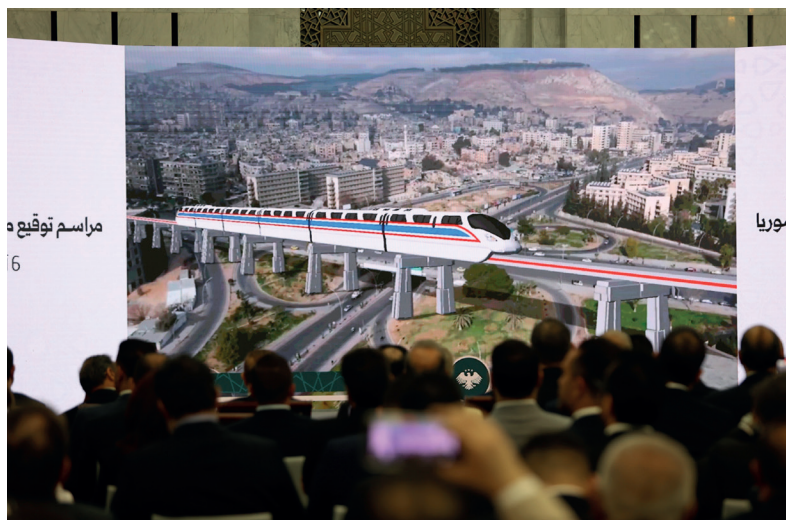




POLICY BRIEF



Potential Impact of Investment Agreements in Post-Assad Syria

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Abstract

This policy brief highlights the structure, drivers, and potential impact of post-Assad investment agreements in Syria, based on the analysis of 111 publicly reported economic events and agreements between April and September 2025. It indicates that direct investment is critical for economic recovery, yet most of these agreements are shaped by political considerations rather than developmental priorities. The predominance of rent-seeking sectors, lack of transparency, weak institutional oversight, and the exclusion of local voices risk reinforcing pre-conflict patterns of inequality, cronyism and corruption. The brief concludes with recommendations focusing on institutional reform and participatory planning to ensure that investment inflows contribute to an inclusive or sustainable recovery.

Economic Priorities of the New Authorities

Although the fall of the Assad regime initially raised expectations for an end to the conflict and the beginning of economic recovery, Syria continues to face catastrophic economic conditions and extensive destruction across all economic sectors. Between 2011 and 2025, cumulative losses are estimated at around USD 0.9 trillion, with physical capital destruction valued at around USD 123 billion (UNDP, 2025). The economy suffers from hyperinflation, with the consumer price index increasing more than 200-fold, and from a persistent trade deficit driven by dependence on external markets. More than half of the country's health and education infrastructure is non-functional, while nearly half of the population is still displaced, internally or as refugees (UNDP, 2025).

The new authorities have prioritised an open-market approach focused on neoliberal-oriented policies at the expense of developing an inclusive development strategy. Their policies have included reducing subsidies on essential goods such as bread, electricity, and oil derivatives, the large-scale dismissal of public employees without any clear criteria, and a direction to privatise state assets and enterprises under public-private partnership (PPP) laws and regulations (Daher & Mehchy, 2025). The proposed tax system's [low corporate tax rates](#) may attract investment, but they favour large capital and further weaken the state's already fragile fiscal capacity to perform functions or invest in essential sectors such as health and education. These steps have further deepened socioeconomic inequalities and weakened trust in the government's economic policy.

The government and [interim president have publicly declared](#) that Syria will not rely on loans from international institutions, with which the government [aims to pursue technical assistance](#) and institutional cooperation. The plan is to depend on direct investments, as well as individual and state donations, to rebuild the economy. This stance reflects the preference for direct bilateral and private-sector financing from regional allies and business partners over engagement with multilateral lenders in a transparent manner. Consistent with this approach, the government introduced Decree No. 114 in June 2025 to reform the investment environment and revive the Syrian Investment Authority.

While the decree manages to simplify procedures and attract investors, the system remains heavily centralised under the Higher Council for Economic Development, chaired by the interim president. Decision-making on major investment projects continues to be concentrated within a small circle within the new authorities, with no clear and effective oversight mechanisms, a pattern that may enable cronyism and corruption.

The country's difficult economic conditions continue to undermine its business environment and weaken key determinants of investment, identified by several reports as market size, macroeconomic stability, infrastructure quality, and rule of law (UNCTAD, 2010; Mistura & Roulet, 2019). Despite this fragility, the authorities' focus remains on pursuing rapid liberalisation instead of improving investment determinants. Evidence from international experience shows that, with ineffective institutions and poor rule of law, liberalisation and investment inflows often coincide with rising income disparities (UNCTAD, 2010).

Investments Characteristics

Between April, when the new government was formed, and September 2025, we identified 111 economic events based on systematic media monitoring related to agreements or potential cooperation to support Syria's economic recovery and living conditions. These events represent only those that were publicly reported and may not capture all relevant activities during this period. The events ranged from technical discussions in specific sectors to large-scale forums such as the Syrian-Saudi Investment Forum, which alone resulted in 47 agreements and memoranda of understanding (MoUs) estimated at around SAR 24 billion ([USD 6.4 billion](#)). Analysis of these events shows that around 15% involved Syrian businesspersons and entrepreneurs, 32% included meetings between Syrian governmental entities and investors from Gulf countries (mainly Saudi Arabia, Qatar, and the United Arab Emirates), and around 12% were with Turkish counterparts. Approximately 35% of all events resulted in formal agreements including MoUs, most of which were concluded with Gulf partners and Syrian investors. We estimate the total value of the signed agreements, based on the announced numbers, at around USD 32 billion, exceeding Syria's 2024 GDP in 2010 constant prices, estimated at USD 29.3 billion (UNDP, 2025).

Real estate and energy projects accounted for nearly half the total value of identified agreements. The predominance of investment in rent-generating sectors mirrors typical post-conflict Foreign Direct Investment (FDI) patterns. These sectors tend to attract investors due to high returns and their relative insulation from domestic market instability (UNCTAD, 2010). In contrast, there is a near total absence of substantial investment in productive sectors, including agriculture and manufacturing industry. There are limited initiatives in cement production, which intends to meet expected demand generated by real estate development. It is worth noting that many of the real estate projects raise serious concerns regarding Housing, Land, and Property (HLP) rights, as they were developed without local consultation or adequate legal safeguards. HLP rights have been a central factor in local and regional conflicts in Syria and neglecting them risks generating new grievances and undermining prospects for inclusive and sustainable recovery.

The investment country of origin reflects the geopolitical logic of aid and investment described by Alesina and Dollar (2000), whereby Gulf investors deploy capital strategically to reinforce political alliances, expand regional influence, and stabilise friendly regimes rather than to maximise purely economic returns (Dandashly, 2025). The wide involvement of Gulf countries and Turkey, actors that show a strong support for and interest in the stability of Syria, highlights the political dimension of many of these investments in legitimising the current leadership rather than making profits.

Geographically, almost 65% of the surveyed agreements and potential investment projects are concentrated in Damascus, rural Damascus, and to a lesser extent Aleppo. This regional concentration reflects the absence of investment incentives and infrastructure in other areas. Such uneven distribution is unlikely to solve the structural disparities in regional economic development that have persisted since the Assad regime and were among the key factors driving the uprising in 2011.

Most of these agreements are non-binding in nature and often represent expressions of intent rather than confirmed commitments. A significant portion may never advance to implementation, a pattern that mirrors Egypt's experience after the 2015 Sharm El-Sheikh Economic Conference, where [USD 92 billion](#) in pledges were announced, but, one year later, only [7 out of 55 projects](#) had progressed from MoUs to implementation. In Syria, similar dynamics appear at play, where the authorities use such agreements to gain internal and external legitimacy with no guarantee of implementation. However, some MoUs, such as those signed with Saudi Arabia during the Saudi-Syrian Investment Forum in July 2025, seem more likely to proceed in order to demonstrate political support for the new authorities. Indeed, in October, the [Saudi minister of investment](#) announced that USD 2.1 billion of these MoUs had been activated.

Transparency and national priorities remain notably absent in the negotiation and disclosure of these agreements. In informal discussions with public employees from a relevant ministry, they noted that neither the public, independent experts, nor even most government officials have access to the terms and conditions under which they were concluded. They also mentioned the absence of comprehensive economic or social feasibility assessments and that they are still waiting for a sustainable and inclusive development strategy to outline national priorities. The lack of such strategy allows the agreements to be supply-driven, fragmented, and visibility-focused projects such as metro construction and luxury high-rise developments.

Moreover, asking about the project selection process revealed that there is no clear or credible vetting process for bidders. For instance, a real estate company based in Italy, owned by a Syrian businessman, signed a MoU for the "Towers of Damascus" project, despite [investigations](#) revealing that it is effectively a one-person company with no demonstrated capacity to implement such a large-scale development.

The lack of a competitive and transparent tendering process also raises concerns about potential cronyism and favouritism. Indeed, several major projects seem to be awarded to specific companies due to their political connections. Examples include agreements on the Damascus International Airport expansion and the rehabilitation of the electricity sector, which were signed with UCC Holding, a company owned by the Khayyat family, which is known for its close ties to and support from Qatar.

These investments, if implemented, may help the authorities gain short-term legitimacy and address part of Syria's pressing recovery needs. However, in the longer run, attracting efficient and productive FDI requires deep structural economic reforms (Brada et al., 2021). Syria's political economy of investment remains characterised by the absence of effective monitoring, weak institutions, and the dominance of elite networks. These dynamics would enable investors to capture high rents and forge alliances with ruling elites (Guidolin & La Ferrara, 2007).

So far, the authorities continue to prioritise opportunities for foreign investors over advancing national interests by building an inclusive economy. This approach also reflects what Côté (2018) describes as "regulatory chill," a situation in which governments in fragile or post-conflict settings refrain from policy intervention or public scrutiny to maintain investor confidence and avoid potential disputes under international agreements.

Economic and Social Impact

Investment in Syria represents a critical tool for shaping the country's post-conflict economy. It can stimulate growth through capital accumulation, knowledge transfer, and productivity spillovers. However, under the current institutional and governance dynamics, these investment agreements could have wide range of implications on economic growth, justice, and social cohesion.

The politicisation and centralisation of investment decision-making under the Higher Council for Economic Development and influential figures create barriers to efficiency and inclusion. This could direct investment to politically connected firms, reducing efficiency, crowding out micro and small enterprises, exacerbating regional disparities, and reinforcing crony capitalism. In addition, the lack of transparency and the dominance of individual actors over economic governance undermine investor confidence in the rule of law and tend to attract speculative or monopolistic rather than developmental forms of capital.

These trends also neglect the need to recognise Syrian domestic agency beyond elite networks. Public dissent, such as protests against some projects like [The Boulevard of Victory in Homs](#) that disregard HLP rights, shows that the social risks identified are not merely theoretical. In this specific case, the authorities showed some flexibility by changing aspects of the project in response to public pressure, indicating that governance dynamics under the new authorities remain fluid rather than entirely rigid.

The emerging pro-investor institutional dynamics and efforts to prioritise investor interests risk weakening the possibility of having independent unions, constraining regulatory capacity, deteriorating labour rights, and commercialising essential sectors such as health and education. These trends are likely to deepen social and economic inequalities and accelerate the decline of the country's human, social, and natural capital. In parallel, the dominance of real estate and energy projects, which account for nearly half of all announced investments, indicates a resource- and rent-seeking pattern. As in many fragile and conflict-affected contexts, capital-intensive sectors often dominate because they rely less on functioning institutions and more on monopolistic businesses. This pattern suggests that current investment inflows in Syria are unlikely to support the development of an inclusive and productive economy.

The concentration of most investment agreements in capital-intensive sectors, even if implemented, will generate limited job opportunities and temporary employment. Moreover, agreements established under a public-private partnership framework will lead to further dismissal of public employees and continued privatisation, thereby exacerbating the deterioration of living conditions among middle- and lower-income groups. At the same time, the high cost of investment and the correspondingly high expected returns, particularly in sectors such as electricity and real estate, raise serious concerns about the future affordability of these goods and services for most Syrians. With nearly 90% of the population living below the poverty line (UNDP, 2025), such investment patterns risk further deteriorating living conditions and undermining household livelihoods. Indeed, the government has recently increased electricity prices about sixtyfold, a measure that has provoked public anger as it is expected to cost almost one-third of the average monthly salary.

Syria's fragmented security environment and uneven regional governance could significantly shape the economic and social impact of investment. The relative stability and administrative control in some cities like Damascus would lead to a concentration of most investment in these areas, exacerbating regional disparities. Regions with extensive war damage could remain excluded from reconstruction flows, generating non-inclusive economic growth and undermining social cohesion at the national level.

Beyond their economic impact, some foreign investment inflows from Gulf states and Turkey could carry a geopolitical and ideological dimension that may shape Syria's social fabric. These flows may support business elites and religious networks aligned with the donors' agendas, potentially aggravating sectarian or ideological divisions.

To mitigate the identified risks and ensure that investment contributes to inclusive recovery, targeted policy interventions and institutional reforms are required.

Policy Recommendations

Rebuilding Syria's economy after 14 years of conflict requires an investment strategy that supports social justice, productivity, and balanced regional recovery. The fragmented and performative nature of the current investment agreements, within a context of weak institutions and economic uncertainty in Syria, highlight the need to transform investment from a political instrument into a driver of inclusive and sustainable development. The following recommendations outline key priorities to achieve this transition:

- ▶ Develop an inclusive national development strategy through a participatory process, requiring social, economic, and environmental impact assessments for all major investment projects to ensure alignment with national priorities. Such a strategy should also consider prioritising improvements in the business environment, particularly strengthening the rule of law and rehabilitating infrastructure rehabilitation, to attract investment to areas most affected by the conflict in Syria.
- ▶ Decentralise and widen investment authority to include, in addition to the Higher Council for Economic Development, independent and regionally representative institutions, professional associations, local investment boards, and trade unions, to promote balanced regional development and reduce elite capture of investment inflows.
- ▶ Require full public disclosure of investment agreements, including feasibility studies, financial and logistical conditions, and projected impacts. Establish an independent oversight commission composed of experts and civil society organisations to monitor implementation, ensure accountability, and publish regular compliance reports.
- ▶ Reform the foreign investment governance to guarantee open and competitive tendering and regular audits of investment projects. In parallel, the state should modify labour and investment laws to guarantee that FDI projects uphold fair wages, job security, union rights, and gender inclusion.
- ▶ Broaden partnerships to include more countries, multilateral institutions, and the Syrian diaspora, linking investments to local micro and small enterprises and their skills development within a transparent and inclusive economic growth framework. At the same time, channel investment incentives toward productive sectors through a coherent national recovery strategy focused on value-chain development in areas like the agri-food industry, textiles, and pharmaceuticals.

Implementing these policy measures would help ensure that future investments contribute to Syria's inclusive recovery and sustainable development, rather than deepen cronyism, corruption, and socioeconomic inequality.

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About Us

PeaceRep is a research consortium based at Edinburgh Law School. Our research is rethinking peace and transition processes in the light of changing conflict dynamics, changing demands of inclusion, and changes in patterns of global intervention in conflict and peace/mediation/transition management processes.

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