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The World Bank and the path to devouring Syria’s assets

With tacit US approval and key Persian Gulf financing, the World Bank is re-entering Syria under the guise of technical cooperation – signaling the start of a new phase of austerity, privatization, and foreign control over state assets.

Photo Credit: The Cradle

At record speed, and despite Syria's crushing political, security, and economic instability under western sanctions, the World Bank has reinitiated intensive contacts with the country's new Hayat Tahrir al-Sham (HTS)-led administration. This renewed engagement follows Riyadh and Doha's payment of Syria's arrears to the Bank, totalling around $15.5 million.

The World Bank's sudden openness to cooperation coincided with three major developments. First, in April, the US downgraded Syria's diplomatic status at the UN from a member state to that of an unrecognized government, while still insisting on the formation of an "inclusive transitional government."

Second, several Arab and foreign states lobbied Washington to grant visas to Syrian officials for the Bank and IMF's 2025 Spring Meetings. Third, the IMF appointed a special envoy for Syria during those meetings, and soon after, US President Donald Trump – while in Saudi Arabia – announced the lifting of sanctions after meeting with Syria's self-appointed interim President Ahmad al-Sharaa.

This sequence raises urgent questions: Did the Bank act independently of Washington's strategic direction, which traditionally steers its dealings with sanctioned states? Would the Bank proceed with financial and technical support had Trump not eased restrictions? Was the previous freeze on engagement simply about unpaid dues – or was it driven by western intransigence against Damascus while the state was still governed by now-ousted president Bashar al-Assad?

A soft power return

Since joining the Bank in 1947, Syria has seen alternating periods of engagement and estrangement. Despite its socialist economic leanings under Baathist rule, Damascus accessed limited Bank services while fiercely protecting its public sector, employment guarantees, and subsidy-driven legitimacy.

According to World Bank and IMF publications, three distinct phases of cooperation unfolded in their relationships with Syria. From 1963 to 1974, four credit loans totaling $48.6 million were extended. Between 1974 and 1986, 15 loans were issued via the International Bank for Reconstruction and Development.

Most significantly, from 2002 to 2011, after settling its debt, Syria received wide-ranging advisory and technical support, shaped in part by Abdullah al-Dardari – then deputy prime minister for economic affairs and later a senior Bank advisor.

During each of these periods, Bank engagement coincided with either regional geopolitical shifts or internal economic bottlenecks that made Damascus more susceptible to external pressure. The early 2000s phase, in particular, aligned with the post-9/11 US focus on economic liberalization in Arab states, dovetailing with Syrian efforts to modernize without fully surrendering state control.

This last phase reflected partial alignment between Syria's internal reforms and the neoliberal prescriptions of the IMF and World Bank. Yet Damascus hesitated to fully implement liberalization plans, fearing public backlash and internal resistance – especially amid the 2006–2008 drought and the 2008 fuel price hikes.

The IMF's 2009 Article IV consultation applauded Syrian efforts to simplify taxation, reform fuel subsidies, and modernize public finance management, among other steps.

But two long periods of estrangement also impacted the relationship. From 1986 to 2002, non-payment of dues amid economic collapse and western sanctions cut off cooperation. From 2011 until early 2025, the foreign-backed regime-change war and intensified sanctions froze official ties, though the Bank continued to monitor and report on Syria's economic devastation.

Its 2017 and 2020 reports highlighted the $226 billion GDP loss – four times Syria's 2010 output – and chronicled the regional destabilization caused by the war.

The austerity agenda

For Arab states of the Persian Gulf like Saudi Arabia and Qatar, backing Syria's re-entry into the global financial order serves multiple interests. It allows them to project diplomatic leverage over a former rival, reposition themselves as regional brokers of reconstruction, and ensure that any economic reopening of Syria happens under frameworks they can influence.

Turkiye, meanwhile, sees alignment with IMF-World Bank processes as a way to manage the Syrian file more predictably – especially in relation to border trade and refugee return.

Today, the Bank's return appears less about Syria's internal political legitimacy and more about its economic trajectory. With HTS being a former Al-Qaeda affiliate, many officials in the transitional government remain sanctioned, but their policy orientation aligns with IMF-World Bank orthodoxy: rapid privatization of state assets, including ports and airports; full subsidy removal; massive layoffs; foreign currency liberalization; and preparations to float the Syrian pound.

This ideological convergence, however, was likely not enough. Persian Gulf actors – especially Saudi Arabia and Qatar, in addition to Turkiye – played a key role in brokering the re-engagement, all under tacit US oversight. The lifting of sanctions, US media reports suggest, followed behind-the-scenes negotiations between the Trump administration and Syria's new officials.

Washington's green light – whether direct or through Gulf intermediaries – was indispensable.

Prelude to the real prize

So far, Syria's transitional government insists it seeks only technical cooperation. Finance Minister Mohamed Bernia claims the country will not pursue international loans, but rather focus on internal reform.

Yet history suggests otherwise. If reconstruction costs prove overwhelming – as they have for countless war-ravaged nations – internal resistance to foreign loans may collapse. Those pushing austerity and privatization will gain ground, arguing for IMF and Bank lending as essential.

Already, World Bank staff are reportedly conducting preliminary assessments of public infrastructure, reviewing asset registries, and holding closed-door sessions with key ministries. These steps, while labelled as "technical support," often lay the groundwork for later loan packages conditioned on deeper economic restructuring.

How far the government will bend to IMF-World Bank directives, especially in a country where 90 percent live in poverty and 65 percent in extreme poverty, remains to be seen.

While no formal conditions have been publicly disclosed, concerns persist that future financial support from international institutions could be contingent upon political concessions, such as normalization with Israel. This mirrors patterns observed in neighboring Lebanon, where IMF and World Bank aid has been reportedly tied to similar stipulations.

But the stage is set. And for Damascus, the cost of re-entering the global financial order may soon be counted in its remaining public assets – and the resilience of its people.

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