

## Press Release

### Launching of “Confronting Fragmentation!” Report Impact of Syrian Crisis Report 2015 11<sup>th</sup> of February 2016

The Syrian Center for Policy Research (SCPR), an independent not-for-profit think tank, launched its report “Confronting Fragmentation!” in cooperation with Issam Fares Institute for Public Policy, at the American University of Beirut. This report is part of series of reports on assessing the socioeconomic impact of the crisis in Syria. The report, which covers the conflict during 2015 on quarterly basis, aims to estimate, document and analyse the catastrophic socioeconomic impact of the ongoing armed-conflict; using recent quantitative and qualitative methods. The report concludes:

Fragmentation, as the process of drastic shattering in the social, economic, political, and cultural structures within the society, is being ingrained by various internal and external subjugating powers disintegrating of country sovereignty and pushing the majority of people to act against their own good and against their future. The fragmentation in Syria has become a black hole that turns local and international human and material resources to sabotage and chaos engines. This fragmentation status, if not confronted, can last for more time to come and settle as viable inevitable institutions.

During 2015, the Syrian economy became more shattered and fragmented, mainly dominated by the fighting subjugating powers; each of these powers is rebuilding its own independent economic entities and foundations in which resources are being reallocated to serving its objectives and creating incentives and drawing loyalty among their narrow group of followers against people’s needs and aspirations. The prospect for the future growth and development of the Syrian economy is gloomy, if taking into account the systematic imbalanced collapse and destruction of its economic foundations: infrastructure and institutions, human and physical capital, and substantial part of wealth of the nation have been obliterated.

The accumulated total economic loss till the end of 2015 is estimated at USD 254.7 billion which is equivalent to 468 per cent of the GDP of 2010. The GDP contracted by 4.7 per cent in 2015 compared to the previous year.

Despite the continuous armed conflict, the agricultural sector is projected to achieve a positive annual growth in 2015 for the first time since 2011; which had a positive effect on some sectors such as internal trade. However, the deterioration continued in other sectors’ GDP including government services, manufacturing, mining, utilities, and transportation and communication.

The year of 2015 witnessed a substantial fall in public consumption by 33.1 per cent compared to 2014, which in part reflected the government policies to decrease subsidies, and thus, increase the prices of basic food goods and services. As the government shifted its priorities to military consumption and public wages, public investment was severely affected, contracted during 2015 by 31.8 per cent. Private investment in 2015 declined by 5 per cent compared to 2014, and forms, along with public investment, only 9.2 per cent of the GDP.

Exports in 2015 contracted dramatically by 20 per cent compared to 2014; similarly, imports contracted by 29 per cent compared to 2014 due to the drop in the effective demand and the

dramatic depreciation of currency. However, the trade deficit is still relatively enormous reaching 27.6 per cent of GDP.

The budget deficit decreased from 41.2 per cent in 2014 to 28.1 per cent in 2015. This reflects the government strategy to increase public revenue based on “subsidies rationalization” policy that reduced dramatically the subsidies. However, this strategy has adversely impacted the economy and contributed to deeper recession as, it increased the cost of domestic production as well as inflation pressures, and thus, a depreciation in the currency.

The crisis implications continue to shatter the population of Syria in the country and across the world. By the end of 2015, about 45 per cent of the population were dislodged as they left their homes looking for safer places to live or better living conditions elsewhere. Some 6.36 million persons from this population-in-movement continue to live in Syria as IDPs, with many being displaced several times. The hollowing of the population has also resulted in 3.11 million refugees fleeing the country, and 1.17 million Syrians migrating to other countries.

The overall poverty rate is expected to reach 85.2 per cent by the end of 2015. Moreover, 69.3 per cent are living in extreme poverty. About 35 per cent of the population fell into abject poverty being unable to meet the basic food needs of their households. The poverty level differs across governorates, and increases dramatically in conflict zones and besieged areas. The unemployment rate reached 52.9 per cent by the end of 2015. An estimated 2.91 million unemployed persons; among which 2.7 million lost their jobs during the conflict, with the loss of income further impacting the welfare of 13.8 million dependents.

The crisis caused a drop in Syria’s HDI from 0.631 in 2010 to 0.443 by the end of 2015. The general HDI rank of Syria using the 2010 HDI results indicates a fall from 121st to 173rd place out of 187 countries. Furthermore, The loss of years of schooling in all educational level by the end of 2015 represented a human capital debit of 24.5 million lost years, which represents a deficit of USD 16.5 billion in human capital investment in the people education.

The loss of lives due to the conflict remains the most catastrophic visible and direct impact of the ongoing crisis in Syria, that 11.5 per cent of the population inside Syria were killed or injured due to the armed-conflict. The country faces human catastrophe reflected in the dramatic drop in life expectancy at birth from 70.5 years in 2010 to an estimated 55.4 years in 2015.

There is a need for a new social contract and new development paradigm based on the right for all Syrians in decent living, and this entails real and effective participation of all powers in society to achieve the required developmental shift based on a common agreed vision for the country. The new development paradigm requires a new social contract based on justice and respect of human dignity, the new paradigm should decompose the foundations of violence and fostering social solidarity. Moreover, the accountable, transparent, independent, and inclusive institutions are needed to achieve the developmental priorities of Syrians.

End of press release

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