

SYRIAN ARAB REPUBLIC

Key conditions and challenges

Table 1 **2023**

Population, million	23.2
GDP, current US\$ billion	17.5
GDP per capita, current US\$	753.6
International poverty rate (\$2.15) ^a	24.8
Lower middle-income poverty rate (\$3.65) ^a	67.0
School enrollment, primary (% gross) ^b	79.6
Life expectancy at birth, years ^b	72.3
Total GHG emissions (mtCO2e)	48.6

Source: WDI, Macro Poverty Outlook, and official data.
a/ Most recent value (2022), 2017 PPPs.
b/ Most recent WDI value (2022).

Macroeconomic conditions in Syria have worsened further due to prolonged armed conflict, low crop production, soaring food prices, and diminished humanitarian aid and fiscal subsidies. Subject to extraordinarily high uncertainty, real GDP is projected to contract by 1.5 percent in 2024 and 1.0 percent in 2025, extending the 1.2 percent decline in 2023. Consistent with a continued decline in per-capita GDP, extreme poverty is forecast to increase to 28.8 percent in 2023, 33.1 percent in 2024 and 37.4 percent in 2025.

The Syrian Conflict continues to be the deadliest conflict of this century. Between 2011 and 2023, Uppsala Conflict Data Program (UCDP) recorded more than 409,000 battle-related deaths in Syria—more than any other conflict of the past three decades. With no prospects of an imminent political settlement, the Syrian conflict has become one of the most protracted conflicts in recent history.

A decade of conflict has had devastating economic and social consequences for Syria. According to official statistics, Syria's gross domestic product (GDP) shrank by 53 percent between 2010 and 2022. Night-time light (NTL) data, a proxy of economic activity, suggests a significantly larger impact from the conflict: an 84 percent contraction in economic activity from 2010 to 2023. The Syrian conflict has further triggered one of the largest waves of displacement since World War II. By the end of 2023, more than half of Syria's pre-conflict population remains displaced, including 7.2 million internally displaced persons (IDPs) and 6.5 million refugees abroad.

The conflict has weakened Syria's capacity to absorb external economic shocks. In recent years, the economy has faced multiple external shocks, including spillover effects from economic crises in neighboring Lebanon and Turkiye starting in late 2019; the COVID-19 pandemic and subsequent cholera outbreak; the spike in

global commodity prices following the war in Ukraine; the February 2023 earthquakes in Syria and Turkiye; and more recently, the increased attacks and trade disruptions related to the ongoing Middle East conflict since October 2023.

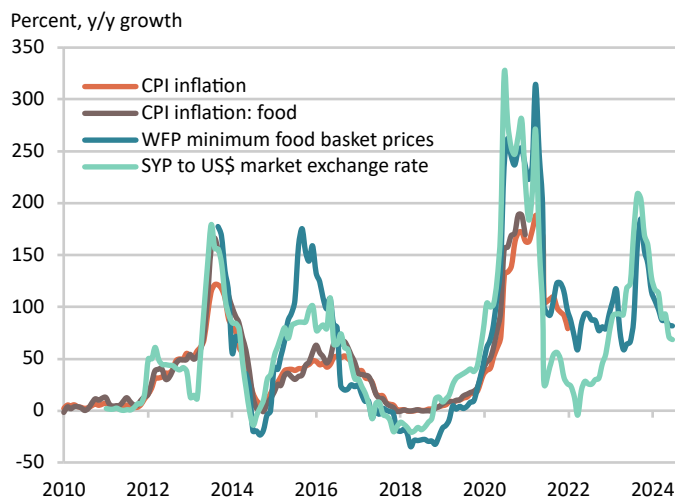
In 2022, almost 25 percent of the Syrian population lived in extreme poverty. This increase in extreme poverty, which was almost non-existent before the war, has been driven by significant increases in the cost of living coupled with continued deterioration in economic conditions. A full two-thirds of the population (67 percent) lived under the lower middle-income poverty line in 2022, equivalent to approximately 14.5 million Syrians.

Recent developments

The conflict in Syria has intensified further. The Armed Conflict Location and Event Data Project (ACLED) recorded 3,429 conflict-related deaths and 8,065 violent events in the first seven months of 2024, an increase of 7 and 38 percent, respectively, compared to the same period in 2023. The intensified conflict in Syria includes an escalation of military operations in north-east Syria that have targeted critical infrastructure, as well as increased attacks and airstrikes in the Syrian desert, southern Syria, and the Damascus region.

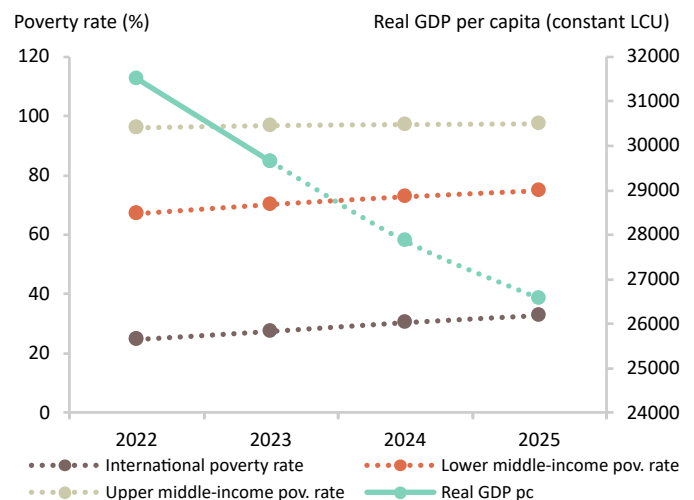
Macroeconomic conditions in Syria continue to deteriorate. Wheat and olive crop production, two of Syria's most vital agricultural products, has fallen by around a quarter in 2024, driven by heatwaves,

FIGURE 1 Syrian Arab Republic / Inflation and exchange rate



Sources: Central Bureau of Statistics of Syria, WFP Market Price Watch Bulletin, and World Bank estimates.

FIGURE 2 Syrian Arab Republic / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: see Table 2.

droughts, and shortages of agricultural inputs. Although the Syrian pound has stabilized somewhat after years of sharp depreciation, by June 2024, it had lost nearly 69 percent of its value in the parallel market compared to one year ago. Over the same period, food prices, as proxied by the World Food Programme's (WFP) minimum food basket price index, were 82 percent higher than in the previous year, reflecting the combined impact of local currency devaluation and cuts in food and fuel subsidies.

Aid flows to Syria have declined, and access to humanitarian assistance has become more challenging. According to the UN Financial Tracking Service (FTS), only US\$767 million in funding was received for humanitarian assistance within Syria during the first eight months of 2024—a 66 percent drop compared to the same period last year. As of August 2024, the Humanitarian Response Plan for Syria is just

26 percent funded, falling far short of the required US\$4 billion. According to the REACH Humanitarian Situation Overview in Syria (HSOS) surveys, by June 2024, humanitarian aid access, especially for food, has notably declined in northern Syria compared to a year ago.

Outlook

Syria's protracted economic contraction is projected to extend into 2025 due to a multitude of challenges stemming from conflicts both within Syria and across the region. Subject to extraordinarily high uncertainty, real GDP is projected to contract by 1.5 percent in 2024 and 1.0 percent in 2025, extending the 1.2 percent decline in 2023; this projection assumes that the regional conflict will remain largely contained over the coming year. Consistent with a

continued decline in per-capita GDP, extreme poverty is forecast to increase to 28.8 percent in 2023, 33.1 percent in 2024, and 37.4 percent in 2025, pushing over a third of the population into extreme poverty. Heightened regional tensions pose considerable downside risks to the economy. Escalating cross-border attacks and the growing threat of a resurgence of the Islamic State, marked by increased assaults in Syria, could severely damage infrastructure, further disrupting supply chains and driving up logistics costs. A broader regional conflict could elevate commodity prices, negatively affecting Syria as a net food and fuel importer. Syria may also face further challenges in securing international assistance due to increased humanitarian disasters in the region, which may divert resources from donors, potentially worsening malnutrition, exacerbating poverty, and increasing the likelihood of disease outbreaks.

TABLE 2 Syrian Arab Republic / Macro poverty outlook indicators

(annual percent change unless indicated otherwise)

	2021	2022	2023	2024e	2025f
Real GDP growth, at constant market prices^a	1.9	0.7	-1.2	-1.5	-1.0
Inflation (consumer price index)	118.8	63.7	92.5	37.7	11.3
Fiscal balance (% of GDP)	-6.0	-4.6	-4.3	-4.1	-3.8
International poverty rate (\$2.15 in 2017 PPP)^{b,c}	..	24.8	28.8	33.1	37.4
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{b,c}	..	67.0	71.4	75.1	78.6
Upper middle-income poverty rate (\$6.85 in 2017 PPP)^{b,c}	..	96.0	97.1	97.6	97.9

Source: World Bank, Poverty & Equity and Macroeconomics, Trade & Investment Global Practices.

Notes: e = estimate, f = forecast.

a/ Projections based on nighttime light data.

b/ Calculations based on 2022-HNAP. Actual data: 2022. Nowcast: 2023. Forecasts are from 2024 to 2026.

c/ Projection using neutral distribution (2022) with pass-through = 1 (High (1)) based on GDP per capita in constant LCU.