

Statement on the Engagement of the IMF and the World Bank in Syria

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The Syrian Initiative for Fundamental Rights cautions that current IMF and World Bank engagement risks repeating pre-2011 patterns of fiscal austerity, deregulated privatization, and disregard for governance and equity. The statement calls for a political-economy approach to reform that accounts for distributional impact, conflict sensitivity, and social protection.

The Syrian Initiative for Fundamental Rights (SIFR) welcomes the current engagement between the Syrian transitional government and both the International Monetary Fund and the World Bank, aimed at supporting economic recovery in Syria amid a complex transitional phase. However, we express concern regarding the nature and substance of this engagement, particularly in light of statements and reports by international financial institutions that present current economic performance and policies as indicators of recovery and stability. This approach reinforces a recurring pattern of external support for policies framed as “reforms,” which in practice rely on stringent fiscal consolidation, broad price liberalization, tight monetary policy, and an expanded role for privatization in the absence of clear legal and regulatory frameworks. Such conditions risk facilitating the transfer of public assets or investment opportunities to narrow groups without transparency or accountability, while neglecting critical issues of governance, equality, the rule of law, and social protection, including

the gendered dimensions of vulnerability and inequality. The concern does not lie with the role of the private sector per se, but rather with unregulated forms of privatization in fragile governance contexts, where they may become instruments for concentrating resources and influence rather than supporting inclusive and sustainable economic recovery.

In a conflict-affected context such as Syria, these policies cannot be considered neutral technical recommendations; rather, they constitute political choices that determine who bears the costs and who reaps the benefits in a reshaped economy. Assessing the “success of reform” cannot be based on narrow macroeconomic indicators —such as achieving a modest fiscal surplus or curbing inflation— while key productive sectors continue to contract or stagnate, purchasing power declines, and social vulnerability widens.

Recent estimates of economic performance indicate that the economy remains well below its pre-conflict levels, with persistent weaknesses in agriculture, industry, and public services. At the same time, the reported fiscal surplus has been achieved in part through subsidy cuts, reductions in public spending and investment, and the shifting of burdens onto households and the productive private sector. This trajectory does not represent sustainable economic recovery, but rather a limited accounting improvement accompanied by increasing social and economic pressures.

This approach cannot be understood in isolation from past experiences. Prior to 2011, similar policies — including non-gradual trade liberalization, reductions in subsidies on essential goods without effective social protection mechanisms, and the expansion of the private sector’s role within an environment dominated by networks closely linked to those in power— received international support, despite being associated with an authoritarian context and rising social inequality. The failure to account for these structural factors at the time contributed to deepening imbalances and undermined the foundations of stability.

Today, the repetition of the same approach —without a fundamental reassessment grounded in political economy, including patterns of power and resource distribution, governance structures, and dynamics of influence— risks reproducing the very drivers of conflict rather than overcoming them. The issue does not stem from a lack of viable policy alternatives, but rather from the adoption of reform approaches that fail to account for the local context and its structural conditions.

The current approach reflects a clear imbalance in economic priorities. It tends to maximize revenues through indirect taxation and customs duties linked to consumption and trade, rather than expanding the productive base or adopting more equitable tax policies. At the same time, support for productive sectors remains weak amid rising energy costs, increasing reliance on imports that compete with domestic products in terms of price and quality, limited liquidity, and declining local demand. As a result, households, farmers, and small producers bear the burden of adjustment, while a narrow group connected to trade intermediation or positions of economic influence stands to benefit. This trajectory does not lay the foundation for sustainable development; rather, it reinforces rent-seeking and predatory patterns in the distribution of resources and opportunities.

More importantly, current approaches continue to underestimate the close interlinkages between the political, social, and economic drivers of conflict. The Syrian context is characterized by fragmented authority structures and monetary systems, sharp geographic disparities, weak rule of law, opacity in the management of public assets, and the persistence of conflict economies. Accordingly, economic recovery cannot be separated from issues of governance, accountability, property rights, and social justice; nor can economic reforms be approached in isolation from an analysis of the structural factors related to the distribution of power and resources. This requires the adoption of systematic, political economy–based approaches in both assessment and design, taking into account the local context and its complexities. Any reform program that fails to place these elements at its core remains at risk of reinforcing fragility rather than addressing it.

On this basis, the Syrian Initiative for Fundamental Rights calls on the International Monetary Fund and World Bank to reconsider their approach in Syria and to adopt a framework that is conflict-sensitive, rights-based, and prioritizes production and equitable development. In this context, the Initiative recommends the following:

International institutions should incorporate systematic analyses of the distributional social and economic impacts of implemented policies, taking into account their economic, social, and structural dimensions, clarifying who bears the costs and who benefits, and publishing the methodologies and assumptions underpinning macroeconomic analysis.

Remove any constraints associated with subsidy reductions, monetary tightening, privatization, or regressive tax reforms, while ensuring effective mechanisms are in place to protect affected groups, support productive sectors, restore real wages, and promote investment in infrastructure and essential services.

Information related to budgets, contracts, financial commitments, concessions, and beneficiaries should be disclosed transparently. Independent social and fiscal impact assessments should be conducted, implementation gaps clearly identified, public assets safeguarded, and civil society, trade union representatives, and local stakeholders meaningfully and regularly engaged in consultation processes.

Active policies should be adopted to support agriculture and industry in particular, reduce production costs, stimulate local demand, and provide financing and resources to those engaged in the productive economy, rather than relying excessively on imports or large-scale investment deals that do not enhance local value added.

Robust legal and institutional safeguards should be established to prevent the transfer or management of public assets in non-transparent ways, and to ensure that any investment partnerships are subject to clear standards of integrity and accountability.

The Initiative also recommends that the Syrian transitional authorities undertake the following:

Present a transitional economic framework for public discussion, with the aim of defining priorities, including the protection of livelihoods, restoration of essential services, support for production, and reduction of inequalities, rather than reducing success to fiscal surplus or monetary stability indicators alone.

Enhance participatory approaches in economic and development policymaking by ensuring meaningful and inclusive engagement of relevant stakeholders, opening public debate on policies, and providing sufficient information on their expected impacts on governance, the economy, and social relations. This should include the involvement of civil society, representatives of workers and the private sector, and independent experts in policy design, as well as ensuring the regular availability of economic information and data.

Amend or repeal economic policies that have exacerbated inequality, poverty, and livelihood deprivation, and undermined the productive capacities of the economy, as well as revoke exceptional powers granted to certain newly established public institutions.

Prioritize creating an enabling environment for productive sectors and essential services through policies targeting agriculture and industry, reducing production costs, stimulating local demand, alongside investment in infrastructure, energy, health, and education.

Regulate import policies in a manner that supports domestic production by adopting a gradual and well-calibrated approach to trade liberalization that takes into account the capacities of local productive sectors, limits unfair competition, and utilizes flexible tariff and regulatory tools to protect emerging industries and enhance food security.

Ensure transparency in access to information and the management of public resources by developing systems of economic and development data and indicators, as well as making them accessible to all. This should be in addition to publishing detailed public budgets, contracts, and investment agreements, and disclosing financial obligations and granted concessions, thereby enabling public oversight and reducing risks of corruption.

Establish a transparent legal and regulatory framework for managing the reconstruction process by developing the necessary legal environment to govern public assets and large-scale investment opportunities with long-term implications, and ensuring the activation of an independent legislative and judicial authority prior to transferring public assets or implementing strategic public-private partnerships.

In conclusion, Syria requires reconstruction, but it also requires a different definition of reform. Approaches that achieve superficial stability in financial indicators while deepening poverty, weakening production, and concentrating wealth and power do not constitute recovery. Instead, they pave the way for renewed grievances and instability. If international financial institutions are genuinely committed to supporting peace and development, they must move beyond narrow economic indicators and adopt political economy as a framework for analysis and evaluation —one that takes into account the

distribution of power and resources, the social and environmental impacts of reforms, and identifies who bears their costs and who benefits.