2013. "Sanctions Eased for Syrian Opposition." //2009-2017.state.gov/r/pa/prs/ps/2013/06/210577.htm (May 31, 2020).

²⁶⁷ Yukhananov, Anna. 2013. "U.S. Exempts Syria's Opposition Forces from Sanctions." *Reuters*. <https://www.reuters.com/article/us-syria-crisis-usa-sanctions-idUSBRE92E0TP20130315> (May 31, 2020).

unlike the international financial system that commands the Syrian economic and business system.

b. Sanctions on Economy

The United States and Europe aimed to cripple the Syrian economy and its financial institutions by imposing sanctions on the most powerful sectors like crude and banks, so that the private sector finds the country unprofitable to invest in.²⁶⁸ First, the petroleum sector has been the backbone of the Syrian economy and the primary source for the Government to feed up its budget. The West imposed sanctions on this sector and is regularly updating the data of new profiteers to prevent the Government from possible benefits. For instance, in late 2018 they blacklisted Baraa Qaterji, Adnan Ali and Yasser Abbas and other linked personnel and entities who are the procurement networks for the Syrian crude.²⁶⁹ The sanctions drain the state's financial power the petroleum sector used to bring to the Government making it incapable to liquefy its petroleum capital. This will affect the public spending on service delivery to meet the people's needs.

Second, the sanctions on the banking sector have crippled and detached it from the international financial system and made it highly nonviable for FDIs to transfer money. The West blacklisted almost all the public banks and threatened to devalue any private bank trying to emerge in the Syrian market. As a result, many investors in the banking sector deconsolidated their operations and flogged their shares. This put all

²⁶⁸Skuld. 2020d. "INSIGHT: Syria Sanctions." <https://www.skuld.com/topics/legal/sanctions/syria/insight-syria-sanctions/> (May 31, 2020).

²⁶⁹ The Syria Report. 2018e. "OFAC Targets Syria's Oil Procurement Network and War Profiteer." <https://www.syria-report.com/news/economy/ofac-targets-syria%E2%80%99s-oil-procurement-network-and-war-profiteer> (May 31, 2020).

the private banks under subordination to sanctions to the extent that the investors - like the Lebanese BLOM Bank - stressed on not going back to Syria unless sanctions are removed.²⁷⁰ They also stopped the possibility of inflow and outflow of money from the country, per se impede the inflow of FDIs. This type of sanctions has also historical roots against the Syrian economy, yet, as mentioned previously the Syrian petroleum sector was the paradigm shift that occurred on August 2011.

c. Sanctions on Investors

Sanctions on investors aim at preventing the Syrian Government from partnering with investors in the reconstruction agenda. This type of sanctions is the new mode of coercive measures that has been invented to fit the new dynamics of the economic war in Syria. A lot of international and national investors have rushed to book place in the promising Syrian reconstruction process between 2017 and 2018. China, Russia and Iran among other Asian and Eastern European countries like India and Bulgaria showed their interest in the Syrian reconstruction process. However, as the previous sections showed, the fears from sanctions have impeded their drive to engage. Neither the EU nor the US sanctions have ended, but are updated regularly to enlarge the list. A clear example is the open-end *European Journal on restrictive measures in the view of the situation in Syria* that regulates the imposition of economic blockade on assets for persons affiliated with the Syrian Government.²⁷¹ The West used the sanctions on new emerging investors as a strategy to impede the Syrian Government from conducting its

²⁷⁰ Holmey, Olivier. 2018. "Turbulence Can't Touch Lebanon's Blom Bank." *Euromoney*. <https://www.euromoney.com/article/b19b4st0bvrz6l/turbulence-cant-touch-lebanon39s-blom-bank> (May 31, 2020).

²⁷¹ European Commission (2011a) Council Regulation (EU) No 442/2011 of 9 May 2011 concerning restrictive measures in view of the situation in Syria. Brussels, Available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:121:0001:0010:EN:PDF> (accessed 17 November, 2019).

reconstruction agenda and keep it in the war loop incapable of materializing its battlefield supremacy. It coercively prevents investments from entering the Syrian economy. In 2019, Jordan stopped bilateral trade with Syria to adhere to the punitive threat of *Caesar Syria Civilian Protection Act*. Similarly, in August 2019, the UAE and Oman had intentions to send delegations formed of tens of investors to attend the Damascus International Trade Fair of 2019.²⁷² Nevertheless, the United States Embassy in Syria threatened from doing business with the al-Assad regime and its associates else would be subject to the United States sanctions.²⁷³ In fact, the Syrian Economist contended that reconstruction under the current sanctions is almost nonviable and could only happen in small scale.

The clear application of this type of sanctions is what happened with the investors of Marota City. In early 2019, Nader Qalei, Anas Talas, Khalid Zubaidi, Nazer Jamaledine, Hussam Qaterji, Mazen Tarazi, Bashar Assi, Samer Foz, Maen Haykal, Khaldon Zo'bi, Nazem Qaddour and Hayan Mohamad, the investors in Marota City, were sanctioned by name.²⁷⁴ The EU and the US have blacklisted them in charge of assisting and strengthening the Syrian Government. No investor had the courage to partner with the Syrian Government in deploying the reconstruction agenda. In addition, weeks after this action, Nassouh Nabulsi, the executive director of *DCH* resigned from

²⁷² Alaraby. 2019a. "UAE Sends Large Delegation to Syria Trade Fair." <https://english.alaraby.co.uk/english/news/2019/8/30/uae-sends-large-delegation-to-syria-trade-fair> (May 31, 2020).

²⁷³ Syria, United States Embassy. 2019. "U.S. Embassy Syria on Twitter: 'We've Received Reports That Some Regional Businessmen or Chambers of Commerce Plan to Participate in #Damascus International Trade Fair. We Reiterate Our Warning That Anyone Doing Business w/ Al-Assad Regime or Its Associates Is Exposing Themselves to the Possibility of US Sanctions.'" *Twitter*. <https://twitter.com/usembassysyria/status/1166346467172343808> (May 31, 2020).

²⁷⁴ Al-Lababidi, Mahmoud. 2019. "Damascus Businessmen: The Phantoms of Marota City." *The Robert Schuman Centre for Advanced Studies, European University Institute*. https://cadmus.eui.eu/bitstream/handle/1814/62227/MED_2019_07_EN.pdf?sequence=1&isAllowed=y (June 4, 2020).

his position under the excuse of health purposes. Nabulsi was a real fighter in favour of Marota City during his time as the head of the Financial Directorate in the Damascus Governorate.²⁷⁵

Although the US and the EU claim that the reconstruction process should happen after reaching a political deal in Syria, in truth, they are trying to alter the fact that the Government has won. They are impeding its right to conduct the reconstruction agenda as the victorious. The *Elements for an EU Strategy for Syria* published in 2017 by the European Commission states that the EU strategy is not to support the reconstruction process without having a comprehensive and inclusive political transition in Syria.²⁷⁶ The EU and the US have built a dependent relation between the reconstruction and the political deal, so the former cannot happen unless the latter is disclosed. The *Elements for an EU Strategy for Syria* pressures the Syrians to accept the European political vision to solve the conflict in exchange of lifting the sanctions, mobilizing funds for reconstruction, and resuming bilateral cooperation.²⁷⁷ Similarly, before the enactment of Caesar act in June 2020, the American Special Envoy for Syria exclaimed that the US has provided the Syrian Government with a deal for political solution to either accept or to face the implementations of Caesar. Hence, not improving the current economic condition, but preventing the reconstruction process from taking place. It is the Western strategy to increase the socioeconomic sufferings of citizens and

²⁷⁵ Enabbaladi. 2019c. "نصوح نابلسي خارج دمشق القابضة.. استقال أم أعفي؟" *عنب بلدي*. <https://www.enabbaladi.net/archives/286570> (May 31, 2020).

²⁷⁶ High Representative of the Union for Foreign Affairs and Security Policy. 2017. "Joint Communication to the European Parliament and the Council Elements for an EU Strategy for Syria." *European Commission*. https://www.syria-report.com/sites/all/libraries/ckfinder/userfiles/files/1_en_act_part1_v9.pdf (June 4, 2020).

²⁷⁷ *Ibid.*

to enhance the opportunity to have indignation with the Government instead of materializing its battlefield victory into development.

E. Conclusion

In the final analysis, we can deduce one main takeaway driven by three dynamics from this predicament; the Western sanctions stymied the Syrian Government from transforming its battlefield superiority into reconstruction, hitherto, it changed the role of the agenda into pure political strategy to affirm war victory. The first driver was the sanctions have prevented Syria's international allies from coordinating with the Syrian Government in the reconstruction deployment. Russia, China, and Iran refer to sanctions to be the obstacle keeping the reconstruction agenda impractical. The second driver which was the Syrian Government's endeavor to pull the national private investors back to Syria also failed. The *Group of Syrian Businessmen in the World* as well as the *Grouping of Syrian Investors in Egypt* refused to reestablish their relation with the Government under a sanctioned business environment. The third driver was the direct pressure of sanctions which led to the failure of financing Marota City in a normal way. Neither national nor international familiar developers of the Syrian real estate sector did engage with the Government in developing Marota City.

Having reached this understanding of reconstruction agenda being a tool to affirm war victory, we should now depict how proxies served as ushers of reconstruction in Marota City, and this shall be the scope of the next and concluding chapter.

CHAPTER V

CONCLUSION

A. The Bitter History Revived: The Proxies to Combat the West

The sanctions brutality over the Syrian economy in general and the investors of Marota city in specific resulted in the Government relying on proxies to continue the reconstruction agenda. To direct or block FDI and private investments can be used as a weapon in the hand of the international corporations and states to serve their own interests. Yet, it might have consequences on the attitude of the besieged state. Andreas, Ballentine and Nitzschke suggest that if sanctions have blocked FDI and private investments from entering an economy, this will push the besieged country to rely on black market model with illicit business networks to facilitate its work and satisfy its needs.^{278 279}

Despite the considerable accumulated number of permitted investors to develop real estate projects in Syria, Marota City only received investments from proxies at the end of 2017 and all the way through 2018. Although 41 private companies acquired development permissions and 14 of them were in 2016 and 2017, *Damascus Cham Holding Company (DCH)*, the business arm of the Damascus Governorate only signed partnership agreements with proxies. In 2017, Bishr El-Sabban, the Chairman of *DCH* and Governor of Damascus, signed with Samer Foz, the CEO of *Aman Group*, a joint

²⁷⁸ Andreas, P. (2005) "Criminalizing Consequences of Sanctions: Embargo Busting and Its Legacy," *International Studies Quarterly* 49(2): 335–360.

²⁷⁹ Ballentine, K. and Nitzschke, H. (2005) *Profiting from Peace: Managing the Resource Dimensions of Civil War*, Boulder, CO: Lynne Rienner.

venture named *Aman Damascus* with a capital of \$18.9 million to finance part of the project. Likewise in September 2017, the three companies, *DCH*, *Aman Holding Company* and *Aman Damascus* signed the most expensive joint venture in Marota City equating to 150 SYP billion²⁸⁰, circa \$312 million, to develop three skyscrapers and five small residential buildings.^{281 282} Early in 2018, another joint venture valuing \$250 million was reached between *DCH* and Mazin El-Tarazi, a Syrian businessman based in Kuwait, to develop six buildings and a commercial mall in a plot space of 120,000 square meter.²⁸³ Also, *DCH* signed *Al-Motaweroon* joint venture worth 9.2 SYP billion, around 17.77\$ million, with *Exceed Development and Investment* owned by Hayan Mohammad, Nazem Qaddor and Ma'en Rizkallah Haykal, to develop three plots in Marota City, one to build commercial centre, and the remaining two for housing.²⁸⁴ At the same period, *DCH* signed with *Talas Group* owned by Anas Talas a joint venture called *Mirza* with capital equals 23 SYP billion, around 52.7\$ million, 75% of the cost are lands provided by *DCH*. *Mirza* will develop four plots, two for residential properties, while the remaining two for combined commercial and residential properties.²⁸⁵ Similarly, in March the same year, *DCH* signed *Rawafid Damascus* joint venture with four companies, *Ramak Development and Humanitarian Projects*, *Al'amar*, *Ultimate Trading*, and *Al-Ajneha*, with capital worth 25.9 SYP billion, around \$48.3 million. *Rawafid Damascus* should develop three plots in an area of 38,000

²⁸⁰ The lands cost provided by the Governorate is included.

²⁸¹ Al-Lababidi, Mahmoud. 2019. "Damascus Businessmen: The Phantoms of Marota City." *The Robert Schuman Centre for Advanced Studies, European University Institute*. https://cadmus.eui.eu/bitstream/handle/1814/62227/MED_2019_07_EN.pdf?sequence=1&isAllowed=y (June 4, 2020).

²⁸² *Ibid.*

²⁸³ *Ibid.*

²⁸⁴ *Ibid.*

²⁸⁵ Aliqtisadi. 2018. "الاقصادي". *طلس للتجارة تستثمر بـ23 مليار ل.س في ماروتا سيتي*. <https://bit.ly/3966kj4> (May 31, 2020).

square meters; two of them are mixed residential and commercial properties, while the third is commercial; the *Ramak Development and Humanitarian Projects* partnering with *Rawafid Damascus* is owned by Rami Makhoulf, *Al'amar* owned to Ihab Makhoulf, Rami's brother, and *Ultimate Trading* is already part of partnership with *Castle Investment* owned by Nader Qale'i a former general manager of *Syriatel*, Makhoulf's largest telecommunication company.²⁸⁶ The last joint venture was the *Bunyan Damascus* worth 15.2 SYP, around 34.8\$ million with two companies *Apex Development and Projects LLC* and *Tamayoz LLC* owned by Ahmad and Nazeer Jamal Eddine to develop two plots of mixed residential and commercial properties.²⁸⁷

The use of proxies made the reconstruction agenda extremely political. Especially that the Syrian Government has an unpleasant history using cronies and proxies in deepening business stronghold over the different economic sectors. By the emergence of the unknown businessmen of Marota City, it is clear that the Government was combating the Western sanctions, and perhaps did not change its prewar attitude and understanding of exerting authority, but only altered its meaning to fit the new role under the reconstruction agenda.

B. The Political Reconstruction: Bitter Economy for Bitter Politics

Amidst all the complexity the research presents, Syria is not in a post-conflict phase; however, the Syrian Government deploys its reconstruction agenda with multifaceted roles for political purposes instead of economic development. It uses a legal framework

²⁸⁶ Al-Lababidi, Mahmoud. 2019. "Damascus Businessmen: The Phantoms of Marota City." *The Robert Schuman Centre for Advanced Studies, European University Institute*. https://cadmus.eui.eu/bitstream/handle/1814/62227/MED_2019_07_EN.pdf?sequence=1&isAllowed=y (June 4, 2020).

²⁸⁷ *Ibid.*

and a governing system based on policies which serve a main aim but at the same time can benefit other derivative goals. The matrix below matches the most prominent decrees and laws the Syrian Government conducted with the goals it pursued out of the reconstruction deployment.

The table depicts how the legal agenda as well as the reconstruction purposes overlap. Nonetheless, it presents how some aims are either dedicated for specific policies, or always a derivative for another main aim. For example, the security rationale of the Syrian Government is only served by the two prominent urban decrees number 66 and 10. The chapter on urban security shows how the end of security threats of the informal neighborhoods near Damascus was the strategy behind deploying a reconstruction agenda manifested in renovated urban decrees. Furthermore, the cronyism purpose was always a derivative for the main aims of the critical decrees. Although decrees and laws, like the holding companies decree and the public-private partnership law, are suitable to use proxies, the Government did not use cronyism until the sanctions stymied its process to transfer the battlefield supremacy into governance and reconstruction. The Government's main aim behind these two decrees was to enhance reconstruction and regain authority and legitimacy.

| | Security | Reconstruction | Cronyism | Authority & Legitimacy |
|-------------------------------|----------------------|----------------|----------------------|------------------------|
| Decree 66 of 2012 | Main Aim | Derivative | Derivative | Derivative |
| Decree 10 of 2018 | Main Aim | Main Aim | Derivative | Derivative |
| Law 15 of 2008 | No Clear Correlation | Main Aim | Derivative | Derivative |
| Law 107 of 2011 | No Clear Correlation | Derivative | No Clear Correlation | Main Aim |
| Legislative Decree 19 of 2015 | No Clear Correlation | Main Aim | Derivative | Main Aim |
| Law 5 of 2016 | No Clear Correlation | Main Aim | Derivative | Main Aim |

Table 5 The correlation between policies for reconstruction and the political aim for reconstruction

The Government insisted to use reconstruction to prove its authority and the legitimacy chattered throughout the war. As Skocpol contends, development of economy is originated in the state's ability to be autonomous, which means, whenever the state increases development projects, its autonomy will be solidified.²⁸⁸ Altogether, the autonomy empowers the state's ability to regain the Weberian legal authority. By its emergence in the welfare development, the state will be able to exert legal authority and control subjects through economic governance. It will be able to prevail its will over the will of the citizens. However, this prevailing is not coercive or illegitimate, but systematic and institutionalized, in a sense which makes it appealing to the vulnerable citizens who suffered in crisis. The development that reconstruction brings leads to an inevitable bottom-up interaction that de facto enhances the state-citizen relationship and increases the legitimate power of the state to issue more and more policies. In fact, the state needs this legitimate power resulting from governance, more than it needs

²⁸⁸ Skocpol, T. (1985) *States and Social Revolution*. Cambridge: Cambridge University Press.

legitimacy resulting from military victories and armed power. Governance legitimacy power enables the Government to rebuild a strong rightful image of its own political order, in which if absent the order will fail to gain legal authority, and will stay in the mode of exerting coercion and violence to dictate its existence. Altogether, the enactment of legal authority consolidates more power in the hand of the state and strengthens its political order in a way that ends the discourse of its DE legitimization and the vitality of its toppling. In fact, this will consecrate the legitimacy of the political order and transfer it from de facto of war to de jure of state building. The Government will per se reacquire sovereignty over territories experienced authority exertion from different non-state actors in a form of local governance in an attempt to replace the Syrian Government. Especially the cities, villages, and towns that revolted against the Government legitimacy and forcefully removed its authority. Nevertheless, these localities shall perceive the Syrian Government as the exclusive actor and the only active authority among various authorities if the Government succeeded to deploy the reconstruction agenda.

However, the Government approach is facing a major hurdle from the sanctions imposed by the West. For instance, Marota City project was delayed several years due to the lack of investors who feared to be blacklisted if engaged with the Government. The Western coercive measures did not stop here, but used the sanctioning of the investors as a threatening message to new possible investors considering partnership with the Government. Such a step would dysfunction the Government's attempts to facilitate any reconstruction plan. Even in drawing the detailed policies of the reconstruction agenda, the Syrian economic governance and financial goals have been suffering. For example, all private enterprises, whether small, medium or large, which

are the core anchor of the public and private partnerships should be able to access capital markets through credit mechanisms and financial institutions. This access is crucial for Syria's financial development and its investment stability. Nonetheless, sanctions have disconnected Syria from the international financial system and crippled its ability to develop compatible capital and financial markets. In fact, the coercive control over the international financial system has empowered the Western capabilities to weaken the Government's financial authority, especially that the regime had no other option. There is a difficulty to overcome the Western power without having an alternative financial system that marginalizes the Western-led financial order. Such new alternative requires the endorsement of an international economic power, like Russia, China, India, the Asian Tigers etc... This would facilitate and enact a parallel mechanism of swift system, transfer tool, fiscal exchange, supply chains, and many other technicalities usually controlled by the West. Yet, this new system entails a lot of complexities and risks that might end up with an international clash between the West and the new emerges making it unlikely soon.

Sanctions, therefore, block the deployment of the reconstruction strategy and to a great extent clog up the Syrian Government from manifesting its battlefield superiority in governance. The coercive measures imposed by the West try to weaken the Syrian Government from activating its legal authority, keeping it fragile and powerless in the eyes of the citizens. The Government becomes passive even in delivering the minimum social demands, pushing the citizens to perceive it as the main hurdle for development in Syria. This keeps the relation between the society and the state unstable, and would either force the Syrian Government to accept the Western demands, or increase the possibility of a new social revolt. Either ways the Ba'thy

regime will be weakened more and more and enforced to reach a point to adhere to the Western demands. Therefore, unless the Syrian Government reconstructs prosperously the most impoverished part of the country, it will fail to gain authority and affirm the final victory.

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<https://bit.ly/2YP5q3J> (May 31, 2020).

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