



# RECONSTRUCTING SYRIA: RISKS AND SIDE EFFECTS

Strategies, actors and interests

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# SUMMARY

- 1 The reconstruction plans of the al-Assad regime largely ignore the needs of internally displaced persons (IDPs) and refugees.** The regime's reconstruction strategy does not address the most pressing needs of over 10 million Syrian IDPs and refugees. Instead it caters mostly to the economic interests of the regime itself and its allies.
- 2 Current Syrian legislation obstructs the return of IDPs and refugees, and legalizes the deprivation of rights of residents of informal settlements.** A series of tailor-made laws have made it legal to deprive inhabitants of informal settlements of their rights. This includes the restriction of housing, land and property rights through Decree 66, Law No. 10, the restriction of basic rights under the counterterrorism law, and the legal bases for public-private co-investments. These laws also serve the interests of regime cronies and regime-loyal forces. The process of demographic engineering in former opposition-held territories, which has already begun, driven by campaigns of forced displacement and the evictions of original residents, is being cemented by these laws. They considerably discourage and obstruct refugees from returning to Syria. **Funding reconstruction under the umbrella of the Syrian state threatens to reinforce this policy.**
- 3 Under the current circumstances, reconstruction would further strengthen the dictatorship and its nepotism, as well as fuel new conflicts.** Current housing, land and property rights are a key driving factor for future conflicts in Syria, and are expected to considerably increase the existing and massive social inequalities in Syrian society that were major motivating factors at the start of the Syrian uprising in 2011.
- 4 Instead of providing reconstruction assistance to the country, the allies of the Syrian regime are plundering the country's natural resources.** Iran and Russia in particular are hardly contributing towards a base for future reconstruction. Rather they are plundering the country's few resources. One example is the Russian-Syrian agreement on the use of phosphate resources, which assures a Russian company 70 percent of all the phosphate extracted while the Syrian government will get only 30 percent. Such agreements jeopardize the prospect of economic stabilization in Syria, as potential tax and foreign exchange earnings are compromised.
- 5 Reconstruction fails as a means of political pressure on the Syrian regime.** So far, the al-Assad regime has attempted in vain to force European states to fund Syria's reconstruction by using the repatriation of Syrian refugees from Europe as a "bait". At the same time, Western states have not been very successful in making financial pledges for reconstruction conditional, attempting to use them as a foreign policy tool to aid political change in Syria. This is due to the fact that the military victories of

the al-Assad regime and its allies have reduced what little pressure there was on the Syrian regime to commit to reforms or a political transition. Its current reconstruction strategy illustrates how the promise of reconstruction funds cannot be used to pressure for substantial change within the Syrian regime.

- 6 No reconstruction without peace.** Experiences from other conflicts show that reconstruction only makes sense after armed conflicts have ended – that is, when all hostilities have ceased and a peace agreement is signed. Syria still has a long way to go in this respect, as no notable progress has been made with the Geneva peace process. Before committing to any reconstruction aid, there must be a political solution to the conflict in Syria.
- 7 Reconstruction aid must be tailored to the needs of those affected and involve Syrian civil society.** If reconstruction is to lay the foundation for the return of IDPs and refugees to their home country, their needs must be assessed and their participation in the reconstruction process ensured. In addition to material needs and assuring legal rights regarding housing, land and property rights are maintained, other obstacles to return must also be eliminated, such as, for example, establishing effective protection against potential state persecution. This is why Syrian civil society and the diaspora should be involved in reconstruction planning by Germany or the European Union at an early stage.

# INTRODUCTION

Since the civil war in Syria began, half of all hospitals and a quarter of all housing there has been destroyed. Around two-thirds of Syrians live in extreme poverty, millions have no access to clean water, more than half of the population has been displaced, either internally or to other countries. And above all, one thing is clear: The Syrian people need help.<sup>1</sup>

It has been suggested that reconstruction in Syria could cost up to US\$400 billion. That is a massive sum of money for a country whose economy has been almost completely destroyed by this conflict and whose foreign allies, Russia and Iran, don't have anything close to that kind of funding. That is why Russia is using all the diplomatic channels at its disposal, as well as general publicity, to put pressure on Europe, and in particular Germany, to secure western aid to help rebuild the cities that were destroyed, in large part, by its own and the Syrian air force. The argument coming from Russia is that once Syria has been rebuilt, Europe can send the refugees it harbours – and which have caused it so much domestic political anxiety – back home.

All of which has European politicians contemplating one crucial question: How does one rebuild the ruined country, bring back hope and minimise need – which, after all, could also become the basis for further extremism – without simultaneously stabilising and supporting the al-Assad regime? At the end of the autumn of 2018, Germany emphasized once more that any financial support for Syrian reconstruction had to be conditional upon a political process that

would eventually result in free and fair elections and an end to regime persecution of political dissidents.

Critics of the German position have described the conditions as inhumane and unrealistic. Given the stable ceasefire zones and the so-called reconciliation agreements that currently exist, the conflict is over, they argue. The reconstruction of Syria must commence immediately in a pragmatic way and without any political strings attached, in order to “save human lives”<sup>2</sup>, they say, and to facilitate the return home of displaced Syrians and Syrian refugees currently sheltering in neighbouring countries and in Europe. Reconstruction would support stabilisation in Syria and in the medium and long term, will also lead to peace there.

Are the al-Assad regime and its Russian and Iranian allies motivated primarily by humanitarian desires, as well as a wish for sustainable peace in Syria, when they put this kind of pressure on other nations? Would a less rigid European position – or maybe just a position that did not demand regime change in Syria – actually be in the best interests of the Syrian people, those who have been most impacted by war, pushed out of their homes and possibly lost everything? Is it true that the West is only setting these conditions in order to satisfy its own geopolitical interests? Or are there good, genuine political and economic reasons for attaching such conditions to Syrian reconstruction? And if so, what might these be?

This publication tries to answer those complex questions, by having Syrians discuss them from a more academic angle, as

well as from the point of view of Syrian civil society. More attention needs to be paid to such analyses from Syrians themselves, as they explain why the topic of reconstruction needs to be seen from a broader perspective and why the discussion must not be narrowed to just a few, selective talking points. But perhaps even more importantly than that, these essays and analyses show that reconstruction under current conditions is unlikely to lead to a peaceful future for the Syrian people. Instead it would only strengthen the regime-held imbalance of power and add to the deprivation of human rights in Syria, a deprivation that started when the regime reacted violently to peaceful anti-government protests on the street in 2011.

In a comprehensive article, Syrian-Swiss political scientist, **Joseph Daher**, takes a closer look at the strategic and political decisions the Syrian regime has made with regard to reconstruction. He documents in detail how the relevant legislative conditions and various development masterplans for destroyed areas actually prioritise the interests of businesspeople and militias who have proven their loyalty to Bashar al-Assad's regime. New laws and decrees legalise the demolition of what may best be described as informal settlements, in which lower-income Syrians – a segment of the population that sympathised overwhelmingly with the opposition – lived, as well as sanctioning a complete upending of the social structure in many other locations. At least 30 percent of the total Syrian population, possibly as much as 50 percent, lived in these informal settlements.<sup>3</sup> Many of them are now threatened with eviction without any kind of compensation, and this situation is even more of a threat for those residents who had to flee their homes altogether. Regime opponents, who can be convicted by the local anti-terrorism laws, are in danger of having real estate confiscated by the government. According to Daher, all this only reinforces existing nepotistic networks in Syria as well as the close connection between political and economic power, that was, and is, used to subjugate rebellious sectors of the local

population. This means that those who were already poor in Syria are further disadvantaged, as their homes and property are taken from them. In this way, this kind of reconstruction only exacerbates pre-existing conflicts and the extreme differences in this already conflict-riven country.

In his essay, Syrian economics expert, **Jihad Yazigi**, shows exactly how Russia and Iran are dividing Syria's meagre natural resources between them, while barely adding to the economic stabilisation of the country. To do this, he analyses a number of investment agreements the two nations have made with Syria. Yazigi also points out that, up until very recently, other nations did not have a great deal of interest in Syria's resources – most cooperation was on geopolitical terms rather than in business. This is because the country does not have a great deal of natural resources; there are hardly any energy sources or raw materials and the domestic consumer market is comparatively small. This observation puts paid to various conspiracy theories that suggest that the conflict has been all about the control of oil or gas pipelines.

Syrian economist, **Salam Said**, makes an important but often side-lined argument in her essay, in which she looks at Syrian reconstruction as a tool of foreign policy. The al-Assad regime and its Russian allies, and even the international donor community, have tried – unsuccessfully, it must be said – to use reconstruction as a substitute for the lack of political progress in Syria. Al-Assad and Russia are hoping to bring Syria back into the international fold by engaging other nations in reconstruction: Up until now, this plan has not worked. Attempts to make the return of Syrian refugees more palatable to Western nations, by associating any such return with reconstruction efforts, hasn't helped either. Western nations have understood that they won't be able to compel democratic reforms in Syria through reconstruction. Al-Assad and his allies are militarily superior and, according to Said, more political negotiations are necessary, before reconstruction can be discussed any further. Experience in post-conflict zones tells us

that reconstruction will only succeed after the end of armed fighting, when combat operations have ended and a peace treaty has been signed. Syria is a long way from that: There has been no truly significant progress during negotiations in Geneva.

Additionally there is good cause to argue in favour of asking displaced Syrians inside the country, as well as those Syrians who have fled out of the country, under what conditions they would be prepared to return home. Some Syrian civil society organisations are trying to do this, as **Alhakam Shaar** explains, in his explanation of what The Aleppo Project, an initiative of which he is a co-founder, is doing. He sheds light on the al-Assad regime's plans for reconstruction in Aleppo and how these hardly fulfil the needs of residents displaced from the city, and in particular eastern Aleppo.

All of this analysis indicates again that much of the current debate about Syria should not necessarily be narrowly focussed on issues like new diplomatic initiatives, reconstruction, or when refugees can return home. Instead it should be directed at how best to bring about a sustainable and just peace to this country and its people – and what European actors can contribute to this effect.

However, due to its complexity, this question can not be answered conclusively in the present publication - if only because those parts of the country that are currently under the control of the al-Assad regime and the situation in other parts of Syria are not taken into consideration. The editors, hope at least to provide an impulse for a debate on reconstruction that is based on the interests of those who have lost everything in the Syrian conflict - and not one which is based on the interests of those who are responsible for the escalation and prolongation of this conflict.

**Your Team from Adopt-a-Revolution**

- 1 World Bank, "The Toll of War. The economic and social consequences of the conflict in Syria", 10 July 2017, <https://www.worldbank.org/en/country/syria/publication/the-toll-of-war-the-economic-and-social-consequences-of-the-conflict-in-syria> (accessed on 15.11.2018).
- 2 Lutz Herden, „Front der Unerbittlichen“, in: Freitag 20.08.2018, <https://www.freitag.de/autoren/lutz-herden/front-der-unerbittlichen> (accessed on 15.11.2018).
- 3 These figures are based on surveys by the Central Syrian Bureau of Statistics.



# RECONSTRUCTING SYRIA

## HOW THE AL-ASSAD REGIME IS CAPITALIZING ON DESTRUCTION

by Dr. Joseph Daher

**M**uch of the world, and many Syrians, would like to see reconstruction begin in the country, which has been wracked by eight years of civil war. But instead of reconstruction being an opportunity to return displaced Syrians to their homes, it is being used selectively by the Syrian government as a means of enrichment, reward and punishment.

### INTRODUCTION

Almost eight years after the beginning of the conflict in Syria, the socio-economic situation there is more catastrophic than ever. In June 2018, the World Bank estimated that about one-third of all buildings and nearly half of all school and hospital buildings in Syria were damaged or destroyed by the conflict, while the economy lost 2.1 million real and potential jobs between 2010 and 2015. In 2015, unemployment had reached 55 percent and youth unemployment rose from 69 percent in 2013 to 78 percent in 2015.<sup>1</sup> The high unemployment rate, the lack of job opportunities and the elevated cost of living have encouraged some youth, who stayed in Syria, to join the army or pro-regime militias, especially when the salary of a militia member can sometimes be four times that of a university professor's.<sup>2</sup> The GDP declined from US\$60.2 billion in 2010 to US\$12.4 billion in 2016, according to the Central Bureau of Statistics.<sup>3</sup>

Meanwhile, the initial objectives of the popular March 2011 uprising in Syria for democracy, social justice and equality have never seemed so distant. Various diplomat-

ic negotiations have come to endorse processes supporting the regime in Damascus, with most of the international and regional states accepting that the current Syrian president, Bashar al-Assad, will remain in power. Hundreds of thousands of Syrians have lost their lives and more than half of the Syrian population has been displaced internally or become refugees externally. As a result, the demographic structure of entire Syrian cities has changed, a phenomena referred to as "demographic engineering"<sup>4</sup>, something that is mainly politically motivated – rather than based on confessional motives as often stated - and that aims at preventing the return home of certain sectors of internally displaced people (IDPs) and refugees hostile to the regime. This socio-political demographic engineering is accompanied by a set of legislative measures that considerably curtail the housing and property rights of the Syrian population.

Within this context, the regime is pressing for a reconstruction deal that will establish facts on the ground, in a manner of speaking, as well as reward its domestic and international allies, all the while covering up scenes where war crimes and crimes against humanity were committed, which the regime is largely responsible for. However, its regional and international allies - namely Iran and Russia - cannot finance the immense costs of reconstruction in Syria alone. In mid-2018, these were estimated up to US\$400 billion<sup>5</sup>. As a consequence, Western powers are being pressured to commit to funding reconstruction in Syria and, by default, normalize their ties to the Syrian regime.

The following article aims to shed the light on the Syrian regime's recent policies regarding the housing, land and property (HLP) rights of locals as a way to capitalize on the destruction. It will demonstrate how these policies lay the foundation for a politically motivated reconstruction that disregards the needs of the general Syrian population - and especially those who suffered destruction and displacement - while strengthening the regime's ability to exert political control. These policies also benefit actors that have fueled the Syrian conflict. This article will argue that unconditional funding of Syrian reconstruction in the current context will only consolidate the regime's power and its domination of Syrian society, while also deepening pre-existing political and socio-economic problems that were at the root of the 2011 uprising.

## **I. LAWS FOR CRONIES AND ALLIES FACILITATE DISPOSSESSION AND EVICTION**

### **a) Decree 66 - the legal foundation for dispossession in Damascus**

The regime has enacted a series of decrees and laws that allow it to benefit from reconstruction. From this perspective, Legislative Decree 66<sup>6</sup>, which entered into force in September 2012, is crucial as it allows the government to „redesign unauthorized or illegal housing areas“ and replace them with „modern“ real estate projects with quality services.<sup>7</sup> The decree was inspired by some aspects of the 2007 Damascus Master Plan for housing that had not been implemented because of the beginning of the uprising in 2011. Initially it allowed the Damascus governorate to expel the populations of two large areas in Damascus<sup>8</sup>, including Basateen al-Razi in the Mazzeh district, in order to set up a high-end real estate project called Marota City<sup>9</sup>.

While areas inhabited by regime supporters do suffer from equally poor living conditions, Decree 66 refers more specifically to two areas with immense potential as lucrative real estate opportunities: undeveloped

farmland and informal housing within walking distance of the centre of Damascus.<sup>10</sup> The residents of these areas were mostly working class and lower middle class people who supported the opposition. Officially, the Syrian authorities claim that the Marota City project is supposed to improve their living conditions, replacing the informally built shanties and buildings with comfortable and modern properties. Unofficially, the construction plan for 12,000 housing units for about 60,000 people is for mainly high-income households in the neighbourhood of Basateen al-Razi with prices per square meter ranging from SYP300,000 to SYP500,000 according to Nasouh al-Nabulsi, head of the Damascus Cham Holding Company (DCH). Al-Nabulsi believes that the real estate in Marota City could become the highest priced in Syria over the medium and long term.<sup>11</sup> According to the Syrian authorities, 110,000 job opportunities and 27,000 permanent jobs would be created by the project<sup>12</sup>, which includes schools and restaurants, places of worship and even a multi-storey car park and a shopping centre.

Decree 66 stipulates that the original residents are to be compensated: They would be entitled to new housing built in an unspecified location and would receive the equivalent of annual rent until their new housing is completed, to be paid out of a special fund created by the Damascus governorate. Those who are not eligible would receive the equivalent of two years' rent, paid no later than one month after they receive an eviction notice. However, Decree 66 does not specify under what conditions inhabitants are considered eligible for these new homes. In fact, over the years many residents in the area have complained about a lack of alternative housing, as well as the fact that they simply cannot find accommodation in other areas. These complaints were even broadcasted on state-run or regime-friendly television stations.<sup>13</sup> As for those former residents forced to leave the area and live outside the country, they will not receive any compensation at all.

In July 2018 following the total recapture of the Damascus countryside by regime forces, another reconstruction plan called Basi-

lia City<sup>14</sup> was announced by the Damascus governorate. This development in southern Damascus was intended to have an area of 9 million square meters and around 4,000 property units. Just like the Marota City project, local residents have been evicted in some of the areas intended for the Basilia City development and they face similar problems to the evictees from Marota City, in finding alternative housing.<sup>15</sup>

### **b) Law No. 10: The national expansion of Decree 66**

In April 2018, the Assad regime issued Law No. 10, basically a national expansion and amendment of Legislative Decree 66 from 2012, that stipulated that property owners would have to submit their title deeds to the relevant authorities - local administrative units - within one year.<sup>16</sup> The initial deadline had been 30 days. The extension to one year occurred only at the beginning of November 2018 after international political pressure. If property owners were unable to appear in person, their relatives could act as proxies, or an attorney could represent them. Those who successfully proved they owned their property would get shares in the zone and could, as explained by Human Rights Watch<sup>17</sup>, either “1) register the sector in their name and receive a share of the profits from re-development; or 2) sell their shares in a public auction; or 3) create a company to invest in and develop the division. All the shareholders in a sector must agree to one option”.

Residents in these zones must move out and according to Law No. 10 should receive compensation from the local authorities equal to two years’ rent if they don’t qualify for alternative accommodation. Tenants who have a right to alternative accommodation will be moved to that housing within four years, and will also have their rent covered in the meantime. However again the law omits to detail who qualifies for alternative accommodation and on which criteria decisions about those qualifications will be made.<sup>18</sup> As in the case of Marota City, the process of finding alternative accommodation and compensating evictees has not been

particularly successful.

In fact, it is how the law treats those who fail to prove their property belongs to them that is most telling. Under this law, they will not be compensated and ownership reverts to the province, town, or city where the property is located. The main purpose of the law is to enable the seizure of real estate that has been abandoned by civilians who were displaced within Syria, or forced to leave the country - especially in former opposition-held areas. This is how Law No. 10 legalises new land registrations and excludes a plethora of real estate owners from local property registers. By changing the administrative structure, the property of civilians forced to flee could be more easily seized by the state.

Law No. 10 extended Legislative Decree 66 throughout the country, in the sense that it permits all local administrative units (LAUs) throughout Syria, such as cities and governorates, to reconfigure any real estate development zones within their administrative boundaries and then, based upon that, to dispossess the population and rebuild.<sup>19</sup> In an April 9, 2018, interview with pro regime newspaper, Al-Watan, Hussein Makhlof, Syria’s Local Administration and Environment Minister, declared that the first three areas to be included in new real estate development zones were Baba Amr, a suburb of Homs, parts of the city of Aleppo, and Harasta in Eastern Ghouta. All these areas were significant and symbolic opposition strongholds.<sup>20</sup>

In September 2018, the Damascus Governorate council issued a report announcing plans for demolition and rebuilding under Law No. 10. This would target the Tadamon district in Damascus, where residents are a mix of supporters and opponents of the al-Assad regime. Council head, Faisal Srour, declared that 3,500 homes were habitable and residents who could prove ownership of these properties could return to them. Anyone else, whose home was uninhabitable or destroyed, would not be able to return and planned reconstruction would take between four and five years. The residents of the Tadamon district strongly rejected the council’s

report, saying they would oppose the decision legally and appeal to the judiciary. Other parts of Damascus - such as Jobar, Barzeh and Qaboun - are also slated to be considered for reconstruction under Law No. 10 at the beginning of 2019.<sup>21</sup>

### **c) Laws to attract real-estate developers and other investors**

In addition to Legislative Decree 66 and Law No. 10, the al-Assad regime also uses a further set of laws to manipulate and transfer housing and property rights and dispossess residents. In Hama, for instance, a real estate development project was announced in October 2018 for the neighbourhood of Wadi al-Jouz, an area completely destroyed after its recapture by regime forces in 2013. The project was based on Legislative Decree 5 of the urban planning law of 1982.<sup>22</sup> The project involves the construction of 2,400 apartments worth SYP40 billion (almost US\$77.4 Million<sup>23</sup>) through what is known as a Public Private Partnership (or PPP) holding.

Basically PPP means that a private entity manages a project that provides some form of state service; the private partner takes the risk but also stands to make a profit. Syria's Law No. 5 of the 2016 Public-Private Partnership Law provides a crucial legal framework for reconstruction work, allowing contractual arrangements between government entities and private enterprises, primarily through holding companies. In July 2015, the government approved a law allowing city councils and other local administrative units to establish private sector holding companies to manage public assets and services. As a result, regime cronies can generate private business income from public assets. The development of residential projects can be carried out by holding companies owned by governorates or municipalities, but the construction and management of the projects is likely to be contracted out to private sector companies owned by well-connected regime linked investors. Companies like Damascus Cham Holding, which manages the major reconstruction projects like Marota City and

Basilia City, are based on this law.

Similarly, in autumn of 2018 Aleppo's council announced the development of sectors of the Haidaria informal settlement area located northeast of the city centre. It was among the largest informal housing districts in Syria and under opposition control during most of the conflict until its destruction by the regime and the Russian air force. This reconstruction project will be conducted on the basis of Real Estate Investment Law No. 15 of 2008, which is the framework for large real estate projects and regulates the establishment of development zones as well as investment in them.<sup>24</sup> The land targeted by the reconstruction was expropriated without any information given to, or compensation process for, former residents, the overwhelming majority of whom had left the city, and the country, and had not returned at the time of writing.<sup>25</sup>

## **II. DESTROY TO RECONSTRUCT? THE POLITICAL OBJECTIVES OF THE RECONSTRUCTION**

This detailed framework of laws allows the expropriation of large areas and can be used as an efficient instrument for rapid and large development projects that will benefit regime cronies and attract possible foreign funding. But these laws also serve to remove and punish populations known for their opposition to the regime. The vast majority of people concerned are from Sunni Muslim backgrounds in impoverished rural areas and mid-sized towns, as well as the suburbs of Damascus and Aleppo. This does not mean that the regime is opposed to Sunni populations globally or a particular Sunni identity per se, but to hostile constituencies. These constituencies are to be replaced with higher social classes and the new elites of war, who are generally less inclined to rise up against the regime.

### **a) Challenging proof of ownership**

The return of civilians to certain areas is also made more difficult by various measures instituted by the regime's various security



institutions. The war saw many Syrian land registries destroyed – sometimes deliberately by pro-regime forces in recaptured areas – which makes it complicated for residents to prove home ownership.<sup>26</sup> For example, in a report by Human Rights Watch<sup>27</sup>, residents were not allowed to come back to Darayya, even if they had property titles. Certain neighbourhoods in Qaboun also remain restricted with demolitions ongoing in some areas, since the area was returned to the regime's control in 2017. According to pre-war estimates by the Ministry of Local Administration, only about 50 percent of land in Syria was officially registered. Another 40 percent had defined boundaries but had not yet been registered. Land registries usually recorded information on paper and were often not properly maintained.<sup>28</sup>

A significant section of displaced people lost ownership documents and title deeds, if they even had them in the first place, according to Laura Cunial, a legal and housing expert at the Norwegian Refugee Council (NRC). Nearly half of Syrian refugees surveyed by the NRC and the United Nations refugee agency (UNHCR) in 2017 said that their homes had been destroyed or damaged beyond repair in the war, and only 9 percent had property deeds with them that were in good condition. Wide sections of those refugees actually came from informal residential areas, which represent around 40 percent of all the housing units in Syria.<sup>29</sup>

Still, even those who had the necessary documents often found it difficult to access their properties. The process of entry into the areas controlled by the regime often requires obtaining entry permits from various security branches in order to cross checkpoints. This process involves blackmail, bribery and threats of detention. Residents are also required to pay electricity, telephone and water bills for their years of absence during the war, which often equates to nearly 50 percent of the cost of these assets.<sup>30</sup>

## **b) The counterterrorism law of 2012: Discrimination, criminalization and seizing of assets**

It is also obvious that opposition activists and supporters of the uprising are unlikely to return due to fear of detention and torture, nor would they envisage any possibility of state-funded compensation for lost property thanks to their past political activities. In this framework, the Legislative Decree 63 of 2012 empowered the Syrian Ministry of Finance to seize assets and property from individuals who were suspected of terrorism. The latter are defined by Law No. 19 of 2012, known as the counterterrorism law. According to Human Rights Watch, Law No. 19 provided “a dangerously broad interpretation of what constitutes terrorism, and unfairly criminalises a large segment of the population without any due process rights or fair trial”.<sup>31</sup>

## **c) Reconstruction in Homs and Aleppo: Business opportunities for cronies instead of reconstruction for the displaced and refugees**

The reconstruction plan in Homs focuses on three of the city's most destroyed districts – Baba Amr, Sultaniya and Jobar – and would rebuild 465 buildings, able to house 75,000 people, at a cost of US\$4 billion, according to Homs' governor, Talal al-Barazi.<sup>32</sup> The new plan was inspired by a past project, known as Homs Dream<sup>33</sup>, that the unpopular former governor of Homs, Iyad Ghazal, came up with. Ghazal was dismissed by Bashar al-Assad at the beginning of demonstrations in 2011 as he was the main target of protests in the city at the time. The Homs Dream project was presented in 2007 as an opportunity to embrace modernization and urban improvement by destroying parts of downtown and rebuilding. Back then, it was rejected by important parts of the local population because the project did not guarantee residents the right to stay in their traditionally middle-class neighbourhoods. Instead, the municipality suggested alternative housing in another neighbourhood or „financial



compensation“, which raised fears that the master plan would result in a form of gentrification and prevent residents from returning home.<sup>34</sup>

Some locals also criticised the former Homs Dream reconstruction plan, saying it was using urban planning to push Sunnis and Christians out of central areas, while Alawite areas remained untouched.<sup>35</sup> In October 2018, Homs' city council announced on its official Facebook page that, as part of the reconstruction process, they had finalized the zoning plans for three districts in the city (Jouret al-Shiyah, Qarabis and Qasour), all of which were former opposition-held areas and which remain empty as almost none of the former residents have returned. The council added that property owners who wanted to obtain demolition or building permits must apply for licenses from the city council.<sup>36</sup>

### **Reconstruction in Aleppo: Heavily destroyed East Aleppo out of focus**

In Aleppo, more than 50 percent of buildings and infrastructure have been partially or totally destroyed, according to a preliminary assessment of the municipality in January 2017.<sup>37</sup> Large sections of the population in eastern neighbourhoods have been forcefully displaced to other areas, or they left, fleeing the fighting. Aleppo was reduced to around a third of its pre-war population of 3 million people, with nearly 2 million people displaced outside of the city, according to UN estimates in late 2017. Around 44 percent of the city's housing stock has been destroyed and 86 percent of its commercial infrastructure damaged, the UN also estimated in 2017. The bulk of the destruction and damage were in the eastern areas, where most of the city's informal housing was situated.<sup>38</sup> However, of the 15 „priority areas“ for reconstruction suggested by the Syrian government, eight of them are not even located in eastern Aleppo. The priority areas are neighbourhoods in the west and centre of the city that did not suffer the same level of destruction as the 52 neighbourhoods in the east taken over by the regime's armed forces and their allies in

December 2016.<sup>39</sup>

Syrian news agency SANA reported in July 2017 that the government has allocated SYP25 billion (almost US\$48.5 million<sup>40</sup>) worth of contracts for reconstruction in Aleppo. Following a visit to the city by the Syrian Prime Minister Imad Khamis and 16 ministers in early January 2018, the Syrian government announced that Aleppo's share of the 2018 budget would be SYP 40 billion (almost US\$77.4 Million<sup>41</sup>) dedicated to the rehabilitation of infrastructure and services and to reconstruction projects.<sup>42</sup> Both figures only amount to a fraction of the billions of dollars needed - that has been estimated at more than US\$5 billion, and possibly much more, reaching into the tens of billions.<sup>43</sup> In any case, many of these investments won't benefit the most damaged areas in Eastern Aleppo, but will go to districts in western and central Aleppo where residents historically did not oppose the regime.

### **III. REWARDING ALLIES: THE BENEFITS OF RECONSTRUCTION FOR REGIME-AFFILIATED CRONIES**

The reconstruction process is also an important way for the regime to reward those who have been supportive of it over the past few years. Several businessmen linked to the regime have become increasingly prominent in news about these reconstruction projects. These are usually new faces, outside of the elite business networks built up by the al-Assad family over decades, who accumulated wealth before the uprising. This has become increasingly clear as the reconstruction process progresses.

The most important rising figure is Samer Foz, who has become one of the country's most powerful businessmen during the past eight years of war. He is the son of a Sunni member of the Baath party in the 1970s from Latakia and his father was very close to Bashar's father, Hafez al-Assad.<sup>44</sup> Several Syria- and Dubai-based businesspeople interviewed by the Financial Times of London have stated that Foz has close ties to the al-Assad regime. Prior to the uprising in 2011, he owned the Aman Group<sup>45</sup>, a real es-

tate developer and trader in food commodities.<sup>46</sup> Due to his close contacts with Bashar al-Assad and because he managed to avoid international sanctions, he became a very important business personality during the war. Foz' company profited massively from government contracts and acted as a broker for grain deals with Syria's General Establishment for Cereal Processing and Trade, known as Hoboob.<sup>47</sup> Foz also acted as an intermediary between the Kurdish PYD<sup>48</sup> and the extremist IS group to trade wheat. He was also involved in the purchase of assets of businesspeople that had left Syria or who were no longer in favour, or who had had difficulties with the regime. Foz' business interests rapidly and massively expanded beyond importing and trading grains and building materials, to include aviation, the cable industry, steel, sugar, car assembly and distribution, hotel management, real estate development and pharmaceuticals.<sup>49</sup> In August 2017, his company, the Aman Group, announced it would be taking part in the reconstruction of the Basateen al-Razi area in Damascus, together with the Damascus governorate and the Damascus Cham Holding company. Aman Damascus, the company established by the Aman Group for this project, announced capital holdings of US\$18.9 million.<sup>50</sup> In November, Damascus Cham Holding granted the Aman Group the right to develop real estate worth around US\$312 million as part of the Basateen al-Razi project.<sup>51</sup>

But Foz is only the most prominent of a far larger nepotistic network that benefits from reconstruction deals in Syria. There are numerous examples of regime loyalists who have struck advantageous deals with Damascus Cham Holding, many of which follow the same route: Public assets are transferred to private businesses with close regime ties through public-private-partnership, or PPP, agreements. Meanwhile ordinary people are dispossessed and evicted and the return of political insubordinates is made impossible. Further examples include Khaled Al-Zubaidi and Nader Qalei, whose company Zubaidi and Qalei LLC benefits from lucrative contracts with Damascus Cham Holding, also as

part of the reconstruction of Basateen al-Razi. Nader Qalei<sup>52</sup>, a Sunni Muslim, Damascus-based businessman, has also capitalized on his strong regime connections. And Kuwait-based Mazen al-Tarazi<sup>53</sup> is another Syrian businessman and regime loyalist active in a variety of key economic sectors<sup>54</sup> who has been allowed to build a 120,000 square meter shopping centre and six other properties.<sup>55</sup> The Talas Group, owned by businessman Anas Talas<sup>56</sup>, has benefitted from similar agreements in the Marota City development.<sup>57</sup> Al-Tarazi and Talas have certain similarities, including having accumulated wealth in the Gulf and being relatively unknown in Syria before 2011, partially because their main activity until these recent deals had not been related to real estate.

In the end of March 2018, the Rawafed Damascus Private joint venture, owned by Rami Makhlof and his close associate and composed of Ramak for Development and Humanitarian Projects LLC and four other companies, also obtained a contract worth SYP 25.9 billion (USD 50.2 million<sup>58</sup>) to develop real estate in the Marota City project.<sup>59</sup>

Private banks also play a key role in this set-up. In February 2018, Damascus Cham Holding publicly announced a collaboration with Al Baraka Bank Syria to create a real estate financing company, that would participate in funding the Marota City development. Al Baraka Bank Syria is headed by Mohammed Halabi. The latter is the former deputy-head of the Syria International Islamic Bank, which was hit by international sanctions in 2011 and 2012 for its role as a front for the regime-owned Commercial Bank of Syria – the latter had been helping to pay for weapons of mass destruction and other weapons of war.<sup>60</sup>

## IV. RECONSTRUCTION WITHOUT PUBLIC ASSETS AND STABILITY?

### a) Broke: The Syrian government needs cash for reconstruction

Despite all of this, public and private investments are still insufficient to rebuild the country and the Syrian state itself remains seriously underfunded. The reconstruction tax, which was introduced in 2013 and was initially supposed to be applied for three years only on various taxes and fees<sup>61</sup>, was doubled in December 2017 to 10 percent. But this does not fix the problem as it generates only the equivalent of SYP13 billion, a mere 0.5% of the 2017 national budget which totalled SYP2,660 billion.<sup>62</sup> The lack of national funds is also noticeable when one sees the regime demanding that the local population participate directly in reconstruction. For example, in September 2018, Suhail Abdul Latif, head of the state-owned Public Housing Corporation, stated that his company had been contracted by the Governorate of the Damascus Countryside (that is the municipality that runs the countryside around the city) to rehabilitate 175 buildings in the Damascus suburb of Adra al-Omalia, most of which is considered a regime stronghold inhabited mainly by religious minorities, particularly Alawites. In this case home-owners were asked to pay 40 percent of the reconstruction costs of their properties, while the state paid 60 percent.<sup>63</sup>

The government has also become increasingly dependent on the Central Bank's early disbursements, which increased during the war because of the very limited tax revenues. In 2015, at least one-third of public spending was financed by long-term borrowing from the Central Bank of Syria.<sup>64</sup> „The Public Private Partnership schemes also rely on credits from banks, which are clearly unavailable given that the total assets of 14 private-sector commercial banks operating in the country have tremendously shrunk since 2010.<sup>65</sup> In terms of assets, some of the six state-owned banks were actually larger than their private sector counterparts, in particular the Commercial

Bank of Syria. However, these banks have large bad debt portfolios.“

The national budget for 2019 is set at SYP3,882 billion<sup>66</sup>, which corresponds to around US\$ 8.9 billion based on the Syrian government's fixed conversion rate.<sup>67</sup> It allocates SYP 1,100 billion for investments but only SYP50 billion for reconstruction<sup>68</sup>, equal to around only US\$115 million<sup>69</sup>. The total cost for reconstructing Syria was estimated at US\$400 billion. Moreover, Syrian Finance Minister Mamoun Hamdan has already predicted a deficit of SYP946 billion for 2019 (almost US\$2.2 billion).<sup>70</sup>

### b) Instability due to militias

Since the beginning of 2017, grievances against militias have become increasingly apparent in regime-controlled areas throughout the country. Militia members have been involved in various criminal activities, such as theft, looting, murder, infighting and especially checkpoint extortion, which is passed on in higher prices and results in abuses against individuals. Militia leaders are generally linked to powerful security agencies and prominent military officials, preventing municipal authorities from acting against them without the support of high-level decision-makers.

Some “war commanders” or warlords have accumulated enormous wealth during the war and as a result, have been increasingly integrated into the formal economy as they establish companies, registered as limited liability businesses, or participate in investment projects, including real estate.<sup>71</sup> By accumulating profit and power this way, they have come to exert a large degree of control over the lives of Syrians living in regime-controlled areas. Several incidents on the Syrian coast, in Aleppo, Homs and other Syrian cities saw residents repeatedly express frustration with the silence or inaction of local police and security forces over crimes, kidnapping and looting by pro-regime militias.

Finally, there remain many other security challenges the al-Assad regime is struggling to cope with, such as extremist Islamist

groups like Hayát Tahrir Ash-Sham (HTS) and the Islamic State (IS) group. It is safe to assume that, following these organisations' loss of control over large areas, there will probably be a shift in their strategy, to suicide bombings in civilian areas and other guerrilla activity. This has already begun and will eventually create more instability.

## CONCLUSION: THE PITFALLS OF SELECTIVE RECONSTRUCTION

The resilience of the regime in its war against any kind of dissent has come at a very high cost, above all in terms of human lives and destruction, but also in terms of internal and external politics. In addition to Syria's growing dependence on foreign states and actors, the clientelist, sectarian and tribal features of the regime have been reinforced while state authority has actually diminished.

After analysing the regime's current strategies and policies on reconstruction, it has become evident that reconstruction is aimed at rewarding regime-linked crony capitalists and militias who have become more powerful during the war, while simultaneously eliminating all dissident factions of society by destroying their former urban settlements. Crony capitalists also considerably obstruct the recovery of Syria's economy by preventing important sections of the Syrian bourgeoisie from re-investing in the country, as they aim to keep control of the country's economy and investment opportunities.

Reconstruction is viewed as a major opportunity to demolish informal settlements that were home mainly to the kinds of lower income populations that sympathized with the opposition. It is seen as a way to realize long-standing urban investment plans while simultaneously changing the social structure of these areas. Recent legislation on housing, land and property rights have served as a means to legalize this process: Claiming personal property rights has become extremely difficult for the overwhelming majority of Syrians threatened with dispossession and eviction without compensation. This is especially true for those Syrians who were displaced. Meanwhile opponents to the regime,

who have been classified as "terrorists", risk being stripped of any such rights.

The end goal of the kind of the selective reconstruction process al-Assad and his allies are asking for is not to offer a prospect of return to the millions of internally displaced people and refugees who lost their homes. Instead, it is to use reconstruction as a means of enrichment for the Syrian regime itself and any closely linked allies. It is also useful as a way to attract capital from various countries who wish to profit from reconstruction in Syria. The process also strengthens the neo-liberal policies of the heavily indebted al-Assad regime to the benefit of the business networks affiliated with the regime, while further impoverishing already-impoverished sectors of the Syrian population.

Reconstructing Syria is absolutely necessary, but it has to be based on clear conditions and in respect of human rights. Otherwise, it will only consolidate and strengthen the patrimonial and despotic character of the al-Assad regime, help it punish or discipline former rebellious populations and continue to impoverish the most disadvantaged parts of Syrian society as housing, land and property rights become another driving factor of conflict in this already conflict-riven society.



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# RECONSTRUCTION OR PLUNDER?

## HOW RUSSIA AND IRAN ARE DIVIDING SYRIAN RESOURCES

by Jihad Yazigi

**A**fter eight years of war, talk about the reconstruction of Syria is increasing among the international community. But as it turns out, the allies of the al-Assad regime are already reserving their rewards.

Until recently, the intensity of the geopolitical contest over, and in, Syria had meant that discussions on the economic dimension of the conflict and the opportunities that could arise from reconstruction were put aside.

Indeed, for all international players in Syria - whether they support the regime, such as Russia, Iran and China, or oppose it, such as the European Union, the U.S. and the Arab Gulf states - the Syrian conflict has primarily been a geopolitical contest, not an economic one.

Syria has too few energy or other natural resources and a small domestic market. Some have argued that the war is a competition over the control of future oil and gas pipelines that could pass through Syrian territory. But this theory does not stand close scrutiny and even the Syrian regime has not seriously argued this case.

In the past 12 months, the mood has started to change though, and many governments and businesses have started preparing for the potential reconstruction of Syria. While few analysts expect a drive for major reconstruction to happen anytime soon (because of the lack of funding), the scale of destruction arouses the commercial appetites of many in the Middle East and beyond. In neighbouring countries, such as Lebanon and Jordan, business events dedicated to rebuilding Syria are organised on a

regular basis. Almost every week a foreign business delegation visits Damascus to talk about reconstruction;<sup>1</sup> mainly these are visitors from allies of the regime such as China, Indonesia, India, Belarus and Brazil.<sup>2</sup>

Meanwhile, for countries that opposed the al-Assad regime, such as those of the EU, the fact that the regime has won the war means that they have little opportunities to advance their own economic interests. Others, such as the Arab Gulf countries, appear to be trying to mend ties, which would allow them some limited opportunities, and in particular in the real estate sector.<sup>3</sup>

The two countries that stand to benefit the most are Russia and Iran. Given their political and military support to the regime, they are now entitled to privileged access to the Syrian market and will benefit more than others from reconstruction. The Syrian authorities have openly acknowledged this and said that these two countries and other allies, such as members of the BRICS group, will be prioritized.

Already, several bilateral agreements have been signed between these two countries and the Syrian government. In practice, the role of the Russians and the Iranians is actually more complex. On the one hand, they are reluctant to spend their limited financial resources in the Syrian economy; on the other, they are trying to capitalize on their political and military clout to capture as many Syrian economic assets as possible.

## RUSSIA IN THE LEAD

Russia has taken the lead when it comes to capturing Syria's economic resources, in particular in the energy and mining sector.

As early as end of 2016, during the visit of a Russian business delegation led by the Deputy Prime Minister Dmitry Rogozin, Damascus reportedly gave in to Russian demands for privileged access to the country's energy and mining resources. After meeting the Syrian leader, Bashar Al-Assad, Rogozin told journalists: "[Assad] personally guaranteed that Syria will create a most favoured treatment for each Russian company."<sup>4</sup> A few weeks later, in April 2017, the Syrian President told Sputnik, a Russian news agency, that Russian companies "would soon be awarded contracts in the oil and gas sector."

These contracts have taken several forms. In July 2017, Fontanka, a Russian news network, revealed that this has included granting Evgeny Viktorovich Prigozhin, a businessman close to Vladimir Putin (known as "Putin's cook" because he used to provide catering services to the Kremlin) the right to collect 25 percent of the revenues from all oil and gas fields freed from the Islamic State control by Russian mercenaries Prigozhin had contracted.<sup>5</sup> The deal is believed to be among the factors that motivated the race towards the oil-rich area of Deir ez-Zor in autumn 2017 between, on the one hand, the Syrian army and Russian mercenaries and, on the other, the Kurdish-dominated Syrian Democratic Forces (SDF) and the US.

More important is Russian control over Syria's phosphate industry. Unlike oil resources, Syrian phosphate is not under Western sanctions and can be exported, thereby generating revenues in hard currencies. In the spring of 2017, the Syrian government granted a Russian company, Stroytransgaz Group, the right to extract and sell 2.2 million tons of phosphate every year for a period of 50 years from the Sharqya mine.<sup>6</sup> The latter holds reserves of up to 1.8 billion tonnes; Syria has among the largest reserves of phosphate in the world.<sup>7</sup> The agreement shocked many in Damascus.

According to its terms, which were made public by the Syrian media, the Russian company will get 70 percent of all the phosphate extracted and the Syrian government will get 30 percent. This type of production sharing agreement is frequent in the oil and gas industry, where the foreign contractor needs to invest significant amounts upfront and take the risk of oil exploration. But in this case the availability and location of phosphate is clear, and the investment requires only a relatively small outlay. Hence, the deal reflects the leverage the Russians have over Damascus.

Stroytransgaz did not stop there though, and is now reportedly finalizing an agreement to take control of the country's only fertilizer plant located near Homs. Fertilizer production requires phosphates and the General Fertilizer Company, a state entity, produces fertilizers that it traditionally sells to local farmers at subsidized prices. The business is entirely integrated into the agricultural production sector.<sup>8</sup> Now the plant is heading towards ownership by a Russian company that clearly wants to add value to the phosphate it is extracting.

Russia is also the main supplier of wheat to Syria now. Since at least 2013, local farmers have supplied only a fraction of the wheat needed to meet the demand for bread, a staple food for Syrians, which has meant the government is obliged to rely on imports. Because of the payment facilities Moscow provides, but also of political pressure, almost all the wheat is bought from Russian and Crimean stocks. That includes 700,000 tonnes so far this year.<sup>9</sup>

Moscow's control of two sectors as strategic as energy and wheat again highlight Damascus' dependency on its ally.

The Russians are also trying to force the Syrians' hand in other sectors. They are seeking to sell several of their MS-21 single-aisle aircrafts to Damascus, which cannot buy Western-made civilian planes because of sanctions. The MS-21 is being produced to compete with the Airbus A320 and the Boeing 737.<sup>10</sup> This is not the first time the Russians have tried to sell commercial aircrafts to Syria but in previous

attempts, prior to the uprising, Damascus was unimpressed by the performance of the Russian planes and declined the offer.

Tourism is another sector that has seen an increased Russian presence, especially in the coastal areas where the main Russian military bases are located. In May 2018, a subsidiary of Stroytransgaz, STG Logistic, signed an agreement to construct a resort near Tartous.

## IRAN FRUSTRATED BY MOSCOW

Contrary to some opinions Iran has not taken as big a role as Russia in the Syrian economy, partly as a consequence of Moscow's assertiveness and stronger influence on the Syrian regime.

Prior to the uprising, Syria-Iran economic ties were much more limited than the political and security relationship. Bilateral trade rarely went beyond the US\$400 million mark, while investment by either of the two countries in the other was almost non-existent.<sup>11</sup>

In early 2017, following the fall of Aleppo - an important landmark in the Syrian conflict as it signalled the restoration of regime control over all the country's main urban and economic centres- Iran brought a Syrian government delegation to Tehran and had it sign five memorandums of understanding. This included an agreement for the extraction of phosphate reserves and another for the awarding of a mobile phone carrier license.<sup>12</sup>

However, almost two years after these agreements were signed, none of them has been implemented and there is growing frustration in Tehran at the sight of Russia advancing its interests at Iran's expense. At the beginning of 2018 for instance, Iranian media were reporting that Tehran was concerned that Iranian companies were being squeezed out of the Syrian market by Russia. Tehran also reportedly fears a deal that obliges Damascus to seek Russia's approval before contracts are awarded to Iranian companies.

This is particularly striking, not only because of Iran's key role in supporting the regime but also because of its financial sup-

port to Damascus, which has been more significant than Moscow's. Since 2013, Tehran has granted combined credit lines of at least US\$5.6 billion to the Syrian government to help it pay for all sorts of imports, including oil products.

Tehran's lack of success is not due to pressure from Moscow alone. For instance, the decision to award a mobile phone license to MCI, a company affiliated with the Islamic Revolutionary Guard Corps, drew strong resistance from within Syrian regime ranks. Resistance came from competitors, such as Syriatel, which is owned by Rami Makhlouf, the very powerful maternal cousin of Bashar al-Assad - he is understandably unhappy at the prospect of seeing more competition in his sector - and from the security services, which were uncomfortable at the prospect of the Iranian military gaining access to the country's telecommunications network.

During the 2018 edition of the Damascus International Trade Fair, held in September, the number of participating Iranian companies was down from 31 in 2017 to 30 this year, compared to some 70 Russian companies participating.

Rumours about Iranians buying large tracts of land throughout Syrian territory seem largely exaggerated too. Except for the purchase of some plots in the Sayyida Zeinab suburb of Damascus, which hosts a Shia shrine, the purchase of land by Iranian individuals and institutions appears limited.

Still, the Iranians are seeking to make some gains and regularly sign agreements on various development projects with the Syrian government, although most of these are non-committal memorandums of understanding.

Tehran seems more successful in its attempts at projecting cultural and religious influence. In January 2018, Ali Akbar Velayati, the foreign policy advisor to Iran's Supreme Leader, Ayatollah Ali Khamenei, said that Syrian President Bashar al-Assad had ordered "the opening of branches of the Islamic Azad University in all Syrian cities."<sup>13</sup> This is one of the largest universities in the world with an enrolment of some 1.7 million students. And during a visit to Teh-

ran in February 2018, the Syrian minister of religious endowments, Mohammad Abdul-Sattar al-Sayed, said that a new faculty of Islamic Schools of Thought would soon open at Damascus University, in partnership with an Iranian institution.

## CAUTIOUS CHINA

While China did not support the regime in the same way Iran and Russia have, it can still be considered an ally of the al-Assad regime because it helped to veto a number of UN resolutions against the regime and maintained diplomatic and political ties. In addition, it has a major advantage over Tehran and Moscow - China has money to spend and invest.

This is why much hope is placed on Chinese funding for the reconstruction of the country.

In practice, however, these hopes have not really materialized. Chinese companies are wary of the Western sanctions imposed on Syria and of general instability in the country. It is true that Beijing has invested large amounts of money in Africa and other emerging economies, and it has traditionally sought to gain access to valuable natural resources in exchange. But Syria's natural resources are limited not to mention that they are already reserved for the Russians.

By late 2018, Chinese interest in Syria's reconstruction drive was actually decreasing. The trade fair mentioned above, which is a key business event in Damascus, had almost no Chinese presence.<sup>14</sup>

## LONG-TERM ECONOMIC AND SOCIAL IMPACTS

The foreign trade networks, which, prior to the uprising, were primarily geared towards Turkey, the Gulf and other Arab countries and the EU, will now lean more towards Iran and Russia. Syria will continue to host relatively important populations from Iran and Russia, including investors, traders and managers.

However the Russian and Iranian involvement in the Syrian economy is likely to have long-term impacts on the economic

and societal ties between these two countries and Syria. The opening of Russian and Iranian universities and the teaching of Persian and Russian in some Syrian schools are first indicators for this.

## NO CONTRIBUTION TO RECONSTRUCTION

Rather than contributing to reconstruction, Syria's allies are actually plundering the country. The deal over the country's phosphate reserves is a good example of this. By awarding a Russian company more than two-thirds of the revenues from this key commodity and ceding other economic assets, Damascus is mortgaging future plans for economic recovery and giving up future fiscal and foreign currency revenues.

But while Russia and Iran continue to compete for a piece of the country's reconstruction cake, this cannot be expected to lead to any form of confrontation. For one thing, the cake is still very small. For another, and perhaps more importantly, economic interests still play a secondary role to the broader geopolitical and strategic interests of the two countries.



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# RECONSTRUCTION AS A FOREIGN POLICY TOOL

by Dr. Salam Said

All sides to the conflict in Syria have been discussing post-war reconstruction for years now. In fact, reconstruction has been used a foreign policy tool by all sides to try and achieve a range of widely differing objectives. But in reality, it hasn't really worked for anyone.

Post-war reconstruction officially begins when a war comes to an end or when armed conflict has stopped and the parties to the conflict have signed a peace agreement.<sup>1</sup> In Syria's case, armed conflict is yet to end and there has been no notable progress in the peace process. Regardless of this, both the Syrian regime and the international donor community that supports the opposition have been using the notion of reconstruction as a foreign policy tool since 2012. Countries belonging to the Group of Friends of the Syrian People<sup>2</sup> founded the Working Group on Economic Recovery and Development, in cooperation with the opposition, as early as 2012 in order to start planning and coordinating reconstruction efforts in a post-al-Assad Syria.

Their first meeting took place in Abu Dhabi on May 24, 2012, and more than 60 countries – including representatives from the Arab League, the European Union, the Gulf Cooperation Council and the United Nations Development Program – took part.<sup>3</sup> At the time, it was assumed that the al-Assad regime would soon fall given that it was quickly losing control of large swathes of territory in Syria. However, intensive military and financial support from Iran, the emergence of the Islamic State (IS) as a terrorist threat in the region and subsequent Russian military

intervention kept Syrian president Bashar al-Assad in power and made the promise of reconstruction-related assistance a less effective tool for Western allies to pressure the regime with. After military victories by the regime starting September 2015, European countries, the US and regional partners such as Turkey and the Gulf states, have continued to try to use reconstruction as a way to exert pressure on the al-Assad regime and its allies. For instance, they have made a political transition period or a peace agreement a precondition for any contribution to reconstruction funding. Their aim is not only to stop the war in Syria and to find a political solution, but also to avoid a new refugee crisis and further destabilisation in the region.

The allies have counted on the fact that the regime needs them to participate in reconstruction as the regime's allies are not able to finance the costly reconstruction process themselves, for many reasons.<sup>4</sup> On the one hand, the regime's major allies – Russia and Iran – are also dealing with economic challenges, as well as international sanctions, to differing degrees. On the other hand, investment in Syrian reconstruction remains highly risky, as a peace agreement is not yet in place and no international consensus on a political solution is in sight. This means, conflict could still break out at any time and new sanctions against the Syrian regime could be imposed.<sup>5</sup>

At the same time, the al-Assad regime has repeatedly rewarded its foreign "friends"<sup>6</sup> and local loyalists with promises of lucrative reconstruction contracts and economic cooperation in trade and investment. This also

pushes the regime's "enemies" to change sides, with a carrot-and-stick approach: Incentives to participate in Syrian reconstruction alternating with warnings about the consequences of non-cooperation.<sup>7</sup> According to the Syrian Foreign Ministry: "Syria will accept participation in reconstruction only from countries that did not join the attack on Syria".<sup>8</sup>

In August 2018, Syrian foreign minister Walid Muallem directed a message at the European Union and, in particular, those countries that host a large number of Syrian refugees: "Reconstruction and a successful political process depend on the return of refugees," he said.<sup>9</sup> Muallem also added that, "removing economic sanctions against the regime is a necessity for the return of refugees".<sup>10</sup> The regime is using this "bait" – Syria welcoming back refugees – to convince the European Union to give up economic sanctions, knowing full well that the refugee question has caused major impact on the political discourse of refugee-hosting countries, both in Europe and in the Middle East.

The military victories of the al-Assad regime during 2018 have changed the rules of the game and strengthened the regime's position internationally. In an article titled "Assad regime will reconstruct Syria with or without US Aid", published June 11, 2018 by the Washington-based think tank, the Middle East Institute, the author shows how Assad's reconstruction strategy is directed at allies and neighbours, who should benefit from economic recovery and reconstruction in Syria.<sup>11</sup> Writing for the Atlantic Council website, professor of Middle Eastern studies and a Syria expert, Steven Heydemann, warns against counting on reconstruction as a way to push for political change or transition in Syria.<sup>12</sup> He argues that the dictatorship would only strengthen itself and regime-loyal forces using the funds and that those funds would also eventually cement the political and social grievances that drove people to protest in the first place, in 2011. Heydemann says that the West needs to set up mechanisms that enable an independent, needs-based and transparent reconstruction process, one which is beyond the regime's

control and that allows the country to be built back up in cooperation with Syrian partners who have been selected using independent reviews.<sup>13</sup>

Reconstruction as "bait" or as a form of pressure from Western countries on the al-Assad regime has not succeeded in moving toward a much-desired political solution in Syria, nor has it had much influence on developments in post-war Syria so far. Similarly, the al-Assad regime has not been successful in using reconstruction as "bait" to involve more donors in reconstruction, nor has it worked as a tool for the regime to try and legitimize itself internationally. There is no path toward genuine reconstruction that does not involve a real and workable political solution for Syria and its people.



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„Together we'll rebuild again.“  
Homs, Syria 2014





# RECONSTRUCTION, BUT FOR WHOM?

## EMBRACING THE ROLE OF ALEPPO'S DISPLACED

by Alhakam Shaar

**A**s architects, urban planners and policy makers contemplate how best to rehabilitate the ruined half of Aleppo, one of Syria's largest cities, they must consult far and wide – and most importantly, with the residents who once called the city home.

### WHO IS RECONSTRUCTION FOR?

Two years after Syrian regime forces and their allies took control of Aleppo, the eastern districts of the city, including the Old City, remain mostly depopulated and destroyed. No complete survey of the destruction has been done on the ground<sup>1</sup> but various organizations, including The Aleppo Project, where I do my research, estimate that the vast majority of buildings in eastern Aleppo have been damaged. Up to 50 percent have sustained serious structural damage.<sup>2</sup> The western part of the city suffered some damage too, but most buildings there remain intact. Some parts of the Old City are undergoing work, mostly documentation of damage to prominent historical buildings. Residential buildings remain however unpopulated “ghost households”.

Questions are being raised about the al-Assad regime's ability to support affected Syrians who wish to rebuild. Certain legislative changes, especially Law 10<sup>3</sup>, jeopardize owners' property rights. International participation and funding are still being navigated. Many urban practitioners, including policymakers, scholars and members of non-governmental organizations seem all too eager to comply, imbuing their work

with optimism and the hope that things in Syria can return to “normal”.

But those efforts do not answer an essential question: Who is this reconstruction for? That is the question that should guide policy in this area and approaches to reconstruction.

### PRE-WAR ALEPPO

Aleppo is often described as one of the oldest continuously inhabited cities in the world.<sup>4</sup> The province, one of 14 in Syria, was home to a quarter of Syria's total population, according to the Syrian Central Bureau of Statistics' 2010 census.<sup>5</sup> With an approximate rural-urban ratio of 60 to 40, Aleppo city was home to about 3 million people. The population included Arabs, Kurds and Armenians but no significant Alawite population, the group from whom the embattled president, Bashar al-Assad, descends.

Around half the population lived in what has been called eastern Aleppo since 2012. It consists of most of the historic Old City and a wide semi-circle of densely populated, mostly informal settlements. The eastern districts were far less serviced by the state and contained fewer state buildings than the western districts. Aleppo boasted the largest inhabited historical city in Syria: its vast, now semi-destroyed Old City had 16,000 historical houses, home to around 120,000 residents. Unlike better-known cities like Palmyra, Aleppo was inhabited and nothing like an open air museum. But life in one half of Aleppo stopped for one fateful day at the end of 2016, as the last remaining civilians and

fighters were forcibly evicted. Aleppo natives from that half of the city were only too well aware they may never see their homes again.

## ALEPPO'S REVOLUTION

By the beginning of 2012, Aleppo had moved from a shy embrace of the protest movement to streets that had mobilized in no uncertain terms against the al-Assad regime. The revolutionary fervour was shared by residents right across the city, including at the University of Aleppo.

With the advance of an alliance of rebel groups, primarily Liwa al-Tawhid, by the middle of 2012, the city was divided into the rebel-held east and the regime-held west. Despite sporadic bombing at the beginning of rebel control and the absence of some state services, eastern Aleppo still enjoyed a bustling civil society scene – this ranged from demonstrators that took full advantage of their newly acquired freedom of expression, to initiatives that offered wide-reaching education. Throughout 2013, the extremist group known as the Islamic State, or IS, had only a very limited presence in Aleppo. At one stage, civil society activists had to start defending themselves against extremists, primarily IS members, who targeted them. But that was all over by January 8, 2014, when a coalition of rebels completely pushed the IS group out of the city. However, that was also the beginning of a heavy and systematic bombing campaign by the Syrian regime of the very areas that had just successfully rid themselves of IS' presence.

## URBICIDE

Daily barrel bombing of eastern Aleppo's districts over two years, intensifying from 2014 and ending in late 2016, reduced its original 1.5 million people to only 40,000. The Violations Documentation Centre in Syria, a network of opposition activists, has documented 32,000 victims by name who have lost their lives in the city and its surrounding by the end of 2016 – the vast majority were civilians<sup>6</sup>. The 40,000 remaining survivors were

bussed out of their homes after an eviction deal that was completed by December 22, 2016.

This constitutes urbicide, or the intentional act of "violence against a city"<sup>7</sup>. In 2017, about 200,000 displaced residents returned to their homes in eastern Aleppo, mostly from other regime-held areas such as western Aleppo and Latakia<sup>8</sup>. The eastern districts are still mostly ghost neighbourhoods though. Reconstruction work is limited to the reopening of a few shops in the marketplace and the restoration of a couple of historical monuments, such as the Umayyad Mosque.

## LOCAL COMMUNITIES SHOULD HAVE A SAY IN THE RECONSTRUCTION

The debate about reconstruction in Syria is currently dominated by the military victors in this conflict, while battered communities cannot access their property<sup>9</sup> and are unable to take part in politics and or decision-making about the future of their hometown. They are the largest group of victims of this war.

The Syrian regime has no serious motivation to facilitate their return either. By accepting al-Assad's terms of exclusion, the international community is leaving a vulnerable group out in the cold. However, while contemplating opportunities to rebuild the city, local and international experts could still contribute to the future reconstruction of Aleppo and try to counterbalance the victors' perspectives with those of others, who do not have as much voice in this debate. Narratives and experiences, property rights and damage to housing and infrastructure could be documented and archives curated.

## ALEPPO LOCALS FACE SIGNIFICANT BARRIERS IN RECONSTRUCTION

Aleppo locals have a shared claim to historical sites such as the Umayyad Mosque, the souqs, caravanserais and hammams, as well as some of the more modern infrastructure. Many living in areas that were minimally damaged during the war, including current

residents of western Aleppo, are craving to see their city rebuilt. They wish for their city to “return” to its former state, to be “like before”. Most of the destruction occurred however in the marginalized eastern parts of Aleppo, and the bulk of it involves people’s homes, not monuments. However, the Syrian government’s reconstruction plan for Aleppo focuses mostly on the Western neighborhoods that suffered far less destruction than the Eastern part and the Old City. The 52 residential neighborhoods in the East are hardly considered in the current reconstruction plans.<sup>10</sup> This is despite the fact that many locals in this area lost everything when their homes were destroyed, because as in all of Syria, people do not rent, but tend to own their own homes and apartments, which are often inherited or built by one family.

Other key priorities that need to be addressed if people are to return home are the fear of persecution, severe restrictions on freedom of movement – including border control, harassment and extortion at checkpoints – as well as economic limitations on livelihood.<sup>11</sup> Most Syrian families are facing more than one of these barriers at any given time.

There are some key ways to make return and reconstruction efforts more inclusive for the displaced. It is necessary to understand the circumstances in which they fled, what their concept of home is, what their needs are and what obstacles to return there are. Accounting for the dynamic heritage of displaced communities will go a long way toward retaining their claim on their homes.

## **ROLE OF RESEARCHERS AND CIVIL SOCIETY**

In preparation for reconstruction, urban researchers need to focus on the residents, primarily the displaced, rather than just rebuilding the city. Enthusiastic architects, both Syrian and international, should wait before they rush to create master plans and frameworks for implementation. Instead they need to capture the experiences of people from Aleppo, both from when they were at home and when they were displaced, and

to reflect narratives of what life in Aleppo was like for them, how they contributed to that, and how they would improve it, if given the chance. This should guide any policy on reconstruction.

An ongoing survey by The Aleppo Project documents markets that were not officially designated as such and which were never actually marked on any map - such as traffic roundabouts that filled up with vegetable carts, or the shopping passages where stores sold all IT needs, from computer parts to network systems<sup>12</sup>. The aim is to get an idea of places of socio-economic activity beyond residential or commercial buildings, which will contribute to our understanding of how and where people lived. When discussing communal life in Aleppo, there is a need to go beyond the cliché of the Old City and its famous souqs, as these only served a portion of the city’s needs.

International experts and practitioners working should therefore collaborate with Syrian civil society groups active outside Aleppo that best represent refugees and internally displaced people. Many such groups are grassroots and address a wide array of social issues, from municipal services to cultural and educational needs. Engagement should also extend to other groups still present in the city who enjoy a special knowledge of the urban texture and history of Aleppo. These technocrats include certain city council engineers, cultural heritage experts assembled primarily around the Al Adeyat Archaeological Society, professors at the University of Aleppo, and in particular, from the faculties of civil engineering, architecture and archaeology, as well as their students. One of the things scholars and experts must avoid is sanctifying the stone over the humans and embracing mega projects over people’s property, places of life and memory.

## **CONCLUSION**

Aleppo’s violated built environment must serve as a reminder that resonates with all those who lived in it. No technical plan should come at the cost of who the building is for. Reconstruction efforts that do not

have at their foundation, the needs of the displaced residents of Aleppo will only harm those people, and benefit only the perpetrators of the destruction.



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# DISPOSSESSED AND DEPRIVED

## THREE CASE STUDIES OF SYRIANS AFFECTED BY THE SYRIAN LAND AND PROPERTY RIGHTS

**1** **The case of S. from the city of Homs**  
Decree 63 of the Counterterrorism Law of 2012 (Law No. 19/2012) allows Syrian authorities to freeze the assets of political prisoners. S. (64), a member of a secular opposition party, was convicted on the basis of that law and his assets were frozen.

"Due to my political work, I was imprisoned by the secret services for several years. It was only after the end of my detention in March 2017, that I was transferred to a court and sentenced as a terrorist. The allegation: I worked against the Baath party of Bashar al-Assad and thus violated the Syrian law. But what law prohibits working against the Baath Party? I have always followed Syrian laws, but the laws of the secret service are completely arbitrary. In my opinion, Syrian law should be respected, but many laws - including the Counterterrorism Law - are clearly unconstitutional. Since my release, I have had to report in person to the secret service every month. When I wanted to sell my apartment, I was told that I had to apply for a permit from the secret service. They denied me the permit, saying that I was banned from any transaction and that I was not allowed to buy or sell any property, including land and real estate. Nobody dares to buy anything registered under my name. I cannot leave Syria. I tried but the border guards forbade me to leave the country because I did not have an exit permit. Actually, I do not need such a permit, given that I'm too old for military service. Nevertheless I was not allowed to go, and apparently for no reason. And now I'm stuck here in Syria, completely

destitute, deprived of all my basic rights. I do not know what to do next."

**2** **The case of N. from Damascus**  
N., aged 34, was a construction worker and lived in the neighbourhood of Sleicha, a largely informal settlement, in the Damascus district of Tadamon. In 2012, the district was mined and mostly destroyed by regime troops, and N. lost his house. He cannot apply for any compensation as he is wanted by the secret service. In September 2018, the Damascus City Council announced that Sleicha and other neighbourhoods in Tadamon are part of an urban development master plan and that according to Law No. 10, the entire neighbourhood will be demolished and rebuilt (for more details, refer to the text by Dr. Joseph Daher in this publication).

"Tadamon is a working class district, and my neighbourhood Sleicha was a particularly poor informal neighbourhood. In 2012, rebels from the Free Syrian Army took temporary positions there but were overrun by regime troops in the same year. The regime then mined and blew up hundreds of houses in the neighbourhood, including my house. Since I had already fled to neighbouring South Damascus, I could not save anything from the house. I lost everything. In 2017, the army captured South Damascus, so I was forcibly evicted to Idlib as part of the local "reconciliation agreement". I still live here in Idlib with my wife and child. As long as this regime is in power, I cannot claim any compensation for my demolished house,

because as somebody who is wanted by several different Syrian intelligence services, including military intelligence, I can't go back. So how can I claim my rights?"

### **3 The case of A. from Damascus**

A., aged 27, also lived in Tadamon. His house is also inside the neighbourhoods that are to be demolished and rebuilt as part of an urban development master plan, that is using Law No. 10.

"My family had nothing to do with the opposition. Nevertheless, our home in Tadamon was largely destroyed by the regime bombardment in 2013 and 2014. My family still lives in Damascus and since the regime has regained control of South Damascus, it is totally unclear who can return and which houses are still habitable. The regime has proceeded as follows: Based on completely unclear criteria, the Damascus city council has marked those houses that are considered habitable, and to which residents are allowed to return, with a red sign. At first, this was only in regard to 650 buildings. After strong protests by the residents, they changed their assessment and declared 3,000 buildings habitable. The remaining houses, those which have not been marked in red, will be completely demolished, as they are classified "uninhabitable". The council wants to build a completely different, upscale neighbourhood there.

Our house is one of those declared "uninhabitable". Of course, as former residents, we had no say in the assessment process and were not officially informed - for example, by a letter - that we are not allowed to live there anymore. It was only announced that the owners of houses without red marks should report to the city council. There, we would receive compensation. We have now filed an application but the council officials have already told us that any compensation will be extremely low, if we get any at all. We certainly would not be able to afford a new house. Furthermore, we were told that we would be assigned alternative housing in another place and that we would receive 10 percent in the shares

of the newly built property. We were not informed when and where this is going to happen, neither have we received any written binding decision. We do not know what to do. The house was all we had. "

# تَبْنِي ثَوْرَةَ adopt a revolution

Since early 2012, **Adopt a Revolution** has been supporting the young Syrian civil society. The German-Syrian solidarity organisation works closely with local initiatives in Syria which, despite war and terror, are committed to an open and democratic society based on human rights and supports their work financially. In Germany, Adopt a Revolution conveys the current developments in Syrian civil society to the public and fosters the participation of Syrians in the German debate on Syria.

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## **References**

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