SYRIA IN A CHANGING MIDDLE EAST

Policy Dialogue

25–26 May 2026

Security in Context • American University of Beirut

Security in Context and the MA Program in Public Policy and International Affairs (PPIA) at the American University of Beirut convened a two-day workshop on Syria's emergent policy environment under externalized sovereignty.

The roundtable brought together 15 researchers, field analysts, and civil society leaders to discuss Syria's geopolitical, governance, and political-economy policy developments following the fall of the Assad regime.

This summary of the discussion follows the agenda and draws directly on session notes taken under Chatham House rules; all content is therefore presented without attribution.

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BACKGROUND

The fall of the Asad regime and ascendence of Ahmed al-Sharaa in Damascus took place within changing regional and global orders. Since December 2024, the interim government has invested significant diplomatic capital to balance foreign competitions threatening Syrian sovereignty and territorial integrity, and to secure political and economic backing from regional and major external powers. The heavily externalised orientation (to the Gulf, US, Turkey, and Russia) coincides with Damascus' tilt from the "axis of resistance." At the domestic level, the interim government has attempted to centralize and consolidate power while pursuing private capital and seemingly dismantling Syria's public sector and state bureaucracy. While the interim Sharaa government enjoys wide international support, it has yet to deliver on critical fronts such as effective control and security, festering conflict lines, and unequal and inadequate war recovery.

WORKSHOP OBJECTIVES

Security in Context and the MA Program in Public Policy and International Affairs (PPIA) at the American University of Beirut invited 15 researchers, field analysts, and civil society leaders to share their insights into geopolitics, governance, and political-economy policy developments in Syria following the fall of the Assad regime. In particular, the workshop aimed to generate interdisciplinary discussion of i) the current geopolitical order from a Syria lens (regional & global); ii) Syria's foreign policy positioning in the post-Assad era; iii) the political economy and governance of economic policies, reconstruction, and investment since December 2024; and iv) the challenges and opportunities in the coming period around those themes.

The discussion centered around the following key issues:

- Mapping the regional and major power landscape at play in Syria, including emergent (and anticipated) alliances, strategic and tactical frameworks, and narratives.
- Deciphering the interim government's positioning within this landscape and implications for new Syrian foreign policy and political economic policy choices.
- Understanding the drivers, goals, and implications of the Syrian interim government's key foreign policy choices since December 2024.
- Mapping the key (external) actors in Syria's (changing) political economy and their various interests and forms of intervention.
- Understanding the political economy of reconstruction, investments, and crony capitalism as it is manifesting in the post-Assad era.
- Status of international trade and investment in Syria: who is investing, and how much? Who are the main actors and decision makers?
- What are the main implications of policies undertaken since 2024 on human development in Syria?

Each section opens with the session's stated purpose and provocation, followed by the substance of discussion.

DAY 1 — GEOPOLITICS, STATE FORMATION, AND INSECURITY | 25 May 2026

Session 1: The Geopolitical Landscape Shaping Syria's Policy Context

Purpose & Provocation

Purpose: Identify and assess consequential geopolitical dynamics and Syria's changing foreign policy and national consolidation strategies.

Provocation: Syria's foreign relations may compromise Syrian sovereignty while simultaneously functioning as a tool of internal regime consolidation and macro-policy structuring.

1.1 Syria's Emerging Foreign Policy Architecture

Discussants characterised the interim government's foreign policy as an outline strategy still in formation. Key features include:

- A deliberate diversification of alliances pivoting away from the Turkish–Gulf axis that defined the immediate post-Assad period, including Saudi Arabia, Qatar, and UAE, with varied aspects to the relationships.
- A conscious effort to de-escalate tensions across multiple fronts simultaneously – most visibly with Russia, Israel, and Iran, while not yet committing to formal alignment with any single bloc.
- A highly personalised decision-making structure centred on two figures—al-Sharaa and al-Shibani—with even close allies reporting institutional inaccessibility. This "hard-to-reach" posture is read by some as a deliberate tactic to increase leverage.
- An aspiration to position Syria as an "island of stability," though discussants questioned whether the underlying conditions for such a claim exist.
- There was a discussion about whether we can identify two competing axes in Syria, that of Turkey–Saudi and that of Israel–UAE, or whether this binary is too simplistic of the fluidity of the foreign policies of those countries in Syria (aside from Israel).

1.2 The United States, Turkey and Gulf Dynamics

The United States' role was described as having security and commercial dimensions—focused on energy (oil and gas) and leveraging diplomatic proximity through Envoy Tom Barrack's personal relationship with Trump and their support for al-Sharaa. Several tensions were noted:

- The US could be assumed to be more closely aligned to the Israel–UAE axis, but ultimately lacking a fully-formed strategy or policy toward Syria, as well as the fact that Saudi Arabia was – at a glance a conduit for Trump's embrace of al-Sharaa.

- Barrack's influence within the US system is not unlimited—Marco Rubio's resistance to removing Syria from the terrorist list illustrates administrative friction.
- Syrian lobbying groups in Washington serve a secondary function for Damascus, but congress remains selectively resistant to the rehabilitation of al-Sharaa.
- The US posture aligns with Turkish and Gulf (Saudi Arabian) pressure against Iran and the axis of resistance, but participants questioned whether this constitutes a coherent multilateral strategy or an opportunistic alignment. US alignment with Israel further renders its Syria positioning tenuous.
- Qatar has pulled back and shifted its engagement with a history of scepticism toward Syria due to its aversion to the country's Islamist movements and a foreign policy that favours coalition-based strategies. UAE is seen as interested in bridging its economic diversification to Syria. Despite these distinctions, the US views the Gulf as a monolith. Turkey's and Qatar's positioning align to a degree.
- Turkey is not necessarily keen on regional "axes" or confrontations (i.e. Turkish-KSA-Qatari versus UAE, etc.). While this is often viewed as an assumption, conversations with Turkish officials revealed hesitancy about new rounds of regional (non-Israel) blocs. Its relations with Syria might be described as less a dimension of alliance and more emergent regionalism in which northern Syrian territory is progressively being integrated into Turkish sectoral hierarchies, although formally Turkey does not want to "own" Syria.

Key observations:

- Within Turkish political discourse, there are two main "concerns" that previously animated discussions towards Syria: the Kurdish question and the refugee question. These are thought to have been resolved and have completely dropped from public discussion within Turkey.
- Turkey's peace process ("Turkey without terror") is explicitly indexed to its posture toward Syria; SDF accommodation with Turkey has advanced with structural change in Turkey's presence in Syria, with Turkey's interests in Syria having evolved from "ethno-national" to economic, defence, and social extraction.
- Turkish telecommunications, agriculture, and education systems now serve essential functions in the north. Turkish business interests, commodities, and service delivery are now dominant over Syrian ones. The border is porous with cheap Syrian labour still being sought by Turkish business (Ayntep).
- Military wages in Syrian National Army (SNA) factions were being paid by Ankara, although that direct arrangement was said to be over with Turkish military influence migrating from the ethno-national to the sectoral integration.
- Most Turkish troops have formally withdrawn, but the SNA–Turkish relationship remains deeply embedded through military training and integrated northern force structures (NDA forces now wear the SNA uniform).
- Turkey's domestic drone industry has increasing operational autonomy with a deepened defence-sector presence in northern Syria.

1.3 Saudi Arabia, Qatar, and the UAE-Saudi Axis

Gulf engagement was described as multi-tiered, competitive, and in flux. Sections 4 and 5 elaborate where different countries are directing their investments with which outcomes.

- All three countries have backed al-Sharaa and the interim government from the beginning, including through economic assistance, debt elimination, diplomatic support, and infrastructure investments. The dynamics have evolved as the al-Sharaa government advanced sanctions relief and rehabilitation, among other things, with continuing shifting winds amongst the competitive and differently leveraged countries.
- Saudi Arabia has been the central Gulf actor promoting the al-Sharaa government and its rehabilitation. There was mention of reports that Saudi Arabia has raised concerns about centralisation and institutional efficiency with specific concern directed at the political secretariat—that Shibani announced was being dismantled in early May. Saudi Arabia was characterised as having sectoral presence but not yet the dominant economic actor.
- Competition between UAE and Saudi Arabia and the level of respective investments and influence over Damascus was not a point of extensive discussion, but some of the discussion suggested that the UAE was becoming favoured by Damascus as a core investment partner. For instance, major real estate transactions, including properties in the Damascus area, are reportedly being directed toward UAE-linked entities and individuals.
- Qatar's earlier strong engagement in Syria was said to have waned. Qatar is highly influential in energy and soft sectors; its influence operates partly through opaque funding channels. Qatar's leadership on coalescing international energy support was said to be causal to the interim government's decision to increase electricity pricing last fall.

1.4 Israel, the South of Syria, and the Lebanon Connection

Israel emerged as the dominant immediate security presence in the Syrian south, with diverse internal Israeli perspectives on the trajectory of Syrian relations. Discussion revealed different perceptions of the extent of Israel's threat to Syria. Some described Israel as the biggest threat to Syria in the *south,* while others pointed to Israel's occupation of Lebanon and general war footing as evidence of Israel being a primary external actor shaping the entire region, including Syria.

- There is no Syrian military presence in the south with the Syrian government's fear of Israeli territorial expansion into southern Syria. Israeli control over water resources, including the dam controlling Jordan's water supply from Daraa, was flagged as a structural leverage point.
    - Barrack has a different timeline for engagement versus Netanyahu's approach; participants read this as the US operating on a six-month reset that complicates Israeli calculations.
- Egypt and Jordan serve as stable examples of normalisation. However, it is disputed whether Israel is more interested in normalisation or keeping the region, including Syria, weak, fragmented, and unstable. Some reports suggest Netanhayu is hostile to al-Sharaa.
- Saudi Arabia is still resisting formal normalisation with Israel, with signs that the spreading US-Israel wars in the region are bolstering popular rejection. This is distinct from UAE's formal normalisation and continuing deep security and economic relations with Israel.
- Some described Israel–Turkey interventions in Syria as a relatively stable status quo with each tacitly accepting the former's dominance in the south and the latter in the north.

- One participant argued that Israel is the principal external actor working to shape both Lebanon and Syria in a particular direction and that this acceleration is not merely "externalized" but "weaponized" sovereignty, where states are using threats to consolidate internal authority. The observation that any totalising project in Syria will face resistance was noted, with Lebanon's experience raised as precedent.
- Lebanon–Syria relations remain nascent. Negotiated domain borders were the apparent subject of Lebanon-Syria engagement (prior nexus was refugees). Either way, Lebanon's experience must be considered in shaping Syria's policy decisions.
- So far, Damascus has resisted US pressure to intervene in Lebanon; al-Sharaa's public remarks about monopolising roles have generated concern in Beirut. Syrian forces are present on the border but al-Sharaa has sought to deescalate with Iran.
- Jordan is prioritised over Lebanon in Damascus's regional calculus, with hopes for Tripoli port connectivity appearing aspirational rather than strategic.

Session 2: Externalization and State Consolidation

Purpose & Provocation

Purpose: Interrogate how the geopolitical landscape is shaping interim governance dynamics and broader transitional directions.

Provocation: External dynamics are influencing the parameters of transition, but their implications for governance and equitable recovery remain indeterminate.

2.1 Emerging Governance Architecture

The interim government's governance model was characterised as fragile, loyalty-dependent, and structurally incomplete.

- Decision-making remains concentrated in the presidency legally propped up by constitutional and other decrees; parallel institutions have been created outside normal budget and parliamentary accountability structures. Al-Sharaa is resistant to decentralisation. Law 107 is not instituted.
- Hay'at Tahrir al-Sham (HTS) affiliates dominate provincial and municipal governance posts, but their governance relationship to Damascus is localized. A situation of "decentralisation" is playing out at the local levels, happening by default and per Damascus appointments and strongman holds.
- There is no parliament to approve laws; business people report confusion about regulations and procedures, with effective authority shifting from ministries to new presidential entities.
- Chambers of commerce, as well as trade and labour syndicates, are appointed, primarily filled by HTS affiliates. The civic sector is dynamic but fragile, with recent incidents of independent media outlets being banned and managing legal and administrative ambiguity, alongside financial stress.

- State–society relations are weak, with distrust rising over economic decisions. Public services are increasingly outsourced to communities, and there is a de facto privatisation of the state's social role without corresponding legal frameworks.

2.2 Externalization as a Governance Tool

A recurring theme was the way in which external forces are serving internal consolidation:

- International legitimacy has been the primary means by which HTS has consolidated centralized state authority. Recognition from the US, other Western states, and international organisations along with externally driven lifelines from the Gulf states have substituted for Syria's democratic mandate. It's also enabling centralisation and the loyalty-based dispensations.
- Others cast the government's strategy of maintaining multiple external patrons simultaneously (Turkey, UAE, Saudi Arabia, and the US) without a dominant single actor as a deliberate policy choice to preserve leverage.
- Participants acknowledged the risk externalization poses to long-term stability but also acknowledged that the national governance model is not yet set in stone, especially given the legislative gaps and (internal) regional differences.
- Israel and Turkey were said to be the biggest causes of Syria's sovereignty *deficit* – visibly pronounced in the north (Turkey) and south (Israel), where governance bypasses Damascene structures entirely. Neither is the Syrian military present in the south. Others suggested that Turkey is interested in a stable, united Syria, the opposite of Israel.
- In terms of externalization as governance, the US and Turkey were said to be most influential; however, the US is not directly interfering, engaged mostly in administrative processes to get sanctions rolled-back and promoting al-Sharaa (Trump in particular). However, questions were raised about the extent of influence the US is having on the Central Bank/fiscal policymaking. Turkey's role extends from its large physical and network presence; it has a large role in the Syrian National Army in terms of training and influencing the chain of command.
- The Gulf was up for discussion, with some describing it as less consequential, while others spoke to Saudi and Qatar influence directed at political and economic Damascus' decision-making via investment leverage. Additional considerations came up, such as the IMF's engagement with Gulf states, around their Syria support.
- Jordan is a more trusted partner, with potential structural influence on Syria's choices regarding governance modalities (e.g., diplomatic, legal and administrative). The Jordanian Ministry of Foreign Affairs and Expatriates (MOFA) is training Syrian diplomats, providing support to ministries. Syria is looking to it for legislative modelling and parliament. More political influence was said to be coming from tribal networks in Jordan and Iraq.

Session 3: Bridge Building and Alternatives to Amplify Research and Civil Society

Purpose

Purpose: Introduction to The Syria Space research consortium and mapping of regional initiatives that intersect with Syrian civil society researchers, with discussion about potential partnerships and bridge-building for alternatives.

3.1 Civil Society Ecosystem

The Syria Space project, initiated by the Syrian Center for Policy Research (SCPR), was introduced as an effort to create a platform where alternative policy discussions are normalised among individuals and groups of Syrian researchers, civil society actors, and diaspora communities. Current working groups span economic analysis, political transition (The Day After), and justice and accountability (Badael; 12 organisations that had participated in the UN track). The project aims to move beyond echo chambers. The introduction to The Syria Space led to a broader discussion on civic space, advocacy, and engagement strategies:

- Participants noted that the government's weakness creates openings: "The government is weaker than we think and we can now occupy spaces." Officials are reportedly receptive in some cases, with workshops and meetings occurring inside Syria; however, fault lines are disrupting the space.
- Participants acknowledged that pro-government, humanitarian-integrated, and opposition civil society segments are not currently communicating with each other in structured ways; this carries over to tensions between perceptions of the role, including legitimacy of those inside and those in the diaspora.
- Media and social media space was described as deeply divided along pro–anti-government lines; TV media was described as patriarchal. Kurdish-language spaces are underserved. Too few civic groups are standing up against sectarianism given fragility and other fault lines.

3.2 Regional Linkages and the Lebanon Connection

The Syria–Lebanon entanglement was raised as a methodological and political challenge: the two civil societies and conflict experiences are deeply intertwined and cannot be understood in isolation. Participants proposed that regional civil society connections, including to Jordan, Iraq, Iran, and Palestine, alongside feminist and labour movements, should inform the research and advocacy agenda.

DAY 2 — POLITICAL ECONOMY AND SOCIAL OUTCOMES | 26 May 2026

Session 4: Reconstruction, Investment, and Network Transformation

Purpose & Provocation

Purpose: Identify ascendant reconstruction, financing, and private-sector transformations, related economic governance choices, and implications for recovery trajectories.

Provocation: Reconstruction policies may either reinforce national integration or deepen inequities, depending on regional dynamics, governance structures, and implementation.

4.1 Reconstruction Models: A Comparative Framework

Three general post-conflict reconstruction models were presented as potential references for assessing Syria's trajectory:

- Stabilisation + Reconstruction: World Bank/IMF model. Focus is on macroeconomic stability, market liberalisation,and foreign investment. Critiqued for neglect of socio-economic structures and complex policies with absence of efficient institutions. Example: Post-war Iraq (2003) - IMF austerity; rapid de-Baathification and layoffs; privatisation of state enterprises.
- Local Economy model: Developed by International Labor Organization (ILO) with United Nations Development Program (UNDP) support; decentralised, bottom-up model focused on recovery through leveraging local resources (returnees, former fighters); dual track: short-term liquidity injections and medium term restore production/trade chains and market linkages to create jobs. Vulnerable to macro-instability and institutional underdevelopment.
- Institutionalisation before Liberalisation: Roland Paris; build state institutions – legit institutions; central bank; law enforcement– before democratic and market-based reforms (Paris 2004). Can exacerbate societal tensions or reproduce conditions that fuelled violence. Requires excessive international aid and high level of donor coordination. Ignores urgent livelihood needs and SMEs at microlevel.

Syria is characterised as experiencing "liberalisation before institutionalisation." Capital spending is low, the tax base is absent, and the informal economy that sustained livelihoods under siege has collapsed without formal replacement. A key analytical tension was identified between urgent/immediate recovery needs and medium-term institutionalisation: parallel formal/informal structures coexist without a strategy for integration.

4.2 Current Institutional Architecture of Reconstruction

Al-Sharaa's stated economic recovery vision rests on private and foreign investments to avoid going into debt in the absence of domestic funds and capacities and being limited by external loan conditionalities, with a relatively aligned institutional architecture that is expected to evolve.

<u>National</u>:

- No comprehensive reconstruction plan exists. No national institution has been identified or assigned to coordinate or follow reconstruction. The term "reconstruction" is also absent from government discourse; generally absent from government speeches or printed plans. The Ministry of Foreign Affairs document "Recovery Priorities and International" – a list of general priorities – was cited as the closest thing to an official framework, with a subsequent ministerial replacement noted.

- Three state funds were identified as the apparent principal institutional vehicles for recovery financing. All three were established by presidential decree, higher council decisions, and other presidential directives. All three operate under his authority. They run parallel to state ministries with differing degrees of transparency and influence. It was observed that if an institution is not headed by an HTS affiliate and is transparent, it is likely to be less influential and poorly funded.

1. Investment Agency: Meant to implement the Syrian Higher Economic Council strategies and investment deals;. It is active, but less influential relative to its formal mandate.
2. Development Fund: Focused on reconstruction in education and healthcare. Relatively transparent with a known budget, but underfunded (healthcare allocation cited at $15 million across several projects) and not headed by an HTS affiliate; lacking influence.
3. Sovereign Fund: Potentially the most consequential and with the least transparent record. A recent Syria Report article described it as a catch-all structure. Its relationship to the national budget is unclear; it operates under direct presidential authority. Its portfolio includes approximately 2,000 properties, and it has reportedly been used to absorb state assets previously held by former-regime patrons (e.g., Four Seasons hotel shares; itifah/Cham cases). There are reports that a Qatari national heads its real estate department, with large investment flows directed toward UAE-linked entities.

The financial system was said to be not working. However, it is expected to be changing in the next 6-8 months.

International:

- Remaining country donor assistance is channelled through the UNDP, including for paying salaries. European Union aid may be prioritising humanitarian assistance; support to civil society for transitional justice and related reconciliation objectives. However, donor funding has been scaled back and in the case of GIZ, for example, directed toward technical assistance.
- The World Bank is distributing grants directly to Syria through the International Development Association. The IMF is leveraging Gulf financing to promote Syrian reforms. No formal agreements exist.

4.3 Foreign Investment Patterns

The foreign investment flows were briefly mapped across key external actors:

- UAE: Coastal port development; also dominant in real estate, with major Damascus-area property transactions; broadly the largest single investor. Not always clear what concessions are being made.
- Qatar: Influential in energy (gas and electricity); reportedly conditioning electricity pricing agreements on government commitment to higher tariffs; also present in food production (including milk and cheese).
- Turkey: Concentrated in the transport sector; military training and industrial investments in north Syria.
- United States: Northeastern oil and gas fields going to a US company; broader commercial interest conditional on sanctions relief and debt clean-up.
- Saudi Arabia: Present in various sectors, including aviation and rail transport networks, but described as more cautious and less concentrated than Gulf peers.
- China and Europe: Both largely absent, with China’s absence attributed partly to the risk of antagonising the US.

4.4 Private Sector and Crony Capitalism

The character of the emerging private-sector engagement was described critically:

- Participants identified externalisation as a primary driver of the absence of a reconstruction programme with little space for a domestically accountable economic strategy. One participant characterised the pattern as not a bad plan being poorly executed, but rather a deliberate logic of capture – “seizing the gas station and rebranding it.”
- Cronyism was described as being driven not by central planning but by the absence of central capacity. New elite networks with access to the regime exclude SMEs; the Syria Business Council (SBC) was cited as an example of an oligarchic structure requiring membership fees for access.
- Private-sector actors inside Syria, described as “just trying to survive,” feel excluded from formal investment and recovery channels being negotiated in Damascus with little transparency and affiliate favouritism. Memorandum of Understandings being executed with Gulf states and private investors are being signed without established criteria; procurement processes lack audit or competitive basis (“no audit, so how can you privatise without knowing the cost for sale?”). Finance reforms might make a difference.

Session 5: Calibrating Syria’s Political Economy Order

Purpose & Provocation

Purpose: Interrogate how economic structures are evolving in relation to contextual conditions and their implications for distribution and transitional cohesion.

Provocation: External orientation and economic strategies are shaping Syria’s political economy with uneven opportunities for inclusion and cohesion.

5.1 The Decision-Making Architecture of the Economy

The political economy decision-making structure was characterised as fragmented, opaque, and captured, heading toward Iraq’s trajectory:

- Economic laws remain underdeveloped, outdated, and/or not well understood. Regulations and procedures are unclear to domestic business actors. The interim parliament is not yet operational and will likely face major capacity challenges in relation to the scope of national legislative needs. Humanitarian aid is being halved. There is no international plan to move from aid to development. There is concern that the parallel presidential vehicles will replace the Ministry of Economy.
- As the discussion showed, the lack of money is often used to justify big investment projects and privatisation (e.g., healthcare, petrol) and avoid aid conditionalities, yet economic decisions often intersect with external investments and requirements (e.g., Qatar and electricity rate hikes) with unclear concessions.
- The Sovereign Fund and Development Fund were created without clarity about their relationship to the state budget, sitting under presidential authority. The operational presidential decree does not mention financial management, although the presidential vehicles have degrees of functionality. Without a reconstruction plan it is possible that they may become the default recovery vehicles.
- The parallel power structures and the new Islamist patronage networks, part of the overall emerging governance architecture, is a major dynamic influencing economic decision-making, especially in terms of where and who benefits from investments.

- The economic and social disparities are stratifying classes (disenfranchising groups) while also producing oligarchic patterns to the exclusion of SMEs and regular business people – trends that are being endorsed by Western governments – whether directly or indirectly.
- A mic drop moment arose when no one in the room could name a single external actor conditioning support on “good governance” as would be articulated by citizen stakeholders. Some participants stressed, however, that good governance is not enough for Syria’s recovery; it requires a rethink of the political economic order.
- This gave rise to discussion about whether Syria’s “neoliberal economic order” captures the full extent of the interplay between impoverishment, inequality, sectarianism and new/old seeds of conflict, and whether neoliberal economic order is the right categorisation.

5.2 Sectoral Analysis: Hurting Sectors and Investment Gaps

The following sectors were identified as significantly stressed or underperforming:

- Tourism: Disrupted; the ministry has had high turnover and limited strategic direction.
- Services and finance: It is constrained by the absence of a functioning banking sector and unclear regulatory environment.
- Agriculture: Rain was good in the 2025–26 season, offering some relief, but subsidies and sustained policy support would be required to offset structural strains. A good year is not a recovery strategy.
- Manufacturing: Trade liberalisation hit hard at what remained of Syrian manufacturing with massive pushback from Syrian industrialists. High electricity costs (electricity now priced in dollars at international rates) are part of the problem, contributing to an increase in the trade deficit.

Revenue generation remains poorly understood. A 5% consumption tax has been introduced; privatisation of health, education, and banks has been discussed but no audits have been conducted. Budget increases are projected without a clear mechanism. Economy driven by private investment is also misunderstood.

5.3 Regional Disparities and Territorial Fragmentation

Investment and economic governance vary sharply across Syria’s regions, with the sovereignty deficit/externalization being a key variable, as well as emerging economic governance:

- Damascus and its immediate environments are the overwhelming focus of real estate investment and sovereign fund activity.
- Northern Syria (Idlib, Aleppo hinterland) is integrated into Turkish economic hierarchies; its economic governance is effectively Ankara-directed.
- Northeastern Syria retains separate governance structures under SDF/AANES, with US company involvement in oil fields.
- Southern Syria (Daraa, Sweida) faces acute governance deficits; sectarian exclusion is most visible here; water resources are under Israeli-adjacent control.
- Urban–rural disparities are sharp and under analysed.

Session 6: Human Development Consequences and Imagining Alternatives

Purpose & Provocation

Purpose: Examine the lived consequences of policy choices and governance arrangements.

Provocation: Variations in governance and external engagement may be producing differentiated outcomes, but causal pathways remain unclear.

6.1 Human Development Conditions

The human development situation in Syria was described in stark terms during this session and others:

- Approximately 90% of the population is still under the poverty line; cash transfer assistance is being provided by World Food Programme and European Union, but must be calibrated against inflation on a regular basis. Remittance dependency continues.
- Subsidy removal has driven inflation; salary increases for civil servants (700–1,000 SYP increase in purchasing power under a presidential decree) are insufficient to offset the cost of living crisis.
- SCPR has documented formal inequalities in the public sector salary structure. Judges and health workers are privileged; those contracted under Law 53, sovereign fund employees, oil company workers, and port commission staff receive higher compensation; narrow SME farm workers and ordinary public employees are at the bottom. This leads to an “upper level tier” of public sector employees.
- Security sector salaries are disproportionately larger than those in productive sectors.
- Microfinance is limited; the informal economy is large and poorly measured; disabilities are high (estimated in the millions) with no effective labour law.
- All of which is intersecting with socially and politically-driven disparities and sectarianism, as elaborated in section 6.3.

6.2 Economic Governance and Its Social Consequences

The workshop documented a pattern of economic capture with cascading effects:

- HTS-linked entities have captured approximately 27 major companies, using outside consultants and investment maps to absorb state assets without domestic partners. This is described as going “beyond cronies” to a systematic model of capturing productive enterprises.
- Shrinking state investment in the productive sector alongside expanding security and defense budgets is projected to lead to negative growth and accelerating loss of the social base—“leading to conflict, and quickly.”
- Waqf (religious endowment) lands have been seized and revalued; productive sector workers and traditional business actors are being displaced by security-adjacent networks. The private sector, which traditionally played a role in social innovation, has been weakened.
- Donors/internationals may be shifting from a humanitarian to development mindset, but the conditions for development programming do not yet exist due to a number of factors –, scaling back of aid, no Syria state reconstruction plan, economic modelling, etc.

6.3 Disparities: Visibility and Causal Pathways

These are some of the most acute disparities touched on in the discussions:

- Sectarianism and patriarchy were described as growing structural dimensions of both economic and social life. Access to state institutions, employment, and business opportunities are conditioned on identity and networks of proximity to the new regime. Women and Alawite, Kurdish, and Druze populations face targeted exclusion from public sector employment, business opportunities, and from access to urban centres in some areas.
- Families are choosing to withdraw girls from education in some communities, generating what one participant described as a "cyclical" process of disenfranchisement that "sows seeds of conflict."
- Returnee populations: Outcomes depend heavily on displacement destination; those returning from northern/Idlib areas have access to authority networks, while those returning from pro-Assad areas face structural exclusion.
- Urban infrastructure is receiving investment while rural areas are neglected.

6.4 Alternatives: Frameworks and Constituencies

The workshop sought to make space for imaging alternatives. Participants' proposed alternative modelling, discussed stakeholders who might be mobilised to bring about change, and through which strategies.

The structural ideas mentioned include:

- A development strategy based on the common good, with decision-making processes involving people rather than concentrated in presidential entities.
- Decentralisation of governance and participatory approaches in urban development.
- A new fiscal system (presented at Damascus and Aleppo conferences) to address redistributive failures.
- State-owned banks playing a longer-term financing role with lower interest rates, rather than full privatisation.
- Support for SMEs through subsidies and sector-specific policy, alongside private investment.
- Construction-led social infrastructure investment.
- A feminist economic perspective integrated into policy design.
- Participants stressed that comparative case analysis (Lebanon, Iraq, Mozambique, Mali) is needed to develop evidence-based socio-economic policy alternatives/lessons learned.

The constituencies and pressure points identified include:

- The private sector inside Syria is organising informally to fill social service gaps (healthcare, education) in lieu of the state. This was described as a temporary measure dependent on business-owner goodwill, but with historical precedent.
- The increase in socio-economic protests, resignations of trade union representatives, and mass protests for development were cited as an emerging vector.

- Civil society organisations working on housing, land and property (HLP), water rights, and socio-economic rights over the past decade represent an organised constituency for policy alternatives.
- Labour unions and syndicates are a potentially mobilizable constituency for a national socio-economic dialogue.

A few strategic approaches mentioned were:

- Mobilising the street to maintain pressure on governance actors.
- Expanding the concept of civil society to broaden alliances and build knowledge within the civil society. This allows for mobilisation around these issues as well as human rights and justice through various methods (for instance, cooperation with research centres). The recent Syria Human Rights Initiative statement on the World Bank was cited.
- Investigative journalism to bring transparency to economic capture.
- Lobbying through international institutions and donor relationships.

Feedback and Suggested Next Steps (closing session)

The closing session was devoted to hearing feedback on the workshop and brainstorming next steps:

- Diversify participation.
- Research priorities identified: consultations/capacity building; increased participation; Syria's evolving political economy descriptive mapping; decentralisation and bottom-up approaches; Lebanon "solidaire" model as possible but not inevitable precedent for Syria
- Security in Context to produce outputs collaboratively: i) a written summary of the discussions for participant review; and ii) subsequent policy brief integrating takeaways for feedback and then distribution.
- The Syria Space to broaden its civil society mapping to include labour unions, syndicates, research institutions, local organisations, NGOs, and diaspora networks.
- A follow-up convening to be considered with expanded Syrian civil society participation and possible inclusion of government officials.

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