



Syria at the crossroads

Towards a stabilized transition



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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 around 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.



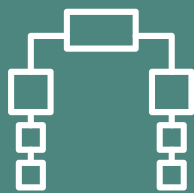
Momentous development and humanitarian challenges:

In 2024, the Syrian Arab Republic ranked 158th out of 160 countries in the ESCWA Global Development Index. The country is facing significant challenges in quality-adjusted human development, governance and environmental sustainability. The conflict has resulted in 16.7 million Syrians requiring aid, over half the population facing food insecurity, and 7 million people being internally displaced. Chronic malnutrition, failing healthcare systems and displacement have exacerbated existing societal and economic vulnerabilities. Nearly half of the population lived under the \$2.15 per day poverty threshold in 2024.



Opportunities for recovery:

In a scenario where reconstruction is prioritized, governance reforms are enacted and sufficient international aid is made available, the GDP of the Syrian Arab Republic is projected to grow at an average annual rate of 13.36 per cent between 2024 and 2030. The country's extreme poverty rate (the proportion of the population surviving on less than \$2.15 per day) is projected to decline by one third of its 2024 level, reaching 36.12 per cent in 2030. Despite rapid growth, GDP is projected to recover to only 80 per cent of its 2010 pre-war level by 2030, while GDP per capita is expected to reach only around 50 per cent of its 2010 level. Achieving pre-war GDP levels will require an additional six years of consistent annual growth at a steady rate of 5 per cent until 2036. Restoring GDP per capita to 2010 levels at 7.5 per cent average growth would require an additional 11 years, taking until 2041. Reaching GDP per capita of \$5,000 – less than half of the current GDP per capita of neighbouring Türkiye – by 2035 would require an annual GDP growth rate of 20 per cent over the next decade.



Two other scenarios:

In a scenario where instability and fragmented governance persisted, economic stagnation would continue. Any recovery would be limited, current poverty rates would be maintained, and the country would remain dependent on humanitarian aid. In an even less favourable scenario characterized by further war and fragmentation, there would be widespread violence, the country's economy would collapse, with GDP declining further at an average annual rate of 7.68 per cent between 2024 and 2030, and profound humanitarian crises would proliferate. In addition to the obvious hardship it would cause to the Syrian people, such a scenario would also be harmful to the stability of the wider region.



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.



Road to recovery:

Mobilizing resources for reconstruction, fostering private sector engagement, and promoting societal reconciliation are key to a sustainable peace. A strong focus on equity during market reforms and international support for institutional rebuilding is critical. The economic recovery of the Syrian Arab Republic hinges on revitalizing infrastructure, agriculture, industry and finance through inclusive governance and private sector engagement while mitigating the potential for renewed conflict.



Rebuilding trust and peace:

Promoting reconciliation, rebuilding trust in institutions and implementing security sector reforms are all essential for a sustainable peace. Regional and international support in the form of sanctions relief and economic cooperation is critical to long-term recovery.

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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 direction the country takes will be shaped by competing local, national and foreign interests. The manner in which Syrian political actors navigate these complexities will be one of the many deciding factors that plot the country's future pathway. The outcomes range from an ideal transition to protracted instability, or even the calamitous scenario of an open-ended armed conflict.

As highlighted in the "Syria at war: eight years on" report published by ESCWA in 2020,¹ the Syrian conflict stemmed from deep-seated governance failures marked by systemic corruption, repression and inequality, which fuelled public discontent and demands for democratic reforms. The Government's heavy-handed response to initial protests escalated tensions, leading to widespread violence. Over time, the conflict fragmented the State's territorial and institutional control, with external actors exploiting this fragility by supporting various factions, turning the war into a complex proxy conflict. This interplay of internal grievances and international involvement intensified the crisis, prolonging instability and hindering efforts to achieve a resolution.

The worsening situation in the Syrian Arab Republic since 2011 has been driven by a combination of factors, including the destruction of infrastructure, a crippled economy, the severe depreciation of the Syrian pound, and a prolonged drought. Multiple external shocks, such as the 2019 financial crisis in Lebanon, the COVID-19 pandemic, and the war in Ukraine, Gaza and Lebanon intensified the situation. A series of earthquakes in February 2023 brought further destruction to areas which had already been severely affected by the conflict.

The economic toll of these shocks has been enormous. Inflation rates quickly reached double-digit levels after 2011, and continue to exert considerable pressure on Syrians, increasingly eroding their purchasing power. In

2023 alone, the Syrian pound lost around two thirds of its value against the dollar, placing significant upward pressure on prices.² Labour force participation is also low, with many people unable to find jobs as a result of the ongoing conflict and displacement. Economic growth has declined significantly, the country's GDP having shrunk by around 64 per cent since the onset of the war.³ A continued foreign exchange crisis, restricted imports, and a decrease in domestic production have hindered recovery efforts. Regional instability, including the impact of sanctions, has also had a severe effect on key industries such as oil production and agriculture, reducing the country's ability to generate revenue.⁴

Trade, once a vital component of the economy of the Syrian Arab Republic, has shifted radically. Between 2021 and 2023, the average annual value of imports to the Syrian Arab Republic was around \$5 billion. Over the same period, the value of goods exported from the country was barely above \$1 billion. In comparison with the five years preceding the war, imports to the Syrian Arab Republic have dropped by approximately 70 per cent, and exports from the Syrian Arab Republic have decreased by as much as 84 per cent. Türkiye has become a leading export market for Syrian products: it imports 22.7 per cent of goods exported from the Syrian Arab Republic. In contrast, the European Union, which used to be the main destination for Syrian exports, now imports markedly less from the country. Türkiye is also the source of around 45 per cent of goods imported to the Syrian Arab Republic, up from less than 10 per cent before the war. At the same time, imports from traditional partners such as the European Union and China have declined significantly.⁵

This economic turbulence has been accompanied by a large-scale humanitarian crisis, which policymakers in the country will need to deal with as a matter of urgency. At the start of 2025, 12.9 million people were food-insecure, including 3 million people facing severe hunger.⁶ Around 16.7 million Syrians – three in every four people – need lifesaving aid. More than half the population have been forced from their homes and are still living in temporary

accommodation. Around 7 million people in the Syrian Arab Republic have been displaced, while 5.6 million more are refugees in Egypt, Iraq, Jordan, Lebanon, Türkiye, across Europe and beyond.⁷ By 12 December 2024, 1.1 million people had been newly displaced across the country since 27 November 2024; the majority were women and children.⁸ Around 225,000 internally displaced persons (IDPs) have since returned to their areas of origin, mainly in Hama and Aleppo Governorates, reducing the number of newly displaced individuals from 1.1 million to 882,000 by 15 December 2024.⁹

Addressing the humanitarian challenges will be a crucial early priority. But the prospects for the country's longer-term recovery rest on bringing about sustainable economic and social development. For this to take place, the country's institutional capacity will need to be rebuilt, and an inclusive political framework that guarantees civic rights for all citizens will need to be established. Under the most optimistic scenario explored in this report, the "stabilized transition" scenario, progress will be made in economic reconstruction, governance reform, and social reconciliation. Regional and international cooperation, including the lifting of sanctions and the fostering of economic partnerships, will be indispensable for creating conditions conducive to refugee repatriation, economic stabilization, and a sustainable peace.

This report also explores two other potential pathways for the future of the Syrian Arab Republic. The second scenario, characterized by prolonged instability, depicts a fragmented governance structure where difficulties

in achieving political agreements hinder the recovery. This trajectory risks deepening societal divisions and perpetuating dependency on humanitarian aid, leaving the majority of the population in precarious conditions. The third scenario, a worst-case outcome of war and fragmentation, involves renewed conflict that exacerbates economic collapse and widespread regional instability, leading to further territorial disintegration and deepened humanitarian crises.

Achieving a stabilized transition will not be easy. This scenario requires a multilayered wider recovery approach covering three major components of recovery and peacebuilding: reconstruction and economic recovery; State institutions and governance; and reconciliation and social cohesion. Making such a transition work in practice will also require a concerted regional and global effort. Global sanctions will need to be lifted to provide the foundation for recovery, reconstruction and sustainable human development. Regionally, it will require a return to peaceful relations and accelerated economic cooperation with neighbouring countries. These actions will create the necessary conditions for refugees to return home.

This report includes a detailed examination of the economic decline of the Syrian Arab Republic and its implications for the country's recovery. It includes an assessment of developmental progress using the ESCWA Global Development Index, and a projection of the socioeconomic impacts of the three outlined scenarios. The final sections propose actionable strategies for stabilization, governance enhancement and comprehensive reconstruction.

The state of the Syrian economy

01

This chapter provides a brief review of the macroeconomic indicators, followed by a more in-depth review of trade sector performance given its crucial role in the economy and in the envisaged stabilization scenario.

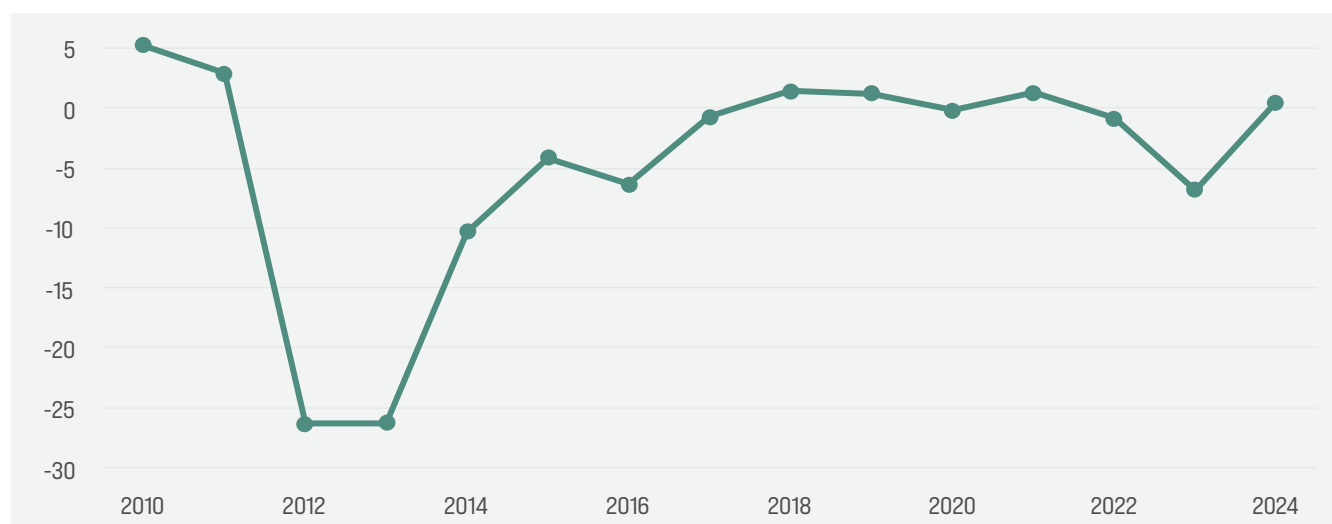
A. Key macroeconomic indicators

Since the revolution in 2011, the economy of the Syrian Arab Republic has faced significant challenges. These include civil conflict, international sanctions, the COVID-19 pandemic, the repercussions of the wars on Gaza and Lebanon, Israeli airstrikes on Damascus and other parts of the country and, most recently, the collapse of the Assad regime and uncertainty surrounding the transfer of power.

The country's GDP contracted by 6.8 per cent in 2023, a result of the ongoing destruction of

infrastructure and disruption across key sectors (figure 1). Marginal GDP growth of 0.5 per cent has been estimated for 2024, primarily driven by the arrival of displaced people fleeing Lebanon as a result of the Israeli war, as well as the resumption of diplomatic ties between the former Syrian regime and several Arab countries. However, this slight growth in GDP may be balanced out by the significant destruction of infrastructure by Israeli airstrikes and the forces of the former regime, which has had a significant impact on the manufacturing, agriculture and services sectors.

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.

The Syrian pound has undergone significant devaluation since 2011. This has been aggravated by the enforcement of sanctions and restrictions on many financial and trade activities. The currency depreciated from 11 Syrian pounds to the dollar in 2010 to 460 Syrian pounds to the dollar in 2016, eventually reaching 2,505 Syrian pounds to the dollar in 2022.¹⁰ In 2023, the Syrian pound is estimated to have lost around two thirds of its value against the dollar, with significant consequences for prices. Inflation rates quickly hit double-digit levels after 2011, and they continue to weigh significantly on citizens, progressively eroding their purchasing power. The inflation rate in the Syrian Arab Republic is projected to reach a record high of 40.2 per cent in 2024.¹¹

Persistent inflation and a lack of investment have dampened the country's economic recovery. The provisions of the Caesar Syria Civilian Protection Act – United States legislation placing sanctions on members of the former Syrian Government – have further tightened the constraints under which the country's policymakers are required to act. As a result of elevated inflation rates, the country's fiscal deficit increased from 2.0 per cent of GDP in 2019 to approximately 6.5 per cent in 2023.¹² The conflict, together with the former Government's loss of control over oil fields and the sanctions imposed during the period of civil unrest, severely depleted public resources. The former Government had increased subsidies on many essential items to shield citizens from rapidly rising prices. However, the removal of subsidies on many items in 2023 and 2024 is projected to reduce the size of the fiscal deficit to 5.9 per cent in 2024. This

projection may change if the security situation allows for the reconstruction of destroyed areas, or if there is an influx of aid. Although the country's debt-to-GDP ratio has increased in recent years, it remains moderate as a result of the former Government's inability to access financial markets because of the aforementioned sanctions. The debt-to-GDP ratio of the Syrian Arab Republic increased from 10.0 per cent in 2019 to 12.0 per cent in 2023, and is expected to increase to 15.2 per cent in 2024.¹³

The Syrian private sector has been a critical component of the domestic economy, particularly in recent years, as public institutions have suffered from conflict-related destruction and underinvestment. Before 2011, the private sector accounted for 60 per cent of GDP, 75 per cent of total imports, and 56 per cent of non-oil exports. It employed a significant portion of the country's workforce, with most jobs falling under the umbrella of small-scale businesses or self-employment. Over the past five years, the contribution of the private sector has grown, driven by privatization and the decline of State-owned enterprises. In 2016, the former Government enacted a law governing public-private partnerships. The law allowed the private management of State assets in almost all sectors except oil production. This has increased the role of private businesses, particularly in sectors such as real estate, construction and services. At present, around 56 per cent of the country's workforce is employed in the private sector. However, employment conditions vary significantly, and wage inequality is more pronounced in the private sector than in the public sector.

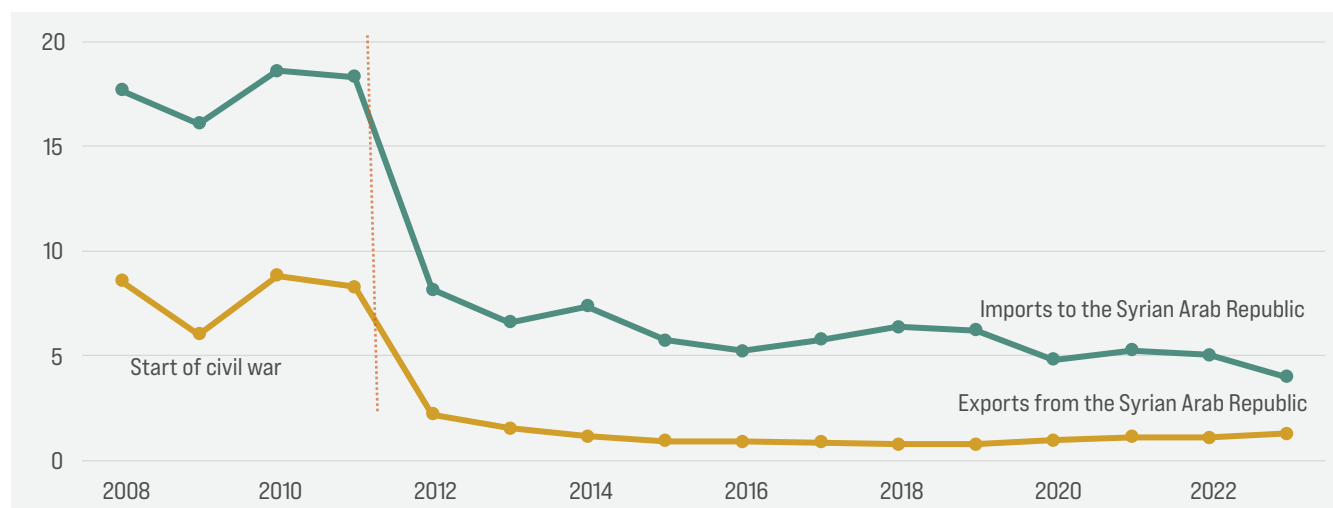
B. Trade flows

The trade flows of the Syrian Arab Republic began to suffer significantly when the war started in 2011; they have not recovered since then (figure 2). Based on information provided by trading partners, between 2021 and 2023, the average annual value of imports to the Syrian Arab Republic was around \$5 billion. Over the same period, the value of goods exported from the country was barely above \$1 billion. In comparison with the five years preceding the war, imports to the Syrian Arab Republic have dropped by approximately 70 per cent, and exports from the Syrian Arab Republic have decreased by as much as 84 per cent. Between 2022 and 2023, imports to the Syrian Arab Republic decreased by more than 20 per cent and exports from the Syrian Arab Republic picked up by almost 20 per cent. This change does not take into account trade with the Russian Federation in 2022 and 2023. However, it is roughly in line with figures reported by the Syrian Ministry of the Economy and Foreign Trade in January 2024. The Ministry reported a 27 per cent decrease in imports, bringing their value to \$3.3 billion (\$4.0 billion according to trading partners), and a strong increase in exports, bringing their value to more than \$922 million (\$1.3 billion according to trading partners). It argued that the reduction of imports was a result of its “[rationing policy](#)”, which involved a focus on industrial and agricultural production and the most important food and pharmaceutical needs of citizens, reducing the demand for foreign exchange. This sharp decline reflects significant damage to

infrastructure, loss of control over production facilities, and the imposition of trade restrictions. Oil exports, once the backbone of the foreign trade of the Syrian Arab Republic, have nearly vanished as a result of the loss of oil fields in the north-east of the country, as well as ongoing airstrikes on production facilities. Instead, exports have shifted towards agricultural products, with vegetables and food items becoming primary export commodities (figure 6).

Trade with neighbouring countries did not decline significantly following the start of the war in the Syrian Arab Republic (figure 3). In 2023, exports to Jordan were more than 30 per cent above their 2008 levels, and imports from Jordan were more than 70 per cent higher than in 2008. Trade flows with Egypt, which is not a direct neighbour but which used to be an important trading partner of the Syrian Arab Republic, followed a similar pattern. Trade flows with Lebanon developed even more dynamically until the COVID-19 pandemic, but did not recover afterwards. Lebanon is also facing a difficult economic, social and political situation, compounded by conflict and destruction of infrastructure in 2023 and 2024, particularly in the border region with Israel. Libya is also not a neighbouring country of the Syrian Arab Republic, but it is useful as a comparison as it has also been subject to sanctions since 2011. Trade flows between the Syrian Arab Republic and Libya were volatile until 2016, but since then have been rising again. In 2023, imports to

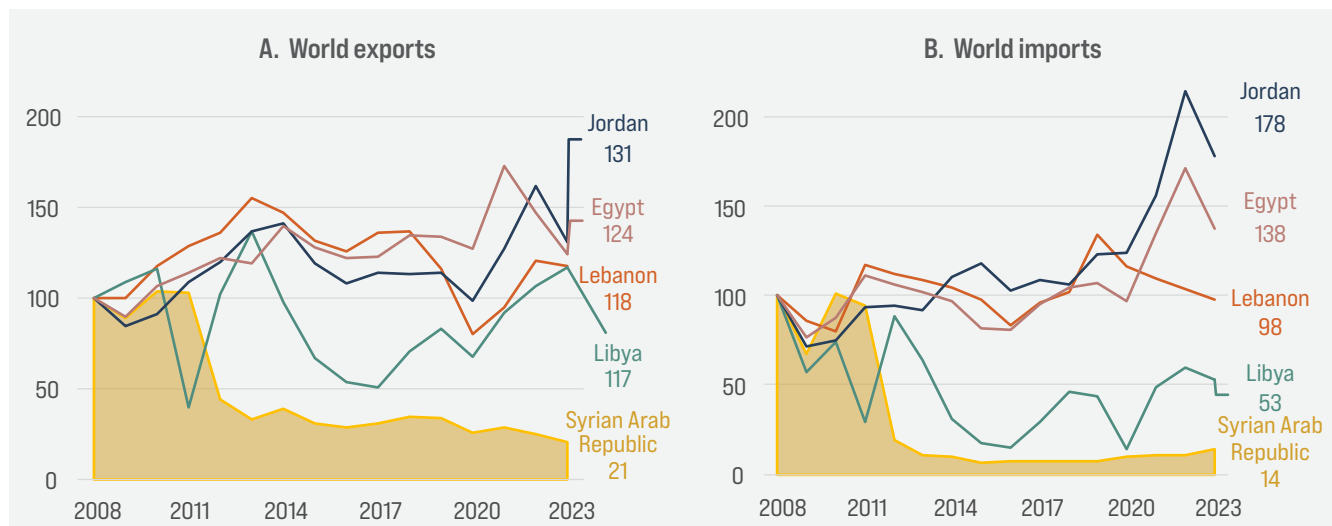
Figure 2. Trade flows as reported by trading partners, 2008–2023 (Billions of dollars)



Source: UNCTAD secretariat based on UN Comtrade.

Note: No data have been available for the Russian Federation since 2022.

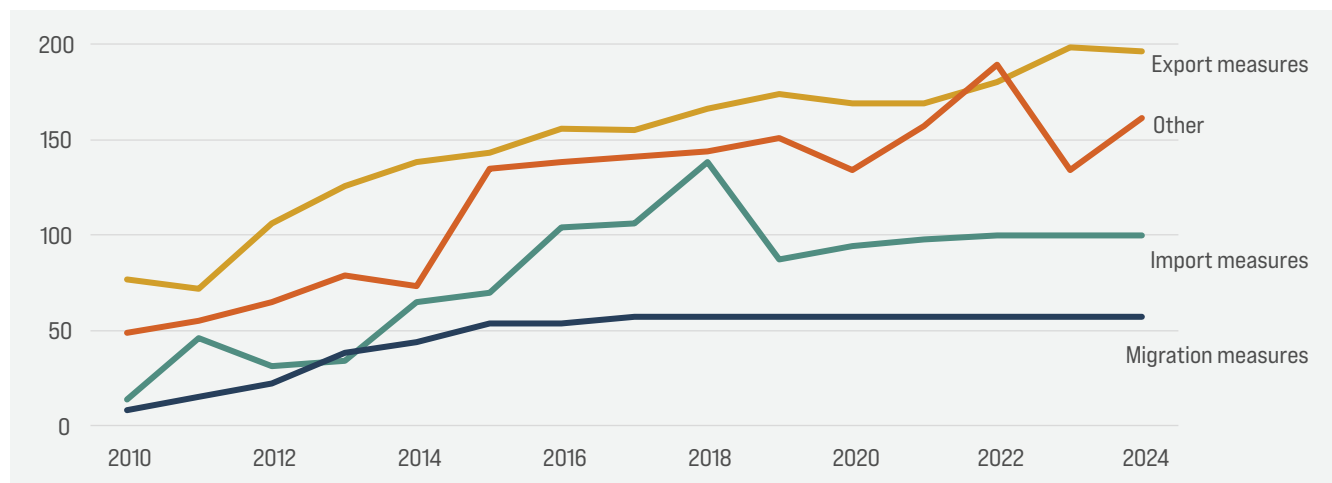
Figure 3. Trade flows of the Syrian Arab Republic and neighbouring countries with other trading partners, 2008–2023
(Base year 2008 = 100)



Source: UNCTAD secretariat based on UN Comtrade.

Note: Sum across all trading partners, excluding the displayed economies. No data have been available for the Russian Federation since 2022.

Figure 4. Cumulative sanctions against the Syrian Arab Republic, 2010–2024



Source: UNCTAD secretariat based on the Global Trade Alert database.

Notes: Data from Global Trade Alert start at the end of 2018. The cumulative number is based on interventions initiated and terminated since 2009. Import measures against the Syrian Arab Republic include import tariffs, bans, licensing requirements and import-related non-tariff measures. Export measures against the Syrian Arab Republic include: export incentives, subsidies, bans, taxes, licensing requirements, quotas, export-related non-tariff measures, trade finance and financial assistance in foreign markets. Migration measures against the Syrian Arab Republic include labour market access regulations and post-migration treatment. Other measures include capital control measures, subsidies, government procurement, and finance and FDI measures.

Libya exceeded 2008 levels by 17 per cent, but exports from Libya amounted to only half of what they once were. Trade between Libya and the Syrian Arab Republic, however, has not recovered.

The trade composition of the Syrian Arab Republic has shifted geographically. Before the war, more than 50

per cent of Syrian exports went to the European Union. However, trade with Europe now accounts for a far smaller proportion of the total; it has been replaced by trade with regional countries such as Saudi Arabia, Türkiye and Lebanon, which now dominate the trade landscape of the Syrian Arab Republic (figure 5A). This geographical shift is linked to the significant decline in fuel production

and exports which previously constituted the bulk of the country's exports to the European Union. Between 2021 and 2023, Türkiye was the source of around 45 per cent of goods imported to the Syrian Arab Republic (figure 5B). By contrast, imports from traditional partners such as the European Union and China have declined significantly, reflecting disruptions to pre-war trade patterns.

The decline in trade of the Syrian Arab Republic is a result of various factors, including infrastructure damage, the loss of production facilities, a decline in fossil fuel production and restrictive trade measures. Between 2010 and 2024, sanctions against the Syrian Arab Republic escalated: 119 export restrictions, 86 import restrictions and 112 additional measures such as capital controls and sanctions targeting key sectors were imposed on the country (figure 4). These measures, combined with the devastation of transport infrastructure and the impact of sanctions on dual-use goods such as machinery and electronics, have profoundly restricted the country's access to international markets.

Damage to and loss of control over production facilities has a significant impact on trade in fuels. Fuels used to represent about 60 per cent of exports from the Syrian Arab Republic. Now, this entire export category has almost disappeared. But trade measures are second in importance to another factor: the location of the country's oil fields. Most of the oil fields on the territory of the Syrian Arab

Republic are in the north-east of the country, which for most of the period of the war was outside the control of the former Government. At some time after 2014, these oil fields came under the control of the Islamic State in Iraq and the Levant (ISIL), also known as Daesh, and were thus the target of air strikes. Under ISIL control, oil smuggling with Iraq was rife; this may have contributed further to the decline in fuel exports.¹⁴ Vegetables and food products now make up the largest part of Syrian exports (figure 6).

Maritime trade data further illustrate the diminished role of the Syrian Arab Republic in regional commerce. In 2023, only 251 ships called at Syrian ports, in contrast to the 2,974 calls made to ports in neighbouring Lebanon, a country with less than a quarter of the population of the Syrian Arab Republic. In terms of deadweight tonnage, vessels entering Syrian ports amounted to just 4 million tons, compared with 70 million tons in Lebanon. Most maritime trade in the Syrian Arab Republic takes place via the port of Latakia, which accounts for 70 per cent of all vessel calls and 83 per cent of total deadweight tonnage.

Maritime trade in the Syrian Arab Republic relies on the country's immediate neighbours. For example, 59 per cent of vessels reporting entry into Syrian ports in 2023 originated from Türkiye or Lebanon, and 69 per cent of those departing Syrian ports travelled onwards to those two countries. By comparison, Lebanon has much more

Figure 5. Top 15 importers and exporters of Syrian goods based on average annual import and export values and changes in proportions between 2006–2010 and 2021–2023 (Millions of dollars)

| A. Top 15 importers | | | | | | | B. Top 15 exporters | | | | | | |
|----------------------|-----------|---------|-------|-----------|---------|-------|---------------------|-----------|---------|-------|-----------|---------|-------|
| Importer | 2006–2010 | | | 2021–2023 | | | Exporter | 2006–2010 | | | 2021–2023 | | |
| | Rank | Imports | Share | Rank | Imports | Share | | Rank | Exports | Share | Rank | Exports | Share |
| European Union | 1 | 4,285 | 12.3% | 4 | 97 | 8.4% | European Union | 1 | 4,303 | 22.3% | 5 | 306 | 6.5% |
| Egypt | 2 | 469 | 6.2% | 6 | 59 | 5.1% | China | 2 | 2,039 | 13.0% | 2 | 419 | 8.8% |
| Saudi Arabia | 3 | 463 | 6.1% | 1 | 279 | 24.2% | Türkiye | 3 | 1,158 | 7.4% | 1 | 2,131 | 44.9% |
| Jordan | 4 | 328 | 4.3% | 5 | 67 | 5.8% | Russian Federation | 4 | 1,146 | 7.3% | 6 | 198 | 4.2% |
| United States | 5 | 298 | 3.9% | 12 | 11 | 0.9% | Korea, Rep. | 5 | 819 | 5.2% | 19 | 16 | 0.3% |
| Türkiye | 6 | 289 | 3.8% | 2 | 262 | 22.7% | Ukraine | 6 | 777 | 5.0% | 34 | 3 | 0.1% |
| Lebanon | 7 | 246 | 3.2% | 3 | 123 | 10.6% | Egypt | 7 | 695 | 4.4% | 4 | 332 | 7.0% |
| United Kingdom | 8 | 193 | 2.5% | 22 | 2 | 0.2% | Saudi Arabia | 8 | 542 | 3.5% | 11 | 64 | 1.4% |
| United Arab Emirates | 9 | 123 | 1.6% | 7 | 59 | 5.1% | India | 9 | 441 | 2.8% | 9 | 95 | 2.0% |
| India | 10 | 87 | 1.1% | 8 | 51 | 4.4% | Japan | 10 | 394 | 2.5% | 29 | 5 | 0.1% |
| Kuwait | 11 | 73 | 1.0% | 9 | 40 | 3.4% | United States | 11 | 356 | 2.3% | 28 | 6 | 0.1% |
| Korea, Rep. | 12 | 72 | 0.9% | 46 | 0 | 0.0% | Brazil | 12 | 306 | 2.0% | 16 | 26 | 0.6% |
| Sudan (until 2011) | 13 | 66 | 0.9% | | | | Argentina | 13 | 232 | 1.5% | 12 | 57 | 1.2% |
| Yemen | 14 | 48 | 0.6% | | | | Lebanon | 14 | 211 | 1.3% | 7 | 186 | 3.9% |
| Ukraine | 15 | 46 | 0.6% | 13 | 9 | 0.8% | Jordan | 15 | 203 | 1.3% | 10 | 87 | 1.8% |

Source: UNCTAD secretariat based on UN Comtrade.

Note: No data have been available for the Russian Federation since 2022. The import value for Egypt for the 2006–2010 period is based on export data of the Syrian Arab Republic.

Figure 6. Product composition based on trade flows reported by trading partners between 2006–2010 and 2021–2023

| Products | Exports to Syria | | | Imports from Syria | | |
|---------------------------------|------------------|-----------|------------------|--------------------|-------------|------------------|
| | 2006–2010 | 2021–2023 | Difference (pp.) | 2006–2010 | 2021–2023 ▼ | Difference (pp.) |
| Vegetable | 11% | 23% | 12.0 | 9% | 55% | 46.2 |
| Food products | 6% | 19% | 12.6 | 2% | 9% | 7.2 |
| Textiles and clothing | 6% | 4% | -1.3 | 11% | 9% | -1.7 |
| Minerals | 2% | 2% | 0.0 | 3% | 9% | 5.2 |
| Metals | 14% | 7% | -6.7 | 2% | 4% | 1.6 |
| Stone and glass | 2% | 1% | -0.0 | 1% | 3% | 2.6 |
| Animal | 1% | 2% | 1.0 | 4% | 3% | -1.5 |
| Chemicals | 7% | 8% | 1.5 | 2% | 2% | 0.4 |
| Miscellaneous | 5% | 8% | 3.1 | 1% | 1% | 0.5 |
| Wood | 3% | 3% | -0.6 | 1% | 1% | 0.6 |
| Footwear | 0% | 0% | -0.1 | 0% | 1% | 0.7 |
| Plastic or rubber | 7% | 9% | 1.9 | 2% | 1% | -0.7 |
| Machinery and electrical equip. | 16% | 8% | -7.7 | 2% | 1% | -0.8 |
| Hides and skins | 0% | 0% | -0.1 | 1% | 0% | -0.5 |
| Transportation | 11% | 1% | -9.5 | 0% | 0% | -0.2 |
| Fuels | 10% | 4% | -6.0 | 60% | 0% | 59.7 |

Source: UNCTAD secretariat based on UN Comtrade.

Note: No data have been available for the Russian Federation since 2022. Trade flows for the 2006–2010 period are complemented by Syrian trade statistics for Egypt and Iran.

maritime trade, and its scope is broader. Only 26 per cent of vessels arriving in Lebanon have come from the Syrian Arab Republic or Türkiye, and only 36 per cent of outgoing vessels head onward to ports in those two countries.

Many vessels calling at Syrian ports may deactivate transceivers, leading to an underreporting of port activity. The Automatic Identification System is used to broadcast vessel positions. When the system's signals are disabled or spoofed, it is sometimes a sign that a ship is seeking to trade illicitly and avoid international sanctions (although signals can also be disabled for safety reasons, such as to avoid detection by pirates or terrorists). This practice is particularly relevant to tankers of crude oil and petroleum products. For example, Iran has reportedly exported one to two tankers per month to the Syrian Arab Republic, each with an approximate capacity of 160,000 deadweight tons, according to *S&P Global Commodities at Sea*. These volumes dwarf the capacity of tankers officially recorded as having called at Syrian ports, which amounted to 457,000 deadweight tons for the whole of 2023.

The former Syrian Government doubtless benefited significantly from illicit trade activities. The value of the global trade in Captagon, an illicitly produced narcotic, is estimated to be \$10 billion, with the former Syrian

leadership's annual profit assessed at \$2.4 billion.¹⁵

According to a report by the United Nations Office on Drugs and Crime, the main departing area for Captagon shipments are the Syrian Arab Republic and Lebanon, with destinations in the Gulf region reached either directly by land or sea, or indirectly with shipments through other regions, such as southern Europe.¹⁶ The illicit Captagon trade has fuelled drug abuse in several Arab states, threatening social peace and cohesion.¹⁷ Over the last few years, a growing number of shipments of Captagon originating in Latakia have been seized at Libyan, Italian, Greek and Romanian ports. The largest haul, seized at the port of Salerno, Italy, in June 2020, included more than 14 tons of Captagon with an estimated street value of 1 billion euros.¹⁸

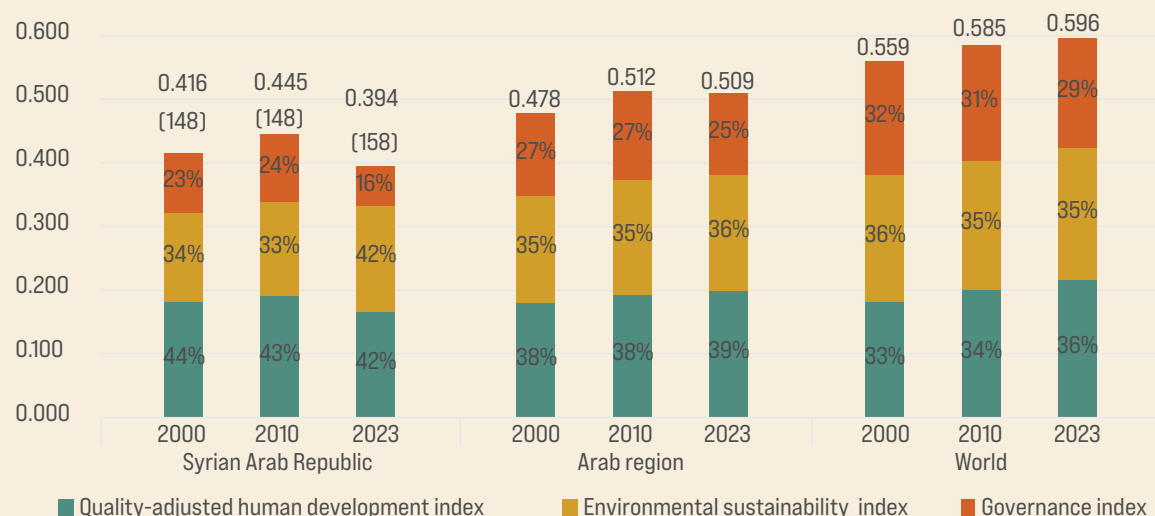
Eastern Libya has also been tied to the Syrian Arab Republic by strong *intersecting networks of illicit trade*. Cash, narcotics, weapons, fighters and *irregular migrants* bound for Europe are known to have been ferried by traffickers from the Syrian Arab Republic into eastern Libya, generating millions of dollars per year in illicit revenue. A maritime trade route has also emerged between the two countries, enabling a range of illicit shipments. This includes fuel smuggling, an activity that has expanded markedly in *eastern Libya* over the last two years. The overall annual value of illicit trade between Libya and the Syrian Arab Republic is estimated at around \$300 million.¹⁹

The state of development

02

This chapter provides an assessment of the overall development situation of the Syrian Arab Republic. It makes use of the ESCWA Global Development Index (GDI), which comprises three pillars: quality-adjusted human development, environmental sustainability and governance.²⁰ The index provides an overview of the state of development of various countries from 2000 to 2023. In 2000, the Syrian Arab Republic was classified under the “very low” achievement category, with a GDI score of 0.416 (figure 7). During the pre-war period (2000–2010), the country made notable progress: its GDI score improved to 0.445, placing it on the verge of transitioning to the “low” achievement category. However, the onset of the war in 2011 marked a turning point, leading to a decline in the country’s GDI score to 0.394 in 2023. Its global ranking also dropped from 148th to 158th out of 160 countries.

Figure 7. GDI scores (2000, 2010 and 2023) and rank (out of 160) for the Syrian Arab Republic



Source: ESCWA.

The country's GDI score places it well behind both the regional and the global average. Substantial weaknesses are apparent in each of the GDI's three pillars. Governance is the smallest contributor among the three pillars; it accounted for just 16 per cent of the overall GDI score in 2023. The proportion of the GDI score accounted for by governance has declined steadily over the past two decades, reflecting the erosion of the country's institutional capacity and governance structures. Meanwhile, quality-adjusted human development and environmental sustainability, each of which accounts for 42 per cent of the GDI score, both pose additional obstacles for the country.

The performance of the Syrian Arab Republic on the Human Development Index (HDI) suggests a different narrative. The Syrian Arab Republic outperforms its ranking on the GDI by 30 positions, placing 128th out of 16 countries.²¹ This higher rank is accompanied by a significantly higher score – 0.557 in 2023 – placing the Syrian Arab Republic in the “medium” achievement category on the HDI. This suggests that the country's development story is more complex, and that broader indicators beyond those associated with basic human development paint a more nuanced and arguably more realistic picture.

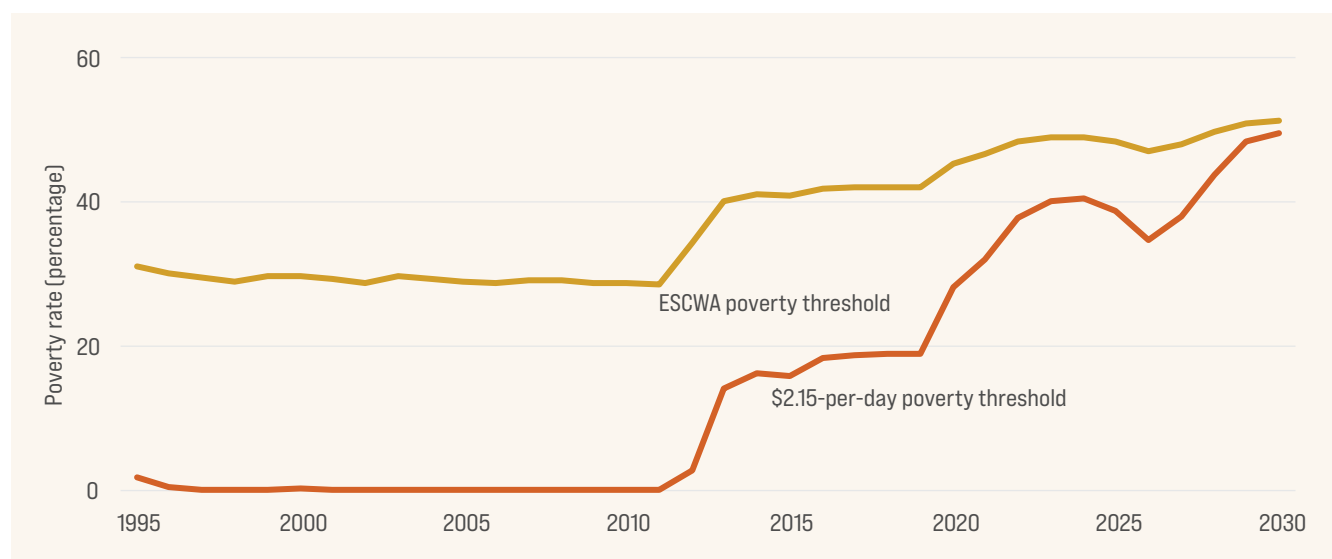
Quality-adjusted human development

The scores and rankings of the Syrian Arab Republic on the Quality-adjusted Human Development Index (Q-HDI) mirror those on the main HDI index. During the pre-conflict period (2000–2010), the country made significant progress, reaching the “medium” achievement category in 2010.

However, after 2010, its Q-HDI score declined sharply, placing it in the “low” achievement category, a divergence from regional and global trends. The country's ranking on the Q-HDI thus deteriorated significantly, dropping from 83rd in 2000 to 118th out of 160 countries by 2023.

This decline in score and ranking is to a large extent due to income poverty, which remains a significant challenge in the Syrian Arab Republic. Poverty rates show a clear upward trend over time, reflecting the country's deteriorating economic and social conditions. In 1995, 31.05 per cent of the country's population fell below the poverty threshold defined by ESCWA.²² By 2010, this had declined slightly to 28.73 per cent, reflecting modest improvements in living standards during that period (figure 8). By 2024, however, the poverty rate had increased sharply to 48.90 per cent, mainly as a result of the devastating combination of a prolonged conflict, economic collapse, and the humanitarian crisis affecting the country. The extent of this surge in poverty indicates that the Syrian middle class was severely affected. Similarly, in 2010, practically none of the Syrian population fell under the international poverty threshold of \$2.15 per day. This suggests that extreme poverty in the Syrian Arab Republic had been virtually eradicated during the country's pre-conflict economic growth phase. By 2024, however, 40.4 per cent of the population had fallen below the \$2.15-per-day threshold, highlighting a severe decline in economic welfare and a sharp increase in extreme poverty. The country's global poverty ranking in terms of the \$2.15-per-day international poverty threshold has fallen significantly over the past few decades, from 59th place in 1995 to 156th in 2024. These trends underscore the profound impact of the crisis on poverty levels in the Syrian Arab Republic.



Figure 8. Poverty trends in the Syrian Arab Republic, 1995–2030

Source: ESCWA. Arab Poverty Report (ESCWA, forthcoming 2025).

Note: The methodology behind the ESCWA poverty thresholds is aligned with that of worldwide national poverty thresholds. For more information on ESCWA's approach, see ESCWA (2022). *Counting the world's poor: Back to Engel's law*.

The conflict has also led to a massive displacement crisis, with millions of Syrians becoming internally displaced. By 2023, there were approximately 7 million IDPs in the Syrian Arab Republic, representing one of the largest displaced populations in the world.²³ Individuals who have become internally displaced are exposed to severe hardships, including a lack of access to basic services, inadequate shelter, and heightened vulnerability to poverty and exploitation. The humanitarian situation has continued to deteriorate, with surges of violence internally displacing more than 1.1 million more people since November 2024, mainly from the Governorates of Aleppo, Idlib, Hama and Homs, with many seeking refuge in the north-east of the country.²⁴ The IDP Taskforce has reported that around 225,000 IDPs have since returned to their areas of origin, mainly in the Hama and Aleppo Governorates, reducing the number of newly displaced individuals from 1.1 million to 882,000 by 15 December 2024.²⁵

The humanitarian situation has led to a sharp rise in the amount of official development assistance (ODA) provided to the Syrian Arab Republic since the start of the conflict. Before the war, disbursements of ODA were below \$500 million per year; they have since risen to more than \$10 billion per year.²⁶ The category of ODA which has risen most is humanitarian aid, which increased more than 270-fold between 2006–2010 and 2018–2022. Most humanitarian aid provided to the country is reported as “emergency response”, a category which accounted for more than 80

per cent of total ODA provided to the Syrian Arab Republic for all the years from 2013 to 2021. In 2022, ODA under this category decreased to 75 per cent of the total. But with a value of \$6.1 billion, it remained the largest category. Refugees in donor countries was the second-largest form of humanitarian aid, with \$1.1 billion provided.²⁷

The education system in the Syrian Arab Republic has also been severely disrupted by the ongoing conflict, resulting in significant challenges for children and young people. Over 2 million children are out of school, and many schools have been destroyed or damaged.²⁸ Refugee children face major barriers to education, including overcrowded camps, insufficient resources, and limited access to schooling opportunities.²⁹

The country's health sector has also suffered. As a result of the war, 38 per cent of hospitals and 47 per cent of primary healthcare centres in the Syrian Arab Republic are now either partially functional or non-functional.³⁰ Recent challenges such as the COVID-19 pandemic, the earthquake of February 2023 and a cholera outbreak in September 2022 have further strained the health system. Vulnerable populations continue to face significant health challenges, including chronic malnutrition and diseases. Over 609,900 children under the age of five are stunted as a result of chronic malnutrition, causing irreversible physical and mental damage.³¹ Displacement, death, and injury have caused a severe shortage of healthcare staff.

Environmental sustainability

Paradoxically, the environmental sustainability index performance of the Syrian Arab Republic has improved slightly, advancing from the “very low” to the “low” achievement category. This improvement is mainly due to improved performance on climate change and energy efficiency, a direct result of economic collapse and sanctions. Nevertheless, the Syrian Arab Republic is still among the 10 poorest-performing countries globally in terms of environmental sustainability.

In common with the rest of the Arab region, food and water security remains a major area of concern. The country is currently facing severe water stress, exacerbated by a combination of prolonged conflict, climate change and regional water politics. The flow of the Euphrates River, a critical water source for agriculture, domestic consumption and electricity production, has significantly decreased, leading to the worst drought in decades.³² This reduction in water availability has severely affected agricultural production, with local farmers losing up to 80 per cent of their harvest.³³ Additionally, the scarcity of potable water has forced many Syrians to rely on unsafe water sources or expensive private water-delivery services. The situation is further complicated by the increased use of the Euphrates’ water for domestic consumption in Türkiye, which has intensified water stress in the Syrian Arab Republic.

The country is also currently grappling with an acute food-security crisis. Nearly 13 million people, more than half of the population, are food insecure, including 3.1 million who are severely food insecure.³⁴ The cost of living has tripled over the past three years, making it increasingly difficult for families to afford basic necessities.³⁵

The Syrian Arab Republic also performs poorly in respect of environmental health. The conflict has caused severe environmental degradation, including water contamination, air pollution and soil erosion. The destruction of water and sanitation infrastructure has led to waterborne disease outbreaks, while air pollution from makeshift refineries and waste-burning has increased

the prevalence of respiratory illnesses. The loss of fertile land has further reduced agricultural productivity, exacerbating food insecurity.

Governance

Governance has long been the weakest pillar of the development status of the Syrian Arab Republic. By 2023, the country had fallen into the “very low” achievement category, ranking 158th globally. Before the war, from 2000 to 2010, the country experienced some improvement in governance; its rank improved from 151st to 146th out of 160. However, since conflict began, the country’s governance performance has declined sharply, reflecting the challenges it faces in sustaining democratic governance and government effectiveness. As a result, the Syrian Arab Republic now ranks among the poorest-performing countries in the world in terms of governance, falling far behind regional and world averages.

This poor performance is perhaps unsurprising: the country has experienced consistent declines in the quality of public service delivery and government operations. Essential public services such as healthcare, education and water management have collapsed, leaving millions of people without access to necessities.³⁶ Corruption has further eroded public trust, with the Syrian Arab Republic consistently ranked among the most corrupt countries in the world.³⁷ These failures in government effectiveness have deepened the country’s humanitarian and economic crises.

The state of democratic governance in the Syrian Arab Republic is similarly bleak, marked by the absence of the rule of law, weak accountability mechanisms, and restricted political participation. Repressive practices have eroded civil liberties, with citizens facing severe restrictions on the freedoms of speech, assembly, and association. Under the former regime, violations of human rights were rampant, with widespread impunity for crimes committed during the conflict. Minimal opportunities for citizen participation and the lack of an independent judiciary further exacerbate governance failures.

Future scenarios and their implications

03

This chapter sets out the potential implications of three scenarios – a stabilized transition, prolonged instability, and war and fragmentation – on growth, financial flows, poverty and population dynamics. It also examines the effects of trade openness and cross-border security on neighbouring countries under a stabilization scenario.

A. Three divergent future pathways

Following the fall of the Assad regime, the Syrian Arab Republic faces three potential pathways for transition and recovery; the pathway it embarks upon will be determined by progress made in tackling the economic, developmental and governance challenges

analysed above. The three scenarios vary in terms of progress made in governance, economic recovery, international cooperation and social cohesion. They offer insights which will help policymakers to anticipate challenges and opportunities.

Scenario 1: Stabilized transition

Under a “stabilized transition” scenario, power-brokers in the Syrian Arab Republic successfully uphold security by swiftly preventing in-fighting and revenge killings. They establish a credible transitional justice mechanism, ensuring accountability for crimes through a transparent and trusted justice system. They also facilitate a national reconciliation process, supported by international and regional powers and the multilateral system. These powers assist in the establishment of deconfliction mechanisms to address clashes and maintain peace.

Major armed groups agree on a unified transition path toward a governance system that guarantees civic rights for all Syrians, regardless of gender, political affiliation, race or religion. Key power-brokers commit to inclusive policies during the transition and guide the political process toward an equitable, non-communal-based governance structure. Radical tendencies are rejected, ensuring moderation and stability in the public sphere.

The transition process is bolstered by the separation and transparency of branches of government (legislature, executive, and judiciary), fostering trust among the Syrian people and international donors. State institutions resume their work, quickly delivering essential services such as security, water, sanitation, health, electricity and education. The lifting of sanctions facilitates humanitarian assistance and accelerates recovery. International donors provide technical, financial and other resources through coordinated mechanisms, ensuring good governance and maximizing aid impact. Furthermore, international donor confidence increases, allowing for long-term investment in education, healthcare and governance systems.

Economic recovery gains momentum through the reopening of major trade routes and the free flow of goods within the Syrian Arab Republic and with neighbouring countries. Access to natural resources such as oil, gas and phosphates increases public expenditure on essential services; this is augmented by international assistance. Reconstruction efforts create jobs, contributing to the demobilization and reintegration of armed groups. This scenario ensures a stable transition, paving the way for a sustainable peace and economic growth.

Türkiye, Jordan and Lebanon experience reduced numbers of refugee arrivals, as stability in the Syrian Arab

Republic allows for repatriation. Reopened trade routes boost economic integration with Iraq, and contribute to regional growth. Stabilization decreases security threats, particularly in Türkiye and Iraq, where cross-border tensions have historically been high. Lebanon benefits from decreased strain on its resources, and the Gulf States increase economic cooperation with the Syrian Arab Republic in a stable environment.

Scenario 2: Prolonged instability

In the “prolonged instability” scenario, power-brokers fail to reach consensus on a transition path and end goal, such as a governance system ensuring equal civic rights for all Syrians. Disagreements about critical issues, including the constitution, disarming fighters, power-sharing and control of natural resources, result in open-ended political wrangling with no tangible results. This indecisiveness fuels tensions, with sporadic political violence promoting instability, although this remains contained as a result of ongoing negotiations.

Power-brokers retain their arms and territorial control, perpetuating mutual mistrust. Much of the Syrian population also lacks confidence in them; this erodes public confidence in the future of the country and stalls recovery efforts. The absence of a unified roadmap for transition, recovery and reconstruction leaves the country in limbo. Recovery efforts occur sporadically, and are often politically motivated and ineffective, as external powers prioritize their local allies over a unified vision for the Syrian Arab Republic. The lack of a cohesive reconstruction strategy leaves many regions underdeveloped and marginalized. Unemployment and reliance on humanitarian aid remain significant challenges, perpetuating economic stagnation and social discontent.

In this scenario, only a small number of IDPs and refugees return, while many remain reliant on humanitarian aid. Private investment is minimal, unemployment remains high, and illicit trade flourishes. Basic services are delivered sporadically and unequally, further alienating segments of the population.

Foreign powers increase their influence, exacerbating fragmentation. This scenario deepens the economic and social challenges facing the country, leaving it stuck in a

cycle of instability and dependency. Türkiye and Lebanon bear the brunt of the ongoing refugee crises, with limited prospects for repatriation. Jordan continues to face economic strain from hosting refugees and dealing with cross-border smuggling.³⁸ Iraq experiences increased security concerns as a result of the porosity of its border with the Syrian Arab Republic and the proliferation of armed groups. Regional trade remains limited, reducing economic opportunities for all neighbouring countries. The Gulf states' involvement remains minimal, with investments withheld on account of instability.

Scenario 3:
War and fragmentation

In this worst-case scenario, an open-ended political process collapses as one power-broker or alliance attempts to enforce their vision for the future of the Syrian Arab Republic on others. This provokes armed resistance, leading to violent clashes. A sudden shift in the regional balance of power disrupts the fragile equilibrium among armed groups in the country, further escalating tensions. International and regional powers, pursuing their interests, become deeply involved through their proxies, exacerbating the conflict.

This leads to an open-ended war, accompanied by the violent fragmentation of the Syrian Arab Republic. Humanitarian crises worsen as the country's social and economic structures disintegrate. Illicit trade and smuggling increase, with the consequences spilling over into neighbouring countries and Europe. This exacerbates

regional instability, creating new challenges for international security.

The fragmentation surpasses the pre-existing conditions, with deeply entrenched divisions among armed groups. This scenario results in devastating long-term consequences for the Syrian Arab Republic and its neighbours, solidifying the country's status as a hub of instability and suffering.

Recovery in this scenario is virtually unattainable. The widespread destruction of infrastructure and governance systems prevents coordinated reconstruction efforts. Humanitarian crises worsen, with millions displaced and kept reliant on aid. The further breakdown of social cohesion leads to entrenched divisions, making any future efforts to rebuild unity exceedingly difficult. Economic recovery is halted as illicit trade and violence dominate.

The regional implications of this scenario are also profound. Türkiye will face heightened border insecurity and increased risk of the conflict spilling over onto its territory, further straining its military and humanitarian resources. Lebanon will experience significant destabilization as a result of the spillover of violence and increased numbers of refugees, exacerbating its fragile political and economic situation. The cost of hosting Syrian refugees in Lebanon is already around \$1.5 billion yearly; this will certainly increase as more refugees arrive.³⁹ Jordan will also struggle to manage escalating cross-border tensions and refugee pressures. Iraq will see an increase in armed group activity along its borders, undermining its own recovery efforts. The Gulf States and Europe will contend with increased risks of extremism, illicit trade in drugs and human trafficking originating from the fragmented Syrian Arab Republic.

B. Implications for key socioeconomic indicators for the Syrian Arab Republic

This section explores the implications of each of the previously described pathways on GDP, its components and various fiscal variables. It draws on a structural macroeconometric model inspired by the Syrian sub-model of the World Economic Forecasting Model, as detailed by Altshuler and others in 2016.⁴⁰ While the situation remains uncertain at the time of writing, the analysis provides

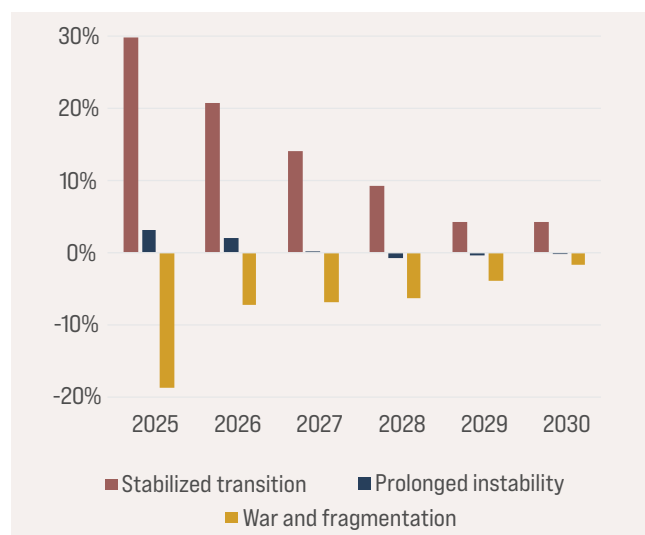
insights for policymakers which will help them to anticipate the potential economic and financial outcomes of each pathway and better prepare for the country's future, whichever form it takes.

Figure 9 presents projections for real annual GDP growth across the three potential scenarios for the 2024–2030

period. Under the “stabilized transition” scenario, immediate reforms and positive developments, such as the unlocking of institutions, the return of refugees, the lifting of economic sanctions, increased international aid, and rising export revenues (including from hydrocarbons), are projected to yield significant economic benefits. Real GDP growth is estimated to rise by 30 per cent in 2025 and 21 per cent in 2026, driven by post-war reconstruction efforts. Such rebounds are not unprecedented: for instance, the Lebanese economy grew by 38.2 per cent in 1991, the economy of Bosnia and Herzegovina by 22.9 per cent in 1997, and the economy of Iraq by 53.4 per cent in 2004. Moving forward, annual GDP growth will slow to around 4 per cent by 2030.

By 2030, the GDP of the Syrian Arab Republic is projected to recover to 80 per cent of its pre-war 2010 level, while GDP per capita is expected to reach only around 50 per cent of its 2010 level. Reaching the pre-war GDP level is projected to take an additional six years of consistent annual growth at a steady rate of 5 per cent. Restoring per capita GDP to 2010 levels is projected to require approximately 11 additional years, even with a sustained annual GDP growth rate of 7.5 per cent. Reaching per capita GDP of \$5,000 by 2035 (in constant 2015 prices) would require an exceptional annual GDP growth rate of approximately 20 per cent from 2025 onwards. This would exceed projections under the “stabilized transition” scenario. Even if this scenario were realized, the per capita GDP of the Syrian Arab Republic would still be less than half the current per capita GDP of neighbouring Türkiye.

Figure 9. Real annual GDP growth, 2025–2030



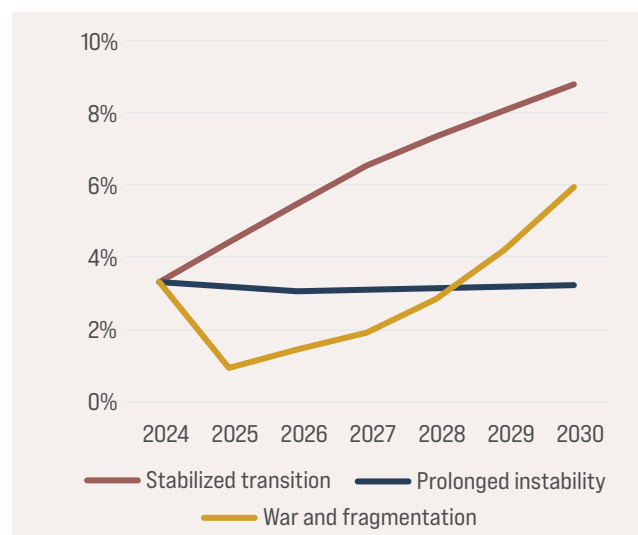
Source: ESCWA and World Economic Forecasting Model.

In contrast, deepening conflict in the “war and fragmentation” scenario will lead to further falls in GDP, projected to be as large as 19 per cent in 2025 and 7 per cent in 2026. These losses have the potential to expand if violence intensifies and economic activity is halted. Moreover, while reconstruction efforts may provide an initial boost to the economy, allowing it to recover over the next five years, prolonged conflict would further depress the country’s GDP.

The “prolonged instability” scenario offers little relief, with annual growth rates projected to remain below 3 per cent throughout the forecast period. This reflects ongoing stagnation, fragmented control, and limited progress in addressing the root causes of economic and social challenges. These projections emphasize that even under the most favourable circumstances, the road to economic recovery will be long and arduous, requiring sustained effort and significant international support.

Figure 10 shows projections for real investment growth in all three potential scenarios for the 2024–2030 period. The initial level of investment in the Syrian Arab Republic is very low – only 4.5 per cent of GDP in 2022. Rebuilding the country will require significant additional investment – in the “stabilized transition” scenario, investment as a percentage of GDP will gradually increase to almost 9 per cent in 2030, reflecting the country’s growing need for capital. In this scenario, the level of investment in the Syrian economy is expected to increase gradually: the level of initial investment will remain moderate, at 5 per cent to 6 per cent of GDP.

Figure 10. Real annual investment, 2024–2030 (% of GDP)



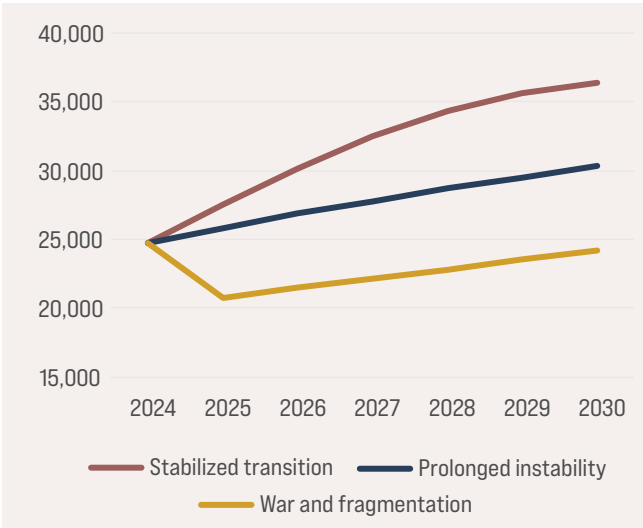
Source: ESCWA and World Economic Forecasting Model.

This still exceeds the level of investment expected in the “prolonged instability” scenario (approximately 3 per cent). In the “war and fragmentation” scenario, after an initial fall to 1 per cent of GDP, the investment as a proportion of GDP is projected to gradually increase as the country’s economy struggles to rebuild depreciating capital amid shrinking GDP. Consequently, a growing share of a shrinking GDP will be spent on reconstruction. In absolute terms, investment remains lowest in the “war and fragmentation” scenario throughout the whole analysed period.

Figure 11 and figure 12 demonstrate projections of population size and consumption per capita in all three scenarios for the 2024–2030 period. The GDP boost in the first year of the “stabilized transition” scenario results from a variety of factors alongside investment, including the gradual return of refugees and an accompanying increase in consumption. In this scenario, the return of refugees

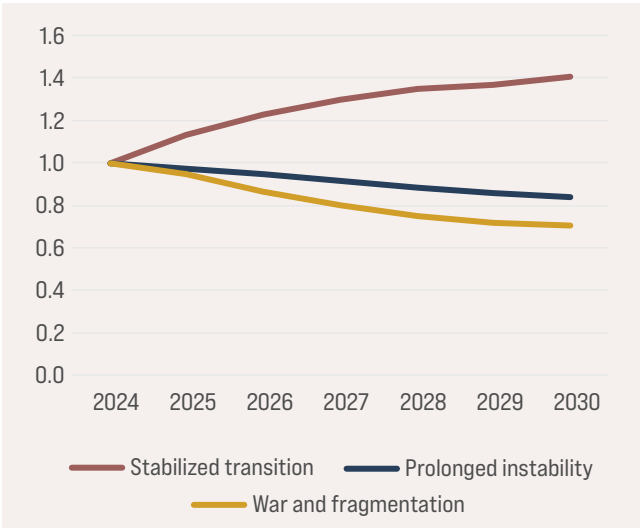
is gradual, producing a population size that surpasses that of the “prolonged instability scenario” by 6 million people in 2030.⁴¹ In contrast, “the war and fragmentation” scenario leads to a massive population outflow. The population size in this scenario is approximately 5 million smaller than in the “prolonged instability” scenario in 2025, or and 6 million smaller than in the same scenario in 2030. Nevertheless, even in the “war and fragmentation” scenario, population is projected to increase because of a high fertility rate and the normalization of the conflict. This development mirrors the recovery of the population in the Syrian Arab Republic between 2016 and 2023. As the data show, forced displacement was most prevalent in the initial years of the conflict, between 2012 and 2014; it then became gradually smaller, falling almost to zero by 2019, leading to overall population growth in the 2016–2023 period. Similar developments are envisaged in the “war and fragmentation” scenario.

Figure 11. Total population in the Syrian Arab Republic, 2024–2030 (Thousands)



Source: ESCWA.

Figure 12. Real consumption per capita, 2024–2030 (Thousands of dollars)



Source: ESCWA.



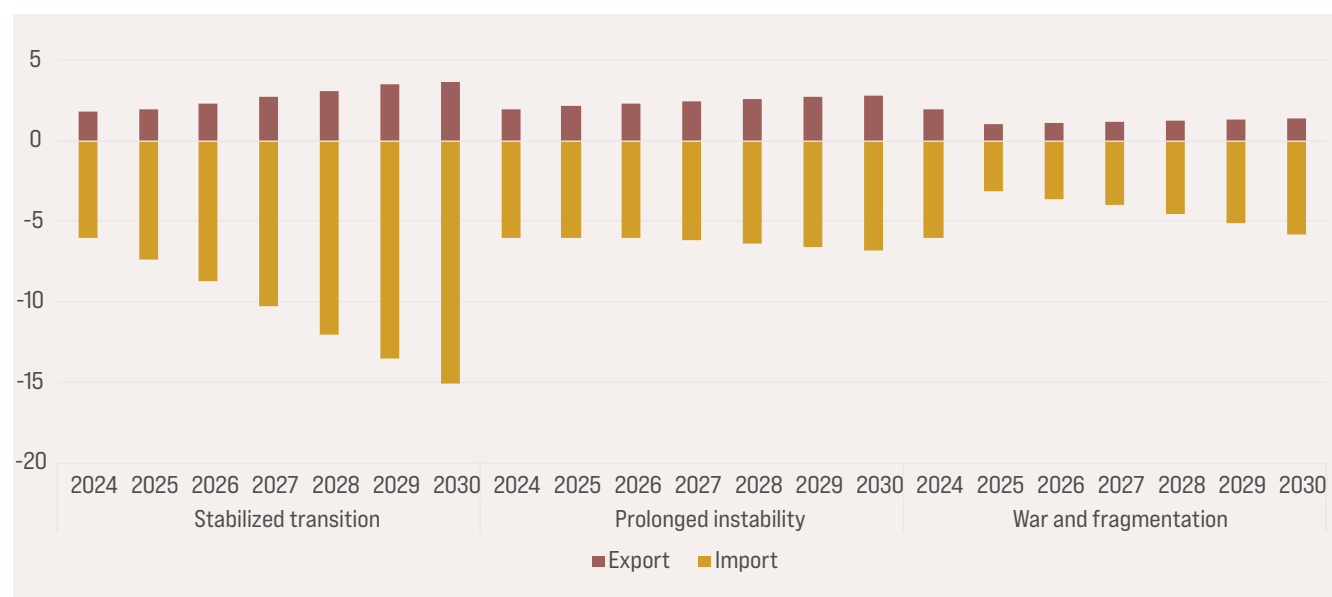
Consumption per capita growth is projected to be high during the first two years of the “stabilized transition” scenario, reaching 13.3 per cent in 2025 and 8.5 per cent in 2026. This will be caused by the inflow of aid and remittances, as well as increased participation rates in the recovering labour market. In contrast, consumption is projected to gradually slip in both the “prolonged instability” and “war and fragmentation” scenarios, hindering the ability of the Syrian Arab Republic to graduate from the status of a low-income country. Under the “stabilized transition” scenario, this transition is expected to occur in 2027.

Figure 13 displays projections for import and export volumes in all three scenarios for the 2024–2030 period. Both imports and exports are projected to increase significantly across the initial years of recovery in the “stabilized transition” scenario. In these years, the recovering country is unable to rebuild itself, so the inflow of remittances and aid will finance the import of necessary goods and services. Furthermore, lifting sanctions should make trade cheaper, releasing the longstanding pent-up demand for previously unavailable foreign goods. In contrast, the ability of the Syrian Arab Republic to export goods may take some time to recover. In the short and medium terms, exports will be driven by the return of official hydrocarbon exports. In the long term, the return of competitiveness in this scenario will lead to recovery of a diversified export structure. As these

processes take time, the surge in exports will be gradual. Consequently, the trade balance will remain significantly negative over the period of analysis. In the “prolonged instability” scenario, import and export volumes will only change marginally over the projection period. In the “war and fragmentation” scenario, import and export volumes will deteriorate further in 2025 before starting to gradually recover, as trade partners and companies become habituated to the realities of the ongoing conflict. Also, even in this scenario, the country’s population will increase after an initial substantial decline, and imports will be necessary to satisfy growing needs. However, even by 2030, imports and exports will remain well below their 2024 values, with a difference of approximately 4 per cent and 30 per cent, respectively.

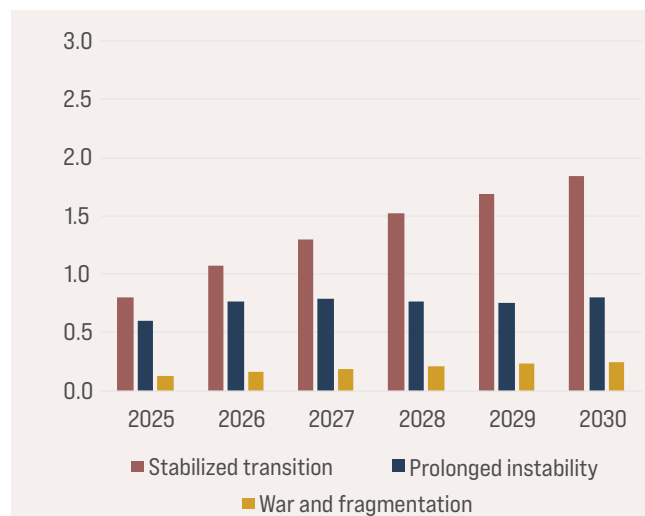
In the “stabilized transition” scenario, Government revenue will rise along with GDP (figure 14). Accounting also for increased revenue from improved tax efficiency and income from other sources, Government revenues are projected to increase in the “stabilized transition” scenario from 2.8 per cent of GDP in 2025 to 3.9 per cent of GDP in 2030 – \$0.8 billion and \$1.8 billion respectively. In the “prolonged instability” scenario, Government revenue is projected to double to \$400 million. Nevertheless, this is still more than under the “war and fragmentation” scenario, where the Government is projected to be able to collect only 1.3 per cent of GDP, which corresponds to \$200 million.

Figure 13. Import and export volumes in billions of dollars, 2024–2030



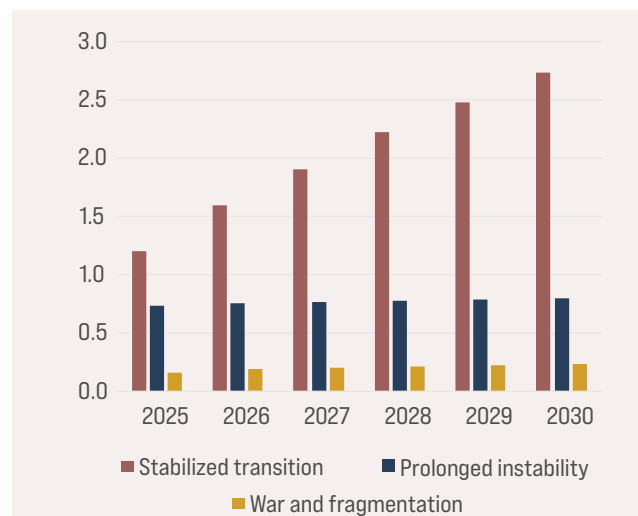
Source: ESCWA.

Figure 14. Government revenue, 2025–2030
(Billions of dollars)



Source: ESCWA.

Figure 15. Government expenditure, 2025–2030
(Billions of dollars)



Source: ESCWA.

Figure 16. Poverty below the \$2.15-per-day threshold in the Syrian Arab Republic in three scenarios, 2011–2030



Source: ESCWA.

In terms of expenditure, rising credibility in the “stabilized transition” scenario will allow the Government to borrow money to cover a budget deficit which is projected to be equal to 2 per cent of GDP to cover rapidly expanding budgetary needs (figure 15). As a result, Government expenditures are projected to exceed 5 per cent of GDP, or \$2.7 billion, in 2030. In the “prolonged instability” and “war and fragmentation” scenarios, the budget is projected to be relatively balanced, resulting in expenditures of around 3 per cent of GDP in the former scenario and 1.3 per cent of GDP in the latter. Consequently, in these two scenarios, the Government is expected to be barely able to cover basic maintenance expenses, leaving no room for reconstruction

efforts, let alone any expenditure related to the Sustainable Development Goals.

Poverty trends are projected to develop in line with these trajectories. In the “stabilized transition” scenario, steady reductions in poverty rates are expected as a result of improved governance and public services. The number of people living on less than \$2.15 per day will decline to 36 per cent from a high of 50 per cent in 2024. In the “prolonged instability” scenario, the number of people living below the \$2.15-per-day poverty threshold is projected to rise slightly; in the “war and fragmentation” scenario, it will increase to nearly three quarters of the entire population by 2030 (figure 16).⁴²

The projected cost of closing the poverty gap in the Syrian Arab Republic mirrors the country's evolving poverty trends, with significant variations depending on the scenario. Under the “stabilized transition” scenario, the annual cost of eradicating extreme poverty is estimated to remain below \$1 billion (2019 constant prices), reflecting manageable levels thanks to expected improvements in living standards and economic growth. With effective resource allocation and sustained international support, addressing poverty under this scenario would be feasible, and could contribute to long-term stability and recovery.

Under the “prolonged instability” scenario, where stagnation is projected to persist, the cost of addressing extreme poverty will rise steadily, exceeding \$1.4 billion (2019 constant prices) by 2030. This increase is driven by the compounding effects of a limited economic recovery, restricted access to resources, and sustained poverty levels.

In the “war and fragmentation” scenario, the cost of addressing extreme poverty is expected to be significantly as a result of the severe deterioration of the economy, widespread displacement, and the collapse of public services. In this scenario, the financial burden of eliminating extreme poverty could soar to \$2 billion or more (2019 constant prices), reaching levels that would in all likelihood surpass the capacity of domestic resources, requiring significant international intervention.

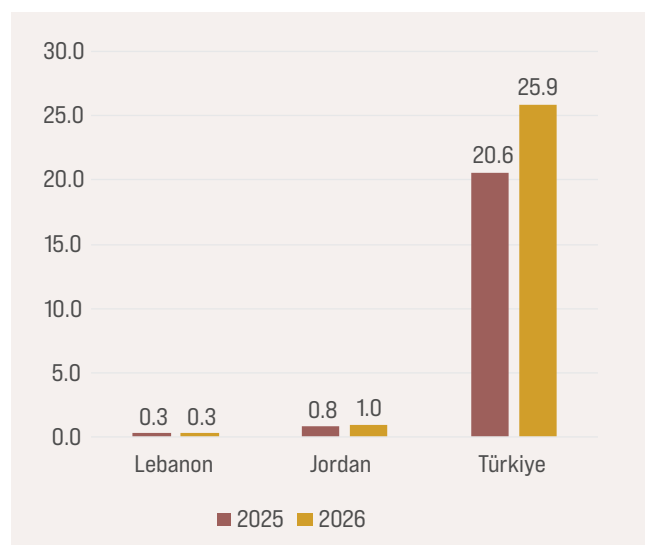
In summary, while the “stabilized transition” scenario offers hope for gradual recovery and declining poverty rates, the “prolonged instability” scenario suggests stagnation, and the “war with fragmentation” scenario predicts severe and escalating poverty, with a significantly higher cost of closing the poverty gap.

C. The effects of peace on neighbouring countries

Regional cooperation and integration, which have been significantly disrupted by the conflict, will be crucial to the economic recovery in the Syrian Arab Republic. The collapse of trade, the reduced mobility of people, and declining cross-border investments between the Syrian Arab

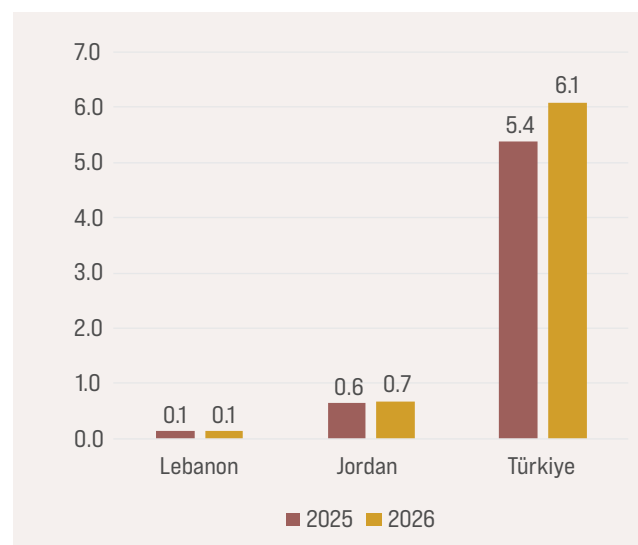
Republic and its neighbours have amplified the economic toll of the war. However, these channels – trade, migration, and investment – also hold significant potential to accelerate reconstruction efforts once stability is restored and pre-conflict economic relationships are reestablished.

Figure 17. Impacts on GDP (Billions of dollars)



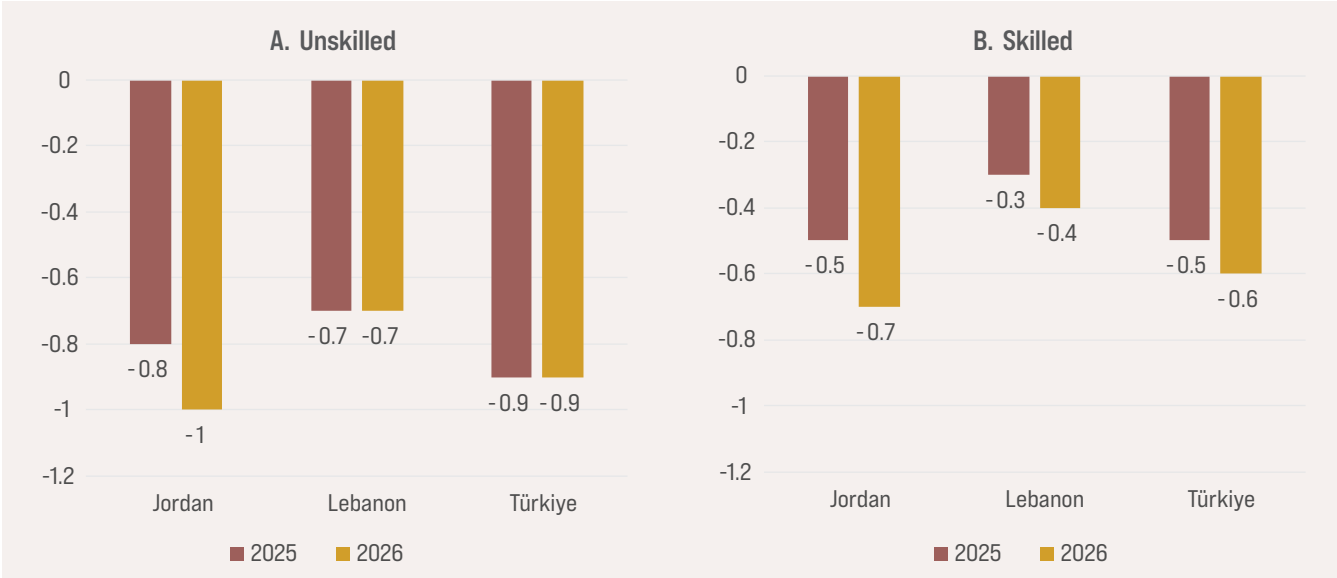
Source: ESCWA estimation using a global CGE model.

Figure 18. Impacts on investment (Billions of dollars)



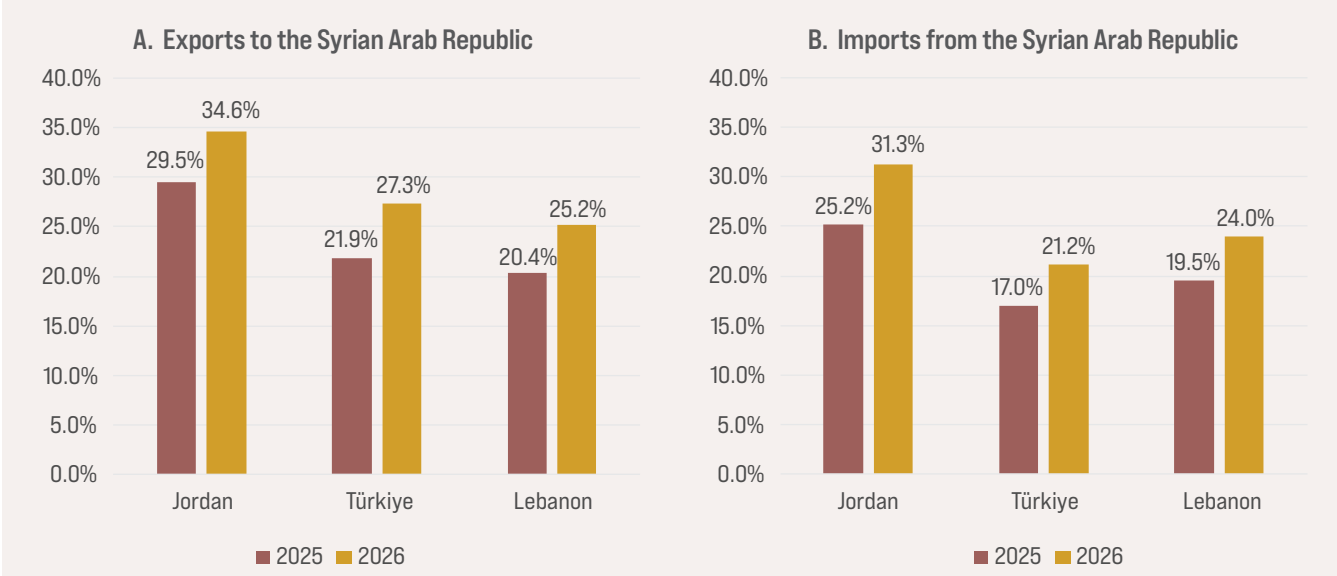
Source: ESCWA estimation using a global CGE model.

Figure 19. Impact on unemployment by skill level (Percentage change in number of unemployed people)



Source: ESCWA estimation using a global CGE model.

Figure 20. Impact on trade with neighbouring countries (Percentage change compared with baseline scenario)



Source: ESCWA estimation using a global CGE model.



In this chapter we provide a preliminary estimation of the potential economic benefits of peace for the countries bordering the Syrian Arab Republic. Our assumptions include a reopening of borders for cross-border trade, coupled with a partial economic recovery within the Syrian Arab Republic through a progressive but limited increase in total factor productivity across the economy. Figures 17–20 illustrate the projected impacts on GDP, employment and investment in neighbouring countries, as well as potential trade flow increases, under a “partial recovery” scenario that does not rely on comprehensive rebuilding schemes.

The results suggest that even without significant reconstruction efforts, neighbouring countries stand to benefit substantially from the political stabilization of the Syrian Arab Republic and a partial economic recovery.

While the impact on Lebanon and Jordan appears modest relative to the impact on Türkiye, the potential for broader gains is far greater under a scenario of comprehensive reconstruction combined with reforms aimed at attracting private investors. Hence, implementing the necessary reforms to improve the business climate and attract investors, alongside efforts to mobilize the international community for infrastructure reconstruction and development in the Syrian Arab Republic, is likely to yield significantly broader economic benefits for the region. These reconstruction and reform scenarios, encompassing macroeconomic and sectoral policy adjustments, should be carefully evaluated to ensure the highest level of efficiency in delivering the country's development needs. Finally, under this scenario, illicit trade, including the drug trade, would be reduced, which would further enhance regional peace and security.

Towards a stabilized transition

04

As outlined in previous sections, the Syrian Arab Republic faces a complex set of overlapping challenges, including macroeconomic instability, safety and security concerns, environmental degradation and major governance deficits. These challenges are compounded by the collapse of essential services such as healthcare and education, along with the disruption of trade, which has severely crippled the economy and isolated the Syrian Arab Republic from regional and global markets. The magnitude of these challenges is underscored by the country's position of 158th out of 160 countries on the GDI ranking. Tackling them will not be simple, but it is imperative to do so if the upheaval associated with the “prolonged instability” and “war and fragmentation” scenarios is to be avoided. The country's legacy of conflict and its current volatility only add to the complexity of the task.

This chapter presents a strategic framework for navigating the post-conflict transition of the Syrian Arab Republic towards recovery and stabilization. It emphasizes critical areas such as social and economic revitalization, institutional reform, security sector restructuring, and the mobilization of regional and global support for reconstruction and long-term stability. The proposed policy recommendations are designed to address the root causes of the country's fragility while fostering resilience and inclusivity in its recovery efforts.

A. Economic recovery and reconstruction: a phased approach

Under the “stabilized transition” scenario, the Syrian Arab Republic could unlock significant economic benefits. Driven by reconstruction efforts, institutional reform, the return of refugees, and regional and global support, the country’s GDP is projected to rise rapidly in the years following the end of the conflict, with significant improvements expected in investment, consumption and poverty reduction. Although these outcomes highlight the transformative potential of stability in the Syrian Arab Republic, a successful recovery will be contingent upon on a holistic approach that integrates reconstruction efforts with economic revitalization.

Building on lessons from previous examples of post-conflict recovery, immediate and short-term stabilization measures must be combined with medium-term policies to deliver sustainable reconstruction and growth. Reconstruction must extend beyond physical rebuilding, also addressing socioeconomic disparities and fostering inclusivity. Modern post-conflict recovery has evolved to prioritize social cohesion and human capital restoration, recognizing that physical reconstruction is only significant when it supports social reconstruction. Reconciliation, inclusiveness and the rebuilding of the social fabric must form the core of these efforts. The success of reconstruction processes hinges on the capacity to restore human capital, which is closely tied to the situation of refugees and the diaspora.⁴³

Equitable resource distribution and transparent governance in reconstruction projects are critical for ensuring long-lasting stability and development. A long-term vision is required, emphasizing inclusivity and sustainability to prevent renewed conflict. Governance frameworks that promote transparency in resource allocation and prioritize marginalized regions are essential. Reconstruction and economic recovery are both indispensable for sustained stability and progress. With this in mind, we make the following recommendations.

1. Immediate stabilization and recovery measures

(a) Emergency reconstruction of essential infrastructure

In the immediate aftermath of conflict, reconstruction efforts should prioritize the reconstruction of critical

infrastructure to restore basic services and stimulate economic activity. Emergency repairs to water systems, electricity grids and transportation networks are essential to addressing urgent humanitarian needs and ensuring mobility for communities. Housing reconstruction in heavily affected areas should initially focus on providing temporary shelters to meet immediate needs while simultaneously planning and initiating long-term housing projects to support a sustainable recovery.⁴⁴

(b) Rebuilding agricultural systems for food security

Agriculture is central to the country’s short- and medium-term recovery, both for ensuring food security and stabilizing rural livelihoods. Before the conflict, the Syrian Arab Republic was largely food-secure, with agriculture serving as a cornerstone of the economy. Despite the devastation that struck this sector, the share of GDP accounted for by agriculture has approximately doubled in the past decade. This shift, however, occurred as the country’s overall GDP contracted to one third of its pre-conflict size, indicating severe declines in other sectors and an increased reliance on agriculture for subsistence. While this sector’s resilience during the conflict helped mitigate some of the economic collapse, it does not provide a sufficient basis for long-term recovery.

Now that the conflict has ended, immediate efforts should focus on restoring agricultural productivity to strengthen food security and revitalize rural economies. Key measures include repairs to irrigation systems, distribution of seeds and fertilizers, and provision of technical assistance to farmers. These measures can rapidly boost agricultural output, reduce food shortages and support broader economic recovery. Lessons from Rwanda demonstrate that targeted agricultural recovery efforts can stabilize rural livelihoods and prevent food crises.⁴⁵

(c) Rapid job creation through public works

Public works programmes focused on reconstruction projects, such as repairing schools, hospitals and roads, can generate immediate employment opportunities. These labour-intensive approaches not only address critical infrastructure needs but also provide livelihoods for

displaced populations and demobilized former combatants. By fostering economic activity and social reintegration, such programmes play a key role in reducing the risk of renewed violence.⁴⁶

(d) Stabilizing the financial system for recovery

Restoring basic financial services is critical for economic activity, and strengthening the financial system should be a strategic priority for policymakers. The resilience of the financial system in the Syrian Arab Republic will hinge on the central bank's role as a stabilizing anchor. Short-term measures should include stabilizing the Syrian pound by means of targeted monetary interventions in order to control inflation and maintain trade competitiveness. As remittances can be a significant source of capital for rebuilding in post-conflict countries,⁴⁷ establishing mechanisms for formalizing remittances, supported by international financial institutions, would provide an immediate source of liquidity for recovering households and reconstruction projects.⁴⁸ Beyond resources, members of the Syrian diaspora can also contribute their expertise to support reconstruction efforts. For this to be viable, public institutions established after the conflict will need to be

credible, inclusive and accountable. Microfinance can also play a significant role in providing immediate assistance for post-conflict rehabilitation. Beyond its economic advantages, it is also highly effective in fostering social mobilization, empowerment, stabilization and solidarity by strengthening social capital.⁴⁹

2. Medium-term policies for sustainable reconstruction and growth

Beyond immediate stabilization, the Syrian Arab Republic urgently needs a strategic framework for long-term recovery and sustainable development. While projections indicate an average annual growth rate of 13.36 per cent from 2024 to 2030 in the “stabilized transition” scenario, this pace will still leave the country's GDP significantly below its economic potential. To achieve a GDP comparable to those of its regional neighbours such as Türkiye or Jordan, the Syrian Arab Republic must aim for a substantially higher and sustainable growth rate over the medium term. This necessitates the adoption of policies aimed at rebuilding critical infrastructure, revitalizing key economic sectors, and fostering institutional and economic resilience.



(a) Revitalizing industrial and manufacturing sectors

Medium-term reconstruction should focus on bringing industrial zones in Aleppo, Homs and other economic hubs back into service, shifting their focus from emergency relief to sustainable development. In doing so, policymakers should balance the requirements of immediate humanitarian aid with the need for industrial recovery, prioritizing the restoration of governance frameworks, institutional strengthening and civil society participation.

Efforts should target key sectors such as agriculture, food processing and manufacturing, supported by technological upgrades, skills training and expanded financial access. Members of vulnerable groups and returning refugees can play a role in providing the labour needed to revitalize the economy, so community-based initiatives and tailored training programmes should be put in place to help them to contribute. Work will also be necessary to bring infrastructure back into service, including transportation and energy infrastructure and waste-management systems.

Engaging the diaspora and private sector is critical for attracting investment and resources. Policymakers should aim to integrate small and medium-sized enterprises into global markets by providing incentives such as tax breaks and access to credit, thereby stimulating domestic production and job creation.⁵⁰ Partnerships with international investors can further modernize the country's manufacturing capabilities, enabling the production of competitive goods for regional and global markets.

(b) Rebuilding energy infrastructure

Regaining control of the oil, gas, and mining sectors, and carrying out the necessary work to bring them back into productive service, will be critical for funding reconstruction: these sectors were the primary growth engines of the economy of the Syrian Arab Republic before the conflict.⁵¹ Restoring production capacity in these sectors can provide a much-needed revenue stream to finance recovery initiatives and stabilize the economy. However, excessive reliance on resource revenues may distort the country's economy, hamper diversification, and undermine other productive sectors such as agriculture and manufacturing, both of which are essential to recovery.

To mitigate these risks, it is important to establish transparent governance mechanisms. A sovereign wealth

fund, for instance, could help to ensure that resource revenues are responsibly managed and reinvested in public goods such as education, healthcare and infrastructure. Additionally, prioritizing capacity-building, alongside regulatory reform, within this sector can improve overall efficiency and strengthen institutional oversight. Investing in renewable energy alternatives can also reduce vulnerability to natural resource-related volatility.

(c) Building human capital and developing skills

Conflict severely depletes human capital through injury, death and mass migration, as well as through combatants and members of displaced populations losing their acquired skills. In addition to these direct effects, prolonged instability disrupts educational and vocational training systems, leaving entire generations without the tools necessary for effective labour-force participation.⁵² It is therefore essential to redevelop a skilled workforce capable of supporting recovery and growth.

In the medium term, policymakers should make a priority of ensuring that schools, universities and vocational training systems provide pathways for skill development across a range of sectors, including construction, industry and public administration. To enhance these efforts, partnerships with international institutions can help to facilitate knowledge transfer, providing technical expertise and ensuring that educational programmes are aligned with labour-market needs. Furthermore, policymakers should aim to encourage the return of skilled emigrants who can contribute to rebuilding key industries and institutions.

3. Financing recovery and development

Substantial financial resources will be required to fund the work to rebuild the Syrian Arab Republic. The required amounts far exceed the level of resources currently available in the peace-building phase. Financing a sustainable recovery involves tackling various significant challenges, and requires innovative approaches to be applied in order to bridge resource gaps. This will necessitate difficult trade-offs that could limit post-conflict recovery efforts. Strategic financing mechanisms are therefore essential if sustainable progress is to be made.

(a) Mobilizing domestic resources

Domestic savings will play a limited role in the economic recovery in the medium term. This is because household income levels in the Syrian Arab Republic are low, making saving difficult. However, Government liquidity is expected to increase as military expenditure declines and domestic revenue gradually recovers.⁵³ Public resource mobilization efforts must focus on increasing tax coverage, ensuring progressive taxation, and incorporating revenue from illicit oil and gas sales into the State budget. While consumption-based taxes may seem attractive as a means of quick revenue generation, caution is essential to avoid exacerbating their regressive effects, which could further strain poverty levels.

To complement these efforts, the new Government could also borrow domestically from the private sector by issuing debt securities or securing short-term and long-term loans. However, debt securities may attract limited interest from investors during the early stages of reconstruction as a result of inflationary pressures, requiring the Government to offer higher interest rates to attract capital.⁵⁴ This phenomenon was observed in Lebanon in 1997–1998, when interest rates reached nearly 40 per cent under similar conditions. While domestic borrowing is a viable option, it must be paired with reforms to enhance transparency and fiscal discipline.

Additionally, the establishment of targeted social security systems will be essential to protect real income, particularly during fiscal adjustments. A careful and gradual reduction of distortionary subsidies over the medium to long term can also stabilize public finances and create a foundation for investments in physical and human capital.

(b) Renegotiating sovereign debt

The new transitional administration has a unique opportunity to renegotiate the financial obligations of the

Syrian Arab Republic as a formally recognized legal entity. This includes managing sovereign debt by invoking the concept of odious debt to challenge illegitimate obligations. Debt relief measures such as write-offs, refinancing and restructuring should align with the Nine Principles on Sovereign Debt Restructuring⁵⁵ to ensure fairness and independence, rather than through the G20 Common Framework, to which reforms are pending. Successful debt management will enhance fiscal space for reconstruction and development.

(c) Unlocking private sector potential

Encouraging private sector involvement is essential for economic recovery. Policies must improve returns on private investments and establish risk-sharing mechanisms for reconstruction work. Access to credit is vital, not only for rebuilding but also for enabling the private sector to regain its place as a primary driver of economic activity. This will require coordinated efforts to reduce risk premiums, use state-contingent instruments and secure access to concessional facilities, such as through the International Development Association, while resolving outstanding non-accruals.

(d) Restoring financial systems

Strengthening financial institutions is critical for mobilizing private resources and facilitating investment. Promoting the accumulation of assets such as remittances within the formal banking system can boost national savings and reconstruction efforts. Restoring correspondent banking relationships will enable trade, investment and remittance flows, all of which are crucial for recovery. Additionally, stabilizing the exchange rate of the Syrian pound will enhance its function as a medium of exchange and a store of value, bolstering confidence in financial institutions and increasing the central bank's ability to implement effective monetary policy.

B. State institutions and governance

Effective governance is critical to stabilizing the country in the aftermath of the conflict. Public institutions play a fundamental role in addressing the challenges faced by post-conflict countries, balancing urgent priorities such as basic

services, security, and the rule of law. Striking this balance is critical, as decisions made in the immediate aftermath of a conflict may lead to unintended consequences that could hinder long-term reform and development goals.

These measures contribute to rebuilding trust between citizens and the State while enhancing the efficiency of public institutions, both centrally and locally. They facilitate the transition from conflict to peace, laying the groundwork for sustainable development. During the transition, it is crucial to articulate the main goals of the transitional period, including a roadmap for adopting a new constitution and facilitating a political transition. The priorities of the current phase are focused on maintaining security and ensuring the continuity of public services.

1. Ensuring the continuity of administrative governance

Ensuring the continuity of administrative governance involves maintaining essential services, preserving public records and empowering inclusive institutions. Strengthening institutions that represent all segments of society is similarly important, as it ensures that marginalized groups have a voice in decision-making processes. Building resilience in these institutions enables them to withstand future political, economic, or environmental shocks. Reforming governance structures so that they support people as they go about their daily lives⁵⁶ is a key priority. Advancing policies to restore trust in state institutions is equally important. The following measures will be required.

(a) Establishing clarity towards a credible, inclusive and nationwide governance framework

Establishing a governance framework that represents all segments of society is essential for fostering national unity and supporting the legitimacy of the State. Achieving this will require a comprehensive and inclusive approach, beginning with the development of a clear roadmap for governance reforms. This roadmap should prioritize key elements such as the establishment of the rule of law and mechanisms for institutional accountability, and the promotion of political participation. Additionally, it should include processes for transitional justice to address past grievances, inclusive constitutional-building to reflect diverse societal needs, and safeguards to protect human rights.

(b) Reactivating central and local public institutions

Revitalizing institutions is essential for meeting citizens' basic needs and fostering trust in governance during the

transitional phase. This process involves using available resources and human capital through collaboration with civil society, local communities and international organizations. Early reactivation ensures that public institutions can effectively deliver essential services, encouraging civil servants to return to work and actively contribute their expertise. Strengthening communication between institutions and citizens promotes confidence while preparing human resources for reconstruction and structural reform.

Given the immense economic pressures caused by the conflict in the Syrian Arab Republic, substantial reforms of public administration and institutions will be required in the medium and long term. The aim of these reforms will be to increase government spending, particularly in the health and education sectors, improve public service delivery, and enhance productivity in both the public and private sectors. Additionally, improving public services and infrastructure is crucial for attracting investments. The ultimate goal will be to establish an effective civil service and resilient institutions capable of driving economic recovery and development. These efforts will play a pivotal role in reducing poverty and fostering cooperation between all segments of society.

It is also important for newly established institutions to have clear mandates, responsibilities and timelines, particularly when functioning in an ad hoc capacity. Transparency, accountability, and avoiding overlapping functions with existing institutions are vital to minimizing inefficiencies and preventing financial waste. Policies must be aimed at actively preventing discrimination, corruption, and exclusion while promoting equitable and transparent service delivery to ensure long-term institutional effectiveness and trust.

(c) Empowering local authorities

Local authorities must be equipped with the necessary resources to meet the immediate and long-term needs of their communities. This includes repairing critical infrastructure, restoring energy services, supporting local reconciliation efforts, and facilitating the safe return of displaced individuals. Strengthening the capacity of local institutions is essential not only for meeting these pressing needs, but also for ensuring that local authorities can participate actively in broader recovery efforts.

Capacity-building efforts should focus on enhancing technical expertise and establishing mechanisms for community engagement. Promoting collaborations with civil society, international organizations and the private sector can also amplify the impact of local authorities. Additionally, ensuring equitable resource allocation and prioritizing conflict-affected regions will help restore social cohesion, laying a foundation for sustainable recovery.

2. Ensuring safety and security

Ensuring the safety and security of the people is a major priority, requiring strategic actions in both the short and medium term. Security sector reform (SSR) and disarmament, demobilization and reintegration (DDR) are both essential for restoring order and establishing the State’s monopoly on the use of force. SSR should be aligned

with democratic principles and human rights, while DDR must be part of a comprehensive strategy that includes SSR and addresses the root causes of the conflict and involves local actors. Security sector organizations should be reformed in ways that make them accountable. DDR programmes must address the root causes of conflict. These reforms, implemented alongside constitutional changes, can create a foundation for lasting peace and stability. There is a pressing need to address the economic impact of such measures. Connecting DDR processes to the broader process of transition and economic recovery ensures that the reintegration of former combatants and the disarmament process contribute directly to the economy. This includes creating opportunities for employment, skills development and entrepreneurship to help former combatants to transition back into civilian life. This will help reduce the risk of renewed conflict and can foster social cohesion and contribute to overall peacebuilding efforts.

C. Reconciliation and social cohesion

The conflict in the Syrian Arab Republic has profoundly reshaped the realities of all Syrians, leaving deep societal divisions and significantly weakening social cohesion. These fractures present a major challenge to peacebuilding and the transition to stability. Reconciliation is essential for healing these divisions and fostering national unity. A comprehensive approach is required to rebuild trust, restore the country’s social fabric, and ensure a sustainable recovery.

1. Building trust and national unity

(a) Fostering national reconciliation and dialogue

A national dialogue process which includes all Syrians is essential for fostering mutual understanding and rebuilding trust. Peacebuilding efforts must be sensitive to the experiences of all implicated parties, ensuring that every voice is heard and respected. This dialogue should be complemented by diplomatic efforts to align broader political frameworks with reconciliation efforts at community level.

(b) Adopting an integrated approach to recovery

Recovery efforts must adopt an integrated approach that considers conflict prevention as a process which spans both conflicts themselves and the post-conflict period. These efforts must be aimed at preventing the escalation of violence, containing the spread of conflict, supporting stabilization and early recovery, and addressing the underlying drivers of instability.

(c) Promoting cross-regional exchanges and community engagement

Encouraging cross-regional exchanges and dialogue across dividing lines can ease tensions and promote unity. Civil society, religious leaders and community organizations can all play a role in bridging divides and fostering mutual understanding.

(d) Integrating the humanitarian-development-peace nexus approach

The humanitarian-development-peace nexus approach focuses on the links between humanitarian aid,

development and peacebuilding initiatives with the aim of breaking recurring cycles of conflict. It addresses immediate needs while laying the groundwork for long-term stability and resilience.

2. Restoring the social fabric

(a) Facilitating the return of refugees and IDPs

The return of refugees and IDPs is pivotal to restoring the social fabric of the Syrian Arab Republic. Post-return policies must prioritize reintegration and active participation in society as part of a renewed social contract. Ensuring access to civil documentation is crucial for guaranteeing full citizenship and protecting individuals from marginalization. Housing, land, and property rights must also be safeguarded, and

individuals must never be deprived of them as a result of the loss of critical documents such as property deeds. Moreover, local reintegration efforts should be aimed at rebuild the economic, social and cultural sustainability of affected communities, fostering peaceful coexistence and stability.

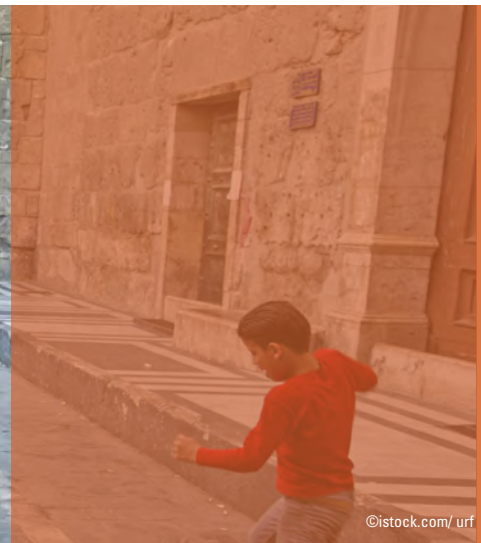
(b) Advancing reconstruction and rural development

Reconstruction efforts should prioritize the sustainable return of displaced populations as a primary goal of long-term development. This includes focusing on rural development to revitalize agricultural regions and enable the return of IDPs to rural areas. Without the return of refugees and IDPs, there is a risk that rural development efforts will be insufficient, underscoring the importance of integrating reintegration strategies with reconstruction planning.

D. Regional and global support for the transition

Few societies or nations are afforded the opportunity for a fresh start of the sort that has now presented itself to the Syrian Arab Republic. The country's post-conflict transition represents a historic opportunity to rebuild the nation and reshape regional dynamics. Regional and global actors must act decisively, balancing immediate stabilization needs with long-term development goals. Coordinated efforts in

diplomacy, reconstruction, economic recovery and regional cooperation have the potential to use this pivotal moment as a foundation for sustainable peace and growth, avoiding conflicting interests. With adequate support, the Syrian Arab Republic can emerge as a unified, resilient and inclusive state, contributing to regional stability and reaffirming the relevance of global multilateral frameworks.



1. Supporting investment and economic recovery

Rebuilding the country's economy is a critical element of the transition. Global and regional actors must work together to support sustainable recovery. One of the immediate priorities is to lift sanctions that have the potential to hinder the country's economic revival. A phased approach to sanctions relief, tied to progress in governance reforms and reconciliation efforts, can restore financial flows and provide the necessary conditions for growth.

A comprehensive reconstruction strategy is also essential. Such a strategy should prioritize investments in critical sectors such as healthcare, education, and energy and transportation infrastructure. Multilateral organizations and international donors can support this strategy by providing grants and low-interest loans, and by facilitating public-private partnerships. Engaging the private sector, particularly the Syrian diaspora and regional investors – including those from resource-rich countries in the region – will also be crucial for mobilizing additional resources for recovery. De-risking mechanisms, such as concessional financial facilities, can help to attract private investment and channel remittances into productive uses.

(a) Strengthening regional trade and cooperation

Before the conflict, the Syrian Arab Republic had only just begun opening its economy to market forces, with limited progress in embracing its full potential. Much work remained in modernizing policies, practices and support systems to position the country as a regional and global competitor. While tariffs in the country were lower in 2010 than in most other Arab countries, inefficient trade logistics and a large number of non-tariff barriers meant that the Syrian Arab Republic was considered to be one of the countries in the region that was least open to trade (World Bank, 2003).

The reconstruction scenarios proposed in this report are closely tied to the sequencing of trade and investment liberalization. In the immediate short term, Syrian authorities could take advantage of international support to implement a radical liberalization of domestic investment and lift restrictions on trade, particularly for exports and imports of equipment and raw materials. Over the next two to three years, the Government should make

a priority of reducing trade barriers associated with high import-processing costs, including inefficiencies in trade logistics and customs.

Regional integration offers a valuable opportunity for the Syrian Arab Republic to explore regional value chains, benefiting from market scale and diverse resource and production bases. To capitalize on this, regional policies should align with existing comparative advantages, providing an avenue to boost trade and generate jobs for both the Syrian Arab Republic and its neighbours. However, fully reopening borders and reviving free trade agreements with neighboring countries in the post-conflict period may lead to adjustment pressures, including intensified import competition that could challenge domestic industries.

The competitiveness gap between the Syrian Arab Republic and its neighbours has widened significantly as a result of the armed conflict, making policy interventions critical in managing the transition from a war economy to an integrated market economy. Implementing temporary safeguard measures, such as duties on imports in vulnerable sectors, should be a top priority for Syrian policymakers. These measures can help protect domestic industries from excessive import pressure, providing assurances that the Government can intervene when needed.

Perhaps the most critical step for the new Syrian Government is the development of a strategic vision for reconstruction and transformation. This vision should clearly define the role of trade and regional integration, supported by detailed policy actions and a comprehensive implementation strategy. By aligning trade liberalization and regional integration with broader reconstruction efforts, the Syrian Arab Republic can lay the groundwork for sustainable economic recovery and growth.

(b) Advancing regional food-security initiatives

Strengthening regional cooperation on food security is essential. Partnerships among Arab countries and intergovernmental institutions, such as the League of Arab States and the United Nations, can help the Syrian Arab Republic to boost its self-sufficiency and develop comprehensive national food-system strategies. These efforts, supported by United Nations agencies and donors, should address urgent needs in fragile contexts while laying the groundwork for long-term transformation.

(c) Harnessing the potential of the Syrian diaspora

The Syrian diaspora has the potential to play a transformative role in addressing the lack of sufficient funding for humanitarian needs and reconstruction. Policymakers should make it as easy as possible for members of the diaspora to contribute by implementing legal and institutional reforms to narrow the gap between official and black-market exchange rates, developing clear regulatory frameworks for microfinance institutions, and clarifying housing, land and property rights. Rebuilding trust with displaced communities is also crucial, ensuring that they are represented in political decision-making processes, national dialogues, peacebuilding efforts and recovery planning.

(d) Enhancing official development assistance

Enhancing official development assistance is particularly important. Increasing concessional official development assistance through untied grants and providing direct budget support will offer the new Government the flexibility it needs to address urgent priorities while also laying the foundation for long-term recovery.

2. Consorted diplomatic efforts for political stabilization

The role of the international community in supporting the Syrian-led national dialogue and recovery is crucial. In addition to providing essential resources for reconstruction, the international community can offer technical assistance and diplomatic support to facilitate

the dialogue. This support is vital to ensuring the success of the process, which must be inclusive, transparent, and aligned with the aspirations of the Syrian people.

(a) Coordinating sanctions relief

Sanctions work by restricting access to resources and financial flows. Unchanged, the sanctions regime currently in force will significantly hinder the reconstruction and economic recovery of the Syrian Arab Republic. The global community can play a key role in addressing these challenges by gradually and conditionally phasing out sanctions. The lifting of sanctions should be made contingent upon progress in governance reforms, reconciliation and the protection of human rights. The return of frozen assets is equally important, providing much-needed funds for rebuilding infrastructure and stabilizing the economy. At the same time, the global community must ensure that these measures are paired with efforts to meet urgent humanitarian needs, such as the delivery of aid and restoration of public services.

(b) Supporting regional stability and collaboration

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. Neighbouring countries should thus support work towards politically integrating the Syrian Arab Republic into the regional community. Such efforts can strengthen political ties, boost economic cooperation, and promote collective resilience, aligning with broader regional aspirations for peace and stability.

Annex:

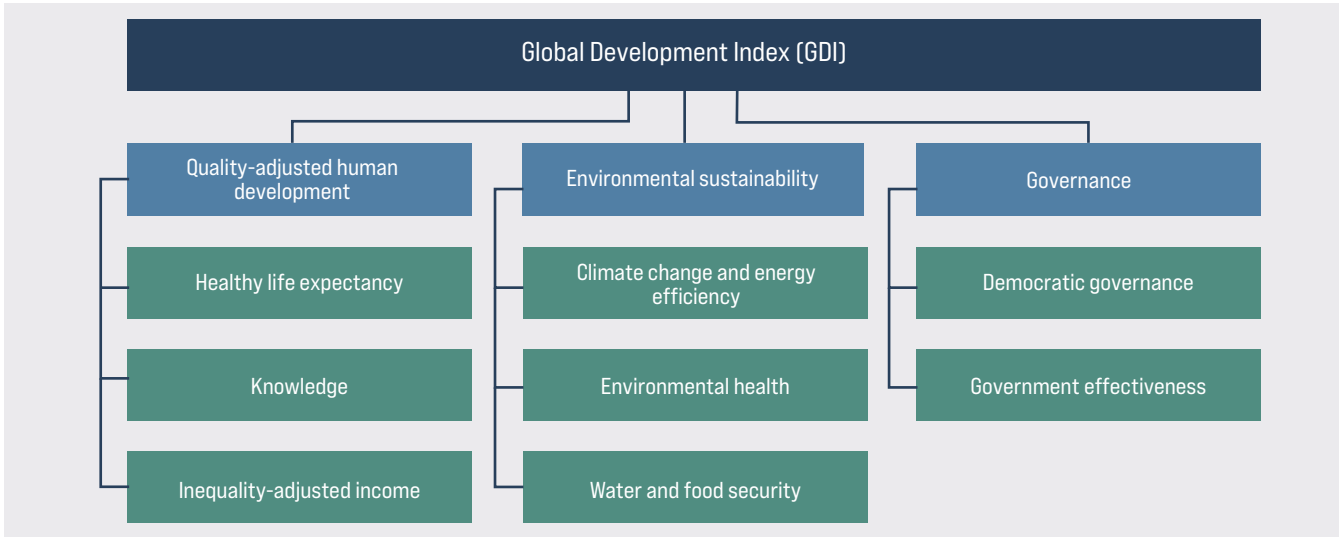
The ESCWA Global Development Index

The ESCWA Global Development Index (GDI), whose origins lie in the World Development Challenges Report published by ESCWA in 2022,⁵⁷ builds on the Human Development Index (HDI) by adjusting traditional human development dimensions for quality, and adding two additional dimensions: environmental sustainability and governance. This broader framework is better aligned with the ambitions of the Sustainable Development Goals, since it addresses critical global challenges such as poverty, hunger, inequality, climate change and environmental degradation. While the HDI measures basic human development achievements, the GDI is more relevant to the current challenges faced by most developing countries.

This expanded, quality-centred approach provides a comprehensive assessment of development across countries and regions globally. The dimensions of the GDI are set out in figure A1.

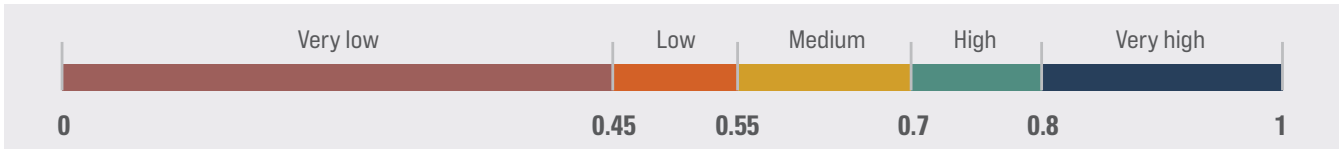
The GDI uses an arithmetic average to compute and interpret scores, which are then divided into five categories: “very low”, “low”, “medium”, “high”, and “very high” levels of achievement. This approach provides simplicity and clarity. Countries with are classified in achievement categories based on their scores, as illustrated in figure A2. Higher GDI scores and ranks correspond to higher levels of development achievement.

Figure A1. Global Development Index framework



Source: Developed by ESCWA.
Note: For more information on the index, see the Global Development Index technical note [forthcoming].

Figure A2. Score categories for the GDI



Source: ESCWA.

Endnotes

1. ESCWA (2020). Syria at War: Eight Years On. Available at <https://www.unescwa.org/publications/syria-war-eight-years>.
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40. The set of shocks implemented in the model are as follows: increase (decrease) in population resulting from the return (departure) of refugees; increase (decrease) in total factor productivity resulting from credible (corrupt) institutions and/or decreased (increased) export and import costs due to the lifting of sanctions; inflow (outflow) of capital resulting from increased (decreased) international aid and remittances; and increase (decrease) in government revenues resulting from potentially unlocking (forgoing) hydrocarbon and phosphate reserves and efficient (inefficient) taxation.
41. The population in the “prolonged instability” scenario is the medium variant of the United Nations World Population Projections.
42. These projections must be interpreted cautiously owing to significant limitations and constraints in available data. Household surveys (HIES) were conducted only in 7/2006, 2003, 1996, and 2009, with no comparable data for the period after 2011 (HNAP 2022). However, projections rely on methods that use past household expenditure data, combined with the growth rate of per capita GDP in constant prices, applying a passthrough coefficient of 0.5. Distributional inequality projections and Gini index are based on ESCWA methodology but omit the 2022 Gini value, deemed neither realistic nor comparable with previous years.
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This report provides an in-depth analysis of the profound challenges facing the Syrian Arab Republic, and explores potential pathways for the country following the fall of the Assad regime. It examines the economic devastation that the years of conflict have caused, marked by a 64 per cent contraction in GDP, rampant inflation and widespread destruction of critical infrastructure. The compounding effects of prolonged conflict, sanctions, natural disasters and ongoing humanitarian crises have left millions of people displaced and in dire need of aid.

The report outlines three possible future scenarios: a stabilized transition, prolonged instability, and war and fragmentation. The “stabilized transition” scenario offers a hopeful outlook characterized by inclusive governance, economic revitalization and robust international cooperation, forecasting significant GDP growth and a notable reduction in poverty rates. Achieving this best-case scenario, however, will require entrenched divisions to be overcome and state institutions to be rebuilt, as well as the provision of substantial global and regional support. The middle-ground scenario, “prolonged instability”, is less optimistic, forecasting a limited economic recovery, continued fragmentation of governance structures, and persistent poverty. The “war and fragmentation” scenario is less optimistic still: it predicts further economic collapse and poverty, severe social fragmentation, an escalating humanitarian crisis, and broader regional instability. The bleak consequences of the latter two scenarios underscore the importance of prioritizing a peaceful and inclusive transition. With this in mind, the report emphasizes actionable policies focused on reconstruction, reconciliation and governance reform while highlighting the significance of sanctions relief and regional integration as essential drivers of sustainable recovery. By taking this comprehensive approach, the report aims to help the Syrian Arab Republic navigate the crossroads it has reached and lay the foundation for sustainable peace and development.

