



# 2023 SYRIA IN REVIEW: ECONOMIC TRENDS

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# 2023 Syria in Review: Economic Trends



**CA – SYR**  
CRISIS ANALYSIS – SYRIA

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# Executive Summary

In 2023, Syrian households and economies faced considerable challenges, with inflation, depreciation, and decreasing affordability dominating the economic landscape as major headlines. Forecasting into 2024, economic vulnerability is expected to extend, potentially worsening and presenting greater unfavorable conditions negating households' ability to cope. This is largely due to a multitude of external and internal factors. Internally, economic governance actors cannot largely effectively manage economies. Whereas sanctions, a failure to integrate regionally, conflict-induced damages to public infrastructure and services, and political rivalries with neighboring states all showcase how Syria remains highly fragile and incapable of withstanding economic shocks that could come from abroad.

Below are the key takeaways from Crisis Analysis–Syria's (CA–SYR) economic overview for the 2023 Syria in Review series.

## Key Takeaways

- Throughout the year, the primary currencies utilized by Syrian households, namely the Syrian Pound (SYP) and the Turkish Lira (TRY), experienced multiple rounds of depreciation. By 24 December, the SYP and TRY depreciated by 54% and 36%, respectively, against the US dollar (USD).
- Depreciation ushered in inflation restraining household incomes and the ability to secure their needs. Though impacting the whole of Syria, inflation was uneven across zones of control. In Government of Syria (GoS)-controlled areas, the price of the partial Survival Minimum Expenditure Basket (SMEB) peaked at SYP 1.9 million in December, representing a 137% increase from January 2023. Meanwhile, Autonomous Administration of North and East Syria (AANES)-controlled areas saw prices reach 1.4 million SYP in December, marking a 100% increase from January 2023.
- Areas controlled by the Syrian Interim Government (SIG) and the Syrian Salvation Government (SSG) witnessed a 28% and 57% increase in partial SMEB prices between January and December 2023. Despite appearing to be less impacted, households in SIG and SSG-held areas are still bearing the brunt of the February 2023 earthquake which generally makes them worse off in comparison to other areas despite having lower inflation rates.
- Households were also impacted by a drop in affordability as wage increases largely failed to counteract the impacts of depreciation. Specifically, unskilled labor in GoS and AANES-held areas needed to work 16%, and 37% more in December 2023 to afford the same commodities they did in January. In contrast, SSG and SIG-held areas witnessed an improvement as unskilled labor needed to work 20% and 24% less in December in comparison to January.
- The ongoing economic trends are anticipated to persist as Syria enters 2024, with no apparent regional shifts that could potentially improve the country's economic situation. Turkey's ongoing airstrikes in areas held by the AANES disrupt the public supply of fuel and electricity, imposing additional challenges on residents who increasingly turn to inflated black market rates for their necessities. This is likely to contribute to further inflation in the markets.
- In GoS-held areas, the government's failure to capitalize on its rapprochement with Arab states is likely to continue its economic isolation. As a result, amid a drop in humanitarian funding and racing depreciation, households are expected to further see their ability to secure their needs restrained.

- In SSG and SIG-held areas, whereas the adoption of the TRY relatively brings in an added layer of security for markets and households, it also increases their connectivity and exposure to internal Turkish economic dynamics. In other words, policy changes and inflation rates in Turkey have a direct impact on SSG and SIG-held areas leaving them susceptible to Turkish corroding economic dynamics.



A produce vendor awaits customers in a busy Damascene intersection. (Source: Enab Baladi)

Syria's 2023 economy can be largely described by two ongoing dynamics, namely: inflation and depreciation. Throughout the year, many outlets have depicted the temporal impacts brought onto Syrian economies by these two phenomena. Using publicly available data on markets, wages, and exchange rates, CA-SYR will attempt to highlight how inflation impacted areas differently throughout Syria, and outline the factors behind the difference. The report will also look beyond quantitative findings, and rely on qualitative data, news articles, and a network of local sources to identify the potential economic trends that are likely to impact the Syrian economy in 2024.

## Inflation and Affordability

In 2023, the escalating trajectory of overall price levels in Syria, as indicated by the partial Survival Minimum Expenditure Basket (SMEB) across different zones of control, underscores the persistent economic challenges faced by the nation. As depicted in Figure 1, the data indicates that not only did prices generally increase in 2023, but proportionally increased more than in 2022 highlighting the fragility of the Syrian economy and showcasing how household resilience continues to diminish.

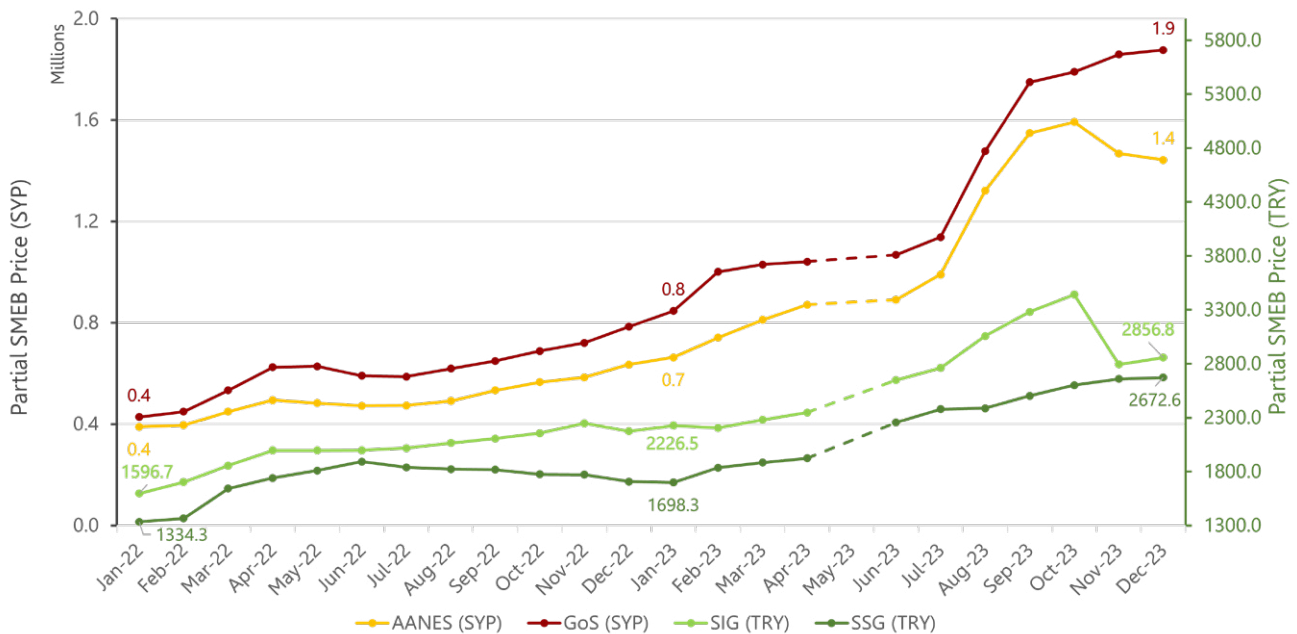


Figure 1: Partial SMEB Prices across all zones of control. (Source: [WFP Food Price Data](#))

Areas held by the Government of Syria (GoS) witnessed the greatest proportional price increases throughout 2023 when compared to 2022 figures. In 2023, partial SMEB prices in (GoS)-held areas increased by 137% between January and December 2023, more than doubling the 65% increase witnessed throughout 2022. AANES-held areas come in second, recording roughly 100% between January and December 2023, also considerably higher in proportion to the 75% increase recorded throughout 2022. SIG and SSG-held areas, on the other hand, recorded approximately a 28% and 57% respective increase throughout the same period in 2023, compared to approximately 39% and 27% increase recorded throughout 2022.

Inflation was also coupled with an overall drop in affordability. To measure the impact of inflation on Syrian household economies, CA-SYR developed an index for calculating affordability. The index calculates how many working days it would take for unskilled daily wage laborers to earn enough to afford a partial SMEB based on WFP price data. As evident in Figure 2, by December 2023, unskilled daily wage laborers in GoS and AANES-held areas need to work more days to afford the same commodities they did in January 2023. In contrast, areas held by the SSG and SIG

have become more affordable, as unskilled daily wage laborers need to work approximately less by December than they used to in January 2023 to afford a partial SMEB.

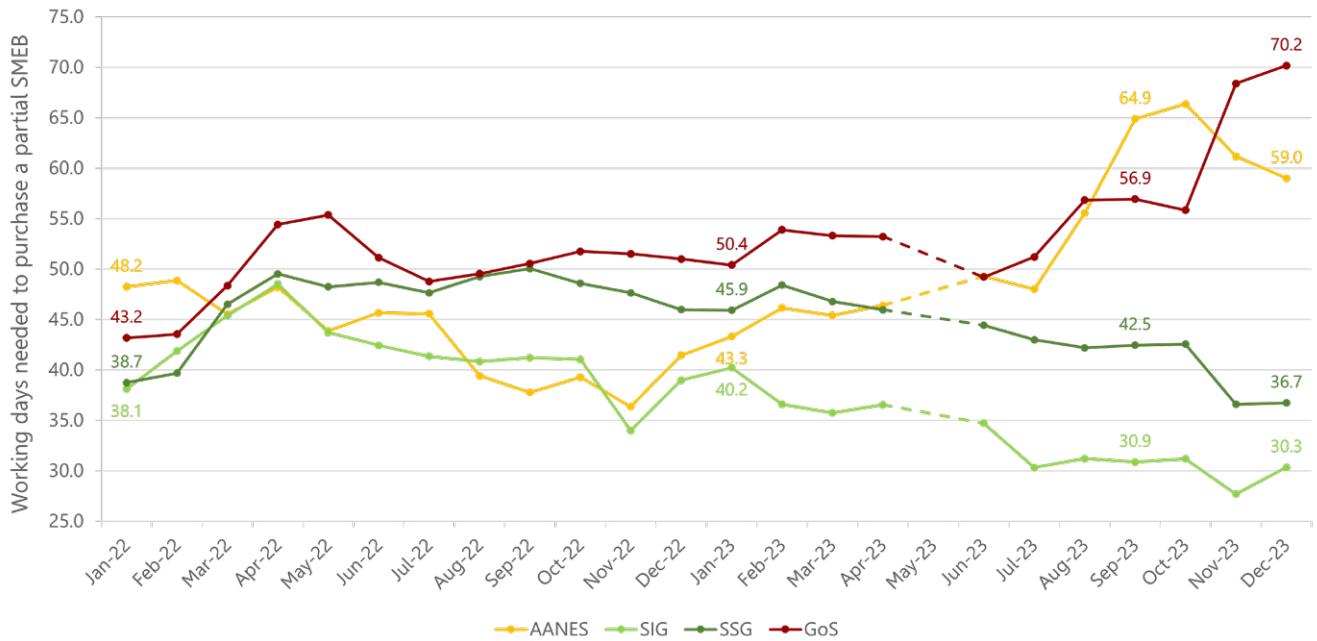


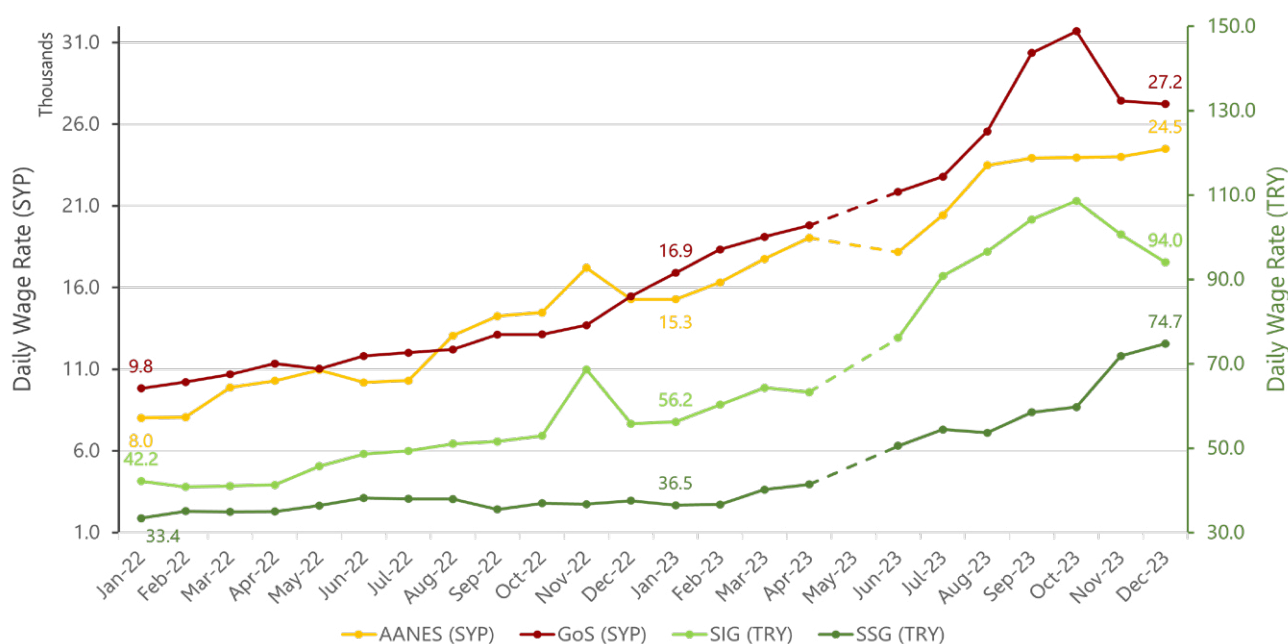
Figure 2: Affordability in AANES, GoS, SIG, and SSG-held areas. (Source: [WFP Food Price Data](#))

The difference in 2022 and 2023 levels of affordability is largely echoed by statements made by local sources, especially those in GoS and AANES-held areas, who noted that households in 2023 are considerably worse off than they were a year before. In AANES-held areas, unskilled daily wage laborers needing roughly 59 working days by December 2023 to afford a partial SMEB. This is striking since unskilled daily wage laborers in AANES-held areas needed 43.3 days in January 2023, with the December figures indicating that unskilled daily wage laborers need to work approximately an additional 16 days (roughly a 37% increase) to afford what they used to nine months prior. This increase is noteworthy, especially as the affordability in AANES-held areas improved by roughly 10% from January 2022 to January 2023.

Affordability in GoS-held areas dropped by nearly 39% between January and December 2023. Similar to AANES-held areas, the drop is significantly higher than the 16% drop in affordability that households in GoS-held areas suffered between January 2022 and January 2023. Conversely, households in areas controlled by the SSG and SIG witnessed an improvement in affordability. Specifically, unskilled labor in SSG-held areas needed to work approximately 9 fewer days (representing a 20% improvement) in December 2023 to afford the same commodities they did in January. In SIG-held areas, unskilled labor needed to work approximately 10 fewer days (representing a 24% improvement) in December 2023 to afford the same commodities they did in January.

# Exploring Inflation: Wages and Depreciation

The variation can be attributed to two factors: disproportional wage rate growth across areas of control, and currency depreciation. This observation is deduced from the fact that the more affordable areas held by the SIG and SSG experienced a greater increase in wage rates compared to areas controlled by the GoS and AANES (see Figure 3). Specifically, the wage rate in SIG and SSG-held areas surged by approximately 67% and 105% between January and December 2023, surpassing the growth rates of 60% in both GoS and AANES-held areas during the same period, respectively.



**Figure 3:** Wage rates across SSG, SIG, AANES, and GoS-held areas between January 2022 and December 2023. (Source: [WFP Food Price Data](#))

Wage rate increases alone cannot explain why inflation varied across Syria. Local sources noted that many traders and residents attribute inflation and the drop in affordability to the depreciation of the SYP and TRY. To assess the extent to which depreciation had an impact on inflation, and explain why inflation levels varied throughout Syria, CA–SYR calculated the quantitative relationship between the exchange rate of the local currency against foreign currencies and local price levels using price data collected by WFP<sup>10</sup> and the Assistance Coordination Unit<sup>11</sup> (ACU)<sup>12,13</sup> in what is also known as the *pass-through effect*.<sup>14</sup> The results are shown in Figures 4 and 5 and are organized according to the relevant local currency tested against market prices.<sup>15</sup> Fruits and vegetables were removed from the analysis because prices are seasonal, which makes

10 WFP data can be accessed [here](#)

11 ACU data can be accessed [here](#)

12 WFP price data was used to measure the pass-through effect in AANES and Syrian government areas because the prices are recorded in SYP and the dataset includes markets in Syrian government areas. ACU data was used to calculate the pass-through effect in SIG and SSG because prices have largely been collected in TRY in these regions.

13 All pass-through calculations use price data from January 2021 to September 2023 (WFP)/October 2023 (ACU).

14 For example, a pass-through effect of 0.5 (50%) means that half of the percent change in SYP/USD is passed onto the percent change in the price of an item; further, a pass-through effect of one (100%) means that changes in SYP/USD are completely passed onto local prices. A negative pass-through effect indicates that changes in a given exchange rate decrease local prices. This occurs when one economically linked currency appreciates against another.

15 SYP/USD for AANES and Syrian government-controlled areas, and TRY/USD and TRY/SYP in SIG and SSG-controlled areas.



the calculation of a pass-through effect unreliable. Overall, depreciation had a great impact on markets, ushering in significant price increases.

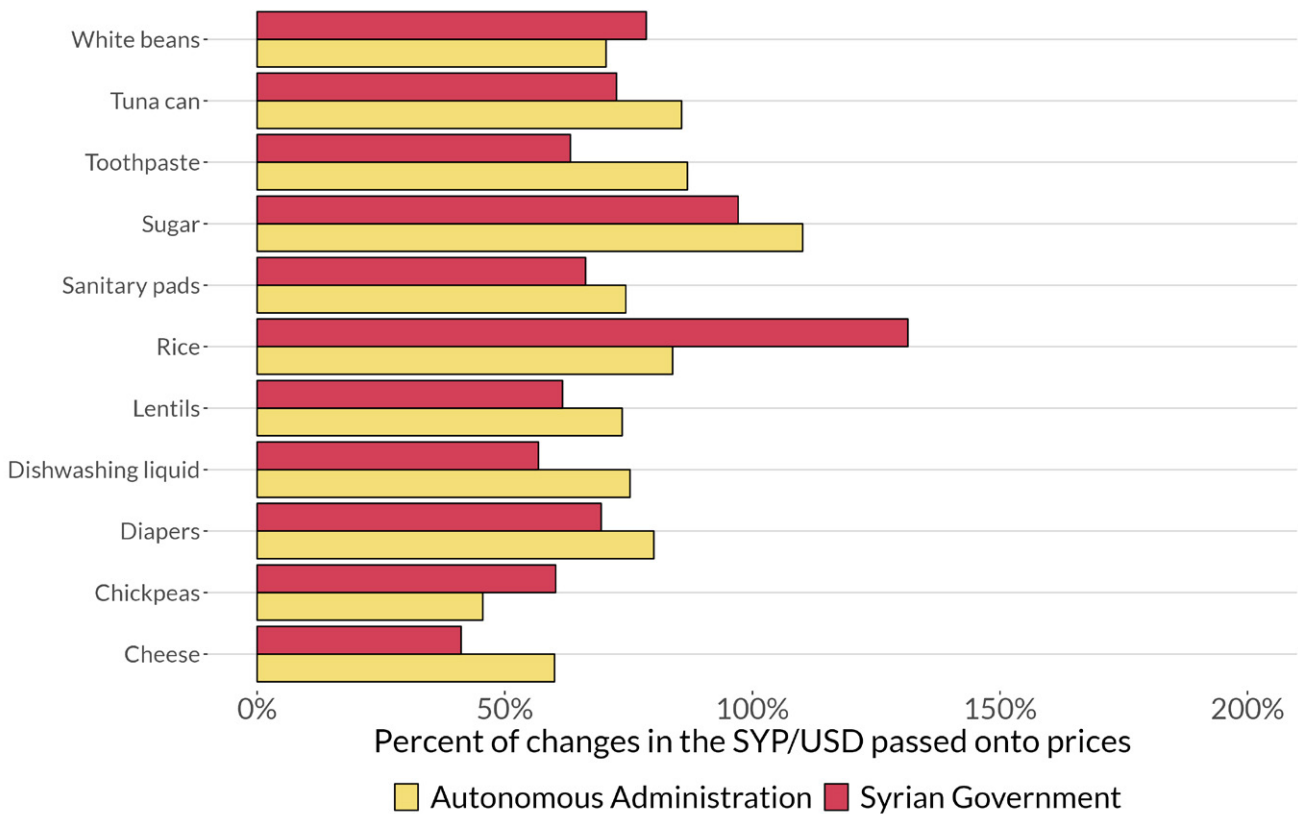


Figure 4. Items with the largest pass-through effects in AANES and GoS-held areas (Source: WFP Price Data)

The pass-through effect of the SYP/USD onto local prices in AANES and GoS-held areas is found in Figure 4. As evident, depreciation had a profound impact on local markets, suggesting that markets were highly volatile to depreciation and traders continued adjusting their prices. The pass-through effects of imported items are roughly the same amount, however, there is some variation. The pass-through effect was much higher in AANES-held areas in comparison to GoS-held areas, particularly with NFIs and hygiene items<sup>16</sup>; however, the pass-through effect of SYP/USD dynamics on rice was notably higher in GoS. These differences suggest that traders in AANES are more sensitive to currency fluctuations, perhaps due to the relatively restrained importation capacity of the region compared to other zones of control.

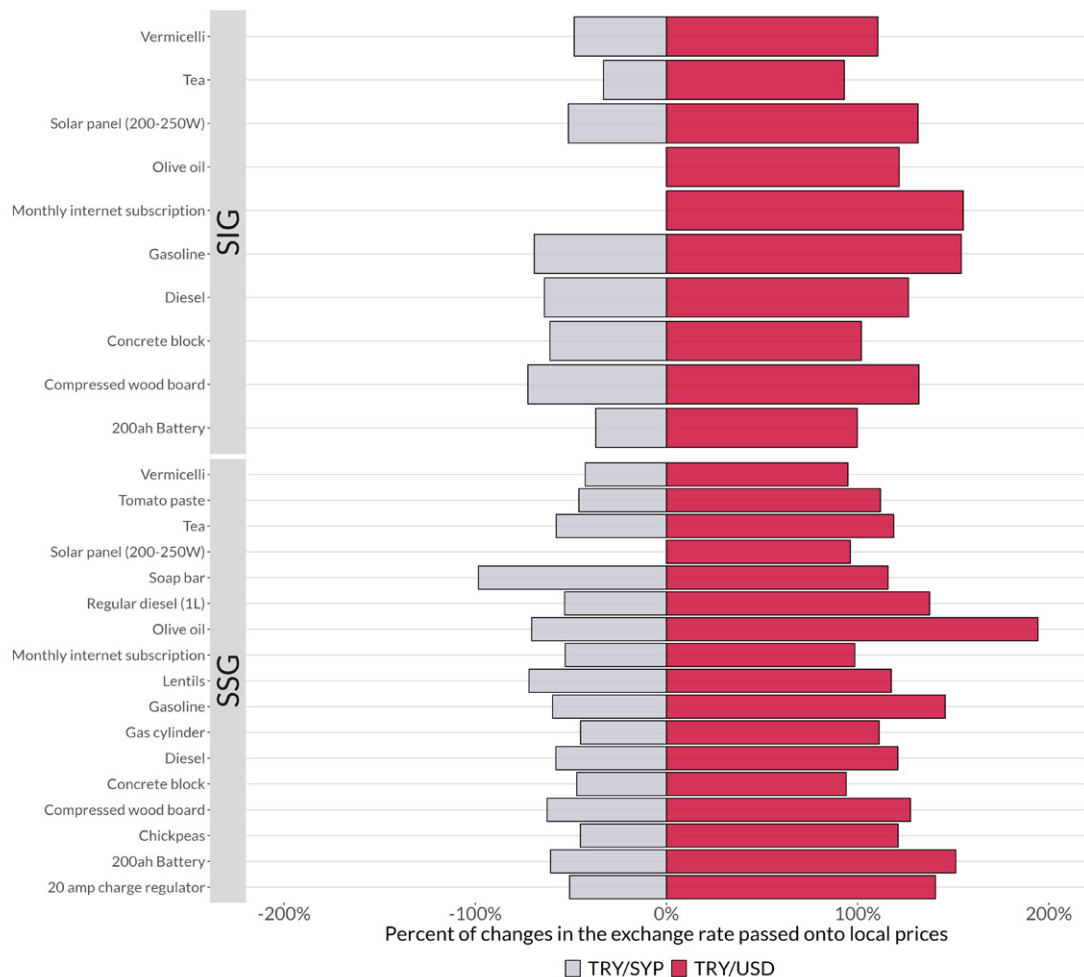
Figure 5 below suggests that markets in SSG and SIG-held areas were also volatile to depreciation and that prices were constantly adjusted. Figure 5 suggests that markets in SSG and SIG-held areas are largely driven by TRY dynamics; specifically, local prices in SSG and SIG-held areas decrease when the TRY appreciates relative to the SYP and increase when the TRY depreciates against the USD. This suggests that SIG and SSG-controlled areas remain economically linked to the rest of Syria<sup>17</sup> while being haphazardly beholden to TRY volatility. Fortunately, however, the SYP has depreciated faster relative to the USD compared to the TRY,<sup>18</sup> meaning the adoption of the TRY has benefited consumers in SSG and SIG-held areas with more affordable products.

Having pinned down depreciation as a driver for inflation, the pass-through effect allows us to explain the variation. Throughout the year, the Syrian Pound (SYP) depreciated against the

16 Alcohol spray, bleach, dishwashing liquid, hand gel, toothpaste. Plastic gloves and surgical masks produced statistically significant pass-through effects in AANES but not in Syrian government areas.

17 Evident by the statistical significance of TRY/SYP pass-through effects.

18 Evident by the statistical significance of TRY/USD pass-through effects.



**Figure 5.** Items with the largest pass-through effects in northwest Syria (SIG and SSG-held areas combined) from both TRY/SYP and TRY/USD dynamics (Source: [ACU Market Price Index](#))

USD by approximately 54%, dropping from 6650 SYP/USD in January to 14200 SYP/USD on 24 December. Similarly, the Turkish Lira (TRY) also depreciated against the USD by approximately 36%, dropping from 18.68 TRY/USD to 29.23 TRY/USD. In SSG and SIG-held areas, traders and households predominantly use the Turkish Lira and USD to conduct transactions. On the other hand, traders and households in AANES and GoS-held areas predominantly use the SYP. The USD is also in use between traders and households in SSG and SIG-held areas but is mostly limited to trade.

The slower depreciation of the TRY compared to the SYP is the reason inflation remains more stable in areas controlled by the SIG and SSG. This also means that the growth in wage rates has a more significant impact in reality when compared to areas controlled by the AANES and GoS. To illustrate, in December 2023, unskilled daily wage laborers in SIG-held areas had to work less than in January to afford a partial Survival Minimum Expenditure Basket (SMEB). In contrast, those in AANES and GoS-held areas had to work much more for the same basket of goods. The impact of depreciation is particularly evident in SIG-held areas. Even though these areas had roughly the same wage growth as GoS and AANES-held areas, SIG-held areas remain considerably more affordable. This can be attributed to wages primarily being in the less depreciating TRY, unlike GoS and AANES-held areas where the more depreciating SYP is predominantly used.

Despite the positive developments in SIG-held areas, and to a much lesser extent SSG-held areas, current price levels and wages still indicate that living costs remain highly unaffordable for households. Residents and households in SSG and SIG-held areas in Syria are still facing several mid-term implications of the February 2022 earthquake, including [displacement](#), [rehabilitation challenges](#), [loss of livelihoods](#), [looming health hazards](#), and other issues, all of which put households in SSG and SIG areas at a relatively lower endowment point in comparison to households in other areas despite data limitations in Syria rendering recording these impacts uncapturable.

# Explaining the Variation: Trade Dynamics



The Bab Al-Salameh border crossing between SIG/SNA-controlled Azaz and Turkey. Source: Wikimedia

While the lingering impacts caused by the February earthquake is critical, the indications that SIG and SSG-held areas are arguably fairing better (relative to other areas in Syria) in terms of affordability remains quite notable. Though inconclusive, CA–SYR argues another set of dynamics besides the adoption of the TRY could also explain this variation; namely: overall trade dynamics between all aforementioned areas. Having outlined the benefits of adopting the less depreciating currency of the TRY above, the remaining parts of this section will focus on trade dynamics as a function leading to lower macroeconomic deterioration in SSG and SIG-held areas captured by the data presented in this report.

Similar to previous years, SIG-held areas, and to a lesser extent, SSG-held areas remain a transit hub for trade between Turkey, GoS-held areas, and AANES-held areas. Talking to traders in all areas of control, local sources indicated that SIG-held areas witness relatively high commercial activity either in the form of selling products to other areas or acting as a transit hub between different areas of control, more so than in comparison to other areas.

In 2023, SIG-held areas domestically sold clothes, and foodstuffs such as vegetables, ceramics, batteries, cooking oil, wheat, solar panels, clothes, and other materials to AANES, GoS, and SSG-held areas. Meanwhile, SIG-held areas brought in tomatoes, canned foods, ghee, cleaning products, medicine, diesel, fuel, and car parts from GoS, AANES, and SSG-held areas. Local sources noted that the trade balance between SIG-held areas and other areas of control is either equal or in favor of SIG-held areas. In addition, SIG-held areas also benefit from their proximity to Turkey, making SIG-held areas, and its traders, the first point of entry for Turkish goods before being sold to other zones of control, and also from the fact that diesel and fuel going into SSG-held areas from AANES-held areas transits through SIG-held areas.

In effect, traders in SIG-held areas are part of the ‘trade chain’, reaping the benefits of their geographic position possibly through imposing transit fees and services, or through procuring items from one zone of control and selling them to another, creating higher economic activity contributing to higher wages and cheaper products in SIG markets. Traders in SIG-held areas also benefit from the protective measures derived from adopting the TRY, and also from the fact that trade conducted with SSG and AANES-held areas is oftentimes conducted using dollars enabling SSG and SIG-held areas access to foreign currency.

# Outlook: Syria's Economy Into 2024

CA-SYR has closely observed several economic indicators and trends reported by various media and local sources in Syria to present what economic dynamics took place in the last quarter of 2023, which are likely to continue in 2024.

## Capacity Issues Threaten Economic Prospects in 2024

In 2024, macroeconomic indicators such as wages and inflation are expected to suffer from the lack of capacities within governance actors across all zones of control to effectively manage local economies. These capacities are not expected to grow substantially throughout 2024 in ways that could enable them to turn around economies. The remaining subsection outlines the type of actions taken by governing actors in 2023 and their potential pitfalls.

In 2023, the [Syrian government's efforts to limit economic deterioration](#) were largely failed attempts to stabilize the SYP by devaluing the currency in an attempt to bring official and black market rates closer, blanket public salary increases that brought limited success in enabling households to combat inflation, and slashing subsidies to balance out budget deficits. These impacts were to the detriment of households, further straining their ability to cope, while market intervention attempts by the government only led to supply bottlenecks and further price increases. Finally, a shrinking 2024 government budget in terms of its USD value could potentially lead to a shrinkage in the economy.

Contrary to the GoS, the AANES attempted to usher in a series of [long-term policy changes](#) to induce economic prosperity. Policies introduced to attract investments, reduce monopolies, and incentivize online payments require ample time to take effect. Meanwhile, [attempts to regulate the transfer of funds from AANES-held areas](#) to other areas of control, coupled with the threat of [international money transfer offices shutting down](#) due to added regulations, threaten to destabilize monetary dynamics and the flow of goods in AANES-held areas prompting price increases on goods and financial transaction services that not only impact households but could also ripple to affect humanitarian and development work in the area.

In SSG and SIG-held areas, local councils and ministries remain largely unable to alleviate unintentional negative economic by-products caused by policies set by Turkey or global market prices. For instance, a policy set back in 2021 denying Syrian drivers from working in logistics to move Turkish products across the border led to [several protests in Northern Aleppo in June](#) as it forced thousands out of jobs leading them to block the Azaz-Bab al Salameh road in the aforementioned protest. Moreover, markets across both SIG and SSG areas seem to be highly dominated by monopolistic actors who are capable of controlling markets (such as fuel) in ways that have multiplying effects on other markets. [Local authorities seldom intervene](#) in the market in northwest Syria, enabling commercial actors to operate relatively openly and allowing prices to be determined by speculation and price-setting – particularly in periods of high levels of fluctuation in exchange rates.

## Regional Developments and the Impacts on Syria's Economy

The threats posed by the lack of technical capacities to govern economies are likely to be exacerbated by persistent external regional and international dynamics. For GoS-held areas, the inability of the Syrian government to move normalization with the Arab world forward is likely to limit economic cooperation between the Syrian government and other Arab states. Coupled with

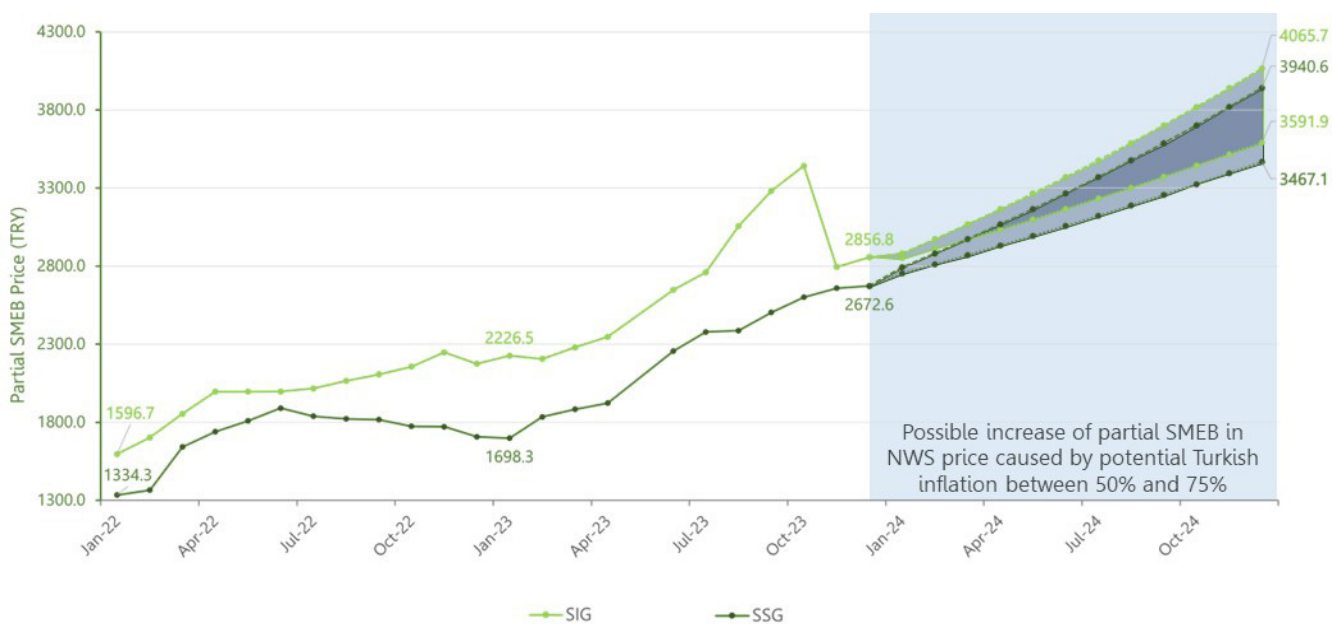
continued Western sanctions, GoS-held areas are likely to continue to be isolated from the global economy while combating a flailing currency and continuous price increases to the detriment of households.

Impacts derived from regional and international dynamics are not limited to just GoS-held areas but are also likely to reach SSG, SIG, and AANES-held areas. Strains in the Kurdish-Kurdish relationship between the AANES and the Kurdistan Regional Government (KRG) in Iraq have been ongoing for years, and have led to sporadic closures of the Semalka-Fishkhabour border crossing connecting northeast Syria and northern Iraq. These intermittent closures, [most recently in May 2023](#), threaten to disrupt the movement of goods and trade such as construction materials between both countries, increasing market prices.

Iraqi dynamics impacting economies in AANES-held areas are not only limited to AANES-KRG hostilities but are also to an October decision made by the Iraqi Central Bank to [ban all cash withdrawals and transactions in USD](#). The decision is not only expected to have [implications for the Iraqi economy and humanitarian operations](#) but also a potentially more profound impact on market dynamics and humanitarian operations in northeast Syria given their financial dependence on Iraq.

In SSG and SIG-held areas, while the adoption of the TRY and linkages to the Turkish economy brought some stability, it also left northwest Syria susceptible to Turkish economic policies and volatility. Markets and economies remain highly reliant on economic dynamics taking place in Turkey to the extent that dynamics taking place just north of the border could offset local developments such as increasing wages. As evident above, the depreciation of the TRY following the February 2023 earthquakes has had a [significant pass-through effect on local markets](#). Future waves of inflation and depreciation of the TRY can be expected to have disproportionate impacts on the price of these items in local markets in northwest Syria.

Turkish officials [project Turkish inflation to sit around 36% in 2024](#). However, continued economic dynamics within Turkey render these forecasts somewhat overly optimistic and are oftentimes revised as was the case in 2023. Should 2024 Turkish inflation continue around its annualized 2023 rate of 64.77%, prices in SSG and SIG-held areas are expected to be significantly impacted.



**Figure 6:** Partial SMEB prices in SIG and SSG-held areas throughout 2023 and 2024 using inflation forecasts for 2024 prices. (Source: [WFP Food Price Data](#))

## 14 2023 Syria in Review

In an attempt to understand the potential repercussions, CA–SYR forecasted partial SMEB prices in SSG and SIG-held areas based on 2024's inflation rates ranging between 50% and 70% (see Figure 6). The projections indicate the partial SMEB prices in SSG-held areas have the possibility of increasing anywhere between 3,467.1 (approximately a 29% increase compared to December 2023 prices) to 3,940.6 TRY (approximately a 47% increase compared to December 2023 prices) by December 2024. Similarly, partial SMEB prices in SIG-held areas are expected to increase anywhere between 3591.9 (approximately a 26% increase compared to December 2023 prices) and 4,065.7 TRY (approximately a 42% increase compared to December 2023 prices) throughout the same time frame.

### Looming Local Economic Threats

Apart from depreciation, inflation, the lack of technical capacities to govern economies, and the presence of external threats to Syria's numerous economies, several trends took place towards the end of 2023 that are likely to continue disrupting markets and restrain household resilience. Specifically, fuel prices and the unavailability of electricity will be two key issues burdening household income.

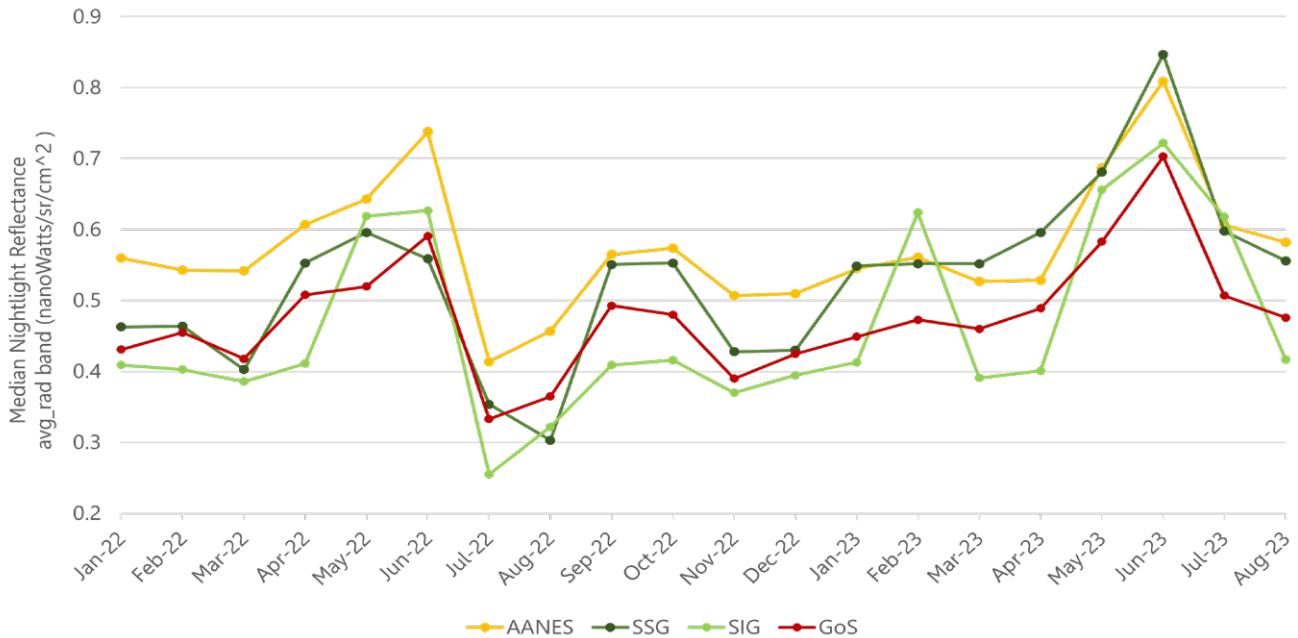
In GoS areas, government subsidy cuts saw continuous price increases for fuel and diesel. By 25 December, pro-government media outlets reported that the government [increased the price of subsidized gasoline](#) to 9000 SYP per liter while subsidized diesel prices [reached 2000 SYP per liter by August](#), representing a 200% and 185% price increase for both commodities in comparison to the 3000 SYP and 700 SYP price points both respective commodities were set at the beginning of the year. GoS officials [attribute these shortages](#) to the fact that the main Syrian oil fields are in areas outside of their control.

While the reasoning provided by GoS officials does have merit, the fuel crunch was also felt in areas where the main oil fields are present, namely, AANES-held areas. Not only were shortages also reported, but due to Turkish bombardment, the availability of fuel is expected to take a further turn for the worse heading into 2024. In early October, [Turkey responded to an alleged Kurdistan Workers' Party \(PKK\) attack](#) on Ankara by targeting several areas in AANES-held parts of northeast Syria and other targets in northern Iraq. The damage sustained in AANES-held areas included [oil wells, fuel depots, and electricity generating facilities](#) that were among the infrastructure targeted in the recent hostilities.

Already struggling with [bureaucratic measures delaying the distribution of heating fuel](#), the hostilities also restrained oil supply in markets, spiking prices and [creating shortages impacting services such as electricity and transportation](#) as AANES officials prioritized providing heating fuel to residents. Given that hostilities sporadically continued up until 25 December causing more damage to fuel infrastructure, Syria's fuel and diesel supply chains going into 2024 are expected to be significantly disrupted, creating shortages and spiking prices that are likely to contribute to a domino effect of increased costs of transportation and basic essentials, and potentially leading to the loss of livelihoods as business owners will likely look at cutting costs to maintain operations. This impact is not only expected to surface in GoS and AANES-held areas but also in SSG and SIG-held areas, which are also dependent on fuel coming in from AANES-held areas.

In parallel to the fuel shortage expectations, grid-provided electricity is also expected to decline especially in GoS and AANES-held areas. Though electricity provision as depicted in Figure 7 reveals that electricity supply was relatively stable and constant throughout 2023, with spikes in July even higher than those during the same period in previous years, a more granular analysis of electricity trends across AANES-held areas reveals mixed results related to overall electricity provision.

Between September 2022 and September 2023, AANES-held Ar-Raqqa experienced a 33% decrease in nightlight reflectance across most neighborhoods. Meanwhile, Al-Hasakeh city witnessed a 14.5% decrease in total nightlight reflectance throughout the same period (see Figure 8). The decline was more pronounced in government-held areas of Al-Hasakeh city,<sup>10</sup> whereas areas held by the AANES, such as the Khashman neighborhood, displayed a positive change in NLR. Despite that being the case, overall electricity provision is expected to worsen in 2024 following the onset of Turkey’s recent aerial bombardment campaign, pushing residents and households to rely more on costly private electricity generators.



**Figure 7:** Nightlight reflectance medians emitted within AANES, SIG, SSG, and GoS-held areas through 2022 - August 2023. (Source: [VIIRS Day/Night Band](#))

After the As-Sweidiyeh gas-powered electricity station in Al-Hasakeh was targeted on several occasions, reports emerged that the station lost 100% of its production capacity by January 2024 threatening to deprive 200,000 residents of access to electricity and water,<sup>11</sup> while other reports indicate that up to 800,000 people will be impacted by damage sustained to the electricity infrastructure. Blackouts have been reported in many hospitals since October, with some reports estimating that 30 health facilities no longer have access to electricity from the network in Quamishli and the Malikiyah districts. Bakeries, silos, and mills in the subdistricts of Quamishli, Qahtaniyyeh, Al-Malikeyyeh, and Al-Jawadeih are all reliant on the As-Swediyyeh station for electricity. As such, the damages sustained to the station are likely to impact food security in the region.

The state of electricity provision in AANES-held areas continued to deteriorate as the new year approached. In November, multiple sources noted that the fuel crunch outlined above startled private generator owners who began feeling the brunt of the Turkish aerial attacks and AANES’s subsequent policy shift towards prioritizing heating fuel for residents. Local sources reported that residents, bakeries, and hospitals will likely use private diesel-powered generators to secure

<sup>10</sup> These neighborhoods include: Matar Shamali, Al Matar Janoubi, Al Mal'ab Al Baladi, Al Wesati, and Al Askari in A-Hasakeh city

<sup>11</sup> Damage to the electricity infrastructure has meant that water provision has significantly declined. With the As-Sweidiyeh station targeted, the water station at the Safan Dam providing water to the Quamishli, Qahtaniyyeh, Al-Jawadeih and Al-Malikeyyeh sub-districts has decreased its production from 24,000 cubic meters per day to less than 9,000, and is reliant on secondary generators to function.

electricity, increasing demand for fuel, hiking up prices, potentially creating domino effects and disrupting market functionality.

While the long-term impacts remain to be seen, generator owners began seeing their AANES-provided fuel allocations significantly cut. As a result, owners in Menbij, Ar-Raqqa, and Deir-ez-Zor had to compensate for their newly added costs of resorting to fuel at black market rates by cutting down the number of hours they operate their generators, ultimately shifting the impact on consumers. Alternatives such as solar panels remain limited. Despite media outlets also reporting [an increase in the use of solar panels](#) in Deir-ez-Zor after initial set-up costs decreased from \$1,700 in 2022 to \$1,100 in November 2023, the costs remain unaffordable for many, and thus an unlikely alternative.

A similar pattern was observed in GoS-held areas. Electricity provision worsened in central Syria but has notably improved in southern Syria because of humanitarian programming and local initiatives focused on improving service provision overall. Levels were generally steady until July when electricity levels began to decline. Local sources stated electricity provision generally worsened decreasing from 4 to 2 hours per day when compared with the beginning of the year, while reports of hour-long blackouts in [Damascus](#), [Rural Damascus](#), and [As-Sweida](#) began to emerge. Figure 8 (next page) shows the change in night light reflectance (NLR)<sup>12, 13</sup> in major cities in Syria. NLR in Damascus, Homs, and Aleppo declined by 19.3%, 13.5%, and 4.2% respectively in October 2023 compared to last year, while NLR remained positively stable in Lattakia and Dar'a seeing an increase of 7.2%. Whereas As-Sweida and Hama witnessed a higher NLR increase of 25.2% and 12.5%, respectively.

Local sources in Dar'a and As-Sweida noted that the stable and improved electricity provision in both governorates is due to internationally and locally funded initiatives by organizations such as UNDP, [UNHCR](#), and [local grassroots civic engagement activities](#), rather than government intervention reflecting the latter's relatively limited capacity in improving conditions. As a result, with the price of diesel, fuel, and other market multipliers increasing, the level of community self-dependence is likely to reduce. In other words, similar to AANES-held areas, households in GoS-held areas are expected to face greater difficulties in securing electricity supply heading into 2024 despite attempts by the [government to negotiate](#) with several companies to rehabilitate Syria's [heavily damaged electricity infrastructure](#).

SSG and SIG-held areas, on the other hand, offer some hope in terms of electricity supply. Electricity consumption increased<sup>14</sup> in the largest northwest Syria towns and cities since the earthquake on 6 February 2023. On average, electricity consumption greatly increased from January 2023 to August 2023 among earthquake-affected cities [previously analyzed by CA-SYR](#). These changes are visualized in Figure 9. Further, the other most populated cities in northwest Syria<sup>15</sup> experienced even more growth since the earthquake.

Higher electricity consumption may be attributed to an expansion of the electrical grid during post-EQ reconstruction, and the fact that the price of a monthly electricity subscription in SIG and SSG-controlled areas remained stable after the earthquake and began to decrease in July 2023 (see Figure 10).<sup>16</sup> Meanwhile, the price of diesel increased when the TRY began to rapidly

12 Night light reflectance calculated using [VIIRS satellite imagery](#).

13 Night light monthly images averages were compared between September 2022 and 2023 to calculate the change in night light reflectance.

14 Average growth rate of 73% per-city from January 2023 to August 2023. A paired t-test measuring the difference between the mean NLR in January 2023 and August 2023 were statistically significant ( $t = -5.74$ ;  $p < 0.00$ ).

15 Locations with a population >15,000 in SSG-controlled areas ( $n = 21$ ), locations with a population >10,000 in SIG-controlled areas ( $n = 15$ ). According to November 2022 HNAP population estimates.

16 The average price of a monthly electricity subscription also decreased in USD terms. In SIG-controlled areas, the price fell from about \$16 in January to approximately \$6 in October 2023, and in SSG-controlled areas, the price fell from about \$19 in January to \$7 in October 2023.



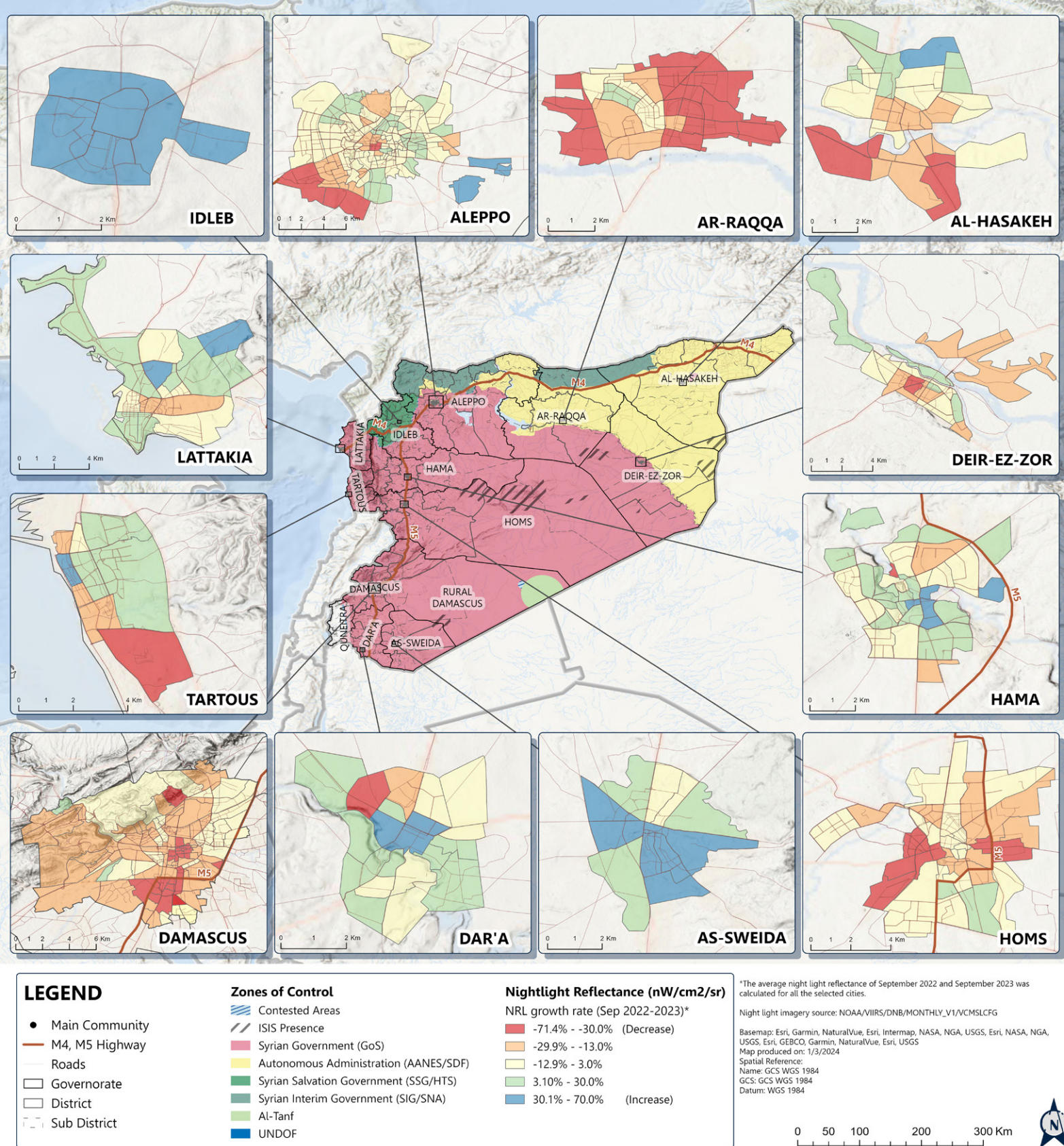
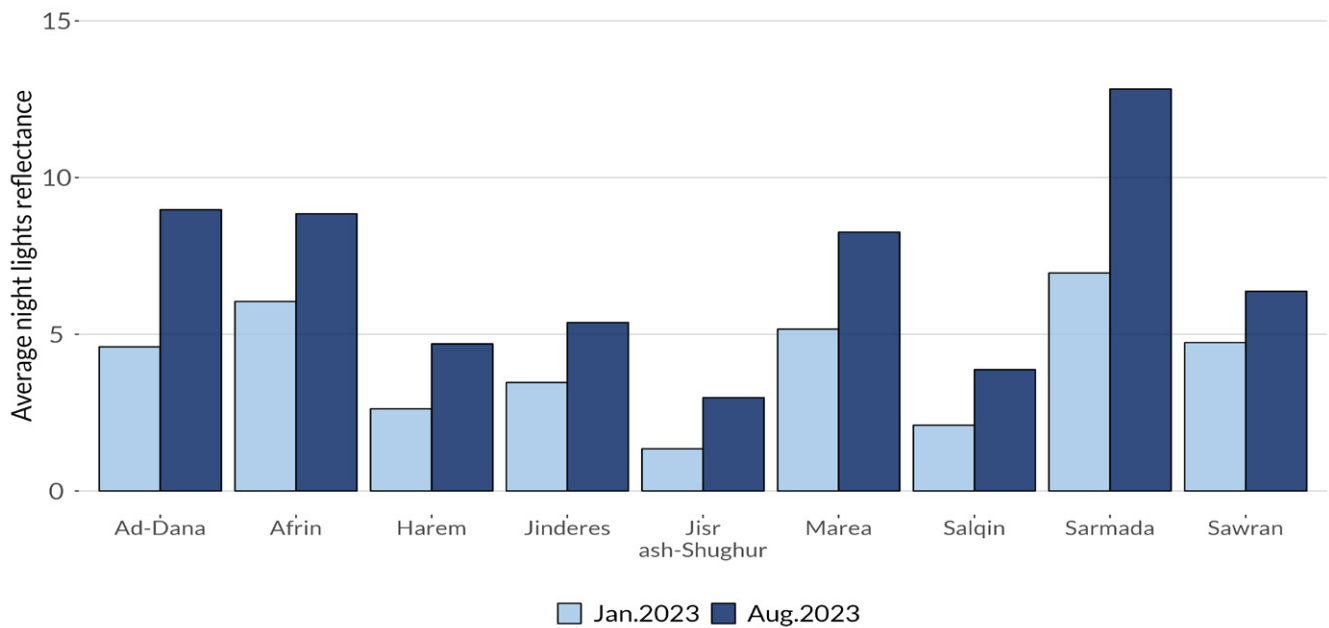


Figure 8: NLR from major cities in Syria throughout 2023 compared to 2022 levels. (Source: [VIIRS Day/Night Band](#))



**Figure 9.** Night light reflectance of the earthquake-affected cities and towns [previously analyzed by CA-SYR](#). (Source: [VIIRS Day/Night Band](#))



**Figure 10.** The price of a monthly electricity subscription in SIG and SSG-controlled areas. The vertical dotted line indicates February 2023.

depreciate in late May 2023, likely motivating urban populations to purchase the more widely available monthly electricity subscriptions instead of purchasing amperes from local diesel generator operators.

Electricity consumption has also increased in less-populated towns. Thirty towns<sup>17</sup> with a population between 500 and 2,500 were randomly sampled in SIG and SSG-controlled areas and analyzed. The results showed the electricity consumption of small towns increased by about 14% from January 2023 to August 2023.<sup>18</sup> This result suggests that electricity consumption generally increased in northwest Syria during 2023 despite the earthquake, which can likely be attributed to the expansion of the electricity network and its more affordable subscription price.

17 Only 30 towns were sampled so the number of observations is comparable to the city analysis.

18 The difference is statistically significant ( $t = -2.98$ ;  $p = 0.004$ ).

# Conclusion

Syrian households across various zones of control are likely to face great economic difficulties heading into 2024. Though promising in some ways – in the sense that affordability and electricity provision witnessed improvements – households in SSG and SIG-held areas are likely to continue feeling the brunt of the economic challenges brought forward by the February earthquake. On the other hand, households in AANES and GoS-held areas are expected to see weakened resilience, especially as fuel shortages continue to impact prices. Complicating economic issues further is the lack of technical capacities across governance actors in all areas of control, and over a decade-long conflict led Syrian economies to become highly susceptible to regional and international dynamics that risk further economic isolation.

Humanitarian, development, and stabilization implementing organizations would do well to focus on both immediate and long-term relief and resilience activities. Humanitarian work would do well to support households with their ability to secure their needs, such as food, will likely remain a key priority given how much food prices – as represented by the partial SMEB – increased and are likely to increase further given continued depreciation, fuel shortages, and looming potential liquidity issues – especially in AANES and GoS-held areas.

Stabilization and development work should complement humanitarian operations by designing programs focused on livelihood opportunities and investing in sectors that could have a multiplier effect, impacting or solving other issues, such as housing and real estate in AANES-held areas. Meanwhile, work can be done in SSG- and SIG-held areas to support small traders to sustain their work, potentially expand their operations, and potentially create more jobs. All actors in Syria could benefit from a continued understanding of trade links and observe the emergence of new actors being part of Syria's trade chain. For instance, Menbij and Ar-Raqqa in AANES-held areas are worth exploring through the lens of how they fit into Syria's internal trade given their geographic presence near trade routes. This could be beneficial, especially with local sources noting that 2023 saw more individuals in AANES-held areas willing to trade with SSG and SIG-held areas using TRY, as opposed to the USD or SYP, indicating the possibility of some middlemen within the AANES side of the trade capable of leveraging currencies, or, in other words, new people entering the market who could potentially create more jobs.

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Crisis Analysis – Syria (CA-SYR) was established in Beirut in March 2015 in response to the collective challenges facing the remote humanitarian response in Syria. CA-SYR's most important function is to collect and analyze data and information. Since 2015, our analysis has provided a forward-looking template for international interventions in Syria, and facilitated an increasingly adaptive, integrated, and ultimately impactful international response to the conflict. CA-SYR is a team within Mercy Corps, and is part of the Mercy Corps response to the Syrian crisis.

This report is for humanitarian and development purposes only. CA-SYR strives to ensure products are impartial. The content of this document does not necessarily reflect the opinion or position of Mercy Corps as an organization.

