

Research
Paper

Middle East and North
Africa Programme

November 2020

Assessing control and power dynamics in Syria

De facto authorities and state institutions

Zaki Mehchy, Haid Haid and Lina Khatib



Chatham House, the Royal Institute of International Affairs, is a world-leading policy institute based in London. Our mission is to help governments and societies build a sustainably secure, prosperous and just world.

Contents

	Summary	2
01	Introduction	4
02	Control of state institutions	6
03	Profiteers and the provision of goods and services	14
04	Competing de facto authorities	23
05	Impact on local communities	27
06	Conclusion	33
	About the authors	35
	Acknowledgments	35

Summary

-
- Throughout the Syrian conflict, the regime of President Bashar al-Assad has taken a rigid approach to state institutions to assert its influence across the country and legitimize itself domestically. De jure state institutions have weakened as a result.
 - Non-regime areas have seen the rise of de facto authorities such as the Self Administration in the northeast and the Salvation Government in the northwest. These groups seized the physical assets of state institutions and repurposed them to provide similar functions, but under rival governing structures.
 - By supporting and maintaining some state institutions in regions beyond its control, the regime aims to communicate to civilians that the current situation is only temporary, and that it is just a matter of time before it recaptures those areas.
 - Profiteers have emerged as new actors with increasing influence across the country. The regime is able to use public-procurement contracts to exert control over profiteers and their networks. As a result, it can obtain basic goods from inside and outside Syria, and access sanctioned goods from overseas. Similar activities take place in non-regime areas, including formal and informal cooperation between de facto authorities and their affiliates, the creation and application of regulations tailored to inner-circle interests, and reliance on illegal networks in the provision of goods and services.
 - The internal power structures of de facto authorities have weakened quasi-formal local governance institutions outside of the regime's control and transformed them into profiteering organizations. The ability of profiteers to operate freely inside and outside of formal entities prevents credible monitoring of their activities and obstructs efforts to hold them accountable for abuses of power and corruption.
 - Cooperation among de facto authorities and their affiliate actors can cut across ideological and political lines. Many de facto authorities and actors are compelled by the desire to acquire money, resources and local control. This can drive them to engage in pragmatic relationships even with their rivals.
 - Local communities suffer from the impact of Syria's power dynamics. This is illustrated by the poor performance of institutions, lack of participation in decision-making and insufficient accountability. They can only make their voices heard through informal avenues like social media, demonstrations and civil society entities.

- Greater citizen engagement is needed in local governance institutions and public services, including in policy deliberation, implementation and evaluation. This can be accomplished by building and strengthening independent, community-led, local civil society entities; enabling participatory planning and budgeting; and opening diverse and effective bottom-up monitoring and accountability avenues.
- The international community must insist on increased transparency in the governance institutions and service providers that it supports, beginning with how resources and services are distributed, how public funds are spent, and how tenders are processed and regulated. International donors must also stay abreast of the methods used by profiteers to ensure that support does not end up directly or indirectly empowering profiteer networks. Effective monitoring systems for initiatives would help ensure that international support achieves its objectives in empowering local communities.

01

Introduction

Power dynamics within and between de facto authorities and the Syrian regime have allowed corrupt networks and profiteers to emerge. Consequently, these actors continue to benefit while local communities lose out.

Almost a decade of conflict has transformed power dynamics in Syria. The country is politically and economically fragmented, and it is controlled by rival regimes and de facto authorities. The Russian intervention in September 2015 tipped the military balance in favour of the Syrian regime, which currently controls the majority of the country (around 65–70 per cent). The Kurdish-led Self Administration controls around 20–25 per cent of the country, in the northeast. Hay'at Tahrir al-Sham (HTS), the group formerly known as Al-Qaeda's Syrian affiliate Jabhat al-Nusra, and other Turkish-backed factions control the remaining areas outside the authority of the regime in the northwest (around 5–10 per cent).

These governing entities apply coercive measures to sustain their respective control over local communities.¹ They also try to provide a minimum level of basic goods and services to build support and acceptance among their communities.² To do this, they use different types of institutions that define the 'rules' of society, including formal rules (such as laws) and informal constraints like social norms and traditions.³ This paper analyses the role of formal and informal rule-makers in Syria, and the power dynamics within and between such groups or institutions. This includes formal rule-makers such as government entities, the judiciary, state-owned enterprises, and the different local governance structures that have emerged in non-regime areas. The informal rule-makers examined are profiteers, both individuals and groups, that often dominate local communities across Syria.⁴

¹ Human Rights Watch (2020), 'Syria events of 2019' in *World Report 2020*, <https://www.hrw.org/world-report/2020/country-chapters/syria>.

² Desai, R. M., Olofsgård, A. and Yousef, T. M. (2007), *The Logic of Authoritarian Bargains: A Test of a Structural Model*, Global Working Paper 3, Brookings Institute, <https://www.brookings.edu/research/the-logic-of-authoritarian-bargains-a-test-of-a-structural-model>.

³ North, D. C. (1991), 'Institutions', *Journal of Economic Perspectives*, 5(1): pp. 97–112, DOI: 10.1257/jep.5.1.97.

⁴ Khatib, L. and Sinjab, L. (2018), *Syria's Transactional State: How the Conflict Changed the Syrian State Exercise of Power*, Research Paper, London: Royal Institute of International Affairs, <https://www.chathamhouse.org/sites/default/files/publications/research/2018-10-10-syrias-transactional-state-khatib-sinjab.pdf>.

This paper aims to understand how the de facto authorities in Syria have captured state institutions and enabled profiteers to redistribute the country's wealth and resources in their own interests. It also investigates the impact of these power dynamics on local communities. The analysis is based primarily on semi-structured interviews with an average of seven key informants from each of the three main areas in Syria that are governed by de facto authorities: regime-controlled areas, Kurdish-controlled regions in the east and north, and opposition armed groups in parts of Idlib. The interviews covered the institutional power dynamics of providing basic goods and services including healthcare, education, fuel and food, particularly bread.

The analysis distinguishes between the state and the regime in Syria. The regime encompasses a network of influential persons including security and military personnel, associates and businesspeople, Ba'ath Party leaders and high-ranking public officials. The head of the regime, President Bashar al-Assad, controls and coordinates the balance of power between different actors within this network. This paper shows the methods used by the regime to capture state institutions and how these have changed during the conflict. The regime has used state institutions to present itself as a legitimate authority that provides basic goods and services to its people, although, in reality, it abuses these institutions to serve its own interests and those of its network of profiteers.

In areas the regime does not control, entities like the Self Administration in the northeast and the Salvation Government in the northwest have risen as de facto authorities to replace or capture state institutions. Their inner circles of power have also struck deals with networks of local actors and profiteers to serve their own interests. The regime has tried to maintain links between the central state institutions and areas outside its control as a way of retaining a degree of political and economic leverage over other de facto authorities, but those attempts have been largely unsuccessful.

This paper also investigates the key factors that have enabled the rise of profiteers as main actors in Syria. It focuses on those who since 2011 have been involved in conflict-related activities such as smuggling, kidnapping, drugs and weapons trading, confiscating properties and monopolizing local markets. These profiteers include businesspeople, pre-conflict associates of the regime, corrupt officials and intermediaries from all areas. Rival de facto authorities cooperate with profiteers in the pursuit of power, resources or stability, and clear power hierarchies exist even within clusters of actors with similar political leanings. These power dynamics have a negative impact on local communities, which suffer from the poor performance of institutions, lack means of participation in decision-making and accountability, and thus can only make their voices heard through informal avenues like social media, demonstrations and civil society entities that try to evade co-optation. If the conditions in Syria are to improve attention must be paid to these power dynamics and their negative implications. This paper concludes with a call for international donors supporting initiatives in Syria to increase their awareness of these dynamics and to avoid the pitfalls that would have adverse effects on Syrian communities.

02 Control of state institutions

The manipulation of state institutions has boosted Assad's position across the country, leaving de facto authorities with little choice but to cooperate in some form with the regime.

Increased regime control over state institutions

Throughout the conflict, the regime has used its control over state institutions in Syria to legitimize itself domestically, punish its opponents and reward or control loyalists. These institutions enable the regime to provide minimum public services and to facilitate very limited reconstruction activities in areas under its control. It has also allowed loyalist profiteers, in cooperation with key regime figures and foreign backers, Iran and Russia, to abuse state entities for their own financial benefit. However, the limitations imposed on Rami Makhlouf – Assad's cousin, who was once the most powerful associate of the president in Syria – show how the regime can also use state institutions, laws and regulations, to replace and punish any profiteer who may begin to pose a risk to its authority over the country or who hesitates to financially support the regime in an unconditional manner.

The conflict has made the regime's approach to state institutions more rigid and more interventionist in their daily activities. Law No. 107, issued in August 2011, was meant to facilitate decentralization of power and form the basis for local administration in regime-controlled areas, but little has changed, not least because it has largely not been implemented. The regime exercises control over state institutions through three main actors: the office of the Presidency, the Ba'ath Party and the security agencies. As its grip on state institutions in areas not under its direct authority began to wane, it sought further control of the de jure state institutions in regime-controlled areas through these three actors.

One method of achieving regime control over state institutions is to replace the rule of law – i.e. the public, the state and the ruling elite being equally subject to regulations and restrictions – with 'rule by law'. The Presidency issues laws

and regulations, and it instructs parliament to approve them. Relevant ministries, other government entities and experts can provide their input, but the sole determining factor in the implementation of these laws and regulations is the regime's interests in retaining power and controlling Syria's resources, rather than parliamentary approval.

This process has continued during the conflict, and government entities have rarely been allowed to suggest even minor adjustments to laws proposed by the Presidency. The majority of these laws are directly geared to achieving the interests of the regime and its allies. For instance, Law No. 5 passed in 2016, which organizes public-private partnerships, was formulated upon direct instructions from the Presidency. It allows foreign investors to become stakeholders in public entities. This provides a legal framework for the foreign economic exploitation of Syria's wealth and assets, such as the Russian investment in the port of Tartous. This incentivizes Iran and Russia to continue their military and political support for the regime.⁵

The Presidency's human and financial capacity to intervene in the technical decisions of many key state entities has been limited, but it maintains its dominance over strategic decisions.

Another method of control over state institutions is to insert figures close to the regime into institutional decision-making processes. The Presidency used to dominate the technical decisions of many key state entities, but during the conflict its human and financial capacity to intervene in such decisions has been limited, though it maintains its dominance over strategic decisions. For example, the Presidency previously shaped and managed the curriculum used in all schools even though the Ministry of Education was responsible for this. Before 2011, the office of First Lady Asma al-Assad supervised the formation of a committee of Syrian and foreign (mainly British) experts to change and 'modernize' the curriculum. During the conflict, the administration has limited its interventions and the Ministry of Education became more involved in this process but with regular support from some of the Syrian experts who worked with the first lady.⁶

Security agencies are a major tool in the regime's control over state institutions. The regime has always depended on them to monitor institutions such as ministries and state-owned enterprises. The Presidency has purposefully not created a mechanism for the security agencies to coordinate with one another; to ensure their loyalty, it lets them instead monitor each other and report any suspicious incidents to the president. Since the beginning of the conflict, the security agencies have become more powerful and controlling, benefitting from Russia's support. They have intervened in the day-to-day activities of state entities, including in minor decisions and operational processes, such as staff deployment. This gives them more power to abuse state activities in collusion with profiteers. One example

⁵ *Financial Times* (2019), 'Russia to invest \$500 million in the Syrian port of Tartus', 17 December 2019, <https://www.ft.com/content/f52bdde6-20cc-11ea-b8a1-584213ee7b2b>.

⁶ Interview with a former manager at local NGO in Damascus, April 2020.

is the General Establishment for Grain Trade, Storing and Processing (Hoboob), a state-owned enterprise that contracts private mills to grind wheat. It makes its decisions based on nominations from security personnel and regardless of the competitiveness of technical and financial offers. The owners of mills – few of whom have good relationships with influential persons in the regime – usually bribe security personnel to get contracts.⁷

Security agencies have direct, informal connections with high-ranking officials in the government. Their approval has been vital for all appointments of ministers, deputy ministers, directors of public establishments, and other key public employees. The Political Security Directorate in Damascus and its branches usually instruct, monitor, nominate, and approve the recruitment of government officials. Throughout the conflict, these officials have served more as security agents rather than civil servants. They have sacked thousands of public-sector employees that were considered regime opponents.⁸

The Ba'ath Party is another instrument for the regime to dominate state institutions. Its organizations are the de facto authorities for many vital sectors in Syria. One of these organizations is the General Union of Peasants in Syria, which has more influence on farmers than the Ministry of Agriculture. It has direct contacts with farmers to provide them with fertilizers, seeds and subsidized fuel. However, only loyalists receive the support of the union. In areas, such as Daraa, that were previously controlled by opposition groups, the union is deliberately neglecting farmers' needs.⁹

In the education sector, three Ba'ath Party organizations – the Ba'ath Vanguard Organization, the Revolution Youth Union and the National Union of Syrian Students – organize and monitor students' activities and disseminate public messaging that glorifies Assad and demonizes the opposition to him among students. These organizations became a tool for many profiteers to make financial gains, especially during the conflict. The National Union of Syrian Students, for instance, ran checkpoints near public universities that generated a lot of money.¹⁰ Students were threatened with being reported to security agencies for opposing the regime if they did not pay up.¹¹

The Ba'ath Party dominates important legislative and executive positions in state institutions. Key government figures such as the prime minister, the minister of defence and the minister of foreign affairs are all Ba'athists. Party members always have the majority in parliament.¹² While party membership on its own does not bestow power on an individual, the regime bestows it on many Ba'athists by placing them in key positions. Their presence in state institutions facilitates

⁷ Yekiti Media (2019), 'Corruption and favouritism in the regime's government... The Syrian Grain Company as an example', 14 July 2019, <https://bit.ly/2WLF0Gu>.

⁸ Arabi 21 (2018), 'The Assad regime fires thousands of employees from southern Syria', 27 September, <https://bit.ly/3hhxJ3Y>.

⁹ Interview with a resident of Daraa, May 2020.

¹⁰ Enab Baladi (2016), "'Shabiha' hold the reins of 'Al-Baath' University in Homs', 25 December 2016, <https://www.enabbaladi.net/archives/121385>.

¹¹ Ibid.

¹² Syrian parliament (n.d.), 'Members of the People's Assembly', database, <https://bit.ly/2WJqhqz>.

the issuing of laws, regulations and decisions to legalize the punishment of civilians considered opponents of the regime. This includes property confiscation, wrongful dismissal and discrimination with regard to service provision.

Throughout the conflict the regime has issued several discriminatory and authoritarian laws. One example is Law No. 10 of 2018, which allows the creation of redevelopment zones for reconstruction and whose real purpose is to redistribute land and properties to pro-regime profiteers. These laws can result in the confiscation of the homes of displaced families.¹³ Laws concerning the distribution of goods and services by state entities also make it possible to discriminate against areas previously controlled by opposition groups. For example, the Syrian Company for Bakeries and internal trade directorates, which are state institutions, need to obtain security approvals to determine the quantities of wheat flour and bread that should be distributed in each region.

State institutions outside regime areas and the control of de facto authorities

The conflict has limited the regime's control over a considerable portion of Syria's territory. Different de facto authorities have largely replaced the central governance structure and institutions in their respective areas with quasi-formal ones that reflect and advance their ideological and political agendas. This was done by capturing the physical assets of the de jure state institutions and repurposing them to provide similar functions, but under rival governing structures. Communities in the northwest initially established local administrative councils to run their areas, which they did in coordination with armed groups and opposition political entities.

Despite various attempts to unify these localized governance structures, they have remained largely fragmented. There are two main models of governance in the northwest. The first includes local administrative structures that operate semi-independently under the supervision of Turkish authorities (e.g. the city of Azaz and the areas covered by Turkey's Euphrates Shield and Olive Branch military operations). The second model is implemented in Greater Idlib (Idlib governorate and rural Aleppo), which is controlled by the Salvation Government. This was established with the blessing and support of HTS, which uses it to impose its administrative authority over the area. The Syrian Interim Government, which is linked to the opposition-led coalition, has been theoretically in charge of administrating Idlib for years. However, its authority has been largely nominal, while the Salvation Government is the main entity governing Idlib and its surroundings. Despite the importance of the first model, this paper mainly focuses on the quasi-formal institutions of the Salvation Government, because they are more centrally administrated.

¹³ Haid, H. (2019), 'Look Beyond the Violence to Understand the Dangers That Remain', Syria from Within, Chatham House, August 2019, <https://syria.chathamhouse.org/research/look-beyond-the-violence-to-understand-the-dangers-that-remain-1>.

The situation is less complicated in the northeast. The Kurdish-led Self Administration was initially established in 2012 in Kurdish-majority areas in Hasakah governorate, and then expanded to other areas in the region (Manbij, Raqqa and Deir ez-Zor) following the military defeat of Islamic State of Iraq and Syria (ISIS). Despite the major ideological and political differences between the Self Administration and the Salvation Government (and HTS), both operate a centralized model that allows them to use governance and quasi-formal service-provision institutions to achieve their state-building projects.

Despite the existence of these rival governance models, the regime has, where possible, maintained the presence of state institutions and provided public services to areas outside its control. While its motives may vary from one region to another, the regime generally maintains a link with state institutions in areas outside its control to retain leverage over local communities there.¹⁴

While its motives may vary from one region to another, the regime generally maintains a link with state institutions in areas outside its control to retain leverage over local communities there.

These dynamics are particularly apparent in the northeast, where mutual interests have been the primary driver of the relationship between the regime and the Self Administration. The latter was cautious not to cut all ties with the regime to avoid being seen as a separatist movement, which could have led to violent retaliation.¹⁵ Co-existence arrangements with the Self Administration have allowed the regime to maintain security zones inside the cities of Hasakah and Qamishli, with Russian and Iranian assistance. By permitting it to do so, the Self Administration managed to prevent wider conflict with the regime and avoid military retaliation. The regime's sizable presence in Hasakah and Qamishli spans the governorship, the courthouse, the municipality, the provincial council, the civil and land registries, the transportation directorate, the police, public banks, the education directorate and the main branch of the Ba'ath Party. It also includes the three primary intelligence branches (military, national security and political). In addition, the regime has maintained a significant presence of regular state armed forces in those enclaves, among several vital assets (such as the Qamishli airport and critical military bases) in the Hasakah governorate.¹⁶

Through the institutions of these enclaves, the regime has been able to maintain control over some essential functions, such as the issuing of official documents in the Hasakah governorate. While the Self Administration issues civil documents (such as birth, divorce and marriage certificates), the regime and the international community do not recognize them. As a result, the Self Administration has allowed the regime to provide such documents to the people living in its areas who are willing

¹⁴ Interview with a journalist from Hasakah, March 2020.

¹⁵ Interview with a journalist from Hasakah, April 2020.

¹⁶ The information is based on data collected by field researchers in northeast Syria, between March and June 2020.

or obliged to obtain them, which has led to the duplication of civil documents.¹⁷ Similar dynamics exist in the education sector, where each of the two actors has insisted on teaching its own ideologically influenced curriculum in schools. Consequently, the regime has taught its curriculum inside the enclaves it controls, while the Self Administration has enforced its version in the rest of the governorate. However, the regime's level of influence in Hasakah remains limited due to the Self Administration's high level of authority in the governorate.

The regime does not have the same authority or presence in Raqqa and Deir ez-Zor. Unlike the Hasakah governorate, these regions have been outside the control of the regime for a long time. The Self Administration used the areas that were captured from ISIS between 2016 and 2019 to establish local civil councils that operate under its umbrella and in line with its policies and regulations (which are supported by the US). The regime has frequently attempted to exploit the weak capacity of these recently established Self Administration institutions to re-establish a foothold in those areas and increase the share of international humanitarian support channelled through Damascus. Doing so allows the regime to determine where and how aid is distributed. For example, after the partial rehabilitation of Tabqa National Hospital in 2018, the Health Ministry pledged to provide medication and equipment to the hospital. In return for offering to provide this assistance and pay the salaries of some hospital staff, the regime attempted to mobilize the health workers associated with its health directorate to open an office on the premises of the hospital. However, the Raqqa civil council did not permit this due to the concern among locals, as well as US officials, that such support from the ministry could allow the return of the regime.¹⁸

Similarly, during the same timeframe, the civil council in Raqqa entered into negotiations with the regime to connect its civil and land registries to government records. The latter agreed to help but insisted on conducting the task through government employees sent to Raqqa for that purpose. This was seen as an attempt to take advantage of state institutions in order to undermine the authority of the civil council and give the impression that the regime was returning to the province. The council's rejection of this demand left the governorate disconnected from the government's civil and land records.¹⁹

Due to its inability to access the majority of areas outside its control (in Raqqa, Deir ez-Zor and Idlib), the regime relocated some of the state institutions and their functions to neighbouring regions that it held. This has typically included the governorship, the provincial council and crucial public-service directorates (transportation, education, health, and civil and land registries). These state institutions have been moved from Raqqa and Idlib to Hama.²⁰ The situation is slightly different in Deir ez-Zor governorate, where the regime controls Deir ez-Zor city and other urban centres. In the governorate, many state institutions and functions were moved from areas under the control of the Self Administration to areas controlled by the regime. While many of those relocated state institutions

¹⁷ Interview with a journalist from Hasakah, March 2020.

¹⁸ Interview with a civil society worker in Raqqa, April 2020.

¹⁹ Interview with a former civil servant in Raqqa, March 2020.

²⁰ Interview with a researcher from Hasakah, May 2020.

remain mostly inactive, others provide services to residents from their respective areas – either to those individuals who have been displaced to other regime-held areas or to those travelling there for paperwork.²¹

The objective of preserving the structures and functions of those institutions outside their traditional regions is to show that the current de facto divisions and structures are temporary, and that it is just a matter of time before the regime recaptures them. That may help explain why local and parliamentary elections have continued to be held in Hama for Raqqa and Idlib: those structures are ready to be re-installed as soon as the situation allows.²² Besides, the regime uses those relocated institutions and the people in them as intermediaries to facilitate its return to their respective areas through locally brokered ‘reconciliation deals’. This is evident in Deir ez-Zor, where the governorate council and its representatives in parliament are made up of figures from both sides of the Euphrates as well as from the main tribal confederations in the governorate. As tribal connections traverse the Euphrates to Self Administration areas, the regime uses locals who occupy official positions to reach out to the communities under the control of the Self Administration to convince them to restore ties with the regime.²³

The presence of state institutions in rebel-held Idlib is even more limited than in the northeast. Unlike the Hasakah governorate, Idlib and rural Aleppo were captured by force from the regime. Since the armed groups that led the military campaign were driven by their desire to topple Assad, state institutions were not allowed to operate in those areas. Yet the regime and the rebel authorities were still able to cooperate on providing some mutually beneficial services. In general, the regime has continued to provide salaries to public servants in various sectors in the northwest, among other non-regime areas. This allows the regime to maintain a link to thousands of residents across Syria, which it can use to exploit its rivals’ capacity gaps and reassert its influence. For example, around 6,000 teachers in Idlib remained on the payroll of the regime until early 2020. In exchange for its financial support, the regime’s education directorate played a role in managing the schools where those teachers were employed. Thus, various schools in rural Idlib (such as Balani in Maarat al Nouman and Naser Aboud and Mahmoud Kashto in Tal Millis) had two principals: one appointed by the regime that reported directly to it, and one named by the opposition-affiliated Idlib education directorate.²⁴

The arrangement is equally beneficial for the Salvation Government in Idlib, as it provides funding for a sizeable number of teachers without allowing the regime any real power over the education sector.²⁵ Nonetheless, the regime’s systematic military attacks on Idlib’s schools, which were accelerated during its offensive on the region in 2019–20, have recently pushed the education directorate to issue a new regulation to shut down all schools affiliated with the regime.²⁶ As a result, teachers on the regime’s payroll can still attempt to receive their salaries from the regime in Hama, but they are no longer allowed to teach

²¹ Interview with a civil society worker in Deir ez-Zor, April 2020.

²² Interview with a journalist in Idlib, March 2020.

²³ Interview with a journalist in Deir ez-Zor, May 2020.

²⁴ Interview with a teacher in Idlib, March 2020.

²⁵ Interview with a civil society worker in Idlib, June 2020.

²⁶ Al-Souria (2020), “‘Idlib Education’ moves to undermine the educational complexes of the regime’,

26 February, <https://bit.ly/39bzFZO>.

in Idlib's schools.²⁷ Similar arrangements previously existed between various rebel forces (such as Ahrar al-Sham and Jabhat al-Nusra) and the regime to allow the provision of electricity to their areas in Aleppo and Idlib. These allowed the regime to access and maintain power stations held by rebel groups in exchange for providing a percentage of the electricity generated to areas under their control. Such an arrangement lasted in some areas in Idlib until early 2017. However, those arrangements no longer exist as the regime has since been able to seize the critical electricity infrastructure involved in those agreements.²⁸

²⁷ Interview with a teacher in Idlib, March 2020.

²⁸ Interview with a journalist in Idlib, March 2020.

03

Profiteers and the provision of goods and services

As the country becomes more reliant on profiteers for the provision of basic goods and services, the systematic depletion of public resources is likely to continue for the foreseeable future.

Means of maintaining profiteer interests in regime-controlled areas

In addition to the Presidency, the security agencies and the Ba'ath Party, all of which have more direct roles in regime-controlled areas, profiteers have emerged as new actors with increasing influence. The regime relies on illegal networks and cronyism to maintain and expand its power in the private markets for goods and services, which has led to the rise of war profiteers. Together with key regime figures and actors, profiteers have made fortunes from conflict-related activities. There are interlinked means that the regime and profiteers use to meet the former's needs and support the latter's interests (according to the regime's conditions). The power dynamics between the regime and profiteers have a direct impact on the provision of goods and services in regime-controlled areas.

Profiteers have different types of agreements with government entities, which in some cases are imposed on them by actors such as the office of the Presidency. For example, few companies are in the privileged position of HESCO Engineering & Construction Company, which imports crude oil and spare parts for oil wells. Its owner, Georges Haswani, has a very good personal relationship with Assad.

He also has strong relations with security agencies, particularly Air Force Intelligence, and good connections with Russian companies and influential persons in Russia.²⁹

Another type of agreement is public-procurement contracts between profiteers and state entities. Many examples show that these are controlled by corrupt networks of public officials and businesspeople, and that the regime uses them as a tool to control profiteers. For instance, Hamsho, a company owned by a well-known US-sanctioned associate and former member of parliament, Muhammad Hamsho, signed 591 procurement contracts with the Ministry of Education between 2016 and 2018.³⁰ These contracts were later revealed to be covers for corrupt transactions that cost the public budget around SYP 90 billion (around \$200 million at the time, according to the late 2019 official exchange rate).³¹ Later the regime confiscated all the assets of the former minister and forced Hamsho to repay this amount to the government. The real reasons behind the fallout between the regime and many profiteers like Hamsho are unclear.³² Possible explanations include the regime's need for money, its unwillingness to accept the increasing influence of some profiteers, and its aim to boost its diminishing popularity by appearing to fight corruption.

There are also agreements based on laws and regulations issued by the regime to legalize the monopoly of profiteers over public funds. Legislative Decree No. 19 of 2015 permits local councils to set up holding companies in partnership with the private sector to invest in public properties. Based on this decree, Damascus Cham Holding was established in 2016. This corporation includes associates like US-sanctioned Samer al-Foz and monopolizes all regime-led, so-called reconstruction projects such as Marota city.³³

Other regulations only benefit specific profiteers. Usually, these consist of decisions issued by ministries or the Prime Minister's Office, and they do not include laws or legislative decrees. In early 2019, the government decided that all households in Damascus should use a 'smart card' to buy fuel, a measure later extended to other governorates. The government claimed that this would help in distributing fuel more effectively. A private company called Takamol was given exclusive rights to manage and organize the smart card. It reportedly made a lot of money, since it had a 0.25 per cent commission on each sale of fuel based on the official agreement with the government. The company is managed and partially owned by Mouhanad Dabagh, who is Asma al-Assad's cousin.³⁴

²⁹ Jones, S. (2015), 'New EU Syria sanctions reveal regime collusion with Isis', Financial Times, 7 March 2020, <https://www.ft.com/content/324b07f6-c42a-11e4-9019-00144feab7de>.

³⁰ US Department of Treasury (2011), 'Treasury Sanctions Prominent Syrian Businessman', press release, <https://www.treasury.gov/press-center/press-releases/Pages/tg1269.aspx>.

³¹ Smart News (2019), 'The Syrian regime obliges a businessman to pay more than 90 billion pounds', 24 December, <https://bit.ly/3fP2A7N>.

³² Hayek, C. (2019), 'Are things turning sour between Assad and Syrian businessmen?', L'Orient Le Jour, 2 September, <https://www.lorientlejour.com/article/1184968/are-things-turning-sour-between-assad-and-syrian-businessmen.html>.

³³ US Department of the Treasury (2019), 'Treasury Designates Syrian Oligarch Samer Foz and His Luxury Reconstruction Business Empire', press release, <https://home.treasury.gov/news/press-releases/sm704>; Cornish, C. (2019), 'The men making a fortune from Syria's war', Financial Times, 3 October 2019, <https://www.ft.com/content/525ec4e4-e4a3-11e9-9743-db5a370481bc>.

³⁴ Eqtesad (2020), 'Who is the owner of the "Takamol" company that implemented the smart card project?', 11 April, <https://www.eqtsad.net/news/article/29665>.

The government decided in April 2020 to apply the smart card mechanism to other basic goods such as bread. This provoked a negative social reaction that was apparent on social media and in some of the pro-regime newspapers. People were afraid that this would be a first step in privatizing the production of similar subsidized goods. In the same month, Mahrukat, a state-owned enterprise, took over from Takamol and became responsible for managing the smart card. Yet, there are ongoing internal governmental discussions on how to re-hire Takamol to manage the distribution of fuel and other basic goods, including bread. The argument is that Takamol proved to be efficient in doing this job and that Mahrukat's complicated bureaucracy may hinder the process.³⁵

The regime utilizes illegal networks to obtain basic goods from inside and outside Syria.

The regime utilizes illegal networks to obtain basic goods from inside and outside Syria. This is observable in the internal and external oil trade. Many intermediaries are responsible for transporting crude oil from oil fields in the northeast to the state-owned Homs refinery, which is in a regime-controlled area. Among these intermediaries is Hussam Katerji, a US-sanctioned war profiteer and a member of parliament.³⁶ Hundreds of his group's trucks transport crude oil from Self Administration areas to the Homs refinery via Palmyra under the protection of pro-regime militias.³⁷ Other intermediaries include powerful families such as the Al Hassan and the Al Khouzaim in the village of Al-Shaheel in Deir ez-Zor. They are allegedly responsible for smuggling crude oil from Self Administration areas to regime-controlled ones via the Euphrates.³⁸

Similarly, a network of smugglers manages convoys of fuel trucks that pass from Lebanon into Syria through illegal border crossings controlled on the Lebanese side by Hezbollah, which is allied to the Syrian regime.³⁹ Hezbollah also coordinates with the 4th Armoured Division, which monitors the Syrian side of the border. An important share of this fuel is used to cover Hezbollah's military-related needs in Syria. The remaining quantity is to compensate for fuel shortages in different regime-controlled areas, including Damascus.⁴⁰

The regime also relies on profiteers to overcome sanctions while importing goods. For this purpose, many pro-regime profiteers have set up shadow companies through which they can trade and conduct financial transactions. One example is the sanctioned Lebanon-based BS Company SAL – affiliated with the Katerji Group – that imports oil for the regime using a variety of oil-tanker vessels.⁴¹

³⁵ Interview with a public-sector employee, April 2020.

³⁶ US Department of the Treasury (2018), 'U.S. Treasury Imposes Sanctions on Assad Regime's Key ISIS Intermediary and a Petroleum Procurement Network', press release, <https://home.treasury.gov/news/press-releases/sm474>; Cornish (2019), 'The men making a fortune from Syria's war'.

³⁷ Bakour, J. (2019), 'Kurdish militias provide the Assad regime with oil through the mediation of "Katerji"', Al-Araby Al-Jadid, 9 February 2019, <https://bit.ly/2OKuLc6>.

³⁸ Interview with a resident of Deir ez-Zor, June 2020.

³⁹ Rabah, M. (2020), 'Hezbollah is smuggling in broad daylight as a political strategy – it won't work', Alarabiya, 20 May 2020, <https://english.alarabiya.net/en/views/news/middle-east/2020/05/20/Hezbollah-is-smuggling-in-broad-daylight-as-a-political-strategy-it-won-t-work>.

⁴⁰ Interview with an owner of gas station in Rural Damascus, May 2020.

⁴¹ US Department of the Treasury (2019), 'Treasury Designates Syrian Oligarch Samer Foz and His Luxury Reconstruction Business Empire'.

Means of maintaining profiteer interests in northwest and northeast Syria

The power dynamics between the regime and profiteers in areas under Assad's direct control are mirrored elsewhere in the country. In general, cooperation in non-regime areas includes formal and informal cooperation between the de facto authorities and their affiliates, the creation and application of regulations tailored to inner-circle interests, and reliance on illegal networks in the provision of goods and services.

The military dominance of HTS over Idlib in the northwest allowed it to support the creation of the Salvation Government, which it uses to maintain control over resources as well as administrative and judicial bodies. HTS affiliates have been able to secure their interests through formal memoranda of understanding (MoUs). This was demonstrated when Watad Petroleum, which presents itself as a private company, was granted a monopoly over the fuel market in Idlib.⁴² Not much is known about the origins of Watad or when it was established. It seems to be owned by various traders who have strong ties to HTS, but that does not mean that all of them are part of the group.⁴³ Watad used its connections with HTS to sign an MoU with the Salvation Government giving it the exclusive right to import fuel through Turkey and to purchase crude supplies from the northeast.⁴⁴ The MoU also allows the company to monopolize the purchase of crude oil transported from the northeast, to regulate the fuel trade, and to become the sole provider of oil to public institutions and service facilities.⁴⁵

The use of MoUs in this way is not as common in the northeast due to the Self Administration's Central Executive Council, which oversees the work of regional and local councils, making such questionable MoUs harder to justify. Therefore, connected businessmen in the northeast seem to prefer focusing on securing their interests through ad hoc and discreet arrangements with local officials.⁴⁶ Since a considerable percentage of the councils' activities are outsourced to private businesses, so-called public tenders have become the primary avenue for such deals. This is especially the case in the lucrative fuel sector, where the operation of remote oil wells is outsourced to external contractors. Instead of announcing tenders publicly, as the procedures theoretically dictate, officials only share details of the tender with individuals linked to them. Therefore, applicants need to know someone on the inside in order to identify when to bid.⁴⁷ Since such contracts are conditioned on getting security clearance, establishing a connection to influential officials (such as those in the security agencies and the military) is also essential. While some contractors may use their connections to gain the

⁴² Shaam Network (2018), 'The "Salvation Government" and "Watad" of Tahrir al-Sham agreed to acquire the fuel trade in al-Muharr, with a joint memorandum ..!?', 15 March 2018, <https://bit.ly/2OTibrf>.

⁴³ Haid, H. (2019), 'Mysterious oil company a key player in Idlib', Asia Times, 3 June 2019, <https://bit.ly/2D691oY>.

⁴⁴ Shaam Network (2018), 'The "Salvation Government" and "Watad" of Tahrir al-Sham agreed to acquire the fuel trade in al-Muharr, with a joint memorandum ..!?'.

⁴⁵ Haid (2019), 'Mysterious oil company a key player in Idlib'.

⁴⁶ Interview with a researcher in Deir ez-Zor, June 2020.

⁴⁷ Interview with a civil society worker in Deir ez-Zor, March 2020.

approval of such officials, who typically have the final say over such matters, the majority of contractors achieve this by paying a sizable bribe or offering a share of the revenues.⁴⁸

Affiliates of HTS have been able to use its authority to tailor the Salvation Government's laws and regulations to suit their interests. This has been illustrated by Watad Petroleum's willingness to change fuel-related import regulations to increase its profits. Before 2018, a \$10 per tonne tariff on the transportation of fuel was imposed at the Bab al-Hawa border crossing with Turkey. Officially, the crossing is administered by an independent civilian entity, which thus does not fall under the authority of HTS or even the Salvation Government. Nonetheless, Watad was able to draw on HTS's influence to reduce the tariff to \$3 per tonne.⁴⁹ Local sources indicate that this did not lead to a noticeable drop in fuel prices in Idlib, however.⁵⁰ Watad is the only entity that has benefited from this tariff reduction. According to various estimates, Watad imports an average of around 60 fuel tanks a day. The reduced tariff rate can thus be estimated to save the company around \$53,000 per week, at the expense of local governing entities that are struggling to provide quality services due to the lack of international funding.⁵¹

HTS's extensive control over the border with Turkey and the frontlines with the regime and other rebel groups has made it hard to transport goods into or out of Idlib without its permission. HTS's efforts to ensure that products are available and affordable, as well as its ability to financially benefit from trade crossings, have apparently reduced the scale of smuggling outside of the region.⁵² As a result, large-scale smuggling of crude oil to Turkey has decreased. Similarly, the group took over the networks that were smuggling oil from the northeast and regulated its entry, in coordination with Watad, through the official crossing.⁵³ HTS also has extensive control over the networks that smuggle people into Turkey, and it charges a fee in exchange for regulating and permitting the business.⁵⁴ Powerful individuals within HTS are still involved in the smuggling of goods to regime areas, which includes livestock, fuel and cooking gas, especially during periods of fuel shortage.

In the northeast, the standardization of laws across the Self Administration's regions makes the manipulation of its regulations for personal use more difficult. Private entities and profiteers instead rely on illicit deals with local officials.⁵⁵ While there is no solid information on whether the Self Administration is involved (as an organization) in smuggling, officials within it reportedly play a crucial role in facilitating such operations.⁵⁶ This is particularly clear in the oil business, where they typically turn a blind eye to, or even organize, the smuggling of fuel out of oil facilities. This is generally done in coordination with the operators of oil wells, who sell the undeclared crude fuel they extract from their facilities

⁴⁸ Interview with a fuel trader in Deir ez-Zor, May 2020.

⁴⁹ Syria Untold (2019), 'Watad Company ... a monopoly on fuel and a dependency', 1 January, <https://bit.ly/3fFTE4x>.

⁵⁰ Interview with a journalist in Idlib, March 2020.

⁵¹ Interview with a fuel trader in Idlib, April 2020.

⁵² Interview with a journalist in Idlib, March 2020.

⁵³ Interview with a fuel trader in Idlib, April 2020.

⁵⁴ Zaman al-Wsl (2018), "'Tahrir al-Sham' proves its responsibility for the legalization of people smuggling between Idlib and Turkey", 3 December 2018, <https://www.zamanalwsl.net/news/article/97996>.

⁵⁵ Interview with a journalist from Hasakah, March 2020.

⁵⁶ Interview with a researcher in Deir ez-Zor, April 2020.

on the black market.⁵⁷ While some of that fuel is consumed locally, the majority is transported, in coordination with military and security officials, to regime areas across the Euphrates in Deir ez-Zor. In exchange, these officials get a fixed amount or a percentage of the revenues.⁵⁸

Factors enabling profiteers: Limited institutional capacity and endemic corruption

Profiteers have benefited from two interlinked enabling factors to become influential actors. The first is the poor and deteriorating capacity of state entities to provide goods and services that meet people's needs. The second factor is the institutionalized corruption in almost all government entities.

State institutions in all sectors in Syria have always suffered from inefficiency and a lack of accountability. The conflict has further weakened their capacity due to several reasons, such as exhausted financial and human resources, weak law enforcement, and poor monitoring systems. This allows profiteers and public officials to collude and illegally take advantage of these institutions by charging much higher prices for similar basic services.

For example, Hussam Katerji benefits from widespread corruption and poor monitoring at all managerial levels, which has cost the public budget millions of dollars. State-run Tishreen News reported that his firm sold crude oil mixed with water to the Homs refinery.⁵⁹ In another example, public tenders for the purchase of medical equipment and medicines provide an opportunity for public officials to collude with private companies in invoicing the government at much higher prices than what these companies actually pay for delivering such services.⁶⁰

Many profiteers have established their own entities and NGOs, allegedly to deliver social services that the de jure institutions are no longer able to provide. These entities mainly aim to serve regime loyalists and increase their popularity with them. One example is the Al-Bustan Charity Foundation, which widely expanded its services during the conflict until the regime's relationship with its founder, Assad's cousin Rami Makhlof, deteriorated in 2020.⁶¹ The foundation focused its assistance on the families of security and military entities, mainly from the Alawite community. In the early years of the conflict, Makhlof through Al-Bustan established armed groups to support the regime in its military operations.⁶²

⁵⁷ Interview with a fuel trader in Deir ez-Zor, April 2020.

⁵⁸ Interview with a researcher in Deir ez-Zor, May 2020.

⁵⁹ Enab Baladi (2020), 'Al-Assad approves establishment of two oil refineries belonging to Syrian businessman placed on sanction list', 11 January 2020, <https://english.enabbaladi.net/archives/2020/01/al-assad-approves-establishment-of-two-oil-refineries-belonging-to-syrian-businessman-placed-on-sanction-list>.

⁶⁰ Interview with a public-hospital doctor in Damascus, April 2020.

⁶¹ Al-Bustan was owned and managed by Rami Makhlof till May 2020 when the Presidency took over.

⁶² Aldassouky, A. and Hatahet, S. (2020), 'The Role of Philanthropy in the Syrian War: Regime-Sponsored NGOs and Armed Group Charities', Middle East Directions, 11 June, https://cadmus.eui.eu/bitstream/handle/1814/67370/RSCAS_RPR_2020_09.pdf?sequence=1&isAllowed=y.

The poor provision of public services in regime-controlled areas enables profiteers to offer better quality services but at much higher prices. One example is the supply of wheat. In 2018 and 2019, pro-regime profiteers imported around two million tons of wheat at a total cost of \$368 million, mainly from Russia, when the average international price for the same quantity was around \$223 million.⁶³ Thus, profiteers generated a profit margin of almost 40 per cent on such an essential product.

In areas outside the regime's control, profiteers take advantage of the lack of capacity and efficiency of the quasi-formal institutions of de facto authorities. In the northwest, on top of the challenges caused by the conflict, the low salaries paid by the Salvation Government (even in comparison to local civil society groups) and its affiliation with HTS, which is a UN-designated terrorist organization, have pushed competent individuals who still live in the region to steer clear from it.⁶⁴ Furthermore, HTS (which prioritizes loyalty over competence) intervenes in the recruitment process of administrative staff and vetoes the hiring of professionals who are not aligned with it.

As a result, local councils, which have been gradually hollowed out, lack the competent technocrats necessary to effectively monitor the work of quasi-formal institutions.⁶⁵ Aware of this reality, profiteers typically identify the officials key to securing their interests and then use financial incentives or coercion to achieve their objectives. For example, despite HTS's attempts to impose its monopoly over the import of construction materials, some traders bribe officials at the Bab al-Hawa crossing and then discreetly ship those commodities to Idlib.⁶⁶

Popular disapproval of the Self Administration, especially in Arab-majority areas (like Raqqa and Deir ez-Zor), has led many educated professionals in those regions to avoid engaging with its quasi-formal institutions.⁶⁷ To overcome this, the Self Administration has primarily focused on appointing traditional tribal leaders in key administrative positions. While that may have helped 'tick the box' regarding local participation, it also created nominal structures that are incapable of preventing its officials, as well as influential profiteers from outside its structures, from turning the Self Administration into an avenue to secure personal interests. This has become even easier due to the lack of effective monitoring mechanisms to enforce the accountability of governance structures.⁶⁸ For example, Al-Sheikh Construction Company, which is owned by a prominent family of the same name in Deir ez-Zor, does not seem to have direct ties to the Self Administration, but it has reportedly used personal connections to members of the governorate's councils and financial incentives to win a substantial percentage of contracts. Lack of transparency allows profiteers to use such tactics to secure their interests without being caught.⁶⁹

⁶³ Nasr, L. (2019), 'Will the wheat importer win .. more than 90 billion pounds in two years?!', Kassioun, 11 November, <https://kassioun.org/economic/item/63313-90>.

⁶⁴ Interview with a journalist in Idlib, March 2020.

⁶⁵ Interview with a former public servant in Idlib, March 2020.

⁶⁶ Interview with a civil society worker in Idlib, April 2020.

⁶⁷ Interview with a civil society worker in Deir ez-Zor, May 2020.

⁶⁸ Interview with a journalist in Deir ez-Zor, June 2020.

⁶⁹ Interview with a researcher in Deir ez-Zor, April 2020.

The second enabling factor for profiteers is institutionalized corruption. The difficult living conditions, coupled with the lack of accountability, have led to the proliferation of corrupt officials in different state entities at all managerial levels. Corruption dominates the mechanisms of service provision in regime-controlled areas.

The bread-production process illustrates this systematic corruption. Hoboob, the state grain company, supplies private mills with wheat. These mills are supposed to produce and distribute high-quality flour to bakeries. Instead, they sell the best wheat to a network of traders and replace it with cheaper, low-quality wheat to produce the required flour for bakeries. This process is governed by a corrupt public-private network.⁷⁰

Networks of medical and administrative staff illegally sell the available subsidized medicines to the private health sector. The result is a sharp reduction in the quality of health services and the capability of public hospitals to cover medical needs.

Public health facilities also suffer from widespread corruption. Networks of medical and administrative staff illegally sell the available subsidized medicines to the private health sector. The result is a sharp reduction in the quality of health services and the capability of public hospitals to cover medical needs.⁷¹ In 2018, the former prime minister sacked many key figures in public hospitals under the guise of fighting corruption. Yet, corruption continues, indicating that these networks do not depend on the actions of a few individuals; there is instead a system that methodically depletes public resources.

The education sector has witnessed the increasing influence of international NGOs and UN agencies that have provided direct support to public schools. This support includes technical and financial assistance for school rehabilitation, educational equipment and training sessions for staff to improve their teaching capabilities. Some profiteers have colluded with public officials and managerial personnel in some international organizations to make illegal profits under the cover of renewing schools and providing teaching equipment.⁷²

Corruption in non-regime areas is mainstreamed in all quasi-formal institutions and service-provision entities, which allows it to permeate even when corrupt individuals are removed. In such cases, changing personnel would constitute nothing more than treating the symptoms while the root causes of the illness are left untouched. This is evident in the widespread corruption within the structures of the Salvation Government. For example, in the juridical system people receive

⁷⁰ Yekiti Media (2019), 'Corruption and favouritism in the regime's government... The Syrian Grain Company as an example'.

⁷¹ Interview with a public-hospital doctor in Damascus, April 2020.

⁷² Interview with an international-organization employee in Damascus, May 2020.

preferential treatment due to their social status or affiliation with HTS. The group seems to use its influence over courts to clear or ignore cases filed against its members or people affiliated with it.⁷³ However, the fact that funding channelled through the Salvation Government is limited – since the vast majority of foreign support is managed directly by civil society groups – has reduced its ability to misuse international aid.⁷⁴

Institutionalized corruption is also seen in the relationship between the Self Administration and the local investors to whom it outsources the management of remote – and therefore less secure – oil wells (more than 15–20 km away from the fields).⁷⁵ While investors get access to revenue and a licence to carry arms in return for their cooperation, as well as a degree of protection because the Self Administration informs the International Anti-Daesh Coalition about their numbers and locations, the investors are obliged to sell 70–75 per cent of their produced crude oil to the Self Administration at prices set by the latter.⁷⁶

There are also signs of widespread corruption within the structures of the Self Administration. For example, the fuel committee in Deir ez-Zor reportedly misuses its authority over fuel allocation and distribution in that region. Local sources mention multiple examples where the committee conditioned the process of subsidies on receiving bribes from recipient entities (such as private bakeries and generators). Members of the committee were also accused of brokering illicit agreements with contractors to fast-track their work or undermine their competitors.⁷⁷ In addition, its members reportedly stole around 800,000 litres of subsidized diesel in the first three months of the committee's appointment.⁷⁸

The committee's mismanagement triggered public anger, which forced the Self Administration to launch an official investigation in 2019. Although no information has been disclosed publicly about the findings, local sources confirmed that some committee members were fired and replaced. The lack of information about what happened led to speculation about the involvement of prominent military and security officials.⁷⁹ Yet, illicit activities and abuses of power continue, as the main factors that allowed the committee to abuse its authority remain unaddressed, such as a lack of monitoring and transparency as well as the presence of 'cadros' – Kurdish individuals with technical expertise and long-term links to the inner circles of the Democratic Union Party (PYD) or the Kurdistan Workers' Party (PKK).⁸⁰

⁷³ Interview with a lawyer in Idlib, April 2020.

⁷⁴ Interview with a civil society worker in Idlib, June 2020.

⁷⁵ Interview with a fuel trader in Deir ez-Zor, May 2020.

⁷⁶ Interview with a fuel trader in Deir ez-Zor, May 2020.

⁷⁷ Interview with a researcher in Deir ez-Zor, June 2020.

⁷⁸ Jesr Press (2019), 'A "scandal" in the Deir ez-Zor Civil Council: 800,000 litres of diesel was stolen by three of the fuel committee!', 7 December, <https://bit.ly/3huspur>.

⁷⁹ Interview with a journalist in Deir ez-Zor, May 2020.

⁸⁰ Interview with a fuel trader in Deir ez-Zor, March 2020.

04 Competing de facto authorities

While ideologies and political leanings differ between Syria's competing de facto authorities, pragmatic cooperation with rivals is common among ruling actors in the pursuit of control and resources.

Cooperation between otherwise competing de facto authorities

In the pursuit of resources, security or power, de facto authorities and their affiliates can engage in pragmatic relationships even with their rivals, leading to cooperation that cuts across ideological and political lines. Cooperation for the pursuit of profit among otherwise competing actors is illustrated in the process of importing fuel into Idlib. The Self Administration in the northeast monopolizes the production of fuel in the area. Despite its political rivalry with Turkey, it also controls the flow of fuel to Idlib and administers crossings with Turkish-backed areas, whose borders and market in the northwest are under the control of HTS. This arrangement is mutually beneficial for all parties. It secures a market for the Self Administration's oil, the money from which is used to finance its military and administrative operations, and it helps HTS finance its military and quasi-formal institutions.

Cooperation between divergent political actors can happen for the sake of acquiring resources necessary for the implementation of a political goal. This can be observed in cooperation over fuel and services between the Self Administration and the regime. Areas under the control of the Self Administration provide the

government with about 14,000 barrels of crude oil per day.⁸¹ In return, the regime gives the Self Administration access to electricity and water as well as fuel from the Homs and Banias refineries.⁸²

Security is another motive behind cooperation among otherwise competing actors. The regime and Self Administration have maintained military and security cooperation throughout the conflict. This became obvious in 2012, when the regime apparently coordinated its relatively peaceful withdrawal from most Kurdish-majority areas. Afterwards, coordination was mostly limited to the regime's two enclaves in Hasakah and Qamishli cities, where it maintained a significant military presence supported by Russia and Iran.

At that time the mutual interests of the regime and the Self Administration were in de-escalating tensions and coordinating movements in their respective areas. The cooperation mechanisms between the regime's security zones in Hasakah governorate, which were surrounded by Kurdish-led Syrian Democratic Forces, became crucial as street-level skirmishes between members of the two sides increased. Both sides reportedly assigned contact persons (such as the commander of the Asayish, the Kurdish-led security forces, and the regime governor of Hasakah) to deal with emergencies and major issues. In such cases, the initial contact is typically made over the phone to sort out the problem, if possible, or to arrange an urgent meeting. The coordination is done directly by key local officials from both sides as opposed to being formalized between the respective institutions of the regime and the Self Administration.

Cooperation between the two entities increased and became more institutionalized after the growing Turkish threat pushed the Syrian Democratic Forces to seek the support of Russia, which brokered a deal allowing the deployment of regime forces to rural Manbij in 2018 to create a buffer zone.⁸³ A similar deal was reached in 2019 when Turkey intervened in northeast Syria, which allowed the regime and Russian forces to create a buffer zone in that region.⁸⁴

Cooperation among otherwise competing actors is also driven by the pursuit of local control. Although HTS and the Salvation Government are the prevailing de facto public authorities in the northwest, it is only the political opposition's Syrian Interim Government that has the mandate to decide strategic appointments to certain state institutions such as the education directorate. Any direct intervention by the Salvation Government in the work of the education directorate might push donors to terminate their funding to the education sector. Decisions of this kind are therefore usually reached through consensus among different actors. For example, heads of departments within the education directorate are typically appointed by the directorate itself. However, these appointments can only happen if there

⁸¹ Enab Baladi (2019), 'Report: "SDF" violates sanctions and supports the Syrian regime with oil', 9 September, <https://enabbaladi.net/archives/328828>.

⁸² Asharq Alawsat (2019), 'The conflict over Syrian oil ... Russia has the largest share, and the United States controls through proxies', 9 December, <https://bit.ly/32F78rR>.

⁸³ France 24 (2018), 'The Syrian army announces its entry into the Manbij area in response to Kurdish calls', 28 December 2018, <https://bit.ly/2EyMgKL>.

⁸⁴ Alarabiya (2019), 'A deal between "SDF" and Assad ... the regime's army along the borders of Turkey', 13 October 2019, <https://bit.ly/3hCDutS>.

is no objection from the Salvation Government or HTS. Obtaining that approval typically happens through the individuals delegated by the Salvation Government to oversee the work of the directorate.⁸⁵

Yet, such cross-political cooperation does not override the persistence of political rivalries among competing actors. For example, the former head of Idlib's education directorate resigned in early 2020 under pressure from HTS and the Salvation Government.⁸⁶ Subsequently, the Interim Government attempted to name Khalid al-Daghim to that position, but HTS vetoed the appointment. Due to the absence of a consensus on an appointee to that position, the directorate is currently managed by Hassan al-Shawa, the deputy director.⁸⁷

Power hierarchies within de facto authorities and state institutions

The enabling factors discussed above have facilitated the concentration of power within de facto authorities and state institutions. These inner power structures exert significant influence over the management of resources, often forming further parallel structures that replace – totally or partially – some state and de facto authority institutions in delivering basic goods and services or even dominating their operations from within.

The internal power structures of de facto authorities have contributed to the weakening of quasi-formal institutions that are beyond the regime's control and transformed them into profiteers.

The internal power structures of de facto authorities have contributed to the weakening of quasi-formal institutions that are beyond the regime's control and transformed them into profiteering organizations. The ability of profiteers to operate inside and outside formal entities prevents quasi-formal institutions from monitoring their work and from holding them accountable for abuses of power and corruption.⁸⁸ The inner power structures in Idlib mainly consist of HTS figures who are delegated by the group to run a specific sector or at least veto anything that may undermine its authority. Despite not having official positions, these individuals hold the ultimate power in all strategic and policy decisions.⁸⁹ For example, the individual known under the alias Abu Ahmed Hodod, a top HTS security figure, is the group's main focal point for economic-related matters. The Salvation Government cannot take any decision in that regard without HTS approval, while Hodod can singlehandedly

⁸⁵ Interview with a former senior employee in the education directorate of Idlib, May 2020.

⁸⁶ Interview with a teacher in Idlib, March 2020.

⁸⁷ Interview with a former senior employee in the education directorate of Idlib, May 2020.

⁸⁸ Interview with a journalist in Idlib, March 2020.

⁸⁹ Interview with a researcher in Idlib, April 2020.

force the Salvation Government to issue policies or change regulations as he sees fit. According to local sources, Hodod is most likely the person behind the reduction of the import tax on fuel that allowed Watad to increase its profits.⁹⁰

The Self Administration controls quasi-formal institutions in the areas it controls through a network of cadres. Officially, cadres are appointed as technical advisers to help locals establish and run quasi-formal institutions in their respective areas. In practice, they hold the ultimate power and purse strings within Self Administration institutions, and nothing can be implemented without their approval.⁹¹ The existence and influence of cadres creates confusion about who is responsible for what in the Self Administration because they can overrule the mandates of its quasi-formal institutions. The cadres also undermine the authority of local officials and prevent them from establishing clear mechanisms to safeguard against abuses of power and corruption.

For example, the Self Administration has appointed over a dozen cadres to oversee all aspects of oil production in Deir ez-Zor (such as extraction, transportation, protection and investments). The Deir ez-Zor council, which is considered the highest authority in the region, has no authority over them.⁹² The inability of the Deir ez-Zor council to monitor the work of the cadres operating through it allows the latter to misuse their power without being held accountable. For practical reasons, individuals tend to go through cadres to secure their interests. Big smuggling networks usually seek the protection of a cadre to ensure smooth operations.⁹³

Inner circles also dominate state institutions in regime-controlled areas. For example, to ensure its ideological control over the educational process, the Ba'ath Party interferes in almost all appointments in the education sector, including those of teachers and administrative staff in schools. The party's institutions, such as the National Union of Syrian Students at Damascus University, are the only active non-educational and political entities in schools and universities. The union played a vital role in suppressing campus demonstrations against the regime in 2011.⁹⁴ In cooperation with different security agencies, it facilitated the detention and disappearance of hundreds of university students. Its members have become responsible for security at Damascus University. The union also has contributed to establishing Ba'ath brigades, the armed faction of the Ba'ath Party. These brigades have offices within the faculties of Damascus University to recruit students in exchange for giving them examination questions and answers in advance.

Unsurprisingly, the highest authority within the regime's network is the Presidency. Even when the Presidency does not have de jure power over the operation of a state function, it can sometimes have de facto authority over it. For example, the Presidency is the de facto supervisor of the Office of Crude Oil Marketing, which, by law, works under the supervision of the Prime Minister's Office to approve all oil imports into the private sector.⁹⁵

⁹⁰ Interview with a journalist in Idlib, April 2020.

⁹¹ Interview with a journalist from Hasakah, April 2020.

⁹² Interview with a researcher in Deir ez-Zor, April 2020.

⁹³ Interview with a journalist in Deir ez-Zor, May 2020.

⁹⁴ Ennahar Online (2011), 'The Syrian authorities are expanding their security campaign and arresting more than a hundred students in the university campus in Damascus', 22 June 2011, <https://bit.ly/3gEs07z>.

⁹⁵ Interview with a public sector employee, May 2020.

05

Impact on local communities

Corruption in state institutions has eroded all remnants of civilian trust in governing authorities. Desperate to be heard, local communities are now turning to informal avenues to voice their anger.

Poor performance of institutions

Communities in regime-controlled areas are negatively affected by the poor performance of state institutions, as illustrated by shortages of goods and services. While external factors such as sanctions have an impact, the main causes are inefficiency and widespread corruption in government entities. Local communities understand the difficult conditions that hinder the production of much-needed goods and services, but they are dissatisfied with the unfairness in how they are distributed.

The regime has always intended to use the availability of basic goods and services at subsidized prices to increase its popularity, but this has been hijacked by widespread corrupt networks of traders, security personnel and public officials. These networks in regime-controlled areas dominate the governance of vital sectors such as education, health, energy and bread production. They sell subsidized goods and services intended for ordinary Syrians on the black market. For instance, traders in the city of Damascus and Rural Damascus collude with public employees to illegally sell available subsidized gas cylinders on the black market at inflated prices.⁹⁶

Moreover, the financial position of the majority of people living in regime-controlled areas has sharply decreased, especially since the beginning of 2020. This is widely thought to be linked to regime–profiteer power dynamics and to the role of

⁹⁶ Interview with the owner of a gas station in Rural Damascus, May 2020.

profiteers in manipulating currency exchanges.⁹⁷ This affects the purchasing power of local communities to obtain basic goods and services.

External factors – such as the collapse of the currency, the wholesale destruction of basic infrastructure and continued fighting – have contributed to the poor performance of de facto authorities. These factors, in addition to the internal power dynamics discussed in this paper, negatively affect communities in those areas. In the northwest, the policies of the Salvation Government have been largely driven by its desire to make basic goods and services available and accessible to residents in areas it controls. This is evident in its decision to allow rival and private entities to provide key functions, goods and services. But despite its relative success at making these available, residents generally struggle to access them, especially bread, electricity, fuel and water.⁹⁸ The Salvation Government's ability to regulate and monitor the prices of such commodities can only achieve so much. What is more crucial is its ability to provide them or to secure substantial financial support to make them affordable, which it has largely failed to do, due to its ties to HTS and the international donor community's red lines.⁹⁹

In the northeast, while the performance of the Self Administration varies from one region to another, its quasi-formal institutions have generally fallen short of meeting people's needs.¹⁰⁰ The large scale of destruction in Arab-majority areas that were recaptured from ISIS, such as Raqqa and Deir ez-Zor, increased the cost of restoring basic services. The lack of international support to the northeast – which is in part due to Turkey's objection and the Self Administration's links to the PKK, even in Arab-majority areas – has made this task even harder.¹⁰¹ The sizable resources in the northeast (fuel, grains, water and dams) have allowed the Self Administration to become more successful than actors such as the Salvation Government in providing basic services. However, some areas (such as eastern Deir ez-Zor and rural Raqqa) still struggle to gain access to publicly provided commodities or are unable to afford the necessary quantities of some basic goods such as fuel, bread and electricity.¹⁰²

Lack of participation in decision-making and accountability

Communities also suffer from not having a voice in decision-making and a lack of accountability. The regime only uses parliament and local councils to present itself as a legitimate authority in Syria. It ensures that their members are Ba'athists, loyalists or close associates whose main duty it is to implement the instructions of the office of the Presidency, security agencies and the Ba'ath Party. The regime

⁹⁷ Mehchy, Z. (2020), 'On the edge of starvation: New alarming Consumer Price Index estimates for Syria', London School of Economics, <https://blogs.lse.ac.uk/crp/2020/05/26/on-the-edge-of-starvation-new-alarming-consumer-price-index-estimates-for-syria/#comments>.

⁹⁸ Shaam Network (2019), 'Idlib is boiling against the "Salvation" government ... unfair decisions and absent services', 4 November 2019, <https://bit.ly/3jje7hD>.

⁹⁹ Interview with a local researcher in Idlib, April 2020.

¹⁰⁰ Enab Baladi (2019), 'Demonstrations against the SDF in Deir ez-Zor', 24 October 2019, <https://enabbaladi.net/archives/323126>.

¹⁰¹ Interview with a civil society worker in Deir ez-Zor, April 2020.

¹⁰² Interview with a researcher in Deir ez-Zor, June 2020.

therefore created a legal framework to maintain control over participation and election processes by issuing Law No. 5 of 2014.¹⁰³ This law organizes all election processes in a way that ensures the security entities have control over them. For instance, the law does not grant Syrians residing outside the country the right to vote in local and parliamentary elections. This means that millions of Syrian migrants and refugees, who are out of the reach of the regime's intelligence apparatus, are unable to participate in elections.

Nominally, local councils should represent the needs and aspirations of their communities. They should also be the channel for people to participate in making local decisions and to hold government entities accountable for their activities, including service provision. The Local Administration Law (Law No. 107), which organizes the governance of local councils, was promoted by the regime as an important step towards decentralization and effective local participation. Yet, in practice, it gives governors, who are appointed by the Presidency, control over these councils.¹⁰⁴ Additionally, the law does not include any clear measures, such as effective monitoring systems, to facilitate public participation and impose accountability.¹⁰⁵ This has created negative perceptions of this law among local communities.

Local councils should also be the channel for people to participate in making local decisions and to hold government entities accountable for their activities, including service provision.

Local civil society has launched several initiatives to activate participation and accountability at the local level, especially in reconciled areas like Daraa. One example is the services committee in Daraa al-Balad that coordinates with formal entities in the area to ensure the availability and quality of goods and services. However, the role of this committee has been limited by security agencies, and it also has no legal and effective tools to hold state entities accountable.¹⁰⁶

Communities in non-regime areas also suffer from the dearth of ways to make their voices heard. Officially, the structure of the Salvation Government creates multiple channels for people to participate in the decisions that impact their lives, such as *mukhtars* (the town's mayor), neighbourhood committees and follow-up commissions.¹⁰⁷ Most of these mechanisms remain largely nominal and thus useless in connecting locals to decision-making circles. Subsequently, people lack the required access to discuss and shape decrees and policies when they are still in the early drafting stages.¹⁰⁸ Besides, many people rightly view the Salvation

¹⁰³ The legal text can be found at International Labour Organization (n.d.), 'Law No. 5 of 2014', <http://www.ilo.org/dyn/natlex/docs/ELECTRONIC/98926/117885/F519410355/98926.pdf>.

¹⁰⁴ Articles 39, 40 and 41 of Law 107 clearly grant governors the power to oversee the work of local councils.

¹⁰⁵ Gharibah, M. (2018), 'Local Elections in Post-Agreement Syria: Opportunities and Challenges for Local Representation', London School of Economics, http://eprints.lse.ac.uk/100144/1/Gharibah_Local_Elections_in_a_Post_Agreement_Syria_Published.pdf.

¹⁰⁶ Interview with a resident in Daraa, April 2020.

¹⁰⁷ Interview with a journalist in Idlib, May 2020.

¹⁰⁸ Interview with a former public servant in Idlib, April 2020.

Government and its structures as a proxy for HTS, which imposed its authority on people by force. Resentment towards the group has kept the population from engaging with quasi-formal institutions.¹⁰⁹ In terms of transparency, the councils affiliated with the Salvation Government generally publish news on some of their services and activities, but avoid publicly sharing any data on strategies, programmes and finances. The lack of such key information is another factor in residents' inability to monitor the work of the Salvation Government or to hold it accountable.¹¹⁰ Nonetheless, civil society groups are still able to play an important role, in spite of the Salvation Government's dominance, in providing services in their areas, in shedding light on the work of local councils and in amplifying the voices of local communities. Their ability to engage in governance related activities outside of the de facto structures is greater in the northwest and northeast than in regime-held areas.

The Self Administration takes pride in its focus on building a bottom-up participatory decision-making process. Residents should therefore be able to take part in the different stages of the decision-making process regarding councils' policies and activities.¹¹¹ However, those formal channels are largely inactive, which means that people only know about laws and regulations after they are issued.¹¹² The lack of transparency also prevents locals from having access to key information about the activities and finances of quasi-formal institutions, which limits their ability to monitor them.¹¹³ The inability of the local communities to select their representatives, who are generally appointed, has negatively impacted the legitimacy of these entities and stripped residents of the ability to influence their decisions or hold them accountable. The limited power of the quasi-formal institutions over decision-making, due to the dominance of the cadres, is another factor that makes residents question the value of their participation.¹¹⁴ That said, community participation is generally higher in governance structures at the neighbourhood or village level, such as communes. However, the role of these low-level bodies is largely tied to implementation rather than planning or monitoring.

Informal avenues for community voices

The lack of trust in official institutions has driven local communities to look for informal alternative means to express their frustration about service provision and hold relevant institutions accountable. Yet, the coercive measures that the regime has used throughout the conflict against civil movements have limited the ways in which people can fight for their rights, including the right to have adequate public service provision.

Within this security context, social media has become the primary tool used by local communities to share information about the availability and quality of goods and services (or lack thereof) in their areas. These channels also serve as

¹⁰⁹ Interview with a civil society worker in Idlib, June 2020.

¹¹⁰ Interview with a journalist in Idlib, March 2020.

¹¹¹ Self Administration (2019), 'The full text of the social contract for the democratic federalism of northern Syria', 29 March 2019, <https://fraternity-sy.org/ar/6906>.

¹¹² Interview with a civil society worker in Deir ez-Zor, April 2020.

¹¹³ Interview with a journalist in Deir ez-Zor, May 2020.

¹¹⁴ Interview with a researcher in Deir ez-Zor, June 2020.

platforms to criticize the performance of public officials and highlight corruption incidents and corrupt networks that abuse state entities. Some of these platforms, such as the ‘Syria against corruption’ Facebook page, are managed by pro-regime activists.¹¹⁵ There is speculation among local communities that many of these platforms are created and supervised by security personnel for people to vent and release their frustration in a controllable manner. Social media platforms could also be used as an indicator of potential insurrection, allowing security agencies to judge how and when to act to prevent social unrest.

Public demonstrations in regime-controlled areas are very risky but still an option for people in some regions to protest for their rights.

Public demonstrations in regime-controlled areas are very risky but still an option for people in some regions to protest for their rights. For example, the sharp economic deterioration since the beginning of 2020 has triggered widespread demonstrations in Sweida. The civil movement is largely supported by activists on social media platforms such as the ‘We want to live’ Facebook page.¹¹⁶ The movement is not only asking for better living conditions but also calling for bringing down the whole regime, which it sees as the principal cause for the current economic disaster. The regime has detained many activists to contain the movement, and many community leaders, including religious figures, have negotiated with security agencies for their release. The agencies refused to do so until all demonstrations stopped, which was not acceptable to the local communities. In response, a local non-state armed group, Rijal al-Karameh (men of dignity), kidnapped military and security officers to exchange them with the detainees. The intelligence agencies were therefore forced to release the majority of those who were detained during the recent demonstrations.¹¹⁷

The inability of locals to improve the performance of de facto authorities has increased their anger. This is evident in Greater Idlib where the number of popular demonstrations against HTS and the Salvation Government has dramatically increased since they expanded their role in administrating the region in 2019.¹¹⁸ Some of the demonstrations pointed out the illegitimacy of both entities and expressed the people’s desire to expel them. This was the case in various HTS-controlled areas, including Idlib, where people frequently chanted slogans such as ‘Idlib will remain free’ and ‘HTS will be kicked out’.¹¹⁹ Other demonstrations focused on the deteriorating living conditions due to the poor performance of the Salvation Government.¹²⁰ While the majority of those incidents were peaceful, others led to armed confrontations with HTS and its affiliates. For example, the zakat tax

¹¹⁵ Syria Against Corruption (n.d.), profile page, <https://www.facebook.com/Syriaagainstcorruption>.

¹¹⁶ We want to live (n.d.), profile page, <https://www.facebook.com/groups/471172820486528>.

¹¹⁷ Interview with an activist from Sweida, June 2020.

¹¹⁸ Shaam Network (2019), ‘Idlib is boiling against the “Salvation” government ... unfair decisions and absent services’.

¹¹⁹ Syria Human Rights (2019), ‘A demonstration by dozens of citizens in Saraqib demanding the ouster of the leader of “Hayat Tahrir al-Sham” and denouncing the Russian massacres committed in the “de-escalation” area’, <https://bit.ly/2ZHqDQl>.

¹²⁰ Halab Today (2019), ‘Demonstrations in Idlib and its surroundings against the Salvation Government and the Headquarters for Tahrir Al-Sham’, 5 November 2019, <https://halabtodaytv.net/archives/110861>.

on olive oil imposed by the Salvation Government pushed people in Kafar Takharim to use force to kick the collectors out of the town, which led to intense clashes with HTS.¹²¹ Some of the protests have been effective in pressuring the Salvation Government to improve people's access to basic needs. For example, the mounting public anger against the increased bread prices pushed the Salvation Government to lift taxes on imported ingredients and to increase the scale of its subsidies to make bread more affordable.¹²²

The increased frustration with the poor performance of the Self Administration and the inability of locals to shape policies has also driven residents in Arab-majority areas to protest. People in Deir ez-Zor have frequently demonstrated against the Self Administration's strong grip over local decisions and the policies it has imposed despite popular disapproval. In addition to their demands for increased agency in managing their communities and resources, demonstrators have also asked for better access to services as well as for reform of security policies and practices.¹²³ On other occasions, communities have protested against specific policies. For example, people in Raqqa and Deir ez-Zor have recently demonstrated against the Self Administration's decision to change the school curriculum without consulting local communities. The new textbooks promote the leftist ideology of the Self Administration, which is widely rejected in Arab-majority areas.¹²⁴ While the general demands of the protestors remain largely unaddressed, the demonstrations might be successful in preventing the Self Administration from enforcing the new curriculum in Arab-majority areas.¹²⁵ The ability of local communities to demonstrate in the northeast varies from one region to another based on the issues involved (complaining about services is tolerated, but political protests against the Self Administration less so) and their locations (Arab-majority areas, especially Deir ez-Zor, have more room to protest due to the US presence and the efforts of the Syrian Democratic Forces not to fuel tensions with local communities).

¹²¹ Al-Modon (2019), 'Kafar Takharim rises up against "Tahrir al-Sham": Zakat is not by force', 6 November 2019, <https://bit.ly/2WAMKpK>.

¹²² Step News (2020), 'Due to the difficult conditions, the Bab al-Hawa crossing eliminates customs duties for some basic materials', 8 June 2020, <https://bit.ly/2BbUarU>; Al-Abbas, M. (2020), 'The Salvation Government announces the provision of subsidized bread at half the price to poor families in Idlib and Aleppo', Baladi News, 12 June 2020, <https://bit.ly/398zqhs>.

¹²³ Hassan, M. (2019), 'Protests in Deir Ezzor: Causes and Main Demands', Syria from Within, Chatham House, August, <https://syria.chathamhouse.org/research/protests-in-deir-ezzor-causes-and-main-demands-1>.

¹²⁴ Radio Al-Kul (2020), 'Protests east of Deir Ez-zor against the new curricula of "Self Administration"', 15 July, <https://www.radioalkul.com/p328715>.

¹²⁵ Interview with a local activist from Deir ez-Zor, June 2020.

06 Conclusion

As the regime becomes more reliant on corrupt networks, it is the country's citizens that suffer. Can the international community offer some hope?

The conflict in Syria has transformed the country's power dynamics. Syria's institutions have either weakened under state control or become inefficient quasi-formal extensions of de facto authorities. In either case, institutions meant to provide essential goods and services are affected by the proliferation of profiteers and dominated from within by inner power structures that serve the narrow interests of the regime and de facto authorities. This has further weakened their capacity to meet the needs of citizens. The regime continues to try to maintain the upper hand over profiteers, but it has also become dependent on them to deliver goods and services as well as to circumvent sanctions. Their mutual dependency sustains institutionalized corruption that reduces citizens' agency and ability to make their voices heard in decision-making, leaving them with only informal avenues like social media and demonstrations to make their demands known. This underlines the importance of local civil society initiatives that try to operate without being co-opted. Inadequate citizen agency is also a concern in non-regime areas, where channels for demanding and ensuring accountability are limited, which puts the burden on local civil society to try to play that role.

These dynamics underline the need to encourage greater citizen engagement in local governance institutions and public services, including in policy deliberation, implementation and evaluation. This can be accomplished through building and strengthening independent community-led, local civil society entities, enabling participatory planning and budgeting, and opening effective monitoring and accountability avenues.

Where the international community supports institutions and organizations in Syria, their programmes need to insist on increased transparency in governance institutions and service providers, beginning with how resources and services are distributed, how public funds are spent, and how tenders are processed and regulated. International donors must insist on open and competitive procurement, maximum disclosure, independent due diligence, external monitoring and social audits for any initiatives they support.

Awareness of the various tools and mechanisms used by profiteers highlighted in this paper can help guard against the manipulation of governance institutions and public services. It can help ensure that projects and activities meant to support the economy do not end up directly or indirectly empowering profiteer economic networks. On a practical level, this can be achieved by directing economic support to a large number of micro and small projects that individually fall outside the scope of interest for these networks.

All the above must be supplemented with the establishment of an effective monitoring system for international initiatives to ensure that support achieves its objectives in empowering local communities and fulfilling their needs. This system would also guarantee that profiteers do not benefit from and abuse this support in cooperation with de facto authorities.

About the authors

Zaki Mehchy is a senior consulting fellow at Chatham House, a researcher at the Conflict Research Programme at LSE, and a co-founder of the Syrian Center for Policy Research. His work focuses on development policies. He has conducted research on the socio-economic impact of the crisis in Syria, poverty and multidimensional deprivation, labour force, local governance, and community empowerment.

Haid Haid is a Syrian columnist and a senior consulting research fellow with the Middle East and North Africa Programme at Chatham House. He is also a research fellow at the International Centre for the Study of Radicalisation (ICSR), King's College London, where he is finishing a PhD at the Department of War Studies. Haid's main research interests include security policies, governance, conflict resolution, and non-state actors. Previously, he was a programme manager on Syria and Iraq at the Heinrich Böll Stiftung-Middle East Office in Beirut. He also worked as a senior community services protection assistant at UNHCR in Damascus.

Lina Khatib is the director of the Middle East and North Africa Programme at Chatham House. She was formerly director of the Carnegie Middle East Center in Beirut and co-founder of the Program on Arab Reform and Democracy at Stanford University's Center on Democracy, Development, and the Rule of Law. Her research focuses on the international relations of the Middle East, Islamist groups and security, political transitions and foreign policy, with special attention to the Syrian conflict.

Acknowledgments

The authors thank all those who helped gather field data for this paper, the peer reviewers, and the editors.

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical including photocopying, recording or any information storage or retrieval system, without the prior written permission of the copyright holder. Please direct all enquiries to the publishers.

Chatham House does not express opinions of its own. The opinions expressed in this publication are the responsibility of the author(s).

Copyright © The Royal Institute of International Affairs, 2020

Cover image: Syrians walk in old Damascus in front of a portrait of Syrian President Bashar al-Assad, on 16 June 2020.

Photo credit: Copyright © Louai Beshara/AFP/Getty Images

ISBN 978 1 78413 427 3

This publication is printed on FSC-certified paper.
designbysoapbox.com



Independent thinking since 1920



The Royal Institute of International Affairs
Chatham House

10 St James's Square, London SW1Y 4LE

T +44 (0)20 7957 5700

contact@chathamhouse.org | chathamhouse.org

Charity Registration Number: 208223