

Syria at the crossroads: towards a stabilized transition



Shared Prosperity Dignified Life



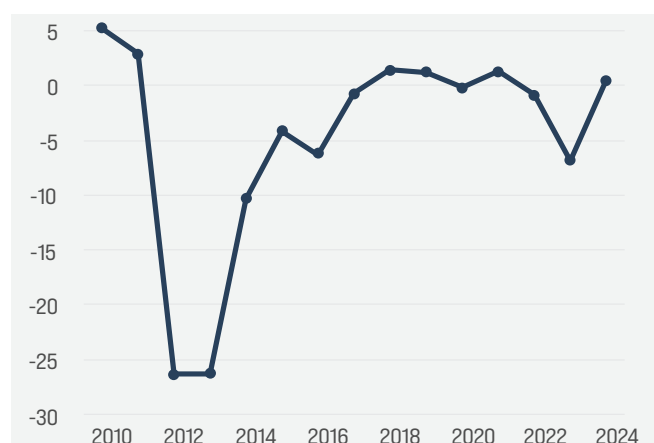
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Introduction

The collapse of the Assad regime presents great opportunities for the Syrian Arab Republic. It also presents significant challenges. The Syrian Arab Republic stands at a pivotal juncture after over a decade of conflict that has devastated the country's economy, social fabric and governance structures. With gross domestic product (GDP) contracting by 64 per cent since 2011 and extreme poverty levels reaching 40.4 per cent in 2024, the country faces substantial challenges. This policy brief¹ explores potential pathways for the country, describes the current situation and gives projections for three different recovery scenarios. It then suggests policy measures which will help to stabilize the Syrian Arab Republic, foster its recovery, and promote regional stability. The decisions made in this transitional period will have far-reaching implications for the Syrian Arab Republic and the wider region, making a coordinated and inclusive recovery strategy essential.

Figure 1. Real GDP growth rates in the Syrian Arab Republic, 2010–2024 (Annual percentage)



Source: ESCWA projections based on the World Economic Forecasting Model for 2024.
Note: The value for 2023 is an estimation, and the value for 2024 is a projection.

¹ This document is based on a longer version prepared jointly by the United Nations Economic and Social Commission for Western Asia (ESCWA) and United Nations Conference on Trade and Development.

Key messages

Economic collapse:

The gross domestic product (GDP) of the Syrian Arab Republic has contracted by 64 per cent since the beginning of the war in 2011. The Syrian pound lost approximately two thirds of its value against the dollar in 2023 alone, pushing consumer inflation to an estimated 40.2 per cent in 2024. Trade dynamics have shifted, with exports dominated by basic goods such as food products, while trade in industrial sectors has declined. Compared with pre-war levels, exports and imports have fallen by 84 per cent and 70 per cent respectively.

Humanitarian crisis:

Over 16.7 million Syrian people require aid, with food insecurity affecting more than half the population – around 7 million people – being internally displaced. Chronic malnutrition and collapsing healthcare systems are further evidence of the depth of the crisis facing the country.

Pathways for recovery:

Achieving sustained recovery will require robust international cooperation, governance reforms and inclusive economic revitalization and robust international support. Key sectors, including agriculture, industry, and energy, must be prioritized for rebuilding. Efforts to rebuild trust and foster societal reconciliation will also be essential.

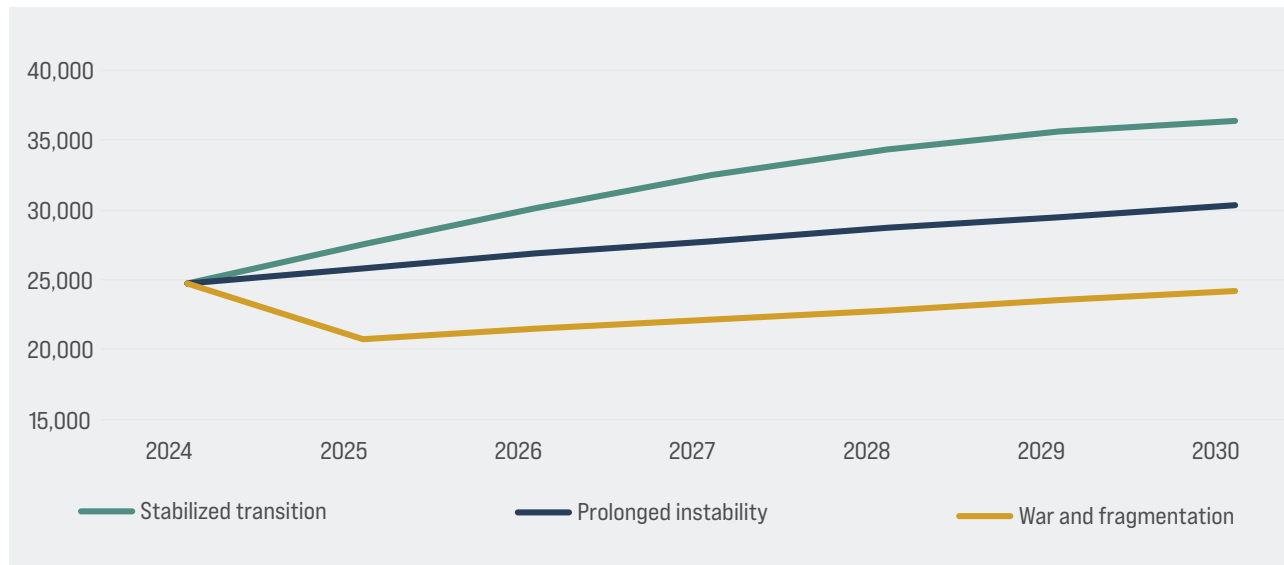
Regional impact:

Stabilizing the Syrian Arab Republic would bring benefits to neighbouring countries. It would increase the potential for trade and reduce the pressures caused by the presence of large numbers of refugees. Conversely, continued instability would exacerbate problems such as illicit trade, as well as exacerbating regional security risks. The reopening of borders and the establishment of transportation corridors could have immediate positive implications for trade and GDP. The combined GDP of Jordan and Lebanon is expected to increase by a total of \$0.6 billion in 2025 and \$1.8 billion in 2026 as a result of gains obtained from trade in this scenario.

Regional and international support is critical to long-term recovery. Regional actors have a crucial role to play in supporting the country's transition in a way that goes well beyond economic collaboration and financial support. Political stability in the Syrian Arab Republic and the wider region hinges on regional actors supporting inclusive dialogue within the Syrian Arab Republic. Such efforts can strengthen political ties, boost economic cooperation, and promote collective resilience, aligning with broader regional aspirations for peace and stability.



Figure 2. Total population in the Syrian Arab Republic, 2024–2030 (Thousands)



Source: ESCWA.

Scenarios for the future of the Syrian Arab Republic

The report identifies three distinct scenarios for the future development of the Syrian Arab Republic:

1. Stabilized transition

○ Governance:

Under this scenario, inclusive governance and credible transitional justice mechanisms are established. Strengthened institutions will enhance public trust and improve service delivery.

○ Economic growth:

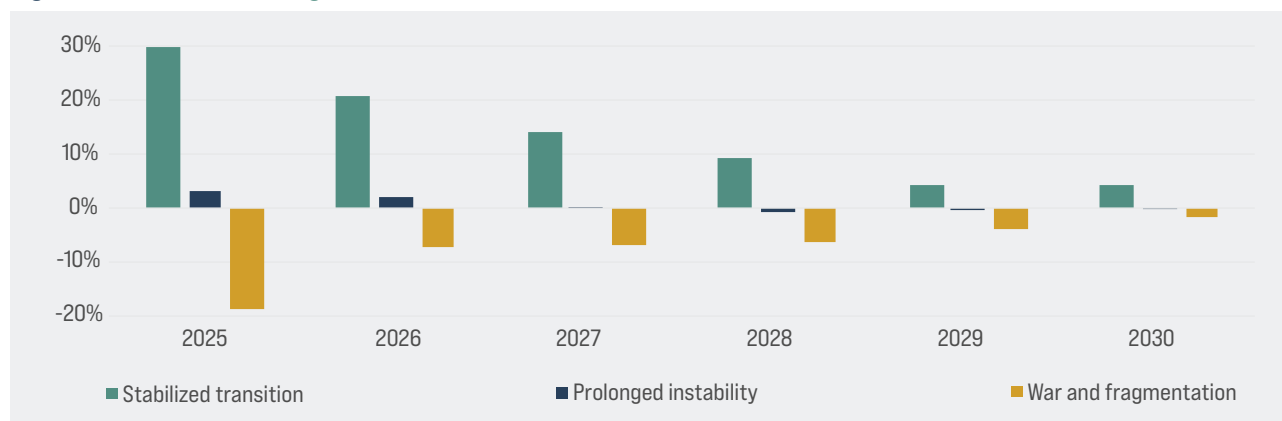
Projected average annual GDP growth under this scenario averages 13.36 per cent between 2024 and 2030, driven by international aid and economic reforms.

○ Poverty reduction:

Extreme poverty is expected to decline from 50 per cent in 2024 to 36 per cent by 2030 under this scenario. Targeted interventions focus specifically on vulnerable communities.

○ Infrastructure:

Reconstruction efforts bolster job creation, repairs to infrastructure and social cohesion. The return of refugees and the revitalization of various economic sectors drive recovery.

Figure 3. Real annual GDP growth, 2025–2030

Source: ESCWA and World Economic Forecasting Model.

2. Prolonged instability

○ Stagnation:

Under this scenario, a political deadlock paralyses the country, and sporadic violence continues. This limits the extent of economic recovery and exacerbates societal divisions.

this scenario, reflecting limited investment and persistent humanitarian dependency.

○ Economic performance:

Annual GDP growth remains below 3 per cent in

○ Humanitarian dependency:

Reliance on aid continues, with refugees and internally displaced persons returning only in limited numbers. Regional tensions further destabilize progress.

3. War and fragmentation

○ Economic collapse:

Under this scenario, GDP contracts further, with an average annual decline of 7.68 per cent up to 2030. The destruction of infrastructure impedes recovery.

poverty and food insecurity, with significant consequences for societal cohesion.

○ Humanitarian crisis:

Widespread violence exacerbates displacement,

○ Regional spillover:

Increased illicit trade and insecurity destabilize neighbouring countries, intensifying refugee crises and economic strain. A fragmented Syrian Arab Republic becomes a hub for cross-border crime.

Figure 4. Poverty below the \$2.15-per-day threshold in the Syrian Arab Republic in three scenarios, 2011–2030

Source: ESCWA.

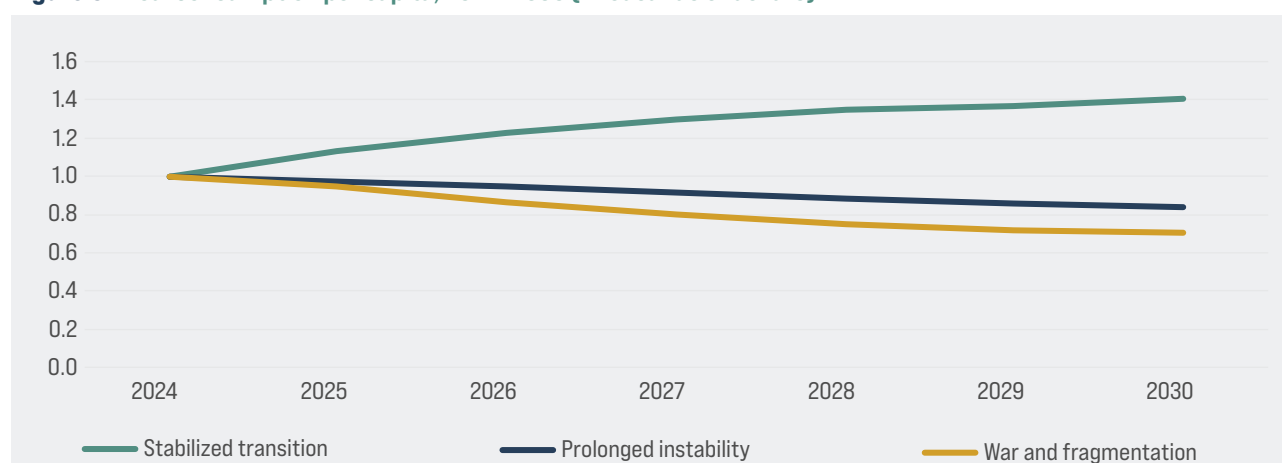
Projections and regional impacts

1. Economic recovery

- GDP could recover to 80 per cent of 2010 levels by 2030 under the “stabilized transition” scenario, requiring an additional six years of steady 5 per cent growth to fully reach pre-war levels. Accelerated growth will hinge on effective international support and domestic reforms.
- Achieving GDP per capita of \$5,000 by 2035 would require extraordinary annual growth of 20 per cent, underscoring the immense scale of recovery needed.

2. Population and labour

Figure 5. Real consumption per capita, 2024–2030 (Thousands of dollars)



Source: ESCWA.

- The return of refugees and their participation in the labour market will be critical for recovery. Population size could increase significantly under the “stabilized transition” scenario, supporting economic revitalization. Targeted programmes for displaced populations can mitigate long-term demographic impacts.
- Human capital restoration, particularly through education and vocational training, will underpin long-term growth and ensure an inclusive recovery.

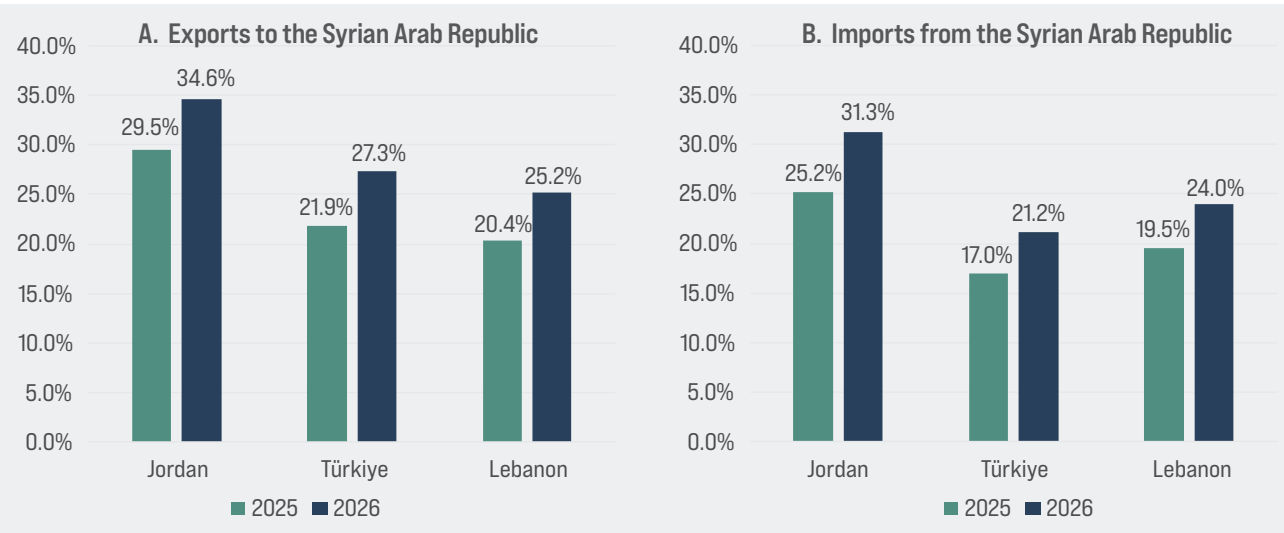
3. Regional benefits

- A “stable transition” scenario is projected to boost GDP in neighbouring Jordan and Lebanon by \$0.6 billion in 2025 and \$1.8 billion in 2026.
- Enhanced trade corridors and reduced refugee pressures provide additional incentives for regional cooperation.

○ Cross-border cooperation can mitigate security risks and foster economic resilience in neighbouring states. Enhanced stability in the

Syrian Arab Republic would reduce pressure on international humanitarian systems.

Figure 6. Impact on trade with neighbouring countries (Percentage change compared with baseline scenario)



Source: ESCWA estimation using a global CGE model.

Framework for recovery

To provide the best possible conditions for the recovery of the Syrian Arab Republic, attention will need to be paid to three areas: revitalizing the economy, rebuilding state institutions, and fostering reconciliation and social cohesion. Efforts in these areas must be complemented by robust regional and international support to ensure comprehensive and sustainable progress. Together, these pillars address immediate needs while laying the groundwork for long-term stability and development.

1. Economic recovery

Achieving economic recovery in the Syrian Arab Republic requires both immediate and medium-term policies

to address urgent needs and lay the groundwork for sustainable development:

(a) Immediate measures

○ **Infrastructure rehabilitation:**

A priority should be made of bringing water and electricity infrastructure and housing back into service to meet urgent needs and improve the

quality of life of the Syrian population.

An immediate stabilization of transport networks could help to catalyse a recovery in trade and mobility.

○ **Food security:**

Agriculture should be revitalized through seed distribution, irrigation repair and technical assistance. Immediate interventions should be made to mitigate food crises and stabilize rural livelihoods.

○ **Emergency employment programmes for job creation:**

Public works programmes should be put in place to provide employment and foster social reintegration, particularly for displaced populations and demobilized combatants. Emergency employment schemes can reduce reliance on humanitarian aid.

(b) Medium-term policies

○ **Industrial revival:**

Rebuilding industrial zones in Aleppo and Homs should be made a priority; support for SMEs should also be provided, as well as assistance for technological upgrades. This will enhance production capacity and competitiveness. Restoring manufacturing hubs would accelerate diversification.

○ **Energy sector infrastructure:**

Oil, gas, and mining operations should be restored, but renewable energy investments should also be

promoted in order to diversify the energy sector. A balanced energy strategy reduces vulnerabilities and attracts investment.

○ **Human capital development:**

Educational and vocational systems should receive support to allow them to restart operations and rebuild a skilled workforce. Targeted programmes should be put in place support the return of skilled emigrants, addressing critical labour shortages.

2. State institutions and governance

State institutions should be rebuilt and modernized to ensure good governance and long-term stability:

○ **Institutional reforms:**

Anti-corruption measures and transparent governance mechanisms should be put in place to restore public trust.

○ **Capacity-building:**

Civil servants should be trained and equipped to deliver efficient services, particularly in the areas of education and healthcare.

○ **Decentralization:**

Participatory governance frameworks should

be promoted to empower local authorities and communities, enabling them to address local challenges effectively.

○ **Building an inclusive and credible governance framework:**

The Syrian Arab Republic should establish a governance framework where all segments are represented to promote unity and strengthen State legitimacy. This involves a clear roadmap for reforms prioritizing the rule of law, institutional accountability, inclusive political participation, transitional justice, a diverse constitution, and robust human rights protections.



3. Reconciliation and social cohesion

Strengthening societal bonds and fostering trust is essential for a sustainable peace:

- **Transitional justice mechanisms:**

Credible processes should be established to address past grievances and promote accountability.

- **Community dialogue initiatives:**

Dialogue among diverse groups should be encouraged to rebuild trust and social harmony.

- **Support for vulnerable groups:**

Interventions for displaced populations, refugees and marginalized communities should be prioritized to promote inclusivity and equity.

4. Regional and global support

The success of the country's recovery will depend heavily on coordinated regional and international support:

- **International aid and investments:**

Donor funding and foreign investment will be needed to finance large-scale reconstruction projects and humanitarian relief. Steps should be taken to attract them.

- **Regional cooperation:**

Partnerships should be fostered with neighbouring countries to rebuild trade corridors, enhance economic integration, and address shared security concerns.

- **Multilateral engagement:**

Support should be sought from global institutions such as the United Nations and the World Bank to ensure aligned recovery strategies and long-term commitment.

Conclusion

The path forward for the Syrian Arab Republic hinges on the country's ability to navigate the complexities of post-conflict recovery. Stabilization and reconstruction will need to be underpinned by robust governance reforms, regional cooperation and international support. Prioritizing reconciliation, equity and economic resilience will be pivotal for ensuring a durable peace and fostering sustainable development for the Syrian Arab Republic and the wider region. Addressing both immediate and longer-term systemic challenges will enable the country to move towards a future of stability and prosperity. By aligning national recovery strategies with international frameworks, the Syrian Arab Republic can lay the groundwork for a resilient and inclusive future.

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