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## ***The Workshop on War Economy / Reconstruction Economy in Syria***

– Manar Fleifel



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Project Coordinator


## ***ABOUT THE ASFARI INSTITUTE AT AUB***

The Asfari Institute for Civil Society and Citizenship is a regional hub of a dynamic community of academics, practitioners, policymakers, activists, and members of the general public interested in exploring traditional and innovative forms of collective actions, locally-grounded policy debates and in advancing realistic solutions to the obstacles to effective civil society and citizenship in the Arab world. In doing so, the Institute provides training workshops and programs beside regular teaching at AUB, encourages and provides evidence-based research in areas related to political participation, accountability and good governance, produces policy/practice recommendations to improve citizens' engagement and civil society roles in mediation, deliberation and self-organization.

It also promotes public awareness of civil society and civic engagement best practices in the region through its monthly meetings and seminars and stimulates fruitful dialogue among the region's varied publics through its programmatic activities of workshops, conferences, blog and publications.

The Asfari Institute is a research center based at AUB since 2012 and is a solid partner in consolidating AUB commitment to serve, educate and engage the Lebanese society. The Institute is mobilized to develop a new minor program on civil society and collective action with relevant AUB faculties. Among its new activities is the consolidation of three new lines of work: Civil Society Law and Governance, Culture as Resistance, and Civil Society in Conflict and Post Conflict Setting.

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## ***Bridging Academia and Activism***

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# ***Project Details***

**Project:**

*The Lay of the Land: A Social Mapping of the Daily Practices in Informality Amongst Syrian Displaced Communities in Lebanon*

**Donor:**

*Ford Foundation*

**Workshop Date:**

*02 March, 2019*



## ***Workshop Concept***

Open conflicts both affect and modify the different economic, social, political and cultural parameters of societies. In a culturally, religiously and politically heterogeneous country like Syria, where authoritarianism has been the rule for many decades, the dynamics of war economy and proxy actors play major roles in the reconstruction of the economy and thus greatly affect the fate of the Syrian people.

Even before reaching a complete peace settlement, the Syrian government has been trying to control the reconstruction phase, especially after it started regaining territories during the fighting. By issuing laws and decrees like Law 10 and Decree 66, the Syrian government has been trying to extend its tight control and war economy subtleties. According to Human Rights Watch, Law 10 allows for creating redevelopment zones across Syria, designated for reconstruction without setting any criteria for areas or timelines.

These laws pose dispossession and further displacement threats for many Syrians, according to Yahya, “Syria’s regime is changing the country’s urban planning laws to punish its foes and reward loyalists” (Yahya 2018). So, will the regime extend the atrocious dynamics and economics used during war in the post-conflict phase? Can Syria exit this war-economy? How will the reconstruction impact the social and ethnic groups of Syria? And more importantly, who are the actors involved in the surpassing of this war economy?

This first workshop; War Economy/ Reconstruction Economy in Syria aims to understand these dynamics by addressing the topics below;

### *Service Provision during and after the War Context:*

The Syrian war has thus far lasted for almost 8 years - informal networks of service provision have become an integral part of Syrian urban life, and provide income for a considerable number of the urban population. What does service provision look like in the war economy and how will it look like in the post-conflict and reconstruction phase amidst the emergence of new forms of governance?

### *National, Regional and Internal Actors of the Reconstruction*

Years before the regime took hold of several Syrian localities, and even before the cessation of fighting in some parts of Syria, there had been talk about the reconstruction of Syria in terms of costs, actors and bidders and business propositions. On one hand, in 2018, the special envoy for Syria, Staffan de Mistura, predicted at least 250 billion dollars as a total cost for reconstruction (Ferguson 2018). Since then, the UN, the United States and European countries have not modified their position that Western nations' participation will only take place once there is a clear political transition that has been agreed upon in Geneva. In the Brussels conference of April 2018, the EU stated that it will only be ready to assist the reconstruction process in Syria when a comprehensive, genuine and inclusive political transition, negotiated by the Syrian parties in the

conflict based on UNSCR 2254 and the Geneva Communiqué (EU and UN n.d.). In March 2018, a UN envoy in Geneva called for Syria to engage into an inclusive, democratic process of reconciliation as neither the World Bank nor the European Union (or any Western institutions with access to funds of this sort) would provide Syria with the financial means necessary to reconstruct if this would mean an effective return to the pre-war status quo. On the other hand, Syrian and Russian companies had already started signing contracts with the Syrian regime in 2018, while the US had kept its reservations to invest before the removal of Asad from power (Yazigi 2017). China has participated in the Damascus International Fair which took place last September and has also pledged an investment of two billion dollars into recovering the industry in Syria (Ramani 2019).

From the side of the many Syrian activists and scholars who have been involved in looking at the West's involvement in the reconstruction process, many believe that although there has been an ongoing drive to push through the reconstruction of Syria since 2017 and even before, neither does the government alone, nor do Russia and Iran have the funds, strategy, or capacity to lead the recovery process (Yazigi 2017).

Not only that, but also, many NGOs and civil society actors refuse funding solely based on UN agencies and the West (Syrian Network for Human Rights 2018). In their fight for having Syrians lead the reconstruction and reconciliation processes, civil society organizations and NGOs have issued several statements including a letter concerning the Brussels II conference in which they reaffirmed that a just and all-encompassing

reconciliation and reconstruction process can only take place when civil society actors and Syrian citizens are immersed in this process as key actors (Syrian Network for Human Rights 2018).

In geopolitical terms, the questions that remain unanswered are thus: What is on the list of the different countries' geo-political and political agendas? Will Syria accept a Western involvement in its political system if given as a prerequisite for investment? Is Syria turning to the allies of its authoritarian regime - i.e. Russia, Iran, China? If yes, will these countries be able - or willing - to pay the price? Can an economy be rebuilt simply by injections of investments and grants? What is at stake, what is ignored, and what is the motivation behind different countries' investments in reconstruction?

### *Surpassing the War Economy:*

The Syrian government has been encouraging the mushrooming of war economy dynamics to sustain resources and ensure the maintenance of its authoritarianism in the country. The same strategies seem to be extended in the Post-Conflict era without the pre-requisite conditions to surpass the war economy actors and practices (Daher 2019). The workshop aims to understand how this economy can be surpassed and what is being done on the ground to fight these economy dynamics.

### *Ex- and Re-appropriation:*

Violence, destruction and displacement effectively put peace-time norms of land ownership on hold. Prolonged conflict risks to erode the notions of ownership sustainably. How will an effort of reconstruction deal with radically changed relations of property in urban environments? Is the reestablishment of the status quo, by means of re-appropriation the way forward, or must new realities be dealt with in a more comprehensive way? What about reclaiming neighborhoods and villages amidst reconstruction efforts? These questions we would like to address by not just referring to the ownership question but also the reorganization of economic policies.

# Workshop Agenda

- **9:00 - 9:15am:** Welcoming and Introduction

## **First Session: 9:15 – 11:15am**

### ***The War and Reconstruction Economy in Syria – Internal Dynamics***

- **9:15 - 9:35am:** Warlords and New Business Figures: What Implications on Syria's Reconstruction Process?
  - **9:35 - 9:55am:** Syria's Reconstruction Economy: Notes on Ex- and Re-appropriation
  - **9:55 - 10:15am:** Syrian Economy after the War
  - **10:15 - 11:15am:** Discussion
- 
- **11:15 - 11:30am:** Coffee Break

## **Second Session: 11:30am – 1:00pm**

### ***Perspectives on Reconstruction in Syria - External Dynamics***

- **11:30 - 11:50am:** Reconstruction Efforts in Syria - Through the Lens of the Involved Actors in Lebanon
- **11:50am - 12:10pm:** Syria Reconstruction: European perspective(s)
- **12:10 - 12:30pm:** Russian Perspectives on Syria Reconstruction
- **12:30 - 1:00pm:** Discussion

- **1:00 - 2:00pm:** Lunch

### ***What would the Reconstruction Economy in Syria Look Like***

#### **Third Session: 2:00 – 3:00pm**

##### ***I– Structures***

- **2:00 - 2:20pm:** Syria's self-perpetuating conflict economy
- **2:20 - 2:40pm:** Surpassing the Syrian War Economy in Syria
- **2:40 - 3:00pm:** Discussion
  
- **3:00 - 3:15pm:** Coffee Break

#### **Fourth Session: 3:15 – 4:15pm**

##### ***II– Actors and Structures***

- **3:15 - 3:35pm:** Syria's lifesaving solidarity structures
- **3:35 - 3:55pm:** The Role of Women in Reconstruction
- **3:55 - 4:15pm:** Discussion
  
- **4:15 - 4:30pm:** Closing Session and Workshop Report

## ***List of Participants***

- Akel, Maroun
- Al Shami, Farah
- Barucco, Tosca
- Cartillier, Genevieve
- Dacrema, Eugenio
- Daher Joseph, Dr.
- El Halabi, Bachar
- Fleifel, Manar
- Ghandour Demiri Nada, Dr.
- Ghoutouk, Lina
- Hage Ali Muhanad, Dr.
- Mansour, Kholoud
- Marrouch Walid, Dr.
- Nassif, Peter
- Shalash, Mostafa
- Simon, Alex
- Sukkar Ahmad, Dr.
- Yazigi, Jihad

# Introduction

On the 2nd of March 2019, the Asfari Institute for Civil Society and Citizenship organized a workshop entitled “War Economy / Reconstruction Economy in Syria” as part of its project: “The Lay of the Land: A Social Mapping of the Daily Practices in Informality Amongst Syrian Displaced Communities in Lebanon”, funded by the Ford Foundation.

This workshop was organized to fulfill the goals of the project, which are to “engage with the Syrian displacement academic debate, offering a more nuanced fact based analysis about realities on the ground”<sup>1</sup>.

The workshop was divided into 4 panels covering the following themes:

*The Internal Dynamics of the War and Reconstruction Economy in Syria, the External Dynamics, i.e., the Different Perspectives on Reconstruction in Syria, the Structures of the Reconstruction Economy and the Actors in the Reconstruction Economy.*

Speakers and participants in the workshop gave excellent feedback and engaged in fruitful discussions, leading us to identify key messages, realities on the ground, and suggestions for future research and engagements. Participants appreciated the closed nature of the project which allowed the conversation to more conducive than in open workshops.

By inviting practitioners and scholars from Syria and the region, the workshop aimed to cover the broad facts and realities of the war economy in Syria, looking at service provision, the major structures and actors operating during reconstruction process. The workshop also covered current debates and perspectives on reconstruction, drawing from the standpoints of the biggest actors in Syria, such as Iran and Russia and the host communities such as the European Union and Lebanon.

Following from this, this report provides an overview of the workshop, the key concepts and emerging issues that were discussed in the panels and suggestions for next steps.

<sup>1</sup> This goal is stated in the Proposal and Narrative Report for this Ford Foundation funded project.



# Summary of Sessions and Key Concepts

## *The Internal Dynamics of the War and Reconstruction Economy in Syria*

The first session of the workshop introduced the major internal dynamics of the war and reconstruction economy in Syria, touching on the issues of; i. the newly (emerged) business figures and the implications of this phenomena on the reconstruction process, ii. ex and re-appropriation of land in Syria and the implications (of) return, and iii. the economy in post-war Syria.

### *Old and New Cronies; Corruption, Alliances and the Emergence of New Dynamics in Syria*

Conflicts and wars often ensue shifting economies and new business sectors. In Syria, some business sectors have taken a large hit and have been more impacted than others. For instance, the energy and manufacturing sectors in areas such as Aleppo, once a prime center for manufacturing goods like textile have been greatly wedged due to the destruction resulting from attacks. Additionally, with the closing of borders and chambers of commerce, chief trade networks have shattered, leaving Syria cut off from once major trading partners such as Turkey and Iraq. Moreover, infrastructure has been greatly impacted. As a result, various old cronies and business elites who were allied with the regime before the war have left Syria and reopened their business in neighboring and host communities such as Turkey and Egypt. This situation left room for the appearance of new cronies, elites and warlords who started emerging during and towards the end of the war in Syria. Some of those include Samer Foz, and the Katerji Brothers. Foz, a business man from Latakia, gained importance due to his business with international companies. He imported wheat after the West imposed sanctions on Syria. Hosam and Baraa Katerji, two brothers and small businessmen

from Raqaa, were quietly doing business with Islamic militants, farmers and administrators in the militants' former stronghold. They used their networks with tribes to allow flows of oil products into government areas. The Katerjis used their networks to help the regime and were handsomely compensated.

The new cronies may have interest in the reconstruction since not all of them want to continue to strive on the war economy. At the same time, with the war ending in the Western areas of Syria under government rule, a lot of old business elites are ready to return.

### *Ex and re-appropriation of land in Syria and the implications on return*

The issue of ex- and re-appropriation in Syria carries a lot of ambiguity until this day. With the violence, destruction and the latest laws and decrees issued by the Syrian government, there are risks of erosion of the notions of ownership sustainably. The workshop findings suggest the diversity of experience of different cities and villages when it comes to ex and re-appropriation.

For instance, due to the conflict, the experience of appropriation and re-appropriation in the towns of Qudsaya and Dahiyat Qudsaya, which were once a home to some 60,000 inhabitants tends to be divided. Whereas some people decided to stay, others left, with many having left to their original villages and cities. In that same city, some people came back to find others were living in their homes. Qudsaya thus sets an example of a city that makes everyone rethink notions of appropriation in conflict and post-conflict Syria. Drawing on Hallaj's work, the questions asked in this session of the workshop were then; Who is the city and who does it belong to? Does it

belong to the people who were born there, lived there, those who stayed or those who were planning on coming back? The answers to these questions are complex. What we know for sure is the fact that there is a diversity of experiences for each city and village, given the current government laws, such as decree 10, which deal with ownership rights in certain parts of Syria and the specific case for each city and its changing dynamics before, during and after the conflict era. When approaching return under safe conditions, what must be dealt with as a priority is the reestablishment of the status quo in terms of dealing with ex and appropriation by resorting to transitional justice.

### *The Economy in Post-war Syria*

The sessions around the economy in post war Syria implied several issues. Firstly, we can clearly see the emergence of new forms in the Syrian economy, giving it new shape, yet the Syrian economy remains relatively similar to the pre-war economy, only with new forms and chief faces. Due to the abovementioned emergence of new-cronies and the new relationships formed during the war, there is a clear reiteration and strengthening of privatization initiatives in the post-war era. Secondly, With the emergence of new businesses between war lords and mediators during the conflict, there is an apparent potentiality of dealing with new forms of emerging businesses and sectors such as investments in building hotels, banks, villas and a huge real estate in post-conflict Syria. These businesses are also supported by external powers such as Iran and Russia. Marota City is an example of this post-war and reconstruction economy, often considered as a blueprint for how the Syrian regime will be undertaking reconstruction efforts. Marota City is an example of how the Syrian regime is using contentious property laws to create districts of partnerships with businessmen such as Samer Foz to expropriate land and re-plan them. As an attractive sight for investors

and businessmen, Marota City is one of many emerging projects that aim to re-plan slums and destroyed areas in hopes of consolidating post-war power.

### **Discussion**

**There are several issues that the discussion has highlighted and those include the following;**

On one hand, the elite that surfaced due to the war are not interested in the return of the old elite, and competition has started to take shape between old and new cronies. On the other hand, the government, trying to benefit from both cronies, is welcoming the integration of the businesses of the new cronies and encouraging the old cronies to come back. One face of this dynamic is the Syrian government sending its Minister of Finance to Egypt to consolidate power by encouraging the old elites to return to Syria by promising lower tax rates on businesses for those who return. Today, business shares are divided between newly emergent crony capitalists and war lords who worked as mediators between the regime, the opposition groups, and Da'esh. Therefore, because of these new business dynamics, Syrians are most likely unable to benefit from this situation. The numerous obstacles range from lacking skilled workers to the Syrian government losing its biggest assets and markets like the oil market trade to Iraq or the manufacturing market in Aleppo. Sanctions are also a major obstacle for Syria's post-war economy. Regarding ex- and re-appropriation, every city and village is diverse in its experience. Further, the flow of people leaving and staying indicates that there is no single formula for the re-appropriation of land. There are Syrians who have already settled in host countries, there are some who fear military conscription or punishment by the regime due to their political views prior to exile and there are some who return to find out their homes are no longer there. It seems that the major decisions on return are not in the hands of the Syrians but the Syrian government and its new economy

and laws. Today, realities on the ground clearly depict the ambitions of the Syrian government to expropriate property and reshape Syria's demographics by pushing out disadvantaged communities perceived as centers of opposition support with the intentions of replacing them with wealthier ones more likely to be loyalists. Despite all these ambitious efforts by the government, it is a fact that the centralized Syrian state is not as economically and politically strong as it were before the war. The new cronies are not as rich as old ones and with the economic activity being more focused on the service sector rather than the manufacturing sector there are less guarantees for economic stability and employment

opportunities for many people. As opposed to the reconstruction modus operandi in Post-War Europe, the Syrian reconstruction process cannot be dependent on state funding, leaving the regime weaker and threatening Assad's proclaimed sovereign state. Resultantly, the future holds a weakened Assad regime that is less centralized with the emergence of new cronies and be largely dependent on external support, automatically pertaining to a lot of concessions. external pressures and sanctions. For the Syrian people, this means increased poverty, unemployment, and especially with the transformation of focus on sectors; service rather than production.

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*As opposed to the reconstruction modus operandi in Post-War Europe, the Syrian reconstruction process cannot be dependent on state funding.*

## *The External Dynamics: The Different Perspectives on Reconstruction in Syria*

The second session of the workshop focused on the Russian, European and Lebanese perspectives regarding reconstruction in Syria.

### *The Russian Perspective*

The two main strategic objectives that highlight Russia's role in the Syrian reconstruction are; i. Russia's interest in reconnecting Syria to the global financial market so that Assad can regain the power he lost in the war and ii. Russia's economic interests in post-war Syria. Today, Russian officials sound like marketers, presenting their case on Syria and Syria reconstruction so Syria may regain its access to the global financial market (US dollars and Euros) after the sanctions.

The Russian and Syrian governments have been striking deals together, allowing Russia to have an upper hand in the reconstruction process. For instance, direct Russian investments have been linked to exploiting resources such as oil and phosphates. One example is the Russian-Syrian phosphate 50-year deal where the two governments have concluded to split 70% for Russia and 30% for Syria for the extraction of phosphates using already available mechanisms.

Russia is also putting its hands in reconstructing the country's infrastructure, including transportation and the rebuilding of railways. Despite such efforts by Russia to center itself in the heart of Syria's reconstruction, Russia is faced with several challenges. Competition with Iran, the negotiations with Russian oligarchs (of which several are sanctioned and not satisfied with the current arrangements in Syria) and the regional competition over the reconstruction of Damascus are some of the challenges Russia might be facing. At the same time, more sanctions are coming in Russia's way

which could impede Russia's ambitions to play a role in reconstruction.

It is safe to conclude that if Russia centers itself at the heart of reconstruction and continues negotiating a premature and almost forced return of refugees without taking into consideration their safe return to Syria and continues its support in military operations in some parts of Syria, there is a huge possibility that Russia might instigate another refugee crisis and risk the lives of many Syrians.

### *The EU Perspective*

What will the EU's role be in reconstruction? Will it play a major role? In this talk, the short answer to this question was a clear no.

Firstly, the session established that the refugee problem in the EU is not perceived as a large issue nowadays on the EU agenda. In the Brussels conference of April 2018, the EU stated that it will only be ready to assist the reconstruction process in Syria when a comprehensive, genuine and inclusive political transition, negotiated by the Syrian parties in the conflict based on UNSCR 2254 and the Geneva Communique (EU and UN n.d.). Since then, there has not been any efforts of political transition or reform in Syria, and the EU is sticking to its position. However, what has been discussed is the possibility for political normalization amongst some EU states such as Italy, Austria and others. Furthermore, some EU companies might pressure their governments to invest in Syria. This situation might pertain to the lifting of sanctions on Syria for some of these governments. There is talk about Italy opening its embassy in Syria in the coming months and the workshop findings also suggest that this might be observed as a "scouting operation" to be followed by other EU governments. Just

as the United Arab Emirates has reopened its embassy and pushed other Arab countries to do so as well, some EU countries might follow Italy's lead in this issue. Nevertheless, there are no guarantees for this political normalization as Italy's move might just end up being an isolated one.

Furthermore, the new operation in Idlib which poses a risk of a new refugee crisis may potentially suddenly change the sentiment in Europe. The European stance might be elucidated in the next EU elections. A gradual political normalization coupled with a more sovereign parliament and commission may lead to the lift sanctions (to be renewed in June). All in all, the EU will not have a game changing role in reconstruction especially with the ongoing US sanctions and the lack of political reform. This situation, however, does not stop Russia's lobbying for EU to play a major role in Syria's reconstruction.

### *The Lebanese Perspective*

This session explored Lebanon's "perceived role" in the reconstruction process of Syria. Initially, it is noteworthy mentioning that the Lebanese government, by adopting the Russian initiative for refugee return in its ministerial statement, has made its official stance clear in regards refugee return to Syria. Hence, the government wants the refugees to return and several actors inside the government are pushing for normalization with the Syrian regime, notwithstanding the prematurity of the situation. Lebanese foreign minister Gibran Basil presented Syria's reconstruction process as an important opportunity for Lebanon at a time of severe economic challenges. To begin with, the only apparent project on the Lebanese radar set to try and play a role in Syria's reconstruction, so far, is in Tripoli, a city 28 kilometers from the Syrian-Lebanese border. Local Tripolitan authorities claim that they want the city to become a leading financial hub for the reconstruction and a liaison between Syria and the rest of the world. Furthermore, in the past few years, local authorities have heavily invested in the Port of Tripoli

and the city's economic zone (TEZ) in order to triple its size, thus raising its storage capacity from 400,000 containers to 1.3 million. However, the contract for the container terminal has been granted already to an Emirati company named Gulfainer, which signed a 25-year lease starting 2013 and will be investing up to \$100 million dollar in the port's expansion. This situation thus highlights the UAE's ambition in playing a role in Syria's reconstruction process. This comes after the latest rapprochement, which saw the UAE reopen its embassy in Damascus in an attempt to bring back Syria into the Arab fold, only to be pressured by the United States to halt the process for the time being.

Additionally, French CMA-CGM, the world's third-largest shipping group, bought a 20% stake in Gulfainer Lebanon; the following year, the Saudi Arabian-based Islamic Development Bank approved an \$86 million loan to continue the Tripoli's port expansion, adding a French and a Saudi component to the interest in partaking a role in Syria's reconstruction.

An ambitious plan of setting a Free Zone between Lebanon and Syria is being pushed forward by the Russians and the Chinese according to the Port's Director (Ahmad Tamer), in addition to local authorities' vision of luring in regional and international investors. Of course, all the mentioned information is still on paper to a certain extent.

Secondly, the Lebanese banking sector, which already has its infrastructure in place inside Syria, is also eyeing a role in post-conflict Syria when a political solution is reached and the sanctions are lifted. Following decades of Syrian state monopoly under Hafez Assad, privatization in the early 2000s opened up the Syrian banking sector after his son, Bashar, inherited the presidency from his father. Foreign private banks were able to enter the Syrian market in partnership with local shareholders. Hence, seven major Lebanese banks were first to enter: Fransabank, Bank Audi, Blom Bank, Byblos Bank, Banque BEMO, Banque Libano-Française and First National Bank. However, with

the 2011 imposition of international sanctions targeting Syrian regime officials and commercial entities—including banks accused of financing state repression—Lebanese bankers have become extremely cautious with all Syria-related transactions. In recent years, Lebanese bankers have stepped down from the boards of directors of their Syrian subsidiaries, shrunk their Syrian bank branches and deconsolidated, distancing themselves from their Syrian operations. Some have written off their investments in Syria entirely, yet, as mentioned before, the infrastructure is in place to assume work again as soon as the situation reaches a solution.

Additionally, in the past decade, Lebanese construction firms have gained considerable experience working in post-war Iraq and have developed the knowhow and the expertise to deal with such situations. Hence, it is only reasonable for these firms, the likes of Khatib & Alami for instance, to set their eyes on future reconstruction contracts in Syria.

Yet, despite such ambitions, there challenges and obstacles are immense. Thus, the discussion around Lebanon's participation in Syria's reconstruction remains a distant dream for now.

### **Discussion**

What we can conclude from the discussion is that firstly, before addressing the reconstruction of Syria from a business perspective, world powers need to address the issue of safe return of refugees with different stakeholders and, most importantly, with

the Syrian regime. Russia, by supporting a pre-mature return without providing safety conditions and a reconstruction drive with no clear strategy, is instigating a selective return of certain desired individuals while leaving out other unwelcomed ones. Secondly, the Assad regime will be facing a huge dilemma, being subject to where investors' money will come from. (Initially, there is an absence of any will to invest thus far on the US-EU-GCC front with Russia and Iran, the regime's two main allies, facing economic hardships due to western sanctions, which leaves China as the only major powerhouse in any future investment plans. However, in case a solution is reached, investors would want to impose their own terms when it comes to spending their money in Syria, which will force the regime to make concessions to investors leading to it losing influence further. Additionally, Russia will keep pressuring the EU, the US and their allies to investment in the reconstruction of Syria given Russian firms will be the leading beneficiaries from such process. However, since the return of refugees is not currently the biggest issue on the EU agenda, the EU is unlikely to spend its taxpayers' money in Syria. The different presented perspectives on reconstruction of Syria suggest that there is an emerging new power sharing mode and that is the "doing business model" which, if implemented by countries such as Lebanon and the United Arab Emirates, will succeed in separating the political from the economic interests in Syria. This in turn means a lot of underlying concerns about the sustainability of long-term contracts determining reconstruction and perhaps a highly "indebted" post-war Syria.

*World powers need to address the issue of safe return of refugees with different stakeholders and, most importantly, with the Syrian regime.*

## *The Structures of the Reconstruction Economy*

In this session, the structures of the Syrian war economy were presented. This session entailed in-depth descriptions of current war dynamics and predictions on what the reconstruction economy is currently looking like and what the war economy is thus moving to in a post-war Syria. The session also debated the major challenges to surmount the war economy in Syria.

### *Syria's self-perpetuating conflict economy*

During the war, Syria's social and economic structures were transformed into structures with new predatory forms. Today, there exists a high possibility that this economy will endure in the post-war phase. Examples of these newly emerging forms of economic activity include the checkpoint business/industry, the recycling of rubble from destroyed buildings, and people bribing their way out of dealings and paperwork with the government (e.g. access to legal papers such as birth and marriage certificates, land ownership and military conscription, etc.). In places like Idlib, there is a heavy dependency on smuggling and economic resources coming from aid. In East Aleppo and Deir el Zor, the criminality has reached its peaks with the robberies, prostitution and theft that has been going on. The smuggling of goods with Jordan has also increased. With this, traders in Jordan have gotten rich out of this siege economy. Goods trafficking, land confiscation and the checkpoint industry have become of the most profitable of industries that bring a lot of revenues for the predators of war.

Furthermore, the Syrian state has also been transformed by the war where the inner circle of the regime has been using its tools of governance for objects of patronage. For instance, incompetent regime affiliates have been

assigned positions to work as teachers and their less educated family members as janitors in the same schools. The regime is paying and rewarding its loyalists by offering them jobs that they are not fit to do, or by protecting their corrupt behaviors, such as bribery. In the case of (low wage) civil servants, their larger sources of income are from their extortion of other people, such as forcing them to pay bribes to get birth and marriage certificates or pay huge sums of money to regain their original rights to their expropriated land and homes in opposition areas. Lawyers and human brokers are also newly emerged forms of business that are a large part of this war economy, which is self-perpetuating and not expected to fade soon.

There is hope, though little, that the productive economy will pick up. Farmers and industrialists will take longer to regain their work and businesses, leaving the self-perpetuating structures of the war economy that feed off people and from itself untouched until the productive and healthy structures of the economy are put back into place. These changes in the structures of the economy also reflect a change in the social structures of the Syrian society, which's fabric has been destroyed and generational knowledge lost. The next session aimed to highlight the main challenges of surpassing this self-perpetuating war economy.

### *Surpassing the war economy*

The speaker in this session highlighted the roots of the war economy in the pre-war Syrian economy. Although the war led to the emergence of new industries, there is no doubt that the war economy is not a break with the past, but an actual deepening of aspects that were already present in pre-war Syria. Before the war, there existed a number of economic activities that underlined

the pre-existence of the same or similar economic activities that have emerged and endured during the war. Firstly, informal business activities comprised of 30% of the GDP before the war. Secondly, the looting and checkpoint industry is not new and violent activities including those of the militias, Shabihas and Mukhabarat are not new either. Thus, there is no clear separation between the war and peace time economies. There is however, is a deepening of certain patterns at the expense of others, which is why there are major challenges to surmounting the war economy.

Firstly, the extreme deconstruction would pave way for more corruption through expropriation of land, people leaving their homes behind to be looted and difficulties in obtaining legal papers to regain ownership of different resources. A second challenge is the national partnerships that have been deepened as a result of the war and those which lead to the emergence of crony capitalism. The luxurious real estate business, growing service sector and the opening of private investments in this are also major challenges to surmount the war economy. Today, warlords are the biggest investors in the former formal sectors like land and real estate and there is little or no investment in the rebuilding industries. Further, the regime and the crony capitalists favor traders over the manufacturers, which deepened the rentier economy rather than supporting the productive manufacturing sector.

What, then, is needed to move beyond the war economy? Investment in agriculture and the production industry that would provide capital and work for Syrians is one major strategy that ought to be used to surmount the war economy.

### **Discussion**

The discussion concluded that the war economy is an extension of the pre-existing economy in Syria that also fed off violence and abuse of power and people. The major concern is the catastrophic effects of this war economy on people currently living in Syria and those who wish to return when conditions are safe. It is believed that things will be worse as of now, and the regime policies are not helping at all to challenge the war economy. The large rentier sector, and the nurturing of clientelism indicate a reproduction of a post-war Lebanon. Though Lebanon is different than Syria since it has a sectarian state while Syria has a patrimonial state. Above all this, the sanctions on Syria consolidate war economy and prevent industries that are absolutely needed (such as the agricultural and manufacturing sectors).

*Things will be worse as of now, and the regime policies are not helping at all to challenge the war economy.*



## *Actors in the Reconstruction Economy*

The last session of the workshop used a bottom up approach in understanding the war and reconstruction economy in Syria. The two speakers presented the views of Syrians living inside Syria and those in refuge and focused on Syria's lifesaving solidarity structures and the role of women in reconstruction.

### *Syria's lifesaving solidarity structures*

The first speaker in this session presented an alternative view of the discussion on the war and reconstruction economy by highlighting the positive dynamics that can take place during conflict. The main point of this session was to show how Syrians inside Syria are finding ways to survive without the help of external actors such as NGOs.

Nowadays, Syrians inside Syria are taking out double shifts and different jobs to sustain hard living in times of war. Students are working while studying to improve their capacities and their economic situation, and women are assuming greater roles after having lost family members in the war. This situation has both empowered women but has also put a lot of pressure on them. Other ways of dealing with the economic challenges of the war include the self-sustained initiatives Syrians are undertaking such as planting around their houses in the villages to save money by not buying fruits and vegetables.

Religious networks and charities have been also playing lead roles in community empowerment. Syrians are creating local networks and councils in their areas to respond to medical emergencies. Some Syrian traders are investing in the building of hospitals and Syrians are selling their bigger houses to buy smaller ones to ensure more sustainable lives during the return phase. Despite all these initiatives and dynamics, Syrians still need the international community and aid agencies' help in the post-war phase. It is true that whereas Syrians are

rehabilitating their houses, but they cannot potentially rehabilitate roads, infrastructure and electricity for neighborhoods, villages and cities. Today, there are a lot of disputes regarding the reconstruction of Syria and the rehabilitation of its infrastructure. Syrians remain the ones who are paying the price of having a government that is unable to support the different costs of return and reconstruction and an international community that is reluctant to pay for these rehabilitations without any reconciliatory political process.

### *The Role of Women in Reconstruction*

The speaker in this session highlighted the fact that it is very often that Syrians, in general, are left out of the reconstruction debate. Most of the talk about reconstruction leaves out the Syrians and focuses on the macro-level. Who will fund what and which parts of Syria and what effect would this have on the regime and the biggest actors such as Russia, Iran, and China. Women are mostly seen by the international community as vulnerable and passive victims, even though they are in the forefront and are participating in many political initiatives when it comes to the reconstruction debate and the reconciliatory process. In a lot of international media and international and humanitarian discourses, Syrian women are represented as victims and almost never as active citizens. Drawing out from her fieldwork, the speaker showed how Syrian women are being active citizens and engaging in the debate on return and reconstruction as well as political reconciliation. It seems that a lot of Syrian women are currently at the forefront and participating on different levels in the political process in Syria. The interviewed Syrian women, coming from different backgrounds, expressed high political awareness regarding issues of transitional justice, return and reconstruction. These women demanded that no reconstruction or talk about reconstruction should take

place before the end of the conflict and bombardment in some parts of Syria such as Idlib. Some of those women could not imagine that Assad's regime can still exist and take part of the reconstruction of Syria. These women refer to social and human reconstruction emphasizing on the "reconstruction of humans before buildings". What is meant by this is the return of detainees, the call for transitional justice and political reform. Some of these women also expressed high awareness as to who will benefit from the rebuilding of Syria and find it unfair that warlords will be making profits out of a nation that cannot afford renting and buying houses in new buildings while they are living under the poverty lines. Almost all of them agreed that Syrians are the only ones who need to be rebuilding Syria.

To end the session, the speaker expressed the concerns and challenges of these women. Women, with the absence of many men due to the war, are going to be facing a lot of difficulties with appropriation of property. These women expressed their fear of having to depend on outside aid to reconstruct Syria. They are concerned about frozen assets.

### **Discussion**

The discussion centered around an in-depth understanding of the lifesaving solidarity structures and the roles of community councils, tribal leaders and the international community in reconstruction. The role of churches in the rehabilitation of homes was further explained. It seems that in certain areas, people are finding it more acceptable for churches affiliated with the Vatican to fund rehabilitation rather than mosques

funded by Saudi Arabia. It also seems that some young Syrian men and women are finding it safe to join militias rather than the army even though there are labor needs in other sectors. The discussion also further explained the role of tribal leaders in return, with one of the speakers explaining that historically the role of tribal leaders was a mediatory one between the Syrian authorities and the tribe, whereas now, since a lot of tribal leaders lost assets, land and political influence, they no longer have a lot to give to their communities. Displaced Syrians are thus constantly looking for guarantees, at the least, from tribal leaders. In general, the discussion reiterated the positive lifesaving solidarity structures in Syria, the high political awareness of Syrian women and their demand to participate in the reconciliation and reconstruction of Syria, the importance of transitional justice and standing against of the reinforcement of marginal areas by the regime in a regime-led reconstruction process. Furthermore, the discussion stressed the importance of family remittances and the power dynamics behind these dynamics. For instance, young men who depend on family members for monthly salaries are requested to fulfill certain requests by these same members (e.g. doing their prayers and helping other family members).

*Since a lot of tribal leaders lost assets, land and political influence, they no longer have a lot to give to their communities.*

# Conclusion: Moving Forward, 25

## Key Messages & Recommendations

This workshop drew on a multifaceted analysis of the Syrian war and reconstruction economy. Both, external and internal dynamics, perspectives and structures were discussed. What we can thus conclude from this workshop are the following points and recommendations:

- The war in Syria deepened pre-existing fraudulent and violent dynamics that seem to be enduring. The conflict paved way for the emergence new cronies and powerful warlords who have benefitted from conflict and made new alliances with the opposition and the regime.
- The emerging competition between old and new cronies envisages possible massive divisions in the Syrian state that are very likely to result in a weakened, less centralized Syrian state.
- The current war and reconstruction dynamics show that Syria is moving towards an economy that is highly dependent on the service and banking sectors, and much less dependent on the “healthier” sectors of production and agriculture. This entails high levels of unemployment and a high dependency on loans and the service sector for a large proportion of the Syrian society in a post-war Syria.
- The Syrian government’s formal decrees and informal dynamics and dealings suggest that its goal is to further marginalize areas and people who were already marginalized before the war. It is vastly evident that the government is favoring the return of certain people over others.
- When it comes to the ex- and re-appropriation of land, there are different dynamics involved and the experience of each city and village is different. These dynamics include peoples’ willingness to pay bribes to regain their assets, the extent to which one is affiliated (or not) to the regime and the different experiences of war in each city, etc.
- It is unclear who will be leading actor in the reconstruction of Syria. What is clear, however, is the fact that everybody wants a piece of the cake whereas the US is still sanctioning Syria and the EU is still reluctant and somewhat disengaged from the reconstruction process. Russia, China and Iran have all started to make deals and investments in the management of resources and the rebuilding of Syria, keeping the regime under the mercy of these world powers.
- Different countries have different challenges and interests in investing in the reconstruction of Syria and in the coming months and years one might witness political normalization from the EU government, the Gulf states and Lebanon. There is a growing tendency to distinguish business from politics in the region and some big companies might pressure their states to adopt the “doing business model”.
- Although the war has developed predatory dynamics of living, Syrians inside Syria have found ways to get out of their turmoil and build communities that proved positively responsive to emergencies and economic challenges.
- Today, Syrian women have developed higher political awareness and assumed greater socio-economic roles in their families and within their communities. Syrian women are expected to have extremely transformative roles in a widely women-populated post-war Syria.

The workshop concluded that there are still a number of areas that need to be further researched and scrutinized. The proper management of aid and the needed role in the rehabilitation of homes must be further debated. More research should be dedicated to understanding the emergence of a new post war Syrian identity (or identities). More consideration should be taken to understand the dynamics of the emergence of a Syria that is highly populated by women. Furthermore, it is necessary to explore the new relations of the regime with Arabs and tribes, the educational curriculum in post war Syria, issues of transitional justice and the future of detainees.

In conclusion, it is important to remember that 8 years later, the war in Syria is still ongoing and talk about return is still premature and dangerous. Syrians must be the primary actors and decision makers in the reconstruction of their country.

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