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Syria Power Sector Guide 2026

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Part 1: Introduction and Market Overview

Sector Overview and the Case for Investment in Syria

Syria's power sector sits at the core of the country's economic stabilisation and reconstruction agenda. Recently the country has attracted renewed interest from regional and international stakeholders, supported by partial sanctions relief from the US, UK and EU principally as a result of the announcement by President Trump on 13 May 2025 that he would lift sanctions to create a new relationship between the US and Syria. While prolonged outages and grid deterioration have necessitated temporary reliance on costly diesel generation and fragmented off grid solutions, the sector presents significant opportunities for targeted investment, efficiency gains and modernisation. Ongoing rehabilitation efforts aimed at restoring supply and stabilising the grid are beginning to take shape and early entrants can secure a meaningful first-mover advantage by driving new generation, transmission and distribution upgrades through Independent Power Projects (IPPs) and, since the introduction of Law No. 5 of 2016 (the PPP Law), Public-Private Partnerships (PPPs).

More than a decade of conflict has had a profound impact on the sector, damaging generation assets, transmission lines and distribution networks. This is exacerbated by fuel supply constraints for thermal generation. Installed capacity, which stood at approximately 8.5 GW in 2011, has fallen substantially, with available capacity now closer to 2 GW, resulting in limited daily supply of two to four hours in many regions in the country. In the near term, authorities are pursuing bridging solutions, including gas import arrangements via Türkiye, floating power barges and prospective cross-border electricity interconnections. Alongside these measures, there is a clear medium-term focus on rehabilitating thermal assets, strengthening gas supply chains and scaling new renewable energy deployment.

Simultaneously, the investment climate is showing encouraging signs of improvement. A more supportive governance environment is emerging, complemented by increasing engagement from international donors and development finance institutions. Multilateral organisations continue to indicate a willingness to support reconstruction efforts, while regional investors (such as Türkiye and Qatar) have signalled their intent through planned power-sector investments from 2026 onwards. The development of risk-mitigation instruments and donor-backed programmes further enhance the sector's attractiveness, creating a pathway for bankable projects not only in generation, but also across transmission infrastructure and broader grid modernisation.

Sanctions and Compliance

The Syrian sanctions landscape has materially changed since December 2024. As of 1 July 2025, all US sanctions on Syria were removed, with limited restrictions remaining against: (i) Bashar al-Assad and his associates; (ii) human rights abusers; and (iii) those involved in terrorism or proliferation activities. Meanwhile, in May 2025 the EU lifted all economic restrictive measures apart from those imposed on security grounds. Similarly, in April 2025 the UK significantly modified its sanctions regime, revising wide-ranging trade prohibitions, including on financial services and electricity generation.

Current sanctions frameworks are not generally comprehensive embargoes – they target named individuals and entities rather than Syria as a whole and are now principally aimed at the previous regime. This recalibration has created meaningful space for the involvement of foreign investors, lenders and other market participants in the Syrian power sector.

Despite this relaxation, residual constraints persist. Designations remain across politically exposed counterparties and state-linked corporates involved in the energy sector, along with significant financial crime-related concerns. Investors should also note that export controls operate independently of any sanctions relief and the US, UK and EU regimes continue to require licences for dual-use, military and other sensitive technologies. While the Syrian compliance landscape is complex, foreign investment in the country's power sector is now viable subject to compliance due diligence and tailored legal and regulatory advice.

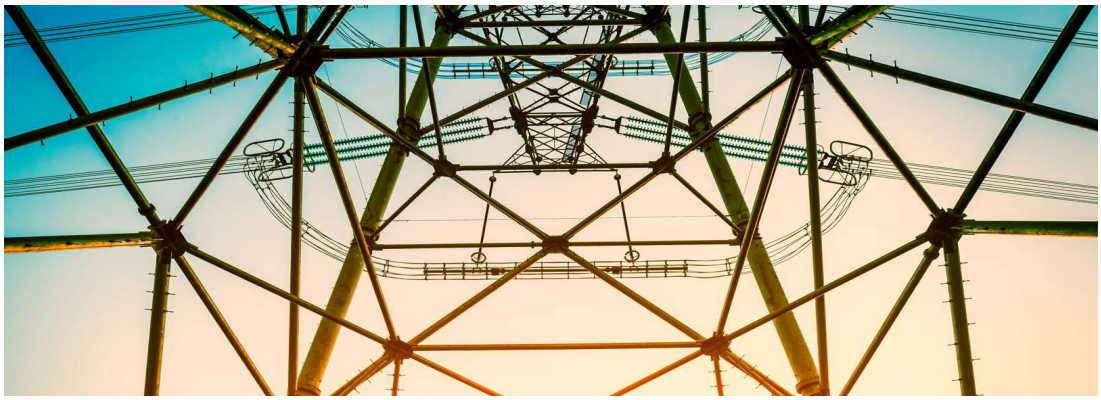
Supply, Demand and Investment Trends

Syria's near-term recovery of electricity supply is being driven by cross-border fuel imports, emergency generation solutions and the rehabilitation of critical generation and transmission assets. Gas deliveries from Türkiye have resumed through repaired pipelines, initially supplying the Aleppo thermal power plant, with plans to extend flows further south as infrastructure upgrades progress. In parallel, Türkiye and Qatar have deployed floating power ships, adding roughly 800 MW of capacity to stabilise the grid while permanent transmission routes are restored. These measures are complemented by efforts to repair high-voltage substations and revive interconnectors with Türkiye and Jordan.

On the demand side, electricity consumption and generation remain far below pre-conflict levels. The government's immediate target is to restore supply to around eight hours per day across the country as grid repairs advance and additional gas-fired capacity comes online. Over time, demand is expected to rise significantly as the economy recovers and displaced populations return, but the pace of this will depend on improvements in fuel logistics, the restoration of major transmission lines and the ability to deliver reliable power.

Investment priorities are shifting toward projects backed by secure fuel supply and robust network rehabilitation with scalable renewables playing an increasingly important role. A Qatari-Turkish consortium has been selected to deliver Syria's first major program under the PPP Law, which includes 4 GW of large combined-cycle gas plants and approximately 1 GW of utility-scale solar projects across Southern Syria. Meanwhile, the renewables sector is moving beyond pilot projects to a full development pipeline. A 150 MW wind tender is underway, Saudi developers have expressed interest in up to 2.5 GW of solar and wind projects with associated grid upgrade and domestic policies are being designed to incentivise further utility-scale solar projects.

Unlocking financing will hinge on continued progress in sanctions relief, transparent contracting and strong multilateral support. Beyond domestic policy, Syria's power recovery will be shaped by its regional position. Sitting between Türkiye, Iraq, Jordan and Lebanon (and in proximity to the Arab Gas Pipeline) Syria is poised to become an energy hub for Levantine trade and future gas transit to Türkiye and, indirectly, to Europe.



Part 2: Syria's Power Resources

Energy Sources

The government is pursuing a comprehensive energy diversification strategy, with renewables positioned as a cornerstone of recovery. A renewable energy master plan, supported by the United Nations Development Programme (**UNDP**), is under development to guide investment and regulatory reform. Simultaneously, international engagement is growing, with regional actors such as Türkiye expressing interest in reconstruction efforts while private sector participation continues to be encouraged by the government through targeted project tenders. Syria's natural advantages, including high solar irradiation levels, viable wind corridors in the east and northwest and rivers and dams suitable for rehabilitation, provide a strong foundation for expansion. The estimated US$ 40 billion investment requirement for rebuilding and modernising the power sector underscores both the scale of opportunity and the legal and geopolitical complexities for international investors.

Thermal

Thermal generation continues to underpin Syria's electricity system. The International Energy Agency identifies oil and gas products as the dominant source of electricity generation in 2023, accounting for approximately 66% of total supply, with gas-fired power plants historically providing the bulk of national generation capacity.

In this context, gas-fired generation, alongside renewable energy development, features prominently in current policy and investment plans. A key example is the May 2025 US$ 7 billion agreement led by Qatar's UCC Holding for the development of four combined-cycle gas turbine (**CCGT**) plants with a combined capacity of approximately 4 GW. If implemented as planned, these projects would represent a material increase in available baseload capacity and could significantly enhance grid stability. The success of these projects will, however, depend on reliable gas feedstock, restoring transmission infrastructure and maintaining sufficient legal and financing certainty to attract international investors.

Solar

The Syrian government is placing solar energy at the centre of its renewable strategy, aiming to raise the share of renewables to 20% of the national energy mix by 2030, with solar projects expected to deliver half of that capacity. While historically limited, solar is gaining traction, currently accounting for approximately 12% of renewable generation (approximately 106 GWh), according to the International Energy Agency.

Recent developments reflect a marked shift towards large-scale investment. In May 2025, Syria signed a US$ 7 billion memorandum of understanding with a consortium led by Qatar's UCC Holding to develop solar projects, which are projected to meet in excess of 50% of Syria's electricity demand upon completion by 2030.

Syria's high solar irradiation levels further enhance the viability of photovoltaic projects, creating significant opportunities for utility-scale projects. These conditions, combined with international partnerships and the planned renewable energy master plan supported by the UNDP, position solar energy as a cornerstone of Syria's energy recovery and long-term sustainability strategy.

Hydropower

Hydropower remains the dominant renewable energy source in Syria, accounting for approximately 88% of renewable electricity generation (754 GWh). The country's three major hydroelectric plants (Tabqa (Al-Thawra), Tishrin and Baath) are all located on the Euphrates River, which serves as Syria's most critical waterway for power production. Nevertheless, the contribution from hydropower to the overall energy mix is modest (approximately 3.8% of total electricity production) reflecting the severe contraction of Syria's generation capacity since the beginning of the conflict.

Name	Location	Capacity	Status
Baath Hydroelectric Power Project Syria	West of Ar-Raqqah	75 MW	Completed
Taqba (Al-Thawra) Hydroelectric Power Project Syria	Al-Thawrah	800 MW	Completed
Teshreen (Tishrin) Hydroelectric Power Project Syria	East of Aleppo	630 MW	Completed

Wind

Wind energy in Syria remains in the very early stages of development, currently accounting for only approximately 1 GW. Despite this limited deployment, studies indicate a substantial untapped resource, with estimated wind power potential reaching up to 80,000 MW. Regions such as Swaida and Daraa have been identified as promising sites due to favourable wind conditions and proximity to existing transmission infrastructure.

The Ministry of Energy is taking concrete steps to stimulate private investment in wind power, including the issuance of tenders for projects with capacities of up to 200 MW. In parallel, a joint development agreement with Saudi Arabia's ACWA Power targets around 2.5 GW of combined solar and wind capacity, signalling a strategic pivot toward integrated renewable, and particularly wind-powered, solutions. These initiatives, supported by Syria's renewable energy master plan and international partners, underscore the government's commitment to diversifying its energy mix and reducing reliance on conventional sources of fuel.



Part 3: Regulations, Key Institutions and Tariffs

Overview

Syria's power sector is underpinned by Electricity Law No. 32 of 2010 (the **Electricity Law**), which centralises policy, licensing and tariff-setting in the Ministry of Energy while allowing private participation in generation and distribution, with provisions enabling grid access and surplus sales by private and industrial producers. Significantly, the Electricity Law enables private and industrial producers, including renewable power generators, to connect to the grid and sell surplus power to Public Establishment for Electricity Generation (**PEEG**).

The Ministry of Energy (the **MOE**) sets sector policy and oversees planning and regulation of the energy sector. Generation and network assets are owned and operated by state entities, principally the PEEG and the Public Establishment for Transmission and Distribution of Electricity (**PETDE**) respectively. Electricity Law No. 32 of 2010 introduced avenues for private participation, most notably for renewable energy projects supplying the grid and for industrial facilities to export surplus generation. In practice, uptake has been constrained by payment mechanisms denominated in Syrian pounds at official exchange rates and the absence of offtake guarantees; however, contractual mechanisms used in other emerging market jurisdictions could be used to mitigate these risks.

Institutions and Roles

Under the Electricity Law, the Ministry of Energy is responsible for project-specific policy, regulation and procurement. On the utility side, the Public Establishment for Transmission and Distribution acts serve, respectively, as the single buyer and system operator - owning and operating transmission and distribution infrastructure, managing planning and dispatch and handling interconnections. The Public Establishment for Electricity Generation oversees state thermal generation and has served as the implementing agency for large power projects, including renewable tenders. The Renewable Energy and Energy Efficiency Fund (REEEF), established in 2021, is responsible for offering customs and tax relief for renewable equipment and relevant loans for households and businesses.

The Ministry of Petroleum and Mineral Resources (**MPMR**) governs oil and gas policy and state companies across the upstream and midstream. The Ministry of Water Resources (MWR) owns and operates major dams and hydropower assets as well as water allocations. While local bodies have some input into the planning process, procurement and policy is generally highly centralised in Syria.

Implementation, Procurement and Bankability

Over the last year, policy implementation has focused on rehabilitating damaged generation and transmission infrastructure as well as substations, reducing losses, restoring interconnections and scaling renewables where integration is feasible. Donor-backed programmes and procurements increasingly incorporate environmental and social standards, security risk mitigation and social compensation frameworks, which private sponsors should consider in project design and delivery.

Authorities have increasingly begun to address bankability gaps through concession-style structures and technical assistance to clarify risk allocation, payment mechanisms and procurement pathways for IPP and PPP execution within framework of the existing laws. Nonetheless, credible offtake undertakings, currency convertibility and sanctions-related trade restrictions remain central diligence issues for investors.

Government Approvals

The process for securing approvals for power projects in Syria is highly centralised. As a result, projects are typically developed through bespoke, project-specific negotiations. Under the Electricity Law, the MOE is the responsible authority for sector policy, licensing and preparing the investment framework for approval by the Council of Ministers (the **COM**).

The Electricity Law permits private investment in power generation from both domestic and international investors and envisages the partial unbundling of generation, transmission and distribution. In practice, generation projects require approval from MOE (which grants licences) and from the COM, which must approve the investment framework first approved by the MOE. Concession-based projects may also require parliamentary approval.

In addition to these core approvals, the development of generation assets is typically subject to a range of environmental and administrative requirements. Environmental impact assessments, overseen by the Ministry of Local Administration and Environment (MLAE), may be required under Ministerial Order No. 225 of 2008. Land use and siting permits are generally obtained at governorate and municipal level under Local Administration Law No. 107 of 2011, although projects located on government-owned land (typical for PPPs) may streamline these requirements. For thermal generation, investors should also coordinate fuel supply arrangements with MPMR, including agreements on fuel allocation and delivery.

Transmission remains under state control in Syria. PETDE is responsible for owning and operating the high-voltage network, as well as system planning and dispatch. In practice, private investment in transmission is limited and typically arises only as an ancillary component of generation projects (for example, through sponsor-funded connection infrastructure) or in the context of donor-funded rehabilitation programmes, such as the World Bank's Syria Electricity Emergency Project (**SEEP**).

Distribution was expressly opened to private investment by the Electricity Law, which PETDE manages through subsidiary companies across Syria's governorates. Law 41 of 2022 clarified that licenced investors may sell electricity (including low-voltage supply) via private networks in certain circumstances and subject to licencing requirements.

Tariffs

By virtue of Law No. 32 of 2021 and Law No. 41 of 2022 (each amending the Electricity Law), the tariff payable by the offtaker may be contractually agreed in the relevant PPA between the generator and the national utility, PETDE. Such agreed tariff is subject to formal approval by decision of the COM. This framework permits project-specific tariff setting, allowing the parties to structure pricing in a manner capable of supporting the project's economic and financing requirements.

Electricity tariffs payable by consumers in Syria are determined separately by the MoE, most recently pursuant to Decisions No. 686 and No.687. These tariffs, which took effect on 1 November 2025, are structured on a consumption-based (tiered) pricing model. In practice, a significant portion of these consumer tariffs remain below cost-recovery levels and are supported by state subsidies.

Part 4: Investor Protection and Incentives

Legislative Framework and Institutional Reforms

Syria's post-2024 transition has been accompanied by visible efforts to modernise the investment climate, including public commitments to updating core investment legislation, streamlining the approval process and clarifying sectoral mandates, with the power sector designated as a priority for reconstruction and growth. Relevant authorities have reopened policy dialogue with international financial institutions and development partners, and the World Bank's first post-2010 engagement in Syria (the SEEP) signals renewed multilateral support for sector governance and capacity planning.

The enactment of the Investment Law of 2025 (the **Investment Law**) reflects a deliberate strategy to stimulate economic recovery and attract foreign capital. While the operating environment remains high-risk, the new framework introduces measures intended to attenuate risks for investors by providing a more predictable investment climate.

Fiscal and Customs Incentives

The Investment Law provides a comprehensive suite of fiscal incentives intended to make Syria more competitive in the region. Enterprises operating in priority sectors can enjoy substantial tax exemptions, particularly when projects are located in designated developmental zones or meet conditions related to job creation and technological innovation.

A special customs regime is another feature of the incentives regime. Licenced enterprises may be permitted to import machinery, equipment and transportation assets duty-free, provided these are used exclusively for the project. This exemption may also apply to direct imports from the country of origin, bypassing general import restrictions and suspension rules.

In parallel, Syrian authorities have publicly prioritised fiscal competitiveness and simplification, including a comprehensive income tax reform which is expected to take effect during 2026. The government has also announced plans to maintain some of the lowest corporate tax rates in the region, positioning Syria as a cost-effective destination for investment and reinforcing its commitment to fiscal competitiveness.

Recent announcements of planned projects underscore the strategy of leveraging tax incentives, expedited approvals and customs relief to attract investors. Collectively, these measures aim to reduce upfront project costs and enhance after-tax returns, strengthening Syria's appeal as an emerging investment hub in the region.

Legal Guarantees and Investor Protection

The Syrian government has also signalled its intent to move towards policy measures intended to mitigate risk and ensure predictability for investors. Under the Investment Law, property rights are explicitly protected, with enterprises shielded from expropriation except for public use (in which case immediate and fair compensation in convertible currency is payable). This aligns with international standards on investment protection and addresses a key concern for foreign investors operating in emerging markets and a notable bankability risk.

For projects procured under the Investment Law, investors may benefit from a range of statutory protections and incentives enhancing bankability. Under the Investment Law and Legislative Decree No. 29 of 2011 (**Companies Law**), foreign investors are entitled to open accounts in Syrian pounds and foreign currency. Profits (including dividends, interest and proceeds from a share sale or a liquidation) may be transferred abroad from local accounts, provided that any tax and customs obligations have been satisfied. Investors may also pay foreign suppliers through licenced Syrian banks.

Foreign exchange, including the conversion and repatriation of funds, may be conducted through licenced Syrian banks. Transactions are subject to Central Bank regulations and, in certain cases, approval. While the Central Bank does not guarantee access to foreign currency where market liquidity is insufficient, Syria's sustained liberalisation of foreign exchange controls indicates a policy direction towards improving the practical implementation of foreign investment. In this context, project-specific convertibility and transferability undertakings may be negotiated in investment agreements.

Moreover, while Legislative Decree No. 8 of 2007 previously limited the repatriation of funds to overseas accounts, subsequent reforms have broadened investor protections. Most significantly, Presidential Decree No. 114 of 2025 reinforced guarantees on profit repatriation and specifically extended statutory protections to IPP and PPP projects.

Further, stability clauses embedded in the Investment Law seek to ensure that investment projects remain unaffected by future legislative changes, thereby providing long-term security for capital-intensive ventures while also incorporating arbitration mechanisms consistent with global best practices, offering neutral and enforceable dispute resolution options.

As an example of Syria's efforts to strengthen investor protection, the government has adopted an investment promotion and protection agreement framework with Saudi Arabia. This framework establishes core guarantees for Saudi investors, including standards of fair and equitable treatment, protection against expropriation without prompt and adequate compensation and access to neutral and independent dispute resolution mechanisms for Saudi investors. Together, these provisions are intended to enhance legal certainty and investor confidence in cross-border investments between Syria and Saudi Arabia.

Special Investment Zones and Strategic Projects

The Investment Law empowers the Supreme Council for Investment to grant additional incentives for projects deemed critical to national economic development. These may include enhanced tax discounts beyond statutory exemptions and the creation of special investment zones offering tailored benefits and minimum asset thresholds to attract large-scale ventures. Such zones are expected to play a pivotal role in drawing strategic investments aligned with Syria's economic priorities, particularly in infrastructure and energy. For power investors, the discretion granted to the Supreme Council under the Investment Law may translate into bankable advantages: clearer siting and land access, accelerated permitting, equipment import facilitation and bespoke fiscal terms aligned to capacity-addition and technology-transfer goals.



Part 5: Concluding Remarks

Syria's electricity sector faces severe supply gaps but offers significant upside for investors. Recent reforms have opened the door to private participation in generation and distribution, creating the basis for a clearer market structure. With the right enabling environment, Syria's resource base and strategic location can drive recovery, provided political stability, regulatory reform and institutional strengthening around PETDE's planning and procurement functions continue. Clear role separation between government entities and private licencees will be critical, alongside disciplined project preparation and competitive tenders.

Throughout 2025 and early 2026, efforts have focused on stabilising supply, including rehabilitating substations and transmission corridors, restoring interconnections with Jordan and Türkiye and deploying emergency generation. Gas supply deals have restarted key thermal plants, while household and enterprise solar adoption grows, but Syria remains heavily reliant on costly diesel generation. Attracting private capital to restore baseload, modernise the grid and scale renewables is an urgent need. With robust contractual frameworks, risk mitigation tools and multilateral support, IPPs and PPPs are increasingly viable in Syria's power sector.

For developers and investors, success in Syria will require careful navigation of the legal, regulatory and compliance landscape, proactive political risk management and the use of multilateral de-risking tools. There are, importantly, tangible signs of momentum in foreign investor participation. A Qatari and Turkish-backed consortium led by UCC Holding, alongside Kalyon, Cengiz and Power International, has signed final concession agreements for an integrated 5 GW program comprising four CCGT plants and 1 GW of utility-scale solar under a PPP model. Saudi Arabia's ACWA Power has committed to develop proposals for up to 2.5 GW of renewables and storage, while the Saudi Electricity Company and Saudi Electricity Projects Development Company have entered memoranda of understanding covering generation, transmission, distribution and engineering support. The State Oil Company of the Azerbaijan Republic (SOCAR) has announced initial volumes of natural gas deliveries via Türkiye to supply the Aleppo thermal plant, with scope to extend south as interconnections are restored. In parallel, multilateral engagement on transmission and generation should bolster investor confidence.

If effectively implemented, this early pipeline can demonstrate the viability of large-scale power projects in Syria, enhance investor confidence, establish a track record of bankable IPPs and PPPs and catalyse further domestic and international capital into the sector. While the environment remains complex, Syria's power sector offers a compelling first-mover opportunity for developers and investors with appropriate risk appetite and long-term horizons.



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