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# SYRIA



# ECONOMIC MONITOR

Conflict, Crises, and  
the Collapse of  
Household Welfare

Spring 2024



Public Disclosure Authorized

**THE WORLD BANK**  
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Middle East & North Africa



**DATA LAB**  
THE WORLD BANK



# Syria Economic Monitor

Conflict, Crises, and the Collapse  
of Household Welfare

Spring 2024

Middle East and North Africa Region

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# LIST OF ABBREVIATIONS

AANES	Autonomous Administration of North and East Syria	IDPs	Internally Displaced Persons
ACLED	Armed Conflict Location & Event Data Project	LAS	League of Arab States
AIS	Automatic Identification System	MENA	Middle East and North Africa
ASAP	Anomaly Hotspots of Agricultural Production	MODIS	Moderate-Resolution Imaging Spectroradiometer
CASH	Cash Assistance Vouchers or Cash in Hand	MoF	Ministry of Finance
CBS	Central Bank of Syria	MSNA	Multi-Sectoral Needs Assessment
CPI	Consumer Price Index	MTI GP	Macroeconomics, Trade, and Investment Global Practice
DID	Difference-in-Difference	NASA	National Aeronautics and Space Administration
DMSP	Defense Meteorological Satellite Program	NDVI	Normalized Difference Vegetation Index
EEZ	Exclusive Economic Zone	NGOs	Non-governmental Organizations
EIA	Energy Information Administration	NTL	Nighttime Light
EU	European Union	OCHA	Office For the Coordination of Humanitarian Affairs
EVI	Enhanced Vegetation Indices	OFAC	Office of Foreign Assets Control
FAOSTAT	Food and Agriculture Organization of the United Nations Statistics Department	SANA	Syrian Arab News Agency
FCV	Fragility, Conflict, and Violence	SDF	Syrian Democratic Forces
FTS	Financial Tracking Service	SIG	Syrian Interim Government
GCC	Gulf Cooperation Council	SSG	Syrian Salvation Government
GDP	Gross Domestic Product	SYP	Syrian Pound
HNAP	Humanitarian Needs Assessment Program	UAE	United Arab Emirates
HSOS	Humanitarian Situation Overview in Syria	UCDP	Uppsala Conflict Data Program
		UN	United Nations
		UNHCR	United Nations High Commissioner for Refugees
		UNSC	United Nations Security Council
		US	United States

US\$ United States Dollar  
USD United States Dollar  
USGS U.S. Geological Survey  
WASH Water, Sanitation and Hygiene  
WDI World Development Indicators

WFP World Food Programme  
WHO World Health Organization  
WTO World Trade Organization  
yoy Year-on-year



# PREFACE

**T**he *Syria Economic Monitor* is a semi-annual report detailing recent economic developments in the Syrian Arab Republic and its near-term outlook. The *Syria Economic Monitor* is produced by the World Bank’s Macroeconomics, Trade, and Investment Global Practice (MTI GP) in collaboration with the World Bank Data Lab. The report describes key features of Syria’s macroeconomic policy and situates them in the context of the ongoing conflict in the country. It also presents findings from recent World Bank analytical work on Syria. The *Syria Economic Monitor* is part of a broader effort by the MTI GP to better understand economic and social dynamics in countries affected by fragility, conflict, and violence (FCV), while reflecting the unique constraints involved in working in an FCV environment.

This fourth edition of the *Syria Economic Monitor* was prepared by a team comprising Luan Zhao (Senior Economist, Task Team Leader), Sandra Baquie (Economist), Mounir Mahmalat (Senior Operations Officer), Peter Salisbury (Senior Consultant), Karam Shaar (Senior Consultant), Anthony Biswell (Senior Consultant), Joanne Matossian (Consultant), Yahui Zhao (Consultant), Holly Krambeck (Program Manager, Data Lab), Maria Ruth Jones (Senior Survey Economist), Alejandra Quevedo Cardona (Consultant), Andres Chamorro (Geographer), Benny Istanto (Consultant), Cherryl Mallari Chico (Consultant), Gabriel Stefanini Vicente (Data Scientist),

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The Special Focus note “Development in Reverse: The Impact of the Syrian Conflict on Household Welfare” was prepared by Sandra Baquie, drawing on Redaelli and Infanzon Guadarrama (2024) “The Welfare of Syrian Households after a Decade of Conflict”. Luan Zhao, Joanne Matossian, Yahui Zhao, and Benny Istanto prepared Box 1, “Conflict persistently weakened agricultural production in Syria”. Luan Zhao, Andres Chamorro, and Cherryl Mallari Chico wrote Box 2, “Monitoring unrecorded vessel activity in Syria”.

Staff from the World Bank Data Lab, led by Holly Krambeck, advised on using alternative data to monitor economic activity in Syria and prepared a document entitled “Support for World Bank Syria Economic Monitor” (LINK), which informed the analysis presented in this edition.

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For more information about the World Bank's activities in Syria or to download a digital copy of this report, please visit <https://www.worldbank.org/en/country/syria/overview#1>. For questions and comments on the content of this publication, please contact Eric Le Borgne ([eleborgne@worldbank.org](mailto:eleborgne@worldbank.org)), Norbert Matthias Fiess ([nfiess@worldbank.org](mailto:nfiess@worldbank.org)), and Luan Zhao ([lzhao1@worldbank.org](mailto:lzhao1@worldbank.org)). Media inquiries should be addressed to Zeina Khalil ([zelkhalil@worldbank.org](mailto:zelkhalil@worldbank.org)).



# EXECUTIVE SUMMARY

**T**he conflict in Syria continues to be the deadliest of this century. Between 2011 and 2022, Uppsala Conflict Data Program (UCDP) recorded more than 407,000 battle-related deaths in Syria. With no prospects of an imminent political settlement, the Syrian conflict has become one of the most protracted conflicts in recent history. To date, the conflict in Syria ranks second in duration, with only the Afghan civil wars of 1989–2001 and 2006–2021 lasting longer since 1990.

**Syria experienced multiple overlapping shocks in 2023.** In February, two devastating earthquakes and a series of aftershocks struck the country's northern provinces, inflicting terrible human losses and extensive physical damage across areas that were already reeling from the conflict. Increased fighting and remote violence in northern Syria since September 2023 brought annual fatalities to a four-year high and triggered a fresh wave of internal displacement, compounding the displacement caused by the earthquakes.

**The Middle East conflict has spilled over Syria's borders.** The Armed Conflict Location & Event Data Project (ACLED) recorded 201 conflict events and 236 fatalities in Syria linked to Israeli attacks between October 2023 and March 2024. Repeated Israeli airstrikes on Syria's main airports led to a 42 percent decline in flights in the fourth quarter of 2023 compared to the previous quarter, with levels

in March 2024 still below those observed before the start of the ongoing conflict in the Middle East. Since October, military groups affiliated with the Iran-backed "axis of resistance" have carried out many attacks on US bases in northeast Syria and Israeli targets in the Golan Heights, while Israeli and US militaries have targeted various locations across Syria, resulting in dozens of fatalities, including civilians, and extensive damage to civilian infrastructure.

**The dire economic situation continued to worsen in 2023.** Economic activity, as proxied by nighttime light emissions, declined by 1.2 percent year-on-year (yoy), especially along Syria's western borders, in part due to weakened trade activity. Indeed, maritime data indicates a roughly 10 percent decrease in Syrian port visits in 2023, even after accounting for unrecorded maritime activity, prevalent among vessels like oil tankers evading detection near Syrian waters. Nighttime gas-flaring data also shows a 5.5 percent yoy drop in oil production, partly due to earthquake- and conflict-related infrastructure damage. In 2023, the Syrian pound depreciated substantially by 141 percent against the US dollar, while consumer price inflation is estimated to have risen by 93 percent, exacerbated by government subsidy cuts.

**After rebounding in the wake of the February 2023 earthquake, aid flows to Syria have declined, and access to humanitarian assistance has become more challenging.** According to the

UN Financial Tracking Service (FTS) statistics, total funding for humanitarian assistance amounted to US\$2.8 billion in 2023, down by 5 percent from the previous year. Diminished external aid, coupled with soaring prices and reduced access to essential goods, has deepened welfare challenges for Syrian households. According to the REACH Humanitarian Situation Overview in Syria (HSOS) surveys, access to health services, sewage systems, and food markets has continued to deteriorate in the areas of northern Syria most affected by the earthquake. Heightened financial vulnerability is increasingly prompting households to purchase goods on credit as a coping strategy.

**Subject to extraordinarily high uncertainty, real GDP is projected to contract by 1.5 percent in 2024.** This projection assumes that the regional conflict will remain largely contained this year. Inflation is expected to remain high in the short term due to the pass-through effects of currency depreciation, along with persistent shortages and potential further subsidy cuts to food and fuel.

**Heightened regional tensions pose considerable downside risks to the economy.** Escalating cross-border attacks could damage infrastructure, potentially further disrupting supply chains and increasing logistics costs. Attacks by the Islamic State are likely to intensify amid increased pressure on government security forces from US and Israeli attacks. The high tensions following events such as Israel's bombing of an Iranian consulate in Damascus on April 1, 2024, risk increasing attacks by both

Iranian-linked groups and Israel. A broader regional conflict would also inflate commodity prices, which is a concern for Syria as it is a net food and fuel importer. A possible redirection of aid and international assistance due to the ongoing conflict centered in Gaza may exacerbate Syria's humanitarian crisis, potentially worsening malnutrition, deepening poverty, and increasing the likelihood of disease outbreaks.

**Captagon may have become the most valuable sector of Syria's economy.** Syria has become a major producer and exporter of captagon, a highly addictive and illegal fenethylamine-based drug that became popular in the Middle East and particularly GCC countries. Using a novel dataset on drug seizures worldwide, this report estimates the annual market value of captagon of Syrian origin to amount to up to US\$5.6 billion between 2020 and 2023. Actors based in or linked to Syria profit from the sale of captagon to up to US\$1.8 billion per year, almost twice the revenue generated from all licit Syrian exports in 2023.

**Special Focus: The Syrian conflict had a devastating impact on household welfare, driving a sharp deterioration in living conditions and poverty indicators.** According to survey data collected by humanitarian organizations, extreme poverty rose from a negligible level in 2009 to roughly 25 percent by mid-2022. Multiple external factors, including the 2019 financial crisis in Lebanon, the COVID-19 pandemic, and Russia's invasion of Ukraine, have further eroded the welfare of Syrian households, and the massive Türkiye-Syria earthquakes in February 2023 devastated areas that were already severely affected by the conflict.

# الملخص التنفيذي

**استمر الوضع الاقتصادي المتردي في التدهور خلال عام 2023.** إذ انخفض النشاط الاقتصادي المُقاس بمستويات الإضاءة الليلية بنسبة 1.2 بالمئة على أساس سنوي، خاصةً على طول الحدود الغربية لسوريا، ويُعزى ذلك جزئياً إلى ضعف النشاط التجاري، وبالفعل تشير البيانات البحرية إلى انخفاض مقداره 10 في المئة تقريباً في الزيارات إلى الموانئ السورية عام 2023 حتى مع احتساب الانشطة البحرية غير المسجلة الشائعة أوساط السفن كناقلات النفط التي تتجنب الكشف عنها بالقرب من المياه السورية. تُظهر بيانات حرق الغاز ليلاً أيضاً انخفاضاً سنوياً في إنتاج النفط بنسبة 5.5 في المئة، ويرجع ذلك جزئياً إلى الأضرار التي لحقت بالبنية التحتية نتيجة الزلزال والصراع في البلد. وشهد العام 2023 أيضاً انخفاضاً كبيراً في قيمة الليرة السورية مقابل الدولار الأمريكي بنسبة 141 في المئة، في الوقت الذي تشير التقديرات إلى ارتفاع معدل تضخم أسعار المستهلكين بنسبة 93 في المئة وتفاقمه نتيجة التخفيضات في الدعم الحكومي.

**بعد انتعاشها في أعقاب زلزال شباط/فبراير 2023، انخفضت تدفقات المساعدات إلى سوريا، وأصبح الوصول إلى المساعدات الإنسانية أكثر صعوبة.** بلغ إجمالي التمويل المخصص للمساعدات الإنسانية في عام 2023 مبلغ وقدره 2.8 مليار دولار أمريكي وفقاً لإحصاءات دائرة تتبع المالي التابعة للأمم المتحدة، أي بانخفاض بنسبة 5 في المئة عن العام السابق. وقد أدى تناقص المساعدات الخارجية، إلى جانب ارتفاع الأسعار وانخفاض إمكانية الحصول على السلع الأساسية، إلى تعميق تحديات الرعاية الاجتماعية للأسر السورية، حيث استمر الوصول إلى الخدمات الصحية وشبكات الصرف الصحي وأسواق المواد الغذائية في التدهور في مناطق شمال سوريا الأكثر تضرراً من الزلزال وفقاً لاستطلاعات "ريتش" للوضع الإنساني في سوريا، في الوقت الذي يضغط ضعف القدرة المالية المتزايد على الأسر ويضطربهم إلى شراء السلع الغذائية بالدين كاستراتيجية للتكيف.

**وصلت حالة عدم اليقين إلى مستويات عالية جداً، ومن المتوقع بالتالي انكماش الناتج المحلي الإجمالي الحقيقي بنسبة 1.5 في**

**ل** اتزال الحرب في سوريا الأكثر دموية في هذا القرن. فهي حربٌ خلفت معاركها أكثر من 407,000 حالة وفاة خلال الفترة من 2011 إلى 2022 طبقاً لبرنامج أوبسالا لبيانات النزاعات. ذلك ولا تبدو في الأفق أي تسوية سياسية بعد لهذه الحرب التي أضحت واحدة من أطول الصراعات في التاريخ الحديث محتلةً المرتبة الثانية في قائمة الصراعات الأطول منذ 1990، ولا يسبقها في القائمة سوى الحربين الأهليتين الأفغانيتين خلال الفترة 1989-2001 والفترة 2006-2021.

**شهدت سوريا صدمات متعددة ومتداخلة في عام 2023.** لقد شهدت محافظات الشمال السوري خلال شهر شباط/فبراير زلزالين مدمرين تلتها سلسلة من الهزات الارتدادية ملحقة خسائر بشرية فادحة وأضرار مادية جسيمة بمناطق كانت تعاني من الصراع أساساً، وأفضت المعارك وأعمال العنف المتصاعدة في شمال سوريا منذ سبتمبر 2023 إلى وصول عدد القتلى السنوي إلى أعلى مستوى له منذ أربع سنوات، وأدت إلى موجة نزوح جديدة ضاعفت من آثار النزوح التي خلفتها الزلازل.

**امتد الصراع في الشرق الأوسط عبر الحدود السورية.** فقد سجّل مشروع بيانات مواقع وأحداث النزاعات المسلحة 201 حدث نزاع و236 حالة وفاة مرتبطة بالهجمات الإسرائيلية خلال الفترة بين تشرين الأول/أكتوبر 2023 ومارس 2024، وأدت الغارات الجوية الإسرائيلية المتكررة على المطارات الرئيسية في سوريا إلى انخفاض عدد الرحلات الجوية بنسبة 42 في المئة في الربع الأخير من عام 2023 مقارنة بالربع السابق، واستمر الوضع على حاله وظلت مستويات الرحلات الجوية في آذار/مارس 2024 أقل مما كانت عليه قبل بدء الصراع القائم في الشرق الأوسط. ومنذ تشرين الأول/أكتوبر، نفذت مجموعات عسكرية تابعة لـ"محور المقاومة" المدعوم من إيران العديد من الهجمات على قواعد أمريكية في شمال شرق سوريا وأهداف إسرائيلية في مرتفعات الجولان، في حين استهدف الجيشان الإسرائيلي والأمريكي مواقع مختلفة في جميع أنحاء سوريا، مما أسفر عن مقتل العشرات، بينهم مدنيون، وإلحاق أضرار جسيمة بالبنية التحتية المدنية.

المئة في عام 2024. ويفترض هذا التوقع الاستمرار في احتواء الصراع الإقليمي إلى حد كبير بقية هذا العام، في حين يُتوقع أن تبقى مستويات التضخم مرتفعةً على المدى القصير نتيجة الآثار العابرة لانخفاض قيمة العملة وأن يستمر نقص الغذاء والوقود واحتمال زيادة خفض الدعم الحكومي لها.

**تشكل التوترات الإقليمية المتصاعدة مخاطر سلبية جسيمة على الاقتصاد.** فقد يؤدي تصاعد الهجمات عبر الحدود إلى إلحاق أضرار بالبنية التحتية، مما قد يتسبب في المزيد من الاختلالات في سلاسل التوريد وزيادة التكاليف اللوجستية. من المرجح أن تشتد هجمات تنظيم الدولة الإسلامية وسط زيادة الضغط على قوات الأمن الحكومية من الهجمات الأمريكية والإسرائيلية. إن التوترات الشديدة التي أعقبت أحداثاً مثل قصف إسرائيل لقنصلية إيرانية في دمشق في 1 نيسان/أبريل 2024، تهدد بزيادة الهجمات من قبل كل من الجماعات المرتبطة بإيران وإسرائيل. سيؤدي نشوب صراع إقليمي أوسع أيضاً إلى تضخم أسعار السلع الأساسية الذي يُعد من أهم مصادر القلق لسوريا كونها مستورد صافٍ للغذاء والوقود. كما تؤدي إعادة توجيه المساعدات الدولية المحتملة بسبب الصراع الحالي المتمركز في غزة إلى تفاقم الأزمة الإنسانية في سوريا، مما قد يؤدي إلى تفاقم سوء التغذية، وتعميق الفقر، وزيادة احتمال تفشي الأمراض.

ربما أصبح الكبتاغون القطاع الأكثر قيمة في الاقتصاد السوري. أصبحت سوريا منتجا ومصدرا رئيسيا للكبتاغون، وهو عقار شديد الإدمان وغير قانوني يعتمد على الفينيثيلين وأصبح شائعاً في الشرق الأوسط وخاصة دول مجلس التعاون الخليجي. باستخدام مجموعة بيانات جديدة عن مضبوطات المخدرات في جميع أنحاء العالم، يقدر هذا التقرير القيمة السوقية السنوية للكبتاغون سوري المنشأ بما يصل إلى 5.6 مليار دولار أمريكي بين عامي 2020 و 2023. تستفيد الجهات الفاعلة في سوريا والمرتبطة بها من بيع الكبتاغون بما يصل إلى 1.8 مليار دولار أمريكي سنوياً، أي ما يقرب من ضعف الإيرادات المتأتية من جميع الصادرات السورية المشروعة في عام 2023.

**فصل تحليلي خاص: كان تأثير الصراع السوري على رفاه الأسرة مدمراً وأدى إلى تدهور حاد في الظروف المعيشية ومؤشرات الفقر.** لقد ارتفعت معدلات الفقر المدقع من مستوياتها الضئيلة التي لا تكاد تُذكر في عام 2009 إلى ما يقرب من 25 في المئة بحلول منتصف عام 2022 وفقاً للبيانات التي جمعتها المنظمات الإنسانية في مُسوحها. واجتمعت العديد من العوامل الخارجية لتزيد من ضعف مستوى معيشة الأسرة السورية منها الأزمة المالية في لبنان في عام 2019، وجائحة كورونا، والغزو الروسي لأوكرانيا، كما أن الزلازل الهائلة التي ضربت تركيا وسوريا في شباط/فبراير 2023 قد دمرت المناطق التي كانت متضررة بشدة من النزاع.



# CONFLICT CONTEXT

## **T**he war in Syria continues to be the world's deadliest conflict of the past three decades

(Figure 1A). Between 2011 and 2022, the Uppsala Conflict Data Program (UCDP) recorded more than 407,000 battle-related deaths in Syria—more than any other conflict of the past three decades—almost twice as many as were recorded in the Afghan civil war between 2006 and 2021 and four times as many as during the first year of war in Ukraine in 2022. The Syrian conflict was also among the quickest to escalate, with only the Ethiopian conflict in Tigray of 2021 and 2022 causing more conflict-related deaths in the first two years. As political settlements to end the conflict remain elusive and extremist groups, notably the so-called Islamic state, continue to wage insurgencies, the Syrian conflict has also become one of the most protracted conflicts in recent history. In its duration, the Syrian conflict is surpassed only by the Afghan civil wars of 1989–2001 and 2006–2021, as fatalities decreased slower than during any other conflict of the past three decades (Figure 1B). With recurring escalations of violence, the Syrian conflict remains the 4<sup>th</sup> most deadly conflict in 2023 on a per-capita basis. With 27 deaths per 100,000 people, only the conflicts

in Ukraine (117.2), Somalia (45.5), and Myanmar (31.9) record higher fatalities per capita.<sup>1</sup>

## **In 2023, Syria experienced the most intense military escalation of the past four years.**

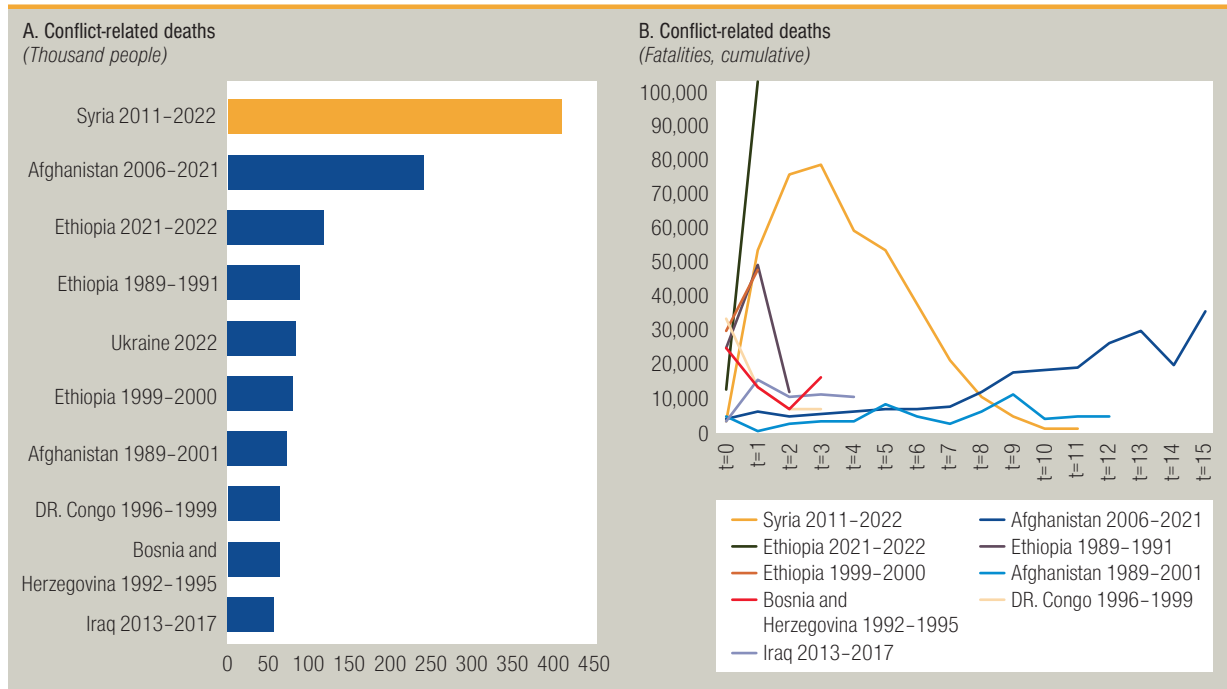
After a brief reduction of violence following the February 6 earthquake, the number of violent events and the number of fatalities surpassed previous levels during the summer (Figure 2A). In October, government forces launched a major offensive against opposition groups in Syria's northwestern Idlib governorate,<sup>2</sup> causing hundreds of civilian casualties and severely disrupting essential public services.<sup>3</sup> Violence also surged in the northeast between

<sup>1</sup> According to ACLED.

<sup>2</sup> Hezaber, Husam and Ali Haj Suleiman. 2023. "Northwest Syria witnesses most intense military escalation in three years." Al Jazeera, October 31, 2023. <https://www.aljazeera.com/news/2023/10/31/northwest-syria-witnesses-most-intense-military-escalation-in-three-years>

<sup>3</sup> Agence France Press. 2023. "More than 4,360 dead in Syria war in 2023 – war monitor." The Jordan Times, December 31, 2023. <https://www.jordantimes.com/news/region/more-4360-dead-syria-war-2023-%E2%80%94-war-monitor>.

**FIGURE 1 • The Conflict in Syria Became the Deadliest and One of the Most Protracted Conflicts of the Past Three Decades**



Source: UCDP Georeferenced Event Dataset v. 23.1.

Note: The UCDP Georeferenced Event Dataset v. 23.1 collects data on state-based armed conflict, non-state conflict, and one-sided violence globally between 1989 and 2022.

A country is coded as having experienced a conflict in any given year if the number of battle-related fatalities exceeds one hundred per one million people. Period t = 0 signifies the year a conflict initiates for each respective country, while the last year indicates its resolution or cessation.

September and November, with clashes between the Syrian Democratic Forces (SDF) and tribal groups in Deir-ez-Zor governorate and a series of Turkish airstrikes on Autonomous Administration-held areas, disrupting the supply of water and electricity for much of the population (Figure 2B). By October, the onset of the ongoing conflict in the Middle East precipitated various attacks by military groups linked to the “axis of resistance” on US bases in Syria’s northeast<sup>4</sup> and on Israeli targets in the occupied Golan Heights,<sup>5</sup> as well as a series of attacks by Israeli and US militaries on various targets across Syria, resulting in dozens of fatalities, including civilians, and extensive damage to civilian infrastructure.<sup>6</sup> Throughout 2023, the Armed Conflict Location and Event Data Project (ACLED) recorded 6,234 conflict-related deaths and 12,741 violent events in Syria, an increase of 5 and 3 percent from 2022.

**Protests erupted in the southern governorates of Dar’a and As-Sweida in August 2023, which quickly spread across the country.** While

most protests occurred in As-Sweida and Dar’a, major demonstrations took place throughout August and September in cities both under government and opposition control, including Damascus, Daraa, Tartous, Aleppo, Homs, and Deir-ez-Zor.<sup>7</sup> These demonstrations surpassed previous protest waves both

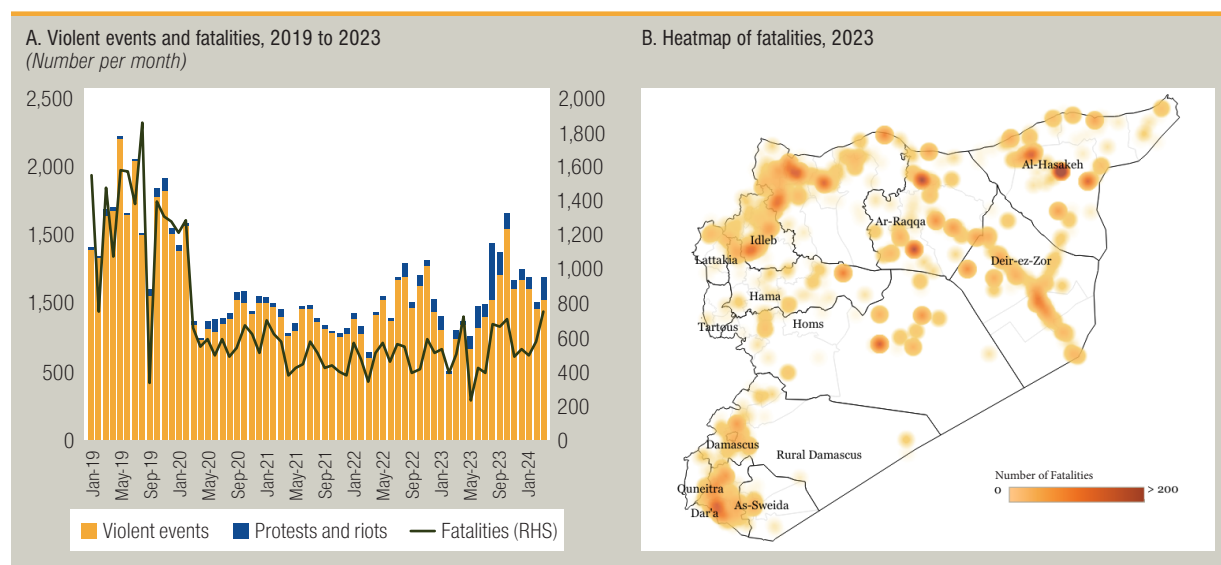
<sup>4</sup> U.S. Department of Defense. 2024. “Deputy Pentagon Press Secretary Sabrina Singh Holds a Press Briefing.” January 18, 2024. <https://www.defense.gov/News/Transcripts/Transcript/Article/3649790/deputy-pentagon-press-secretary-sabrina-singh-holds-a-press-briefing/>.

<sup>5</sup> Crisis Analysis. 2024. “Israel–Gaza Conflict Implications for the MENA Region”. January 2024.

<sup>6</sup> Hassan, Mohammed. 2024. “US response to Tower 22 attack in Jordan: Less intense, more restrained than anticipated.” Middle East Institute, February 9, 2024. <https://www.mei.edu/publications/us-response-tower-22-attack-jordan-less-intense-more-restrained-anticipated>.

<sup>7</sup> Crisis Analysis – Syria. 2023. “August ’23 Monthly Report.” <https://ca-syr.org/periodical/august-2023-monthly-report>.

**FIGURE 2 • Conflict Intensity Peaked Over the Summer of 2023 and Remains Concentrated in the northern Governorates**



Source: ACLED, <https://acleddata.com/>.

in number and size. Protests were initially triggered by deteriorating living conditions and high inflation, driven by a reduction in subsidies for fuel and other basic necessities as well as a significant drop in the parallel-market value of the Syrian pound against the US dollar. By late August, protests had evolved into a movement expressing political demands concerning corruption, governance, and political representation. While largely peaceful, on some occasions, protests escalated into violence and led to clashes with security forces.

**Israel’s attacks following the onset of the ongoing conflict in the Middle East added to the intensity of the Syrian conflict overall.** Between October 2023 and March 2024, ACLED recorded a total of 201 conflict events and 236 fatalities linked to Israeli attacks within Syria, the highest number of conflict events involving Israel since the project began monitoring the Syrian conflict in 2017. These strikes include various targeted assassinations of Iranian and Iran-linked personnel, which killed at least 17 members of Iran’s Revolutionary Guards between October 7 and April 3,<sup>8</sup> caused significant collateral damage and fatalities, and increased conflict-related risks (see Section III.B). Repeated strikes on critical infrastructure also targeted the airports of Aleppo

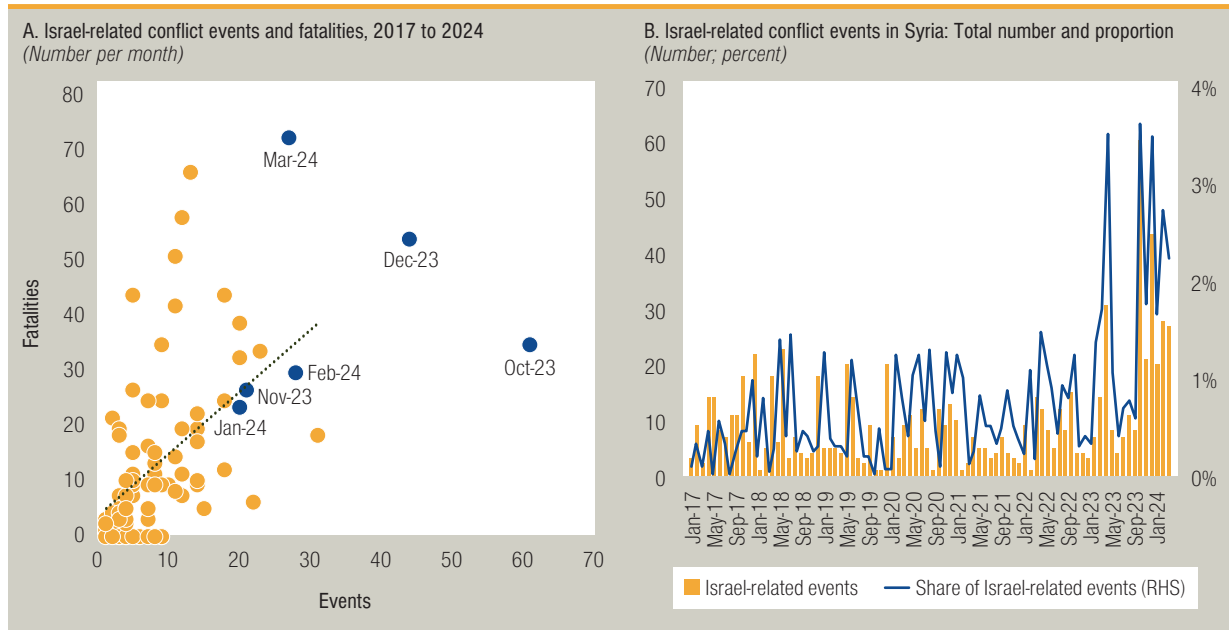
and Damascus, significantly disrupting air traffic (see Section II.B).<sup>9</sup> However, both the number and impact of Israel-related conflict events remain limited within the context of Syria’s broader conflict environment. From October until March 2024, Israeli attacks exhibit a similar lethality as the average of attacks Israel conducted in previous periods with the exception of March 2024 (Figure 3A), while the share of Israel-related events has never accounted for more than 4 percent of all conflict events in Syria in a given month (Figure 3B).

**The military escalations of September and October 2023 triggered a fresh wave of displacement in Syria’s northern regions, compounding the displacement caused by the February 2023 earthquakes.** As the February earthquake destroyed hundreds of thousands of housing units, approximately 500,000 to 600,000 people became homeless

<sup>8</sup> Shotter, James, Guy Chazan, and Andrew England. “Israel’s consulate assault raises stakes in shadow war with Iran.” *Financial Times*, April 2, 2024. <https://www.ft.com/content/34ac0176-1094-438f-9362-18c0d271a195>.

<sup>9</sup> Agence France Press. 2023. “Syria’s two main airports still shut month after Israeli strikes: monitor.” *Arab News*, November 22, 2023. <https://www.arabnews.com/node/2413286/middle-east>.

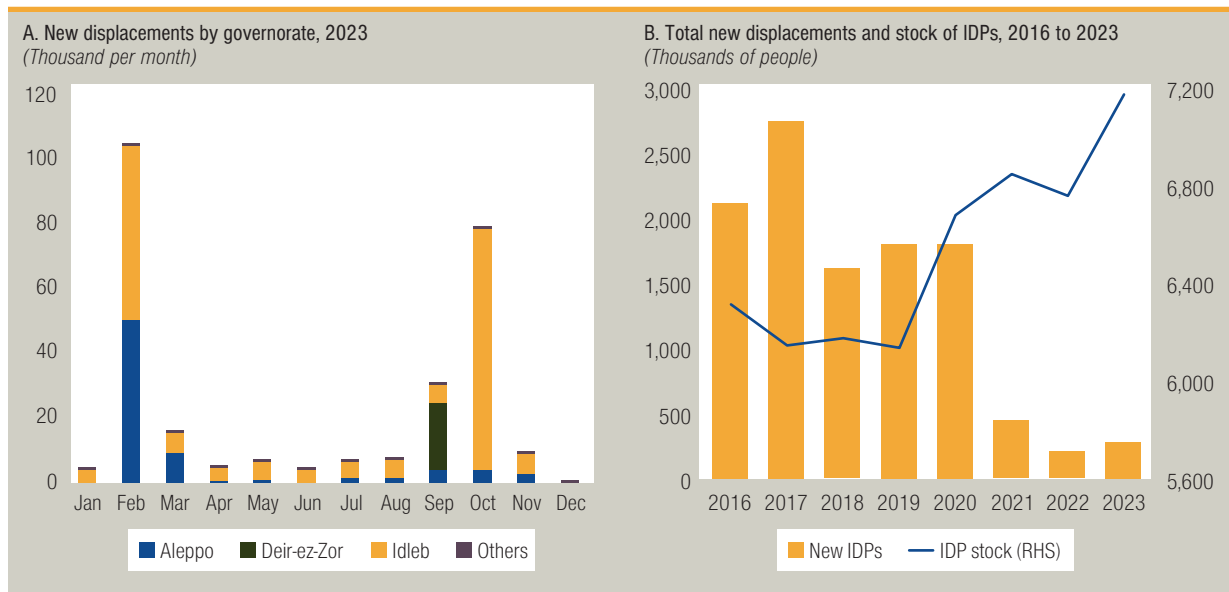
**FIGURE 3 • The Uptick in Israel-Related Conflict Events Added to Conflict Intensity Overall**



Source: ACLED, <https://acleddata.com/>.

Note: Israel-related conflict events in Syria encompass airstrikes, and confrontations between Israeli forces and actors within Syria, including the Syrian government, Iranian-backed groups, or Hezbollah.

**FIGURE 4 • New Displacement Surged after the February Earthquakes and again Following the Escalation of the Conflict in October**



Source: Internal Displacement Monitoring Center, <https://www.internal-displacement.org/countries/syria>; Humanitarian Data Exchange – Office For the Coordination of Humanitarian Affairs (OCHA), Syrian Arab Republic: IDP Movements and IDP Spontaneous Return Movements Data – Humanitarian Data Exchange ([humdata.org](https://humdata.org)).

and experienced temporary displacement within their own communities,<sup>10</sup> while more than 100,000 people were recorded as Internally Displaced Persons (IDPs) by having been forced to migrate to other regions within Syria (Figure 4A). While fewer displacements occurred between May and August due to a lower intensity of fighting, clashes between the SDF and tribal groups as well as the Turkish military offensive in September displaced more than 20,000 people in the Deir-ez-Zor governorate alone. The government-led offensive in Idlib in October 2023 displaced an additional 120,000 people.<sup>11</sup> As of the end of 2023, more than half of Syria's pre-conflict population remained

displaced, including 7.2 million IDPs and 6.7 million refugees abroad (Figure 4B).<sup>12</sup>

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<sup>10</sup> See World Bank, 2023. Syria Economic Monitor: The Economic Aftershocks of Large Earthquakes. Washington, D.C: World Bank Group. <http://documents.worldbank.org/curated/en/099540309012311026/IDU0a8823acd034ac04efd0abc20842c479023f4>.

<sup>11</sup> Agence France Press. 2023. "As aid runs out, Syria's displaced fear dying of hunger." The Jordan Times, December 7, 2023. <https://www.jordantimes.com/news/region/aid-runs-out-syrias-displaced-fear-dying-hunger>

<sup>12</sup> UNHCR's Refugee Population Statistics Database [unhcr.org/refugee-statistics/download/?url=fNIG45](http://unhcr.org/refugee-statistics/download/?url=fNIG45).



# RECENT ECONOMIC DEVELOPMENTS

## The dire economic situation has continued to worsen

**A decade of conflict has devastated the Syrian economy.** According to official statistics, Syria's gross domestic product (GDP) shrank by 54 percent between 2010 and 2021. The impact of the conflict is likely much larger according to the nighttime light (NTL) data, which offer a more timely, granular (with readily available spatial information), comprehensive (covering all of Syria's territory), and potentially more reliable means of tracking overall economic activity at both the aggregated and sectoral level compared to official estimates. A quantitative analysis of the relationship between NTLs and economic activity indicates a sharper 84 percent contraction in economic activity from 2010 to 2023 (Figure 5A). However, an analysis of nighttime gas flaring data indicates significantly higher oil and gas output than official estimates, possibly indicating growth in informal and illicit economic activity within the energy sector since the outbreak of war, which is not captured in official statistics (Figure 5B).<sup>13</sup>

**The conflict has weakened Syria's capacity to absorb external economic shocks.** In recent years, the economy has faced multiple external

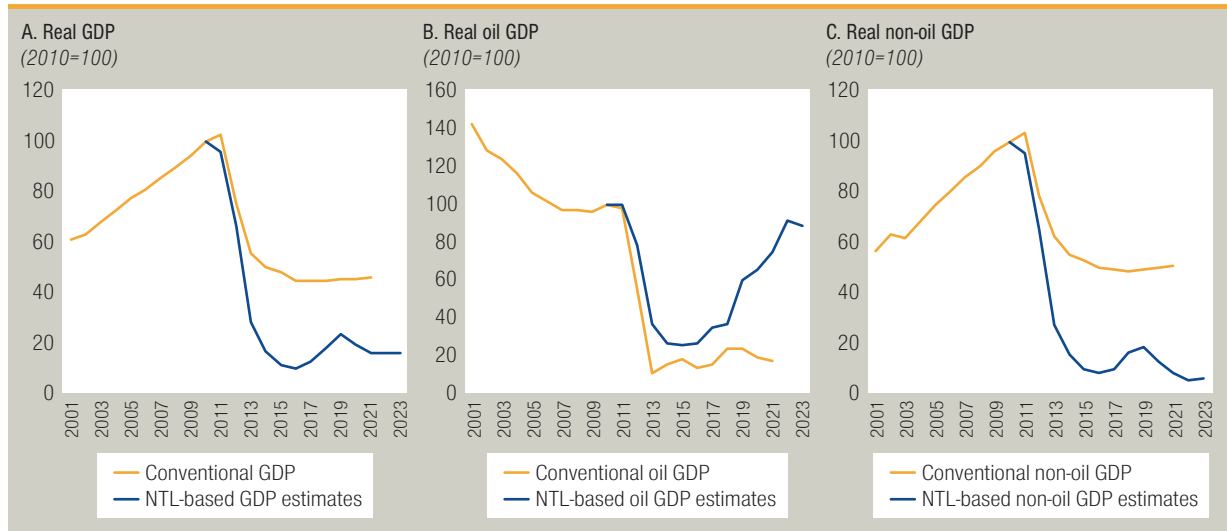
shocks, including spillover effects from economic crises in neighboring Lebanon and Türkiye starting in late 2019, the COVID-19 pandemic and subsequent cholera outbreak, the spike in global commodity prices following the war in Ukraine, the February 2023 earthquakes in Syria and Türkiye, and more recently, the increased attacks and trade disruptions related to the ongoing Middle East conflict.

**NTL analysis indicates a decrease in economic activity in 2023 by 1.2 percent year-on-year (yoy), concentrated in northeastern and western Syria.** In the absence of statistics on regional economic output, typically measured as regional GDP, NTL analysis allows for an understanding of the spatial dynamics of economic activity in Syria.<sup>14</sup> For example, in recent years, economic activ-

<sup>13</sup> The amount of gas flared for a given quantity of oil extracted is largely influenced by the technology employed and the geological properties of the oil fields. Should less be invested to mitigate gas flaring after the start of the conflict, there might be an increase in nighttime gas flaring for a given level of oil production.

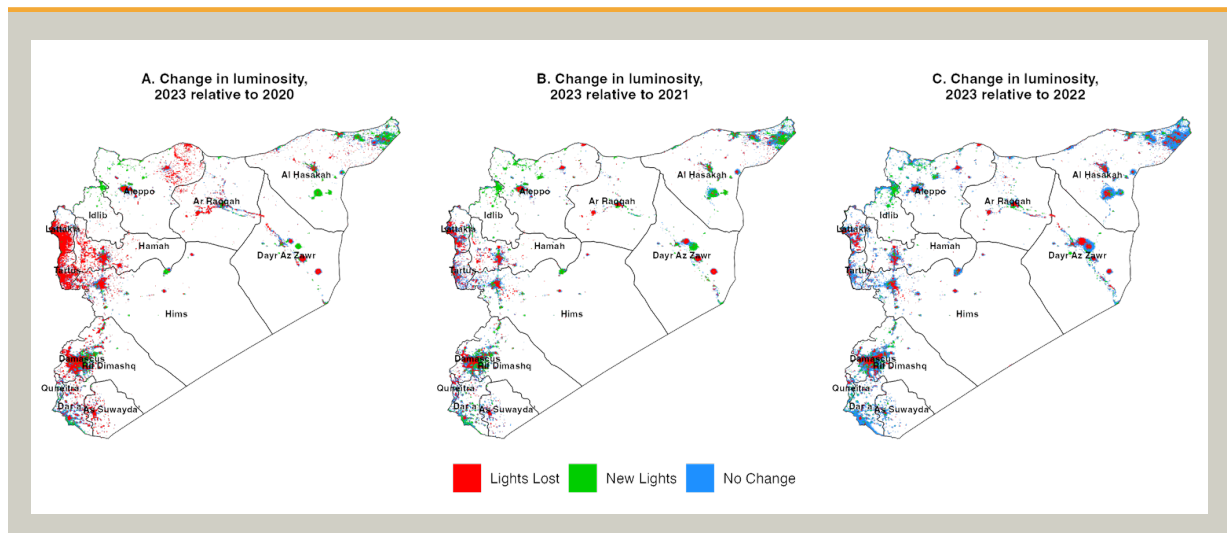
<sup>14</sup> The spatial dimension of developments takes on a critical dimension in FCV contexts: averaging across

**FIGURE 5 • Syria’s Economic Activity Has Significantly Contracted since the Start of the Conflict**



Source: National Aeronautics and Space Administration (NASA)’s Black Marble nighttime lights product suite and Defense Meteorological Satellite Program (DMSP) satellites; World Development Indicators (WDI); Syria Central Bureau of Statistics; World Bank staff estimates.  
 Note: The NTL data from 2000 to 2012 is obtained from DMSP, while data from 2014 to 2023 is sourced from NASA’s Black Marble. For the year 2013, figures are derived by averaging NTL data from BM and DMSP. Estimations for NTL-based oil GDP utilize Syria’s pre-conflict coefficient between flaring NTL and oil GDP, calculated at 1.24 through linear regression, and 2011–2022 flaring NTL data to predict post-conflict oil GDP. Estimations for NTL-based non-oil GDP utilize Syria’s pre-conflict coefficient between non-flaring NTL and non-oil GDP, calculated at 1.49 through linear regression, and 2011–2022 non-flaring NTL data to predict post-conflict non-oil GDP. NTL-based GDP estimates are then derived by summing the NTL-based oil GDP estimates and NTL-based non-oil GDP estimates, weighted by the proportion of oil GDP in the total GDP.

**FIGURE 6 • Nighttime Light Data Indicate a Decline in Economic Activity in 2023, Concentrated in Northeastern and Western Syria**



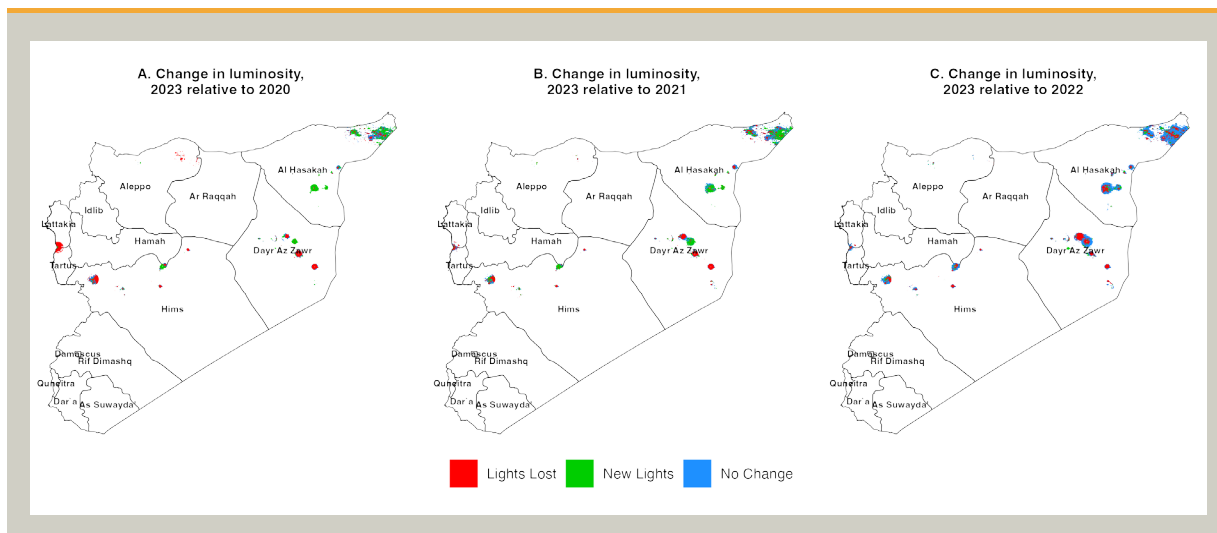
Source: Satellite images from NASA’s Black Marble; World Bank staff estimates.  
 Note: Nighttime light emissions are commonly used as a proxy for overall economic activity.

ity has fallen significantly in the port cities of Lattakia and Tartous, in part due to the halved international trade activity since 2019 (see Section III.B), as well as in Damascus, the capital. In 2023, economic

areas of the country can be highly misleading as conflict intensity varies widely across time and space, which in turn generates a large heterogeneity of economic and social conditions across time and space.



**FIGURE 7 • Gas Flaring Nighttime Light Data Indicates a Decrease in Syria’s Oil Production in 2023**



Source: Satellite images from NASA’s Black Marble; World Bank staff estimates.

Note: Nighttime lights in gas flaring locations are considered as a proxy for oil production or oil GDP.

activity continued to decline in the same areas, alongside a significant decrease in northeast Syria related to reduced oil production (further detailed in the next paragraph). Meanwhile, an increase in NTL emissions in the severely affected northwest may reflect disaster-relief efforts following the February earthquakes.

**Nighttime gas flaring data points to a decrease in oil production in 2023 of 3.5 percent yoy, partly due to earthquake- and conflict-related infrastructure damage.** As a result, oil production in Syria has fallen from 383 thousand barrels a day in 2010 to 90 thousand barrels a day in 2023, according to the US Energy Information Administration. While production was already in decline before the conflict due to aging oil fields, the war has sharply accelerated the fall. The Syrian Democratic Forces, in collaboration with international coalition forces, currently control the majority of oil fields in the northeastern Deir-ez-Zor and Hasakeh governorates, which account for over 85 percent of Syria’s oil production, according to the nighttime gas flaring data,<sup>15</sup> showcasing a 6 percent contraction in oil production in 2023 (Figure 7C). In February 2023, the earthquake inflicted physical damage on the Baniyas refinery, Syria’s largest refinery, coupled with electricity outages and disrupted supply chains, negatively impacting oil production and processing. Turkiye’s bombing campaign, initi-

ated in October 2023, caused significant damage to critical infrastructure, services, and resources in Syria’s northeastern region, including over half of the Kurdish-held power plants and oil infrastructure, further affecting oil production.<sup>16,17</sup>

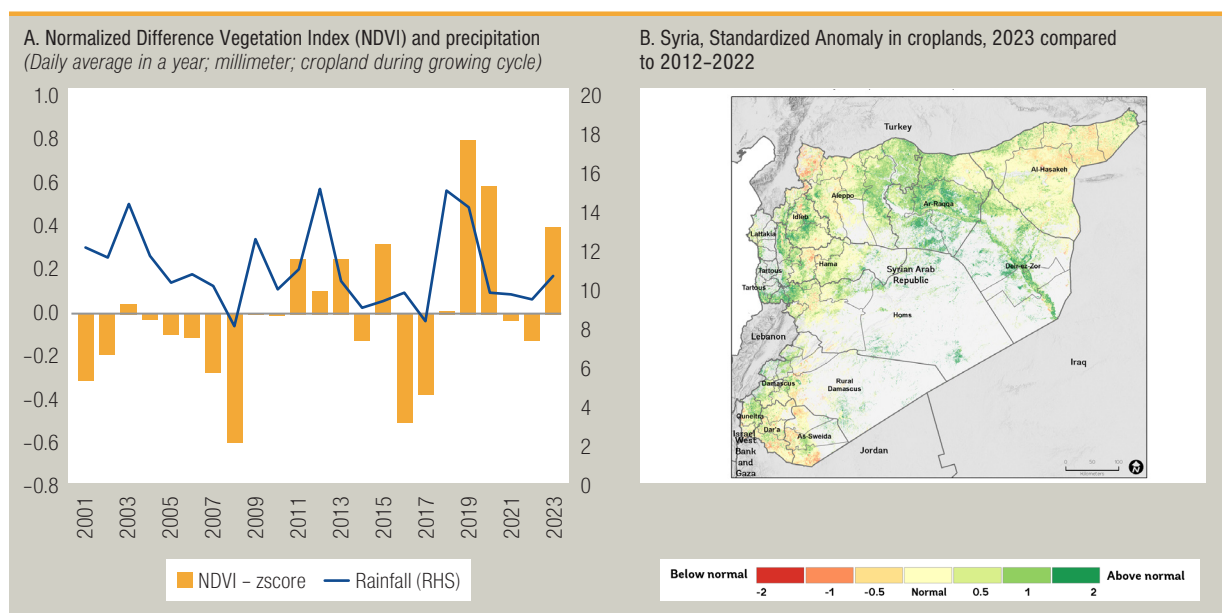
**Following the near-historical low in 2022, agricultural production rebounded in 2023 amid improved weather conditions.** Official statistics indicate a doubled wheat harvest for 2023, yielding 2 million metric tons compared to the previous year’s

<sup>15</sup> Syria TV. 2023. “Tanker Convoy Enters SDF Areas to Transport Oil to Regime.” The Syrian Observer, October 20, 2023. <https://syrianobserver.com/news/85738/tanker-convoy-enters-sdf-areas-to-transport-oil-to-regime.html>.

<sup>16</sup> El Hussein, Rouba. 2023. “Turkey destroying NE Syria oil, power facilities: Kurds.” Al Monitor, October 11, 2023. <https://www.al-monitor.com/originals/2023/10/turkey-destroying-ne-syria-oil-power-facilities-kurds>.

<sup>17</sup> This includes the power generation of the Rumeilan Company, the operator of Syria’s largest oil fields, dealing a blow to the energy-dependent economy of the northeast and leading to fuel shortages. The Syria Report. 2023. “Turkey and Damascus’ Retaliatory Attacks Destroy Critical Civilian Infrastructure in the North.” October 11, 2023. <https://syria-report.com/turkish-and-damascus-retaliatory-attacks-destroy-critical-civilian-infrastructure-in-the-north/>.

**FIGURE 8 • Remote Sensing Vegetation Indices Suggest Enhanced Crop Yields in 2023, Largely due to Improved Weather Conditions**



Source: U.S. Geological Survey (USGS)/Moderate-Resolution Imaging Spectroradiometer (MODIS), Vegetation Indices; World Bank staff estimates.  
 Note: (A) NDVI is a satellite-derived proxy of vegetation status, which represents agricultural production to some extent. (B) Enhanced vegetation indices (EVI) standardized anomaly is a dimensionless measure that accounts for variations in the mean and standard deviation of the time series data, allowing for a more robust comparison of anomalies across different time periods. The map only shows the crop yield conditions at croplands.

1 million metric tons.<sup>18</sup> This sharp improvement is confirmed by remote sensing vegetation indices, which surpassed the levels of both the previous year and the 2011–2022 average, signifying a healthier vegetation cover and better agricultural conditions (Figure 8). This improvement, particularly notable in the northeastern region, can be attributed to favorable weather patterns, including increased rainfall levels between March and May 2023.<sup>19</sup> Nevertheless, the protracted conflict has resulted in damage to infrastructure and irrigation systems, along with disruptions in land utilization, persistently hindering agricultural production (Box 1).

### Trade activity remains weak

**Conflict-related disruptions have driven a collapse of foreign trade since 2011.** According to the Central Bank of Syria (CBS), goods exports shrank from US\$8.8 billion in 2010 to US\$1.0 billion in 2023. Mirror statistics from the UN Comtrade database for other countries' reported imports from Syria show a decline

from US\$8.8 billion in 2010 to US\$0.7 billion in 2022, with oil exports accounting for the largest drop in trade activity (Figure 12A). Imports have also contracted since the onset of conflict, albeit less sharply than exports. Imports have declined from US\$17.5 billion in 2010 to US\$3.2 billion in 2023, according to official data, and from US\$18.8 billion in 2010 to US\$4.8 billion in 2022,

<sup>18</sup> The wheat yield, reflecting combined announced yields from the Syrian government, the Autonomous Administration of North and East Syria (AANES), the Syrian Salvation Government (SSG), and the Syrian Interim Government (SIG), saw increases from 500,000 to 760,000 tons, from 320,000 to 1,000,000 tons, from 23,300 to 50,000 tons, and from 13,900 to 50,000 tons, respectively, between 2022 and 2023. Crisis Analysis – Syria. 2024. “2023 Syria in Review – Humanitarian Report.” February 2024. <https://ca-syr.org/report/2023-syria-in-review>.

<sup>19</sup> FAO, FSC, iMMAP Inc, and WFP. 2023. “Wheat to Bread Market Assessment Part 2 – Northeast Syria – August 2023.” ReliefWeb, September 13, 2023. <https://reliefweb.int/report/syrian-arab-republic/wheat-bread-market-assessment-part-2-northeast-syria-august-2023>.

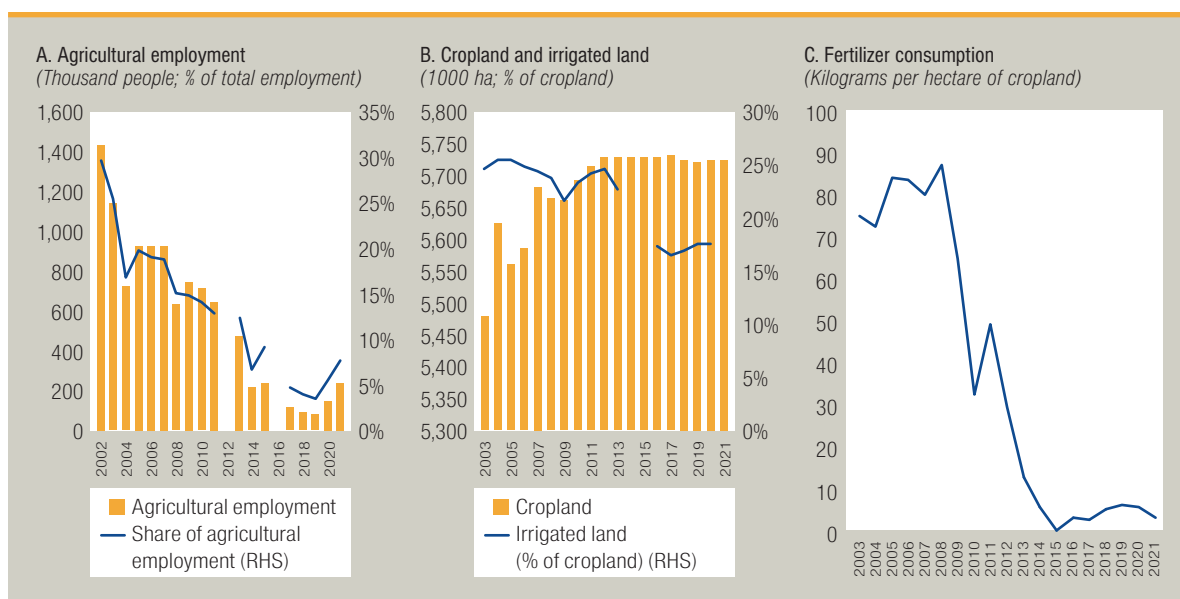
## BOX 1: EVIDENCE THAT THE CONFLICT PERSISTENTLY WEAKENED AGRICULTURAL PRODUCTION IN SYRIA

**The protracted conflict in Syria has severely affected the agriculture sector.** While the drought in the late 2010s already pushed a notable share of laborers out of the agriculture sector, widespread violence has led to displacement and forced many farmers to abandon their lands, leading to a continued decline in agricultural employment since the conflict (Figure 9A). Moreover, the conflict inflicted extensive damage to infrastructure and irrigation systems. Since the conflict began, Syria has seen a 25 percent decrease in irrigated cropland compared to 2010, with the proportion of irrigated cropland to total cropland falling from 24 to 17 percent, despite no substantial change in overall cropland area (Figure 9B). The conflict has also made it difficult for farmers to access essential inputs for crop cultivation, including seeds, fertilizers, pesticides, fuel, and spare parts for machinery, further reducing agricultural production. Figure 9C underscores a noteworthy decline in fertilizer consumption over the past decade, with Syria nearly halting its use from 2015 to 2021.

**A direct comparison with Turkiye's agricultural sector underscores the decline in cropland yields in Syria.** Since the start of the conflict, cropland yields between Syria and Turkiye have diverged significantly, despite having similar climatic conditions. Regions near the Syria-Turkiye border have experienced comparable rainfall and temperature patterns (Figure 11A and Figure 11B). Yet, the disparity in yield has been widening, especially during the conflict (Figure 11C).

**Empirical analysis suggests a significant decline in Syrian cropland yields is attributable to the Syrian conflict.<sup>a</sup>** Controlling for climate conditions like temperature, rainfall, solar radiation, and water satisfaction, the Difference-in-Difference (DID) regression model shows that, after the Syrian conflict, Syria's crop yield, as proxied by remote sensing vegetation indices, averaged 8.8 to 11.5 percent lower compared to regions in Turkiye along the same border area (Table 1).

**FIGURE 9 • Irrigated cropland area decreased during the Syrian conflict**



Source: Food and Agriculture Organization of the United Nations Statistics Department (FAOSTAT); World Development Indicators; Central Bureau of Statistics of Syria; World Bank estimates.

Note: The irrigated cropland area in Syria refers to the cropland area that is actually irrigated, rather than the land area equipped for irrigation.

<sup>a</sup> To quantify the impact of the Syrian conflict on cropland yields, a DID regression analysis spanning the period from 2002 to 2022 was employed, utilizing NDVI as a proxy for crop yields:

$$\log(\text{NDVI})_{it} = \alpha + \theta \cdot \text{Syria}_i \cdot \text{PostConflict}_t + \beta \cdot X_{it} + \mu_i + \lambda_t + \varepsilon_{it}$$

where  $\log(\text{NDVI})_{it}$  is the NDVI for cropland during growing cycles in region  $i$  at month  $t$ .  $\text{Syria}_i$  takes a value of one if  $i$  is a region belonging to Syria and zero otherwise.  $\text{PostConflict}_t$  takes a value for one if  $t$  is equal or greater than 2011 and zero otherwise.  $X_{it}$  is a vector of time-varying meteorological variables and their quadratic terms, including temperature, rainfall, solar radiation, and water satisfaction index.  $\mu_i$  represents region-fixed effects, capturing time-invariant factors like agronomic suitability.  $\lambda_t$  denotes time fixed effects.  $\varepsilon_{it}$  is the random error term. The coefficient of interest  $\theta$  measures the impact of conflict on cropland yields.

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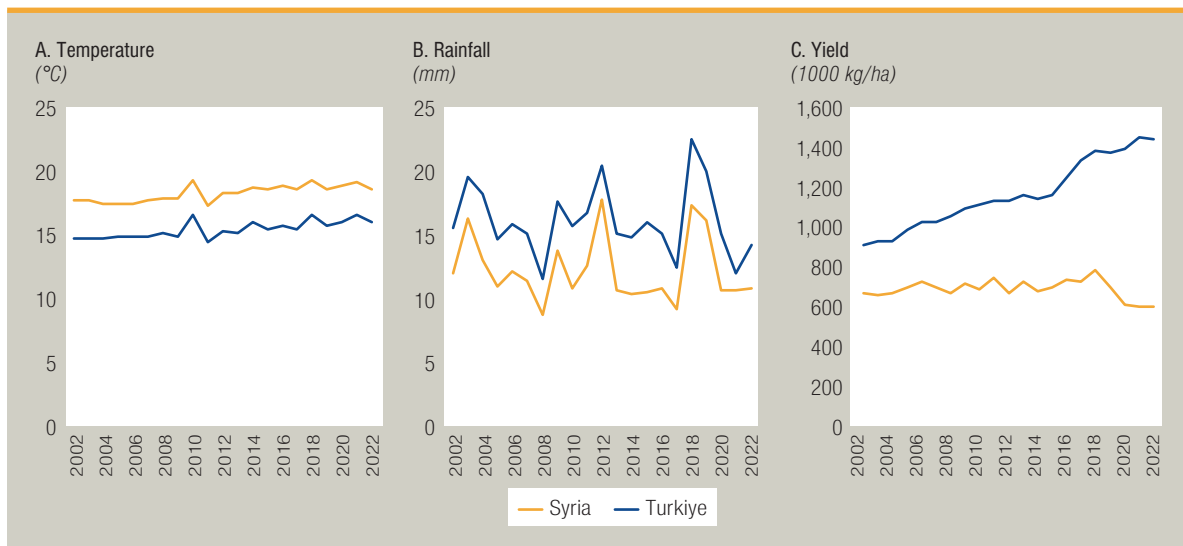
**BOX 1: EVIDENCE THAT THE CONFLICT PERSISTENTLY WEAKENED AGRICULTURAL PRODUCTION IN SYRIA** *(continued)*

**FIGURE 10 • Cropland Areas along the Syria-Turkiye Border**



Source: Google Earth <https://earth.google.com/>; World Bank estimates.  
 Note: The empirical analysis covers 20 regions near the Syria-Turkiye border, including 8 Syrian areas (Aleppo, Deir-ez-Zor, Hama, Al-Hassakeh, Idleb, Lattakia, Raqqa, Tartous) and 12 Turkish areas (Adiyaman, Batman, Diyarbakir, Gaziantep, Hatay, K.maras, Kilis, Mardin, Osmaniye, Sanliurfa, Siirt, Sirnak).

**FIGURE 11 • During the Conflict, Cropland Yields between Syria and Turkiye have Significantly Diverged despite Similar Climatic Conditions**



Source: FAOSTAT; Anomaly Hotspots of Agricultural Production (ASAP); World Bank estimates.

*(continued on next page)*

using UN Comtrade mirror statistics (Figure 12B).<sup>20</sup> Arab countries have become more important trade partners for Syria since the start of the conflict, accounting for over 60 percent of its goods exports and 20 percent of good imports between 2011 and 2022, in contrast to

<sup>20</sup> These figures should be treated with caution, as the imposition of sanctions in Syria may have prompted evasion strategies, resulting in a larger portion of trade going unreported. Therefore, the contraction in trade activity after the conflict could be smaller than indicated by the mirror trade statistics.

**BOX 1: EVIDENCE THAT THE CONFLICT PERSISTENTLY WEAKENED AGRICULTURAL PRODUCTION IN SYRIA** *(continued)*

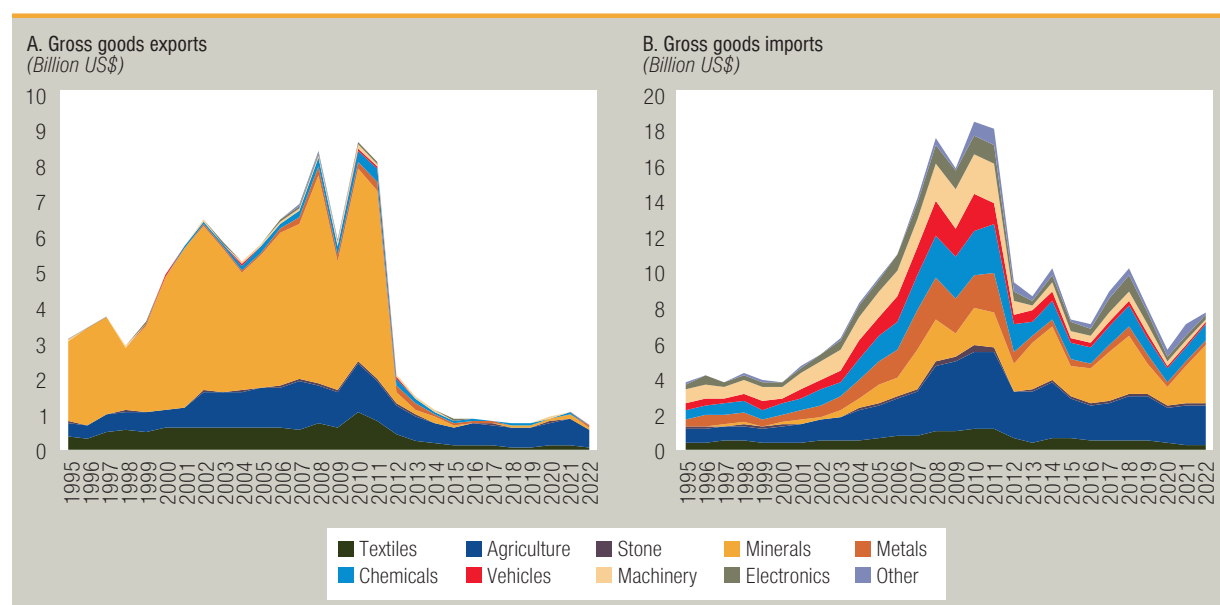
**TABLE 1 • The Impact of the Syrian Conflict on Syrian Cropland Yields**

VARIABLES	(1) log(NDVI) Cropland	(2) log(NDVI) Cropland	(3) log(NDVI) Cropland in growing cycle	(4) log(NDVI) Cropland in growing cycle
Syria * PostConflict	-0.0881*** (0.0279)	-0.0791** (0.0289)	-0.115*** (0.0304)	-0.111*** (0.0312)
Temp		0.0583*** (0.0140)		0.0324** (0.0115)
Temp_Square		-0.00117*** (0.000371)		-0.000269 (0.000275)
Rainfall		0.00612*** (0.00200)		0.00998*** (0.00236)
Rainfall_Square		-4.86e-05*** (1.35e-05)		-5.44e-05*** (1.37e-05)
Constant	-1.194*** (0.00639)	-1.315*** (0.374)	-0.998*** (0.00696)	-1.342*** (0.423)
Region fixed effect	Yes	Yes	Yes	Yes
Time fixed effect	Yes	Yes	Yes	Yes
Observations	5,040	5,040	5,040	5,040
R-squared	0.854	0.889	0.780	0.809

Source: World Bank estimates.

Note: Robust standard errors in parentheses \*\*\* p<0.01, \*\* p<0.05, \* p<0.1. Column 1 and column 2 represent all areas with crops. Column 3 and column 4 are restricted to those areas with crops that are inside the growing cycle, thereby excluding agricultural areas where no vegetation is growing. Column 2 and column 4 are controlled for meteorological variables such as temperature, rainfall, solar radiation, and water satisfaction, whereas column 1 and column 3 do not. All columns are controlled for region-fixed effects and time-fixed effects.

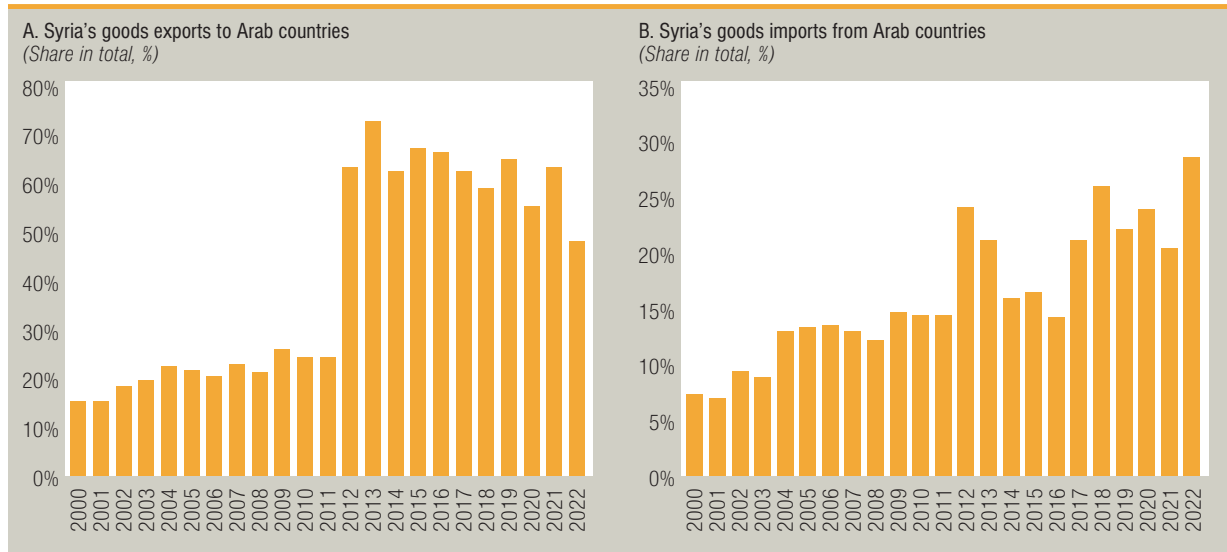
**FIGURE 12 • Syria's Trade in Goods Has Dropped Since the Start of the Conflict**



Source: UN Comtrade database; World Bank staff estimates.

Note: The analysis relies on mirror trade statistics obtained from Syria's trading partners. Import data for Syrian crude oil, categorized under minerals, between 2012 and 2022 is not available in the UN Comtrade database. Estimates for Syria's oil imports from 2012 to 2018 are sourced from the Energy Information Administration (EIA). From 2019 to 2022, Syria's oil imports are estimated based on imports from Iran, obtained from TankerTrackers.com and the United Against Nuclear Iran organization.

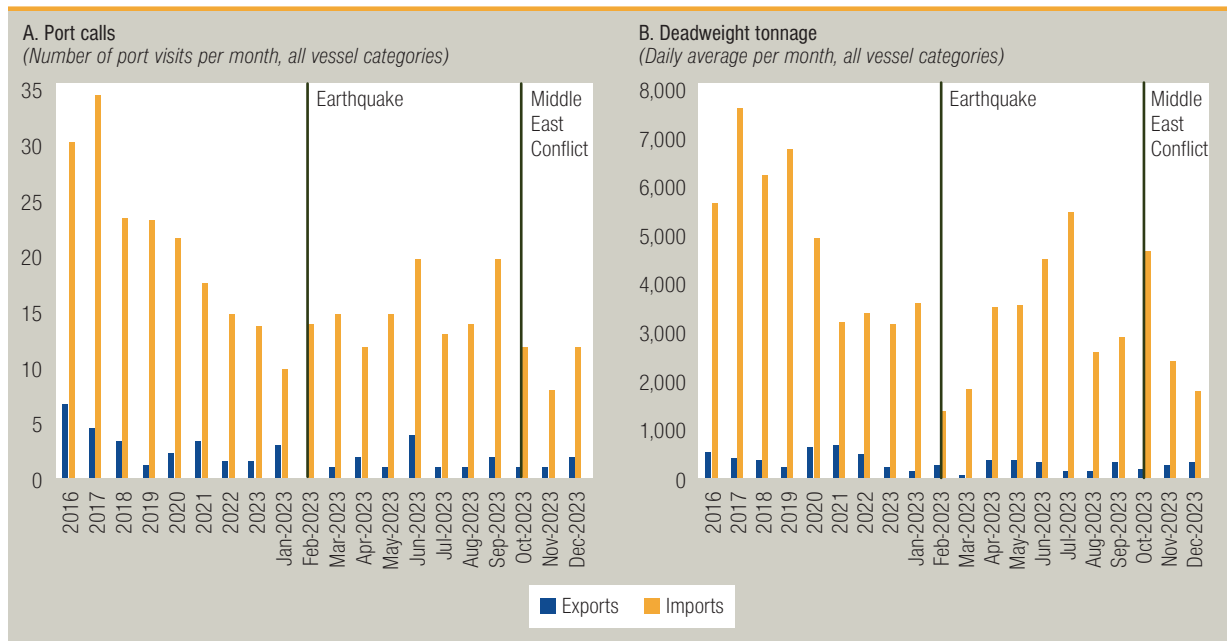
**FIGURE 13 • Arab Countries have Become More Significant Trade Partners**



Source: UN Comtrade database; World Bank staff estimates.

Note: "Arab countries" refers to Algeria, Bahrain, the Comoros Islands, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Mauritania, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Tunisia, the United Arab Emirates, and Yemen. The analysis uses mirror trade statistics from Syria's trading partners.

**FIGURE 14 • Maritime Data Indicate a Further Decrease in Trade Activities in 2023**



Source: UN Comtrade Monitor <https://comtrade.un.org/data/ais>; World Bank staff estimates.

21 percent and 12 percent, respectively, from 2000 to 2010 (Figure 13A and Figure 13B).

**Estimates from maritime microdata indicate a decrease of around 10 percent in trade activity in 2023 (Figure 14A and Figure 14B).** Maritime data obtained from the Automatic Identification System (AIS) provides a good indication of trade activity in Syria, given its heavy reliance on maritime transport for trade operations.<sup>21</sup> Import

21 According to the World Trade Organization (WTO), for Syria, 74.6 percent of imports and 26.8 percent of

volumes surged briefly after the February earthquake, likely due to increased humanitarian aid and support imports, but have declined since November 2023 as the Red Sea shipping crisis severely disrupted global trade and supply chains, particularly in the Middle East.<sup>22</sup> Export levels have remained low throughout the year, likely the result of the ongoing conflict and international sanctions. Even after accounting for possible underreporting (vessels often turn off their AIS trackers near Syrian waters), trade activity appears to remain on a declining trend (Box 2).

### Israeli airstrikes on Syria's main airports in October 2023 caused significant disruptions in air

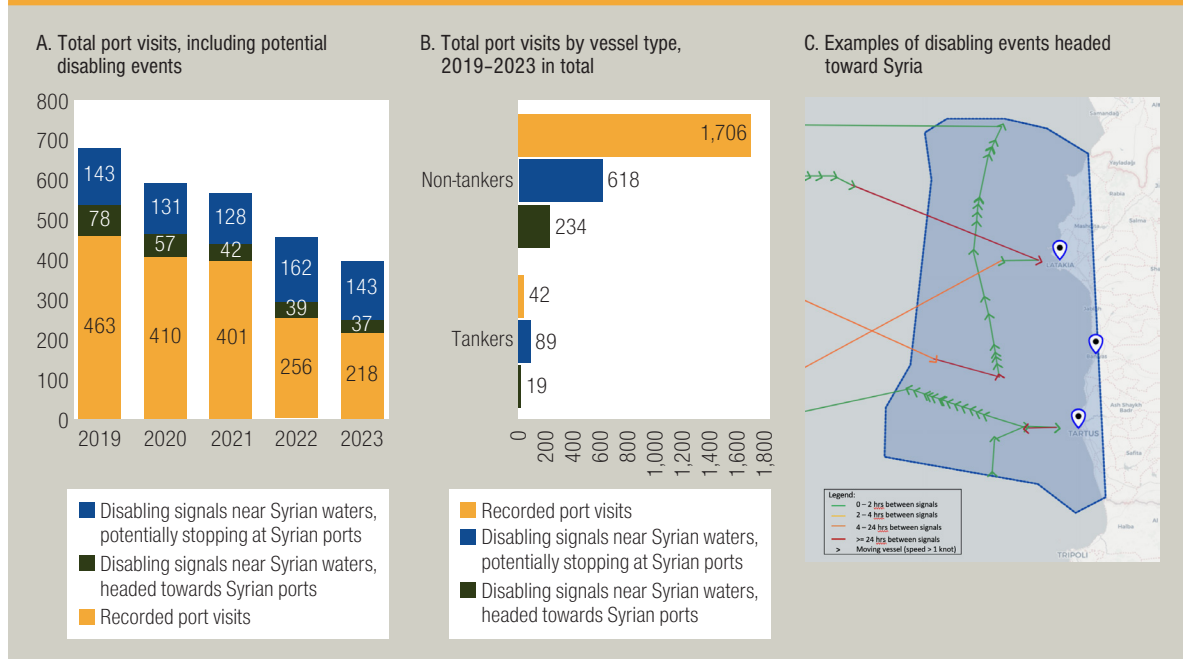
exports, respectively, were carried by sea in 2011. See: World Trade Organization. 2023. "Trade Profiles 2023." [https://www.wto.org/english/res\\_e/statis\\_e/daily\\_update\\_e/trade\\_profiles/SY\\_e.pdf](https://www.wto.org/english/res_e/statis_e/daily_update_e/trade_profiles/SY_e.pdf).

<sup>22</sup> Since November, the Houthis, in solidarity with Gaza, have intensified attacks on ships in the Bab al-Mandab and Red Sea, disrupting global trade. These attacks have diverted traffic away from the Suez Canal, leading to delays and increased costs as ships are forced to navigate around the tip of Africa.

## BOX 2: MONITORING UNRECORDED VESSEL ACTIVITY IN SYRIA

**Unrecorded maritime trade, particularly for oil tankers, is prevalent for Syria, accounting for 45 percent of total estimated Syrian port visits in 2023.** In 2011, the United States (US) and European Union (EU) imposed sanctions on the Syrian government, severely restricting its trade in specific goods, technologies, equipment, and petroleum products. Since then, sanctioning countries have also penalized entities and individuals facilitating deliveries and transactions to the Syrian government. To evade detection, some importers disable tracking devices known as the Automatic Identification System (AIS) on inbound ships near the Syrian ports.<sup>a</sup> Vessels continue to deploy deceptive practices by obfuscating the destination and recipient of oil shipments in the Mediterranean Sea ultimately destined for Syria, according to the US Department of the Treasury.<sup>b</sup> Measuring the number of detected AIS disabling events helps give an indication of the scale of unrecorded trade.

**FIGURE 15 • Unrecorded Maritime Trade, Particularly for Oil Tankers, is Prevalent**



Source: Authors calculations using AIS data from the UN Global Platform.

Note: The Syrian Exclusive Economic Zone (EEZ) is based on the Marine Region (<https://www.marinerregions.org/gazetteer.php/gazetteer.php?p=details&id=8373>). The boundary is simplified for easier processing. The map is drawn using <https://geojson.io/>. The AIS data available on the UN Global Platform is provided by ExactEarth, which combines their own satellite data with terrestrial data from Fleetmon. The dataset encompasses both real-time data and archived global data, starting on December 1, 2018. This study examines port visits near the Syrian ports of Tartous, Latakia, and Baniyas.

(continued on next page)

**BOX 2: MONITORING UNRECORDED VESSEL ACTIVITY IN SYRIA** *(continued)*

**AIS data from the UN Global Platform shows 960 routes featuring disabling events in proximity to Syrian waters from 2019 to 2023.** A “disabling event” refers to the disappearance of AIS signals lasting over 24 hours within the Syrian Exclusive Economic Zone (EEZ), yet with no captured record of visiting a Syrian port. Some 253 vessels headed to Syrian ports appear to have disabled AIS signals before reaching their destination, while an additional 707 vessels may have disabled AIS near the Syrian coast, potentially stopping at Syrian ports. Accounting for the potential visits of ships disconnecting their AIS signals near Syrian waters, the total port visits to Syria from 2019 to 2023 could be as high as 2,708, compared to 1,748 recorded visits. Likely owing to the sanctions imposed on Syria and its primary crude oil supplier, Iran,<sup>a</sup> the disabling events are particularly significant for oil tankers, which may have visited Syrian ports 150 times between 2019 and 2023, compared to the recorded 42 port visits.

**AIS-disabled vessels fit a broader pattern of declining Syrian trade volumes.** Total port visits, accounting for the potential disabling events (i.e., assuming 100 percent of the ships with disabled AIS visited a Syrian port), show a declining trend from 2019 to 2023. However, within that downward trend in total port visits, the share of disabling events has grown noticeably, from 32 percent in 2019 to 45 percent in 2023.

<sup>a</sup> “Ships are supposed to keep their AIS trackers on, but vessels wanting to hide their movements often turn theirs off. Those heading to Syrian ports routinely do so”, according to the article by Gambrell, Jon. 2022. “Satellite images show first ship out of Ukraine in Syria.” Financial Post, August 16, 2022. <https://financialpost.com/pmn/business-pmn/satellite-images-show-first-ship-out-of-ukraine-in-syria>

<sup>b</sup> Department of the Treasury. 2019. “OFAC Advisory to the Maritime Petroleum Shipping Community.” March 25, 2019. Washington, D.C. 20220. <https://ofac.treasury.gov/media/16486/download?inline>

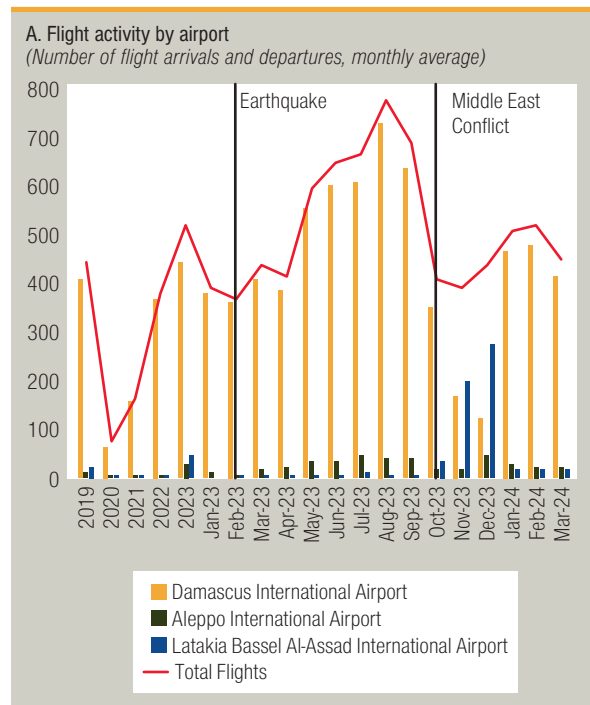
<sup>c</sup> Iranian vessels engage in the practice of switching off their AIS signal worldwide, with this practice being more pronounced in Iran’s main export destinations like China than in other locations such as Syria. Shaar, Karam. 2019. “The Syrian Oil Crisis: Causes, Possible Responses, and Implications.” Middle East Institute, August 27, 2019. <https://www.mei.edu/publications/syrian-oil-crisis-causes-possible-responses-and-implications>.

**travel and humanitarian aid operations.** Despite a temporary increase in flights after the February 2023 earthquake, a reduction in flights has been observed since August, coinciding with an escalation in conflict. From October, recurrent Israeli strikes on Syrian airports, particularly Damascus International Airport, Syria’s busiest passenger and international flight airport, as well as Aleppo International Airport, have inflicted damage on runways and caused substantial disruptions to air travel and logistics.<sup>23</sup> Flights destined for Damascus and Aleppo have been rerouted to the smaller Latakia airport. Overall flights declined by 42 percent between the third and fourth quarters of 2023, with levels in March 2024 still below those observed before the ongoing conflict in the Middle East (Figure 16).

**A collapse in domestic industrial and agricultural output increased Syria’s dependence on imports.** Once the largest oil exporter in the eastern Mediterranean, Syria has now turned into an oil importer due to a sharp decline in oil production since the start of the conflict (Figure 17A). Oil imports, primarily sourced from Iran, have steadily increased

since 2020 and have nearly doubled by 2023. Syria’s reliance on food imports, although already an issue prior to 2011, has also intensified with the conflict

**FIGURE 16 • Israel’s Airstrikes on Syria’s Main Airports Severely Disrupted Air Travel**

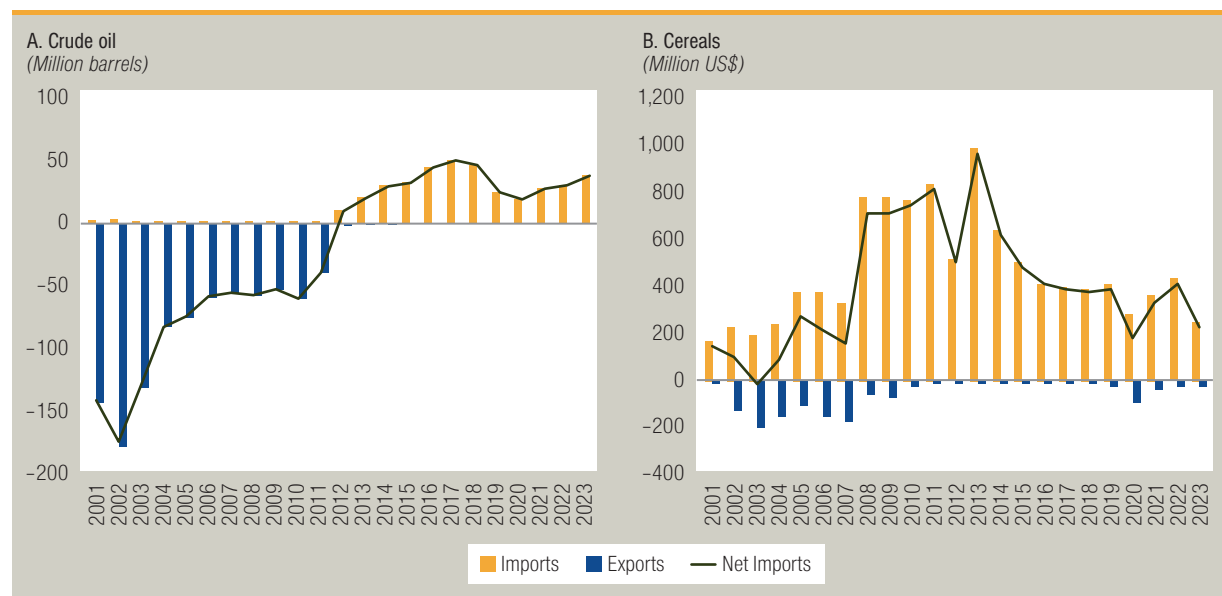


Source: RadarBox, <https://www.radarbox.com>; World Bank staff estimates.

<sup>23</sup> The Syria Report. 2023. “Israeli Strikes Halt U.N. Humanitarian Air Service.” November 7, 2023. <https://syria-report.com/israeli-strikes-halt-u-n-humanitarian-air-service/>.



**FIGURE 17 • Syria Has Relied Heavily on Imports of Essential Commodities since the Conflict**



Source: EIA; UN Comtrade; World Bank staff estimates.

Note: (a) Syria's oil imports during 2000–2018 are estimates from EIA. For the period 2019–2023, Syria's oil imports are estimated based on imports from Iran, sourced from TankerTrackers.com and the United Against Nuclear Iran organization. (b) Syria's cereal trade data is derived from mirror trade data provided by UN Comtrade. The SITC code 04, representing "Cereals and cereal preparations", is used to calculate imports and exports of Syrian cereals, including various types such as wheat and meslin, rice, barley, maize, cereals, meal and flour of wheat and flour of meslin, other cereal meals and flours, and cereal preparations and preparations of flour of fruits and vegetables.

(Figure 17B). Between 2011 and 2023, imports supplied nearly half of domestic oil consumption and about one-third of cereal consumption.

### Currency depreciation and consumer price inflation are persistently high

**The Syrian pound has continuously depreciated since 2011 due to the conflict, sanctions, and political developments.** The official exchange rate of the Syrian pound declined 270-fold against the US dollar between 2011 and 2023, reaching 12,562 Syrian Pound (SYP)/United States Dollar (USD) compared to 47 SYP/USD in 2011. The market exchange rate registered a 300-fold depreciation, reaching 14,122 SYP/USD (Figure 18A). The depreciation of the Syrian pound gained momentum with the start of the Lebanese currency crisis in late 2019, which is not surprising given close commercial and trade ties between Lebanon and Syria and Syrians' reliance on Lebanese banks for commercial and personal transactions.<sup>24</sup> A deteriorating economic situation and the imposition of new US sanctions in mid-2020 that encouraged

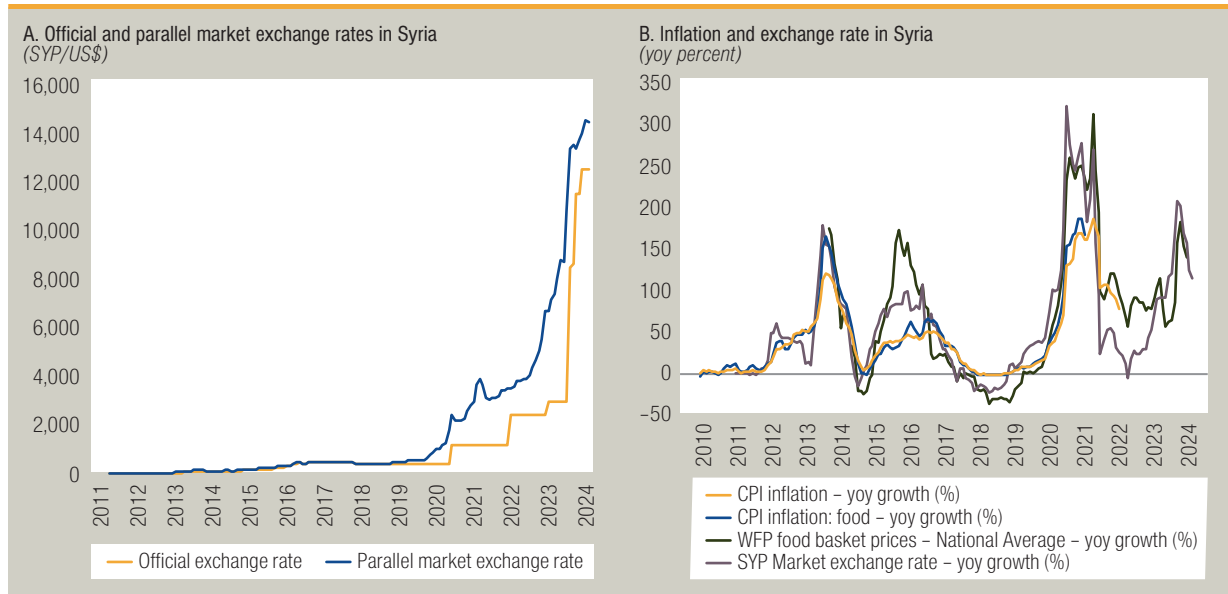
capital flight and reduced remittances, have further fueled the depreciation of the Syrian pound. Since 2020, the Syrian pound has lost over 90 percent of its value against the US dollar in the parallel market.

**In 2023, the average market price of the Syrian pound recorded a substantial 141 percent depreciation against the US dollar.** Both the February earthquakes and the onset of the Middle East conflict in October fueled the Syrian pound's depreciation. Throughout 2023, the Central Bank of Syria devalued the official exchange rate multiple times, although it remained consistently below the prevailing market rate (Figure 19A).

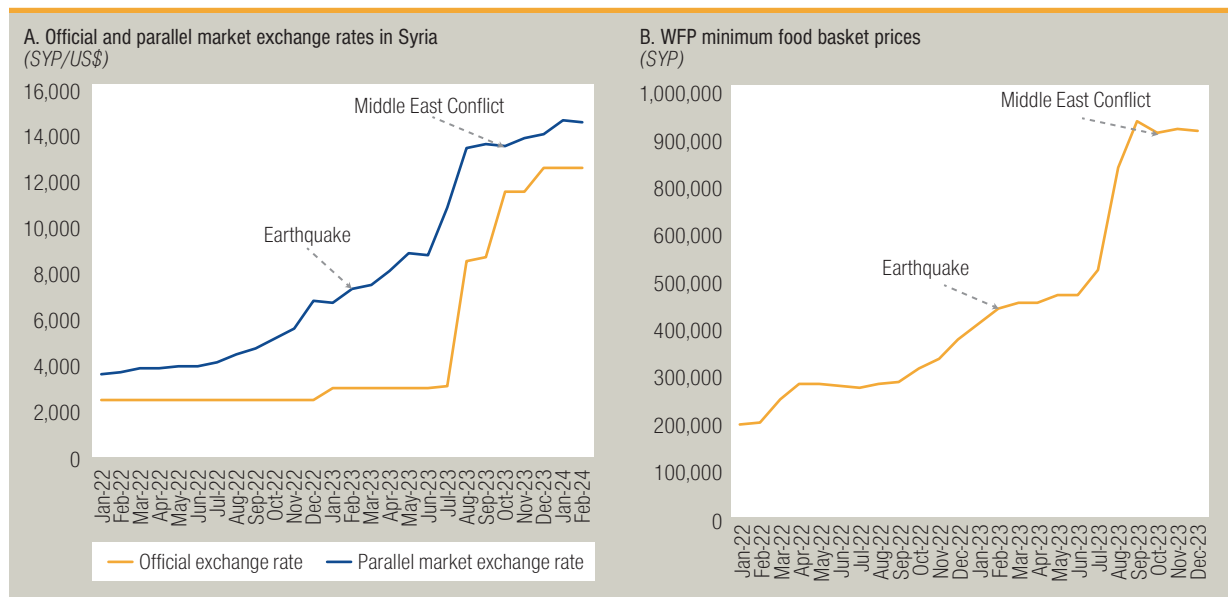
**Currency depreciation has fueled high inflation.** Consumer price inflation, as proxied by the WFP minimum food basket price index, recorded a relatively modest rise after the February 2023 earthquakes, due in part to increased food aid in

<sup>24</sup> See World Bank, 2022. Syria Economic Monitor: Lost generation of Syrians. Washington, D.C: World Bank Group. <http://documents.worldbank.org/curated/en/099335506102250271/IDU06190a00a0d128048450a4660ae3b937ae4bd>.

**FIGURE 18 • Syria Has Seen Frequent Periods of High Inflation and Rapid Depreciation since 2011**



**FIGURE 19 • Rapid Currency Depreciation and High Levels of Consumer Price Inflation Persisted throughout 2023**



the wake of the disaster. However, inflation has increased dramatically since July 2023, reflecting the combined impact of a significant local currency devaluation and the cuts in fuel subsidies.<sup>25</sup> For 2023

<sup>25</sup> The government's August 2023 decisions to increase oil prices resulted in significant hikes: subsidized 90-octane petrol rose to SYP 8,000 (a 167 percent increase), unsubsidized 95-octane to SYP 14,700 (a 47 percent

as a whole, consumer price inflation, as proxied by the WFP minimum food basket price index, surged by 115 percent.

**Prices have increased at varying rates across regions.** Food basket prices in northeast Syria's self-administration areas, an important food and energy production zone, remain the lowest in the country, in contrast to the highest prices in Syrian government-controlled areas. Persistent price disparities partly stem from the ongoing conflict, which significantly elevates the cost of internal trade between regions. In the second half of 2023, heightened security instability, particularly in Deir-ez-Zor, led to the suspension of fuel and food smuggling operations across the Euphrates River from self-administration to government-held areas, exacerbating price disparities.<sup>26</sup> By December 2023, the disparity between maximum and minimum food basket costs across zones of control had widened to 48 percent, up from 40 percent in the previous year (Figure 20A). Persistent price disparities are also evident across governorates (Figure 20B).

## Syria's fiscal budget shrinks further

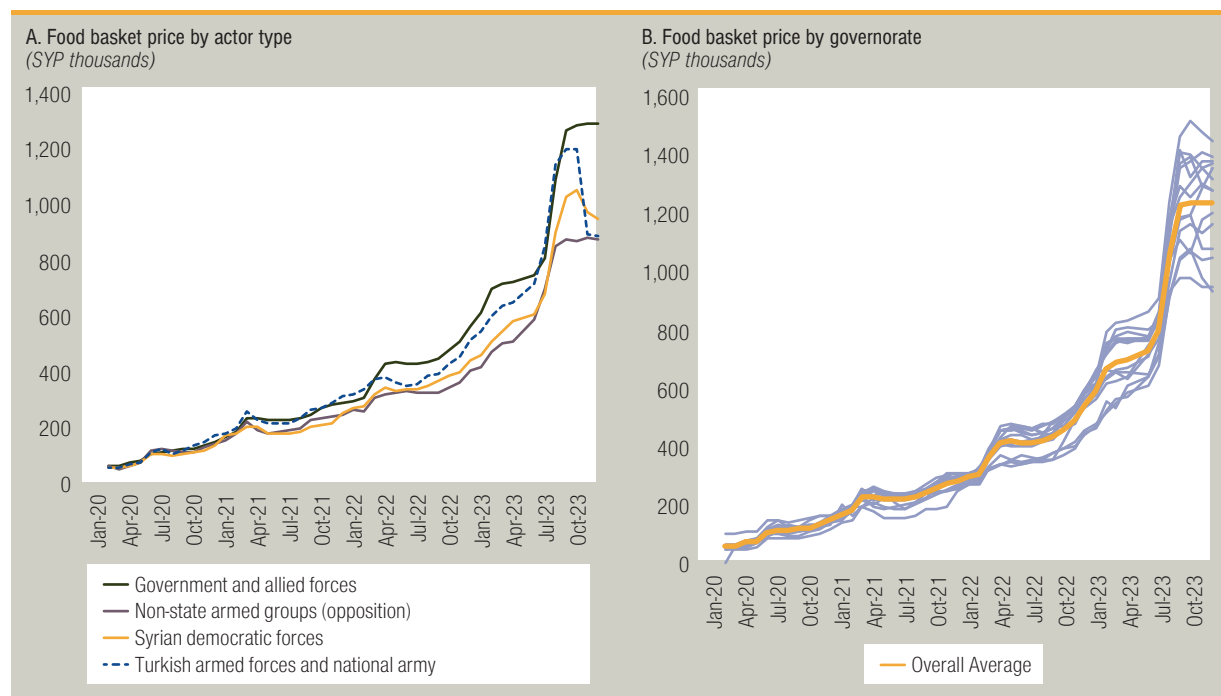
**Fiscal revenues continue to decline as the economy slows.**<sup>27</sup> Adjusted for consumer price inflation, the budgeted fiscal revenues witnessed an annualized 35 percent decrease in real terms in 2023 compared to 2022 and an 85 percent drop compared to the pre-conflict levels of 2010 (Figure 21A). This substantial

increase), and subsidized mazout to SYP 2,000 (a 186 percent increase), impacting transportation and production costs and exacerbating the overall cost of living, particularly affecting winter heating expenses. The Syria Report. 2023. "Protests in Southern Syria Revive Political and Economic Demands of 2011 Uprising." August 29, 2023. <https://syria-report.com/protests-in-southern-syria-revive-political-and-economic-demands-of-2011-uprising/>.

<sup>26</sup> Crisis Analysis – Syria. 2023. "September '23 Monthly Report." <https://ca-syr.org/periodical/september-2023-monthly-report>.

<sup>27</sup> The fiscal data pertains to the Central Government in Damascus and excludes all taxes, transfers, and expenses incurred by the autonomous region in northeastern Syria.

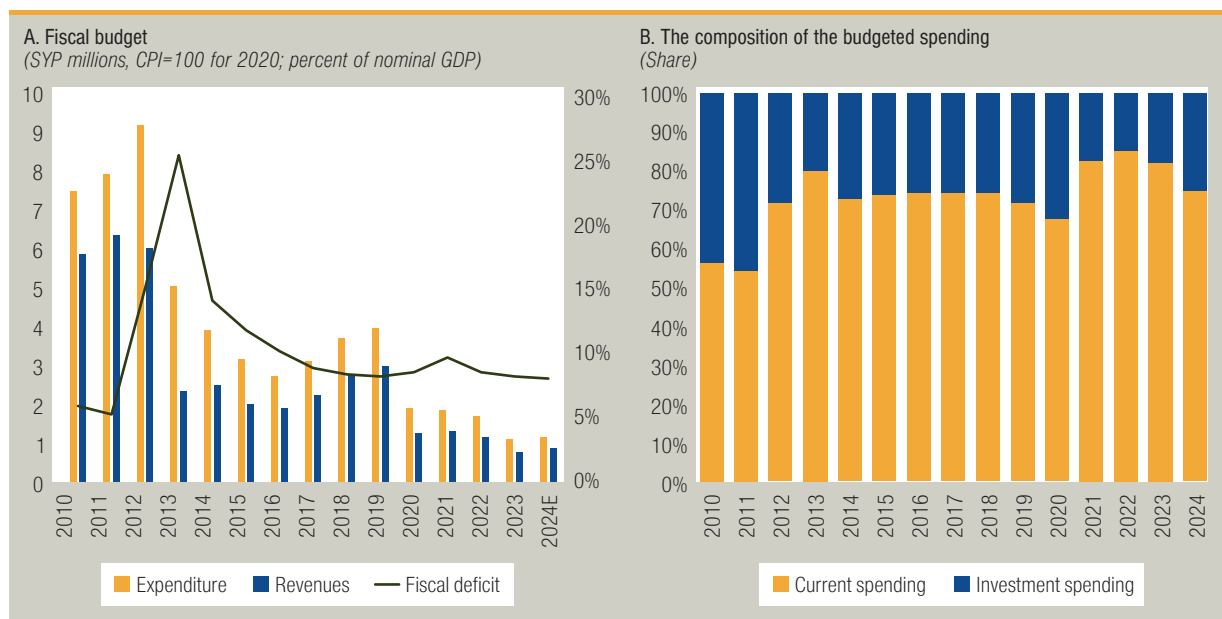
**FIGURE 20 • Disparities in Food Basket Prices within Syria Widened in 2023**



Source: WFP Syria Price Database [https://dataviz.vam.wfp.org/economic\\_explorer/prices?adm0=238](https://dataviz.vam.wfp.org/economic_explorer/prices?adm0=238); WFP Syria Market Price Watch Bulletin; World Bank staff estimates.

Note: (a) The standard food basket is a group of essential food commodities. In Syria, the food basket is set at a group of dry goods providing 2,060 kcal a day for a family of five during a month. The basket includes 37 kg of bread, 19 kg of rice, 19 kg of lentils, 5 kg of sugar, and 7 liters of vegetable oil. (b) The zones of control are based on OCHA data as of July 10, 2022.

**FIGURE 21 • Syria's Fiscal Budget Has Continuously Shrunk since the Start of the Conflict**



Source: Central Bureau of Statistics of Syria; Central Bank of Syria; World Bank staff estimates.

decrease can be attributed to disruptions across economic sectors due to ongoing conflict, the collapse of international trade due to sanctions, the expansion of the informal economy, and the weakened administrative collection capacity. Tax revenues have shown a more pronounced decline compared to overall revenues since the onset of conflict. Although the tax revenues' share of the total budgeted revenues has increased from 34 percent in 2022 to 43 percent in 2023, it remains below the 48 percent observed in 2010. Oil and mineral-related revenues are estimated to have decreased from 26 percent in 2012 to 16 percent of total budgeted revenues in 2023, as most of Syria's oil fields are now under the control of the Autonomous Administration of North and East Syria (AANES).

**In response to the revenue shortfall, authorities have further reduced spending, with particularly sharp cuts to capital expenditure.** Fiscal expenditures, adjusted for the Consumer Price Index (CPI), decreased by 34 percent in 2023 compared to 2022, and by 87 percent compared to 2010. Given the urgent needs of the population, current spending accounts for most of the budget. In 2023, only 18 percent of the budgeted fiscal expenditures were earmarked for capital expenditures, down from 44 percent in 2010 (Figure 21B).

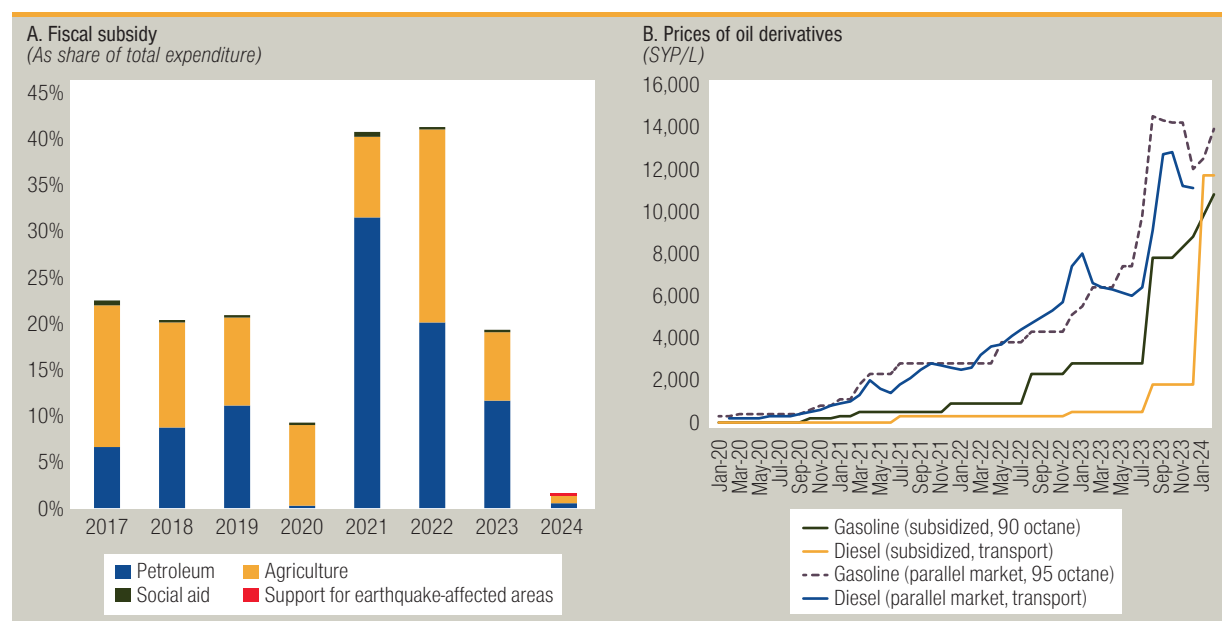
**To save on its budget, the government continues to tighten the subsidy programs.** In the 2023 state budget, subsidies accounted for 19 percent of total budgeted expenditures, a sharp decrease from the 42 percent allocated in the 2022 budget (Figure 22A). In August 2023, the Syrian government reduced subsidies by dramatically raising the prices of subsidized gasoline, petroleum, and pharmaceuticals.<sup>28</sup> Further subsidy cuts in late 2023 and early 2024 brought prices for subsidized gasoline and diesel close to their respective market prices. (Figure 22B).<sup>29,30</sup> The 2024 budget signals a

<sup>28</sup> Enab Baladi. 2023. "Fuel prices in Syria surged by over 200% in 2023." December 25, 2023. <https://english.enabbaladi.net/archives/2023/12/fuel-prices-in-syria-surg-ed-by-over-200-in-2023/>.

<sup>29</sup> The Syrian government has raised the prices of both subsidized and unsubsidized fuels several times in the last few months. As of February 2024, Octane 90 sells for 11,000 SYP per liter, marking a 267 percent yoy increase, while Octane 95 is priced at 14,110 SYP per liter, reflecting a 114 percent yoy increase. North Press Agency. 2024. "Syrian government raises prices of fuel products amid economic crisis." February 19, 2024. <https://npasyria.com/en/111337/>.

<sup>30</sup> The price of subsidized diesel for vehicles was raised in January 2024 to 11,800 SYP per liter from the previous

**FIGURE 22 • The Syrian Government Continues to Tighten the Subsidy Programs**



Source: Central Bureau of Statistics of Syria; Central Bank of Syria; Ministry of Finance (MoF) of Syria; The Syria Report <https://syria-report.com/price-of-oil-and-gas-products-in-syria-2011-2021/>; World Food Programme (WFP) Syria Price Database; World Bank staff estimates.

**TABLE 2 • Budgeted Subsidies by Items in Syria (Billion SYP; percent)**

	2018	2019	2020	2021	2022	2023	2024
<b>Total budgeted subsidies</b>	<b>657</b>	<b>811</b>	<b>373</b>	<b>3,500</b>	<b>5,549</b>	<b>4,937</b>	<b>2,360</b>
<b>Total budgeted subsidies (% of total budgeted expenditures)</b>	<b>21</b>	<b>21</b>	<b>9</b>	<b>41</b>	<b>42</b>	<b>19</b>	<b>7</b>
<b>I. Subsidies on petroleum</b>	<b>275</b>	<b>430</b>	<b>11</b>	<b>2,700</b>	<b>2,700</b>	<b>3,000</b>	<b>2,000</b>
<b>II. Subsidies on agriculture</b>	<b>367</b>	<b>371</b>	<b>347</b>	<b>750</b>	<b>2,799</b>	<b>1,887</b>	<b>235</b>
Wheat and flour	357	361	337	700	2400	1500	0
Sugar and rice	/	/	/	/	300	300	0
Yeast							103
Agricultural support fund*	10	10	10	50	50	50	75
Fund for transition to modern irrigation	/	/	/	/	22	30	50
Fund for droughts and natural disasters	/	/	/	/	27	7	7
<b>III. Support for earthquake-affected areas</b>							<b>75</b>
<b>IV. National fund for social aid**</b>	<b>15</b>	<b>10</b>	<b>15</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>Memorandum items:</b>							
Total budgeted expenditures	<b>3,187</b>	<b>3,882</b>	<b>4,000</b>	<b>8,500</b>	<b>13,325</b>	<b>16,550</b>	<b>35,500</b>

Source: World Bank estimates using various MoF reports.

Note: \* Agricultural support fund was established to help farmers cope with rising input prices; \*\* National Fund for Social Aid offers a variety of social assistance programs to retired soldiers, women, and small businesses.

continued trend of subsidy reductions for essential commodities (Table 2).

**Between 2011 and 2023, Syria's annual fiscal deficit averaged about 11 percent of GDP.**

2,000 SYP per liter set since July 2023. Enab Baladi. 2024.

“سوريا.. رفع سعر المازوت المدعوم للمركبات عدا آليات النقل.” January 3, 2024.

<https://www.enabbaladi.net/681504/> - سعر - المازوت - / المدعوم - للمركب #/

المدعوم - للمركب #/

To alleviate the government's fiscal burden, the Ministry of Finance (MoF) has held several rounds of Treasury bond auctions since 2020, yet these auctions have fallen short of their already modest targets, reflecting the public's lack of confidence in government institutions and in the country's overall outlook. With the aim of raising SYP 1,700 billion from 2020 to 2023, only SYP 1,100 billion worth of Treasury bonds were sold. In 2023, Treasury bond auctions raised SYP 353 billion, accounting for only 9 percent of the fiscal deficit over this period.<sup>31</sup> Limited access to both domestic and international financing has compelled the government to predominantly finance its deficit through Central Bank borrowing, which has worsened inflation.

### Syria continues to face funding shortfalls and limited access to humanitarian assistance

**The non-renewal of the UNSC-mandated cross-border mechanism in July 2023 resulted in a decline in cross-border humanitarian aid to northwest Syria.** After the February earthquake, Damascus authorized the use of Bab Al-Salameh and Al-Rai, whereas previously only Bab Al-Hawa, authorized by the UNSC, was used to deliver essential aid from Türkiye to northwest Syria.<sup>32</sup> Following the discontinuation of the UNSC-mandated cross-border mechanism on July 11, the UN stopped using Bab Al-Hawa but continued limited operations through Bab Al-Salameh. In August, the UN and the Syrian government reached a bilateral agreement to resume UN aid trucks through Bab Al-Hawa, but the border crossing remained fully suspended until September 19.<sup>33,34</sup> In the latter half of 2023, an average of 273 UN aid trucks crossed from Türkiye to northwest Syria each month—less than half of the preceding six-month average of 565 and significantly below the monthly average of 776 observed from 2019 to 2022 (Figure 23A).

**Donor funding immediately increased after the earthquake but has steadily declined over time.** The UN Financial Tracking Service (FTS)<sup>35</sup> data for 2023 reveals that around 75 percent of total funding was received in the first half of the year, followed

by a significant decrease in the latter half.<sup>36</sup> For the entirety of 2023, the FTS recorded US\$2.8 billion in total humanitarian funding for Syria, a 5 percent decrease from the previous year, with allocations of US\$2.0 billion to the Humanitarian Response Plan, US\$387 million to the Earthquake Flash Appeal, and another US\$467 million not directed towards either plan. Only about one-third of the funding needed for the 2023 Humanitarian Response Plan was secured, with unmet funding rising dramatically from US\$2.1 billion in the previous year to US\$3.4 billion (Figure 23B).

**Communities in northern Syria have experienced a notable reduction in humanitarian aid access, particularly in food, after the earthquake.** Survey data indicates a consistent decline in humanitarian aid access for residents after March 2023, while internally displaced persons experienced a slight improvement post-earthquake until June, followed by a sudden drop in access for both groups in August (Figure 24A and Figure 24B). Notably, humanitarian assistance in the form of food has gradually decreased for both residents and IDPs since April (Figure 25A and

<sup>31</sup> The Syria Report. 2023. "Debt Instruments Issued by the Central Bank since 2019." November 27, 2023. <https://syria-report.com/debt-instruments-issued-by-the-central-bank-since-2019/>.

<sup>32</sup> The Syria Report. 2023. "Damascus Renews Authorisation for Two Northwest Border Crossings, While WFP Warns of Further Cuts." November 22, 2023. <https://syria-report.com/damascus-renews-authorisation-for-two-northwest-border-crossings-while-wfp-warns-of-further-cuts/>.

<sup>33</sup> The UN-Syrian government agreement, initially a temporary six-month renewal, was extended on January 11, 2024, for another six months.

<sup>34</sup> The Syria Report. 2023. "Damascus Renews Authorisation for Two Northwest Border Crossings, While WFP Warns of Further Cuts." November 22, 2023. <https://syria-report.com/damascus-renews-authorisation-for-two-northwest-border-crossings-while-wfp-warns-of-further-cuts/>.

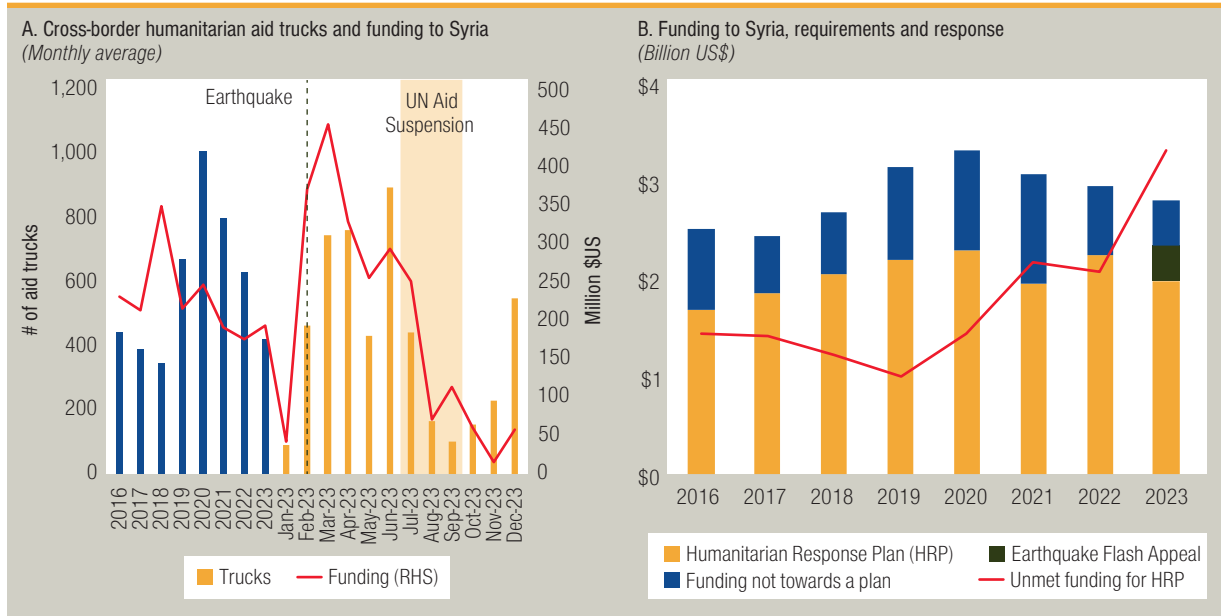
<sup>35</sup> Syrian Arab Republic 2023 – Financial Tracking Service. – OCHA <https://fts.unocha.org/countries/218/summary/2023>.

<sup>36</sup> While OCHA FTS captures all reported donor funding to the humanitarian response in Syria, the full extent of coverage is uncertain.

Figure 25B). The decline in humanitarian aid access can be partly attributed to the significant decrease in the number of UN humanitarian aid trucks entering northwest Syria from Turkiye after the interruption in cross-border aid in July, alongside a cut in UN food assistance during the same month.<sup>37</sup>

<sup>37</sup> WFP cut food assistance to 2.5 million out of its 5.5 million beneficiaries in July 2023 and announced the end of its general food assistance program across Syria in January 2024. See The Syria Report. 2023. "WFP to End its Main Food Assistance Programme in January." December 5, 2023. <https://syria-report.com/wfp-to-end-its-main-food-assistance-programme-in-january/>.

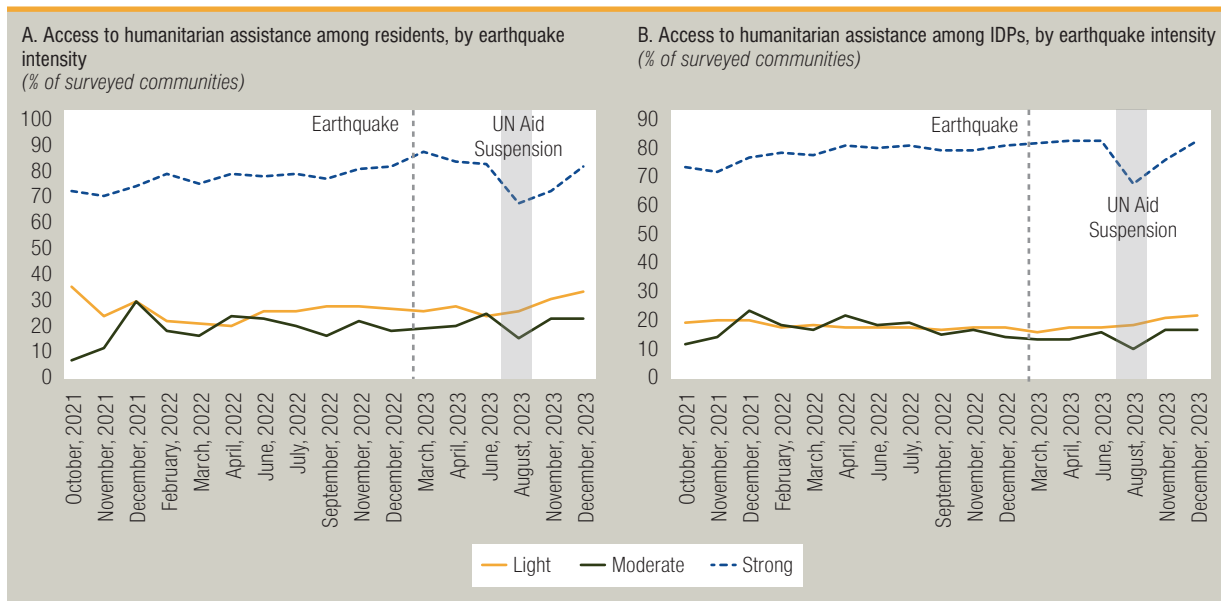
**FIGURE 23 • Donor Funding, which Increased Immediately Post-Earthquake, Has since Gradually Declined**



Source: Financial Tracking Service, OCHA; <https://response.reliefweb.int/turkiye-cross-border>; World Bank staff estimates.

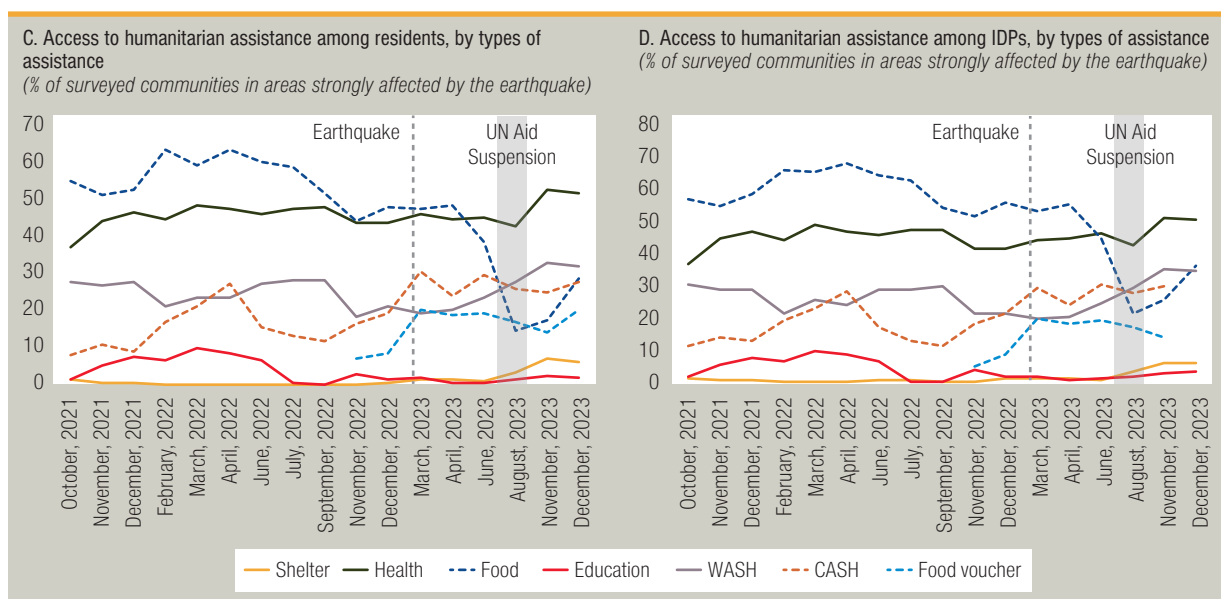
Note: Funding encompasses both incoming commitments and paid allocations, whether directed towards designated plans or external to plans. According to OCHA, a commitment is a contractual agreement between the donor and the appealing organization/recipient. Meanwhile, a paid contribution denotes the actual transfer of funds or in-kind goods from the donor to the appealing/recipient organization.

**FIGURE 24 • Humanitarian Aid Access, Especially for Food, in Northwest Syria, Has Notably Declined**



(continued on next page)

**FIGURE 24 • Humanitarian Aid Access, Especially for Food, in Northwest Syria, Has Notably Declined (continued)**



Source: REACH Humanitarian Situation Overview Survey (HSOS) surveys; World Bank staff estimates.

Note: (a) Survey data cover parts of northwestern and northeastern Syria and are collected at the community level through key informant interviews. In each community, between three and five key informants are selected, including members of civil society groups, local charities, local councils, local relief committees, Non-governmental Organizations (NGOs), or community leaders. (b) Earthquake intensity is based on the USGS shakemap version 17, released on April 14, 2023.

## Household welfare further deteriorated

**Access to health services, water systems, and food markets in the highly affected areas of northern Syria is steadily diminishing.** While communities most affected by the earthquake have relatively higher rates of access to health services and food markets, both indicators have been declining. Notably, among the most-affected communities, the share reporting access to food markets decreased from 93 percent in April 2023 to 89 percent in December 2023 (Figure 25A and Figure 25B). Additionally, access to water has decreased across all northern regions, particularly in highly affected areas, which experienced a significant decline from 23 percent to 4 percent during the same period (Figure 25C). The prolonged droughts, a depleting Euphrates River, and malfunctioning water stations have exacerbated water shortages.<sup>38</sup> This disruption of essential services following the earthquakes, coupled with the ongoing conflict and humanitarian challenges, has contributed to the protracted cholera outbreak that is heavily concentrated in the governor-

ates most affected by the earthquakes (Figure 26A and Figure 26B).

**Most households reported insufficient ability to meet basic needs.** Over two-thirds of households reported being insufficient or completely unable to meet basic needs (Figure 27A).<sup>39</sup> Rising prices and unemployment were the most frequently cited reasons limiting households' ability to meet their basic needs, with similar figures reported by residents, returnees, and IDPs (Figure 27B).

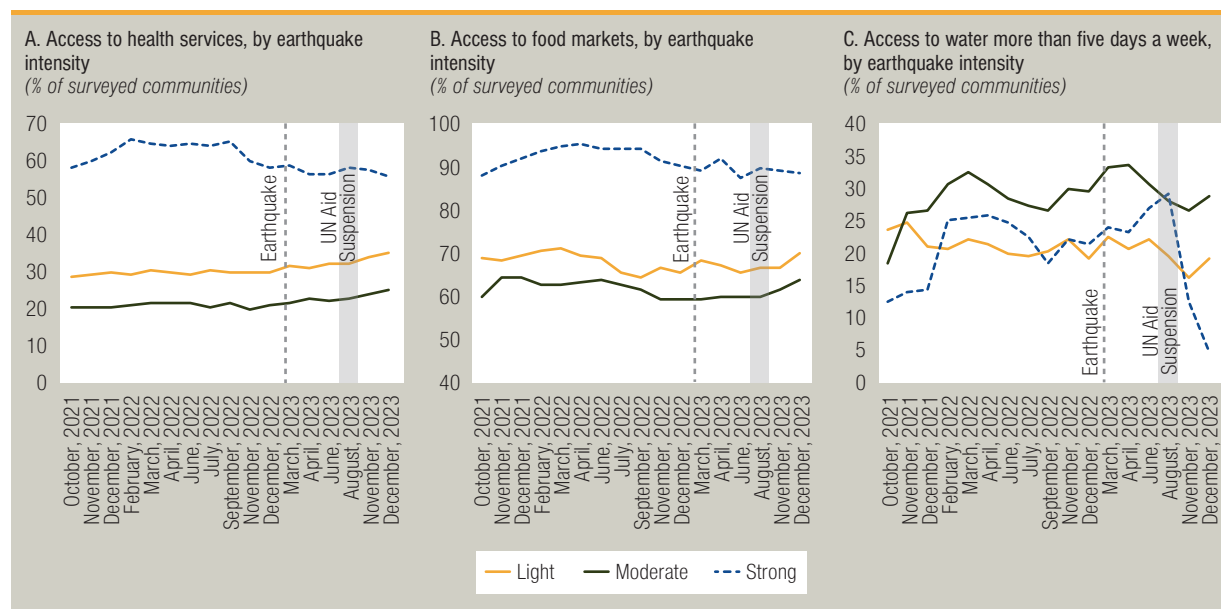
**Households are often forced to employ coping mechanisms due to heightened financial vulnerability, soaring prices, and reduced access to essential services.** Findings from the HSOS

<sup>38</sup> Laxmi, Bijay. 2023. "Water Crisis in Syria's 'Food Basket': An In-depth Analysis of the Al-Hasaka Governorate's Struggles." BNN Breaking, October 1, 2023. <https://bnnbreaking.com/world/syria/water-crisis-in-syrias-food-basket-an-in-depth-analysis-of-the-al-hasaka-governorates-struggles/>.

<sup>39</sup> According to the 2024 OCHA MSNA data collected by REACH in Northwest and Northeast Syria on behalf of the humanitarian community in Syria.



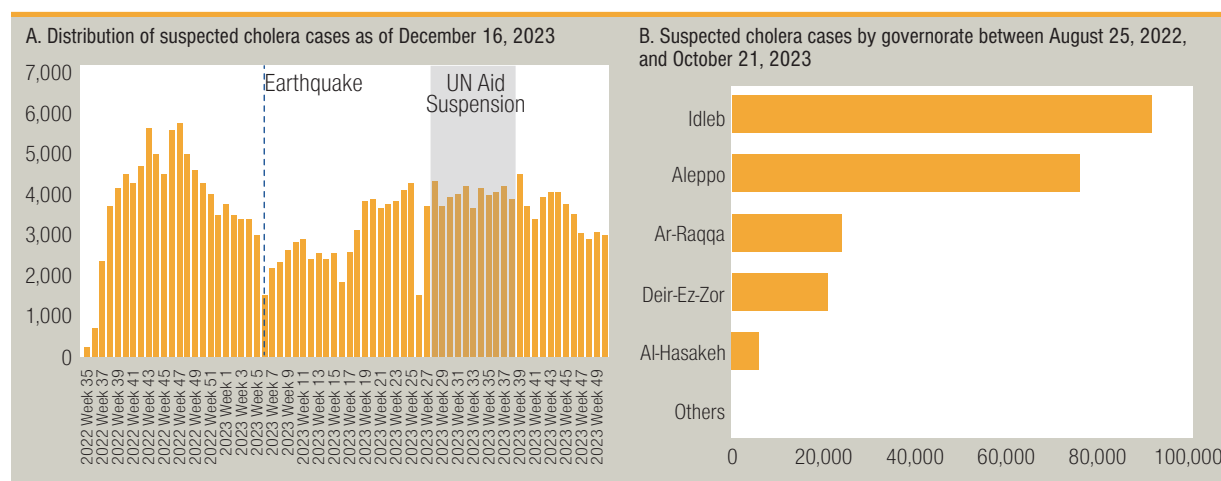
**FIGURE 25 • Access to Services Has Declined since the Earthquakes, Especially in the Most-Affected Areas**



Source: REACH HSOS; World Bank staff estimates.

Note: (a) Survey data cover parts of northwestern and northeastern Syria and are collected at the community level through key informant interviews. In each community, between three and five key informants are selected, including members of civil society groups, local charities, local councils, local relief committees, NGOs, or community leaders. (b) Earthquake shaking is characterized as “strong” in areas with an intensity of VI or higher, “moderate” in regions with an intensity of V, and “light” in regions with an intensity of VI or lower. Earthquake shaking is based on the USGS shakemap version 17, released on April 14, 2023.

**FIGURE 26 • A Cholera Epidemic Continued Amid a Chronic Shortage of Clean Water**

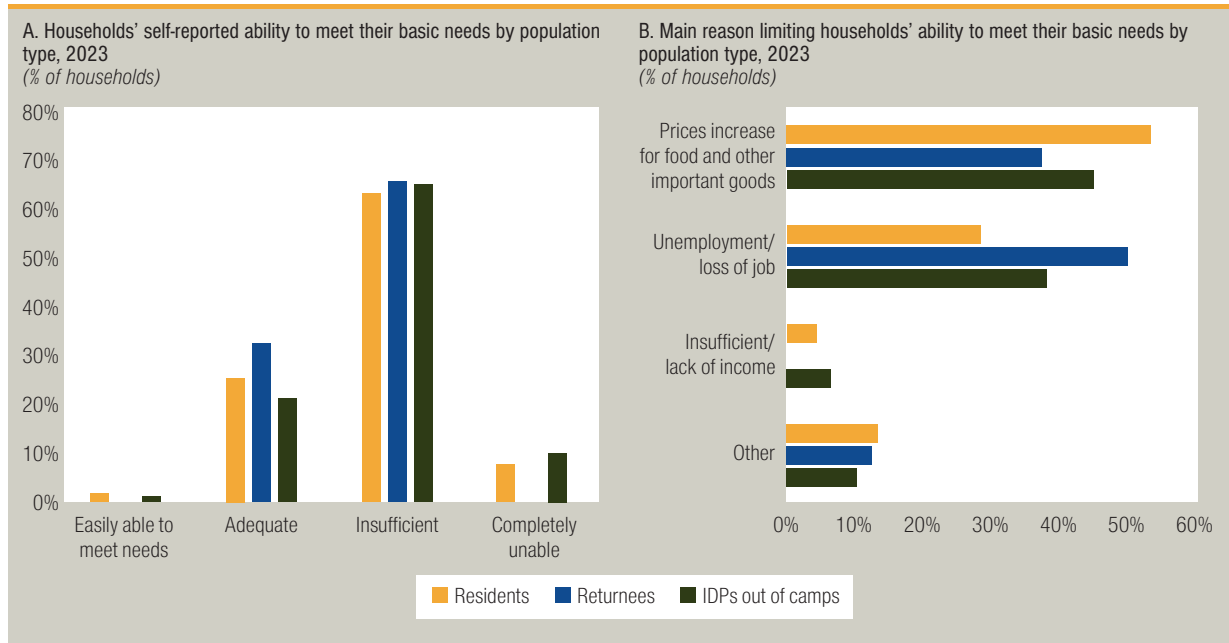


Source: World Health Organization (WHO), <https://www.emro.who.int/syria/information-resources/cholera-situation-reports.html>, <https://www.emro.who.int/pandemic-epidemic-diseases/outbreaks/outbreaks-archive.html>.

survey conducted in December 2023 revealed that respondents across most communities predominantly resorted to borrowing money, purchasing goods on credit, or sending their children to work to supplement their income (Figure 28A). Notably, there has been a

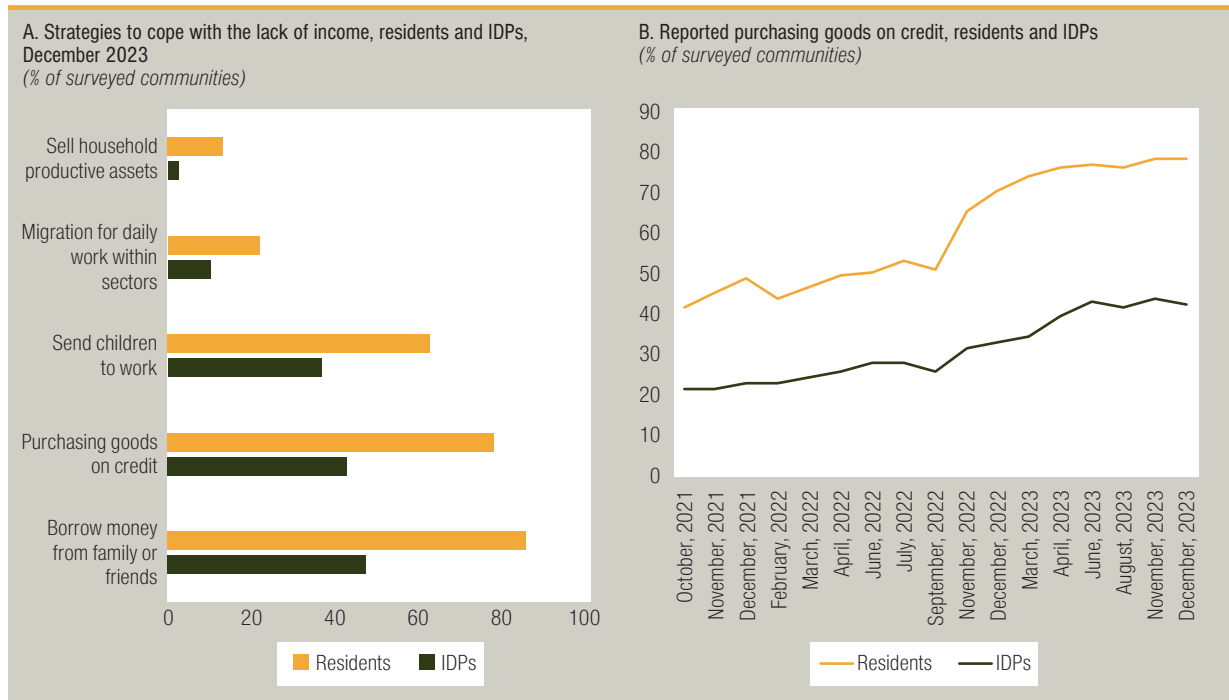
pronounced increase in the reliance on credits as a means of coping with the lack of income following the earthquake, with a rise from 74 to 79 percent among residents and from 35 to 43 percent among IDPs between March and December 2023 (Figure 28B).

**FIGURE 27 • Households Reported Insufficient Ability to Meet Basic Needs**



Source: 2024 OCHA Multi-Sectoral Needs Assessment (MSNA) Surveys; World Bank staff estimates.  
Note: MSNA data covers parts of Northwestern and Northeastern Syria.

**FIGURE 28 • The Earthquake Exacerbated the Severe Welfare Challenges Facing Affected Households, Increasing their Reliance on Coping Strategies**



Source: REACH HSOS; World Bank staff estimates.  
Note: Survey data cover parts of northwestern and northeastern Syria and are collected at the community level through key informant interviews. In each community, between three and five key informants are selected, including members of civil society groups, local charities, local councils, local relief committees, NGOs, or community leaders.

# OUTLOOK AND RISKS

## Economic outlook

**Syria's protracted economic contraction is forecast to persist in 2024 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, extending the 1.2 percent decline in 2023 (Table 3). This projection assumes that the regional conflict will remain largely contained in 2024, with the full-year impact therefore expected to materialize within the year. Private consumption, the primary engine of growth, will remain subdued as rising prices continue to erode purchasing power. Private investment is expected to remain weak amid a volatile security situation and considerable economic and policy uncertainty. Low fiscal revenues and limited access to financing will continue to constrain government spending, especially capital expenditures.

**Inflation is anticipated to remain high in 2024 due to the pass-through effects of currency depreciation, along with persistent shortages and potential further subsidy cuts of food and**

**fuel.** In addition, the WFP decision to discontinue food basket distribution in December 2023 would also exacerbate existing price pressures.<sup>40</sup> Food inflation, stable since September 2023, resumed in January 2024 with a 5 percent monthly increase. Extrapolating from average monthly trends in 2023, we forecast a 116.8 percent yoy increase in the WFP minimum food basket price in 2024. Assuming the historical relationships between the WFP food basket price and food inflation, as well as between food inflation and overall inflation, remain stable, we project the CPI in Syria to reach 99.7 percent yoy in 2024, aligning with the 92.6 percent yoy recorded in 2023.

**The fiscal deficit is projected to narrow slightly but remain large in 2024 and will continue to be mostly financed through monetization.** Fiscal revenues are forecast to decline further in 2024

<sup>40</sup> The Syria Report. 2023. "WFP to End its Main Food Assistance Programme in January." December 5, 2023. <https://syria-report.com/wfp-to-end-its-main-food-assistance-programme-in-january/>.

**TABLE 3 • Macroeconomic Outlook Indicators**  
(Annual percent changes unless indicated otherwise)

	2021	2022	2023e	2024f
Real GDP growth, at constant market prices <sup>a</sup>	1.3	-0.1	-1.2	-1.5
Inflation (Consumer Price Index)	118.8	74.0	92.6	99.7
Fiscal Balance (% of GDP)	-9.6	-8.4	-8.2	-8.0

Source: World Bank staff estimates.

Notes: e = estimate, f = forecast.

<sup>a</sup> Projection based on Nighttime light data.

due to reduced earnings from state entities and potential tax cuts in a weakening economy. Limited fiscal resources would likely prompt the authorities to cut spending further, including implementing additional reforms to reduce the costly subsidies. Indeed, the 2024 budget indicates a substantial decrease in fiscal subsidies, dropping from 19 percent of fiscal expenditure the previous year to 7 percent. Overall, the fiscal deficit is forecast to narrow slightly, from 8.2 percent of GDP in 2023 to an estimated 8.0 percent in 2024. The central bank is expected to finance most of the deficit.

## Risks

**Risks to the growth outlook are significant and tilted to the downside.** The escalation of conflict within the country and heightened geopolitical tensions stemming from the various conflicts in the region would deepen growth contraction in Syria.

**With no prospect of an imminent political settlement, Syria's ongoing internal divisions may trigger new rounds of fighting.** Continued tensions between Türkiye and the AANES, worsened by Türkiye's airstrikes in northeast Syria following their reiterated intentions in 2022 to launch fresh offensives, may potentially lead to new military operations targeting AANES-held Manbij and Tel Rifaat. Similarly, tensions between government and opposition forces in northwest Syria, marked by increased clashes in 2023, may escalate further. In addition, attacks by the Islamic State are likely to intensify amid increased pressure on government security forces from US and Israeli attacks.<sup>41</sup>

**The various conflicts in the region may dampen Syria's economic prospects due to increased insecurity and infrastructure destruction, risk of rising commodity prices, and potential aid diversion.** The possibility of additional Israeli airstrikes targeting military activities of Iranian-linked groups poses a threat to critical infrastructure, which could disrupt supply chains and elevate transportation and logistics costs. The high tensions following events such as Israel's bombing of an Iranian consulate in Damascus on April 1, 2024, risk increasing attacks by both Iranian-linked groups and Israel.<sup>42</sup> Continued attacks on commercial vessels in the Red Sea could worsen disruptions in global trade and supply chains, resulting in higher commodity prices, which would add to inflationary pressures. This risk, however, is mitigated by the Houthis' statement that they are not targeting ships that are from countries with whom they share a common position. Syria may also face greater challenges in securing international assistance due to increased humanitarian disasters in the region, which may divert resources from donors, potentially worsening malnutrition, further exacerbating poverty, and increasing the likelihood of disease outbreaks.

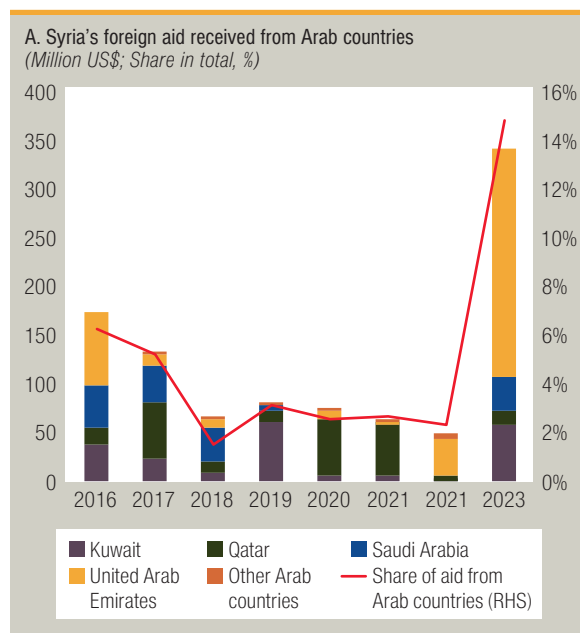
<sup>41</sup> Asharq Al Awsat, 2024. "Russia Carries out Dozens of Strikes against ISIS in Syria." April 1, 2024. <https://english.aawsat.com/arab-world/4942981-russia-carries-out-dozens-strikes-against-isis-syria>.

<sup>42</sup> Regan, Helen, Hamdi Alkhshali and Tamara Qiblawi. 2024. "Iran vows revenge as it accuses Israel of deadly airstrike on Syria consulate in deepening Middle East crisis." CNN, April 2, 2024. <https://edition.cnn.com/2024/04/02/middleeast/iran-response-israel-damascus-consulate-attack-intl-hnk/index.html>.

**The political focus on the consequences of the ongoing conflict in the Middle East, combined with limited progress in reducing Syrian drug production and trafficking, notably captagon, may impede Syria's normalization process with other Arab states.** Syria's readmission to the League of Arab States (LAS) in May 2023, as part of a Jordan-led initiative, aimed to increase humanitarian aid and improve cooperation on refugee-related issues and curbing drug trade.<sup>43</sup> Throughout 2023, the Syrian government pursued normalization, which resulted in the reopening of its embassy in Riyadh, as well as the reopening of embassies by the United Arab Emirates (UAE), Oman, and Bahrain in Damascus. The government also hosted various high-level diplomatic engagements in Damascus.<sup>44</sup> Aid from Arab countries increased to 15 percent of total aid received in 2023, up from 2 percent in the previous year (Figure 29). However, normalization efforts have stalled amid limited progress in curbing captagon production and smuggling, which emerged as a major impediment to normalization. Moreover, the ongoing conflict in the Middle East has dominated the political agenda of the region and may limit opportunities to prioritize other issues.

**Syria has become a major producer and exporter of captagon (fenethylamine), which has evolved into a multi-billion-dollar industry and the most valuable sector of the Syrian economy.** As of 2023, government-controlled Syria and bordering towns in Lebanon appear to have a near-monopoly on captagon production<sup>45</sup> and account for the vast majority of captagon seizures with known origins worldwide (Figure 30A). With fast-rising demand after 2019, the Gulf Cooperation Council (GCC) countries emerged as the main consumer markets for captagon and account for almost 90 percent of the regional market (Figure 30B and Figure 30C). The total market value of captagon of Syrian origin is estimated between US\$1.9 and US\$5.6 billion per year,<sup>46</sup> almost equal to Syria's estimated GDP of US\$6.2 in 2023. Actors linked to Syria profit from the sale of captagon at different stages of the value chain. Overall, revenues are estimated to amount to between US\$0.6 and US\$1.9 billion each year. By comparison, Syria's licit exports amounted to

**FIGURE 29 • The Share of Foreign Aid Received by Syria from Arab Countries Increased in 2023**



Source: Syrian Arab Republic Financial Tracking Service of OCHA; World Bank staff estimates.

Note: "Arab countries" refers to Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Tunisia, the UAE, and Yemen. Foreign aid to Syria encompasses both commitments and paid contributions. According to OCHA, a commitment is a contractual agreement between the donor and the appealing organization/recipient. Meanwhile, a paid contribution denotes the actual transfer of funds or in-kind goods from the donor to the appealing/recipient organization.

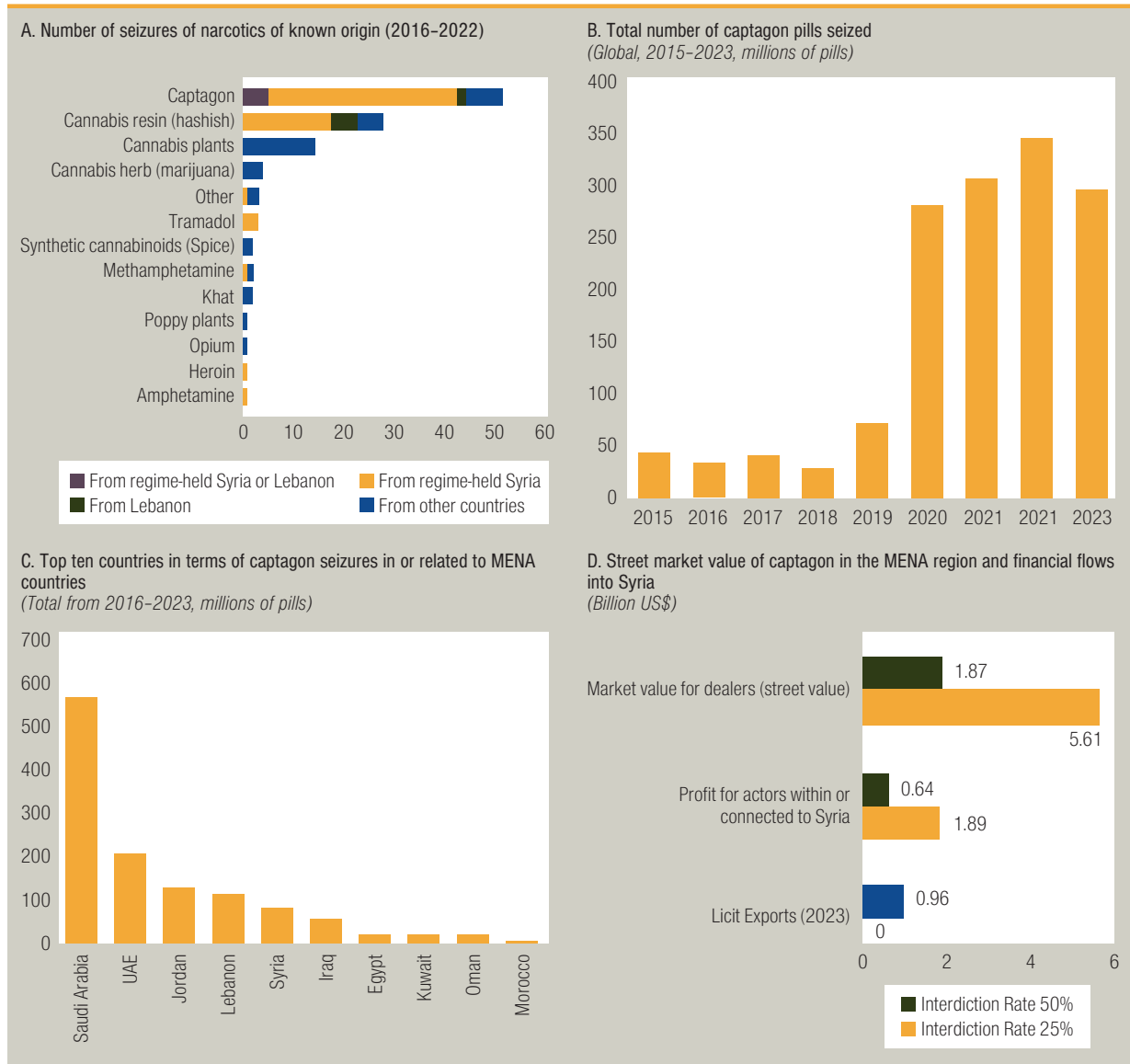
<sup>43</sup> See World Bank, 2023. Syria Economic Monitor: The Economic Aftershocks of Large Earthquakes. Washington, D.C: World Bank Group. <http://documents.worldbank.org/curated/en/099540309012311026/IDU0a8823acd034ac04efd0abc20842c479023f4>. World Bank, 2023.

<sup>44</sup> Among others, Syria's President Bashar al-Assad attended a Saudi-hosted Islamic-Arab summit on the ongoing conflict centered in Gaza in November, while Jordan's foreign minister attended Damascus in February for the first time since 2011.

<sup>45</sup> Center for Operational Analysis and Research. 2021. "The Syrian Economy at War: Captagon, Hashish. And the Syrian Narco-State." April 27, 2021. <https://coar-global.org/2021/04/27/the-syrian-economy-at-war-captagon-hashish-and-the-syrian-narco-state/>.

<sup>46</sup> Calculations based on interpolations from a new dataset on individual drug seizures and fieldwork indicating pill prices in target countries as well as production costs. Upper and lower bound estimates are based on the assumption that between 33 percent and 50 percent of all captagon shipments are detected and seized.

**FIGURE 30 • Syria Has Become a Major Producer and Exporter of Captagon, the Revenues of which Exceed Revenues from Licit Exports**



Source: The New Lines Institute Captagon Project, <https://newlinesinstitute.org/initiative/special-project-on-the-captagon-trade/>; Tahaleel (2024); Karam Shaar (2023) "Sky High: The ensuing narcotics crisis in the Middle East and the role of the Assad Regime", Observatory of Political and Economic Networks; Syrian Arab News Agency (SANA); World Bank estimates.

Note: Due to the difficulties in repatriating funds amid the prevailing sanctions regime, it remains unclear what share of these revenues is eventually transferred into the country.

approximately US\$960 million in 2023 according to official figures,<sup>47</sup> making the sale of captagon generate more export revenue than the entirety of the licit economy (Figure 30D).

<sup>47</sup> Syrian Arab News Agency. 2024. لاقتصاد والتجارة الخارجية: 27 بالمئة. January 10, 2024. "نسبة انخفاض قيمة المستوردات خلال 2023 عن عام 2022". <https://www.sana.sy/?p=2028932>.

# DEVELOPMENT IN REVERSE: THE IMPACT OF THE SYRIAN CONFLICT ON HOUSEHOLD WELFARE<sup>48</sup>

*The Syrian conflict has had a devastating impact on household welfare, driving a sharp deterioration in living conditions and poverty indicators. According to survey data collected by humanitarian organizations, the extreme poverty rate rose from a negligible level in 2009 to roughly 25 percent by mid-2022. Multiple external factors, including the 2019 financial crisis in Lebanon, the COVID-19 pandemic, and the war in Ukraine, have further eroded the welfare of Syrian households, and the massive Türkiye-Syria earthquakes in February 2023 devastated areas that were already severely affected by the conflict.*

**B**efore the conflict, the Syrian Arab Republic was a fast-growing, lower-middle-income country with virtually no extreme poverty.

The economy expanded rapidly between 2000 and 2010. Real GDP grew at an average annual rate of 4.3 percent, driven mainly by nonoil sectors, while inflation remained modest. Despite multiple exogenous shocks,<sup>49</sup> the Syrian economy was increasingly integrated into international value chains, and the combined value of imports and exports reached 76.5 percent of GDP just prior to the 2008 global financial crisis. Sustained economic growth drove a sustained decline in poverty during the first half of the 2000s. In 2006–07, 16.36 percent of the population lived on less than US\$3.65 per person per day, and just 2.83 percent lived on less than US\$2.15 per per-

son per day.<sup>50</sup> These numbers remained substantially stable between 2006 and 2009.

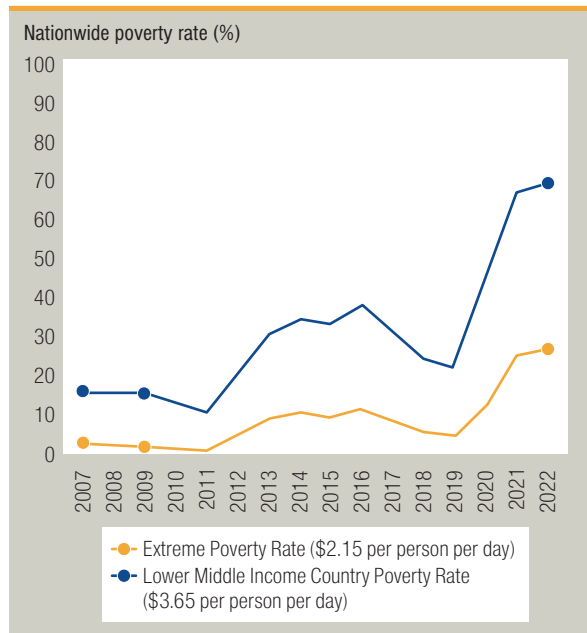
**More than a decade of conflict compounded by external economic shocks has led to a dramatic deterioration in the welfare of Syrian households.**

<sup>48</sup> This special focus note draws on Redaelli and Infanzon Guadarrama (2024) “The Welfare of Syrian Households after a Decade of Conflict.” World Bank.

<sup>49</sup> These shocks include Syria’s international isolation after the Iraq war, Syria’s expulsion from Lebanon, and Israeli strikes against Syrian allies Hezbollah and Hamas.

<sup>50</sup> These are the international poverty lines for lower-middle-income countries and lower-income countries expressed in 2017 purchasing-power-parity terms. Prior to conflict, Syria was classified as a lower-middle-income country. It was reclassified as a lower-income country in 2018.

**FIGURE 31 • Extreme Poverty and Poverty Rates have Dramatically Increased since the Beginning of the Syrian Conflict**



Source: World Bank staff calculations based on 2007 and 2009 CBS and 2022 HNAP. See Redaelli & Infanzon Guadarrama (2024) and Redaelli et al. (2024) for details. Note: Poverty rates are calculated in 2017 purchasing-power-parity terms. Poverty rates in 2009 and 2022 use different sources that are not directly comparable.

According to estimates based on the 2022 Humanitarian Needs Assessment Program (HNAP) survey, 27 percent of the Syrian population—about 5.7 million people—now lives on less than US\$2.15 per person per day, while 69 percent of the population—about 14.5 million people—lives on less than US\$3.65 per person per day (Figure 2).<sup>51</sup> Pre- and post-conflict estimates of monetary poverty are not strictly comparable due to differences in data sources,<sup>52</sup> but the available information clearly shows a staggering decline in living standards.<sup>53,54</sup> Even as the intensity of the conflict has waned in recent years, poverty rates have continued to increase, likely due to the impact of the COVID-19 pandemic, the 2019 Lebanese financial crisis, mounting geopolitical instability driven by the war in Ukraine. Strikingly, the erosion of household welfare since 2019 has been equally if not more severe than that observed during the initial years of the conflict, when the incidence of deaths, displacement, and destruction was at its peak (Figure 31).

**Poverty rates vary sharply by region, and over 50 percent of the extremely poor population**

**is concentrated in just three governorates.** Extreme poverty rates are highest in Northeast and Southwest governorates: Deir-ez-Zor (72 percent), Hama and Ar-Raqqa (61 percent), Al-Hasakeh (49 percent), Dar'a (48 percent), Quneitra (43 percent), and Aleppo (34 percent). In other governorates, extreme poverty rates are well below the national average (Figure 32). Together, Aleppo, Hama, and Deir-ez-Zor are home to just 30 percent of the country's total population, but more than 50 percent of the population lives on less than US\$2.15 per person per day. Poverty rates at the US\$3.65 poverty line are high across the Syrian Arab Republic, exceeding 90 percent in half of all governorates. Only two governorates have poverty rates below 50 percent, Damascus (44 percent) and As-Sweida (23 percent).

**Poverty rates are highest among female-headed households and displaced households, while international remittances have been a critical lifeline.** Receiving remittances from abroad is associated with a 12 percentage-point reduction in extreme poverty rates and an 8 percentage-point reduction in poverty rates. The reduction in extreme poverty associated with receiving international remittances is almost six times as large as the reduction linked to humanitarian assistance.

**Beyond monetary poverty, conflict and external shocks have eroded multiple dimensions of household welfare.** Redaelli and Infanzon

<sup>51</sup> For comparison, in Lebanon, the 2022 poverty rate using the \$3.65 international poverty line is 0.5 percent (World Bank, 2024). This number relies on the 2017 PPP conversion factor, which may underestimate the extent of recent inflation in Lebanon. It is to be used for comparison with the poverty rate in Syria only.

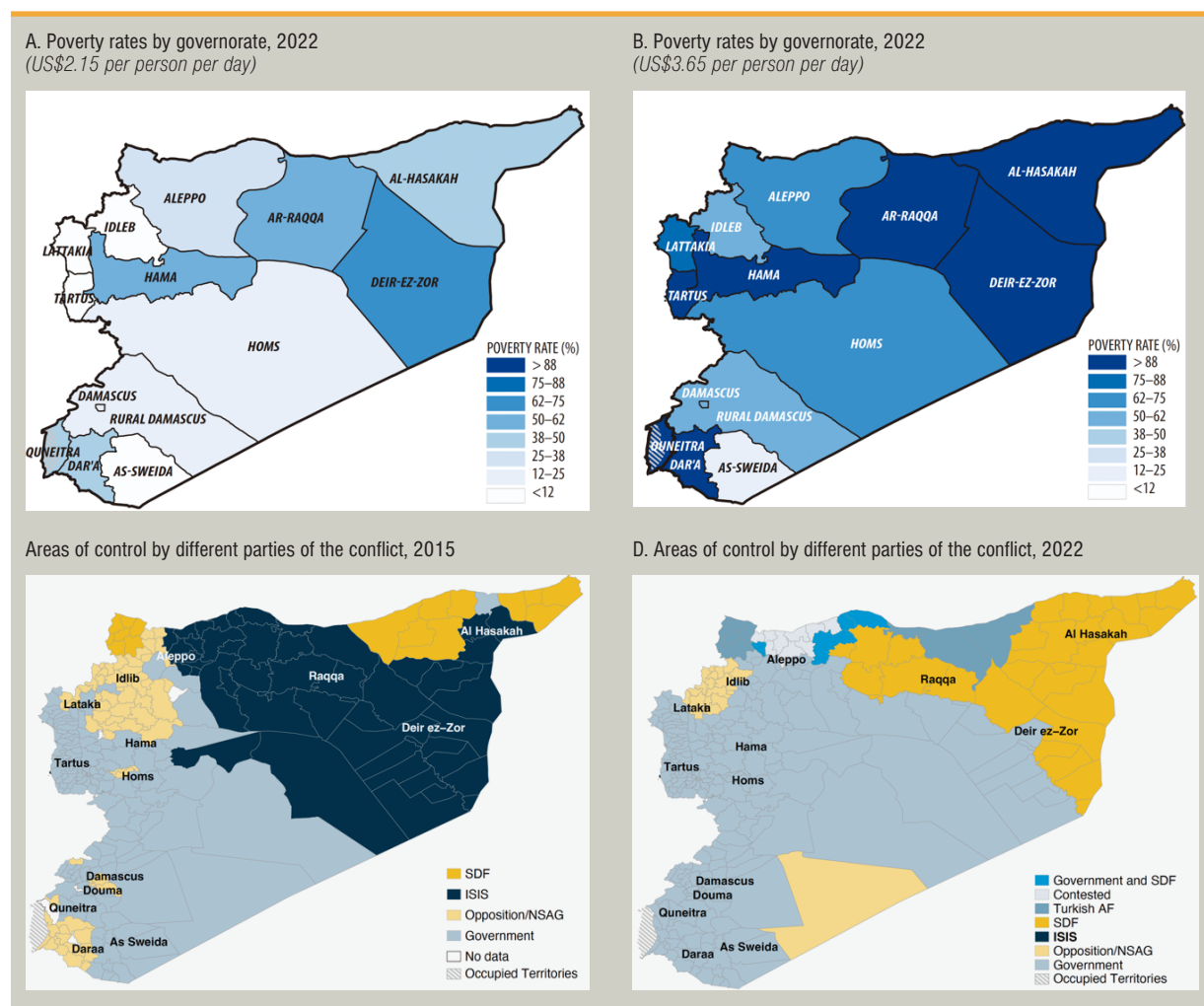
<sup>52</sup> Poverty trends over the period 2009–2022 are reconstructed by interpolating poverty estimates obtained by back-casting poverty estimates based on the HNAP 2022 survey and those obtained by nowcasting 2009 poverty estimates with both projections based on the growth rate of per capita GDP in current prices, deflated by CPI and a passthrough of 0.7 (see Redaelli et al. [2023] for details).

<sup>53</sup> See Redaelli et al. (2023) for a description of the methodology for poverty measurement using HNAP 2022 data.

<sup>54</sup> Redaelli S., Infanzon Guadarrama M., Moreno Herrera L. (2023). Assessing the extent of monetary poverty in Syria after a decade of conflict. *World Bank*.



**FIGURE 32** • Poverty and Extreme Poverty Rates are Highest in the Northeast and Southwest of the Syrian Arab Republic



Source: World Bank staff estimates based on HNAF 2022 (A and B). World Bank staff calculations based on the data by the Carter Center (C and D). See Redaelli & Infanzon Guadarrama (2024) for details.

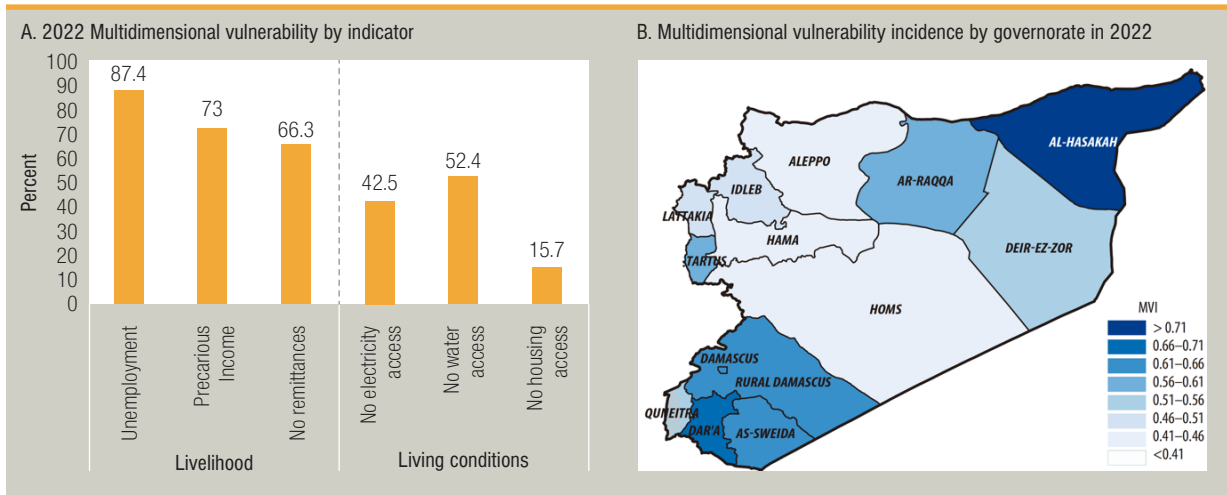
Note: Poverty rates are calculated in 2017 purchasing-power-parity terms.

Guadarrama (2024) developed a Multidimensional Vulnerability Index (MVI) index by combining six household-level indicators. According to this index, more than nine in ten Syrians were multidimensionally vulnerable in 2022. Inadequate income opportunities due to unemployment, precarious employment, and the absence of remittances, was a major contributor to multidimensional vulnerability, along with limited access to water (Figure 33A).

**Like extreme poverty rates, the incidence of multidimensional vulnerability varies significantly across the Syrian Arab Republic's governorates.** In 2022, the incidence of multidimen-

sional vulnerability was highest in Al-Hasakeh (0.76) and well above the national average in Dara (0.68), As-Sweida (0.63), rural areas around Damascus (0.62), Tartous (0.60), and Ar-Raqqa (0.57). Deprivations across the livelihood indicators contributed more than 80 percent to multidimensional vulnerability in Hama and Homs, while deficient living conditions were the dominant factor in Al-Hasakeh and Dara (Figure 33B). Across the country, displaced Syrians were disproportionately vulnerable, including those still living in camps and those that had recently returned home, underscoring the challenges posed by reintegration.

**FIGURE 33 • Multidimensional Vulnerability is High due to Weakened Livelihood Opportunities, and Vulnerability is Highest in Al-Hasakeh, Dara, and As-Sweida**



Source: World Bank staff estimates based on HNAP 2022. See Redaelli & Infanzon Guadarrama (2024) for details.

Note: The censored headcount ratios shown in the left-hand figure measure the percentage of the population that is both multidimensionally vulnerable and deprived in each of the measured indicators.



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