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# THE SELF-RELIANCE DIVIDEND

## The Imperative of Syrian Refugees' Economic Inclusion

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Will Todman

A Report of the  
CSIS Middle East Program

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# EXECUTIVE SUMMARY

**T**he politics surrounding displaced Syrians in the Middle East has transformed in recent years. For more than a decade after the outbreak of the Syrian uprising in 2011, policy-makers struggled to transition from a humanitarian response to a longer-term strategy for dealing with Syrian refugees. Despite efforts to develop “durable solutions,” donors, host governments, and humanitarian actors largely converged around an expensive emergency management model that sustained refugees and kept them within the region without giving them meaningful pathways to autonomy. As a result, in 2026—nearly 15 years after the first major battles—most Syrian refugees in neighboring states remain dependent on aid, excluded from formal labor markets, burdened by debt, and ill-prepared to rebuild their lives in a post-Assad Syria.

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The refugee response is intimately tied to the Levant's stability, Syria's recovery, and Arab Gulf states' emerging geoeconomic vision for the region. The collapse of the Assad regime, the transitional government's successful international diplomacy, and Syria's enhanced value as a potential workaround to the Strait of Hormuz have created a rare opportunity to integrate the refugee response into a more forward-looking vision for the region. Refugees who can work, build savings, develop skills, and access legal documentation are better positioned to contribute to host economies, withstand aid cuts, and participate in Syria's reconstruction.

An approach that prioritizes refugee self-reliance and private sector integration would be significantly more cost-effective than the current model and, moreover, would better reflect the rapidly evolving aid environment. A November 2024 joint World Bank–UN Refugee Agency (UNHCR) study estimated that if refugees globally were granted the right to full economic participation, they could meet up to 90 percent of their own needs, reducing the amount of international assistance required for the Middle East refugee response from \$6.2 billion to \$700 million each year. Integrating refugees into investment-led growth sectors, infrastructure projects, and regional trade corridors would facilitate sustainable economic activity rather than indefinite aid dependency.

This report draws lessons from Jordan's response to Syrian refugees since 2012. It argues that the most important decisions shaping refugee outcomes are made during the early stages of displacement crises, or the "golden hour." Early choices about refugee mobility, legal status, labor access, documentation, camp policy, and local governance create long-term political and economic trajectories that become increasingly difficult to reverse. As the case of Syrian refugees in Jordan demonstrates, by failing to prioritize refugee inclusion early on, international actors locked themselves into a costly "care and maintenance" model that treated the symptoms of displacement while neglecting its structural drivers.

Gulf states are uniquely positioned to reformulate the Syrian refugee response because they have political influence in the Levant, long-term economic stakes in regional stability, and growing investments in transportation, energy, and logistics corridors linking the Gulf to Europe. In addition, the continuing reverberations of the Iran war have increased the Levant's strategic importance. By using their financial and political leverage to connect refugees to private sector opportunities through labor mobility, skills development, and job creation, Gulf states could turn refugee self-reliance into part of a broader regional connectivity agenda.

Western governments also have an important role. The United States and Europe retain deep institutional expertise on displacement crises, development finance, and refugee governance. A more effective model would combine Gulf capital and political influence with Western technical expertise and multilateral coordination mechanisms.

The costs of failing to seize this opportunity are great. Western aid cuts, a new displacement challenge in Lebanon, and deepening economic crises across the Levant threaten to destabilize refugee-hosting states and undermine prospects for recovery. Trapping refugees in informality and dependency makes them more vulnerable to exploitation, onward migration, and renewed instability.

The question is no longer only how to sustain refugees until conditions improve, but rather how to drive an investment-recovery-resilience nexus to ensure that displaced Syrians can contribute to the economic and political transformations reshaping the region. The future of the Syrian refugee response is increasingly tied to the future order of the Middle East itself.

# RECOMMENDATIONS

To unlock the potential of Syrians, Arab Gulf states should:

1. **Lead the reimagination of the Regional Refugee and Resilience Plan (3RP).**
  - Place greater emphasis on economic inclusion, labor rights, and private sector engagement.
  - Mainstream a market systems development approach into the plan to tackle host countries' structural economic challenges and to promote the creation of sustainable jobs.
2. **Leverage political capital to advance refugees' ability to be self-reliant.**
  - Deploy political leverage systematically and explicitly to make financial support to refugee-hosting countries in the Middle East contingent on policy reforms that facilitate refugee self-reliance, particularly granting refugees formal work rights.
3. **Ensure that the benefits of reconstruction financing to Syria are distributed widely and not captured by elites.**
  - Alongside funding for flagship infrastructure, support the rehabilitation of basic services to bolster municipalities' capacity, facilitate local recovery, and enable sustainable refugee return.
  - Provide dedicated support to SMEs in Syria to stimulate private sector activity and generate broader employment opportunities for Syrians and returning refugees.
4. **Connect refugee policy to the Strait of Hormuz workaround strategy.**
  - Proactively integrate refugees into projects to develop overland trade routes through the Levant that circumvent the Strait of Hormuz.
  - Include hiring targets, vocational pipelines, and financing mechanisms within flagship projects that benefit Syrian refugees, rather than treating the refugee issue as distinct to infrastructure financing.
5. **Collaborate with the Syrian government to open trade offices and business councils in neighboring countries.**
  - Support the creation of business councils in cities such as Amman, Beirut, and Gaziantep to match refugee-owned firms with domestic Syrian firms, capitalizing on refugees' cross-border networks and language skills.

## 6. Integrate refugees into domestic economic diversification agendas.

- Turn to refugees for skilled labor to fuel efforts to reduce reliance on hydrocarbon revenues.
- Encourage Gulf embassies in the Levant to develop new advertisement strategies to ensure that refugees and members of host countries are aware of job openings in companies based in the Gulf that cannot be filled with nationals.

The United States and other Western donor governments should:

1. **Use the current inflection point of the fall of Assad, aid cuts, and the war with Iran to reimagine the Syrian refugee response.**
  - Spend political capital on ensuring that humanitarian and development support to refugee-hosting governments is contingent on refugees' labor rights, freedom of movement, and access to legal documentation.
  - Tie cash assistance programs to refugees and host communities explicitly to these legal reforms.
2. **Prioritize efforts to encourage investment and stimulate private sector activity.**
  - Provide clear information to financial institutions about the lifting of sanctions on Syria and what actions are now permissible.
  - Work with financial institutions and their partners to address de-risking.
3. **Convene a private sector summit for the Middle East, modeled on the 2023 Paris summit to support Ukrainian refugees.**
  - This summit should include substantial representation from Gulf-connected companies and regional multinationals.
4. **Increase coordination with Gulf states rather than working in parallel.**
  - Capitalize on the comparative advantages that Western governments have in multilateral coordination, technical expertise in refugee governance, and development finance institutions to complement Gulf states' investment-led strategies.
5. **Explore reforms to the Global Concessional Financing Facility to prevent policy reversals.**
  - Redesign financial tools so that policy reforms become durable rather than being contingent on ongoing disbursements that can be reversed when funding lapses.

6. Avoid funding supply-side vocational training programs for refugees and host communities.
  - Prioritize longer-term, demand-side approaches to job creation in line with a market systems development approach.
  - Provide multiyear funding to local partners to facilitate this longer-term approach.
7. Avoid pressuring implementing partners to inflate beneficiary counts.
  - Collaborate with partners to develop metrics that demonstrate the true quality and sustainability of interventions.
8. Provide funding for humanitarian actors that capitalizes on their unique value proposition.
  - Encourage them to accept a more defined, bounded role in the response that includes a focus on protection mandates, providing support for the most vulnerable refugees, raising attention to the crisis, and fundraising.

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