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Conflict in the Syrian Arab Republic



**Macroeconomic Implications and Obstacles
to Achieving the Millennium Development Goals**

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CONFLICT IN THE SYRIAN ARAB REPUBLIC

MACROECONOMIC IMPLICATIONS AND OBSTACLES TO ACHIEVING THE MILLENNIUM DEVELOPMENT GOALS



United Nations
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Note: The opinions expressed are those of the authors and do not necessarily reflect the views of the Secretariat of the United Nations.

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Preface

The present report is part of the concerted efforts that the Economic and Social Commission for Western Asia (ESCWA) is undertaking to support the economic and social development of its member States; disseminate information on successful experiences, best practices and lessons learned; and raise awareness of the situation and needs of member States. This study was prepared in response to a request by the United Nations General Assembly regarding the periodical evaluation of progress made in achieving the Millennium Development Goals in ESCWA member States.

This report draws upon a large amount of data collected by ESCWA from national sources released by the Syrian Government and United Nations agencies. It also builds on information contained in reports and studies prepared under the National Agenda for the Future of Syria, which is an ESCWA programme aimed at establishing a broad platform for discussing alternatives and options to assist Syrian factions in resolving the destructive crisis in their country and pave the way for post-conflict reconstruction. This report measures the deterioration in Millennium Development Goal indicators from an economic, social and governance perspective. It divides the Syrian development process into the following three time periods: pre-conflict years; conflict years (2011-2013); and post-conflict years.

This report was prepared in collaboration with a team of prominent experts, researchers and economists at the national, regional and international levels. ESCWA undertook coordination and contracting and prepared the final version of the report. We would like to express our gratitude to the relevant Syrian institutions, the National Agenda for the Future of Syria team and to all those who contributed to enriching this report.

Overview

Those who have been fortunate enough to survive the ongoing crisis in the Syrian Arab Republic have lost the fruits of their labour. The conflict has destroyed homes and livelihoods and separated friends and families.

The country's loss represents the total losses incurred by all its citizen. Gains achieved over decades have been eradicated and development indicators have gone into irreversible freefall. Nothing short of a political and developmental miracle could reinstitute the progress accomplished over the past twenty years.

The present report on the Millennium Development Goals in the Syrian Arab Republic, was prepared by the Economic and Social Commission for Western Asia (ESCWA) in 2013 (two years before the 2015 deadline for achieving the Goals), amid serious international discussions on the post-2015 development agenda.

The Syrian Arab Republic has been experiencing severe unrest since 2011, which has affected its citizens and all aspects of economic and social development. Therefore, questions on realizing the Millennium Development Goals by 2015 are now redundant, although the country would have achieved this objective had the crisis been averted. The vast majority of development accomplishments have been lost and the situation will deteriorate further if the conflict continues.

There is a stark difference between the alarming reality in the country and optimistic pre-conflict expectations, owing to a rapid collapse in security over the past three grim years and its repercussions on the economy, food security, health and the environment. The inextricable link between security and development was highlighted by Syrian development experts in the third national Millennium Development Goals progress report published in 2010,¹ in which they stressed that measuring development went beyond quantitative evaluations of development indicators and should also cover all dimensions of security, given that it is a prerequisite for human development as stated in the 1994 Human Development Report.²

Prior to 2011, the Syrian Arab Republic had made concrete steps towards realizing the Goals. Had it continued its development efforts, it could have made significant achievements by 2015, but the conflict has made this impossible.

The present report draws upon data from the Syrian Central Bureau of Statistics, information from a number of relevant ministries and international bodies, and various model estimates. It also builds on results from a series of meetings and workshops held within the framework of the National Agenda for the Future of Syria, under the auspices of the Economic and Social Commission for Western Asia (ESCWA). Syrian experts from various sectors participated in these meetings and exchanged views on the country's development and future prospects.

Macroeconomic performance

The first part of this report tackles Syrian macroeconomic performance in three chapters. The first chapter reviews the collapse of growth through key macroeconomic indicators, on the basis of available data. The second chapter tackles the conflict's effects on monetary and financial indicators, gross domestic product (GDP) and public debt, based on results from the general equilibrium model of the Syrian economy.³ The third chapter builds on information from a number of formal and informal sources to determine the impact of the conflict on the country's economic sectors and infrastructure.

The ongoing conflict will continue to have devastating effects on the Syrian economy and infrastructure, but data show that 2013 was the most damaging year to date. In 2013, development indicators significantly deteriorated, the armed conflict spread further and the numbers of internally displaced persons and refugees increased exponentially. Economic activities in all sectors and regions were stunted and numerous companies were forced to close down and lay off workers, causing shortages in goods and services and a sharp rise in unemployment. The Syrian pound strongly depreciated and foreign currencies were widely traded on the black market, causing a considerable rise in the price of imports. Syrian production did

not benefit from this currency devaluation; exports decreased because of the crippling trade deficit following the imposition of sanctions on international trade and financial transactions. The budget deficit grew as a result of increased public spending and a drop in tax and oil revenues, sharply raising public debt. Moreover, money supply dwindled in 2013 following the destruction of power stations, water pumps, sewage treatment plants, transport services, hospitals, schools, oil wells, reservoirs, pipelines and energy derivatives, in addition to many residential buildings.

Real GDP (in constant 2010 prices) decreased from 60 billion United States dollars (\$) in 2010 to \$56 billion in 2011, then from \$40 billion in 2012 to almost \$33 billion in 2013. Consequently, the Syrian economy shrunk by 16.7 per cent in 2013 compared to 2012, and by 28.2 per cent in 2012 compared to 2011. The total loss incurred in real GDP (in 2010 prices) over the first three years of the crisis (2011-2013) was estimated at around \$70.67 billion.

Private investment, which has a direct effect on GDP, dropped significantly in 2013, as a large amount of Syrian private capital moved abroad (mainly to neighbouring countries) or was destroyed. Thousands of Syrian companies, especially those in conflict zones, either relocated abroad or were damaged, causing their productivity to drop to very low levels. The majority of these establishments were in peripheral regions and rural areas where most of the fighting took place.

The sharp decline in exports was caused by frequent interruptions to the oil supply following the destruction of oil fields and refineries, and from the weakened transport and communications sectors. Production in industrial areas dropped because of the armed violence and workers fleeing conflict zones, particularly in Aleppo, Rural Damascus and Homs.

The enormous loss in real GDP can be calculated by measuring the difference between estimated values of real GDP over the period 2011-2013 and expected values if the conflict had not happened, as estimated by the Eleventh Five-Year Plan and the International Monetary Fund (IMF).⁴ In 2013, GDP reached around \$33.45 billion. Before the crisis, it had been projected to reach \$70.1 billion. Therefore, by the end of 2013, the conflict had cost the country half of its GDP; a share that is likely to increase in coming years.

Data show that the Syrian economy has entered an inflationary recession, with prices significantly increasing since the start of the conflict, rising by an average of 89.62 per cent over the period 2012-2013. The largest increase was in the food and beverages sector, at 107.87 per cent over the same period. Inflation accelerated following the depreciation of the Syrian pound on the black market, leading to a 173 per cent increase in prices over the period 2010-2013. Although the value of Syrian pound to the United States dollar stabilized in the last two months of 2013, it had rapidly deteriorated during the first half of that year. \$1 bought SYP 310 in July 2013; a drop of 240 per cent in the Syrian pound compared to its value at the start of 2013.

The total loss incurred by the Syrian economy over the period 2011-2013 reached \$139.77 billion; approximately \$69.1 billion (49.4 per cent) in money supply losses and \$70.67 billion (50.6 per cent) in GDP losses, reflecting the large disparity between real GDP levels and expected post-crisis GDP levels. In terms of distribution of losses, the private sector incurred 68.7 per cent (\$95.97 billion) of the total economic loss and public sector losses reached \$43.8 billion dollars (31.3 per cent). The Government estimated the money supply losses from its public institutions at \$814.8 billion Syrian pounds (\$17.7 billion) over the period 2011-2013.

Millennium Development Goals

Part Two of this report examines the steps made towards realizing the Millennium Development Goals in the Syrian Arab Republic by evaluating Goal indicators to assess the progress made in achieving Goal targets. It also examines how the conflict has affected Goal accomplishment.

Assessing the impact of the conflict on the Goals was a complicated process. The main challenge lay in accessing the latest data and checking its reliability under such circumstances, especially in terms of monitoring and collecting data at the local and national levels. The accuracy of data remained questionable owing to unrest in many areas, the migration of a large part of the population and difficulties in using official and other statistics. Therefore, a combination of scientific methods was used to arrive at representative estimates on the Goals for 2013, including those based on national and international data.

According to data from 2010, the Syrian Arab Republic had successfully achieved many of its Goals, including those related to poverty reduction, primary education and gender parity in secondary education. It had also made remarkable progress towards achieving the other Goals, such as decreasing its malnutrition and infant mortality rates and increasing access to improved sanitation. However, the country's exceptional performance in the many Goal indicators until 2010 has been reversed by the conflict that broke out the following year. The ongoing crisis is expected to have significant short and long-term repercussions, including undoing the hard-won gains in poverty reduction, education and health. By 2013, around 43 per cent the population was beneath the poverty line. The ongoing crisis will continue to drive more people into poverty, especially given the rising prices of goods and services, the decrease in real wages and the loss of jobs and material assets. Moreover, the education sector will continue to deteriorate, thus depriving increasing numbers of children of their right to education. The health sector will not fare better, and gender equality issues will become redundant under such conditions.

By the end of 2013, the Syrian Arab Republic ranked second-to-last among Arab countries in terms of progress in achieving the Goals, which is unsurprising given the widespread destruction of its infrastructure; the collapse of public services, including access to water, health care and education; and the loss of jobs and incomes. Although security is the main concern, the country has witnessed a decline in all 12 Goal indicators since 2010. According to the Arab Millennium Development Goals Report,⁵ Somalia is the only country that ranked below the Syrian Arab Republic in terms of Goal achievement in 2013.

Goal 1: Eradicate extreme poverty and hunger

The Syrian Arab Republic was on track to achieve the targets for this Goal, having almost eradicated poverty before the outbreak of the conflict in 2011. The proportion of people earning less than \$1.25 a day (purchasing power parity 2005) decreased from 7.9 per cent in 1997 to 0.2 per cent in 2010. However, the situation changed dramatically following the start of the conflict. Poverty indicators deteriorated as a result of several factors, including rising unemployment mainly caused by the collapse of most economic sectors; the surge in prices of materials resulting from a low supply of domestic goods and services; the economic blockade that led to a significant reduction in the volume of imports; and the drop in purchasing power of the Syrian pound.

Goal 2: Achieve universal primary education

Net enrolment in primary education decreased from 98.4 per cent in 2011 to 70 per cent in 2013 (the same rate as in the 1980s). Moreover, 50 per cent of students are dropping out of school, causing a serious long-term problem.

Goal 3: Promote gender equality and empower women

The instability and numerous risks that women and girls are exposed to as a result of the conflict have affected girls' education in several ways. To limit expenses, families are choosing to send only their sons to school. Moreover, the rising cost of transport and school supplies, especially for university education, have played a major role in increasing the education gender gap. The displacement of many families to camps where movement is restricted has also negatively affected girls' education opportunities, especially in secondary and higher education.

Goal 4: Reduce child mortality

The conflict derailed the progress made towards achieving this Goal by 2015. Child mortality increased from 21.4 per 1,000 children in 2011 to 25.1 per 1,000 children in 2013. Moreover, child vaccination rates significantly dropped. Before the crisis, 99 to 100 per cent of children were vaccinated across all provinces. However, these rates fell for most types of vaccines to between 50 per cent and 70 per cent, depending on the province, and plunged to around 0 per cent in some areas.

Goal 5: Improve maternal health

Maternal mortality rates have continued to rise since the beginning of the conflict in 2011, reaching 62.7 deaths per 100,000 births in 2013, because of weakened reproductive health services as a result of damaged infrastructure and health facilities; a medicine shortage caused by a sharp drop in domestic production; and a lack of road safety in several provinces.

Goal 6: Combat HIV/AIDS, malaria and other diseases

The conflict has caused health, hygiene and environment indicators to deteriorate, leading to the re-emergence and spread of various diseases. For example, polio reappeared among children after an absence of more than fourteen years; the last recorded case was in 1999. There has also been an increase in infectious and non-infectious diseases, coupled with a steady rise in cases of acute diarrhoea, especially in Rural Damascus, Homs, Idlib, Aleppo and Deir ez-Zor. During the first half of 2013, there were 358 cases of measles, 666 of tuberculosis, eight of AIDS, 615 of Maltese fever, 1,580 of viral hepatitis and 108 of meningitis. The number of leishmaniasis sufferers has also increased, with 41,000 recorded cases in the first half of 2013, owing to heavy pollution and poor hygiene, sanitation and waste disposal, particularly in Aleppo.

Goal 7: Ensure environmental sustainability

The Syrian conflict has also detrimentally affected the environment. Forest fires have destroyed ancient woodlands in Latakia and Qunaitra. Moreover, the high price and shortage of heating fuel has obliged a large segment of the Syrian population to over-fell trees, not only from forests, but also from pavements, parks and natural reserves.

Goal 8: Develop a global partnership for development

When the conflict broke out, most countries suspended their aid and development programmes in the Syrian Arab Republic, and the majority of international missions coordinating the implementation of these programmes left the country, with the exception of United Nations agencies. Moreover, several countries imposed economic and financial sanctions on the Syrian Arab Republic. United Nations agencies have responded to the growing humanitarian crisis with development plans to meet the needs of Syrians who have fled their homes and lost their livelihoods. These plans cover food security, health, education and other social services. They have also mobilized significant resources, both internally and abroad, especially in refugee camps in Jordan, Lebanon and Turkey. However, the conflict forced the United Nations to suspend the five-year development programmes and projects that it had launched prior to 2011. Although United Nations humanitarian programmes receive significant contributions to directly assist refugees, the amounts are insufficient in view of the dire situation and barely meet the needs of Syrian families that have lost their homes and livelihoods.

The latest statistics from the Organization for Economic Cooperation and Development (OECD) indicate that the Syrian Arab Republic received \$1.672 million in development aid in 2012, making it the second country after Palestine to receive the most development aid in the Middle East; a modest amount compared to people's needs.

Future prospects

Part Three of this report sets out the expectations for achieving the Goals in view of the ongoing crisis, with regard to governance, social and economic dimensions, and potential opportunities for progress.

Expert projections on the collapse of the Syrian economy as a result of the conflict have been realized, and great losses have been incurred, significantly affecting citizens' daily lives. The Central Bank's foreign currency reserves decreased from \$14.4 billion in 2011 to \$3.5 billion dollars by the end of 2013 (a 67 per cent drop over three years to maintain the value of the Syrian pound in the range of SYP 150-160 to \$1). The fate of the Syrian pound in 2015 will depend on foreign aid and the intensity of the conflict.

In 2013, GDP reached half the 2011 level, having fallen 28.2 per cent in 2012, and a further 16.7 per cent in 2013. GDP is expected to drop further, albeit at a slower pace (14.27 per cent), in 2014. In 2015, GDP will reach \$27.3 billion, following a further 4.68 per cent decline (a quarter of the GDP projected for the same year by international estimates had the conflict not broken out). Therefore, future social, economic and political prospects look alarmingly bleak.

Health: all health indicators have deteriorated

In 2015, child mortality rates are expected to rise to 28.8 deaths per 1,000 children and infant mortality rates will reach 28.7 per 1,000 live births, compared to 23.3 in 2013. Moreover, the percentage of children immunized against measles will drop to 40 per cent and the maternal mortality rate will reach 73.4 deaths per 100,000 births. As a result of the conflict, the proportion of deliveries carried out by qualified practitioners will decrease by 50 per cent and the use of family planning methods will drop to 36 per cent.

Education: decrease in school enrolment rates

In 2015, primary school enrolment rates are expected to drop to 50 per cent, from 70 per cent in 2013. Moreover, the number of children completing their primary education will fall from 50 per cent in 2013 to 30 per cent in 2015, the effects of which will be felt for decades given that an entire generation currently under 15 will grow up illiterate. Although literacy rates for those aged between 15 and 24 will only slightly decrease to 94.3 per cent in 2015 from 94.6 per cent in 2013, they will significantly decrease in coming years owing to currently low enrolment rates.

In 2015, the ratio of girls to boys in primary education is expected to reach 90.8 per cent, dropping to 92.5 per cent for secondary education, 53.6 per cent for vocational education and 76.1 per cent for university education.

Poverty: on the rise

Poverty indicators are among the most alarming. If the Syrian conflict continues until 2015, 90 per cent of Syrians, both inside and outside the country, will be considered poor and 60 per cent will be unable to secure their basic food needs.

Governance: grim reality and bleak prospects

It is impossible to discuss governance in the Syrian Arab Republic under the present conditions. Good governance requires administrative structures, controlled by the central Government, that direct and monitor the work of public institutions and their relationship with citizens. However, as a result of the current conflict, Syrian territories are not all controlled by a central Government or single authority and public institutions have been damaged or suspended.

The 2012 Constitution, which sparked considerable controversy, only applies to government-controlled territories and is difficult to implement because of the conflict. Legislation, including laws on elections, political parties and the media, has become redundant, even in government-controlled areas. Conflict imposes its own logic and rhythm; field commanders enact and implement their own laws according to the situation on the ground.

This grim reality raises the question of whether the Syrian Arab Republic and its people can be saved and, if so, how. This report finds that it is possible, although it will be an arduous task, which the ongoing conflict will complicate further as material, human and political costs continue to rise exponentially.

A road map is needed to salvage the country. National and international stakeholders must make a concerted effort to reach a political solution, whereby all parties take steps to stop the bloodshed and destruction, and uphold their responsibility to protect the country and the Syrian people.

Introduction

The eight Millennium Development Goals reflect the aspirations of peoples and States for a better future. They comprise a set of targets aimed at increasing human well-being and indicators for monitoring progress.

The present report was prepared two years before the 2015 target set by the Millennium Declaration for achieving the Goals. The conflict in the Syrian Arab Republic, which began in 2011, has gravely affected the entire population and devastated the country's economic and social development. Therefore, rather than making progress towards achieving the Goals, the country is witnessing a serious decline in terms of economic, food, health and environmental security. Prior to 2011, the Syrian Arab Republic had made concrete steps towards achieving the Goals. If conflict had been avoided and development efforts had continued, significant progress would have been achieved by 2015.

This report consists of three parts. The first part covers macroeconomic performance in the Syrian Arab Republic; the collapse in Syrian growth; and the potential implications of the conflict on monetary and financial indicators and its impact on economic sectors and infrastructure. The second part evaluates the progress made in achieving the Millennium Development Goals in the Syrian Arab Republic over the last decade, and examines the development gap resulting from the conflict. The final part examines the future of the Goals in view of the ongoing crisis, in terms of governance, social and economic dimensions and potential opportunities.

The present report draws upon data from the Syrian Central Bureau of Statistics, information from a number of relevant ministries and international bodies, and various model estimates. It also builds on results from a series of meetings and workshops held within the framework of the National Agenda for the Future of Syria, under the auspices of the Economic and Social Commission for Western Asia (ESCWA). Syrian experts from various sectors participated in these meetings and exchanged views on the country's development and future prospects.

It also builds upon a set of basic assumptions, including an estimate of the Syrian population, based on the latest available data and the numbers of refugees⁶ who fled the country over the period 2011-2013.⁷ To assess the economic impact of the conflict, this report uses information from the general equilibrium model of the Syrian economy, prepared by the ESCWA Economic Development and Globalization Division. It should be noted that simplified statistical methods have been employed to calculate the expected impact of the conflict on social indicators and on the steps taken towards realizing the Goals by 2015, compared to the progress if conflict had been avoided.

The basic features of the Syrian general equilibrium model include the following:

- (a) Production: the constant elasticity of substitution (CES) function was used to estimate production. In economics, CES refers to a particular type of aggregator function that combines two or more types of consumption, or two or more types of productive inputs into an aggregate quantity. In this study, the function reflects the elasticity of revenue sources, such as labour and capital;
- (b) Income distribution: a distribution matrix is used to distribute employment income across households and capital gains are distributed in the same way across households, institutions and foreign investors; companies pay corporate tax and save the remained of their revenue; household demand differentiates between household consumption and consumption markets; consumption levels are determined based on the assumption that household demand maximizes utility; consumption is regulated by income and consumer prices; and the Government has two types of expenditure: current expenditure and capital expenditure;
- (c) International trade: the model assumes that foreign goods were partially replaced by domestic goods. Demand for foreign goods is determined using CES for domestic and foreign goods.⁸ Export supply is calculated using an elasticity of transformation constant (CET), on the assumption that producers distribute their goods on the domestic and foreign markets according to relative prices.

PART ONE

MACROECONOMIC PERFORMANCE IN THE SYRIAN ARAB REPUBLIC

The devastating consequences of the ongoing unrest in the Syrian Arab Republic continue to detrimentally affect its economy and infrastructure. The country was hit hardest in 2013, when development indicators further deteriorated and large areas were damaged by the conflict. The numbers of internally displaced people and refugees fleeing to neighbouring countries grew exponentially. Economic activity significantly contracted in all sectors and regions, and many businesses were forced to close and lay off large numbers of workers, causing a shortage in various goods and services and high unemployment. The Syrian pound strongly depreciated and was traded on the black market, leading to a sharp rise in the prices of imports. Syrian production did not benefit from this currency devaluation given that exports decreased dramatically as a result of sanctions imposed on foreign trade and financial transactions, causing a large trade deficit. In turn, the budget deficit grew because of increased spending. Tax and oil revenues decreased, leading to a sharp rise in public debt. Moreover, money supply significantly dwindled following the destruction of power stations, water pumps, sewage treatment plants, bus and train stations, hospitals, schools, oil wells, reservoirs, pipelines and energy derivatives, as well as a large number of residential buildings.

Part One of this report is divided into three chapters. Chapter I reviews key macroeconomic indicators based on available data. Chapter II discusses the conflict's implications on macroeconomic indicators and its potential effects on gross domestic product (GDP) and public debt, based on the results of the general equilibrium model of the Syrian economy. Chapter III sets out the consequences of the unrest on the country's economic sectors and infrastructure, based on limited information available from official and unofficial sources.

COLLAPSE IN SYRIAN GROWTH

Key economic indicators (table 1.1) show that the Syrian economy started contracting as a result of the devastating effects of the conflict that began in 2011, and peaked in 2013. According to IMF⁹ and ESCWA¹⁰ estimates, real GDP (calculated using constant 2010 prices) decreased from \$40.15 billion in 2012 to \$33.45 billion in 2013; a 16.7 per cent contraction. From 2011 to 2013, the total real GDP loss (in 2010 constant prices) was estimated at approximately \$70.67 billion.

TABLE 1.1. KEY ECONOMIC INDICATORS BEFORE AND DURING THE CONFLICT

	Unit	2010	2011	2012	2013 ^a
Real GDP (constant 2010 prices)	Billion dollars	60.19	55.92	40.15	33.45
Change in GDP (%)	%	3.2	-6.8	-28.2	-16.7
Inflation rate	%	4.4	4.8	37.4	89.62 ^b
Net exports	Billion dollars	-6.208	-9.369	-5.374	-0.649

Source: Data from IMF, the Syrian Central Bank and the Syrian Export Development and Promotion Agency.

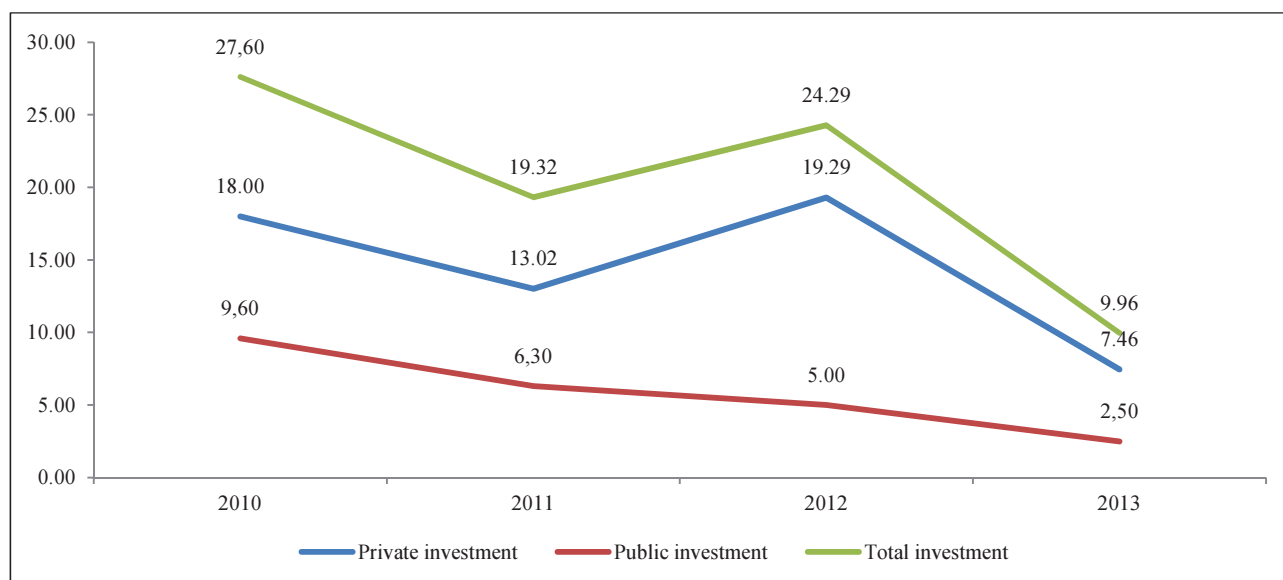
^a Preliminary ESCWA estimates based on available data and the Syrian general equilibrium model because of the lack of data on the economic effects of the conflict over the period 2011-2013.

^b Syrian Bureau of Statistics, 2013.

In 2013, private investment, which has a direct effect on GDP, dropped significantly (figure 1.1). Thousands of companies either moved abroad or were damaged, causing their productivity to drop to very low levels. The majority of these establishments were in peripheral regions and rural areas where most of the fighting took place, including Rural Damascus, Aleppo, Idlib, Homs, Hama and some eastern provinces. Shops and markets were also destroyed, significantly reducing personal incomes. The agricultural sector was

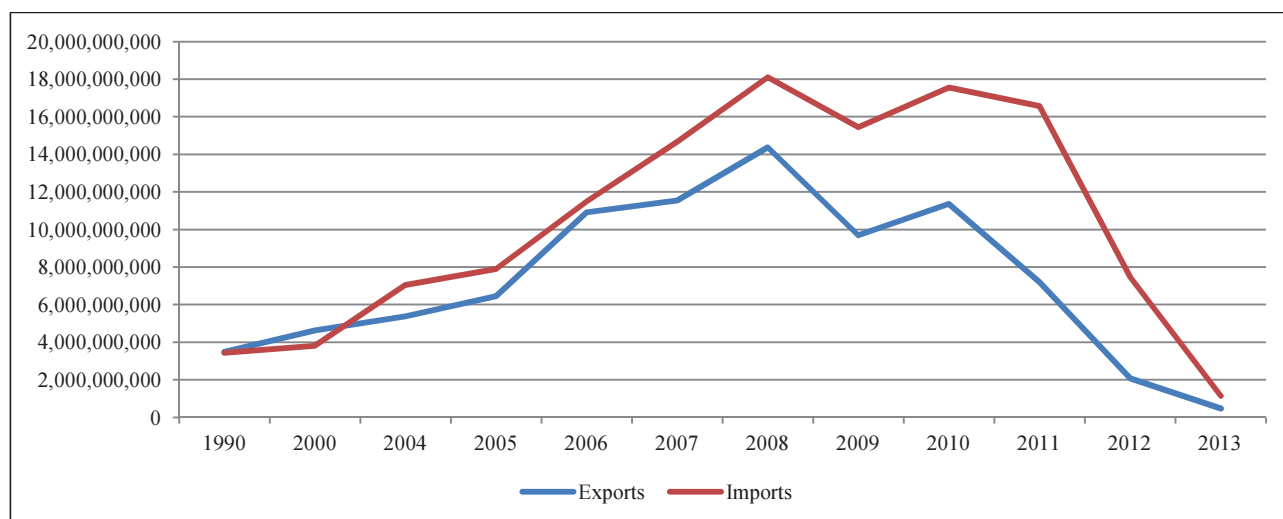
also seriously affected, especially given the rising costs of production inputs, such as fuel and fertilizers, which farmers could no longer afford. It became difficult to access fields and farms and to transport goods and crops. Exports significantly decreased and their value dropped dramatically, as indicated in figure 1.2, following a decline in demand and foreign sanctions. Moreover, the tourism and hospitality sectors were completely paralyzed, with the exception of some secure areas in Damascus and on the coast.

Figure 1.1. Declining public, private and total investment
(Percentage of GDP)



Source: ESCWA calculations based on the general equilibrium model.

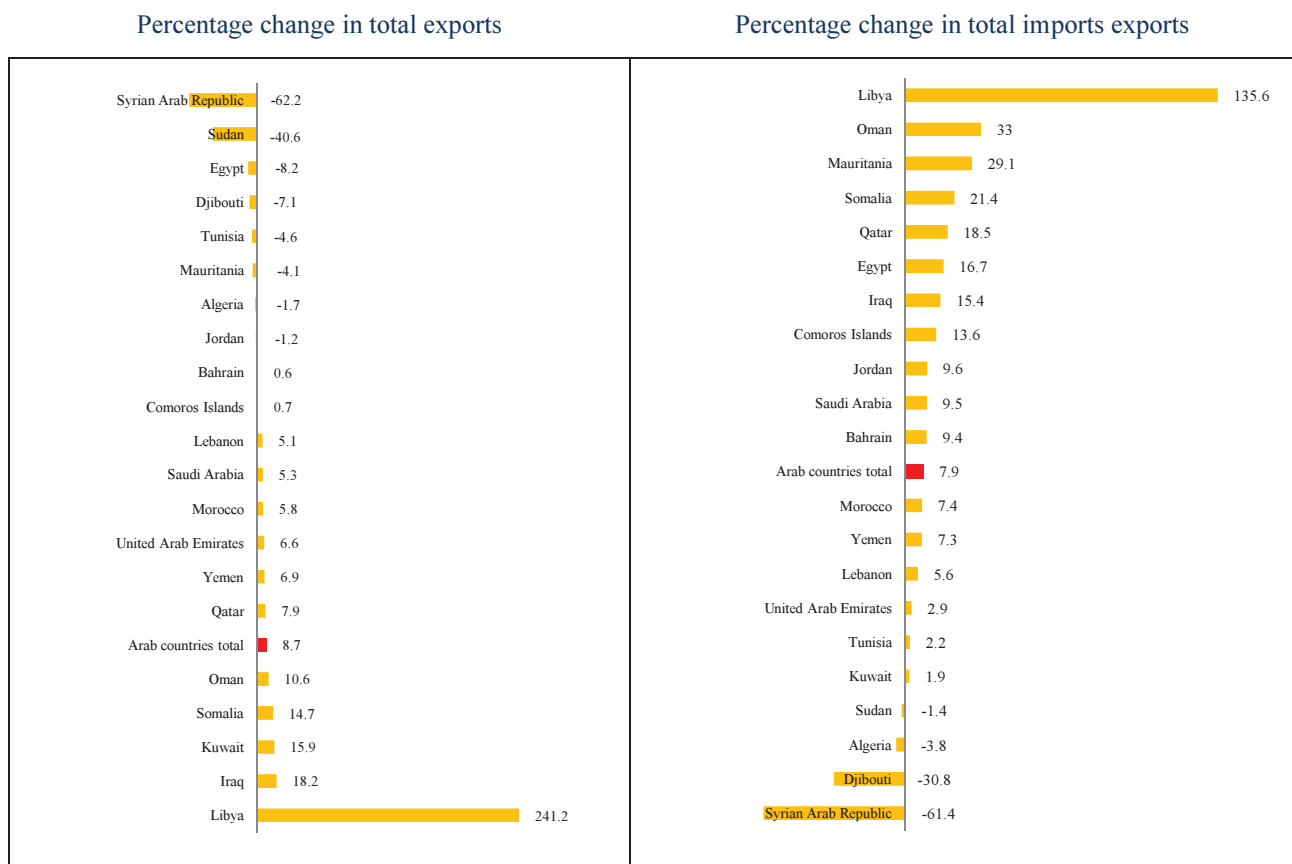
Figure 1.2. Foreign trade from 1990 to 2013
(United States dollars at current prices)



Source: Data from the Syrian Export Development and Promotion Agency; and World Bank, 2013.

Within the Arab region, the Syrian Arab Republic witnessed an overall reduction in trade that exceeded all other Arab countries, as shown in figure 1.3, with a 62.2 per cent decline in total exports and 61.4 per cent drop in total imports in 2012.

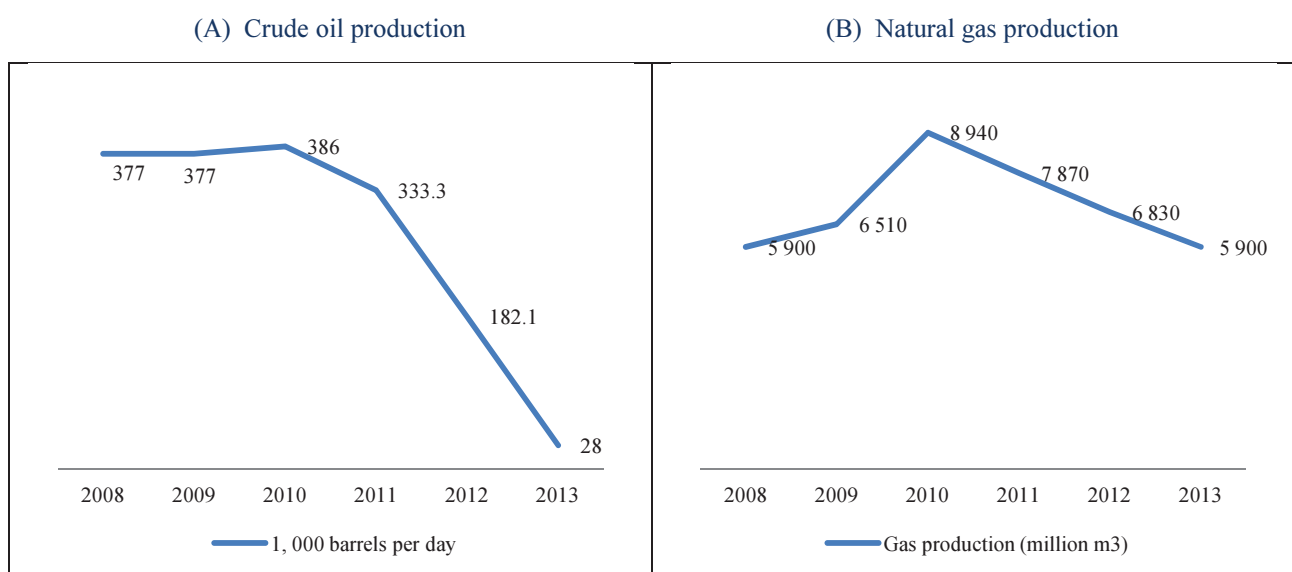
Figure 1.3. Percentage change in the overall trade of Arab countries, 2012



Source: Arab Monetary Fund, 2013.

The sharp decline in exports resulted from frequent interruptions to the oil supply following the destruction of oil fields and refineries, and from the weakened transport and communications sectors. Figure 1.4 shows the decline in the production of crude oil and natural gas after 2010.

Figure 1.4. Decrease in the production of crude oil and natural gas



Source: OPEC, 2013; Syrian Center for Policy Research, UNRWA; and UNDP, 2014.

Box 1.1. The Syrian economy compared to similar Arab economies, 2010-2013

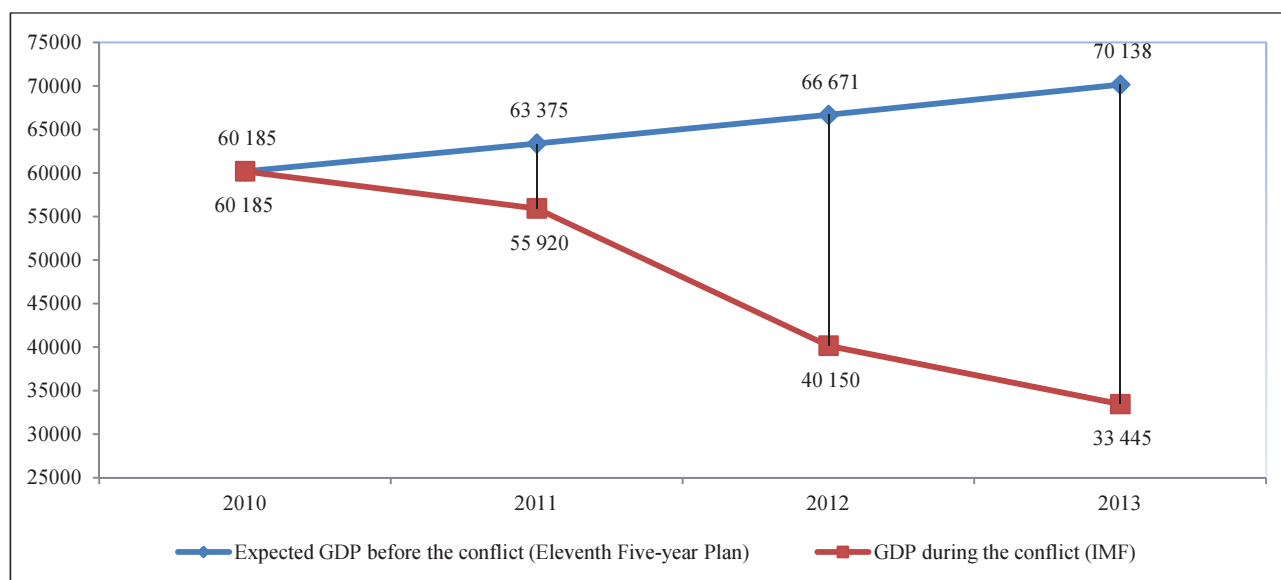
The Syrian economy shrunk by 41 per cent between 2010 and 2013 as a result of the conflict that began in 2011. In 2010, the Syrian economy had surpassed those of three similar Arab oil-importing countries, namely Jordan, Lebanon and Tunisia. However, by the end of 2013, it had significantly contracted, ranking third behind Tunisia and Lebanon, with populations of 10.7 million and 4.4 million respectively, compared to a Syrian population of 18.18 million. It is expected that the Syrian economy will shrink further if the conflict continues beyond 2014.

Consumption fell as a result of the following three main factors: the departure of a large portion of the population; the declining purchasing power of the Syrian pound; and the lay-offs suffered by thousands of workers. Moreover, economic sanctions limited the availability of goods and services. Many staples were in short supply and demand for luxury goods, such as cars, and durable goods, such as furniture, declined. As a result of these shortages, many internally displaced persons and Syrian families had to rely on food assistance.

In total, the crisis almost tripled household expenditure as a proportion of income, according to household income and expenditure data from the Syrian Central Bureau of Statistics. However, the consumption expenditure of displaced families and individuals, both within the Syrian Arab Republic and in neighbouring countries, was not taken into account in the data.

The enormous loss in real GDP can be calculated by measuring the differences between estimated values of real GDP over the period 2011-2013 (IMF estimates), and expected values if the conflict had been avoided (according to the Eleventh Five-Year Plan). Figure 1.5 shows that, in 2013, GDP reached around \$33.45 billion (in constant 2010 prices). Before the crisis, it had been projected to reach \$70.1 billion. Therefore, the conflict cost the country half of its GDP in 2013; a share that is likely to increase in coming years. This has directly impacted the status of the Syrian economy compared to similar Arab economies, as indicated in box 1.1.

Figure 1.5. Real gross domestic product
(Millions of United States dollars)



Source: Eleventh Five-Year Plan and IMF estimates.

IMPACT OF THE CONFLICT ON MONETARY AND FINANCIAL INDICATORS

The ongoing conflict in the Syrian Arab Republic has severely damaged the country's financial and monetary sectors. The value of the Syrian pound has fluctuated significantly, causing successive spikes in inflation. Moreover, the Government has lost an important revenue source following the freeze on oil exports and its expenditure has reached unprecedented levels, exacerbating the budget deficit.

Impact on the monetary sector

The Syrian economy has entered an inflationary recession following the depreciation of the Syrian pound on the black market, leading to a 173 per cent increase in prices over the period 2010-2013. According to the Syrian Central Bureau of Statistics, overall consumer prices peaked in 2013, rising by an average of 89.62 per cent compared to 2012. The largest increase was in the food and beverages sector, at 107.87 per cent over the same period.

However, the black market exchange rate of the Syrian pound to the United States dollar recovered considerably by the end of 2013, after deteriorating rapidly in the first half of the year. \$1 dollar was equivalent to SYP 310 in July 2013, a drop of 240 per cent compared to the start of the year (figure 1.6 (A)).

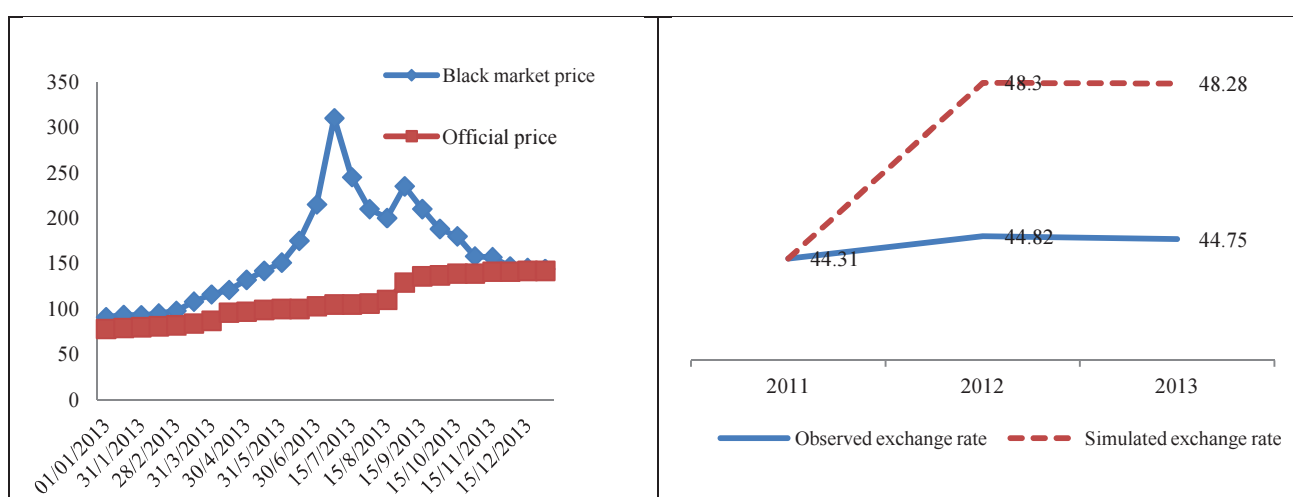
The Syrian Central Bank had managed, over that period, to reconcile between the black market and the official exchange rate of the Syrian pound by revising the official exchange rate upwards in line with the black market, calling into question the benefits of such measures, which generally prove counterproductive and give speculators the ability to raise the exchange rate at whim. It has been argued that it would have been more effective to limit speculation and the sale of foreign currency on the black market by using public and private banks, rather than foreign exchange companies, which manipulate citizens and the State and benefit from exchange rate fluctuations, as shown in figure 1.6 (B).

Despite these questions and concerns, the real exchange rate of the Syrian pound remained fairly constant compared to its nominal exchange rate, highlighting the effective methods used by the Central Bank and other factors that might have led to these exceptional results, rarely seen in war-torn economies.

Figure 1.6. Value of the Syrian pound against the United States dollar

(A) Official and black market rates, 2013

(B) Real exchange rate, 2011-2013



Source: Syrian Central Bank and the Syria Stocks website.

The relative stability of the real exchange rate can be attributed to several factors, including the Syrian Central Bank's application of preventive and restrictive measures, such as the regulation of imports and a freeze on exports. The aim was to limit demand for foreign goods, restrict trade in foreign currencies and impose strict measures on speculation and informal foreign exchange. Estimates show that the Central Bank used more than \$10.9 billion in foreign reserves over the period 2011-2013; 67 per cent of its total reserves. Nevertheless, some experts believe that large amounts of foreign currency flowed into the Syrian economy over the same period, either through official channels in the form of remittances (the Governor of the Central Bank recently stated that \$2.8 billion was received in remittances in 2013), or from undeclared sources (\$3.7 billion was received in credit from the Islamic Republic of Iran). Experts also estimated that several billions of dollars, which have not been officially registered, were received by the Government (remittances from individuals, groups and organizations that support the regime) and the opposition (from informal sector activities, including oil smuggling in the opposition-controlled northern territories to fund armed groups).¹¹

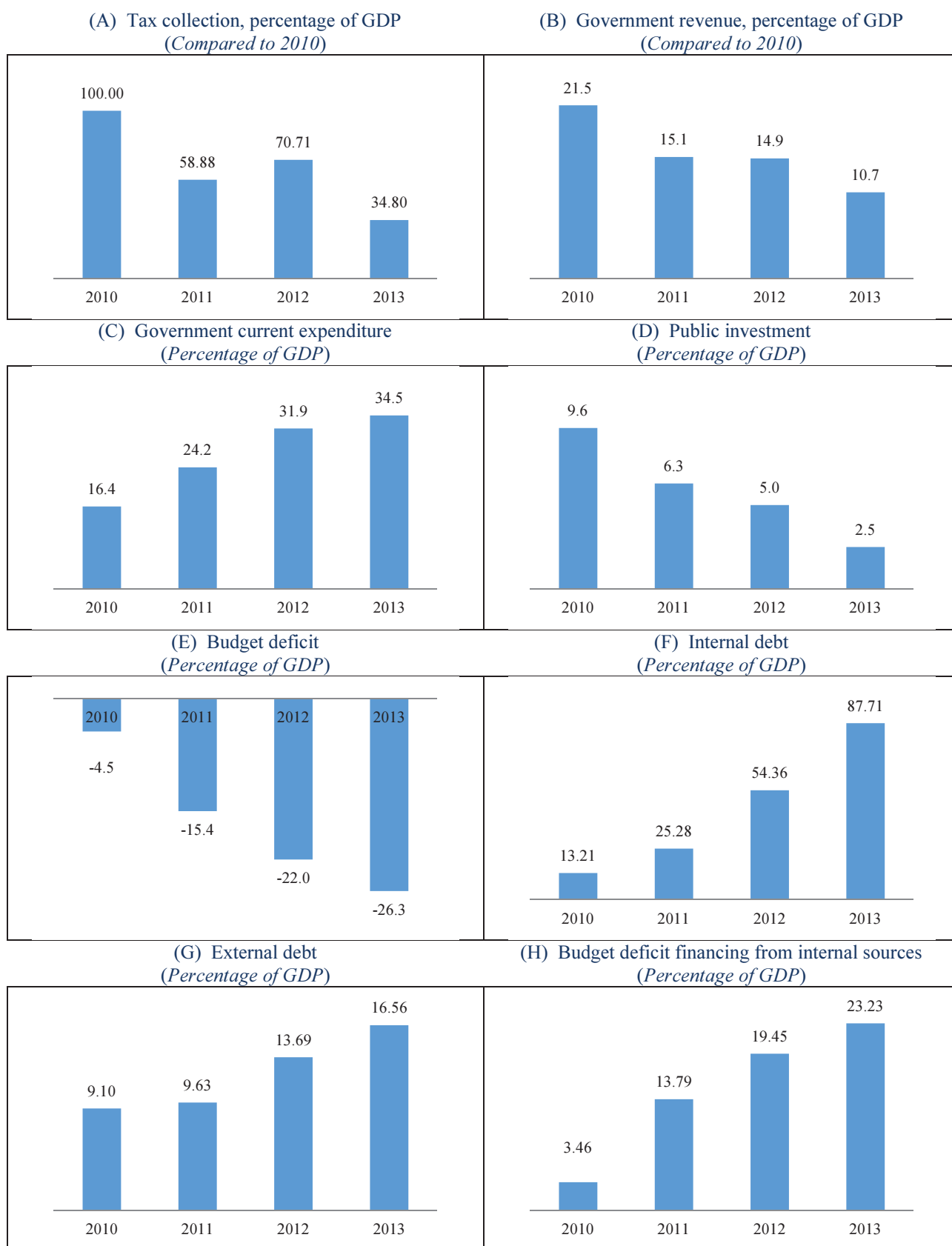
In theory, a sharp decline in the import of goods and services should be accompanied by an increase in the real exchange rate. However, during periods of conflict, a range of factors (mainly informal activities) could change this assumption. For example, the real trade deficit could be much greater than the officially stated deficit and additional foreign currency could be used to finance undeclared expenses, such as military equipment. Moreover, undeclared foreign currency might flow in and out of neighbouring countries for various purposes. It is likely that a combination of such factors have contributed to the relative stability of the real exchange rate. The dramatic decline in imports reduced demand for foreign currency and imported commodities, requiring foreign currency, were replaced with domestic goods, following a change in consumption patterns owing to the crisis. The authorities also imposed tight controls on bank transfers and remittances from abroad and between provinces, which limited the use of United States dollars in commercial transactions.

Impact on the financial sector

The country's fiscal policy remains vague. Figure 1.7 shows the results of the general equilibrium model, calculated taking into account fluctuations in the real exchange rate. The increase in public and military expenditure and the sharp drop in revenue exacerbated the real budget deficit, estimated to have reached 43.1 per cent of GDP in 2013. Since the Government could not expand its foreign borrowing to cover this deficit (excluding the \$3.7 billion credit line from the Islamic Republic of Iran), it expanded its domestic borrowing to 39 per cent of GDP. Some observers believe that the Central Bank has not yet exhausted its remaining foreign currency reserves (\$3.5 million dollars, according to ESCWA estimates). The fiscal deficit reached 26.3 per cent of GDP in 2013 (according to ESCWA estimates).¹² It should be noted that direct, indirect, private and public investment expenditure fell significantly, reflecting declining production opportunities and investment returns. This affected the State budget owing to a drop in tax revenues and fees following damage to several tax sources.

Although the majority of the data are undocumented and from unreliable sources, the country is undoubtedly suffering a macroeconomic shock as a result of the conflict. The Government has stabilized the exchange rate through a series of severe austerity measures and other steps, but the economy still faces instability and fluctuations in the short-term. Moreover, these measures have heavily affected growth, because they do not entail effective political and fiscal tools to counter cyclical fluctuations.

Figure 1.7. General equilibrium model application results



Source: ESCWA estimates.

IMPACT ON OTHER ECONOMIC SECTORS AND INFRASTRUCTURE

According to the general equilibrium model, the total loss incurred by the Syrian economy over the period 2011-2013 reached \$139.77 billion.¹³ Approximately \$69.1 billion (49.4 per cent) was in money supply losses¹⁴ and \$70.67 billion (50.6 per cent) in GDP losses. This reflects the striking difference between pre-crisis estimates and reality. The private sector incurred 68.7 per cent (\$95.97 billion) of the total economic loss and public sector losses reached \$43.8 billion dollars (31.3 per cent) over the period 2011-2013.¹⁵

Table 1.2¹⁶ shows that private sector losses (\$51.3 million) were much greater than the public sector's (\$17.7 million) in 2013. Total economic losses for that year reached \$69.1 billion.¹⁷

TABLE 1.2. ESTIMATED LOSSES BY ECONOMIC SECTOR, 2013
(Millions of current United States dollars)

Sector	Loss			
	Public sector	Private sector	Total	Percentage
Agriculture	822	903	1 725	2.5
Manufacturing industries	1 524	8 035	9 558	13.8
Mining	2 826	1 522	4 348	6.3
Services	3 674	-	3 674	5.3
Construction	522	28 521	29 042	42.0
Domestic trade	607	8 861	9 468	13.7
Transport and communications	1 601	1 188	2 789	4.1
Finance and insurance	967	968	1 935	2.8
Social and public services	5 170	1 399	6 569	9.5
Total	17 713	51 395	69 109	100.0

Source: Estimates of ESCWA and the Syrian Government.

This means that the private sector incurred around 74 per cent of total losses, while the public sector incurred 26 per cent in 2013. This imbalance was mainly due to heavy losses in the private housing sector¹⁸, accounting for roughly 42 per cent of total economic losses.¹⁹ Moreover, the manufacturing industry²⁰ was severely damaged and hundreds of industrial activities were relocated to neighbouring countries, especially small and medium enterprises in Aleppo, where a large portion of the workforce was employed, mainly in informal jobs. Although the manufacturing sector's share of GDP was relatively small (only 7 per cent in 2010), its deterioration significantly affected the economy given that, in 2011, the sector employed 793,000 workers (16 per cent of the total workforce). The conflict has also severely damaged the mining sector, domestic trade and social and government services.

TABLE 1.3. PRODUCTION LOSSES BY SECTOR, 2011-2013

Sector	2011	2012	2013
Agriculture	-5.5	-39.9	-43.5
Chemicals	-12.8	-43.8	-50.6
Trade	-18	-46	-54.7
Construction	-33.1	-41.3	-77.8
Electricity	-5.4	-35.8	-41
Food	-4.6	-42	-44.4
Public services	34.6	32.9	12.6
Leather	26.2	-19.7	3.2
Other products	-23	-42.4	-62.8
Iron	-33.9	-53.6	-70.2
Minerals	-16	-47.7	-54.6
Paper	-26.7	-45.4	-65.6
Real estate	-2.6	-40	-42.9
Other services	5.6	-28.8	-37.6
Textiles	-8.2	-44.4	-40.8
Tobacco	4	-37.7	-35.3
Transport	7.6	-30.5	-32.4
Water	0.2	-33.6	-39.2
Wood	-4.6	-30.4	-39.4

Source: ESCWA calculations based on the general equilibrium model.

Table 1.4 shows economic losses as a percentage of gross fixed capital formation over the 10 years preceding the crisis (2001-2010).²¹ The public sector incurred losses in terms of damage to headquarters, buildings, investments and religious institutions, such as mosques, churches and *waqf* buildings, especially in the Old City of Aleppo and Homs. The private sector also suffered property losses from damage to buildings, cars and other personal possessions, such as durable goods and household appliances, whose values have yet to be accurately calculated, so as to better estimate private sector losses.

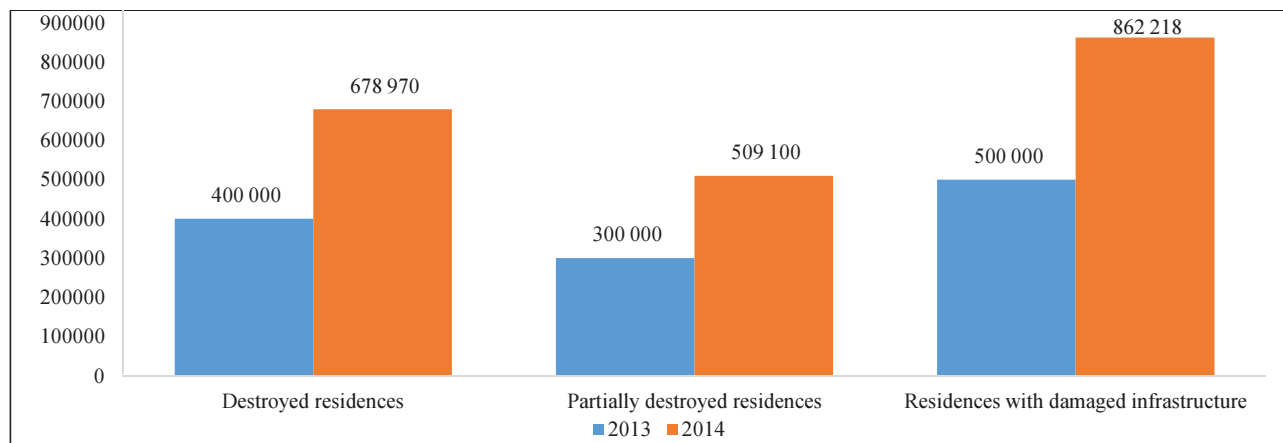
TABLE 1.4. ECONOMIC LOSS AS A PERCENTAGE OF GROSS FIXED CAPITAL FORMATION, 2001-2010

Sector	Economic loss (Millions of Syrian pounds)	Gross fixed capital formation (Millions of Syrian pounds)	Loss/gross fixed capital formation
Agriculture	79 336	386 290	20.5%
Manufacturing and mining (including services)	808 682	859 037	94.1%
Construction	1 335 951	696 963	191.7%
Domestic trade	435 536	518 118	84.1%
Transport and communications	128 300	520 865	24.6%
Finance and insurance	89 016	124 348	71.6%
Social and government services	302 172	393 769	76.7%

Source: ESCWA estimates and the Syrian Central Bureau of Statistics.

The housing sector has been gravely affected by the conflict, with many battles taking place in residential areas. By 2013, almost 1,200,000 houses (30 per cent) were damaged to varying degrees, averaging a 15 per cent annual loss in the housing stock. If the conflict continues at the same pace, 2,062,218 residences will be affected (50 per cent of the total housing stock) by May 2014.

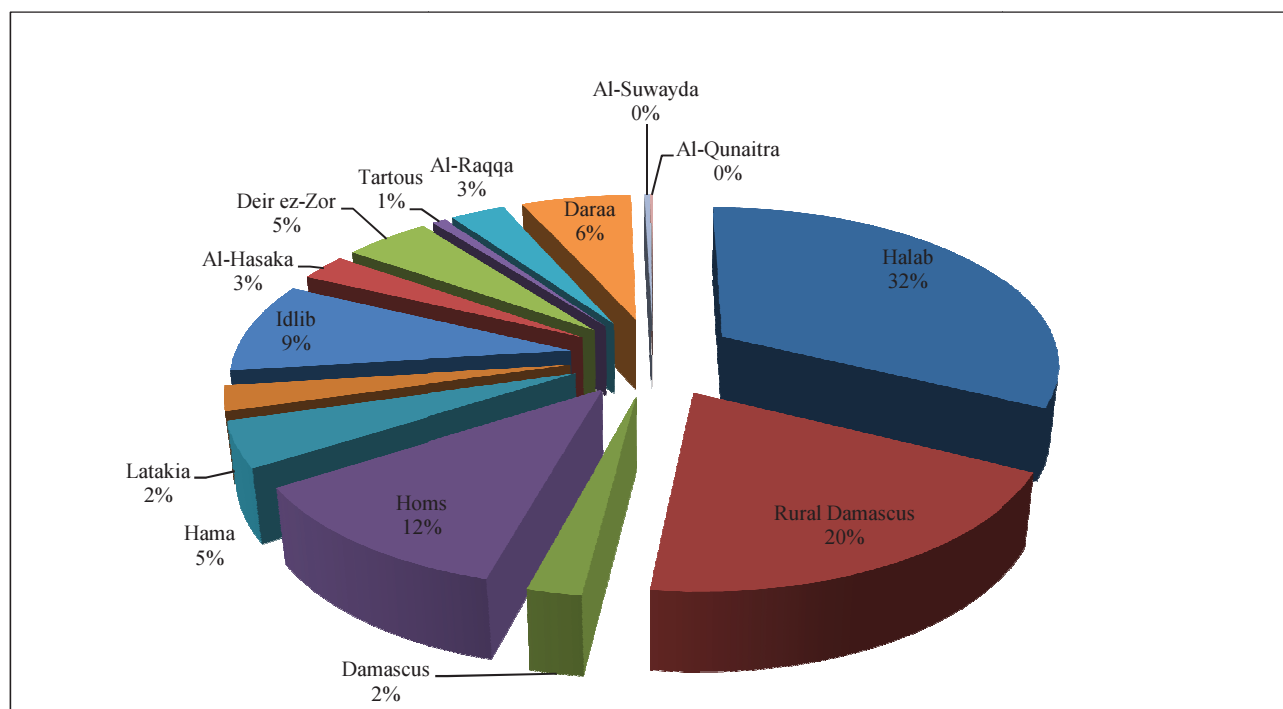
Figure 1.8. Number of affected residences, 2013-2014



Source: ESCWA estimates based on Maya, 2014.

Unsurprisingly, the construction sector was the most affected by the conflict in many areas, including Rural Damascus, Aleppo, Homs, Deir ez-Zor, Damascus, Daraa and Idlib. Despite the relatively low contribution of this sector to GDP (3.6 per cent in 2010), it employed roughly 15 per cent of the workforce in 2011. Therefore, the housing sector had the largest fixed capital formation (25 per cent in 2010).

Figure 1.9. Housing stock damage distribution by province, 2013



Source: ESCWA estimates.

Box 1.2. Damage to Syrian industry – Aleppo

The northern city of Aleppo has historically been the country's industrial capital. The establishment of the Sheikh Najjar industrial city on its outskirts reinforced this image. Although it was not the largest industrial city in the country, it attracted the greatest amount of operating investment. Before the conflict, its 618 facilities received around 128 billion Syrian pounds (\$2.8 billion) in investments, totalling 53 per cent of the total investments (48 per cent of investment value) allocated to the four largest industrial cities. Over 43 per cent of investments went to the textile sector, 22 per cent to engineering and 17 per cent to the food and chemicals sectors. (Cities and Industrial Zones Department of the Ministry of Local Administration, 2011).

The ongoing conflict had devastated Aleppo the most. According to data from the Ministry of Industry, a total of 720 industrial facilities have been damaged in Aleppo; 109 in the industrial city of Sheikh Najjar (18 per cent of its total facilities). Damage to the 720 facilities was estimated at 196 billion Syrian pounds (\$4.3 billion). The textile sector was the hardest hit, according to data from the Ministry of Industry for March 2012, as shown in the graph below.

Source: Ministry of Industry data for March 2012.

Box 1.3. Damage to the Syrian economy from multilateral economic sanctions

To date, no quantitative study has been conducted on the impact of sanctions on the Syrian economy. Nevertheless, undoubtedly, the sanctions imposed by some countries on the Syrian Arab Republic have inflicted the same amount of damage on the various economic sectors as the armed conflict itself.

Electricity generation capacity fell by almost 30 per cent in 2013, resulting from damage to power stations and a lack of fuel and spare parts owing to sanctions.

The conflict has significantly impacted the transport sector, damaging hundreds of kilometers of roads and destroying thousands of cars, buses and trucks. Railway services stopped completely, and air and sea port activities significantly decreased because of the decline in foreign trade, as a result of sanctions.

The financial sector has been damaged the most owing to sanctions imposed on Syrian banking operations, resulting in many foreign banks rejecting letters of credit from Syrian banks. The sector has also been affected by the failure of many borrowers to service their debts. This has been accompanied by an increase in collateral demands on high-risk loans, thus complicating their approval. Moreover, the average amount of bad debt in the country's 14 private banks increased from 3 per cent in 2010 to 41 per cent in the third quarter of 2013, resulting in many loans being written off (most of which were personal or investment loans). This, in turn, led to an 82.5 per cent drop in total net loans and advances, reaching \$976 million, with a decline in the net loan-to-deposits ratio from 51 per cent to 33 per cent.

PART TWO

MILLENNIUM DEVELOPMENT GOALS IN THE SYRIAN ARAB REPUBLIC IN 2013

Part Two of the present report evaluates the progress made in achieving the Millennium Development Goals in the Syrian Arab Republic, by examining trends in selected targets for the period 1990-2013 and presenting measures and estimates for related indicators until 2015, the set deadline for achieving the Goals.

GOAL TARGETS AND INDICATORS

GOAL 1. ERADICATE EXTREME POVERTY AND HUNGER

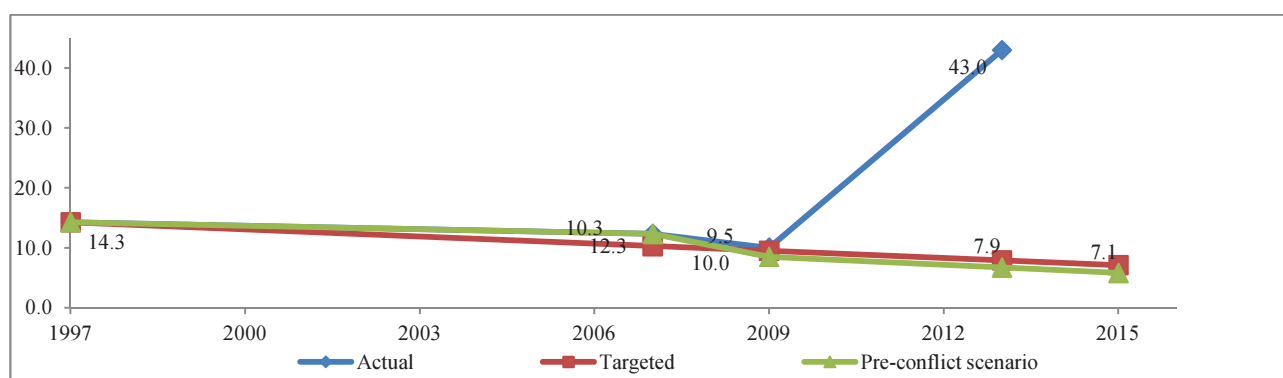
Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day²²

Indicator 1.1 Proportion of the population whose income is less than \$1.25 a day, in 2005 purchasing power parity

Household income and expenditure surveys in the Syrian Arab Republic showed a significant decrease in the poverty rate, measured by the proportion of people whose income was less than \$1.25 a day in 2005 purchasing power parity (PPP), between 1997 and 2010. The poverty rate decreased from 7.9 to 1.8 per cent between 1997 and 2004, and dropped to 0.3 per cent in 2007, then to 0.2 per cent in 2010. The poverty rate also decreased in rural areas, where it was higher compared to urban areas. It reached 2.33 per cent in 2003-2004, then decreased to 1.35 per cent in 2006-2007. It dropped to below 0.45 per cent in 2009. Hence, the country had achieved the Goal of eradicating poverty long before 2015, based on the international poverty line.

However, the situation changed dramatically with the outbreak of the conflict in March 2011. The proportion of the population whose daily income was less than \$1.25 (2005 PPP) increased to 7 per cent in 2013.²³ Many factors have contributed to this dramatic increase, including rising unemployment mainly caused by a drop in economic activity in most sectors; a surge in prices as a result of low domestic production of goods and services, and the scarcity of some products; the economic blockade resulting in a significant reduction of imports; and the decline in the purchasing power of the Syrian pound. Therefore, in 2013, the poverty rate reached 43 per cent (figure 2.1).²⁴

Figure 2.1. Poverty rates based on the national lower poverty line, 1997-2015

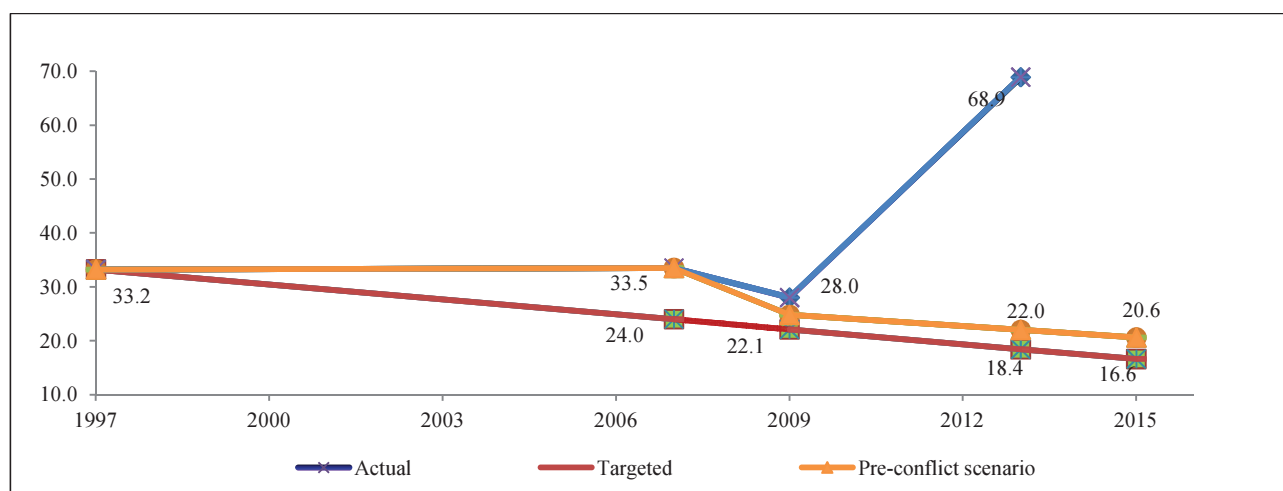


Sources: Syrian Central Bureau of Statistics, household income and expenditures surveys for 1997, 2004 and 2007; and ESCWA estimates for 2010 and 2013.

Note: The lower poverty line refers to the line at which household per capita expenditure (total) is equal to the minimum expenditure needed to cover an average daily food intake of 2,200 calories for an adult. Households that fall below that line are those forced to sacrifice a portion of their food intake to cover non-food expenses.

The situation becomes much more alarming when the national upper poverty line is used as a benchmark: the poverty rate remains extremely high, despite the slight decline registered between 2003-2004 and 2010, from 30.1 to 28 per cent of the population (i.e. 5.9 million people were still below the national upper poverty line in 2010). The situation deteriorated with a sharp increase in the proportion of the population living below the poverty line in 2011, reaching 68.9 per cent of the total population in 2013 (figure 2.2). More than 16 million Syrians were therefore living under the general poverty line in 2013; and the gap to reach Goal 1 is of 73.3 per cent. At the subnational level, the lowest poverty rates were registered in the governorates of As-Suwayda, Raqqa, Latakia, Qunaitra and Tartous; while the highest rates were registered in the governorates of Deir ez-Zor (85.2 per cent), Idlib (79.3 per cent), Rural Damascus (74.4 per cent) and Homs (74 per cent), noting that poverty rates used to be highest in Raqqa and As-Suwayda, particularly in the rural areas of these governorates.

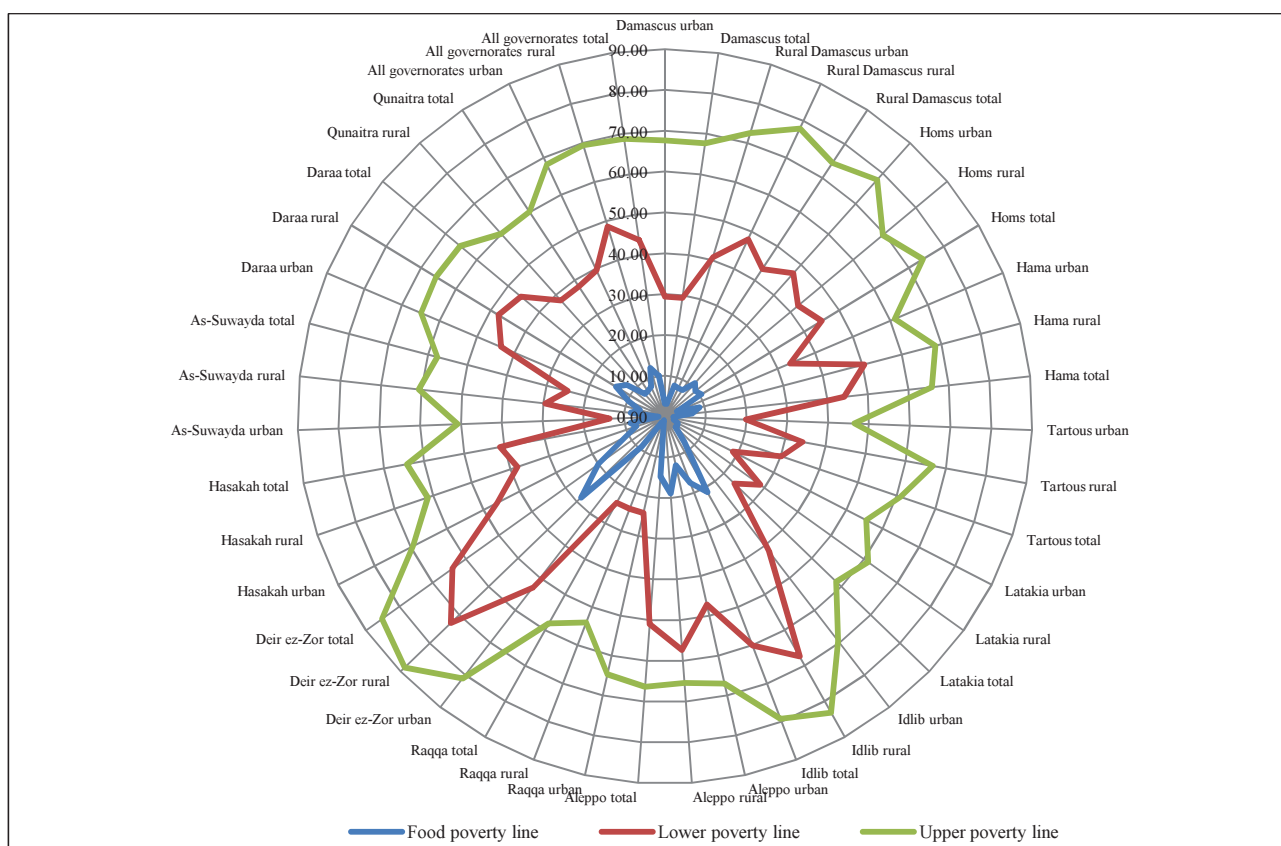
Figure 2.2. Poverty rates based on the national upper poverty line, 1997-2015



Sources: Syrian Central Bureau of Statistics, Household income and expenditures surveys for 1997, 2004 and 2007; and ESCWA estimates for 2010 and 2013.

Note: The upper poverty line refers to the line at which household per capita expenditure on food items is equal to the minimum expenditure needed to cover an average daily food intake of 2,200 calories for an adult.

Figure 2.3. Poverty in Syrian governorates based on the national poverty line, 2013



Source: ESCWA estimates based on the results of the 2009 household income and expenditures survey.

Note: The food and non-food needs of households were calculated using the same methodology applied for estimating the minimum level of per capita calorie intake in the second lowest population quintile. Consumption patterns were studied as in previous national poverty studies in 2004 and 2007, and the 2009 household income and expenditures survey was used to determine the consumption pattern of each quintile. The cost of one calorie was then determined based on current prices as featured in the June 2013 consumer price index, which recorded an average increase of 376 per cent for all goods and 441 per cent for food commodities, taking into account wage and salary increases to date. The following estimation was thus made: in 2013, a person needed a minimum of SYP 158 per day to cover basic food needs, compared to SYP 35 in 2004. This figure varies across governorates and commodities. In the first phase of the calculations, the impact of wage and salary increases was disregarded and considered as a type of household income increase, as wages and salaries represented 52 per cent of income prior to the conflict. The inflationary impact had reached 162 per cent without including wages and salaries in the calculations, and decreased to 134 per cent when they were taken into account.

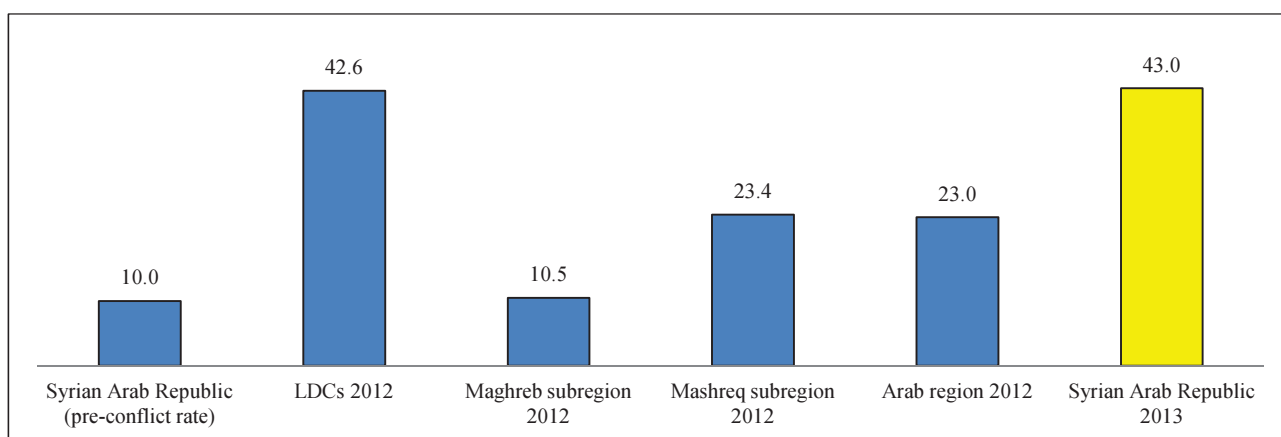
Several factors contributed to the relatively high poverty rates witnessed in the Syrian Arab Republic during the years that preceded the conflict. A drought that lasted from 2006 to 2010 heavily affected workers and their families, particularly in the agricultural sector, mainly in the eastern region of the country. Government efforts to tackle the impact of this phenomenon, exacerbated by poor water resource management, were insufficient. This caused a large number of families to move to major cities, thus putting additional pressure on services, prices and urban labour markets. Other factors contributing to the sharp rise in poverty included the global food crisis; rising energy prices; development disparities between governorates; the inefficiency of the economic and development measures implemented; and a lack of pro-poor measures and social justice. State policies, based on a social market economy approach, led to the liberalization of prices to some extent; but existing social safety nets failed to protect vulnerable groups from falling into poverty.

The unprecedented rise in prices by an average of 161 per cent contributed to increasing poverty in the Syrian Arab Republic between December 2011 and September 2013. Transportation prices rose by

173 per cent, food by 185 per cent, sugar by 137 per cent, clothing by 143 per cent and grains by 179 per cent. Many families lost their main sources of income owing to loss of property and jobs, perpetuating poverty and reliance on aid. About 6.5 million citizens now live on humanitarian aid in shelters and camps.

As a result, the poverty situation in the Syrian Arab Republic became among the worst in the region after having previously been among the best, especially when compared with the situation in other countries at the same income level, such as Egypt. Figure 2.4 shows that the poverty rate in the Syrian Arab Republic in 2010 was equivalent to half the average rates of the Arab region and the Mashreq subregion in 2012. However, after the outbreak of the conflict, this rate reached an alarming level in 2013, equivalent to that of the least developed Arab countries (LDCs).

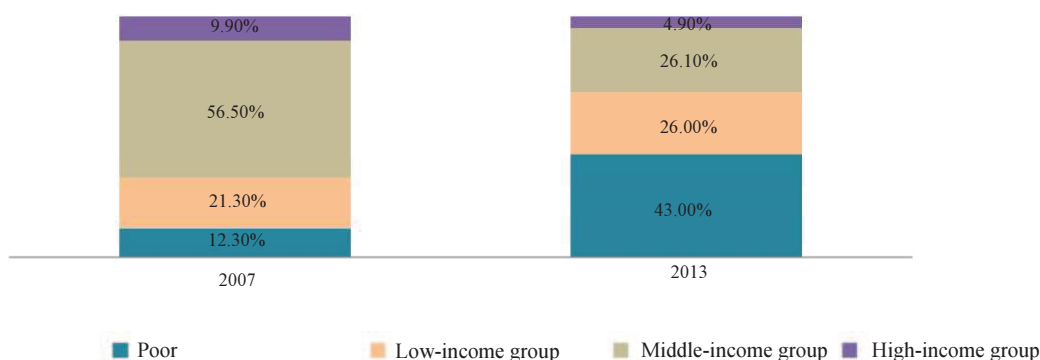
Figure 2.4. Poverty rates in the Syrian Arab Republic, Arab subregions and Arab LDCs



Sources: United Nations and League of Arab States, 2013; and ESCWA estimates based on the 2010 household income and expenditures survey in the Syrian Arab Republic.

Box 2.1. Impact of the conflict on Syrian population groups

Examining the impact of the conflict on Syrian population groups is an extremely important issue, not yet tackled by household surveys or statistical data collection and analysis. Secondary data sources suggest that the conflict has contributed to a sharp increase in poverty rates, from 12.3 per cent in 2007 to 43 per cent in 2013, thus enlarging the size of the low-income level group and drastically reducing the size of the middle class and the high-income level group.



Source: Syrian Central Bureau of Statistics, 2007 household income and expenditures survey; and ESCWA, 2014.

Indicator 1.2 Poverty gap ratio

The last decade saw a narrowing poverty gap in the Syrian Arab Republic, where poverty was described as not deeply rooted. The gap, measured in PPP, indeed dropped from 2.88 per cent in 1997 to 2 per cent in 2010, and the goal of 1.8 per cent at the national level was almost achieved. Nevertheless, the poverty gap remained higher in rural than in urban areas during the same period (table 2.1).

With the outbreak of conflict, however, the poverty gap significantly increased and the number of poor who fell well below the poverty line rose quickly. The gap was estimated at 11.9 per cent at the national level, 13.6 per cent in rural areas and 10.5 per cent in urban areas. The conflict, therefore, impeded the achievement of Goal 1, as the gap reached 113.2 per cent of its pre-conflict level.²⁵

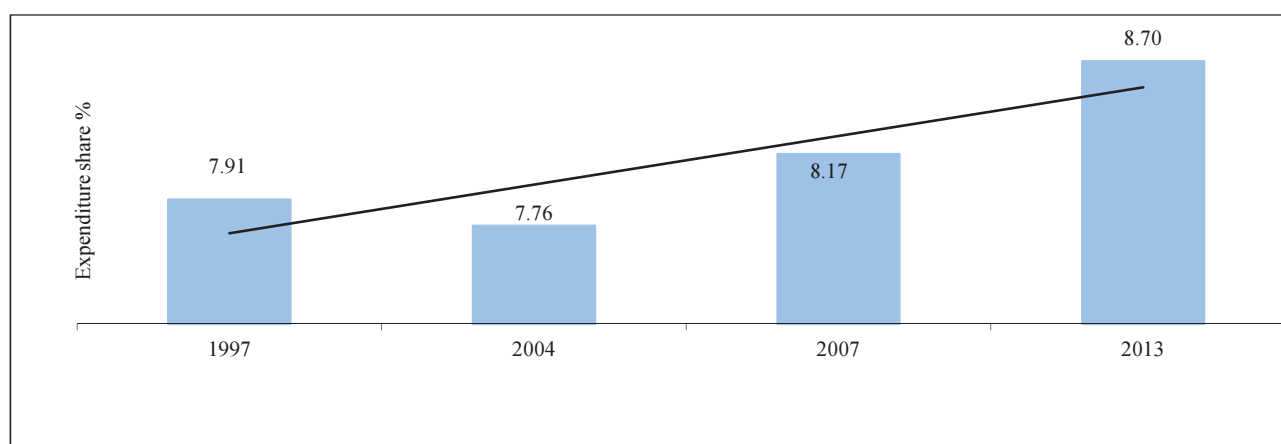
TABLE 2.1. CHANGES IN THE POVERTY GAP RATIO, SELECTED YEARS

	1996-1997	2003-2004	2006-2007	2010	2013	Millennium Goal 2015
Urban	2.33	1.57	1.6	1.5	10.5	1.2
Rural	3.47	2.7	2.5	2.5	13.6	1.7
National	2.9	2.1	2	2	11.9	1.4

Source: Syrian Central Bureau of Statistics, household income and expenditures surveys for 1997, 2004, 2007, 2009 and ESCWA estimates for 2010 and 2013.

The change in the poorest quintile's share of total household expenditure is a social justice indicator, reflecting the level of equity in the distribution of expenditures among the different segments of the population. Data from the household income and expenditure surveys show a rise in that share from 7.91 per cent in 1997 to 8.17 per cent in 2007. It rose again to 8.7 per cent in 2013, driven by the large increase in the price of goods. The relief aid received by the poor and the sale of land and other properties owned by them before the conflict also increased their share of total household expenditure. Food was the main component of their expenditures.

Figure 2.5. Evolution of the poorest quintile's share of household expenditure, 1997-2013



Sources: Syrian Arab Republic and United Nations Development Programme, 2010; and ESCWA estimates for 2013.

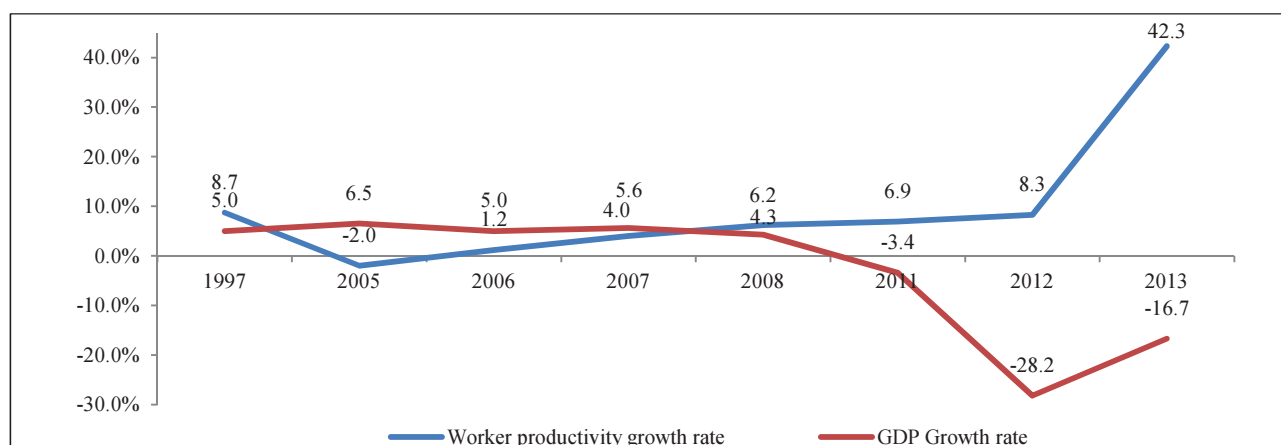
Target 1.B: Achieve full and productive employment and decent work for all, including women and young people

Indicator 1.4 Growth rate of GDP per person employed

Syrian GDP increased between 2005 and 2010 at an average rate of 4.5 per cent. During the period 2008-2010, worker productivity also increased. However, GDP dropped to negative figures in 2011, as the conflict affected overall economic growth in the country. GDP declined by 28.2 per cent in 2012 and 16.7 per cent in 2013. This decline was paralleled by a constant increase in worker productivity rate, which reached 8.25 per cent in 2012 and 42.3 per cent in 2013, owing to a reduction in the size of the labour force during the conflict that outpaced the decline in GDP.

At the regional level, an improvement was registered in the average GDP rate, which rose from 0.6 per cent to 2 per cent between 2000 and 2010, driven by high growth rates in Arab LDCs. The Syrian Arab Republic was well ranked among Arab countries until 2010.

Figure 2.6. Percentage change in GDP and worker productivity growth rates, 1997-2013



Source: ESCWA calculations based on International Monetary Fund data on the labour market and on the number of persons employed.

Note: Productivity estimates for 2013 are based on the relationship between productivity and GDP growth.

Indicator 1.5 Employment-to-population ratio

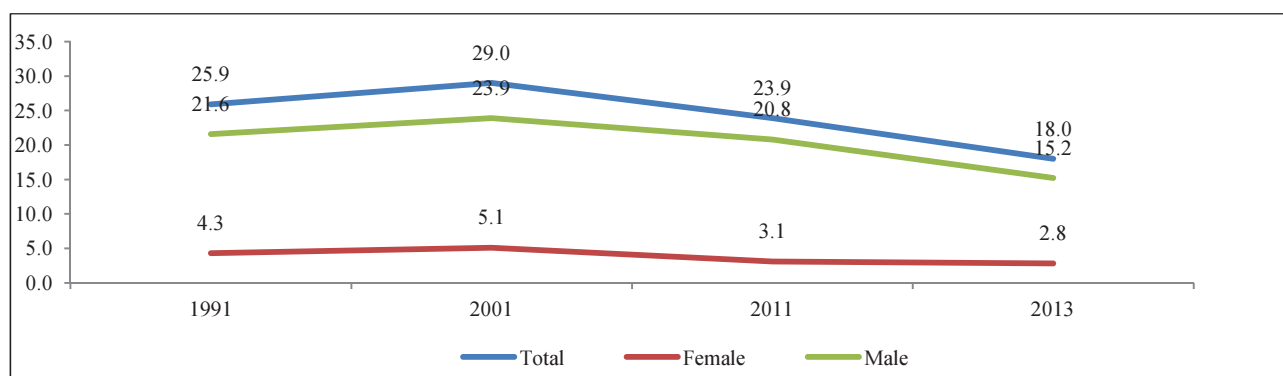
Despite the increase of the employment-to-population ratio in the Syrian Arab Republic in the 1990s, from 25.9 per cent in 1991 to 29 per cent in 2000, this ratio dropped in the following decade to reach 23.9 per cent in 2011. Meanwhile, the population growth rate fell significantly over the last two decades, reaching 2.3 per cent in 2010. The declining ratio of persons employed to total population could have been triggered by a number of factors, including labour market distortions; the mismatch between supply and demand in the labour market; the lack of proper implementation of existing labour laws; the slow pace of labour law reform; the lack of social security; the labour market's inability to absorb new job seekers; and the mismatch between the skills acquired through education and training and the qualifications required by the private sector. Men were most strongly affected by this decrease, reaching nearly 5 per cent, while the ratio increased for women by about 1 per cent over the last two decades. Given that only one indicator, namely the unemployment rate, was used, the assessment disregarded shortcomings in labour market supply, demand and regulations. The employment rate decreased over the last decade because of a slow growth in the labour force.

At the regional level, a United Nations Development Programme Report²⁶ indicated that, over the past decade, the Syrian Arab Republic has lagged behind other Arab countries, including the Sudan and Yemen, in terms of matching education with job opportunities, or, in other words, in the relation between the percentage change of the employment-to-population ratio on the one hand, and the changes in the mean years of schooling on the other hand.

In terms of the relationship between population and development, in the period preceding the conflict, the number of people participating in the labour force without being actually employed increased by 4.2 per cent annually from 2005 to 2010; whereas the employment rate experienced an annual growth of only 2 per cent, amid an accelerated rural-urban migration. However, despite the entry of an estimated 250,000 workers into the labour market each year and the Syrian economy creating an annual average of only 130,000 jobs during the same period, unemployment rates decreased. This can be explained by the structural distribution of the population participating in the labour force, mainly composed of housewives and students.

The employment-to-population ratio decreased from 23.9 per cent to 18 per cent between 2011 and 2013, equally affecting women and men. This was accompanied by substantially rising unemployment rates over the same period, from 22.33 per cent to 54.19 per cent,²⁷ as distortions in the labour market made it unable to absorb new entrants.

Figure 2.7. Employment-to-population ratio



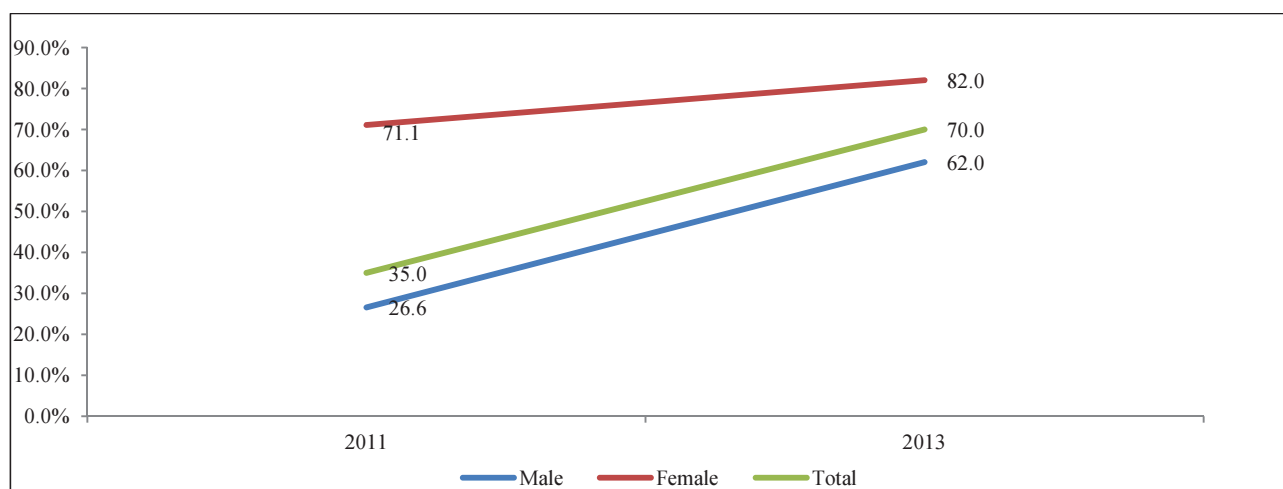
Sources: Syrian Central Bureau of Statistics labour market surveys 1991-2009; and ESCWA estimates for 2011 and 2013.

Young people play an important role in the development process, especially in the Syrian Arab Republic where young people aged between 15 and 24 made up about 22 per cent of the total population in 2010.

In 2001, they only represented 30.8 per cent of the employed population and this share fell rapidly in the years preceding the conflict, dropping to 22.2 per cent in 2007 then to 20.4 per cent in 2008, reaching 17 per cent in 2011. This decrease particularly affected young women, who represented only 10.4 per cent of the employed population in 2011. This can be attributed to a rise in the rate of enrolment in secondary and tertiary education, which has contributed to reducing the female workforce.

The conflict has led to a further decline in youth employment, with the proportion of young workers to total employees dropping to 15 per cent. The youth unemployment rate rose from 35.8 per cent to 67 per cent in 2013. Young men were particularly affected, with an unemployment rate rising from 26.6 per cent to 62 per cent between 2011 and 2013. Among young women, this rate rose to 82 per cent in 2013 after it had been 71.1 per cent in 2011.²⁸ School dropout rates might be the direct cause behind the high rate of youth unemployment, as the school dropout rate reached over 40 per cent, particularly for those aged 15 and above.

Figure 2.8. Youth unemployment rates, 2011-2013
(Percentage)



Source: Syrian Central Bureau of Statistics labour market survey for 2011; and ESCWA estimates for 2013.

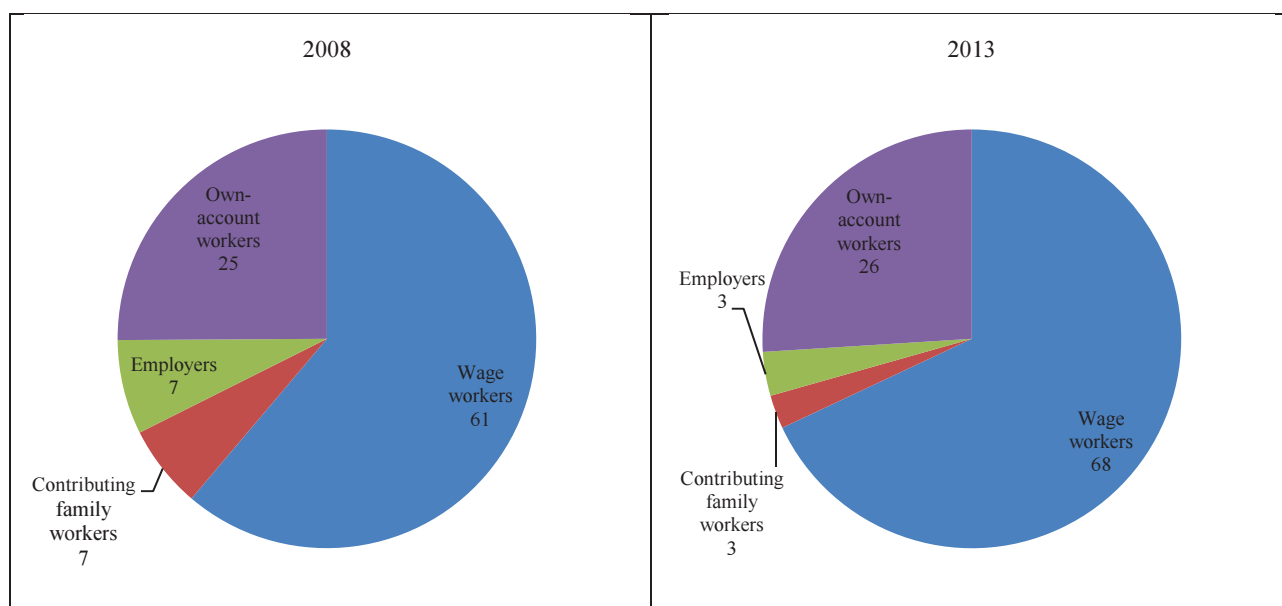
Indicator 1.7 Proportion of own-account and contributing family workers in total employment

Data on the living conditions of the workforce indicate that wages and salaries are the most important sources of income in the Syrian Arab Republic. The proportion of wage workers in the total workforce reached 53.7 per cent in 2007, and rose in 2008 to 61.2 per cent, while the proportion of self-employed workers dropped from 28.9 per cent to 25.1 per cent over the same period. The proportion of contributing family workers dropped from 8.7 per cent in 2007 to 6.4 per cent in 2008. These changes seem to indicate that employees are avoiding risk by opting for a fixed income. The high percentage of self-employment demonstrates the diversity, flexibility and vitality of economic activity. However, the slow pace in the adoption of strategies geared towards small and medium enterprises; the restricted role of the Public Commission for Employment and Enterprise Development (formerly known as the Agency for Combating Unemployment), which focuses only on training and qualifications; and limited micro- and investment loans for the establishment of special projects for skilled youth are all reasons for the continuation of reliance on paid employment.

In 2013, the proportion of wage workers reached 68 per cent, while the proportion of own-account workers (26 per cent), family workers (2.6 per cent) and employers (3.4 per cent) remained stable.²⁹ These data suggest that there were losses in businesses and projects, as a result of severe damage to small production facilities, most of which were part of the informal private sector and were operating in slums. By contrast, the ability of the public sector to prevent lay-offs during the conflict; the large-scale hiring that took place at the beginning of the conflict mainly through annual and seasonal contracts; and the formation of committees for national defence all contributed to maintaining the same percentages of public employment with stable wages.

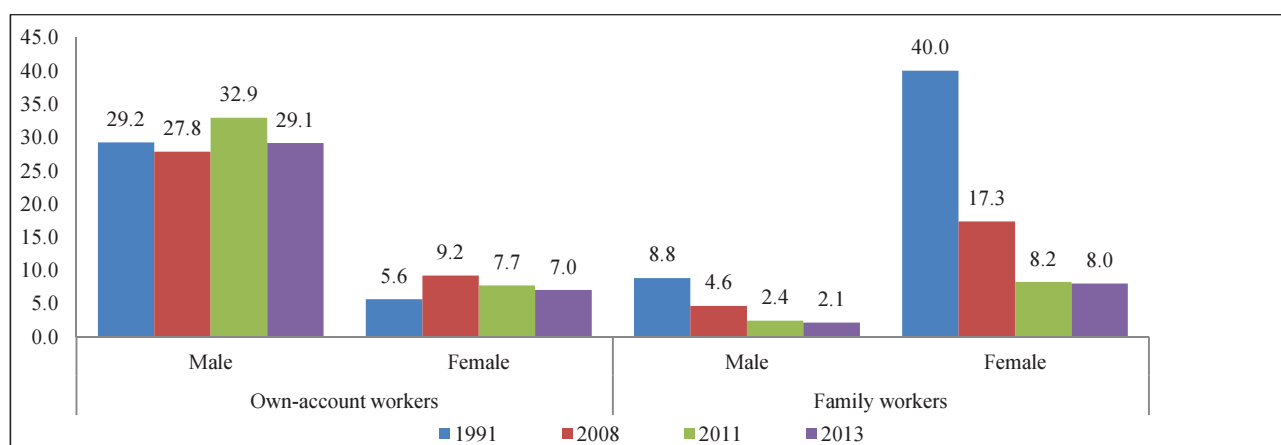
The proportions of male and female family workers continued to decline between 1991 and 2013, from 40 per cent to 8 per cent for women and 8.8 per cent to 2.1 per cent for men; whereas the proportion of own-account females rose from 5.6 per cent to 7 per cent over the same period. Male own-account males rates have remained stable over the past two decades, at around 29.1 per cent.

Figure 2.9. Worker distribution by category, 2008 and 2013
(Percentage)



Sources: Syrian Central Bureau of Statistics labour market survey for 2008; and ESCWA estimates for 2013.

Figure 2.10. Self-employed and family workers by sex over selected years
(Percentage)



Sources: Syrian Central Bureau of Statistics labour market surveys for 1991 and 2008; and ESCWA estimates for 2011 and 2013.

Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

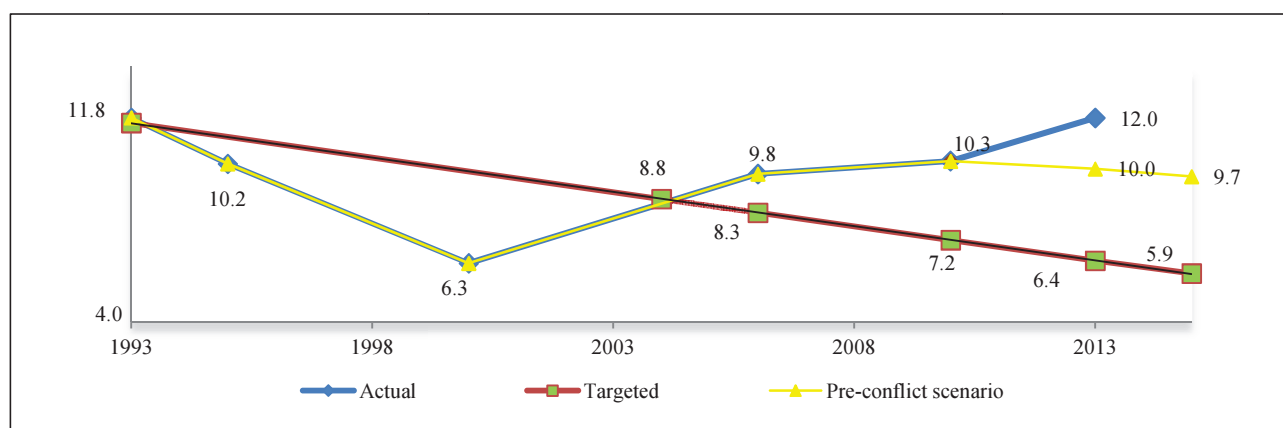
Indicator 1.8 Prevalence of underweight children under 5 years of age

The proportion of acutely and moderately underweight children aged under 5 dropped from 12 per cent in 1993 to 10.3 per cent in 2010. To reach the target, it was supposed to reach 7.2 per cent in 2010 and 6 per cent by 2015. Failure to achieve the needed decrease indicates that child malnutrition continues to prevail, because many families are unable to secure appropriate quantities and of quality food for their children. This is particularly the case in peripheral and remote areas, which continue to suffer from clear

development shortcomings in comparison with more central inland or coastal areas. Moreover, the prevalence of diseases that affect children's health, such as diarrhoea and infectious diseases, have a detrimental impact on the future physical and intellectual capacities of children. Failure to reach this target has led to an increase in the performance gap in Goal 1 and related health goals by 30 per cent. The underweight prevalence indicator is very revealing in the assessment of development, as it is related to several health, nutritional, social and economic factors.

The conflict in the Syrian Arab Republic has had multifaceted repercussions for food security. It damaged water and sanitation infrastructure, and caused the deterioration of household economic conditions, as many people lost their livelihoods and suffered from an erosion of savings, poor health, pollution and diseases, especially infectious ones. All these factors led to a drop in the health and food security of the population in general and children in particular. The proportion of underweight children under 5 rose from 10.3 per cent to 12 per cent between 2011 and 2013,³⁰ a figure equivalent to the one registered in 1995. More than 1 in every 10 Syrian children now suffer from malnutrition and are underweight. The conflict raised the gap in this indicator to 45 per cent. Thus, achieving the related Goal is not likely as health, environment and nutrition conditions are expected to deteriorate, particularly in the short-term.

Figure 2.11. Prevalence of underweight children under 5, 1993-2013
(Percentage)



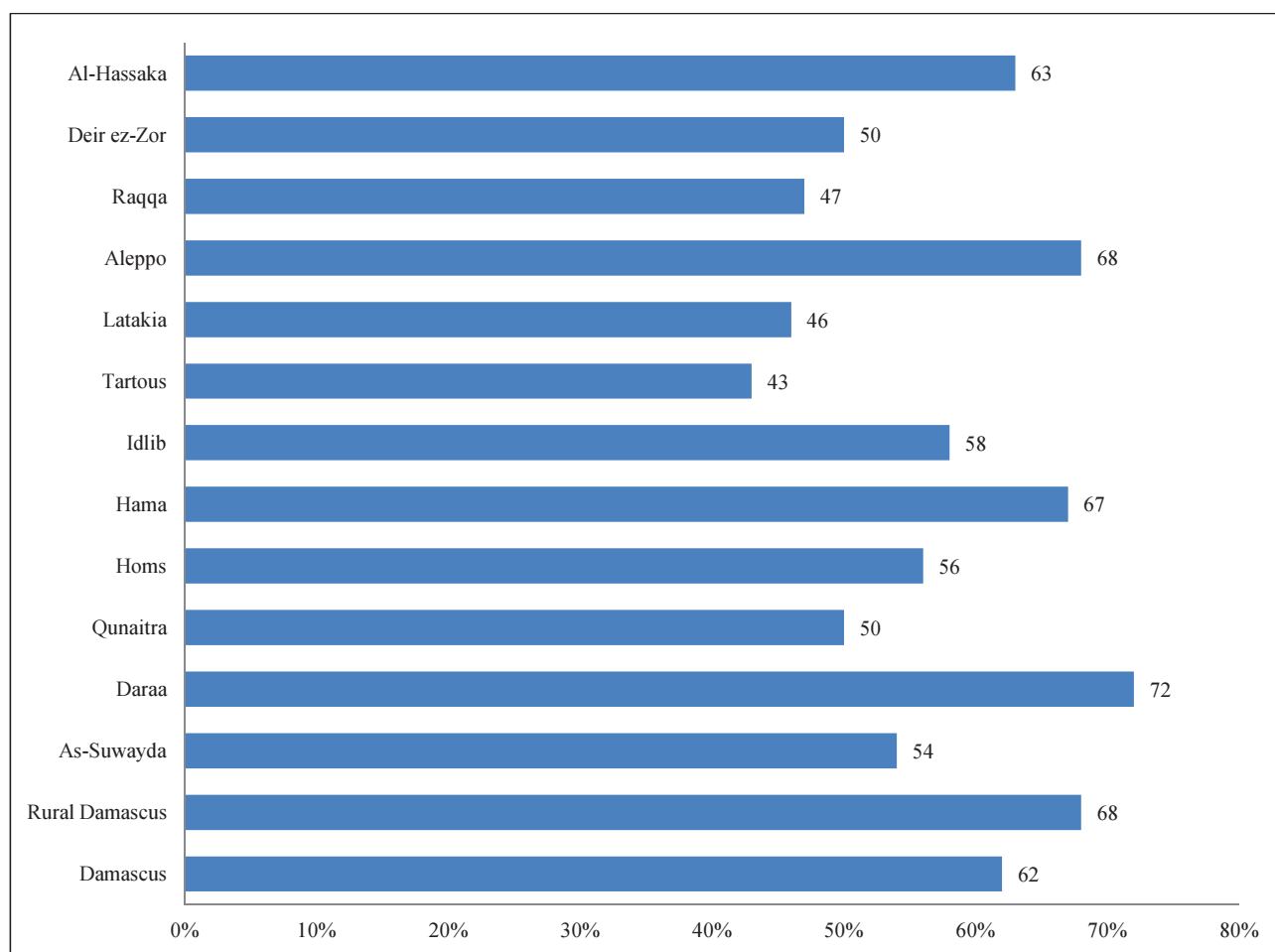
Source: Syrian Central Bureau of Statistics multiple indicator surveys and family health surveys; and ESCWA estimates.

The north-eastern governorates of the country witnessed the highest rates of child malnutrition according to 2009-2010 family health survey data, with the governorates of Deir ez-Zor, Al-Hasakah, Aleppo and Raqqah registering rates of 15.2 per cent, 14.2 per cent, 12.7 per cent and 12.6 per cent, respectively. Meanwhile, the coastal governorates and the southern region registered the lowest rates. The governorates of As-Suwayda, Latakia, Tartous and Daraa registered 1.2 per cent, 2.9 per cent, 5.2 per cent and 5.7 per cent, respectively.

Indicator 1.9 Proportion of population below minimum level of dietary energy consumption

Findings from the Joint Rapid Food Security Needs Assessment mission conducted in November 2013 by the Food and Agriculture Organization of the United Nations (FAO) and the World Food Programme indicate that the current conflict has had a negative impact on food availability and prices. There was a direct reduction in the volume of agricultural inputs and outputs because of sanctions and disruptions in the value chain and markets. The large increase in domestic food prices was linked to the 100 per cent rise in the prices of diesel, agricultural equipment, fertilizers and seeds. The majority of respondents to the FAO assessment reported that the conflict has heavily affected the availability of dairy products (which declined by 76 per cent), legumes (68 per cent) and vegetables and meat (67.5 per cent). A large majority of the respondents (85-99 per cent) said that food prices have significantly increased since the start of the conflict.

Figure 2.12. Average expenditure on food by Syrian governorates
(Percentage)



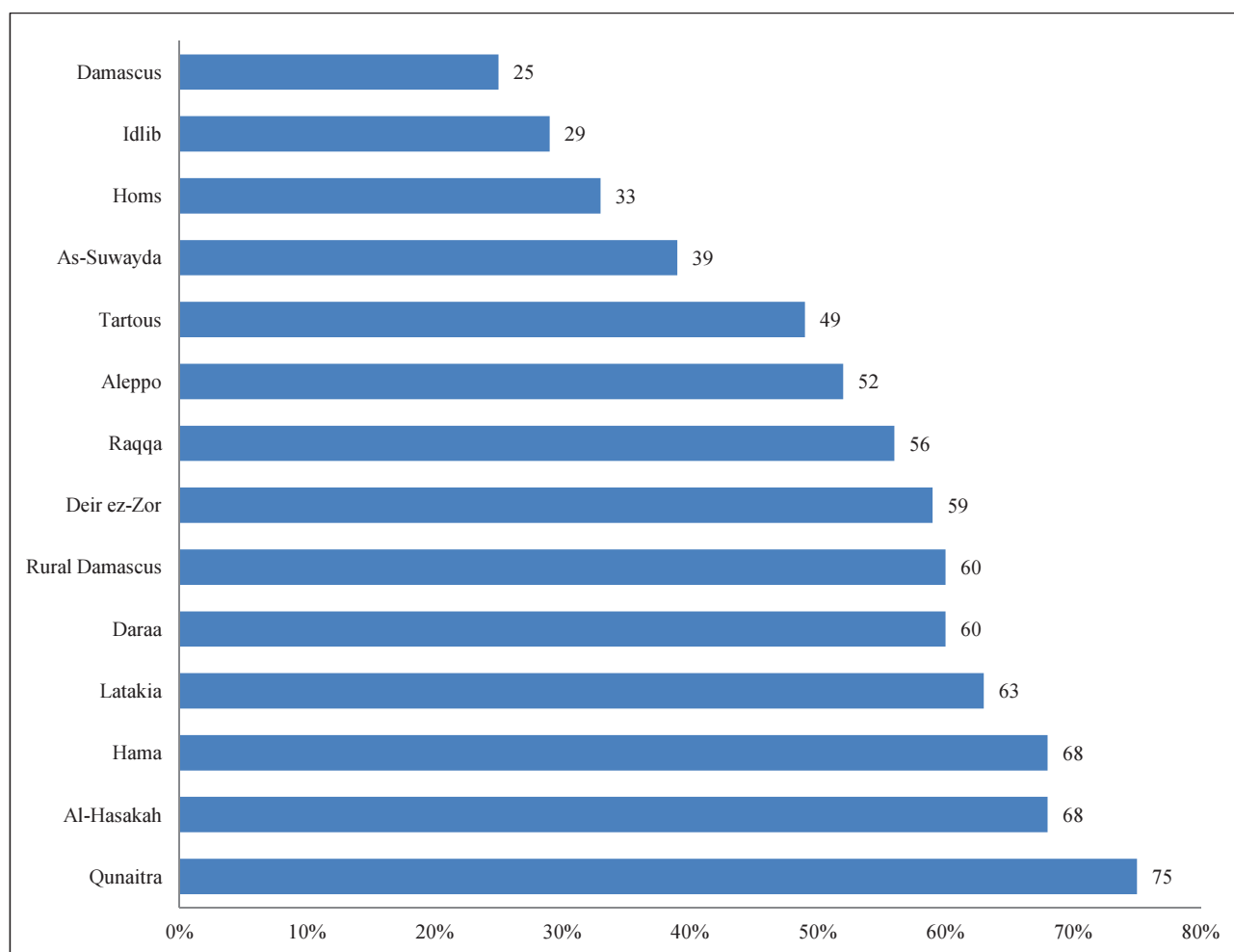
Source: Food and Agricultural Organization, World Food Programme and the Syrian Arab Republic, *Joint Rapid Food Security Needs Assessment Report 2013* (December).

The considerable depreciation of the Syrian pound and the rapid rise in inflation undermined the ability of Syrian households to meet their basic needs and cope with the conflict. The results of the assessment clearly showed that food expenditure has also been affected by the conflict: households allocated an average of 60 per cent of total expenditure on basic foodstuffs as a result of high prices and rationed expenditure on non-essential goods. These goods were either unavailable or consumers could no longer afford them. In some governorates, the proportion of income devoted to basic foods was even higher, reaching 72 per cent in Daraa and 68 per cent in Aleppo and Damascus.

The conflict has also significantly affected the habits of the entire population, including resorting to cheaper foodstuffs; reducing the number and size of meals; and selling assets such as livestock to secure food needs. Much of the population now relies on food aid, food sharing and borrowing. As for keeping food stocks, only 70 per cent of the population were able to store supplies in 2013, compared to 90 per cent in 2012.

As shown in figure 2.13, survey respondents estimated that 52 per cent of the population does not have sufficient income to buy food, amounting to about 10 million people suffering from food insecurity. People who were polled estimated that the proportion of the population without sufficient income to buy food was 25-75 per cent, depending on the province.

Figure 2.13. Proportion of people with insufficient income to buy food by governorate, as estimated by survey respondents (Percentage)



Source: Food and Agricultural Organization, World Food Programme and the Syrian Arab Republic, 2013.

The proportion of the population below the minimum level of dietary energy consumption refers to the condition of people whose food consumption is continuously below a minimum dietary energy requirement for maintaining an acceptable minimum body size, a healthy life and carrying out light physical activity. According to United Nations estimates, 5 per cent of the Syrian population were below the minimum level of dietary energy consumption in 2011. This figure rose to 19.1 per cent in 2013, as a result of the conflict, following a deterioration in living conditions and food shortages.

GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

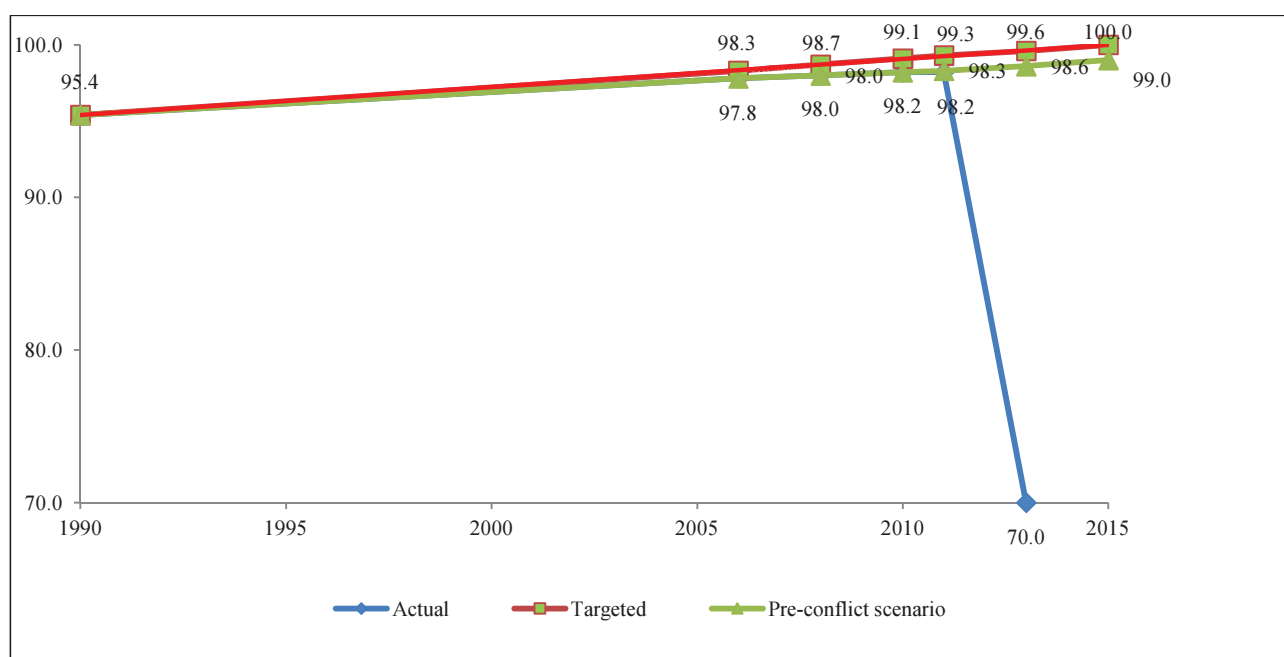
Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Indicator 2.1 Net enrolment ratio in primary education

The conflict in the Syrian Arab Republic brought about major economic and social development changes. It rapidly affected all development indicators, including those related to education, as it directly impacted infrastructure and institutional and human resources. The spread of violence; the displacement of

families; and obstacles hampering school attendance for both students and teachers all contributed to a decrease in the net enrolment ratio in basic education from 98.2 per cent in 2011 to 70 per cent in 2013.³¹ This decline applied to boys and girls alike, as the proportion fell from 98.5 per cent to 71.6 per cent for boys between 2011 and 2013; and from 98.2 per cent to 68.2 per cent for girls over the same period. The 2013 ratio is thus similar to that of the 1980s, indicating significant losses in the development gains of the last few decades: 4 in 10 children of basic education age are out of school, more than half of whom are girls. The problem is exacerbated by a dropout rate of around 50 per cent.

Figure 2.14. Enrolment rates in basic education, 1990-2013



Source: Syrian Arab Republic and UNDP, 2010; and data from the Ministry of Education for 2012-2013.

At the subnational level, the conflict deepened the development disparity between Syrian governorates. Gaps were most severe in achieving universal basic education: several governorates have registered particularly low enrolment rates, including Aleppo (33 per cent), Rural Damascus (58 per cent), Deir ez-Zor (63 per cent) and Daraa (64 per cent), while others have reached much higher rates, such as Tartous and As-Suwayda (100 per cent) and Latakia (99 per cent). These figures accurately mirror the effects of the conflict in the different governorates. Aleppo, for example, saw very intense violence, in both its rural and urban areas, and has unsurprisingly registered the lowest enrolment rate. The disparities will have long-term effects on subnational development, given that the education gaps caused by the conflict will pose serious challenges to formulating and implementing balanced national educational policies at a later stage.

The impact of the conflict was not limited to enrolment rates in basic education; it also greatly affected the sustainability of the educational process. Governorates registered diverse rates of student attendance,³² ranging between 100 per cent in Al-Hasakah, Latakia, Damascus and Qunaitra and 55 per cent in Homs, with about 70 per cent in Idlib and Aleppo. Another equally important education indicator is the attendance of teachers, supervisors and administrators. It reached 85 per cent in the province of Homs and 90 per cent in Deir ez-Zor, whereas it ranged between 95 per cent and 100 per cent in the rest of the governorates.

Although the student and teaching staff attendance rate might seem high at the governorate level, data can be misleading if the local minimum levels are not taken into account. Attendance was zero in some cities and regions, such as Douma, al-Tall, Sakba, Hammourieh, Jisrin, Kafr Batna and Rankous in Rural Damascus, as well as in some villages in Yabroud, Zabadani, Maadamieht al-Sham, Daraya and Qatana.

Moreover, some neighbourhoods in Homs, such as Al-Mahatta, Al-Inshaat, Al-Waer, Bab Dreib, Baba Amr, Al-Midan, Al-Qsoor, Deir Bahla, Al-Bayada, Al-Khalidiya, Ghouta, Al-Boostan and Bab Al-Sibah registered zero attendance. The rural areas of Homs such as Rastan, Tel Kalakh, Qusayr, Talbisah, Taldou and Al-Mahatta, and Nawa, al-Sheikh Meskin, Ankhal, Al-Hara, Basra and Izra al-Hirak in Daraa also witnessed an almost complete lack of attendance.

The three years of conflict in the Syrian Arab Republic have led to the loss of more than a decade of progress in child education. There are 4.8 million Syrian children of school age today, 2.2 million of whom are in the country and out of school. More than half a million children have sought refuge and do not go to school in host countries. The numbers are increasing by the day.

Prior to the conflict, the Syrian Arab Republic had nearly reached the needed primary education enrolment rates to achieve Goal 2, but the conflict has led to the derailment of the Millennium target by 38 per cent, reducing the net enrolment ratio to a level not seen since in the early 1980s.

The capacity to get back on track and achieve Goal 2 does not only depend on restoring stability. Many other elements are required but lacking. School infrastructure has collapsed, as nearly 4,072 schools have been partly or completely destroyed and approximately 18 per cent of all schools are being used as shelters for refugees, mainly in Aleppo, Idlib, Rural Damascus and Daraa. Thousands of teachers have become refugees or internally displaced; it will thus be difficult to compensate that loss and resume the educational process. In addition, 222 teachers were casualties of the conflict. Meanwhile, the deteriorating economic conditions of many households and the loss of homes and livelihoods have undermined the capacity to finance children's education, in a context of increasing educational expenses.³³ There has been a significant reduction in State education budgets, with expectations of further budget cuts following the return to stability, owing to reduced State revenues and the use of part of the education budget to finance investments and the current spending. Government investment in the education sector thus witnessed a significant drop between 2010 and 2012 (table 2.2)

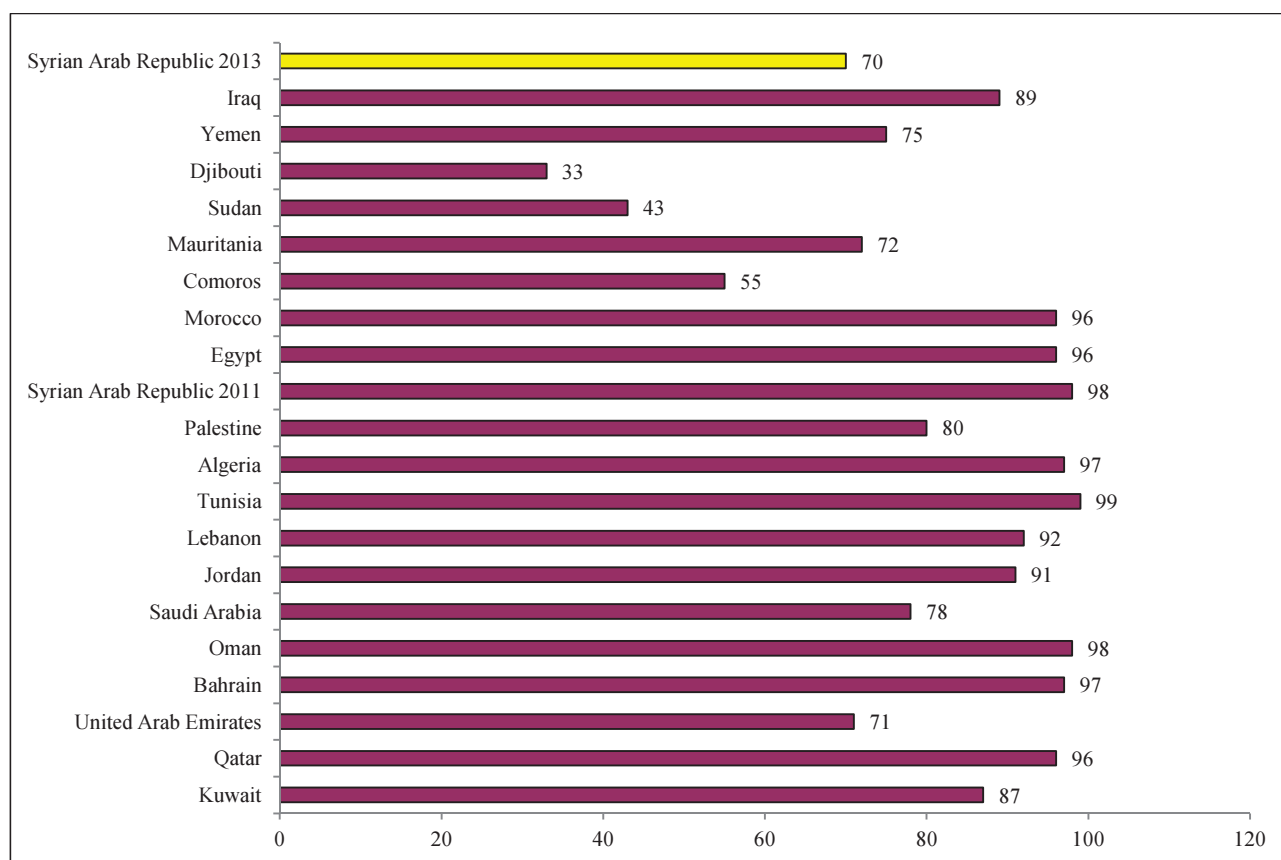
TABLE 2.2. EDUCATION EXPENDITURE
(Billions of Syrian pounds)

Year	Pre-university education	University and higher education
2010	28.0	7.4
2011	21.0	5.0
2012	15.5	4.0

Source: Data from the Ministry of Education.

The conflict has considerably changed the ranking order of the Syrian Arab republic among Arab countries in terms of education performance, reversing decades of progress and derailing efforts towards achieving Goal 2.

Figure 2.15. Basic education enrolment rates in Arab countries, 2011
(Percentage)



Source: United Nations and League of Arab States, 2013; and data from the Syrian Ministry of Education for 2013.

Note: Data were also provided for 2013 in the case of the Syrian Arab Republic to help assess conflict impact.

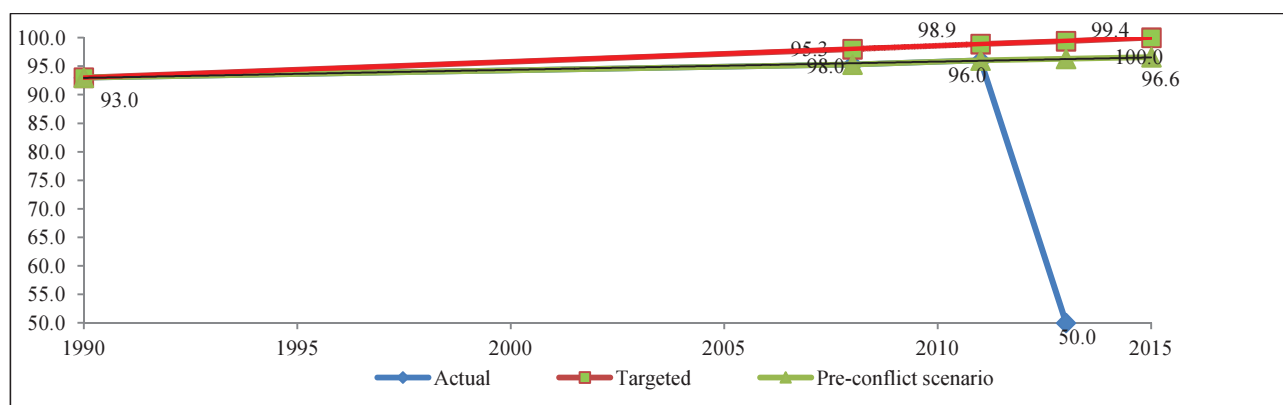
Indicator 2.2 Proportion of pupils starting grade one who reach last grade of primary

This indicator reveals the efficiency of the education system, measuring its ability to maintain pupils from one grade to the next. Data on the proportion of pupils who completed their primary education in the Syrian Arab republic show an increase from 93 per cent in 1990 to 95.3 per cent in 2008, then to 96 per cent in 2011.

Following the start of the conflict, the percentage of students who reach the fifth grade in primary education dropped from 96 per cent in 2011 to 50 per cent in 2013. Thus, the gap from the target widened from 2.9 per cent in the period 1990-2011 to 49.4 in 2011-2013. This is due to two reasons: the first relates to development shortcomings and the second more directly to the conflict, which has intensified with over 1 million displaced, both inside and outside the country, including children of primary education age. Children's education ceased to be a priority with rising education costs and an increase in the prices of food, housing and other basic needs. This will result in the loss of many more years of schooling and will thus affect the multidimensional poverty index, including the indicator on mean years of schooling used to calculate the Human Development Index.

At the subnational level, the governorates saw a disparity in the rate of access to the fifth grade in 2013, as some, such as Tartous at 100 per cent, As-Suwayda at 96 per cent and Latakia at 91 per cent, had already met Goal 2 requirements. Meanwhile, other governorates, such as Aleppo at 23 per cent, Idlib at 42 per cent, and both Deir ez-Zor and al-Qunaitra at 45 per cent, registered very low rates.

Figure 2.16. Proportion of pupils starting grade one who reach last grade of primary, 1990-2013
(Percentage)

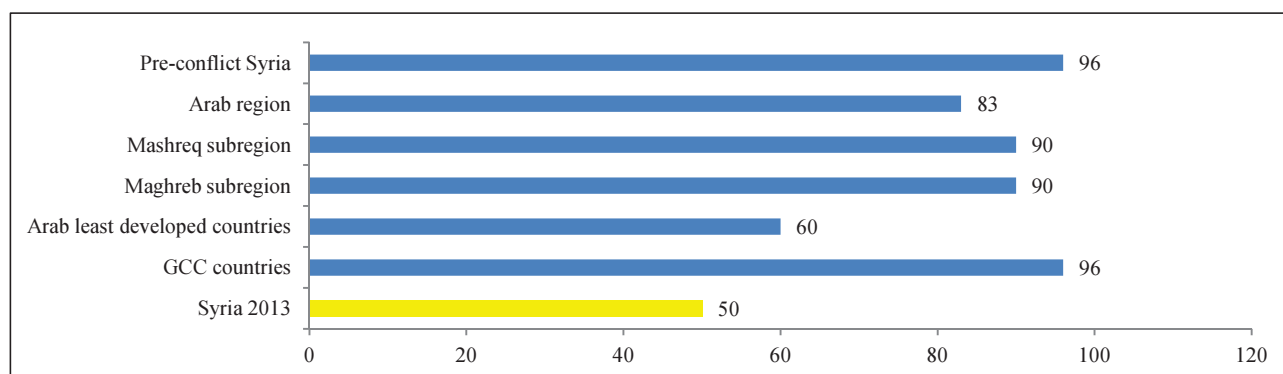


Source: Syrian Arab Republic and UNDP, 2010; and data from the Syrian Ministry of Education on 2012 and 2013.

School dropout is one of the major reasons hindering the completion of primary education. It rose from 3.3 per cent in 2011 to 41 per cent in 2013, with considerable disparity between governorates; a sign of the varying degrees of safety in different parts of the country. The highest dropout rates were registered in the governorates of Aleppo (71 per cent) and Idlib (48 per cent), whereas the lowest were registered in the governorates of Damascus and Al-Hasakah (0.2 per cent), Tartous (0.6 per cent) and As-Suwayda (0.7 per cent).

The Syrian Arab Republic was well ranked among other Arab countries up until 2011 in terms of primary education completion, above the subregional averages of Mashreq and Magherb countries. The conflict has now left it among the least developed countries in terms of this indicator (figure 2.17).

Figure 2.17. Primary education completion rates in the Syrian Arab Republic and in Arab subregions, 2010



Abbreviation: GCC, Gulf Cooperation Council.

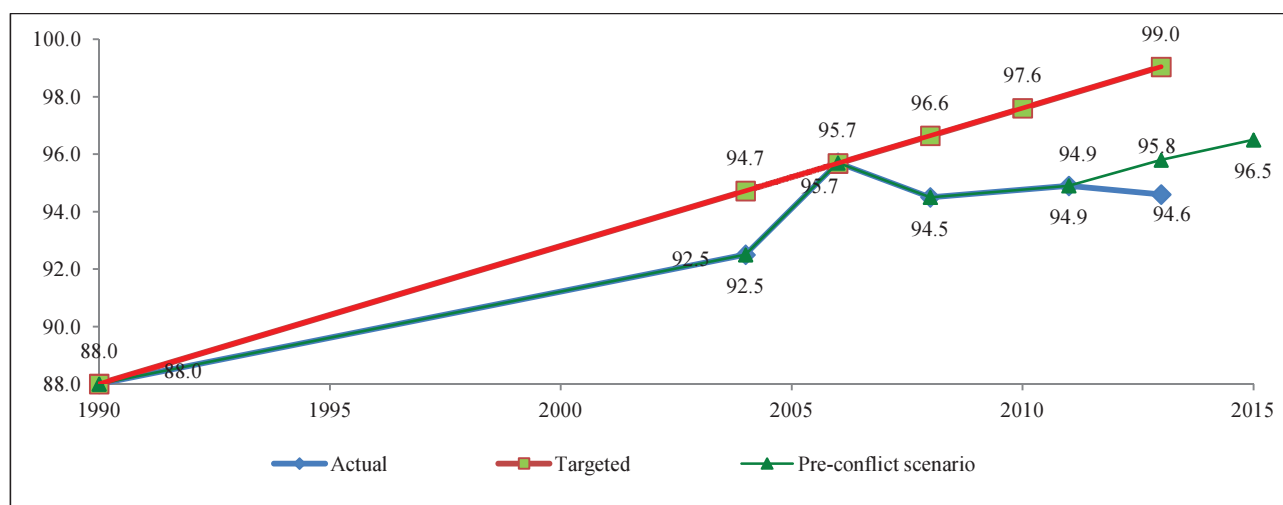
Source: United Nations and the League of Arab States, 2013; and data from the Syrian Ministry of Education for 2013.

Note: Data were also provided for 2013 in the case of the Syrian Arab Republic to help assess conflict impact.

Indicator 2.3 Literacy rate of 15-24 year-olds, women and men

A comparison of the results for this indicator between 1990 and 2011 and the targeted figures to achieve Goal 2 by 2015 shows a development gap of 4 per cent, caused by previously high primary school dropout rates and insufficient efforts in combating illiteracy among young people. Thus, resuming past efforts will not be sufficient to reach the target, not taking into account the effects of the conflict.

Figure 2.18. Literacy rates for those aged 15-24, 1990-2013
(Percentage)



Sources: Syrian Arab Republic and UNDP, 2010; and ESCWA estimates for 2013.

The literacy rate of those aged between 15 and 24 decreased slightly between 2011 and 2013, from 94.9 per cent to 94.6 per cent.³⁴ The governorates of Raqqa and Deir ez-Zor registered the lowest rate for this age group, 85.8 per cent. Even though literacy rates among adults are not directly affected by conflict, a rise in illiteracy in the Syrian Arab Republic could be registered in the coming years, if the conflict and lack of school enrolment persist.

GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

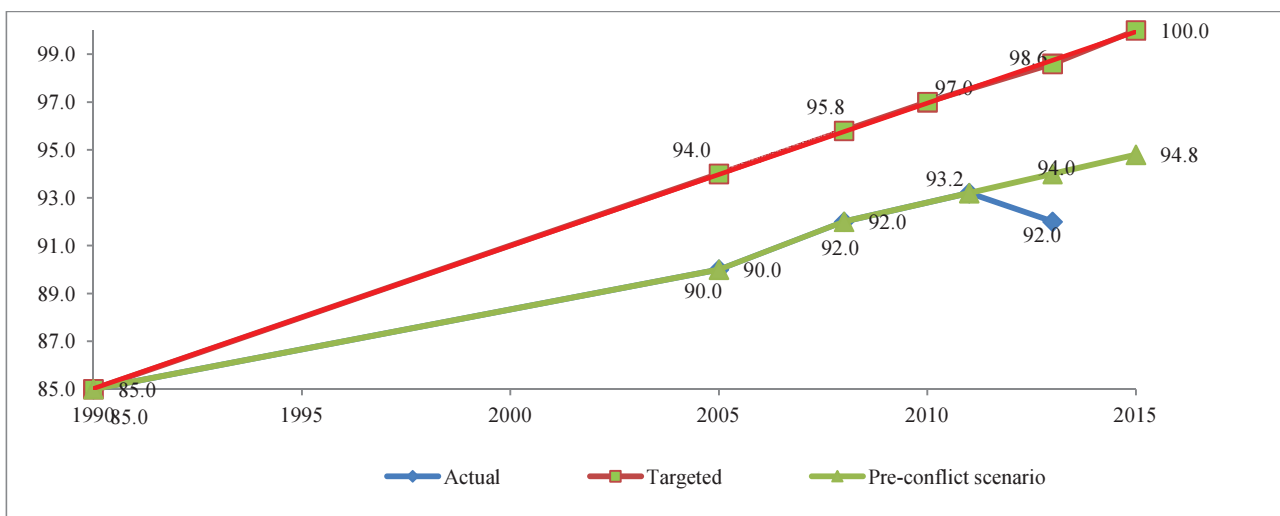
Indicator 3.1 Ratio of girls to boys in primary, secondary and tertiary education

The ratio of girls to boys in primary, secondary and tertiary education decreased from 93.2 per cent to 92 per cent between 2011 and 2013, thus increasing the existing gap between actual and targeted figures to 18.9 per cent in 2013. The ratio of girls to boys in secondary education also decreased from 102.9 per cent in 2011 to 97.5 per cent in 2013. As for tertiary education, the ratio of girls to boys dropped from 93.1 per cent in 2011 to 84.6 per cent in 2013.

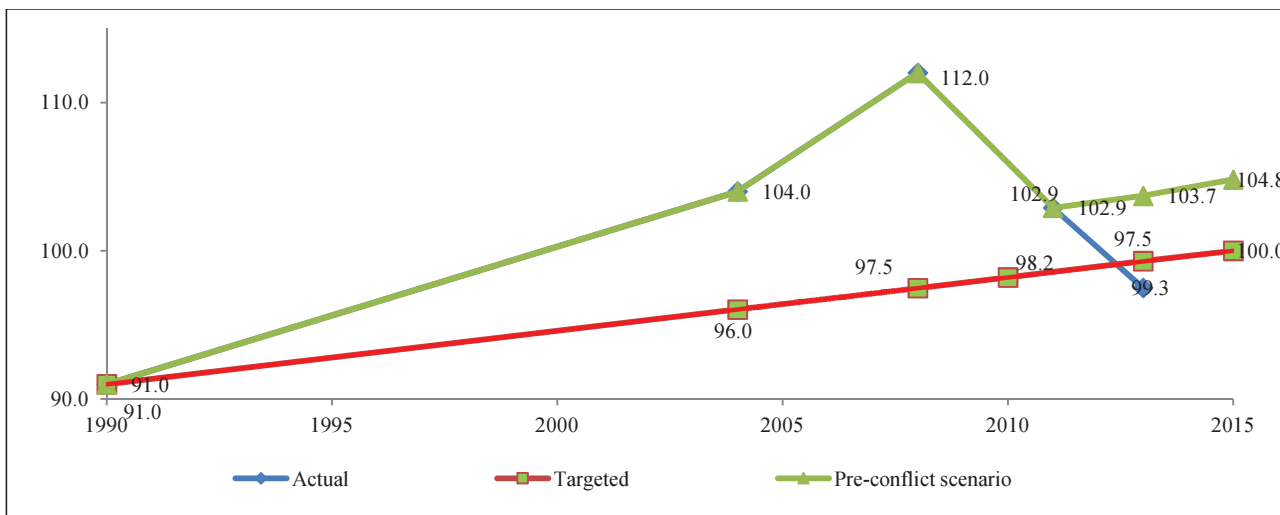
Overall, the crisis has affected the girls' education, especially at the secondary and tertiary levels. Many factors have contributed to increasing the educational gender gap, including instability; rising risks for women and girls; the living conditions of households causing many families to sacrifice the education of their daughters for that of their sons; and the rising costs of transportation and school supplies, particularly at the tertiary level. Moreover, the displacement of families to refugee camps impedes their freedom of movement, thus causing girls to lose access to education.

Figure 2.19. Ratios of girls to boys in selected education levels, 1990-2015

(A) Ratios of girls to boys in basic education levels (6 to 14 years old)



(B) Ratios of girls to boys in secondary education



(C) Ratios of girls to boys in vocational secondary education

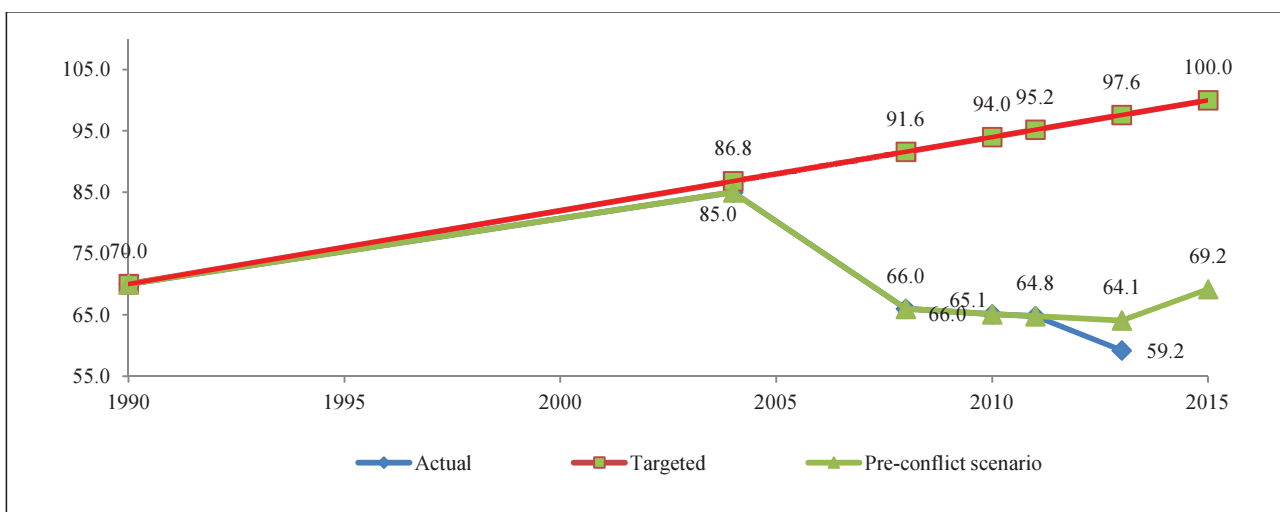
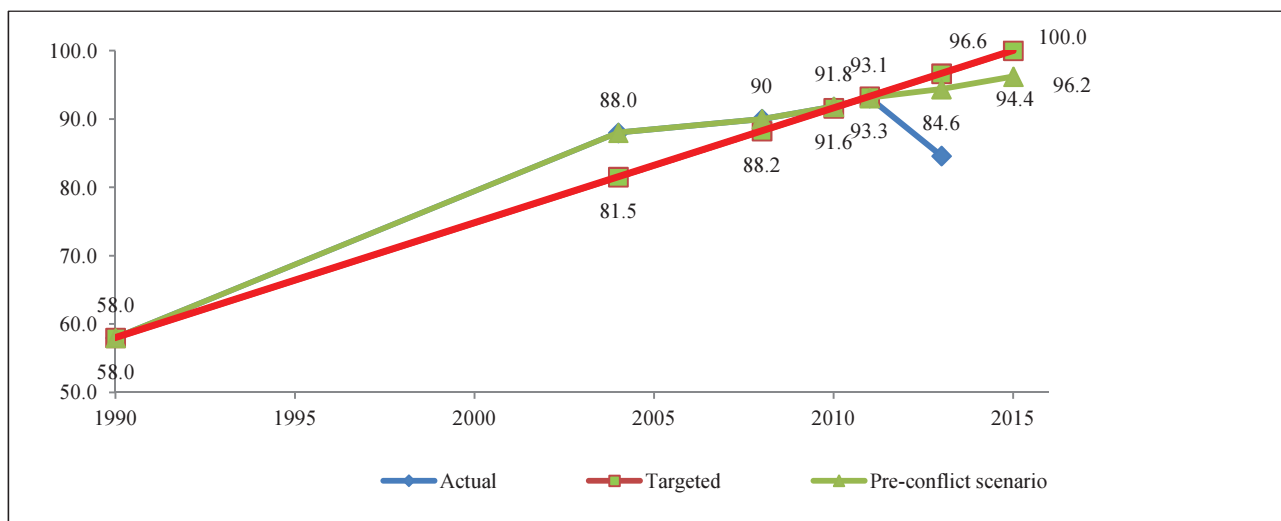


Figure 2.19 (continued)

(D) Ratios of girls to boys in higher education

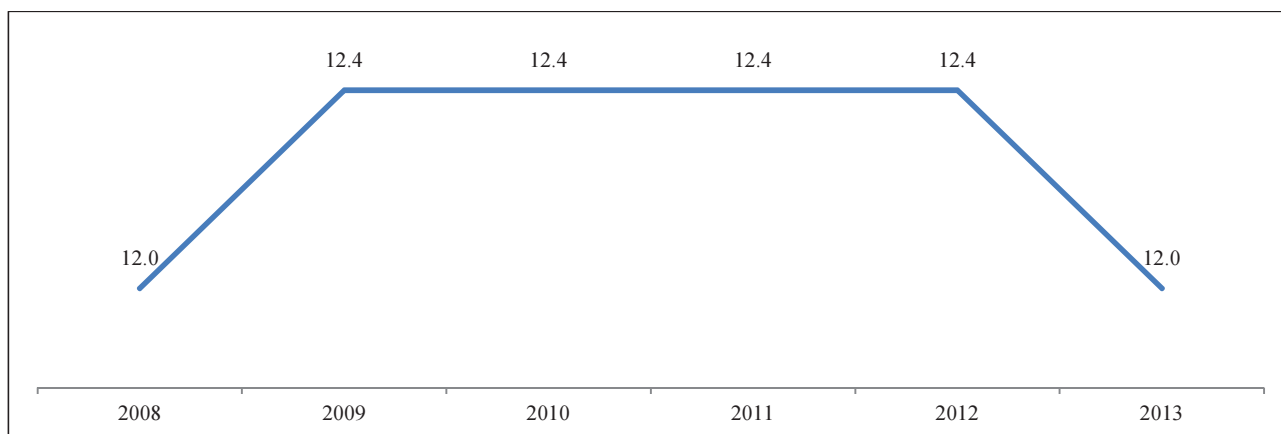


Source: Syrian Arab Republic and UNDP, 2010; and data from the State Planning Commission for 2010, the Central Bureau of Statistics for 2011 and the Ministry of Education for 2013.

Indicator 3.3 Proportion of seats held by women in national parliament

The percentage of female representation in the Syrian legislative authority saw a substantial increase since the first legislative term in 1971, when the rate of women's participation in the People's Council did not exceed 2 per cent. This percentage rose to 9.6 per cent in the fifth legislative term from 1990 to 1994, and increased again to 12.4 per cent in the ninth legislative term from 2007 to 2011. In recent elections, this rate fell back to 12 per cent, amounting to 30 women from 250 members,³⁵ noting that women's representation in Parliament is subject to a quota system in the Syrian Arab Republic.

Figure 2.20. Percentage of seats held by women in the People's Council, 2008-2013



Source: Inter-Parliamentary Union data, available from www.ipu.org.

GOAL 4: REDUCE CHILD MORTALITY

Target 4.A: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate

Indicator 4.1 Under-five mortality rate

The under-five mortality rate decreased significantly from 41.7 deaths for every 1,000 live births in 1993 to 20.8 deaths for every 1,000 live births in 2010. This indicator was on track to reach the target; however, in 2011, the rate increased to 21.4 deaths for every 1,000 live births. It was estimated that it would have reached 20.3 in that same year if conflict had been avoided.

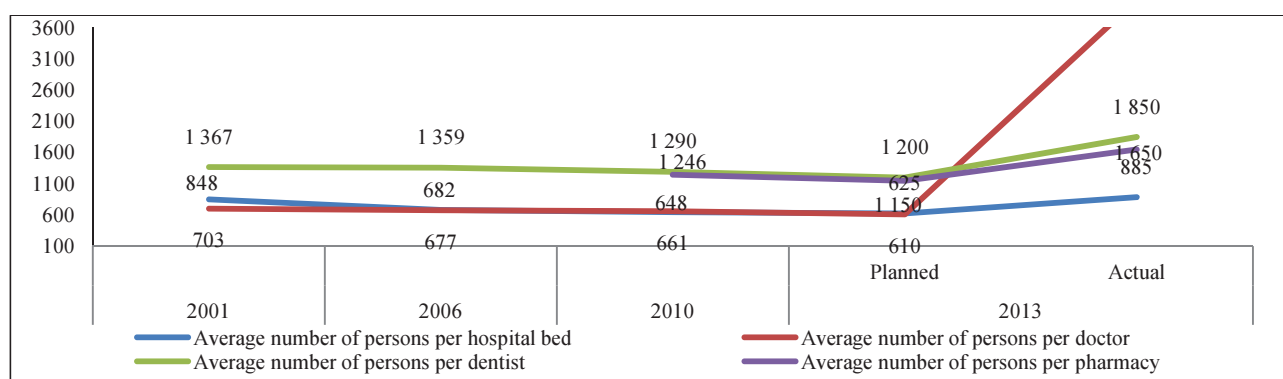
By the end of 2013, there were 57 hospitals with total or partial damage owing to the conflict, 37 of which were out of service by the end of the first half of 2013. In addition, there were 593 damaged health centres and clinics, of which 359 were out of service and 203 were insecure. Most of these centres are located in the governorate of Aleppo (162 centres), followed by Deir ez-Zor (90 centres) and Tartous (1 centre). There are 25 damaged health facilities, 17 of which are out of service; as well as 478 ambulances damaged as follows: 163 hijacked, 18 burnt, 121 damaged beyond repair and 176 with minor damage. As for medical personnel, there were 67 deaths, 103 injured and 21 cases of kidnapping in the first half of 2013, in addition to the emigration of many qualified health personnel.

Child immunization rates, which were nearly 100 per cent across all governorates prior to the conflict, fell sharply with its outbreak to 50-70 per cent in Homs, Aleppo, Idlib, Deir ez-Zor, Hama, Daraa and Rural Damascus due to difficulties in accessing these governorates and a shortage of vital vaccines, especially imported ones.

These developments are negatively affecting the health of the whole population in general and children in particular, as follows:

- The average number of persons per hospital bed increased from 648 in 2010 to 885 in 2013, compared with a projection for that year of 625 had the crisis not begun;
- The average number of persons per doctor increased from 661 in 2010 to 4,041 in 2013, compared with a previous projection for that year of 610;
- The average number of persons per dentist increased from 1,290 in 2010 to 1,850 in 2013, compared with a previous projection for that year of 1,200;
- The average number of persons per pharmacy increased from 1,246 in 2010 to 1,650 in 2013, compared with a previous projection for that year of 1,150.

Figure 2.21. Population per doctor and hospital bed, 2011-2013

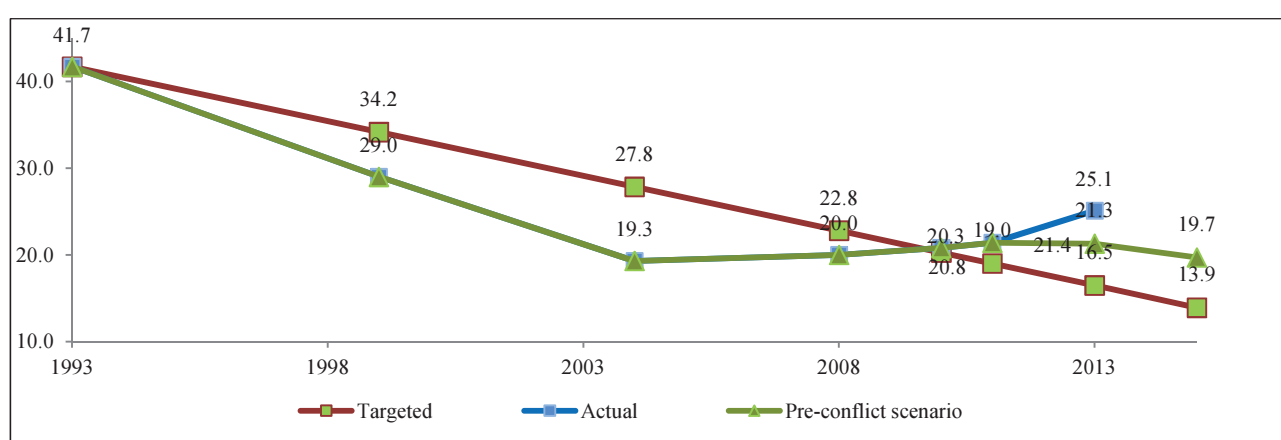


Sources: ESCWA calculations based on data regarding hospital beds, health centres and doctors from the Syrian Ministry of Health; and on data from the Central Bureau of Statistics on population size.

The deterioration in the situation between 2010 and 2013 is mainly due to the following two reasons: firstly, there was a decline in investment in the health sector, particularly over the period 2012-2013, following a decrease in health expenditure from SYP 7.5 billion in 2010 to SYP 5.2 billion in 2011. This trend continued in 2012, with the budget of public health expenditure dropping to SYP 4.4 billion, then to SYP 6.5 billion in 2013, despite the significant increase in medical needs as a result of the conflict. Moreover, the limited possibility of implementing health projects, particularly in the most dangerous governorates, played a role in this decline. Secondly, the conflict resulted in great damage to health-care infrastructure

The factors have caused the Syrian Arab Republic to underperform in many of its key Goal health targets, including the under-five mortality rate, which increased from 21.4 deaths for every 1,000 live births in 2011 to 25.1 deaths per 1,000 live births in 2013; a 15 per cent deviation from the pre-conflict scenario.

Figure 2.22. Under-five mortality rates, 1993-2013
(Percentage)



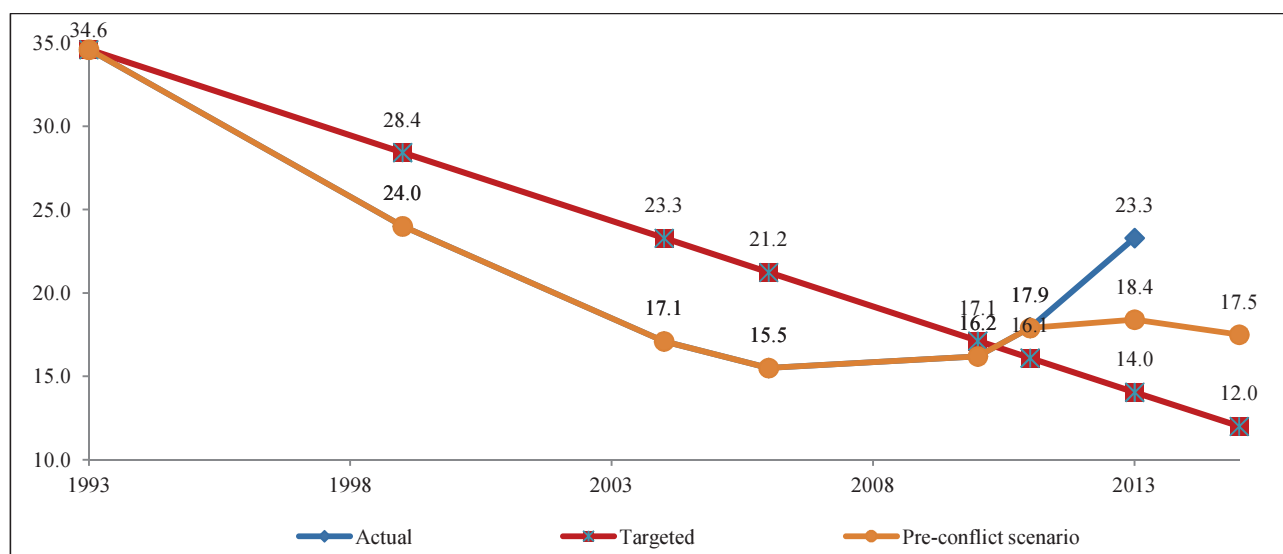
Source: Syrian Arab Republic and UNDP, 2010; Commission on Population estimates; and Syrian Arab Republic Higher Commission for Scientific Research estimates for 2013.

Indicator 4.2 Infant mortality rate

Many factors have affected the infant mortality rate in the Syrian Arab Republic since the outbreak of the conflict, including low levels of health services for children and mothers that became non-existent in some parts of the country; poor nutrition; environmental pollution and unsafe drinking water; and increased food insecurity affecting over a quarter of the population. The infant mortality rate has thus significantly increased from 17.9 deaths per 1,000 live births in 2011 to 23.3 deaths per 1,000 live births in 2013; a rate similar to the one recorded in 1999. The country is therefore currently witnessing a 35 per cent deviation from the Millennium target.

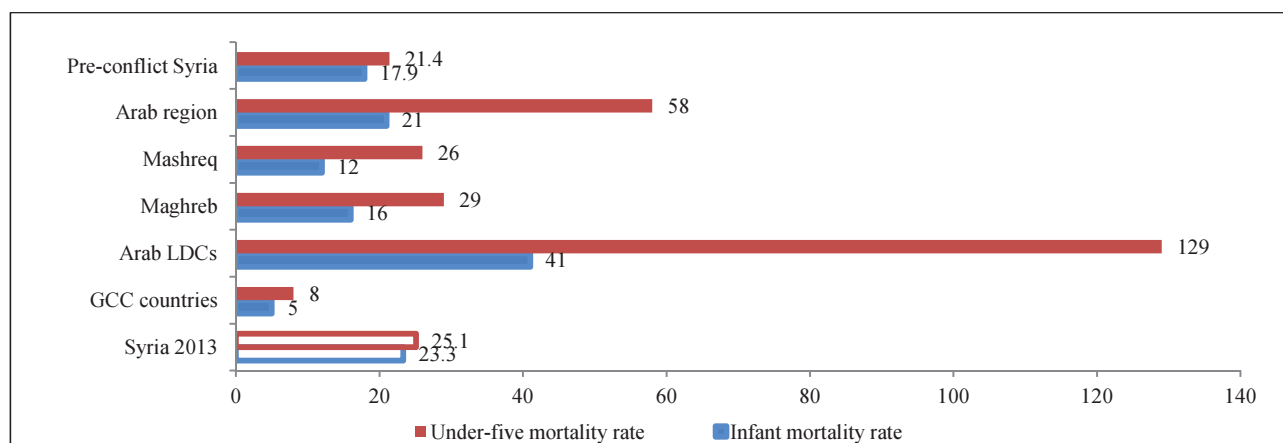
At the regional level, in 2011, the Syrian Arab Republic registered an under-five mortality rate lower than the Arab region's average, and lower than the averages of the Mashreq, Maghreb and Arab LDCs subregions. The case is almost the same for neonatal mortality, in which the country also registered a rate lower than the regional average, which stood at 21 deaths per 1,000 live births in 2011, and lower than the averages of the Mashreq and Maghreb subregions.

Figure 2.23. Infant mortality rate, 1993-2013
(Percentage)



Source: Syrian Arab Republic and UNDP, 2010; Commission on Population estimates; and Syrian Arab Republic Higher Commission for Scientific Research estimates for 2013.

Figure 2.24. Under-five mortality rate in the Syrian Arab Republic, the Arab region and subregions, 2011



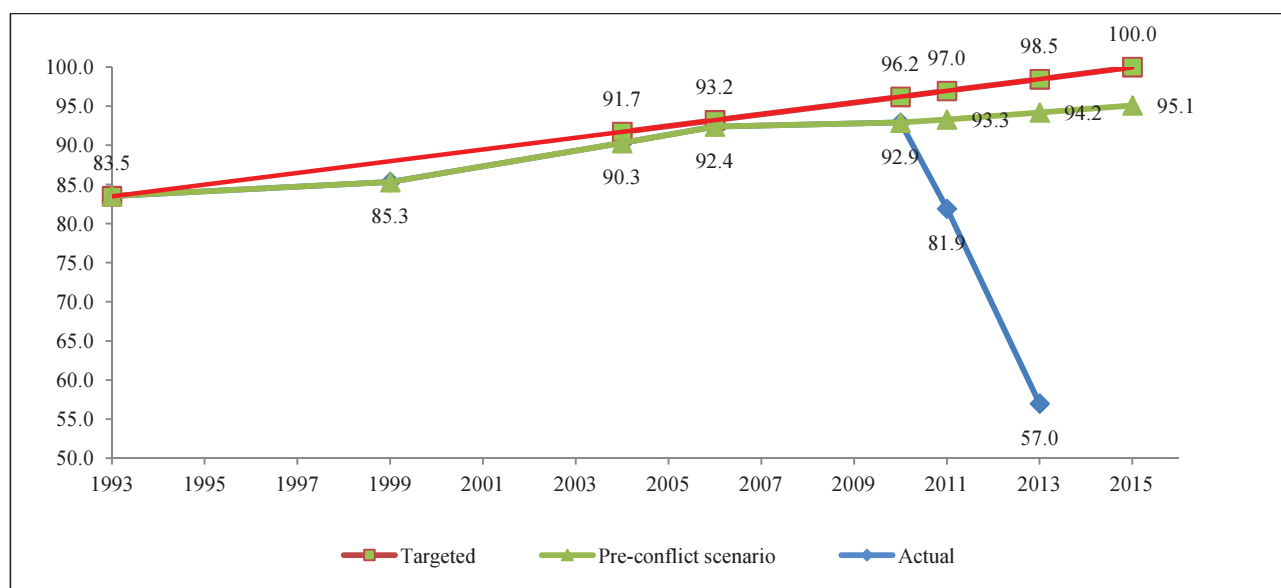
Source: United Nations and League of Arab States, 2013.

Indicator 4.3 Proportion of 1 year-old children immunized against measles

Child immunization rates, which had nearly reached 100 per cent across all governorates prior to the conflict, fell sharply with its outbreak to less than 50 to 70 per cent for most diseases in Homs, Aleppo, Idlib, Deir ez-Zor, Hama, Daraa and Rural Damascus. The rate of children immunized against measles was estimated at 57 per cent in the first half of 2013, a rate similar to what was registered in the early 1980s. The gap in achieving the Millennium target thus increased to 42 per cent, which calls for exceptional efforts to return to the pre-crisis track.

The conflict has also led to the emergence of diseases that had been eradicated decades ago, such as polio. This prompted the Syrian Ministry of Health to launch a campaign to immunize more than 2 million Syrian children, in cooperation with relevant United Nations agencies.

Figure 2.25. Children immunized against measles, 1993-2013
(Percentage)



Source: Syrian Arab Republic and UNDP, 2010; and data from the Ministry of Health until mid-2013.

GOAL 5: IMPROVE MATERNAL HEALTH

Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio

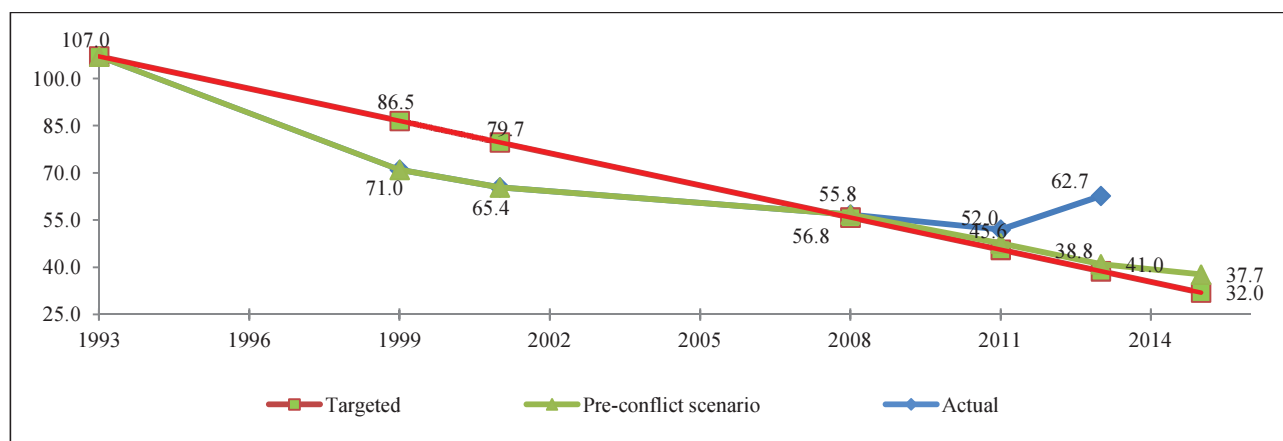
Indicator 5.1 Maternal mortality ratio

Studies show that maternal health is one of the most important indicators reflecting general health conditions in a country, and that education plays an important role in improving maternal health, with mothers having increased awareness of healthcare and monitoring during pregnancy.

The maternal mortality rate³⁶ fell from 107 deaths per 100,000 live births in 1993 to 56 deaths per 100,000 live births in 2008 in the Syrian Arab Republic, and it is estimated to have dropped again to 52 deaths per 100,000 live births in 2011. The rate of progress achieved towards the related target between 1993 and 2011 therefore amounted to 70 per cent, leaving a 4 per cent gap between the target and the actual 2011 rate. Hence, even with the continuous progress made before the crisis, it would have been difficult to achieve the related Goal. The slow rate of progress in maternal health can be attributed to rural customs, whereby people often request the assistance of midwives or elder relatives for natal care.

The maternal mortality rate in the Syrian Arab Republic has been steadily increasing since the beginning of the crisis in 2011 and was estimated to have reached 62.7 deaths per 100,000 births in 2013, due to the low quality of reproductive health services. Many causes may have triggered such a situation, including damage to infrastructure and health facilities; a lack of medicines due to the suspension of local production and the external sanctions; and dangerous routes, particularly between rural and urban areas. A 54 per cent deviation has been registered between the actual and target values of 2013; the gap has thus increased by 26 per cent since the outbreak of the conflict.

Figure 2.26. Maternal mortality rate
(Percentage)



Sources: Syrian Arab Republic and UNDP, 2010; and ESCWA estimates until 2014.

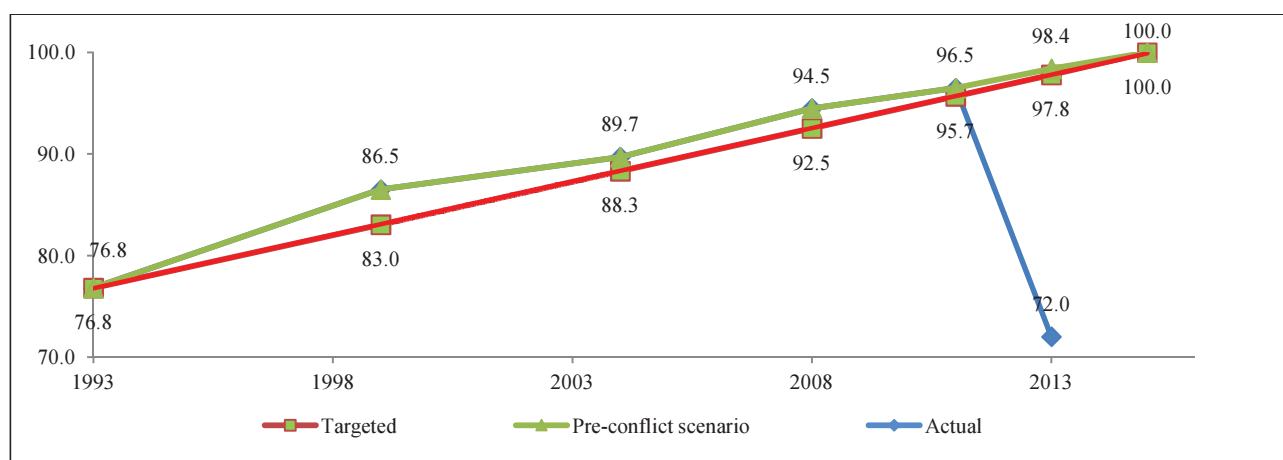
Indicator 5.2 Proportion of births attended by skilled health personnel

Data from the Syrian Central Bureau of Statistics indicate that the proportion of births attended by skilled health personnel amounted to 94.5 per cent in 2008, compared to 76.8 per cent in 1993, reaching 96.5 per cent in 2011. This improvement was more than required to achieve the Millennium target by 2015. However, the rate began to fall following the outbreak of the conflict.

The Syrian crisis has brought about significant changes to indicator on births attended by skilled health personnel, particularly in governorates most affected by violence and insecurity, as a result of direct damage to hospitals, health centres and reproductive health clinics; the migration of many qualified professionals, particularly specialized doctors; insecure roads, especially for births occurring at night; the lack of medical supplies; and cases of extreme fear and panic in many pregnant women.

These developments, among others, have led to a dramatic decrease in the proportion of births attended by skilled health personnel from 96.5 per cent in 2011 to about 72 per cent in 2013.³⁷ This proportion is similar to that in 1986, thus creating a gap of around 25.8 per cent for reaching the Goal target.

Figure 2.27. Births attended by skilled health personnel, 1993-2013
(Percentage)



Sources: Syrian Arab Republic and UNDP, 2010; data from the Syrian Ministry of Health for 2011; and ESCWA estimates for 2012-2013.

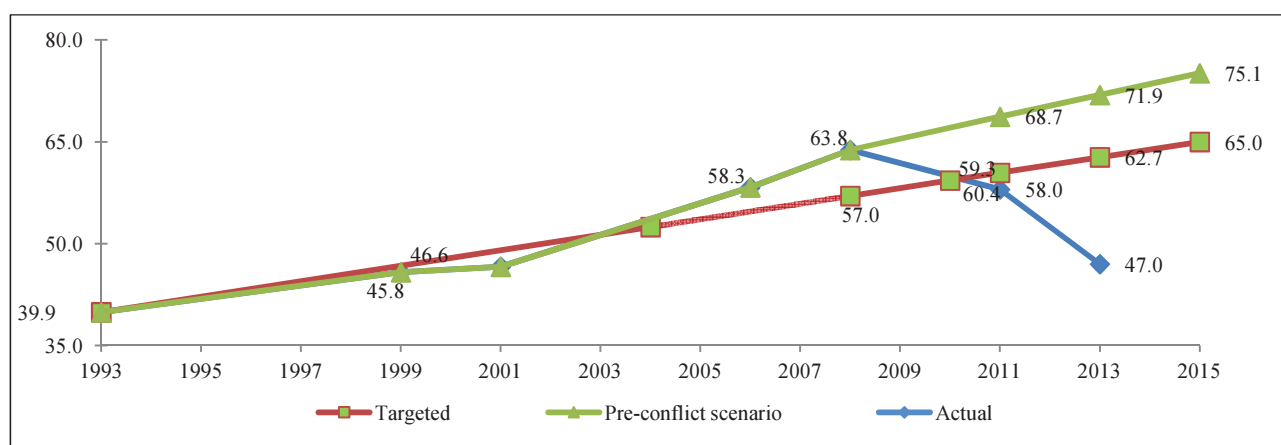
Target 5.B: Achieve, by 2015, universal access to reproductive health

Indicator 5.3 Contraceptive prevalence rate

Data from the Syrian Central Bureau of Statistics show an increase in the rate of women using contraceptives from 39.9 per cent in 1993 to 63.8 per cent in 2008, attaining a progress rate of 95 per cent over that period. This was due to many factors, mainly an improvement in women's education, but also heightened government attention to health centres; the increased role of family planning associations; and intervention programmes in areas with high fertility rates. However, the contraceptive prevalence rate dropped in 2010 to about 59.3 per cent; therefore, progress towards achieving the Millennium target deviated significantly after 2010.

The Syrian conflict further aggravated the situation, with the use of contraception significantly decreasing to an estimated 47 per cent in 2013,³⁸ resulting in a 35 per cent deviation between the actual and target values of 2013.

Figure 2.28. Contraceptive prevalence rates, 1993-2013
(Percentage)



Sources: Syrian Arab Republic and UNDP, 2010; and ESCWA estimates for 2013.

Indicator 5.5 Antenatal care coverage

- (A) Percentage of women aged 15-49 who have received antenatal care (one visit at least) by skilled health personnel
- (B) Percentage of women aged 15-49 who have received antenatal care (four visits at least) by skilled health personnel

The conflict has led to a decrease in the quantity and quality of reproductive health services, and an increase in their costs owing to a lack of specialized hospitals and reproductive health clinics in rural areas, dangerous roads in several governorates and the mass emigration of doctors.

Antenatal care coverage decreased from 87.7 per cent in 2010 to about 62 per cent in 2013.³⁹ The conflict therefore increased the developmental gap by 35.6 per cent. The percentage of women who received antenatal care (one visit at least) by skilled health personnel was 88 per cent over the period 2005-2012. This percentage does not include families that fled to neighbouring countries where women live in very difficult conditions with poor reproductive health services and health care. The decrease in such health

indicators can be attributed to the prevailing poor security conditions, which impede access to health care, and the displacement of families. In addition, the health sector is being affected by the emigration of doctors and nurses, and many health facilities having been severely damaged. Moreover, high fertility tends to prevail in rural areas and slums, which are most impacted by the conflict, making the achievement of this target all the more difficult.

GOAL 6: COMBAT HIV/AIDS, MALARIA AND OTHER DISEASES

Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS
Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it

Indicator 6.5 Proportion of population with advanced HIV infection with access to antiretroviral drugs

The Syrian Arab Republic has decreasing rates of HIV transmission, even among the main at-risk groups. A total of 762 cases of HIV/AIDS infections were reported between 1987 and December 2011. In 2010 and 2011, 66 and 69 new cases of HIV/AIDS were reported, respectively. These numbers indicate a slow but steady increase in detecting new infections. The annual number of reported cases remained less than 25 until 2000; since 2006 the number of new reported HIV cases has increased to between 50 and 70 per year.

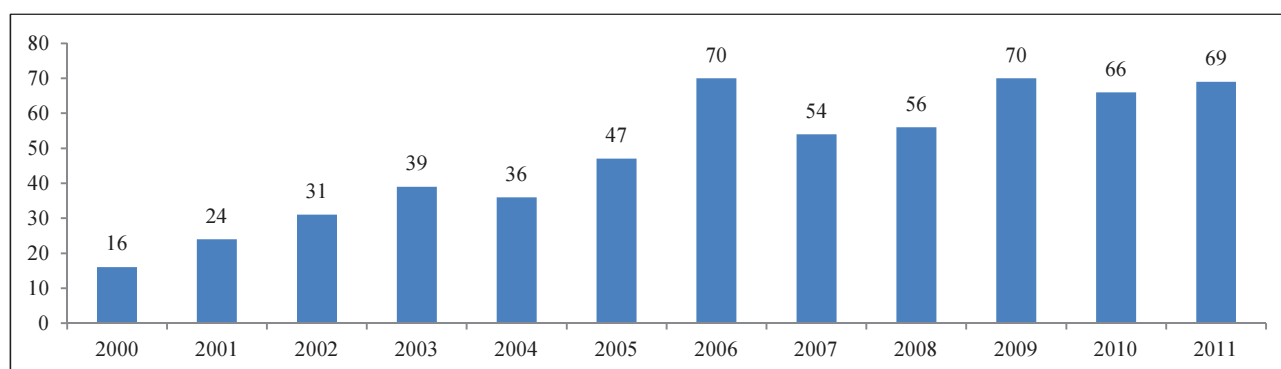
Among the 762 detected cases of HIV/AIDS in nationals and non-nationals over the period 1987-2011, 19 per cent (145 infections) were in the 15-24 age group. However, this percentage decreased to 12 per cent over the period 2010-2011, reaching 16 from 135 new HIV/AIDS cases.

The geographical distribution of HIV cases shows that most people living with the disease are in major cities, with the highest rate in Damascus (41 per cent) and Aleppo (23 per cent). Around 10 per cent of people living with HIV were found in Homs, and 5 per cent in As-Suwayda, which has the highest proportion of HIV infections relative to its population (2.7 cases per 100,000 population).

Free medication and counselling are provided for all HIV patients in the Syrian Arab Republic. The reported number of cases with advanced HIV infection was 102 in 2011. Public expenditure on these patients amounted to SYP 85 million in 2011, while the value of the drugs they received totalled SYP 40 million. All patients were undergoing periodic follow-ups and were provided with medication, medical care and counselling free of charge.

The conflict seems to have contributed in generating an environment conducive to HIV transmission; there were 130 people receiving antiretroviral treatment in 2012 compared to less than 100 in 2010.

Figure 2.29. Number of reported new HIV infections, 2000-2011



Source: Data from the National AIDS Programme as of 2012.

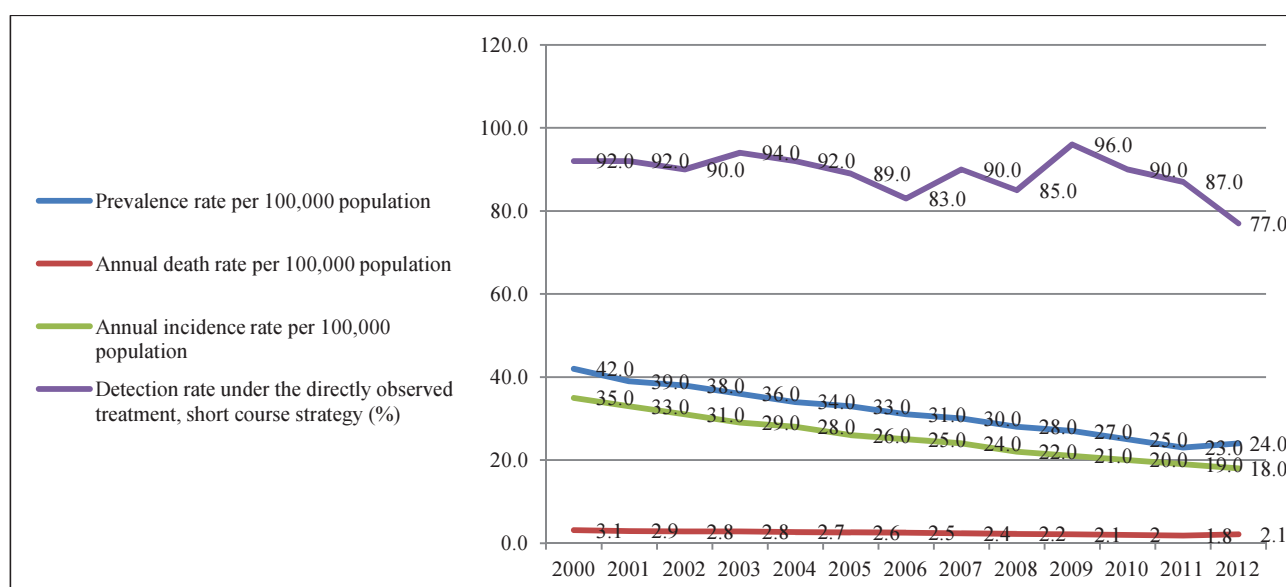
Indicator 6.9 Incidence, prevalence and death rates associated with tuberculosis

- (A) **Incidence: number of new cases per 100,000 population (excluding people who are HIV-positive)**
- (B) **Prevalence: number of existing cases per 100,000 population (excluding people who are HIV-positive)**
- (C) **Death rate: number of deaths per 100,000 population (excluding people who are HIV-positive)**

The annual number of tuberculosis cases in the 1990s was estimated at between 4,500 and 5,000 cases and was relatively high in the northern and eastern governorates. In 2000, the number of cases increased to 5,187, dropping to 4,138 cases in 2009. In 2012, about 4,310 cases were reported, whereas during the first half of 2013, 1,059 cases were reported in areas where data were available.

The prevalence of tuberculosis in the Syrian Arab Republic was estimated at 34 cases per 100,000 population in 2004 and down slightly in 2005 with 33 cases per 100,000 population. The number of deaths from tuberculosis increased from 86 in 2002 to 111 deaths in 2007, reaching 147 deaths in 2011. Nevertheless, the average death rate per 100,000 population decreased from 2.8 in 2002 to 1.8 in 2011 and then slightly increased to 2.1 in 2012, according to the World Health Organization.

Figure 2.30. Tuberculosis: incidence, prevalence and death rates, 2000-2012



Source: World Health Organization, Country Profile: Syrian Arab Republic. Available from www.who.int/countries/syr/en/.

Indicator 6.10 Proportion of tuberculosis cases detected and cured under directly observed treatment, short course

- (A) **Number of new cases detected under directly observed treatment, short course**
- (B) **Patients treated successfully under directly observed treatment, short course.**

The number of new cases detected and cured under the directly observed treatment, short course (DOTS) totalled 4,310 in 2012, with free-of-charge treatment for 89 per cent of these cases.

With the Syrian conflict causing a decline in health, hygiene and environmental indicators, a number of diseases that had been eradicated are re-emerging, along with increased prevalence of previously contained diseases. The difficulty of accessing certain areas where these cases are occurring is further exacerbating the problem.

Polio has re-emerged after having been eradicated since 1999. According to the World Health Organization, the polio outbreak occurred in the north-eastern part of the country, where 28 cases were reported, 25 of which were in the Deir ez-Zor and Aleppo governorates in 2013. The main reasons for this outbreak are the decrease in immunization since the beginning of the conflict because of difficulties in accessing large areas of the country and a shortage of vaccines. The United Nations Children's Fund (UNICEF) estimates that 500,000 children have not been immunized against the disease. Overpopulation and overcrowding in unsanitary conditions are also contributing factors. Data from the Syrian Ministry of Health indicate the discovery of 47 cases of acute flaccid paralysis during the first half of 2013, increasing to 89 in October 2013.

The rise in temperature and deterioration in water, sanitation and health infrastructure have led to an increase in communicable and non-communicable diseases. There has been a steady increase in cases of acute diarrhoea, particularly in Rural Damascus, Idlib, Aleppo and Deir ez-Zor.

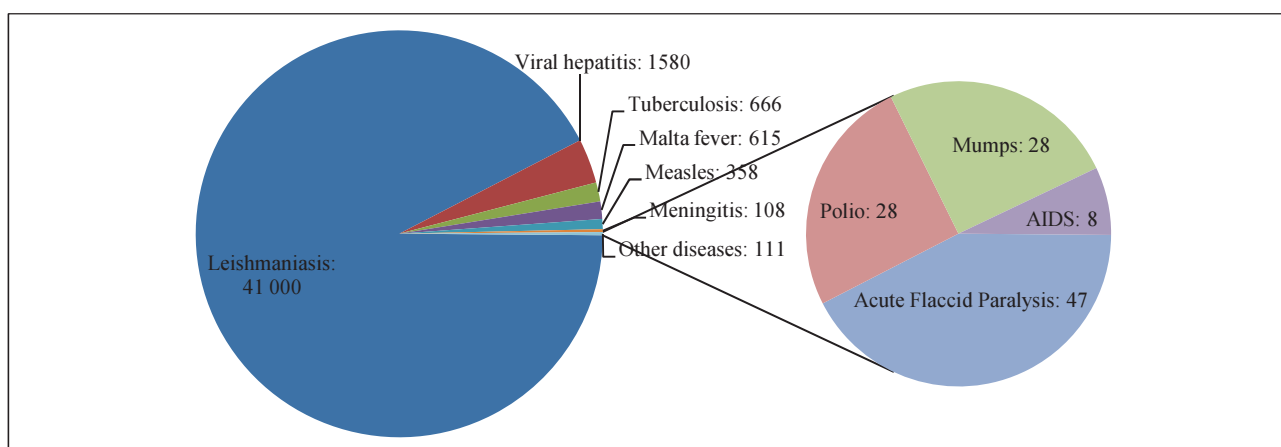
Twenty-eight cases of mumps were reported during the first half of 2013, compared with 17 reported cases in the first half of 2012, owing to a drop in immunization against this disease.

An increase in the number of measles, typhoid, and viral hepatitis infections was witnessed in the first half of 2013; there were 358 reported cases of measles, 666 of tuberculosis, 8 of AIDS, 615 of brucellosis (Malta fever), 1,580 of viral hepatitis and 108 of meningitis.

A significant increase in cases of leishmaniasis, a disease caused by sand flies, has been reported. The number of cases increased from 27,000 in 2010 to 41,000 during the first half of 2013. This increase is due to pollution and poor hygiene and sanitation services prevalent in large parts of the country, particularly in the governorate of Aleppo. The spread of dermal leishmaniasis is one of the most important symptoms of the failure of health services during the conflict, amounting to 20 per cent of all cases of chronic disease in the Syrian Arab Republic. Leishmaniasis has been transmitted to neighbouring countries as follows:

- Egypt: North of Sinai, 864 cases were reported in 2011 and 1,260 cases in 2012;
- Iraq: 2,978 cases were reported in 2011 and 2,486 cases in 2012;
- Lebanon: 5 cases were reported in 2012;
- Turkey: endemic in southern Turkey, an area vulnerable to the outbreak of leishmaniasis.

Figure 2.31. Number of common disease cases during the first half of 2013



Source: Data from the Syrian Ministry of Health, Directorate of Communicable and Chronic Diseases.

TABLE 2.3. IMMUNIZATION RATES, 2008-2012
(Percentage)

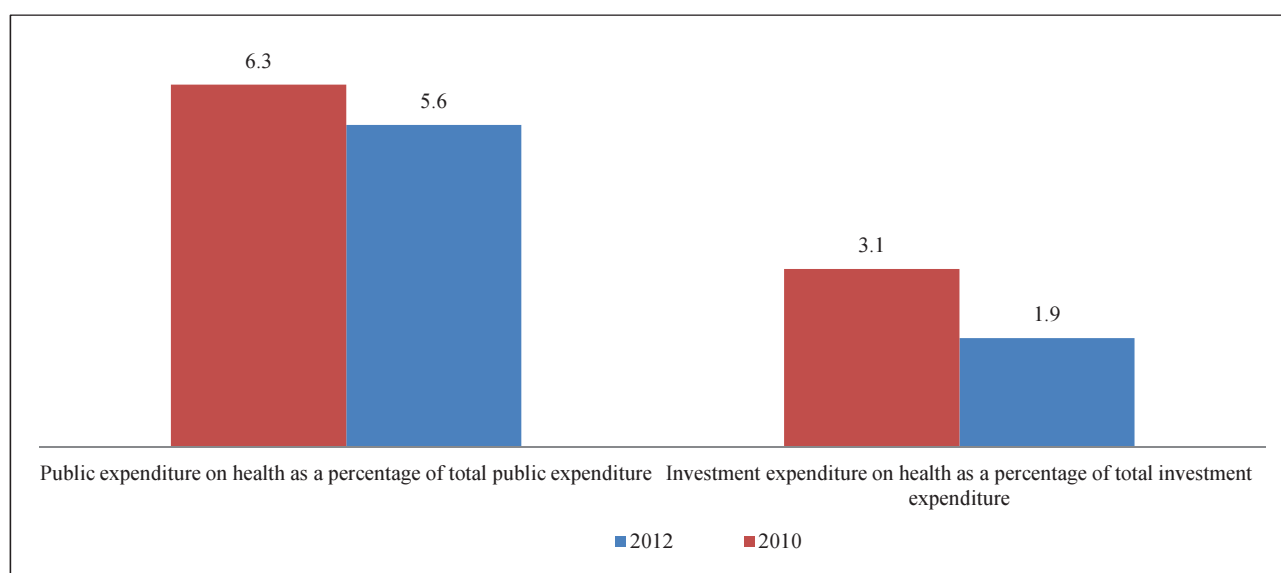
	2008	2009	2010	2011	2012
Tuberculosis vaccine	89	90	90	90	84
Third dose of polio vaccine	83	83	83	75	68
Third dose of diphtheria, pertussis (whooping cough) and tetanus vaccines	79	80	80	72	64
Third dose of meningitis type B vaccine	79	80	80	72	58
First dose of measles and German measles vaccines	81	82	82	80	78

Sources: Data for 2008-2011 are WHO and UNICEF estimates. Data for 2012 are taken from local sources.

The conflict has caused a sharp increase in the proportion of people with disabilities. Despite the lack of data to date, some estimations put the number of wounded at more than half a million in 2013, also increasing the number of people with special needs or with permanent or partial disabilities. This situation will lead to a significant increase in the need for treatment and social protection efforts in the future.

Health expenditure saw a clear decline during the conflict, dropping from SYP 7.5 billion in 2010 to SYP 5.2 billion in 2011. In 2012, public expenditure on health dropped to 2.2 billion Syrian pounds. Public expenditure on investment in the health sector as a percentage of total public expenditure on investment was also low, standing at 3.1 per cent in 2010, seeing a slight increase to 3.7 per cent in 2011 and then a significant decrease to 1.9 per cent in 2012. Public expenditure on health from both investment and current accounts as a percentage of total public expenditure decreased from 6.3 per cent in 2010 to 5.6 per cent in 2012, while total health expenditure as a percentage of GDP increased from 3.5 per cent in 2010 to 3.7 per cent in 2012. This increase might, in this case, be attributed to the decrease in the value of GDP.

Figure 2.32. Health expenditure as a percentage of total investment expenditure and total public expenditure



Source: United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), 2012.

GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

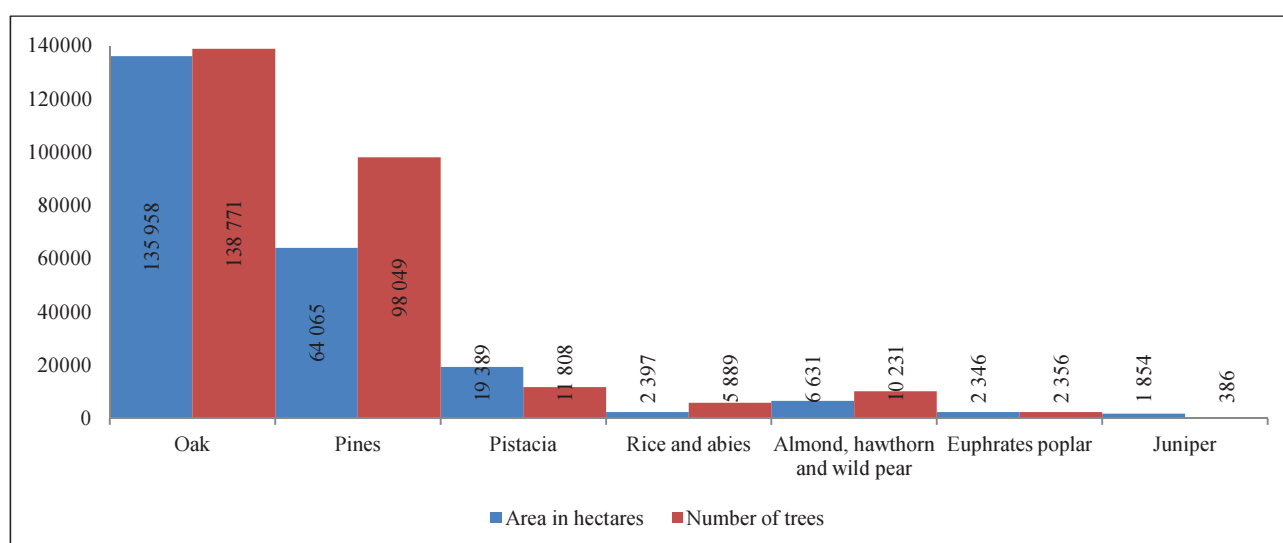
Indicator 7.1 Proportion of land area covered by forests

For centuries, natural forests covered more than 15 per cent of the total land area of the Syrian Arab Republic. In 1990, they covered only 2 per cent, rising to 2.7 per cent by 2011, as the country sought to increase its forested area to 3.86 per cent by 2015. Measures to reach this target were being implemented through government funding and international cooperation programmes, such as afforestation projects, the development of natural reserves and by expanding land reclamation projects.

However, there has been a significant decline and deterioration in these natural forests because of deforestation for the purpose of logging, charring, and agricultural and domestic use; agricultural and residential expansion; overgrazing, especially of goats; forest fires; the construction of roads; unorganized tourism; and the neglect of local and central authorities, creating an urgent need for scientific research and cooperation to improve forest management and achieve food security.

The proportion of land area covered by natural forests therefore decreased to about 232,840 hectares in 2012 (figure 2.33). At the subnational level, some sites have high forest coverage, with the maximum proportion amounting to 83 per cent of land in Latakia, Homs and Idlib. In other governorates, the proportion of forest coverage ranges from 30 to 60 per cent.

Figure 2.33. Natural forest trees: numbers and land coverage



Source: Syrian Ministry of State for Environmental Affairs, data for 2012.

The Syrian conflict not only caused countless human and material losses but also affected biodiversity, as large ancient forests have suffered devastating fires since 2011, particularly in the governorates of Latakia and Qunaitra. Moreover, fuel shortages and price increases have forced many Syrians to fell trees, not only from forests, but also parks, pavements and natural reserves.

Indicator 7.5 Proportion of total water resources used

The Syrian Arab Republic is located in an arid and semi-arid zone where water resources are scarce, as measured by the ratio of water to land area or by yearly per capita water availability. Renewable water resources in the country are estimated at around 15.6 billion cubic metres per year, of which more than 30 to 34 per cent are groundwater resources. In the context of the exploitation of these resources at maximum capacity, national estimates indicate that the increase in the demand on water will be 2 per cent per year over the next two decades, thus leading to a water deficit over large parts of the country. In 2008, the water deficit was estimated at around 2.4 billion cubic metres per year. The irrigation network, covering 500,000 hectares, accounts for about 89 per cent of water usage. This proportion increased from 9.7 per cent of the Syrian Arab Republic's total land area in 2007 to 10.1 per cent in 2011, owing to land reclamation efforts and the increase in the area of land irrigated using modern methods. The amount of drinking water produced in 1996 was 589,831,000 cubic metres and increased to 1,197,075,000 cubic metres in 2007. It then decreased to 950,020,000 cubic metres in 2012 (except in Deir ez-Zor and Aleppo), 44 per cent of which is for household consumption while the rest goes to the commercial, industrial and tourism sectors.⁴⁰

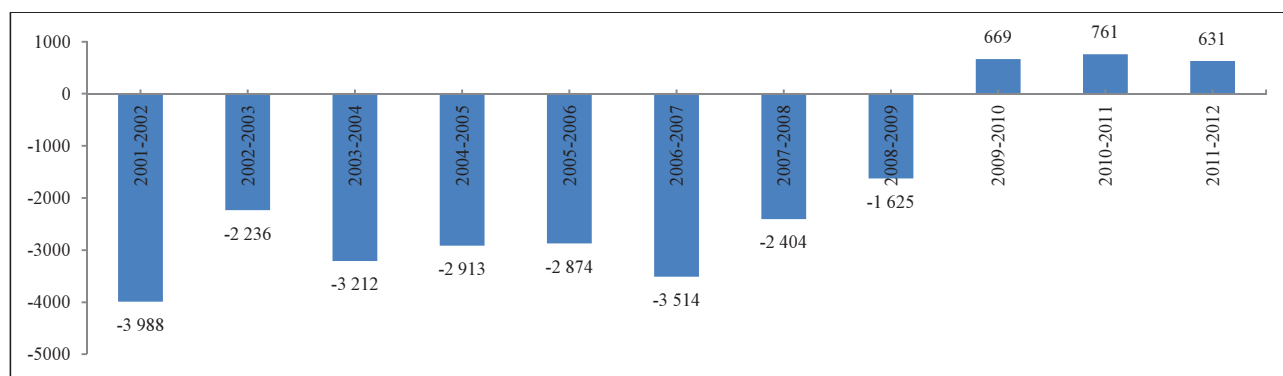
Over the period 2001-2002, the country had a water balance of -3,988 million cubic metres, thus registering the highest level of water deficit over the previous 11 years, as the estimated amount of renewable water resources available for use was 12,371 million cubic metres while the total use amounted to 16,359 million cubic metres.

The water deficit ranged from 1,625 to 3,988 million cubic metres between 2001 and 2009 owing to several factors, including successive droughts; the decrease and irregularity in rainfall; and overall climate change. Studies on the relationship between agricultural productivity and rainfall rates at over 500 weather stations showed that the level of rainfall was less than 200 millimetres per year, with a 50 per cent rain probability in the desert and steppe zone, known as agricultural stability zone 5. The water deficit has also been aggravated by the depletion of groundwater because of the expansion of irrigated areas; poor investment in water resources; and increased in water wastage.

However, the water balance in 2009-2010 reached 669 million cubic metres, dropping to 631 million cubic metres over the period 2011-2012. This development could be attributed to a slight improvement in the average rainfall, an abundance of renewable water resources, the implementation of the National Programme for Modern Irrigation and a decrease in public use of water resources because of the conflict that resulted in a decline in all economic activities, particularly irrigated agriculture.

Moreover, there was an increase in the percentage of annual freshwater withdrawals from internal resources from 229 per cent to 235 per cent between 2006 and 2011. This indicates an increase in water storage depletion in Syrian basins, thus decreasing per capita rates of renewable internal freshwater resources from 419 cubic metres to 324 cubic metres over the same period.

Figure 2.34. Water balance, 2001-2012
(*Million cubic metres*)



Source: Data from the Ministry of State for Environmental Affairs.

Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Indicator 7.8 Proportion of population using an improved drinking water source

At the national level, the proportion of the population with access to safe drinking water increased from 86 per cent in 1990 to 87.3 per cent in 2005, reaching 89.7 per cent in 2011, owing to successive government development programmes aimed at enlarging water supply networks and improving their quality throughout the country. However, there was a decline in the national per capita rate of fresh drinking water from 88 cubic metres annually in 2005 to 72 cubic metres in 2011. The share per capita is linked to the availability of freshwater sources that are subject to weather conditions, rainfall and renewable water, sources such as rivers and lakes, which have been limited. Moreover, population growth is exerting increasing pressure on water resources and services.

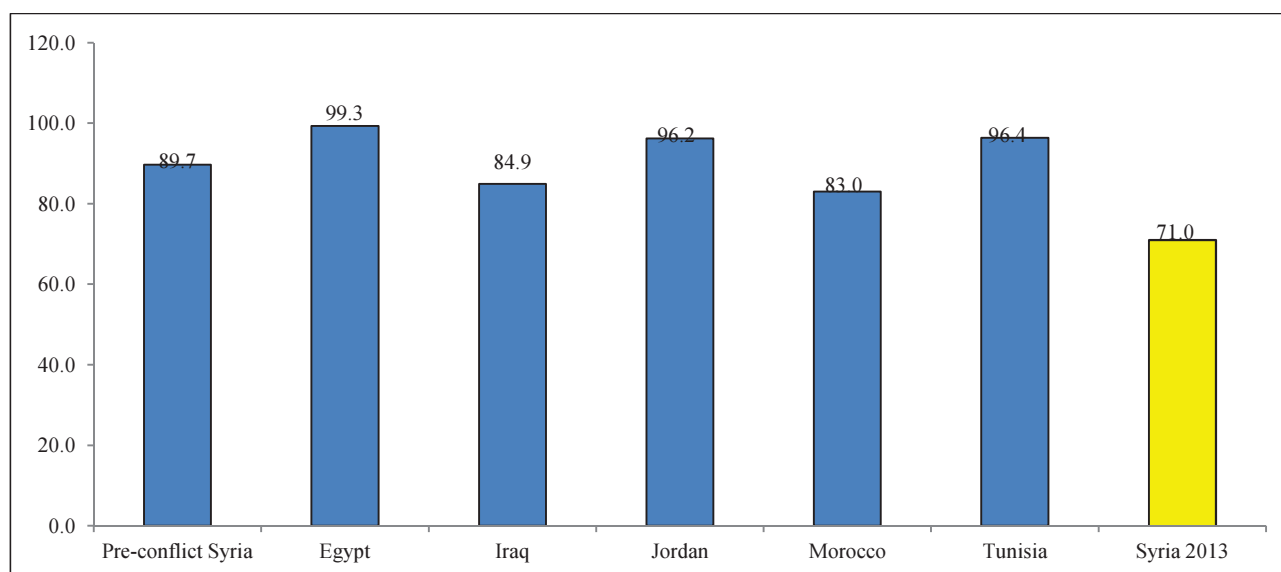
At the governorate level, the lowest rate of safe drinking water per capita in 2012 was registered in Idlib at 31 cubic metres because of a lack of sustainable river flow and the governorate's dependence on non-renewable water resources, such as artesian wells. Rural Damascus registered a rate of 37 cubic metres due to its large land area and the long distances separating different agglomerations, which require large supply networks on the one hand; and because of the population density in areas surrounding Damascus, drought and the low levels of the Barada and Awaj rivers that are the main water sources, on the other hand. The highest rates per capita were registered in the governorates of Latakia with 124 cubic metres and Tartous with 120 cubic metres. Total investments planned for the country's water sector amounted to 2,769 billion euros between 2006 and 2011, 50 per cent of which was allocated to drinking and water sanitation projects.

The drinking water sector has suffered both quantitative and qualitative damage as a result of the conflict. Firstly, the proportion of the population with access to safe drinking water dropped from 89.7 per cent in 2011 to 71 per cent in 2013, and the rate per capita decreased from 72 cubic metres in 2011 to about 58 cubic metres in 2013, owing to damages to water infrastructure, such as networks and plants, and a decline in investments paralleled with an increase in population pressure in areas hosting more than 7 million internally displaced Syrians. Secondly, the sector suffered quantitative damage as the quality of drinking water deteriorated, reflected in higher disease rates, such as diarrhoea and hepatitis.

These substantial setbacks have increased the development gap between what has actually been achieved and the 2015 Millennium target, eliminating the possibility of the Syrian Arab Republic achieving this Goal.

At the regional level, the Syrian Arab Republic registers rates of access to safe drinking water that are lower than the averages of the Mashreq and Gulf Cooperation Council (GCC) subregions, but higher than the average of the Maghreb subregion. These rates may not reflect the reality on the ground owing to the absence of an accurate measurement of household water access in some regions.

Figure 2.35. Proportion of the population with access to safe drinking water in selected Arab countries, 2011



Sources: United Nations and the League of Arab States, 2013; and data from the Damascus Water Supply and Sewerage Authority for 2013.

Indicator 7.9 Proportion of population using an improved sanitation facility

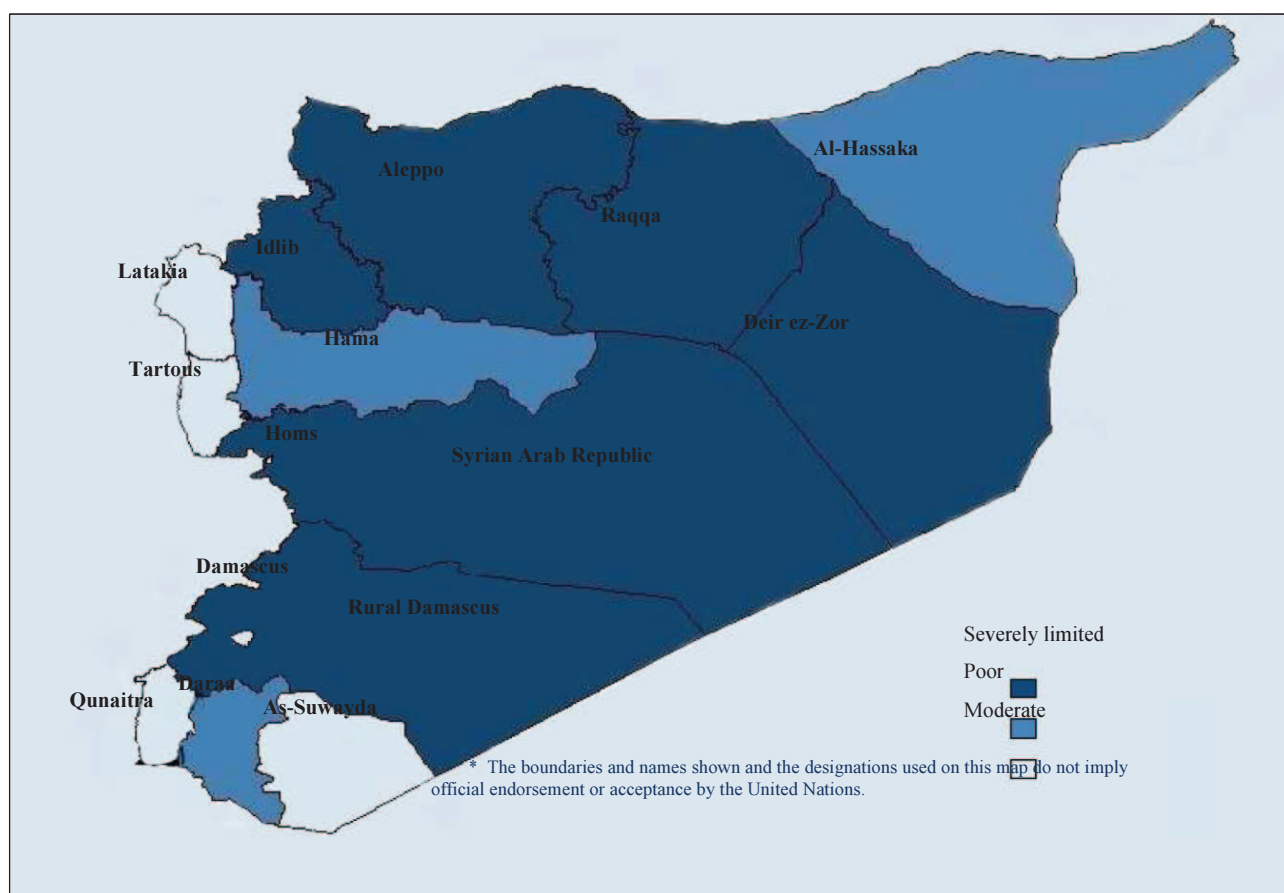
In 2011, the proportion of the population using an improved sanitation facility increased from 85 per cent in 1990 to 98.6 per cent, and to 100 per cent in some cities. In the suburbs, the figure drops to about 67 per cent and in remote areas to about 33 per cent. Even in cities, treatment plants and other infrastructure are still under the required level to achieve the related Millennium target. The Government had taken steps to construct 200 treatment plants throughout the country by 2015 as per its tenth Five-Year Plan. By the end of 2011, the implementation rate was 27 per cent, which is worryingly low considering the importance of treating water for agricultural use and to avoid the spread of diseases.

The Syrian conflict has had a direct impact on sanitation, with sewage networks totally or partially damaged in areas of armed conflict, particularly in Rural Damascus, Homs and Aleppo. These networks will require full rehabilitation, with the crisis stopping work on most sanitation projects across the country, following budget cuts as they are no longer seen as a priority, and with many rural areas now inaccessible to government projects. ESCWA estimates that the proportion of the population with access to improved sanitation decreased to 76 per cent by the end of 2013.

Figure 2.36 shows the limited access to safe water and improved sanitation in most Syrian governorates, such as Deir ez-Zor, Raqqa, Idlib, Rural Damascus, Homs and large areas of Aleppo and Damascus.

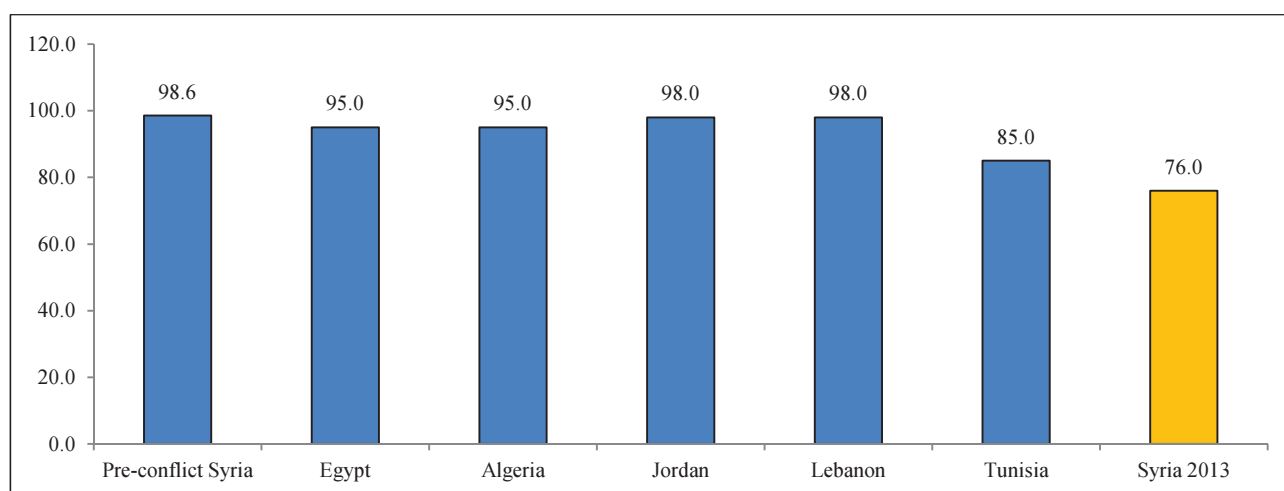
At the regional level, in 2011, the Syrian Arab Republic was ahead of other Mashreq countries in the number of improved sanitation facilities; it was also ahead of countries in the Maghreb subregion. However, it has registered a 22 per cent decrease in that area since the outbreak of the conflict.

Figure 2.36. Access to safe drinking water and improved sanitation by governorate, 2013



Source: UNICEF, 2013.

Figure 2.37. Access to improved sanitation, selected Arab countries, 2010-2011



Source: United Nations and the League of Arab States, 2013; and ESCWA estimates for 2013.

GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

Target 8.A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system

Target 8.B: Address the special needs of the least developed countries

Target 8.C: Address the special needs of landlocked developing countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)

Target 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Indicator 8.1 Net ODA (official development assistance), total and to the least developed countries, as percentage of OECD/DAC (Development Assistance Committee of the Organisation for Economic Co-operation and Development) donors' gross national income

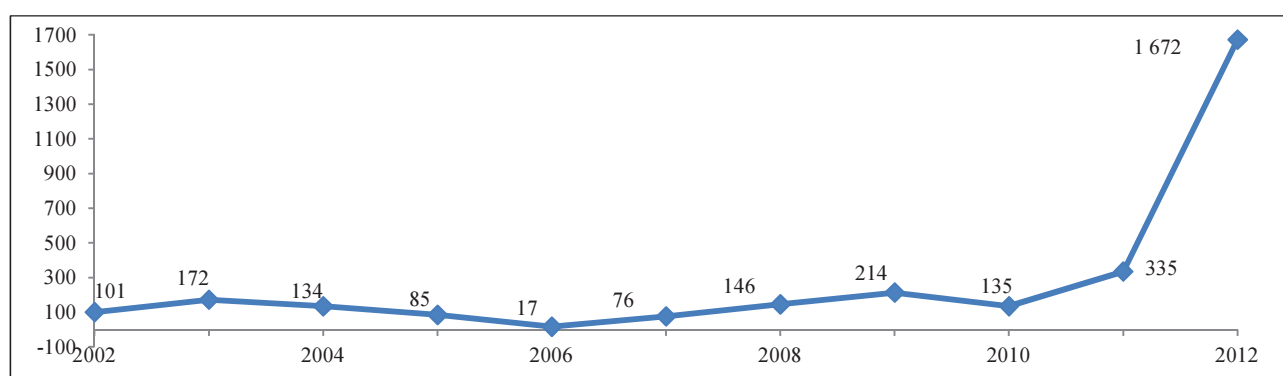
(A) Annual total ODA (in billion United States dollars in current rates)

(B) ODA as a percentage of OECD/DAC donors' gross national income

Since the start of the conflict, several countries have halted their assistance and development programmes in the Syrian Arab Republic. Most international missions coordinating the implementation of these programmes, with the exception of United Nations international organizations, left the country following the implementation of severe economic and financial sanctions. In response to humanitarian needs, United Nations organizations initiated plans to alleviate the impact of the crisis on those forced to flee their homes, whose livelihoods were lost and who were living in undesirable conditions. The plans covered food security, health, education and other social services, and mobilized resources both in the Syrian Arab Republic and in neighbouring countries, particularly in refugee camps in Jordan, Lebanon and Turkey. However, this humanitarian aid came at the expense of most other United Nations five-year development programmes and projects that were being carried out in the Syrian Arab Republic before the conflict. Despite large amounts of money being allocated to this response plan, the relative value of the assistance, given the country's current situation, remains very low and meets only a small part of the growing needs of affected Syrian households. Recent OECD statistics show that the value of the development assistance provided to the Syrian Arab Republic during 2012 amounted to \$1.672 billion, ranking the country second, after Palestine, in receiving development assistance in the Middle East.

Figure 2.38. Net official development assistance, 2002-2012

(Millions of United States dollars at current prices)



Source: OECD-DAC online database, available from www.oecd.org.

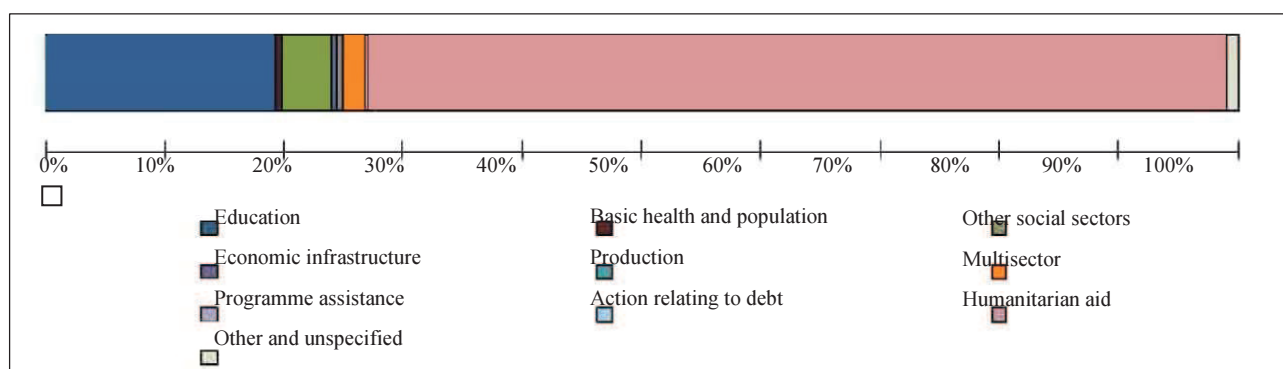
Indicator 8.2 Proportion of total bilateral, sector-allocable ODA of OECD/DAC donors to basic

social services (basic education, primary health care, nutrition, safe water and sanitation)

The proportion of total bilateral ODA of the total official assistance provided to the Syrian Arab Republic in 2011 totalled 63 per cent, compared to only 47 per cent in 2010, increasing in 2012 to reach its highest level at 92 per cent.

The economic sectors receive less than 10 per cent of total provided assistance, with half of this value allocated to the agriculture sector to increase food production, while approximately 90 per cent goes to the other sectors, particularly education and humanitarian programmes. Most donor countries stopped providing ODA but increased their humanitarian assistance, with aid reaching \$807 million by the end of 2013.

Figure 2.39. Assistance distribution by sector, 2012



Source: Data from the World Bank and the Development Co-operation Directorate of OECD, available from www.oecd.org/dac/stats.

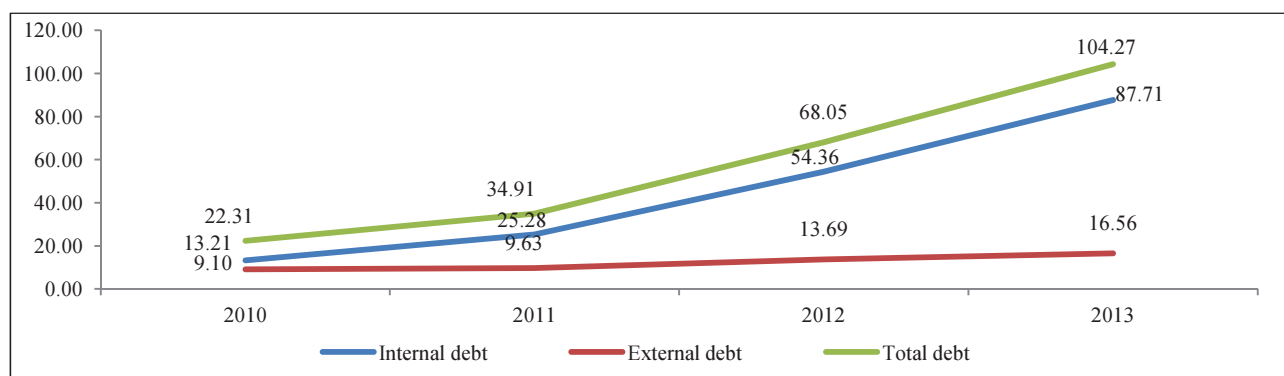
Indicator 8.12 Debt service as a percentage of exports of goods and services

The value of Syrian exports decreased by about 93 per cent in 2013 compared to 2011, amounting to \$478 million. However, unofficial reports claim that informal and thus unregistered trade takes place with neighbouring countries. This dramatic decrease is the result of the freeze on the export of oil, the widespread destruction of other productive sectors and to the economic sanctions imposed on the Syrian Arab Republic. There was also a change in the structure of the country's main markets, as European Union countries only bought 9 per cent of total Syrian exports, paralleled with an increase in the share bought by Arab countries to about 78 per cent, mainly supported by exports to Iraq and GCC countries.

According to ESCWA estimates, the Syrian conflict has led to an increase in the country's internal and external public debts as a percentage of both exports of goods and GDP. The internal public debt as a percentage of GDP increased to 87.71 per cent in 2013 and the external public debt increased to 16.56 per cent of GDP, making total public debt 104.3 per cent of GDP in 2013. This increase was due to the wide fiscal deficit caused by the conflict as a result of the increase in expenditure and decrease in revenues with the suspension and destruction of the bulk of the productive sector and infrastructure, and the transfer of many private investments abroad. This increased the pressure on the State's total budget, which also saw a decrease in public revenues from natural resources. Thus, the value of revenues as a percentage of GDP decreased from 21.5 per cent in 2010 to about 10.7 per cent in 2013 and investment expenditure decreased from 9.6 per cent to 2.5 per cent over the same period, accompanied by an increase in current expenditure from 16.5 per cent to 34.5 per cent as a percentage of GDP, leading to an increase in the budget deficit as a percentage of GDP from 4.5 per cent to 26.3 per cent.

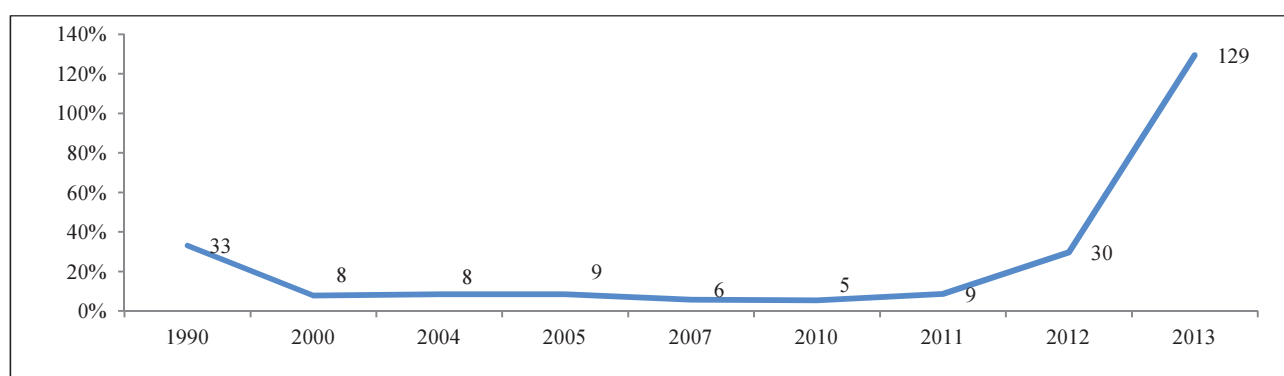
The Syrian Arab Republic is now close to running out of money to service its debts, and ESCWA estimated that, with the ongoing conflict, the debt service on the external debt as a percentage of exports of goods and services reached 129 per cent in 2013, up from 5 per cent in 2010. Therefore the debt service will be, in both the medium and long-term, a burden on Syrian development and will undermine the country's ability to achieve most Millennium Goals and targets.

Figure 2.40. Internal and external public debt as a percentage of GDP, 2010-2013



Source: ESCWA calculations based on the computable general equilibrium model.

Figure 2.41. Debt service on external debt as a percentage of exports versus remittances, 1990-2013



Source: Syrian Arab Republic and UNDP, 2010; data from the State Planning Commission; and ESCWA calculations for 2012 and 2013.

At the regional level, the Syrian Arab Republic moved from the group of Arab countries in a good financial position to that of countries whose foreign debts are threatening the future of their development.

Target 8.E: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries

Indicator 8.13 Proportion of population with access to affordable essential drugs on a sustainable basis

During the second half of the 1980s, the Syrian Arab Republic witnessed remarkable developments in its pharmaceutical industry, as the number of pharmaceutical factories increased to 72 plants in 2011, covering 92 per cent of local needs compared to 10 per cent in the 1970s. The size and capacity of these factories varied; nevertheless, the pharmaceutical industry was one of the most important pillars of economic

and social development in the country, as it provided safe and effective medication at affordable prices, and created job opportunities for physicians, pharmacists, chemists, engineers and workers.

Homs and Aleppo, where important centres for the pharmaceutical industry are located, are suffering from significant medicine shortages and price increases. Many companies closed or were destroyed and looted. Data from the Ministry of Health for 2012 indicate that nearly 90 per cent of the country's pharmaceutical industry has been disrupted. Moreover, international sanctions have prevented the import of specialized therapeutic drugs and raw materials needed to manufacture drugs, of specialized medical equipment and of spare parts.

Goal 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communications

Indicator 8.14 Fixed telephone subscriptions per 100 inhabitants

Indicator 8.15 Mobile-cellular subscriptions per 100 inhabitants

Indicator 8.16 Internet users per 100 inhabitants

The use of information and communications technology (ICT) is widespread in all sectors, from production to production services and social services. It plays an essential role in the development of modern societies, as it is a tool for spreading and producing knowledge, including through education, the media and cultural and intellectual innovation. Below are the key areas of progress in ICT in the Syrian Arab Republic.

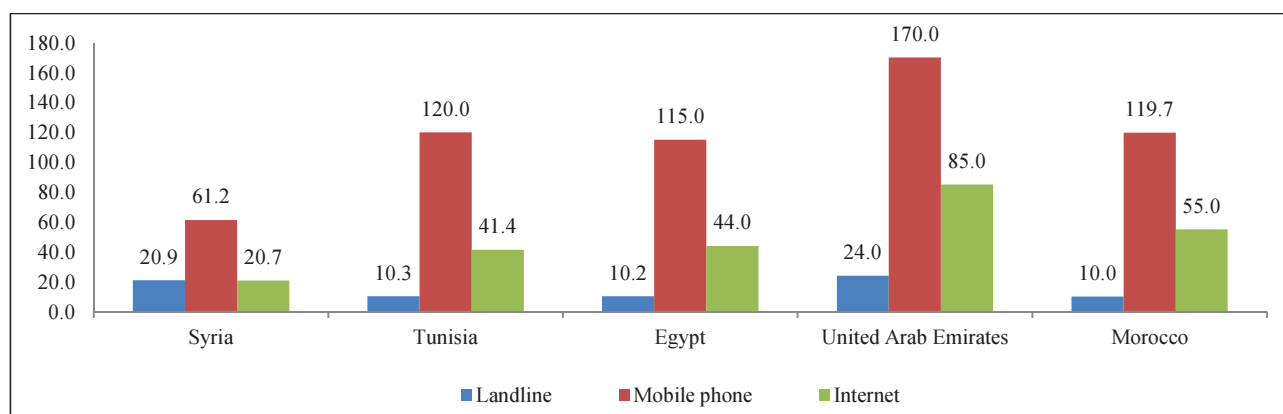
The percentage of the population with landline phone service increased from 4.39 per 100 inhabitants in 1990 to 17 per 100 in 2008, reaching 20.9 per 100 inhabitants in 2012. A large urban-rural disparity was noted, with much higher rates in the governorates of Damascus, Aleppo and Homs compared to north-eastern areas, such as Deir ez-Zor, Al-Hasakah and Raqqa, and also differing between the urban and rural parts of these governorates. Despite the progress made in landline service, there has been extensive damage to the country's related infrastructure, which threatens service sustainability in many unstable areas.

Mobile phone services launched in the Syrian Arab Republic in the late 1990s with 0.025 subscribers per 100 inhabitants in 1999, a low rate due to high prices. In 2002, there were 2.3 subscribers per 100 inhabitants, reaching 33 subscribers per 100 inhabitants by 2008. Nevertheless, this figure is less than half the average in the Arab region for that year. It increased significantly to 63.2 subscribers per 100 inhabitants in 2011, slightly decreasing in 2012 to 61.2 subscribers per 100 inhabitants. However, this was not enough for it to improve its ranking among other Arab countries, where the rate sometimes exceeded 100 subscribers per 100 inhabitants, given that many residents in countries such as Egypt, Morocco, Tunisia and United Arab Emirates owned more than one mobile phone.

The conflict in the Syrian Arab Republic has significantly affected the mobile phone service, given that it has affected electricity, a basic requirement for it. Power cuts are frequent and last for many hours.

The Syrian Arab Republic began limited Internet service in 2000, which widely expanded in subsequent years. The number of subscribers reached nearly 17 per 100 inhabitants in 2008, increasing in 2012 to 24.3 per 100 inhabitants. However, these rates were still low compared with most other Arab countries, which typically exceeded 40 subscribers per 100 inhabitants in 2012.

Figure 2.42. Landline, mobile and Internet use in selected Arab countries, 2012
(Number of subscribers per 100 inhabitants)



Source: World Bank data on infrastructure, available from <http://data.worldbank.org/indicator>.

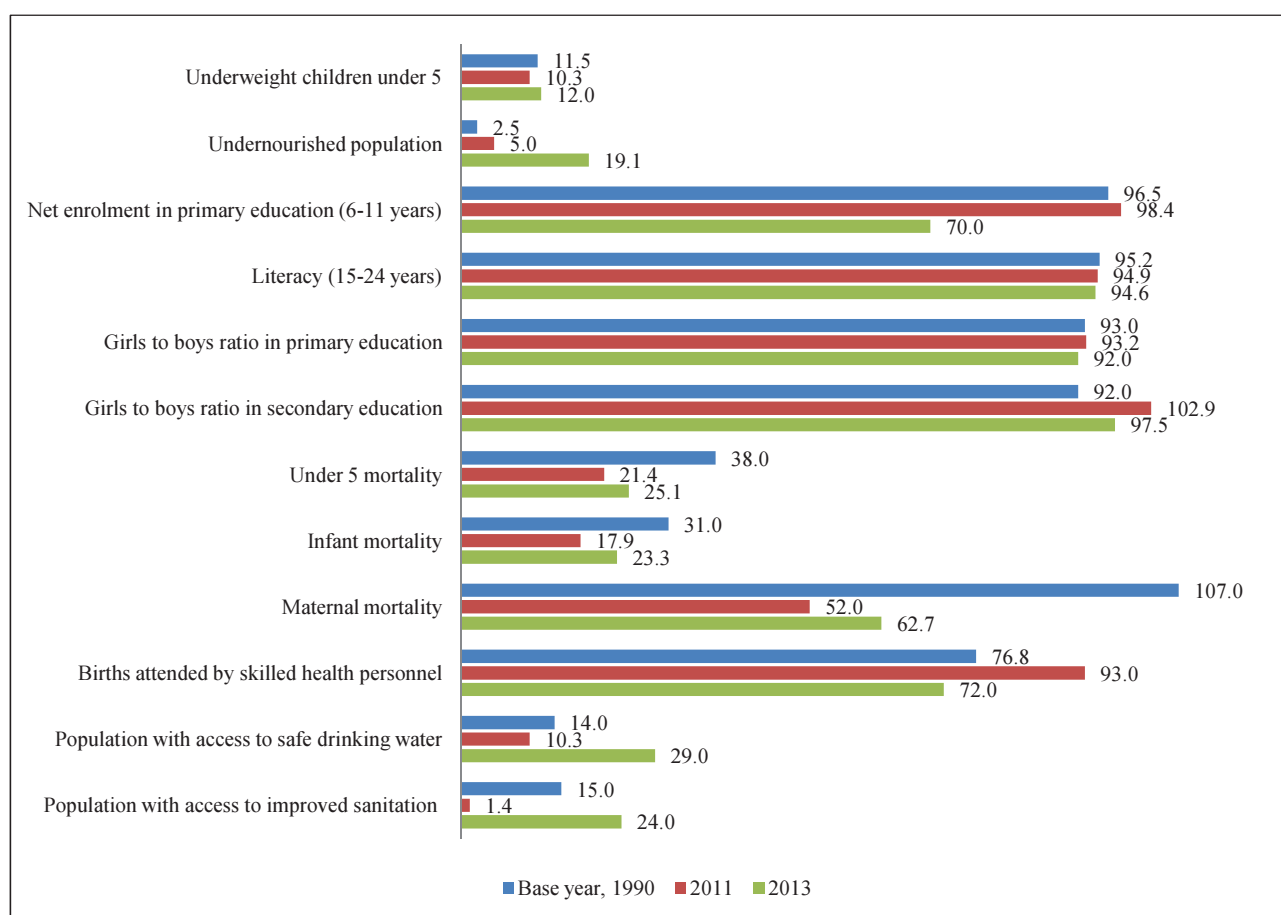
CONCLUSION

According to 2010 data, the Syrian Arab Republic had achieved many of its Millennium Development Goals before 2015, especially those related to poverty reduction, primary education enrolment and gender equality in secondary education enrolment. There was also remarkable progress towards achieving many other Millennium targets, such as reducing malnutrition and infant mortality rates, and expanding access to improved sanitation.

However, it is expected that the conflict will have significant short- and long-term effects on the country's progress, impacting poverty reduction, education and health gains, in particular. By 2013, nearly 4 million people had been pushed into extreme poverty; a number that will continue to grow as the conflict continues. Current poverty estimates might therefore be much lower than the real rates, especially following increases in prices of goods and services, a decrease in real wages and the loss of employment opportunities and physical assets.

A significant regression can be perceived in most Goal indicators when compared to 2010. To compare the Syrian Arab Republic to other Arab countries in 2010 and 2013, a comprehensive assessment was performed, using 12 quantitative indicators that form the Millennium Development Goals Achievement Index, as was done in *The Arab Millennium Development Goals 2013* (figure 2.43).

Figure 2.43. Millennium Development Goals Achievement Index, Syrian Arab Republic, 1990, 2011 and 2013
(Percentage)



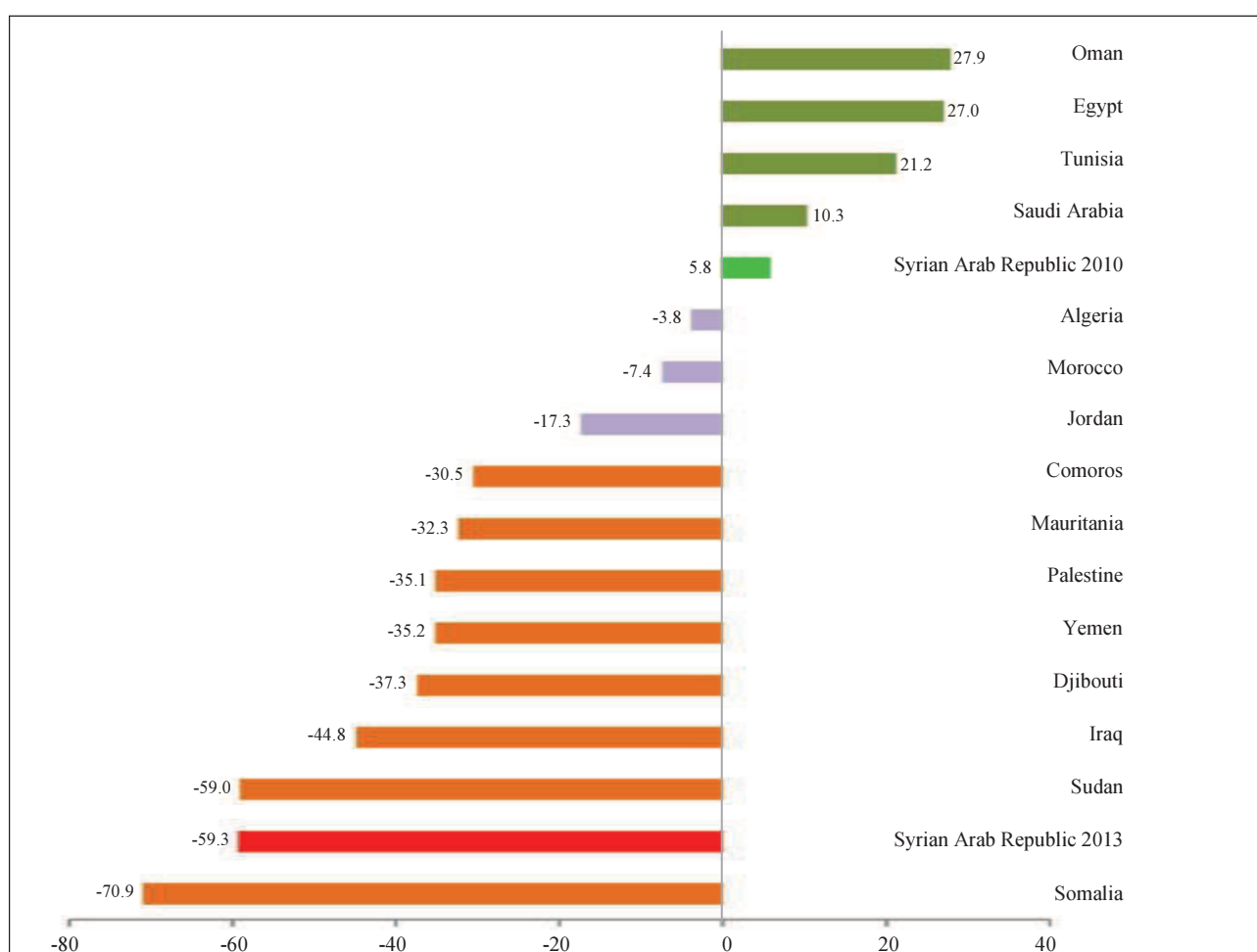
Source: Syrian Arab Republic and UNDP, 2010; ESCWA estimates and national sources for 2011 and 2013.

The Millennium Development Goals Achievement Index measures the gap between the latest monitored value for the 12 quantifiable indicators and the targeted value for the same year, assuming that the country is on track to achieve the related target by 2015.⁴¹ Figure 2.44 shows the results for the Syrian Arab Republic before and after the conflict, comparing the situation in 2010 and 2013 to that of the base year, 1990.

Figure 2.44 compares the Syrian Arab Republic to other selected Arab countries.⁴² At the end of 2010, the Syrian Arab Republic was among the top five performers, along with Egypt, Oman, Saudi Arabia and Tunisia, which had a positive average MDGI. Algeria and Morocco, for example, were ranked slightly below average in the Achievement Index, which means that they had done relatively well except in some areas, such as access to water in the case of Algeria and reducing the number of underweight children in the case of Morocco. The Arab least developed countries were the furthest from achieving the Millennium Development Goals by 2015, with Somalia at the bottom of the list.

By the end of 2013, the Syrian Arab Republic ranked second to last in terms of progress in achieving the Goals. The country has registered decreases in all the 12 indicators compared to 2010. This result is not surprising following the widespread destruction of infrastructure and the collapse of public services in many areas of the country, particularly in terms of access to water, health care, education, and the loss of jobs and incomes. However, security remains top of the list of concerns.

Figure 2.44. Millennium Development Goals Achievement Index, Syrian Arab Republic and selected Arab countries (Percentage)



Sources: ESCWA estimates based on data from the United Nations Statistical Division for 1990; and official national sources and estimates for 2013.

PART THREE

FUTURE PROSPECTS

The Syrian Arab Republic, as it once was, no longer exists. The data and information contained in the present report paint an uncertain and bleak future. With every passing day, the conflict exacerbates the already dire situation and weakens hope for a peaceful solution as the country hurtles towards the unknown.

Large parts of the Syrian Arab Republic are now governed by rival warlords battling for land and resources. Society is disintegrating and citizens are reverting back to tribal or sectarian affiliations. Institutions are crumbling and those that remain are paralyzed. The economy is in a dismal state and is on the verge of collapse.

What had taken decades to achieve was lost in three years, in terms of economic gains, infrastructure, housing and investment. The century-old social structure, built on tolerance and coexistence, has unravelled. Over a million Syrians have been forcibly displaced, 10 million now live in poverty and 3.5 million are malnourished. The cultural heritage of some of the oldest cities in the world has been destroyed. State institutions have lost the majority of their human and financial resources, rendering them incapable of functioning effectively.

With no prospects for a political solution in the near future, experts can only describe the status quo, given that future predictions are meaningless in view of the ever-changing situation on the ground.

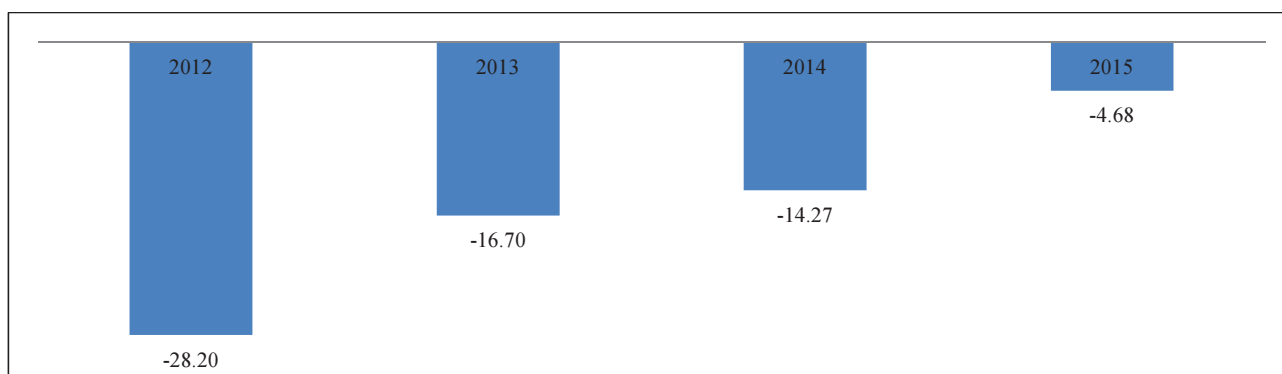
The damage to infrastructure, social structures and institutions will have a prolonged detrimental effect on Syrian national identity, society and opportunities for civil peace. Undoubtedly, the current situation is critical and warnings put forward in ESCWA reports and studies by the National Agenda for the Future of Syria have become reality.

Overall, future projections have focused on deteriorating development indicators. However, the three years of conflict have shown that the situation is extremely unpredictable, and military and security measures on the ground directly impact development indicators.

Nevertheless, as expected, the conflict has resulted in a severe economic downturn, which will continue to affect people's daily lives for years to come. The Central Bank's foreign currency reserves decreased from \$14.4 billion in 2011 to \$3.5 billion by the end of 2013 (a 67 per cent drop), in an attempt to maintain the value of the Syrian pound in the range of SYP 150-160 to \$1. The fate of the Syrian pound in 2015 will therefore depend on foreign aid and the intensity of the conflict.

Over the period 2010-2013, GDP dropped by approximately half, from \$60.19 billion in 2010 to \$33.45 billion in 2013. This decline is expected to continue, but at a slower pace, dropping by a further 14.27 per cent in 2014 and by 4.68 per cent in 2015, to reach \$27.3 billion, equivalent to 25 per cent of pre-crisis GDP estimates for the same year (figure 3.1). Therefore, in 2015, Syrian GDP will reach half that of Jordan and one-third that of Yemen (according to IMF estimates), bringing the Syrian economy in line with some of the world's least developed countries, such as Chad, Madagascar and Mauritius.

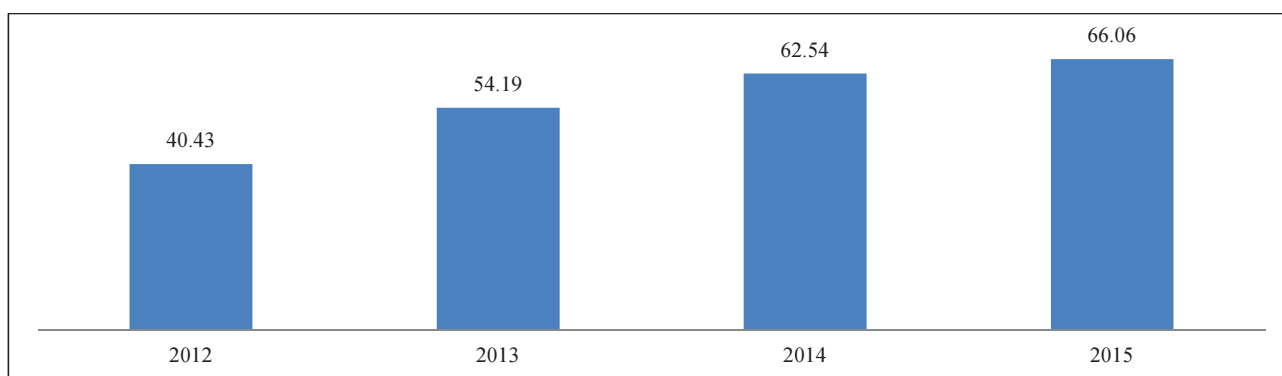
Figure 3.1. Decline in GDP by 2015



Source: ESCWA estimates based on the global equilibrium model.

Following a freeze on bank lending operations and government investment and the relocation of industry to neighbouring countries, the unemployment rate is expected to reach 66.06 per cent in 2015. It should be noted that unemployment in the Gaza Strip is at 41 per cent and at 59 per cent in Djibouti. Figure 3.2 shows the increasing unemployment rate since the start of the conflict.

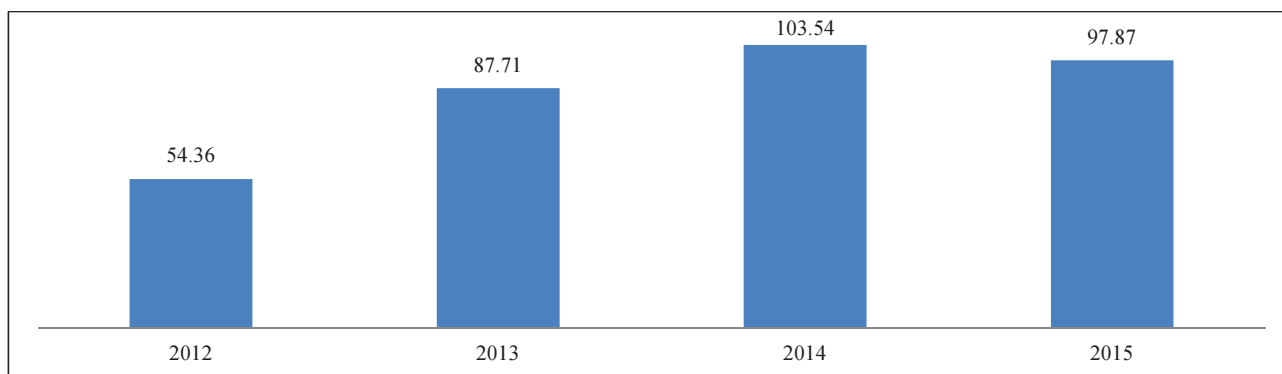
Figure 3.2. Expected unemployment in 2015



Source: ESCWA estimates.

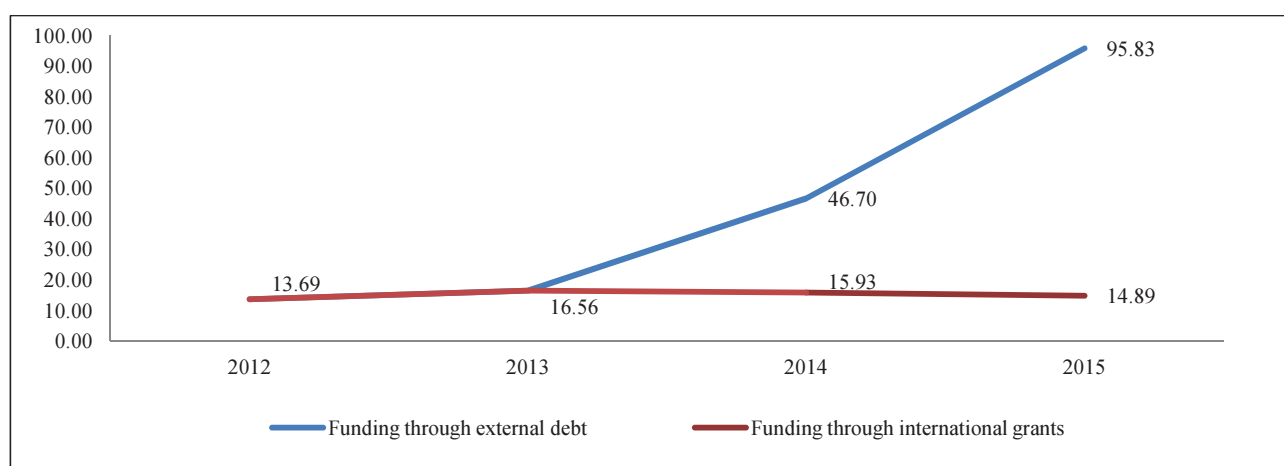
Following a sharp decline in exports and the suspension of oil production, the debt-to-GDP ratio will reach 97.87 per cent in 2015. The majority of government spending will be financed from external sources, reaching 95.83 per cent if funded by external debt and 14.89 per cent if subsidized by international grants. In both cases, the Syrian Arab Republic is under threat of becoming a debtor nation.

Figure 3.3. Internal debt as a percentage of GDP



Source: ESCWA estimates.

Figure 3.4. External debt as a percentage of GDP



Source: ESCWA estimates based on the general equilibrium model.

Note: This figure represents two different scenarios for funding external debt.

If the conflict continues into 2015, the total loss to the Syrian economy is expected to reach \$237 billion (up from \$139.77 billion in 2013), including a \$170 billion loss in GDP over five years. The computable general equilibrium model can be used to calculate macroeconomic indicators as a percentage of GDP for 2014 and 2015 for the above-mentioned external funding scenarios, as shown in table 3.1.

TABLE 3.1. MACROECONOMIC INDICATORS AS A PERCENTAGE OF GDP, 2014-2015

	Funding through external debt		Funding through external grants	
	2014	2015	2014	2015
Subsistence consumption	72.64	76.48	72.64	76.48
Investments	26.02	25.42	26.02	25.42
Exports	13.49	11.76	13.49	11.76
Imports	48.42	50.96	48.42	50.96
State revenues	12.66	12.66	39.07	51.35
Current expenditures	39.07	55.74	39.07	51.35
Public investment	0	0	0	0
Public deficit	-26.4	-43.08	0	0
Domestic deficit financing	0	0	0	0
External deficit financing	26.4	43.08	0	0
Internal debt	103.54	97.87	103.54	97.87
External debt	46.7	95.83	15.93	14.89

Source: ESCWA estimates based on the general equilibrium model.

Undoubtedly, the cost of rebuilding is much greater than the estimated value of the loss. Table 3.2 shows the economic loss by sector in 2014 and 2015.

TABLE 3.2. PERCENTAGE OF ACCUMULATIVE ECONOMIC LOSS ON PRODUCTION BY SECTOR, 2014-2015

Sector	2014	2015
Agriculture	-61	-64.3
Chemicals	-69.6	-73.1
Trade	-65.8	-67.9
Construction	-55	-58
Electricity	-57.3	-60.3
Food	-59.9	-62.4
Public services	7.3	6.8
Leather	-18.2	-16.1
Other products	-69.9	-74.4
Iron	-85.1	-88.7
Metals	-72.3	-75.3
Paper	-72.4	-77
Real estate	-49.5	-50.9
Other services	-46.7	-46.6
Textile	-69.2	-72.3
Tobacco	-43.1	-45
Transportation	-41.9	-43
Water	-45.2	-46.1
Wood	-62.8	-66.4

Source: ESCWA estimates based on the general equilibrium model.

To date, government-controlled areas still enjoy water, electricity, education and health-care services, and still receive basic commodities including bread, vegetables and fuel, despite the widespread conflict, transport disruptions, the economic downturn and increased military spending. This relative economic stability in government-controlled areas is the result of the following:

- A decline in aggregate demand owing to a decrease in resident's purchasing power, the deterioration of economic activity and the displacement of 15 per cent of the population to neighbouring countries;
- The stability of the Syrian pound to the dollar;
- Strict and austere government measures, such as increasing customs fees, managing imports and tightly regulating currency trading;
- A decrease in government spending on development, previously accounting for 40 per cent of total government expenditure;
- Financial support from international allies, including Iran that opened a \$4.3 billion credit line at the beginning of the crisis, and Russian banks that continue to assist Syrian banks in weathering Western sanctions;
- The presence of international and relief organizations that have spent roughly \$1 billion to meet the needs of the displaced;
- Government institutions that continue to function;
- Government-owned industries, such as food and pharmaceuticals, that continue production, thus stabilizing prices and guaranteeing the supply of certain goods;

- Goods continuing to flow through maritime ports and across the border with Lebanon, especially oil, food products and raw materials;
- Foreign remittances continuing to arrive, especially from migrants to their families.

As a result of the chaos in many areas and a collapse in economic activity, a so-called war economy has developed. Kidnapping, smuggling and extortion have become sources of income. Networks have emerged that rob factories to sell the equipment in other countries, steal bank assets, impose fees at border crossings and checkpoints, seize flour mills to control the flour supply, and receive payments to protect oil pipelines. In the eastern regions, economic activity is now limited to trade in oil and agricultural products, enriching a new class of local leaders. Battles to control oil fields, border crossings and grain stores are common. A new oil market has been established near the town of Menbij, close to the Turkish border, where oil is exported to Turkey or sold within the Syrian Arab Republic. Rudimentary oil extraction and refinement operations in Deir ez-Zor and al-Jazeera have caused serious problems as a result of waste flowing into the Euphrates River and the radiation that refiners are exposed to.

External funding received by certain groups has increased as a result of the conflict, making the continuation of the unrest a lucrative venture. Weakened government controls have led to the emergence of new opportunities, such as the import of used cars, especially to the northern region from Eastern Europe.

In areas under government control, a war economy has also emerged because of government reliance on local militias to maintain security, which manage the economy in their respective areas, resulting in racketeering and extortion.

Moreover, Western sanctions have strengthened the war economy. To circumvent the economic impasse, State institutions and businesses have resorted to middlemen to undertake business with companies in neighbouring countries, leading to an increase in the price of imported products. Middlemen have become richer at the expense of State institutions by importing basic commodities, such as food products, and new necessities, such as electricity generators, and by providing private security services that were not previously available.

The country is fragmented and controlled by warring factions, thus limiting the supply of goods, especially agricultural and industrial products. Transport services between provinces have been affected, making certain areas economically dependent on other countries. For example, in the north, basic necessities, such as agricultural goods and petrol, are imported from Turkey. Turkish communication networks are also being used. The northeast has become commercially linked to Iraqi Kurdistan and regions in the far south are largely dependent on Jordan.

The ongoing conflict is expected to further exacerbate this economic separation and cement economic ties in these new markets. In other words, the political separation has begun to manifest itself economically. Therefore, 2015 will be crucial in determining the future map of the country.

In an attempt to cope with these new circumstances, the central Government has begun transferring economic resources to safer parts of the country to create an alternative economic base to compensate for losses elsewhere.

The relative autonomy gained by local communities as a result of the crisis, and the emergence of new structures will make the process of economic reintegration more difficult and may lead to disputes between local and central authorities. Government attempts to regain control of natural resources, such as oil and water, border crossing and ports are likely to be met with resistance, given that communities might be unwilling to abandon their gains.

Warring factions have adapted well to the dynamics of the crisis, in many cases benefiting from the ongoing conflict. Any political solution to the unrest should focus on restoring ties between regions and rebuilding relations between production areas and major markets.

Governance in the Syrian Arab Republic

At the preparatory meetings for the launch of the National Agenda for the Future of Syria, opinions varied on how to describe events in the country. The situation has become much more complicated since those meetings and many hypothetical scenarios have now become reality. Today, the Syrian Arab Republic is witnessing several forms of conflict. Is being torn apart by numerous crises and various forces are vying for control of its territories and resources.

The country has become divided, fragmented and unstable. The controversial 2012 Constitution can only be applied in government-controlled areas and has been suspended as a result of the ongoing conflict. Legislation, including laws on elections, political parties and the media, has become redundant, even in government-controlled areas.

In 2012, the National Agenda for the Future of Syria warned of the following implications if the conflict were to continue into 2014:

- Absence of the central government from large parts of the country;
- Considerable economic losses;
- A rise in the cost of reconstruction and difficulties in providing the necessary financial and human resources;
- An increase in social divisions that could potentially lead to a sectarian civil war;
- The impact on neighbouring countries, transforming the sectarian crisis into a regional problem with foreign recruits fighting in the Syrian Arab Republic;
- An increase in terrorism, especially the threat from Islamist groups such as al-Qaeda and the Islamic State, rendering the country a safe haven for extremists;
- A sharp rise in the number of displaced persons and refugees, making the Syrian Arab Republic the primary source of refugees worldwide, surpassing Afghanistan;
- The detrimental impact of Western economic sanctions on the economy, public institutions and the population as a whole;
- Various external parties supporting different regions, considerably complicating reintegration;
- Difficulties in providing humanitarian assistance and medical services, causing the spread of diseases that could affect neighbouring countries;
- The establishment of hotspots for terrorism and organized crime;
- This report affirms that the situation will continue to deteriorate and the above-mentioned concerns will become reality if the conflict continues, making attempts for a future transition unfeasible.

Social ordeal

In its history, the Syrian Arab Republic has never witnessed a more violent conflict as it has over the past three years, which has caused widespread violence, destruction, death, hunger, fragmentation, displacement, migration and the unravelling of society. Many Syrians have become members of armed groups and the infrastructure and public institutions are crumbling.

The country was not prepared for the devastating implications of the conflict, which radically changed society, creating new social structures based on political, social and economic affiliations that did not exist before the unrest. The rapid collapse of the social contract exposed its fragility and weak foundations and its inability to ensure social justice and equal opportunities. It also highlighted that the relationship between citizens and the State was one of dependency rather than participation, based on self-interests. This relationship quickly collapsed and people returned to their immediate affiliations, such as tribes and religious sects. Moreover, the State's policies on cultural diversity did not aim to consolidate a feeling of citizenship, but rather imposed a state of forced security, without promoting a culture of civil peace and a rejection of violence. Deep social divisions surfaced following the collapse of the rule of law and violence spread like wildfire.

The conflict has destroyed the social developments that had been achieved since the mid-1990s, which had formed a good basis for further growth. The crisis has been a heavy burden on the lives of Syrians, casting them into a vicious cycle of violence, death, contempt and destruction. Public services have been disrupted; families can no longer secure their food, medicine, medical and education needs, leading to the establishment of fragmented local and regional alternatives for social services.

These radical social, economic and political changes mean that Goal indicators can no longer reflect the short-term or long-term prospects of the Syrian Arab Republic, given that the development priority has been replaced with humanitarian and reconstruction concerns. Goal indicators cannot be used to measure development in a country torn apart by instability and social unrest, where all development operations have been suspended.

Available data show a considerable deterioration in health, education, gender equality and poverty indicators in 2013 compared to previous years, which can be attributed to the ongoing conflict. These indicators reflect a rise in birth rates, maternal mortality and violence against women and girls, as well as a frightening decline in vaccinations and school attendance.

It should be noted that both quantitative and qualitative indicators are needed to provide an accurate assessment of development efforts. Reports by the Syrian Government and international organizations on social services, such as health and education, only focus on quantitative indicators, without mentioning their quality, leading to a skewed evaluation of these services.

HEALTH

The conflict in Syria has significantly impeded the provision of health services and destroyed medical infrastructure. Its effects can be summarized as follows:

- A severe loss of human resources, following the death of many health-care workers and the migration of numerous others;
- The destruction of vital health-care infrastructure and the intense pressure on remaining services because of homelessness; a lack of public utilities such as water, electricity and sanitation services; food shortages; and severe overpopulation in some areas;
- Limited access to health services causing the spread of diseases that had been previously contained by the Government; overwhelmed health services give priority to treatment cases, especially emergencies, rather than preventive care and chronic disease management;
- Medical equipment cannot be maintained because of a lack of parts; medical supplies are scarce; and medicines are in short supply because most pharmaceutical companies have halted production;
- Health-care management has become more complex and the ability to respond to emergencies has become limited owing to a centralized public health-care system. Various initiatives by local communities and regional and international non-governmental groups have offered temporary solutions to health-care problems. However, sustainable alternatives have not been found, because of growing infrastructure challenges and a drop in government spending.

All Goal health-care indicators have therefore been severely affected by the conflict, and will deteriorate further if the unrest continues. In 2015, it is estimated that the under-five mortality rate will reach 28.8 per 1,000 children and the infant mortality rate will reach 28.7 per 1,000 live births, up from 23.3 per 1,000 live births in 2013. Only 40 per cent of children will be vaccinated against measles, down from 57 per cent in 2013, and the maternal mortality rate will reach 73.4 deaths per 100,000 births.

The situation will continue to deteriorate following the end of the conflict because it will take time for health-care services to return to normal. Moreover, families are having more children to compensate for potential deaths, but these births are taking place under dangerous conditions, raising maternal mortality rates further. Reducing mortality rates therefore not only relates to health care, but also to prevailing cultural practices. Such issues must be taken into consideration in future reconstruction and development programmes.

As a result of the current conditions, the number of deliveries carried out by qualified medical staff will decrease to 50 per cent in 2015 from 72 per cent in 2013, and the use of family planning methods will drop to 36 per cent from 47 per cent over the same period. This is due to several factors, including a shortage of family planning methods, which were provided free of charge by the government and international organizations before the crisis.

EDUCATION

The ongoing conflict has severely affected the education sector. Data indicate a huge education gap following the destruction of schools, the suspension of classes and the displacement of families and teaching staff. Many Syrian students are being taught in an unstructured way, either in refugee camps in neighbouring countries or through initiatives aimed at bridging the education gap which, if left unchecked, could result in widespread illiteracy, education disparities and significant long-term difficulties, including the fragmentation of the education system that will no longer meet increasing reconstruction and development requirements and labour market demands.

Estimates show that Goal indicators on education will be dismal by 2015. School enrolment for children aged 6-11 is expected to drop to 50 per cent, and only 30 per cent will complete their primary education, leading to grave long-term effects given that an entire generation currently under 15 will grow up illiterate. Although literacy rates for those aged between 15 and 24 will only slightly decrease to 94.3 per cent in 2015 from 94.6 per cent in 2013, they will significantly decrease in coming years owing to currently low enrolment rates.

In 2015, the ratio of girls to boys in primary education is expected to be 90.8 per cent, reaching 92.5 per cent for secondary education, 53.6 per cent for vocational education and 76.1 per cent for university education.

POVERTY

Despite the relatively low number of people below the poverty line in 2010 (12.3 per cent), their situation did not improve much as a result of economic growth prior to the conflict. National wealth was inequitably distributed and the gap between rich and poor continued to grow. A large portion of the population was vulnerable to slipping into poverty following the slightest economic, social or political shock, which is what happened as a result of the conflict. Syrian families could no longer secure their basic needs and many suffered from hunger; an unprecedented phenomenon in the Syrian Arab Republic.

The Syrian middle class has shrunk because of the growing gap between rich and poor. Over the last ten years, the economy has been liberalized through new investment opportunities that increased GDP. The effectiveness of these policies began to appear in some middle class consumption indicators, such as the number of small car and home purchases. However, this growth did not improve living standards for the

poor because of unfair distribution of national wealth, a lack of balanced development policies between and within provinces and the monopolization of resources by the elite.

The ongoing conflict has played a major role in increasing poverty owing to severe inflation, loss of livelihoods, the emergence of a war economy that increased informal employment, currency devaluation, the weakness of market surveillance mechanisms, damage to infrastructure and widespread disruption to logistical and production services.

The conflict has also destroyed the private and public sectors, affecting service provision, employment and investment. Public financial resources have declined, resulting in the suspension or cancellation of social protection programmes, which mainly targeted the poor and marginalized, who are currently suffering disproportionately from displacement, poverty and homelessness, with no recourse. Worryingly, poverty indicators show that 90 per cent of Syrians will become poor and 60 per cent will be unable to secure their basic food needs if the conflict continues into 2015.

Box 3.1. International response to the Syrian humanitarian crisis

According to the Director of the United Nations Office for the Coordination of Humanitarian Affairs, the Syrian humanitarian crisis is the worst in terms of the inconsistency between the theoretical response and effective action on the ground. Throughout the conflict, the international community has not done enough to alleviate the suffering of Syrians. The United Nations and many other non-governmental organizations have issued progress reports detailing various aspects of the conflict, without arriving at any practical, effective and sustainable solutions for the problems they describe. To date, the majority of humanitarian operations have been carried out under the United Nations response plan, and aid has been distributed through official channels in government-controlled areas. It was estimated, however, that one-third to half of the population outside government-controlled areas remain in dire need of medical and humanitarian assistance.

In general, international relief organizations and non-governmental organizations, such as the International Committee of the Red Cross, the Red Crescent, Oxfam, Save the Children, are the main providers of medical and humanitarian relief in conflict and disaster areas. However, in the case of the Syrian Arab Republic, many of these well-established and well-funded organizations have been absent from the most affected regions, because of transport and security concerns. As a consequence of bureaucratic hurdles, inflexible policies and inaccurate needs-assessments, tens of thousands of Syrian civilians have died, not from direct violence, but as a result of malnutrition and hunger as well as a lack of medical services and clean water. The Syrian American Medical Society estimated that, since the start of the conflict, 200,000 Syrians have died of chronic diseases because of a shortage in health-care services and medicines.

Neighbouring countries have worked on providing various basic services at varying levels for Syrian refugees, such as maintaining open borders and offering shelter, basic necessities and health care for millions of Syrians in distress. For instance, the Turkish Government has provided free shelter, food, medical care, education, among other services. Jordan has built new refugee camps and has provided other basic requirements, such as food, health care and education. Lebanese non-governmental and civil society organizations have mobilized resources to provide services to over 1.5 million Syrian refugees, despite the country's limited ability to absorb such large numbers of new arrivals. Iraq has also become host to a large number of refugees, especially from the north-eastern provinces of the Syrian Arab Republic. Nevertheless, there remains a dire need for more international assistance.

BLEAK PROSPECTS OR A GLIMMER OF HOPE

The present report paints a grim picture of the situation in the Syrian Arab Republic. Development indicators are rapidly deteriorating, with frightening consequences. The ultimate question is whether there is hope for the country and its people.

This report finds that there is still a chance to salvage what remains of the Syrian Arab Republic, but this window of opportunity is shrinking as the conflict continues, and the material, human and political costs

of the crisis continue to rise. A road map is needed to save the country. National and international stakeholders must make a concerted effort to reach a political solution, whereby all parties take steps to stop the bloodshed and destruction, and uphold their responsibility protect the country and the Syrian people. The following conditions must be included in the roadmap:

- Halting military operations, especially in residential areas; opening supply lines; and allowing aid and basic commodities to reach those in conflict zones and besieged areas;
- Launching a political process to draft a new social contract, based on United Nations principles and respect for human rights;
- Adopting good governance principles, and drafting a constitution and legislation that uphold the rights of all Syrians and the concept of equal citizenship;
- Developing a reconstruction programme by consensus, approved by the Syrian people, in accordance with national priorities, needs and capabilities;
- Rebuilding civil peace on the basis of citizenship, participation and justice;
- Benefitting from the initiatives of Syrian civil society, which has proved its unshakable ability to work well under difficult conditions;
- Establishing platforms for social dialogue between Syrians on various political, economic, social, development and cultural issues;
- Building upon civic initiatives to achieve social reconciliation;
- Enacting laws that derive their legitimacy from the people, which meet their needs and uphold their interests;
- Enshrining the principles of transparency, accountability, the peaceful transfer of power and political pluralism;
- Respecting the cultural and economic rights of all social groups;
- Participating in the management of civil society affairs through decentralization;
- Establishing a media organization to carry out monitoring activities and ensure accountability, and allowing citizens to participate in the monitoring process;
- Agreeing upon collective Syrian values and unifying national symbols;
- Developing systems to protect vulnerable and marginalized groups;
- Respecting the economic, social and environmental rights of future generations to not grow up in a fragmented society, blighted by destruction and religious discord;
- Implementing international treaties, respecting the sovereignty of States and establishing trade and cultural relations with neighbouring countries.

TABLE 3.3. SUMMARY OF KEY DEVELOPMENT INDICATORS

1.1	Indicator	Base year (1990)	2013	2015 estimates	2015 target
1	Poverty rate based on the Syrian lower poverty line	14.3	43	59.5	7.1
2	Poverty rate based on the Syrian higher poverty line	33.2	68.9	89.4	16.6
3	Percentage of children under the age of 5 who are underweight	11.8	12	13.1	5.9
4	Primary school net enrolment rate for children aged 6-11	95.4	70	50	100
5	Percentage of pupils who complete their primary education	93	50	30	100
6	Literacy rates among Syrians aged 15-24	88	94.6	94.3	100
7	Girls to boys ratio in primary education	85	92	90.8	100
8	Girls to boys ratio in secondary education	91	99.3	92.5	100
9	Girls to boys ratio in secondary vocational education	70	59.2	53.6	100
10	Girls to boys ratio in university education	58	84.6	76.1	100
11	Under-five mortality rate for every 1,000 children	41.7	25.1	28.8	13.9
12	Infant mortality rates per 1,000 live births	34.6	23.3	28.7	17.5
13	Percentage of children vaccinated against measles	83.5	57	40	100
14	Maternal mortality rate	107	62.7	73.4	32
15	Percentage of deliveries by qualified medical staff	76.8	72	50	100
16	Use of family planning methods	39.9	47	36	65
17	Percentage of population with access to safe drinking water	86	71	55	100
18	Percentage of population with access to improved sanitation	85	76	55	100

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¹ Syrian Arab Republic and United Nations Development Programme, 2010.

² United Nations Development Programme, 1994.

³ The Syrian general equilibrium model used in this report is based on a model developed by the Economic Commission for Africa (see Bchir, Chemingui and Ben Hammouda, 2007) adapting standards for using information from the social accounting matrix of the Syrian Arab Republic for 2006. The model was applied to 19 economic sectors.

⁴ IMF, 2013.

⁵ United Nations and the League of Arab States, 2013.

⁶ UNHCR, 2014a.

⁷ Estimates show that the population of the Syrian Arab Republic was 20,806,945 in 2011; 20,526,691 in 2012; and 18,187,391 in 2013.

⁸ Armington, 1969.

⁹ IMF, 2013.

¹⁰ General equilibrium model of the Syrian economy.

¹¹ Recent government estimates show that, by the end of 2013, 11.9 million barrels of oil had been extracted using basic methods.

¹² The Syrian Government imposed restrictions on the import of various luxury goods. Only imported basic necessities and food products were funded by the Central Bank.

¹³ This report uses the 2010 official exchange rate for the United States dollar to evaluate economic losses. Most estimates were reached using the carrying value of damaged assets. When calculating GDP losses, the rate of SYP 150 to \$1 was used.

¹⁴ It is necessary to distinguish between the following two concepts: capital losses and reconstruction costs. Capital losses are calculated using the book values of production lines (i.e. purchasing value minus accumulated depreciation). Reconstruction costs take into account the cost of establishing new production lines. This also applies to destroyed buildings, cars and other assets. Therefore, reconstruction costs are much higher than money supply losses, and much harder to calculate.

¹⁵ According to the latest government figures, the economic losses incurred by public institutions has reached SYP 4.731 billion (\$43.8 billion).

¹⁶ The approach adopted to calculate estimated money supply losses in economic sectors is based on three main axes: official data on money supply losses in public institutions and calculated for private facilities, when available; comparisons between money supply losses in a particular sector in a province, based on official estimated losses in the same sector in another province; and ESCWA estimates based on estimated losses in one sector compared to money supply before the crisis, when available, and estimates of damaged capital assets.

¹⁷ Calculated according to the book value of assets.

¹⁸ ESCWA estimates show that 1.7 million residences have been affected by the conflict (41 per cent of total residences) and 340,000 have been completely destroyed.

¹⁹ Data from the Ministry of Public Works show that damage to its facilities totalled SYP 24 billion by the end of 2013.

²⁰ Although the mining sector contributes considerably to GDP, it significantly shrunk over the past decade to 13 per cent of GDP in 2010, but remains larger than the manufacturing, financial, insurance and real estate sectors.

²¹ Agriculture losses appear relatively low compared to other sectors owing to the lack of capital intensity and heavy rainfall over the period 2011-2012, thus compensating for some losses incurred by the conflict.

²² According to the Second Guidance Note on Country Reporting on the Millennium Development Goals (October 2003) and the addendum to it (November 2009), poverty should be monitored and analysed based on national poverty lines. Because of the lack of systematic data on poverty in the Syrian Arab Republic before 1997, this year has been considered as the base year for assessing the country's poverty situation instead of 1990. Therefore, Target 1 relates to halving the 1997 poverty rate in the Syrian Arab Republic. In the revised Millennium Development Goals Framework, which was adopted by the United Nations in 2009, the international absolute poverty line was amended to become \$1.25 a day in 2005 purchasing power parity (PPP).

²³ ESCWA estimates, based on data from the 2009 Syrian household income and expenditures survey. The methodology applied in the 2004 and 2007 Syrian household income and expenditures surveys to calculate actual household expenditure was used

to update the poverty line in 2013. No data on PPP value for 2013 were made available from the World Bank, whose estimate for 2012, i.e. SYP 28.73 to \$1, is below the actual value. In 2004, PPP was SYP 18.7 to \$1; it increased to SYP 25.90 in 2010. Based on these data and exchange rates for mid-2013, ESCWA estimates yield a value of SYP 74 to \$1.

²⁴ ESCWA estimates, based on household income and expenditures surveys for 2004 and 2007, and consumption patterns in 2009, used to estimate the 2010 poverty rate. Poverty lines were 50 per cent higher between 2004 to 2010, paralleled with a higher increase in income levels over the same period. At the national level, there was a price inflation of 162 per cent from 2009 to 2013 for all goods, a figure that was used to derive price inflation for each commodity and to assess consumption patterns for 2009. Income levels increased by 44 per cent between 2009 and 2013, which decreased the average inflationary impact from 162 per cent to 134 per cent.

²⁵ A gap is a relative deviation from the Millennium target. It is thus a comparison between the actual value of an indicator and its targeted value for the same year, and is calculated using the following formula, where A is the actual value and T is the targeted value, assuming that there is a linear progression since 1990 and that the related Goal will be achieved by 2015.

²⁶ UNDP, 2013b.

²⁷ 2011 data are from a national labour market survey; and 2013 data are ESCWA estimates based on a general equilibrium model of the relation between employment and GDP growth.

²⁸ Data are from the 2011 labour market survey. To estimate youth unemployment figures, the number of new entrants into the labour market was determined based on the size of the 15-24 age group; school enrolment rates within that group; the number of job opportunities created during the set period; and labour force replacement rates. In the period 2011-2013, there were about 600,000 new entrants into the labour market and no new jobs were created. A lot of jobs were lost, particularly by low-skilled youth who constitute a vulnerable group.

²⁹ Based on data from the Syrian Central Bureau of Statistics on the labour force for the period 2001-2011 and on reports on the economic impact of the conflict over the period 2011-2013. The elasticity of the labour force to economic activity was measured, as well as the reduction in the size of the labour force as a percentage of the country's total population. The composition of the labour force by category was as follows: wage workers were mainly in the private sector, specifically in industrial activities; own-account workers were mainly in the trade, construction and transportation sectors; and contributing family workers were in the agricultural and trade sectors, although their contribution to the latter was limited. The reduction in the labour force size mainly affected the private sector.

³⁰ ESCWA estimates. Around 70 per cent of household expenditure in the second lowest population quintile was on food commodities in 2009 and the Food and Agricultural Organization estimated that this figure reached 60 per cent for basic food commodities in 2013.

³¹ Data from the Ministry of Education, based on population estimates that did not take into account the school-age population residing outside the country. ESCWA worked on these data so as to only include the population of basic education age residing within the Syrian Arab Republic in 2013, thus obtaining the following: (a) the number of students enrolled in basic education levels reached 4,662,000 in 2010, increasing to 4,774,000 in 2011 then dramatically decreasing to 2,967,000 in 2013; (b) the number of students of basic education age reached 4,582,000 in 2011; thus the proportion of the population of basic education age (6-14 years) reached 21.2 per cent of total population; (c) the number of emigrants is estimated at 4.1 million, of which 869,000 are of basic education age. The population in basic education was estimated to have reached 4,433,000 in 2013, under the assumption that there was a homogeneity between the demographic composition of the population within and outside the country in 2013; (d) thus the revised ratio is $2,967,000/4,433,000$ = approximately 70 per cent. Data on primary education age alone was not available for this indicator; thus basic education was featured instead.

³² Data are based on measures of student school attendance on a randomly selected day in March 2013.

³³ Stationery prices have registered an inflation rate of 487 per cent between September 2012 and September 2013.

³⁴ The efforts that were exerted in the period 1990-2011 yielded an increase in literacy rates by 7 percentage points, i.e. by an average of 0.33 points per year. They concentrated on both fighting illiteracy and reducing school dropout rates. Literacy rates would have continued to increase steadily in the period 2011-2013 if it were not for the conflict, which has caused an increase in school dropouts, the impact of which will unfortunately be felt in the coming years.

³⁵ The indicator of women's parliamentary representation is part of the Gender Empowerment Measure.

³⁶ A maternal death is defined by the World Health Organization as the death of a woman while pregnant or within 42 days of termination of pregnancy, regardless of the site or duration of pregnancy, from any cause related to or aggravated by the pregnancy or its management.

³⁷ The population team of the Council for Scientific Research prepared a draft report on the demographic situation in the Syrian Arab Republic, presenting time series data on the proportions of births attended by skilled health personnel over the period

1993-2010, based on administrative information provided by the Ministry of Health. In this study, measures of indicator 5.2 were estimated based on data on the reproductive health services provided by hospitals and health centres featured in yearly reports by the Ministry of Health, and on the number of skilled health personnel available. The proportion of births attended by skilled health personnel was thus estimated at 72 per cent in 2013.

³⁸ Estimates based on usage rates of all locally produced and imported contraceptive products.

³⁹ ESCWA estimates of decreases in the number of doctors and health-care services in public hospitals, based on yearly reports by the Ministry of Health.

⁴⁰ As defined in the official list of Millennium Development Goals indicators, the proportion of total renewable water resources used is the total volume of groundwater and surface water withdrawn from their sources for human use (in the agricultural, municipal and industrial sectors), expressed as a percentage of the total actual renewable total resources. The total actual renewable water resources for a country or region are defined as the sum of internal renewable water resources and the external renewable water resources, also expressed in cubic kilometers per year. The word “used” in this indicator refers to “withdrawn”.

⁴¹ A number of GCC countries, such as Bahrain, Kuwait, Qatar and the United Arab Emirates, were not included in the calculations of the Achievement Index for several reasons, including that these countries had already achieved most Goals in 1990 and a lack of data.

⁴² Latest data on this group of Arab countries are for 2010.



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