

State-Building by Decree: Syria's Post-Conflict Economic Governance and the Risk of Relapse

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Executive Summary

Syria's post-Assad economic transition is driven by a highly centralized governance model concentrating decision-making within the presidency. Navigating a fragmented economy and severe administrative constraints, the transitional authorities have adopted this centralization as an emergency stabilization measure. However, this report warns that the current trajectory risks reproducing exclusionary dynamics that could contribute to renewed conflict.

The core issue is the absence of due process in economic governance. Amidst severe macroeconomic challenges—including high inflation, an expanding trade deficit, and a contraction in real GDP per capita—major fiscal and investment decisions are made through unilateral decrees and opaque institutions. This approach subjects economic actors to sudden, uncoordinated regulatory shifts and structurally excludes affected communities.

The report identifies four dynamics of exclusion: a parliament under considerable executive influence and a prolonged vacuum that shields the executive from legislative oversight; institutional capture through the creation of supra-ministerial umbrella structures that subordinate legacy ministries; the limited participation of local communities in urban redevelopment; and a transparency deficit preventing meaningful public scrutiny. Together, these dynamics risk reproducing the inequalities that trigger conflict relapse by concentrating recovery within narrow networks.

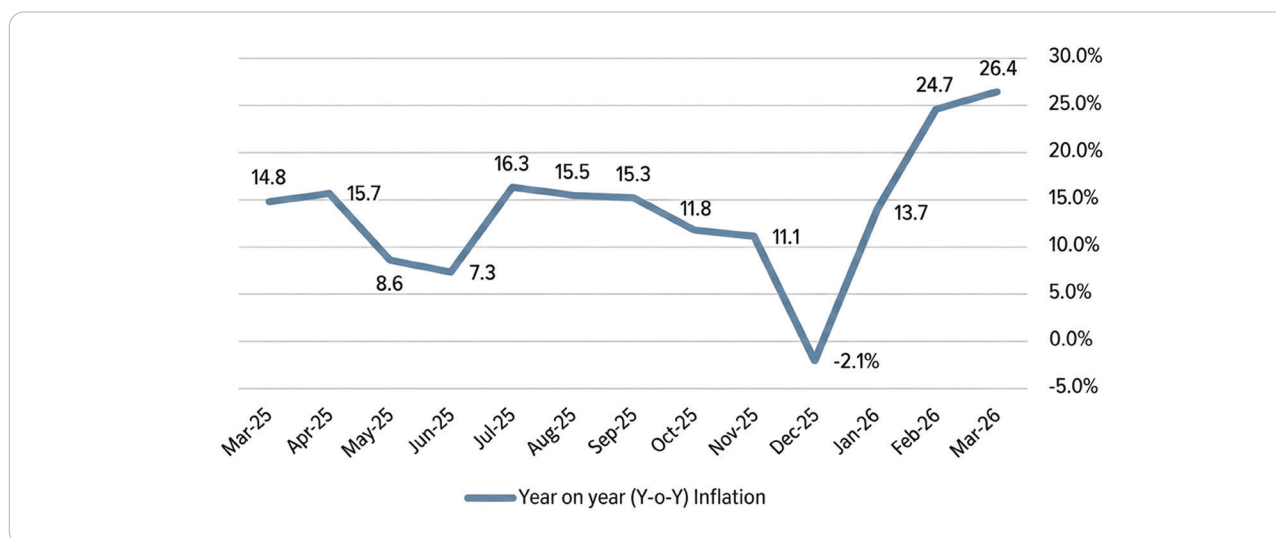
This approach has already produced some friction. Uncoordinated trade liberalization, mass public-sector dismissals, and sudden electricity tariff hikes have caused repeated market disruptions. The government has sometimes been forced into administrative reversals due to ex post stakeholder resistance, demonstrating the operational limits of exclusionary policymaking. Furthermore, relying on Assad-era redevelopment frameworks—such as Decree 66—deprioritizes restitution, embedding long-term grievances into the reconstruction process.

Inclusive economic governance is a structural prerequisite for long-term stability. Sustainable recovery requires institutions capable of rebuilding trust, mediating disputes, and ensuring broad participation. The report proposes practical pathways centered on calibrated donor conditionality tied to transparency milestones, structural safeguards for free elections within independent business bodies, independent institutional oversight, basic employment protections, and sustained support for independent data collection.

01 Introduction

Recent macroeconomic pressures—including an [estimated](#) trade deficit of USD 3–4 billion and year-to-year [inflation reaching 26.4 percent](#) by March 2026—are compounding the challenges of Syria’s transition. However, it is the state’s opaque handling of these challenges, symbolized in the issuance of unverifiable official [revisions](#) to the budget surplus, that illustrates the central problem examined in this report: Syria’s economic transition is being managed without adequate due process. In the context of economic governance, due process does not refer only to courts or formal legal procedures. It means that major economic decisions should be based on evidence, subject to transparent rules, open to meaningful consultation, and accompanied by accountability mechanisms. This is especially [critical](#) in fragile and post-conflict settings, where fiscal choices, asset transfers, real estate contracts, and strategic investment portfolios do more than affect macroeconomic indicators; they structurally shape the distribution of power, opportunity, and trust in the emerging political order.

Figure 1: Syrian Year-on-Year Consumer Inflation Rates (March 2025 – March 2026)



Source: Syrian Center for Policy Research (SCPR) 2025 and 2026, Monthly Consumer Price Survey in Syria.

Nearly eighteen months after Assad’s fall, Syria’s institutional recovery has diverged from this participatory trajectory. The transitional government has instead [adopted](#) a model of executive centralization over Syria’s wealth and resources, centered on Interim President Ahmad al-Sharaa and the Presidential Secretariat. The [dissolution of the Prime Ministry](#), the March 2025 [Constitutional Declaration](#), and the proliferation of presidential decrees have placed core areas of economic policy under exclusive presidential control, effectively bypassing legislative oversight and traditional technocratic ministries.

New institutions have been created via [presidential decrees](#), alongside and sometimes bypassing traditional ministries. This [includes](#) the Supreme Council for Economic Development (SCED), the Syrian Development Fund, and the restructured Syrian Investment Agency (SIA). Oversight bodies have also been [redirected](#) toward the presidency. Procurement, asset recovery, and investment governance are increasingly managed through newly established executive-controlled supra-ministerial structures (hereafter, umbrella structures)—such as the [Supply and Procurement Committee](#), the [Illicit Gain Combating Committee](#), and the [Sovereign Fund](#). These umbrella structures sit above legacy ministries in the executive hierarchy, operate independently of the accountability mechanisms of traditional state hierarchies, and report primarily to the presidency or the Presidential Secretariat.

This concentration of authority occurs against the backdrop of immense structural constraints. [Syria emerged from the Assad era with](#) depleted institutions, a devastated economy, fragmented territorial jurisdictions, systemic corruption, urgent reconstruction needs, and acute security challenges. Navigating this environment, the transitional government has adopted a distinctly top-down approach to state-building, which prioritizes speed, deregulation, and presidential control over institutional checks, public consultations, and independent oversight. [To prevent administrative collapse](#) in the short term, unilateral decrees and executive control are utilized as operational necessities to bypass a depleted bureaucracy. At the same time, public statements by the transitional president signal that broad public consultations are [treated](#) as arduous, time-consuming processes that impede recovery.

In practice, this approach has profound ramifications. Rapid executive decision-making without sufficient consultation has so far limited disclosure of economic data, weakened legislative and judicial checks, led to opaque asset transfers, and excluded affected communities, businesses, workers, and local stakeholders from decisions that directly shape their future. This points to a systemic risk of path dependency. While short-term centralization may stem from operational necessity, the persistence of these governance mechanisms risks embedding the same top-down models that historically undermined Syria's stability.

This creates a profound stabilization dilemma that risks reactivating Syria's 'conflict trap.' Measures that may appear efficient in the short term can weaken the foundations of recovery if they entrench exclusion, distrust, and unequal access to economic opportunity. In post-conflict settings, the process by which economic policy is made is as important as its content. These processes reveal who will benefit from recovery and what the emerging institutions will look like.

While unilateral decrees may be defensible as urgent stabilization measures, using them to consolidate rents among politically connected actors reproduces the institutional marginalization that triggers conflicts. Post-conflict states risk relapse when economic recovery [fails to foster broad development](#) or create [inclusive institutions](#). In Syria, this risk is heightened by the combination of [mass poverty](#), [unresolved community disputes](#), and the concentration of economic decision-making within a narrow circle.

This report examines the economic policies adopted by the transitional government and their implementation. It argues that Syria's economic transition cannot succeed without due process. Transparent budgets, public consultation, legislative oversight, access to information, credible regulatory procedures, and meaningful participation by affected stakeholders are not procedural luxuries; they are core conditions for sustainable recovery. Without them, economic stabilization may become a mechanism of centralized control rather than a foundation for inclusive economic development and long-term peace.

The findings in this report are grounded in forensic analysis of recent economic decrees and validated through a policy roundtable [held](#) in Damascus in February 2026. This dialogue convened private-sector representatives, civil society experts, and academic stakeholders—though attendance by invited government officials was limited—to discuss the operational realities of the transitional government's economic policymaking.

02 The “Conflict Trap” and Risks of Relapse

Post-conflict stabilization is often assessed through the reconstitution of central state authority, fiscal control, and administrative capacity. International financial institutions, such as the [World Bank](#) and the [IMF](#), have historically emphasized rebuilding public financial management, revenue systems, central banking functions, and budget execution as core elements of restoring state capacity. While aimed at macroeconomic stability, this approach often overlooks the need for local agency, transparency, and inclusive institutional design.

The conflict-trap literature warns that post-conflict stabilization cannot be measured solely by a state’s ability to centralize authority or restore financial discipline. Civil war and weak development can become [mutually reinforcing](#): conflict damages livelihoods and weakens state institutions, while exclusionary institutions and poor economic outcomes increase the risk of renewed violence.

This creates a central paradox for post-conflict governments. On the one hand, they must rebuild the state quickly enough to prevent administrative collapse. On the other hand, if stabilization is pursued through exclusionary bargains or unaudited financial measures, or if its benefits are concentrated among a narrow group of actors, it may reproduce the grievances and reinforce the deprivations that contributed to the conflict. Indeed, the outcomes of post-conflict transitions are strongly [shaped](#) by the quality of political and legal institutions.

Syria’s transitional government currently navigates this paradox of stabilization. In a bid to quickly rebuild the state and meet macroeconomic benchmarks, the executive has relied on [unilateral decrees](#), [austerity measures](#), [deregulation](#), and [opaque asset transfers](#), executed with little to no consultation with the general public or civil society. While such measures may help prevent short-term state collapse, they bypass institutional agency and risk concentrating the dividends of recovery among narrow networks. Structurally, this approach treats the national economy as an extension of executive authority rather than a participatory, rules-based environment. This matters because [poverty, exclusion, and fragmented or exclusionary institutions](#) are among the [mechanisms](#) through which post-conflict societies can relapse into violence.

In that context, the prospect of systemic inequality in economic recovery is real. In Syria’s case, the risk is not only that poverty might deepen, but that access to economic recovery, public assets, fair regulations, and fiscal relief will be distributed through opaque and exclusionary channels, thereby reproducing the exact inequalities that trigger conflict relapse.

The literature distinguishes between two drivers of instability. Vertical inequalities—income disparities between rich and poor individuals across society—create fertile ground for violence by drastically lowering the “[opportunity cost](#)” of rebellion. In stagnant economies, a large pool of impoverished, unemployed youth can be more easily recruited by warlords or armed factions. At the same time, economic desperation increases the likelihood of violent confrontations over concentrated wealth and perceived rent-seeking behavior. [Horizontal inequalities](#), on the other hand, refer to disparities between culturally or socially defined groups across economic, social, political, and cultural dimensions. Such inequalities, whether political or economic, can [generate](#) grievances that motivate civil war, especially when exclusion from power and resources is tied to collective identities.

Participants at a [workshop](#) held in February 2026, organized by Karam Shaar Advisory in coordination with the Damascus Chamber of Commerce, expressed concerns about similar trajectories. They described current economic policymaking as top-down, reactive, weakly coordinated, and dependent on informal relationships rather than institutionalized consultation protocols.

In that context, inclusive economic governance is a conflict-prevention mechanism that enables peaceful channels of bargaining, improves the informational quality of policy, reduces perceptions of arbitrary rule, and helps rebuild trust between state institutions and society that violent conflict typically [destroys](#).

In Syria, however, the emerging economic governance model has not yet adopted these institutional safeguards. Thus far, it has shifted key economic decisions into executive-controlled structures, but has not yet established formalized channels for bargaining, oversight, and public scrutiny. Instead, it has concentrated authority within the presidency, relying on central appointments that bypass independent electoral processes and structurally weaken the representativeness of formal institutions, ranging from parliament to business associations.

This does not mean that centralization is inherently destabilizing. Some degree of central coordination might be [necessary after state collapse](#). The risk lies in the specific form that Syria’s centralization has taken: one that limits legislative oversight, subordinates independent institutions, restricts access to information, and excludes affected communities from decisions over taxation, investment, reconstruction, and public assets.

The conflict-trap framework is therefore useful because it identifies the institutional pathways through which post-conflict stabilization can become exclusionary. In the Syrian case, these pathways are visible in four mutually reinforcing structures: a statutory vacuum that leaves economic policy under executive decree, the creation or capture of institutions that concentrate financial and supervisory power under the presidency; the marginalization of local communities in urban redevelopment and land allocation; and a transparency deficit that prevents independent actors from assessing, contesting, or shaping policy.

03 The Architecture of Exclusion: Structures of Power

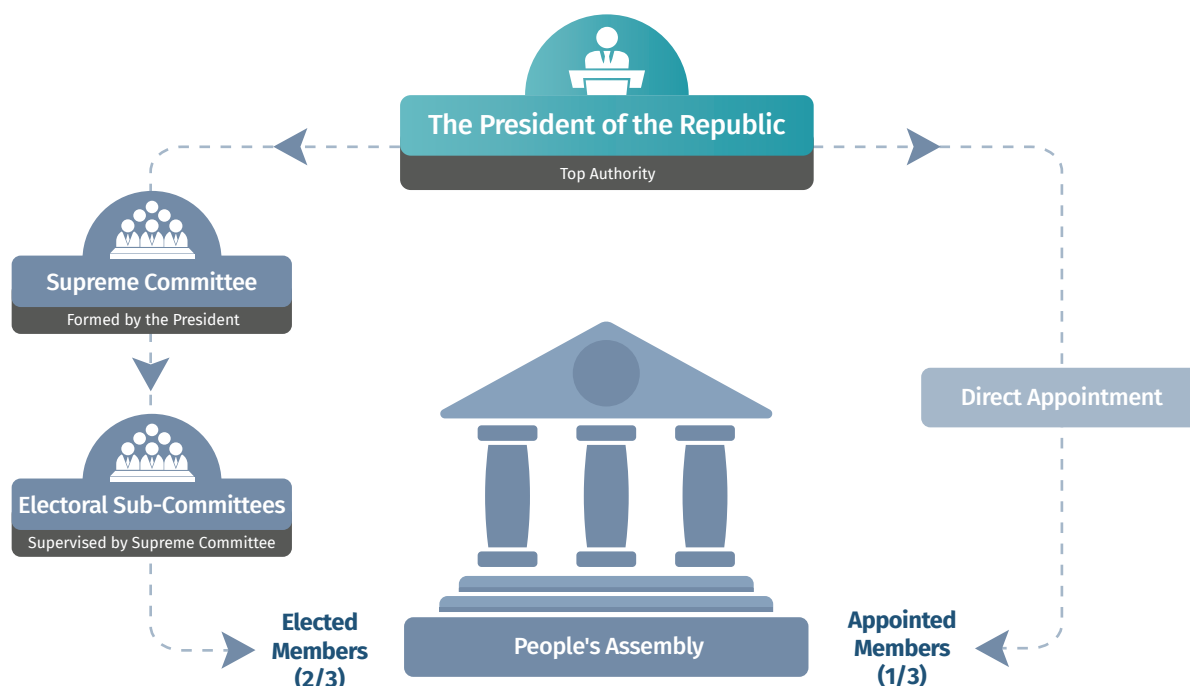
Following the collapse of the Assad regime, the transitional government has restructured its economic governance system, [consolidating](#) executive authority over decision-making. This architecture is sustained through (1) a prolonged legislative [vacuum](#), (2) the [capture](#) of oversight institutions and creation of supra-ministerial economic entities, (3) the [exclusion](#) of local communities, and (4) a severe [lack](#) of transparency.

3.1 The Statutory Vacuum

The legal framework governing Syria's economic transition structurally subordinates legislative oversight to the executive branch. The Constitutional Declaration, [signed](#) by President Sharaa in March 2025, [weakened](#) the institutional independence of executive ministries and subordinated them to the president. It established an exceptionally powerful executive branch concentrated within the presidency and [structurally insulated](#) from meaningful legislative friction, accountability mechanisms, or oversight. While [Article 26](#) of the declaration formally vests legislative authority in the People's Assembly (Syria's parliament), ongoing delays in convening it have left macroeconomic policy [under the executive's exclusive control](#). When it does eventually convene, the mechanism for appointing Assembly members, outlined in the [Constitutional Declaration](#), ensures extensive executive influence.

Under [Article 24](#), the President has the unilateral authority to appoint 70 members, one-third of the 210-seat Assembly, and to appoint the committee overseeing the indirect elections of the remaining 140 members. Furthermore, Article 39 provides that the President can [veto](#) laws passed by the legislature, a power that can be overridden only by a two-thirds majority—a threshold unlikely to be attained, given that the President [directly appoints](#) one-third of the Assembly. As such, the President has a de facto veto power over any law passed by the Assembly.

Figure 2: Formation of the People's Assembly Under Article 24



Source: Constitutional Declaration of the Syrian Arab Republic, 13 March 2025, Article 24.

Still, the Assembly has not been convened. It is important to note that this delay might be partly tied to the complex realities of territorial reintegration. Following the early 2026 [integration agreement](#) with the Syrian Democratic Forces in Northeast Syria, the electoral map has yet to stabilize as integration and political reorganization [continue](#) in the area. Most notably, local security developments [continue](#) in Druze-majority As-Suwayda governorate, where [massacres in July 2025](#) have left deep rifts between the governorate and Damascus. It remains to be seen whether this will continue to be an obstacle to convening the Assembly. Furthermore, the delay itself might reflect key deficits in inclusion and accountability, first due to [disputes](#) over its representativeness or overall legitimacy in key parts of the country, and second due to the erosion of the [Assembly's oversight power](#) over the President. A key consequence of this delay is that the state budget—the primary blueprint for national resource allocation and key for understanding the government's plan for wealth management—has thus far been drafted and executed without public disclosure, bypassing independent oversight.

The direct consequence of this missing legislative body is that presidential decrees currently rule Syria. Since 8 December 2024, the President has [issued](#) more than a hundred decrees that no other state authority can currently challenge, whether legislative or judicial. In fact, the Constitutional Declaration [nominally calls](#) for judicial independence, suggesting that courts [could serve](#) as a check on executive power, but it [fails to define](#) the composition or responsibilities

of key judicial institutions. Article 47 raises concerns precisely because it [replicates](#) the executive overreach of the Assad era. Much like Article 141 of Assad's [2012 Constitution](#), the new declaration [grants](#) the President unilateral authority to appoint all seven members of the Supreme Constitutional Court, without requiring parliamentary confirmation or oversight. Furthermore, without mechanisms to ensure independent oversight of judicial appointments, promotions, and dismissals, the judiciary [cannot](#) effectively hold the executive accountable. This dynamic allows the President to unilaterally impose consequential economic adjustments while remaining effectively shielded from public scrutiny or independent technical oversight.

As a result, it is unclear how, or even if, the judiciary will ever be able to check the President's powers.

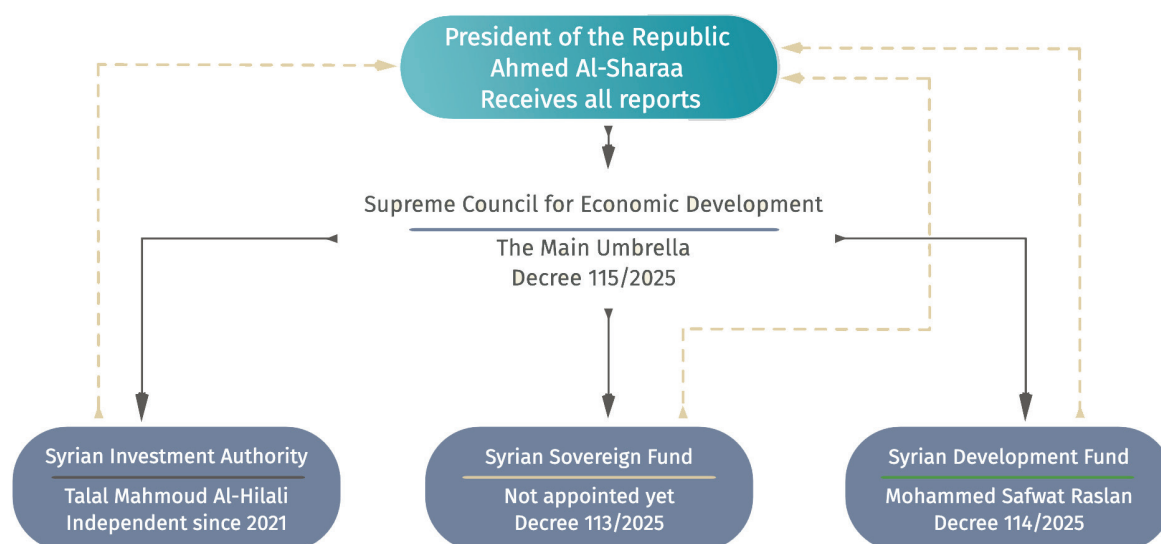
3.2 Institutional Capture and Supra-Ministerial Structures

While the legislative vacuum shields the executive from parliamentary friction, the state apparatus's internal architecture has undergone vertical centralization. Ministerial authority is being systematically reconfigured to concentrate economic, supervisory, and regulatory power directly under the presidency. The SIA was [removed](#) from the purview of the Ministry of Economy and Industry and restructured into a semi-autonomous agency, directly overseen by the SCED. According to [Decree 114](#), the SCED will be directly headed by the President or his delegate. Furthermore, both the newly established [Syrian Development Fund](#), which handles reconstruction and infrastructure development, and the [Syrian Sovereign Fund](#), which serves as the state's investment arm, [operate outside](#) ministerial oversight and management and are legally accountable to the SCED. Because the President chairs the SCED, this effectively consolidates ultimate management of the state's primary investment arms under the presidency.

One of the key features of this vertical concentration of power is the [absence](#) of a Prime Minister, which places cabinet [oversight directly](#) under the [President](#). However, this oversight has frequently relied on personalized, informal power structures rather than formal bureaucratic procedures. For instance, the Secretary-General to the presidency, Maher al-Sharaa (the President's brother), was previously [documented as chairing](#) ministerial [cabinet meetings](#). Maher has recently vacated his post and been [replaced by Abdulrahman al-Aama](#), the former Homs governor and a former minister in the now-dissolved Idlib-based Salvation Government. Yet this still illustrates a transitional governance model where critical state functions are concentrated within the President's immediate inner circle.

The consolidation of the President's control over the cabinet was followed by a broader restructuring of the state's economic architecture. Presidential Decree 115 [established](#) the SCED as the country's apex economic authority. The SCED, chaired by the President, is [tasked](#) with setting the country's investment strategy and overseeing the Syria Development Fund, the Syria Sovereign Fund, and the SIA, thereby sidelining traditional line ministries.

Figure 3: Reporting Hierarchy of Supra-Ministerial Bodies



Source: Syria in Figures Issue 13: October 2025, Karam Shaar Advisory Ltd.

The Development Fund and Sovereign Fund, established under Presidential Decrees [112](#) and [113](#), respectively, and [the SIA](#), [concentrate](#) power by placing control over reconstruction financing, asset management, and investment decisions directly under the presidency. They effectively hollow out the mandates of traditional ministries and subordinate them to umbrella bodies led by presidentially appointed officials with no parliamentary accountability.

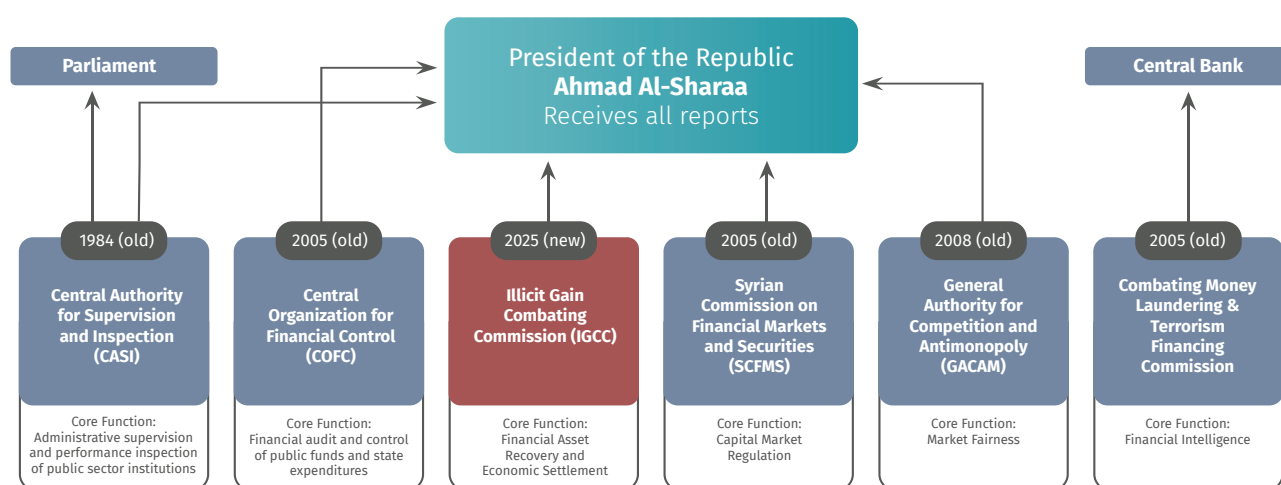
This effectively channels public funds, donor contributions, and potentially seized assets through these centrally controlled vehicles, while co-opting traditional institutions and excluding private-sector bodies and independent oversight mechanisms. The [General Authority for Supply and Provision](#) further evidences this dynamic. Operating outside traditional ministerial hierarchies, this body is legally accountable to the General Secretariat of the Presidency, which reports directly to the President, and centralizes critical state purchasing and resource allocation.

The [National Import and Export Committee](#), effectively responsible for the country's trade, is chaired by the head of the [General Authority for Ports and Customs](#)—itself an umbrella body that reports directly to the President. The

Import and Export Committee is also accountable to the General Secretariat, an extension of the presidency. Although state ministers serve as members, the committee includes [no representation from national business associations](#). This consolidates resource allocation within a narrow circle linked to the presidency, bypasses legacy ministries, and risks institutionalizing patronage networks and exclusionary rent distribution. Such dynamics can fuel the grievances that contribute to post-conflict relapse.

Concurrently, the executive restructuring [reoriented](#) key oversight bodies, namely the Central Authority for Supervision and Inspection (CASI) and the Central Organization for Financial Control (COFC), to report directly to the presidency. Although presented as a move to enhance efficiency, this consolidation reduces institutional distance between auditors and executive authority, potentially weakening independent oversight and concentrating supervisory power within the executive.

Figure 4: Reporting Lines of Anti-Corruption and Economic Misconduct Bodies



Source: Syria in Figures Issue 17: February 2026, Karam Shaar Advisory Ltd.

Furthermore, any post-Assad government would have to contend with a profound dilemma regarding asset recovery from Assad-linked cronies: how to urgently reclaim capital controlled by Assad-era cronies while relying on an inherited, depleted, compromised, and often slow judicial system. Relying exclusively on Syria's conventional courts to untangle decades of illicit wealth is practically unfeasible. This reality helps justify the establishment of extrajudicial committees, such as the [Illicit Gain Combating Committee](#).

Nonetheless, while this might be a necessity to secure assets before they are liquidated or lost, the structural danger lies in the Committee's severe [lack of transparency](#). Operating outside formal financial oversight, the Committee negotiates opaque settlements, yielding an [estimated USD 1.6 billion](#) by July 2025. Rather than being integrated into the national budget for public scrutiny, these funds are [reportedly](#) channeled directly into the Syrian Sovereign Fund. The Sovereign Fund might emerge as a key pillar in the post-conflict asset-recovery process. However, its opaque operations risk turning it into a mechanism for unaccountable, off-the-books capital accumulation.

In practice, the concentration of unmediated decision-making authority within the presidency and the creation of umbrella bodies have led to a de facto dual-layered governance system. Fragmentation within the legacy bureaucracy often reflects this duality. Within ministries, the deployment of [presidentially appointed](#) liaisons (colloquially referred to as "[administrative sheiks](#)") reshapes internal power dynamics within legacy state institutions. Though formally employed as public servants, these figures [circumvent](#) legal and bureaucratic procedures and could [influence](#) technocratic decisions to ensure they align with the executive center's political directives.

3.3 Local Exclusion

The centralization of macroeconomic authority at the state level, while ignoring local political realities and stripping communities of influence over their recovery, risks disenfranchising them and potentially triggering renewed conflict. This exclusion operates through multiple mechanisms: the systemic [shrinking of civic space](#) to contest local grievances, the [stripping of economic planning mandates](#) from municipal councils, and an overwhelming pro-investor bias that [deprioritizes local livelihood needs](#).

In a capital-starved, [post-conflict environment](#), [land and real estate](#) constitute one of the state's most valuable assets. Consequently, centralized control over urban planning is, in practice, a lever of economic power. Holding [ultimate authority](#) over zoning and redevelopment, governorates—whose heads are [appointed by the president](#)—could capture and redistribute rents. Without accountability and transparency mechanisms, this could reward select investors at the expense of local communities.

Figure 5: Urban Zoning Plan for Marota City



Source: Marota City official website.

The most notable example of this dynamic is the transitional government's handling of reconstruction. In a clear example of path dependency, it chose to co-opt legacy exclusionary legal frameworks established by the former regime. This is evident in the government's continued reliance on [Legislative Decree 66 of 2012](#). Originally issued by Bashar al-Assad, this decree [established](#) massive zoned [real estate areas](#) in Damascus: Marota City and Basilia City. The decree legally erased original physical property boundaries, converting the lands of [tens of thousands of displaced residents](#) into abstract "zoning shares" within a governorate-held holding company.

The government's continued reliance on Decree 66 might be a symptom of an absent legislature and severely weakened legal capacity to process outstanding claims. Yet it might also indicate its overall policy direction: securing large-scale projects quickly while overlooking property rights, social accountability, and the imperatives of institution-building. For instance, during the Syrian-Saudi Investment Forum in July 2025, the governorate reportedly presented Saudi investors with a [USD 15.3 billion](#) portfolio of real estate investment projects in six zoned areas, prominently featuring the [controversial Marota City](#). This effectively commodifies real estate subject to unresolved displacement and restitution claims through public-private partnerships, [bypassing](#) the underlying legal disputes.

[Repealing](#) Decree 66 would revert these abstract shares to physical restitution claims for lands that have already been bulldozed, rezoned, and integrated into underlying infrastructure. Lacking the financial capacity to compensate original owners at current market rates and operating with a severely depleted judicial system incapable of processing mass numbers of multi-generational property disputes, the authorities would likely face an insurmountable legal challenge that they currently lack the capacity to address.

The handling of prime real estate within these zones exposes the tension between state capitalization and local restitution. Within Marota City, the transitional government [reportedly](#) confiscated real estate assets from prominent Assad-regime businessmen. Yet when displaced residents [reportedly](#) demanded alternative housing within these confiscated luxury parcels, as restitution for their expropriated property, the government refused to grant it. Instead, the authorities reportedly [transferred jurisdiction](#) over these confiscated prime parcels directly to newly established, obscure bodies. By prioritizing the absorption of former regime assets into presidentially controlled funds, the state demonstrates that [capitalizing central sovereign](#) wealth [takes precedence](#) over local property restitution. This prioritization [risks](#) institutionalizing displacement- and

Figure 6: Building Rubble in Qaboun, Damascus



Source: Qaboun neighborhood, Damascus city. 11 February 2026. Source: Nour Hamza, Enab Baladi.

Similarly, recent [efforts](#) by the Damascus governorate to advance reconstruction in heavily damaged areas such as Jobar and Qaboun have raised significant concerns among local populations, pointing to limited inclusivity and weak coordination between authorities and affected communities. While officials have

[presented](#) investment-driven reconstruction options—often in partnership with private investors—residents report a lack of access to official documentation,

unclear decision-making processes, and insufficient consultation. [Proposed](#) compensation schemes, which in some cases would require owners to forfeit up to half of their property or accept substantially reduced housing allocations, have fueled perceptions of arbitrariness and injustice. These tensions are further exacerbated by the continued reliance on pre-existing legal frameworks, such as [Law 10 of 2018](#), which has been [widely criticized](#) for undermining property rights.

The Transparency Deficit

The transitional government’s exclusionary architecture is insulated and sustained by a restricted informational environment. The government has thus far limited data availability, preventing independent economic actors, academia, and civil society from engaging in evidence-based dialogue or challenging the official macroeconomic narrative.

The [Planning and Statistics Authority](#) (formerly the Central Bureau of Statistics)—Syria’s statistical apparatus—has not been restored to a functional level after years of conflict. Instead, key data gaps have persisted or widened. Most notably, the Authority [ceased](#) publishing monthly consumer price indices, effectively removing a core benchmark for assessing purchasing power and cost-of-living trends. Following a brief resumption of data releases post-Assad, the Authority recently published only a [highly aggregated](#) annual inflation rate for 2024/2025 without a clear explanation of the methodology used.

In the absence of official data, market actors rely on independent observatories to assess the economy. Analysis by the Syrian Center for Policy Research reveals that year-on-year inflation surged sharply in the first quarter of 2026—jumping from 13.7 percent in January to 26.4 percent by March. This comes alongside a national trade deficit [estimated](#) at USD 3–4 billion, highlighting heavy reliance on imports and weak domestic production in Syria’s battered economy.

Systemic data gaps exacerbate policy incoherence and allow contradictory macroeconomic narratives to proliferate. President Sharaa and his foreign minister have publicly cited sharply divergent GDP growth estimates for 2025—ranging from around [10 percent](#) to as high as [30–35 percent](#)—without providing the underlying methodology or statistical basis. This official optimism contradicts independent tracking: while the government reported double-digit aggregate growth, independent tracking showed that real GDP grew only [marginally by 0.3 percent](#). Severe demographic and economic pressures resulted

in a [6 percent contraction in real GDP per capita](#) in 2025. By maintaining this statistical opacity, the government not only distorts policy signaling and damages its credibility, but it also effectively insulates its economic agenda from

independent scrutiny. Ultimately, this data vacuum undermines the fundamental feedback loop between state and society, allowing the executive to impose severe adjustments without ever proving whether such measures are proportionate and adequately responsive to the country's actual constraints. For 2026, the Ministry [released](#) only an abbreviated "citizen budget," preventing meaningful public scrutiny of fiscal policy and further obscuring the flow of capital within the economy. This includes revenue sources, expenditure priorities, and budget allocations, as well as the distribution of international support.

Whether driven by a deliberate strategy of insulation or genuinely exacerbated by a severe degradation of technocratic capacity, this systemic data vacuum [undermines](#) institutional accountability and the narrative of economic recovery. It [precludes](#) a transparent, evidence-based state-market dialogue and reinforces a model of economic governance driven by unilateral decision-making rather than institutional accountability. Over time, this is likely to attract private investment from actors [with favorable access to decision-makers](#)—and therefore information—rather than through rules-based competitive processes.

Severe [structural and financial constraints](#) further hinder non-state actors' ability to counter this opacity. Domestic civic actors and independent economic observatories lack the sustainable, long-term resources required to consistently gather localized data, conduct prolonged compliance mapping, or maintain operational independence. Consequently, their capacity to act as a reliable empirical check on executive policy remains highly [fragile](#).

Critically, this systemic opacity extends beyond statistical data and fiscal reporting into the mechanics of economic decision-making itself. The procedural transparency [required](#) for [fair](#) market operations is largely absent. Key decisions—ranging from the awarding of large-scale investment bids to the privatization of state assets and the [management of public procurement](#)—have routinely [been made outside public tender](#) frameworks or [independent auditing](#) mechanisms. This prevents the private sector from competing fairly and shields the executive's resource allocation from both legislative and public scrutiny.

04 Diagnosing the Policymaking Deficit: Procedural Realities

The exclusionary architecture outlined above is not limited to institutional design; it directly shapes how economic policy is formulated in practice. An assessment of economic decrees issued since December 2024 points to a consistent pattern: policymaking is highly [centralized](#), weakly coordinated, and largely [insulated](#) from meaningful consultation. Evidence from [stakeholders](#), including a February 2026 roundtable held in Damascus with representatives of the Damascus Chamber of Commerce, [suggests](#) a policymaking environment marked by:

- procedural opacity and [limited](#) diagnostic capacity
- unregulated public-sector restructuring
- state inter-agency fragmentation
- limited stakeholder integration
- reliance on ex-post consultation mechanisms.

Procedural opacity and limited diagnostic capacity: In practice, economic policymaking frequently bypasses structured problem-definition phases. While this is occurring amid a [devastated bureaucracy and shortages of technocratic personnel](#), it is not solely a symptom of state incapacity. It also reflects a specific stabilization strategy. Faced with immense stabilization pressures, the administration has adopted a [centralized, rapid-response model](#) that treats participatory policymaking as an operational bottleneck rather than a structural necessity. The removal of representatives from business federations and professional unions from the SIA, for instance, may accelerate approvals for investment deals [at the expense of](#) public oversight, transparency, and accountability. Consequently, economic actors are subjected to “regulation by [surprise](#),” [adjusting to sudden](#) executive decrees rather than participating in forward-looking planning.

Unregulated public-sector restructuring: The absence of structural problem definition extends to the management of the state’s most sensitive socio-economic burdens. Following Assad’s fall, the new administration inherited a [bloated civilian public workforce](#), [estimated](#) at one million employees (excluding the Ministry of Defense). Public sector salaries [cost](#) over USD 360 million, or 30 percent of public spending, in 2024 alone.

While managing Syria’s post-conflict [fiscal pressures](#) is a legitimate macroeconomic concern, the execution presents severe socioeconomic risks. The administration [cited](#) “ghost employees”, fictitious workers on the state’s payroll,

as the basis for [dismissals](#), yet this lacked a clear, verifiable legal framework. Reported estimates suggest up to [400,000](#) public sector workers were [dismissed](#) without due process—although [some were later reinstated](#)—and that [political appointments](#) were made to public jobs. In many cases, the [termination](#) resulted in the sudden loss of [government-provided housing](#). The process was not subject to [transparent oversight](#), was reportedly [politically motivated](#) in some instances, and lacked a gradual, clearly articulated plan to minimize negative socio-economic impacts. [Independent investigations](#) have documented evictions and allegations of targeting based on political affiliations, illustrating how unilateral economic reforms can result in socioeconomic marginalization when conducted without due process.

State inter-agency fragmentation: The concentration of decision-making authority within the presidency and umbrella bodies has weakened traditional state institutions and undermined government coordination. A notable example is the Ministry of Economy and Industry’s [subordination](#) to the SIA, which historically operated under the ministry. Economic policies are at times issued without alignment between relevant ministries and regulatory bodies, generating conflicting signals and operational friction. For example, the Ministry of Energy’s [introduction](#) of [USD-based pricing](#) for industrial fuels conflicted with the Central Bank’s enforcement of the Syrian pound as the sole legal currency, contributing to multiple exchange-rate benchmarks and inflationary pressures. Similar inconsistencies are evident at the highest level of policymaking, as illustrated by [presidential decrees that offered contradictory definitions](#) of the SCED’s composition. These patterns suggest a policymaking process that prioritizes speed over institutional coherence.

Limited stakeholder integration: The policymaking process is further shaped by the systematic exclusion of key stakeholders. While business chambers and professional syndicates were deeply co-opted and controlled by the regime in the Assad era, the transition has so far failed to reform and integrate them as independent private-sector representative bodies. Instead, they have been subordinated to the new executive. This is exemplified by the central appointment of business chamber leadership, which compromises the institutional independence of private-sector bodies. In April 2025, the transitional government [terminated](#) the local chamber of commerce and industry elections held during the Assad era and replaced them with appointments. This included the [subsequent direct appointments](#) to chambers in [Damascus](#), [Latakia](#), [Tartous](#), and [Homs](#), as well as to the [Federation of Syrian Chambers of Commerce and the Joint Chambers of Commerce and Industry](#).

Today, while some chamber boards have held elections, prominent positions in the Federation of Syrian Chambers of Commerce are appointed. In April 2025, the Damascus Chamber of Commerce [elected](#) its new board, and others [followed](#) later. However, as of May 2026, the head of the Federation of Syrian Chambers of Commerce, Alaa al-Ali—a merchant who [previously headed](#) the chamber of commerce in HTS-controlled Idlib until 2024—has been an [appointed](#) figure since February 2025. Furthermore, [Law 8 of 2020](#), which governs chamber elections, continues to grant the Ministry of Economy and Industry an effective veto over elected leadership, thereby compromising their autonomy. In practice, this weakens the chambers’ pivotal role as independent advocates of national private-sector interests. Paradoxically, this high degree of institutional subordination did not prevent their subsequent exclusion from key state institutions. The SIA, which [historically included](#) representatives of business chambers, [excluded](#) them under Presidential Decree 114 of 2025 and replaced them with two undefined “representatives of investors,” [appointed](#) by the president. Ultimately, this systemic exclusion of independent market actors does not merely stifle private-sector recovery; it weakens trust between the state and society, eroding a critical buffer against renewed instability.

Reliance on ex-post consultation mechanisms: The state’s approach to civil society and public consultation is not monolithic. Engagement varies significantly across the bureaucracy. While certain technical or service-oriented ministries may [occasionally host](#) localized workshops or solicit sectoral feedback, sovereign and financial institutions tend to [operate in total opacity](#). However, even where consultation mechanisms do exist, they appear to function primarily as ex post validation rather than as substantive inputs into policymaking. Feedback is often not taken into account in final policy outcomes, with [reports](#) that the government excluded industrialists in Aleppo from the processes for drafting customs tariff legislation, [reportedly](#) triggering disputes and factory closures or downsizing. The 2025 Draft [Income and Sales Tax Law](#), [drafted](#) by the Ministry of Finance, illustrates this dynamic: it was [formulated internally](#) in institutional isolation, lacked robust cross-sectoral coordination or macroeconomic modeling, and elicited [objections](#) to its structure and to the distributional impact of the proposed measures. The head of the SIA has already [promoted](#) the law’s tax incentives before its official release, with no evidence to date that the anticipated law addresses previous objections. Similarly, consultations with business associations [have not consistently translated](#) into policy adjustments. This suggests that consultation processes function [primarily as procedural formalities](#) rather than as means of shaping decision-making outcomes.

05 State–Public Interactions and Navigating Pushback

The procedural weaknesses outlined above have led to a state–society dynamic characterized by reactive adjustment in response to public pushback. While the transitional government can bypass domestic actors during the drafting phase of economic policy, it remains constrained by public and market responses during implementation. In the absence of prior consultation and coordination, policies are frequently [misaligned](#) with operational conditions, generating friction with stakeholders after issuance and sometimes forcing the government to readjust or retract them. This dynamic reveals both the limitations of unmediated centralization and the latent leverage of economic actors.

The Friction of Unilateral Implementation: Policies introduced without prior consultation or technical assessment compound the problem, leading to costly economic disruptions. For instance, the [unilateral implementation](#) of [Decision 687 of 2025](#) by the Ministry of Energy imposed an unprecedented, multi-tiered [increase in electricity tariffs](#) for both households and industrial facilities. This cost shock compounded the vulnerabilities created by an earlier, uncoordinated push for trade liberalization, in which the government abruptly [reduced](#) customs duties on hundreds of imported goods. This combination exposed local producers to a sudden influx of cheaper foreign goods while simultaneously subjecting them to severe energy cost burdens.

Uncoordinated policies sparked disputes between industrialists and the transitional authorities, most [notably in Aleppo](#), primarily over prohibitive energy costs that inhibited competition with cheaper, freely traded foreign goods. This included organized [mass resignations](#) from the Aleppo Chamber of Industry over “marginalization,” with members citing proposals that were left unaddressed in the final electricity provisions. Rendered uncompetitive, [some manufacturers](#) in Aleppo’s textile industry consequently downsized.

At the local level, top-down planning frequently supersedes existing legal frameworks, limiting municipal-level economic participation in post-conflict recovery. Although never fully implemented, [Decree 107 of 2011](#), known as the Local Administration Law, granted elected municipal bodies greater autonomy over community-level governance, financial management, and economic planning. The law had the potential to provide a legal framework for local ownership of reconstruction projects, but it remained undermined by excessive centralization. Yet instead of reinforcing the authority of elected local municipal bodies, the transitional government has consistently bypassed them. The brief lifespan of

[Decision 1000 of 2025](#) illustrates this dynamic. The Ministry of Local Administration and Environment attempted to [re-centralize](#) community-level administration under its own directorates at the governorate level. This reportedly threatened to bring governorate-level recovery [financing initiatives](#) back under central government control. The ministry [subsequently](#) rescinded the decision. However, the change granted [expanded mandates](#) to [presidentially appointed](#) provincial governors rather than elected town-level local councils.

Community Mobilization as a Policy Constraint: The state also faces constraints from localized forms of collective mobilization. When unilateral policies directly affect property rights or livelihoods, community-level resistance has generated political pressure to disrupt, delay, or compel reconsideration of top-down executive decisions. Formal public rejection, organized by local neighborhood committees and legal experts, has reportedly [halted](#) Damascus governorate's master urban development plans for Jobar and Qaboun so far. Similarly, organized protests and sit-ins highlighted long-standing grievances over uncompensated expropriations in Marota City, south of Damascus. In response, the governorate granted [concessions](#), with reports indicating that [objections persist](#). These instances underscore a critical dynamic playing out in Syria's transition. While the executive and central government can bypass formal consultations during policy drafting, they cannot fully insulate themselves from community mobilization during implementation.

Asymmetric State Responsiveness: The transitional government's behavior toward domestic inclusion and independent stakeholder consultations contrasts sharply with its external posture. The Sharaa administration frequently demonstrates a high degree of procedural responsiveness and technocratic compliance when engaging with international financial institutions (IFIs), such as the IMF and the World Bank, and external donors to secure funding and support economic reintegration. The government maintains an intensive engagement program with the IMF [focused on](#) policy advice and technical assistance, including enhancing the transparency of fiscal management. Similarly, the government is cooperating with ongoing [technical initiatives](#) to assess deficiencies in the banking sector and establish frameworks to enhance regulatory compliance, build trust, strengthen governance, and improve transparency. The transitional government still [needs to implement](#) the governance reforms that IFIs recommend, especially since their cooperation is necessary to [attract funding](#) and foreign investment. Ultimately, external engagement functions as a mechanism for validation and macro-financing, incentivizing the government to meet IFI conditionalities.

Domestically, however, local stakeholders and civil society lack comparable structural leverage over policy outcomes, creating little corresponding pressure for the government to secure their ex ante consent.

06 Institutionalizing Due Process: An Operational Roadmap for Inclusive Governance

The findings of this report indicate that exclusionary governance defines Syria's economic transition. This approach not only risks entrenching structural grievances, but it also fundamentally compromises the soundness of the state's own economic policies. Unilateral decrees, drafted without the technical input of market actors, consistently generate domestic friction, forcing the government into reactive adjustments. To improve policy efficacy and mitigate the risk of conflict relapse, this report proposes two pathways.

6.1 For the Transitional Government and Domestic Actors

- **Foster inclusive and representative business bodies:** The transitional authorities should establish frameworks for free, fair, and binding elections for business chambers and professional syndicates, and repeal or amend the restrictive provisions of the Assad-era Law 8 and its subsequent [amendments](#). Allowing local business communities to elect their own leadership is a prerequisite for ensuring these bodies function as independent market intermediaries rather than central government affiliates. However, to prevent these institutions from being captured by established business elites or demographic majorities, the new electoral frameworks must include structural safeguards—such as proportional representation or dedicated quotas. This would help ensure the inclusion of micro, small, and medium enterprises (MSMEs), women, and underrepresented groups.
- **Reinstate independent representation and oversight in state economic institutions:** The government should mandate the inclusion of independent, non-state representatives—including delegates from elected chambers, professional syndicates, and civil society organizations—granting them voting membership on the boards of key economic institutions, such as the Supreme Council for Economic Development. Furthermore, non-voting observer status should be granted to independent compliance monitors on these boards. Reintegrating these stakeholders into strategic investment governance ensures that the post-conflict economic strategy is socially accountable and anchored in market realities.
- **Back transparent municipal elections:** The retraction of the Ministry of Local Administration and Environment's Decision 1000 of 2025 in favor of presidentially appointed governors underscores that administrative delegation without local, electoral accountability remains a mechanism for executive

capture. To ensure systemic local participation in recovery, the government must operationalize the [core provisions](#) of [Decree 107](#), which grant elected municipal councils a degree of autonomy rather than concentrating authority in appointed governors. International donors and civil society organizations should condition localized reconstruction support on the direct involvement and oversight of legitimately elected community councils, shielding localized recovery financing from co-optation by centralized administrative structures lacking disclosure procedures.

- **Rebuild statistical capacity and enact a right to information:** Transparency of data and the capacity to generate quality data must be reinforced and protected. The government should resource and legally empower an autonomous Planning and Statistics Authority to generate credible, methodologically sound macroeconomic and social data. Concurrently, transitional authorities must enact a statutory “Right to Information” framework to ensure this data—along with the financial reports of newly established overarching bodies, government memoranda of understanding, and public procurement records—is freely accessible to the public. Furthermore, given delays in convening the parliament and structural presidential influence over it, the government must ensure that draft economic decrees, national budgets, and proposed urban zoning and expropriation frameworks are publicly available for technical assessment and independent review before final executive approval.
- **Institute due process in public-sector restructuring:** Public-sector employment provides income for hundreds of thousands of workers and is a key pillar of inclusive economic recovery. To address the destabilizing effects of arbitrary, unregulated public-sector dismissals and appointments, the transitional government must adhere to binding legal frameworks governing state employment. Any public-sector restructuring must be subject to transparent criteria, severance protections, and independent appeal mechanisms to prevent public employment from being used as a mechanism for political patronage or targeted exclusion.

6.2 For International Actors

International actors must approach Syria’s transition with the understanding that procedural integrity, institutional coordination, and inclusive governance are strategic prerequisites for their own stabilization objectives. An economic model that bypasses due process and structurally marginalizes local communities risks destabilizing recovery efforts. To ensure the viability of their interventions, donors

should calibrate macroeconomic support to encourage institutional accountability and technical competence.

- **Mitigate fiduciary risk through fiscal transparency:** To ensure investments and grants from international donors are effective and not misallocated, they should align large-scale macroeconomic assistance with Syria's post-conflict fiscal realities. Without systematic disclosure of the state's revenue and expenditure priorities, international actors cannot reliably assess macroeconomic viability or safely align their bilateral cooperation. Therefore, to ensure complementarity of support, donors should align major funding with transparent fiscal management. This ensures that international funds are deployed in a predictable environment while simultaneously respecting and reinforcing Syria's domestic legislative processes.
- **Foster institutional coordination and participatory policymaking:** International donors should direct technical assistance toward improving inter-agency coordination and enhancing the diagnostic quality of state policy interventions. Consequently, donors should support Syrian civil society by providing the capacity building required for them to engage effectively and independently with state institutions. This dual approach empowers domestic stakeholders to advocate for mutually agreed-upon mechanisms that integrate economic consultations into final policy outcomes.
- **Conduct local context assessments:** When financing localized recovery projects, donors face the reputational and operational risks of inadvertently funding exclusionary structures. To mitigate this, donors should prioritize channeling resources through local bodies that demonstrate verifiable community-level accountability. Donors should rely on independent domestic civil society organizations to verify that local councils operate transparently and with clear local accountability criteria, ensuring that funds do not exacerbate local grievances.
- **Secure Housing, Land, and Property (HLP) records:** To shield their investments from legal and reputational liabilities, international donors and private investors must avoid developing projects on contested or expropriated land. Consequently, donors should support transparent [initiatives](#) by central authorities, [community-level civil society](#), and the private sector to authenticate, digitize, and publicize property records. Establishing an independent, verifiable property ledger raises the compliance standards for all market actors.

- **Strengthen due diligence and beneficial ownership:** Operating in Syria's high-risk environment requires rigorous compliance. International donors and private investors must partner with specialized domestic firms to trace the ultimate beneficial owners of local entities. Investors must demand clear procedural mechanisms and verifiable asset origins to shield their operations from entanglement with illicit finance or sanctioned networks.
- **Support non-state oversight and data generation:** Should state-level transparency reforms stall, donors risk operating in a severe data deficit. To maintain situational awareness, donors should support the resilience of non-state civil actors that may face [financial restrictions](#) and [regulatory constraints](#). Supporting independent economic observatories in collecting localized market data is vital for international actors to assess macroeconomic baselines and local market dynamics accurately.

