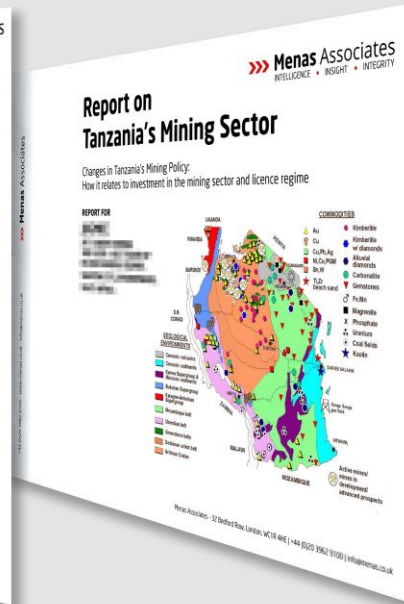




SYRIA'S NEXT CHAPTER: GOVERNANCE, INCLUSION AND RECONSTRUCTION

Dr Neil Quilliam
Managing Director
Azure Strategy
2 October 2025

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Dr Neil Quilliam is a leading authority on energy and geopolitics of the Middle East, with over two decades of experience advising governments, international organisations, and private sector clients. He is Managing Director at Azure Strategy and serves as an Associate Fellow with the Middle East and North Africa programme at Chatham House. Neil previously held senior roles at Chatham House, the Foreign, Commonwealth and Development Office (FCDO), Rapidan Energy Group, Control Risks and the United Nations University. He frequently provides expert analysis on Middle East politics for international broadcasters and writes regularly for leading energy sector publications. Amongst many other publications, Neil is the author of the forthcoming book *Syria's Revolution Fulfilled: The Demise of the Assads* (Reaktion Books, 2025) and recently published *Syria: Realism in Action* (Agenda, 2024).



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The Evolving Political Landscape

- Nature of the state: unitary v decentralised
- Authoritarianism (elite capture) v democracy (pluralism)
- Majority and ethnic & religious minority rights
- Orientation of Syrian state
- Orientation of economy
- Orientation and pace of reconstruction
- Transparency and accountability

The nature of governance, inclusivity and the pathway to democracy

- Writing the Future: The Constitutional Declaration opens space for reform, but achieving consensus is hard
- New Faces, Old Frameworks: Institutional renewal struggles against entrenched networks
- A Partial Vote: Women sidelined, minorities underrepresented, and key regions left out
- Inclusion: former opposition groups, displaced communities, civil society groups, women's organisations
- Returnees: reclaiming property, documentation access, political participation
 - Legal protections, access to services, political pathways

Prospects for Stability (Domestic Factors)

- Uneasy engagement: Integration agreement between SDF and Damascus marks progress, but mistrust lingers beneath the surface
- The periphery pushes back: Suwayda unrest fuels talk of autonomy and exposes cracks in the transition
- Integrating Salafi-Jihadist I extremist groups
- Stemming the resurgence of ISIS
- Reviving a collapsing economy
- Scaling mounting humanitarian and financial needs

How External Relations Will Determine Syria's Future

Pull actors

- Russia
- Iran
- Hezbollah
- Israel

Push actors

- US
- EU | UK
- KSA | Qatar
- Turkey
- Jordan
- UN, IMF, World Bank

How will these factors affect the business environment?

- **Fragmented Governance = Fragmented Markets**
The uneasy SDF–Damascus integration and Suwayda’s autonomy push risk creating multiple regulatory zones, even if unofficial, with differing tax, permit, security and customs regimes, raising transaction costs and contract uncertainty risks.
- **Security Overhang Drives Risk Premiums**
Integrating armed factions and containing ISIS are prerequisites for stability. Any relapse inflates insurance costs, disrupts supply chains, and keeps investor confidence fragile.
- **Reform Window, Old Networks**
The Constitutional Declaration opens legislative space, but entrenched elites and limited representation mean opaque tenders, uneven enforcement, and a continued risk of state capture.
- **Legacy of Control, Demand for Local Voice**
Decades of top-down rule and economic centralisation have left communities wary. Local councils, tribal structures, and business cooperatives now insist on consultation and visible local benefits before backing new projects, making stakeholder engagement essential.
- **Humanitarian Scale-Up: Short versus long term demand**
Reconstruction and relief programmes fuel short-term growth in logistics, housing, and utilities, but heavy donor funding can distort markets and squeeze local SMEs. Public-private partnerships and transparent procurement will help long term stable growth.
- **People, Property, and Productivity**
Inclusion of opposition and returnee communities - through property rights, documentation access, and job creation - is key to sustainable recovery. Clear restitution frameworks and skills investment unlock labour markets and stabilise demand.

The Business Environment - Progress

- Top priorities include restoring confidence and trust in public and private sectors; regaining fiscal credibility; streamlining complex tax structure; and addressing heavy debt burden.
- From Isolation to Invitation
 - Investment Law 18/2021 amended (Decree 114/2025):
 - Introduced “one-stop-shop” investor services to speed licensing and cut ministerial bottlenecks.
 - Tax holidays extended up to 10 years for priority sectors (energy, logistics, agriculture, tourism).
 - Land-lease and repatriation rights clarified to attract joint ventures and diaspora investors.
 - Fast-track arbitration clause and reinforced protection against expropriation added for foreign disputes to reassure external financiers.
 - Backed by a Supreme Council for Economic Development chaired by Sharaa to approve major projects and streamline oversight
- Launch of a state-backed Development Fund to co-finance reconstruction infrastructure and share risk with private and sovereign partners.
- Cleaning House, Reclaiming Assets: State-led restructuring of Assad-era conglomerates and frozen ventures—clearing ownership, settling debts, and reopening viable firms to new capital.
- Privatising to Revitalise: Gradual sale or leasing of non-strategic public companies, digital payroll audits, and “ghost employee” cuts to lighten the fiscal load and spur SME growth.
- Sanctions Off, Capital On
 - US and EU sanctions mostly lifted; banks reconnect to global payment systems although SWIFT not yet fully functional
 - US\$6 billion+ in Saudi and Gulf investment memoranda signed in energy, construction, and transport - early signals of market re-entry although many pledges yet to move past MoU phase.

The Business Environment - Challenges

- Caesar Act sanctions remain in force, and its repeal is currently under debate in Washington
- Still on Financial Action Task Force (FATF) Grey List but has developed with the US a national strategy on combatting money laundering and terrorist financing
- Implementation Gaps: Translating decrees into working institutions remains slow; bureaucracy and fragmented authority persist.
- Transparency Deficit: Decision-making still opaque; investor confidence hinges on open data and credible tendering.
- Fiscal Balancing Act: Transitioning from blanket subsidies to targeted support without triggering unrest or inflation.
- Integrity and Oversight: Combatting corruption and enforcing disclosure are essential to prevent elite capture.
- Skills and Capacity: Rebuilding technical expertise, training labour, and modernising administration will determine sustainability.

Key Takeaways

- Structural issues will persist
- Security sector reform essential but no easy or quick wins (Libya, Yemen, Iraq)
- Long-term external engagement is critical but likely to wane
- Timing, sequencing is everything
- Early wins look promising: easing of sanctions, Swift return, business delegation visits but obstacles include, amongst other things, limited readiness to receive assistance, administrative bottlenecks and low institutional capacity

Q&A

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