

GLOBAL STUDIES INSTITUTE DE L'UNIVERSITÉ DE GENÈVE

COLLECTION « MÉMOIRES ÉLECTRONIQUES »

Vol. 140-2025

**The Proxy Reconstruction of Syria: A Battle for Influence,  
International Strategy and Economic Gains**

Mémoire présenté pour l'obtention du  
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Genève, février 2025

## **Acknowledgements**

I would like to sincerely thank my supervisor, Prof. Hasni Abidi, who kindly accepted to supervise my research project and who gave me precious advice to conduct this dissertation. I would also like to thank the entire MAMO team for their teaching. Thanks to your pedagogy, I have acquired solid knowledge on North Africa and the Middle East and their social dynamics.

I also want to thank all my close friends for your understanding, your support and for agreeing to read my dissertation. Your opinions are valuable to me.

I want to show my profound gratitude to Mohammad, who managed to coexist with me during this stressful moment.

And finally, I want to express my profound gratitude to my parents, Amar and Safia. Thank you for your support, encouragement, and your multiple confidence boosts. Thank you for everything.

## **Abstract**

After the downfall of the Assad Dynasty who ruled over Syria for 54 years, the country has been left in ruins. One-third of the population has been displaced, and the majority of Syrians are now living in poverty. The country must be rebuilt, but to do so effectively, a clear strategy is required. The question of funding is central to this process. However, it is complicated by the dependence on and interference of foreign actors. This Master's thesis aims to analyze the strategies employed for Syria's reconstruction under Bashar al-Assad until the period after his downfall. It seeks to understand these strategies beyond the lens of sectarianism, while incorporating a socio-economic perspective on the Syrian conflict. The reconstruction efforts were primarily designed to strengthen the social ties between Assad and his allies, while reinforcing his authority over the country. However, with his regime's collapse, new plans for reconstruction must now be considered. Thus, this research will attempt to establish a foundation for a reconstruction plan that is conceived for and by the Syrian people.

## **Résumé**

Après la chute de la dynastie des Assad qui a régné sur la Syrie pendant 54 ans, le pays a été laissé en ruines. Un tiers de la population a été déplacé, et la majorité des Syriens et des Syriennes vivent maintenant sous le seuil de pauvreté. Le pays doit être reconstruit, mais pour ce faire de façon efficace, une stratégie claire et transparente est nécessaire. La question du financement est centrale dans ce processus. Cependant, elle est compliquée par la dépendance et l'interférence d'acteurs étrangers. Ce mémoire vise à l'analyse des stratégies employées pour la reconstruction de la Syrie sous le règne de Bashar al-Assad juste qu'à la période de sa chute. Il cherche à comprendre ces stratégies au-delà du prisme du sectarisme, tout en intégrant une perspective socio-économique sur le conflit syrien. Les efforts de reconstruction ont été principalement conçus pour renforcer les liens entre Assad et ses alliés, tout en renforçant son autorité sur le pays. Cependant, avec l'effondrement de son régime, il faut maintenant envisager de nouveaux plans de reconstruction. Ainsi, cette recherche tentera d'établir la fondation pour un plan de reconstruction qui est conçu pour et par le peuple syrien.

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# Introduction

Since late 2024, the Syrian civil war has regained international attention, particularly due to the current political transition taking place in the country following the downfall of the Assad dynasty. Over the past fifteen years, the conflict in Syria has been predominantly analyzed through a lens that prioritizes sectarianism, often linking religious groups with specific political viewpoints. This bias has resulted in the neglect of the socioeconomic dimensions and issues within Syrian society, which are the primary roots of the ongoing conflict. This research aims at analyzing the ongoing reconstruction of Syria following the civil war that has persisted in the country since 2011. The Syrian civil war is one of the most complex conflicts to study due to the multitude of actors involved and the shifting dynamics of alliances since its genesis. The reconstruction process has emerged as a new battleground within the Syrian conflict and has been qualified as such in previous studies (Heydemann, 2017; Yazigi, 2017; Hinnebusch, 2020). This process not only unfolds internally, with conflicts among national actors, but also extends beyond the national framework, involving foreign actors seeking to impose their own interests and political agendas (Hinnebusch, 2020).

Since the end of World War II, most conflicts have occurred within states rather than between them, and the Syrian civil war is no exception. However, the absence of a clearly designated winner in Syria<sup>1</sup>, whether recognized by national constituents or the international community, complicates efforts to manage the conflict through peaceful means and increases the risk of further violence. Violent conflicts often devastate a society's physical and social infrastructure; thus, rebuilding this infrastructure is a critical component of conflict management, promoting reconciliation, and preventing future occurrences of violence. But in the case of Syria, we will see that this process has been jeopardized for political and geopolitical ambitions, not only by the former regime of Bashar al-Assad, but also by foreign (super) powers.

Typically, the process of post-conflict reconstruction focuses on uniting efforts to rebuild society by ensuring the security of citizens, reforming legal and political institutions, and revitalizing the economy<sup>2</sup>. However, with his military victory *almost* at hands, Bashar al-Assad attempted to leverage reconstruction as a means to reassert his authority and consolidate control over Syria's society and economy (Aronson, 2018; Van Veen, 2019; Hinnebusch, 2020). The regime was planning an ambitious reconstruction strategy as a mechanism for authoritarian stabilization since the early stages of the war, exemplified by legislative measures such as the Decree 66 or projects such as *Marota City*<sup>3</sup>. A key objective of this strategy is to prevent the return of individuals from the opposition to Syria, notably through measures such as dispossession, while simultaneously rewarding loyal allies who supported the regime during the conflict. The Syrian economy, characterized by crony capitalism even in the pre-war era (Diwan & al., 2019), has seen this system intensify and solidify throughout the war (Daher, 2019).

Demographic shifts caused by the conflict have also become central to the regime's political agenda. As of December 2022, approximately 13 million Syrians had been displaced, including 6.7 million refugees forced to flee the country - many of whom are opponents of the regime. Assad had explicitly articulated his aim to homogenize Syrian society, thereby reducing the potential for future uprisings. This vision aligns with a speech he delivered during the conflict, in which he declared that Syria had "won a healthier and more homogeneous society". The "post-war Syria" envisioned by the regime, or the "new Syria," appeared to be one in which the Assad regime and its cronies exert a broader control over the society, systematically eliminating any form of opposition to their authority (Al Hassan, 2022). However, with the recent downfall of the Assad regime and the establishment of the Syrian transitional government led by Ahmed al-Sharaa (al-Jolani), the reconstruction ambitions have regained more attention internally and internationally.

It is evident that, after more than a decade of war, Syria's economy alone is incapable of supporting a reconstruction project of such magnitude. As it will be discussed in the first chapter of this Master's thesis, the estimated cost of reconstruction ranges from \$100 billion to \$350 billion (Yazigi, 2017), with some estimates reaching as high as \$1 trillion (Cochrane, 2017). However, as highlighted earlier, the

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<sup>1</sup> We assume that during the writing of this Master's thesis, the conflict in Syria does not have a clearly designated winner as the Northeastern region is still under the control of other political and military coalitions, notably the PYD.

<sup>2</sup> UNITED STATES PEACE INSTITUTE, "Rebuilding Societies after Conflicts", 2003.

<sup>3</sup> This project will be studied in the third chapter of this Master's thesis. Official website of the *Marota City* project: <http://marotacity.sy/en>.

reconstruction of Syria has evolved into a *proxy reconstruction* arena, where foreign powers vie for influence and the advancement of their respective agendas (Hinnebusch, 2020). The widespread international opposition to the regime of Bashar al-Assad makes it highly unlikely that major international institutions - the World Bank, the International Monetary Fund, or the International Bank for Reconstruction and Development, - or any Western economic powerhouses, such as the United States or the European Union, was willing to contribute to the reconstruction efforts (Aronson, 2018). This stands in contrast to the case of Iraq after the fall of Saddam Hussein in 2003, where substantial funding was provided by the United States, international institutions, and the European Union (Matsunaga, 2019).

In this context, Syria was compelled to look toward its wartime allies, such as Iran and Russia, and, to a lesser extent, Turkey and China, for support (Cochrane, 2017; Yazigi, 2017). Meanwhile, the United States seeks to spoil and delay Syria's reconstruction efforts by leveraging its regional influence, particularly in Syrian Kurdistan, and its financial dominance symbolized by the dollar, by imposing further sanctions on Syria and its allies (Van Veen, 2019). This scenario reflects the dynamics of neoclassical realism, as conceptualized by Gideon Rose (1998), with states pursuing their strategic interests within the constraints of both domestic pressure and international interference.

While analyzing this process of reconstruction and the ongoing policies, we will compare it to different processes in other Arab countries that also witnessed a civil war on their territory over the past twenty years: Iraq and Lebanon. This comparative study aims at reflecting on the failures and the successes of the reconstruction of these countries for Syria to think accordingly and efficiently about its own process.

This Master's thesis aims at analyzing the reconstruction of the Syrian Arab Republic through a neoclassical realist perspective, examining the socio-economic and geopolitical dynamics that have transformed it into a *proxy reconstruction* zone, where foreign powers compete to assert their influence and advance their respective agendas.

# Literature Review and theoretical framework

## Methodology

### *Hypotheses*

This research will examine the reconstruction of Syria through a political economy framework. It will explore the sources of income for the Syrian government - particularly loans from Iran, Russia, Turkey, and the combined assets of the private banks - used to finance reconstruction efforts, as well as the decision-making processes regarding what to build and where. The analytical framework aims to analyze the relationship between these financial sources and the outcomes of the reconstruction projects. While a detailed examination of each reconstruction initiative will not be provided, the study will focus on a selected range of projects that are deemed to reflect the broader political ambitions and issues shaping the reconstruction process. It is important to note that this Master's thesis will not delve into the history of the Syrian civil war itself, although its context will be briefly addressed.

Our first hypothesis posits that the reconstruction of Syria will become a site of regional and international contestation. What was once a proxy war zone may evolve into a *proxy-reconstruction zone* (a term we will define later), where foreign powers seek to either directly benefit from the reconstruction process or use it as a means to sanction or undermine their rivals on Syrian soil. The Assad regime understood at an early stage that it will have to reconstruct Syria without U.S. aid. While the regime remained heavily dependent on the financial support of its military allies, these allies expected to gain economic or political benefits in return for their investments. Syria has also attempted to expand agreements with international organizations such as the World Bank and the International Monetary Fund to secure loans for its reconstruction, but in vain. Indeed, following what seemed to be a defeat of the opposition, Western and some Gulf state allies, particularly Washington, were keen to impose further sanctions on Bashar al-Assad and obstruct the reconstruction process. For the U.S., Syria's reconstruction would have not only symbolized the normalization of Assad's rule and his victory, but also strengthened Iran's influence in both Syria and the broader region. Through its leverage in the region, particularly in Syrian Kurdistan, and within international organizations, the U.S. seeks to impede and delay the reconstruction efforts. On the other hand, European countries, motivated by the desire to address the refugee crisis, are more likely to make concessions to finance vital and humanitarian projects, despite their concerns on the Syrian Transitional Government led by Ahmed al-Sharaa.

In the political and economic context of crony capitalism and clientelism, our next hypothesis posits that, under Bashar al-Assad's rule, Syria's reconstruction would have closely resembled a vast tribunal, primarily aimed at rewarding those who supported the regime and sanction those who opposed it during the civil war. This process would have not only facilitated the re-establishment and consolidation of the regime's control over formerly lost territories, but could have also served as a means of rewarding the loyalty of warlords, generals, and businessmen close to the regime. In particular, we will examine the new legislative framework on the matter and the cases of *Marota City* and *Basateen City* in Damascus as focal points for testing this hypothesis.

Our third and final hypothesis suggests that the reconstruction effort under al-Assad was not part of a coherent long-term plan, but rather functioned as a tool for securing short-term political and economic benefits. However, due to significant data limitations, including government censorship and the scarcity of research on this issue, we will attempt to forecast the potential successes and failures of Syria's reconstruction by drawing comparisons with the experiences of two neighboring countries: Iraq and Lebanon. This comparative approach is justified by the social, cultural, and political similarities between these countries and Syria. Although the Baath party in Iraq followed a different trajectory than the one in Syria, both were governed by authoritarian regimes in the Middle East with predominant crony-capitalism. Lebanon, as analyzed by Elizabeth Picard (2016) in *Lebanon-Syria, Intimate Strangers*, shares a long history of socio-political, economic, and cultural ties with Syria, which can justify this comparative approach. Moreover, the *Marota City* project in Damascus is often compared to Lebanon's *Solidere* project, which was spearheaded by Rafic al-Hariri, on social media and in the online Syrian press opposing the regime. In this Master's thesis, we will analyze the *Marota City* and *Basilia City* initiatives and argue that the reconstruction effort in Syria may not be designed with a long-term vision, but rather as a short-term strategy to reward regime loyalists and create a *façade* for international observers, similar to the *Solidere* project's role in

Lebanon. This façade, in turn, could serve to attract foreign investment and recaptured money accumulated by warlords throughout the conflict, despite the underlying political motivations behind the reconstruction.

### *Analytic Framework*

This research is structured around six chapters, each focusing on a distinct aspect of Syria's reconstruction process. Chapter one will define reconstruction as a political phenomenon, exploring its implications and assessing the scale of damages in Syria. This will lead into chapter two, which will evaluate the estimated costs of reconstruction and explore how the Syrian regime might secure the necessary funds, primarily through loans from allies and taxation policies. Chapter three will examine the internal dimensions and challenges of reconstruction, focusing on the struggle to reaffirm Bashar al-Assad's authority, taking into account internal policies and rivalries among Syrian actors. Chapter four will shift to the regional geopolitical dimension, analyzing how competing regional and global powers seek to impose their influence through reconstruction efforts, shaping the future of regional security and governance. The fifth chapter will consider the global context, addressing the political and economic challenges Syria faces in securing the resources needed for reconstruction, particularly given the weakened position of its allies. Finally, chapter six will adopt a comparative approach, contrasting Syria's reconstruction with those of Iraq and Lebanon, while also examining how the ongoing political transition may impact the potential funding and success of Syria's reconstruction efforts.

This study will focus on the period from 2011 to the end of 2024. The year 2011 marks the onset of the Syrian Civil War, yet the issue of reconstruction began to emerge almost immediately as the first damages were inflicted. Given that the conflict is still persisting, the study aims to extend its analysis until the end of the year 2024. This timeframe allows for an examination, albeit in a limited scope, of the potential financial losses Syria has incurred as a result of the regional war between Israel, Iran, *Hezbollah* and Palestinian resistance forces in Gaza. Additionally, the study will include selective historical references, particularly to explore the roots of the Syrian regime (Leisch, 2012), the rise of crony capitalism in the country (Daher, 2019), and to conduct a comparative analysis of the post-conflict reconstruction efforts in Lebanon and Iraq (Corm, 2005; Matsunaga, 2019). However, the primary focus of the political analysis and the study's broader framework will remain centered on the specified period.

To conduct this study, we employed both descriptive and analytical methods to examine the reconstruction of Syria, its tools and objectives, as well as its geopolitical outcomes. A historical approach was also utilized to identify the factors influencing the reconstruction and to contextualize it within the regional and international frameworks. Furthermore, we adopted the theoretical approach of the neoclassical realist school of international relations to better understand the strategic dimensions of Syria's reconstruction and the involvement of specific states. Finally, we organized this study into three levels of analysis - internal, regional, and global - to enhance the clarity and depth of our examination.

### *Academic Literature and limited access to data*

This Master's thesis will primarily focus on a comprehensive review of existing literature in order to provide a synthesized response to the research question, given the constraints that prevent fieldwork in Syria due to security concerns. As a result, the exploration of the available literature will assume a central role in this study, as it will facilitate the examination of existing data and information pertinent to the research topic. The study will also draw on data produced by international agencies and humanitarian organizations, which will constitute the primary corpus of sources. To ensure the credibility and reliability of the materials consulted, the research will prioritize academic reviews, peer-reviewed publications, and other reputable sources subject to rigorous quality control.

The methodology adopted in this study is thus grounded in the analysis of written documents. Throughout the research process, various tools and resources will be utilized to enrich and diversify the methodological approach, including news articles, field studies, and reports from international organizations and think tanks, such as *The Syrian Report*. Despite some criticism from both regime supporters and other opposition groups, *The Syrian Report* has been instrumental in publishing work by numerous serious academic researchers, which contributes to the academic rigor of the sources included in this study.

It should be noted that we faced significant challenges in obtaining reliable, detailed, or recent official quantitative data, primarily due to the opacity maintained by the Syrian regime, particularly when it comes to assessing the extent of the damage in the country. As a result, we will rely on data collected from official

international institutions such as the World Bank and peer-reviewed academic articles to maximize the accuracy of our research. These figures will be presented in greater detail in the first chapter of this Master's thesis.

Consequently, this work is open to criticism for its inherent lack of detail, which stems from both the limitations of available data and restricted access to a comprehensive understanding of the phenomenon under study. However, this gap also highlights a broader lack of interest in adopting a more concrete approach to the conflict, particularly in terms of assessing damage to housing, infrastructure, and industry. It is likely that previous researchers encountered similar challenges, and the impossibility of conducting fieldwork has only served to further widen this gap in the existing literature.

### *Literature review*

As previously stated, this Master's thesis is grounded in existing literature, which serves as the foundation for its data and analysis. A pivotal source for this literature review is Hideki Matsunaga's *The Reconstruction of Iraq After 2003* (2019), commissioned by the International Bank for Reconstruction and Development. This study offers valuable lessons and recommendations for future reconstruction efforts in fragile states such as Syria, drawing on Iraq's reconstruction experience from 2003 until May 2014, just prior to the emergence of *Daesh*. On the other hand, it is crucial to delve into the inner workings of Syria's corridors of power to understand the dynamics at play within its political structure. In his book *The Fall of the House of Assad* (2012), David W. Lesch provides an insider's perspective on Bashar al-Assad, derived from a private relationship that spanned over a decade. Through his confidential discussions with Assad, Lesch uncovers the Syrian leader's ambitions, fears, hopes, and even his criticisms of his own regime in the period leading up to the outbreak of the Syrian conflict.

To address the issue of war economy and post-conflict reconstruction in Syria, a central lecture has been Joseph Daher's book *Syria after the Uprisings: The Political Economy of State Resilience* (2019). This book offers us an overview of the war economy of Syria and the strengthening of the crony-capitalist class through the conflict. Unlike most studies, it does not analyze the war as a sectarian conflict, but rather, as a socio-economic struggle between a ruling elite with financial interests intertwined with their political activities. In its last chapters, Daher develops on the challenges that Syria faces in the matter of reconstruction.

In order to assess the extent of war-related damages and compile a comprehensive inventory, we will rely on the provisional *état des lieux* conducted by Roula Maya and Rémi Baudouin in *The Impact of the Syrian Conflict on the Housing Sector and Cities* (2015). This study, undertaken in the early stages of the conflict, was subsequently complemented by Paul Cochrane's report, *Who Is Going to Pay for Syria's Reconstruction?* (2017). Cochrane endeavors to evaluate the damages and costs of reconstruction despite limited data and on-the-ground reporting. While these studies may be considered outdated - having been published while the conflict was still ongoing - they remain significant as they reflect the situation during the aftermath of the conflict's most intense phases. More recent data is available through diverse reports published by the World Bank, notably the *Syrian Joint Damage Assessment 2022*. This report provides us with data on the damages in fourteen cities and twelve economic sectors. We study the details of this report in Chapter One.

A key contribution to our literature review is the comprehensive work of Raymond Hinnebusch, Director of the Centre for Syrian Studies at the University of St. Andrews. In his research paper, *The Battle over Syria's Reconstruction* (2020), Hinnebusch explores various perspectives on Syria's reconstruction. He examines the internal dynamics, including power struggles among warlords and business elites with ties to the regime, as well as the regional and international ambitions shaping the reconstruction process. This complex interplay has attracted interest from agencies, states, and individuals with diverse, often conflicting agendas.

Such international disagreements and opposition directly influence the financing of Syria's reconstruction, as detailed by Jihad Yazigi, an independent Syrian economist and founder of *The Syria Report*, an online bulletin on Syrian economic affairs. Yazigi argues in his article *No Funds to Foot Syria's Reconstruction Bill* (2017) that Syria's inability to attract investment will spoil its reconstruction. However, Geoffrey Aronson, former Director of the Foundation for Middle East Peace, contends in *Assad Regime Will Reconstruct Syria with or Without US Aid* (2018) that Syria can still rely on alternative sources of support, such as Iran and Russia. This dependence, Aronson asserts, provoked the United States to impose further sanctions on Syria and its allies, leveraging its political and economic influence. Hinnebusch expands on this in his paper *Great Power Competition in Syria: From Proxy War to Sanctions War* (2023), where he demonstrates how the proxy war in Syria evolved into what can be termed a *proxy reconstruction*.

This Master's thesis will analyze the dynamics of reconstruction within the framework of Syrian crony capitalism and clientelism. In their joint publication, *Crony Capitalism in the Middle East: Business and Politics from Liberalization to the Arab Spring* (2019), Ishac Diwan, Adeel Malik, and Izak Atiyas make a significant contribution to the literature on the political economy of the Middle East and North Africa (MENA). Their work and observations are further analyzed in detail in Daher's book mentioned above (2019). The authors examine the intricate connections between firms and politicians in the region, supported by an extensive dataset on politically connected firms across the MENA. While the book provides a broad overview of cronyism in the region, it also offers valuable insights into the Syrian context. It highlights how Syria's pre-war crony capitalist system was not only preserved but further entrenched during the conflict, particularly through alliances between warlords and businessmen closely associated with the regime.

Finally, Matsunaga's *The Reconstruction of Iraq After 2003* (2019) and Georges Corm's chapter on Beirut's reconstruction in *Contemporary Lebanon* (2003, pp. 246–256) will be instrumental in providing a comparative analysis of post-conflict reconstruction methodologies. By examining these cases, this study aims to identify both successes and failures, ultimately offering informed recommendations for Syria's reconstruction.

### *The importance and interest of this research*

The interest of this study lies in several key aspects. First, prior to the fall of al-Assad, the situation in Syria had become a largely forgotten topic in international discourse. Both European and Arab nations primarily engage with the Syrian conflict through internal disagreements over the refugee crisis, which has been exacerbated by the war. However, efforts to resolve the conflict appear to be driven more by a desire to address the refugee issue than by a genuine commitment to improving the broader humanitarian situation in Syria.

Second, the topic of post-war reconstruction is rarely discussed in the field of international studies. Not only has this critical phase of rebuilding been neglected by governments and foreign powers, but it has also received limited attention from scholars and students alike. While many studies have focused on the polarization of the Syrian civil war, which evolved into a proxy conflict between regional and international superpowers, there has been far less exploration of the post-conflict phase. Scholars often analyze wars, their causes, and consequences, but the question of reconstruction - what happens *after* the war - has been largely overlooked.

It indeed seems easier to fund militias and armies to wage war, but once the fighting subsides, there is little focus on addressing the destruction caused. Western and Gulf states, for instance, funded opposition groups against Bashar al-Assad's regime, but once these forces appear to have been defeated, there is little interest in financing reconstruction. A similar phenomenon can be observed among the regime's allies, as will be discussed in this Master's thesis. While their primary goal was to preserve the regime, when they assumed that this objective had been achieved, the regime's allies, such as Russia and Iran, appear to have shifted their attention to other geopolitical ambitions - Russia's involvement in Ukraine and Iran's support for *Hezbollah* in its ongoing conflict with Israel, for example. This geopolitical shift has had for consequence the downfall of Bashar al-Assad, who found himself completely isolated and unprotected in front of the *Hayat Tahrir al Sham* (HTS) troops.

Third, it is crucial to examine how the Assad regime used the topic of reconstruction to shape its international policies and diplomatic relations. By promising lucrative construction and business deals with various countries - such as Turkey, Russia, and Iran - the regime strategically positioned reconstruction as a tool to solidify its international alliances. However, the process of reconstruction, both domestically and internationally, appears less concerned with rebuilding Syria's infrastructure and more focused on rewarding loyal warlords and consolidating central authority. In certain regions, the reconstruction efforts are not aimed at reviving the country as a whole, but rather at reestablishing and reinforcing the regime's control (Hinnebusch, 2020).

## **Terms and Definitions**

### *Post-conflict reconstruction & Proxy-reconstruction*

As defined by the United States Institute of Peace (2003), post-conflict reconstruction is the process of uniting efforts to rebuild society by ensuring the security of citizens, reforming legal and political institutions, and revitalizing the economy. This process typically begins after active hostilities between

belligerents have ceased and a clear “winner” has been recognized by both domestic actors and the international community. One of the earliest and most notable examples of post-conflict reconstruction was the rebuilding of Europe following World War II, facilitated through the Marshall Plan, as well as the reconstruction of Japan. Significantly, during the war itself, the International Bank for Reconstruction and Development was established in 1944, illustrating that Europe’s reconstruction was strategically planned even before the conflict had concluded.

In the case of Syria, the reconstruction process has become a battle and a front on its own. It was seen as a mechanism for Bashar al-Assad to consolidate and assert his power over regions under his control. With the arrival of Ahmed al-Sharaa, the cards were once again dealt, and new deals are on the way. Although he has not yet been clearly recognized as the definitive victor, given that the northeast remains governed by the Syrian Democratic Forces, a Kurdish-led coalition of ethnic militias and rebel groups.

In this context, Syria’s reconstruction can be viewed as an extension of the conflict itself, with key international actors - Russia, Turkey, Iran, and the United States - actively participating in what can be termed *proxy reconstruction*. These third-party powers directly or indirectly influence or obstruct the reconstruction process to shape its outcomes, advance their strategic interests, and undermine those of their rivals. This Master’s thesis will explore the strategies employed by these actors in the ongoing battle over the reconstruction of Syria.

### *Crony capitalism & Clientelism*

Similar to clientelism, crony capitalism can be understood as a form of patron-client relationship, where the state typically acts as the patron (Diwan et al., 2019). In crony capitalist societies, individuals with close ties to political authorities are granted preferential treatment, such as tax exemptions, lucrative public contracts, and favorable policies. In this system, business success is not determined by market performance or company efficiency but rather by the strength of a company’s connections and ties with those in power.

James Scott (1972), in his seminal work *Comparative Political Corruption*, defined clientelism as a relationship in which an individual of higher socioeconomic status (the patron) uses their influence and resources to provide protection, benefits, or both, to a person of lower status (the client). In exchange, the client offers general support and assistance, which may include personal services, to the patron.

In the Syrian context, this system can operate within a sectarian framework, disproportionately favoring the Alawi community, which holds a dominant position in both government and business<sup>4</sup>. During the French Mandate in Syria (1920–1946), the Alawis were strategically empowered by the colonial administration as a counterbalance to the Sunni Arab majority, who were more inclined to resist French occupation (Picard, 2016). The French enlisted significant numbers of Alawis into their military forces, *Les Troupes Spéciales du Levant*, giving the community military training and positioning them at the top of the military hierarchy.

Following Syria’s independence in 1946, Alawi military officers formed alliances with Sunni merchant elites in Damascus, laying the foundation for the socio-political and economic system that persists today. This arrangement established a social contract that disproportionately benefits a select few. The Assad family, for instance, forged alliances with influential families like the Makhloufs and the Shalishes to consolidate and maintain power, utilizing mechanisms of clientelism and crony capitalism (Leisch, 2012). These families are intertwined through weddings, Bashar al-Assad’s mother was herself a member of the Makhlouf family.

At the onset of the Syrian conflict, public protests targeted this system, with demonstrators chanting against the Makhlouf family, who are heavily involved in telecommunications, banking, and the oil and gas sectors (Leisch, 2012). Protesters accused the Makhloufs of plundering national wealth. Even now, major real estate projects tied to Syria’s reconstruction are predominantly awarded to these families, underscoring the entrenched nature of cronyism in contemporary Syria.

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<sup>4</sup> Anthony SHADID, “Syrian Businessman Becomes Magnet for Anger and Dissent”, in the *New York Times*, May 2011.

# Chapter 1

## Overview of the consequences of the Syrian conflict

After nearly fourteen years of war, Syria's landscape is profoundly marked by the widespread destruction of public and private infrastructure, struck by relentless bombardments across the country. This chapter will address the following key areas: the general context in Syria after fourteen years of armed conflict, an assessment of material damage to housing and economic sectors, a demographic analysis, and the resulting humanitarian consequences. Only through such an evaluation can we begin to consider the context and steps necessary to address the consequences of the conflict and initiate a viable reconstruction process. To this end, we will also define the reconstruction process within the specific framework of Syria

### The damages of thirteen years of war

#### *The material damages of the Syrian war*

The significant destruction of physical infrastructure, the deterioration of public services, and increasing insecurity have forced millions of Syrians to flee the country, reducing the pre-war population by nearly 18 percent to 17.5 million<sup>5</sup>, while 6.7 million Syrians were internally displaced by 2021<sup>6</sup>.

The humanitarian crisis which followed this destruction has been largely driven by material destruction and made life unlivable in much of Syria. In this section, we focus on five cities that have been disproportionately affected: Aleppo, Idlib, Homs, Raqqa, and Deir Ezzor. These cities have experienced greater levels of damage compared to the rest of the country. For instance, Raqqa suffered extensive bombardments by U.S. air forces in 2016–2017. As the self-declared capital of the Islamic State in Iraq and the Levant (ISIL, also known as *Daesh* and ISIS), the city endured heavy damage during the offensive carried out by the Syrian Democratic Forces with air support from the United States. Similarly, Aleppo and Idlib were subjected to severe bombardments by Russian air forces, officially under the pretext of combating ISIL fighters but, in reality, targeting opponents of Bashar al-Assad. These targeted assaults have left these regions among the most devastated in Syria.

The 2022 *Syria Joint Damage Assessment* (SJDA), conducted by the World Bank Group and the European Union, evaluates the impact of the ongoing conflict on physical infrastructure, public service delivery, and population conditions across 14 cities and 11 economic sectors, using satellite imagery, other remote data, and secondary sources. This report allows us to establish an overview of the material damages caused by the war, estimated between \$8.7 billion to \$11.3 billion.

According to the report, 68 percent of the total estimated damages, valued at \$5.80–7.8 billion, were attributed to the Physical Infrastructure sectors (e.g., electricity, water, transport, and agri-food), while 30 percent (\$2.7–3.3 billion) were linked to the Social Sectors (housing, health, and education). The remaining 2 percent (\$175–278 million) involved Cross-Cutting sectors (environment and public institutions). Figure 1 illustrates that the greatest financial losses occurred in the agricultural sector, with damages valued at \$3.43 billion. These losses, which include silos, agricultural infrastructure, assets such as irrigation systems, and wholesale markets, have significantly increased the risk of food insecurity for the Syrian population. The value of the agricultural sector's damages alone represents nearly 40 percent of Syria's current GDP of \$8.98 billion in 2023 (World Bank, 2024). The agricultural sector is followed by the housing sector which experienced damages estimated at \$2.59 billion, affecting over 200,000 housing units in the studied cities. Public infrastructure, including transport, electricity, water supply, education, and health services, sustained damage estimated at \$3.6 billion.

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<sup>5</sup> UNITED NATIONS, *World Population Prospects 2019*, Department of Economic and Social Affairs Population Division, 2019.

<sup>6</sup> UNHCR, *Syria Humanitarian Needs Overview*, 2021.

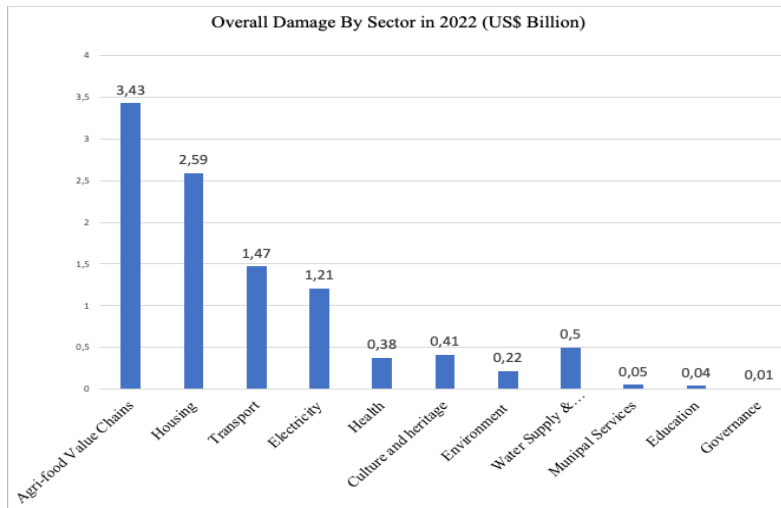


Figure 1: Overall Damage by Sector in 2022 (US\$ Billion).  
Source: The World Bank - *Syria Joint Damage Assessment, 2022*.

The distribution of damages across Syrian cities is highly uneven, as shown in Figure 2. Aleppo, the country's second-largest city, bears a disproportionate share of the destruction, accounting for 55 percent of the total damages recorded in all sectors across the 14 cities included in the World Bank study - approximately \$3.2 billion. This amount alone represents one-third of Syria's GDP in 2023. Following Aleppo, the cities with the next largest shares of damages are Idlib (15 percent), Homs (8 percent), Raqqa (7 percent), and Deir Ezzor (5 percent). As mentioned above, this disproportionate share is due to the military operations that occurred in these specific cities.

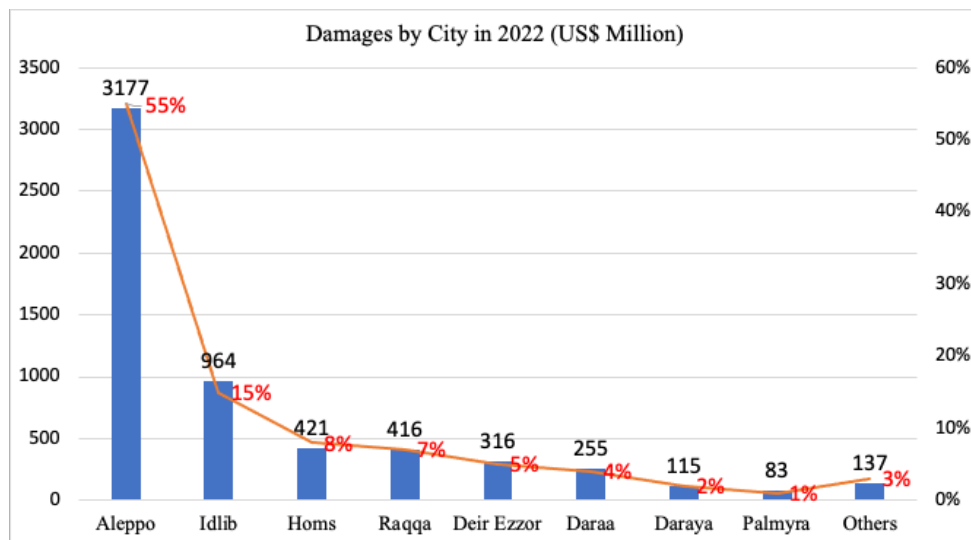


Figure 2: Damages by City in 2022 (US\$ Million).  
Source: The World Bank - *Syria Joint Damage Assessment, 2022*.

As illustrated in Figure 1, the housing sector emerged as the second most affected sector during the war. Housing is a fundamental human right and plays a critical role in influencing individuals' decisions to leave or return to their place of origin (Maya, 2015). Figure 3 highlights that in the five most heavily impacted cities discussed in this report - Aleppo, Idlib, Homs, Raqqa, and Deir Ezzor - approximately one-third of housing complexes sustained damage, either partially or completely. This figure likely underestimates the true extent of the devastation, which represents over 200,000 housing units in total. ESCWA even estimated in 2018 that 1.3 million housing units were completely or partly damaged. Furthermore, the report conducted by the World Bank excludes Damascus and its surrounding areas, which were also severely affected by bombardments. ESCWA (2018) estimates that about 300,000 housing units were either destroyed or damaged in Rural Damascus. The analysis does not account for the Syrian countryside, home

to 44 percent of the population. Nevertheless, existing evidence suggests that the clashes involving the Syrian Arab Army, the Free Syrian Army, the Syrian Democratic Forces, and ISIS inflicted significant damages on these rural regions.

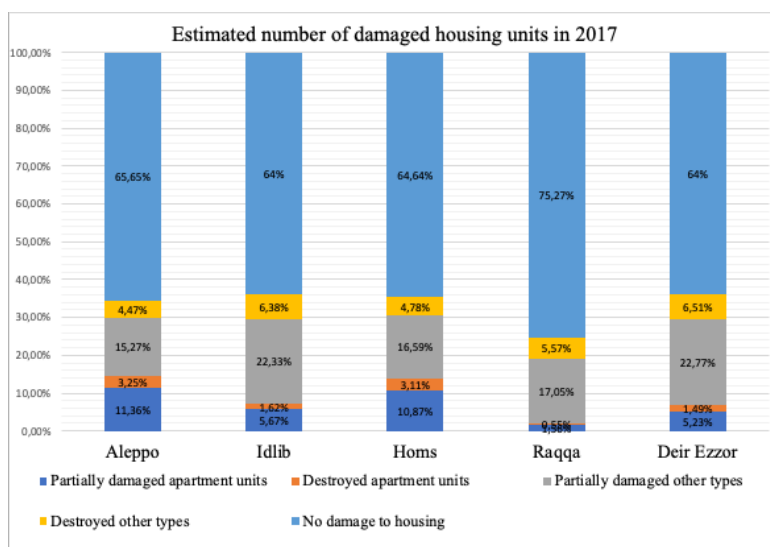


Figure 3: Estimated number of damaged housing units in 2017  
Source: The World Bank, 2017.

### *The economic damages of the Syrian war*

The economy of the country was profoundly affected by the conflict. According to the World Bank, Syria's Gross Domestic Product (GDP) fell from \$61.4 billion in 2010 to \$8.98 billion in 2023, representing an almost sevenfold decrease (Figure 4). This decline can be attributed to the cessation of production in Syria, primarily due to the destruction of critical infrastructure, including electricity, transportation, and water systems.

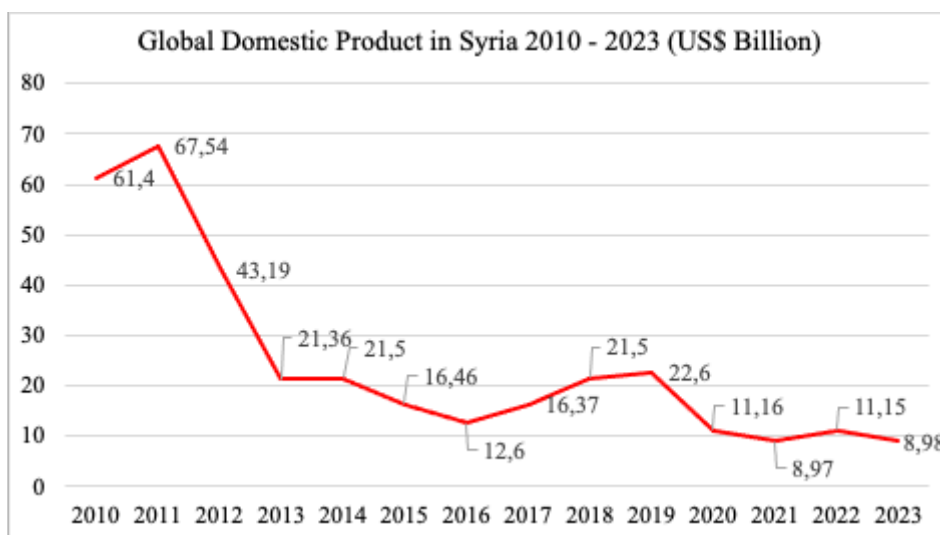


Figure 4: Global Domestic Product in Syria 2010 - 2023 (\$US Billion)  
Source: The World Bank, 2023.

As illustrated in Figure 1, the agricultural sector was the most severely impacted by the war. Before the conflict, 15 percent of the workforce was employed in agriculture (SJDA, 2022), a sector that suffered significant disruption. In the most affected cities such as Aleppo, it is estimated that approximately 90

percent of industrial enterprises shut down, while those that managed to remain operational were functioning at only 30 percent of their capacity<sup>7</sup>.

Simultaneously, the country’s crude oil production decreased by a factor of four, a result of extensive pipeline destruction and international sanctions that hindered Syria’s ability to export oil<sup>8</sup>. Manufacturing, domestic trade, and construction experienced an average decline of over 70 percent (Butter, 2015).

Furthermore, the war triggered a substantial brain drain and widespread population displacement, exacerbating the economic downturn (Daher, 2019). Members of the country’s educational and economic elite were among the first to emigrate, with many relocating to Europe, Turkey, and the Gulf States. These factors have collectively deepened Syria’s economic decline.

Additionally, the beginning of the uprising in March 2011 resulted in the closure of many workplaces which led to massive job losses. It is estimated that Syria lost 2.1 million actual and potential jobs between 2010 and 2015 (ESCWA, 2016). By 2015, the unemployment rate had risen to 55 percent, with youth unemployment escalating from 69 percent in 2013 to 78 percent in 2015 (*Ibid.*). Despite this rise of unemployment, many Syrian businessmen were complaining about the lack of workforce. Indeed, most of the individuals with the necessary skills left the country during the civil war (Syrian Report, 2017). Moreover, the lack of security negatively impacted the workers’ mobility from one region to another (Daher, 2018).

The Syrian currency also experienced a dramatic depreciation in tandem with the economic collapse. The stability of the Syrian pound prior to the war depended on the country’s economic performance and the policies of the central bank (Daher, 2024). However, due to the extensive sanctions imposed on Syria and its major economic actors, the lack of foreign currency revenue from trade and tourism, and the flight of assets from the country’s largest fortunes, the currency ultimately collapsed. In January 2024, one U.S. dollar was equivalent to 13,000 Syrian Pounds, compared to just 45.75 Syrian Pounds per dollar in 2010 (Figure 5). Throughout the conflict, the exchange rate of the Syrian Pound remained highly volatile and varied significantly between cities. Despite government efforts to block the influence of the black market and limit the use of the U.S. dollar, these measures were largely ineffective.

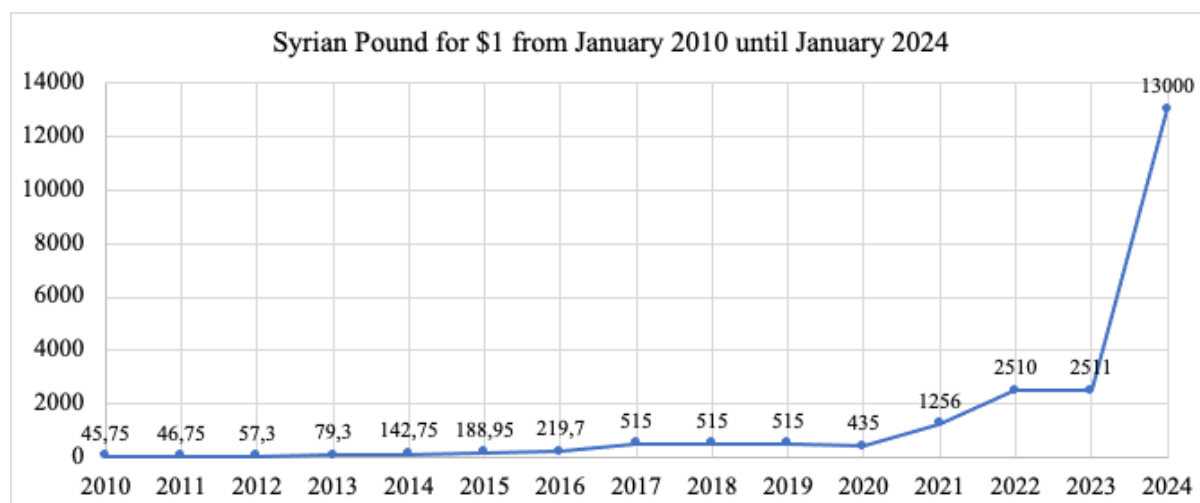


Figure 5: Syrian Pound for \$1 from January 2010 until January 2024  
Source: Trading Economics.

### *The humanitarian damages of the Syrian war*

The significant destruction of physical infrastructure, the insecurity and the economic situation have forced millions of Syrians to flee the country, reducing the pre-war population by nearly 18 percent to 17.5 million<sup>9</sup>. In 2011, as the popular uprisings against Bashar al-Assad began, Syria’s population was approximately 21 million. In the following years, the conflict claimed nearly half a million lives, injured over a million people,

<sup>7</sup> THE SYRIA REPORT, “Aleppo Lost 90 percent of its Manufacturing Capacity”, March 29<sup>th</sup> 2016.

<sup>8</sup> TRADING ECONOMICS, *Syrian Crude Oil Production*, 2024.

<sup>9</sup> UNITED NATIONS, *World Population Prospects 2019*, *op.cit.*

and displaced around 13 million individuals. By 2024, the United Nations estimates that at least 7.4 million<sup>10</sup> Syrians remain internally displaced, while approximately 4.9 million have sought refuge in neighboring countries, and an additional 1.3 million have resettled elsewhere, predominantly in Europe. Among the neighboring countries, Turkey hosts the largest number of registered Syrian refugees, approximately 3.1 million. Lebanon follows with about 950,000 registered refugees, though the total number, including unregistered individuals, is estimated at 1.5 million, making Syrians one-fifth of the country's population<sup>11</sup>. Germany, hosting approximately 716,000 Syrian refugees, ranks third globally in providing refuge to Syrians, according to the UN.

For those who remained in Syria, their quality of life has been considerably deteriorating. Overall, the Human Development Index (HDI) in Syria has considerably fallen, from 0.649 in 2009, and ranked among the medium human development countries, into a low human development with an index reaching 0.557 in 2022 according to the United Nations (2023). The happiness index of 3.49, out of ten, in 2019 according to the World Happiness Report (2020). Indeed, in 2018, it was estimated that solely 52 percent of public hospitals were still functional (ESCWA & University of St. Andrew, 2020). The number of persons per doctor in the country went from 661 in 2010 to 1442 in 2015 (ESCWA and University of St Andrews, 2016). These figures are alarming, but the health sector is not the only one deeply affected. For instance, in the education sector, 27 percent of schools reported staff shortage in 2015 while almost half of children did not attend school during the 2014 - 2015 school year (SCPR, 2016). This shortage had a profound impact on access to education in the country, while it was close to 95 percent in 2010, in 2015 this figure dropped to less than 75 percent. Raqqa and Deir Ezzor were more impacted than the rest of the country, especially when ISIS closed the schools, non-attendance in these regions was reaching 95 percent while almost none in Tartous and 15 percent in Damascus and Latakia (Syrian Center for Policy Research, 2016).

The war has significantly exacerbated poverty rates across all Syrian governorates, with the most severe impact observed in regions already struggling with poverty prior to the conflict and those experiencing intense battles, such as Raqqa. By 2016, approximately 91 percent of Raqqa's population was living below the poverty line. Coastal cities like Latakia and Tartous, as well as Sweida and Damascus, were less severely affected, but poverty rates in these areas still reached 80 percent. The scarcity of resources has caused the cost of living to rise considerably, while salaries have continued to decline due to currency devaluation (Daher, 2019). In Damascus, for instance, the average worker's monthly salary was slightly above \$50 in 2016, whereas the cost of living was estimated at \$650 per month by the Central Bureau of Statistics (Samaha, 2016). To cope, many Syrians are forced to work multiple jobs, rely on bribes, and depend heavily on remittances sent by family members living abroad (Daher, 2019).

The condition of women has significantly deteriorated throughout the Syrian war, and this topic deserves deeper exploration in future academic studies. Women and children in conflict zones often suffer a disproportionate share of the burden during wars, and Syria is no exception. The war has led to a notable rise in child marriages and polygamy (AFP, 2016). The severe shortage of men, caused by migration, arrests, and war-related injuries, has pushed women and children into the workforce in large numbers. This participation is frequently accompanied by lower wages and reduced school attendance for children, further exacerbating their vulnerability (Daher, 2019). In the public sector, the gender imbalance has become striking, with a ratio of three women to every one man employed (*The Syria Report*, 2018).

### **The meaning of a reconstruction for Syria: between political and economic ambitions**

Implementing effective reconstruction in contexts of conflict and fragility poses significant challenges. As Matsunaga (2019) argues, there is no definitive guideline for such plans, as global challenges continue to evolve, complicating the ability to plan ambitious projects in advance. Since the reconstruction of Japan and European nations after World War II, no other post-conflict reconstruction effort has achieved comparable success. The post-World War II reconstruction was strongly supported by the United States through the Marshall Plan and reinforced by international consensus to establish lasting peace. Institutions like the International Bank for Reconstruction and Development, founded in 1944, and the establishment of the United Nations emphasized the collective commitment to rebuilding devastated nations based on shared principles of peace and cooperation.

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<sup>10</sup>UNHCR, *Syrian refugees Live Data*.

<sup>11</sup> Ghadir HAMADI, « Polémique autour d'une campagne publicitaire visant les réfugiés Syriens au Liban », in *L'Orient Le Jour*, 19 Mars 2024.

In contrast, the reconstruction of Syria brings critical questions: Does the international community perceive the reconstruction of Syria as equally vital? Is it possible to forge a global consensus that would enable the efficient planning and implementation of Syria's reconstruction for the collective benefit of its people? These questions remain central to understanding the feasibility and priorities of international engagement in Syria's post-conflict recovery.

Post-conflict reconstruction includes efforts to ensure the security of citizens, reform legal and political institutions, and revitalize the economy. However, specific conditions must be in place to initiate such a project effectively. First, there is the need to strengthen the country's security to facilitate the safe transportation of workers and materials. Insecurity can severely disrupt the reconstruction process, increasing costs and reducing efficiency. For instance, Matsunaga (2019), in his analysis of Iraq's reconstruction after 2003, highlights how the remote management of the process from the United Kingdom and the United States, driven by security concerns, significantly complicated the effort. This approach not only increased costs but also undermined the overall effectiveness of reconstruction initiatives.

Unlike its neighbors, Syria faces significant challenges in securing partners to negotiate loans and develop reconstruction plans. The Assad regime's allies, Iran and Russia, are constrained by extensive international sanctions and entangled in conflicts, including their confrontations with Israel and Ukraine. Meanwhile, Bashar al-Assad remained excluded from international aid efforts (Heydemann, 2018). The European Union, as stated by the UNSCR 2254, has decided that no funds will be provided unless a political transition toward democratization is initiated in Syria. In contrast, Lebanon benefited from the influence of Rafic al-Hariri, whose extensive network, from Saudi Royal family to President Jacques Chirac of France, enabled him to secure the necessary funding for reconstruction projects (Corm, 2005). Iraq also received substantial support, with significant funding from the United States, international institutions, and the European Union (Matsunaga, 2019). This support was contingent on promises of democratic reform following Saddam Hussein's fall, the establishment of U.S. military bases, and, crucially, Iraq's vast oil reserves.

In his Marxist interpretation of global history, Ahmed Henni (2012) categorizes countries into two types: centers of accumulation and centers of production. The center of wealth accumulation, or the "*empire*," operates within a rentier capitalist framework, benefiting from advancements in technology and enriching itself through investments and currencies. Developed capitalist societies increasingly function as rentier economies, drawing wealth from production centers in peripheral regions. Henni argues that each capitalist core seeks to expand its influence to sustain its rentier model.

For example, Lebanon, particularly Beirut, became a prime investment destination for individuals in the newly wealthy petro-monarchies, especially in real estate. This influx of foreign capital, as Lebanese economist Georges Corm (2005) critiques, drove housing prices beyond the reach of ordinary Lebanese citizens. Foreign investment during Beirut's reconstruction prioritized profitable sectors, such as real estate, over essential public infrastructure. As a result, nearly two decades later, Lebanon still lacks a reliable electricity system.

Another example, in Iraq, post-2003 reconstruction efforts included opening the hydrocarbon sector to foreign investment, which provided the country's oil and gas industry with advanced technologies and financing (Abdullah, 2020). However, this development was not matched across other sectors of the economy. High unemployment persisted, and critical infrastructure outside hydrocarbons remained underdeveloped, leaving Iraqis with a lower level of quality of life compared to pre-war conditions (Matsunaga, 2019). Iraq effectively became a center of production, primarily for oil and gas, serving the interests of foreign investors from China, the European Union, and the United States, the centers of wealth accumulation (Abdullah, 2020). While the reconstruction processes in Lebanon and Iraq barely improved the quality of life for their citizens, neither country achieved robust economic performance, as evidenced by World Bank reports. In contrast, foreign investors in Lebanon's real estate sector and Iraq's hydrocarbon industry profited significantly, emerging as the primary beneficiaries of these reconstruction efforts (Corm, 2005).

Syria must prevent its reconstruction process from being compromised by the ambitions and interests of external actors. However, as evidenced during the final years of Bashar al-Assad's rule, reconstruction has itself become a contested battleground. It was increasingly viewed as a mechanism for Assad to consolidate power in regions under his control, rewarding loyalists both domestically and internationally, particularly Russia (Hinnebusch, 2020; Heydemann, 2018). Hinnebusch (2020) argues that Russia aims to transform

Syria into a *client state* through the reconstruction process, extending the concept of neo-patrimonialism to an international scale. Within Henni's framework, Russia represents the center of wealth accumulation, while Syria functions as a center of production. This dynamic is evident in the numerous agreements Russia has secured in Syria's hydrocarbon sector, heavily favoring Russian interests in exchange for military and political support (Katona, 2018). As a dominant actor, at least until the onset of the Ukraine war, Russia has used reconstruction to advance the economic agendas of oligarchs aligned with Vladimir Putin (Hinnebusch, 2020). Assad, in turn, used the same strategy as Putin, leveraging projects like the *Marota City* initiative to reward loyalists, including influential families such as the Shalish family (Syria Indicator, 2024).

The conditions of a country like Syria, particularly in contexts of conflict and fragility, are far from static. Political dynamics and strategic alliances evolve continuously. For instance, at the outset of this research, we posited that Bashar al-Assad's victory was imminent. Yet, within a mere two weeks, unforeseen events forced him to flee the country. The fluidity of such developments underscores the uncertainty surrounding Syria's future. It remains equally uncertain what further changes might unfold between the writing of this Master's thesis and its readership. Whoever assumes responsibility for Syria's reconstruction will face important challenges: enhancing national security, rebuilding and stabilizing institutions, and securing funding from partners whose objectives align solely with the welfare of the Syrian people.

After examining the country's losses and the complexities of the reconstruction process, it is important to ask: What will the cost of rebuilding Syria amount to? More crucially, can Syria afford it?

## Chapter 2

# The cost of the reconstruction: can Syria afford it?

As discussed in the first chapter of this Master's thesis, Syria's ability to return to its previous economic performance is severely hindered by the widespread destruction of its infrastructure and ongoing insecurity. While the damage inflicted by the war is significant in relation to Syria's Gross Domestic Product, the exact cost of reconstruction remains uncertain, as does Syria's capacity to finance it. Given the current state of the country, it is clear that Syria is unable to bear this financial burden. However, the objective of this chapter is to explain why this is the case, with a particular focus on examining the dynamics of Syria's war economy.

### Evaluating the cost of the reconstruction

Despite the ongoing war and the absence of an official peace treaty, the topic of reconstruction has emerged as a focal point in discussions about Syria, both in Western diplomatic and policymaking circles and in the narratives advanced by the Syrian regime. In an article for *The Syria Report*, Yazigi (2017) estimated that the cost of reconstruction would range between \$100 billion and \$300 billion. Others, such as McDowell (2018), estimate the cost to be between \$350 billion and \$400 billion, while Cochrane (2017) even suggests a figure as high as \$1 trillion. When compared to Syria's GDP, these figures are astronomical.

The challenge in estimating the cost of reconstruction results in the continuity of the conflict, which complicates efforts to produce accurate and rational estimates. Additionally, the impact of corruption is factored into these calculations (Cochrane, 2017). The Assad regime has developed mechanisms to capture a significant portion of resource inflows, such as humanitarian aid and remittances from Syrians abroad. According to the Center for Strategic and International Studies (2022), the Syrian government retained 51 cents of every dollar of humanitarian aid entering the country in 2020. As a result, more than half of foreign financial inflows are diverted by the regime and its allies, effectively doubling the projected costs of reconstruction.

The World Bank and the United Nations estimate that \$100 billion would be sufficient to restore Syria's economy to a stable trajectory. However, according to UNRWA (2013), Syria will require more than 30 years to rebuild itself and return its economy to the level it was at in 2011. This timeline has undoubtedly been extended as the war continued for an additional decade.

Such figures are likely to attract the attention of both domestic and foreign actors, particularly construction firms. Corruption and cronyism, which inflate contract prices for the benefit of businessmen close to the regime, further complicate the reconstruction process. Turkish construction firms, for instance, experienced a stock price increase of up to 10 percent following the collapse of the Syrian regime. Historically, Turkey was the primary economic beneficiary of the reconstruction efforts after the Iran-Iraq war (Razoux, 2015). It is therefore positioned to play a significant role in, and potentially benefit considerable profits from, Syria's reconstruction.

Before its collapse, Bashar al-Assad's regime had already begun discussing a budget for the reconstruction of the country. As expected, the funds were extremely limited and primarily allocated to loyalist regions, particularly Sweida and major coastal cities such as Latakia and Tartus (Daher, 2018). In 2019, the national budget was set at SYP 3.9 trillion (approximately \$7.5 billion). Of this, reconstruction received an allocation of 50 billion SYP, equivalent to \$115 million (al-Frieh, 2018).

The primary projects were not focused on rebuilding areas destroyed or damaged in opposition-held regions. Instead, the emphasis was placed on luxurious real estate developments such as *Marota City* (Sovereignty City in Syriac) and *Basilia City* (Paradise City in Syriac). Infrastructure projects, such as road restoration, aimed to improve connectivity between Damascus and the coast. Additionally, one of the key joint ventures between Syria and Russia involved constructing railway lines between the port of Tartus and phosphate mines, which are owned by Russian interests (Hinnebusch, 2020).

It was evident that the reconstruction process was designed to facilitate wealth accumulation for individuals close to the regime and its key allies (Daher, 2018; Heydemann, 2018). The following section will examine

how the regime shaped legislation, from the early stages of the war, to serve its own interests in the reconstruction efforts.

### **Legislative tools for a neoliberalist reconstruction**

Since his accession to power in 2000, Bashar al-Assad clearly sought to transition Syria's economy toward neoliberalism and aimed to open the economic market to private actors (Leisch, 2012). As Joseph Daher argues in his book *Syria After the Uprisings* (2019), this shift toward neoliberalism significantly increased the role of neopatrimonialism in the country. Indeed, the market was not opened to all but rather to a select few, as is common in many crony capitalist systems (Diwan & al., 2019). Wealth accumulation and the privatization of public companies and lands were concentrated among an already established economic elite closely aligned with the regime (Leisch, 2012). This economic approach was further reinforced by legislative changes that shaped the roles of public and private actors in the reconstruction process. Since 2011, more than fifty laws and decrees related to housing, land, and property issues have been enacted, granting the regime the legal authority to erase entire areas.

One of the most notable examples is Decree 66 of 2012, which authorized the creation of two construction zones on the outskirts of Damascus, in al-Mazzeah and Basateen, under the oversight of the Damascus Governorate. This decree was inspired by the 2007 Damascus Master Urban Plan, which had been disrupted by the uprising in 2011 (Daher, 2018). The new law enabled the governorate to expel residents from designated areas under the pretext of "developing areas of irregularities and illegal housing", as stated in the decree's first article. Coincidentally, these areas were among those that had hosted early protests against the regime in 2011.

The decree provided the legal framework for local authorities to displace approximately 7,500 families in 2017, according to *Syria Indicator* (2024). While these families were promised alternative housing, they are still waiting for these promises to materialize (*Ibid.*). In the meantime, the government expanded its neoliberal policies through the introduction of the Public-Private Partnership (PPP) Law in 2016, which allowed private actors to manage and develop state assets, with the exception of the oil sector. It was apparent that the lands and opportunities would be allocated to elites closely aligned with the regime (Rollins, 2017), particularly Muhammad Hamsho, who owns various construction companies (notably the *Hamsho Group*) frequently contracted by the state for public construction projects (Daher, 2019). The PPP would thus have for effect the capital accumulation of well-connected private actors and has to be understood in the context of the neoliberal shift of Syria (Hanieh, 2018). This rush for capital accumulation might come in between the public interests and strengthen the crony capitalist control over public assets at the expense of the state (Yazigi, 2016).

When Decree 66 was introduced, the Minister of Local Administration, Omar Ibrahim al-Ghalawanji, described it as the "first step in the reconstruction of illegal housing areas, especially those targeted by armed terrorist groups". The stated aim of the project was to replace informal housing with modern architectural developments featuring towering skyscrapers, luxury buildings, and high-end restaurants catering to the Damascus elite (Rollins, 2017). Similar to the *Solidere* project in Beirut, *Marota City* (in al-Mazzeah) and *Basilica City* (in Basateen) were envisioned as showcases for the regime to project an image of modernity to the world. Beyond providing the city with upgraded infrastructure, these projects symbolized the regime's vision for a post-war Syria, as imagined by Bashar al-Assad.

Rumors circulated among opposition groups that the largely Sunni population of the area would be replaced by a Shia population from Iraq, who were considered more favorable to Bashar al-Assad's regime. The local opposition described this situation as an instance of "ethnic cleansing" (Rollins, 2017). This narrative was further fueled by Assad's 2022 speech, where he spoke of creating a "more homogeneous society" (Al Hassan, 2022). However, this phenomenon may be better understood as a conflict rooted in social class rather than sectarianism, making the term "social cleansing" more appropriate than "ethnic cleansing." The area in question consists primarily of underdeveloped farmland and informal housing, situated within walking distance of central Damascus (Rollins, 2017). They represent an ideal investment for those in quest of fast-growing profits. Furthermore, many of the companies involved in the redevelopment and the potential buyers are part of the Sunni elite of Damascus, a demographic that has historically been an important base of support for the regime (Leisch, 2012; Daher, 2019).

These projects and laws exemplify how the regime of al-Assad was leveraging reconstruction efforts to reshape post-war Syria in a manner that benefits the elite at the expense of the general population.

Continuing this neoliberal trend, the Public-Private Partnership (PPP) Law facilitates the transfer of public assets into the hands of crony capitalists. For instance, in 2015, the government granted licenses to a select group of well-connected Syrian investors, allowing them to collect and sell scrap metal from areas devastated primarily by regime air and artillery strikes (*The Syrian Report*, 2016).

These new neoliberal policies and legislative measures also benefited foreign investors with significant ties to the regime, particularly those from the UAE, Turkey, and Russia (Daher, 2018). It is important to note, however, that many of these policies were actively encouraged by major international institutions, including the International Monetary Fund and the World Bank (*Ibid.*).

## **The war economy of Syria: clientelism, cronyism and sanctions**

### *The wealth accumulation of the warlords*

The Syrian civil war, like other wars, has created an economic dichotomy, in which certain factions have accumulated considerable wealth while others have been driven into poverty (Lund, 2018). As highlighted by Abboud (2014), the traditional economic elite have largely fled the country in mass due to the instability and risks. They mostly relocated their economic capital to neighboring countries such as Turkey, Jordan, and the United Arab Emirates. This exodus has created a vacuum in the economy of Syria, which has been exploited by those who remain. The power dynamics in Syria shifted significantly as the war progressed. Local actors, particularly those with ties to the Assad regime, filled the void left. Daher (2018) notes that individuals who stayed in Syria were thus able to secure lucrative state contracts.

Indeed, as defined in the book of David Keen, *The Economic Functions of Violence in Civil Wars* (1998), “the war economy is the continuation of the economy by other means including the destruction of the formal economy and the growth of the black market”. Keen argues that we cannot fully comprehend internal conflicts if we solely consider that the aim of a civil war is necessarily military victory. Indeed, the continuation of the conflict can be highly profitable for many actors, including both the elite and ordinary people, through unfair processes such as pillages, corruption and bribes. Therefore, Keen considers that civil war, or at least its endurance, can also be motivated for the economic profit of certain actors.

Following this dynamic, the siege of some cities and areas immensely profited the local traders with connections to the regime and militias. The latter were slowly controlling the monopoly over trade in these besieged areas (Todman, 2016). They often secured rights of passage for essential goods, such as oil, flour, and water, effectively exploiting the desperation of the local population (Lund, 2015; Todman, 2016). This manipulation of supply and demand dynamics enabled specific factions, particularly the Fourth Division under the command of Maher al-Assad, to accumulate important wealth during the conflict (al Dassouky, 2020).

The war also created internal trade barriers, which were kept by armed groups that leveraged their control over local economies to impose taxes on trade (Hebert, 2014). These checkpoints were established in strategic locations either by the Syrian Arab Army, pro-government militias (*Shabbiba* groups), or opposition forces (Lund, 2018). They became real tools for taxation on trade routes. These checkpoints functioned as revenue-generating mechanisms, where soldiers and militia members were asking for payments under the pretext of taxation (Daher, 2018). This phenomenon was publicly criticized by Faris al-Shehabi, Chairman of the Chambers of Industry in Syria, who condemned on television the proliferation of unlawful taxes and levies (Syria Alikhbaria, 2021). He denounced the issue of these checkpoints demanding money and goods without any official documentation. Moreover, as unemployment increased, young men became gradually dependent on salaries provided by these armed factions, which strengthened the warlords’ power and influence (Hinnebusch, 2020).

Additionally, the looting of territories by armed groups was a common practice. Warlords sought to enrich themselves at the expense of the population (Abboud, 2014). Assad regime’s turned a blind eye to this phenomenon, in favor of the *Shabbiba* groups, or “Popular Committees”. These groups were engaging in looting and extortion, often in coordination with state security services, or *mukhabarat* (Aljasem, 2024; Salamah, 2018). Such passivity of the government normalized a system of organized crime that became an integral aspect of the warlords’ wealth accumulation strategy.

The war caused important shortages, forcing Syria to rely a lot on imported goods as local production collapsed and government investment decreased. A pro-regime publication, *Sabibat al-Jalala*, reported that

just a few traders controlled 60 percent of Syria's import business by using their connections with top regime officials (Salam, 2016). This shows how the conflict allowed a small group of people to gain significant wealth and power by taking advantage of the chaos.

### *Crony capitalism and clientelism*

The shift toward economic liberalization under Bashar al-Assad, exemplified by policies like the new Public-Private Partnership (PPP) law, has reinforced crony capitalism in Syria, especially during the war. While these policies were presented as modernizing reforms, they primarily enabled the transfer of public assets to regime-aligned elites under highly favorable conditions (Daher, 2018). This wage of neoliberalism has deepened inequality in wealth distribution during Bashar's rule. It created a class of *nouveaux riches*, adepts of high hand restaurants and luxurious hotels in the cities of Aleppo and Damascus (Leisch, 2012). This is in total contradiction with the country's economic reality and the fundamentals of the Baathist party. Privatization and market reforms have indeed often increased unemployment while enriching a small group of individuals with close political or familial ties to the regime. Prominent figures like Rami Makhlouf, Bashar's cousin and the principal owner of *SyriaTel*, and Firas Tlas, son of former defense minister Mustafa Tlas, emerged as economic oligarchs, monopolizing key sectors of the economy, gatekeeping opportunities for both domestic and foreign investors. Thus, the frustration of the Syrian population during the 2011 protests was directed as much at Rami Makhlouf as at Bashar al-Assad (Leisch, 2012).

As Leisch (2012) notes in his book, based on his personal interactions with Bashar al-Assad, the Syrian president admitted that he has been facing systemic corruption, bureaucratic inefficiency, and deep-rooted cultural inertia. The constant bargaining between the regime and economic actors, initiated by his father in exchange for their loyalty, rendered the economy inefficient. These dynamics often forced Bashar to negotiate and manipulate the system to achieve his goals, even when his intentions conflicted with the actions of key elites within the regime. Challenging this structure would have risked undermining his support base, especially during a period of instability when alliances were critical to the regime's survival (Leisch, 2012).

These weaknesses have discouraged even potential partners like China from participating in Syria's reconstruction. While sanctions play a role, Chinese private firms are also repulsed by the regime's predatory practices, which favor companies led by regime-aligned actors (Marks, 2018). This economic unfairness prevents foreign actors from entering the market, as competitiveness is not based on competence but on connections. Rami Makhlouf exemplifies this phenomenon. He has been accused by the United States of using his political influence to corrupt the judicial system and secret services, intimidate his economic rivals, and ensure his own personal enrichment (Leisch, 2012).

### *A war economy under sanctions*

International sanctions, primarily imposed by the United States and the European Union, have played a significant role in shaping Syria's war economy. Measures like the Caesar Act have targeted key economic actors, including Syrian security figures, prominent businessmen, and state institutions that financially support the Assad regime. These sanctions have created a heavy pressure on the regime, pushing it to adapt by empowering unknown individuals to facilitate import and export activities. However, these new players are often proxies, enabling the regime to sustain its control over wealth and resources (Aljasem, 2024; Hinnebusch, 2023).

Sanctions have also deepened client-patron relationships, forcing local elites, crony capitalists, and emerging warlords to become even more dependent on the regime for their survival (Hinnebusch, 2023). Indeed, despite these challenges, the regime has maintained a basic welfare system, providing subsidies for bread and fuel while continuing to pay civil servants' salaries - even in opposition-held areas (*Ibid*). This dynamic has made ordinary Syrians more reliant on the regime for their livelihoods, further consolidating its control.

At the geopolitical level, Syria, alongside countries like Iran, has welcomed financial multipolarity, hoping that sanctions on Russia will trigger a global economic "decoupling" from U.S. dominance. Bashar al-Assad, for instance, described Russia's invasion of Ukraine as a step toward restoring global balance, lost since the fall of the Soviet Union (Tass, 2022).

Meanwhile, recent initiatives led by Arab states propose a phase of normalization with the Syrian regime. These efforts are based on the exchange of specific demands, such as stopping Syria's drug trade,

encouraging refugee returns, and reducing Iranian influence. However, such demands pose serious threats to the regime's stability (Hinnebusch, 2023). The drug trade remained a critical source of revenue for Syria, with key elites likely to resist any attempts to prevent it. As we will see in the next section, high members of the regime were involved in this business. Similarly, large-scale refugee returns would present economic challenges and potential security risks due to widespread anti-regime sentiment among the displaced. Moreover, Iranian support is deeply embedded within the regime's structure and remains vital for its survival (Sly and Dadouch, 2021; Cornish, 2021). As a result, meaningful concessions from the Syrian regime remain unlikely without significant economic relief, which continues to be blocked by U.S. sanctions.

### **The drug economy: Captagon**

Faced with international sanctions, the regime sought alternative revenue substitutes, notably through the trade of Captagon. Maher al-Assad, the younger brother of Bashar al-Assad, transformed his Fourth Division into an armed drug cartel, reportedly controlling a trade valued at up to \$57 billion annually, according to British intelligence in 2023<sup>12</sup>. This figure was republished days later by *The Financial Times*<sup>13</sup>. However, some experts consider this estimate excessively high. Lister (2023), for example, suggests the trade generates \$30 billion annually, which is still 45 times the value of Syria's legal exports. Consequently, the drug trade has become the Assad regime's primary source of income, crucial for propping up the economy during the Syrian Civil War.

Bashar al-Assad leveraged the drug trade as a bargaining tool during negotiations that led to Syria's reinstatement into the Arab League in 2023, as regional nations sought to prevent the illicit trade (Hinnebusch, 2023). By pledging to prevent drug smuggling, Assad secured diplomatic ties with several Arab countries, notably the United Arab Emirates. However, he failed to fulfill these promises. The captagon trade became "the glue that binds Assad's regime together" (Lister, 2024). Syria was regarded as the world's largest producer of the drug, accounting for approximately 80 percent of the global supply. Prior to the regime's collapse, captagon was smuggled primarily through Jordan to Gulf states, where it became a significant public health issue. Another key smuggling route is the port of Latakia, controlled by Assad's cousin Mohammad Shalish. In 2023, the United Kingdom published a sanctions list targeting twelve individuals implicated in the drug trade, including Assad's younger brother Maher and three of his cousins<sup>14</sup>.

The United Kingdom has also accused *Hezbollah* and Iran of facilitating and participating in the production and smuggling of captagon. This collaboration between Damascus and *Hezbollah* in narcotrafficking to finance their activities is not unprecedented.

During the Lebanese Civil War (1975–1990), cannabis cultivation flourished in the Bekaa Valley due to the absence of state authority to prevent it. The production of hashish in Lebanon, as known today, originated from a complex political and multi-confessional context (Afsahi & Darwich, 2016). The Bekaa Valley, home to diverse confessional groups including Sunni, Druze, Shia, and various Christian sects, saw a division of roles in the drug trade. The Shia community oversaw the cultivation of cannabis, while Christian groups managed its marketing and trade, using their control over the ports of Beirut and Jounieh (Afsahi & Darwich, 2016). This arrangement enabled Shia militias to fund their operations, with cannabis becoming a *symbol of resistance* for Shia clans in the Bekaa during the civil war (Darwich, 2001). Furthermore, the onset of the Syrian war brought thousands of refugees into the Bekaa Valley. The influx of impoverished Syrian workers, many lacking qualifications, provided a readily available labor force for illicit farming.

After the fall of Bashar al-Assad's regime, the production and smuggling of captagon was severely impacted. According to the new transitional government led by Ahmad al-Sharaa, the production was reduced by 90 percent after the capture of hidden factories.

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<sup>12</sup> FOREIGN, COMMONWEALTH & DEVELOPMENT OFFICE, *Tackling the illicit drug trade fuelling Assad's war machine*, March 2023.

<sup>13</sup> FINANCIAL TIMES, "Assad cousins hit with sanctions over amphetamine trade that funds regime", 2023.

<sup>14</sup> *Ibid.*

## Chapter 3

# The domestic struggle for the reaffirmation of the central authority

Bashar al-Assad's reconstruction efforts were clearly intended to reassert his authority and consolidate his control over Syria's society and economy (Aronson, 2018; Van Veen, 2019; Hinnebusch, 2020). The regime devised an ambitious reconstruction strategy as a tool for authoritarian stabilization, with primary objectives that included preventing the return of opposition groups, primarily through dispossessions, and rewarding loyal allies who had supported the regime during the conflict. However, in the aftermath of the regime's downfall, the newly established Syrian transitional government must address the challenge of reconstruction within a transformed national and geopolitical context, despite the state's severely diminished resources.

### **The decentralization of Syria during the war: a shift to neopatrimonialism**

#### *Intestinal conflicts*

The Assad regime emerged from a coup in 1970 and continues to operate under the persistent fear of being overthrown by another. Its governance structure relies heavily on the protection of the president and the ruling elite, maintained through an extensive network of secret services. Some argue that this regime functions as a *sectarian minority dictatorship*, deeply concerned about the anger of the majority population (Kasapoglu & Kaya, 2019). However, with the implementation of neoliberal policies initiated by Bashar al-Assad since 2000, we should argue that it is not the case anymore, if it ever was. Indeed, a segment of Syrian society composed of businessmen from various religious sects but closely connected to the ruling elite has accumulated significant wealth through these political and economic reforms. Consequently, it is more accurate to view the regime as operating primarily as a social class minority dictatorship rather than a strictly sectarian minority one.

To ensure loyalty, the ruling core of Syria had gone through numerous purges during the war, maintaining only individuals firmly aligned with the Assad family while expelling those willing to collaborate with the opposition, like the Tlass family. Simultaneously, the regime incorporated new figures who became prominent during the conflict (Semenov, 2018; Hinnebusch, 2020). Given the significant correlation between political loyalty and sectarian affiliation, members of the Alawite sect have been extensively recruited and integrated into this restructured ruling core (Hinnebusch, 2020).

Assad witnessed several of his closest allies defect to the opposition or flee the country, including his former Minister of Defense, Mustafa Tlass, who had supported his accession to the presidency following the death of Hafez al-Assad (Semenov, 2018). Prior to the war, the Tlass family was considered the second wealthiest in Syria after Bashar's cousin, Rami Makhlouf. After leaving Syria, Mustafa Tlass sought refuge in Jordan, from where he led and financed rebel militias in his native region of Homs (Semenov, 2018). Another prominent member of Assad's inner circle, Ali Habib Mahmud, who also served as Minister of Defense from 2009 to 2011, defected as well. After being removed from his position, he joined the opposition, which he had previously been tasked with suppressing, becoming the highest-ranking Alawite within the opposition. Like the Tlass family, he fled the country, and both are speculated to potentially return to Syria and play a role in the political transition. Additionally, some key members of Assad's inner circle were eliminated during the conflict. One notable figure was his brother-in-law, Assef Shawkat, the husband of his sister Bushra al-Assad, who was killed in an explosion in 2012.

Power struggles have been a recurring phenomenon in Syria's political landscape. Notably, Rifaat al-Assad attempted a coup against his brother, Hafez al-Assad, in 1984 while the latter was ill. More recently, in 2019, a conflict emerged within Bashar al-Assad's inner circle between his brother, Maher al-Assad, and his cousin, Rami Makhlouf, two key power centers within the regime (Kasapoglu & Kaya, 2019). Maher al-Assad commands the 4th Division, an elite unit of the Syrian Arab Army that plays a pivotal role in Syria's alliance with Iran (Semenov, 2018). Conversely, Rami Makhlouf, Syria's wealthiest man, wielded significant influence through his *Al-Bustan Foundation*, which oversaw several paramilitary groups, including the *Shabibha*, as well as private security companies (Semenov, 2018). Due to this inner conflict, it is reported that some assets of Rami Makhlouf have been seized (Kasapoglu & Kaya, 2019).

Amidst internal divisions, widespread defections, the refusal of conscription by young Syrians, and the fragmentation of the Syrian Army into opposition factions such as the Free Syrian Army, a power vacuum emerged. This vacuum was filled by pro-regime militias, which were composed either of local loyalist communities or foreign Shia militias from countries like Afghanistan and Pakistan, where the sect faces discrimination (Hinnebusch, 2020). This dynamic provoked the development of a decentralized political structure characterized by clientelism and patrimonialism. The regime's army was indeed unable to maintain control over all territories nominally under its authority. Consequently, small fiefdoms progressively emerged, led by warlords and tribal leaders who engaged in negotiations and bargaining to establish cooperative arrangements with Damascus (Hinnebusch, 2020).

This decentralization facilitated a transformation of traditional Syrian patrimonialism. Over the course of the war, local warlords progressively emerged as the new patrons, supplanting the regime's bureaucrats. As a result, local populations had to adapt to this new system of neopatrimonialism, which was accompanied by an increase in corruption and bargaining (Daher, 2019). These local leaders were gradually empowered to collect taxes and fees, notably "customs fees" along key commercial routes (Daher, 2018; Todman, 2016).

This growing lawlessness had a profound impact on the regime's institutions, which lacked both the authority and the financial resources to function effectively (Hinnebusch, 2020). It spoiled the efficient allocation of funds and taxes for reconstruction, the provision of public services, the proper remuneration of soldiers, and the implementation of policies necessary to steer the country back onto a stable path (*Ibid.*). This situation also pushed the regime to seek foreign assistance from its traditional allies. Indeed, Bashar al-Assad did not form new alliances but instead relied on the longstanding support of his father's allies, Iran and Russia. His dependence on this foreign aid was exacerbated by his own lack of trust in the Syrian army and his indifference toward its welfare. This dependence ultimately contributed to his regime's weakening and downfall when he lacked the support of his allies in his final days.

#### *The new figures in the elite: towards a reinforcement of neopatrimonialism*

In the context of neopatrimonialism, the relationship between the state and the bourgeoisie in Syria differs from the setting of non-patrimonialist countries. Based on Pierre Bourdieu's theory, the bourgeoisie is characterized by three forms of capital: cultural, social, and economic, which are inherited from the family and transmitted to subsequent generations. In the Syrian context, however, the bourgeoisie may not fully align with these criteria.

To begin with, it is important to note that the Syrian bourgeoisie can be divided into three groups, as highlighted by Siham Atassi (2021). The first group, which is more aligned with Bourdieu's theory, is the traditional bourgeoisie. This group predated the rule of Hafez al-Assad and comprised a traditional elite class of urban Sunnis who owned land and means of production while enjoying high levels of education and early exposure to arts, culture, and literature. The second group emerged with the rise of Hafez al-Assad to power and is often referred to as the "Old Guard." This ruling class was composed of military figures and members of the Baathist Party, predominantly from the Alawi sect, who seized control of the means of production following the 1970 coup. The third group arose with the wave of neoliberalism that accompanied Bashar al-Assad's ascent to power in the early 2000s (Atassi, 2021). Seeking to expand and consolidate his support within Syrian society, Bashar adopted new strategies, notably forging closer ties with the burgeoning Sunni bourgeoisie of Damascus and Aleppo (Leisch, 2012). Within this dynamic, it was coherent that both Bashar and his brother Maher married Sunni women from prominent families to strengthen their patronage networks and maintain control over society (Donati, 2013).

As demonstrated by Achcar (2013), neopatrimonialism is a system that can endure over time through a network of "kith and kin." Marriage thus becomes a powerful means of cementing alliances between families wielding economic and political power. It is through this system that the Assad regime managed to persuade, or coerce, members of this elite to finance the *Shabbiha* groups (Yazigi, 2014).

The distinctive nature of the relationship between the Syrian state and its bourgeoisie lies in the fact that the bourgeoisie is not solely defined by its accumulation of economic, cultural, and social capital, as theorized by Bourdieu. The state holds the ability to dismantle this class at will, employing violent methods and unfair coercion in response to any perceived lack of loyalty to the ruler, here Bashar al-Assad (Schlumberger, 2004). As a result, the bourgeoisie has become an informal institution within the state itself and can be reshaped whenever it is deemed "deficient" (Haddad, 2012). Olivier Schlumberger (2004) describes this system of rule as:

“An informal exercise of power in a personalized system in which the ruler entertains close informal networks with various ‘circles’ of elite members [. . .] who are personally loyal to the ruler who acts as a referee between competing for elite interests and balances them”<sup>15</sup>.

Members of the economic elite were coerced into financing *Shabbiha* groups, pro-regime militias, to suppress the protests (Yazigi, 2014). The case of Muwaffaq al-Gaddah is crucial for understanding the regime’s expectations of this bourgeoisie class. When the uprisings began, Bashar al-Assad personally contacted his friend al-Gaddah, a prominent UAE-based real estate investor, to help pacify Dara’a, al-Gaddah’s hometown. In response to the unrest among locals, al-Gaddah proposed a list of demands and reforms as potential solutions. This proposal enraged the president, who retaliated by seizing al-Gaddah’s properties (Atassi, 2021).

In contrast, those who supported the regime were rewarded with greater economic power. For example, Samer Foz, owner of the *Aman Group*, financed the *Quwat Dir al-Amm al-Askari* (Military Security Shield Forces) during the war (Swedeh, 2017). His loyalty was rewarded as his company secured contracts with the Damascus Governorate and Damascus Cham Private Joint Stock for reconstruction projects in the Basateen al-Razi and Mazzeh districts, the *Marota City* and *Basilia City* projects, valued at \$312 million (*The Syria Report*, 2017). According to the *Marota City*’s website, Foz’s company was contracted to build 220 luxury apartments offering a range of high-quality services (Marota City, 2018). Samer Foz emerged as one of the main beneficiaries of the Syrian crisis and its new legal framework. Leveraging Decree 10, he captured thousands of square meters of land from Syrians who were unable to prove ownership. He later acquired the *Four Seasons Hotel* in Damascus from a Saudi businessman.

Samer Foz is just one example among many others. Numerous Syrian businessmen, previously unknown and who made their fortunes in the Gulf, secured significant contracts for the country’s reconstruction. In the wake of sanctions imposed on businessmen closely associated with Bashar al-Assad’s inner circle and the purge targeting those who expressed even mild concerns about the demands of the protesters - such as the Tlass family and Muwaffaq al-Gaddah - a vacuum was created. This void provided opportunities for lesser-known businessmen eager to profit from the war and the reconstruction efforts to step in. For instance, following the announcement of the *Basilia* and *Marota* projects, Zubaidi and Qulei LLC, a construction company owned by Damascene businessmen Khaled al-Zubaidi and Nader Qalei, secured highly lucrative contracts (Daher, 2019).

Another prominent figure among this new elite is Mazen Tarazi. In early 2018, the Kuwait-based businessman signed a deal with *Damascus Cham Holding* to construct a shopping center in *Marota City* (Abdul Jalil, 2018). According to the newspaper *Enab Baladi*, the deal is valued at \$250 million, with Tarazi owning 51% of the shares and *Damascus Cham Holding* owning 49% (*Enab Baladi*, 2018). This is the first example of an investor holding a majority stake over the public partner. Shortly after, Mazen Tarazi was joined by businessman Anas Talas, another regime-affiliated figure and owner of the *Talas Group*. Talas signed a deal with the public holding company for the development of four parcels in *Marota City* (Daher, 2019).

Wassim Qattan is another emerging figure within this new elite. Known for his close ties to Maher al-Assad, Qattan secured several lucrative contracts, including the management of the *Qassioun Shopping Center* and *Massa Plaza Mall* in 2017 and 2018, respectively (*Enab Baladi*, 2018). Additionally, the Ministry of Tourism granted him parcels in Al-Jalaa, on the outskirts of Damascus, for the development of a luxury real estate project.

At the outset of the uprising, many Syrians believed that the Sunni business class would side with the opposition and support political change. However, the opposite occurred (Atassi, 2021). Sunni businessmen actively contributed to the regime’s security by financing pro-regime armed groups (Yazigi, 2014). As emphasized throughout this Master’s thesis, the Assad regime is not solely based on sectarianism. Rather, Bashar al-Assad employs various strategies to consolidate his control over the country, primarily through neopatrimonialism (Daher, 2019). The war economy has provided significant advantages to this emerging business class, and the accumulation of wealth has not been limited to the Alawi community alone (Atassi, 2021). The new figures discussed in this section predominantly come from the Sunni community.

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<sup>15</sup> Oliver SCHLUMBERGER, *Patrimonial Capitalism: Economic Reform and Economic Order in the Arab World*, Tübingen, University of Tübingen Institute for Political Science, 2004.

This further illustrates that the conflict, the war economy, and the reconstruction process are structured to serve the economic interests of a select group of individuals. It further reinforces Keen's (1998) argument that the ultimate aim of a civil war is not military victory but the maximization of economic gains.

### **The preparation for reconstruction under Bashar: towards a homogeneous society and regional changes**

The year 2017 was a crucial period for the promotion of Syria's reconstruction programs. During this period, several economic sectors experienced notable developments, particularly in luxury hospitality, such as *Cham Palaces* and *Hotels*, as well as in transport and logistics companies (Daher, 2019). This growth was largely driven by the regime's strategy of encouraging warlords to invest their illicitly accumulated wealth into these sectors (Hinnebusch, 2020). Such measures were aimed at reducing the dominance of local fiefdoms and their leaders by integrating them into the national economy under Damascus's control (*Ibid.*). The construction sector also witnessed significant expansion. For example, *Al-Badia Cement's* revenues doubled between 2016 and 2017, reaching nearly SYP 27 billion (*The Syria Report*, 2018). In August 2017, the regime organized the Damascus International Trade Fair to attract foreign investors and project an image of *normality* in Syria. This event brought together investors from various countries, particularly those that supported the regime, such as Iran, China, and Russia (Heydemann, 2017). Similarly, the Rebuild Syria Exhibition in September 2017 hosted 164 companies from 23 countries. Additionally, conferences in neighboring countries like Jordan and Lebanon addressed reconstruction opportunities as early as 2016 (*Ibid.*).

The reconstruction of Syria represents a significant profit-making opportunity for companies in the construction sector. However, the most pressing challenge for Bashar al-Assad and his inner circle is securing the funding for these projects, estimated to require between \$300 billion and \$1 trillion (Cochrane, 2017; Yazigi, 2017; McDowell, 2018). This lucrative prospect has also attracted contractors from Lebanon, Turkey, and Jordan (Al-Frieh, 2018).

The reconstruction process in Syria is deeply intertwined with the neoliberal policies and legislative measures introduced under Bashar al-Assad's rule. Public institutions such as municipalities and governorates have been empowered through Decree 19 to establish private investment companies, primarily by allocating public land and attracting funding from private sector partners (Osseiran, 2017). In 2018, the government introduced measures to stimulate investment and accelerate reconstruction, including exempting investors from construction license fees if they established manufacturing companies (Enab Baladi, 2018). This policy aimed to reduce the dependence on imports and prevent the smuggling of manufactured goods from Turkey (Daher, 2019).

Significant legislative changes have also shaped the reconstruction process, most notably through Decree 66. As discussed in a previous section, this decree provided a legal framework for the expropriation of lands with informal housing to replace them with modern buildings symbolizing Syria's envisioned future (Rollins, 2017). The decree facilitates the regime's strategy of maximizing profit by acquiring land at low or no cost and reselling it at significantly higher prices. Crucially, compensation for expropriated land is dependent upon proving property ownership (Decree 66). Given that 40 percent of housing units in Syria were classified as informal prior to the war, many residents lack the documentation needed to prove their ownership, making it nearly impossible for displaced individuals, particularly refugees, to reclaim their homes (Yazigi, 2017). This policy disproportionately targets the most vulnerable populations and gives the means to an elite to exploit their political power for personal gain. By prioritizing the interests of regime loyalists, the reconstruction process has evolved into a mechanism for consolidating wealth and power at the expense of marginalized communities.

One of the major projects envisioned for the "new Syria" is the *Basateen al-Razji* project, which is designed to provide 12,000 housing units intended to accommodate 60,000 residents, primarily targeting high-income households. This vision of "new Syria" is evidently exclusive, aimed at attracting individuals with significant financial resources and those aligned with or supportive of the regime (Yazigi, 2017). Another similar luxury project, *Marota City*, is being developed in the heart of Damascus, in areas previously populated by working-class and lower-middle-class residents (Syria Indicator, 2024). Many of these former residents were forcibly expropriated from their homes under the provisions of Decree 66, often without receiving any form of compensation. Those who were outside the country during the period of expropriation have been prevented from returning to claim their property (Human Rights Watch, 2018). This process has drawn

significant criticism, with many denouncing the gentrification of surrounding areas, which were also home to low-income households (Daher, 2019). These projects thus represent not only economic stratification but also a deliberate exclusion of vulnerable populations.

We were witnessing a weaponization of the reconstruction process under Bashar al-Assad's rule all across Syria. Following the Syrian Arab Army and its allies' recapture of the Damascus Countryside (*Rif Dimashq*) in July 2018, the Damascus Governorate announced the *Basilia City* project, aimed at providing approximately 4,000 housing units. As with many similar projects, this initiative began with the demolition of "informal housing" and the eviction of local residents (Daher, 2019). In the city of Homs, another notable reconstruction effort was inspired by a pre-war project known as *Homs Dreams*, which was originally conceived and directed by the former governor, Mohammad Iyad. Iyad was dismissed by Bashar al-Assad in 2011 and became a target during protests that year (Leisch, 2012; Daher, 2019). The objective of this new urban planning initiative is to modernize the city by demolishing old areas in the city center, predominantly inhabited by Sunni and Christians. Critics of the plan accused it of attempting to displace these communities from the city center, while leaving Alawi areas untouched (Daher, 2019).

In Aleppo, similar reconstruction projects have been initiated in pro-regime areas. In a now-deleted *Instagram* video from Asma al-Assad's official account, the former presidential couple was seen visiting and encouraging civil engineers, construction workers, and local workshops in the old city of Aleppo for their efforts in restoring the historic souk. Additionally, the Ministry of Tourism's official *Instagram* account showcased Aleppo as a burgeoning tourist hub, with influencers from around the world seemingly invited by Syrian officials to promote this narrative. These efforts aim to project an image of normalcy in the country while reinforcing the previous political status quo.

Conversely, cities like Raqqa, which suffered massive destruction, with over 80 percent of the city rendered uninhabitable according to ESCWA, have been neglected by the regime, even after coming under its control. These areas, known for their hostility toward Bashar al-Assad's rule, were deliberately excluded from reconstruction efforts. The lack of reconstruction in these regions serves as a tool of political weaponization, leaving basic infrastructure nonfunctional and perpetuating the difficult living conditions faced by their inhabitants.

While employing legislative tools to dispossess individuals who had fled or were residents of areas actively involved in the 2011 uprisings, the Syrian regime simultaneously extended numerous economic advantages to regions that had remained loyal. For instance, in early 2013, the government transferred state-owned factories to "safe areas" and encouraged private manufacturing companies to follow the same path, particularly relocating to coastal cities and the Governorate of Sweida (*The Syria Report*, 2013). Sweida, for example, experienced a significant increase in investment during the uprising years, largely due to its relative safety and proximity to Damascus. Collectively, Sweida, Tartous, and Latakia accounted for 68 percent of all projects licensed by the Syrian Investment Agency during this period, an important rise compared to their combined share of only 11 percent in 2010 (*The Syria Report*, 2016).

The city of Tartous has been proposed as a potential free trade zone, inspired after Dubai, to stimulate economic growth in the region (Daher, 2019). Wahib Merei, President of the Tartous Chamber of Commerce and Industry and a businessman with close ties to the Syrian regime, advocated for increased economic liberalization to achieve this goal. He argued that transforming Tartous into a free trade zone would enable the city to play a pivotal role in Syria's reconstruction efforts and position it as a regional economic hub, similar to Dubai (*The Syria Report*, 2015).

### *How to finance?*

One of the primary challenges in Syria's reconstruction, as previously mentioned, is securing the substantial funds required to finance the process. This raises the critical question: where will this funding come from? During the war, Syria's banking sector, comprising 14 private banks, suffered significant losses (Cochrane, 2017). Furthermore, according to the World Bank, deposits in private commercial banks plummeted from \$13.8 billion in 2010 to \$3.5 billion in 2016. With the country's economy already in dire straits, relying on taxation of citizens is unlikely to yield sufficient resources. In 2017, the Syrian International Business Association (SIBA) was established to facilitate the reinvestment of approximately \$100 billions of Syrian capital, believed to be held abroad into reconstruction efforts. The regime aimed to attract investors, particularly from the diaspora, through generous tax exemptions and the creation of SIBA (Hinnebusch, 2020). The agency's official website highlights three main branches located in Turkey, Canada, and the

United States, countries where many Syrian bourgeoisie resettled after the war's outbreak. However, few among the diaspora business community are inclined to invest in an economy infested with unfair competition from regime-aligned cronies (Cochrane, 2017).

The legal framework put in place by Assad's regime does not solely empower the cronies, it also created a system in which connections bind the reconstruction projects to regime-controlled firms and NGOs (Heydemann, 2017; Yazigi, 2017). The regime has indeed listed NGOs and international agencies authorized to participate in the reconstruction and other humanitarian projects while receiving important fees, sometimes as high as 50 percent, on their inflows (Heydemann, 2017; Center for Strategic and International Studies, 2022). Additionally, the regime wanted to tax cash remittances sent by expatriates to their families in Syria, further exploiting financial inflows for its benefit (Sinjab, 2017).

Another method employed by the Syrian regime to secure funds involves the dispossession of individuals in opposition-leaning areas through legal tools such as Decree 66, later reinforced by the amended Decree 10 of April 2018. Conversely, in regime stronghold areas like Adra al-'Umaliya, a Damascus suburb predominantly inhabited by religious minority groups, homeowners were required to contribute 40 percent of the reconstruction costs for their properties, with the state covering the remaining 60 percent (Daher, 2019). By September 2018, 175 buildings in Adra al-'Umaliya had been rebuilt and restored by the General Housing Establishment, a state-owned entity, without contracting any private companies for the rehabilitation efforts (*Ibid.*).

## Chapter 4

# The reconstruction within the regional geopolitical dimension

The reconstruction of Syria will unfold within a turbulent regional context. The wars in Gaza and Lebanon have significantly altered the power dynamics in the region, contributing to the eventual downfall of Bashar al-Assad and the weakening of certain regional actors. The Middle East remains one of the world's arenas where regional powers vie for dominance through various means to spread their hegemony and agenda. Since the onset of the Syrian uprisings, Turkey, Iran, and Saudi Arabia have been engaged in rivalries on Syrian soil. Through the reconstruction process, these powers may once again compete to assert their influence and advance their agendas, further asserting our hypothesis of *proxy reconstruction*.

### Regional power struggle: the impacts of foreign rivalries on Syria

Van Veen (2019) described Syria as a *pawn* on the regional political chessboard in his analysis of the geopolitics surrounding the country's reconstruction. The primary regional powers - Saudi Arabia, Iran, Turkey, and Israel - each pursue distinct and often conflicting interests in the struggle over Syria's reconstruction. This competition is driven primarily by the rivalry between Iran and Saudi Arabia for regional dominance (Van Veen, 2019). Additionally, a competition exists between Turkey and Saudi Arabia as both seek to position themselves as leaders of the Sunni world, while Israel and Iran engage in their own strategic confrontation.

#### *Iran versus Saudi Arabia/GCC*

The post-uprising Syrian and post-Arab Spring regional context reflected pre-2010 dynamics, characterized by the opposition of two primary camps. On one side were the "pro-Western" Arab countries, led by Saudi Arabia and Egypt, aligned with the United States. On the other side was the Axis of Resistance, led by Iran and including Syria, *Hezbollah*, *Hamas*, and Shia militias in Iraq. While the Syrian uprisings initially emerged from domestic socio-economic struggles, as analyzed in earlier sections and demonstrated by numerous studies, the conflict quickly escalated into a proxy war between the region's dominant powers (Shadid, 2011; Lesch, 2012; Daher, 2019). This proxy war was fueled by regional actors who financed and armed various factions to advance their interests in Syria, transforming the country into a battlefield for the Axis of Resistance and the Gulf Cooperation Council, often exacerbating sectarian divisions (Hinnebusch, 2020).

There was a notable contrast between Saudi Arabia and Iran's initial positions on regional uprisings and their eventual involvement in the Syrian conflict. Initially, Riyadh opposed uprisings in the region, fearing the potential spread of regime changes (Van Veen, 2019). However, it later shifted its stance, aligning itself with the opposition to Bashar al-Assad (Lynch, 2011). In 2011, Saudi Arabia and the Gulf Cooperation Council perceived the United States' support for regime change in the region as a betrayal (*Ibid.*). Saudi Arabia had thus chosen to play a counter-revolutionary role during this period by backing Mubarak in Egypt and Saleh in Yemen. The country also offered refuge to Ben Ali of Tunisia after his fall, and forcefully suppressed protests in Bahrain. Ironically, Syria supported the Saudi led coalition to suppress these uprisings while Iran opposed this response (Wieland, 2012). Even the Qatari news channel *al-Jazeera's* coverage of the first protests in Syria was criticized for underestimating the number of protestors in contrast with its coverage in other countries such as Egypt and Tunisia (Daher, 2019).

This counter-revolutionary approach was not new for Saudi Arabia; in the 1980s, the kingdom financed Saddam Hussein's army during the Iran-Iraq War (1980 - 1988) in response to Iran's revolutionary episode in 1979. However, the growing Iranian influence in Iraq after 2003 and in Lebanon through *Hezbollah* increased Saudi Arabia's concerns about Iran's hegemonic ambitions in the region. To counter this, Riyadh sought to weaken the Axis of Resistance - also known as the Shia Crescent - linking Tehran to the Mediterranean coast. Its strategy involved establishing a Sunni-friendly government in Damascus to cut this connection. Saudi Arabia and other Gulf countries, mainly Qatar, financed Sunni conservative groups in order to counterbalance the Alawi and Shia dominance in Syria (Lynch, 2011). It completely jeopardized the original unrest of the population asking for more social justice and economic rights, fighting discrimination and neo-liberalist policies (Daher, 2019). On the contrary, it shifted the revolution towards political Islamism and to align Syria to the Gulf political agenda, which tends to be even more neo-liberalist

(Henni, 2012). This had for effects a division within the opposition, notably between the Free Syrian Army (FSA) and Islamic fundamentalist groups (Daher, 2019).

If part of the Iranian diplomats and population welcomed the revolution in Syria, in accordance with the values of their own revolution in 1979 against another autocrat, the regime of Tehran decided to remain an ally for Bashar al-Assad (Ahmadian & Mohseni, 2018). The Islamic Republic has been a strong supporter of the regime of Damascus since the beginning of the war, from contracting loans to supplying the regime with weapons, electricity and armed militias composed of Shia population from central Asian countries such as Pakistan and Afghanistan, and the Lebanese *Hezbollah* (Vatanka, 2018). Indeed, the maintaining of a friendly regime in Syria seemed to be vital for the relations between Iran and *Hezbollah*, for another major regional struggle for Iran, the war with Israel. Moreover, the destruction and humiliation followed by the Iran-Iraq war (1980-1988) which was supported by the West and the Gulf, notably Saudi Arabia, has created a desire by Tehran to prevent such event to occur again and therefore secure the neighboring countries and install regimes close to the interests of Iran (Razoux, 2015; Van Veen, 2019).

Tehran seeks to establish a political system in Syria characterized by “parastatal organizations, militias, and governance institutions,” resembling the model implemented in Iraq (Van Veen, 2019). This system would enable Tehran to exert greater influence over Syria (Ahmadian & Mohseni, 2018). Consequently, for Tehran, reconstruction is viewed as a critical process for the Axis of Resistance. Iran perceives reconstruction not solely as an opportunity for rebuilding but as a strategic tool to consolidate its influence in the country (Van Veen, 2019). To achieve this, Iran has focused on creating centers of influence in areas with significant Shia populations, such as Qusair and the Sayyida Zaynab district in Damascus (*Ibid.*). These centers provide Tehran with a dual presence, both political and military, enabling the establishment of command bases for militias and elites aligned with its interests.

Additionally, from an economic perspective, Iran views Syria’s reconstruction as crucial for financial reasons. Syria is heavily indebted to Iran, and Tehran is eager to recover its investments. Between 2012 and 2020, the Islamic Republic provided over \$16 billion in assistance to the Syrian regime and aims to reclaim these funds through reconstruction efforts (Hinnebusch, 2020). In 2017, Iran lent \$1 billion to the Syrian government for reconstruction purposes, stipulating that the funds be spent exclusively on Iranian products, effectively providing indirect support to Iranian companies (Yazigi, 2017). Iran’s significant presence at the International Reconstruction Exhibition for Syria in Damascus in 2018 underscored its economic ambitions. Like its ally Syria, Iran operates a system of crony capitalism, where the Revolutionary Guards dominate the economy through political connections. These Guards own the largest construction companies in Iran, benefiting from reconstruction projects following the Iran-Iraq war. They now view Syria’s reconstruction as an opportunity for substantial profits (Hinnebusch, 2020).

Under Bashar al-Assad’s rule, Saudi Arabia let it known that it would not participate in the reconstruction of Syria, knowing such efforts would benefit its regional rival, Iran. Despite attempts by the Trump administration to persuade Saudi Arabia to contribute, including a request for \$4 billion, Riyadh refused and offered significantly less (Harris, 2018; Hinnebusch, 2020). In 2017, following the retreat of ISIS from Raqqa and its capture by the SDF with support from the United States led international coalition, Saudi Arabia’s Minister of Gulf Affairs, Thamer al-Sabhan, visited the city. He met with the city council to discuss reconstruction efforts for Raqqa, where 80 percent of the buildings had been destroyed. However, no concrete plans or investments materialized (Daher, 2019). As long as Syria remains part of the Axis of Resistance, Riyadh sees no benefit in stabilizing the country to the advantage of Bashar al-Assad and his geopolitical allies. Furthermore, Saudi Arabia views Turkey’s growing influence in Syria as a challenge to its ambition for complete leadership within the Sunni world.

#### *Turkey and Qatar versus Saudi Arabia*

Prior to the uprising, the diplomatic, political, and economic relations between Syria and Turkey were exceptionally strong. The relationship was even described as “family bonds” by Erdogan and Bashar al-Assad (Wieland, 2012). Initially, Turkey supported the continuation of the al-Assad dynasty’s rule in Damascus. Shortly after the protests began, Erdogan personally advised Bashar al-Assad to implement minor reforms and address some of the demonstrators’ demands to calm the unrest; however, these suggestions were ignored (Daher, 2019). The brotherly relationship between the two countries gradually deteriorated due to repeated refusals by Syrian officials to accept proposals from their Turkish counterparts (Wieland, 2012).

Following the deterioration of diplomatic relations between Ankara and Damascus, Turkey's position shifted in September 2011 when Erdogan joined Saudi Arabia and Qatar in calling for Assad's departure (Phillips, 2017). This announcement was not entirely unexpected. Even before this official stance, Turkey had allowed the transit of weapons and funds through Ankara's airport, originating from the Gulf, to support the opposition (Daher, 2019). Furthermore, Turkey provided refuge for exiled political opposition figures and facilitated the establishment of the Syrian National Council and the Free Syrian Army, both of which were based in Turkey.

Turkey's plan was to establish a "friendly Muslim Brotherhood government" in Syria, with the backing of Doha (Hinnebusch, 2020). However, since the fracture between the Muslim Brothers and Saudi Arabia in 1991, when Saudi Arabia allowed on its soil a United States led coalition's military operation against Iraq, the kingdom and the political party have maintained bad relations. Consequently, Riyadh viewed the potential establishment of the Muslim Brothers in Damascus as an unfavorable development, interpreting it as an attempt by Turkey to expand its influence within both the Arab and Sunni worlds. Some scholars suggest that Turkey's involvement in Syria is part of a broader strategy referred to as "neo-Ottomanism," which posits that Turkey's diplomatic decisions are aimed at preserving influence over territories that were once part of the Ottoman Empire (Antonopolous, 2017; Pehlevan, 2019).

Unlike Turkey, Saudi Arabia could not maintain a strong presence in Syria. Turkey held a significant economic foothold in the northern part of the country while cultivating favorable relations with influential traders, particularly in Aleppo (Phillips, 2017; Daher, 2019). Furthermore, with the support of the Turkmen population in Syria, Ankara maintained an effective intelligence network on the ground. Most importantly, due to its long-standing concerns regarding the Kurdish issue, Turkey had established an extensive network of agents in Kurdish areas (Hinnebusch, 2020; Phillips, 2017). In contrast, neither Qatar nor Saudi Arabia possessed comparable networks or resources. Dramatically, the groups supported by Qatar and Saudi Arabia became increasingly divided, eventually clashing with one another in a struggle for dominance within the opposition.

All three countries underestimated their capacities to overthrow the Syrian regime and the resilience of the regime itself. Saudi Arabia was expecting to counterbalance Iran's influence over Syria; and that by financing Sunni Islamist groups, it could reduce the operational capacity of *Hezbollah* (Phillips, 2017). Both Qatar and Saudi Arabia gradually reduced their involvement in the Syrian conflict, particularly when the groups they funded spiraled out of control, leading to the rise of ISIS (Van Veen, 2019). Additionally, both countries prioritized other regional conflicts: Yemen for Saudi Arabia and Libya for Qatar, which they deemed more pressing.

Turkey's interests and expectations in Syria also decreased significantly during the war (Hinnebusch, 2020). Initially aiming to replace Bashar al-Assad with a friendly political regime, Turkey shifted its focus to suppress the influence and power of the Kurds in Syria. Its priority was to prevent the Kurds from establishing an autonomous zone along its border, as evidenced by its military operation against the PYD in 2019. This operation resulted in the creation of a new Turkish zone of influence in border territories, in addition to the one in Idlib. In the face of the regime's resilience and the growing prominence of Kurdish militias, Ankara continued to finance and train the Free Syrian Army and other Islamist groups, notably *Hayat Tabrir al-Sham*, which eventually caused the collapse of the regime.

Since the fall of Bashar al-Assad and the rise of *Hayat Tabrir al-Sham*, a group seemingly aligned with Ankara's interests, Turkey is expected to play a significant role in Syria's reconstruction process. The 2003 American invasion of Iraq not only allowed Iran to expand its regional influence following the fall of Saddam Hussein but also created a power vacuum that offered Turkey numerous economic and political opportunities to extend its influence in the region (Phillips, 2016). This is notably exemplified when Turkey was one of the primary economic beneficiaries of reconstruction efforts after the Iran-Iraq War (Razoux, 2015). In this context, it is not surprising that Turkish companies experienced a rise in their market value following the downfall of Bashar al-Assad<sup>16</sup>. Turkey has expressed its intent to claim a share in Syria's reconstruction, particularly in Aleppo, and views this as a priority to send back some of the three million refugees on its territory (Tastekin, 2018). This drive is further motivated by the dual pressures of the country's economic challenges.

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<sup>16</sup> Canan SEVGELI, "Turkish construction companies rally on expectations of Syria rebuild boost", in *Reuters*, December 9<sup>th</sup>, 2024.

However, as emphasized by Lebanese academic Karim Emile Bittar during an interview with *France Culture*, Turkey alone is unable to carry the immense financial burden of Syria's reconstruction. The cost is too high, necessitating substantial support from Gulf nations, particularly Saudi Arabia.

### *Israel versus Iran*

Officially, Israel maintained a policy of non-interference in the Syrian conflict. Nevertheless, the state repeatedly emphasized certain red lines, particularly concerning the transfer of advanced weaponry, including sophisticated missiles and chemical weapons, to *Hezbollah* (Hadar, 2017). Israel's primary concern during the Syrian civil war was the significant Iranian military presence, which posed a direct security threat due to the shared border between Syria and Israel. Israeli officials highlighted this threat by pointing to the construction of facilities for manufacturing missiles and chemical weapons aimed at ensuring the regime's survival (Hadar, 2017). There was considerable concern that such weapons might eventually be used against Israel after the conflict. Given that Iran is *Hezbollah's* main weapons supplier, the risk of the militia acquiring and deploying advanced weaponry, such as long-range missiles, was estimated high. This concern justified Israeli military interventions targeting arms convoys between the Syrian Arab Army and *Hezbollah*. In an interview, Amir Eshel, the former Israeli Air Force chief, claimed that Israel had carried out nearly hundred strikes in Syria as part of such preventive operations<sup>17</sup>.

Between 2016 and 2018, the Israeli state secretly conducted "Operation Good Neighbor," which aimed to provide humanitarian and medical aid to Syrian civilians in the Quneitra district near the northern border. According to the Israeli Defense Forces, more than 4,000 Syrian civilians, including hundreds of children, received medical treatment in Israel<sup>18</sup>. Although the operation was officially described as purely humanitarian, targeting unarmed civilians, it later faced criticism following claims that it offered medical care to certain opposition factions, as reported by the Israeli newspaper *Haaretz* (2017). Some reports even suggest that Israel provided medical assistance to fighters from the Nusra Front, an *al-Qaeda* linked group, who were engaged in combat against the Axis of Resistance forces, including *Hezbollah* and other Iranian proxies in Syria (Hadar, 2017; *The Jerusalem Post*, 2017).

Israel estimates that Iran and *Hezbollah* represent the primary threats to its security, which justifies the "utilization" of existing armed factions, such as the Nusra Front, to counterbalance their presence. In an interview with *The Jerusalem Post* (March 13, 2015), a former military intelligence chief stated that the forces of the Resistance Axis remain a much greater threat to Israel than radical Sunni Islamists. Throughout the conflict, Israel found itself in a dilemma between "the devil we know" and "the devil we do not know," as described in Israeli press and media. This raised the question of whether the best scenario is for Israel to coexist next to a potential Islamist regime in Damascus or a weakened Assad regime that lacked full control over Syria and faced constant threats. Israel eventually concluded that the Assad regime posed no existential threat. Leaked official documents suggested even some cooperation between the regime and Tel Aviv in counterbalancing *Hezbollah's* presence in Syria. Even when Israel targeted the Iranian embassy in Damascus on April 1, 2024, Bashar al-Assad refrained from responding. Israel threatened him that if Syria were used as a base for Iranian operations, Israel would launch significant response attacks (Gritten, 2024).

With the arrival of *Hayat Tabrir al-Sham*, Israel completed its operations by targeting and destroying what it claimed were chemical weapons production sites. It also moved into the south of the country to establish a buffer zone in the Quneitra district. Israel does not seek to participate in the reconstruction of Syria, as it perceives a weakened Syria to be a lesser threat to its security.

### **Reshuffling the regional power balance: the context of the war in Gaza and Lebanon**

On December 8<sup>th</sup>, 2024, the regime of the Assad family collapsed after a major offensive by opposition forces led by *Hayat Tabrir al-Sham* and the Syrian National Army. This regime change has fundamentally reshuffled the regional dynamics and altered the reality regarding the financing and conduct of Syria's reconstruction. Additionally, the ongoing conflicts in Gaza and Lebanon have drastically transformed the political and economic landscape of the region. Both areas will also require substantial funds for reconstruction, potentially attracting more international donations, particularly from the Gulf states and international institutions, than Syria.

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<sup>17</sup> Sarah DADOUCH; Jeffrey HELLER, "Israel Hits Syrian Site Said to Be Linked to Chemical Weapons" in *Reuters*, September 7<sup>th</sup>, 2017.

<sup>18</sup> Anna AHRONHEIM, "Operation Good Neighbor", in *The Jerusalem Post*, January 31, 2018.

Iran is the country that has invested the most in the Syrian conflict and its reconstruction. Tehran estimated that Syria's debt to Iran amounts to as much as \$50 billion (Ghulam & al., 2025). This debt encompasses raw materials such as oil, gas, and food provided by Iran to the Syrian regime with deferred payments. It also includes military support and loans. However, despite Iran's requests, the new Transitional Government of Syria does not appear willing to repay this debt. On the contrary, reports suggest that the interim government is demanding \$300 billion from Tehran as compensation for the damages caused during the civil war<sup>19</sup>.

Before the fall of Bashar al-Assad, Iran was promised access to a highly lucrative market in Syria. During a visit by al-Assad to Iran in 2019, the President of the Islamic Republic declared that Iran was prepared to support Syria's reconstruction efforts. Following this announcement, Iran focused primarily on rehabilitating Syria's war-damaged electricity sector. A 540-megawatt power station was constructed in Latakia, and plans were made to rehabilitate a 90-megawatt power station in the Deir Ezzor province (Ghulam et al., 2025). Iranian companies were expecting to gain access to Syrian coastal ports to boost economic cooperation between the two countries (Sharafedin & Francis, 2017).

Following the wars in Gaza and Lebanon, coupled with the downfall of its ally Bashar al-Assad, Iran became increasingly isolated on the regional stage. These diplomatic and military defeats provoked widespread criticism domestically, with critics arguing that the resources spent on foreign conflicts could have been invested in addressing the country's struggling economy<sup>20</sup>. Iran's strongest regional ally, *Hezbollah*, also experienced significant losses during its conflict with Israel. This weakening of Iranian influence offered the Syrian opposition a critical opportunity to overthrow the regime. Although Tehran formally recognized the regime change in Damascus, the new government appears disinterested in pursuing further partnerships with Iran.

#### *Turkey's position in Syria*

Turkey is positioned to play a significant role in the reconstruction of Syria following the establishment of a friendly regime in Damascus. Notably, Turkey was the first country to reopen its embassy after the fall of Bashar al-Assad. Its Minister of Foreign Affairs, Hakan Fidan, became the first high-ranking official to conduct an official visit to Damascus, announcing Turkey's support from the outset<sup>21</sup>. In early 2025, Turkey declared its intention to send ships generating electricity to Syria capable of providing 800 megawatts<sup>22</sup>.

Turkey is already the primary electricity supplier in northern Syria, particularly in Afrin, Jarablus, and al-Bab, regions still under Turkish military occupation to prevent the establishment of Kurdish autonomous zones along the border (Talbot, 2019; Van Veen, 2019). Reconstruction efforts have already begun in these areas, aimed at facilitating the return of refugees. However, the primary objective remains securing contracts and agreements in the Aleppo region (Tastekin, 2018).

Turkey enjoys several advantages in managing Syria's reconstruction, including its geographical proximity, which facilitates the flow of materials into the country, and its large Syrian diaspora, many of whom are willing to reinvest in Syria (Talbot, 2019). Additionally, Turkey has companies with substantial expertise in reconstruction, as evidenced by their stock market gains following the announcement of Assad's fall.

#### *The Arab States and the reconstruction*

If the majority of Arab countries cut their diplomatic ties with the regime of Bashar al-Assad at the beginning of the war, by 2018, attempts to restore these relations had been undertaken, notably by some Gulf monarchies such as the United Arab Emirates and Bahrain. These states sought to reestablish ties in order to counterbalance Iranian and Turkish influence over Syria and the opposition (al Kattan, 2017; Daher, 2018). Consequently, their willingness to participate in Syria's reconstruction and the normalization of the regime was intrinsically linked to regional dynamics.

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<sup>19</sup> MIDDLE EAST MONITOR, "New Syria government to demand \$300 billion in compensation from Iran over war damage", December 26<sup>th</sup>, 2024.

<sup>20</sup> THE NEW ARAB, "How Much Did Iran Gamble on the Assad Regime in Syria?", January 2<sup>nd</sup>, 2024.

<sup>21</sup> REUTERS, "Why Turkey Is So Influential in Post-Assad Syria", January 19<sup>th</sup>, 2025.

<sup>22</sup> REUTERS, "Syria to Receive Electricity-Generating Ships from Qatar and Turkey", January 7<sup>th</sup>, 2025.

Saudi Arabia, for instance, experienced significant shifts in its position, transitioning from strict opposition to Bashar al-Assad to a form of rapprochement. The opposition was perceived as being too closely aligned with Turkey and Qatar, while Saudi Arabia aimed to maintain its leadership over Arab Sunnis in Syria. This stance was explicitly articulated by Crown Prince Mohammad bin Salman, who stated in 2018 that Bashar al-Assad was likely to remain in power but expressed concerns about Syria becoming a “puppet” of Tehran<sup>23</sup>.

In 2021, a normalization process between Syria and other Arab countries was initiated under the initiative of the Arab League. Two years later, Arab states agreed to reinstate Syria’s membership. This development was strategically leveraged by the Baathist regime, which possessed two key bargaining chips: captagon trafficking and the refugee crisis. The Gulf countries have struggled with the large-scale smuggling of captagon originating from Syria. As previously discussed, Bashar al-Assad’s regime became deeply involved in narcotrafficking, with the production and distribution of captagon controlled by Maher al-Assad and the Fourth Division. By pledging to curb this illicit trade and to facilitate the return of some Syrian refugees, Damascus successfully persuaded other Arab states to support its reintegration into the Arab League in 2023.

The reopening of the Emirati and Bahraini embassies in Damascus in 2018 encouraged other Arab countries to follow this path. Jordan, for instance, reinforced its diplomatic relations with Syria. With Bashar al-Assad once again perceived as a normalized interlocutor - at least within the Arab world - Jordan seized the opportunity to negotiate and facilitate the return of Syrian refugees (al-Halabi, 2019). Additionally, Jordan aspires to be actively involved in the reconstruction of Syria. In 2017, the country hosted an international conference on Syrian reconstruction, bringing together national and regional construction firms eager to transform the Syrian crisis into an economic opportunity<sup>24</sup>. The war in Syria significantly impacted Jordan’s economy, given that Syria was an important trading partner. Before 2011, approximately 17 percent of Jordan’s exports passed through the Naseeb border crossing, connecting trade with Turkey and Lebanon (al-Halabi, 2019).

Lebanon also has a strong interest in Syria’s reconstruction. In 2019, former Lebanese Prime Minister Saad Hariri stated during a conference in Brussels that it was time to prepare for the return of Syrian refugees and to pressure the Syrian government to facilitate this process<sup>25</sup>. Lebanon hosts over one million refugees, according to some officials, and the crisis is frequently described as a “burden,” a term Hariri himself used during the conference.

Both Lebanon and Jordan are preparing for the reconstruction process, viewing it as a potential solution to their economic challenges. Both countries aspire to become key transit hubs for workers, materials, capital, funds, and logistics. They have already engaged in negotiations with Moscow to ensure the inclusion of their companies in this process. In the summer of 2018, Saad Hariri<sup>26</sup> and the Jordanian ambassador to Russia, Amjad Adaileh<sup>27</sup>, met with Russian officials to secure deals for their construction companies and position their countries as logistical hubs for reconstruction efforts. Both Lebanon and Jordan offer business-friendly environments, featuring well-developed banking sectors and legal frameworks conducive to foreign investment (El Halabi, 2019). Furthermore, key Lebanese leaders at the time, including President Michel Aoun, Prime Minister Najib Mikati, and Parliament Speaker Nabih Berri, with the backing of *Hezbollah*, were politically aligned with the Tehran-Moscow-Damascus axis. This alignment further positioned Lebanon as a priority partner in reconstruction efforts should Russia’s ally remain in power (Jamil, 2019).

Within this context, the port of Tripoli in northern Lebanon, widely recognized as the poorest city along the Mediterranean coastline, aspired to play a significant role in Syria’s reconstruction, particularly through its Special Economic Zone. Established in 2008, this zone spans 590,000 square meters and was designed to generate over 5,000 jobs. Following the Lebanese civil war, the reconstruction and development of Tripoli were largely neglected, as Prime Minister Rafic Hariri’s urban renewal efforts primarily focused on Beirut’s city center (a topic that will be explored in greater depth in the final section). Consequently, this

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<sup>23</sup> William HENNIGAN, “Saudi Crown Prince Says U.S. Troops Should Stay in Syria”, in *Time*, March 18<sup>th</sup>, 2018.

<sup>24</sup> AHDATH, “Syria’s reconstruction starts from Jordan”, August 12<sup>th</sup>, 2017.

<sup>25</sup> G. AZAR, “Hariri calls on EU to exude pressure on Syria to return refugees”, in *An-Nahar*, March 14<sup>th</sup>, 2019.

<sup>26</sup> HAMMOUD, “General start of reconstruction of Syria. Where is Lebanon 2019?”, in *Al Mashraq*, January 2<sup>nd</sup>, 2019.

<sup>27</sup> AL-ADAYLA, “Syria’s reconstruction is a Jordanian interest and a matter for Jordan”, in *Al Rai*, August 13<sup>th</sup>, 2018.

new opportunity is regarded as essential by local investors and by the port's director, Ahmad Tamer, who argued that the ports of Latakia and Tartous alone would be insufficient to manage the influx of cargo required for Syria's reconstruction<sup>28</sup>. However, in order to achieve this objective, the port of Tripoli would require a significant expansion - tripling its size to enhance storage capacity. This ambitious project necessitates substantial foreign investment to cover the estimated costs of \$350 to \$400 million.

In addition to their geographical proximity, Lebanon and Jordan offer several competitive advantages. The business communities in these countries possess extensive knowledge of the Syrian market, and Lebanese construction firms and banks are already operational in Syria (al Halabi, 2019). Having endured its own internal conflict, Lebanon underwent a significant reconstruction process, which has trained its engineers, companies, and investors with valuable experience in post-conflict rebuilding. Similarly, Jordanian counterparts have played a substantial role in the reconstruction of Iraq and are equally prepared to undertake such efforts in Syria (Matsunaga, 2019).

However, the enthusiasm of these two countries is tempered by the reality of American sanctions on Syria. The United States has pressured both Lebanon and Jordan to refrain from engaging in economic activities with Syria, threatening to enforce the *Caesar Syria Civilian Protection Act of 2018* against their companies. In 2019, the American embassy's threats have upset Jordanian businessmen and politicians, who argued that withdrawing from the Syrian market would create opportunities for Iran to expand its influence (al Halabi, 2019).

Unfortunately, the reconstruction of Syria appears to be viewed primarily as a market for economic profit and opportunities, with little regard for the needs and expectations of ordinary Syrians. As discussed in the first section, Syria must ensure that its reconstruction process is not undermined by the ambitions and interests of external actors. The new interim government must prevent it from falling into, what we characterized earlier, a form of *proxy reconstruction*, in which external actors pursue their sole interest, whether political, economic or to vie for dominance, with little supervision of the state due to its limited capacities. Georges Corm (2005) highlighted a similar issue in the case of Lebanon, where public infrastructure projects with low economic returns were neglected during Rafic Hariri's reconstruction plan. This lack of investment has resulted in persistent challenges, such as inadequate healthcare services and electricity shortages, which continue to affect the country today.

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<sup>28</sup> Chloe CORNISH, "Lebanese Port Eyes China as it Sells Itself as Hub for Syria", in *Financial Times*, January 12<sup>th</sup>, 2020.

## Chapter 5

# Global challenges in a hostile international context

As seen in this previous chapter in which we briefly overviewed how the regional dynamics and rivalries impact the Syrian reconstruction, it was clear that the dualism between the United States and Russia was a key element in the understanding of the dynamics on a global scale. In this section, we extend our vision of those dynamics on the international context, and how global powerhouses can boost and spoil the post conflict reconstruction process of Syria if their expectations are not met.

### **The reconstruction of Syria between two blocks**

The Syrian civil war has become a battleground for global hegemonic competition between two blocs rooted in the Cold War era: the Western bloc, led by the United States, and the Eastern bloc, led by Russia and China. While the United States initially hesitated to intervene, expecting the rapid collapse of the Assad regime, Russia swiftly supported Bashar al-Assad's government through various means. In the following section, we will examine the motivations behind and the mechanisms of both the U.S. and Russia's involvement in the conflict and their repercussions of the reconstruction process.

#### *The United States and Russia*

Since the beginning of the Syrian conflict, both Russia and the United States have been actively involved, engaging in a strategic confrontation as part of their competition for global hegemony. Russia has consistently supported the Assad regime from the beginning, driven by two primary concerns. First, the potential fall of Bashar al-Assad would result in the loss of a key ally in the Middle East, thereby benefiting the United States and its allies. Syria holds particular significance for Russia due to its only Mediterranean naval base in Tartous, making it a central pillar of Russian Middle Eastern policy. Second, Russia was deeply concerned about the rise of Islamist fundamentalists and their potential victory, which could exacerbate internal instability in the Russian Caucasus and Central Asian regions, both of which have significant Muslim populations (Heydemann, 2013).

On the other hand, the United States initially attempted to avoid direct involvement in the Syrian conflict, particularly after its experience in Libya. In the years prior to the war, efforts were made to improve relations between Washington and Damascus. American officials, experts, and diplomats initially viewed Bashar al-Assad as a reformist and a moderate leader who could potentially align with Western interests (Lesch, 2012). However, following the regime's violent response to protesters, the United States imposed sanctions on individuals close to the regime for human rights violations. By August 2011, President Barack Obama publicly called for Assad to step down. Despite this, NATO aimed to preserve the regime and its institutions by incorporating moderate opposition members, but without Bashar, in an attempt to avoid the mistakes made in Iraq, where the complete dismantling of the regime led to prolonged instability due to the lack of skilled governance (Reuters, 2012; Matsunaga, 2019).

Hillary Clinton, then U.S. Secretary of State, advocated for training and arming moderate opposition groups to pressure Assad into negotiating with the opposition (Daher, 2019). However, the emergence of the Islamic State (ISIS) in 2014 shifted U.S. priorities. The United States focused on combating ISIS, training and arming Kurdish militias and the Syrian Democratic Forces (SDF). This alignment with Kurdish groups degraded relations with Turkey, a NATO member state, and provided Russia with an opportunity to exploit divisions between the United States and Turkey.

Throughout the conflict, Russia maintained a consistent objective: to reassert its global influence. This was evident in its use of veto power in the UN Security Council to block sanctions against Syria and its unwavering support for Assad. A pivotal moment influencing Russia's stance was its perception of betrayal by the United States and NATO during the Libyan intervention<sup>29</sup>. Despite assurances that UNSC resolutions were solely for humanitarian purposes, Russia viewed the extensive bombing campaigns and international intervention as efforts to overthrow Muammar Gaddafi, resulting in the loss of a key regional ally and economic partner (Valenta and Valenta, 2016). Determined to prevent a similar outcome in Syria,

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<sup>29</sup> Emma FARGE, "Russia criticises UN over NATO role in Libya," in *Reuters*, 9<sup>th</sup> March, 2012.

Russia continued to supply the Assad regime with advanced weaponry, including armored vehicles, drones, and guided bombs (Saul, 2014). The Syrian conflict also served as a platform for Russia to showcase its military technology, promoting its arms export sales. Additionally, Russia provided training to the Syrian Arab Army and pro-regime militias (Kureev, 2016). In 2015, Russia secured an airbase in Syria, granting its military significant operational autonomy to conduct airstrikes against rebel forces in the north (Stratfor, 2015).

Officially, Russian airstrikes targeted terrorist groups, which, in international terms, referred to ISIS. However, within the Russian and pro-regime context, this often qualified opposition groups fighting Assad. These airstrikes enabled the regime to regain control over lost territories, gradually transforming the multi-faceted civil war into a binary conflict between Assad and ISIS. Despite this alignment, minor disagreements arose between Russia and Syria. While Russia sought a negotiated end to the conflict, including a ceasefire and the incorporation of moderate opposition factions without fundamentally altering the regime, Assad remained unwilling to compromise (Daher, 2019).

When Donald Trump took over the U.S. presidency in 2017, the American strategy remained largely unchanged, with the primary focus on combating ISIS and reducing Iranian influence in Syria. Following the chemical attacks in Khan Sheikhoun (2017) and Douma (2018), which each resulted in over 70 civilian deaths, the United States targeted Syrian military bases. These strikes were not aimed at regime change but rather at preventing further use of chemical weapons by Assad (Lynch, 2017).

Throughout the conflict, Russia positioned itself as a central player in the resolution efforts, even collaborating with NATO and the United States in the fight against terrorism. This indirect cooperation with Assad's regime underscored a shift in Western objectives. Rather than pursuing a complete regime change, the focus shifted toward advocating for implementing democratic reforms within the existing framework. Assad's strategy of presenting himself as the lesser evil, "Me or the Devil", almost worked out for him.

Following Assad's downfall, the interim government expressed a desire to maintain positive relations with Russia, recognizing its role as a key sponsor of reconstruction efforts (Hinnebusch, 2020). As previously demonstrated, Russia remains a significant economic partner for Syria. In the following section, the roles of the United States and Russia in Syria's reconstruction will be examined, highlighting their divergent approaches and competing interests.

#### *The Reconstruction of Syria: The United States as a spoiler and Russia as the sponsor*

While it is in Russia's interest to lead the reconstruction efforts in Syria, the same cannot be said for the United States. The U.S. has utilized its financial leverage and global hegemony to isolate Syria from international financial flows. By imposing strict limitations on money transfers, the U.S. aims to destabilize the Assad regime and exhaust the population, potentially inciting another uprising against Bashar al-Assad (Arason, 2018). However, this strategy has had the opposite effect, as the population has become increasingly reliant on regime institutions and local warlords for basic needs, often requiring bribes to access essential services (Abboud, 2014). Washington seeks to undermine reconstruction efforts to prevent the regime from consolidating power through these initiatives (Hinnebusch, 2020). To achieve this, the U.S. has leveraged its influence in the northeastern region, blocking access to critical resources such as oil and gas, which are vital for reconstruction and the functioning of other regions. In this dynamic, the U.S. administration aims to maintain minimal humanitarian assistance and rehabilitate basic infrastructure in areas under Kurdish control (Arason, 2018).

In April 2018, the U.S. Congress passed the *No Assistance for Assad Act* (NAAA), which aims to "prevent taxpayer dollars from supporting the Assad regime and its proxies". Alongside the *Caesar Act*, this legislation restricts foreign companies from engaging in economic activities with Syria until a political solution is reached (Aronson, 2018). Washington's broader objective is to render Syria a failed state and a financial burden, thereby draining the resources of Iran and Russia rather than allowing the country to become an asset for them (Heydemann, 2017). This is exemplified by the decision of the White House to cancel its \$230 million funding for the reconstruction of the areas once held by ISIS. Instead, the Trump administration secured \$300 million of donations including \$100 million from Saudi Arabia and \$50 million from the UAE, reflecting Trump's desire to reduce direct U.S. involvement while encouraging greater contributions from allies (Daher, 2019).

The growing influence of *Hezbollah* in Lebanon and the strengthening ties between Damascus and Beirut have prompted U.S. officials, including Mike Pompeo, David Hale, and David Satterfield, to visit Lebanon with four key demands (al Halabi, 2019). First, Washington pressured Beirut to exclude a Syrian delegation from an economic conference held in Lebanon. Second, it sought to slow down the rapprochement between Lebanon and Syria, the same efforts were made with Gulf monarchies. Third, the U.S. threatened Lebanon with sanctions if it participated in Syria's reconstruction before a political resolution was achieved. Similar warnings were issued to Jordanian and other regional companies considering economic engagement with Syria. Finally, the American delegation aimed to discuss the demarcation of Lebanon's land and sea borders with Israel<sup>30</sup>.

These demands were poorly received in Jordan and Lebanon. During a meeting with David Hale in January 2019, Lebanese Foreign Minister Gibran Bassil emphasized that Lebanon's participation in Syria's reconstruction was crucial for its national economy and urged the U.S. to consider this reality<sup>31</sup>. Meanwhile, Russia has positioned itself as the primary sponsor of Syria's reconstruction, paving the way for others to follow. It is no coincidence that Saad Hariri and Jordan's ambassador to Russia met with Russian officials to secure the involvement of their companies in the reconstruction process. Russia has also sought to encourage European support, arguing that participation in Syria's reconstruction could facilitate the return of refugees and stabilize the region. However, such efforts risk normalizing the Assad regime, a case scenario that European states have sought to avoid (Van Veen, 2019).

Russia's involvement in Syria's reconstruction is driven by the economic opportunities it presents. These efforts could recoup the investments Russia made in military support during the war while benefiting Russian oligarchs close to President Putin (Hinnebusch, 2020). Notable examples include the gas company *Europolis*, which was promised 25% of the oil and gas from recaptured areas, and *Stroytransgas*, which secured management of 70% of Syria's phosphate reserves and took control of the country's primary fertilizer company (Daher, 2019).

### Europe's indecisiveness

On April 5, 2017, a conference on the future of Syria was held in Brussels, bringing together high-level representatives from seventy countries. The reconstruction of Syria was a predominant topic on the agenda. However, it was widely perceived that reconstruction efforts would empower Bashar al-Assad, an outcome European states sought to avoid (Heydemann, 2017). While European states were willing to invest in the reconstruction process, they set specific conditions, including Assad's departure. They also emphasized the importance of implementing democratic reforms, ending hostilities, and facilitating the return of refugees. In essence, the European Union reaffirmed its commitment to the principles outlined in UNSCR 2254 and the Geneva Communiqué. Unlike Russia or the United States, European states have more at stake in this process, particularly due to the refugee crisis and the rise of terrorism following the emergence of ISIS, which has pressured them to take a more active role (Yazigi, 2017).

In an article for the Atlantic Council<sup>32</sup>, Heydemann (2017) argues that providing financial aid to the Assad regime was not a viable solution, citing three main reasons:

First, he contends that regime cronies would exploit humanitarian aid, diverting funds to enrich themselves rather than assisting the population. In Assad's Syria, financial aid could only be delivered through government-listed NGOs, which are often connected to regime cronies. The regime itself imposes fees on these funds, sometimes as high as 50 percent (Center for Strategic and International Studies, 2022).

Second, Heydemann warns that the European Union should not view reconstruction as leverage for negotiations with Damascus. Syria's agenda is heavily influenced by its long-term allies, Iran and Russia, and Bashar al-Assad has no intention of stepping down in exchange for European financial aid (Heller, 2017). Even Syria's Economy and Trade Minister, Adib Mayaleh, demanded that European countries apologize to Syria as a precondition for their participation in reconstruction, with the added stipulation that such an apology must be accepted by the Syrian people. This reflects a profound lack of accountability<sup>33</sup>.

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<sup>30</sup> THE DAILY STAR LEBANON, "Senior US envoy in Beirut amid Lebanon border dispute", May 14<sup>th</sup>, 2019.

<sup>31</sup> THE SYRIAN REPORTER, "Washington: Lebanon Forbidden to Participate in Syrian Reconstruction", January, 2019.

<sup>32</sup> Steven HEYDEMANN, *Syria Reconstruction and the Illusion of Leverage*, in *the Atlantic Council*, 2017.

<sup>33</sup> Aron LUND, "Rebuild Syria's Rubble as cannons roar", in *The New Humanitarian*, 2017.

Third, Assad has already outlined his reconstruction plans, with contracts likely awarded to Russian, Iranian, and Chinese companies. Furthermore, through legislative tools such as Decree 66, regime cronies have seized vast amounts of land and housing units previously owned by displaced individuals or those unable to prove ownership (Yazigi, 2017). This raises serious concerns about the Syrian authorities' commitment to facilitating the return of displaced individuals and their adherence to the Pinheiro Principles. These principles, established by the United Nations, guarantee refugees and displaced persons the right to restitution or compensation for their housing and property upon their return<sup>34</sup>.

Since the downfall of Bashar al-Assad, European countries have reestablished diplomatic relations with Damascus. On January 3, 2025, the Foreign Affairs Ministers of France and Germany jointly visited Damascus, meeting with Ahmad al-Sharaa, the leader of the interim government. The ministers emphasized the importance of a ceasefire across the entire Syrian territory on behalf of the European Union, particularly involving Kurdish forces<sup>35</sup>. On January 27, 2025, Jean-Noel Barrot, France's Minister of Foreign and European Affairs, announced that the EU would suspend sanctions in the energy, transportation, and financial sectors<sup>36</sup>. He argued that this would facilitate economic stabilization and initiate the reconstruction process. In exchange, the interim government must ensure a political transition that includes all Syrians, regardless of gender, religion, or ethnicity, as well as implement security measures to combat ISIS and destroy the stockpile of chemical weapons left by the Assad regime. Barrot also announced that France would host the third edition of the Aqaba Agreement on February 13, 2025, to discuss the reconstruction process, political transition, and compliance with other conditions.

### **China and Asia: New Global actors?**

The reluctance of Western actors to participate in reconstruction efforts has left the door open for other investors, such as China and India. Both countries maintained their diplomatic ties with Damascus throughout the war. China has consistently vetoed UN Security Council resolutions aimed at sanctioning Bashar al-Assad, emphasizing the principle that Syria must determine its own political future (Marks, 2018). On the other hand, India has already invested in reconstruction projects, including a steel factory, and several Indian construction firms participated in the Damascus Exhibition for Reconstruction in 2018 (Hinnebusch, 2020). However, China's potential involvement in Syria's reconstruction is a nuanced issue, with differing perspectives. While Marks (2018) expresses optimism about China's participation, Yazigi (2017) argues that such involvement is unlikely due to Syria's lack of assets.

China and Syria have undoubtedly strengthened their trade partnership during the war, with 80 percent of Syrian exports destined for the Chinese market (Marks, 2018). Under Bashar al-Assad, China and Syria agreed to approximately \$2 billion in reconstruction contracts. In 2018, ahead of the "Syria Reconstruction Project Symposium," hosted by the Syrian Embassy in Beijing and the Chinese-Arab Exchange Association, a delegation of Chinese investors visited Homs and Damascus to explore opportunities for reconstruction deals. The event, which initially aimed to bring together 150 enterprises for a joint Syria industrial zone, attracted around 1,000 Chinese investment and development firms, highlighting the interest of Chinese investors in Syria's reconstruction (Marks, 2018).

China's Belt and Road Initiative (BRI) has also drawn attention to the Middle East, a strategic carrefour connecting Asia, Africa, and Europe. Stabilizing the region aligns with China's interests, and in 2018, China announced a development plan for the Middle East, including \$20 billion in loans for regional development and nearly \$100m in reconstruction assistance for Syria, Jordan, Lebanon, and Yemen<sup>37</sup>. According to Marks (2018), this underscores the importance of Syria's reconstruction for China, not only for its political ambitions but also for economic reasons. Additionally, Marks notes that the presence of 5,000 Chinese fighters in Syria, primarily from the Uyghur minority, poses a security concern for Beijing and might contribute to instability in China's Xinjiang province in the future. This further incentivizes China to participate in Syria's reconstruction and political stabilization.

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<sup>34</sup> The Pinheiro Principles, United Nations Principles on Housing and Property Restitution for Refugees and Displaced Persons.

<sup>35</sup> FRANCE 24, « En Syrie, Jean-Noël Barrot appelle à une "solution politique" avec les Kurdes », January 3<sup>rd</sup>, 2025.

<sup>36</sup> BFM TV, « L'Union Européenne va lever certaines sanctions contre la Syrie », January 27<sup>th</sup>, 2025.

<sup>37</sup> Laura ZHOU, "China pledges US\$23 billion in loans and aid to Arab states as it boosts ties in Middle East", in *South China Morning Post*, 2018.

In contrast, Yazigi (2017) offers a different perspective. He argues that China has limited interest in Syria due to its instability and high levels of corruption, which could restrict access to lucrative contracts and instead benefit cronies. For Bashar al-Assad, the reconstruction process had primarily served as a tool to legitimize his regime. However, China typically funds infrastructure projects abroad through loans and requires that construction be carried out by Chinese companies (al Halabi, 2019). Through Public-Private Partnerships (PPPs), some Chinese investors have expressed concerns about unfair competitiveness and decision-making in Syria, which often favors local contractors with close ties to the regime (Yazigi, 2017; al Halabi, 2019). Furthermore, both Iran and Saudi Arabia are critical suppliers of crude oil to China, and the country may be reluctant to risk antagonizing either by taking sides in Syria's reconstruction. In 2017, supporting reconstruction efforts would have been perceived as backing Bashar al-Assad and strengthening Iranian influence in Syria, potentially upsetting Saudi Arabia. Lastly, when China invests in emerging economies, it typically seeks access to natural resources, something Syria lacks in significant quantities.

## Chapter 6

# The Reconstruction under the Transitional Government: Lessons from the Reconstruction of Iraq and Lebanon

The preceding chapters of this research have provided an in-depth analysis of both the internal and external challenges associated with Syria's post-conflict reconstruction. Internally, the study has examined the extensive physical and socio-economic damages caused by the war, alongside the political and economic dynamics that have reinforced cronyism. This includes the study of the legislative mechanisms enacted to consolidate this system of patronage. Externally, the research has highlighted the strategic involvement of regional and international actors in Syria's reconstruction, driven by their respective political and economic agendas. Based on these findings, this chapter seeks to propose a potential framework for Syria's post-conflict reconstruction and peacebuilding process under the current regime. This will be achieved through a comparative analysis of the reconstruction processes of Iraq and Lebanon, drawing lessons that may inform a viable path forward for Syria.

### **Post-conflict reconstruction in the Middle East: a comparative study of the reconstruction of Iraq and Lebanon**

In recent years, the Middle East has witnessed the post-conflict reconstruction processes of several countries. Using a comparative approach, this study explores the challenges, successes, and failures of these reconstruction efforts. In the first section, we will examine the neoliberal reconstruction of Lebanon, with a particular focus on the profound makeover of Downtown Beirut under the *Solidere* project, led by Rafic Hariri. In the following section, we will analyze the reconstruction of Iraq, which differed significantly from the Lebanese experience. By examining these two distinct paths, this study aims to draw insights into the varying approaches to post-conflict reconstruction in the region.

#### *The Reconstruction of Lebanon: Return to the Golden Age Era*

Rafic Hariri is widely recognized as the driving force behind the reconstruction of downtown Beirut. Born in Sidon in 1944, he gained significant wealth in Saudi Arabia, much like many other Lebanese expatriates in the region at the time (Amiralay, 2000). Specializing in real estate, he was employed by the Saudi royal family, which brought him into close proximity with King Fahd al-Saud (Nabaa, 2000). His most notable achievement was the establishment of his real estate company, *Solidere*, founded on May 5, 1994.

The planning for Beirut's reconstruction began as early as 1975, following the outbreak of the civil war, and Hariri became involved in these efforts from 1979 onward (Corm, 2005). He served as Prime Minister of Lebanon twice, first from 1992 to 1998 and again from 2000 to 2004 (Amiralay, 2000). Through his leadership and the influence of his clan, Hariri came to dominate Lebanon's economic and political landscape, particularly through his real estate firm, *Solidere* (Picard, 2019). He is often regarded as the heir to the liberal economic policies established during the French Mandate era and the post-independence period (Baumann, 2016).

Hariri successfully persuaded the Lebanese government and parliament to support his vision by promising a return to Lebanon's "Golden Age." His plan centered on constructing a new city center that would serve as a showcase for the country, attracting foreign tourists and investment. The "Golden Age" refers to the period from the 1950s until the onset of the Lebanese Civil War in 1975, during which Lebanon thrived in sectors such as banking, trade, tourism, and culture (Nasr, 1978). The banking sector, in particular, flourished under a *laissez-faire* economic system, boosted by an influx of capital from wealthy Arab populations fleeing socialist regimes in Egypt, Syria, and Iraq, as well as from the Palestinian bourgeoisie displaced after 1948 (Corm, 2005).

This open economic policy also facilitated a real estate boom in Beirut during the 1960s and 1970s, driven by the rise of petrodollars in the Gulf (Corm, 2005, p. 246). However, as Lebanese economist Karim Merhej (2021) argues, the myth of a pre-war "Golden Lebanon" extends beyond a simple nostalgia for a past that never truly existed. This myth has profound implications for the present and future, perpetuating the belief that Lebanon can only prosper under an ultra-liberal economic model with minimal state intervention (Merhej, 2021). This is the narrative that Rafic Hariri sought to perpetuate.

Consequently, the Lebanese parliament and government entrusted Hariri with the task of reconstructing Beirut's city center, imposing no constraints on his plans (Debié, 2003). Furthermore, under Law No. 117 of 1991, *Solidere* was exempt from state supervision and any form of taxation for a period of ten years (Corm, 2005). The company also received substantial financial backing from Saudi Arabia, a key ally of Hariri (Daher, 2018).

In his article "Downtown Beirut: Where is the State?", Georges Corm (1991) argues that the Lebanese state withdrew from the reconstruction process following claims by Hariri and *Solidere* that the government lacked the capacity to borrow funds after the war. However, Corm contends that Lebanon emerged from the war with a relatively stable economy, supported by a resilient banking system and substantial gold reserves (Corm, 1991). The state could have borrowed funds to rebuild the city and subsequently repaid the debt by taxing capital gains and selling 450,000 square meters of land reclaimed from sea fill (Corm, 1991). Nevertheless, *Solidere* ultimately prevailed. Due to repeated delays in construction, the Lebanese government occasionally had to borrow money to support the company, a task made easier by the close relationship between Hariri and Riad Salame, the Governor of the Bank of Lebanon (Leenders, 2012; Picard, 2019).

The reconstruction of downtown Beirut began with its deliberate destruction. Approximately 600,000 square meters of land were cleared, and nearly 900 buildings were demolished to double the area of the city center, including the annexation of surrounding neighborhoods. A sea fill project added an additional 450,000 square meters (Corm, 2005). The 120,000 individuals with ownership rights to these lands became shareholders of *Solidere* following the demolition of their properties (Debié, 2003).

To encourage Lebanese citizens to invest in *Solidere*, a massive advertising campaign was launched across the country (Debié, 2003). Rumors circulated that "six or seven of the biggest Lebanese and Saudi fortunes" (Corm, 2005), closely tied to Hariri, would cover all necessary investments to ensure the project's success (Gaspard, 2004). The campaign aimed to convince the Lebanese public that investing in *Solidere* was a lucrative opportunity in a war-weakened economy. As a result, the company's capital reached \$1.6 billion, equivalent to nearly one-third of Lebanon's GDP at the time (Corm, 2005). It is also worth noting that many political elites had a vested interest in *Solidere's* success, as they had heavily invested in the project, often conflating their personal interests with those of the state (Gaspard, 2004).

The Lebanese economy became increasingly focused on *Solidere* and the reconstruction of Beirut, which Hariri envisioned as the first step toward revitalizing the nation by attracting foreign investors and creating a broader development (Corm, 2005). However, this focus on downtown Beirut came at the expense of other critical sectors, such as healthcare, education, and public transportation. In the absence of state intervention, these sectors were increasingly privatized, exacerbating inequality and leaving the poorest segments of society further marginalized (Gaspard, 2004).

The similarities between the reconstruction efforts under Bashar al-Assad and those led by Rafic Hariri in Lebanon are evident. In Syria, al-Assad's vision for reconstruction was relying heavily on partnerships with influential Syrian businessmen from the Gulf, such as Samer Foz and Mazen Tarazi. Projects like *Marota City* and *Basilica City* were conceived as symbols of a modern, revitalized Syria, aimed at attracting foreign investment through luxurious real estate developments. However, much like the *Solidere* project in Lebanon, these initiatives have monopolized political and economic attention, diverting resources and focus away from critical sectors such as electricity, healthcare, education, and other essential infrastructure. Furthermore, similar to *Solidere*, these businessmen have benefited from flexible legislation modulable according to their interests, enabling them to prosper with minimal constraints.

Despite the strong criticisms from the Lebanese economist Georges Corm (1991; 2005) against the *Solidere* project, economist Yazigi (2017) highlights several advantages that the Lebanese reconstruction process enjoyed, which were absent in Syria under Bashar al-Assad. First, Yazigi points out that Lebanon's post-conflict reconstruction was guaranteed by a political agreement, the Taif Accord (1991), which was supported by key regional and international actors. This agreement created a stable foundation for peacebuilding and reconstruction efforts. Second, Yazigi emphasizes the important role of Rafic Hariri, who used his extensive political and economic networks in the Gulf and the West to secure funding from international institutions and wealthy investors, particularly from Saudi Arabia. Finally, Yazigi argues that Hariri's vision for reconstruction was more coherent and concrete, centered on repositioning Beirut as a strategic intermediary between the East and the West, a vision that guided the project to its completion.

### *A proxy-reconstruction example: Iraq?*

Unlike Lebanon's domestically driven reconstruction, which was led by a local economic elite, Iraq's reconstruction was primarily directed by an external occupying force, the United States, through its influence on the Coalition Provisional Authority (CPA). As explored in depth by Matsunaga (2019) in his report for the International Bank for Reconstruction and Development, Iraq's post-2003 reconstruction was compromised by some factors. The economist identifies five important obstacles: lack of security, a contested and weak state, ethno-sectarian divisions, competition among external actors, and economic dependence on oil.

This comparison is particularly relevant for Syria, as the country is likely to face similar challenges. Matsunaga emphasizes the importance of addressing insecurity as a prerequisite for successful reconstruction. Insecurity can derail the process and significantly increase costs. In Iraq, for example, reconstruction efforts were often managed remotely from the UK and the US due to security concerns, which delayed operations, hindered the delivery of materials, and restricted the movement of workers. Despite the downfall of Bashar al-Assad, Syria remains fragmented and lacks centralized authority. The northeast is under Kurdish control, the south is partially occupied by Israel and subject to occasional airstrikes, and central regions continue to face threats from remnants of the Islamic State (ISIS).

Following the fall of Saddam Hussein in 2003, the new Iraqi state regime established by the international coalition and the CPA faced significant opposition. Governance in Iraq was facing three main issues. First, the deterioration of state institutions, caused by de-Baathification and the exodus of skilled individuals, made the state difficult to manage and further spoiled reconstruction efforts. Second, decentralization efforts, particularly those led by the U.S. to grant greater autonomy to the Kurds, deepened divisions and exacerbated disputes over the redistribution of oil revenues. Third, high levels of corruption undermined both reconstruction and governance, contributing to widespread rejection of the CPA.

Syria is already dealing with similar challenges. To avoid repeating Iraq's mistakes, the de-Baathification of Syrian institutions must be gradual rather than abrupt to ensure the continuity of essential services. The new government must also take measures to prevent a brain drain by securing jobs and opportunities for skilled individuals, who are critical to driving reconstruction efforts. Additionally, agreements and reconciliation with Kurdish-led regions will be essential to unify the country and prevent further fragmentation.

After the fall of Saddam Hussein's regime, which had favored Sunni Arabs, ethnic and religious divisions intensified. While Kurds and Shias had been oppressed under his rule, they began to use their differences as a form of political leverage. Foreign actors, particularly Iran and the United States, provided financial, military, and political support to these groups, further entrenching divisions. A similar dynamic is unfolding in Syria. To prevent internal conflicts from undermining peacebuilding efforts, the transitional government must prioritize national unity, guaranteeing inclusivity across gender, religion, and ethnicity.

Despite receiving substantial funding for reconstruction, Iraq failed to diversify its economy, leaving it heavily dependent on oil and vulnerable to market fluctuations. Lebanon made a comparable mistake by prioritizing luxury services in downtown Beirut over the development of industries, agriculture, and infrastructure (Corm, 2005). Syria has the advantage of learning from the experiences of its neighbors. By studying these examples, Syria can develop a reconstruction strategy that avoids repeating the same errors and paves the way for a more sustainable and inclusive recovery.

### **Reconstruction Syria under a new rule**

Optimistic voices in Syria and abroad continue to hope for a successful post-conflict peace and reconstruction process. As history has demonstrated, the success of reconstruction efforts in Europe and Japan after World War II relied heavily on social cohesion and strong national identity (Chaudhry, 2025). However, if Syria remains as fractured and divided as it is today, the reconstruction process may face significant obstacles. The social fabric has been destroyed, trust and solidarity among the population have eroded, and syndicates and religious groups are deeply divided. Without national cohesion, the interests of external actors and armed factions may overshadow those of ordinary Syrians, potentially leading the country down a path similar to Libya or Iraq.

The new interim government, led by a coalition that includes former members of terrorist organizations such as *al-Qaeda* and *al-Nusra Front*, has raised profound concerns among certain segments of the population, particularly women<sup>38</sup>. Some argue that *Hayat Tabrir al-Sham* (HTS) has completely broken with international jihadism in order to institutionalize itself and administer the province of Idlib between 2017 and 2024 (Nasr, 2025). On January 30, its leader, Ahmed Al-Sharaa - also known by his war name, Al-Joulani, announced that he would assume the presidency of the country until a national consensus is reached and a new constitution is established to guarantee fair, free, and democratic elections<sup>39</sup>. He emphasized that the transitional government would strive for inclusivity and work to disarm militias to advance state-building efforts. This commitment to inclusivity is symbolized by the appointment of a woman, Maysaa Sabreen, as Governor of the Central Bank.

So far, it appears that the HTS authorities have learned from the mistakes of their Iraqi counterparts. They have avoided initiating an intense de-Baathification of the administration, a process that led to institutional incapacity and prolonged instability in Iraq (Trombetta, 2025; Matsunaga, 2019). More notably, the new government has announced a general amnesty for soldiers in the Syrian Arab Army, demonstrating a commitment to preserving the military institution to prevent internal conflicts during the political reconstruction phase (Taha, 2025). This approach contrasts with the mistakes made in Libya and Iraq following the fall of Qaddafi and Saddam Hussein. In both cases, the dissolution of the army created a power vacuum filled by armed factions and militias financed and organized by external actors. Mourhaf Abou Qasra, a military chief in HTS, has emphasized the importance of establishing a professional army and political parties that are independent of foreign influence.

Economically, the HTS-led government appears to be moving toward liberal reforms. Interim Economy Minister Bassel Abdul Aziz declared before the Damascus Chamber of Commerce that the economy would be based on free-market principles and fair competition, aiming to end cronyism<sup>40</sup>. These reforms are clearly designed to attract exiled Syrian businessmen and foreign firms to lay the groundwork for reconstruction. However, as long as Syria remains under Western sanctions, such efforts will face significant challenges. Although the European Union has suspended sanctions in the energy, transportation, and financial sectors, the core issue remains the U.S. sanctions, which prevent the transfer of funds to Syria<sup>41</sup>. For now, it seems unlikely that the U.S. under Donald Trump will play a direct role in Syria. Instead, the U.S. could lift sanctions and provide political and logistical support to enable Syria to rebuild itself (Taha, 2025).

One of the most critical challenges for Syria's future will be the return of displaced individuals and refugees. By 2024, the United Nations estimates that at least 7.4 million Syrians<sup>42</sup> remain internally displaced, while approximately 4.9 million have sought refuge in neighboring countries, and an additional 1.3 million have resettled elsewhere, primarily in Europe. The challenge will not only be to provide proper housing for these individuals but also to address complex issues related to land and property rights. Decisions about who returns to which areas will be contentious, particularly regarding the restitution of properties seized by cronies under Decree 66, which allowed the accumulation of large tracts of land and real estate (Yazigi, 2017). Another pressing question is where reconstruction efforts will be prioritized and for whose benefit.

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<sup>38</sup> FRANCE 24, « Après la chute de Bachar al-Assad, les Syriennes tiraillées entre espoir et inquiétude », December, 2024.

<sup>39</sup> From the inauguration speech of Ahmad al-Sharaa, President of the Syrian Arab Republic by interim, January 30<sup>th</sup>, 2025.

<sup>40</sup> THE NEW ARAB, “Syria’s interim government pledges free-market reforms under HTS rule”, December 11<sup>th</sup>, 2024.

<sup>41</sup> BFM TV, “L’Union Européenne va lever certaines sanctions contre la Syrie”, January 27<sup>th</sup>, 2025.

<sup>42</sup> UNHCR, “Syrian refugees Live Data”.

# Conclusion

This extensive work aimed at providing a comprehensive and in-depth understanding of the challenges surrounding post-conflict reconstruction in Syria. By examining the strategies employed by the former regime of Bashar al-Assad, which favored cronies, warlords, and foreign allies, it becomes evident that the reconstruction process was largely diverted from its intended purpose. Although this strategy ultimately failed, as symbolized by the downfall of the Assad regime, many questions remain regarding Syria's uncertain future.

This study has shown that the reconstruction in Syria is far from being a purely humanitarian effort. Indeed, at the heart of this Master's thesis is the argument that reconstruction is not a politically neutral or technocratic process, but rather an extension of conflict by other means. The battle for Syria has moved from the frontlines to the construction sites, a shift from proxy war to what I have termed a "proxy reconstruction". This evolution confirms our first hypothesis that Syria's rebuilding phase has become an arena of regional and international contestation, where global and regional powers pursue their geopolitical, economic, and ideological agendas under the guise of reconstruction.

Another position taken through this Master's thesis was suggesting that, within a framework of crony capitalism and clientelism, the reconstruction process under al-Assad served to reward loyalists and marginalize opponents. Through legislation and the appropriation of land, the regime transformed reconstruction into a tool of authoritarian stabilization. Indeed, although the Assad regime has fallen, the legacy of its economic structures remains deeply embedded. The new ruling class appears to continue relying financially on elements of the previous economic elite, showing a degree of continuity rather than a total rupture. There are indications that the transitional authorities are actively seeking to retain these elites and their capital in Syria, likely to prevent further capital loss and economic destabilization. Furthermore, it would be particularly relevant to investigate which individuals or networks close to the new regime have been awarded major reconstruction contracts. Such investigation could reveal whether the dynamics of clientelism and crony capitalism persist under this new leadership, and eventually, with different beneficiaries.

Lastly, I proposed that the reconstruction efforts under al-Assad were not part of a coherent long-term plan. They were indeed intended to serve as a tool for securing short-term political and economic gains. To analyze this, I employed a comparative approach, analyzing the reconstruction processes in Iraq and Lebanon. Both countries prioritized short-term economic gains, expecting them to serve as a foundation for reconstruction. In Lebanon, the *Solidere* project aimed to generate exponential profits through the resale of luxury real estate, while Iraq relied heavily on its hydrocarbon resources. In both cases, donors and investors sought immediate returns rather than developing a sustainable, long-term plan for the population. This resulted in a lack of economic diversification in Iraq and the significant appropriation of resources by foreign actors. Similarly, Bashar al-Assad's vision, exemplified by his luxury real estate projects, mirrored that of Rafic Hariri. However, who could afford such properties? If the outcome resembles that of Beirut, wealthy investors from the Gulf might capitalize on these projects, accumulating wealth as real estate prices fluctuate in post-war Syria. In both scenarios, the reconstruction process has favored external investors, while the living conditions of the local population have failed to return to pre-war levels.

In this context, this Master's thesis serves as a reminder that the reconstruction process must not be exploited by external actors for profit and economic gain. The new Syrian authorities must carefully consider these risks as they move forward. It is indeed my hope that readers will interpret this work as a warning about the dangers of predatory capitalism in the context of post-conflict reconstruction. As the American novelist Margaret Mitchell says:

*"There are two times for making big money, one in the up-building of a country and the other in its destruction. Slow money on the up-building, fast money in the crack-up"*<sup>43</sup>.

Looking ahead, Syria's new leaders must resist the temptation to replicate past models. Reconstruction must not become a *façade* for authoritarian revival or foreign economic capture. Instead, it must be reimagined as a national, inclusive, and long-term project, grounded in the principles of social justice, transparency, and

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<sup>43</sup> Margaret MITCHELL, *Gone With the Wind*, London, Mac Millan, 1939.

reconciliation. This would mean designing policies not for crony investors, but for displaced families; not for geopolitical leaders and entities, but for real recovery.

Therefore, reconstruction must be reimagined not simply as a technical process of rebuilding physical infrastructure, but as a political and human project aimed at restoring the social fabric torn apart by years of war, particularly among Syria's diverse religious and ethnic communities. With a predominantly young population, Syria must offer this new generation meaningful opportunities and ambitious projects. To achieve this, the reconstruction process must be locally driven, socially inclusive, and carried out with full transparency, ensuring the participation of citizens from all social, religious, and ethnic backgrounds.

In closing, this work does not pretend to offer definitive solutions for Syria's reconstruction. It rather invites policymakers, scholars, and Syrians themselves to reflect on what kind of Syria they wish to rebuild, and who gets to decide. At the same time, this research acknowledges two key limitations that merit further study. First, the Kurdish-led reconstruction efforts in northeastern Syria have not been explored in detail, despite their significant implications for the country's political future. Second, because Syria's reconstruction is still in progress, this Master's thesis can only offer an early framework and analysis for understanding what is still an evolving and uncertain process.

However, the question still remains, will Syria's reconstruction become a new beginning for its people, or yet another lost opportunity? The answer depends not only on the international community or transitional elites, but on whether Syrians themselves are finally allowed to shape the future of their nation.

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