

SYRIA MACRO-FISCAL ASSESSMENT

JUNE 2025



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SYRIA

Macro-Fiscal Assessment

June 2025

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EXECUTIVE SUMMARY

- 14 years of conflict in Syria have displaced more than half of the pre-war population and caused GDP to contract by over 50 percent, with GNI per capita at just \$830 in 2024—well below the international low-income countries' threshold. Nighttime light data suggest an even steeper decline of 83 percent between 2010 and 2024.
- A quarter of the population now lives in extreme poverty, below the Low-Income Country (LIC) international poverty line of US\$2.15 (2017 PPP) per capita per day. 67 percent live below the Lower Middle Income poverty line of US\$3.65 (2017 PPP).
- Disruptions from conflict and sanctions have weakened Syria's external sector, leading to a collapse in exports; a shift in trade partnerships toward regional actors; a depletion of foreign reserves; and increased reliance on imports of essential goods and informal channels for external financing—including via Captagon production and trade during the Assad regime. The economy overall has also become much more informal.
- The market exchange rate of the Syrian pound increased sharply from 47 SYP per dollar in 2010 to 14,800 SYP per dollar by end-2024, driven by rapid money supply growth and weakening demand for local currency in a shrinking economy. Currency depreciation has driven high inflation after the onset of the conflict, with the annual Consumer Price Index (CPI) averaging 54.4 percent from 2011 to 2024.
- Constrained fiscal resources and military priorities curtailed government spending, specially for capital expenditures. From 2012 to 2024, the budgeted fiscal deficit of the Syrian government averaged 10 percent of GDP, excluding off-budget military and electricity subsidies, despite subsidy cuts in recent years. Revenue has declined sharply since the start of the conflict, driven by lower oil and tax revenues, a collapse in trade under sanctions, the expansion of the informal economy, and a weak collection capacity. In 2024, the Syrian government's budget was SYP 35.5tn (equivalent to \$2.5 billion, or about 12 percent of GDP).
- The Central Bank reports Syria's total debt at about \$27 billion at the end of 2024 (128 percent of GDP), of which \$22.3 billion (104 percent of GDP) is external, with substantial arrears, particularly to Iran. Domestic debt has reportedly also risen sharply to about \$5 billion in March 2025, equivalent to around 24 percent of GDP.
- Since the fall of the Assad regime, Syria has been facing a severe liquidity crisis due to a shortage of physical banknotes and broader disruptions in the circulation of local currency. Economic activity has declined further, as the economy has continued to contract amid ongoing security issues, oil supply disruptions, and tight liquidity

conditions. Inflation has somewhat eased, with fewer internal military checkpoints and an influx of cheaper Turkish imports.

- The Syrian financial system faces immense challenges, restricting economic activity and impeding broader economic reconstruction and recovery.
- The authorities are committed to revitalizing economic growth and enhancing living standards through sound economic policies. The new authorities are undertaking significant efforts to unify the country's macroeconomic, fiscal, and monetary policies, focusing on good governance of public funds and sound fiscal and monetary management. The new administration is also working hard to attract growing international investment and aid commitments which are expected to help rebuild the economy.
- Subject to extraordinarily high uncertainty, real GDP is projected to increase by 1.0 percent in 2025, after declining by 1.5 percent in 2024. This assumes persistent security instability, the suspension of US foreign assistance, and continued tight liquidity conditions. Early-season droughts and restricted access to planted areas

are expected to result in below-average cereal production in 2025. The easing of sanctions provides some upside potential, but until concrete measures are taken, frozen assets and access to international banking continue to impede energy supply, foreign assistance, humanitarian delivery, and trade and investment.

- Risks to the outlook are extremely high. Security challenges remain acute. Securing oil supply will be a major challenge for the new government due to disruptions in oil imports from Iran, potentially raising fuel prices and exacerbating inflation. On the upside, an agreement on resource-sharing or governance arrangements between the transitional government and authorities in the northeast could boost national oil and gas production. A growing regional engagement, particularly through Türkiye and some Gulf states, may support economic recovery and attract investment.
- The growing number of returnees presents short-term challenges but could boost medium-term growth by reviving businesses and contributing skills, capital, and labor, particularly if sanctions are eased to facilitate investments, including from the diaspora.

ECONOMIC DEVELOPMENTS

Before 2011, Syria was a rapidly growing lower-middle-income country. Between 2000 and 2010, real Gross Domestic Product (GDP) grew at an average annual rate of 4.8 percent. Inflation was relatively subdued, averaging 4.9 percent per year during this period. The current account was largely balanced, and by the end of 2010, Syria's international reserves, estimated at US\$19.5 billion, were sufficient to cover approximately nine months of total imports. Trade, measured in terms of the total value of imports and exports, accounted for 64 percent of GDP in 2010—slightly below the Middle East and North Africa (MENA) average of 70.3 percent. In 2010, Syria's GDP per capita was US\$2,731 (lower middle-income country status), below the MENA average (excluding high-income countries) of US\$4,040 and neighboring countries such as Iraq (US\$4,462), Turkey (US\$10,622), Lebanon (US\$7,626), and Jordan (US\$3,718).

A. Real Sector and Growth

Fourteen years of conflict have devastated the Syrian economy. Official statistics indicate that

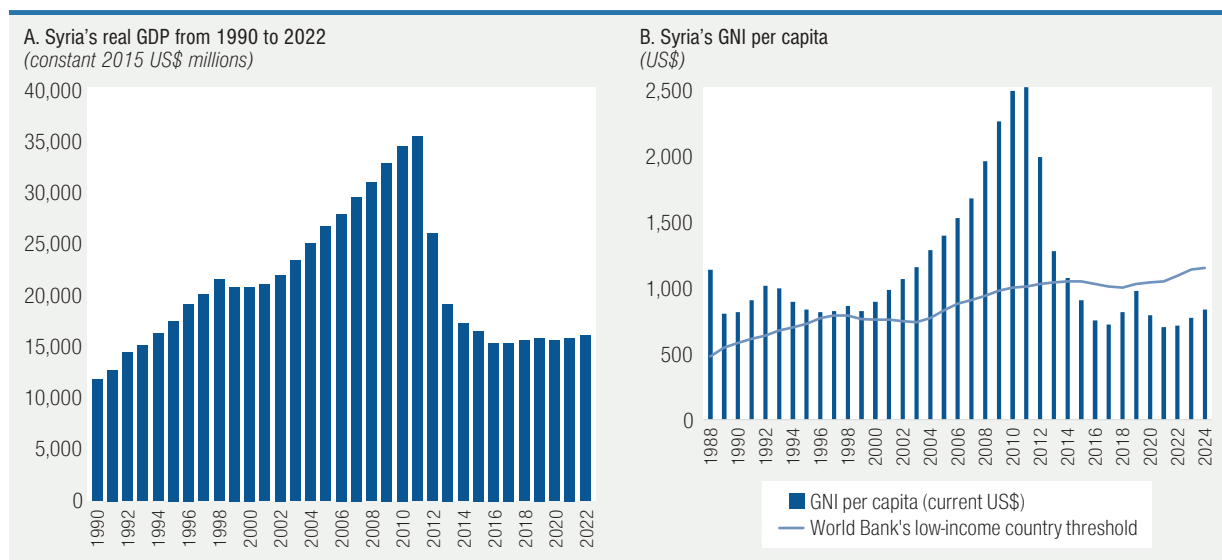
Syria's GDP shrank by 53 percent between 2010 and 2022, pushing economic development back to mid-1990s levels (Figure 1).¹ Nighttime light (NTL) data suggests an even larger adverse impact, with an 83 percent contraction in economic activity between 2010 and 2024.² Syria's Gross National Income (GNI) per capita was estimated at US\$830 in 2024,³ well below the World Bank's low-income country threshold (US\$1,145 in FY25) and the operational cut-off point for IBRD terms (US\$1,335 in FY25).

¹ The GDP data from the Central Bureau of Statistics (CBS) excludes large regions—particularly in the northeast and northwest—for certain sectors but still incorporates oil production figures from these areas.

² There are limitations to using NTL data as a proxy for economic activity. In conflict-affected areas, light intensity may sometimes reflect factors unrelated to economic output, such as military installations, refugee camps, or altered consumption patterns under siege. Moreover, owing to sustained damage to electricity infrastructure, NTL-based estimates may underestimate actual economic activity post-conflict.

³ According to World Development Indicators (WDI) data.

FIGURE 1 • Fourteen Years of Conflict Have Devastated the Syrian Economy



Source: World Development Indicators (WDI).

Economic activity has contracted across sectors since the onset of the conflict.

Economic disruption has been most acute in the hydrocarbon sector. Between 2010 and 2024, Syria's annual crude oil production fell by 90 percent (from 381,000 barrels per day (bpd) to 63,000 bpd),⁴ while annual gas production dropped from 8.4 billion cubic meters (bcm) to 3 bcm in 2023;⁵ this was largely due to conflict-related damage to energy infrastructure and frequent shifts in control over key resources (Figure 2.A).⁶ Industrial production also declined, affected by fuel and power shortages, limited access to capital, destruction of infrastructure, and the relocation of major manufacturing bases from conflict-affected areas such as Aleppo and Idlib to more stable regions within Syria or overseas (Figure 2.B). Agricultural output suffered significant losses, owing to damage to irrigation systems, adverse weather events, and shortages of labor, seeds, fertilizer, and fuel. Syria's wheat production, the country's most vital crop, fell from 3.8 million tons in 2011 to 3 million tons in 2024 (Figure 2.C).⁷ Likewise, the livestock population declined from 50 million in 2011 to 39 million in 2023 (Figure 2.D).⁸ The service sector was also disrupted as economic fragmentation impeded trade and commerce, security threats prevented tourism, and economic sanctions impacted financial activities (Figure 2.B).

Economic activity declined more in conflict-intensive regions.⁹ In the absence of regional GDP

data, NTLs are used to estimate economic activity at the governorate level. The estimates indicate steeper contractions in governorates where active conflict

⁴ According to the U.S. Energy Information Administration (EIA) data.

⁵ According to the Energy Institute data, <https://www.energyinst.org/statistical-review/resources-and-data-downloads>.

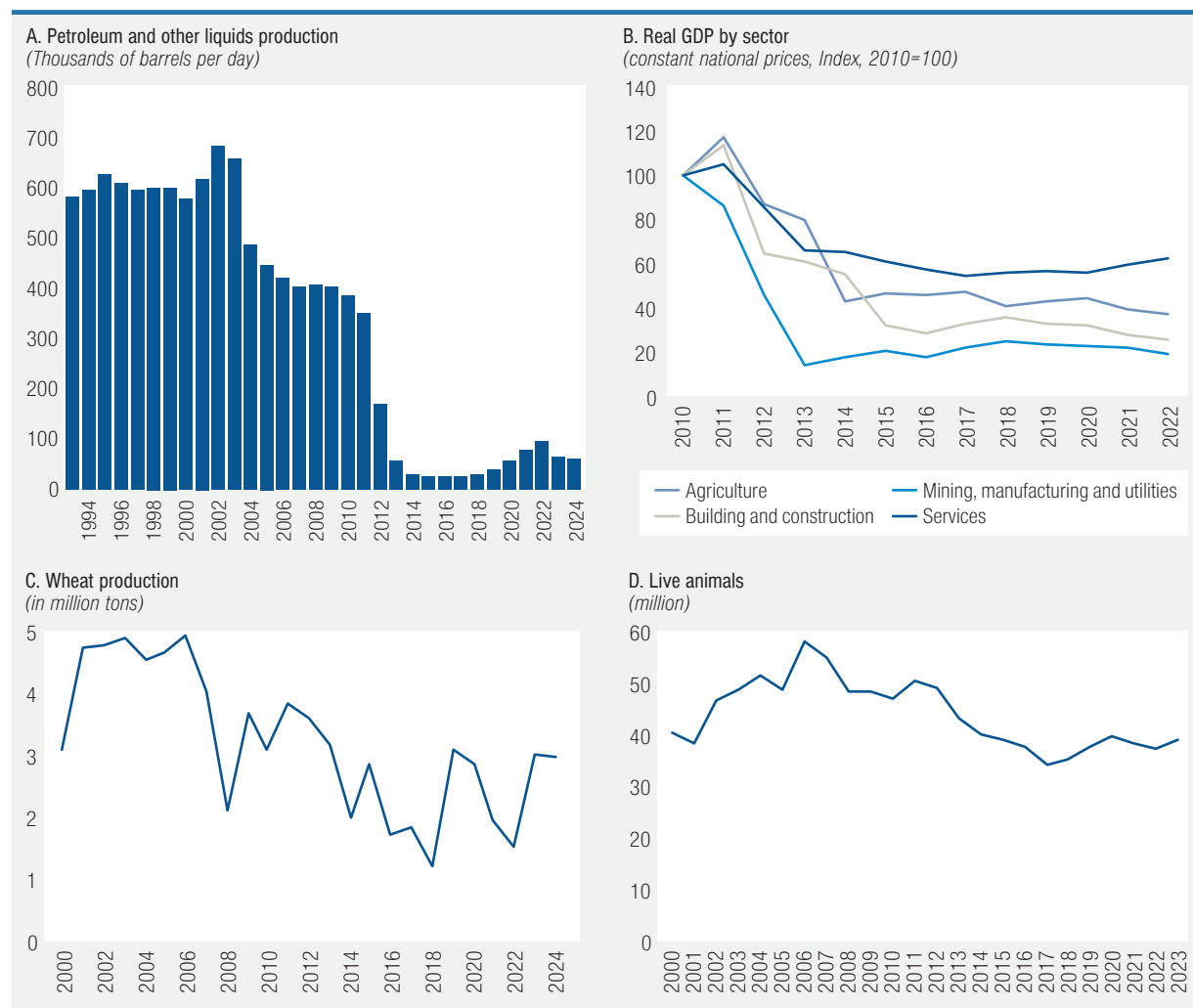
⁶ Frequent shifts in control refer to the repeated takeover of oil and gas fields by various armed actors—including government forces, opposition groups, ISIS, and later the SDF—disrupting operations, damaging infrastructure, and complicating maintenance and investment.

⁷ According to the Central Bureau of Statistics, which reports data from regime-controlled areas, wheat production fell from 3 million tons in 2010 to 1.5 million tons in 2022, based on figures from the "Production of Cereals and Dry Legumes" table.

⁸ FAO data on live animals includes a wide range of species—buffalo, camels, cattle, sheep, goats, as well as others such as bees, chickens, and birds. The figures for buffalo, camels, cattle, sheep, and goats align with those reported by the Ministry of Agriculture, showing a decline from 21.5 million in 2011 to 20.7 million in 2022.

⁹ The spatial dimension of developments takes on a critical dimension in FCV contexts: averaging across areas of the country can be highly misleading as conflict intensity varies widely across time and space, which in turn generates large heterogeneity of economic and social conditions across time and space.

FIGURE 2 • Economic Activity Has Contracted across Sectors since the Onset of the Conflict



Source: The US Department of Energy's Energy Information Administration (EIA), <https://www.eia.gov/international/data/country/SYR>; The Foreign Agricultural Service U.S. Department of Agriculture, <https://syria-report.com/chart-syrias-annual-barley-and-wheat-production-between-2000-and-2024/>; FAOSTAT Database; World Bank staff estimates.
Note: *2024 oil production is an estimate based on data in the first eleven months of the year.

has been concentrated since 2011, such as Idlib (Figure 3). Latakia and Tartous also show significant declines in NTL-based output, but as these two port cities experienced limited conflict or destruction, these declines were likely caused by a collapse in trade activity. In contrast, economic activity appears to have been quite robust in border areas with substantial cross-border economic activity.¹⁰

At sub-national level, Syrian governorates exhibit substantial business cycle synchronization, but co-movement has weakened since 2011.

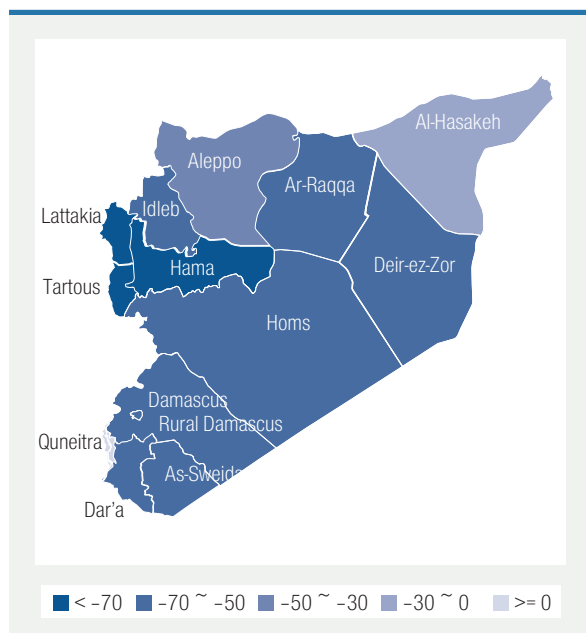
NTL¹¹ points to strong correlation of economic activity at sub-national level in Syria. Pre-crisis, business cycle synchronization was particularly strong between

Damascus and surrounding regions as well as between Damascus and other major economic hubs. While the onset of the conflict led to an immediate and

¹⁰ See "MercyCrop (2021), "using night lights to measure economic output in Syria", quantitative report, May 27, 2021.

¹¹ Annual and monthly NTL data for Syrian governorates from 1992 to 2024 were analyzed using the methodology of Fiess (2007), combining correlation analysis with sensitivity regressions. To ensure robustness, the analysis includes multiple model specifications. See Fiess, N. (2007). "Business Cycle Synchronization and Regional Integration: A Case Study for Central America." The World Bank Economic Review 21(1): 49–72.

FIGURE 3 • Changes in GDP Estimates, by Governorate (2024 Compared to 2010 Levels)

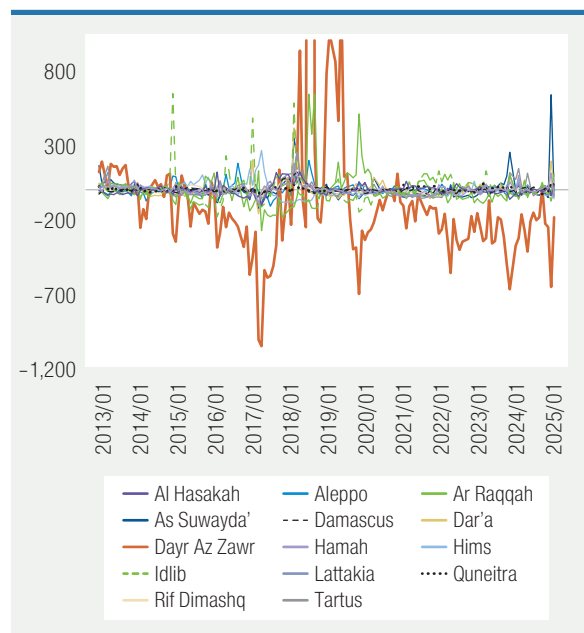


Source: National Aeronautics and Space Administration (NASA)'s Black Marble nighttime lights product suite and Defense Meteorological Satellite Program (DMSP) satellites; WDI; Syria Central Bureau of Statistics; World Bank staff estimates.
Note: Elasticity estimates derived from the historical national annual NTL and GDP data are used to convert NTL observations into regional GDP.

synchronized economic contraction across all provinces, co-movement at sub-national level has since weakened. This is likely due to fragmented control and security conditions that weakened economic linkages and propagated idiosyncratic shocks; this was most pronounced for Dayr Az Zawr, Idlib, and, most recently, As Suwayda (Figure 4).¹²

At the national level, business cycle synchronization with Middle Eastern countries also decreased dramatically following the conflict. Before 2011, growth in Syria was significantly correlated with regional neighbors, particularly Lebanon and Jordan, suggesting deep economic ties through trade, labor, and capital flows (Table 1). Growth dynamics have been largely decoupled since 2011, likely reflecting disruptions of regional transport corridors, trade networks, and investment flows that were triggered by the Syrian conflict. With the exception of Jordan, post-conflict growth in Syria shows no significant correlation with neighboring countries; the decoupling appears most pronounced with Lebanon.

FIGURE 4 • Idiosyncratic Growth Dynamics in Syrian Provinces in the Post-Conflict Period



Source: National Aeronautics and Space Administration (NASA)'s Black Marble nighttime lights product suite and Defense Meteorological Satellite Program (DMSP) satellites; World Bank staff estimates.
Note: This figure displays province-specific economic fluctuations (residuals) from regression models that control for common national economic trends. These residuals capture idiosyncratic growth components—patterns unique to each province that are not explained by Syria's national economic dynamics.

The combined impact of conflict and sanctions has profoundly reshaped Syria's economic structure. Between 2010 and 2022, the share of the mining, quarrying, and manufacturing sector declined from 24 to 10 percent, while the government sector increased its share from 14 to 19 percent (Figure 5). Conflict and sanctions further shifted formal activity to informal and illicit economic activities. Captagon production and trafficking emerged as the economy's most valuable sector. The World Bank has previously estimated the annual market value of Captagon of Syrian origin to have amounted to up to US\$5.6 billion between

¹² Provincial sensitivity to national economic conditions was estimated by regressing provincial NTL growth on national NTL growth, with interaction terms for the post-2011 period. Prior to the conflict, provinces exhibited strong responsiveness to national trends; after 2011, this sensitivity declined but remained positive for most regions, indicating persistent—though weakened—economic integration.

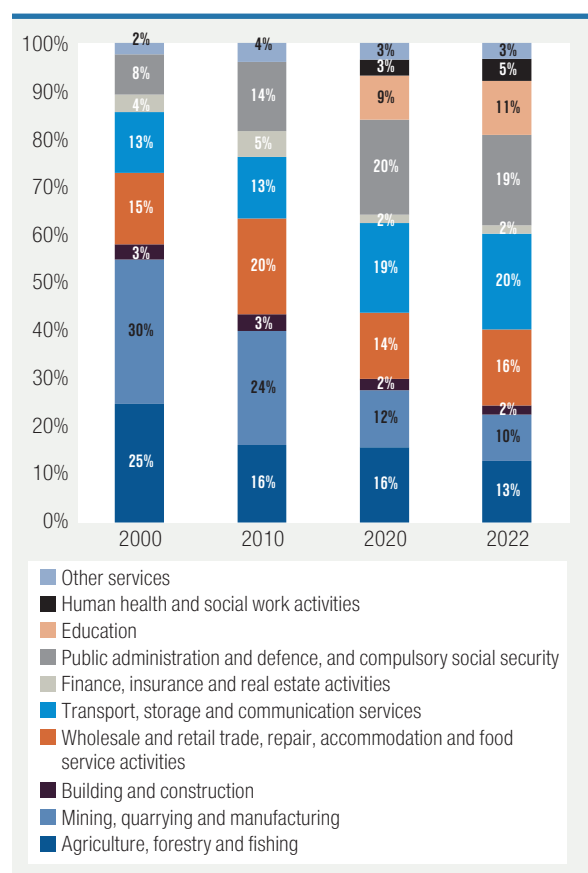
TABLE 1 • Growth Sensitivity to Syrian Economic Fluctuations for Selected Countries

Country	Pre-conflict sensitivity	Post-conflict sensitivity	R ²
Lebanon	0.927*** (3.141)	-0.052 (0.215)	0.270
Jordan	0.749*** (4.756)	0.153** (0.063)	0.646
Iraq	0.541*** (6.099)	0.018 (0.100)	0.313
Egypt	0.419*** (5.134)	0.066 (0.051)	0.534
Iran	0.391*** (3.576)	0.000 (0.085)	0.189
Turkey	0.285 (0.792)	0.039 (0.225)	0.024

Source: National Aeronautics and Space Administration (NASA)'s Black Marble nighttime lights product suite and Defense Meteorological Satellite Program (DMSP) satellites; World Bank staff estimates.

Note: This table presents sensitivity coefficients capturing how each country's economic growth responded to Syrian economic fluctuations before and after the 2011 conflict, based on regression analysis of annual NTL data as a proxy for economic activity. Values in parentheses are t-statistics. * p<0.1, ** p<0.05, *** p<0.01.

FIGURE 5 • Conflict and Sanctions Have Profoundly Reshaped Syria's Economic Structure



Source: Syria Central Bureau of Statistics.

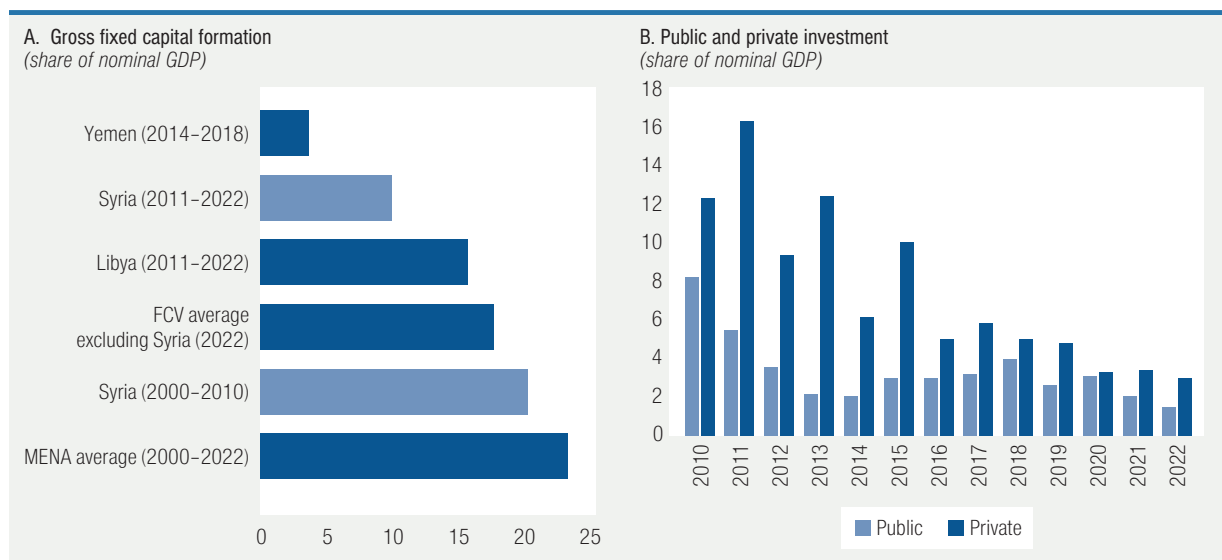
2020 and 2023.¹³ Actors based in or linked to Syria are estimated to have profited from the sale of Captagon to up to US\$1.8 billion per year, almost twice the revenue generated from all licit Syrian exports in 2023.

From the demand side, the conflict has led to a collapse in both private and public investment.¹⁴ Prior to the conflict, Syria's investment-to-GDP ratio was broadly in line with that of neighboring countries. Investment contracted from an average of 19.2 percent of GDP in 2006–2010 to an average of 14.2 percent of GDP during 2011–2022, an exceptionally low level compared to other fragile and conflict-affected economies (Figure 6.A). Private investment as a share of GDP declined from 12.3 percent in 2010 to 3 percent in 2022, reflecting heightened risk, persistent uncer-

¹³ See World Bank, 2024. Syria Economic Monitor: Conflict, Crises, and the Collapse of Household Welfare. Washington, D.C: World Bank Group. <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099515505222471242/idu12e419274142fc14ff31baf411ef0c0aef81c>.

¹⁴ The final consumption expenditure data in real terms in national accounts is less reliable, as evidenced by a lack of strong correlation between the CPI and implicit price deflator for private consumption expenditures. The assessment of the demand-side GDP data therefore focuses on investment only.

FIGURE 6 • The Conflict Has Led to a Collapse in Both Private and Public Investments



Source: Central Bureau of Statistics of Syria; Find My Friends Tool using the IMF World Economic Outlook (WEO); World Bank staff estimates.
 Note: The classification is from the FY25 list of fragile and conflict-affected situations, released by the World Bank.

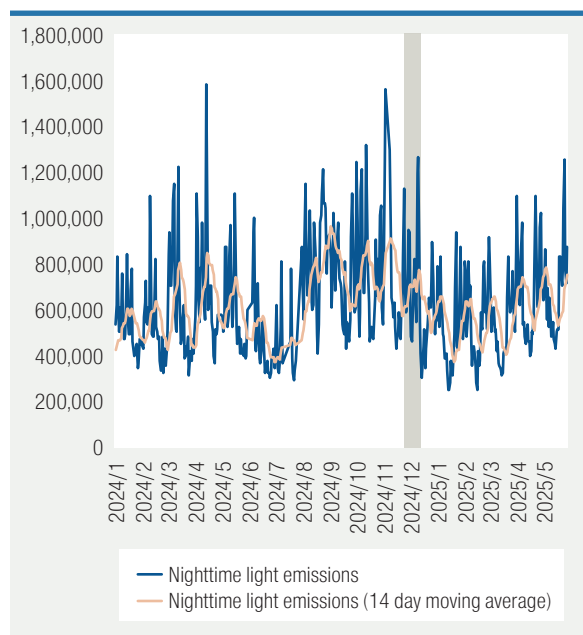
tainty, and a deteriorating business environment. Over the same period, public investment also declined markedly, from 8.2 percent of GDP to 1.5 percent of GDP, constrained by shrinking fiscal revenues and reallocation of resources toward military expenditures and public sector wages (Figure 6.B).

Economic activity has declined further following the fall of the Assad regime. NTL data indicate a modest decline in activity during the shift in control. Since then, the economy has remained subdued amid ongoing security issues, oil supply disruptions, and tight liquidity conditions (Figure 7).

B. Poverty and Labor Market Impact¹⁵

More than a decade of conflict has led to a dramatic deterioration in the welfare of Syrian households, with a quarter of the population now living in extreme poverty. According to estimates based on the HNAP 2022 household survey, 24.8 percent of Syrians—about 5.7 million individuals, consume below the Low-Income Country (LIC) international poverty line of US\$2.15 (2017 PPP) per capita per day (Figure 9.A). Two thirds of the population (67 percent) live below the Lower Middle Income poverty line of \$3.65 (2017 PPP) per capita per day.

FIGURE 7 • Nighttime Light Data Indicate a Moderate Decline in Economic Activity during the Transition of Control



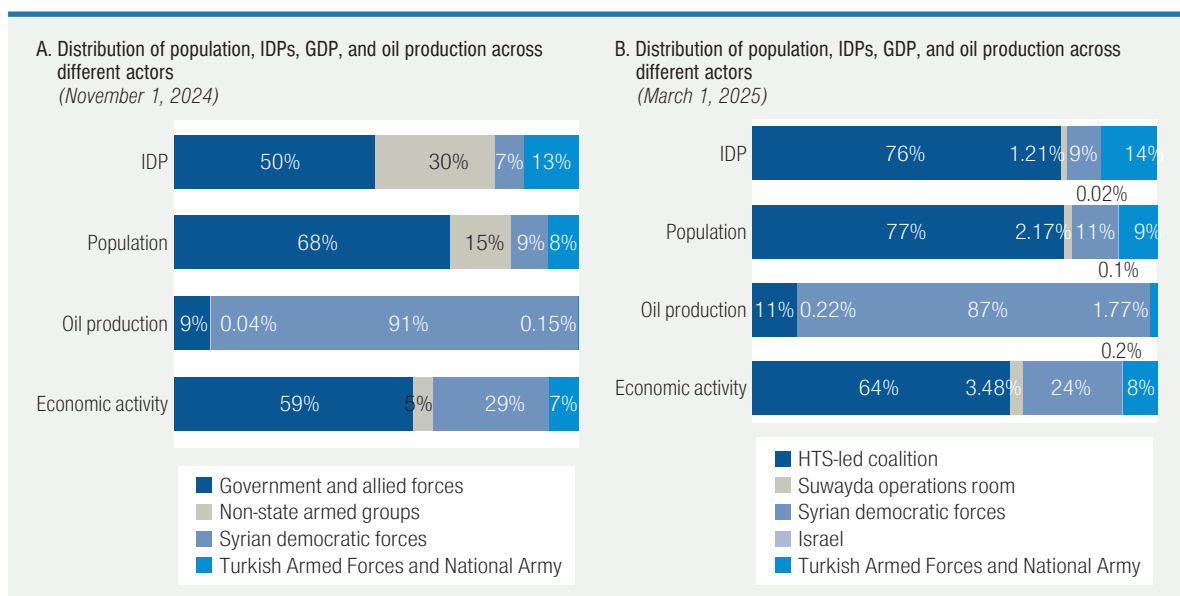
Source: Satellite images from NASA's Black Marble; World Bank staff estimates.
 Note: Nighttime light emissions are commonly used as a proxy for overall economic activity. The shaded area represents the period of regime change in the Syrian Arab Republic from November 27, 2024, to December 8, 2024.

¹⁵ This section draws from the World Bank paper, “The welfare of Syrian households after a decade of conflict”, published in May 2024.

BOX 1: CONFLICT DYNAMICS IN SYRIA HAVE LED TO A MAJOR SHIFT IN ECONOMIC CONTROL

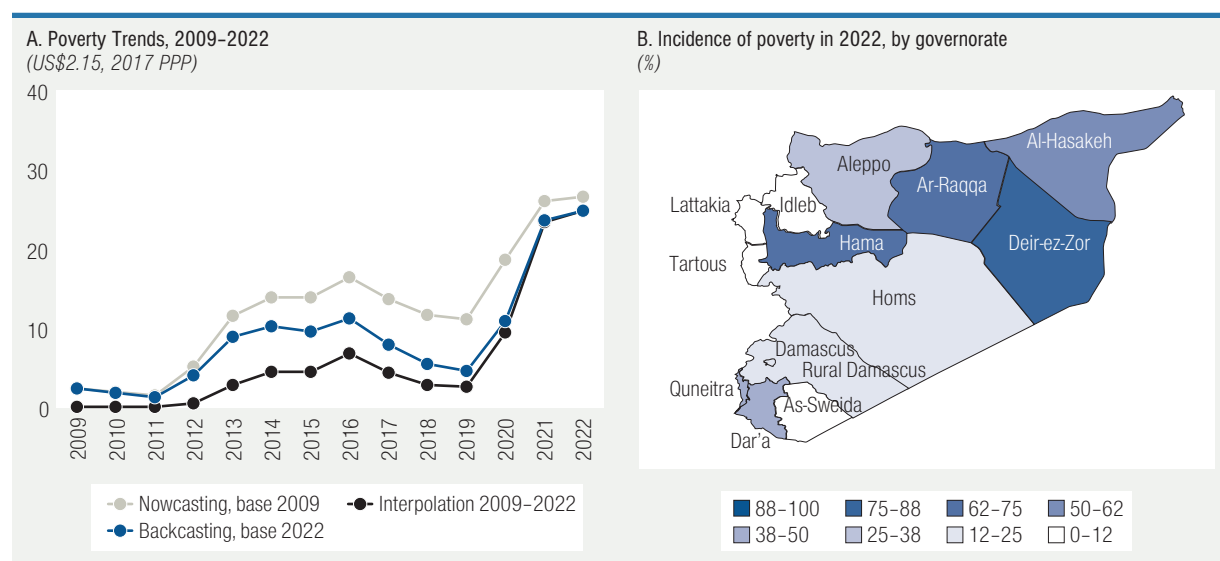
Opposition groups seized regime-held territories in a sweeping military operation in December 2024, bringing 78 percent of Syria's population and 60 percent of economic activity under the control of the transitional government. However, they control only 9 percent of oil production, with the vast majority still under Syrian Democratic Forces (SDF) control (Figure 8).

FIGURE 8 • Conflict Dynamics in Syria Have Led to a Major Shift in Economic Control



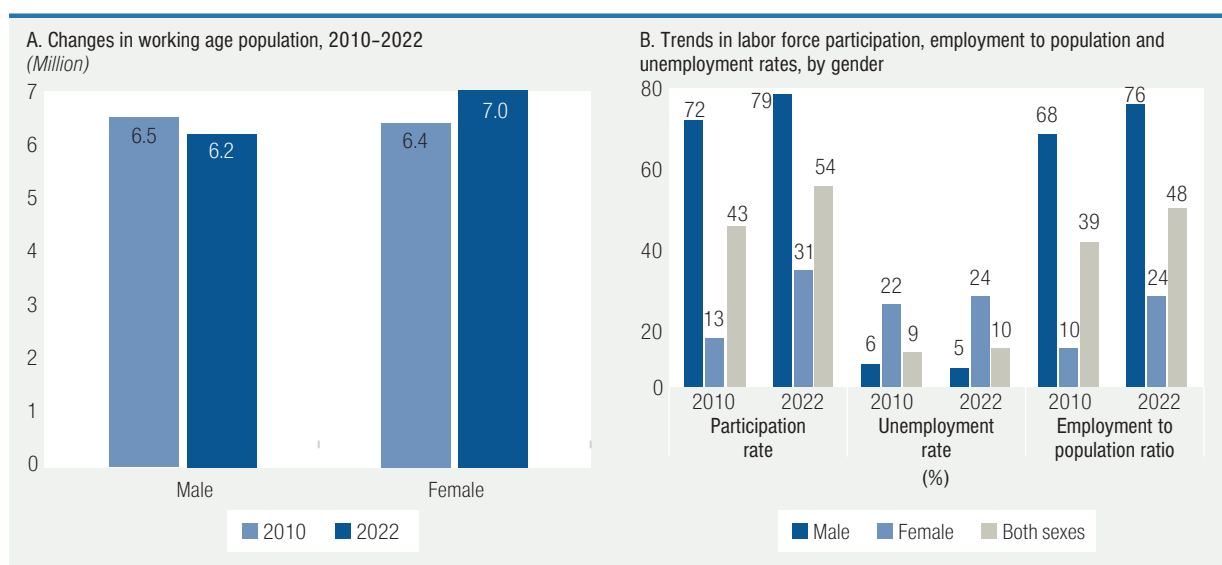
Source: World Bank staff based on satellite images from the US Commerce Department's Visible Infrared Imaging Radiometer Suite (VIIRS), the US Department of Defense's DMSF, and territorial control of Syria from the Carter Center. HNAP population and IDP data as of August 2022. ACLED; World Bank staff estimates.
Note: (Flaring) nighttime illumination, as shown in the chart, is a proxy for (oil) GDP. Turkish armed forces and national army occupied lands acquired during a series of operations, including Operation Euphrates Shield, Operation Olive Branch, Operation Peace Spring, and Dawn of Freedom, according to Carter Center's statistics.

FIGURE 9 • Extreme Poverty Has Increased Substantially over the Past Decade



Source: World Bank staff calculations based on HNAP household survey data (Summer 2022).

FIGURE 10 • The Increase in Labor Force Participation Has Compensated for the Demographic Shock Induced by Conflict



Source: World Bank staff calculations based on UNDESA World Population Prospect 2010 and HNAF household survey data (Summer 2022).

Extreme poverty in Syria has a strong spatial correlation: Aleppo, Hama, and Deir-ez-Zor are home to more than half of the extremely poor (Figure 9.B). Female-headed and displaced households face a significantly higher risk of poverty.

Remittances from those living abroad have become a lifeline for many Syrians. The total value of remittances received by Syrian households is estimated at about US\$8 billion in 2023, according to the Central Bank of Syria. An estimated 37 percent of Syrian households received remittances in 2022, with remittances averaging about US\$57 per month and accounting for more than one-third of total incomes for those households. Compared with assistance, which amounted to US\$2.8 billion in 2023, remittances are a much more effective tool in reducing the risk of extreme poverty.

In response to the conflict, Syrians, particularly women, have increased their labor market participation. While the male working-age population declined due to fatalities and migration abroad, the number of working women grew, as many entered the workforce to compensate for lost household income (Figure 10.A). Despite the demographic shock, overall employment remained stable at around 6.3 million,¹⁶ supported by rising labor force participation. Female participation more than doubled

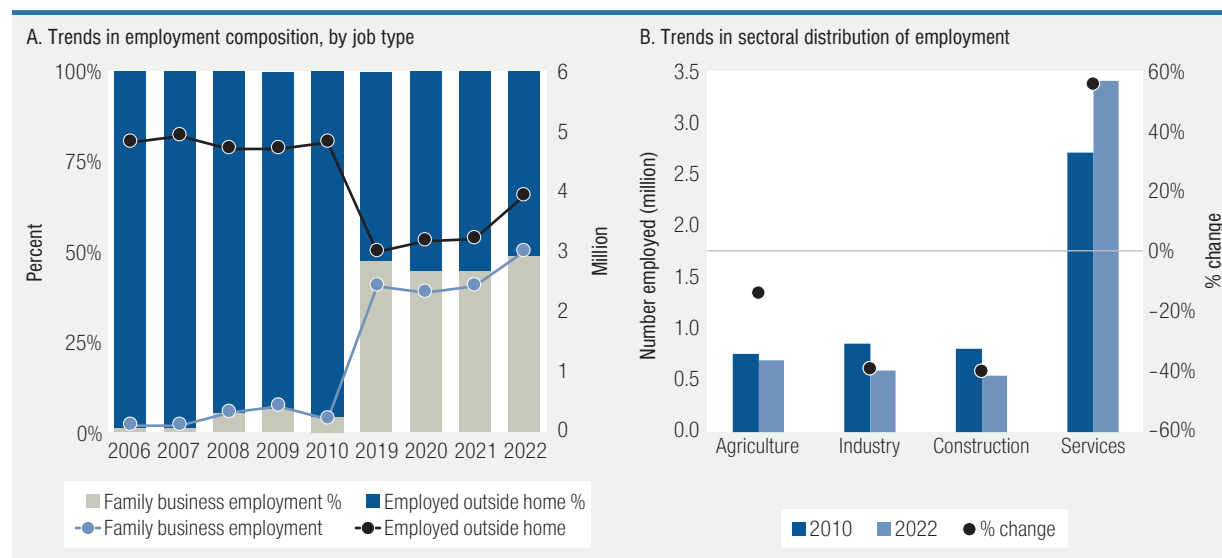
from 13 percent in 2010 to 31 percent in 2022, while male participation rose more modestly, from 72 to 79 percent (Figure 10.B).

While women are increasingly looking for work, persistent barriers have also pushed up the female unemployment rate. Women face an unemployment rate of 24 percent, compared to just 5 percent for men (Figure 9.B). Gender norms and legal barriers continue to limit women's engagement in the public sphere. Lack of access to government-issued civil documentation, especially among widowed and divorced women, restricts their ability to inherit property and secure tenure.

Reflecting a changed economy, the employment profile of Syrians has dramatically changed, with workers shifting into informality and the services sector. In 2022, the share of Syrians employed by family businesses has more than quadrupled relative to 2010, reflecting a shift to a more informal employment model (Figure 11.A). The share of industry in total employment roughly halved between 2010 and 2022, while the share of employment in the services increased significantly: in 2022, 64 percent of male employment and 86 percent of female employ-

¹⁶ Between 2010 and 2022, labor force participation in Syria increased from 43 to 54 percent.

FIGURE 11 • The Conflict Has Resulted in a Dramatic Change in the Job Profile of Syrian Workers



Source: World Bank staff calculations based on Labor Force Survey 2010 and HNAS household survey data (Summer 2022).

ment was in services, compared to 48 percent and 68 percent, respectively, in 2010 (Figure 11.B).

C. External Sector & Sanctions Impact

Conflict-related disruptions and sanctions have driven a collapse in foreign trade, especially exports, since 2011. According to official Balance of Payments (BoP) data from the Central Bank of Syria (CBS), goods exports shrank from US\$12.2 billion in 2010 to US\$2.6 billion in 2023. Mirror statistics from the UN Comtrade database show a similar declining trend—from US\$8.8 billion in 2010 to US\$1.3 billion in 2023. Exports plummeted, largely driven by a significant decline in revenues from oil and tourism. While earnings from these sectors amounted to about US\$ 12.8 billion in 2010, conflict-related disruptions and sanctions have now almost rendered them insignificant (Figure 12.A). In 2023, Syria exported primarily agricultural products, including animal and vegetable fats and oils, vegetables, fruit, and nuts.

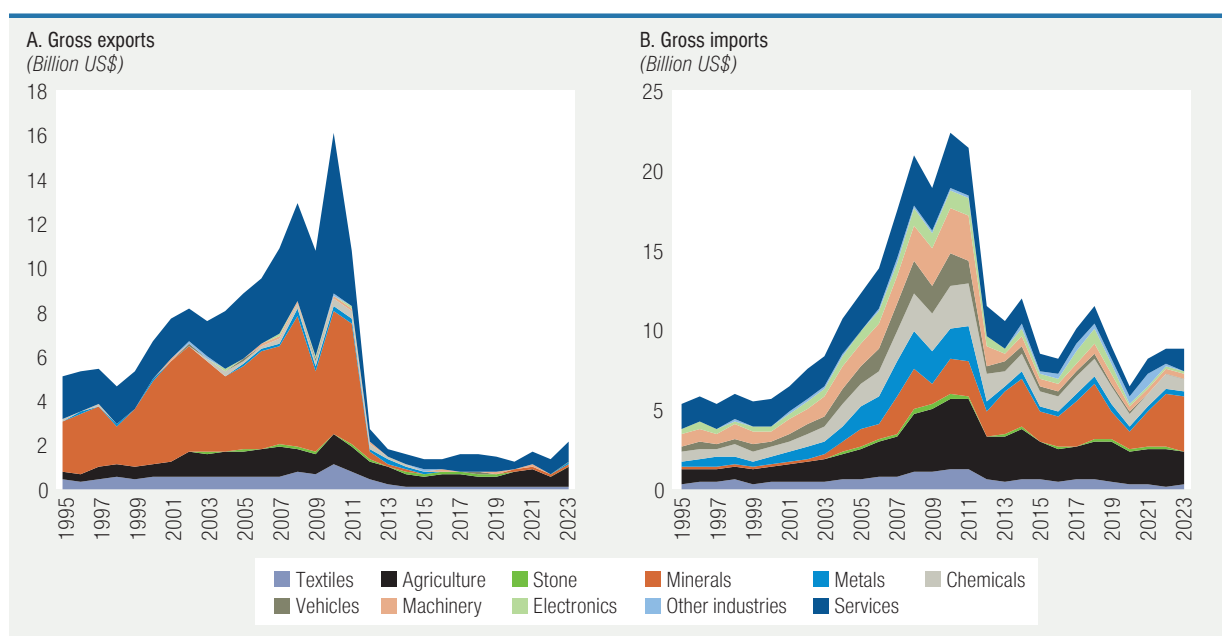
Imports have also contracted since the onset of the conflict, albeit less than exports. Goods imports declined from US\$17.5 billion in 2010 to US\$8.8 billion in 2023, according to official BoP data, and from US\$18.9 billion in 2010 to US\$7.4 bil-

lion in 2023, based on UN Comtrade mirror statistics (Figure 12.B).¹⁷ The collapse in domestic output due to the prolonged civil war has significantly increased reliance on manufactured goods and foodstuffs produced overseas, with food imports accounting for about one-third of cereal consumption between 2011 and 2024 (Figure 13.A). Once one of the largest oil exporters in the eastern Mediterranean, Syria has now turned into an oil importer due to a sharp decline in oil production (Figure 13.B).

Syria's main trade partners have shifted away from western nations since the onset of the conflict. This realignment reflects the impact of European Union (EU) and United States (US) sanctions imposed since 2011, which restricted trade in key goods, technologies, petroleum products, and financial transactions involving the Syrian government. As a result, Syria's goods exports to western countries declined from 54 percent in 2010 to 11 percent in 2023, primarily due to a sharp decline in oil exports, while imports from these countries decreased from 23

¹⁷ 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.

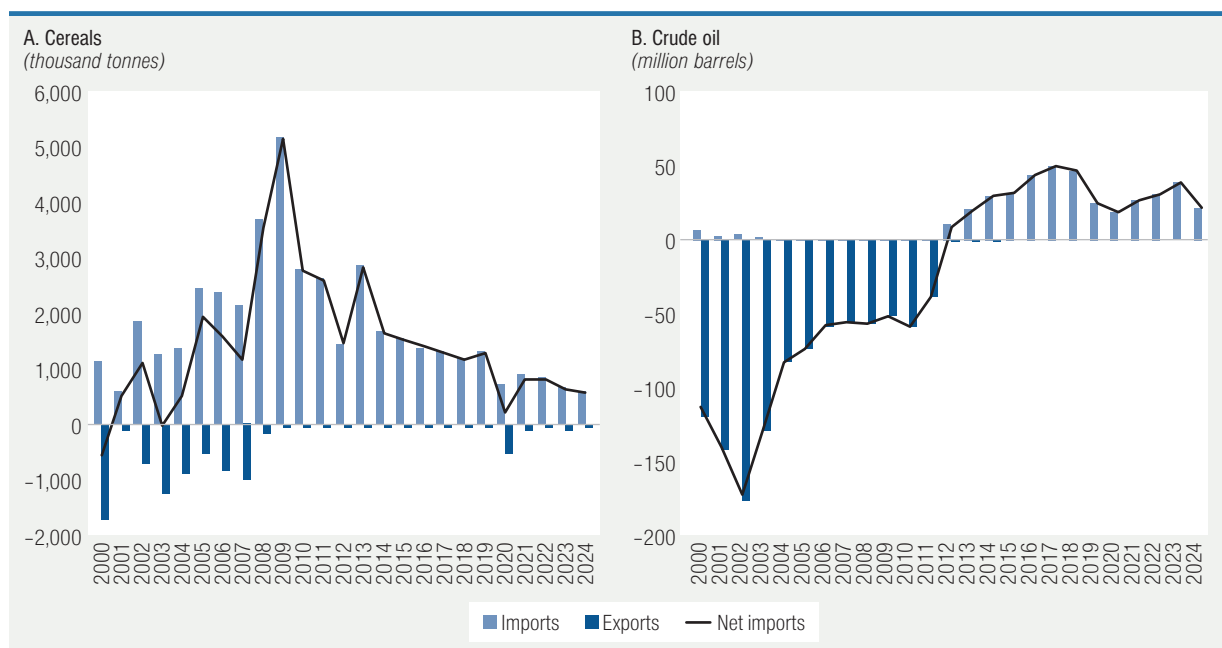
FIGURE 12 • Conflict-Related Disruptions and Sanctions Have Driven a Collapse of Foreign Trade, Especially Exports, since 2011



Source: UN Comtrade; CEIC; the Central Bank of Syria; World Bank staff estimates.

Note: The goods trade data comes from mirror trade data from the UN Comtrade database. The services trade data from 1995 to 2020 is sourced from the CEIC database. The services trade data from 2021 to 2023 is sourced from the Central Bank of Syria. "Minerals" includes mineral fuels and oils, ores and slag, as well as salt, sulphur, earth, and stone. Syria's oil imports during 2000–2018 are estimates from the EIA. For the period 2019–2024, Syria's oil imports are estimated based on imports from Iran, sourced from TankerTrackers.com and the United Against Nuclear Iran organization.

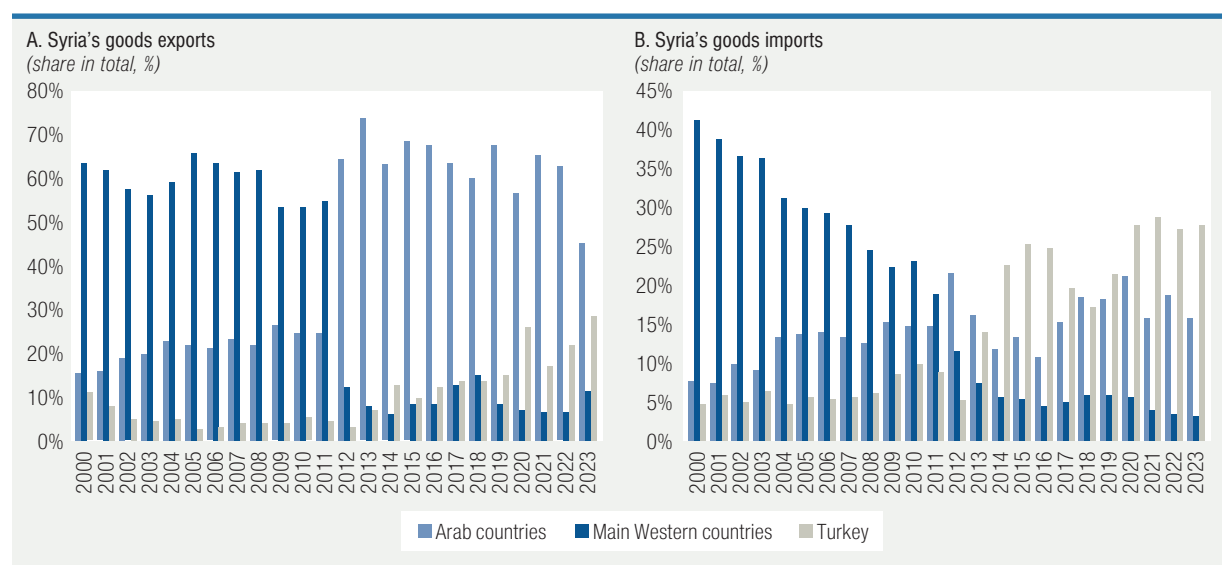
FIGURE 13 • Syria Has Relied Heavily on Imports of Essential Commodities since the Conflict



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

Note: (A) 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. (B) Syria's oil imports during 2000–2018 are estimates from EIA. For the period 2019–2024, Syria's oil imports are estimated based on imports from Iran, sourced from TankerTrackers.com and the United Against Nuclear Iran organization.

FIGURE 14 • Syria's Main Trade Partners Have Shifted Away from Western Nations since the Onset of the Conflict



Source: UN Comtrade database; World Bank staff estimates.

Note: "Arab countries" include Algeria, Bahrain, the Comoros Islands, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Mauritania, Oman, Palestine, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, the United Arab Emirates, and Yemen. "Main western countries" refers to the United States, the United Kingdom, France, Germany, Italy, Spain, Canada, the Netherlands, and Belgium. The analysis uses mirror trade statistics from Syria's trading partners.

percent to 3 percent. Over the same period, Arab countries became more significant trade partners for Syria, accounting for an average of 60 percent of goods exports and 16 percent of goods imports between 2011 and 2023—a significant increase from 21 and 12 percent, respectively, from 2000 to 2010 (Figures 14.A and 14.B). In 2023, Iran, Turkey, the United Arab Emirates (UAE), China, and Egypt were the top five suppliers of Syria's imports, while the top five destinations for exports were Turkey, Saudi Arabia, Lebanon, India, and the UAE. However, mirror trade data may miss informal trade and sanctions-related workarounds, understating the role of important trading partners, such as Iran and Russia, in supplying goods to Syria. Increased Gulf financial and political engagement since the transition is expected to strengthen economic ties and positively impact Syria's trade and investment.

Sanctions in Syria have driven evasion strategies, leading to a likely increase in unreported trade. To evade detection, some importers disable tracking devices known as the Automatic Identification System (AIS) on inbound ships near the Syrian ports. In 2023, unrecorded maritime trade, particularly for oil tankers, accounted for 45 percent of estimated Syrian port traffic.¹⁸ Nighttime light emis-

sions data further reveal increased fuel smuggling from Lebanon to Syria in 2020 and 2021, when fuel subsidies drove diesel and gasoline prices in Lebanon significantly below those in Syria.¹⁹ Smuggling activity between these two countries also spiked temporarily following widespread supply shortages after the 2023 Türkiye–Syria earthquake.²⁰ Since December 2024, fuel smuggling from Lebanon and Syria has increased again, primarily due to fuel shortages caused by disruptions in oil imports from Iran. Beyond fuel, bilateral smuggling flows appear to have been shaped by price differentials, with agricultural and livestock products also moving from Syria to Lebanon.²¹ Significant smuggling appears to also

¹⁸ See World Bank, 2024. *Syria Economic Monitor: Conflict, Crises, and the Collapse of Household Welfare*. Washington, D.C.: World Bank Group.

¹⁹ See World Bank, 2022. *Syria Economic Monitor: Lost Generation of Syrians*. Washington, D.C.: World Bank Group.

²⁰ See World Bank, 2023. *Syria Economic Monitor, Summer 2023: The Economic Aftershocks of Large Earthquakes*. Washington, D.C.: World Bank Group.

²¹ Licit goods smuggled from Syria to Lebanon, including foodstuffs, household appliances, and cleaning products,

have occurred from Turkey into Syria, with goods reported as exports by Turkish authorities but entering government-held areas through Syria's northwest and northeast.²²

Syria has experienced a persistent current account deficit since 2010. Constrained by sanctions and trade embargoes, exports remained substantially lower than imports, resulting in persistent high trade deficits. The losses were partly offset by net transfer inflows, which accounted for an average of 11 percent of GDP from 2011 to 2022, according to the official BoP statistics. Notably, net remittance inflows increased from US\$ 1.1 billion in 2010 to US\$ 3.7 billion in 2023, primarily driven by increased remittance inflows from refugees and migrant workers. Higher transfer inflows also reflect an increase in international aid, which climbed to US\$0.7 billion in 2023 from a negligible amount prior to the conflict (Figure 15.A).²³ As a result, Syria's current account deficit decreased from a peak of 32 percent of GDP in 2014 to 12 percent in 2022, according to the official BoP statistics (Figure 15.B). Owing to the likely existence of a large share of unreported trade and a significant share of informal remittance flows,²⁴ official BoP figures should be interpreted with caution.

Foreign exchange reserves have almost been depleted completely. Net foreign direct investment (FDI), which exceeded US\$ 2 billion in 2010, has sharply declined since the start of the conflict

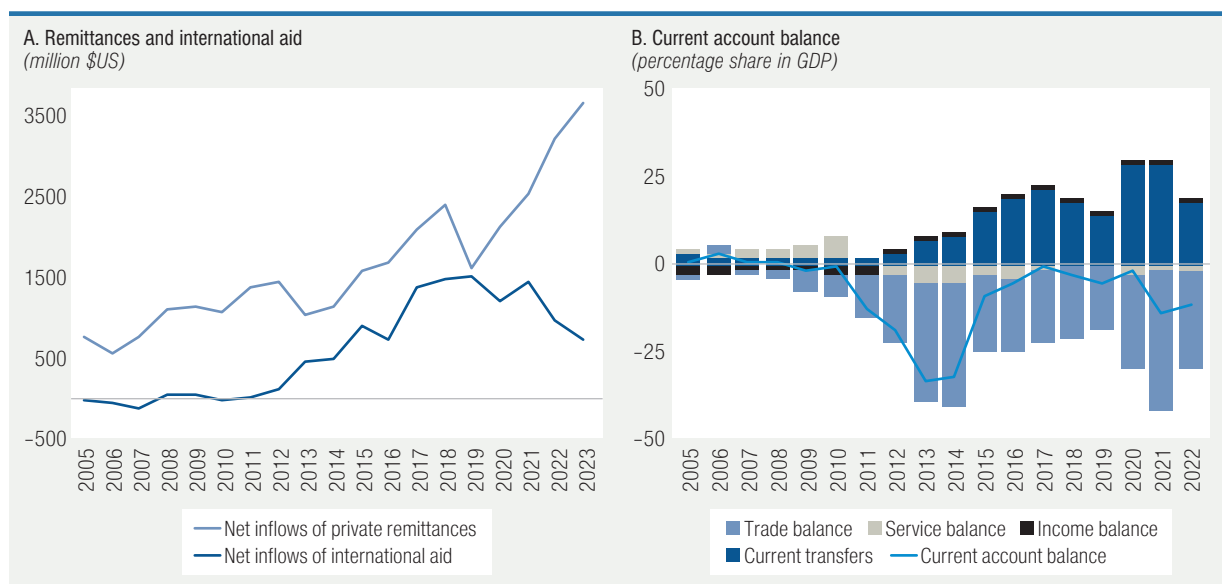
reflect the combined effect of lower prices in Syria and the sharp decline in purchasing power among much of the Lebanese population. Daher, Joseph, Nizar Ahmad, and Salwan Tah. 2022. "Smuggling between Syria and Lebanon, and from Syria to Jordan." April 19, 2022.

²² Turkish exports to Syria remained relatively stable despite the conflict—even though much of the pre-2011 trade consisted of electricity, which is unlikely to have been consumed exclusively in the northwest and northeast. Malcolm H. Kerr Carnegie Middle East Center. 2022. "Border Nation: The Reshaping of the Syrian-Turkish Borderlands." March 30, 2022. Institut français des relations internationales. 2017. "Trade without Religion between Turkey and Syria." March 24, 2017.

²³ According to FTS data, however, international aid to the country saw a significant increase, from US\$42 million in 2010 to US\$1.4 billion in 2024.

²⁴ Remittance inflows were reported at US\$ 2.1 billion in 2017, according to the official BoP statistics. Including informal remittance inflows, the estimate provided by the Economic and Social Commission for Western Asia (ESCWA) was much higher at US\$ 8.5 billion over the same year.

FIGURE 15 • Syria Has Experienced a Persistent Current Account Deficit since the Onset of Conflict



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

Note: "Workers' remittances" plus "compensation of employees" from the balance of payments are used to estimate remittances, while "government transfers" plus "other transfers" are applied to estimate international aid. Data from 2005 to 2010 is sourced from Syria Report, while data from 2011 to 2023 is sourced from the Central Bank of Syria.

TABLE 2 • Syria's BoP Statistics (million US\$)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Current Account	-8,653	-7,883	-6,982	-6,851	-1,467	-685	-163	-658	-1,089	-170	-1,915	-2,830	-2,218
Goods	-7,661	-8,106	-7,229	-7,468	-3,424	-2,645	-3,387	-4,336	-4,039	-3,206	-5,600	-6,730	-6,207
Services	-369	-1,371	-1,276	-1,164	-575	-508	-290	-242	-222	-371	-336	-331	-458
Income	-1,842	121	88	203	69	80	54	72	35	34	15	15	42
Current transfers	1,219	1,473	1,435	1,578	2,463	2,388	3,460	3,849	3,136	3,374	4,006	4,217	4,404
Capital and Financial Account	1,784	1,288	859	3,340	1,734	1,354	878	416	71	-62	2,100	2,337	2,111
Capital Account	-164	-139	-2	7	7	6	6	6	0	-4	0	0	0
Financial account	1,948	1,427	861	3,333	1,727	1,348	873	411	71	-58	2,100	2,337	2,111
Direct investment	804	85	0	58	71	36	72	54	64	46	17	-2	0
Portfolio investment	-167	252	-11	194	30	142	1	-62	37	-22	-11	38	110
Other investment	1,311	1,090	872	3,081	1,626	1,171	799	418	-31	-82	2,095	2,301	2,001
Reserve Assets	7,112	5,444	4,808	578	357	99	108	284	341	-84	-112	177	-40
Monetary gold	-18	-2	0	-1	0	-1	2	4	1	-5	0	0	-8
Special drawing rights*	1	-2	-4	26	18	12	-23	9	2	-16	-382	164	-120
Reserve position in the Fund	0	0	0	0	0	0	0	0	0	0	0	0	0
Foreign exchange	7,128	5,447	4,812	554	339	89	129	270	338	-63	271	13	88
Net errors and omissions	-243	1,151	1,316	2,933	-624	-768	-823	-42	677	316	-73	316	148
Nominal GDP	67,539	43,190	21,361	21,502	16,467	12,598	16,370	21,498	22,583	12,048	14,353	23,623	

Source: Central Bank of Syria.

(Table 2). Meanwhile, reflecting the impact of sanctions and conflict, Syria has likely experienced major capital flight; this is supported by large capital outflows through net errors and omissions items, especially during 2012–2014, reported in official BoP statistics. Syria's reserve losses were partly limited by about US\$ 7.2 billion of credit lines provided by the Iranian and Russian governments.²⁵ Yet, financial assistance from these allied countries was insufficient to cover a large cumulative current account deficit that amounted to US\$ 42 billion from 2011 to 2023.²⁶ According to the official BoP statistics, Syria's foreign exchange reserves, which stood at US\$19.5 billion in 2010, have almost been completely depleted. (Figure 16).

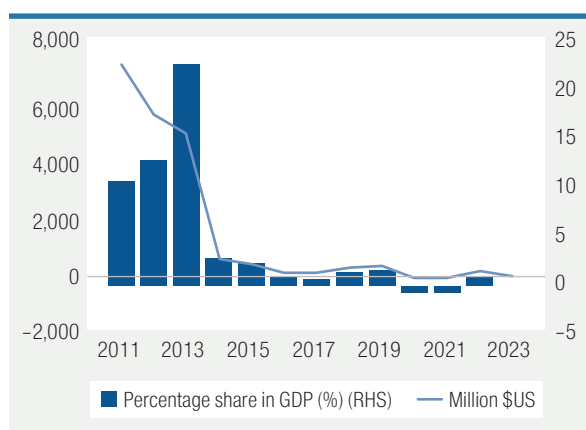
The true size of the foreign reserves remains highly uncertain. Informal remittance inflows could be a source of unreported foreign currency earnings for Syria. Unrecorded cross-border trade and the foreign financing of fighters could account for additional sources of foreign currency earnings, albeit difficult to

quantify. Additional foreign currency has been injected into the local economy through proceeds from the production and trade of illegal narcotics, including captagon. As the new administration vowed to curb captagon production and trafficking and has dismantled dozens of production sites, foreign currency earnings from narcotics are likely to decline significantly in 2025.

²⁵ Syria reportedly received from the Iranian government lines of credit amounting to US\$ 1.9 billion in 2013, US\$ 3 billion in 2014, US\$ 0.97 billion in 2015, and US\$ 0.5 billion in 2017. In addition, according to an agreement signed by the Syrian and Russian ministers of finance and reviewed by The Syria Report, Russia granted Damascus EUR 240 million in May 2014. More recently, Syria signed a contract for a US\$ 700 million Russian loan in December 2020, which was later amended in August 2021 to reduce the amount to US\$ 555 million.

²⁶ Informal remittance inflows could be a source of unreported foreign currency earnings for Syria. Although hard to quantify, unrecorded cross-border trade could be another source of foreign currency earnings for Syria.

FIGURE 16 • Syria's Foreign Reserves Have Been Almost Depleted



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

D. Exchange Rate & Inflation Developments

Exchange rate and liquidity conditions

The Syrian pound has plummeted since the conflict began, driven by rapid money supply growth and weakening demand for local currency in a shrinking economy. The market exchange rate of the Syrian pound increased sharply from 47 SYP per

dollar in 2010 to 14,800 SYP per dollar by end-2024 (Figure 17.A). This primarily reflects increased monetary financing. The monetary base (M0) increased 105-fold between 2011 and November 2024 (Figure 17.B).²⁷ The Syrian pound saw major devaluations starting in 2013 with the expansion of conflict and ISIS control, and again in 2019 following Lebanon's financial crisis and the enforcement of the Caesar Act.

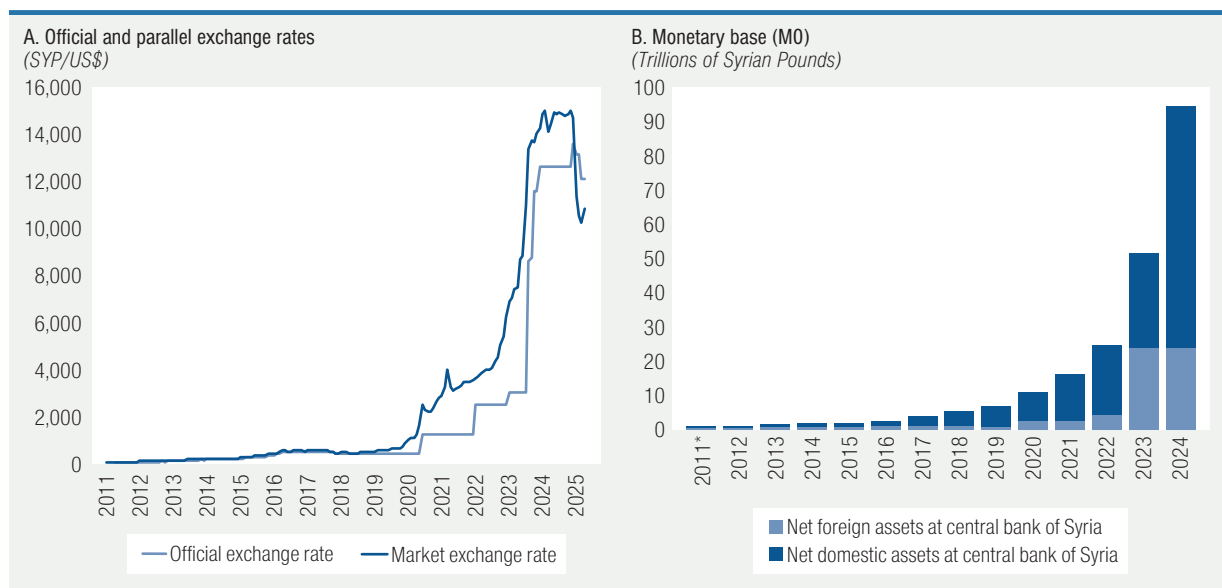
As inflation persisted and confidence in the Syrian pound eroded in the years before the regime change, the public increasingly turned to foreign currencies, namely the US dollar and Turkish lira, for transactions and savings.²⁸ In the banking sector, foreign currency deposits accounted for 69.4 percent of total deposits in 2023, a sharp increase from 15.8 percent in 2011.

Since the fall of the Assad regime, Syria has been facing a severe liquidity crisis due to a shortage of physical banknotes and broader disruptions in the circulation of local currency. Despite shipments of newly printed currency from Russia since February

²⁷ Based on data received from the government on March 27, 2025.

²⁸ The Syria Report. 2024. "Syria's Caretaker Government Announces First Measures." December 17, 2024.

FIGURE 17 • The Syrian Pound Has Plummeted since the Conflict Began, Largely Due to Rapid Money Supply Growth Amid Weakening Money Demand



Source: Central Bank of Syria; Syrian Pound Today, <https://sp-today.com/en/>; The Syria Report, <https://syria-report.com/rate-of-the-u-s-dollar-in-the-syrian-forex-market-2011-21-2/>; World Bank staff estimates.

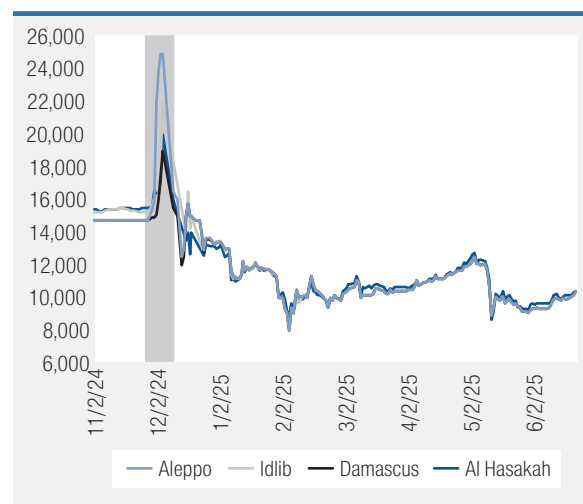
2025, these inflows are too small to meaningfully alleviate the country's ongoing liquidity crisis.²⁹ Supply-side constraints have also fueled the disorder, including a collapse in tax collection, an end to advance deposit requirements for importers, and a growing tendency among businesses to withhold direct payments to the government, reducing the volume of currency in circulation. Meanwhile, money changers and speculators have reportedly manipulated the exchange rate by controlling limited liquidity, driving price fluctuations for profit.³⁰ Cash liquidity continues to be a significant challenge for Syrians, with weekly withdrawal limits of about US\$38 dampening economic activity.³¹ As a result, many citizens are opting to retain their savings outside the banking system, further exacerbating the liquidity shortage. The suspension of e-payment services in most banks has made electronic transactions very difficult, causing long queues at ATMs to withdraw limited cash.

The Syrian pound's exchange rate has strengthened since the regime change, driven by a shortage of local currency liquidity and the easing of foreign exchange controls. After a brief depreciation amid the power shift, the pound appreciated by about 30 percent against the US dollar between December 2024 and February 2025 (Figure 18). The rise is partly driven by increased demand for local currency from returning Syrians and expatriates. In addition, the partial lifting of sanctions and foreign exchange controls further supported the appreciation of the Syrian pound, as higher remittance inflows helped ease the tight supply of US dollars in the market. The announcement of sanctions relief starting on May 13 further boosted currency expectations, prompting an additional appreciation of the pound that has been sustained through mid-June

Inflation

Currency depreciation has triggered high inflation in Syria since the onset of the conflict. The annual Consumer Price Index (CPI) averaged 54.4 percent from 2011 to 2024. Compared to other prolonged civil wars, Syria appears to have experienced relatively higher and more volatile inflation (Figure 19.D). Inflation has also been highly correlated with the exchange rate (Figure 19.A). The estimated exchange rate pass-through (ERPT) coefficient, which measures how exchange rate

FIGURE 18 • The Syrian Pound Has Appreciated, Driven by a Shortage of Local Currency Liquidity and the Easing of Foreign Exchange Controls



Source: Sp-today; World Bank staff estimates.

Note: The shaded area represents the timeframe of the transition of control from Assad's regime to opposition-led governance.

movements impact domestic inflation, ranged from 0.30 to 0.84 during 2011 and 2022,³² implying that a 100 percent depreciation against the U.S. dollar raises inflation by 30–84 percent within a year (Figure 19.B). This is a relatively high level of pass-through,³³ which may be explained by two factors: First, a heavy dependence on imports for essential goods implies that currency depreciation quickly feeds into higher domestic prices. Second, the fiscal deficit has been financed primarily through Central Bank borrowing;³⁴ this undermines the

²⁹ On March 5, Syria's central bank received a shipment of Syrian currency from Russia, though its size and value remain unknown. This follows another recent delivery of 300 billion Syrian pounds (approximately 30 million U.S. dollars) on February 14.

³⁰ Khalifa, Hind. 2025. "Liquidity crisis in banks.. Where did the Syrian pound go?" 7al Net, February 3, 2025.

³¹ The New York Times. 2025. "As Ramadan Nears, Syrians Feel the Pinch of a Cash Shortage." February 28, 2025.

³² See World Bank, 2022. *Syria's Economy in Ruins after a Decade-long War*. Washington, D.C: World Bank Group.

³³ For comparison, Jasova et al. (2019) estimate an annual pass-through coefficient ranging from 0.222 to 0.231 for emerging market economies, and from -0.0127 to 0.00592 for advanced economies, respectively.

³⁴ The Syrian authorities have ceased to release data on money supply since the start of the conflict. This prevents a

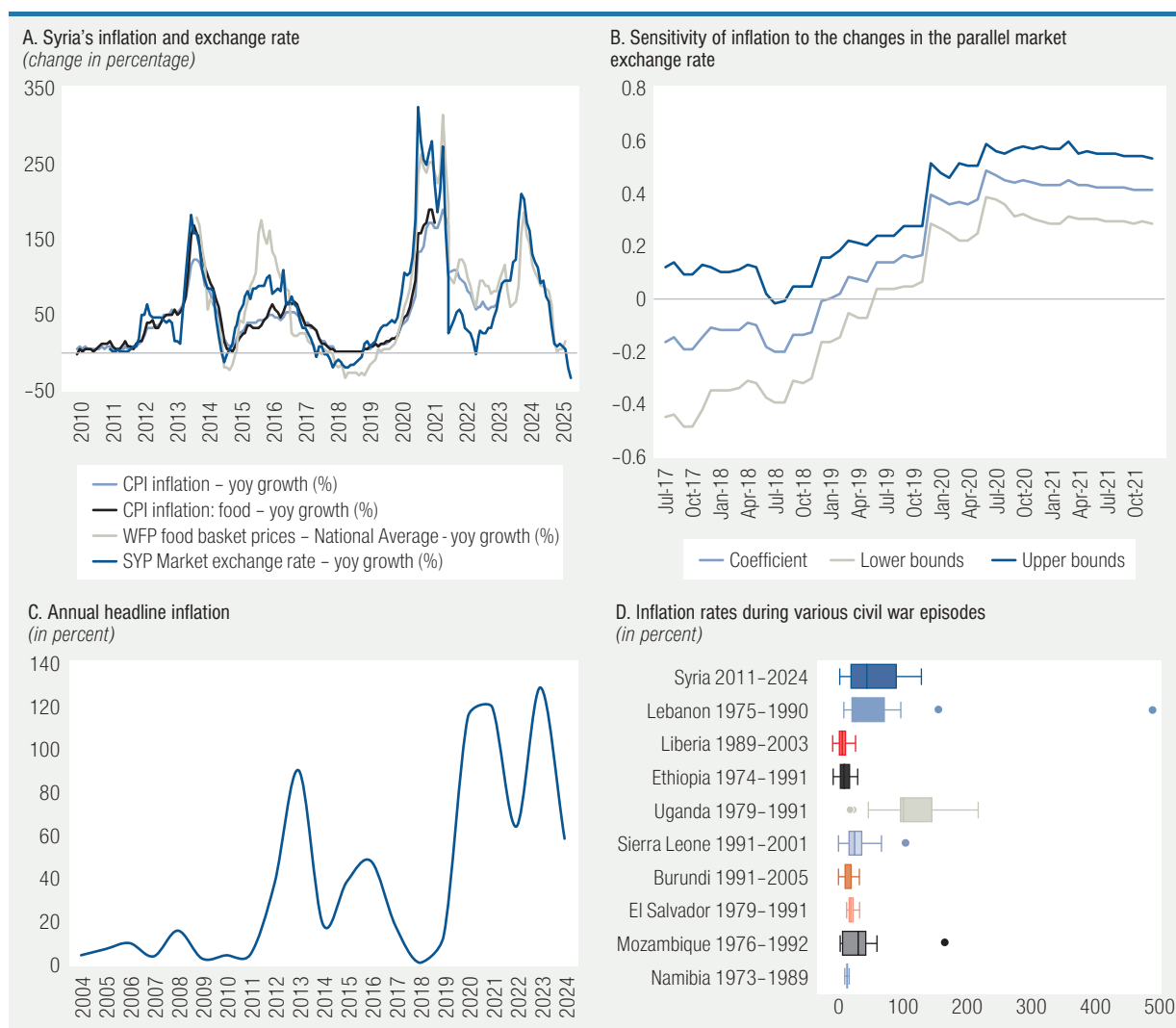
credibility of the Central Bank and unhinges inflation expectations.

The Lebanese currency crisis since late 2019 further disrupted trade and financial flows, adding to inflationary pressures. Inflation in Syria averaged 5.7 percent between 2001–2010, 31.1 percent between 2011–2019, and surged to 96.5 percent between 2020–2024 (Figure 19.C). The collapse of Lebanon's banking sector contributed to rising inflation in Syria, as the banking systems

of both countries are closely linked. Syrians are estimated to hold significant deposits in Lebanese banks—reportedly far exceeding the total assets of Syria's private sector banks in 2019. The imposition of capital controls by Lebanese banks in 2018 rendered these deposits largely inaccessible—or potentially lost, depending on Lebanon's banking

quantitative analysis of money supply and its contribution to high inflation and currency depreciation in Syria.

FIGURE 19 • Inflation in Syria Has Been High since the Start of the Conflict

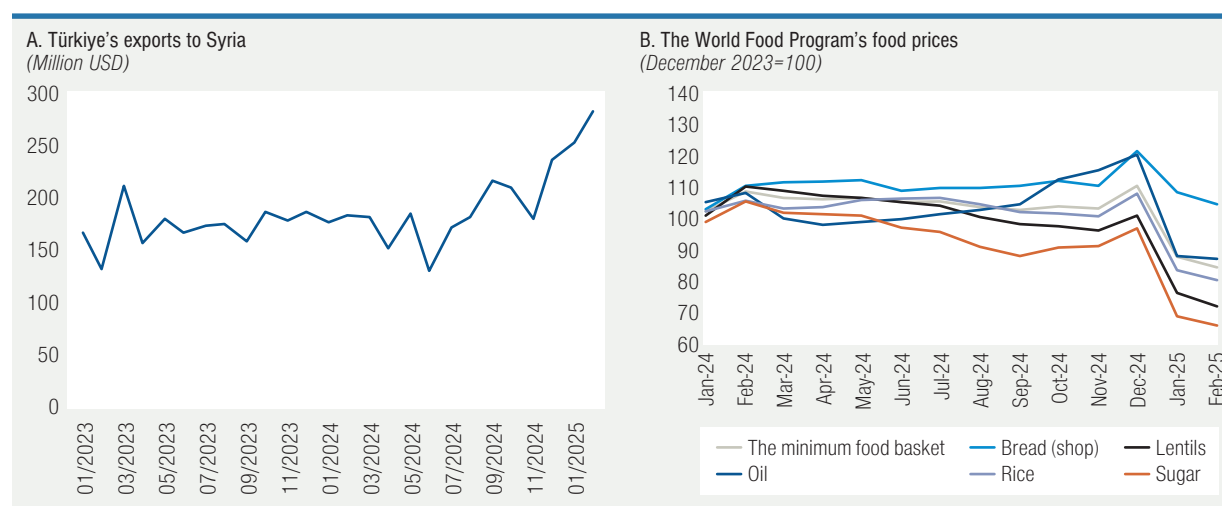


Source: NBS, Central Bank of Syria, and Cross-Country Database of Inflation by Ha et al. 2023.^a

Note: (b) Based on conflict episodes listed in Ohiorhenuan, Stewart, and UNDP 2008. The box spans from the first quartile to the third quartile, representing the middle 50 percent of the data, with the line inside indicating the median. The whiskers extend to the smallest and largest normal values, while dots outside indicate outliers. (d) The graphs provide rolling thirty-month window estimates and 95 percent confidence intervals of the sensitivity of inflation to the changes in the parallel and official exchange rates using standard exchange rate pass-through regressions à la Carrière-Swallow et al. (2023) and Gopinath, Itskhoki, and Rigobon (2010).

^a Ha, Jongrim, M. Ayhan Kose, and Franziska Ohnsorge. 2023. "One-Stop Source: A Global Database of Inflation." *Journal of International Money and Finance* 137 (October): 102896. Ohiorhenuan, J.F.E., Stewart, F., and UNDP. 2008. *Post-Conflict Economic Recovery: Enabling Local Ingenuity*. New York: UNDP. Available at: <https://www.undp.org/publications/crisis-prevention-and-recovery-report-2008-post-conflict-economic-recovery-enabling-local-ingenuity>

FIGURE 20 • Food Prices Have Decreased, Driven by the Removal of Many Military Checkpoints and the Influx of Cheaper Turkish Imported Goods



Source: The Turkish Statistical Institute; WFP Syria Price Database; World Bank staff estimates.

Note: 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. Category "Bread (shop)" was used to calculate food basket price.

resolution—further decreased the amount of US dollars available to Syrians and exerted pressure on the Syrian pound, fueling exchange rate depreciation and, in turn, inflation.

Following the fall of the Assad regime, inflation has been easing. The fighting, instability, and disruptions to critical transportation routes initially caused a rapid rise in the prices of basic goods during the transition of control. Following the regime's collapse, prices have dropped significantly due to the removal of military checkpoints across Syria and the influx of cheaper Turkish imported goods, facilitated by HTS-led government policies that reduced tariffs and fees and relaxed import restrictions.³⁵ Notably, Türkiye's exports to Syria have increased by 11.7 and 6.7 percent month-on-month in January and February 2025, respectively, following a 21 percent (month-on-month) growth in December 2024 (Figure 20.A). The World Food Program's minimum food basket fell 20.4 percent month-on-month and 14.1 percent year-on-year in January 2025 (Figure 20.B). Additionally, the central bank reported a third consecutive month of deflation in February 2025 (–8.0 percent).³⁶

³⁵ The Syria Report. 2025. "Turkey and Syria Reach Economic Roadmap, Boosting Turkish Goods in the Syrian Market." February 4, 2025.

E. Fiscal Developments

Conflict-driven economic collapse has severely eroded public revenues. The fiscal data discussed in this section covers the Central Government in Damascus and the autonomous region in northeastern Syria, it therefore excludes all taxes, transfers, and expenses incurred by the Turkish and non-state armed forces in northwestern Syria. For government-controlled areas, between 2021 and 2024, total budgeted revenues averaged just 9.9 percent of estimated GDP—less than half of the 20.4 percent recorded in 2010 (Figure 21.A). When adjusted for inflation, budgeted revenues in 2024 reached only 18.2 percent of the pre-conflict level in 2010. Tax revenues follow a similar trend, averaging 2.5 percent of GDP during 2011 and 2024, down from 6.6 percent in 2010, with inflation-adjusted collections in 2024 representing just 10 percent of 2010 levels. Non-tax revenues, which accounted for the majority of fiscal revenues, also decreased dramatically; non-tax revenues consist primarily of profits from public entities and service fees. The substantial decline in tax and non-tax revenues since the start of the conflict,

³⁶ Central Bank of Syria. Telegram group. Accessed March 26, 2025.

driven by collapsing economic activity, the growth of the informal economy, the disruption of international trade due to sanctions, and weakened collection capacity, has significantly reduced the tax base. This has been compounded by market and territorial fragmentation during the conflict, which led to lower oil and mineral-related revenues for the central government. With most oil fields under the control of the Autonomous Administration of North and East Syria (AANES), crude oil production in government-held areas dropped by 96.1 percent—from 386,000 bpd in 2010 to 15,000 in 2023—according to the Ministry of Petroleum and Mineral Resources,³⁷ while gas production fell to 3.0 billion cubic meters (bcm) in 2023, from 8.7 bcm in 2011.³⁸ Consequently, oil and mineral revenues are estimated to have decreased from 26 percent of GDP in 2012 to 16 percent of total budgeted revenue in 2023. Data from northeast Syria indicates that in 2024, the AANES generated total revenues of US\$777 million—equivalent to 3.6 percent of GDP—with oil accounting for the largest share at 66 percent, followed by customs duties at 16 percent. Total expenditures amounted to US\$790 million, with 45 percent allocated to military spending, 28 percent to social support, and the remainder to investment, salaries, and other current expenses. The resulting fiscal deficit stood at just US\$13 million.

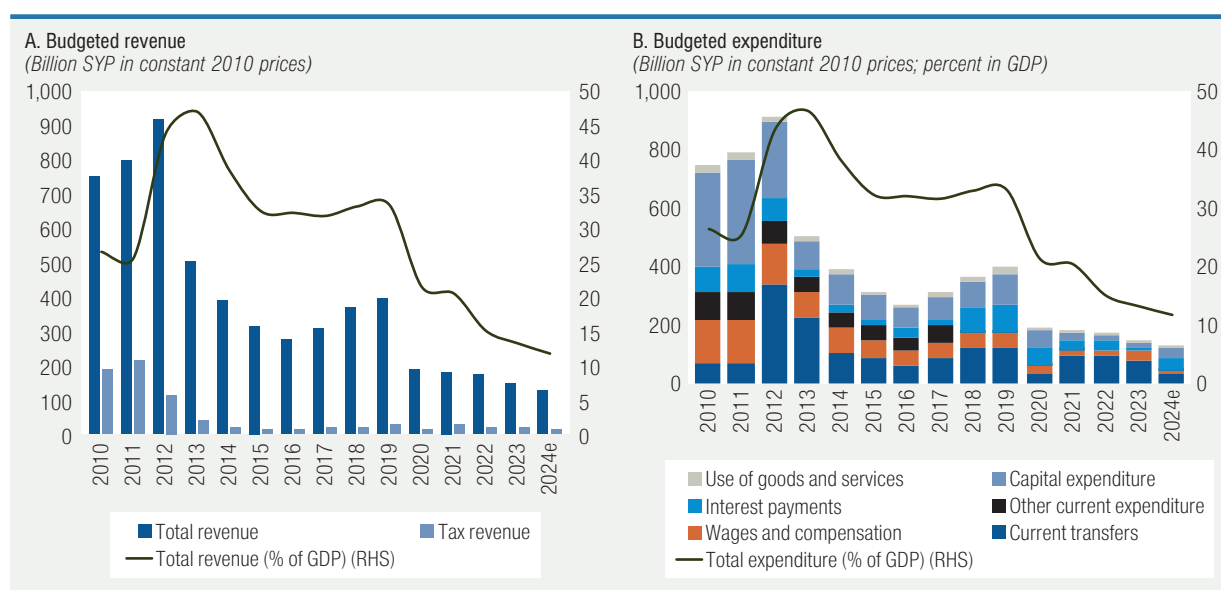
Constrained fiscal resources and rising military priorities due to the conflict curtailed government spending, particularly on capital expenditures. Public spending declined to an average of 14.0 percent of estimated GDP between 2021 and 2024, down from 26.6 percent in 2010 (Figure 21.B). Adjusted for inflation, total spending in 2024 amounted to just 19.0 percent of its 2010 value. Capital expenditures were especially hard-hit, falling to 11.0 percent of their pre-conflict level in 2010. The 2024 budget allocated only 24.9 percent to capital spending, down from 43.4 percent in 2010. Current spending also declined markedly, further exacerbated by several rounds of subsidy cuts.³⁹ After rising sharply in 2021 and 2022, subsidies—primarily on food and fuel—were scaled back, dropping to 30 percent of budgeted expenditures in 2023 from 42 percent in 2022, following price hikes on petroleum products and pharmaceuticals. The 2024

³⁷ The Syria Report. 2024. “Syria’s Crude Oil Production 1968–2023.” July 9, 2024.

³⁸ Reuters, 2024. “How has the fall of Assad impacted Syria’s energy sector?” December 9, 2024.

³⁹ See World Bank, 2024. *Conflict, Crises, and the Collapse of Household Welfare*. Washington, D.C.: World Bank Group.

FIGURE 21 • Both Revenues and Expenditures Have Shrunk since the Start of the Conflict



Source: MoF and WB staff calculations.

TABLE 3 • Budgeted Subsidies by Items in Syria
(billion SYP; percent)

	2018	2019	2020	2021	2022	2023	2024
Total budgeted subsidies	657	811	373	3,500	5,549	4,937	6,218
Total budgeted subsidies (% of total budgeted expenditures)	21	21	9	41	42	30	18
I. Subsidies on petroleum	275	430	11	2,700	2,700	3,000	2,000
II. Subsidies on agriculture	367	371	347	750	2,799	1,887	4,093
Wheat and flour	357	361	337	700	2400	1500	3,858
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
III. Support for earthquake-affected areas							75
IV. National fund for social aid**	15	10	15	50	50	50	50
Memorandum items:							
Total budgeted expenditures	3,187	3,882	4,000	8,500	13,325	16,550	35,500

Source: World Bank estimates using various MoF reports.

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

budget reflected a continued shift toward reducing subsidies for essential goods and declined further as a share of budgeted expenditures (Table 3). As no budget has been approved yet for 2025, the budget for 2025 is currently executed on the basis of 1/12 of the previous year's budget; the 2024 budget was SYP 35.5tn (equivalent to \$2.5 billion or 12 percent of GDP in 2024).

The budget deficit is significant, and it is larger when considering subsidies and off-budget expenditures. From 2012 to 2024, Syria's annual fiscal deficit averaged about 10 percent of GDP, excluding off-budget spending for military operations and electricity subsidies. To alleviate the government's fiscal burden, the Central Bank of Syria aimed to raise SYP 2,000 billion through Treasury bond issuances between 2020 and 2024, but only SYP 1,211 billion was raised, accounting for only 5.5 percent of the fiscal deficit over this period. Syria reportedly received lines of credit from both Iran and Russia, primarily aimed at facilitating the purchases of oil and cereals. With limited access to both domestic and external financing, the government has primarily relied on

monetizing its debt, as evidenced by the growing money supply discussed in the previous section.

F. Debt Composition and Sustainability

Syria's external and domestic debt has increased significantly since the start of the conflict. Before 2011, Syria's external debt was primarily bilateral and totaled around \$5 billion. Due to sanctions, there have been no recorded repayments or additional lending from traditional creditors since 2011. As such, Syria's external debt stock, as per the World Bank's International Debt Statistics (IDS), remained unchanged. However, since 2011, external debt has reportedly increased significantly from Iran and Russia, which is not reflected in the IDS figures.⁴⁰ As of end-2024, Central Bank data shows that Syria's outstanding external debt, includ-

⁴⁰ Since Syria stopped reporting to the World Bank's Debtor Reporting System at the end of 2010, figures since 2011 are estimates based on the original terms of the debt instruments.

ing arrears, stood at \$22.3 billion (104 percent of the country's estimated GDP in 2024)^{41,42}. Syria's domestic government debt also increased from 20 percent of GDP in 2011 to about 24 percent of GDP at the end of March 2025 (SYP 72 trillion, or \$5 billion), according to the CBS data.

Syria has large arrears. According to the Central Bank data, total external arrears reached \$20.9 billion (98 percent of Syria's GDP in 2024). Notably, Syria's total arrears to Iran are substantial, amounting to almost \$17.0 billion⁴³—representing 81 percent of total arrears. Central Bank of Syria data suggests that Syria owes Russia \$1.2 billion, but no arrears to Russia are currently recorded. The same data source indicates that Syria has accumulated substantial arrears to multilateral creditors (\$2.3 billion) and bilateral/official creditors (\$18.6 billion), including about \$1.2 billion to the Paris Club. CBS does not report arrears to private creditors for 2024, but IDS reported arrears to private creditors of \$6 million in 2023. Debt data reconciliation with all creditors is needed to confirm levels of external debt and arrears.

G. Financial Sector

Syria's financial system faces immense challenges and will be critical for the recovery. The financial system is bank dominated (with small microfinance institutions, the financial services of the post office and other non-bank financial institutions). There is minimal reliable information, as asset quality reviews and other due diligence are yet to be conducted. CBS data suggests very small banking assets, close to 12 billion USD in November 2024 (69 percent with state-owned banks, 19 percent with conventional private banks and 12% with Islamic banks). The financial system is essential to allow both safe domestic and cross-border payments, mobilize resources, and allocate them to productive use. It will take time for the financial system to recover from years of sanctions, notably since Syria is still on FATF grey list. It will be important to address integrity risks (bank ownership, governance, Anti Money Laundering and Countering the Financing of Terrorism (AML/CFT) compliance, etc.); weaknesses

affecting domestic payments, as well as large unrecognized losses for many banks (affecting their solvency). Financial intermediation was already limited before 2011, and financial informality has increased significantly with widespread use of hawala services, cash (often in foreign currency), and gold.

State-owned banks, which dominated the financial system before 2011, are likely distressed. Six State-Owned Banks (SOBs) still appear active (with a single SOB representing most of their activities). They were probably heavily used to serve the needs of the Government and state-owned enterprises during the conflict and thus are likely to be severely financially distressed. It is also likely that they are operationally distressed, considering the loss of staff, under investments since 2011, and losses and damages directly linked to the conflict.

Private banks are also likely to have been weakened by the conflict, with subsidiaries of solid international groups better positioned to resume activity. An estimated fifteen private banks are licensed for conventional and Islamic banking services. CBS data suggest that private banking assets are close to 3.5 billion USD. Syrian banks with ties to solid regional banking groups are likely best positioned to build on their groups' operational capacity and financial resources to restore key banking services, starting with correspondent banking relationships (even if some are subsidiaries of Lebanese banks weakened by the crisis this country is experiencing).

The conflict is likely to have further weakened the effectiveness of banking supervision.

⁴¹ Syria's current price GDP for 2024 is estimated at approximately \$21.4 billion, based on World Bank projections.

⁴² The CBS reports total external debt, excluding debts from Iran and Russia, at approximately \$4.2 billion, somewhat lower than the World Bank's International Debt Statistics (IDS) estimate of around \$5 billion.

⁴³ CBS reports Syria's total arrears to Iran at \$17.0 billion. Debt reconciliation may be needed, as some statements from Iranian officials put Iran's lending to Syria between 30 and 50 billion. See: [Syria Owes \\$50 Billion To Iran, Leaked Document Reveals; Why is Iran asking for \\$30 billion from Syria?](#)

Operational independence and supervision of state-owned banks were key weaknesses before 2011. These are likely to have worsened with additional issues related to lack of resources, regulatory gaps, weak implementation of standards, and limited enforcement. Financial safety nets to deal with weak and unviable institutions appear to be still largely missing.

Heavy reliance on cash strains liquidity, with limited use of domestic electronic payments.

Despite a recent increase in banknotes, it was reported that “business and retail clients seeking cash from

banks are still frequently turned away”.⁴⁴ Domestic electronic payments appear insufficiently developed, reflecting, inter alia, weaknesses in the national payment system predating the conflict (legal gaps, lack of payment oversight, etc.) and, most probably, a need to upgrade the payment infrastructure.

⁴⁴ Financial Times. 2025. [“Syria flies in fresh banknotes from Russia as cash crunch hits economy.”](#) February 14, 2025.

ECONOMIC OUTLOOK

Subject to extraordinarily high uncertainty, real GDP is projected to increase by 1.0 percent in 2025, after declining by 1.5 percent in 2024. NTL data suggests that economic activity declined further in early 2025 as the economy has continued to contract amid ongoing security issues, oil supply disruptions, and tight liquidity conditions. Syria has continued to experience a severe liquidity crisis until most recently. Besides, remote data suggests that cereal yields for 2025 are expected to decline. Winter cereal planting was delayed due to late rainfall in November 2024 and was significantly disrupted by ongoing conflict, population displacement, the late-2024 government transition, and early-season drought

between November 2024 and January 2025. Syria is likely to face an unprecedented water crisis in summer 2025, particularly in Damascus, due to extreme drought conditions and record-low rainfall—the lowest in the Ayn Al-Fijeh and Damascus basins since 1958.⁴⁵ Together with continued restricted access to planted areas, low rainfall is expected to result in below-average cereal production in 2025 (Figure 22). The expected easing of sanctions provides some upside potential, until concrete measures are taken, frozen assets and

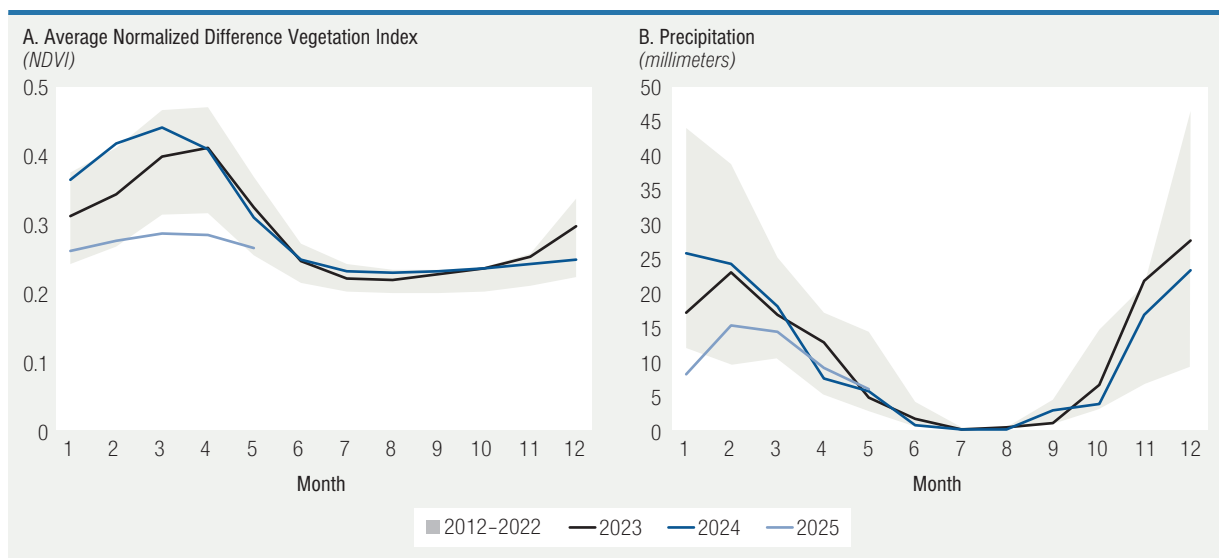
⁴⁵ The Syria Report. 2025. “Damascus Faces Unprecedented Summer Water Crisis Amid Record Low Rainfall.” May 6, 2025.

TABLE 4 • Syrian Arab Republic/Macro Poverty Outlook Indicators
(annual percent changes unless indicated otherwise)

	2022	2023e	2024f	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

Source: World Bank, Macroeconomics, Trade & Investment Global Practices.
Notes: e = estimate, f = forecast.

FIGURE 22 • Remote Sensing of Vegetation Indices Signals Lower Crop Yields in 2025



Source: Anomaly Hotspots of Agricultural Production, Joint Research Centre, European Commission, <https://agricultural-production-hotspots.ec.europa.eu/download.php>; NDVI from the National Aeronautics and Space Administration & WFP, <https://data.humdata.org/dataset/syr-ndvi-subnational>; World Bank staff estimates.

Note: NDVI is a satellite-derived proxy of vegetation status, which represents agricultural production to some extent.

restricted access to international banking continue to impede energy supply, foreign assistance, humanitarian delivery, and trade and investment.

Risks to outlook are extremely high. 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 due to disruptions in oil imports from Iran, potentially raising fuel prices and exacerbating inflation. The newly imposed U.S. tariff is expected to have minimal immediate impact given Syria's limited exports and negligible trade with the US; however, its longer-term effects remain uncertain, particularly if broader geopolitical tensions escalate.⁴⁶ The suspension of US foreign assistance may significantly impact humanitarian aid in Syria.⁴⁷ The US has been a significant contributor to Syria's humanitarian aid, providing between 30 and 40 percent of total funding in recent years, according to FTS and US government data (Figure 23).⁴⁸ As such, the January 2025 decision to freeze foreign aid is particularly impactful, as it affects critical services, including healthcare, food, and water distribution, worsening the already fragile humanitarian situation for millions of Syrians. On the upside, an agreement on resource-sharing or governance arrangement between

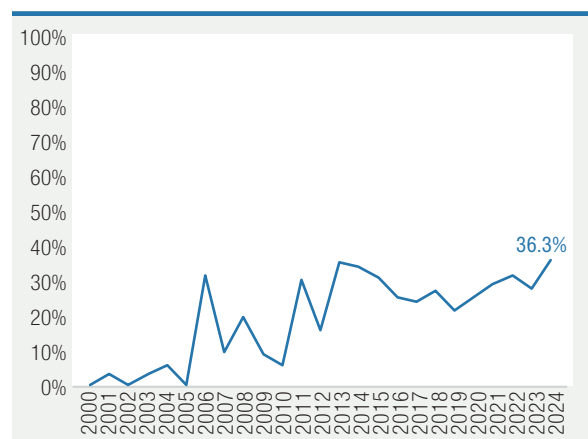
the transitional government and authorities in the northeast could boost national oil and gas production. A growing regional engagement, particularly through Türkiye and some Gulf states, may support economic recovery and attract investment.

⁴⁶ U.S. tariffs on Syrian imports currently stand at 10 percent and are scheduled to increase to 41 percent in July 2025.

⁴⁷ On January 20, 2025, President Donald Trump paused all U.S. foreign development aid for 90 days, followed by Secretary of State Marco Rubio's order to halt all State Department and USAID-funded programs, immediately cutting off support for critical services. See: The Syria Report. 2025. "Trump's Sudden Halt of Foreign Aid Wrecks Havoc on Syria's Humanitarian Response." February 4, 2025.

⁴⁸ The majority of USAID's stabilization efforts have focused on northeast Syria, in areas under Kurdish administration. USAID has also provided support in northwest Syria, primarily through funding the Syria Recovery Trust Fund and the White Helmets (Syrian Civil Defence), who have expanded their operations into areas previously under regime control since the regime's withdrawal. Additionally, some organizations funded by USAID may collaborate with local partners or networks that have broader reach, including in areas formerly under regime control.

FIGURE 23 • The United States Has Contributed between 30 and 40 Percent of the Total Funding for Humanitarian Aid in Syria in Recent Years

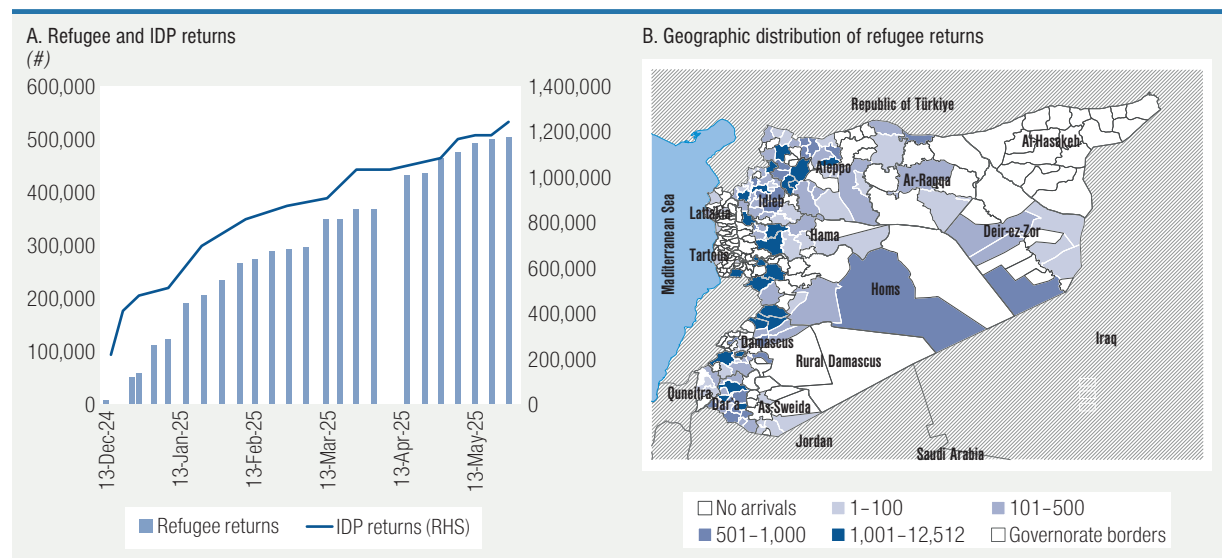


Source: Syrian Arab Republic 2024 | Financial Tracking Service; <https://www.foreignassistance.gov/cd/syria/2024/obligations/0>.

A growing number of displaced Syrians have started to return, signaling a shift in displace-

ment trends that could carry important economic implications. Around 515,000—8.1 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) (Figure 24.A). In addition, out of the 7.4 million Internally Displaced Persons (IDPs) in Syria, around 1.26 million have returned to their areas of origin since December 2024. According to the International Organization of Migration, almost 90 percent of IDPs returned from Idlib and Aleppo, areas formerly outside of the government's control. The top three governorates receiving IDP returnees were Idlib, Aleppo, and Hama (Figure 24.B). At the same time, an estimated 39,000 people were newly displaced into Northern Lebanon due to recent hostilities. While returnees pose a short-term challenge as they require assistance, their return has the potential to 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.

FIGURE 24 • Refugee and IDP Returns to Syria Are Ongoing



Source: UNHCR Regional Flash Updates – Syria Situation Crisis; UNHCR Regional Flash Update Syria Situation Crisis; Flash Regional Survey on Syrian Refugees' Perceptions and Intentions on Return to Syria | Global Focus; IOM Population Mobility and Baseline Assessment, March 2025.

ANNEX. SYRIA: SELECTED ECONOMIC INDICATORS (2008-2024)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e
(In percent of GDP, unless otherwise indicated)																	
National Income and Prices^a																	
Real GDP Growth (change in %, y-o-y)	4.5	5.9	5.2	2.9	-26.3	-26.3	-10.3	-4.2	-6.4	-0.7	1.4	1.2	-0.7	1.9	0.7	-1.2	-1.5
Nominal GDP (in billion USD)	52.6	54.1	61.4	67.5	43.2	21.4	21.5	16.5	12.6	16.4	21.5	22.6	12.1	14.4	23.7	20.0	21.4
GNI (Atlas method, in billion USD)	42.1	49.5	55.8	59.4	45.1	27.4	21.6	17.4	14.5	13.8	15.8	19.6	16.7	15.3	15.9	18.2	20.5
GNI per capita, Atlas method (US\$)	1,950.0	2,250.0	2,480.0	2,600.0	1,980.0	1,270.0	1,070.0	900.0	750.0	720.0	810.0	970.0	790.0	710.0	710.0	770.0	830.0
Nominal GDP per capita (US\$)	2,429.1	2,462.2	2,730.6	2,952.1	1,897.7	985.9	1,060.6	847.3	656.0	851.4	1,097.8	1,109.8	574.4	664.5	1,056.0	847.6	869.0
CPI Growth (period avg., change in %, y-o-y)	15.7	2.9	4.4	4.8	37.4	89.6	29.2	38.5	47.7	18.0	1.0	13.4	114.2	118.8	63.7	127.8	58.1
Government Finances^{a*}																	
Revenue	20.1	23.8	20.4	19.9	25.8	21.6	24.0	20.5	21.8	22.8	24.8	25.3	13.6	14.5	10.4	6.1	8.6
Expenditure	22.4	26.0	26.6	25.7	43.9	47.1	38.5	32.5	32.3	31.9	33.3	33.4	21.5	20.5	15.0	8.6	11.7
Current Expenditure	15.3	17.5	15.2	14.1	31.6	37.8	28.2	24.1	24.2	24.0	24.9	24.2	14.6	17.7	13.3	7.1	8.8
Development Expenditure	7.1	8.4	11.4	11.6	12.2	9.3	10.3	8.4	8.1	7.9	8.4	9.3	6.9	2.9	1.8	1.5	2.9
Overall Balance	-1.9	-1.1	-6.2	-5.7	-18.1	-25.5	-14.5	-12.0	-10.5	-9.0	-8.4	-8.1	-7.8	-6.0	-4.6	-2.5	-3.1
Money and Credit^b																	
Reserve Money (M0)				27.8	34.3	45.5	47.3	42.0	42.2	46.4	57.4	60.0	57.4	39.3	27.6	26.7	
Money Supply (M1)	33.8	36.3	37.5	31.9	34.7	42.8	42.4	39.3	38.1	41.7	47.1	53.9	52.4	34.3	24.2	18.5	
Broad Money (M2)	67.6	71.8	72.0	58.6	62.9	79.6	73.6	66.8	64.1	62.2	68.4	72.9	73.9	50.9	32.7	31.4	
Net Foreign Assets	24.1	24.0	21.6	35.3	37.6	45.0	38.6	41.9	48.7	34.9	30.1	25.8	48.2	37.8	22.2	45.6	
Net Domestic Assets	43.5	47.8	50.4	23.3	25.3	34.6	35.0	24.9	15.4	27.3	38.3	47.2	25.7	13.1	10.4	-14.2	
Credit to Government	17.6	16.1	14.7	11.9	26.3	45.5	46.3	38.1	33.2	35.8	47.4	50.7	38.6	23.3	13.6	-0.5	
Credit to Public Enterprises				15.0	16.1	17.7	15.1	12.9	13.1	11.9	8.7	10.8	10.4	6.2	5.8	6.8	
Credit to Private Sector				20.7	21.3	22.6	19.6	17.9	14.7	10.9	11.0	12.9	12.5	10.2	6.7	7.4	
Balance of Payments^d																	
Exports of Goods and Services	37.5	29.0	31.9	19.3	9.1	10.6	7.0	15.4	22.9	19.4	15.3	15.4	23.2	21.2	9.2	17.4	
Goods	29.2	20.1	20.0	15.6	7.8	8.9	5.1	12.4	18.9	15.1	11.2	12.2	20.6	17.4	6.3	12.8	

(continued on next page)

(continued)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023e	2024e
	(In percent of GDP, unless otherwise indicated)																
Services	8.3	8.9	11.9	3.8	1.3	1.7	1.9	3.0	3.9	4.3	4.0	3.2	2.6	3.8	2.9	4.5	
Imports of Goods and Services	36.5	30.8	31.6	31.2	31.0	50.4	47.2	39.7	47.9	41.9	36.6	34.2	52.8	62.5	39.0	50.7	
Goods	30.7	25.8	26.0	26.9	26.5	42.7	39.9	33.2	39.9	35.8	31.4	30.1	47.1	56.4	34.7	43.9	
Services	5.8	5.0	5.6	4.3	4.5	7.6	7.3	6.5	8.0	6.0	5.2	4.2	5.7	6.1	4.3	6.8	
Workers' Remittances (balances)	2.0	1.9	1.5	1.8	3.2	4.5	5.0	9.4	13.2	12.7	11.0	7.2	17.8	17.8	13.6	18.4	
Current Account Balance	1.0	-1.9	-0.6	-12.8	-18.3	-32.7	-31.9	-8.9	-5.4	-1.0	-3.1	-4.8	-1.4	-13.3	-11.9	-11.1	
Foreign Direct Investment	2.8	4.7	2.4	1.2	0.2	0.0	0.3	0.4	0.3	0.4	0.3	0.3	0.4	0.1	0.0	0.0	
Portfolio Investment	-0.1	-0.4	-0.3	-0.2	0.6	0.0	0.9	0.2	1.1	0.0	-0.3	0.2	-0.2	-0.1	0.2	0.5	
Other Investment	-1.2	-0.5	0.0	1.9	2.5	4.1	14.3	9.9	9.3	4.9	1.9	-0.1	-0.7	14.6	9.7	10.0	
Gross Reserves Assets	32.5	32.2	31.8	10.5	12.6	22.5	2.7	2.2	0.8	0.7	1.3	1.5	-0.7	-0.8	0.7	-0.2	
(in months of imports of GNFS)	10.7	12.6	12.1	4.1	4.9	5.4	0.7	0.7	0.2	0.2	0.4	0.5	-0.2	-0.1	0.2	0.0	
Exchange Rate^a																	
Official Exchange Rate (SYP/US, avg.) ^c	46.6	46.6	46.4	48.2	70.0	137.5	168.0	276.3	467.6	507.4	436.0	436.0	973.9	2,150.9	2,783.6	7,955.8	12,651.4
Market Exchange Rate (SYP/US, avg.) ^c	46.6	46.6	46.4	48.2	70.0	137.5	168.0	304.2	506.1	512.9	456.3	609.3	1,904.8	3,346.1	4,377.1	10,546.2	14,798.9
Weighted Average Exchange Rate (SYP/US, avg.) ^{d**}	46.6	46.6	46.4	48.2	70.0	137.5	168.0	290.7	486.7	510.0	445.8	514.5	1,542.3	2,884.6	3,734.7	9,642.0	14,144.8
Memo items																	
Population (in millions) ^f	21.6	22.0	22.5	22.9	22.8	21.7	20.3	19.4	19.2	19.2	19.6	20.4	21.0	21.6	22.5	23.6	24.7

Sources:

^a Syria Central Bureau of Statistics; World Development Indicators; World Bank Macro and Poverty Outlook projections^b Syria Ministry of Finance; The World Bank Fiscal Datasets (WFD); International Debt Statistics (IDS)^c Central Bank of Syria^d Central Bank of Syria^e World Development Indicators^f The 2024 Revision of World Population Prospects

Notes:

e = estimate

^{*} The fiscal data reflects budgeted figures and covers the Central Government in Damascus. It therefore excludes all taxes, transfers, and expenses incurred by the autonomous region in northeastern Syria as well as the Turkish and non-state armed forces in northwestern Syria.^{**} Syrian Pound Today for market exchange rate; Central Bank of Syria for official exchange rate; UN Comtrade database for calculation of critical imports that are imported at the official exchange rate; Central Bureau of Statistics for CPI weights in Syria; World Bank staff estimates.

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