

SYRIAN ARAB REPUBLIC

In December 2024, Syrian rebels ousted President Bashar al-Assad, sparking hopes of ending a 14-year conflict that displaced over half the population and caused economic collapse and widespread poverty. Resolving the conflict could drive recovery in Syria and the region through improved security conditions, international engagement, eased sanctions, and reconstruction. Benefits are, however, contingent on political stability and effective policies.

Key conditions and challenges

Syria's civil war has been the deadliest conflict of this century. Between 2011 and 2023, Uppsala Conflict Data Program recorded more than 409,000 battle-related deaths in Syria—more than any other conflict of the past three decades. The conflict has had devastating economic consequences, with Gross Domestic Product (GDP) shrinking by 53 percent between 2010 and 2022, prompting the World Bank to classify Syria as a low-income country in 2018. Nighttime light data suggests an even larger impact, with an 83 percent contraction in economic activity from 2010 to 2024.

The conflict triggered one of the largest waves of displacement since World War II. As of December 2024, approximately 5.5 million Syrian refugees reside in Turkey, Lebanon, Jordan, Iraq, and Egypt, with an additional 1.2 million in Europe.

The combined impact of conflict and sanctions has profoundly reshaped Syria's economic structure. The tourism, energy, and manufacturing sectors have been hit particularly hard, while Captagon

Population ¹ million	24.7	Poverty ² millions living on less than \$2.15/day	5.6
Life expectancy at birth ³ years	72.3	School enrollment ⁴ primary (% gross)	79.6
GDP ⁵ current US\$, billion	21.4	GDP per capita ⁶ current US\$	869.0

Sources: WDI, MFM, and official data. 1/ 2024. 2/ 2022 (2017 PPPs). 3/ 2022. 4/ 2023. 5/ 2024. 6/ 2024.

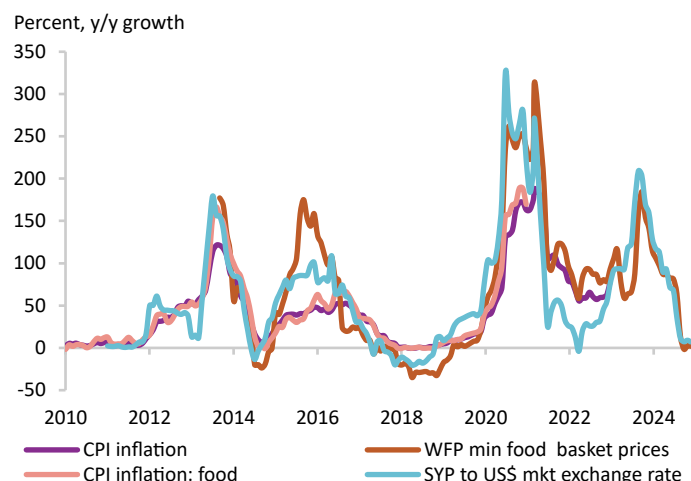
production and trafficking emerged as the economy's most valuable sector. Once the eastern Mediterranean's leading oil exporter, Syria has been forced to rely on imports due to severe drops in domestic production and operational fields controlled by non-state actors. Dependence on food imports has also intensified, with imports accounting for approximately one-third of cereal consumption between 2011 and 2024.

Recent developments

A coalition of rebel groups, led by Hayat Tahrir al-Sham, seized regime-held territories in a sweeping military operation in December 2024, bringing 78 percent of Syria's population and 60 percent of economic activity under the control of the transitional government. However, they control only 9 percent of oil production, with the vast majority still under Syrian Democratic Forces (SDF) control.

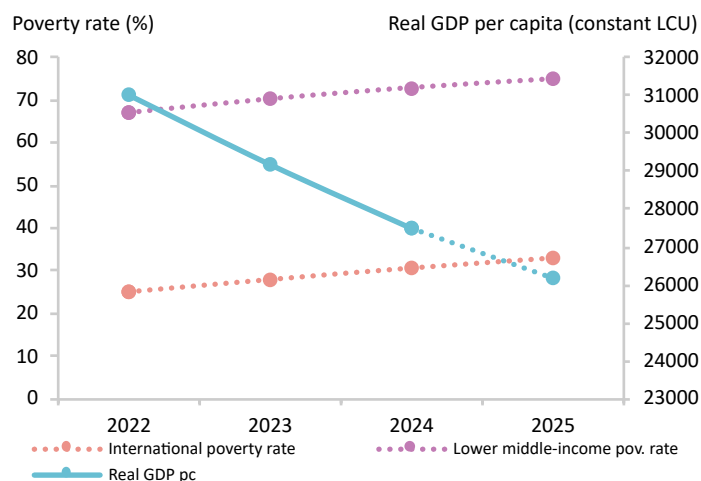
After the regime's fall, conflict dynamics shifted. Clashes between transitional government forces and armed groups loyal to the former Assad regime fueled sectarian violence in Latakia and Tartous.

FIGURE 1 / Inflation and exchange rate movements



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

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



Source: World Bank. Notes: See footnotes in table on the next page.

In the north, Syrian National Army (SNA)-SDF clashes near the Tishreen Dam and Aleppo escalated amid Turkish airstrikes. In the south, Israeli forces deployed beyond the occupied Golan Heights, seizing territory in and beyond UN-supervised demilitarized areas. Israel also launched airstrikes on alleged military targets and smuggling routes across Syria, raising conflict events involving Israel by 40 percent compared to 2024.

After a brief depreciation amid the chaos of the power shift, the Syrian pound appreciated by about 30 percent between the pre-escalation level in late November 2024 and February 2025. The appreciation has been partly driven by increased demand from returning Syrians and expatriates. Syria's liquidity crisis persists as tight restrictions—including weekly withdrawal limits, suspended e-payments, and delayed government salaries—continue to strain cash availability and worsen the pound's scarcity.

After an initial spike, food prices have stabilized due to the removal of military checkpoints and the influx of cheaper Turkish imported goods. However, the price of subsidized bread has risen significantly as the new caretaker government has opted to reduce subsidies to curb the budget deficit.

Access to humanitarian assistance in Syria remains critically low. According to the UN Financial Tracking Service, US\$1.5 billion in funding has been allocated for humanitarian assistance for 2024—less than half compared to the previous year.

Outlook

Subject to extraordinarily high uncertainty, real GDP is projected to contract by 1.0 percent in 2025, extending a 1.5 percent

decline in 2024, due to persistent security instability, potential prolonged disruptions in oil supply, and tight liquidity conditions. With the economic contraction, extreme poverty is projected to significantly increase between 2024 and 2025.

Syria's economic outlook is highly uncertain. Security challenges remain acute, with armed groups retaining significant influence and the proliferation of weapons undermining centralized authority. Securing oil supply will be a major challenge for the new government, as disrupted imports from Iran could drive up fuel prices and inflation. While some sanctions on Syria's energy, transportation, and financial sectors have been eased, frozen assets and restricted access to international banking continue to impede trade and investment. Further sanction relief could enhance energy supply, foreign assistance, and humanitarian delivery. Additionally, reopened trade routes could facilitate the movement of goods and services and boost cross-border trade with Turkey and neighboring countries.

Return movements have increased since the fall of the Assad regime. Around 300,000—4.9 percent of the 6.3 million Syrian refugees abroad—have returned since the December 8 regime change, according to the United Nations High Commissioner for Refugees (UNHCR). In addition, out of the 7.4 million Internally Displaced Persons (IDPs) in Syria, around 885,000 have returned to their areas of origin since November 27. While returnees pose a short-term challenge as they require assistance—key needs include food, water, and fuel—their return could boost growth in the medium term by resuming their abandoned business activities and bringing much-needed skills and capital, increasing aggregate demand and labor supply.

Recent history and projections

	2022	2023	2024e	2025f
Real GDP growth, at constant market prices	0.7	-1.2	-1.5	-1.0
Inflation (consumer price index)	63.7	127.8	58.1	19.7
Fiscal balance (% of GDP)	-4.6	-2.5	-3.1	-2.2
International poverty rate (\$2.15 in 2017 PPP)^{1,2}	24.8	27.7	30.4	32.8
Lower middle-income poverty rate (\$3.65 in 2017 PPP)^{1,2}	67.0	70.1	72.8	74.8

Source: World Bank, Poverty and Economic Policy Global Departments.

Notes: e = estimate, f = forecast. Data in annual percent change unless indicated otherwise.

1/ Calculations based on 2022-HNAP. Actual data: 2022. Nowcast: 2023-2024. Forecasts are for 2025.

2/ Projection using neutral distribution (2022) with pass-through = 0.7 (Low (0.7)) based on GDP per capita in constant LCU.